

Special Initiative
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Contracting Non- governmental Organizations to Combat HIV/AIDS

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Partnerships
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Mission

The Partnerships for Health Reform (PHR) Project seeks to improve people's health in low- and middle-income countries by supporting health sector reforms that ensure equitable access to efficient, sustainable, quality health care services. In partnership with local stakeholders, PHR promotes an integrated approach to health reform and builds capacity in the following key areas:

- > *better informed and more participatory policy processes in health sector reform;*
- > *more equitable and sustainable health financing systems;*
- > *improved incentives within health systems to encourage agents to use and deliver efficient and quality health services; and*
- > *enhanced organization and management of health care systems and institutions to support specific health sector reforms.*

PHR advances knowledge and methodologies to develop, implement, and monitor health reforms and their impact, and promotes the exchange of information on critical health reform issues.

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Abstract

In many developing countries, non-governmental organizations (NGOs) have taken the lead in responding to the HIV/AIDS crisis. As international funding to combat HIV/AIDS has increased, donors and government officials are looking for effective ways to distribute new funding to maximize impact. The Partnerships for Health Reform evaluated NGO contracting as a mechanism to increase the scale of HIV/AIDS services and streamline funding and monitoring. Contracting was found to give the purchaser more influence over defining the results of NGO activities and make the purchaser and NGO more accountable. Contracting was also found to be more conducive to introducing performance-based systems into HIV/AIDS programs. Challenges include the need for resources to plan and implement a contracting program, political resistance, and lack of capacity among NGOs, the public sector, and international agencies in relation to NGO contracting. The key operational elements for NGO contracting include: assessing the operating environment of the country; determining the institutional arrangements and objectives of the contracting program; and designing the solicitation and selection process, the contract terms, and the monitoring and evaluation systems. Best practices are recommended based on two case studies of large scale NGO contracting programs in Brazil and Guatemala.

Executive Summary

This report examines the use of contracting non-governmental organizations (NGOs) as a mechanism to deliver HIV/AIDS services and programs in developing countries. It is intended to help donors, government officials, NGOs, and others decide if and how NGO contracting could contribute to their current efforts to combat HIV/AIDS in developing countries. In light of two current trends – increasing funding for HIV/AIDS and the reliance on NGOs to deliver services – the Partnerships for Health Reform (PHR) Project was asked by the HIV/AIDS Division of the United States Agency for International Development/Washington to evaluate NGO contracting as a mechanism to increase the scale, coverage, and quality of HIV/AIDS services.

To evaluate this type of contracting, the PHR Special Initiative on HIV/AIDS conducted case studies regarding experiences in Guatemala and Brazil. These two countries were selected because of their current and previous experience operating large-scale NGO contracting programs, and because the differences in their structure and operation offered an opportunity to compare approaches. In Brazil, contracting HIV/AIDS NGOs was implemented by the Ministry of Health through the AIDS I (1994-1998) and AIDS II (1998-2002) Projects, which were co-financed by the World Bank and the government of Brazil. In Guatemala, NGO contracting was implemented by international agencies that are members of the United Nations Expanded Theme Group. The Group includes representatives from U.N. agencies, the National AIDS Program (*Programa Nacional de Prevención y Atención de ETS/VIH/SIDA*, PNS), international donors, and the Association of HIV/AIDS NGOs (*Asociaciones Coordinadoras de Sectores de Lucha contra el SIDA*, CSLCS).

In many countries NGOs were providing basic prevention, education and care for those infected with HIV/AIDS before the government acknowledged that HIV/AIDS was a national problem. NGOs have also emerged to fill the gap to provide services that governments are unable or reluctant to provide. Many governments and international agencies recognize that NGOs are uniquely capable of reaching populations affected by HIV/AIDS and work with NGOs to:

- > Extend coverage to high-risk and under-served populations;
- > Address specific gaps in capacity in the public sector;
- > Improve the quality of care;
- > Deliver HIV/AIDS services at a lower cost;
- > Strengthen the institutional capacity of NGOs to provide better services and scale up activities; and
- > Encourage competition among providers – private and public.

Collaboration of governments and international agencies with NGOs has primarily been through grants, cooperative agreements, provision of technical assistance, participation in strategic planning, or simply coordination. Contracting is less common. Since the design and implementation of a contracting program takes time and resources, what can be gained by moving to contracting with NGOs? There are six important advantages:

1. Contracting gives the purchaser more influence in the definition of the activities to be delivered by the NGO;
2. A contract is legally binding, which may give both the purchaser and the NGO more security that each side will fulfill its responsibilities;
3. The disincentive for non-performance is far greater with a contract than with other mechanisms;
4. The contracting process typically calls for NGOs to meet certain pre-requisites in order to be eligible for contracting, which can identify NGOs with a minimum level of infrastructure needed to absorb more funding and more demanding tasks;
5. Contracting can make the NGOs and the purchaser more accountable for how funds are spent; and
6. It may be easier and faster to introduce performance-based systems into HIV/AIDS programs through private sector contracting than through government systems.

There are key elements to the operational side of contracting that must be accomplished before beginning the program:

- > Planning the NGO contracting program including assessment and defining objectives, institutional arrangements, and funding;
- > Solicitation and selection of NGOs for contracting;
- > Determining the structure and terms of the NGO contracts;
- > Implementation of the contract by the NGO; and
- > Monitoring and evaluation, both financial and programmatic.

Clearly, the operational aspects are greatly influenced by the operating environment of the country implementing the program. A variety of different assessment methods are presented as well as the design implications of different program objectives. Institutional arrangements determine who is responsible for what in the contracting program. The criteria for best practices in institutional arrangements are:

- > Be inclusive of all available resources;
- > Promote local leadership and ownership;
- > Build local capacity; and
- > Establish a strong, client-orientated administrative entity.

There are different ways to administer or manage an NGO contracting program, but channeling contracts through a single administrative unit in which NGOs can feel comfortable and one that they find trustworthy is likely to be the best approach. The planning and organization of NGO contracting should be the fruit of coordination among the major stakeholders working on HIV/AIDS in a given country. This coordination will help avoid the establishment of duplicate or competing contracting systems, competition between contracting and grants, and the delivery of duplicate or competing interventions by NGOs, government providers, and international agencies.

The contract solicitation process should spell out clearly the objectives of the program and this information should be communicated broadly and consistently. The process must build trust among participants from the outset. The selection process can be competitive or non-competitive but must be transparent. The contract must clearly define outputs, payment terms, and the rights and responsibilities of all parties. The reporting obligations should be fully understood by both parties to the contract. An evaluation of the impact of services provided by contracting NGOs and of the contracting process would be valuable to all stakeholders to refine the program and advocate its continuation.