

# UNITAID 5 YEAR EVALUATION

## SUMMARY

Final



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## The evaluation at a glance

Since its inception in 2006, UNITAID has made a significant contribution to the fight against HIV/AIDS, TB and malaria. UNITAID quickly got off to a strong start in pursuit of its mission to play a distinctive market-shaping role in market niches critical to the fight against the three diseases.

UNITAID has provided funding to implementing partners to carry out nearly two-dozen projects and has committed US\$1.5 billion. By far the largest share of the funding has been raised by UNITAID through the innovative air ticket levy, a pioneering innovative financing mechanism, and this funding has been supplemented by traditional donor contributions.

This funding has supported a series of projects that have achieved impressive market and public health outcomes. There are strong indications that many of these projects achieve better outcomes than those of traditional investments in public health service delivery because of a multiplier effect. UNITAID's contribution, in this respect, is particularly important in the context of challenging economic conditions in which many low income countries as well as donor countries are facing significant fiscal pressures.

In these respects, UNITAID has been doing the right things to contribute to significant positive outcomes in the fight against the three diseases. Over the past five years, UNITAID has established a successful way of doing business. The evaluation finds that over the course of the evaluation period, UNITAID has validated its business model of identifying, selecting and funding market-shaping interventions carried out by implementing partners.

This success has been achieved in the context of a complex disease control landscape, a dynamic global health funding architecture and an international regulatory environment that can tend to attract controversy. Such success would not have been possible without strong leadership from France and other early partners including Brazil, Chile, Norway, and the UK. It is highly likely that the successful market and health outcomes could only have been achieved by a multilateral agency - indeed, it is hard to imagine that any bilateral agency or private entity could have achieved what UNITAID has achieved in this time frame. Many engaged stakeholders, and a highly dedicated staff, have contributed to this achievement through their devotion to engage in complex problem-solving to get the business model right.

### Summary headline findings: *Has UNITAID been doing...*

..the right things?	...in the right way?	...to have the greatest impact?
<ul style="list-style-type: none"> <li>◆ UNITAID has pioneered, developed and refined a largely successful approach to funding market-shaping interventions.</li> <li>◆ UNITAID is on its way to articulating forward funding priorities and effective partner engagement.</li> <li>◆ The air ticket levy has been a pioneering innovative financing mechanism for global health.</li> <li>◆ The organisation faces uncertainties in its financial future.</li> </ul>	<ul style="list-style-type: none"> <li>◆ UNITAID is dedicated to on-going improvement of decision-making processes and accountability.</li> <li>◆ UNITAID has shown a commitment to “managing for results” but there is still room for improvement.</li> <li>◆ UNITAID has strengthened its organisational structures and capacity but it is too soon to judge whether these changes will enable fuller delivery on its mission.</li> </ul>	<ul style="list-style-type: none"> <li>◆ UNITAID has achieved significant market and health outcomes, but lessons need to continue to be learned from projects that performed poorly.</li> <li>◆ Documentation of outcomes has been of variable quality.</li> <li>◆ There are constraints to country level ownership of UNITAID-funded projects</li> <li>◆ UNITAID has had influence within the global health architecture.</li> </ul>

The evaluation also finds that UNITAID faces some significant challenges that it will have to address before it truly lives up to its declared aspirations and the expectations of its founding members. UNITAID has carved out a distinctive market-shaping role in the fight against the three diseases and in doing so has validated the core elements of its business model. Nonetheless, the evaluation finds that UNITAID's project portfolio has performed unevenly in its achievement of market and health outcomes and in its treatment of sustainability. While close to half of UNITAID's projects, representing two-thirds of its funding commitments, were assessed to have attained good market outcomes, nearly one-in-three projects were found to have performed poorly in this regard. Similarly, more than half of the projects, also representing two-thirds of funding commitments, achieved good health outcomes, while the remainder were found to have fair performance in this regard. For a number of the projects that did achieve good market and health outcomes, there remain serious concerns about the long-term sustainability of outcomes, as UNITAID has exited or plans to exit the market niche as a funder.

Some of these shortcomings can be explained by the necessary experimentation and learning-by-doing that will characterise the early-stages of any new organisation. In its first few years, UNITAID had not yet established robust decision-making procedures and it only had a small staff. UNITAID did take steps along the way to address many of these shortcomings. The 5YE has confirmed the value of many of these steps, particularly UNITAID's comprehensive governance review, the Strategy 2010-12, a new market impact framework, and a significant recent increase in the Secretariat's organisational capacity.

UNITAID's focus must now be on protecting what has been achieved since 2006 while *simultaneously* increasing the success rate of the projects it funds and their documented achievement of targeted market outcomes. Now that UNITAID is a much-evolved organisation

with significant staff resources, its performance expectations are also higher. Consistency in the performance of projects is also likely to be critical to UNITAID's ability to sustaining the funding that it receives from donors and to mobilise the additional resources that it may well need in order to fully realise its distinctive role and mission.

The strategic planning process currently under way offers an important opportunity to set the direction for UNITAID for the coming years and to take decisions on important refinements and course-corrections.

The recommendations of the 5YE point to evolution than revolution of UNITAID's work. Their main thrust is to reinforce the current business model to increase the success rate of

1. Define forward funding priorities
2. Engaging with partners to align on key market-shaping priorities
3. Making resource mobilisation more strategic
4. Enhancing organisational performance
5. Strengthening documentation and evaluation of results
6. Engaging country level stakeholders and partners to enhance the long-term

UNITAID-funded interventions and to deliver more fully against UNITAID's mission. We have identified 17 recommendations which fall under 5 headings as listed above.

The evaluation team believes that it is entirely feasible for UNITAID to successfully implement all of these recommendations in a relatively short time frame and that the market and public health impacts could be very significant. If UNITAID succeeds in delivering on its full promise, over time and through much hard work, it could even help inform and inspire other efforts to deploy innovative financing and market-shaping approaches to tackle global development challenges beyond the three diseases.

## Background

UNITAID is an innovative global health initiative largely financed by a levy on air tickets. Established in 2006 by the governments of Brazil, Chile, France, Norway and the United Kingdom, it provides sustainable funding to tackle inefficiencies in markets for medicines, diagnostics and prevention for HIV/AIDS, TB and malaria in developing countries. Since 2006 UNITAID has provided funding to implementing partners to carry out two-dozen projects and has committed US\$1.5 billion. Annex 1 gives a summary of UNITAID's aims, origins, funding and business model, programming and governance.

In September 2011, UNITAID completed its first five years of activity, against the background of an evolving global health architecture and financial environment. The five year timeline, 2007 to 2011, was deemed to represent a suitable period for conducting an independent comprehensive overview of UNITAID's accomplishments and a basis for identifying course-correcting actions as may be required.

This Independent 5-Year evaluation (5YE) of UNITAID is the result of the decision taken by the Executive Board of UNITAID to request such an overview.

The 5YE had three chief aims:

1. **To assess** UNITAID's effectiveness and determine how to build on its achievements, particularly by overcoming bottlenecks and challenges.
2. **To examine** how UNITAID can play a more effective role in the future in using market-based approaches to improve public health by increasing access to quality products to treat, diagnose and prevent HIV, TB, and malaria in developing countries.
3. **To feed** into UNITAID's current strategy development process.

The 5YE's primary clients are UNITAID's Board and Secretariat. The evaluation will also be shared with UNITAID donors, implementing and non-implementing partners and other key stakeholders such as governments and civil society.

The 5YE is managed by an Independent Steering Committee (ISC), which reports to the UNITAID Executive Board through the Policy and Strategy Committee. In March 2012 the ISC commissioned ITAD Ltd to undertake the 5YE. ITAD had submitted a proposal for undertaking this evaluation in early January 2012 on behalf of a consortium of expert evaluation/health consultancy companies<sup>1</sup> in response to the Request for Proposals posted by the WHO in November 2011.<sup>2</sup>

ITAD's evaluation team (EVT) began work on the evaluation in April 2012 and has carried out an extensive, but necessarily rapid, evaluation, so that the report can be fed in to the strategy process currently underway and specifically be used to inform UNITAID's strategy retreat in November 2012.

A first draft report was submitted to the Board in early September 2012. This report is a revised version submitted in October 2012.

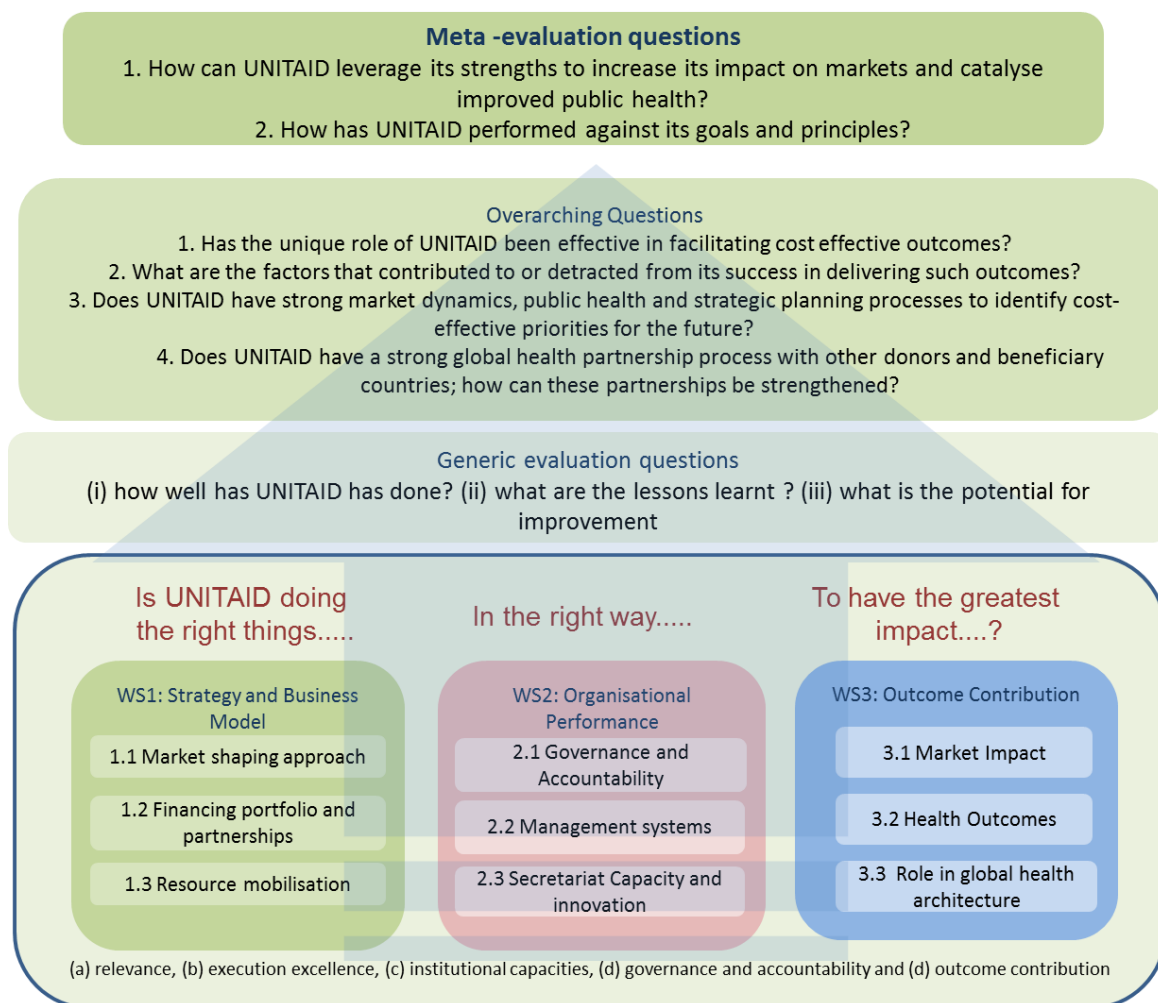
**Figure 1** below summarises the evaluation framework that was developed to address the meta-evaluation and overarching questions provided in the Terms of Reference. Core to this framework is a focus on to three interrelated work-streams with sub modules:

- ◆ The first work-stream seeks to evaluate UNITAID's strategy and business model. It addresses the core question: *Has UNITAID done the **right things** to achieve its mission?*
- ◆ The second is focused on UNITAID's organisational performance. It addresses the core issue of *whether or not UNITAID has been doing things in the **right way** to achieve its mission.*
- ◆ The third work-stream evaluates the level to which UNITAID has contributed to the achievement of the desired outcomes. Here the question is: *Is UNITAID achieving the **greatest impact** aspired to in its mission and objectives?*

<sup>1</sup>ITAD LTD is the lead organisation supported by Commons Consultants Ltd and SEEK development. The Evaluation was Co Directed by Sam McPherson (ITAD) and Soren Andreasen (Commons Consultants)

<sup>2</sup>5-Year Evaluation of UNITAID *Request for Proposal (RFP) Bid reference 5144*

## UNITAID 5 YEAR EVALUATION SUMMARY



The evaluation framework involved identifying over 30 key evaluation questions and then defining indicators, sources of information, and analytical methods for each question. This evaluation framework helped to identify the range of documents to be reviewed and the key informants for each topic.

Data for the evaluation were gathered through an intensive process that included (a) a thorough **review of secondary evidence on UNITAID**, including UNITAD documents and procedures, Board minutes, project documentation, and published and grey literature, and (b) **over 100 in-depth and semi-structured interviews** with a range of stakeholders, including UNITAID Board members, Secretariat staff, implementing and strategic partner staff and other key informants. Country visits were also made to Kenya and Cameroon, and multiple visits were made to UNITAID headquarters in Geneva.

The evaluation methods deployed included in-depth assessments of UNITAID projects against objective criteria, assessments of organisational performance against UNITAID’s published mandated functions and analysis of performance against a theory of change for UNITAID. Full details of data sources and evaluation methods are provided in the full report.

## Key findings

The results of the 5YE largely validate UNITAID's business model, but they also point to a number of challenges ahead for the organisation.

UNITAID quickly got off to a strong start in pursuit of its mission to improve access by tackling inefficiencies in markets for critical health commodities. The 5YE validated UNITAID's core approach of funding time-limited interventions that would have significant market outcomes in critical niche markets, such as paediatric and second line antiretroviral drugs and artemisinin-based combination therapies. UNITAID has clearly made a significant contribution to the fight against HIV, TB and malaria and has strongly prioritised low-income countries.

However, examining the full portfolio of all UNITAID-funded projects, the 5YE found that less than half of all projects achieved good market outcomes. Long-term sustainability of project outcomes remains a major concern, even for some of the most successful projects. The key challenge for UNITAID will be "maintaining the gains" (i.e. protecting what it has achieved since 2006) while simultaneously building on these gains by increasing the rate of success in projects, improving the way it documents results and raising greater awareness of the organisation and its impacts.

Below we provide a summary of the key findings of the evaluation according to the three areas of enquiry that were the basis of the 5YE.

### ***Is UNITAID doing the right things?***

The 5YE broadly validated UNITAID's overarching approach of funding time-limited interventions aimed at shaping market outcomes in critical niche markets. It has funded a number of significant market-shaping interventions, particularly in HIV/AIDS and malaria, and has improved its capacity to choose projects with high market-shaping potential in the future. UNITAID's ability to identify implementing partners has improved throughout the evaluation period. Its portfolio of work reflects an appropriate distribution between the three diseases and one that is in line with the priorities of other donors. UNITAID

has maintained a relatively constant level of funding in line with expectations, which was mainly due to the success of the air ticket levy, a pioneering financing mechanism.

The 5YE found several key areas for improvement. UNITAID has funded a number of projects did not have a strong market-shaping approach nor adequately articulating its forward funding priorities. UNITAID recognises that its range of partners to date has been quite narrow and that it needs to expand this range. The evaluation finds that the task of maintaining or expanding UNITAID's funding base will be a key challenge in the future and one that needs to be prioritised.

### ***UNITAID has pioneered, developed and refined a largely successful approach to funding market-shaping interventions:***

- ◆ **UNITAID has funded a series of very significant market-shaping interventions between 2006 and 2011 that were in accordance with the vision of its founders.** In terms of quality-at-entry, nearly two thirds of the projects funded by UNITAID over the period were very relevant to its core market-shaping mission and principles and their design. For example, the Paediatric HIV/AIDS treatment project implemented through CHAI created a market for child-friendly HIV medicines where none existed before. Similarly, the Affordable Medicines Facility—malaria (AMFm) project addressed clear market inefficiencies in relation to the availability and affordability of life-saving malaria drugs.
- ◆ **UNITAID's capacity for choosing projects with high market-shaping potential has improved in recent years.** During UNITAID's inception phase, close to half of the projects funded had a good or very good degree of relevance to its core market-shaping mission. These projects ended up receiving almost 2/3 of all funding allocated over UNITAID's first five years. Of the projects funded more recently more than 80% found to have had good strategic relevance and a strong design, thanks to UNITAID establishing an improved and robust

blueprint for defining market impact and selecting market-shaping projects.

*UNITAID is on its way to articulating forward funding priorities and effective partner engagement:*

- ◆ **UNITAID is not yet fully leveraging its flexible funding model nor articulating sufficiently clear forward funding priorities.** UNITAID's business model allows it to be more flexible and innovative than other financing institutions in what it funds. But it has not yet fully leveraged this flexibility in a way that would allow it to quickly respond to market needs and enter new niche markets in HIV/AIDS, TB, and malaria..
- ◆ **UNITAID's funding portfolio reflects an appropriate distribution between the three diseases that is in line with the priorities of other donors.** While UNITAID's funding portfolio has a strong focus on HIV/AIDS, substantial funds have also been allocated to malaria, TB and crosscutting projects. UNITAID's ability to shape the portfolio was influenced by opportunities presented by partners in their proposals, and also by the quality of the proposals.
- ◆ **The organisation is meeting its constitutional requirement to focus on LICs.** UNITAID has dedicated more than 85% of its funding to LICs, making it unique among global health organisations.
- ◆ **UNITAID's range of partners is very narrow.** Just four implementing partners have received 80% of UNITAID funding during the evaluation period. However, UNITAID has recently succeeded in broadening the range of partners with which it works.
- ◆ **UNITAID's ability to identify strong implementing partners who could deliver good outcomes improved between 2006 and 2011.** In the early evaluation period, the selection of implementing partners was not based on an extensive analysis of partner capacity and alignment of goals and approaches. However in the later evaluation period, the Secretariat started to play a much stronger role in assessing the capacity of partners to implement specific projects.

*The air ticket levy is a pioneering innovative financing mechanism for global health:*

- ◆ **UNITAID's resource mobilisation over the evaluation period was successful—the organisation achieved its funding targets and the airline ticket levy can be considered a success and an important 'proof of concept'.** On average, UNITAID achieved the anticipated annual funding level (a mean of US\$320 million/ year) over the period 2006-2011. Funding from the air levy, a pioneering financing mechanism, can be considered as additional in the sense that it represents new financing for global health. The technical feasibility of the air levy has now been proven. The levy represents an important common good and stands out as a functioning example of innovative development financing.

*The organisation faces uncertainties in its financial future:*

- ◆ **Resource mobilisation is a major challenge.** The fact that UNITAID's key income source is the airline tax, which accounted for 2/3 of all donor funding to UNITAID between 2006/07 and 2011, is potentially a double-edged sword. The airline tax should not give grounds for complacency with regards to resource mobilisation. There is a risk that this tax will not continue to provide secure, sustained financing at the level that UNITAID will need to address important market-shaping opportunities. UNITAID therefore needs to both consolidate its other donor funding and explore more financing beyond the airline tax. While some of UNITAID's attempts to pursue new funding sources were unsuccessful (e.g. the MASSIVEGOOD campaign failed), these experiences should not deter it from exploring other promising mechanisms in the future.



**...In the right way?**

The 5YE found that UNITAID's organisational performance improved from 2006 to 2011. As a relatively new organisation, it is clear that over the last five years systems and approaches have improved from a more ad hoc start up phase through a significant growth and development phase to one that is now a consolidation phase. UNITAID's governance mechanisms improved continually through the evaluation period and are now effective and efficient. Similarly the evaluation found progressive improvements in UNITAID's planning processes and monitoring and evaluation systems, such as its Key Performance Indicators (KPIs). The annual KPI reports now provide a useful mechanism for UNITAID, its partners and its stakeholders to better understand project performance.

Areas for improvement include the need for a continued focus on efficiency of governance, a more comprehensive approach to partner consultation and a continued effort to improve planning processes (especially operational work-planning processes). There is more work to be done in improving portfolio management processes and capacity. The 5YE highlighted a concern that organisational arrangements for M&E that emphasise attention to monitoring undermine the independence and rigour of the evaluation function. Finally, UNITAID needs to be able to generate more robust data on market and health outcomes.

***UNITAID is dedicated to on-going improvement of decision-making processes and accountability:***

- ◆ **UNITAID's governance mechanisms have improved over the evaluation period and will continue to serve UNITAID well provided that continuous improvement is prioritised.** Substantial progress has been made in improving and streamlining the Board's operating systems and procedures in recent years. The Board's overall effectiveness was found to be satisfactory: the structure fulfilled its purpose as outlined in its constitution. Similarly the Board committees have in general provided effective support against their terms of reference. However, there is room for
- ◆ further effectiveness and efficiency gains, for example in reducing duplication of processes and improving adherence to the Board Operating procedures.
- ◆ **UNITAID does now appear to have adequate financial accountability systems in place and is working with partners to ensure the same.** UNITAID has made significant recent progress in improving the financial and accountability systems. The creation and recent bolstering of the Finance and Administration unit within UNITAID has been a significant success and was widely welcomed by all relevant stakeholders interviewed by the evaluation team. This unit, coupled with strong recent support from the Finance and Audit Committee (FAC), has ushered in a concerted drive towards strengthening financial accountability standards within UNITAID in terms of both its own operations as well as those of its implementing partners.
- ◆ **UNITAID has made significant efforts to consult and engage its various partners in its work but lacks a formal comprehensive approach to partner consultation.** UNITAID has successfully leveraged both the formal mechanisms outlined in its constitution and other mechanisms to consult with partners. However, UNITAID lacks the kind of comprehensive approach to partner consultation that is required for ongoing management of increasingly complex relationships.
- ◆ **Planning in UNITAID has been the subject of significant recent and on-going efforts and if integrated well in the coming months will help significantly improve organisational effectiveness.** UNITAID is currently in the process of drafting a new strategy to replace its current strategy that was developed in 2009. The current strategy has served UNITAID well but there is a clear and urgent need to get a new focused strategy in place. UNITAID's operational planning systems have not yet been sufficiently articulated to date, but there has been recent work in improving these processes. Similarly, over the last two years

UNITAID has strengthened and defined its grant and project planning processes and there is general consensus that this will result in improved project planning and, ultimately, more effective project implementation.

- ◆ **UNITAID has made significant progress in articulating its performance framework, defining and reporting against KPIs and using these tools to help inform management decisions.** The KPI reports and their menu of indicators have been evolving since 2007. Recent refinements have included revisions to existing indicators to make them more specific to the actions plus the inclusion of new indicators. In order to strengthen the links between the M&E framework and UNITAID strategy (2010-12) UNITAID has recently conducted a process of harmonisation of project plans and contractual agreements with partners so that they better reflect UNITAID's strategy. As a result the KPI reports now provide a useful mechanism for UNITAID, its partners and its stakeholder to better understand project performance.
- ◆ **The UNITAID M&E framework and tools are beginning to influence programming and good progress has been made in generating data that enable managers to actively manage poorly performing projects.** The systematic introduction of the requirement for implementing partners to develop logframes has helped to ensure a more consistent and systematic approach to project M&E. Similarly the operational assessments of portfolio progress undertaken by UNITAID's Operations and Finance and Administration teams—using six UNITAID “traffic-light” performance scores summarising financial and programmatic performance—make for a powerful set of portfolio management tools. However, the poor quality of project data continues to hinder the full effectiveness of the project monitoring system.

*UNITAID has shown a commitment to “managing for results” but there is still room for improvement:*

- ◆ **There is still scope for improving portfolio management.** Day-to-day project performance is primarily a function of the implementing partner. However, from a funder's perspective it is also important to ensure that these grant funds are being managed in a way that will maximise the chances of projects being successful (i.e. results-based management). There is evidence that inadequate portfolio management has been one of the causal factors contributing to the variability in UNITAID's overall project performance.
- ◆ **Current organisational arrangements for M&E emphasise attention to monitoring and undermine the independence and rigour of the evaluation function.** UNITAID's M&E function as currently established serves two different aspects of portfolio management: ‘compliance’ and ‘managing for results’. The former requires a strong focus on ensuring that partner log-frames are robust, monitoring data are reported and data are fed into planning and programming. This focus necessarily requires the monitoring function to be integrated into operational management. However, for the ‘managing for results’ component of portfolio management, which focuses more at the levels of aggregate outcome and impact, the M&E function also needs to be able to objectively review data (especially evaluation data) in a way that is more independent of operations. While these functions are clearly interrelated, in our view it is important that there is a clear separation in function.
- ◆ **UNITAID's ability to generate robust data on market and health outcomes to date has been variable and there is an absence of a comprehensive theory of change for UNITAD.** As has been well documented in this evaluation there are continuing issues in determining the per-project progress towards targets on market and health outcome KPIs in UNITAID KPI reports and it is still very difficult to determine project

performance on the basis of the current reporting. The key issues here is that the current market impact framework and the current KPI reports only go so far in helping to articulate the role that UNITAID has had on global markets and health outcomes. UNITAID has not yet articulated and comprehensive theory of change that positions its work - and the data it gathers on KPIs from partners – within in. This is problematic in that there is hard for stakeholders to make clear evidence based judgments about the role of UNITAD within global health especially in relation to indirect health outcomes, risks and sustainability.

*UNITAID has strengthened its organisational structures and capacity but it is too soon to judge whether these changes are appropriate to meet its mission:*

- ◆ **UNITAID’s structural changes are still very new, so it is too early to determine whether the staffing numbers and staff skills are appropriate.** As a result of UNITAID’s rapid growth and its very recent recruitment drive, many of the staff at UNITAID are very new, with around half having been in post for less than one year. The UNITAID secretariat is thus very much in still in a consolidation phase.

#### **...To have the greatest impact?**

The evaluation found that UNITAID has clearly had a positive impact in terms of market and health outcomes. UNITAID has funded a series of projects that have attained significant documented achievement in terms of market and public health outcomes. There are strong indications that many of these projects achieve better outcomes than those of traditional investments in public health service delivery because of a “multiplier effect.” This effect is due to other programmes taking advantage of the improved market outcomes of UNITAID-funded projects, such as improved availability or lower prices of products. Of all the projects funded by UNITAID, those with the greatest impact were able to achieve both significant market outcomes *and* health outcomes, leading to significant global costs savings and indirect

health outcomes. The evaluation found UNITAID’s track record and market-shaping approaches could provide important lessons to other agencies and countries seeking to increase programme effectiveness.

The 5YE found a number of key areas for improvement. The quality of project documentation on market and health outcomes has been variable, making it hard to assess overall project impact in many cases. One third of projects, representing 25 % of funding commitments in the evaluation period, were neither found to have good performance in terms of market outcomes nor in terms of health outcomes and lessons must continue to be learned from these experiences. UNITAID is aware that long-term sustainability is a major challenge with a business model based on providing short to medium term funding. Transition of projects to new funding sources has proved to be difficult and in some cases market outcomes may not be sustainable even after such transition is successfully assured. UNITAID has very low visibility and there are constraints to ownership at the country level. This lack of ownership may work against the efforts of countries to ensure stable operations in their health systems

*UNITAID has achieved significant market and health outcomes, but lessons need to be learned from projects that performed poorly:*

- ◆ **There are strong indications that UNITAID has contributed to significant market outcomes but there are concerns about the success rate.** Close to half (45 % of the 17 projects that could be assessed for market outcomes) of UNITAID-funded projects, representing about 65 % of the funding commitments from 2006-2011, were found to have achieved good or very good market outcomes. Around 25 % of projects (10 % of funding commitments) had poor market outcomes and a similar share had fair market outcomes (20 % of funding commitments). The market outcomes depend significantly on key aspects of UNITAID’s approach, particularly the quality of proposals and the selection of implementing partners. A few projects had

insufficient documentation to assess market outcomes.

- ◆ **UNITAID-funded projects have contributed significantly to public health outcomes. A majority of projects** (55% of the 15 projects that could be assessed for health-related outcomes), making up almost three-quarters of UNITAID funding from 2006-2011, were found to have achieved good or very good health outcomes. Just over half the projects achieved good results in terms of progress towards treatment targets, while about 30% achieved very good results in terms of cost per treatment or test (suggesting that these projects are likely to be getting good value for money).
- ◆ **Projects with the greatest impact were able to achieve both significant market outcomes and health outcomes, leading to significant global costs savings and indirect health outcomes.** Projects that simultaneously achieve high market outcomes and direct health outcomes are highly likely to have a disproportionate impact relative to project opportunities that do not have a positive market impact. Projects that produce benefits in terms of both market and health outcomes also have indirect effects that arise when other organisations are able to deliver greater health outcomes in their own programmes because UNITAID-funded interventions have improved e.g. access and affordability of products in relevant market niches.

*Documentation of outcomes has been of variable quality:*

- ◆ **The quality of documentation of both market outcomes and health outcomes has been quite variable across projects.** UNITAID and its partners have not prioritised the measurement of public health outcomes, making it difficult to assess UNITAID's public health impact.

*UNITAID faces major barriers to the long-term sustainability of its market outcomes:*

- ◆ **UNITAID has been aware of the challenges related to long-term sustainability of outcomes, associated with its business**

**model of providing short to medium term funding since the time of its first project funding decisions.** UNITAID's approach to sustainability and transition planning prior to 2011 was quite basic but much progress has been made since 2011. Sustaining the market and health outcomes of UNITAID interventions is still a major area of concern. Transition of projects to new funding sources has proved to be a major challenge. Market outcomes may also gradually be reversed even after such transition of funding sources is successfully assured, which will reduce the overall impact of UNITAID-funded projects.

*There are constraints in relation to country ownership of UNITAID-funded projects:*

- ◆ **UNITAID has not yet been able to achieve a sufficient level of country ownership of its projects.** The visibility of UNITAID at country level is very low, and the level of consultation with country level stakeholders is also patchy. The evaluation found that implementing partners had made good progress in aligning UNITAID-funded projects with specific country level programs. However, in some cases the project level focus meant that alignment with national level planning processes was not comprehensive. On the basis of this assessment, it is perhaps unsurprising that the evaluation team did not find strong evidence of country level ownership of UNITAID projects. This lack of ownership may work against the efforts of countries to ensure stable operations in their health systems

*UNITAID has had influence within the global health architecture:*

- ◆ **UNITAID has an emerging influence within the global health architecture particularly upon its closest strategic and implementing partners.** UNITAID's track record and market-shaping approaches has provided important lessons for other agencies and countries seeking to increase effectiveness of programmes which should continue to be leveraged.

## Recommendations

The results of the 5YE clearly show that UNITAID has made tremendous progress over the five-year course of the evaluation period but a focused and ambitious drive is urgently needed to protect and enhance core elements of the business model. UNITAID will not have significant long term impact and viability unless it's strategic planning, financing, operational approach, documentation of project outcomes, and engagement with countries and partners are all significantly enhanced. These improvements will be critical to increasing UNITAID's relevance and extending the benefits of its market-shaping approach upon the three diseases, and potentially to other health conditions in the future.

In order to truly deliver on its mandate and extend its successes, we have identified 17 specific recommendations which fall under 6 categories as listed below:

1. Define forward funding priorities
2. Engage with partners to align on key market-shaping priorities
3. Make resource mobilisation more strategic
4. Enhance organisational performance
5. Strengthen documentation and evaluation of results
6. Engage country level stakeholders and partners to enhance the long-term sustainability of market outcomes

The detailed recommendations are discussed further below. Their main focus is to address the main meta-evaluation question posed in the ToR for the 5YE, namely: how UNITAID can leverage its strengths to increase its impact on markets and catalyse Improved Public Health?

Under each recommendation we propose responsibility for addressing the recommendation (bold is primary responsibility).

### 1. Define forward funding priorities

**R1:** UNITAID should ensure that the upcoming strategy articulates forward funding priorities for market-shaping interventions. This is currently the biggest gap in UNITAID's market-shaping strategy and a significant limitation affecting its collaboration with partners and its ability to conduct strategic resource mobilisation.

UNITAID should make a firm determination on whether current processes for establishing forward funding priorities will be sufficient. The UNITAID Board should adopt forcing mechanisms to ensure that funding priorities and a forward-looking pipeline of market-shaping activities are in place. As a start, it should not approve the medium-term strategic plan until it contains a well-supported set of specific funding priorities for the three disease areas as well as a schedule of open and targeted calls for at least the first two years going forward. There should, of course, still be some flexibility to respond when very compelling opportunities arise (emergencies, new innovations, etc.). UNITAID should reinforce the procedures and resources required for robust on-going strategic planning by allocating the budget resources needed to sustain Secretariat and Advisory Group on Priorities for Funding (AGPF) activities related to supporting the Board in setting funding priorities. These priorities should include regular consultations with external partners.

**Key responsibility: Board, UNITAID Secretariat**

**R2:** UNITAID should build directly on the validated elements of its market-shaping approach rather than seek fundamental reforms of its business model.

Its next strategy document should be more specific than its 2010-12 strategy about the steps it will take to improve the success rate and sustainability of the projects it funds. UNITAID should also further refine its approach to promoting the participation of new partners by continuing its analytical work on partner capacity and approaches to help new partners to shape successful proposals. There is still room for UNITAID to make its approach to selecting partners more transparent and to better explain to potential partner organisations how they should submit proposals.

**Key responsibility: UNITAID Board, Secretariat**

**R3:** UNITAID should not look to change its current policies for the allocation of funding across diseases and across country income groups. However, it should continue to take the balance of diseases and income groups into account in its decision-making and a stronger case for adjusting policies may emerge over the coming years.

UNITAID should sustain its commitment to funding significant projects in all three disease areas. UNITAID should continue to give consideration to all three diseases in its identification of potential future interventions. This commitment should also be reflected in defining forward funding priorities. There does not appear to be a strong case for setting targets or a firm required distribution of funding across the three diseases. UNITAID should protect its distinctive position among public health funding agencies with its high allocation of funding to low income countries and it should be cautious about responding too quickly to emerging pressures to soften the low income country (LIC) requirements. Any shift away from the focus on LICs could be considered problematic by key donors with a strong pro-poor focus in their international development policies. Any change should be tempered and accompanied by a strong evidence base directly linked to UNITAID's market-shaping objectives.

**Key responsibility:** UNITAID Board, Secretariat

## ***2. Engage with partners to align on key market-shaping priorities***

**R4:** UNITAID should deepen and refine its engagement with key partners around key market-shaping priorities in order to open new opportunities for co-funding and improve conditions for future transition to new funding sources.

UNITAID should ensure that its upcoming strategic plan is responsive to the needs of key groups of partners. UNITAID must clearly explain where it is heading in terms of its funding priorities in order to improve the quality of its engagement with its partners, signal to markets and mobilise resources from donors. UNITAID should reinforce consultations with those partners that are already involved in its strategic planning processes. Giving strategic partners a stronger voice in UNITAID's forward funding priorities will serve to reinforce relationships.

Effective policy alignment will ultimately help to sustain UNITAID-funded interventions.

**Key responsibility:** UNITAID Secretariat, Implementing partners

**R5:** The UNITAID Secretariat should propose options for adjustments to stakeholder consultation mechanisms which weigh the value-added of different activities in terms of their contribution to transparency and legitimacy.

In considering options for adjustments to stakeholder mechanisms, UNITAID should recognise that resources are limited – and that there is a significant opportunity cost in terms of Secretariat time and resources devoted to carrying out comprehensive consultation exercises. Options should identify the specific purpose of various consultation exercises and help identify how different mechanisms can be deployed to most efficiently achieve these purposes. The options presented should also propose modification to the current UNITAID regulations and policies relating specifically to the Consultation Forum.

**Key responsibility:** UNITAID Secretariat, Implementing Partners

## ***3. Make Resource Mobilisation more strategic***

**R6:** UNITAID should develop and adopt a resource mobilisation plan which is forward-looking, specific and realistic in terms of targets and rationale.

The UNITAID Board should adopt a resource mobilisation plan that sets well-supported targets for its financial income over the medium term (3-4 years) and is closely tied to UNITAID's strategic plan. Such targets would be based on three tiers of upcoming activities: 1) the backlog of existing projects (including provision for bridge and emergency funding), 2) funds required for planned calls for proposals, and 3) funds for additional future funding priorities.

Stronger links between resource mobilisation targets and observable market and health impact goals would help UNITAID to make a stronger case to donors for increased funding. In particular, UNITAID needs to present a robust, fact-based argument to donors, especially new donors, that it is not as well-funded as commonly perceived and that it may not be able

to deliver sufficiently on its mission at the current level of funding.

UNITAID should also ensure that medium-term resource mobilisation targets take into account historical fluctuations in income from both innovative financing sources and traditional donations in order to facilitate planning and underpin the predictability of funding.

**Key responsibility:** Board, UNITAID Secretariat

**R7:** UNITAID should support a strengthened resource mobilisation approach with a robust schedule for pledges and an allocation of supporting resources that is adjusted to match its targets.

UNITAID should ask donors to commit to at least a three-year pledging cycle, building on the cycle currently followed by France and the UK (2011-13). The next cycle would be 2014-16. UNITAID should also ask donors to make pledges 6 to 12 months in advance to allow for effective planning and use of resources (i.e., by early 2013 for 2014-2016). UNITAID should consider hosting a replenishment conference or similar approach to fundraising and seek cooperation with the Global Fund and GAVI for such an event. These agencies are also Geneva-based, there is a significant overlap in donors, their approaches are complementary and they appear to welcome attempts at joint outreach. UNITAID should recognise and sustain the role of the Chair in advocacy and resource mobilisation and should continue to leverage the United Nations, WHO and national governments in its outreach. UNITAID should also reinforce the role of member countries: Board members as well as senior colleagues in capitals can play a significant role in reinforcing pledges and in bringing on board new members. UNITAID should also work with other CSOs and seek the support of other high-level personalities for advocacy. UNITAID should ensure that the capacity in the Secretariat to support resource mobilisation is aligned with its resource mobilisation plan and its leveraged approach. It is likely that additional staff resources will be needed to support a resource mobilisation plan with targets sets above the current level of income.

**Key responsibility:** Board, UNITAID Secretariat

#### 4. Enhance organisational performance

**R8:** The UNITAID Board should build further on the recent reforms of UNITAID's governance structure and procedures by (a) ensuring that it adheres to its Board Operating Procedures (BOP) and (b) putting in place periodic facilitated evaluation as a means to ensuring efficient on-going refinement of its decision-making processes.

The UNITAID Board should conduct a facilitated evaluation to report on its own performance on an annual basis. The Board should follow more directly the Board Operating Procedures.

**Key responsibility:** Board, Board Committees

**R9:** UNITAID should adopt a standard planning framework consisting of a medium-term strategic plan (covering 3-4 years) and annual organisational work plans.

The UNITAID Board should adopt a medium-term strategic plan that covers a period of 3-4 years. The medium-term strategic plan should set the strategic direction of UNITAID and explain how UNITAID will fulfil its purpose efficiently, effectively and sustainably. It should set forward specific goals, implementation requirements and specific forward funding priorities that are related to specific market niches in which UNITAID expects to fund interventions. This resulting schedule of calls for LOI/proposals may need to be updated every 2 years. The medium-term strategic plan should also state clearly what the financial resources needed to deliver the plan will be, how the resources will be mobilised, how progress will be monitored, and which steps will be taken to manage key risks.

The UNITAID Secretariat should also present annual work plans for approval by the Board. The annual work plans should contain annual operational objectives and outputs that are tied to the execution of the medium-term strategic plan and which are aligned with the support budget for the Secretariat. UNITAID should make the annual work plans available to partners and the public on its website.

**Key responsibility:** UNITAID Secretariat, Executive Board

**R10:** The UNITAID Secretariat should consolidate the recent improvements in its capacity and practices for portfolio management by adopting and implementing a widely-used best practice standard.

The UNITAID Secretariat should ensure that it continues to invest in bolstering the project management capacity of UNITAID staff and function. Specifically, the UNITAID Secretariat should offer all portfolio managers formal training against project management criteria such as Prince 2 or the Project Management Body of Knowledge (PMBOK). PMBOK certification in particular should be explored since it is a collection of processes and knowledge areas generally accepted as best practice within the project management discipline and provides an internationally recognised standard (IEEE Standard 1490-2003) and professional certification for senior staff. This specific focus on project management could be usefully integrated with the current on-going work that UNITAID Secretariat is implementing under the Quality Management System and ISO 9001:2008.

**Key responsibility: UNITAID Secretariat**

**R11:** The UNITAID Secretariat should review the appropriateness of its current organisational structure, staffing and skills mix within the next 6-12 months in order to assess the benefits of recent restructuring and staff appointments and to ensure alignment with the new strategy.

This review should build on the review planned/underway in coming months or, potentially, it could be the same review on an adjusted time line. The review should focus on assessing the level to which the new structure is fit for purpose and is aligned with the new strategy. The UNITAID Secretariat should bolster its human resource support practices to ensure that they are appropriate to its increased size of more than 50 staff members. The Secretariat should implement basic practices such as annual team retreats, annual staff satisfaction survey and annual 360 degree reviews for senior staff. The UNITAID Executive Director should explore specific steps that could help bolster the culture of the UNITAID Secretariat as it enters the next phase of its growth as an organisation.

**Key responsibility: UNITAID Secretariat, Executive Director**

## 5. *Strengthen documentation and evaluation of results*

**R12:** Building on the significant progress made in reporting by implementing partners over the course of the evaluation period, UNITAID should further strengthen the documentation and reporting of grant performance.

From the point of view of transparency and accountability, all UNITAID projects should strive for clear and consistent documentation of KPIs, including treatment targets, and progress towards targets should also be clearly documented over time. The reporting of aggregate data on grant performance in the KPI reports should be supplemented with individual project profiles indicating the degree of achievement of targets for key market and health outcomes, and brief narrative descriptions of key outcomes, challenges, risks and potential lessons learned.

**Key responsibility: UNITAID Secretariat, Implementing Partners**

**R13:** UNITAID should clarify its M&E policy, particularly by enhancing the independence of its M&E function.

The UNITAID Secretariat should review UNITAID M&E policies and practices in relation to the “Norms for evaluation in the UN System” (prepared by the United Nations Evaluation Group, UNEG) and respond to them on a comply-or-explain basis. The UNITAID Board and Secretariat should consider, in particular, whether the M&E manager should have a direct reporting line to the Executive Director and be permitted also to report directly to the Board, as is provided in the above-mentioned standards for evaluation

**Key responsibility: UNITAID Secretariat, Board**

**R14:** UNITAID should apply a more rigorous theory-based approach to portfolio and project design, monitoring and evaluation. This should also involve greater attention to measurement of public health outcomes, particularly for successful projects in market areas where the existing evidence of health outcomes is limited

UNITAID should expand on its market impact framework to develop and overarching theory of change that explains how its market and health outcomes should be achieved.



UNITAID should also work with implementing partners to ensure that a theory of change is developed for each project, linking project outputs to intended market and health outcomes. By requiring implementing partners to develop a project theory of change, UNITAID will strengthen project design quality and partner attention to outcome monitoring and the factors that hinder success. This should involve greater attention to measurement of public health outcomes, particularly for projects in market areas where existing evidence of health outcomes is limited and where such data can inform decision-making by UNITAID and strategic partners. Specifically, up-front modelling of “indirect impact”, taking into account the potential effect enabled by influencing markets, can be applied in UNITAID’s project selection; and studies of public health outcome contribution of UNITAID-funded projects can help strengthen the case for transitioning projects to other funding sources.

UNITAID should invest in compiling data (from secondary sources and from projects) against its overarching theory of change, enabling it over time to validate its approach in light of evidence. As the evidence base develops against the overarching theory of change – somewhat akin to a contribution analysis of its projects and portfolio – UNITAID should commission additional thematic evaluations and operational research studies, to fill evidence gaps or to explore emerging themes or issues. Attention to these three areas (over-arching and project level theories of change, additional studies) will ensure a more comprehensive evidence base against which to assess and report strategy delivery.

**Key responsibility: UNITAID Secretariat, Implementing Partners**

**R15:** UNITAID should make maximum use of lessons learned to continuously improve its working practices and ultimately enhance the success rate of UNITAID-funded market-shaping interventions.

Capturing and transmitting lessons learned in the course of implementing market-shaping interventions is a critical component of continuously improving the outcomes achieved with UNITAID’s investments. A lessons learned program, involving partners, could be used to

inform the LOI/proposal process, as well as the application of criteria in project selection. UNITAID should consider practical ways to deepen its emerging influence as a centre of excellence for market-shaping interventions in global health. The extension of the lessons learned program to involve a wider range of partners could be a way to achieve this. As a practical way to kick off this practice, UNITAID should consider financing a broad expert consultation related to market-shaping interventions in global health, aggregating the experience from UNITAID, as well as from WHO, GAVI, the Global Fund, CHAI and others.

**Key responsibility: UNITAID Secretariat**

## **6. Engage countries and partners to enhance long-term sustainability of market outcomes**

**R16:** UNITAID should develop an updated approach to engagement with the countries where it funds interventions, with clear parameters for implementing partners on communication and other practices.

UNITAID should propose a plan for raising the in-country visibility of UNITAID’s funding role and promoting country leadership in UNITAID-funded projects. The plan could explore the following cost efficient options: a) setting specific guidelines for implementing partners related to the visibility of UNITAID’s funding role in countries; b) refining the approach to in-country consultation exercises; and c) including country-level stakeholders in UNITAID’s communication strategy. **Key responsibility: UNITAID Secretariat, Implementing Partners**

**R17:** UNITAID should ensure that (a) comprehensive sustainability plans are defined in proposals, (b) strategic partners are consulted on these plans prior to funding decisions, and (c) progress is monitored in the execution of sustainability plans on a project-by-project basis.

The UNITAID Board and Secretariat should use the occasion of the current strategic planning process to define a more robust response to strengthening the sustainability of UNITAID-funded market-shaping interventions.. There now appears to be a strong resolve among UNITAID stakeholders to address the issue of sustainability. The UNITAID Secretariat and PRC

should maintain a firm requirement that all project proposals provide robust sustainability plans. There should be particularly strong requirements for sustainability plans in funding decisions related to interventions with market catalyser and market creator market-shaping roles. UNITAID may need to consider minimum initial time frames for funding of 3-5 years for such projects. The UNITAID Secretariat should strengthen relationships with key bilateral and multilateral donors with regards to transition issues, particularly strategic partner funding agencies such as The Global Fund and PEPFAR. These agencies should be consulted about transition plans for proposed projects prior to UNITAID approval, while recognising that it may not always be possible to require these agencies to offer their formal approval of the project.

The UNITAID Board should incorporate in its policies and risk management decisions the robust and on-going monitoring of sustainability issues. The KPI framework should be expanded to better capture the degree to which the plans are being executed. The Board should also approve the framework recently proposed by the Secretariat and request reports on progress in implementing sustainability plans every six months, alongside operational progress updates. UNITAID should spell out more clearly how it intends to act in the future in situations where sustainability plans fail.

The UNITAID Secretariat should determine the capacity of the upcoming market intelligence system to also monitor the mechanisms that are in place to play market aggregating roles in markets where UNITAID has previously funded interventions. This may be less acute for major procurement items such as LLINs but particularly important for smaller markets such as paediatric ARV and TB treatments.

**Key responsibility:** UNITAID Secretariat, PRC, Implementing Partners

## A critical pathway through these recommendations

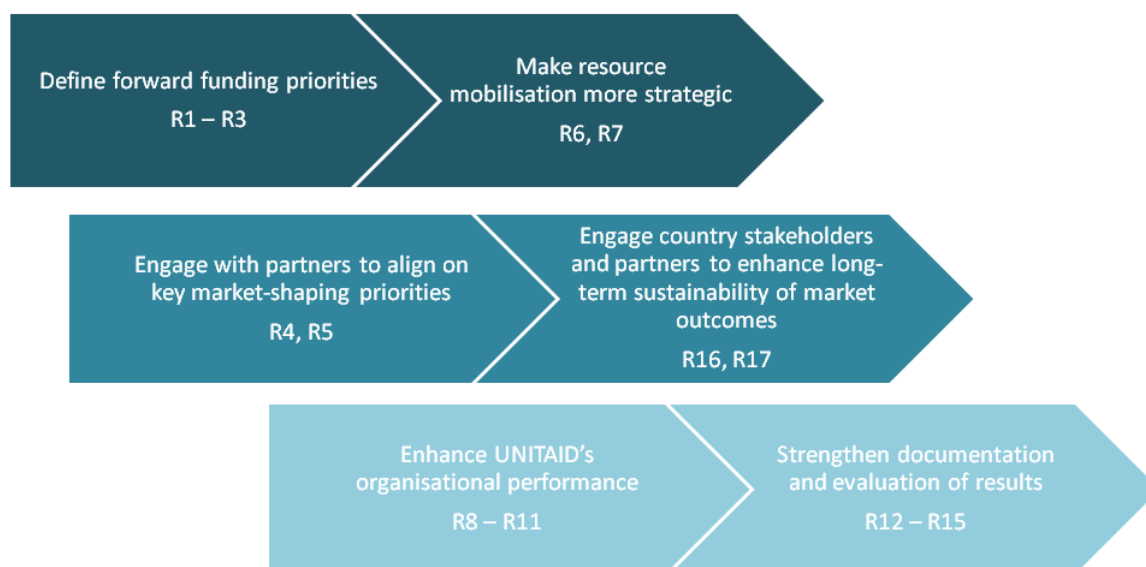
In line with the work currently underway on the development of a new strategy for UNITAID, we have prioritised, above all else, the recommendations that relate to UNITAID taking a more pro-active stance by defining its forward funding priorities. By so doing it will send strong signals to its partners and other actors in its target markets, further consolidating and leveraging its key position in the sector.

With forward funding priorities clear, UNITAID can better build a more strategic approach to

country stakeholders and partners to better ensure that market outcomes achieved so far at the country level are protected and that priorities for the future will be more fully owned at the country level.

In parallel to working on its engagement strategy, UNITAID should continue to enhance its organisational performance and specifically to bed down systems and processes after the recent period of very rapid growth.

Evaluation and documentation of results is of particular importance, with critical feedback loops into results-based programming, better articulation of UNITAID's role in combating the



resource mobilisation that will, for example, allow it to present to donors a very clear road map of what returns will be secured through investing in it. In an increasingly competitive funding environment, the need to provide a compelling and focused case to donors is essential for the long term viability of the organisation.

Similarly, clear forward funding priorities provide a framework for strengthening UNITAID's strategy for engagement with partners, both globally and at country level. The first priority here is to proactively align with its global partners (both strategic and implementing) on the key market shaping priorities facing those working to combat HIV/AIDS, Malaria and TB. In turn, UNITAID should also strengthen its engagement with

three diseases, as well as contributing to the global evidence base about what works and what does not.

## Annex 1: Overview of UNITAID

### Aims:

- Provide sustainable, predictable, additional funding to impact on market dynamics in order to reduce prices/increase availability and supply of high quality HIV, TB, and malaria commodities, primarily for populations in LICs/MICs.

### Origins:

- 2004: representatives of 44 countries agreed that new, more stable resources were needed to finance health development and committed themselves to developing innovative financial mechanisms.
- 2006: Brazil, Chile, France, Norway and the UK decided to create an international drug purchase facility, called UNITAID, financed with sustainable, predictable resources (a tax on airline tickets).
- 19 Sept 2006: UNITAID was officially launched at opening session of UN General Assembly.

### Funding:

- UNITAID has raised a total of US\$1.6 billion in donor contributions between 2007 and 2011. In addition, donors pledged US\$293.7 for 2012 at the time this report was written.
- UNITAID's key source of income is the international solidarity levy on airline tickets that is currently collected in nine out of 29 UNITAID member countries.
- The airline tax accounted for two-thirds of the total funding contributed by UNITAID donors between 2006/07 and 2011.
- In this period, about 90% of the funding that was generated through the airline tax came from France (US\$997 million out of the US\$1.1 billion).
- Funding that is mobilised through the air ticket levy is complemented by traditional funding from donor governments (UK, Norway, Spain and Brazil) and the Bill and Melinda Gates Foundation. These commitments made up the remaining one-third of total UNITAID resources in the 2007-2011 period.

### Business Model:

- UNITAID's business model uses interventions in niche markets to expand supply, improve quality, stimulate development of new and better products, and bring prices down.
- UNITAID – through its international partners – focuses on three main objectives:
- Ensuring affordable and sustainably priced medicines, diagnostics and prevention products, made available in sufficient quantities and with fast delivery to patients.
- Increasing access to safe, effective products of assured quality.
- Supporting development of products targeting niche markets and specific groups, such as children.
- To meet its objectives, UNITAID relies on contractual and implementing partners to implement projects. It is these programmatic partners who implement programs in country. Through the work of its partners, UNITAID intends to ensure that its purchases meet country demand and its procedures align with those of national health systems.

### Programming:

- UNITAID currently supports projects with the following partners: WHO, UNICEF, UNAIDS, The Global Fund, Roll Back Malaria, the Stop TB Partnership, the Clinton Health Access Initiative, FIND, Esther, I+ Solutions, Population Services International and Médecins Sans Frontières.
- UNITAID's constitution highlights how strong dialogue with NGOs and civil society is essential to ensure that the initiative is viable and addresses the needs of patients and communities.
- Between 2006 and 2011, UNITAID committed US\$1.5 billion to support 21 projects, across four project areas: HIV/AIDS, malaria, TB, and crosscutting projects. In the 5YE period, UNITAID had a strong focus on HIV/AIDS, with about half of all committed funds allocated to this disease. A quarter was channelled to malaria, and the remaining quarter to TB and crosscutting projects.

### The UNITAID secretariat

- UNITAID's secretariat is hosted by the WHO in Geneva.
- UNITAID is governed by a 12-member Executive Board, of whom 11 are voting and one (WHO) is non-voting. Board membership is made up of representatives from donor governments, civil society, African and Asian countries and foundations.
- The Executive Board is currently chaired by Philippe Douste-Blazy, former French Foreign Minister. The Secretariat is currently led by an Executive Director (Denis Broun) and his Deputy (Philippe Duneton)
- There are five departments within the Secretariat: the Executive Office; the Market Dynamics team; the Operations team; the External Relations team; and the Finance and Administration team
- Currently there are 58 agreed positions in the secretariat. This number reflects a substantial recent increase in function and capacity over the last two years.