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Contracting Non-Governmental Organizations for HIV/AIDS: Brazil Case Study

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Partnerships
for Health
Reform



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Abstract

Non-governmental organizations (NGOs) have led the way in providing HIV/AIDS services and extending the reach of national and international programs, yet there is little information on the successful procedures for selecting, contracting, and supervising NGOs. Brazil has had a very successful experience contracting NGOs under AIDS I and II, two projects co-financed by the World Bank and the government of Brazil. Since 1994, more than US\$ 25 million has been distributed to over 200 local NGOs to implement almost 800 subprojects. The Ministry of Health established a unit dedicated to working with HIV/AIDS NGOs that conducted an annual competitive process to select projects in prevention, service delivery, and institutional development. Many factors contributed to the success of the contracting process in Brazil, including the NGO's participation in project design, the inclusion of NGO contracting as part of a broader country strategy to fight the HIV epidemic, emphasis on transparency and collaboration, experience and capacity to manage contracts in both the NGO and public sectors, and the infusion of donor funding and support for NGO involvement.

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Acronyms

ABIA	<i>Associação Brasileira Enterrar-disciplinar de AIDS</i> (Brazilian Inter-disciplinary AIDS Association)
ABONG	<i>Associação Brasileira de Organização Non-governamental</i> (Brazilian Association of NGOs)
AIDS	Acquired Immune Deficiency Syndrome
CRTA	<i>Centro Referência e Treinando de AIDS</i> (AIDS Reference and Training Center)
ENONG	<i>Encontro Nacional de ONGs AIDS</i> (National Conference of HIV/AIDS NGO)
GNP	Gross National Product
GOB	Government of Brazil
HIV	Human Immunodeficiency Virus
IEC	Information, Education, Communication
MOH	Ministry of Health
NC	National Coordination of STD/AIDS
NGO	Non-Governmental Organization
NP	National Program for STD/AIDS
PHR	Partnerships for Health Reform Project
RFP	Request for proposals
STD	Sexually Transmitted Disease
SUS	<i>Sistema Unico de Saúde</i> (Unified Health System)
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNDP	United Nations Development Program
UNDCP	United Nations International Drug Control Program
USAID	United States Agency for International Development

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Executive Summary

One obstacle to expanded partnerships with non-governmental organizations (NGOs) is the lack of information on successful procedures for selecting, contracting, and monitoring NGOs. To contribute answers to these questions, the HIV/AIDS Division of the United States Agency for International Development (USAID) requested technical assistance from the Partnerships for Health Reform project to study the experience that selected countries have had contracting NGOs for the prevention and treatment of HIV/AIDS. This report presents the Brazilian experience under the AIDS I and II Projects financed by the World Bank and government of Brazil (GOB).

Brazil is among the four countries with the highest number of reported AIDS cases in the world (135,000 accumulated AIDS cases as of 1998/99). The estimated number of Brazilians with HIV infection ranges from 400,000 to 550,000. The pattern of the HIV epidemic in Brazil has been similar to industrialized countries, beginning with certain high-risk groups and then spreading to broader populations. AIDS initially targeted men who have sex with men and then spread among intravenous drug users. By 1997, one AIDS case in four was a woman. There is also evidence of a shift of AIDS from Brazilians with a higher education to the poor and less educated, and a shift in the age profile to younger patients. Geographically, while HIV prevalence is concentrated in the Southeast region, the epidemic has spread to every state in the country.

In response to the epidemic, by 1984, more than 10 states had developed AIDS programs following the lead of the states of Sao Paulo and Rio de Janeiro. At the federal level, a ministerial decree established the National Coordination of STD/AIDS (NC), which is part of the Ministry of Health (MOH) under the Secretariat for Health Policy. In 1992 the NC involved several sectors (public, NGO, academic) to prepare a letter of intention to the World Bank. This letter became the genesis of AIDS I, the project co-funded by the World Bank and GOB, which was continued under AIDS II. The AIDS I project (1994-1998) disbursed \$18.6 million to 174 NGOs to implement 444 project contracts. As of June 1999, AIDS II (1998-2002) had disbursed approximately \$7,002,394 to 241 NGOs to implement 350 project contracts.

The AIDS I and II projects were executed by the NC. Beginning in 1992, staff within the NC focused on working with the NGO sector, and in 1993 the NC formally established the NGO Liaison Unit dedicated to managing all aspects of contracting NGOs. In 1994, within a year of its creation, the NGO Liaison Unit operationalized a system for contracting NGOs. The contracting system has the following main features: i) competitive process to select NGO proposals according to technical, financial, and epidemiological criteria; ii) standardized contract in which the NGO's own proposal became part of the contract and contained some performance standards; iii) monitoring and evaluation through NGO reporting (financial documents and quarterly progress reports) and site visits by the NC.

The contracting process begins with the NC issuing a Request for Proposals (RFP). Each RFP was published in the federal government's "Diário Oficial" and on the NC website; it also was distributed to the state and municipal health authorities, and, through a mass mailing, to NGOs included in the NC's NGO mailing list. To determine the objectives and priorities of each RFP, the NC analyzed the epidemiological profile of HIV/AIDS and the programs already being financed by the NC. This analysis helped determine the types of projects to be solicited and the selection criteria. The NC required several prerequisite documents to help prevent fraud and participation by

opportunistic groups. On the less positive side, some NGOs believed that very grassroots organizations do not have a formal enough structure – legally, organizationally, or financially – to meet all the prerequisites. The NC provided a fill-in-the-blanks form for project proposals (13 pages with 11 separate components). This proposal format helped standardize the information submitted and forced applicants to think through proposed activities in terms of linking objectives with interventions and results, and measuring results. The standardized format also expedited review by the selection committee. However, it set a relatively high standard and represented a significant amount of work for the NGOs to prepare.

The MOH named an External Selection Committee composed of six to seven members from Brazilian universities, foundations, and scientific institutions. While committee members had solid reputations in their fields and specific knowledge of HIV/AIDS, some in the NGO community saw them as “academics” lacking real experience with community-based projects. In the 1999/2000 round the committee analyzed 360 proposals in nine days, approving 153 for funding. The selection criteria consisted of:

1. Compatibility of proposal objectives with the objectives of the AIDS Project
2. Effective integration with local Unified Health System (*Sistema Unico de Saúde*) health authorities
3. Compatibility with needs of the target population
4. Technical quality
5. Managerial and administrative capacity of the organization
6. Consistency of the budget with the proposed objectives, activities, and results
7. Presence of co-financing
8. Geographic location of the project
9. Potential to reach areas of high incidence of STD, HIV, and AIDS and areas of high concentration of high-risk populations.

An NGO that had its project proposal approved would sign a contract. The NGO project proposal was annexed to the contract and became the objective of the contract and the basis for evaluating the performance of the NGO. Under the terms of the contract, the NGO was obligated to execute the project, apply funds exclusively to the project, comply with procurement regulations, and financial and technical reporting requirements. The NGO bore the financial risk of the contract. The contract did not cover any overhead costs and there were controls to prevent the NGO from spending funds differently than budgeted.

Contracted NGOs were largely left alone to implement and manage their projects within one year. Projects were very diverse in terms of geographic coverage (all regions and states had contracts), target population (more than 20 different groups targeted), and type of activity (information, education, and communication, medical, social/psychological and legal assistance for people living with HIV/AIDS, prevention and behavior change programs, condom distribution, training of health and other professionals).

The NC managed both financial and technical monitoring of NGO contracts. The rules for spending and accounting originated with the World Bank’s own norms and procedures, which were an integral part of the signed contract. After the signing the contract, the NGO would begin to receive disbursements through direct deposit to a specific bank account. After the initial disbursements, further funds were released only after the NGO had accounted for at least 80 percent of the prior disbursement through submission of the accounting report and original receipts. There were no analyses done by the NC (e.g., cost-benefit or cost-effectiveness of interventions, comparing the cost

of alternative interventions that have similar objectives, or comparing the cost of NGO with public sector provision of services).

In order to monitor and evaluate the technical performance of NGO projects, NGOs submitted a quarterly progress report that compared actual performance with planned in terms of timing and results. This reporting system did a good job collecting quantitative data on intermediate results, but fell short of participants' expectations for measuring impact. Participants cited several impediments to evaluation of impact, including lack of baseline data, the cost of quality research, and the methodological difficulties in measuring the number of infections avoided and behavior changes like adaptation of safe sex practices.

The number of HIV/AIDS NGOs has grown significantly from fewer than 20 in the 1980s to more than 500. Almost all NGOs surveyed for this case study felt they had strong or some capacity in seven aspects of contracting: proposal preparation, budgets, competitive bidding, contract negotiation, program implementation, program monitoring, and accounting of funds. In contrast to these results, there is consistent feedback from NGOs that the contracting process is complex and difficult, and that the NC should provide much more capacity building on the topic. Capacity building activities of the NC have included site visits, conferences for NGOs to share experiences, and training of NGO staff. HIV/AIDS NGOs have been an important political force and have successfully lobbied for regulation of blood products, government financing of anti-HIV medications, and general improvement of the public health system.

In terms of public sector capacity, the MOH has contracted with private providers to supplement public health sector resources. However, contracting with NGOs for HIV/AIDS presented special challenges including reaching out to NGOs that lacked previous experience with contracting and had a strong political orientation. Also, the nature of many HIV/AIDS services and activities complicates monitoring and evaluation of effectiveness. Public sector capacity benefited from World Bank involvement as World Bank loans supplemented GOB funding of the structure and activities of the NC and the NGO Liaison Unit.

Conclusions

- > The Brazilian HIV/AIDS NGOs have been instrumental to the success of the National HIV/AIDS Program and a key partner in the country's response to the epidemic.
- > The involvement of donors (World Bank, United Nations organizations, and others) was critical to the success of NGO contracting.
- > The NGO Liaison Unit contributed significantly to the success of contracting NGOs through centralizing the management of NGO contracting, streamlining administrative tasks, and treating the NGOs like clients, with respect and attention.
- > Different sectors (donor, government, and NGO) overcame differences and were able to work together towards the common goal of controlling the HIV/AIDS epidemic and assisting those already affected. This partnership was fostered through: i) face-to-face contact at site visits and multi-sector meetings, ii) wide dissemination of contracting procedures and activities; iii) clarity and transparency in the contracting process.

- > The contract structure did not provide the NGOs with any incentives to be cost-efficient (i.e., minimize costs during implementation). NGOs were paid a fixed price based on the budget that they submitted.
- > While there was no evidence of any quality problems, the quality of the services and activities delivered by the NGOs is largely unknown.
- > In general, NGO contracting does not appear to have significantly improved the financial sustainability of HIV/AIDS NGOs.

Recommendations

While the NGO contracting component of AIDS I and II programs is quite rightfully described as a success story, there are some potentially useful recommendations for the current AIDS II program, as well as for when the World Bank loan will end in 2002.

- > Provide a more accurate and complete picture of the total cost of services delivered by NGOs, which would benefit all involved in parties.
- > Introduce efforts to measure and improve the quality of NGO services delivered under contract.
- > Systematically incorporate information from the beneficiaries and target populations into NGO contracting, and build NGO capacity to monitor client satisfaction.
- > Structure the proposal evaluation form used by the Selection Committee to more closely reflect the selection criteria and define each potential score to ensure that NGO proposals are evaluated consistently by all committee members.

In anticipation of the end of AIDS II in 2002, it is recommended that:

- > The NC, state, and local health authorities continue contracting NGOs for those services that are determined to be a priority and for which an NGO is determined to be the more cost-effective implementing agent.
- > The NC assist NGOs to secure international funding for HIV/AIDS to contribute to the financial survival of the NGOs and allow the NC to track external funding of HIV/AIDS activities.
- > The NC, state, and local health authorities pay the full cost of the services being procured under an NGO contract, including the portion of overhead costs that are associated with those services.
- > As NGO contracting is decentralized, the NC may maintain the NGO Liaison Unit for two to three years to a) manage any NGO contracting maintained at the federal level, and b) assist state and municipal health authorities with NGO contracting
- > The NC contract NGOs in states or municipalities where i) epidemiological data indicates a high-risk *and* ii) local health authorities lack commitment or capacity to address HIV/AIDS and/or work with NGOs, *and* iii) there are capable NGOs present with whom to contract for needed HIV/AIDS services.

Lessons Learned

The Brazil case study offers practical examples and information about how to design and implement NGO contracting for HIV/AIDS programs. The following discussion summarizes some of the larger lessons to be learned from the Brazil experience.

- > Donors, the NGO community, and individual champions within the government must advocate NGO contracting to make it a reality, or it is unlikely to happen.
- > Make NGO contracting a strategic part of a larger national strategy to establish a formal link between the objectives of the national strategy and the communities that NGOs serve.
- > Successful NGO contracting requires intense and proactive efforts to build a partnership among the players from each sector (donors, governments, and NGOs), each of which has different objectives, priorities, and perspectives. Such efforts include multi-sector meetings using professional facilitators, working groups, clear procedures, an open and transparent contracting process, wide dissemination of contracting procedures, activities, and results.
- > NGO contracting for HIV/AIDS services likely requires new capacities among all the sectors involved (donors, governments and NGOs).
- > Where possible, minimize the administrative burden.

1. Introduction

Non-governmental organizations (NGO) have led the way in providing HIV/AIDS services and extending the reach of national and international programs. Governments and donors would like to improve their coordination and collaboration with NGOs. In fact, increasing the capacity of non-governmental and community-based organizations to respond to HIV/AIDS is a component of the United States Agency for International Development's (USAID) strategy to prevent HIV/AIDS and mitigate its impact (USAID, 1998).

One obstacle to expanded partnerships with NGOs is the lack information on successful procedures for selecting, contracting, and monitoring NGOs. It has been observed that, "...there is no systematic study that compares the merits of alternative government procedures for evaluating NGO proposals for an AIDS-related serviced delivery contract; nor any study that compares ways for governments to monitor NGO performance under such a contract" (World Bank, 1997). To contribute answers to these questions, the HIV/AIDS Division of USAID requested technical assistance from the Partnerships for Health Reform (PHR) project to study the experience that selected countries have had contracting NGOs for the prevention and treatment of HIV/AIDS. PHR conducted case studies in Brazil and Guatemala. This report presents the Brazilian experience. PHR reports on the Guatemala case study and the comparative analysis are forthcoming.

To guide the case studies, PHR formulated the following research questions:

- > What are the objectives and expectations of the NGOs, the government, and the donor for contracting NGOs? How well did the contracting mechanisms meet these objectives?
- > What contracting mechanisms (selection criteria, contract structure, monitoring and evaluation, accounting procedures) were used? Were the contracts "performance based" in the strict definition? How well did they work to achieve program objectives? How could they be improved?
- > How well did the contracting program monitor and evaluate performance of recipients? How can monitoring and evaluation be improved?
- > From the perspective of the government, is it better to contract NGOs to deliver HIV/AIDS services, as opposed to the government directly providing the services.
- > What minimal capacities must exist within the government and NGOs in order for contracting to work? What are some successful strategies to address lack of capacity?
- > What environmental factors are believed to have influenced the NGO contracting experience either positively or negatively, for example, contract law, protection against corruption, the banking system?

Section 2 presents background on Brazil's HIV/AIDS epidemic and how the country has responded. Section 3 describes and analyzes Brazil's experience contracting NGOs including project design, institutional structure and systems, how contracts were selected, contract features, and monitoring and evaluation. Section 4 looks at how environmental factors have helped or hindered

NGO contracting, including the level of capacity in the NGO and public sectors to engage in contracting. The report closes with conclusions and lessons learned that may be useful to donors, governments, and NGO's interest in contracting as a means of partnership.

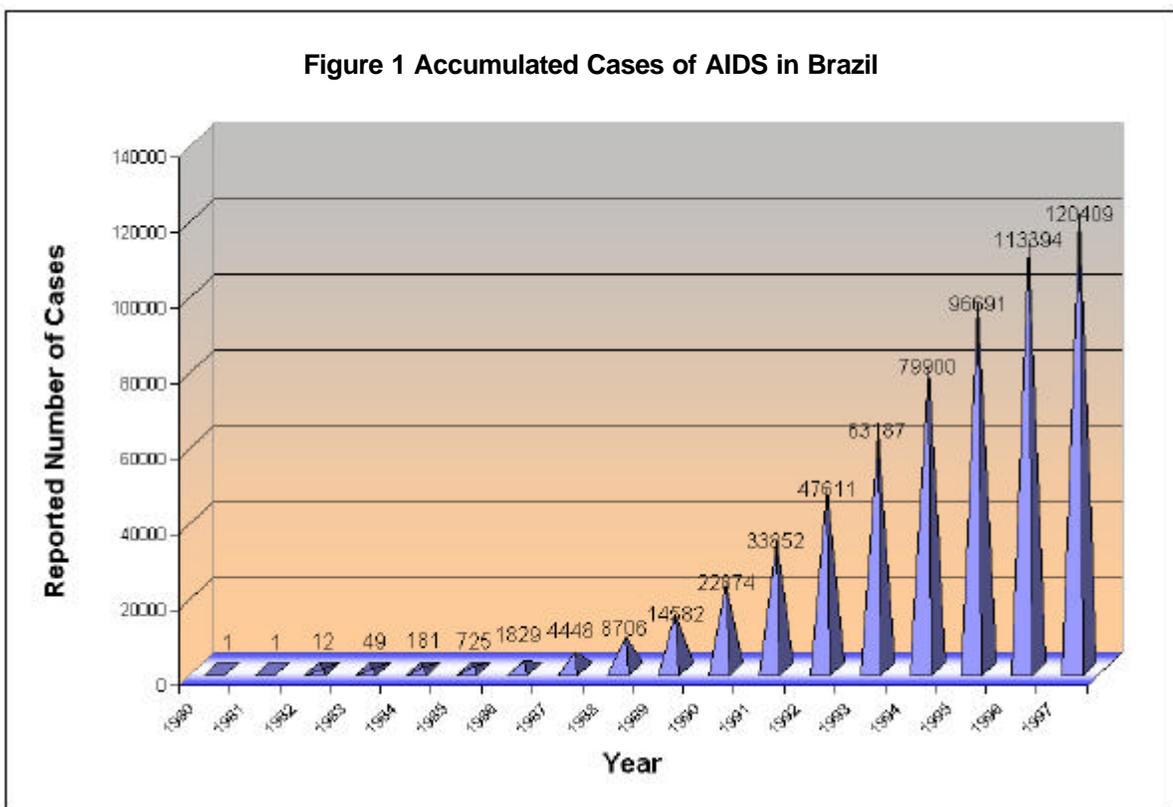
1.1 Case Study Methodology

For the Brazil case study, the author reviewed numerous documents (see Bibliography, Annex K) and made ample use of the Ministry of Health's (MOH) excellent website for their national HIV/AIDS/STD program. Due to the size and success of the Brazilian experience and their commitment to the program, the MOH, World Bank, and representatives of the NGO community have extensively studied and documented many aspects of the NGO-government partnership. Their publications, including one book (Parker et al., 1999), are thorough, insightful, and balanced, and they greatly facilitated the preparation of this case study. The author made two field visits and interviewed representatives of NGOs, the MOH, and donors. A survey of 20 NGOs (a 10 percent sample of the NGOs that have contracted with the MOH) was completed. The survey results have been incorporated throughout the case study and are presented in Annex J.

2. Background

2.1 HIV/AIDS Epidemic in Brazil

The first case of AIDS in Brazil was reported in 1980. As of 1998/99, accumulated AIDS cases totaled 135,000 making Brazil among the four countries with the highest number of reported AIDS cases in the world (Brazil, 1999b). The estimated number of Brazilians with HIV is 536,000 (Brazil, 1999). However, given Brazil's large total population (168 million in 1998), the prevalence (percent of population infected) of HIV among adults overall was 0.43 percent in 1997, far below the prevalence rates found in countries in Sub-Saharan Africa. In select population groups, HIV prevalence is of course higher. In 1997, Brazil's HIV sentinel surveillance system indicated a prevalence rate of 1.8 percent among pregnant women, 4.0 percent among patients in STD clinics, and 0.5 percent among army conscripts.



The pattern of the HIV epidemic in Brazil has been similar to industrialized countries, beginning with certain high-risk groups and then spreading to broader populations. AIDS initially targeted men who have sex with men. This mode of transmission accounted for 40 percent of AIDS cases reported before 1994. The epidemic then spread among intravenous drug users. Transmission due to needle sharing accounted for 22 percent of cases before 1994. In 1986, only one AIDS case in 17 was a woman. In the 1990s, heterosexual transmission became more prominent and by 1997, heterosexual transmission accounted for 33 percent of AIDS cases and one AIDS case in four was a woman. There is also evidence of a shift of AIDS from Brazilians with a higher education to the poor and less educated, and a shift in the age profile to younger patients. Geographically, while HIV prevalence is concentrated in the Southeast region, the epidemic has spread to every state in the country (UNAIDS 1997, 1998).

2.2 Brief History of Response to the Epidemic

Brazil's response to the epidemic emerged in the mid-1980s in the context of a decade of political transition and economic turbulence. Economic growth was poor due to the global recession of the early eighties and accelerated inflation that peaked to more than 12,000 percent per year in 1989. The population suffered a series of unsuccessful economic plans and a significant growth in poverty. The military formally transferred power to a civilian government in 1985 and the first presidential election in 25 years was held in 1989. A new constitution was formulated in 1988, which mandated the decentralization of the Brazilian health system. Despite this turbulence, community and governmental responses to HIV/AIDS were relatively swift and strong.

Responses at the state level were led by Brazil's two largest states, Sao Paulo and Rio de Janeiro. The two states had, and continue to have, the highest number of AIDS cases in the country. However, each state's response evolved very differently and reflect the variety of public and private responses that still exists in Brazil today.

In 1983, after learning that the Sao Paulo State Secretariat of Health did not have a formal plan to address HIV/AIDS, a group of AIDS activists and professionals began disseminating information, supporting people affected by AIDS, and pressuring the State to respond. From the beginning, this group included professionals within the State Secretariat of Health. In 1985, this group formally organized itself as the AIDS Support and Prevention Group (*Grupo de Apoio à Prevenção a AIDS*, GAPA), dedicated to combating discrimination and implementing prevention campaigns. That same year, the governor of Sao Paulo established an exemplary public service called the AIDS Reference and Training Center (*Centro Referência e Treinando de AIDS*, CRTA). CRTA was a center of testing, treatment, information, prevention activities, and a base for extensive community outreach efforts. CRTA is credited with acting as a catalyst for the emergence of some of the first NGOs dedicated to AIDS, including the Incentive for Life Group (*Grupo de Incentivo à Vida*, GIV), a self-help group of people with HIV and AIDS. During this period, small inpatient facilities known as "support homes" (*casas de apoio*) appeared, including Casa de Apoio Brenda Lee, the first paramedical service in South America for people with advanced AIDS who had no support network (e.g., transvestites). Some of these support homes were contracted by the State Secretariat of Health to address the lack of inpatient beds in public hospitals. Overall in Sao Paulo, public and private responses to HIV/AIDS evolved with some degree of coordination.

The situation was very different in Rio de Janeiro. Local community leaders had a more oppositional and politicized outlook, and largely acted without coordinating with local government. In 1986, a diverse group of local leaders founded the Brazilian Interdisciplinary AIDS Association (*Associação Brasileira Interdisciplinar de AIDS*, ABIA) as an association of true grassroots voluntary and community organizations. With early support from the Ford Foundation, ABIA

established an international identity and attracted funding from the United States and Europe. ABIA promoted the view of AIDS as a public policy and political issue, arguing that the political and social exclusion of many populations facilitated spread of the epidemic, and that democratization enhanced the effectiveness of prevention and service delivery efforts. In 1989, a group of activists with HIV/AIDS founded the Group for Life (*Grupo Pela VIDA*); it was the first NGO to represent itself and not be a “passive victim” represented by third parties.

Following the lead of the states of Sao Paulo and Rio, by 1984, more than 10 states had developed AIDS programs (Villela, 1999). This activism at the state level was fortuitous since in 1988 Brazil mandated the decentralization of its health system, naming the new system “SUS,” for *Sistema Unico de Saude*, or Unified Health System (see text box).

SUS – Brazil’s Decentralized Public Health System

The Brazilian constitution of 1988 mandated the decentralization of the country’s vast and highly centralized health system. The new decentralized system was named *Sistema Unico de Saude* (SUS or Unified Health System) and is based on the principles of universal access, a hierarchical service delivery system, and integration of preventive and curative care. SUS stipulates a new division of responsibilities among the federal, state, and municipal levels of government and calls for greater accountability of the health system to civil society. Clearly, SUS represents a major change in power and financing, and, consequently, has encountered many obstacles in its implementation. Complicating the implementation of SUS has been slow economic growth and the general deterioration of the public health system (lack of beds, equipment, drugs, and professionals). The World Bank and Inter-American Development Bank are co-financing a US \$750 million loan for the Health Sector Reform Project to expand and improve the delivery of care under SUS. Like AIDS I and II, this loan project also includes financing for NGOs to implement subprojects designed to improve accessibility and outreach in underserved areas.

At the federal level, a ministerial decree (no. 236/86) created the National AIDS and STD Control Program in 1986. In 1988, the National Coordination of STD and AIDS (NC-STD/AIDS, or, for short, NC) was established within the MOH and mobilized more than 30 professionals. Initially, the NC took a traditional public health approach emphasizing epidemiological studies, education of risk groups, and centralized direction of programs. In 1989, the first national conference of AIDS NGOs (ENONG) was held with 14 NGO’s represented. Participants shared their experiences in prevention, treatment, and education, but there was no government participation. In fact, during the 1980s, the financial support of international agencies like the Ford Foundation and WHO was fundamental to the development of the non-governmental response to HIV/AIDS (Brazil 2000b). In 1991, the NC began to fund ENONG conferences. However, until 1992, NC collaboration with the NGO community was limited and tense.

In 1992, under the direction of Ms. Lair Guerra de Macedo Rodrigues, NC-STD/AIDS established working groups composed of several sectors including the MOH, NGOs, and research institutions. The working groups were tasked with preparing a letter of intention to the World Bank to propose a project to control STDs and HIV/AIDS in Brazil. This letter was the genesis of AIDS I, the project co-funded by the World Bank and government of Brazil (GOB), under which more than 180 NGOs were contracted to deliver a wide variety of services, programs, and products in the fight against HIV/AIDS (Dias and Pedrosa, 1997).

3. Brazil Experience Contracting HIV/AIDS NGOs

The story of Brazil's experience with contracting HIV/AIDS NGOs is principally the story of AIDS I (1994-1998) and AIDS II (1998-2002), the projects that were co-financed by the World Bank and GOB and implemented by the MOH. These projects have been described as "The largest and most elaborate effort to subcontract AIDS services to NGOs" (World Bank, 1997) and selected as one of the "best practice" examples by UNAIDS (World Bank, 1999). Under AIDS I, \$18.6 million was disbursed to 174 NGOs to implement 444 project contracts. As of June 1999, AIDS II had disbursed approximately \$7,002,394 to 241 NGOs to implement 350 project contracts (Brazil, 1998b and 2000).¹ The contracting process that evolved in Brazil can serve as a valuable model. As one NGO observed:

What has worked well in this process has been the continuous search for transparency in all the actions, documents, accounting, reports, evaluation of interventions, and the clarity to recognize when some policy or action is not achieving the expected results, and then seeking valid and feasible alternatives within our potential and limitations.

HIV/AIDS NGO from Minas Gerais

3.1 Project Design

3.1.1 Design of the First World Bank Loan Project: AIDS I

A World Bank team visited Brazil in 1992 to design the AIDS I project, and recommended that NGO representatives that had been members of the original working groups be incorporated into the project structure. In 1993 the loan project was approved by the World Bank. However, the project met stiff resistance from the Ministries of Health, Finance, Planning, and External Relations for various reasons including concerns about using debt financing for a health program, disbursing funds to non-governmental entities, and viewing other health issues as having a greater priority than HIV/AIDS. The determined efforts of the NC, the World Bank, and the NGO community are credited with achieving approval of the project by the Brazilian Senate in March 1994.

The project's objectives were to i) reduce the incidence and transmission of HIV and STDs, and ii) strengthen public and private institutions engaged in STD and AIDS control. The project's components and sub-objectives are presented in Annex A. Total funding of AIDS I was US\$ 250 million, of which US\$160 million was the World Bank loan and US\$ 90 million was funding from the Brazilian government.

¹ It should be noted that while NGOs (defined as a private, non-profit organization) predominated, different types of organizations were contracted under the two loan programs including labor unions, private non-profit hospitals, family planning organizations, and community-based organizations (e.g., an association of sex workers). All were indigenous, as opposed to international, organizations.

3.1.2 Design of the Second World Bank Loan Project: AIDS II

Inclusion of NGOs in the design of contracting continued with AIDS II. In April 1998, the NC sponsored a “tripartite” seminar with representatives from three sectors: 20 from the government, 30 from civil society (NGOs), and 10 from donors. The seminar aimed to strengthen inter-sectorial partnerships, identify the lessons learned from AIDS I, and propose suggestions for AIDS II (Brazil, 1998c).

The second World Bank loan was signed in December 1998. The MOH also circulated a Preliminary Discussion Document describing AIDS II and how it would differ from AIDS I. One difference was the definition of target populations to include women, heterosexuals, rural residents, children, and the poor. A second difference was the definition of strategic principles—decentralization, sustainability, institutionalization, and political participation (*controle social*)—that would guide the implementation of AIDS II. These strategies would contribute to the longer-term objectives of integrating HIV/AIDS into the agenda of the public health system and supporting and legitimizing the role of civil society to exert political pressure with public health sector to promote this integration (Galvao, 1998).

The project objectives were to i) reduce the incidence and transmission of HIV and STDs, ii) expand and improve the diagnosis, treatment, and services for people with HIV/AIDS and STDs; and iii) strengthen public and private institutions for the control of AIDS/STDs. The project’s components and sub-objectives are presented in Annex B. Total funding of AIDS II was US\$ 300 million, of which US\$ 165 million was the World Bank loan and US\$ 135 million was funding from the Brazilian government (Brazil, 1998a).

3.2 Implementation of NGO Contracting

3.2.1 Institutional Structure and System to Implement NGO Contracting

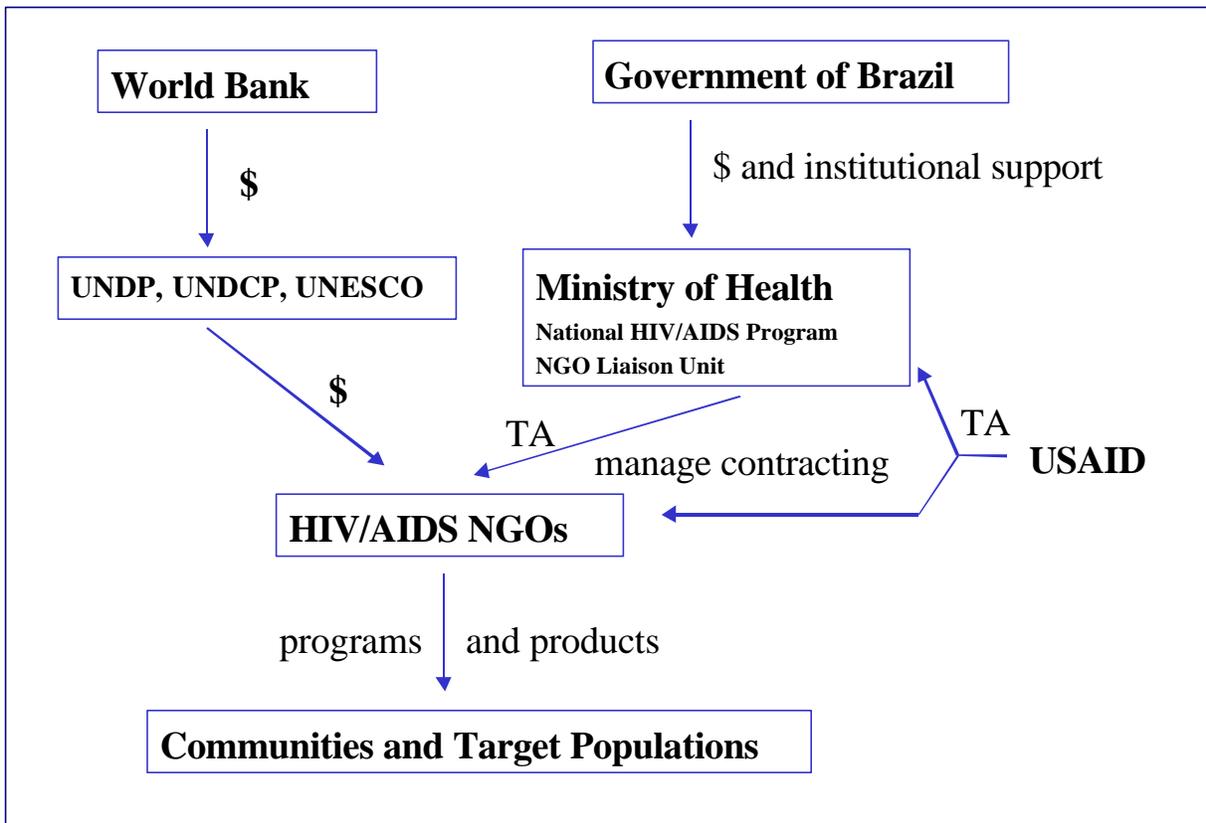
The project was executed by the NC-STD/AIDS, which is part of the Ministry of Health under the Secretariat for Health Policy. The project funded the structure of the NC at the federal level (see organizational chart in Annex C) and disbursed funds to states, to selected municipalities, and to NGOs on the basis of competitively selected sub-projects. The AIDS projects also funded the creation and maintenance of a website (<http://www.aids.gov.br>), which has been an important tool to support NGO contracting.

The NC established technical units to pursue the specific objectives under each of the project components. One of these units was the NGO Liaison Unit, which was formally established in 1993 to develop and manage all aspects of contracting NGOs. This unit’s mission is to realize the potential of NGO involvement and ensure transparency in the management of the competitive contracting process. The Unit has only three full-time staff.

The actual contracts and funds flowed through U.N. organizations (the United Nations Development Program [UNDP] and United Nations International Drug Control Program [UNDCP] under AIDS I, the United Nations Educational, Scientific and Cultural Organization [UNESCO] and UNDCP under AIDS II), instead of the government of Brazil or any of its agents. This was done because these international organizations were viewed as more agile than the GOB. The authority of the U.N. organizations to play a role in NGO contracting was contained within the World Bank loan agreements. The World Bank was never a direct party in the contracts, but the contracts referenced

the World Bank loan and the Bank's procurement and accounting procedures (see Section 3.2.3). USAID also provided both technical and financial assistance to the national program. A very simplified diagram of these institutional arrangements is shown in Figure 2.

Figure 2: Simplified Diagram of Institutional Arrangements for NGO Contracting Under AIDS I



The first round of NGO contracting was done in 1993, resulting in 35 projects, albeit with some confusion in the NGO community regarding the process and rules. In 1994, within a year of its formal establishment, the NGO Liaison Unit formalized a system for contracting NGOs with the following main features:

1. Competitive process to select NGO proposals according to technical, financial, and epidemiological criteria.
2. Standardized contract in which the NGO's own proposal became part of the contract and contained some performance standards.
3. Monitoring and evaluation through NGO reporting (financial documents and quarterly progress reports) and site visits by the NC.

4.

Over the four years of AIDS I, a total of 813 proposals were submitted, of which 246 were approved. Another 186 contracts were signed to continue projects. All aspects of the contracting process are discussed in detail below.

3.2.2 Contract Solicitation and Selection

The NC used a competitive process to solicit and select NGO projects. Each year the NC conducted one or more competitions. The NC would begin by issuing a Request for Proposals (RFP or *edital*). Initially, many NGOs only heard about the RFP through informal, word-of-mouth channels. Some NGOs surveyed described the process as “confusing”. In fact, in 1993 a group of NGOs requested a special meeting with the NC because of the lack of clarity in the selection process and lack of information about how projects would be financed. At the meeting the NGOs recommended that an NGO working group be formed to discuss questions related to AIDS I; however the idea was never implemented (Galvao, 1998).

Dissemination improved considerably, and currently each RFP is published in the federal government’s *Diário Oficial*, on the NC website and distributed to the state and municipal health authorities; there is also a mass mailing to NGOs included in the NC’s NGO mailing list.

A sample RFP from July 1998 is presented in Annex D. The RFP package consists of:

- > A cover letter inviting the recipient to participate. The letter lists the attached documents and offers some guidance on eligibility and the RFP process. For example, an NGO could not have more than three contracts with the NC at a time. An NGO that had any outstanding obligations with an existing contract was not eligible to compete for a new contract.
- > A one-page RFP explaining objectives and priorities, types of projects being solicited, a list of prerequisite documents and information, application instructions, and selection criteria.
- > A table of expense categories to assist NGOs with budgeting.
- > The proposal form that the NGO should use to present its project proposal and budget.

To determine the objectives and priorities of each RFP, the NC analyzed the epidemiological profile of HIV/AIDS and the programs already being financed by the NC. This analysis helped determine the types of projects to be solicited and the selection criteria. For example, the sample RFP describes four priority areas: support for people living with HIV/AIDS, behavioral interventions, information, education, communication (IEC), and institutional development. Specific types of activities and target groups are listed for each area. This is a solid approach that uses technical data to identify and match programmatic needs with the “supply” of NGO resources. However it does have some limitations. First, epidemiological data can lag behind the reality that NGOs in the field are experiencing, leading to different perceptions about what should be a priority. For example, an NGO working primarily in women’s health observed one year ahead of the epidemiological data that the epidemic was spreading to heterosexual women. This NGO had two projects targeting heterosexual women that the NC initially rejected until the epidemiological data identified this target population.

The survey of NGOs asked respondents to suggest improvements with several aspects of the contracting process, including the solicitation of project proposals. The majority of respondents either

rated the RFP process as “ok” or had no recommendations. Other respondents suggested that NGOs have more time and assistance to prepare their proposals, that the form be more simple, and the process be less bureaucratic (although respondents did not specify how the process could be less bureaucratic).

3.2.2.1 Prerequisites

The prerequisite documentation and information required by the NC served to establish a minimum standard that an NGO had to meet as an institution. In addition to the items below, applicants were required to provide an institutional address that could not be a post office box or residential address, use the prescribed proposal format, send two copies of the proposal, and comply with the RFP deadlines. The prerequisite documents included:

1. Copies of the organization’s by-laws, tax identification number, and minutes of last meeting of partners/owners (none of the documents could be dated after the date of the RFP);
2. Organizational chart specifying who is responsible for institutional administration and managing the proposed project;
3. Number of paid employees;
4. List of consultants that will work on the proposed project and their curriculum vitae;
5. List of national and international funding sources;
6. An official notice from the state or municipal health authorities certifying the existence and functions of the NGO, in compliance with SUS regulations; and
7. Statement of the amount of co-funding that the NGO will provide for the proposed project (also an item on the cover page of the proposal form).

On the positive side, these prerequisites helped prevent fraud and participation by unestablished or opportunistic groups. Also, they reflected the need for the government to contract with organizations that are operating within the law. On the less positive side, some members of the NGO community believed that some very grassroots organizations did not have a formal enough structure—legally, organizationally, or financially—to meet all these requirements; yet these were legitimate organizations doing valuable community work. Out of the 788 proposals submitted in the 1999/2000 RFP round, 296 (37 percent) were not analyzed because they did not meet all of the prerequisites.

3.2.2.2 NGO Project Proposals

The NC provided a fill-in-the-blanks type format for project proposals (see Annex E). An “empty” proposal is 13 pages long with 11 separate components.²

1. General objective that had to be the same as one of the objectives of AIDS I or II;
2. Executive Summary;

² This list is from the 1999/2000 RFP. Proposal components were slightly different in earlier RFP’s.

3. Description of the situation, problem, and target population;
4. NGO's prior activities with this target population;
5. How the project will integrate with SUS;
6. Description of the NGO;
7. Specific project objectives and expected results;
8. Implementation plan describing the activities and their timing for each specific objective;
9. Monitoring and evaluation plan describing evaluation indicators for each activity, and the means of verification;
10. Budget organized by objective and activity, including cost assumptions and the portion to be covered by the contract with the MOH and the portion covered by the NGO;
11. Financial timeline showing in which quarter costs would be incurred.

Each component contains brief instructions and/or sample responses. To aid budget preparation, the NC provided a table of expense categories listing which items were allowable according to which type of project was being proposed (see Table 1). For example, items like beds and refrigerators were only allowed for projects providing medical services to people with AIDS.

Table 1: Contract Funding	
What Contracts Pay For	What Contracts Do Not Pay For
Office equipment and furniture	Rent
Bed, wheelchair, refrigerator, washing machine	Electricity, water, phone line
Computer, printer, cable, software	Bank fees
Projectors, VCR, screen, video, camera, flip charts	Interest charges
Stickers, brochures, folders, publications, slides	Taxes of any kind
Bus tickets, per diem, event space	Any labor not listed as allowable
Labor: One project coordinator and one assistant, health aids or trainers, consultant for a specific task	

By dictating the structure of the proposal and budget, the NC helped standardize the information submitted by NGOs and increase the probability that the NC would get the information it needed. The format facilitated proposal preparation for the NGOs and forced applicants to think through proposed activities in terms of linking objectives with interventions and results, and measuring results. It also reinforced some project objectives. For example, coordination with local health authorities was reinforced by asking NGOs to describe how the proposed project would integrate with SUS. Also, the NC encouraged NGOs to not consider these contracts their sole source of funding by having the budgets present both MOH and NGO funding. The standardized format also expedited review by the selection committee. However, the format set a relatively high standard and represented a significant amount of work for the NGOs. Some NGOs needed outside assistance in order to prepare proposals.

And, like the pre-qualification requirements, some in the NGO community believe that less sophisticated NGOs were unable to compete in the process because they were unable to prepare such a proposal (Fumo, 1999).

3.2.2.3 Selection Committee

Every two years, an MOH decree established an External Selection Committee. Organizationally, the committee was linked to the direction of the NC (see Annex C) and composed of 14 (seven members and seven alternates) from Brazilian universities, foundations, and scientific institutions. While committee members had solid reputations in their fields and specific knowledge of HIV/AIDS, some in the NGO community saw them as “academics” lacking real experience with community-based projects and NGO constituents. This image led some NGOs to question the credibility of the Selection Committee and the World Bank to recommend recruiting members who did have experience with community-based projects (Galvao, 1998).

For each RFP round, the NC first reviewed all submissions for compliance with the prerequisites. As previously mentioned, this review eliminated a significant number of proposals. NC staff would also separate any proposals for continuation of existing contracts, as these were analyzed by technical units with the NC. Finally, the NC would also separate proposals for events like conferences, because these were one-time efforts. The External Selection Committee would then meet in Brasilia to analyze the remaining proposals according to the selection criteria published in the RFP (see discussion of criteria below). In the 1999/2000 round, out of 788 proposals, 296 were rejected for non-compliance with prerequisites, 113 separated as continuing projects, and 19 as event projects; leaving 360 for the External Selection Committee. In this case, the committee had to meet twice to review and score all the proposals. Eight members met for nine days, and two weeks later three members met for two days, approving 153 projects for funding.

After the committee approved a proposal, the NC sent an award letter to each NGO. Each winning proposal generated a separate contract. If a proposal was rejected (either by selection committee or because it did not meet all the pre-requisites), it was returned to the NGO with a letter explaining why it was rejected. In addition, the final results of each round are disseminated on the NC website. The website details the number of proposals received, reviewed, and approved; the distribution of approved proposals by region and target population, and a complete list of approved projects by name and institution.

Among surveyed NGOs, more than half of respondents either rated the Selection Process as “ok” or had no recommendations. Other NGOs suggested that the selection committee include representatives of target populations or the NGOs themselves or that the selection process be transferred to the state level.

3.2.2.4 Selection Criteria

At least two (ideally three) committee members would score each NGO proposal using a scoring sheet. The scoring sheet used followed the structure of the proposal. Each section of the proposal was rated on a scale of 0 to 4, and text justifying the score of each section was required.

In the opinion of the author, the scoring sheet did not use the selection criteria stated in the RFP (see list of criteria below) as much as it could have. Also, the scoring sheet did not define the 0 to 4 scale in terms of what would constitute a high or low score. Not defining the scale precisely may have been a missed opportunity to ensure a consistent approach by all committee members.

1. Compatibility of proposal objectives with the objectives of the AIDS Project;
2. Effective integration with local SUS health authorities;
3. Compatibility with needs of the target population;
4. Technical quality;
5. Managerial and administrative capacity of the organization;
6. Consistency of the budget with the proposed objectives, activities, and results;
7. Presence of co-financing;
8. Geographic location of the project, and
9. Potential to reach areas of high incidence of STD, HIV and AIDS and areas of high concentration of high-risk populations.

In addition to the competitive RFP process, the NC financed the continuation of many NGO contracts. Under AIDS I, out of the total of 444 contracts, 186 were continuations of previous contracts. The process for renewing a contract for another year consisted of the NGO submitting a proposal to the NC whose approval was based on the following criteria:

- > Results obtained under the previous contract;
- > Technical quality of the current proposal;
- > Rationale for any new objectives and/or activities; and
- > Declining budget compared to the previous project.

3.2.3 Structure and Features of Contracts

The NGO that had its project proposal selected would sign a contract that delineated the rights and responsibilities of the NGO and the NC.³ The structure and terms of the contract were based on the loan agreement between the World Bank and the GOB (Brazil, 1994). The NGO project proposal was annexed to the contract and became the objective of the contract and the basis for evaluating the performance of the NGO. Under the terms of the contract, the NGO was obligated to execute the project, apply funds exclusively to the project, comply with procurement regulations, and submit financial documents, quarterly progress reports and a final report. The MOH distributed funding to the NGO according to a disbursement schedule. A sample contract is presented in Annex F.

³ As mentioned earlier, to facilitate contracting and disbursement of funds, the NGO contracts were between the NGO and either the UNDCP or UNESCO. The World Bank was never a direct party in the contracts.

A credible sanction system has a range of alternatives (e.g., from less to more severe), and is truly used (Bennett and Mills, 1998). In the case of non-compliance by the NGO, the Brazil contract laid out a range of possible sanctions from freezing the contract account to disqualifying the NGO to bid on future contract to civil or criminal prosecution if applicable. The NC enforced this system. For example, NGOs that were late with reporting requirements had funding disbursements withheld and were listed on the website.

Twenty percent of the NGOs surveyed reported having some type of problem or misunderstanding with their contract(s), for example trouble opening a bank account or preparing accounting reports. All NGOs reported resolving the problem with NC staff, either by phone or with a visit.

As mentioned earlier, each winning proposal generated a separate one-year contract. The monetary value of the contract was equal to the MOH portion of the NGO budget. The maximum value is R\$50,000 (US\$28,409).⁴ Upon notification that it had won a contract, the NGO was asked to open a bank account and advise the NC of the account number.⁵ This account number was cited in the contract. After the contract was signed, funds were deposited directly into this account. Under AIDS I, funds were disbursed in three payments; under AIDS II funds are being dispersed in two payments.

Overall, the NGO appeared to bear the financial risk of the contract because the NGO:

- > Was obliged to provide co-financing of the project (i.e., no contract is self-financing);
- > Was not compensated for cost overruns (e.g., inflation)⁶;
- > Was not compensated for any costs for which there was no receipt;
- > Was obliged to reimburse the MOH if the project was executed for less than the budgeted amount; and
- > Was not allowed to spend differently from the original proposal budget without pre-approval from the NC (e.g., if the NGO wanted to alter some aspect of project activities for technical or financial reasons).

The contract structure did not provide the NGOs with incentives to be cost efficient (i.e., minimize costs during implementation). NGOs were paid a fixed price based on the budget that they submitted. There was no reward for executing an activity below budget; any unused funds had to be returned to the MOH. The contracting procedures required NGOs to get three price quotations for any purchases to promote getting the best value with contract funds, but this procedure was viewed as very bureaucratic by many NGOs. The contract also did not include any indicators of the quality of the services to be delivered under the contract. If incentives to be cost efficient were added to the contract, mechanisms to ensure quality would be even more important.

Two of the most common complaints from NGOs regarding funding were the lack of coverage of overhead costs and the lack of flexibility to spend differently than planned. As shown earlier in

⁴ Prior to a major devaluation in January 1999, the USD equivalent was approximately US\$50,000.

⁵ NC requested that NGOs open an account at the country's national bank (Bank of Brasil), but would accept other banks (Caixa Economica Federal, state banks, and lastly, private banks).

⁶ Luckily, since 1993, inflation has remained remarkably low, less than 10 percent per year.

Table 1, contract funds did not cover overhead expenses like rent and electricity. To spend funds differently than budgeted required written justification. In fact, any expenses not in accordance with the approved budget could be rejected and major programmatic changes were difficult to approve. NGOs found that sometimes the reality in the field had changed between the time they prepared their proposal and the time funding commenced. As one surveyed NGO said:

During implementation, with the unfolding of activities, it is very common for other demands and priorities to appear that were not foreseeable during development of the proposal. The lack of flexibility in the redistribution of resources to address the needs generated by project activities represents an obstacle to achieve the best results of our initiatives.

HIV/AIDS NGO, Rio de Janeiro

3.2.4 NGO Projects Supported by Contracts

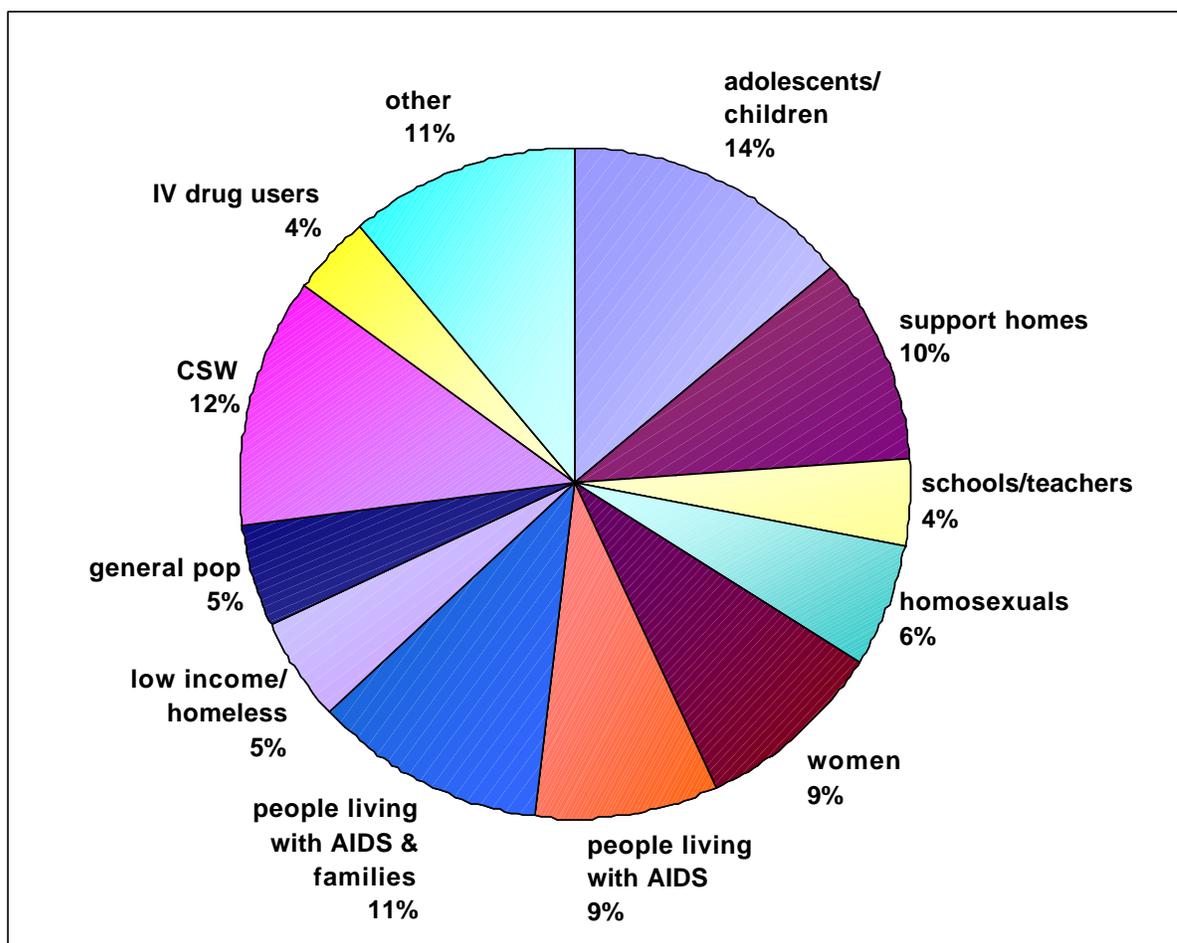
NGOs have implemented a broad range of contracts in terms of geography and target population (see Table 2 and Figure 3), and in terms of the type of activity or service. Services have included prevention (e.g., operating HIV/AIDS hotlines, IEC, distribution of male and female condoms, behavior change efforts, outreach to high risk groups for education and referral to public testing centers to promote early detection, counseling for people with HIV/AIDS and their families, support and referral to health services for people with HIV/AIDS including patient advocacy, training of teachers and health professionals in HIV/AIDS, support homes providing palliative care for people with AIDS, legal assistance for people with HIV/AIDS who lose their jobs or are evicted, political activism to defend public funding of HIV/AIDS services.

Region	NGO Projects (Contracts)		Funding	
	Number	Percent	Amount (R\$1000)	Percent
Southeast	277	62	11.653	62
Northeast	87	20	3.370	18
South	42	10	1.986	11
Central West	30	7	1.317	7
North	8	2	374	2
Total	444	100	18.700	100

Source: NC/MOH as presented in Rochel de Camargo, 1999. Note: Percent columns may not add up to 100 due to rounding.

One important need that some NGOs filled was for shelters in the face of public facilities that were either overcrowded or not set up to care for HIV-positive adults or children. The first was the Brenda Lee Casa de Apoio that opened in 1985 for HIV-positive transvestites who had little or no familial support. Currently there are 23 shelters throughout Brazil. While the type of services and populations varies, most provide a place to stay, health care, emotional support and efforts to establish or reestablish family ties. Some operate as group homes and others as day hospitals. Their importance has been recognized by some state and municipal AIDS programs that have a formal partnership with the shelters in which the public sector provides professional medical attention and drugs and the shelter provides the beds.

Figure 3: AIDS I: Distribution of Projects by Target Population



3.2.5 Contract Monitoring and Evaluation

Monitoring and Evaluation of Spending

NGO accounting was part of a broad process of funds flow and accounting for the entire World Bank loan (see Annex G). The rules for spending and accounting originated with the World Bank's own norms and procedures. Instructions regarding these procedures were an integral part of the signed contract (Brazil, 1999b). Below is a sample of the types of procedures contracted NGOs were required to follow to spend and account for funds:

- > No spending until after receipt of funds;
- > Get three verbal price quotations for any cost less than R\$ 1000 (US\$ 568);
- > Solicit in writing at least three price quotations for any material cost more than R\$ 1000 (US\$ 568) (letter template provided), document the quotations (table template provided); select the lowest price quotation as long as it meets the specifications in the solicitation letter, and issue an authorization letter to the selected vendor (letter template provided);

- > Do not split a cost to deliberately make it less than R\$ 1000;
- > Issue a nominal check from the bank account for all expenses;
- > All expenses must have a written receipt with the name of the project code (e.g., Project 91BRA59); and
- > All receipts must be signed by two staff persons, one financial and the other technical.

Some NGOs found the accounting a burdensome deviation of their scarce resources from program activities to administration. Also, some NGOs complained that instructions given by visiting NC staff were not always consistent with instructions given at NC training sessions (Galvao, 1998).

The NC's efforts to communicate and train NGO staff in these procedures improved over time. The NC conducted many training events and site visits by staff from the NC's financial unit, and responded to questions by phone and fax. Instructions were distributed by mail and available on the website. As indicated above, the instructions provided by the NC included templates for receipt forms, terms of reference, letters requesting price quotations, letters authorizing purchases, and, of course, the accounting report.

After the signing the contract, the NGO would begin to receive disbursements directly deposited in the bank account that the NGO had opened expressly for this purpose. The timing and amount of the disbursements followed the financial timeline that the NGO had submitted with its project proposal, and were presented in the text of the contract. The first disbursement was an advance to cover start-up or the initial costs of the project. Subsequent disbursements were released only after the NGO has accounted for at least 80 percent of the prior disbursement through submission of the accounting report (see Annex H) and original receipts.

The main purpose of the accounting reports and process was to ensure that public funds were spent properly and that expenditures were comparable to project budgets. There were no research or programmatic objectives for the accounting system. Also, the system was focused on costs paid for exclusively by contract funds. There was no systematic or comprehensive collection of data on costs covered by other sources, or non-financial costs like volunteer labor, donated goods, or costs born by the target beneficiaries. Consequently, the NC did no analyses such as the cost-benefit or cost-effectiveness of interventions, comparing the cost of alternative interventions that have similar objectives, or comparing the cost of NGO with public sector provision of services. The World Bank did perform a cost-benefit analysis of AIDS I which concluded that between 1994 and 2000, an estimated 38,100 cases of HIV were prevented, 353,029 disability adjusted life years (DALYs) saved, and a direct savings of US\$255.4 million realized. However, it was emphasized that the estimates were based on incomplete data (World Bank, 1998b).

Monitoring and Evaluation of Technical and Program Performance

In order to monitor and evaluate the technical performance of NGO projects, NGOs were required to submit a quarterly progress report to the NC as a term of their contract. The NC's stated objective was to use the information to evaluate NGO activities and define new strategies to combat HIV/AIDS. The progress report was a fill-in-the-blanks form that was available by mail, fax, and the NC website (Annex I). The main purpose of the report was to compare actual performance with planned in terms of timing and results; find out why activities were not going as planned; and document any problems. To encourage compliance with reporting requirements, the NC tracked report submissions on the website, where anyone could see who was on time and who was not. An

NGO with any pending reports could face a delay in funds disbursement and loss of eligibility to compete in future contract bids until all outstanding reporting obligations were met.

This reporting system did collect quantitative data on intermediate results (e.g., number of people counseled, number of brochures/condoms/syringes distributed, number of nurses trained). In fact, the loan projects generally did track intermediate results well (see Table 3). However, both the NGO contracting component and the AIDS projects overall, fell short of participants' expectations for measuring the impact of either the projects or NGO involvement on people's behavior, quality of life or the first major objective which was to reduce the incidence and transmission of HIV and STDs.

Despite the lack of data on impact, feedback from government officials indicates that "...this project's important prevention initiatives could not have succeeded without NGOs" in terms of their access to target populations and ability to increase the coverage of the government's prevention and treatment efforts (World Bank 1999).

Indicator	Result
IEC campaigns launched	7
Condoms distributed	119,000,000
Testing and counseling centers implemented	139
NGO contracts signed and implemented	444
Reference laboratories established	27
Sentinel surveillance sites established	150
STD surveillance sites established	72
HIV/AIDS treatment services (number of outpatient facilities established or supported) offered	186
HIV/AIDS treatment services (number of conventional hospitals accredited for inpatient care) offered	340
HIV/AIDS/STD training centers established	84
Total number of health professionals trained	21,600
Health professionals trained in anti-retroviral treatment of pregnant women with HIV	500

Source: World Bank, 1998

Participants cited several impediments to evaluation of impact, including lack of baseline data, the cost of quality research, and the methodological difficulties in measuring the number of infections avoided and behavior changes like adaptation of safe sex practices (Brazil, 1998c; World Bank, 1998b).

Measurement of the project's performance on its second objective—strengthen public and private institutions engaged in STD and AIDS control—was particularly difficult in the case of NGOs since there is a dearth of baseline data on the size and strength of the NGO community prior to the project's implementation (Galvao, 1998). Other difficulties include defining what is an "HIV/AIDS NGO" and defining measurable indicators of institutional strength.

Surveyed NGOs had more recommendations and comments on project monitoring than any other aspect of contracting (see Table 4). Recommendations ranged from the need for better ways to

measure impact to the need for technical capacity in this area. Several NGOs would welcome more visits and technical assistance to improve their capacity in the area of monitoring and evaluation. Their concerns and comments echoed the assessment of AIDS I (World Bank, 1998b) and the conclusions of the multi-sector seminar held to discuss the AIDS II project (Brazil, 1998c). As one NGO said:

“We believe that Brazil lacks an accumulation of experience in this area (M&E) where we do not have competent technical staff to support projects with the process of evaluation and monitoring of their work. To find this capacity would be fundamental to know for certain what are the impacts of these activities in Brazil and better direct financial resources.”

HIV/AIDS NGO, Minas Gerais

Table 4: NGO Feedback on Project Monitoring	
Need more support to monitor projects	6
Need more frequent visits to monitor projects	7
Need training in evaluation	3
Less bureaucracy	3

4. The Environment for NGO Contracting

This section describes certain aspects of the larger environment that affect NGO contracting in Brazil. First, the NGO sector and its capacity in terms of service delivery and contract administration are described. Included also is some feedback from the NGO community about what worked and what could be improved in the NGO contracting component of the AIDS projects. Second, the public sector's experience and capacity to contract with the private sector is described, including the legal environment governing NGOs. Finally, there is a look at the broader environment in terms of political, economic, and social factors. All these environmental factors have been identified as important to determining the capacity of a country to successfully contract for health and social services (Bennett and Mills, 1998).

4.1 NGO Sector

The lack of a democratic, civilian government from 1960 to 1985 dampened the growth and activity of Brazilian NGOs for 25 years. However, since the return of democracy, Brazilian civil society has renaissance with the establishment of thousands of organizations working on education, hunger, street children, land reform, health, and other issues. A recent survey estimated the total to be about 3,000 (Fumo, 1999). In 1991, the Brazilian Association of NGOs (ABONG) was formed to promote exchange among NGOs working on strengthening citizenship, democracy, social rights. It currently has 250 members, eight regional directors, and representation on several government councils.

The number of HIV/AIDS NGOs in particular has grown significantly. Based on the number of NGOs that participated in national HIV/AIDS NGO conferences (ENONG), there were 14 NGOs represented at the first conference in 1989 and 87 at the fifth conference in 1992. By 1998, the NGO mailing list maintained by the NC listed 580 organizations. The NC catalogue of HIV/AIDS NGOs had 280 organizations, with 60 percent being founded between 1991 and 1996, and 50 percent working in areas other than HIV/AIDS (Galvao, 1998).

The number of HIV/AIDS NGOs grew for two reasons: The first was due to the growth of the epidemic in diverse segments of Brazilian society. Second, because of the availability of funding from the AIDS loan projects, NGOs originally founded for non-HIV/AIDS activities (e.g., family planning, labor unions, women or gay rights groups), expanded into HIV/AIDS activities in part to capture funding (Galvao, 2000). In fact, of the 20 NGOs surveyed for this report, 11 listed "capture funding" as a reason why they pursued a contract with the MOH. While some of the "original" HIV/AIDS NGOs resented the entry of other NGOs and questioned their motives as they redefined their mission and activities to fit with HIV/AIDS, it is possible that these other organizations brought useful skills (e.g., family planning organizations capacity to deliver medical services) and/or access to at-risk populations (e.g., religious organization's reach in a poor neighborhood).

4.1.1 NGO Capacity to Deliver HIV/AIDS Services

A primary reason why the MOH contracted with NGOs was to tap their capacity to deliver needed services to target populations, or put more simply, to get the right services to the right people. As mentioned earlier, prior to beginning the contracting program, there was no systematic assessment (baseline study) done of the NGO community in terms of its size, or the strengths and weaknesses of individual organizations. In the absence of such a baseline assessment, the NC relied on other sources of information regarding NGO capacity:

- Their own contacts with the NGO community;
- Experiences at the state level with NGO partnering;
- Information from the ENONG conferences (87 NGOs represented at the 1992 conference);
- Self-reported information on an individual NGO's capacity on the contract proposal form;
- Site visits (though many times the site visits occurred after a contract was awarded);
- Data collected on the contract progress reports as the contract was being implemented.

Through the implementation of approximately 800 contracts since 1993, NGOs have demonstrated a capacity to deliver a wide range of services including IEC and behavior change, social assistance (psychological counseling, group therapy, family therapy, patient advocacy, visits and care packages for patients in the hospital), medical assistance (outpatient and inpatient services), training of health professionals, teachers, others, legal aid (e.g., to prevent or recover damages in the event of job loss, eviction, etc.), and distribution of products (e.g., condoms and syringes). NGO's have also played an important role in linking at-risk individuals to government testing and treatment services through referrals, accompanying individuals to government facilities, and lobbying government providers to attend HIV/AIDS patients. Target populations reached by NGOs have been equally diverse (see Figure 3 in previous section).

Given these results, would a baseline assessment of NGO capacity have been worth the cost? Such a study may have helped the NC think more strategically and systematically about what services NGOs could best provide. It may have helped the NC market the involvement of NGOs to other stakeholders. It may have anticipated the participation of those NGOs that had not identified with the epidemic yet but had important capacities to contribute. It may have led to more and better targeted capacity building in technical areas of service delivery.

4.1.2 NGO Capacity for Contracting

In the survey of 20 NGOs done for this case study, respondents were asked to assess their capacity in seven aspects of the contracting process. Table 5 shows certain characteristics—year founded, region in which located, and number of contracts—of the sampled NGOs.

Table 5: Characteristics of Surveyed NGOs			
Characteristic	Distribution of Responses		
Year Founded	Before 1990		After 1990
	6		14
Region	North/Northeast	Central West	South/Southeast
	10	2	8
No. of Contracts	1 contract	2 contracts	3 or more contracts
	4	7	9

Out of a total of 140 potential responses regarding contracting capacity (20 NGOs x 7 areas of contracting capacity), 96 percent of the responses fell into the categories of “some” or “strong” capacity (see Table 6). Several respondents said they “learned by doing.” Others had specific personnel with expertise in a given area. While a self-assessment is less reliable than an external assessment, the results indicate that this sample of NGOs felt prepared to handle all major aspects of contracting for HIV/AIDS activities.

Table 6: Self-Assessed Capacities for Contracting			
Capacity/skill Area	Little/no capacity	Some capacity	Strong capacity
Prepare/write proposals	1	11	8
Prepare budgets	0	9	11
Participate in competitive bidding	0	13	7
Negotiate a contract	1	8	11
Implement a program under contract	1	8	11
Monitor and evaluate program	2	10	8
Accounting for funds under contract	0	10	10
Distribution	4%	49%	47%

Source: PHR Survey of 20 NGOs

In contrast to these results is the consistent feedback from NGOs during both AIDS projects regarding the complexity of the contracting process (Fumo, 1999; Brazil, 1998c; Galvao, 1998). This feedback reflects the financial and administrative limitations of many NGOs and the need for simplified contracting and reporting procedures, and capacity building. Some of the comments have been mentioned earlier in this report, but are summarized below:

Bureaucracy: Bureaucratic procedures, like the long and complex proposal format and the need for multiple price quotes and detailed financial reporting, are seen by NGOs as a drain on their time, energy, and resources that could be dedicated to their activities and mission.

Complex structure: Having so many entities involved on the contractor side (the NC, World Bank, and UN organizations) created some confusion about each entity’s role and whose procedures were to be followed.

Isolation: Given the vast size of the country, many Brazilian NGOs work in isolation and don't feel part of a larger strategy or community. They have limited opportunity to learn from other NGOs and access to the NC other than by telephone. Integration of the NC with state and local health authorities was weak in AIDS I, so NGOs didn't connect with them. There is a critical need for information sharing (e.g. distributing technical M&E reports to all NGOs).

Funding: The funding rules do not address an NGO's financial reality. There is no funding for basic expenses like rent, electricity, telephone, or labor taxes. Initially there were delays of up to one year from project approval to disbursement. This has been reduced with each RFP cycle to four-six months.

The selection process should evaluate the impact and activities of the institution, not the name of the NGO.

HIV/AIDS NGO, Sao Paulo

Together, these concerns have led some NGOs to feel that the contracting system favors the big, established NGOs, and that these NGOs have an unfair advantage in dealing with proposals, funding, and the bureaucracy. They suggest that, for example, it doesn't make sense to use the same financial reporting system for an association of prostitutes as for an organization with 100 employees.

4.1.3 Capacity Building of NGOs

To address the needs and concerns of NGOs described above, the NC provided assistance to NGOs through a variety of mechanisms. NC staff made one or more site visits to nearly of all contracted NGOs to provide programmatic and administrative technical assistance. Seventy-five percent of the NGOs surveyed were visited at least once and 87 percent found the visit(s) useful. Many NGOs recommended more frequent visits. The NC supported numerous regional and national meetings so NGOs could share experiences and lessons with each other. The NC provided training for NGO staff in project design and program implementation; and contract administration. Finally, the staff of the NGO Liaison Unit within the NC was always available to NGOs by phone, fax, and email. The responsiveness of this unit was cited repeatedly as one of the most successful aspects of the entire contracting process.

The NC did not provide much support to NGOs prior to their winning a contract, for example, with preparing proposals. Nor did the NC systematically assess capacity of individual NGOs beyond review of their proposals. Several NGOs recommended that such assistance should have been available.

4.1.4 HIV/AIDS NGOs as a Political Force

Many Brazilian HIV/AIDS NGOs are explicitly political and the advantages of this political orientation appear to have outweighed any disadvantages. NGOs are political for various reasons including their emergence after years of dictatorship, their reaction as a counterforce against the huge, centralized MOH bureaucracy, and because of the marginal status of their constituents (people with HIV/AIDS, gays, sex workers, and intravenous drug users). Political activities include advocacy of basic human and civil rights to applying political pressure on local health authorities to ensure that HIV/AIDS objectives receive their fair share of public health funds. Besides achieving very real and practical benefits like better job security for people with HIV and public funding for anti-retroviral drugs, this political orientation is the source of much energy and commitment within the NGOs. In

fact, many Brazilian NGOs have struggled with the whole notion of contracting with the public sector as a potential threat to their political independence and identity. Ameliorating this tension is the fact that the AIDS I and II Projects have funded NGO projects that have “political” objectives like defense of human and civil rights, and the more militant NGOs have had a dialogue with the NC. As one NGO said:

Initially, we were a bit suspicious of partnering with a governmental agency. However, after a few months, any doubt we had about the success of the partnership dissipated.
HIV/AIDS NGO, Rio de Janeiro

There are several examples of the NGO community politicizing an issue directly linked to HIV/AIDS, that in fact impacts a much larger portion of the population (Villela, 1999):

- > Regulation of the blood donation market including mandatory HIV testing and prohibition of the commercialization of blood products;
- > Aggressive, albeit unsuccessful, lobbying of the government agencies, politicians, and physicians, to regulate the huge private health insurance market (41 million lives insured) that routinely denies coverage for HIV/AIDS and many other conditions;
- > Government financing of antiretroviral therapy since 1990;
- > Participation in clinical research of new treatments and vaccines using ethical procedures;
- > Pressure on federal, state and municipal health authorities to improve the public health system upon which the vast majority of low-income Brazilians depend.

An interesting evolution of the AIDS I experience partnering with NGOs is the formal and explicit recognition in the AIDS II Project of civil society as a legitimate and valued political force. Specifically under AIDS II, decentralization was identified as one of three strategic factors (the other two were institutionalization and sustainability), necessary for the long-term success of the country to control HIV/AIDS. AIDS II recognized the need to put HIV/AIDS on the agenda of state and municipal secretariats of health given Brazil’s decentralized public health system. Participants in AIDS II saw NGOs as a way for civil society to participate in SUS, ensure the integration of HIV/AIDS, and counterbalance local politics (Brazil, 1998c).

4.2 Public Sector Capacity

Capacities that the public sector must possess to successfully contract with the private sector include: deciding what services to contract, managing the tender process, designing the contract, implementing the contract (e.g., paying the contractor in a timely manner), monitoring and evaluating contractor performance, implementing sanctions for non-performance, and managing contracting strategically (Abramson 1999, Bennett and Mills 1998). The GOB and the MOH have had significant experience with private sector contracting, albeit primarily with the private, for-profit sector. The MOH and state health authorities have contracted with private physicians, labs, and hospitals for several decades to supplement public health sector resources. They also have years of experience with competitive bidding for the procurement of goods like contraceptives and medical supplies. However,

government reimbursement rates are below actual costs, payments are not timely,⁷ and there is no systematic monitoring of quality.

Contracting HIV/AIDS NGOs benefited from this previous experience in terms of established regulations and practices for tendering, selection, and management. However, contracting with NGOs for HIV/AIDS presented special challenges including reaching out to NGOs that lacked previous experience with contracting and/or had a strong political orientation. Within the GOB, there have been mixed attitudes about contracting with NGOs, especially ones linked with gays, intravenous drug users, and sex workers (Fumo, 1999). Similarly, some HIV/AIDS NGOs approached NGO contracting with suspicion or cynicism. Also, the nature of many HIV/AIDS services and activities like IEC to change behavior or social assistance to improve quality of life, complicates monitoring and evaluation of effectiveness.

Involvement of the World Bank was critical to building public sector capacity. The Bank loans supplemented GOB funding of the structure and activities of the NC and the NGO Liaison Unit. The World Bank also fielded a Social Analysis and Civil Society (SA/CS) Specialist to Brasilia in 1996 to enhance the government's capacity to work with civil society. The NGO Liaison Unit took extra pains to be as transparent as possible with NGO contracting procedures, activities, and results. Unit staff treated NGOs like clients, with respect and attention. The unit sponsored multi-sector meetings and other events to promote understanding. This commitment and these approaches were very important to building a partnership between the government, donors, and NGOs to make NGO contracting succeed.

4.3 Legal Environment for NGOs

Government laws can either help or hinder the establishment and functioning of NGOs, and their involvement in public policy and projects. There are many reasons why a government would want or not want to pass laws that promote a strong NGO sector (see Table 7).

Table 7: Arguments For and Against Laws that Promote a Strong NGO Sector	
Arguments Against	Arguments For
<ul style="list-style-type: none"> > NGO activities have not been approved by a democratic process > NGOs compete with or replace governmental programs > NGOs criticize or oppose government policies > NGOs don't pay taxes 	<ul style="list-style-type: none"> > Part of societal freedoms of association and speech > Encourages pluralism and tolerance > Promotes social stability and the rule of law > NGOs can be efficient partners to help deliver public goods and services > NGOs can promote public accountability and responsiveness > NGOs can fill gaps in provision of public goods and services where the government is completely absent (i.e., address public sector market failure) > Support of market economies (i.e., evidence of a positive correlation between the presence of strong private non-profit and for-profit associations)

Source: adapted from the International Center for Not-for-Profit Law, 1997

⁷ Late payments to contractors are as much due to actual lack of funds as to any administrative deficiencies.

Governments, by design or default, pass laws that reflect their position on the arguments above. Restrictive laws can shackle NGO activities or mold them to them to meet government objectives (e.g. encourage service provision but not advocacy). Lax or non-existent laws can permit unscrupulous individuals to form “NGOs” that discredit legitimate organizations. Between these two extremes of restrictive laws and no laws, experts advocate laws that “...foster an environment of independence, professionalism, and transparency within the sector and enhance the climate for self-regulation” (International Center for Not-for-Profit Law, 1997).

Overall, Brazil’s legal system is highly codified and bureaucratic, and, compared to U.S. standards, civil society is highly regulated (World Bank, 1996). This environment is part of Brazil’s Portuguese inheritance and probably a response to endemic fraud and corruption. Until 1999, there was no clear, unified legislation of the NGO sector. Instead, NGOs were to comply with a variety of laws and norms that applied to the private sector in general. This environment was confusing, did not address the weaker capacity of indigenous NGOs compared to wealthy foundations or international non-profits, and left NGOs vulnerable to operating outside of the law. It also offered no structure or guidance for public sector–NGO contracting.

Finally, in 1999, the National Congress passed Law No. 9.790, which detailed the qualifications necessary for a private, non-profit entity to be classified as an “Civil Society Organization of Public Interest” and be able to enter into “Partnership Contracts” with public sector entities. The law prescribes what a qualifying entity can and cannot be and do in terms of purpose, activities, structure, legal and financial documentation. It includes measures to guard against abuse of NGO status and several requirements for public dissemination of NGO information (e.g., NGOs are required to publish their financial statements in the newspaper). The law describes the process for applying for status as a “Civil Society Organization of Public Interest,” and institutes a performance-based contracting mechanism (the “Partnership Contract”) for the government to contract with qualifying organizations. The law is six pages, and the regulating decree (Decree No. 3.100) is eight pages. The law has a grandfather clause giving NGOs two years to attain “Civil Society Organization of Public Interest” status while simultaneously retaining their non-profit status under other pre-existing laws.

4.4 Overall Country Environment

To some degree, the Brazil NGO contracting experience benefited from the larger country environment in terms of economic, social, and political factors. For example, economic and political stability can facilitate long-term planning and the enforceability of contracts. The quality of telecommunications and banking services facilitate and can even lower the cost of communications and fund management.

With the world’s eighth largest economy, Brazil’s infrastructure is relatively advanced. GNP per capita is \$4,570, though this masks one of the most inequitable distributions of income in the world (World Bank, 2000). Since 1993 the Brazilian economy has had inflation under control but growth has been weak and unemployment high. Brazil has a robust private sector, but is burdened by government bureaucracy and high taxes. Telecommunications infrastructure is good. There are 107 fixed phone lines and 28 cellular phones per 1,000 habitants, 4 percent of the population has internet access and the top five internet servers have more than 1.5 million subscribers (Lores, 2000). Brazil’s technologically advanced banking system facilitates distribution and tracking of funds. Over the last five years the banking industry has undergone reform, consolidation, and privatization of unhealthy state banks. Since 1986, Brazil has had a politically stable democracy.

What is noteworthy in the Brazil case study was the general absence of concerns and complaints about the country environment factors among participants in NGO contracting. Previous rates of inflation, which reached 80 percent *per month*, would have reeked havoc on budgeting and fund management. Aspects of the country environment that did impact NGO contracting include widespread poverty that severely limits an NGO's ability to raise funds and secure voluntary labor; complex and extensive taxes on labor for which NGOs are liable for any paid staff; rampant violent crime which affects the security of NGO staff and their few assets; and their ability to physically reach people in certain locations.

5. Conclusions, Recommendations, and Lessons Learned

5.1 Conclusions

- > The Brazilian HIV/AIDS NGOs have been instrumental to the success of the National HIV/AIDS Program and a key partner in the country's response to the epidemic. The experience of contracting NGOs met the objectives and expectations of the MOH and donors in terms reaching vulnerable groups with HIV/AIDS preventive, social, and medical assistance services.
- > Operationally, NGO contracting for HIV/AIDS services in Brazil was successful in multiple ways: speedy launch of the NGO contracting program; effective management of a large volume of NGOs, contracts, and funds; broad reach in terms of geography, target populations, and types activities funded through contracts; consistency between NGO contracting and the country's overall HIV/AIDS strategy; effective management of a complex network of players from a different sectors; transparency and objectivity; compliance with donor accounting requirements and local laws; documentation and dissemination of the NGO contracting experience as it evolved; and tracking of intermediate results.
- > Programmatically, the NGO contracting is also widely viewed as successful. NGO contracting is credited by most participants as being instrumental in curbing the epidemic in Brazil because it expanded access, the types of services offered, and effectively reached vulnerable populations.
- > The involvement of donors (World Bank, U.N. organizations) was critical to the success of NGO contracting. World Bank loans complemented GOB funding of the structure, staffing, and activities of the NC including the NGO Liaison Unit and the NGO contract funds. Bank representatives consistently advocated the involvement of NGOs with the GOB. The U.N. organizations facilitated the disbursement of funds to NGOs. USAID also provided some technical assistance to NGOs.
- > The existence, design, and working style of the NGO Liaison Unit contributed significantly to the success contracting NGOs. One of its distinguishing features was its willingness and ability to listen to and act on criticisms and suggestions. Initially with the first RFP cycles, there were perceived problems due to bureaucratic forms, delays in disbursements, and inefficient customer service. Over the years, unit operations were refined and these problems diminished. The unit centralized the management of NGO contracting and acted as the main point of contact for NGOs. This helped ensure that questions were answered and problems were solved in a consistent and timely manner. The unit streamlined administrative tasks (record keeping, coordinating the solicitation and selection processes, executing contracts, coordinating the distribution of funds). Unit staff treated the NGOs like clients, with respect and attention. unit staff were competent, had previous experience with the NGO community, and low turnover. Today, the unit continues to evolve as NGO

contracting is being decentralized to some states in anticipation of the end of the AIDS II Project.

- > While each sector (donor, government, and NGO) had different objectives for NGO contracting (see Table), they were able to work together towards the overarching goal of controlling the HIV/AIDS epidemic and assisting those already infected and affected. This partnership was fostered through: i) face-to-face contact at site visits, multi-sector meetings, and other events; ii) wide dissemination of contracting procedures and activities; iii) clarity and transparency in the contracting process.

Table 8: Program to Contract HIV/AIDS NGOs: Different Objectives

Donors	Government/MOH	NGOs¹
To control the HIV/AIDS epidemic and assist those already infected and affected	To control the HIV/AIDS epidemic and assist those already infected and affected	To control the HIV/AIDS epidemic and assist those already infected and affected
Need NGOs to reach some HIV/AIDS target groups effectively and efficiently	Need NGOs to reach some HIV/AIDS target groups effectively and efficiently	Funding for their mission, programs, activities Improve/expand the impact of their programs and activities
Desire to tap NGOs' creativity and commitment	Desire to tap NGOs' creativity and commitment	Interested in being part of a larger, national program
Internal policy (e.g. the World Bank Operational Directive 14.70)	Internal policy	Interest in collaborating with the MOH

¹ Source: PHR Survey of 20 NGOs

- > The contract structure did not provide the NGOs with any incentives to be cost efficient (i.e., minimize costs during implementation). NGOs were paid a fixed price based on the budget that they submitted. There was no reward for executing an activity below budget and any unused funds had to be returned to the MOH. If incentives to be cost efficient were added to the contract, it would be important to establish mechanisms to ensure quality.
- > While there was no evidence of any quality problems, the quality of the services and activities delivered by the NGOs is largely unknown.⁸ The contract did not include any indicators of the quality of the services to be delivered under the contract (e.g., accuracy of information given by a hotline or training, appropriateness of techniques used in support groups or family therapy), nor was there any systematic effort to independently measure quality. Surveyed NGOs expressed an interest in receiving more assistance to improve the technical quality of their work.
- > In general, NGO contracting does not appear to have significantly improved the financial sustainability of HIV/AIDS NGOs. This concern was expressed in discussions with NGO representatives and other sources (Galvao, 2000). The contracts did not cover any overhead costs and required the NGO to provide co-financing of the proposed activity. NGOs did not

⁸ There have been focused efforts to study and improve service quality in specific locations or programs, for example a program to improve care of STD patients in the state of Ceará (Brazil 2000b).

receive any funding to defer the cost of preparing a proposal even though there is a less than 50 percent chance of winning a contract. The NGO contracts expanded NGO operations and expanded budgets during the period that the contract is active; however, most NGOs have found it extremely difficult to replace contract funding with new sources. A volunteer director at one HIV/AIDS NGO wondered how much longer he could devote 40 hours a week to managing the organization as he has not received a raise from his paying job as a professor for over a year. Another NGO that maintains an AIDS telephone hotline lost money each month providing this service because the funding provided by the MOH contract did not cover the full cost of the hotline. Raising funds and securing voluntary labor in Brazil is extremely difficult given people's low incomes and the low level of philanthropy in Brazil. An NGO from Bahia touted the success of its annual fundraising event, but upon questioning admitted that it took three years to just break even.

- > The GOB recently established a legal structure for public sector contracting of NGOs (Law No. 9.790) which facilitates public-NGO partnerships. It provides needed guidance and a more appropriate legal framework for state and municipal authorities to move forward. The law prescribes in detail how most aspects of NGO contracting should be handled (eligibility, tendering, selection, reporting). However, the law is untested and its impact remains to be seen.

5.2 Recommendations

While the NGO contracting component of AIDS I and II programs is quite rightfully described as a success story, there are some potentially useful recommendations for the current AIDS II program, as well as for when the World Bank loan will end in 2002.

- > All those involved would benefit from a more accurate and complete picture of the total cost of services delivered by NGOs.⁹ Currently, NGOs only report on actual expenditures covered by the contract but the contract does not cover the total cost of the activity. Other costs (e.g. overhead) are covered by other funding sources and NGOs rely on donated materials and labor. The value of having a better understanding of the total costs are to i) identify more efficient approaches to delivering a particular service that could be adopted by others, ii) to compare NGO costs with public sector costs to see where are the greatest savings to guide future contracting, iii) to demonstrate the savings achieved by NGO contracting and build political support to defend its continuation/expansion at state and local levels, iv) form the basis for introducing appropriate cost incentives into the contract, and v) form the basis of measuring overhead costs associated with contracted services which will be useful should donors or the NC ever consider covering those costs.
- > Introduce efforts to measure and improve the quality of NGO services and activities delivered under contract. Options include: adding indicators of quality to contracts, providing incentives for quality, provide technical assistance on quality during site visits, monitor quality during site visits, survey beneficiaries to collect data on quality, sponsor training and information events on how to improve the quality of HIV/AIDS services.

⁹ While there has been no systematic collection of NGO cost data, there have been cost studies of HIV/AIDS services (Brazil, 2000b)

- > Systematically incorporate information from the beneficiaries and target populations into NGO contracting, and build NGO capacity to monitor client satisfaction. While some individual NGOs conduct satisfaction surveys of their clients, there is no systematic effort to establish a feedback loop from the intended beneficiary population back to the NGOs and NC.¹⁰ This feedback could serve various purposes: monitor the quality of services delivered (see above), help NGOs improve and refine their services and approaches, provide quantitative or qualitative data on the impact of NGO activities, as a check against the self-reported data provided by the NGO on progress reports. The NC should devise its own standardized strategy for gathering feedback from target populations. In addition, the NC could sponsor training and information-sharing events for NGOs to learn how to begin or improve their own efforts to collect client information.
- > Structure the current proposal sheet used by the Selection Committee to more closely reflect the selection criteria. Also, clearly and precisely define each potential score on the scale for each individual criterion to ensure that NGO proposals are evaluated consistently by all committee members.

The AIDS II Project is designed to ensure the institutionalization and sustainability of STD and AIDS policies at the federal, state and local levels. In fact, NGO contracting is already being decentralized to selected states under AIDS II. Below are some recommendations that may be indicated for the period after the end of AIDS II in 2002:

- > The NC, state, and local health authorities continue contracting NGOs for those services that are determined to be a priority and for which an NGO is determined to be the more cost-effective implementing agent. For those HIV/AIDS services and activities that do not have contract funding, the NC could assist NGOs to find alternative funding (see below).
- > The NC assist NGOs to secure international funding for HIV/AIDS which is expected to increase globally (although primarily in Sub Saharan Africa). This would contribute to the financial survival of the NGOs and allow the NC to track external funding of HIV/AIDS activities and incorporate this information in its own planning and strategy.
- > The NC, state, and local health authorities pay the full cost of the services being procured under an NGO contract, including the portion of overhead costs that are associated with those services. Paying full cost is consistent with a standard buyer-seller relationship. It will also help address the precarious financial situation that some NGOs currently find themselves in. Even without co-financing, NGO provision will still likely remain a less expensive alternative to public sector provision for certain services (see recommendation for cost analysis above).
- > As NGO contracting is decentralized, the NC may maintain the NGO Liaison Unit for two to three years to a) manage any NGO contracting maintained at the federal level, and b) assist state and municipal health authorities with NGO contracting.
- > The NC contract NGOs in states or municipalities where a) epidemiological data indicates a vulnerable population, b) local health authorities lack commitment or capacity to address HIV/AIDS and/or work with NGOs, and c) there are capable NGOs present with which to contract for needed HIV/AIDS services.

¹⁰ The exception would be those NGOs formed by the beneficiaries themselves, for example the union of commercial sex workers.

5.3 Lessons Learned

The Brazil case study offers practical examples and information about how to design and implement NGO contracting for HIV/AIDS programs. The following discussion pulls out some of the larger lessons to be learned from the Brazil experience.

- > Donors, the NGO community, and individual champions within the government must advocate NGO contracting to make it a reality, or it is unlikely to happen. Even in Brazil, where the HIV/AIDS NGO community was vocal and gaining strength, the involvement of the World Bank and other donors was critical to realizing the potential of NGO contracting.
- > Make NGO contracting a strategic part of a larger national strategy to establish a formal link between the objectives of the national strategy and the communities that NGOs serve. Brazil first created the National AIDS and STD Control Program and established the National Coordination of STD and AIDS within the MOH. A few years later, the World Bank loan project was designed. NGO contracting was a component within these strategies and structures.
- > Successful NGO contracting requires intense and proactive efforts to build a partnership among the players from each sector (donors, governments, and NGOs), which come with different objectives, priorities, and perspectives. Such efforts include multi-sector meetings using professional facilitators, working groups, clear procedures, an open and transparent contracting process, and wide dissemination of contracting procedures, activities, and results.
- > NGO contracting for HIV/AIDS services likely requires new capacities among all the sectors involved (donors, governments, and NGOs). Even with the extensive experience of Brazil's public sector in private sector contracting, the NC needed to meet new challenges in the case of contracting for HIV/AIDS services: establishing a NGO Liaison Unit, explaining and enforcing World Bank procurement policies, fund disbursement through U.N. organizations, greater efforts to disseminate and be transparent, greater effort to build a partnership (see above), and treating NGOs as clients. The World Bank fielded a Civil Society Specialist to enhance its own and the government's capacity to partner with NGOs. No matter how simple the contracting process or how sophisticated the NGO sector, some amount of NGO capacity building is to be expected. In Brazil, the NGOs needed ongoing technical assistance to meet the administrative and accounting requirements of the contracting process. NC staff visited NGOs during both AIDS I and II, to provide assistance with progress and financial reporting. The NC sponsored many events for NGOs to learn and share with each other and visited almost all NGOs with contracts during the contract period. NGOs reported multiple visits that were useful.
- > Where possible, minimize the administrative burden. In Brazil, the NC designed fill-in-the-blanks type forms for the NGO proposals and the quarterly progress reports. Forms and instructions were available on the website, by mail, fax, and at orientation events. Funds were deposited directly into an account opened for each NGO contract in Brazil's national bank.

Annex A: Objectives and Components of AIDS I

The AIDS I Project had four components, each with its own specific objectives:

Prevention – carry out and evaluate mass media/IEC campaigns, strengthen capacity to diagnose HIV/AIDS and STDs, and strengthen public and NGO capacity to provide appropriate counseling and behavior change interventions to reduce transmission of HIV/AIDS and STDs.

Treatment – establish an institutional framework and technical capacity to identify and treat all STDs, to integrate HIV/AIDS prevention and treatment with counseling services, and to establish lower cost, non-hospital alternatives for HIV/AIDS patient care that could improve quality of life for people with AIDS.

Institutional Development – train health workers in all relevant areas of prevention, diagnosis, and treatment of HIV/AIDS and STDs; upgrade the laboratory system to a standard and capacity consistent with HIV/AIDS and STD testing need, and provide resources for specialized technical assistance as needed by the national program.

Epidemiological Surveillance, Evaluation, and Research – set up epidemiological surveillance systems for HIV/AIDS and STDs, to evaluate prevention, diagnostic and treatment services, and support research projects relevant to the design and operation of HIV/AIDS and STD control efforts(including cost and economic impact analyses) (Brazil, 1994).

Annex B: Objectives and Components of AIDS II

The AIDS II Project had three components, each with its own specific objectives:

Prevention of AIDS and STDs

1. Mass media campaigns to increase awareness and understanding of the transmission of AIDS and STDs and to promote safe practices.
2. Promotion of safe sex practices through education and condom distribution.
3. Prevention activities for high-risk groups including intravenous drug users, sex workers, adolescents, prisoners, truckers, and vulnerable groups like women and the poor.
4. Campaigns to promote the non-discrimination against people with HIV/AIDS.
5. Subprojects consisting of prevention activities and treatment of AIDS and STDs.
6. Counseling and support services, including informational telephone hotlines.

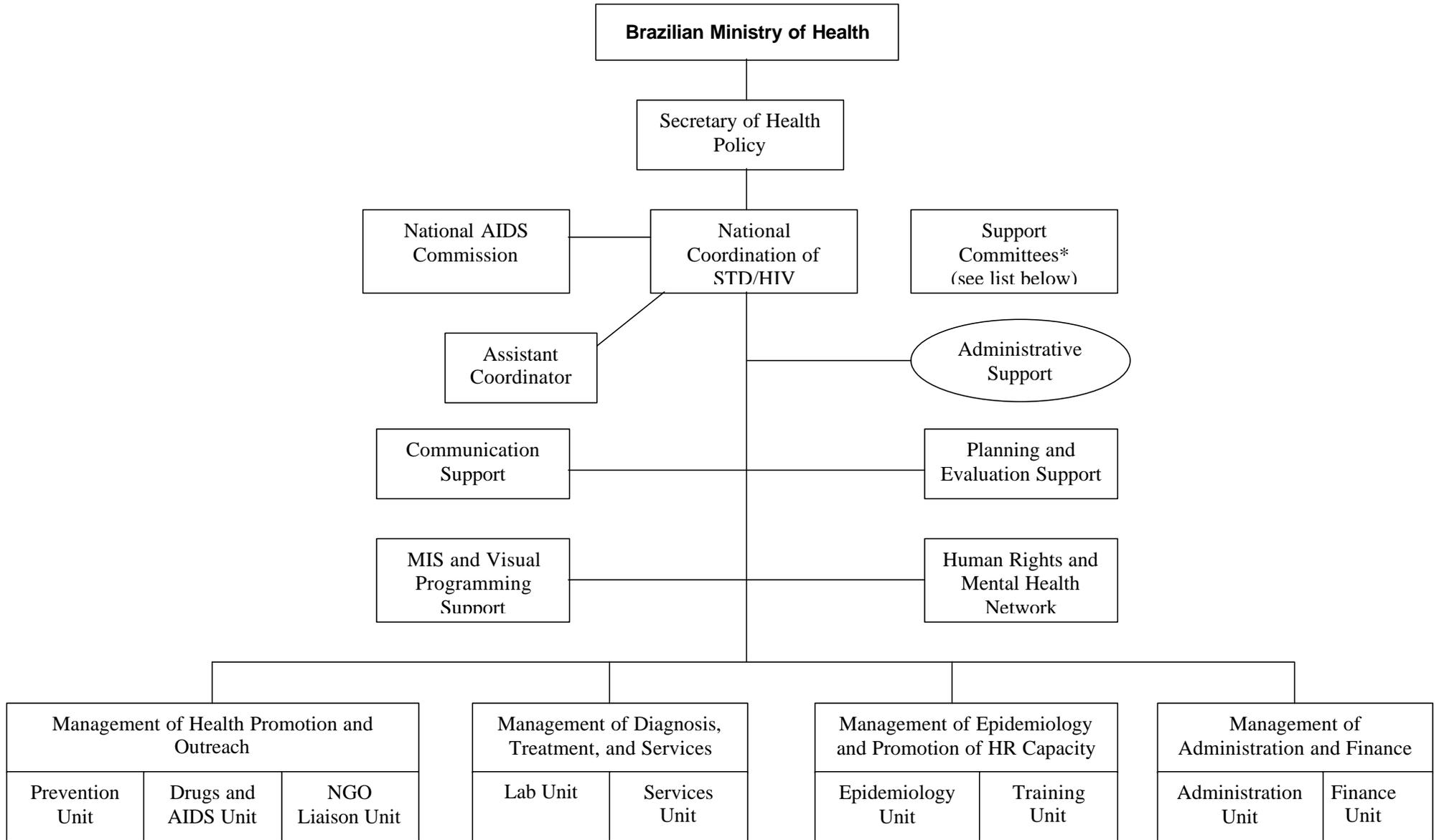
Diagnosis, treatment, and services for people with HIV/AIDS and STDs

1. Improvement of the operation, standardization, and quality control of diagnostic labs. Creation of up to 100 new counseling and treatment centers and maintenance of selected existing centers. Support for municipal health labs through the purchase of equipment and materials for diagnostic testing.
2. Services and treatment for people with HIV/AIDS and STDs including up to 80 small inpatient facilities (support homes or “casas de apoio”), and up to 40 orphanages. Support for up to 80 existing specialized treatment units, 30 hospitals, 40 programs home treatment, and treatment of AIDS inpatients in 100 hospitals.
3. Strengthening of treatment and diagnostic services through training in STD management, licensing of up to 10 national STD reference centers to revise and test clinical norms, procedures, and treatments; provision of reagents, medicines, condoms, educational materials, and similar supplies.
4. Implementation of a centralized logistical control system for medications and condoms. Implementation of a cost control system for HIV/AIDS treatment. Development of a gynecological reference system for treatment of HIV-positive women.

Strengthening of public and private institutions for the control of AIDS/STDs

1. Epidemiological surveillance including sentinel studies, expansion of the notification system for HIV and STDs, a national survey on STD transmission, studies of HIV prevalence among high risk groups, studies of HIV sub-types.
2. Strengthening of the national HIV and STD labs including support for quality control of testing, expansion of the national network for studies of resistance of STDs to medications and susceptibility of HIV to anti-retroviral therapies.
3. Training of NC staff, specialized health agents involved in prevention and treatment among high-risk groups, NGO staff in project development, counseling, testing, and epidemiology.
4. Studies of survival rates, opportunistic infections, epidemiology, projections, cost/benefit analysis, behavior change, AIDS among indigenous populations and miners, and a national survey on changes in sexual behavior. Selection and support for up to three scientific centers of excellence.
5. Monitoring and evaluation activities including: Monitoring and evaluation of counseling and treatment centers, public health labs, all state and municipal institutions implementing project activities, NGO subprojects, and workplace prevention programs. Workshops for NGOs on evaluation. Preparation of reports on monitoring and evaluation. Project impact studies. Evaluation of interventions among specific populations.

Annex C: Organizational Structure of the National Coordination of STD/HIV/AIDS (1999)



Annex D: Sample Request for Proposals

COVER LETTER

Ministry of Health
Secretary of Health Policies
National Program for STD and AIDS

Brasilia, July 31, 1998

Dear Sir/Madam,

We are sending the attached documents in reference to the RFP of 1998 for the analysis and selection of NGO community projects for the prevention and assistance of STD/HIV/AIDS to be realized from September 21 to 26: (i) Proposal Form, (ii) RFP, (iii) eligibility criteria, and (iv) table of expense categories. This documents can be accessed on the home page (<http://www.aids.gov.br>), on the NGO link “RFP for NGO community projects – 1998”.

Prospective institutions for financing should observe that:

- The limit for financing per institution is three projects (at any one time);
- If the proposing institution has any outstanding technical or financial issues related to a previous project, their proposal will not be considered for this RFP process;
- Only proposals that adhere to all the prerequisites listed in the RFP will be included in the selection process;
- The contact address for the proposing institution must be the location of the institution, proposals with PO boxes or residential addresses will be excluded;
- All the proposals approved by the External Selection Committee will be subsequently analyzed by the Financial Manager of NC-STD/AIDS to evaluate the whether the proposed budget complies with the established budget directions; and
- A site visit prior to signing the Contract that identified problems that could compromise the execution of the proposed project could imply a deferment of the project.

For projects that address “drugs and AIDS”, the following components are priorities: a) prevention of the use of drugs in populations with a greater risk or vulnerability for STD/AIDS; b) research; c) assistance for drug users who have a greater risk or vulnerability for STD/AIDS.

Please be informed that the monthly payment for the project coordinator and assistant coordinator should be classified in the category of “Project Administration”. Payment for one-time services by trainers, health agents, and professionals (psychologists, dentists, cooks, etc.) should be classified in the category of “Consulting Services”.

Due to the adjustments necessary for the achievement of the goals established for the AIDS II Project, the Project Proposal Form has been slightly modified. Any difficulties regarding the completion of the form can be resolved by contacting the NGO Liaison Unit (tel/fax, name).

We take this opportunity to emphasize the importance of this process that culminates in the implementation of collaborative actions between civil society and the government in the fight against the HIV epidemic.

REQUEST FOR PROPOSALS – 1998

NGO COMMUNITY PROJECTS AND OTHER CIVIL SOCIETY ENTITIES THAT WORK ON STD/HIV/AIDS PREVENTION AND ASSISTANCE.

The Minister of Health, through its National Program of STD/AIDS, of the Secretary of Health Policies, makes public the competitive bid for financing community projects to be executed by NGO and other Civil Society non-profit entities, under the Loan Agreement signed between the Federal Republic of Brazil and the World Bank (BIRD).

NATURE OF PROJECTS: There are four areas: 1) Support for persons living with HIV/AIDS and their social network which includes: 1.1) support homes, 1.2) home health services, 1.3) psychological support, 1.4) counseling for pregnant women, 1.5) self-help groups, 1.6) legal and human rights assistance; 2) Behavior Interventions, which include: 2.1) men who have sex with men, 2.2) male and female commercial sex workers, 2.3) persons living with HIV/AIDS, 2.4) children and adolescents, 2.5) street children, 2.6) low income, 2.7) prisoners, 2.8) truckers, 2.9) women, 2.10) intravenous drug users, 2.11) prevention of drug abuse; 3) IEC, which includes: 3.1) creation, production, and reproduction of informational and educational materials that address the specific cultural and regional differences; 4) Institutional Development and Exchange which includes: 4.1) capacity building, 4.2) formation of community partnerships that stimulate alternatives for institutional sustainability, 4.3) income generation associated with service and/or prevention actions.

PROJECT LENGTH AND BUDGET: Projects must be executed within twelve months beginning the day of signing the contract. Delays are not permitted. The proposed budget must be compatible with the planned activities and results, up to a limit of R\$50,000/year. 2.1) A maximum of 150 projects will be selected.

PREREQUISITE DOCUMENTATION: The following documents must be attached to the proposal: 3.1) organization's by-laws, tax identification number, and minutes of last meeting of partners/owners (none of the documents may be dated after the date of the RFP); 3.2) organizational chart specifying who is responsible for institutional administration and managing the proposed project; 3.3) number of paid employees; 3.4) list of consultants that will work on the proposed project and their CVs; 3.5) list of national and international funding sources; 3.6) an official notice from the state or municipal health authorities certifying the existence and functions of the NGO, in compliance with SUS regulations; and 3.7) statement of the amount of co-funding that the NGO will provide for the proposed project. The institution that does not attach any one of the documents listed above will be automatically excluded from the selection process.

HOW TO APPLY: 4.1) Proposals must be presented using the form provided by the NC-STD/AIDS in three copies with the legal documents described above attached. Incomplete or faxed proposals will not be accepted. 4.2) Proposals should be addressed to: National Program of STD/AIDS – NGO Liaison Unit – Brasilia, DF.

MONITORING AND SUPERVISION: Approved projects for contracting will be monitored technically and financially by the appropriate areas of the NC, through the means described in the Contract. Lack of compliance by the institution of all contract terms could jeopardize the support conceded by the NC.

CONDOMS: The quantity of condoms needed for proposed activities should be cited in the proposal, however the cost should not be included in the budget. The distribution of condoms will be done by the State or Municipal STD/AIDS Program in compliance with the distribution logistics of the NC.

SCHEDULE: 7.1) Deadline to receive proposals: September 08, 1998. Under no circumstances will proposals be accepted after this date. 7.2) The analysis and selection of the proposals will be done by the External Selection Committee from September 21-26, 1998; 7.3) The results will be sent in writing to all institutions by October 19, 1998 and be available on the NC home page.

SELECTION PROCESS: Will be the responsibility of the External Selection Committee constituted by the Ministry of Health.

SELECTION CRITERIA: The criteria for the analysis and selection of proposals will be 9.1) Technical and financial: 9.1.1. Compatibility of the project objectives with the general objectives of the AIDS II Project, 9.1.2. Effective integration of proposed actions with the local SUS system, 9.1.3. Compatibility with the need identified in the target population, and 9.1.4. technical quality of the project. 9.2) Managerial and financial: 9.2.1. Managerial and administrative capacity, 9.2.2. Consistency of the budget with the proposed objectives, activities and results, and 9.2.3. Identification of complementary funding and/or co-financing. 9.3) Epidemiology, geography and target population: 9.3.1. Geographic location, 9.3.2. Potential to reach areas of greater incidence of STD, HIV and AIDS and areas of concentration of high-risk populations.

Annex E: RFP Project Proposal Form

**MINISTRY OF HEALTH
SECRETARY OF HEALTH POLICIES
NATIONAL PROGRAM OF STD/AIDS
NGO LIAISON UNIT**

NGO PROJECT PROPOSAL

(sample from 1998)

Project Title _____

Name of Institution _____

Address _____

City _____ State _____ Zip _____

Telephone () _____ Fax () _____

Other Telephone Contact _____

e-mail _____

Tax ID Number _____

Type of Project:

A – Services for persons living with HIV/AIDS (APA)

B – Information, Education, Communication (IEC)

C – Behavior Interventions (IC)

D – Institutional Development and Exchange (DI)

Target Population _____

Estimated number of beneficiaries _____

Geographic area _____

Total value of Project _____

MOH Funding _____

Co-funding _____

Identification of Person Responsible for the Institution

(The Institution’s legal documents should be attached to this proposal. In case of a foundation, attach proof of inscription in the Public Register of Companies with the proper approval from the Public Ministry).

Name _____ Position Title _____

ID number _____ Tax number _____

Identification of Person Responsible for Signing the Contract

Name _____ Position Title _____

ID number _____ Tax number _____

Identification of Person Responsible for Signing the Contract

Name _____ Position Title _____

ID number _____ Tax number _____

Identification of Person Responsible for Signing the Contract

Name _____ Position Title _____

ID number _____ Tax number _____

Project Description

I. General Objective of the Proposed Project

(The general objective of the project can be one of the two general objectives of the NP-STD/AIDS: 1) Reduce the incidence of HIV/AIDS and other STDs and 2) broaden the access and improve the quality of HIV/AIDS diagnosis, treatment and services.

II. Executive Summary

(Concisely describe the objectives, activities and expected results including the total budget. The description should fit on this page.)

III. Description of the Situation, of the Problem and of the Target Population

(Every project should answer the question “Why execute this project?” The reasons presented should describe the problem to be solved or addressed, and how the project relates to the problem identified. You should define the geographic area, the characteristics of the population in this geographic area (demographic, social, economic and cultural), and the characteristics of the target population that the project proposes to reach.)

IV. Previous Initiatives

(Describe prior initiatives that the institution has undertaken for this target population, indicating their sources of financing.)

V. Integration with SUS

(Describe the process that will allow the integration of the institution with SUS: strategies to formalize integration and the involvement of different actors.)

VI. Description of the Institution (NGO)

(Present a brief history of the institution. Include areas of action, staff qualifications (both paid and voluntary staff), financial profile (including sources of resources), previous experience in the area of STD/AIDS.)

VII. Specific Objectives

Present specific objectives and the expected results for each one.		
No.	Specific Objective	Expected Results

VIII. Implementation Plan

Detail the activities, indicating the specific objective to which they are related, and the month(s) they would be executed.

No. Specific Objective	Activities		
	No.	Description	Month

IX. Monitoring and Evaluation

For each activity, describe the evaluation indicators of the process and intervention, as well as the means of verifying the information, (i.e., where and how the information will be collected and analyzed).

No. Specific Objective	Evaluation of Activities			
	No. Activity	Process Indicators	Intervention Indicators	Means of Verification

X. Budget

For each activity, identify the specific objective number to which it refers, and the anticipated inputs and costs. Attach additional pages if necessary.

Objective No.	Activity			Costs		
	Activity No.	Description	Inputs	MOH	Co-funding	Total
Grand Total						

XI. Financial Timeline

The unit of measurement is the quantifiable result of the activity. For example, if the activity is a training, the unit of measurement is the training event and the quantity is the number of participants.

Activity Number	Unit of Measurement	1 st Quarter		2 nd Quarter	
		Quantity	Amount	Quantity	Amount

Activity Number	Unit of Measurement	3 rd Quarter		4 th Quarter	
		Quantity	Amount	Quantity	Amount

Annex F: Sample NGO Contract

Contract Number: XX

Contract to finance a subproject between the AD/BRA/99/E02 (AIDS II) Project of the Secretary of Health Policies, and XX NGO, with the United Nations International Drug Control Program (UNDCP) as intermediary.

The AD/BRA/99/E02 (AIDS II) Project, established within the National Program of STD/AIDS in the Ministry of Health, Block G, Suite 111, in the city of Brasilia, hereinafter referred to as the "PROJECT", in this agreement represented by its coordinator, (name), Brazilian, identity number 123456, tax number 78901234, named in Ministry of Health Decree no. 398 dated February 11, 1994, with the United Nations International Drug Control Program (UNDCP) as intermediary, hereinafter referred to as "UNDCP", and XX NGO, at address XX, tax identification number XX, hereinafter referred to as "FINANCED NGO", in this agreement represented by XX, identity number XX, tax number XX, resolve to celebrate this CONTRACT that will be governed by the following clauses and conditions:

Clause 1: Objective

The objective of this CONTRACT is the provision of financial support by the PROJECT for the accomplishment of the proposed objective of the SUBPROJECT XX as specified in the paragraph below. The FINANCED NGO should incur costs in accordance with the budget in the SUBPROJECT.

The SUBPROJECT XX is an integral part of this CONTRACT, with the object of -----
(fill in subproject objective)----.

Clause 2: Applicable Legislation

This CONTRACT is based on the terms and conditions presented in the AD/BRA/99/E02 (AIDS II) Project celebrated between the Federal Republic of Brazil and the United Nations Drug Control Program – UNDCP, signed on December 21, 1998, supported by the Basic Technical Assistance Accord between the United Nations and the Government of Brazil on December 29, 1964, promulgated by Decree 59.308 of September 23, 1966.

Clause 3: Responsibilities of the AD/BRA/99/E02 (AIDS II) Project

1. Propose, through the National Program of STD/AIDS modifications and adjustments as necessary for the good conduct of the SUBPROJECT.
2. Approve the technical and operational procedures necessary for the implementation of the SUBPROJECT;

3. Provide technical assistance as necessary and/or requested for the good conduct of the SUBPROJECT and achievement of its proposed objectives;
4. Supervise and monitor the implementation of the SUBPROJECT directly or indirectly;
5. Provide, through UNDCP, transfer of funding for the implementation of the objective in Clause 1, in compliance with Clause 7 of the CONTRACT and with the Financial Timeline of the SUBPROJECT;
6. Analyze and approve the Accounting of the funds distributed for the implementation of the SUBPROJECT.

Clause 4: Responsibilities of the FINANCED NGO

1. Execute the SUBPROJECT referred to in Clause 1, within the expected timeframe in Clause 10 of this CONTRACT, ensuring the spending of funds in compliance with the approved budget and within the budget line items;
2. Spend funds received from UNDCP exclusively on the objective of Clause 1, including any interest income; spending is prohibited on interest, finance or bank charges, taxes, social security taxes, which should be paid for by the FINANCED NGO;
3. Account for funds through accounting reports and original receipts for all expenses, certified and referenced to the spending of funds received, in compliance with Clauses 6 and 7 of this CONTRACT;
4. With respect to incurring expenses under this CONTRACT, comply with the norms for procurement of materials, equipment and personal services, presented in the manual “Instructions for the Spending of BIRD Loan Funds” which is an integral part of this CONTRACT,
5. Communicate to the PROJECT any alternation of the legal status of the FINANCED NGO in terms of by-laws or other documents that could result in the modification of the structure, management or legal representation of the FINANCED NGO.

5.1 The PROJECT reserves the right to evaluate the effect of any legal modifications that could impact the development and implementation of the SUBPROJECT of the FINANCED NGO, by requesting information about the reasons adopting the modifications, with the right to accept or reject such reasons at its exclusive criteria, with lack of information being sufficient grounds to terminate this CONTRACT.

6. Present progress reports every three months, and, for research SUBPROJECTS, every six months.
7. Present a final and detailed technical report within a maximum of 90 days after the termination of this CONTRACT.
8. Attribute credit for total or partial financing to the National Program of STD/AIDS/MOH and UNDCP, in the dissemination, by any means, of products related or derived from this CONTRACT.

Clause 5: Responsibilities of the Intermediary (UNDCP)

1. Transfer funds of the PROJECT to the FINANCED NGO, on the condition that deposits to be effected by the MOH have been received according to the Project Document PRODOC, signed by the Government of Brazil.
2. Acknowledge the accounting and progress reports analyzed and approved by the PROJECT.
3. Provide technical assistance, in partnership with the PROJECT, for the good conduct of the SUBPROJECT and achievement of the proposed objectives.
4. Supervise and monitor the implementation of the SUBPROJECT directly or indirectly;

Clause 6: Accounting of Funds

The FINANCED NGO must submit to the PROJECT accounting of funds related to costs incurred in compliance with Clause 7 and the manual “Instructions for the Spending of BIRD Loan Funds”.

1. For all expenses, submit original receipts which should be certified and numbered in the order presented in the accounting report.
2. Expenses incurred before or after the term of this CONTRACT will not be accepted.
3. The PROJECT and/or UNDCP, directly or indirectly, can at any time conduct a supervision visit to verify the correct spending of funds under this CONTRACT.

Clause 7: Amount of Funding and Disbursement

UNDCP will disburse R\$ xxx to the FINANCED NGO in accordance with the conditions below:

Disbursement of Funds	Conditions for the liberation of funds	Deadline for submission of the Accounting Report	Amount R\$
1 st	Upon signing of the Contract		Xx
2 nd	Upon delivery of the Progress Report and the accounting of at least 80% of the first disbursement.	xx	Xx
Total			Xx

Devolution of Funds: If the conditions for one or all of the aforementioned disbursements are not met, the PROJECT and UNDCP reserve the right to require the devolution of any unsubstantiated expenses or of any unutilized funds.

Clause 8: Use of Funds

The FINANCED NGO will access the funds of the CONTRACT through a separate bank account with Bank XX, branch office no. XX, account number XX in the city of XX, and all expenses should be paid through the emission of a nominal check.

The FINANCED NGO is obligated to restate to the PROJECT any remaining balance of these funds, including any interest earned, within 30 days after the termination of the CONTRACT.

Clause 9: Ownership and Use of Assets and Production of Materials

1. The assets acquired with the funds from this CONTRACT are the property of UNDCP and will be disposed by the PROJECT after submission of the corresponding receipts. The PROJECT will emit an inventory and the terms of responsibility to be signed by the FINANCED NGO.
2. The FINANCED NGO is responsible for assuring the visible acknowledgement of the support received according to the following guidelines:

Any and all printed, edited, filmed or recorded material that is produced as a result of this CONTRACT, should have the name and logo of the National Program of STD/AIDS/MOH and UNDCP, as well as an explicit reference to the support received. The logos will be provided after the analysis and approval by the National Program of STD/AIDS/MOH and UNDCP, of the material to be produced.

The name, logo and reference to provided support by the National Program of STD/AIDS/MOH and by UNDCP to the production of material resulting from the execution of this CONTRACT, should be in a visible location and the same size as the logo and name of the FINANCED NGO, with the following wording:

Material "Financed by the National Program of STD/AIDS/MOH and UNDCP"
Vehicle: "MOH and UNDCP" on the external sides of the vehicle

Compliance with this clause should observe the conditions and requirements for "written pre-authorization" established in Item 2 of Clause 13 of this CONTRACT.

Clause 10: Term of Contract

The term of this CONTRACT will begin on the date it is signed by the FINANCED NGO and expire in XX months.

Clause 11: Termination

This CONTRACT can be terminated in the case any infraction of any one of its clauses or conditions, or in the case of denunciation by any parties after a minimum of 30 days, or at any time in the case of a legal action or material fact.

Clause 12: Penalties

In case of noncompliance on the part of the FINANCED NGO, the PROJECT will determine the blocking and devolution of funds, as well as possible administrative and legal measures.

Any irregularity will subject the FINANCED NGO to possible penalties that could range from the disallowance of expenses to the termination of the CONTRACT, not precluding the application of other civil and criminal penalties as appropriate.

Clause 13: General Considerations

1. Legal Dispositions

Not the FINANCED NGO, nor anyone in its employ, may be considered an agent or member of the staff of the National Program of STD/AIDS/MOH or UNDCP, or obtain any privileges, immunity, retribution, or reimbursement that is not expressly permitted in this CONTRACT. No additional costs or obligations for either the PROJECT or UNDCP will be authorized.

2. Emblem, seal and name of the National Program of STD/AIDS/MOH and UNDCP

The FINANCED NGO may not use the emblem (logo), seal or name of the National Program of STD/AIDS/MOH and UNDCP, without their written pre-authorized approval.

3. Familial Relationships

The FINANCED NGO, if an individual, warrants that he/she is not the father/mother, son/daughter or brother/sister of any member of the technical staff of the UNDCP, or that during the term of this CONTRACT, is not employed by third parties or a person that has a contract with UNDCP. The FINANCED NGO further warrants that he/she is not a spouse of any member of the technical staff of the UNDCP, or any third parties or person employed by UNDCP.

4. Obligations, Releases, and Insurance

- a) The FINANCED NGO certifies that the development of the proposed activities will not affect the rights of others nor infringe on any laws.
- b) The FINANCED NGO will assume responsibility for all expenses related to the development of the proposed activities except for the expenses cited in this CONTRACT as being funded by this CONTRACT.
- c) The FINANCED NGO will release the PROJECT and UNDCP from all and any responsibility for any damages resulting from the non-compliance with the above obligations and, from any legal action or complaint resulting from the illicit actions or omissions on the part of the FINANCED NGO or any of its agents during the term of the CONTRACT. The FINANCED NGO will assume the cost or reimburse the PROJECT and UNDCP for additional costs and/or other legitimate expenses related to any legal proceedings in which the PROJECT and UNDCP come to be implicated as a result of an infraction committed by the FINANCED NGO.
- d) The FINANCED NGO will assume complete responsibility for any insurance (health, accident, or other) that becomes necessary to protect the FINANCED NGO against any loss, liability, damages, or illness that could occur during the term of this CONTRACT.

Clause 14: Jurisdiction

The jurisdiction of Brasilia is selected to decide any legal questions that arise from the execution of this CONTRACT.

Therefore, being in agreement, the parties sign four identical copies of this CONTRACT in the presence of the witnesses below.

Brasilia, September xx , 1999

Coordinator
National Program of STD/AIDS

REPRESENTATIVE NAME
FINANCED NGO

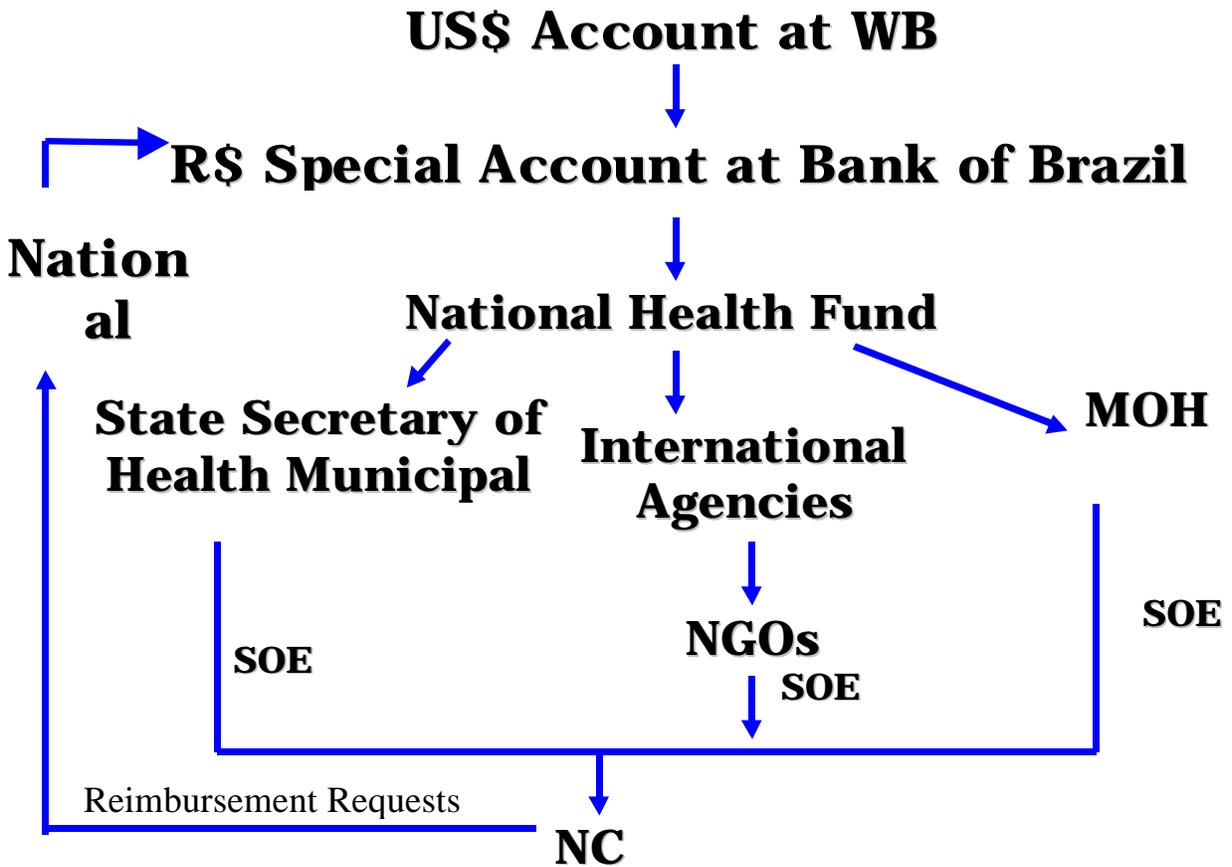
Intermediary:
Representative of UNDCP in Brazil

Witnesses:

Id number: _____
Tax number: _____

Id number: _____
Tax number: _____

Annex G: Flow of Funds Under AIDS II



Annex H: Accounting Report

Progress Report¹¹ NGO Liaison Unit

Expense Category	Budget	Actual Expenses during the Period
1. Equipment		
2. Instructional Materials		
3. Consultant Services		
4. Training		
5. Vehicles		
6. IEC		
7. Supervision		
8. Maintenance		
9. Other supplies		
10. Condoms ¹²		

¹¹ Accounting report is part of Progress Report.

¹² Indicate the number of condoms received and distributed during the period.

Annex I: Progress Report

Period: ____/____/____ to ____/____/____

Quarter: 1 () 2 () 3 () 4 () consolidated ()

Project Name: _____

Contract Number: _____

Initiation of Contract: ____/____/____ Termination of Contract: ____/____/____

Implementing Entity: _____

Address: _____

Zip: _____ City: _____ State: _____

Telephone: _____ Fax: _____

Total Project Funds: R\$ _____

Funds Disbursed: R\$ _____

Date funds were received: ____/____/____

Person responsible for the implementing entity: _____

Position/Title: _____

Signature of person responsible for the information

date

**Progress Report
NGO Liaison Unit**

Unplanned activities that were implemented during the quarter	Justification

Planned activities that were not implemented during the quarter	Justification

Difficulties Encountered	Suggestions and Comments

Annex J: Results from Interviews with NGOs HIV/AIDS in Brazil

Between March and May 2000, 20 NGOs working on HIV/AIDS were interviewed about their experience in contracting with the Brazilian MOH's National Program of STD-HIV/AIDS (NC) under the AIDS I and II projects. The sample represented all the regions of the country as well as a broad variety of target populations and types of programs. Based on their experiences, the NGOs offered many suggestions for how to improve the contracting process. These survey results were a critical component of this case study.

The questionnaire and tabulation of responses was done by Catherine Connor, and the selection of NGOs and interviews were done by José Araújo Lima Filho e Francisco Xavier Ramos Pedrosa Filho. We are extremely grateful to the NGOs that gave of their limited time to contribute information and thoughtful suggestions to this survey.

Part A: Profile of the NGOs interviewed

Region where the NGO is located	
North	2
Northeast	8
Central West	2
Southeast	7
South	1
Total	20

Year the NGO was formed	
1980-1989	6
1990-1999	14
Total	20

Number of contracts the NGO has with NC-HIV/AIDS	
1 contract	4
2 contracts	7
3 contracts	2
4 contracts	2
5 contracts	1
6 contracts	1
7 contracts	2

Number of contracts the NGO has with NC-HIV/AIDS	
8 contracts	0
9 contracts	0
10 contracts	0
11 contracts	1
Total number of contracts	68

Target population of programs financed by contracts	
Children /adolescents	4
Teachers	3
Homosexuals	3
Women	4
People living with HIV/AIDS	14
Poor, homeless	2
General population	2
Doctors, hospitals	1
Sex workers	5
Others	4

The total is more then 20 due to multiple responses.

Type of programs financed by contracts	
IEC	6
Social or medical assistance	11
Behavioral change intervention	8
Events/workshops/seminars	3
Training	12
Judicial support	8
Political activism	5
Distribution of products (condoms)	13
Institutional development	5

The total is more then 20 due to multiple responses.

Part B: Experience of NGOs to contract with the MOH/NC

Why did your NGO sign a contract with NC-HIV/AIDS? What were the expectations of the NGO regarding this partnership?	
Improve our work, our program	12
Expand the impact of our activities	3
Achieve program objectives	10
Identify or acquire resources	11
Work with MOH/NC	5

The total is more than 20 due to multiple responses.

Some responses:

- To improve our work ...as well as protect this target population against disrespect ... rescuing their self-esteem
- Because we consider it a political obligation of the NC to support this event
- For female sex professionals to confront the epidemic
- To strengthen the partnership with the NC and our engagement in the fight against AIDS
- For the institutional survival of the NGO and the beginning of a dialogue and partnership with the MOH
- Because the NC is constitutionally the federal organ responsible for the control of AIDS in our country. In addition, it made available means compatible with our needs and perspectives for work to develop actions against AIDS in our region.
- Initially we were a little cynical about a partnership with a government organ. However, soon in the first months any doubts about the success of the partnership were removed
- We understand the WB loan to be a public resource and, therefore, available to all through the competitive process that was instituted. In this sense, our expectation was to sign an agreement to establish a relationship of “financer” and “financed”, without any other obligation except the execution of the work plan agreed to by both parties, the same way that is done with any other financing agent.
- Because we believe in the AIDS I and AIDS II Projects, and trust and respect the partnership with the NC to elaborate and execute projects. The MOH is currently the most accessible financing agent in the area of AIDS.

Were the objectives/expectations of the contract met?	
Yes	17
No	0
Partially	3

Some comments:

- Absolutely.
- Yes, because we didn't have big expectations.
- So far yes.
- So far no problems.
- Yes, all the proposed expectations are being developed and the orientation received from the NC has facilitated execution.

- Yes, all.
- Within the proposal, expectations and objectives were achieved, since we did not expect anything beyond our work plan.
- Yes, it has allowed the NGO to be more active in its mission and form many homosexual leaders.
- Yes, especially since our NGO became the reference center of the state in the area of legal rights of persons with HIV/AIDS.
- Yes in terms of the objectives. Regarding expectations, they have not been satisfactory due to the lack of continuous and frequent TA by the NC.

What was the impact of the contract on the clients/target population?	
Increased access to services (e.g., medical attention, psychological attention)	18
Increased access to products (condoms, medicine, sterilized needles)	16
Increased knowledge of risks to HIV and how to prevent infection	17
Defend the legal/political rights of persons with HIV/AIDS	16

The total is more than 20 due to multiple responses.

What percentage of the NGO's total budget does the NC-HIV/AIDS component represent? (estimate)	
Up to 25%	3
26% to 50%	6
51% to 75%	4
76% to 100%	5
More than 100%	2

NGOs responding "more than 100%" explained that NGO contract funds represented a major expansion of the organization and consequently, more than 100% of their budget .

Can the program and activities financed by the contract continue after the end of the current contract with other sources of funding?	
Yes	10
No	2
Partially	8

Some responses:

- Yes, but without the same human resources.
- Yes, but reducing activities and services, and with precarious human resources.
- Some contracts yes, others no. Projects for the homosexual community need government financing due to the difficulty of private sector support.
- Yes, the project will continue with financing from another source.
- Yes. We have directed our efforts to diversify our partners and financing so no project has to be interrupted due to the absence of funding from the NC.
- Today we have other sponsors.
- ...we are fighting...

Did your NGO have some problem regarding the contract?	
No	16
Yes	4
How was it resolved?	
Solution negotiated with NC	3
No answer	1

Some responses:

- The contract did not comply with Brazilian law (by requiring that the NGO submit original receipts to the NC while the law requires that the NGO retain original receipts for tax reasons). After much struggle, an agreement was reached.
- Problems related to opening the bank account. The contract was modified.
- The problems were resolved through phone calls to the MOH and visits by the NC.

How many times was the NGO visited by someone from the MOH on matters related to the contract?	
None	5
One time	7
Two times	2
Three times	4
Four or more times	2

What was the reason for the visit?	
Technical assistance	8
Accounting process	8
Technical evaluation	8

Other reasons:

- Get to know the project better
- Inspection of the NGO's assets and finances
- Disposal of assets acquired under the contract
- To get to know the institution

Was the visit useful?	
Yes	13
No	2

Some comments:

- Did not add any new information
- Very useful, helped clarify questions

- Very rapid visit without much impact on the NGO
- Clarified technical points and allowed transparency of actions
- TA was especially useful

Part C: NGO Capacity to Contract

Self-assessment by the NGO regarding their previous experience with the 7 components of the contract			
	Little /None	Some/Fair	Good/Optimal
Prepare proposals	1	11	8
Prepare budgets	0	9	11
Participate in a competitive bid	0	13	7
Negotiate the contract	1	8	11
Implement the contract	1	8	11
Monitor and evaluate their programs	2	10	8
Accountability, accounting process	0	10	10

Have the NGO ever had contracts with other entities?	
Yes	18
No	2

Did the NGO receive outside assistance to strengthen its capacity in these areas?	
Yes	16
No	4

From whom did the NGO receive assistance?

- Volunteers from the administrative area
- Volunteers from universities
- Other NGOs
- Private companies
- MOH/NC
- International AIDS Alliance
- External consultants
- SEBRAE (Brazilian small business administration)
- State Secretariat of Health
- ABIA (Brazilian Interdisciplinary Association for AIDS)
- German Service of Technical Cooperation
- ABONG (Brazilian Association of NGOs)
- Foundations

Part D: Comments and Suggestions for MOH Contracting

In your opinion, what worked best in the process?	
Transparency	2
The flexibility and responsiveness of the National Program (NC)	2
Technical exchange	2
Ability to learn from mistakes	2
The relationship between the NGOs and the NC	10

Some responses:

- Our capacity to learn from our mistakes and the capacity of the NC to negotiate and address demands
- The communication between the NGO and MOH improved over the years. The partnership has become more horizontal. Initially the projects were more broad, now the contracts are more focused, which has facilitated the process.
- The results with the target population.
- The relationship between the NGO and NC has, to the degree possible, addressed the demand of the NGO quickly and responsively.
- What has worked well with the contracts are the project results in relation to the communities reached.
- The communication between the MOH and the NGOs has improved significantly over the years, and so has the transparency of the process of the AIDS Projects.
- The communication between the MOH and the NGOs is good, it is an open channel of dialogue.

What are your suggestions to improve the process of requesting proposals?	
No response or responded "okay"	14
Responded with suggestions	6
Suggestions given more than once	
TA before NGO sends proposal	3
More time to prepare and submit proposals	3
Less bureaucracy	2
Simplify the complex proposal form	4

Suggestions and comments:

- The prerequisites and conditions to participate in any contract should be very well explained to avoid misinterpretations and false expectations.
- The MOH needs to build the capacity of the NGOs to address the requirements of the official proposal form.
- The process is well disseminated.
- More assistance by the MOH to prepare proposals.
- The proposal form should be redesigned and simplified.
- The RFP should be released earlier.

What are your suggestions to improve the process of selecting proposal and awarding contracts?	
No response or responded "okay"	12
Responded with suggestions	8
Suggestions given more than once	
Change the selection committee	3
More agility in the process	2

Suggestions and comments:

- It is ok due to the presence of external consultants to make the selection.
- The selection of proposals should be done by external committees at the state level within the state of origin of the NGO.
- The external selection committee should include people identified with diverse target populations at risk.
- There should be more support for groups that already work with HIV/AIDS for many years since some NGOs were created just because of the contract resources.

What are your suggestions to improve the monitoring of contract implementation?	
No response or responded "okay"	2
Responded with suggestions	18
Suggestions given more than once	
More support	6
More frequent visits	7
Training in evaluation	3
Less bureaucracy	3

Suggestions and comments:

- The progress reports are modified frequently. The MOH needs to build capacity of NGOs to produce progress reports. The reports should be biannual instead of quarterly.
- The progress report format helps project monitoring. However, there is excessive bureaucracy and it is very quantitative. Question how the impact of the contracts can be captured. Suggest establishing quantitative indicators of social impact.
- We believe that Brazil lacks an accumulation of experience in this area (M&E) where we do not have competent technical staff to support projects with the process of evaluation and monitoring of their work. To find this capacity would be fundamental to know for certain what are the impacts of these activities in Brazil and better direct financial resources.
- Could be better since there aren't many effective mechanisms to measure impact of NGO activities.
- Could be better through greater interaction between technical staff from the MOH and NGOs.
- There should be more frequent monitoring visits by the NC.
- Could be better. It is very bureaucratic (not in the content, but in the form).
- Monitor "in loco" of contract activities which means more TA by the NC.
- There should be more visits.

What are your suggestions to improve the distribution of funds?	
No response or responded "okay"	4
Responded with suggestions	16
Suggestions given more than once	
Cover other costs	11

Suggestions and comments:

- Funds should cover costs like employment taxes, electricity, water, phone, transportation, etc.
- We perceive a problem that there are programs for the same areas, duplicating activities. Partnerships should be encouraged whenever possible.
- It's unjust. The budget cuts should be reconsidered, and the original proposed budget respected.
- Some of the accounting rules should be communicated by the MOH ahead of time.
- The budget cuts by the NC of the approved projects are very large and in some cases threaten the viability of the programmed activities.
- The distribution of resources should consider the regional differences and needs.
- Infra-structure expenses of the NGO should be covered (transport, water, electricity, telephone) as well as more resources for IEC and prevention.

What are your suggestions to improve the accounting process?	
No response or responded "okay"	5
Responded with suggestions	15
Suggestions given more than once	
Less bureaucracy	9
More orientation	2
Comply with Brazilian law	2

Suggestions and comments:

- The review and approval of accounting reports is slow, and release of new resources is delayed.
- The World Bank requires original receipts for expenses, but Brazilian tax law requires that the NGO save receipts for five years in case of an audit.
- The rules for getting price quotations could be simplified.
- Disbursing the funds in several payments makes accounting difficult.
- It's ok, just that some rules change during the contract.

Other suggestions and comments:

- The MOH, through the NC, should offer frequent training in the area of administrative and financial management.
- During implementation, with the unfolding of activities, it is very common for other demands and priorities to appear that were not foreseeable during development of the proposal. The lack of flexibility in the redistribution of resources to address the needs generated by project activities represents an obstacle to achieve the best results of our initiatives.

- The relationship of partners between the NC/MOH and the NGOs is vertical. The NGO must adapt to the directions established by the MOH, while the reality in the community is very dynamic. Suggest that we discuss more the real social impact of our actions.
- The RFP process should be annual, with dissemination to the NGOs at the beginning of the year to synchronize the fiscal and health system documentation required.
- The NC should not just monitor the activities programmed in the contracts, but provide TA and support to the development of activities.
- Informational and educational materials should be more decentralized, and more adapted to local and regional realities.

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