

CHAPTER 5

GOAL VERSUS FINANCING CONDITIONS

5.1 Introduction

The developers of a project have certain goals and procedures in mind which are normally outlined in a business plan or memorandum of agreement. Donors, on the other hand, also have their own goals and desires in mind. When attempting to recruit donors for a project, the ideal is to find donors whose objectives are compatible with the objectives of the intended project. This is often not possible. It may happen that in order to secure financing for a project, the original objectives, timing and methodology will have to be amended.

How financing conditions alter a recipient's initial goals and how that affects the outcome of a project was approached in this chapter. Variation of expenses in different countries was also considered. Whether donors take this into consideration when giving funding to a specific country or project, is another question. Finally an assessment of the structures of funding given to RN4CAST and TEASDALE CORTI, two projects within the author's work environment, was made.

5.2 Funding versus Burden

According to Shiffman (2002), "an issue shaping donor funding worth looking at would be the relative contribution of developing versus industrialised world interest. Both these are very important, but which is more powerful? And, how do these needs and interests form? Are they grounded primarily in quantifiable, material considerations such as burden and profit? Or are they constructed to be socially dependent as much on public myths and fears as on objective conditions?"

Shiffman (2002) also stated that there are three main factors that influence donor funding.

1. "The first set concerns rational consideration of the seriousness of the crisis."

The greater a disease's mortality and morbidity burden, the more likely it is to attract donor funding. Another contributing reason is that diseases that are spreading rapidly may be prioritised as high priority, as donors seek to contain epidemics. Diseases that predominantly afflict countries with weak health infrastructures may receive greater attention as these countries cannot contain the diseases on their own. Variance across diseases in funding allocations is considerable as shown by looking at the data from Figure 5.1 and **Error! Reference source not found.** below.

2. The second set of factors concerns characteristics of the victims.

In particular, diseases that afflict children may be more likely to attract funding than those affecting adults or the elderly. As children spark a humanitarian impulse, and donors may want to maximise the number of healthy life-years that they save through their interventions.

3. The third set of factors is political and economic in nature.

Responding to pressure from elites in their own countries, donors may confront those diseases that these leaders fear will threaten their own citizens. Also, the existence of an epidemic in an industrialised country may generate awareness among its citizens of the seriousness of the disease in the developing world, mobilising interest groups to place pressure on their government to tackle that disease overseas.

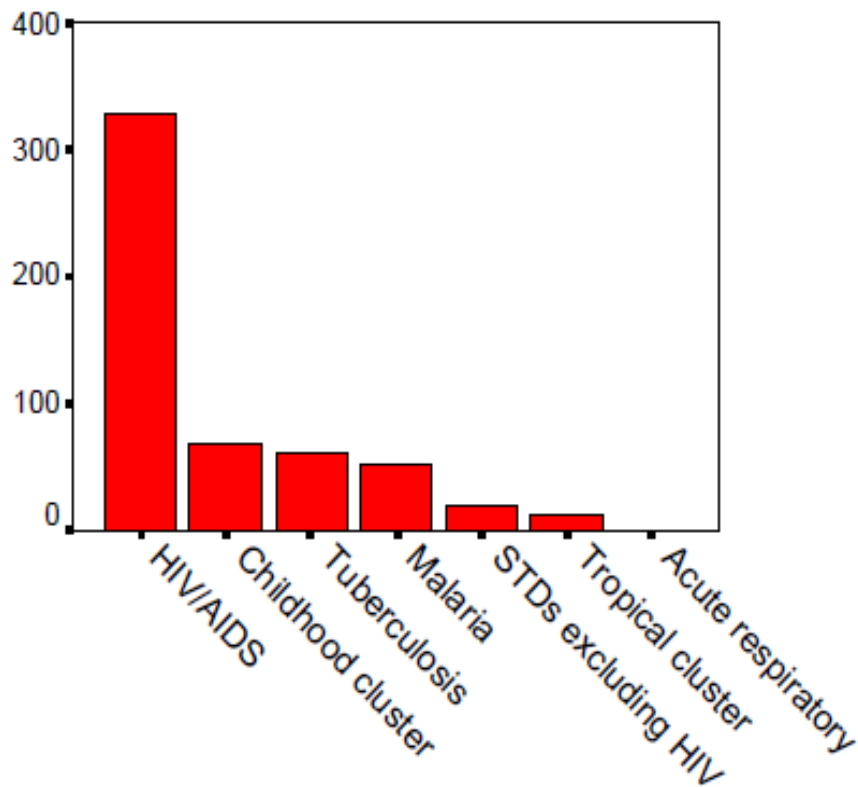


Figure 5.1: Average Annual Donor Funding in Millions of Dollars (1996-2000)

Source: Shiffman, 2002

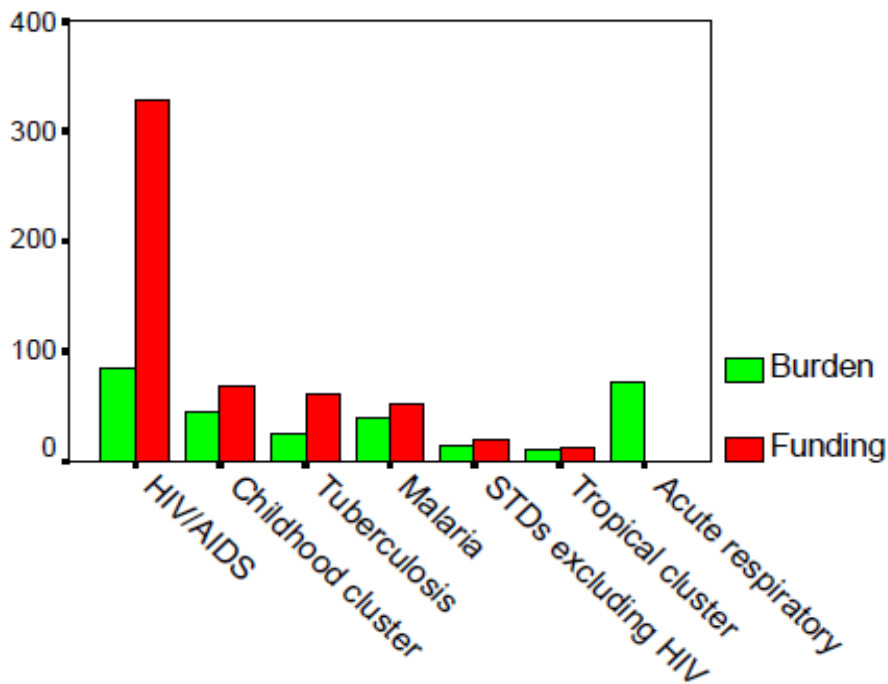


Figure 5.2: Funding vs. Burden

Source: Shiffman, 2002

Figure 5.1 and Figure 5.2 above, indicate that HIV/AIDS receives the biggest portion of donor funding in the health sector, whereas the burden for acute respiratory infections is just as high as that of HIV/AIDS. Nevertheless the funding for it is significantly lower than that of HIV/AIDS. Thus acute respiratory infections stand as the most neglected set of diseases receiving funding, when one looks at funding versus burden of diseases (Shiffman, 2002).

According to Caines et al. (2004), “60% of identified funding is targeted at the three big diseases: HIV/AIDS, TB and Malaria, with HIV/AIDS being the number one priority.” Pearson (2004), also stated that, “over 60% of resources financing is channelled to Africa, where communicable diseases account for over 70% of the burden of diseases, and infectious- and parasitic diseases alone, account for more than half thereof.”

Table 5.1: Diseases ranked from Highest to Lowest per disease

Disease	1981-1985	1986-1990	1991-1995	1996-2000
Accute Respiratory Infections	5	9	8	11
Childhood-cluster diseases	11	4	6	2
Dengue fever	6	7	12	10
Hepatitis	11	12	9	8
HIV/AIDS	11	1	1	1
Intestinal nematode infections	11	10	11	13
Japanese encephalitis	11	12	14	14
Leprosy	4	6	2	7
Malaria	1	2	4	4
Meningitis	11	12	13	9
STDs excluding HIV	8	12	7	5
Trachoma	7	8	10	12
Tropical-cluster disease	2	5	3	6
Tuberculosis	3	3	5	3

Source: Shiffman, 2002

Malaria and tropical-cluster diseases dominated funding in the early 1980's, according to Shiffman (2002). This trend changed rapidly as HIV/AIDS emerged as the number one disease responsible for deaths. Thus from the mid - 1980's the bulk of funding went to HIV/AIDS research, nearly two-thirds of the total funding of that time. Donor prioritisation of diseases of adults received more attention than that over children.

This meant that the number one disease killing children, acute respiratory infections, were under funded.

5.3 An Investigation of how Applicants Alter their Original Goals to Apply for Funding

5.3.1 The MDG's

The Millennium Development Goals (MDG's), as stated by the G8 leaders, was given to ensure that everyone's basic needs are fulfilled.



Figure 5.3: The Millennium Development Goals

Source: Zidane, 2011

Donors use these goals to determine what they want to give funding to. This differs from country to country, as each country sees these goals differently. A specific country will give more money in the area their country suffers the most or the MDG that places the

greatest burden on them as individuals. An exploration of funding towards the eight MDG's in detail is made in Chapter 7.

5.3.2 Funding Indicators

Funding allocated towards research is well understood. However, research outputs on the other hand may have an effect on research funds allocated in the future, so it is useful to know where research outputs played a significant role or have contributed towards future funding (Birdsell & Asselbergs, 2006). Up until 2002 the promises of funding and actual funding received didn't meet requirements. Thus the question: "What explains the gap between ambitions and actual contributions?"

Van Dalen and Reuser (2005) identified four types of reasons indicating why there was a difference in the above question.

1. Unwilling to pay.

This can be explained as a preference for certain programmes which are in line with one's religious beliefs or just a preference for certain programmes.

2. Unable to pay.

Foreign aid forms part of government budgets, if the governments experiences a business downturn cycle or unexpected increases in government spending, they have to change their priorities and downscale funding.

3. The appearance of the moral hazard of "free rider" behaviour in financing global public goods.

According to Van Dalen and Reuser (2005), this is the most difficult behaviour element to assess. The biggest problem here may be the "free riders". "In other words, is the global health good really a pure public good?"

4. Political opportunism.

Most of the funding is politically motivated, thus a country gives money for political gain.

5.4 Expenses in Different Countries

The world is divided into First, Second and Third World countries, which means that certain countries are more developed than others. Most of these countries have their own currency and expenses differ from country to country. Donors need to take this into account when giving funding to another country. Some expenses may be very low in their country, but certain other expenses may be double or even triple in the country that receives the funding. Thus fifteen countries were chosen randomly, half of them mostly give funding and the other half mostly receive funding. Seven expenses were identified. These included those that would most likely appear within projects, so that an analysis and comparison can be done between these countries. These expenses may have a fundamental impact on the outcome of a project. Most donors divide the money given into categories and donors are not allowed overspending that certain category by more than ten per cent. The total of that category must still be within the budgeted amount.

Expenses will be evaluated for:

Canada, Germany, Australia, United States, United Kingdom, France, Japan, Netherlands, eight countries that give funding, most of them fall under the Top Ten donor countries. Kenya, South Africa, Zambia, Sierra Leone, Egypt, Tanzania, Zimbabwe are the seven countries that receive most funding, most of them under the Top Ten of all Third World countries.

The following expenses will be evaluated:

Travel costs, subsistence/refreshments/catering costs (cost of living), training costs, remuneration in different countries, equipment expenses, transcription costs and accommodation costs are the seven costs that will be scrutinised. When looking at a project, the above would most likely appear under the expenses category. A clear definition of each is given when the particular expense is evaluated.

The following currency conversions were used for all the figures in this chapter, as all values in figures in this chapter will be in South African Rand (ZAR).

Table 5.2: Conversions to Rand

COUNTRY	CURRENCY		CONVERSION
Canada	Canadian Dollar	CAD	1CAD = R7.09
Germany	Euro	E	1E = R9.92
South Africa	Rand	R	R1 = R1
Australia	Australian Dollar	AU\$	1AU\$ = R7.25
Kenya	Kenyan Shilling	KES	1KES = R0.08
Zambia	Zambian Kwacha	ZMK	1ZMK = R0.001
Sierra Leone	Sierra Leonean Leone	SLL	1SLL = R0.002
United States	US Dollar	US\$	1US\$ = R7.00
United Kingdom	British Pound	GBP	1GBP = R11.44
France	Euro	E	1E = R9.92
Japan	Japanese Yen	Y	1Y = R0.09
Egypt	Egyptian Pound	EGP	1EGP = R1.17
Tanzania	Tanzanian Shilling	TZS	1TZS = R0.004
Zimbabwe	Zimbabwean Dollar	ZWD	1ZWD = R0.002
Netherlands	Euro	E	1E = R9.92

Source: Anon (a), 2011

Based on exchange rates as at 8 August 2011.

5.4.1 Travel costs (fuel price per litre)

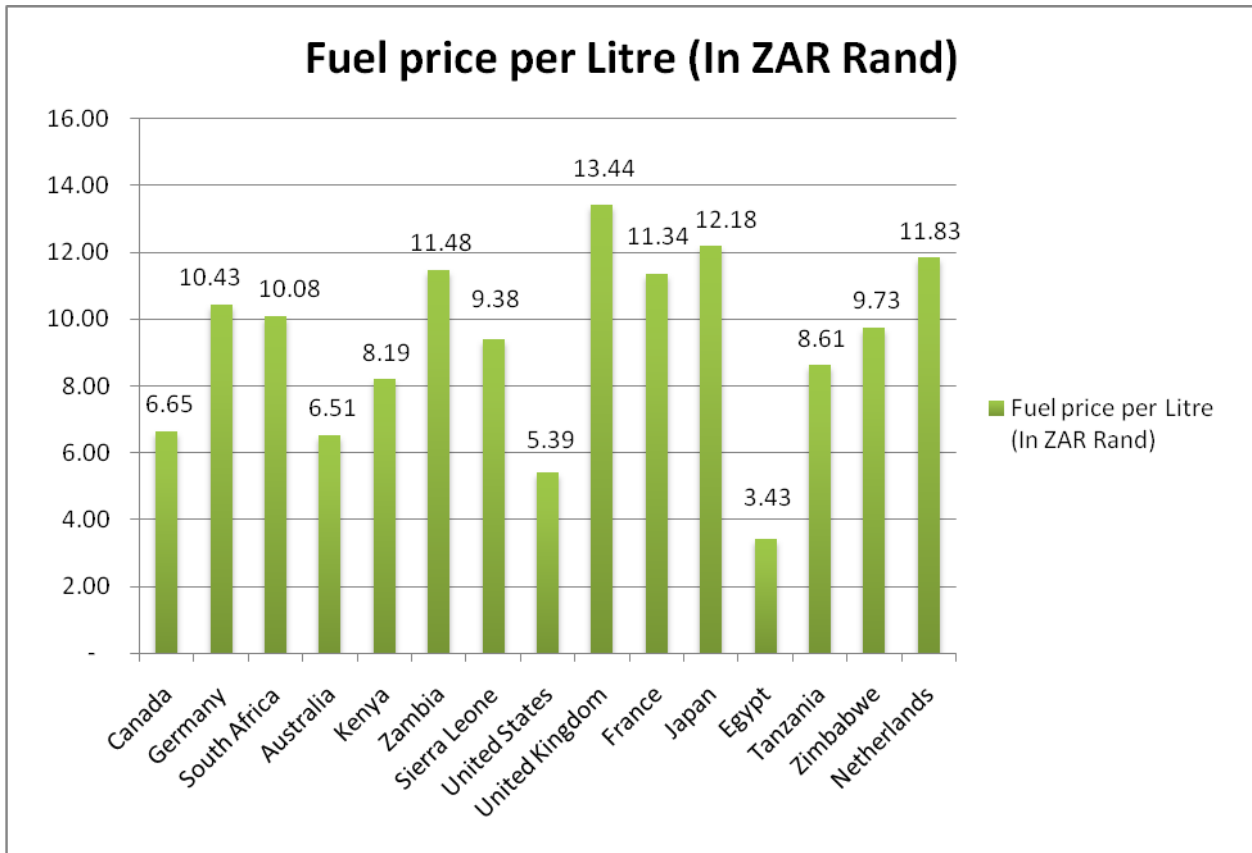


Figure 5.4: Fuel costs in different countries

Source: Anon (b), 2011

Fuel prices as at 8 August 2011

From the above figure it is clear that fuel prices per litre differ in different countries. But not only fuel prices give an indication of travel costs in a country. Other aspects that must be taken into account are the size of the country, the country's transport infrastructure, and the safety of public transport.

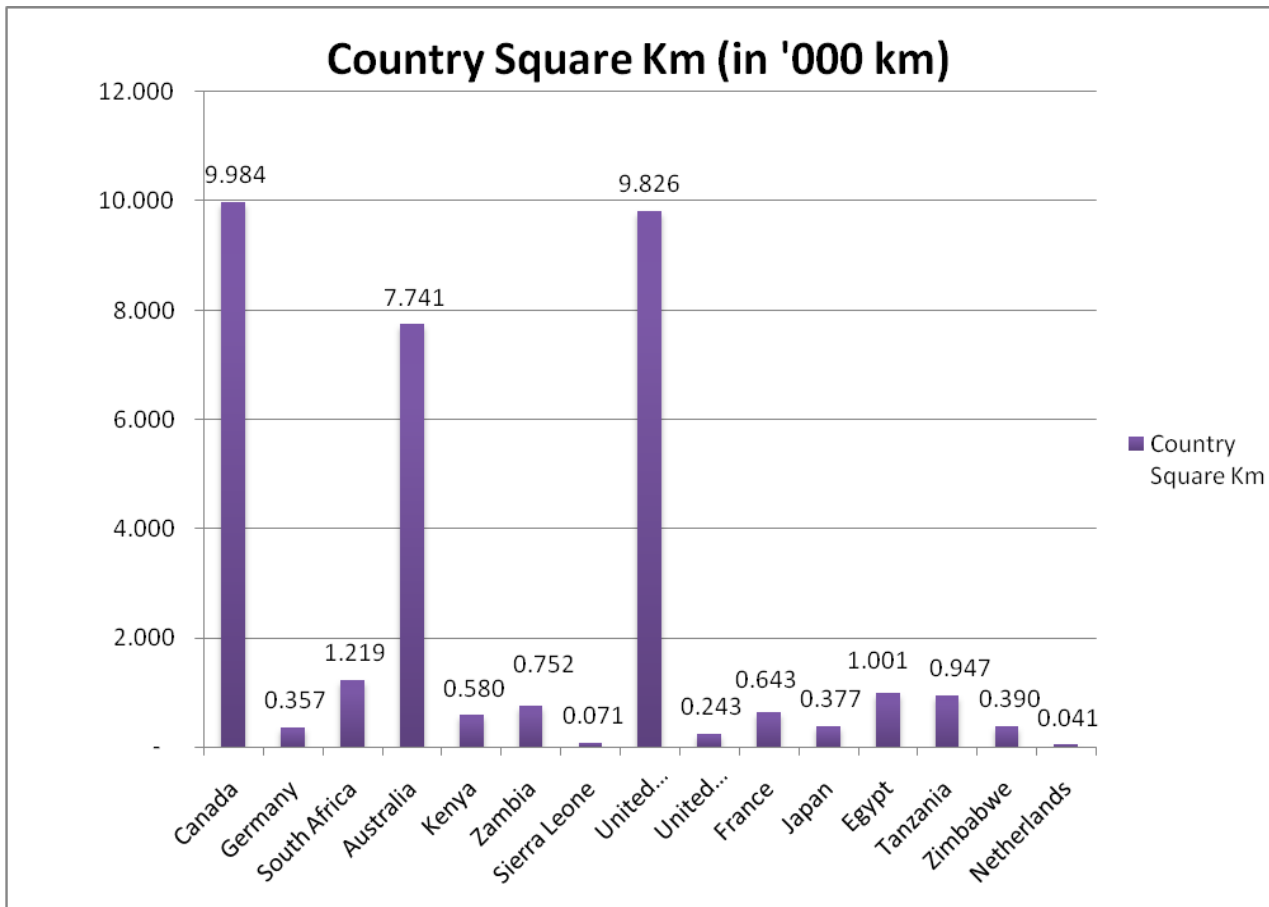


Figure 5.5: Country square kilometres

Source: CIA World Fact Book, 2011

Figure 5.5 indicates that the infrastructure and travelling systems in a country also play a role when determining the travel costs in a certain country.

Most European countries have a tram service, public taxis or buses that are usually cheaper than travelling per vehicle. The square kilometres per country can also be misleading as a guide; because it is not said how many people inhabit a square kilometre.

Canada for instance, is a country of 9.984 million square kilometres and there are 34 million people living in Canada. South Africa on the other hand covers only 1.219 million square kilometres and its inhabitants total 49 million (CIA World Factbook, 2011). Canada is a high income country while South Africa is classified as a low income country. The infrastructure in Canada is also more advanced than the infrastructure in South Africa.

Canada has a commuting system where one can make use of trams, underground trains, buses, own transport or even taxis. In South Africa we can only make use of own transport, as it is unsafe to travel in taxi's or trains (in most secluded places) and the railway only travels to certain towns. Only the big cities make use of busses for commuting safely.

Whether donors take this question into account when planning distribution of funding, is another question. Nevertheless these differences do have a huge impact on a project, as most research projects make use of data collection involving travelling.

To conclude, travelling costs according to different country's need to be taken into account when budget distributions are done. Donors also need to acquaint themselves with the different modes of transport available in the countries they are funding. The cost implications of travelling are relevant as most African countries (which receive the bulk of funding) do not have an adequate transport infrastructure.

5.4.2 Subsistence/refreshments/catering costs (cost of living per month)

Subsistence/refreshments/catering costs in this case refer to the money required for food and beverages per month.

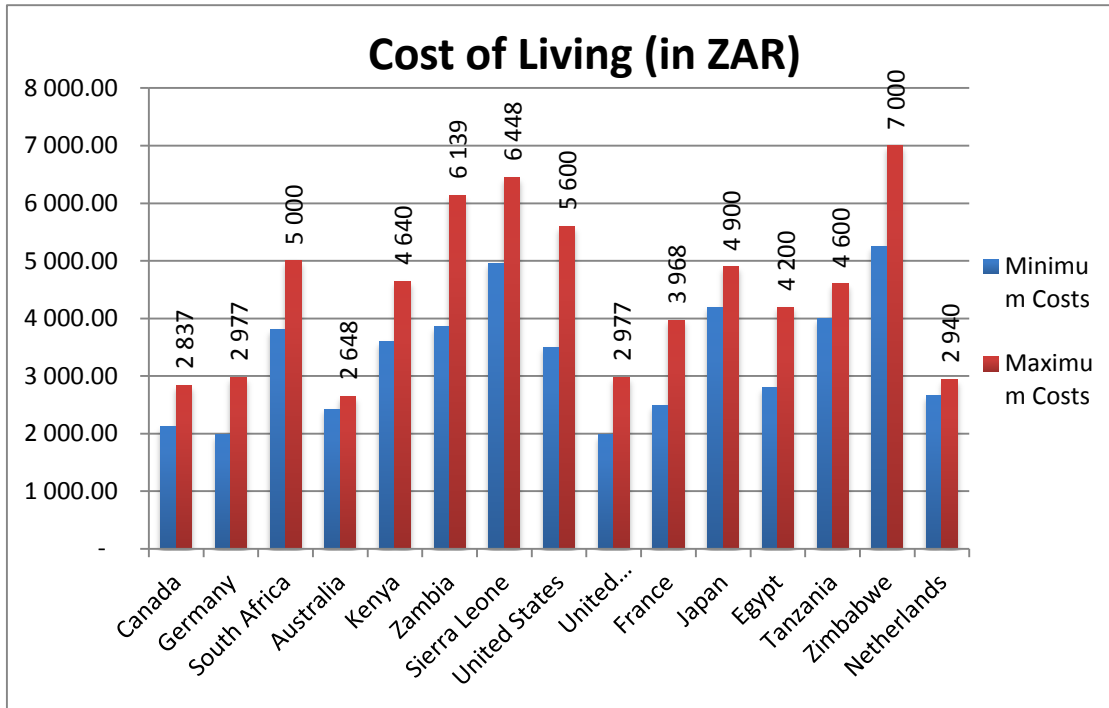


Figure 5.6: Subsistence/Refreshments/Catering costs per different country (Cost of living per month)

Source: Anon (c), 2011

Anon (d), 2011

Anon (a), 2012

As illustrated in Figure 5.6 there is a big difference between the living costs of some countries in relation to other countries. It is interesting to note that the minimum cost of living in many Third World countries is higher than in First World countries. These are day to day costs which influence a project. Most projects have meetings or a weekly course/internship where refreshments are usually provided. When donors do not take this into consideration a project can overspend, penalising them, therefore, regarding further funding.

5.4.3 Training costs

Training costs in this case refers specifically to a project management course. This specific course was selected because most Third World countries do not have the expertise and background on how to run a project. The project manager has, in most cases, background and qualifications pertaining to the field of research and not necessarily background and expertise on how to manage a project and meet the given deadline.

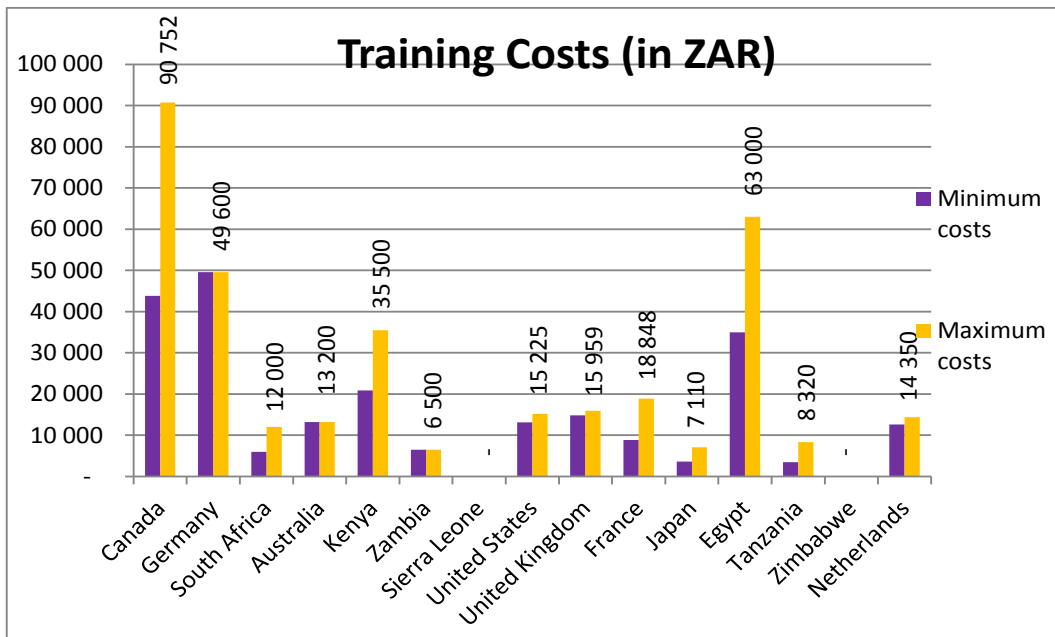


Figure 5.7: Training Costs according to Country

Source: Anon (b-m), 2012

Most donors want their recipients to undergo training in a specific area, to either understand the project better or receive a better idea of how to use the funding allocated. Usually a couple of countries that receive funding (from one single donor) will send representatives of their project to attend the training provided. Here the representatives of different countries can talk to each other during the training and share the pitfalls they have identified and can give guidance to other countries that are struggling. The travelling and accommodations costs associated with training are usually included in the total funding allocated towards that specific country. Sierra Leone and Zimbabwe do not have any data available referring to this expense.

5.4.4 Remuneration in different countries (annual)

Remuneration in different countries here refers to the salary an individual in a particular country will obtain per annum. The lowest being the minimum wage and the highest being an average managerial position.

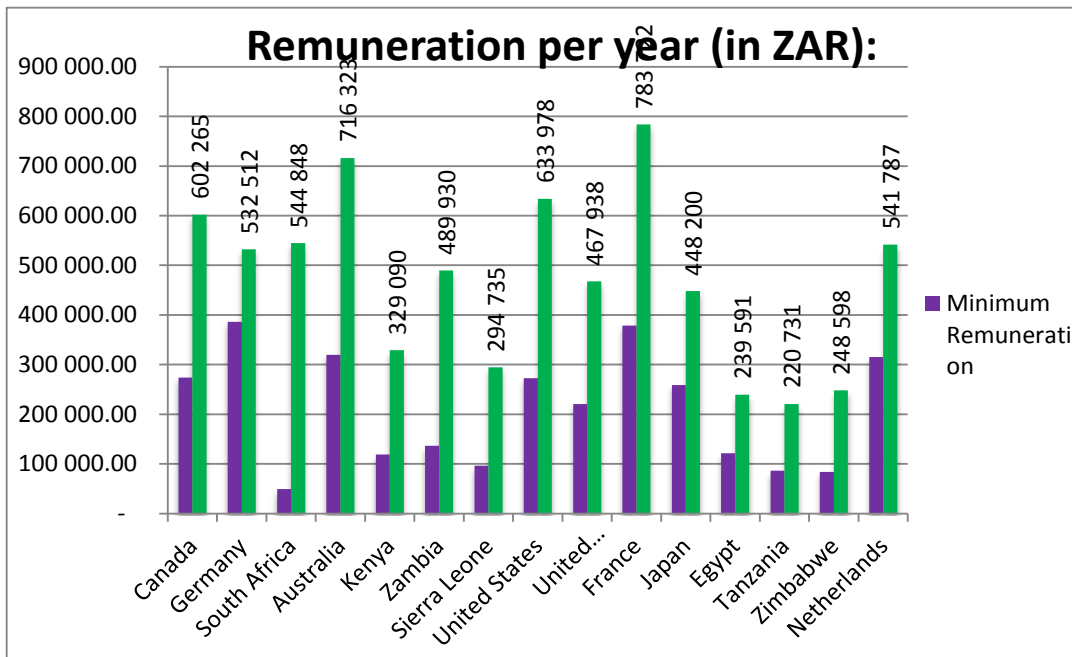


Figure 5.8: Annual Remuneration Costs of Different Countries

Source: Anon (e-f), 2011

The cost analysis in Figure 5.8 above gives a clear illustration that remuneration in African countries is much lower than the annual remuneration in Europe and America. These differences in remuneration can have a major effect on a project's outcome, as the money allocated towards salaries can be overspent. The remaining available funds would then be exploited. These would probably be the funds allocated to research expenses. Research expenses are then short of money to complete the project. The main reason donors give money is for research, and without suitable people conducting the research, the project would fail.

5.4.5 Equipment expenses

Minimum equipment expense here refers to the cost of a standard laptop and voice recorder, as these are required for completion of a project. Whereas the maximum equipment costs refers to an advanced laptop and a voice recorder.

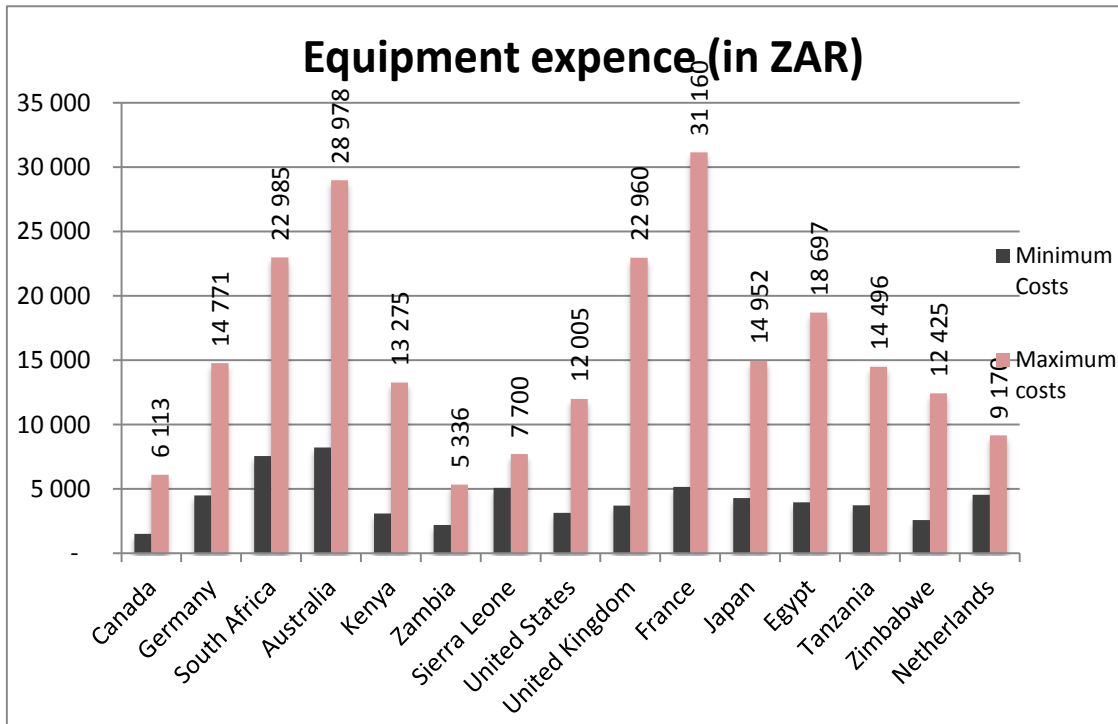


Figure 5.9: Equipment Expenses for Different Countries

Source: Anon (g-y), 2011

For most projects equipment is crucial in obtaining the necessary results. Usually laptops, printers, voice recorders, software for equipment and storing facilities (for confidential documents) form part of the equipment purchases within a project, to conduct research. Medical equipment was not evaluated as most medical equipment are specialised toward a specific project and would thus be difficult to examine and compare against each other.

5.4.6 Transcription costs

Transcription costs refer to the cost of decoding a voice recording made for a prescribed time into a written format for analysis and reporting purposes.

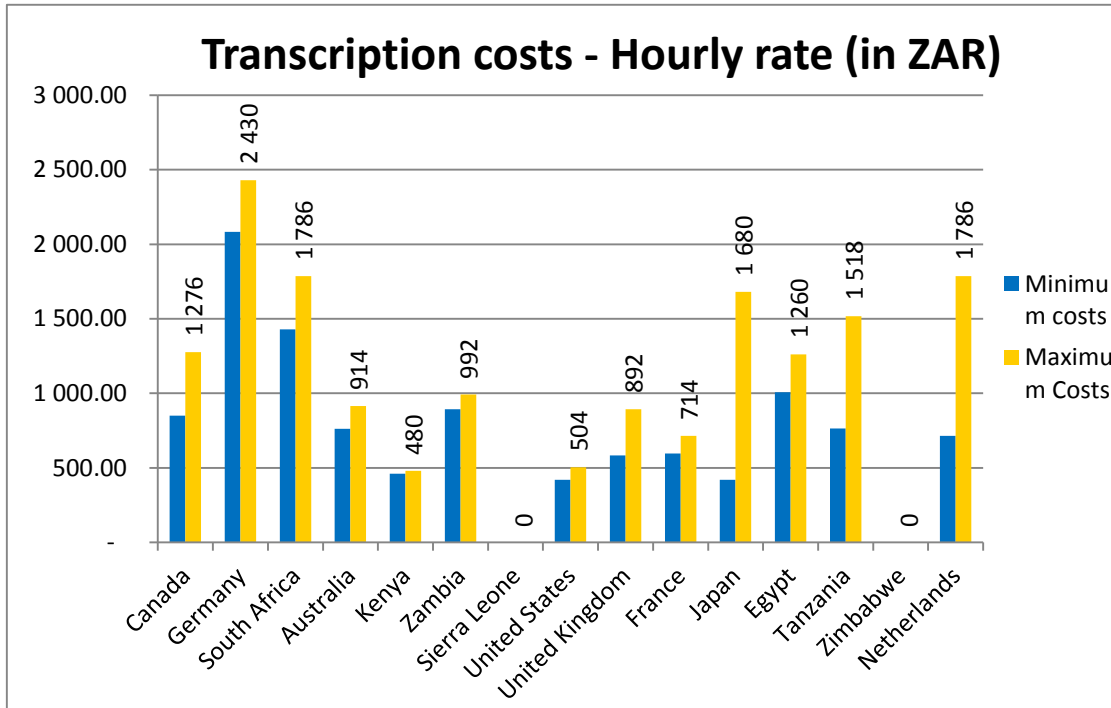


Figure 5.10: Transcription Rates per Hour, for Different Countries

Source: Anon (z-kk), 2011

Most projects make use of this service as research is generally recorded on voice recorders and, therefore, needs to be transcribed for analysis of research done within the project. Figure 5.10 shows some significant differences in the transcription cost of certain countries.

Besides travel and remuneration, this is one of the central items within a projects budget, especially with research projects where information needs to be obtained from other parties. This is also a time consuming task, as two hours of recording can take up to ten hours to transcribe, depending on the quality of the recordings.

From the above graph it is clear that transcription costs differ from country to country. Donors need to take this into account.

5.4.7 Accommodation costs

Accommodation in this case refers to the cost of staying in a Bed and Breakfast Lodge for one week.

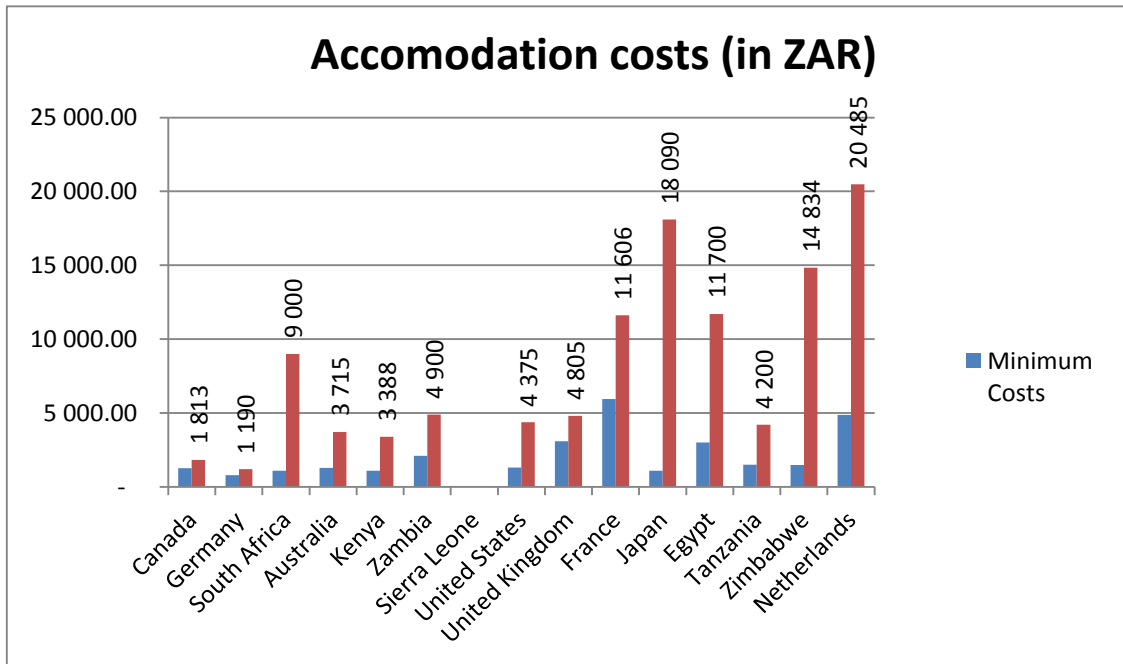


Figure 5.11: Accommodation Costs of Different Countries

Source: Anon (n), 2012

Accommodation costs are usually incurred when data is collected in other cities, or when small workshops or internships occur within a project. These costs differ from country to country, as seen in Figure 5.11 above.

In conclusion it is very important for funders to have the knowledge of how costs differ from country to country, as this can have an impact on the outcome of their project. Applicants for funding also need to do their homework on how expenses differ in their country from those of the donor country and make donors attentive on that from the commencement stages of funding process.

In sections 5.5 and 5.6 two projects (from different funders) within the author's workplace will be evaluated to demonstrate the importance different line items have on a project. Each line have their own budget allocated toward it and as stated in the contract, these lines may not be overspend and prior authorization needs to be obtain to move funds from one line to another. If monies is overspend in one line, that overspend amount needs to be claimed from another line (after proper authorization was obtained), which in effect places a greater burden on managing another line item as less monies are now available towards that specific line.

5.5 Teasdale Corti Funding Breakdown

5.5.1 A brief description of the Teasdale Corti project

Strengthening Nurses Capacity in HIV Policy Development in sub-Saharan Africa and the Caribbean (Teasdale Corti). Dr Nancy Edwards from Canada is the principal investigator in this research programme, along with Prof Hester Klopper as country programme director, from the North West University's School of Nursing Sciences, Potchefstroom. This work was carried out with support from the Global Health Research Initiative (GHRI), a collaborative research funding partnership of the Canadian Institutes of Health Research, the Canadian International Development Agency, the International Development Research Centre, Health Canada, and the Public Health Agency of Canada.

The overall objective of this research programme was to contribute to making the health system in sub-Saharan Africa and the Caribbean more effective, by improving the quality of HIV and AIDS programmes and practices, and fostering dynamic and sustained engagement of researches and research users in the policy development process.

The research mentioned above involved three projects in five countries: Jamaica, Barbados, Kenya, Uganda and South Africa. Each country had three leadership hubs. Jamaica, Kenya and Uganda had an extra three control districts. This research lasted for five years and was started in 2007 (Edwards, Kawa, Kaseje, Mill, Webber & Roelofs, 2007:29-36).

The programme of research was carried out under the governance/leadership of: Edwards, N., Kahwa, E., Kaseje, D., Walusimbi, M., Klopper, H.C., Mill, J., Webber, J., Juma Atieno, P., Gwoswar, C., Raburu, J., Hepburn-Brown, C., Rae, T., Dawkins, P., Aiken, J., Van der Walt, S.J.C., Minnie, C.S., Cummings, G., Legault, F., Roelofs, S., Harrowing, J., Tourangeau, A., Etowa, J., Davison, C., Richter, M., Kipp, W., Akello, P., Obago, I., Okeyo, N., Mwizerwa, J., Kumakech, E., Nabirye, R., Mbalinda, S., Ssegujja, E., Katende, G., Mulaudzi, F.M., Muller, C.E., Watson, F.G., Knobloch, S., Du Plessis, E. and Atkinson, U.

This programme uses a participatory action research (PAR) approach and involves four research projects with fifteen qualitative and quantitative research instruments. The main research intervention is that of “leadership hubs”, set up in each intervention district. Hubs bring together front-line nurses and managers, researchers, decision makers, and community representatives to promote dynamic engagement and sustained collaboration within and across countries on HIV and AIDS research, health services programmes and policies. They are intended to function as levers for health systems change (Year Four Progress Report, 2011:6).

5.5.2 Funding breakdown of Teasdale Corti

The budget categories and budget lines of the Teasdale Corti project can be outlined as follows:

Table 5.3: Budget Categories and Budget Lines of Teasdale Corti Project

1	Personnel	1.1	Project Coordinator
		1.2	Research Assistants
		1.3	Country Research Staff
2	Evaluation	2.1	Evaluation Training
		2.2	Travel for evaluation
		2.3	Food and supplies
		2.4	Miscellaneous supplies
		2.5	Transcription
		2.6	Leadership hub-designed evaluation
3	Equipment	3.1	Laptops and Software
4	Travel (Staff)	4.1	Airfares - Initial Meeting
		4.2	Per Diems - Initial Meeting
		4.3	Airfares - Annual Meetings Africa
		4.4	Per Diems - Annual Meetings Africa
		4.5	Airfares - Annual Meetings Jamaica
		4.6	Per Diems - Annual Meetings Jamaica
5	Training	5.1	Research Staff training (New)
		5.2	Research Internship – 2008
		5.3	Research Internship – 2009
		5.4	Research Internship 2010
		5.5	Distance Education
		5.6	Seed Grants - Pilot Projects
6	Research Expenses	6.1	Conference and Initial Meetings
		6.2	Travel for LMIC participants
		6.3	Policy and KTE workshops
		6.4	Photocopies of surveys
		6.5	Retrieving of resources
		6.6	Transcription
		6.7	Tape cassettes
		6.8	Travel for focus groups
		6.9	Quantitative and qualitative data entry and analysis
		6.10	Return Mailings
		6.11	Refreshments
		6.12	Site specific research projects by Hubs
		6.13	Communication and travel costs for Leadership Hubs
		6.14	Ethics Fee
		6.15	Project 3 - Impact evaluation for Research Hubs
		6.16	Communication: Telecommunications
		6.17	Development and upkeep of project web site
		6.18	Supplies and miscellaneous research expenses

Source: Edwards, Kawa, Kaseje, Mill, Webber & Roelofs, 2007.

Budget categories and budget lines (outlined above) are as stipulated in the IDRC memorandum of grant conditions. Specific amounts are allocated towards a certain line item; permission to overspend is required and granted from donors (usually international) before funds can be transferred from one line to another within a certain category. Shifting funds from one category to another requires special approval.

As seen in Table 5.3, the allocation of different line items can be quite complex. Money that is shifted between line items, within a certain category, needs approval from the donors, which could be time consuming. Thus making it difficult to keep within the line items, as only a certain amount (sufficient to the donors) is allocated per line item. Suppose, for instance, the project is of such a nature that much travelling is needed to obtain information, and the amount allocated isn't sufficient, the project would come to a halt, because approval needs to be given before funds can be shifted to that line item. In the meantime precious time is lost because of the delay. This affects the outcome of a project.

As seen in the beginning of this chapter, expenses in different countries fluctuate. This places a strain on a project that receives funds from another country. Whether donors take this into consideration when giving funding, is questionable. If donors want optimal results from their funding they need to take the diversity of the funding country into consideration when they allocate funding to that country.

5.6 RN4CAST Funding Breakdown

5.6.1 A brief description of the RN4CAST project

Leadership and policy development: improving the quality of nursing in South Africa through appropriate nurse staffing and patient safety (RN4CAST). Prof HC Klopper is the principal investigator in this research programme conducted from the North West University's School of Nursing Sciences, Potchefstroom. This project was also part of an international collaboration, which aims to develop human resource forecasting models in nursing (Sermeus, Iken, De Geest, Diomidous, Durna, Ekman, Klopper, Liu, Matthews, Morena-Casbas, Rafferty, Scott, Schoonhoven, Schubert, Shaibu, Tihelman, Anttypas, Brzostek, Bommels, Busse, Clarke, Delaure, Frigas, Griffiths, Gustavsson, Kinnune, Liaskos, Lesaffre, Mantas, Van Achterberg, Van Den Heede, Wörz & Zikos: 2008).

A full outline and description of this project was given in Chapter 4: Ethical Clearance for Research in the Health Sector.

5.6.2 Funding breakdown of RN4CAST project

The budget categories and budget lines of the RN4CAST project can be outlined as follow:

Table 5.4: RN4CAST Budget Categories and Budget Lines

OBJECTIVE 1: CONDUCT NATIONAL NURSES SURVEY			
A	Personnel – Remuneration:	Remuneration: Research Assistant Remuneration: Field Workers Remuneration: Data-Capturer and Statistician	A2 A2 A2
B	Consultants:	Project Evaluation	B2
C	Material Resources:	Infrastructure, Books and Technical Equipment	C2
D	Travel, Accommodation and Subsistence Allowance:	Consultative Workshops · Gauteng DoH · North-West DoH · Mpumalanga and Limpopo DoH · Kwa-Zulu Natal DoH · Eastern Cape DoH · Free State DoH · Northern Cape DoH · Western Cape DoH Training Field Workers across all Provinces International Travel: Project meetings	D1 D1 D1 D1 D1 D1 D1 D1 D1 D1 D1 D2
F	Operational Costs:	Printing and Binding Cost Couriers Costs Ethical Application Fee Dissemination of Results - National Meeting Telephone/Internet Expenses Survey Package Development (Teleconference) Entertainment Expense Stationery	F2 F9 F10 F11 F12 F13 F14 F15

Source: Sermeus, Iken, De Geest, et al, 2008

As with the Teasdale Corti project donor, the RN4CAST donor also outlines how the allocated funds need to be spent. There are also restrictions on transferring funds from one line or category to another. It is imperative to keep a constant updated budget of expenses incurred, to ensure that each line item is ring fenced.

5.7 Chapter Summary

Donors may be responding to factors such as domestic pressure, political pressure and fears for the safety of their own citizens rather than the developing world's needs, when they are making donor funds available to applicants to funding. Thus donors' donate money to projects that place the greatest burden on themselves or their country and this may differ from country to country and donor to donor. Funding isn't necessarily given towards the greatest burden, but rather according to one's own preference.

5.7.1 Summary of most and least expensive countries for above expenses

The following figure includes all ten expenses analysed above and ranks them from the most to the least. The figure also shows how the countries are divided into those giving funding and those receiving funding; making it easier to note the comparisons between countries.

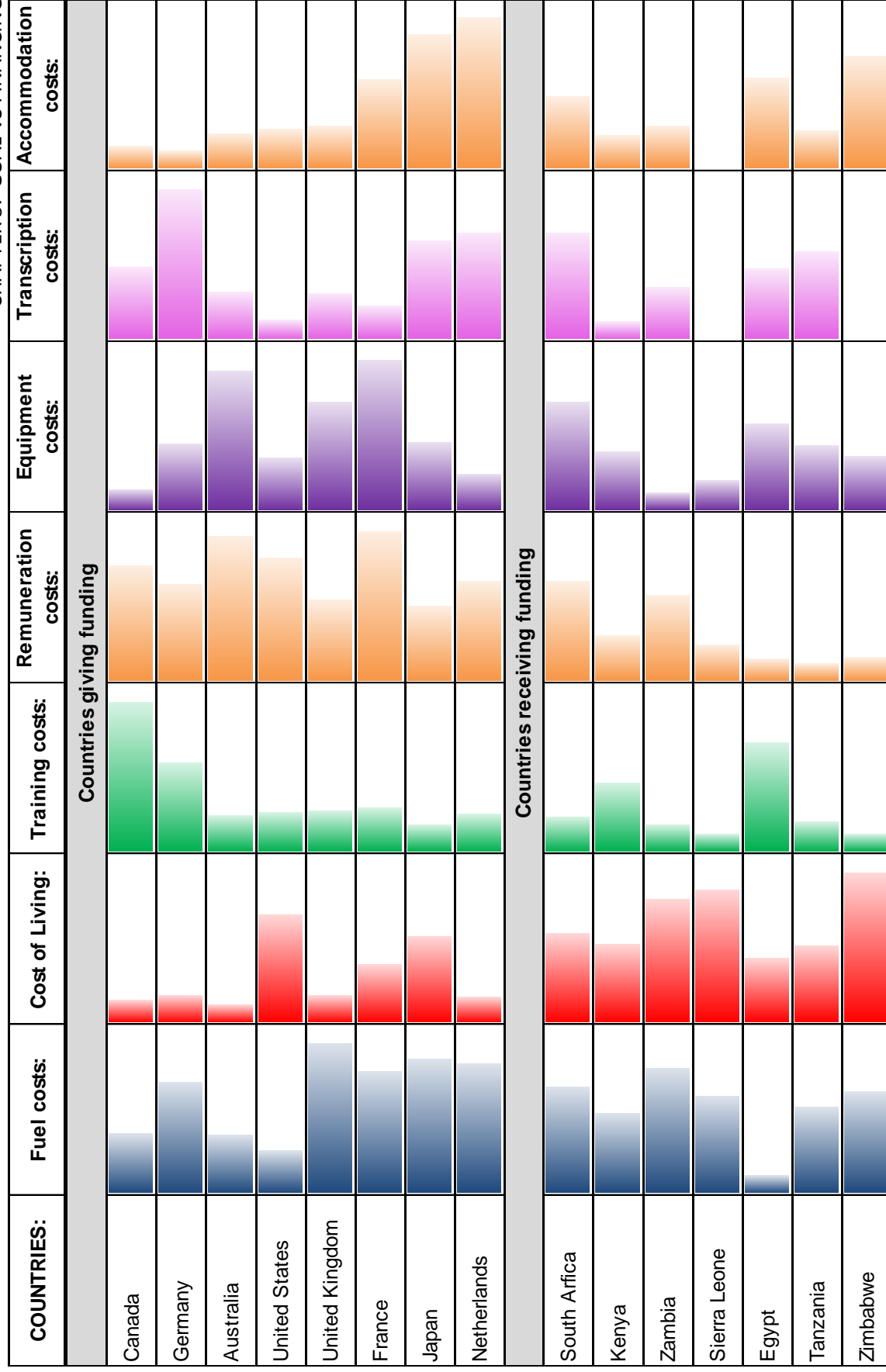


Figure 5.12: Summary of Expenses in this Chapter

Source: Own Research

Figure 5.12 illustrates how costs differ in different countries. The question that needs to be asked is: Do donors take these cost differences in account when allocating funding towards a certain country?

Expenses differ from country to country and donors need to take this into account when they give funding, so as to ensure that the goal/s of their project/s is/are met. Insufficient funding towards a specific line item or category can bring a project to a complete halt. Permission to transfer funds to another line or category needs to be obtained first. Precious time is lost doing this. This time could rather be spent completing the project.

Some of the expenses overlap with other expenses such as transcribing, accommodation, travel and so on. When a project comes to a halt (to ask permission to transfer funds between lines or categories or for whatever reason), it must be taken into account that the project may need more time to reach completion, thus requiring more funding.