PEPFAR
U.S. President's Emergency Plan for AIDS Relief

Updated October 2024

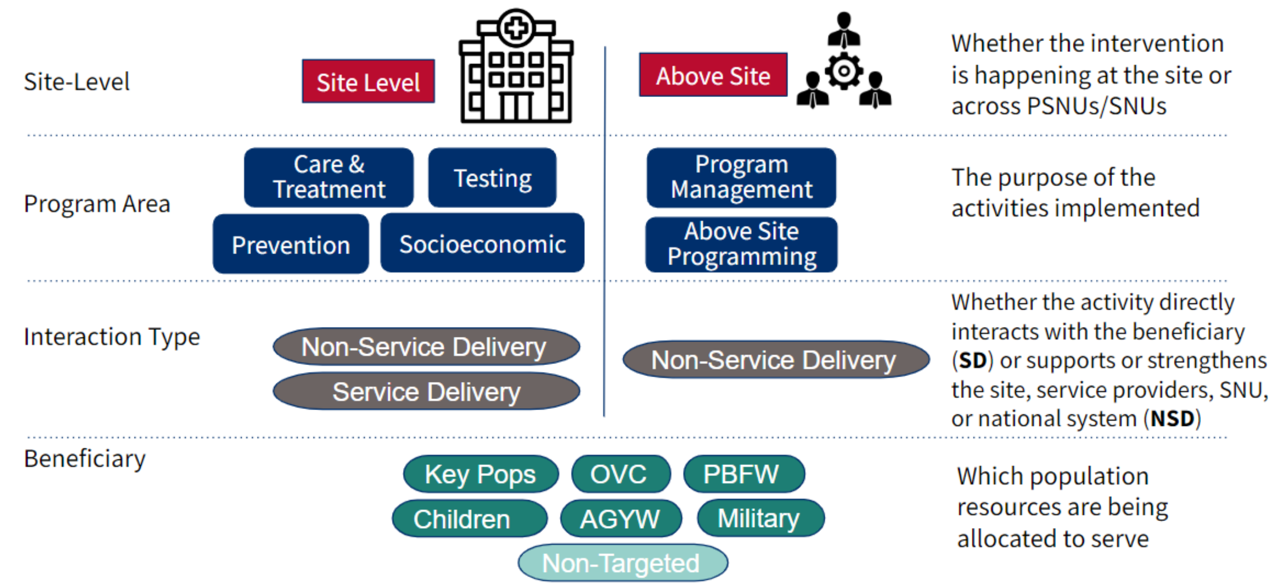
PEPFAR Financial Classification Clarifications

This document is intended to address common questions we receive as funding agency and GHSD/PEPFAR reviewers during the expenditure reporting submission period.

Budget and Expenditure Reporting Alignment

A 1:1 match between planned budget and reported expenditures is not expected. Reporting actual money spent helps identify what PEPFAR is financing, essential to aid in next year's COP/ROP budgeting cycle. While prior year budgets can serve as a helpful baseline when building out the next year's COP/ROP budget, data on expenditures is useful to refine budgets by giving more information on what it costs PEPFAR to achieve results. Please note that there are no set thresholds, either percentage or dollar amount, for intervention level expenditures (e.g. Program Management is not limited to 20% of the mechanism's reported expenditures).

Clarifying Intervention Data Elements



Common Misclassifications

FY24 updates to the PEPFAR Financial Classifications add additional details, examples, and clarifications to guide partners and missions in selecting interventions. Please review these key themes as you prepare your financial data:

Site-Level Management		Program Management (PM)
Non-service delivery costs for facility or other point of service personnel or efforts at the site to manage or supervise Care & Treatment, Testing, Prevention, or Socioeconomic activities.	Vs	A *Program Area* for non-site level expenditures incurred by the Partner as management & operations costs associated with implementing the award (e.g. admin/ legal/finance staff, office rent, etc.)

Site-Level Non-Service Delivery		Above Site Programming
An *Interaction Type* for activities (e.g. training, supervision, and mentorship) that support or strengthen the facility, site, or service providers without directly interacting with the beneficiary.	Vs	A *Program Area* for activities that support the broader health system such as national and subnational-level quality improvement, surveillance and health systems strengthening.

HRH Inventory Program Management Staff		ER/Budget IP Program Management Staff
Non-site level salaries and fringe for staff associated with award management & operations (e.g. finance, legal, admin, support, etc.) Only one program area may be selected for each individual staff based on their primary role.	Vs	Partner's non-site level costs associated with staff time for award management & operations (e.g. finance, legal, admin, etc.) – salaries & fringe may be split across PM & other interventions as needed for roles that support operations & technical work.

Program Area Selection to Communicate Activity Intent

In addition to the clarification of data elements above, it is critical that we report expenditures in the program areas they ultimately support.

Linkage: For work positions that provide linkages from one point of care to another, the expenditure should be categorized to where the linkage "is going to." For example, if the role is to link a client from testing to treatment services, the expenditure should be categorized by C&T (not HTS) because that is the end point of the linkage activity. Similarly, if an activity is focused on generating demand for HIV testing, please categorize the expenditure as HTS (not PREV). If the activity is focused on PrEP or VMMC which requires testing, please categorize the expenditure as PREV: PrEP or PREV: VMMC.

Commodities: Categorize commodities purchases under the relevant sub-program area they are purchased to support. ARVs procured for treatment should be reported under C&T: HIV Drugs, whereas ARVs purchased for PrEP should be reported under PREV: PrEP. RTKs should be reported under the HTS sub-program

area they are used (Community or Facility) unless part of routine prevention service delivery, in which case they should be reported under PrEP or VMMC.

Beneficiary Selection to Communicate Activity Intent

Targeted Populations:
Children
Adolescent Girls & Young Women (AGYW)
Key Populations (KP)
Orphans & Vulnerable Children (OVC)
Pregnant & Breastfeeding Women (PBFW)
Military
Non-targeted population

Select a “Targeted Population” if **both** criteria are met:

1. Activities planned for the population are **specialized** and **targeted to meet the specific needs** of that population group.
2. The activities have **costs separate and identifiable** from work for other beneficiary groups.

Otherwise- select “**Non-targeted population.**” These expenditures will still be attributed to beneficiary groups (e.g. AGYW, PBFW, MSM, FSW, etc.) based on your mechanism’s reported MER result disaggregates (see Allocated Beneficiary Guide).

This “Allocated Beneficiary” will be calculated and provided in the PEPFAR financial dataset used for program review and analysis. In this way, partners' work in serving various population groups is credited even when activities are not intentionally targeted.

Targeted Beneficiary	Indicates where distinct, discrete, and trackable funding is intended to primarily serve a targeted beneficiary (e.g. Key Pops, AGYW, Children, Military, OVC, PBFW) or is non-targeted in its design and implementation.	• Selected in the budget tool and reported by partners in the Expenditure Template • Both descriptive and prescriptive of the funding/activities • Data selected at the “beneficiary” level, not selectable at the more detailed “sub-beneficiary” level.
Allocated Beneficiary	Indicates where resources are likely attributable to a population group based on MER targets and results population disaggregates.	• NOT selected in the budget tool or reported by partners in the Expenditure Template • Calculated based on formulas provided in the Allocated Beneficiary Guide Appendix A

		● Relies on MER indicators (targets paired with budgets, results paired with expenditures) ● Attributed at the “sub-beneficiary” level of detail

Clarifications on beneficiary selection:

- **“AGYW”** should be used for programming that targets adolescent girls and young women, regardless of DREAMS SNU or DREAMS enrollment status. This beneficiary group is for targeted programming for all females ages 15-24.
- **“Children”** should be used for pediatric-specific activities for children >24 months old where budgeted or a top priority of an IP workplan. This targeted group should *not* be used for activities part of the OVC program, such as “SE: Case management”
- **“OVC”** should be selected for all activities under the OVC program (but not DREAMS activities)- inclusive of activities intended to target caregivers and households of OVC.
- **“PBFW”** should be used for expenditures dedicated to PMTCT services including activities targeting pregnant and/or breastfeeding women, or exposed infants under 24 months old.
- **“KP”** should be used where the design and intent of the activity is to reach key populations, regardless of whether some non-KP also benefit from the program. More disaggregated levels of KP will be calculated for the “Allocated Beneficiary” using MER results.

Preponderance Principle & Attributing Costs to Interventions

Combinations of a Program Area, Targeted Beneficiary and Interaction Type (i.e. an intervention) are used to budget and report on funding. Interventions are distinct groupings of activities centered around a common outcome; they are not created for every project or task. The goal is to articulate a main purpose—not every potential interaction or activity needs to be captured in a unique intervention (MER indicators provide that detail.)

Therefore, decisions regarding interventions are often framed in terms of “lumping” and “splitting” and in the context of the “**preponderance**” of the planned budget or reported expenditures. Some types of expenditures might support the programmatic intent behind multiple interventions. If allocating across interventions is impossible or impractical, the “preponderance” (i.e., which intervention is most supported) determines classification.

Ultimately, **partners are responsible for the accuracy** of their expenditure data, which includes the selection of interventions to show the most meaningful distinctions. This extends to how subrecipients receive and report on their funding.

Lumping

Over-use of interventions can undermine data quality: either by merely providing the illusion of detail or by requiring an excessive administrative burden or impractical collection method. When expenditures are reported under a bigger intervention instead of splitting across interventions or creating a new one, this choice is called "lumping."

The appropriateness of lumping is often based on intent of the activity. For example, consider IP employees conducting case finding under an HTS intervention. In interactions with patients, other topics will come up, such as how to prevent HIV. By tracking these client questions, the partner could come up with a way to allocate these case finding salaries to additional interventions. However, this extensive record keeping would be time consuming, and may account for just a small portion of the healthcare workers' time. Instead, "lumping" the salaries under the HTS intervention provides the best balance.

Splitting

Under-use of interventions hinders the planning and understanding of PEPFAR's investments. When tracking expenditures, partners should always begin with the ones approved in the COP/ROP. If implementation makes further disaggregation possible, partners should create additional interventions (i.e., "splitting") during expenditure reporting. These "new" interventions should then be used in the next COP/ROP cycle.

"Splitting" also happens based on substantive changes to program implementation. For example, assume health care workers budgeted under an HTS intervention began following up with clients regarding PrEP enrollment and adherence, accounting for 40% of their time. That type of activity is substantially different from HTS; it reflects a different programmatic intent. Straightforward and simple records, such as revisions in schedules or job descriptions, would also document the change. Knowing about this shift is also important for future COP/ROP discussions. Thus, the partner should "split" the spending between interventions for HTS and PrEP.