Strengthening Alignment At Country Level

GLOBAL FINANCING FACILITY

SUPPORTED BY WORLD BANK GROUP

8-9 November, Maputo, Mozambique

SIXTH INVESTORS GROUP MEETING

Agenda

1. Objectives
2. Achieving more with DAH
3. Progress to date on DAH efficiency
4. GFF's contribution to donor alignment
5. Conclusion and possible response of partners

Part 1: Objectives

Objectives

- Examine challenges of achieving more results with the available external financing
- Provide an overview of progress on aid effectiveness in GFF countries
- Discuss GFF's contribution to alignment of DAH through mapping and tracking of resources
- Discuss practical ways GFF partners can contribute to improving efficiency of DAH

Part 2 : Achieving more with Development Assistance for Health (DAH)

There are several sources of inefficiencies in the health sector

- **"Doing the wrong things"**: not choosing the mix of interventions that maximizes benefits.
  - Ex: Limited DAH alignment to disease burden

- **"Doing things in the wrong setting":** not shifting services into the most appropriate care setting
  - Ex: providing services at hospital level that could be offered at primary or community care levels.

- **"Doing things wrongly":** not choosing the mix of inputs that achieves the desired output at the lowest cost. This also captures macro-issues related to health financing and organization
  - Ex: High transaction cost of DAH

Source: Adapted from IG5-Health Financing Paper, April 2017

Some of these sources of inefficiencies in the health sector relate to DAH

Common types of inefficiencies in the use of DAH

A. High transaction costs	• Administrative costs of donor funded projects
B. Low allocative efficiency	• Lack of alignment with national health policy and disease burden
C. Missed Opportunities in terms of Capacity Development	• Use of parallel systems
D. Lack of predictability and sustainability	• Short-term cycle of donor funding • Off budget

Challenges, partly due to concerns about the strength of country systems, stewardship of the sector and donors' requirements

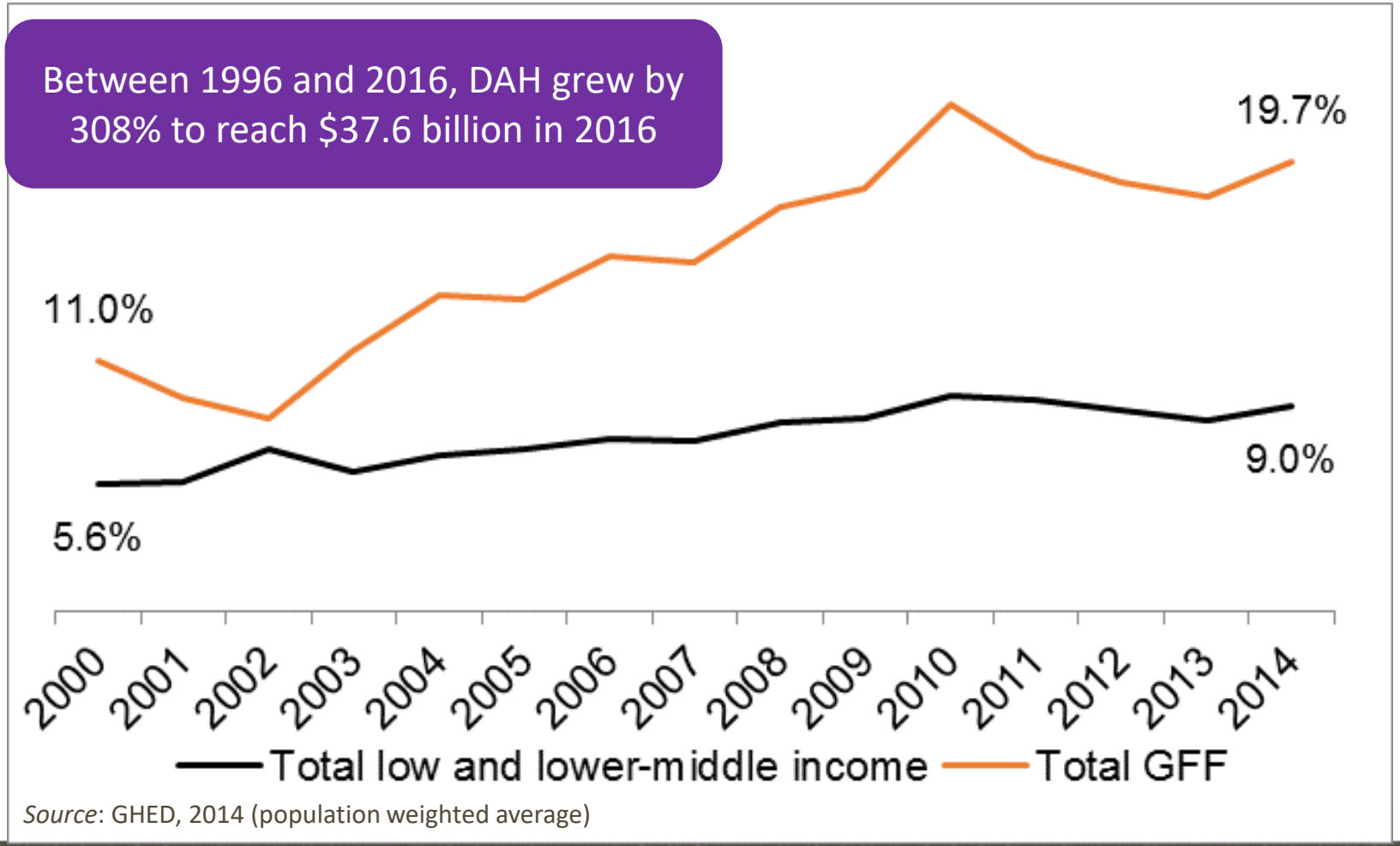
Source: Authors' compilation based on extensive literature review (see paper's references)

Part 3 : Progress to date on DAH efficiency

DAH has grown rapidly in the last decade and remains an important source of fiscal space for health in GFF countries

Average Share of DAH in Total Health Expenditures (THE) in LMIC and GFF countries (2000-2014)

Between 1996 and 2016, DAH grew by 308% to reach $37.6 billion in 2016



Source: GHED, 2014 (population weighted average)

Despite progress in aid effectiveness in the health sector, more work is needed, including in GFF countries

IHP+ M&E framework has shown some progress in donor alignment

- The number of parallel implementation units decreased by 39% in countries with a IHP+ Compact

However, there is room for improvement:

- Only 1 out of 17 Development Partners (DPs) met the target of having 85% of their health aid recorded on the national budget (IHP+ 2014)

Source: IHP+ Monitoring and Evaluation Report, 2012 & 2014

Aid Effectiveness remains an unfinished agenda in GFF countries

- In Sierra Leone, Nigeria, and Senegal, only 22%, 17% and 15% of donors respectively use country PFM procedures
- Half of external funding is off-budget in GFF countries (average is 51%)
- Only half of the DPs could communicate their planned resources for the next 3 years to the MOH

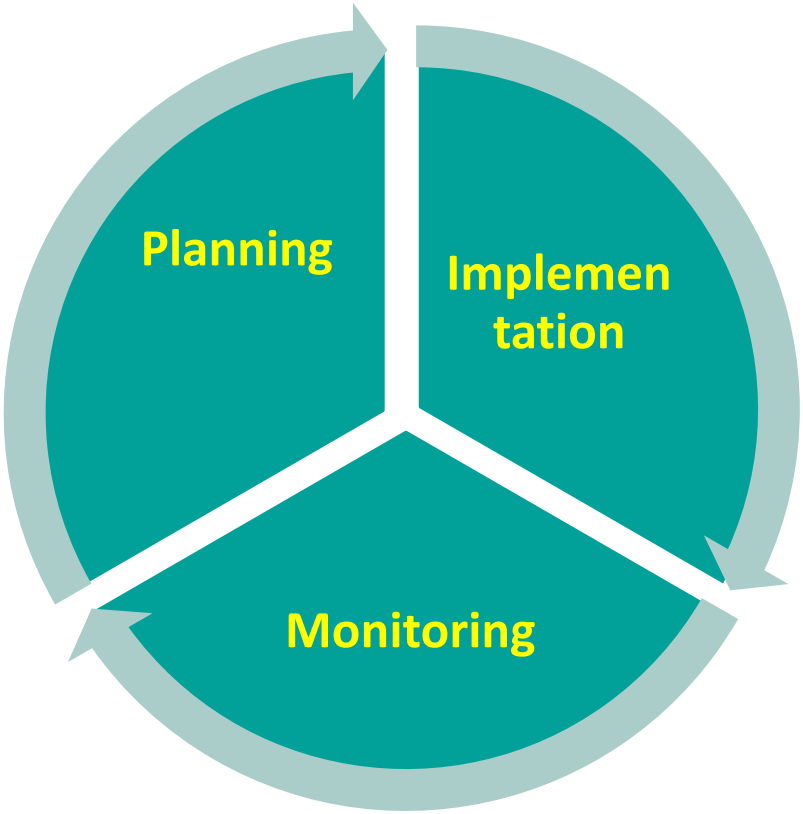
Source: IHP+ Monitoring Round – National Performance Review

Part 4: GFF's contribution to donor alignment

GFF instruments to help countries align financing behind IC priorities

GFF Cyclic Approach to Investment Case (IC)

High-level resource mapping: Prospective estimates of financing available, to provide envelope for prioritization of IC



More detailed resource mapping to capture commitments from partners and costing of IC: external financing aligned to the priorities of IC

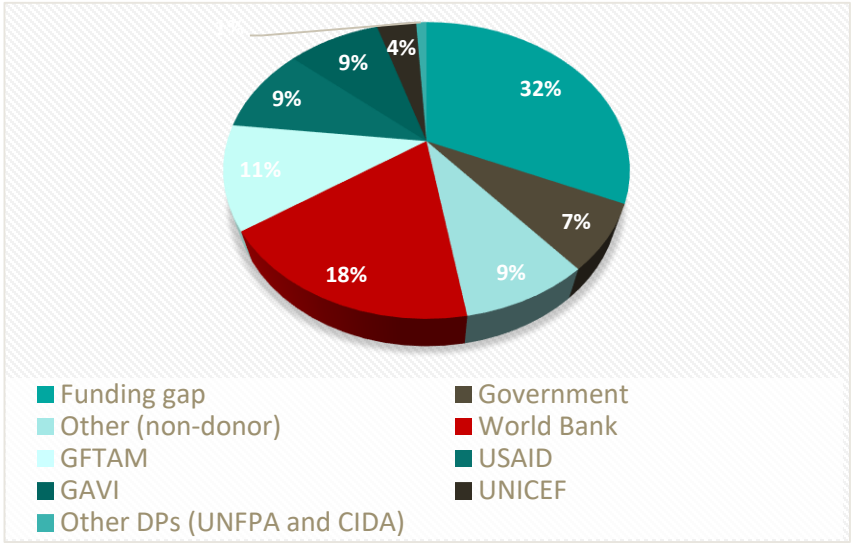
Tracking expenditures to ensure commitments are followed through and that resources are allocated to IC priorities: Health accounts; purpose-build systems

Key instruments of the IC: Resource mapping and expenditure tracking

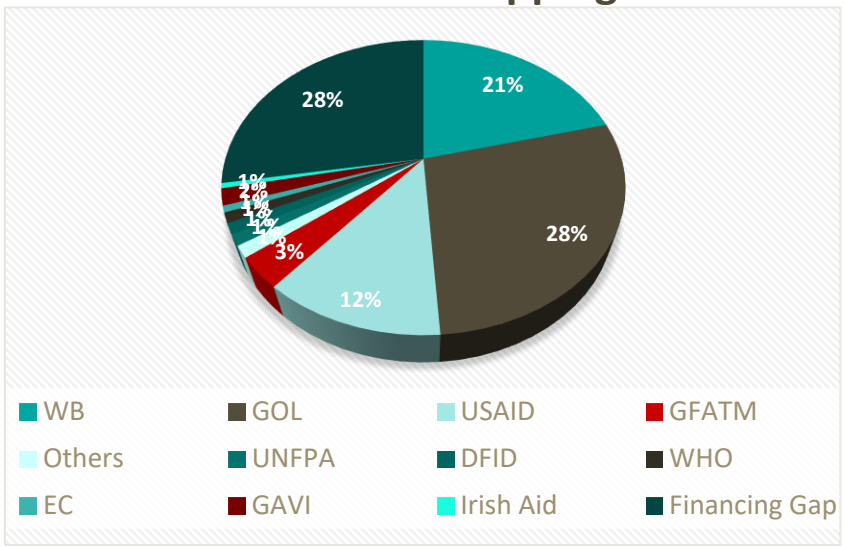
1. *High-level resource mapping (RM)* before or during the preparation of IC:
   - Identify resources committed by partners in the health sector → prioritization per resources available
2. Second, a *detailed RM* at the end of the IC development:
   - Ensure that funds align to the identified IC priorities
   - Comparison of costing vs. resource available → identification of gaps or surpluses
3. Third, *expenditure tracking*:
   - Ensure that IC priorities are implemented → domestic and external funds flow to identified IC priorities

Resource mapping is increasingly done and reveals how financing is aligned to IC priorities

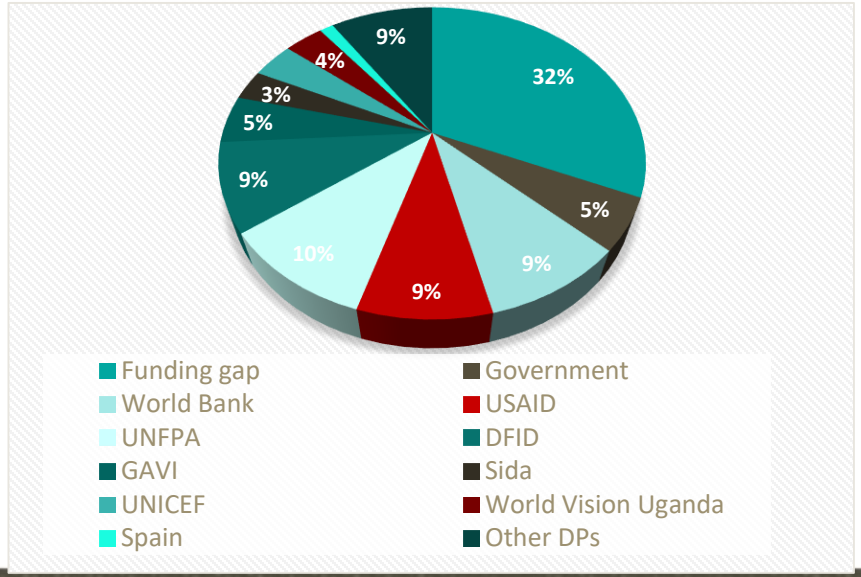
DRC IC's Resource Mapping



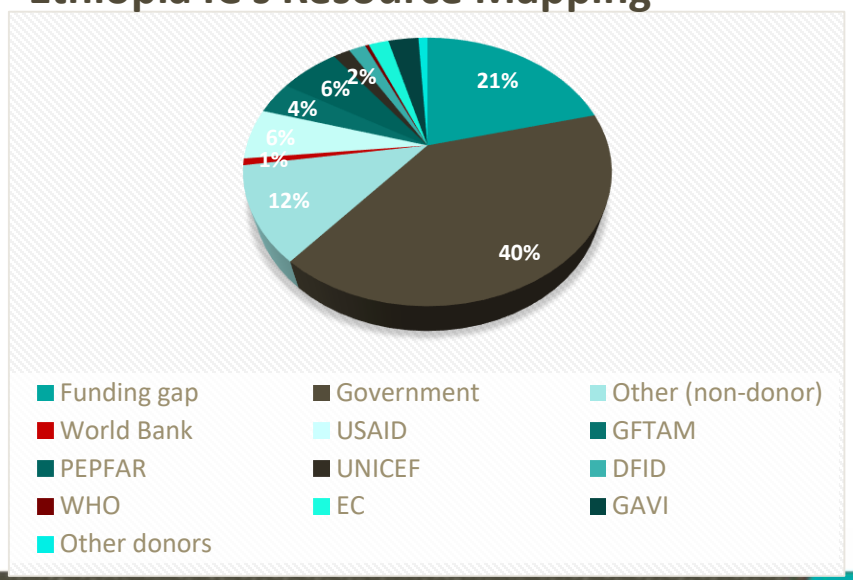
Liberia IC's Resource Mapping



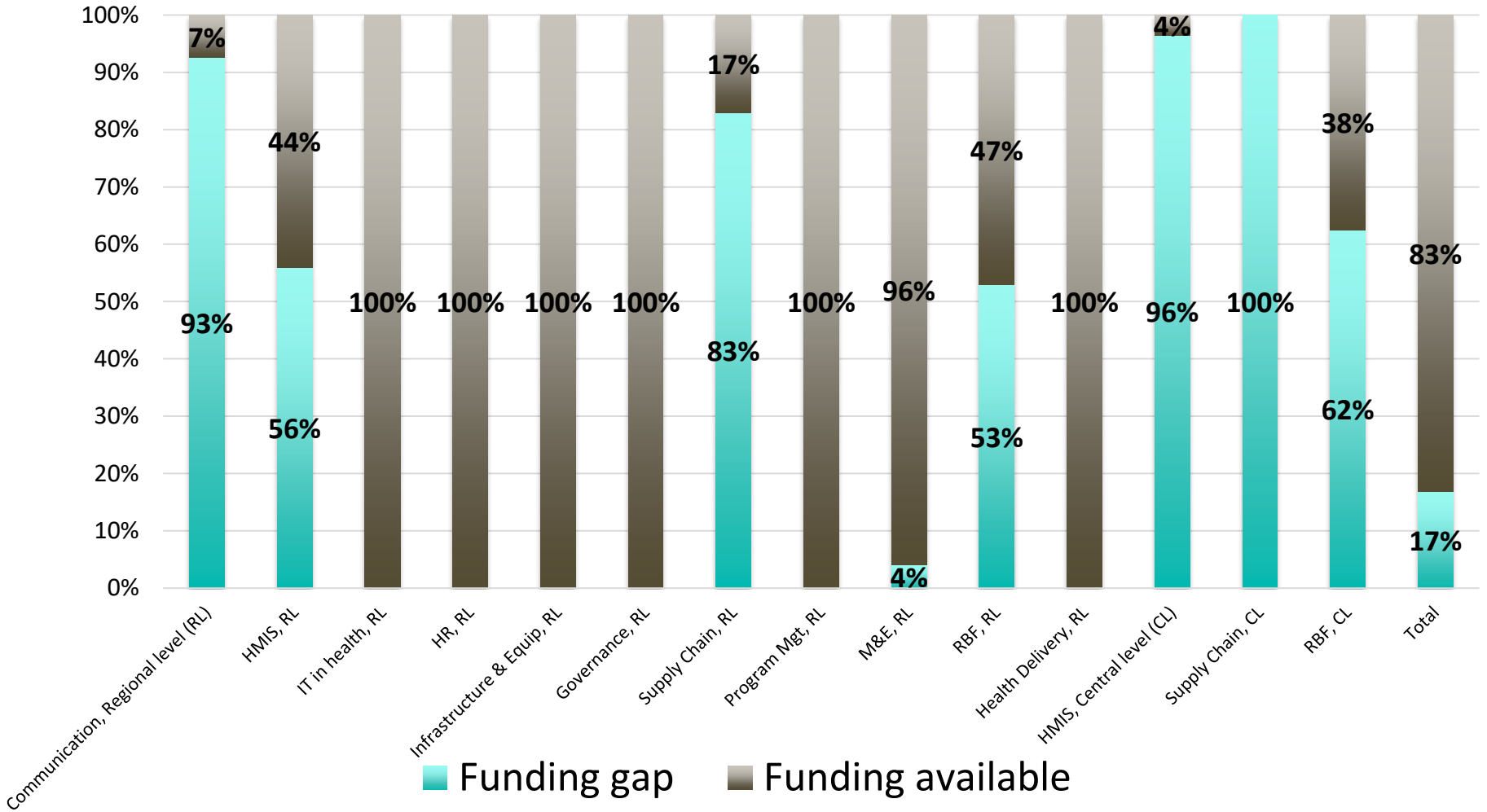
Uganda IC's Resource Mapping



Ethiopia IC's Resource Mapping



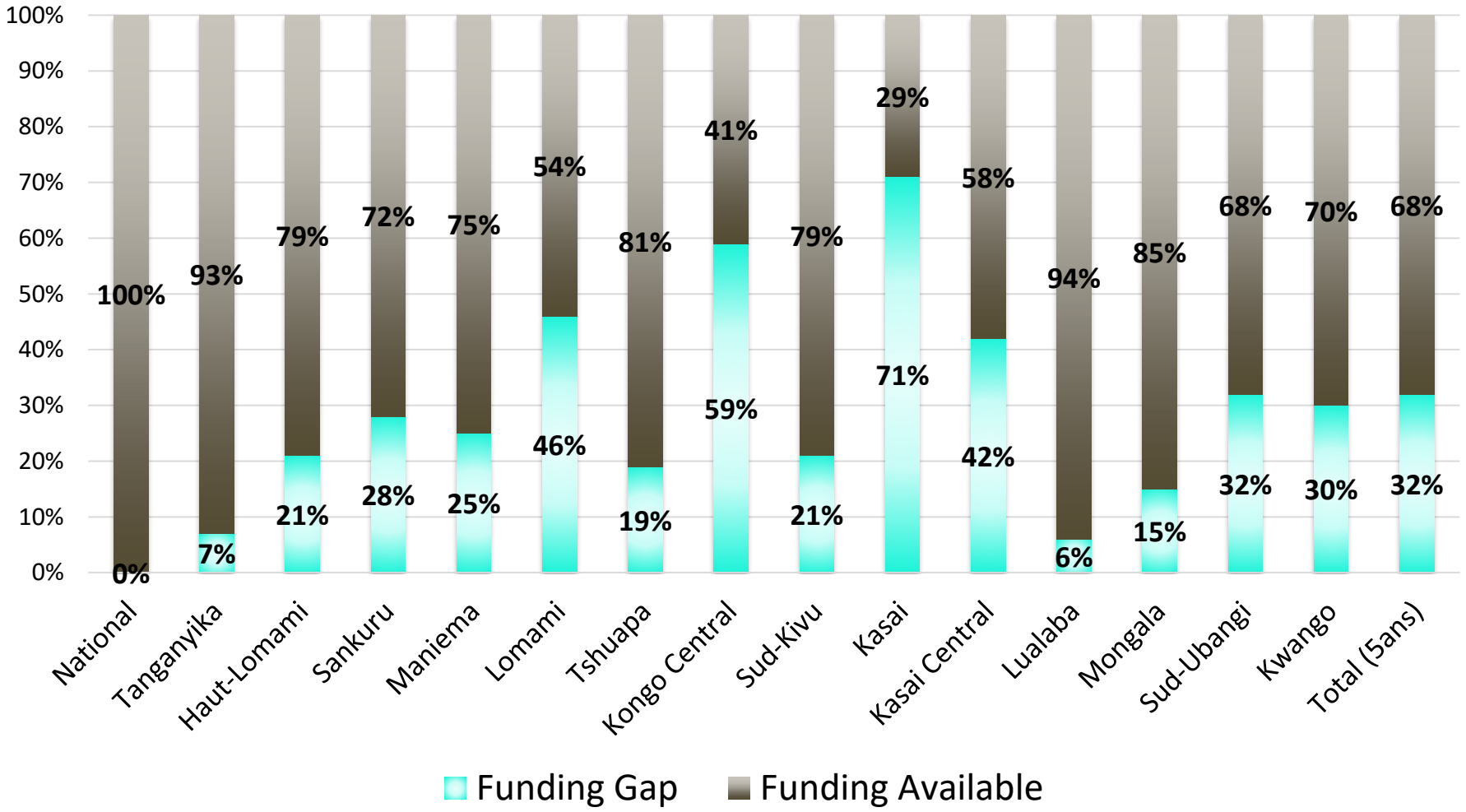
Resource Mapping assesses gaps by priority areas in Cameroon and contributes to better planning



Source: Cameroon's Investment Case, 2016

Resource mapping identifies underfunded provinces in DRC and contributes to improve geographical equity

Figure 10. DRC IC's Resource Mapping, by province, 2016



Source: DRC Investment Case, 2017

Lessons learned from resource mapping exercises

Resource mapping was less successful when :

- RM tools →not user-friendly and complicated to fill out
- RM template came with limited explanation
- budget structures of donors →not aligned with IC priorities
- Donor fatigue coupled with multiple priorities

Resource mapping worked well when:

- Conducted with a straightforward data collection tool (Liberia, DRC)
- Used an existing RM tool and customized it to the need of the IC (Cameroon, Senegal)
- Preliminary results of RM were communicated ->> it helped understanding the objective and importance of RM

GFF is building on existing resource tracking mechanisms to track IC resources

- Objective of resource tracking → assess whether governments' and donors' committed resources are spent according to IC priorities
- GFF is exploring Health Accounts (developed jointly by the OECD, WHO and Eurostat) to monitor the IC implementation
- Health Accounts provide breakdowns by source and beneficiary (RMNCH) but not available in all GFF countries and may not be recent enough

- As an alternative, GFF has started monitoring the implementation of the IC through the MOH budget structure, reporting spending of MOH and on-budget donors
- However, this is not always possible as IC and MOH budget structure may not be aligned

Mozambique case shows that resource tracking is easier said than done…

- Budget process is top-down and bottom-up:
  - Top-down: MISAU incorporated IC priorities in main annual budget plan (Economic and Social Plan [PES])
  - Bottom-up: MISAU to take pro-active role at provincial and district levels to ensure IC priorities are in budget
- Challenges:
  - IC priorities do not correspond to existing budget categories -> need for TA to improve alignment over time
  - Public Financial Management capacity at decentralized budget units (provinces, districts, and facilities) -> long-term TA needed

Part 5:Final Thoughts and Actions Required

Concluding Remarks

- After being tested in several GFF countries, RM has become a key ingredient of the GFF approach, resulting in improved alignment of donor and government funding to the IC's priorities
- Beyond advancing donor alignment, RM identifies allocative efficiency issues and strengthens health financing systems
- As GFF countries are moving into implementation of their IC, expenditure tracking becomes a critical priority to ensure financing is following the priorities of the IC

Possible Response of Partners

1. Shared responsibility from donors and governments to align resources behind IC priorities
2. Partners can contribute through designing, funding and supporting the institutionalization of resource mapping and tracking of IC
3. Coordinating the learning agenda on resource mapping through the GFF secretariat
4. Exploring the linkages between resource mapping and expenditure tracking

Questions/Issues for Discussion

1. How feasible it is for donors and governments to share commitments and expenditures to allow for resources mapping and tracking of the IC?
2. What has been governments' and donors' experiences with resource mapping and tracking?
3. How can the GFF partners collaborate - for example, on the development of a resource mapping tool

Learn more

www.globalfinancingfacility.org

GFF@worldbank.org

@theGFF

Part 6: Annexes

Selected IHP+ Aid Effectiveness Indicators in GFF Countries

		Development Partners Indicators			Recipient Countries Indicator
Country	participating DPs with a planned resources for the next 3 y to MoH.	% of DPs using PFM procedures	DP health sector budget execution in 2014/15	Health aid on-budget	scores of countries on 3 financing indicators (max=3)*, 2013
Bangladesh				71%	
Cameroon	24%	96%	84%	18%	1.6
DRC	33%		93%	39%	2.7
Ethiopia	21%	95%	94%	65%	3
Guinea	0%	30%	95%	46%	0.9
Kenya				40%	
Liberia	71%	83%	61%	54%	
Mozambique	46%	74%	82%	53%	2.9
Myanmar	25%	27%	95%	27%	
Nigeria	23%	17%	45%	5%	1.9
Senegal	45%	15%	88%	84%	2.8
Sierra Leone	57%	22%	82%	39%	3
Uganda	36%	96%	74%	88%	1
Viet-Nam	30%	85%	100%	84%	2
Average	54%	52%	84%	49%	2.3