

DEVELOPMENT CO-OPERATION DIRECTORATE  
DEVELOPMENT CENTRECOM/DCD/DEV(2006)5  
Unclassified**AID EFFECTIVENESS IN HEALTH: EXECUTIVE SUMMARY****Contributed by: The World Bank and the World Health Organisation****Global Forum on Development: Pre-meeting on Aid Effectiveness in Health  
4 December 2006**

*This paper is an executive summary of the main document "Aid Effectiveness in Health" [COM/DCD/DEV(2006)4], which describes harmonisation and alignment efforts in the health sector and discusses the inherent complexities of the sector, the associated aid effectiveness challenges, and recent efforts to address these issues. The main document assesses the relevance of the Paris Principles for health and recommends using health as a tracer sector to monitor overall progress towards harmonisation and alignment.*

*The Best Practice Principles for Engagement of Global Health Partnerships in the Annex represent a previously agreed coordination effort on global programmes and may be regarded as a companion piece to the Draft Good Practice Guidance for Integration and Effectiveness of Global Programs [COM/DCD/DEV(2006)9], which will be discussed at the "Policy Workshop on Global Programmes and the Paris Agenda" on 5 December.*

*Participants in the Pre-meeting on health and the Policy Workshop are asked to review the above Principles and Guidance. Both sets of documents reflect major international initiatives to better integrate global programmes into partner countries' development agendas, as called for by the Paris Declaration (Para 4.iv). They will be submitted to the Working Party on Aid Effectiveness for further review and discussion in the context of emerging issues for the 2008 Accra High Level Forum.*

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JT03218075

## EXECUTIVE SUMMARY

1. This paper reports on proposals to improve aid effectiveness in the health sector and seeks active OECD/DAC support for these efforts both at the global and country level. The inherent complexities of addressing health needs combined with the prominence of health in the spheres of development, foreign policy and security have created a challenging environment for harmonization and alignment efforts. However, it is precisely this context that may make health a useful “tracer sector” for overall progress towards the Paris Declaration.

2. The paper has been prepared for a meeting on *Aid Effectiveness in Health*, organized by the World Bank and the World Health Organization in collaboration with the OECD to be held on December 4, 2006. That meeting is linked to a review of the impact of global programs at the country level and the application of the Paris Principles to these programs being carried out by OECD and the World Bank, which will in turn inform the OECD’s Global Forum on Development.

3. Health is a complex sector because: most health spending is recurrent in nature; health outcomes (other than mortality) are difficult to measure; other sectors influence health outcomes; and non-state actors play a prominent role in the financing and provision of healthcare services. In addition, health has always been an important sector with respect to global priorities. Humanitarian concerns about the health of the world’s poor, along with fears about the spread of epidemics such as HIV/AIDS, have made health a central pillar of most development policies. This is reflected in the fact that three of the eight Millennium Development Goals (MDGs) directly encompass health and in the large increases in development assistance for health provided in recent years. Health has also witnessed significant changes in its aid architecture, with the emergence of new donors from private foundations, new global health partnerships and vocal and influential civil society organizations, particularly in the field of HIV/AIDS.

4. These changes have been accompanied by significant accomplishments in some countries, generally related to strong long-term government commitments to health and a willingness to make policy changes to attract and make better use of domestic and external funds. While a number of poor countries have achieved significant health gains, many other countries, particularly in Africa, are off-track to achieve the health MDGs. This context – rising global commitment to and resources for health, but uneven progress towards results – has stimulated efforts to improve the effectiveness of aid for health.

5. Three initiatives are worth singling out: the *Scaling Up for Better Health* initiative; the development of the *Three Ones* by the HIV/AIDS community; and the emergence of innovative financing mechanisms in health which aim to address aid effectiveness issues at country level as well as the provision of global public goods for health.

## Scaling Up for Better Health

6. In 2004-05 the World Health Organization and the World Bank together convened the *High-Level Forum on the Health MDGs* (HLF), a series of meetings to examine upstream constraints to progress in health. In particular, the HLF helped to deepen understanding of issues related to aid effectiveness in health – much of the analysis in this paper is drawn from research carried out as part of the HLF process. It highlighted four key issues:

- Health aid is often not aligned with government priorities, and holistic health systems approaches are insufficiently funded;
- Health aid may be unpredictable, short-term and volatile, making it difficult for ministries of finance to increase spending on recurrent costs (such as salaries or long-term drug treatment) based on donor commitments;
- The large number of donors in the health sector creates harmonization and alignment difficulties and can impose large transaction costs on government. There are particular issues associated with Global Health Partnerships (GHPs), and in recognition of this the HLF developed a set of Best Practice Principles for Engagement of Global Health Partnerships at the Country Level (see Annex), which are now being implemented by major health partnerships. They were based largely on – and are contributing to – the implementation of the Paris Declaration.
- As some donors move to general budget support, it will be important to monitor the impact on resource allocation to the health sector.

7. To address these issues and others which emerged from the HLF process, WHO and the World Bank – with the participation of developing countries and the support of UN agencies, bilateral donors and global health partnerships – have begun work to establish the *Scaling up for Better Health Initiative*. With parallels to the Fast Track Initiative in Education, it is envisaged that the *Initiative* will work at country, regional and global levels to address the full range of financing, harmonization, alignment and implementation issues constraining progress towards the health MDGs. This initiative will involve, particularly at the country level, many representatives of OECD/DAC countries. We would like to request that OECD/DAC members encourage and support their country representatives in being actively part of this process.

## The Three Ones

8. UNAIDS, together with the Global Fund, bilateral donors and other international institutions, has committed to three new principles of harmonization called the *Three Ones*. These are: one agreed HIV/AIDS action framework, which provides the basis for coordinating the work of all partners; one national HIV/AIDS coordinating authority with a broad-based multi-sectoral mandate; and one agreed country-level system for monitoring and evaluation. A Global Task Team has subsequently been established to monitor progress towards the implementation of the Three Ones and make recommendations for further action.

9. In the spirit of the *Three Ones*, the Global Fund to Fight AIDS, TB and Malaria (GFATM) and the Global Alliance and Vaccines Initiative (GAVI) are pursuing reform programs to implement the Paris Declaration, including an increased focus on harmonization and alignment. These efforts are inspired in part by studies carried out by the High-Level Forum, and are guided by the Best Practice Principles mentioned above. We encourage the active contribution of OECD/DAC members to these efforts, through their seats on the boards of global health partnerships.

### **Innovative Financing Mechanisms**

10. Health donors are developing new financing mechanisms which aim to bridge the gap between the resources needed to meet the health MDGs, and what is available. These new mechanisms can broadly be divided into two groups. The first, which includes the International Finance Facility for Immunization (IFFim), aims to increase the volume and predictability of resources available *to countries* sustaining good policy and program performance. The second, which includes UNITAID (previously called International Drug Purchase Facility) and Advanced Market Commitments, aims to increase incentives to develop and supply vaccines and pharmaceutical products that respond to the health needs of low income countries – effectively stimulating provision of a global public good that the market has failed to supply. These mechanisms have considerable potential. However, where they fund additional “vertical” programs at the country level, they are likely to exacerbate problems of harmonization and alignment highlighted in studies of global health programs. The challenge therefore is to ensure that new instruments are well coordinated, complementary to existing initiatives and do not add to the fragmentation of the global health architecture. We would like to request that OECD/DAC members who are actively involved in the design and launching of these new funding mechanisms encourage and support the needed actions to ensure coordination and complementarity among all these initiatives.

11. In conclusion, taking forward the harmonization and alignment agenda in health requires *managing diversity* among the broad range of partners active in the health sector. As we move forward, it is critical to maintain a strong focus on outcomes, assure mutual accountability, and to demonstrate that better quality aid delivers better health results. This is an important message as aid for health is scaled-up in the run up to 2015.

12. For the reasons discussed above, health may be a useful tracer sector to monitor progress towards overall harmonization and alignment efforts, as well as a good source of lessons learnt and good practice. The *Scaling Up for Better Health Initiative* aims to do this –close links to the OECD/DAC through its Working Party on Aid Effectiveness, and through the efforts of its donors will be essential.

## ANNEX

<b>BEST PRACTICE PRINCIPLES FOR ENGAGEMENT OF GLOBAL HEALTH PARTNERSHIPS AT COUNTRY LEVEL</b>	
<b>Global Health Partnerships (GHPs) commit themselves to the following best practice principles:</b>	
<b>OWNERSHIP</b>	
<b>1</b>	To respect partner country leadership and help strengthen their capacity to exercise it. GHPs will contribute, as relevant, with donor partners to supporting countries fulfill their commitment to develop and implement national development strategies through broad consultative processes; translate these strategies into prioritised results-oriented operational programmes as expressed in medium-term expenditure frameworks and annual budgets; and take the lead in coordinating aid at all levels in conjunction with other development resources in dialogue with donors and encouraging the participation of civil society and the private sector.
<b>ALIGNMENT</b>	
<b>2</b>	To base their support on partner countries' national development and health sector strategies and plans, institutions and procedures. Where these strategies do not adequately reflect pressing health priorities, to work with all partners to ensure their inclusion.
<b>3</b>	To progressively shift from project to programme financing.
<b>4</b>	To use country systems to the maximum extent possible. Where use of country systems is not feasible, to establish safeguards and measures in ways that strengthen rather than undermine country systems and procedures. <i>Country systems in this context would include mechanisms such as sector-wide approaches, and national planning, budgeting, procurement and monitoring and evaluation systems.</i>
<b>5</b>	To avoid, to the maximum extent possible, creating dedicated structures for day-to-day management and implementation of GHP projects and programmes ( <i>eg Project Management Units</i> )
<b>6</b>	To align analytic, technical and financial support with partners' capacity development objectives and strategies; make effective use of existing capacities; and harmonise support for capacity development accordingly.
<b>7</b>	To provide reliable indicative commitments of funding support over a multi-year framework and disburse funding in a timely and predictable fashion according to agreed schedules.
<b>8</b>	To rely to the maximum extent possible on transparent partner government budget and accounting mechanisms.
<b>9</b>	To progressively rely on country systems for procurement when the country has implemented mutually agreed standards and processes; and to adopt harmonized approaches when national systems do not meet agreed levels of performance <sup>1</sup> . To ensure that donations of pharmaceutical products are fully in line with WHO Guidelines for Drug Donations <sup>2</sup> .

<sup>1</sup> Countries themselves may choose to take advantage of procurement pooling mechanisms or third-party procurement, in order to obtain economies of scale.

<sup>2</sup> See <http://www.who.int/medicines/library/par/who-edm-par-99-4.pdf>

<b>HARMONISATION</b>	
<b>10</b>	To implement, where feasible, simplified and common arrangements at country level for planning, funding, disbursement, monitoring, evaluating and reporting to government on GHP activities and resource flows.
<b>11</b>	To work together with other GHPs and donor agencies in the health sector to reduce the number of separate, duplicative missions to the field and diagnostic reviews assessing country systems and procedures. To encourage shared analytical work, technical support and lessons learned; and to promote joint training, ( <i>eg common induction of new Board members</i> ).
<b>12</b>	To adopt harmonized performance assessment frameworks for country systems.
<b>13</b>	To collaborate at global level with other GHPs, donors and country representatives to develop and implement collective approaches to cross-cutting challenges, particularly in relation to strengthening health systems including human resource management.
<b>MANAGING FOR RESULTS</b>	
<b>14</b>	To link country programming and resources to results and align them with effective country performance assessment frameworks, refraining from requesting the introduction of performance indicators that are not consistent with partners' national development strategies.
<b>15</b>	To work with countries to rely, as far as possible, on countries' results-oriented reporting and monitoring frameworks.
<b>16</b>	To work with countries in a participatory way to strengthen country capacities and demand for results-based management, including joint problem-solving and innovation, based on monitoring and evaluation.
<b>ACCOUNTABILITY</b>	
<b>17</b>	To ensure timely, clear and comprehensive information on GHP assistance, processes, and decisions (especially decisions on unsuccessful applications) to partner countries requiring GHP support.
<b>GOVERNANCE</b>	
The governance principles are intended for larger partnerships with formalized governance arrangements. Partnership activities must be consistent with the regulatory framework of their host arrangements	
<b>18</b>	To make clear and public the allocation of roles and responsibilities within the management structure of the partnership or fund. The governing board or steering committee should have broad representation and a strong developing country voice.
<b>19</b>	To make clear and public the respective roles of the partnership and relevant multilateral agencies, including how the partnership relates to the host organization.
<b>20</b>	In the interest of public accountability, to ensure that GHP purpose, goals and objectives are clear; procedures are transparent; and timely and comprehensive information is provided publicly.
<b>21</b>	There should be a strong commitment to minimizing overhead costs and achieving value for money; each partnership should have an evaluation framework.
<b>22</b>	To be subject to regular external audit. For hosted partnerships, the auditing procedures of the host UN organization would apply. A copy of the relevant portion of the external auditors certification of accounts and audit report should be made available to the partnership board.