2009 ECOSOC HIGH-LEVEL SEGMENT
Panel Discussion
Trends in aid and aid effectiveness in the health sector
Thursday, 9 July 2009 3:00 – 5:35 p.m.

Eckhard Deutscher
Chair of the Development Assistance Committee – OECD

Introduction:

Aid effectiveness is geared towards better and sustainable results. Health results matter greatly because progress in health is key to development, as illustrated by the relative importance of health amongst the MDGs[1] . Progress towards the MDGs remains uneven, as recently demonstrated by the last World Health Statistics and the report from the Global Campaign to salvage UN's Health goals. In many Sub-Saharan African countries the national HIV AIDS prevalence rate has either leveled off or decreased. But maternal mortality rates remain very high in the same region where the proportion of attended births by skilled personnel increased only slightly.

In this context, what has been, what is and what should be OECD DAC contribution to a more effective aid?

1 - Official Development Assistance for Health has been increasing but this is not enough

The first thing we should keep in mind - and be proud of - is that aid to health has significantly increased in the past years. After stagnating in the 1980s and 1990s, aid to health has risen sharply: ODA for health amounted to USD 5.5 bn in 2000-2001, and USD 13.5 bn in 2006-2007.

On average, aid to health grew over the period 1980-2007 at about 9% per year, a very significant increase. It has also increased in percentage of total ODA[2] . Health has clearly become a priority of bilateral donor's sector-allocable aid (in Ireland, health represents 36% of sector allocable aid)

Yet, more funding is needed in order to reach the internationally agreed goals for health and HIV/AIDS.

The Japanese and Italian Presidencies of the G8 countries also undertook an accountability exercise – the so-called Toyako framework for Action on Global Health – in order to track and report about the G8 commitments for global health. The OECD provided technical advice to the health expert group.

Last September, a High Level Task force on innovative financing for HSS was set up with the objective to help deliver extra money for delivering the MDGs 4/5. Its final report includes proposals which "could mobilize up to 10 billion USD per year until 2015", using both ODA and non ODA sources, traditional aid and innovative financing mechanisms.

[1] MDGs 4,5,6 + MDG 1 on malnutrition

[2] This is about 8% now, from 5.3% in the early 1980s.

=> In support to the search for more aid, there has been an increasing call for better aid. In fact, the health sector has been quite instrumental in all the work on aid effectiveness[3] . Health also attracts the bulk of the innovative funding mechanisms which aim to help scaling up towards the MDGs. This is why, at the OECD, we keep track of progress and lessons from the health sector from an aid effectiveness perspective together with key stakeholders such as WHO, the Global Fund and NGOs represented in this panel[4]. Looking for a more effective aid in health is even more important in the context of the financial crisis.

2. Altogether, bilateral and multilateral agencies and partner countries need to address key challenges

a) Maintain financial support for health despite the financial crisis

The current financial crisis will increase pressure on donor aid budgets and on budgets in partner countries. How to minimise these risks? How to secure funding for health financing/health systems so that countries don't add to the financial crisis an economic and social crisis due to less affordability, less quality and less availability of health services?

The DAC, within the broader OECD crisis response, has reacted to the financial crisis, in close coordination with key partners such as the World Bank and United Nations organizations. In a recent DAC meeting, we shared the most updated analysis about the potential impact, particularly the human impact of the financial crisis in the poorest countries, using analysis from WHO in particular. DAC members have reaffirmed their existing ODA commitments. They recognized the need to tackle the crisis with all instruments available, including non ODA traditional sources of funding. Synergies between these different instruments also need to be exploited, so that overall financial flows are sustainable for partner countries.

In developing countries, donors should also clearly advocate against cuts in country health spending and support countries reforms for building and expanding social protection/health protection schemes - whether it derives from tax or social health insurance - to protect the poorest against the impact of the crisis. As rightly stressed by WHO, the crisis can create an opportunity to reform countries' financial and delivery systems, in line with the objective of universal coverage, with the support of aid.

Finally, countries must be encouraged to progressively increase their domestic resources for health.

b) We must rationalize the health architecture. Three illustrations

Monitor global initiatives – don't start new ones

It is well known that the health aid architecture has become complex with more than 90 global health partnerships. Between the second half of 2007 and September 2008, I could count not less than 5 global

[3] High level forums on the health MDGs (2004-2006), International Health Partnership

[4] Work stream on health as a tracer sector hosted in DCD EFF which supports the Working Party on aid effectiveness and is part of our watching brief on the implementation of the Paris Declaration and AAA in sectors and thematic areas.

health initiatives[5]. It's time that we stop this "initiative-ítis" and undertake a rigorous monitoring of ongoing initiatives and partnerships, looking at their impact, added value and costs for the global health community, including for multilateral agencies that host some of them.

Clarify the division of labour on health system strengthening

Multilateral agencies and global programs have highlighted again the importance of Health Systems to deliver results. As stressed in the *OECD Development Cooperation Report 2007*, clarifying the division of labour across key stakeholders in the area of health system strengthening is critical. We are pleased to see that there are ongoing discussions to achieve this objective. We hope that all organisations which play a critical role in funding and supporting health country systems and the partner countries can agree on concrete and operational solutions which make the most of current increasing investment in health systems, in line with country priorities and needs. The OECD remains interested to support and report about progress in this area. DAC members need to effectively accompany the process by being consistent across the Boards of the different organisations they are represented in.

Support effective and accountable new forms of funding for health

Health has concentrated the bulk of innovative financing mechanisms since 2006: the International Finance Facility for Immunisation, UNITAID to fund drugs for AIDS, TB and malaria, the Advanced Market Commitments to scale up access to qualitative vaccine, the ProductRed brand which supports the Global Fund's activities…there is now a range of mechanisms which can bring added value for countries and health outcomes. It is important to make sure that new ideas do not translate in new mechanisms/institutions which would generate additional transaction costs and increase the level of aid spent through technical assistance in support to these additional programs and less in support of long-term country programmable aid.

Proliferation of aid mechanisms and institutions complicates accountability. More aid should go with clear accountability and transparency. This is key to maintain the public support to aid to health.

c) Strengthening country ownership remains the most critical condition for effective aid and sustainable results

More than the Paris Declaration, the Accra Action Agenda stresses the utmost **importance of country ownership,** strengthened by a broad country dialogue and domestic accountability, also supported by aid aligned within country priorities, systems, budgets and institutions. Moreover, the Paris and Accra framework require that all development partners, including global programs and funds, use and

[5] Catalytic initiative to save a million lives, Global Campaign for MDGs 4-5, Providing For Health (P4H), International Health Partnership, High Level Task force for innovative financing for Health systems

strengthen country information systems[6] and improve the medium-term predictability of their aid[7] so that countries can plan and develop sound, well-funded and realistic strategies.

Here are examples of what this means in the health sector:

Reducing aid fragmentation in countries

The landscape in health aid can be very complex at the country level. In a country like Cambodia, there are above 100 health development partners including international NGOs. How can one government possibly manage such a number of partners, most of them being involved with small-scaled projects? A degree of diversity of actors is sometimes necessary to cover all country priorities (for instance, not all donors are ready to fund family planning activities or very technical activities). But we need to keep in mind that capacities to manage, monitor and report about these various aid activities are limited. In the same time, I would like to stress that the need for a better division of labour amongst donors should come with a collective responsibility and action to address the needs of all countries, including the ones in fragile situations which face the most critical challenges.

Supporting health policies that are inclusive and accountable

Donors can play an effective role in supporting health policies that are inclusive and accountable. They can contribute to strengthen local accountability through good health information systems, support to local technical or community-based monitoring and evaluation of health policies. There are positive examples. In districts of Tanzania for instance, the Health Metrics Network has supported the development of information systems on disease and the cost effectiveness of specific interventions to address child mortality. The information then helped the districts achieve a 40 percent reduction in infant and child mortality over three years, with only an 18 percent increase in the investment for health.

The Global Fund has also contributed to better country ownership and community participation through the creation of the Country Coordination Mechanisms (CCMs) which ensure the participation of people living with AIDS in the policy decision process.

Supporting long- term institutional development in health

The issue of technical assistance, which accounts for a significant part of the ODA to health[8], has been recently brought back in the debate on health aid. In Accra, partner countries stressed the need for technical assistance to be demand-driven, transparent and accountable. The High level Task force on innovative financing recently asked the OECD DAC to undertake a reflection on TA. We will contribute from an aid effectiveness perspective, focusing on a long term institutional development perspective,

[6] See paragraph 23 of the AAA

[7] See paragraph 26 of the AAA

[8] In 2002-2006, 41% of all health ODA focused on technical cooperation which includes technical assistance and training activities. Source: “Effective aid – better health” WHO-World Bank and OECD publication 2008

asking ourselves about best practice and possibilities to support communities of practices, regional platforms…

Supporting strong leadership and vision

In DRC, leaders were able to formulate a strategy for reform that successively focused on strengthening the district model, managing the donor fragmentation which was very high, setting up structures and networks for collaboration and negotiation with partners and increasing the public funding for health.

Mali has updated its vision for scaling up to the health MDGs (PRODESS 2) with clear and monitorable results indicators. A compact (IHP+ compact[9]) has been signed between Mali and almost all donors. It includes a regular mechanism to monitor the fulfilment of mutual commitments including, for donors a commitment to provide more predictable and aligned aid. This is a promising way and we hope more donors, including those who confirmed their commitment to the IHP+ at the global level, will be able to join this process.

Going further in alignment and predictability and sharing lessons beyond health

Global programs and funds account for a significant part of aid to health in many countries. In AIDS, TB and malaria, the Global Fund and PEPFAR are sometimes the only external source of support to countries programmes to fight these three diseases. This raises the issue of aid dependency. It also makes it even more important that these funds are reported on budget and are predictable, and that these programmes use countries systems, including the procurement and public, financial and auditing systems. Progress is underway. The Global Fund, for instance, has taken seriously its commitments and support to the Paris Declaration. It plays an active role in the Working party on aid effectiveness, it has contributed to the Paris Declaration monitoring surveys and through the Global programmes learning group, it aims at promoting best practice and progress, particularly in the area of alignment. I would like to note more particularly the decision taken by the GFATM to fund health strategies instead of country proposals, which marks a very important and promising change. Other improvements are also being considered like new policies for funding salaries in countries in order to align with in country policies, in order to avoid distortion effects. These changes need to be reported and shared widely so as to guide potential new developments in sectors other than health.

***

Through an increasing and quite exceptional mobilisation for health, there is now a quite comprehensive aid package in health for countries to build on. The challenge is to help countries to manage the diversity of options within their political and cultural setting and within their own strategic development frameworks. The challenge is also to provide evidences of what works and to learn from both positive and negative experiences, including through regional and south-south cooperation, so that countries can design and develop appropriate solutions.

[9] IHP+: International Health Partnership.