

Swiss TPH



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Global health financing: Health systems and external financing

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External financing

➤ **Official Development Assistance (ODA)**

- Flows to the OECD, Development Assistance Committee (OECD-DAC) list of recipients
- Includes loans with an equivalent grant element of 25% or more

➤ **Development Assistance for Health (DAH)**

- Includes non concessional loans and funds from private foundations and NGOs that contribute directly to the promotion of development and welfare in the health sector in developing countries



External funding

- No comprehensive system for tracking DAH available
- Main source of data: OECD-DAC 2 online databases
<http://www.oecd.org/dac/stats/> Compiled from information provided by each donor, guided by a set of consistent reporting objectives
- One Listing aggregate commitments and disbursements
- One detailing projects for all OECD donors



External funding

OECD-DAC data gaps

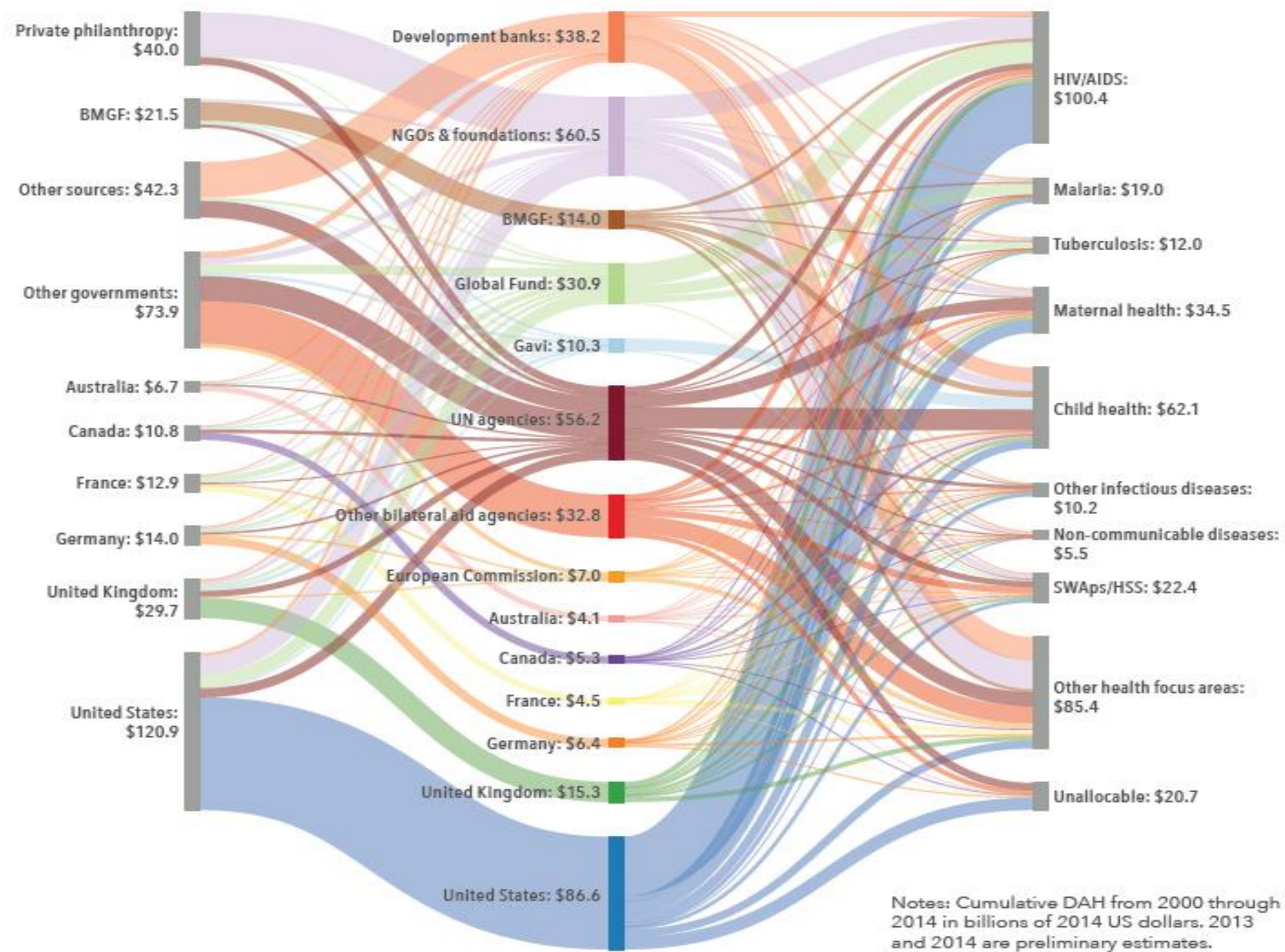
- ✓ under reporting by several donors of disbursements
 - ✓ absence of some key multilaterals
 - ✓ limited reporting by private sector
 - ✓ incompleteness of project descriptions and data fields
 - ✓ not include DAH from non-OECD countries
- Data from non OECD countries very limited – some data in AidData database PLAID (Project Level Aid)
<http://aiddata.org/>

Flows of DAH: sources, channels of assistance, and implementing institutions



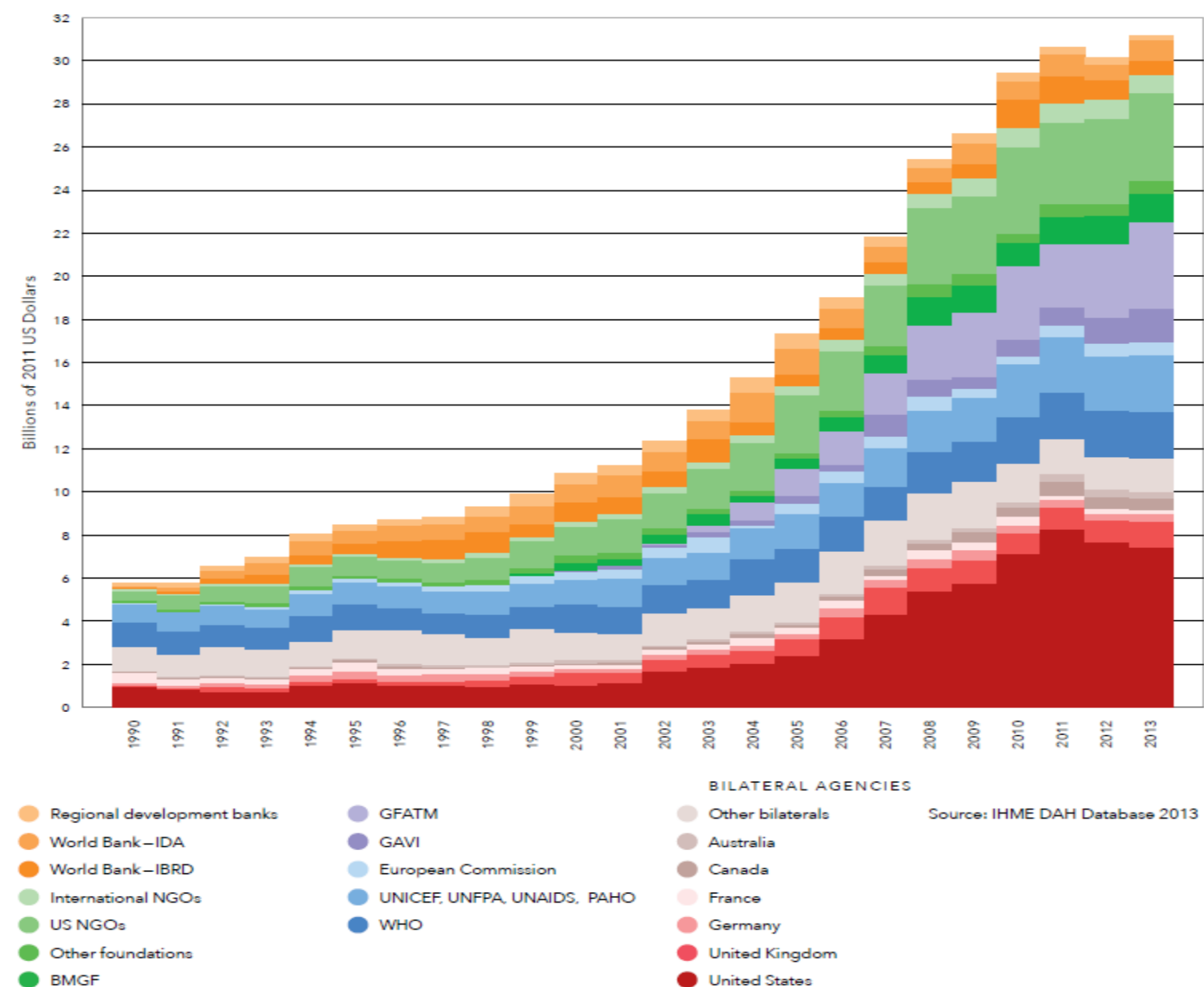
Flows of DHA 2000-2014 from source to channel to health focus area

Flows of DAH, 2000-2014, from source to channel to health focus area



DAH by channel of assistance, 1990-2013

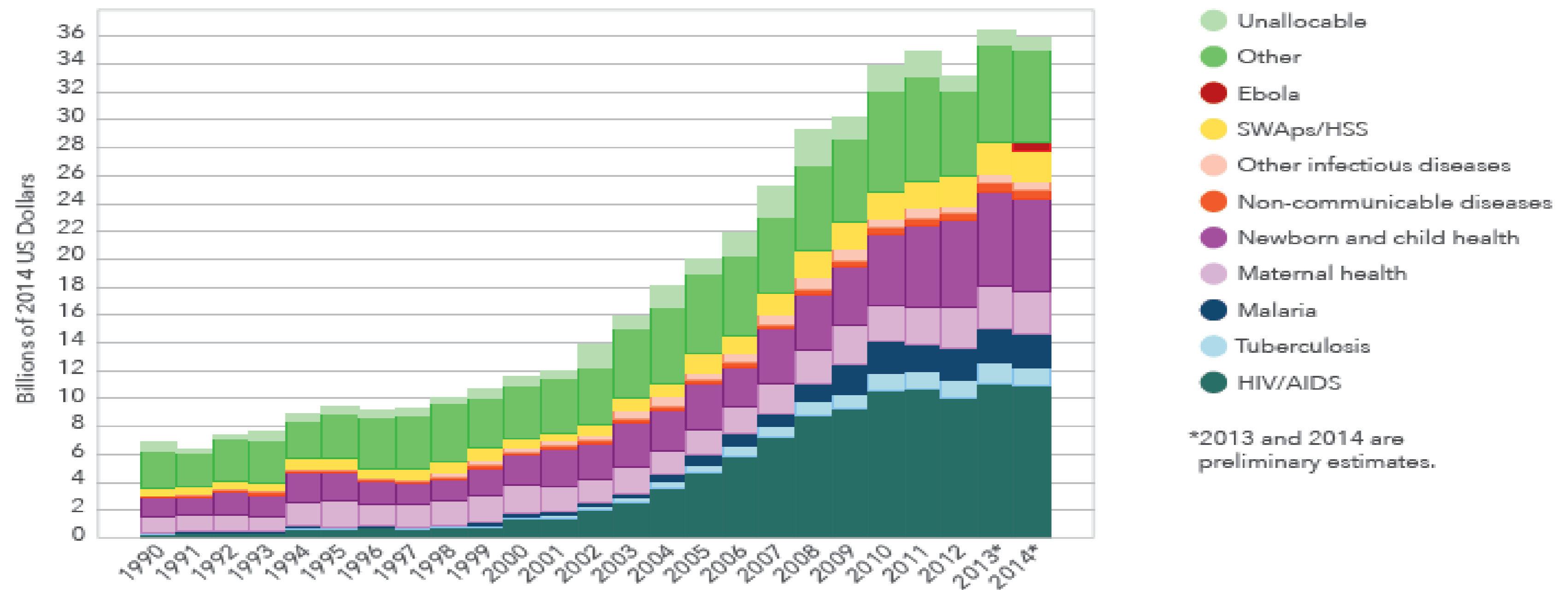
FIGURE 2
DAH by channel of assistance, 1990-2013





DAH by channel of assistance, 1990-2013

DAH by health focus area, 1990-2014

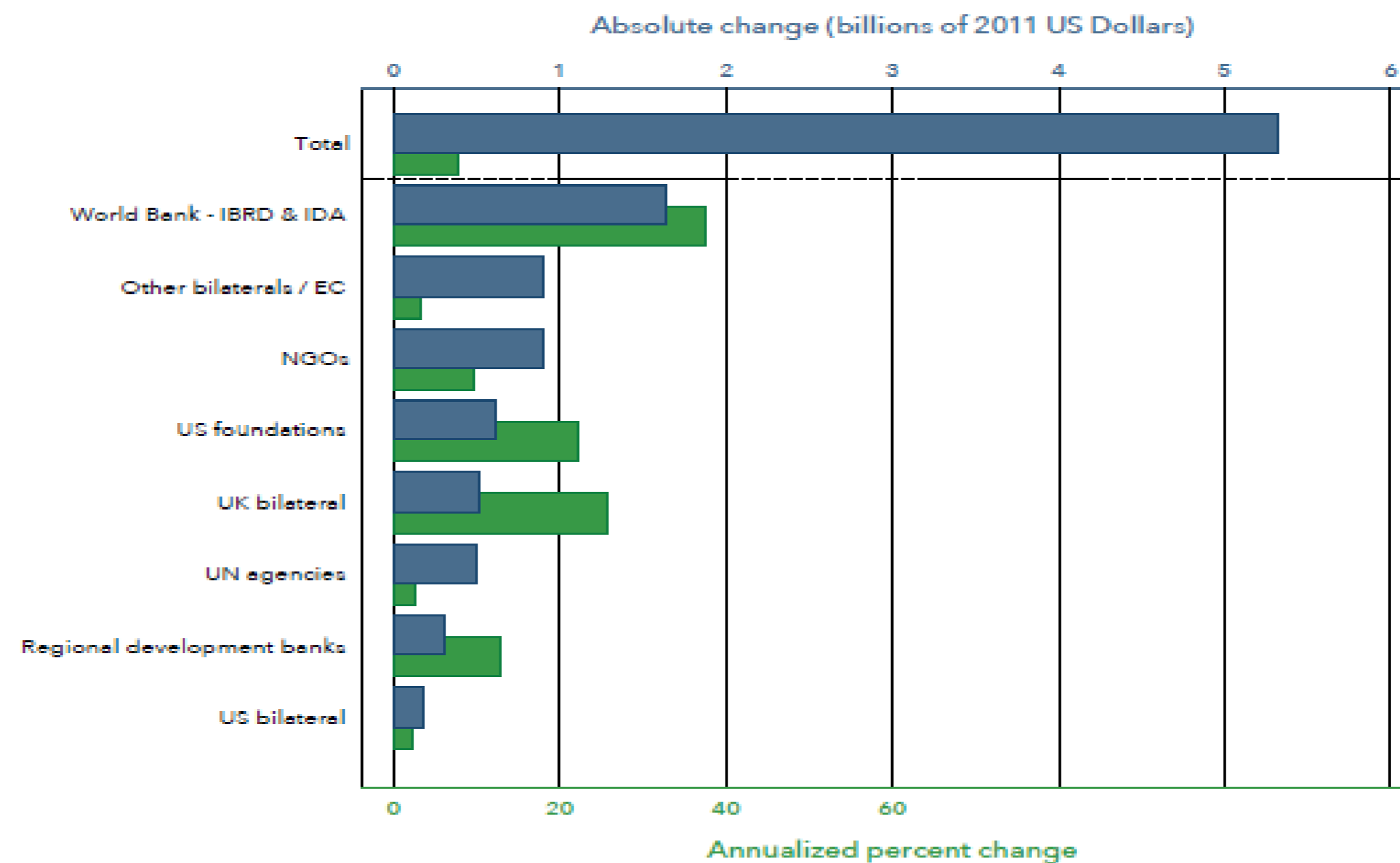


<http://vizhub.healthdata.org/fgh/>

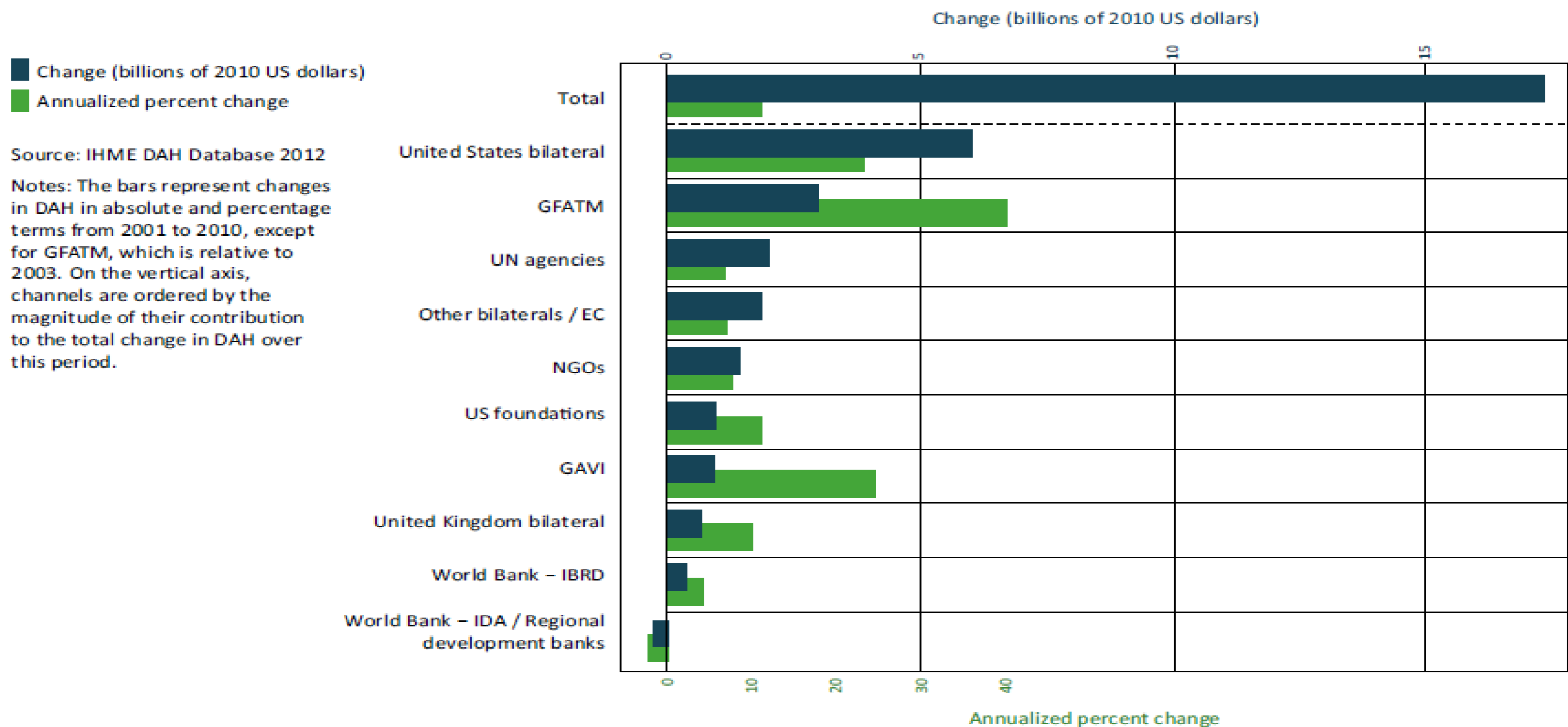
Change in DAH by channel of assistance, 1990-2001 - The moderate growth phase

FIGURE 3

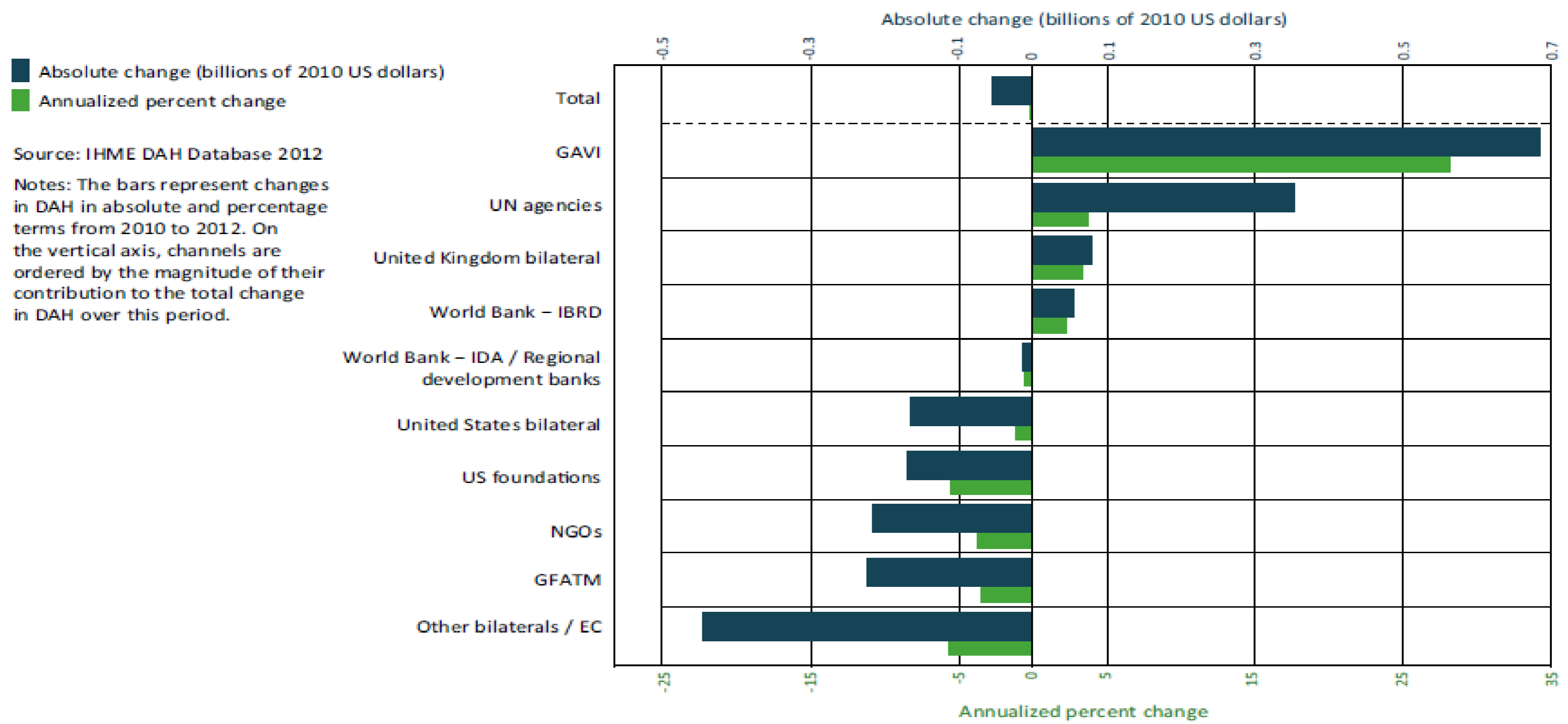
Change in DAH by channel of assistance, 1991-2000



Change in DAH by channel of assistance, 2001-2010 - The rapid growth phase

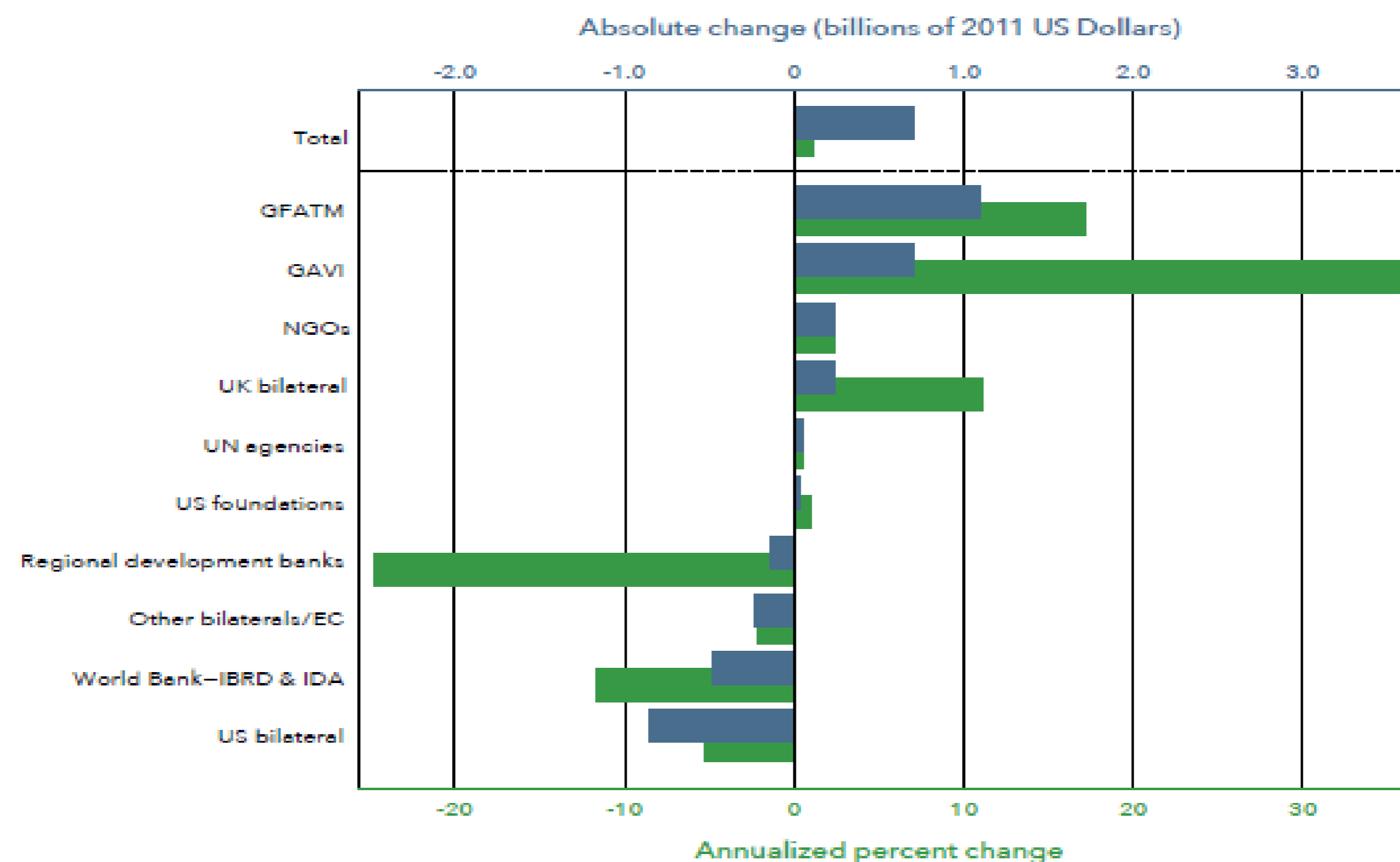


Change in DAH by channel of assistance, 2010-2012 - The no growth phase



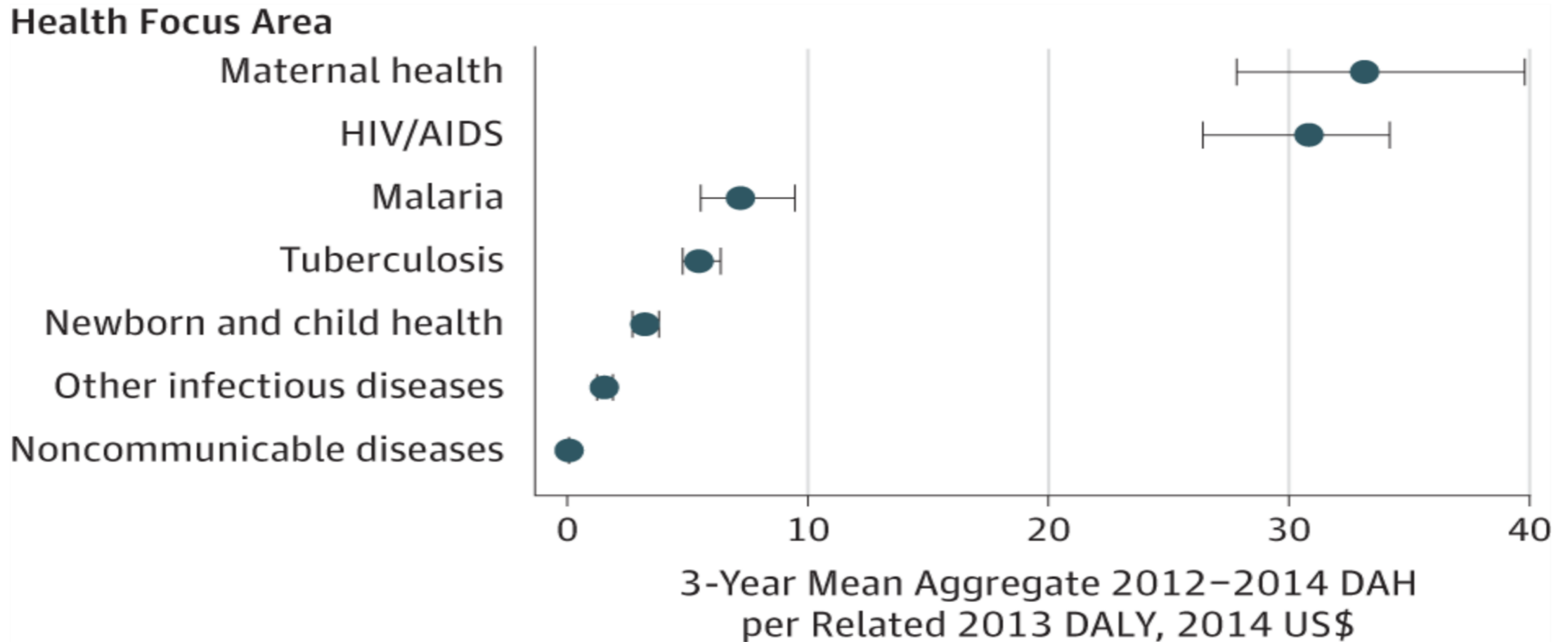
Change in DAH by channel of assistance, 2011-2013

FIGURE 5
Change in DAH by channel of assistance, 2011-2013



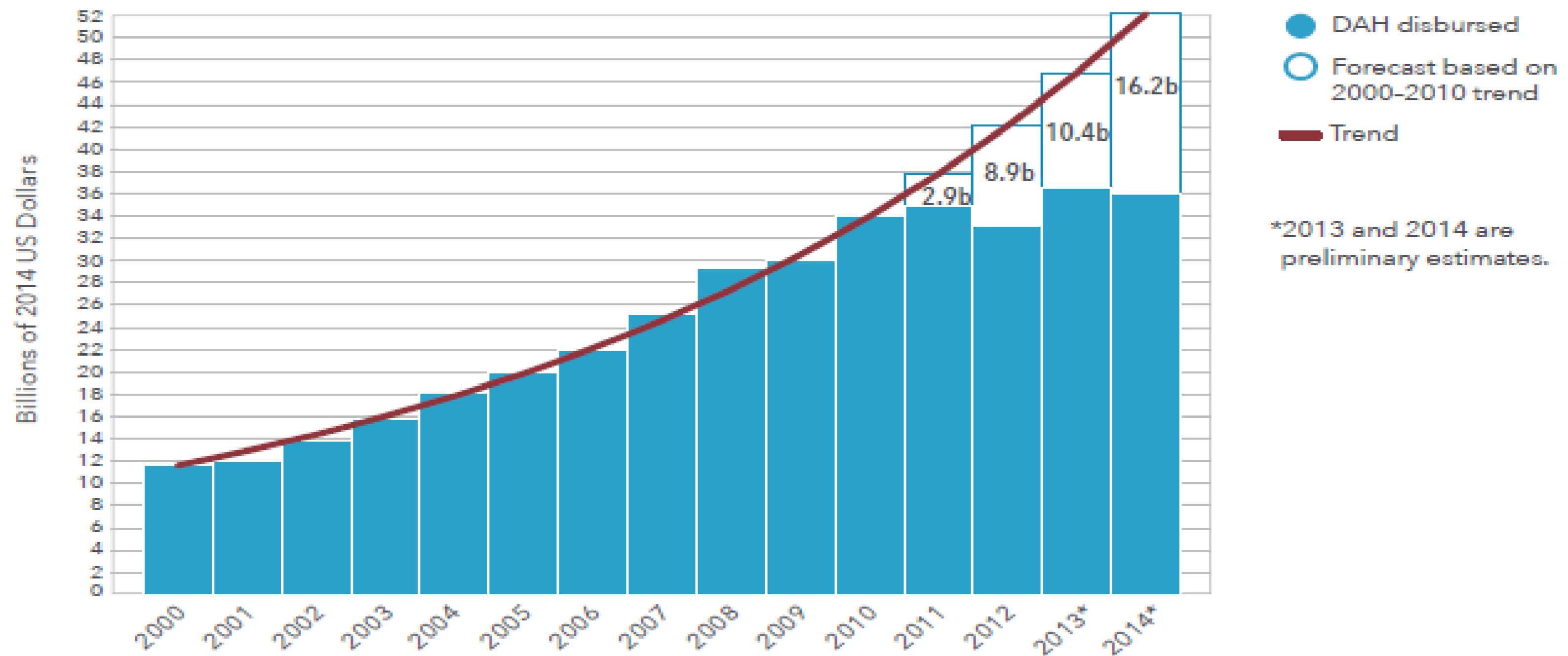


DHA by health focus area



DAH trends

Total DAH observed versus potential



From: Sources and Focus of Health Development Assistance, 1990–2014
 JAMA. 2015;313(23):2359-2368. doi:10.1001/jama.2015.5825



Challenges of external financing

Problem of absorption capacity

- Macro-economic constraints
 - Risk that high levels of external flows may increase domestic demand – inflation – impact on exports and damage to investments and growth perspectives (Dutch disease)
 - DAH – require high proportion of imported goods – likely to be less affected



Challenges of external financing

Problem of absorption capacity

➤ Fiscal impact

- DAH affect balance government revenues and expenditure
- Donors often invest in capital goods
- Need to be complemented with long-term domestic funding for human resources, repair and maintenance etc.
- Effective absorption of DAH funds constrained by medium term domestic revenues



Challenges of external financing

Problem of absorption capacity

➤ Sector capacity

- Limited human resources capacity – possible impact on increase of wages
- Limited domestic management and administrative capacity

Planning DAH in the context of National Development Plans dealing with macro, fiscal, and sector levels in a cohesive way



Challenges of external financing

Problem of fragmentation of DAH

- Proliferation of global health players – big challenge for coordination and accountability
 - In the past dominated by UN agencies, WHO and UNICEF mainly and national governments
 - Now many other new players, need for more coordination, partnership, important to ensure participation



Challenges of external financing

Problem of fragmentation of DAH

- **Problem of donors coordination**
- E.g. In year 2000s Tanzania was preparing 2,400 quarterly reports on separate aid-funded projects and hosted 1,000 donor visit meetings a year.
- UN AIDS 'Three Ones': one national policy, one coordinated implementation plan, one monitoring framework, and a fourth: one pooled source of funding ??



The Paris Declaration

Joint Progress
Toward Enhanced
Aid Effectiveness



*Harmonisation,
Alignment,
Results*

High Level Forum
Paris ■ February 28 – March 2, 2005

PARIS DECLARATION ON AID EFFECTIVENESS Ownership, Harmonisation, Alignment, Results and Mutual Accountability

- **Ownership:** Countries exercise effective leadership over their development policies, and strategies and co-ordinate development actions.
- **Harmonization:** Donors' agree to be harmonized, transparent and collectively effective.
- **Alignment:** Donors base their overall support on partner countries' national development strategies, institutions and procedures.
- **Results:** Both agree to managing resources and improve decision-making for results.
- **Accountability:** Both are held accountable for development results.



Challenges of external financing

Problem of short term and unpredictable financing

- High volatility of DAH vs long term process of health system development
- Domestic government unlikely to favour substantial scale-up of services that cannot be financially sustained
- Sustained and predictable recurrent financing as an essential prerequisite of health sector expansion



Challenges of external financing

Problem of fungibility of DAH

- The extent to which domestic governments adjust their own spending to offset donor funding
- Some evidence of DAH fungibility –e.g. for every US\$1 of DAH, government health expenditures were reduced by US\$0.43-1.4 (Luc C et al, Lancet 2010)
- But many problems in data and methods
- Fungibility also within health sector