

Swiss TPH



Swiss Tropical and Public Health Institute
Schweizerisches Tropen- und Public Health-Institut
Institut Tropical et de Santé Publique Suisse

Department of Epidemiology & Public Health

Global health financing: Health systems and external financing

Fabrizio Tediosi,

Department of Epidemiology and Public Health, Swiss TPH
fabrizio.tediosi@unibas.ch – twitter @fabrizio2570



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

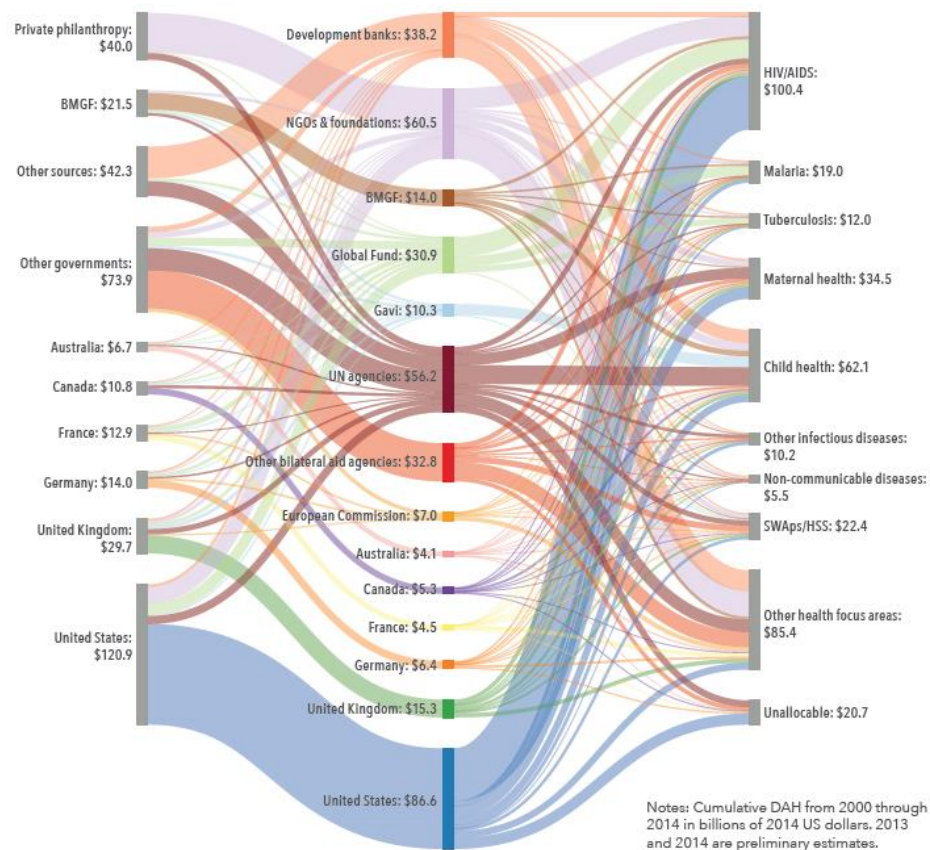
- ✓ under reporting by several donors of disbursements
 - ✓ absence of some key multilaterals
 - ✓ limited reporting by private sector
 - ✓ incompleteness of project descriptions and data fields
 - ✓ not include DAH from non-OECD countries
- Data from non OECD countries very limited – some data in AidData 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

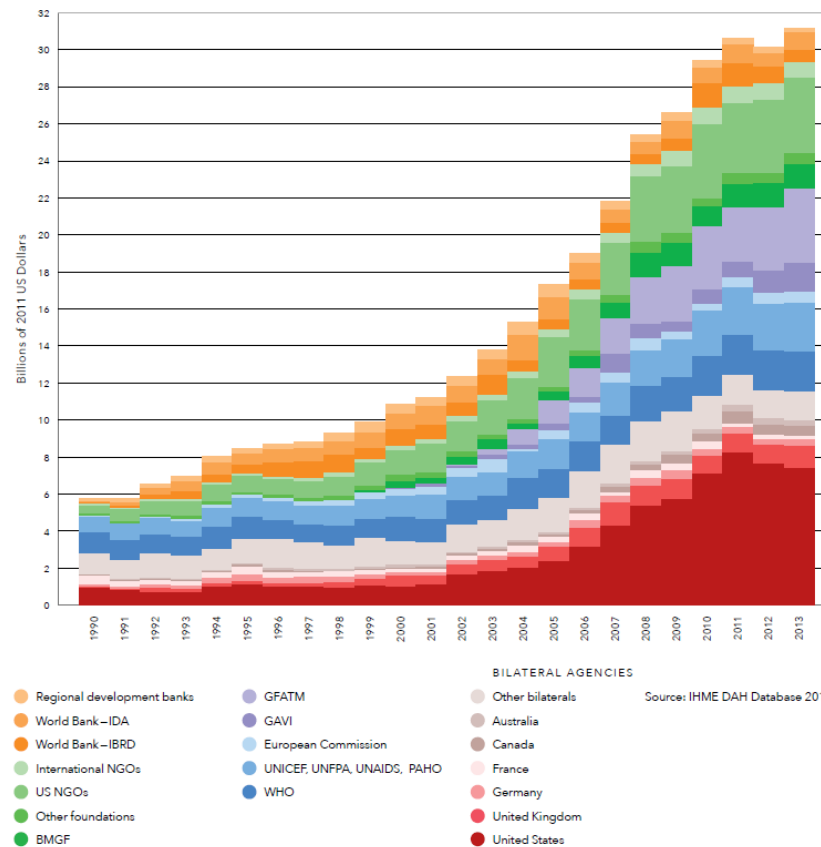
Flows of DAH, 2000-2014, from source to channel to health focus area





DAH by channel of assistance, 1990-2013

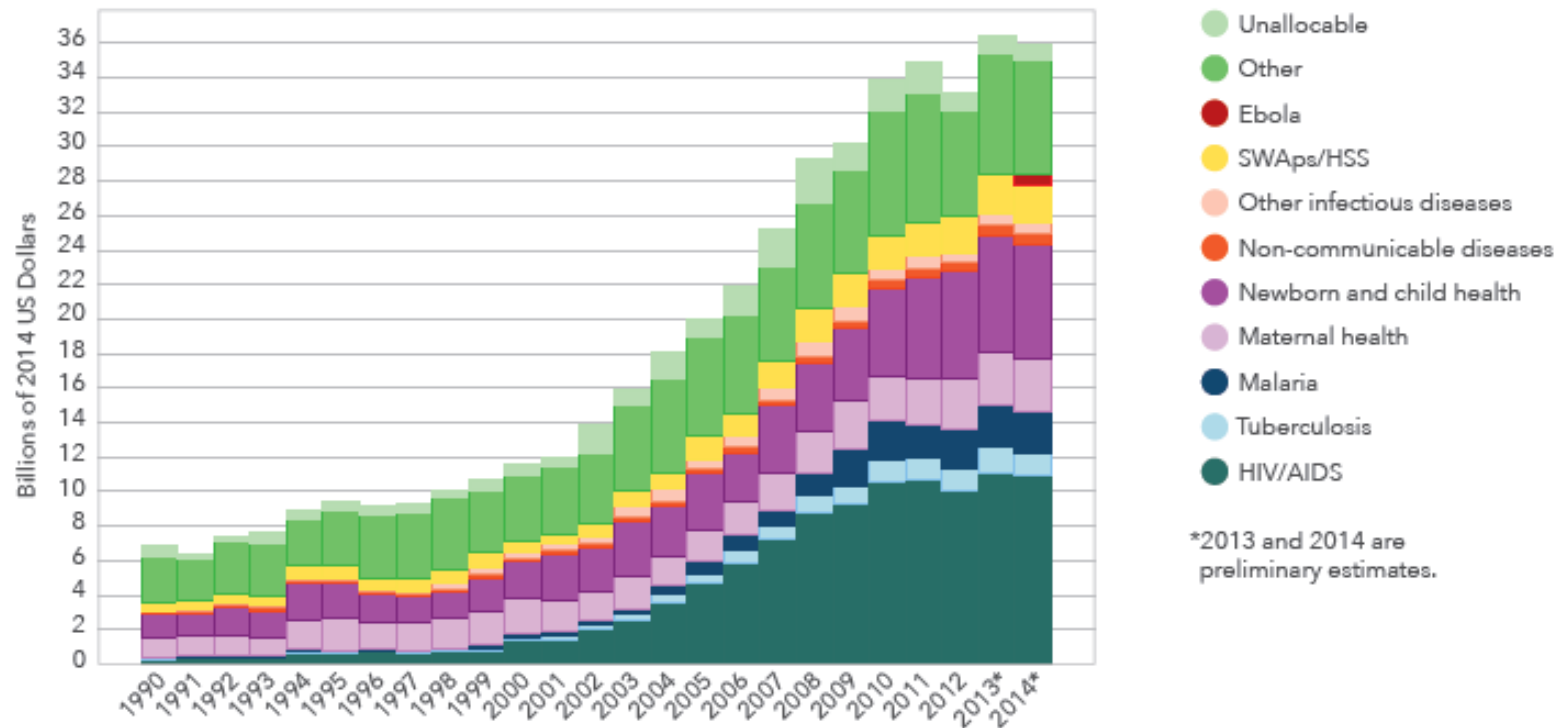
FIGURE 2
DAH by channel of assistance, 1990-2013





DAH by channel of assistance, 1990-2013

DAH by health focus area, 1990-2014



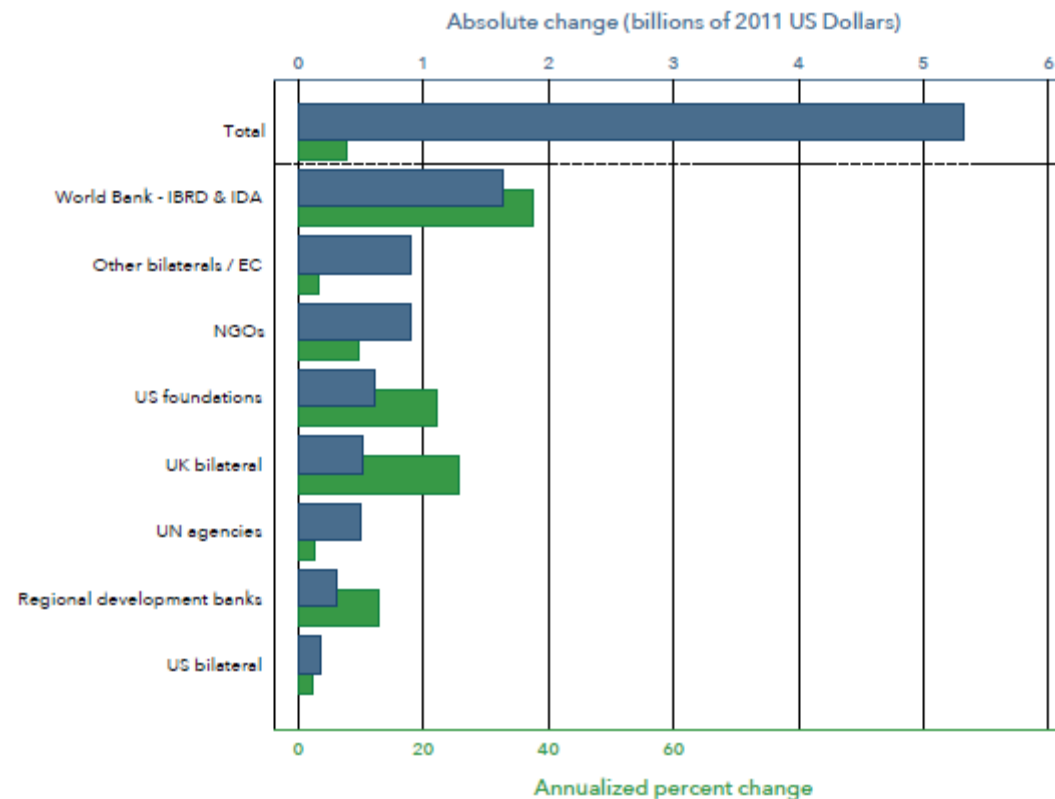
<http://vizhub.healthdata.org/fgh/>



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

FIGURE 3

Change in DAH by channel of assistance, 1991-2000

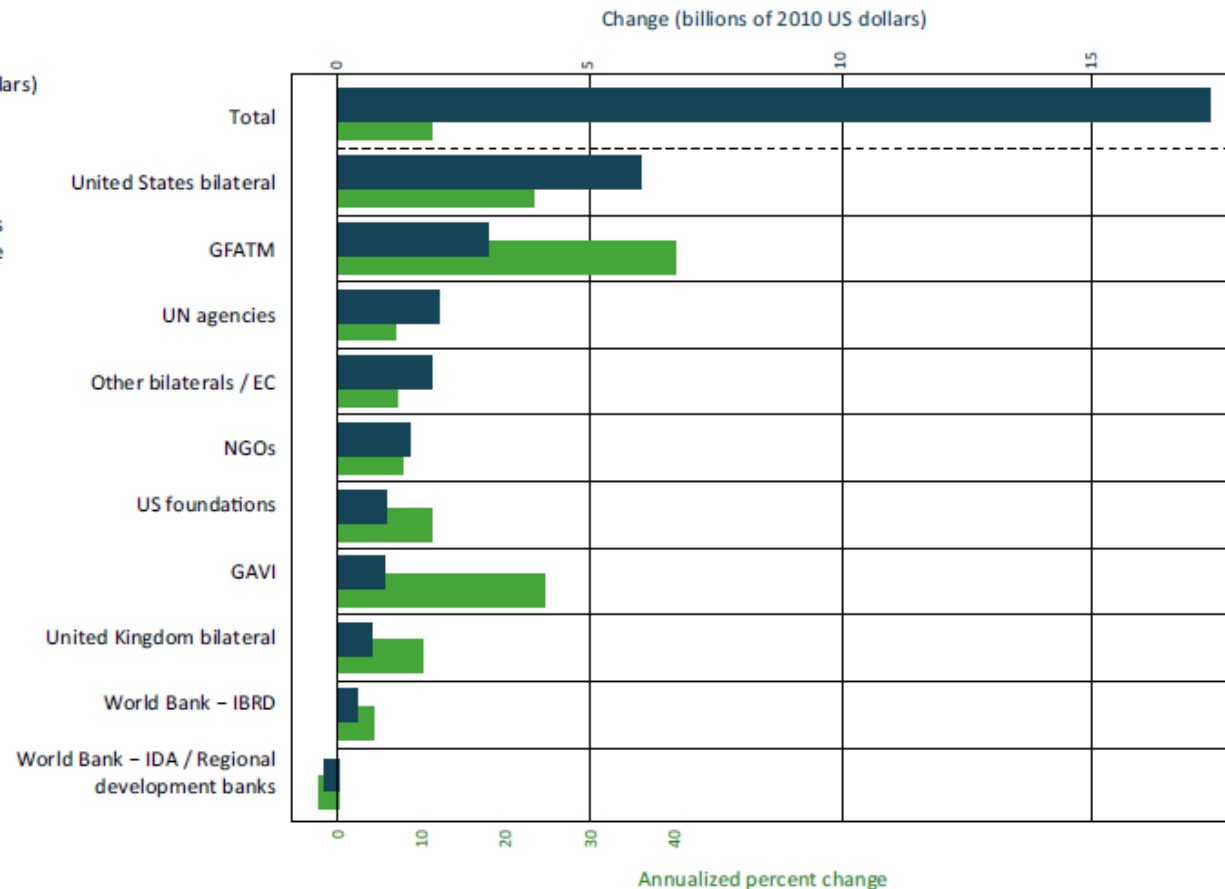


Change in DAH by channel of assistance, 2001-2010 - The rapid growth phase

■ Change (billions of 2010 US dollars)
 ■ Annualized percent change

Source: IHME DAH Database 2012

Notes: The bars represent changes in DAH in absolute and percentage terms from 2001 to 2010, except for GFATM, which is relative to 2003. On the vertical axis, channels are ordered by the magnitude of their contribution to the total change in DAH over this period.



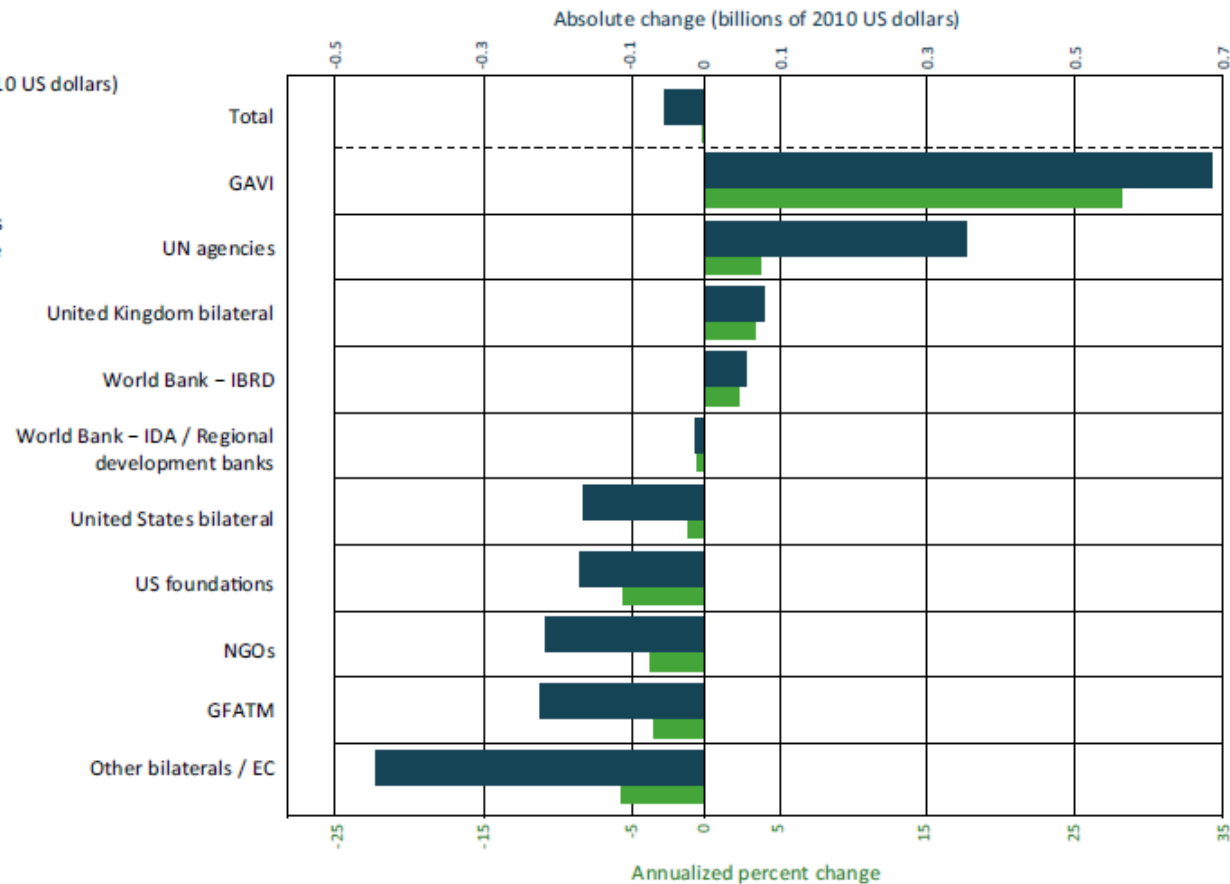


Change in DAH by channel of assistance, 2010-2012 - The no growth phase

■ Absolute change (billions of 2010 US dollars)
■ Annualized percent change

Source: IHME DAH Database 2012

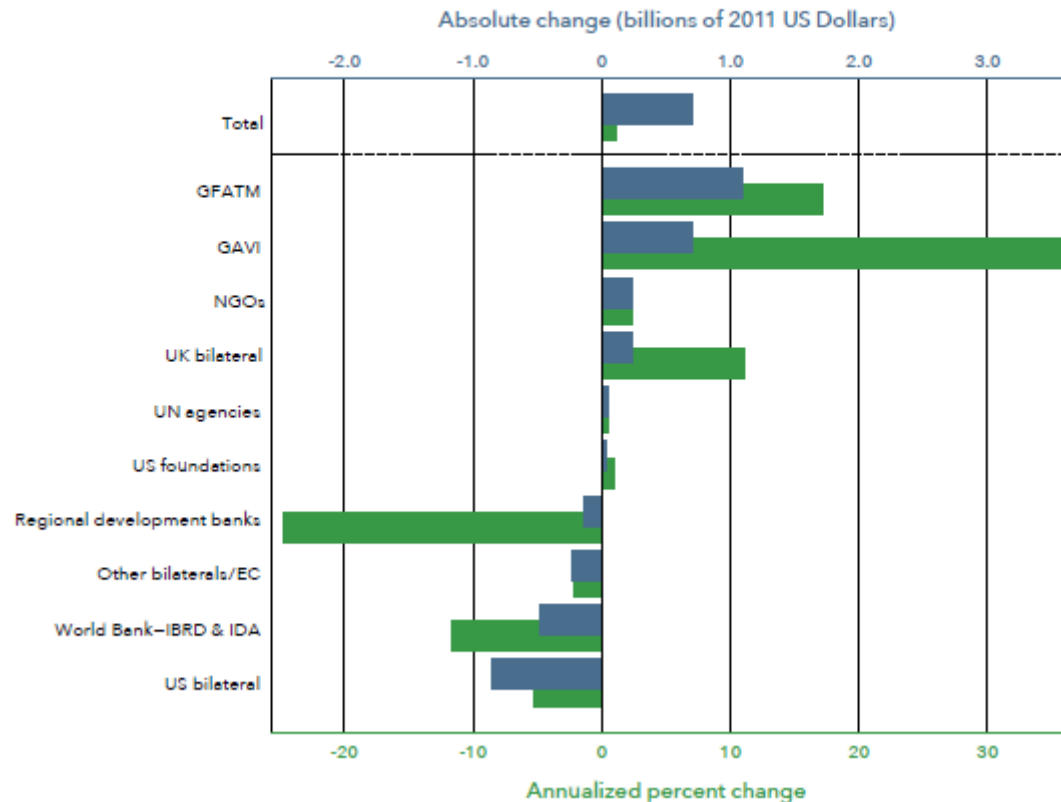
Notes: The bars represent changes in DAH in absolute and percentage terms from 2010 to 2012. On the vertical axis, channels are ordered by the magnitude of their contribution to the total change in DAH over this period.



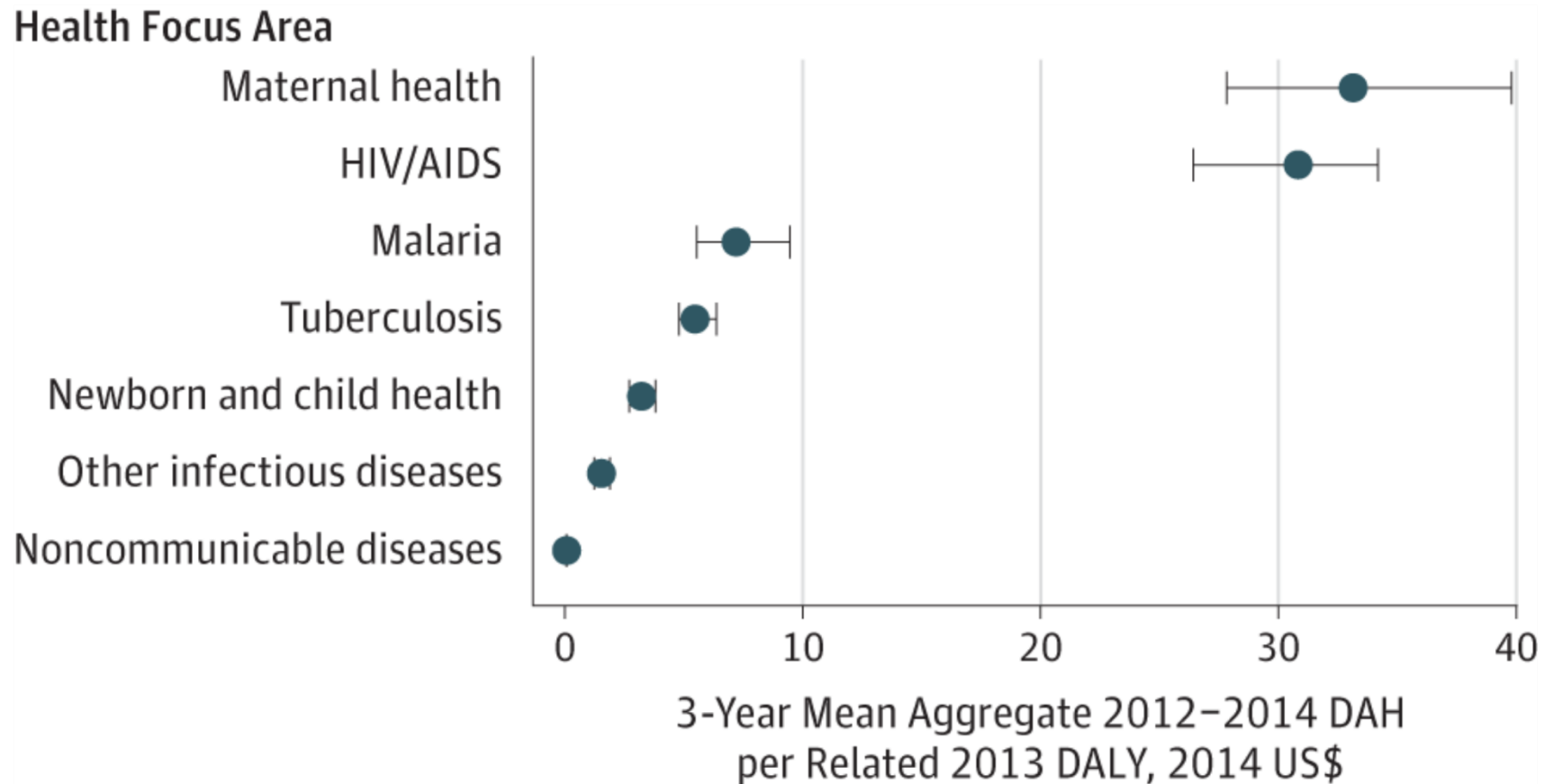
Change in DAH by channel of assistance, 2011-2013

FIGURE 5

Change in DAH by channel of assistance, 2011-2013



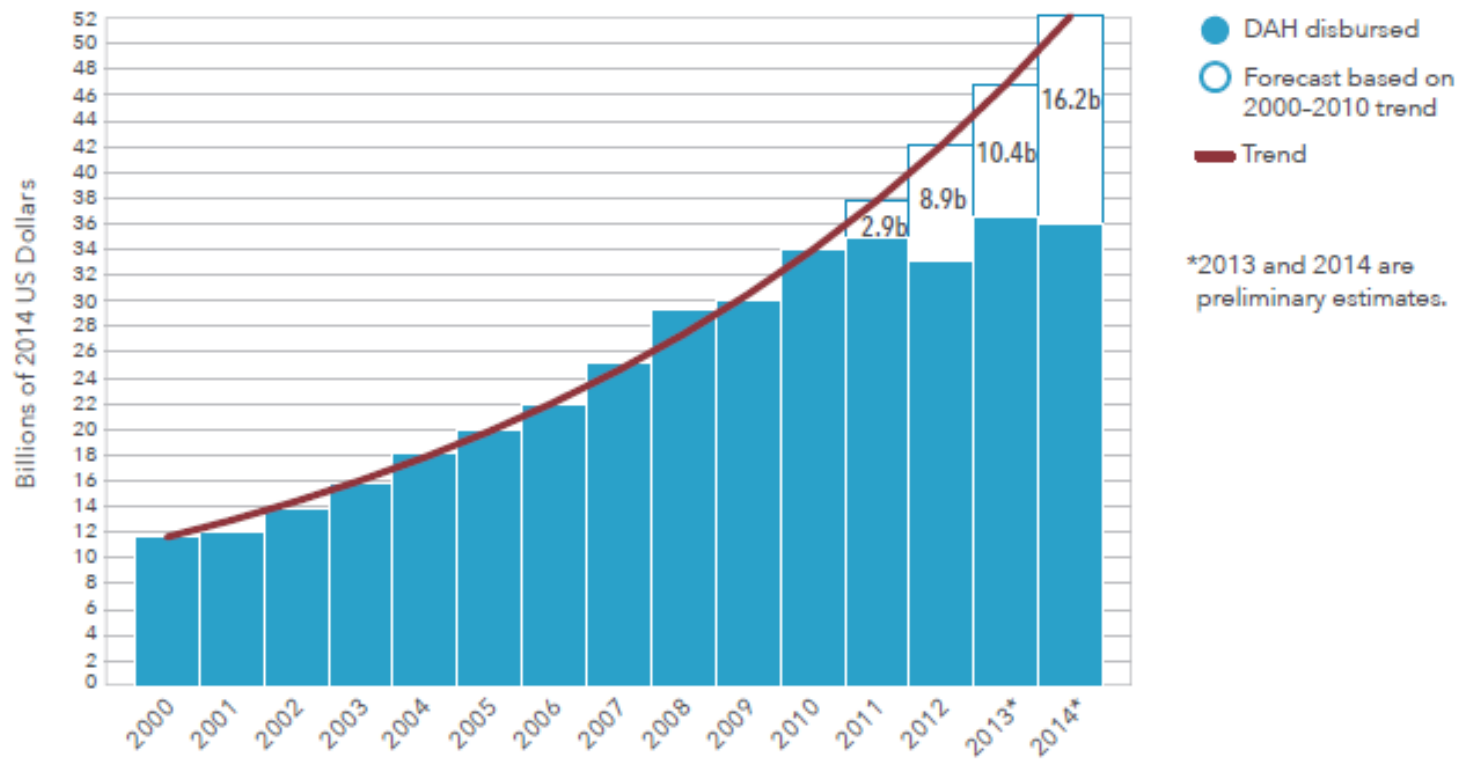
DHA by health focus area





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**
- In 2000, 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



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