



# Progress in Peril?

THE CHANGING LANDSCAPE OF GLOBAL HEALTH FINANCING

# EXECUTIVE SUMMARY

The global health landscape changed dramatically after the adoption of the Millennium Development Goals (MDGs) in 2000. New financing mechanisms were created to channel funding from high-income governments and philanthropists towards the most solvable global health challenges, resulting in dramatically improved health outcomes around the world. That success has made a new level of ambition possible—the Sustainable Development Goals’ (SDGs) commitment to health for all—and new approaches to health finance are possible as well, including scaled-up domestic investments by middle-income countries. Our review of the new global health financing landscape suggests that at least 24 countries are likely to face significant changes in their ability to access external funding to priority health areas in the next 5 years, and that unless those changes are proactively managed and coordinated, the human toll could be dramatic. Our ability to maintain the health gains of the MDG era and expand them to all people depends on how global health stakeholders manage this wave of simultaneous transitions.

The biggest shifts underway are the scaling up of middle-income governments’ investments in health, and the scaling down of external funding to a number of countries as donors refocus their allocations. While these trends could be steered to focus on health equity, if executed poorly they also put recent health progress at great risk.

As economies have grown in many low-income countries, governments increasingly face “transition”—the reduction of external financing typically over a period of two to five years, on the assumption that the government will then fully self-finance the health programs that had been supported by donor funds. This trend takes place within a context of greater competition for aid dollars, and declining interest by some countries in foreign assistance. Country-led, responsible transition can help to maximize health progress and sustainability, and allow scarce external resources to be targeted for greatest efficiency and impact. But transition can also pose serious risks to national budgets, health systems, and ultimately health outcomes. This paper examines risks, in particular, the widely overlooked risk of simultaneous transition, or multiple funders withdrawing from the same country over the same time period. The landscape of development finance is changing, and multilateral institutions and bilateral agencies must adapt.

ACTION, a partnership of locally-rooted organizations around the world that advocate for equitable access to health, is working to ensure that the changing global health landscape is designed and equipped to realize the full ambition of the SDGs. This study is part of our effort to better understand what global health stakeholders need to do to make that vision of health for all a reality. Our findings and recommendations to global health stakeholders are derived from mixed methods research. This included a review of available publications on transition; case studies of three countries based on qualitative interviews and desk research; an examination of published materials from financing agencies on eligibility criteria and transition frameworks; and qualitative interviews with staff from global health financing mechanisms.

## SIMULTANEOUS TRANSITION: A THREAT TO ENSURING HEALTH FOR ALL

Using projections from the largest multilateral global health funders, Gavi, the Vaccine Alliance (Gavi), the Global Fund to Fight AIDS, Tuberculosis (TB), and Malaria (Global Fund), the Global Polio Eradication Initiative (GPEI), and the World Bank’s International Development Association (IDA), we found simultaneous transition is a major upcoming challenge in global health. Our report projects that 36 countries will likely transition from two or more multilateral health financing mechanisms in the next decade—24 in the next five years alone. Of these, seven countries are projected to transition out of three or more multilateral mechanisms in the next five years. None of the projections are definitive, as economic and policy changes, or fragility and instability, could change the timelines. Still, it is clear that the scale and immediacy of this trend demands more attention than the global health community has so far given to simultaneous transition. Notably, these projections exclude the compounding impact of transition from bilateral funders, who fund health programs in countries identified as high priority but without clearly and publicly defined eligibility criteria. Thus, we anticipate that the actual impacts of the shifting global health financing landscape on country budgets and health systems may actually surpass what we have been able to project from published data.

# LESSONS FROM THREE COUNTRIES

We selected three countries in various stages of transition to conduct case studies that highlight the different realities and challenges of the transition process.

- **Côte d'Ivoire** has yet to transition from any multilateral mechanisms but anticipates increased co-financing payments and the beginning of the process in 2020. So far, discussions on transition in Côte d'Ivoire are only superficial, with the exception of the stakeholders working with Gavi on a daily basis. The fragility of the health system and the low prioritization of health in the national budget have been clearly identified as weaknesses, posing additional risks during transition. For Côte d'Ivoire, it will be essential to have a strong, harmonized, and costed plan created by a partnership of all relevant stakeholders to address transition.
- **Nigeria** currently faces accelerated transition from Gavi, as well as from the GPEI, although polio eradication efforts in Nigeria are ongoing; these transitions will take place roughly in the next five years. With low rates of DPT3 coverage already, immunization systems are especially at risk, as are surveillance and emergency response systems. In order to even maintain the current low levels of health coverage, a dramatic increase in financing at both the federal and state level must occur in the next 5-10 years to replace reduced external support.
- **Vietnam**, which is further along in transitioning, is poised to undertake simultaneous transition effectively, having achieved middle-income status, having reduced income poverty significantly, and improved overall population health standards. Nonetheless, limitations in health service delivery and governance could cause problems during transition, notably in protecting access for key populations served by donor-financed health programs.

While the realities of these three countries differ, we were able to draw some overarching conclusions. Our case studies found a significant lack of coordination and planning across funding mechanisms, and inadequate engagement with other critical stakeholders, including government and civil society. In fact, the research found that while multilateral institutions are already beginning to plan for transition, some stakeholders in civil society and government were either not aware or did not believe the transition process would move forward.

## FINDINGS

With continuing unmet need and inequality in access to health, the overall pool of resources supporting health services for all people, especially those living in poverty and from marginalized groups, needs to continue to grow to meet the promise of the SDGs. This increased financing needs to come through significantly expanded domestic investments in health in low- and middle-income countries, but also through a continued commitment from high-income country governments and multilateral institutions to “leave no one behind.” World leaders have committed to “ensure healthy lives and promote well-being for all at all ages,” and this is the bottom line against which changes to the financial structures supporting health should be considered. The following findings and recommendations summarize how the changing global health financing landscape can best put people at the center, promote health equity, and avoid undermining recent health progress:

- **Strong Health Systems.** Successful sustainable transitions have demonstrated the critical importance of strong health systems, while the features of weak systems, including a lack of budgeting capacity, human resource shortages, and supply chain or infrastructure gaps, exacerbate transitions' risks. Solutions suggested by the literature and experiences in case study countries include ensuring greater investment in key elements of health systems, such as human resources, community and civil society engagement, and supply chains before a financing transition begins.
- **Strong Coordination at Country and Global Levels.** In our three case studies and across the available literature, we consistently found the need for strong, cross-sectoral stakeholder awareness, engagement, and planning in the transition process which takes into account the interrelated timelines, processes, and impacts of all donors planning to withdraw over a similar time period. Where coordination has begun in an ad hoc fashion, it has improved transition planning; at both the country and global levels, however, stakeholders identified a need for more deliberate and formal coordination to take place.



- **Transparency and Predictability.** There is a growing consensus among global health stakeholders, based on the experience of countries that have already transitioned, that predictability and a long and sequenced timeline lead to more successful and sustainable transitions. Best practices for transparency include clear eligibility criteria, which most multilateral funders have but most bilateral agencies lack. Predictability ideally includes making projections of transition timelines available to all stakeholders well in advance.
- **Political Will and a Country-Driven Process.** The literature points to a lesson from past transitions: the most successful transitions have been driven by country ownership and proactive national government leadership. Stakeholders in the case study countries also saw a need for political will to guide the process. Unfortunately, we also found significant variations in knowledge among the government stakeholders interviewed and some instances of exclusion of government stakeholders from transition planning processes.
- **Post-transition Support and Safeguarding Health for Vulnerable Groups.** We found that while many stakeholders identified a need for post-transition support, such as funding for civil society or continued technical assistance, policies and processes have not yet been articulated by many funders, and donors themselves described this question as a “missing piece of the puzzle.” Particularly important during and after transition is ensuring the health of key populations, who have in some cases experienced rebounding rates of disease after transition has taken place.

## RECOMMENDATIONS

### All Global Health Stakeholders

- **Ensure High-level Political Alignment and Oversight at the Global Level.** All actors within the global health financing landscape have a responsibility to work toward the shared global goals of ending infectious disease epidemics, preventable child deaths, and other measures of achieving healthy lives for all. Mutual accountability among all stakeholders will only be possible if, at the highest political levels, the specific responsibilities around transition are articulated, monitored, and regularly reviewed. Governments in countries that will experience transition can and should be engaged up to the highest political levels in transition planning and ensuring that health service delivery is sustained. Political statements must be clear and visible, demonstrating governments’ commitments to protect and expand recent health gains. Civil society and community leaders must also be clear about their contributions to sustainable health financing. Similarly, high-income country governments must show leadership to ensure that political pressures to reduce aid do not result in catastrophic changes to health financing structures. Existing global platforms should be used to discuss the new landscape of global health financing, monitor the risks of simultaneous transition, and mobilize all stakeholders to respond to challenges as they arise.
- **Create Political Accountability for Protecting and Expanding Recent Health Gains.** The world has made tremendous health gains over the last twenty years, but these gains are directly threatened by the risks of uncoordinated or unsustainable simultaneous transition. Therefore, for the new global health financing landscape to succeed, there must be political rewards for investing in health for all, and political consequences if poor and marginalized people lose access to life-saving health services. Cross-party parliamentary caucuses, engaged media, and regional platforms like the African Union are all platforms that have provided such accountability for specific health priorities like HIV/AIDS and malaria, and could be used to bolster more sustainable approaches to transition. Civil society, in particular, should raise awareness and generate demand for sustainable health financing in addition to holding governments accountable for the commitments made at global and regional levels.
- **Mitigate the Risks of Simultaneous Transition Through Comprehensive, Cross-mechanism Planning.** The importance of coordinated transition planning across funding mechanisms cannot be overstated, especially in the 24 countries we project could face simultaneous transitions in the next five years. With the bulk of these countries experiencing transition from Gavi and GPEI, there are particular risks to immunization programs, which draw support from both mechanisms. Funders need to work closely not only with the transitioning country governments and other critical stakeholders like UNICEF, the WHO, and civil society, but also with each other to ensure the full

impacts of transition out of all mechanisms are understood, that adequate preparations are taken, and that transition planning and support is not duplicative or run in parallel. Even though the timing and duration of each funder's budget and planning cycles do not align with each other, there is no reason why multi-year comprehensive transition planning cannot take multiple funders into account. Multilateral funders must participate in or establish, in close coordination with bilateral funders and governments, global and country level coordination mechanisms to facilitate this process across mechanisms, with the central goal of producing a comprehensive, costed transition plan cutting across all mechanisms.

- **Safeguard the Health of Key Populations.** Stakeholders in Vietnam raised specific concerns on the sustainability of health programs for key populations, many of whom experience discrimination; evidence of past transitions, such as Romania's loss of Global Fund HIV funding, demonstrate the risk to key populations posed by transition. We recommend that a specific strategy around safeguarding the health of key populations be developed as part of a comprehensive, costed transition plan developed at the country level. Specific strategies could include tactics such as joint cross-border/regional programming, including representatives of key populations on decision making and advisory bodies at global, regional, and country levels, and helping non-governmental stakeholders diversify their sources of funding to directly provide services to key populations.
- **Create Space for Civil Society.** Civil society has a critical role to play in holding governments accountable for sustaining health gains, in reaching key populations, in mobilizing resources for health, and in service delivery. These roles are even more important through transition periods, and the full global health financing community should prioritize making space for civil society at decision making tables, and work actively to ensure that civil society remains strong and capable during transition periods, including through dedicated funding for nongovernmental stakeholders.
- **Fill the Research Gap.** As the global health financing landscape continues to evolve, several areas of additional research and learning are particularly important to inform the transition process. This includes a comprehensive mapping of health financing at the national level in low- and middle-income countries—including sources and volumes separated by disease components and types of spending—to better inform transition timelines and activities as well as allocation decisions; research on the role of the private sector and innovative financing arrangements in transition; further analysis of the financial and programmatic impacts of losing preferential pricing and/or pooled procurement for health commodities; and reviews of the experiences of countries after simultaneous transition takes place.

## Global Health Funders

- **Change Eligibility and Transition Policies to Fully Incorporate Health and Sustainability Indicators.** Transition must not take place at the expense of human health, and this is why it is critical to factor health outcomes into decision making. ACTION recommends that funders currently using only economic criteria more fully incorporate key health indicators such as disease burden and disease risk into their eligibility policies. In the same vein, we recommend including sustainability benchmarks in the transition implementation process. Benchmarks can be fiscal, such as fulfilling co-financing obligations, or managerial, such as the development of a costed, comprehensive, cross-mechanisms transition plan. If a country fails to meet these benchmarks, the speed at which a country transitions must be slowed, or the targeted transition assistance it receives increased, until the benchmark is met. Benchmarks must be designed carefully to avoid creating perverse incentives for governments to under-invest in health systems.
- **Provide Targeted, Equity-Focused Post-Transition Support and Feedback Mechanisms.** Multilateral and bilateral funders should play a continuing role after transition. This can include targeted support such as negotiating continued access to preferential pricing and joint procurement, providing assistance for key populations, including through non-governmental service providers, and continuing to provide technical assistance for health systems strengthening. Monitoring of and learning from the transition experience should be institutionalized within and across global health financing mechanisms to ensure that health outcomes are not sliding backward and to influence how the global health financing landscape continues to evolve.

## High-Income Country Governments

- **Improve the Transparency and Predictability of Bilateral Aid Programs.** High-income countries' aid agencies should create transparent eligibility policies, robust communication about transition, prolonged timelines for transition and clear guidelines for managing transition which take into account the plans of multilateral institutions and other bilateral donors. Lack of clarity around bilateral aid programs was one of the key findings of our analysis, and one that needs to be urgently rectified.
- **Use Roles on Multilateral Funding Mechanism Boards to Improve Policies.** Board representatives from high-income countries should push to modify eligibility and transition implementation policies and practices to prioritize sustainability and maintained health outcomes, including at the operational level of robust policy guidance and planning procedures. At all levels of policy and procedural guidance, boards should push for greater awareness of and coordination around simultaneous transition.

## Low- and Middle-Income Country Governments

- **Lead the Coordination of Transition Efforts at National Level.** Governments should elevate or create a national coordination mechanism with the mandate, competence, and authority to manage and oversee simultaneous transition processes. It will be important to ensure that this mechanism—whatever form it takes—includes all relevant stakeholder groups: all relevant government agencies (including not only health ministries but also ministries of finance, planning, or local government agencies), representatives of funding agencies, nongovernmental technical partners, parliamentarians, civil society and affected communities. National-level coordination mechanisms should look at transition holistically, to ensure the impact of simultaneous donor withdrawal on the entire health system is assessed in context with all stakeholders.
- **Make Clear Commitments to Increase National Funding to Meet Priority Health Needs.** Particularly for health priorities where the government has drawn on external support for a significant proportion of funding, it is critical to make specific, time-bound, public commitments to increasing domestic funding. Additional ways to demonstrate movement toward sustainable domestic financing of health include meeting co-financing obligations, meeting the agreed-upon targets of the Abuja Declaration, and beginning the process early of identifying what additional revenue can be made available for meeting the health needs of the population.
- **Strengthen Health Systems and Improve Budgeting Practices to Begin the Process of Transition Preparedness.** Countries must begin the work of developing stronger health systems before the transition process begins. This should include filling vacant health worker positions, strengthening management capacity in the health system, and strengthening supply chains. Equally important are steps to strengthen the transparency and clarity of budget lines. The capacity of health stakeholders to project and articulate funding needs is particularly important to long-term sustainable financing.



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