



Following the Money in Global Health

Recommendations for Global Health Resource Tracking

Executive Summary

November 2005

Report of the Global Health Resource Tracking Working Group¹

(For the High-Level Forum on the Health Millennium Development Goals)

Abstract: Lack of information on health sector financing means people in developing countries are missing opportunities, through improved policymaking, to get more health for the money spent. At a global level, donors lack the information needed for effective coordination, and it is not possible to know if they are effectively realizing their commitments to provide more financing to help more countries meet the Health Millennium Development Goals.

This report calls for actions that would create a more coordinated and policy-responsive system to track financial flows in global health at both global and country levels. These actions include strengthening government budgetary and financial systems in the developing world; institutionalizing national health accounts as the framework to track resources spent on health; and providing more timely, predictable and forward-looking data on external assistance to the health sector.

¹ This document was prepared by the Global Health Resource Tracking Working Group, which was convened by the Global Health Policy Research Network, a program of the Center for Global Development (http://www.cgdev.org). See Annex 1 for a list of Working Group members.

Introduction: Good planning and policymaking in the health sector require timely, accurate information about spending on inputs and services as well as funding in the near- and medium-term. Mobilizing resources to accelerate progress toward the Millennium Development Goals depends on an ability to determine how funds are allocated and measuring the results that are achieved. While some routine data are available on total health expenditure (divided into public and private spending) for most countries, more timely, complete and detailed data are required for policymaking. In many developing countries, neither government agencies nor development agencies have routine access to such information at a level of detail that is useful for answering key policy questions. This information gap contributes to governments using incremental, rather than strategic, approaches to health sector budgeting and so missing opportunities to get more health for the money.

At the global level, donor agencies, aid analysts and advocates use "best guesses" about how much funding is available relative to what would be required to achieve both near- and long-term health goals. Lack of credible estimates of donor commitments and actual funds available to global health programs greatly impedes planning and advocacy efforts.

Data systems and access to information lag behind the rhetoric of greater transparency and accountability in international agencies. For many health areas, both funders and observers find it impossible to know whether the development community is living up to its commitments to provide greater and more effective transfers of development assistance.

These problems can be solved. The combination of political commitment, methodological advances and modern information technologies could produce a step-change in collection and dissemination of information about resources within the health (and other) sectors.

The problem: Despite progress toward greater availability of data and analyses on public sector health budgets and expenditures, information about health sector resource flows resembles a poorly sewn patchwork quilt, with many essential pieces missing. These are major weaknesses at the country level and the global level:

Weak country-level information systems

- National Health Accounting (NHA) exercises, many supported by donors, have not yet realized the method's potential. Few countries have been able to integrate the collection and use of data on public and private expenditures into the routine business of policymaking and program implementation. Such institutionalization is hampered by lack of resources, lack of in-country capacity, and lack of coordination among donor agencies. In addition, decision makers often do not fully appreciate the utility of NHA for policymaking.
- The source data for expenditure tracking exercises suffer from problems of timeliness, comprehensiveness and accuracy. Few low- and middle-income countries adhere to sound public financial management and reporting practices.
- Despite the fact that private spending can account for half or more of all health expenditures, information on private spending is hard to obtain. Surveys that seek to capture information on household spending tend to be expensive, infrequent and subject to significant measurement error.
- Lack of information about spending on services and programs concerns donors that are shifting to sectoral and general budget support. Without such data it is impossible to know whether spending patterns are consistent with Poverty Reduction Strategies and commitments to greater, more equitable and more effective social sector investments.

Limited global-level information systems

- Detailed information about how much donors are committing and spending on priority health programs in specific countries is available mainly retrospectively, through cumbersome questionnaire-based exercises. Timely information is not readily available on domestic financing of health in developing countries. This lack of data significantly impedes the work of advocacy groups seeking to mobilize resources and monitor the gap between available and needed resources; and of officials in donor agencies who wish to understand the broader landscape of spending on global health so that they can better allocate resources.
- The OECD/DAC Creditor Reporting System was not designed for sector-level policymaking and so cannot respond to increasing demands for more timely and detailed information about donors' spending by type of health program. More flexible use of data resident in agency financial and activity management information systems might improve timeliness and disaggregation into policy-relevant categories.

The response so far: For country-level expenditure tracking, major advances have been made in the development of proven national health accounting methods that permit cross-national comparisons and inform major health financing and policy questions. Tracking exercises focused on AIDS and other specific diseases (called "sub-accounts") have provided information that is valuable for both donor and national policymaking.

At the global level, the WHO NHA database publishes information for its member states annually on indicators of health expenditures including external flows spent in the country for its member states annually. These indicators are produced by accessing publicly available figures on spending in general, including those on health. However, these indicators are at the macro level and do not routinely report on subaccounts. In addition, improvements have been made in the OECD/DAC's ability to capture both disbursements and commitments of external resources on aid activities.

Major problems remain, however. Efforts to increase information about financial flows in global health have been undertaken in a relatively uncoordinated manner, and some of these efforts have given limited attention to the quality of the primary data sources. At the country level, much of the primary data from the public financial management system is of inadequate quality. Among organizations working on national health accounts, there has been only limited success to date in generating national-level demand for and institutionalization of expenditure tracking; and sub-accounts exercises often are not well integrated into a broader NHA framework.

At the global level, organizations interested in the flow of donor funds have launched a veritable barrage of efforts to collect data from donor agencies about individual health conditions and interventions – from AIDS to malaria to tuberculosis to immunization to health R&D to reproductive health to child health. This trend risks overworking and exhausting the patience of those who are faced with an onslaught of data requests, degrading the quality of all data collection and confusing policy audiences who may be unfamiliar with the potential shortcomings and unofficial nature of the data. Moreover, major sources of resource transfers, including private charities and the pharmaceutical sector, are not included in most data collection efforts.

Toward a solution: The Global Health Resource Tracking Working Group sought to identify ways to accelerate progress toward a coherent, effective resource tracking system. This document summarizes core recommendations about actions the international community should support to improve in resource tracking. The full working group report, to be finalized by early 2006, will include more detailed information about how these actions might be undertaken through public, private and academic institutions.

Several **core principles** underlie the recommendations:

- 1. <u>Place the highest priority on responding to needs of in-country decision makers</u>. Ensuring that the data in-country decision makers require for sound policymaking are available, with the timeliness and in the form that corresponds to the countries' budget and policy constructs, merits the largest investments. At the country level, there is need to build on existing assets, systems and resources, and strengthen these to more effectively respond to local needs. Moreover, the Paris Declaration on Aid Effectiveness commits donors to rely increasingly on countries' public financial managements systems to monitor and report on their aid flows, including for the results that they help to achieve.
- 2. <u>Coordinate, collaborate and do no harm</u>. Donor and other international agencies can advance the cause of better information systems in part simply by not making a bad situation worse. This means, for example, fighting the temptation to create duplicative data collection efforts to expeditiously respond to short-term information needs, and to instead build on existing systems. It also means finding ways for multi-agency collaboration and coordination in the methods used and additional support for institutions with the mandate for data collection, analysis and dissemination. It further means, however, sensitivity to the reality that without additional resources, these institutions can only be tasked to undertake a small marginal effort without degrading the quality of their work as a whole. Finally, it means that these institutions themselves must become more quickly responsive to new information needs.
- 3. <u>Make the best use of modern information management technology</u>. Management and activity information systems both in some donor agencies and in some middle-income countries are structured to permit automated collection and reporting of policy-relevant information. As such systems are replaced and upgraded, with improved search functions, the accuracy and comprehensiveness of data reporting can be increased and time lags reduced. The use of unobtrusive measures, such as data-mining and data-weaving, have the potential to yield more detailed information.
- 4. <u>Think long-term</u>. Although there are some immediate ways to make progress, development of a functional, policy-responsive integrated system to track resources is a long-term proposition. It will require not only a resource commitment, but the patience to work within a common framework of action that will allow consistent information to flow from different information systems and be widely available.

Specific Recommendations

Recommendation 1: Support improvements in the ability of developing country governments to develop sound budgets and report on their execution.

- a) Reinforcing political commitment at the country level, donors and technical agencies should support the strengthening (and where needed rebuilding) of budgetary processes so that they become more policy based and, hence, fully engage political leadership. In particular, donors should support and use the Medium-Term Expenditure Framework mechanism to:
 - Effectively link policy making, planning and budgeting
 - Strengthen a medium-term perspective to budgeting
 - Build links between inputs and outputs
 - Develop budget processes, systems, structures and data that link inputs to results through the budget cycle
- b) Donors and technical agencies should support developing countries with a unified approach to public expenditure management reform, taking as the point of departure the Performance

Measurement Framework for Public Financial Management of the Public Expenditure and Financial Accountability (PEFA) Program. Of the 28 indicators in the High-Level Performance Indicator Set, particular attention should be paid to the credibility of the budget (budget estimates to actual expenditure); budget transparency; political engagement in budget decision making; the quality and timeliness of in-year budget reports; and the effectiveness of external audit.

- c) In keeping with the Paris Declaration on Aid Effectiveness, donors should seek means to:
 - Provide complete and forward-looking financial information for budgeting and reporting on projects and programs and budget support being supported in a country
 - Manage aid through national processes of policy, planning and budgeting
- d) As national financial management systems are being strengthened, donors should work with relevant ministries to support the tagging of expenditure, including through "virtual poverty funds" to help focus on the role of the budget in supporting poverty reduction.
- e) The work of strengthening national financial management systems should be closely coordinated with the institutionalization of National Health Accounts at the country level. This will involve constructing explicit linkages between budget and NHA expenditure classifications, assuring that data collected on a "routine basis" for expenditure reporting are also used for NHA and that financial management systems are responsive to the needs of NHA.
- f) Donor and technical agencies should coordinate to assure that NHA is integrated into and builds on ongoing efforts including among others the Health Metrics Network, Virtual Poverty Funds, MTEF, and PEFA. For example, in the preparation of Public Expenditure Reviews, the World Bank and its partners should make use of existing National Health Accounts data or, when NHA data are unavailable, support the collection of data using the standard methods.
- g) Donors should explore ways to support local civil society organizations to build their capacity to analyze budgets and monitor their implementation. This "watchdog" function can be an extraordinarily effective means of stimulating and reinforcing good budgeting and expenditure tracking practices within the public sector. In addition, donors should support the selective use of methods to track expenditures to the facility level, to enhance accountability of the public purse.

Recommendation 2: Support the integration and institutionalization of National Health Accounts into policymaking in developing countries.

- a) Donor and technical agencies should cease to compete and reduce the confusion about different methods for tracking health expenditures. They should clarify and reiterate their support for tracking of health expenditures within the NHA framework that is responsive to country needs and permits cross-national comparisons. Efforts to develop disease-specific spending assessments or "sub-accounts" should support the broader agenda of creating the capacity, demand and methods for national health accounting in addition to responding to the countries' needs for timely and policy-relevant disaggregated information.
- b) Donors and technical agencies should support the integration and institutionalization of health expenditure information into national and sub-national policymaking by:
 - Working with in-country partners to identify an institutional "home" for NHA to move it from a "project activity" to a routine function of the government. Countries should be encouraged to start with basic information under the NHA framework and expand gradually as the needs for policy arise.

- Using resources from the Health Metrics Network and other sources to support the development of capacity (including expertise in health management information systems and financial/accounting systems) to track and report on financial resource flows.
- Ensuring that technical assistance for health accounting includes expertise in health management information systems and financial/accounting systems.
- Strengthening capacity development (training) within the institutions responsible for undertaking health accounting exercises, as well as disease-specific resource tracking, both at national and state/provincial levels.
- Working to integrate health accounting classification into improvements in public budgeting and expenditure tracking systems.
- Designing and monitoring surveys to track expenditures on health from all government authorities (including ministries other than health), non-governmental organizations and private and public corporate sector spending.
- Using data on health expenditures in strategic planning exercises, including joint activities between donors and government ministries (e.g., Poverty Reduction Strategies, sector-wide planning exercises, and others).
- Providing or helping to mobilize sustained funding for regional networks and institutions that offer regional and local expertise, encouraging these networks and institutions to provide opportunities for professional exchange on methodological questions, as well as sharing of experiences about communication of analytic work to policymakers and how information on health expenditures has been used for policymaking.

Recommendation 3: Improve data on private spending.

- a) Donors and technical agencies should provide technical and financial support to adapt routine household surveys so that they capture information about private health expenditures and utilization of health services. This would include the development and/or refinement of methods so that cross-nationally comparable spending estimates can be generated, potentially with coordination through the International Household Survey Network, housed at the World Bank. Support should also be expanded for ongoing work in select environments to improve transactional data collection from service providers and insurers.
- b) A valuation roadmap for in-kind contributions by pharmaceutical companies should be developed, and should include concessional commodity sales, voluntary licensing, transfer of manufacturing, R&D, M&E or other technological know-how; and commodity and service donations.

Recommendation 4: Support and refine global-level information systems.

a) Donors and technical agencies that have promoted and/or provided financial support for singledisease tracking surveys of donors should avoid continuing the proliferation of such activities and adopt a more coordinated approach ensuring adequate response to the evolving needs of high quality, pertinent and policy-relevant information. They should aim to draw on agency classification systems to define policy-relevant categories that respond to the majority of requests to major donor agencies for their spending on health by sub-sector, while recognizing that as more donors move to sector-wide and general budget support such detailed information is becoming less available. Nevertheless, the prospects for more timely data on planned and actual flows to the overall health sector are good.

- b) The OECD/DAC should build on the Working Group's background analysis to expand the survey of donor agencies' accounting and reporting practices. The survey would describe and analyze individual agencies' budget frameworks, timing of finance-related decisions, type(s) of aid transferred, sector and sub-sectoral priorities and data breakdowns, use of policy markers, integration of information technologies, use of commercial information technology applications, and so forth.
- c) The survey should investigate a method to "map" or "crosswalk" the within-agency classification system to policy-relevant categories in a way that permits valid comparisons. Public and/or private donors should support refinement of such a map for its application across sectors, and the development of automated tools (information systems) to do the mapping on a periodic and frequent basis, as data are provided by the donor agencies (e.g. quarterly).
- d) The findings from this survey could form the basis for a sequenced enhancement of the reporting of donor commitments and disbursements to be forward-looking and more timely to support improved predictability, as called for in the Paris Declaration.
- e) Subject to available funding, the OECD/DAC should be supported to develop the capability to be a portal for public access to detailed and frequently updated data on donor commitments and disbursements. Data would be required not only from OECD/DAC member countries, but also for tracking the bilateral flows from non member countries and flows from private foundations and other agencies.
- f) Dependable financial support should be provided to WHO and other relevant agencies as appropriate for the collection, validation, compilation and timely electronic dissemination of a basic set of indicators of health expenditures in countries. Within this context, coordinated efforts should be made to routinely update harmonized methodological norms and provision of technical assistance where necessary to ensure comparability of these estimates.

For more information or to request a copy of the final working group report, please contact Ruth Levine, Director of Programs and Senior Fellow at the Center for Global Development (<u>rlevine@cgdev.org</u>, 202.416.0707).

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