

Development of a Country Compact:

Guidance Note

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This IHP+ Guidance Note on the Development of a Country Compact is an updated version of a document originally prepared in 2009. This update takes into account recent lessons learned and experience from countries.

Designed by Jillian Reichenbach Ott (Genève Design).

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The purpose of this note is to provide guidance to all parties who may wish to develop country Compacts in support of national health outcomes, including the health-related Millennium Development Goals (MDGs) 1c, 4, 5, and 6. The purpose of a country Compact is to improve development effectiveness and provide a framework for increasing resources for health, address fragmentation and volatility, reduce transaction costs of development assistance and foster mutual accountability.

This guidance note is intended to support all partners¹ in country health teams² in the development of a Compact. It should not be interpreted as prescriptive rules, but rather as guidelines. It is important to note that the process of managing multiple partners in support of a national health strategy is dynamic, contextual and will go through changes over time.

Background

There has been remarkable progress towards achieving the health MDGs, notably in reducing mortality from malaria and tuberculosis.³ However, while there has been a reduction in maternal mortality and increase in child survival, there is still much to do as progress is falling far short of achieving these particular MDG targets. Development assistance for health continues to be an important part of the collective expansion of effort that is required for many country health targets and the health-related MDGs to be achieved. Improvements in health outcomes cannot be achieved and sustained without adequate investment in the systems that underpin health service delivery. Increased financing for priority disease interventions, based on country priorities and sound health strategies, is necessary. Investment in health needs to be embedded in broader social and economic development. Countries need long-term predictable development assistance from development partners. Partners need to see a clear link between financing and results. Mechanisms are needed to hold all partners accountable for their performance.

How development assistance for health is delivered matters.⁴ There have been, and continue to be, a range of initiatives with the objective of improving the effectiveness of development assistance, and thereby, improving the health outcomes that are sought. Since the 1990s, many countries have been improving coordination or leading sector-wide approaches (SWAp) to align health development assistance to the national health strategy. The Paris Declaration (2005), the High Level Forum on the Health MDGs (2005), and the Accra Agenda for Action (2008) increased efforts to improve development coordination. In addition, GAVI and the Global Fund began to invest in health systems strengthening. The International Health Partnership and related initiatives (IHP+) was launched in 2007 with the objective of improving coordination to achieve better health outcomes. Efforts to improve the effectiveness of development assistance continue to learn from experience, and globally, political initiatives continue as the 2015

1 In the context of the IHP+, “partners” refers to any and all parties contributing to achieving health-related MDGs at the country level through active participation in the IHP+ process. This includes civil society, the private sector, bilaterals, multilaterals, foundations, country level non-state actors, and other relevant stakeholders. In contrast to signatories of the IHP global compact, country-level development partners can and will likely include non-signatories.

2 The Country Health Team is the group of government and all other partners that meets with the responsibility to coordinate assistance to and implementation of the national health strategy.

3 United Nations, Millennium Development Goals Report 2013, July 2013. <http://mdgs.un.org/unsd/mdg/default.aspx>

4 Killen, *How Much Does Aid Effectiveness Improve Development Outcomes?*, Lessons from Recent Practice, 2011

MDG timeline approaches.⁵ At Busan in 2011, the contribution of the private sector, remittances and the need to focus on development outcomes were added to the earlier focus on aid coordination. In recent years, there has been an increased focus on transparency and accountability for development assistance that is reflected in the work of the Commission on Information and Accountability for Women's and Children's Health. This reinforced the use of Compacts as a tool for greater transparency and accountability, especially for tracking external resource flows to the health sector. Currently, the Global Fund is introducing a new funding model and GAVI is introducing new grant management arrangements with the intention of better aligning to country processes.

What are the objectives and value added of the IHP+?

The IHP+ aims to foster inter-agency cooperation rather than competition, reduce transaction costs, improve aid effectiveness and predictability of aid, increase government and development partner resources to the health sector, create knowledge and improve knowledge sharing across countries and development partners.

The IHP+ builds on existing in-country processes and agreements, such as Sector Wide Approaches (SWAs), Memoranda of Understanding (MoUs) and Codes of Conduct, for improving development assistance. The value added of the IHP+ process will vary according to country need and context. As a process, the IHP+ can support the development of consensus and political momentum around collective action for health results based on robust and inclusive national health strategies. The IHP+ brings tools to improve the discussion and implementation of aid coordination through high level agreements (primarily using Compacts) and specific tools to address country specific issues — for example, on coordination of health financing or strengthening country results frameworks. These can support existing country coordination processes, facilitate a culture of mutual accountability amongst all stakeholders, and foster transparent monitoring of commitments made by all parties. Collectively, they can build trust among partners and support mobilization of resources for health.

The goal is to arrive at **ONE single country health strategy**, which outlines the country's health priorities, objectives and targets, and a plan for scaling up to achieve these targets. While the country health strategy can be the basis for stakeholders to make sound investment decisions, a Compact can be the basis for coordination of assistance in support of the national health strategy.

What is a country Compact?

The country Compact is a negotiated and signed time-bound agreement in which partners commit to implement and uphold the defined country health priorities outlined in the country health strategy. The signatories to a Compact can include government, civil society, private sector, bilateral and multilateral

⁵ The Catalytic Initiative to Save a Million Lives, Providing for Health, Innovative Results Based Financing, and the Secretary-General's MDGs Africa Initiative.



development partners, country level non-state actors and other stakeholders. They agree that all existing and future investments will be based on the country health strategy.

The main objective of the country Compact is to set out a framework for increased and more effective investment in order to create the opportunity for countries to hasten progress towards the national health priorities and objectives.

Experience to date suggests that a country Compact can result in the following benefits:⁶

- Increased focus on country-owned health-related strategies and plans;
- Increased trust, dialogue and partnership between government and stakeholders;
- Increased managing for health results, including for national health targets and the MDGs;
- Long-term predictable financing of the country health strategies and plans (from both domestic and international sources);
- Increased alignment of development assistance for health with the national strategy;
- Improved coordination between governments, national stakeholders and development partners;
- Strengthened transparency and mutual accountability of all development partners; and
- Reduced complexity and transaction cost of managing development assistance for health.

Box 1: Improvements in aligning support to the national health strategy.

Governments in Benin, Mauritania and Togo gained a stronger understanding of what their development partners were funding in the health sector as a result of developing a compact. In these countries, as well as in Ethiopia, Mali, Nepal, Sierra Leone and Nigeria, all development partner support is better reflected in, and aligned to, the national health strategy.

The country Compact builds on existing country mechanisms wherever and whenever possible (i.e., Memoranda of Understanding or Codes of Conduct, etc.). Ideally, it will be based on the existing comprehensive country health strategy or plan, which brings together all health-related plans and strategies and has undergone wide consultation at the country level.

⁶ IHP+, *Developing a Country Compact: What does it take and what are the gains*, December 2012

The country Compact will likely include the following key elements:

1. Guiding principles;
2. The management arrangements and preferred aid modalities and instruments that partners agree to move towards over time;
3. The specific commitments and obligations (financial and otherwise) agreed by signatories to the Compact;
4. The agreed arrangements for reporting on and monitoring implementation of the Compact and the commitments contained within it;
5. The process for resolving any disputes that should arise, and the remedies available in the event of noncompliance with the provisions of the Compact; and
6. A restatement of the expected outcomes and timeframe for achieving the health outcomes and objectives in the national health strategy, including the health-related MDGs.

These guidelines for developing a Compact should not be considered hard and fast requirements. There is more detail on page 5 of how some countries have incorporated these six elements in their Compacts. The Compact may vary or be further adapted based on local circumstances and agreements. Ultimately a country Compact has value if it helps the country partners take a step forward, so its starting point may be the existing country processes and coordination situation.



Basis for a country Compact – The Three Ones

One Country Health Strategy, One Results Framework, and One Budget

Country Compacts would ideally be based on three elements: one country health strategy, one results framework and one budget. Country compacts can vary, as countries will have various processes and documents developed and, in some cases, not have all elements fully developed. While the single country health strategy and accompanying results framework are usually the foundation of the Compact, if they don't exist, the Compact may set out a commitment and process to work together to develop them and other important agreements.

- **ONE single country health strategy** that includes scaling up access to health services and elaborates mechanisms for improving health outcomes with reference to achieving the health-related MDGs and other existing commitments.⁷ This strategy needs to integrate and be integrated with other planning processes, such as the multi-sectoral plans for AIDS, and should factor in the overall country development/macro-economic framework.

The health strategy should prioritize the needs of the poorest and most vulnerable⁸ and should eliminate discrimination in access and services. A country health strategy usually provides a four – five year perspective and is supplemented by annual implementation plans which outline the key analytical policy and implementation milestones required for the country health strategy to be successfully implemented (e.g., human resources, financing, public sector management and other policies). This may also include measures to ensure integration of “sub-plans or strategies” that might exist for specific diseases into the overall country health strategy. The relevance and quality of national health strategy is vital for the country Compact. The strategy sets out national priorities and objectives which partners aim to contribute to through the Compact⁹.

Box 2: Ensuring the quality of a country health strategy or plan – the role of Joint Assessments of National Strategies

The Joint Assessment of National Health Strategies (JANS) tool exists to help countries improve the quality of their national health strategies. It is a widely agreed framework for assessing the quality and credibility of national health strategies. The output of a JANS assessment is an analysis of the strengths and weaknesses of the plan, not a pass or fail grading. It can build trust and confidence in a national health strategy.

7 The health MDGs includes nutrition; maternal, neonatal and child health: malaria, tuberculosis, and HIV; and access to essential medicines (MDGs 1, 4, 5, and 6). Others commitments and obligations include as close as possible to universal access to HIV/AIDS prevention, care, treatment, and support by 2010, universal access to reproductive and sexual health care by 2015, and the African Union commitment of universal access to an essential package of prevention, treatment, and care by 2015.

8 The “poorest and most vulnerable” is used inclusively to denote any socially disadvantaged or otherwise stigmatized or discriminated populations, including, but not limited to, women, children, physically disabled, Men who have sex with men, Commercial sex workers, injecting drug users, etc.

9 <http://www.internationalhealthpartnership.net/en/key-issues/national-health-planning-jans/>

- **ONE single results framework**, which is the basis for the monitoring process of the country health strategy and the Compact. This results framework should be linked to the health strategy and the budget, and include data collection and verification processes. Ideally, it will clearly specify quantified results (outcomes/outputs), objectives and indicators which can be used to demonstrate progress towards reaching country health targets and the MDGs. IHP+ has developed guidance to help partners strengthen a common country platform for monitoring and reviewing the implementation of a national health strategy.¹⁰

This can provide a foundation for policy dialogue, action and accountability.

- **ONE budget process** aligned with the country's budget cycle. This does not mean that all funding needs to be in the form of budget support (it could also be in the form of pooled funding or project financing), but that donors who traditionally do not contribute to pooled funding mechanisms will allocate resources according to priority areas and in line with timeframes described in the country health strategy and budget. This is also the key opportunity for a country to ensure balanced funding with sufficient resources allocated to their key priorities.
- In some instances, ONE single fiduciary risk management/mitigation framework with a shared procurement and financial management procedure that should be aligned with country systems.

Box 3: Developing a results framework

The process of developing a compact has gone hand in hand with, or catalysed the development of a single results framework for health in Nigeria, Sierra Leone and Mali. In Mali and Sierra Leone the single results framework has provided the foundation for reporting on global as well as country commitments.

¹⁰ <http://www.internationalhealthpartnership.net/en/key-issues/monitoring-evaluation/>



Compact development process and key elements

The most important aspect of the Compact is the process of in-country development, building trust and common system, ways of working, and mutual accountability. There should be inclusive and meaningful engagement of all partners and stakeholders (including parliamentary groups, civil society and private sector), because this engagement is crucial to achieve the health outcomes and priorities outlined in the national health strategy. It is important that the development of a Compact is given sufficient time for all partners to engage and agree on how they will work better together, and that all partners continue to have a meaningful engagement in the implementation and monitoring of the Compact.

As outlined above on page 3, **the key elements in a Compact generally include:**

1. The guiding principles

This includes the principles that underpin the Compact – that are agreed amongst all partners and relevant to the country context. It may restate links to the national health strategy, the one single health results framework, and to broader national development processes.

2. The management arrangements and preferred aid modalities and instruments that all partners agree to move towards over time

Compacts can outline the management arrangements that the government and partners put in place to coordinate finance and implementation of the national health strategy. This can include information on coordination bodies' membership and roles and responsibilities, the frequency of meetings, the formation of working groups on technical issues, and annual review arrangements.

Where possible, the Compact should outline the current **aid modalities that have been agreed upon, as well as the government's preferred future aid modality that partners will work towards**. Where possible, the aid modalities should be agreed with the appropriate country institutions (Parliament, Cabinet, Ministry of Finance, etc.) according to the country aid policy (e.g., budget support, pooled funds, project financing, funding non-state actors, etc.) and the policies of development partners.

Box 4: Agreeing aid modalities and coordination mechanisms

The Compacts in Ethiopia and Sierra Leone define very clearly the current aid modalities and the preference for a shift to future sectoral budget support. The compacts in Benin, Mauritania, Ethiopia and Mali began or increased civil society involvement in health sector coordination processes. In Sierra Leone the coordination mechanism was strengthened into a stronger Health Sector Steering Group, and in Mauritania, Technical working groups were established.

This element can also include any related management arrangements that have been put in place, or for which there is a commitment to develop an agreement. This could include agreements on coordinating technical assistance and joint planning around technical assistance (TA), conduct of joint missions, Joint Financing Arrangements, or other related joint process.

3. The specific commitments and obligations (financial and otherwise) agreed by all signatories to the compact

All compacts to date have included a section on the commitments made by all signatories as part of the compact process.¹¹ Progress towards implementing these commitments should be reported on, wherever possible, using existing reporting processes and mechanisms (e.g., Joint Annual Reviews, Public Expenditure and Financial Accountability framework, etc.). If existing reports are insufficient for monitoring of the agreed commitments, all stakeholders should jointly agree to strengthen reports and mechanisms for report development (data collection, etc.).¹² Many of these commitments, in particular on expenditure tracking, are also part of global reporting requirements following from the Commission on Information and Accountability.

Box 5: Monitoring Compact Commitments

Many countries monitor some of the compact commitments in their Joint Annual Review of the health sector, although few countries have comprehensively monitored all commitments. In 2011 Ethiopia used the commitments and indicators as the basis of a monitoring exercise to report progress by both government and development partners.

Commitments by country governments may include:

- Government commitments on increased domestic budget support allocations to health;
- Measures around budget execution (i.e., capacity of country to fully spend the allocated funds within the budget cycle);
- Measures around capacity development to manage and coordinate aid flows;
- Measures regarding policies to remove major bottlenecks to achieve the MDGS (e.g., human resources, strengthening the country procurement system to meet international standards by means of capacity development investments, supply chain, financing, incentives, etc.); and
- Use of single clear results framework for measuring progress or development of single clear process for improving the results framework in a certain time frame.

¹¹ The commitments will vary in countries, as these should be specific to country context.

¹² Evidence on aid effectiveness suggests that benchmarks should be limited in number, results-oriented, not duplicate benchmarks within other frameworks, use existing independent monitoring groups and be selected and agreed to by both country partners and donors.



Commitments by development partner performance *may* include:

- Level of partner funds to address the remaining financing gap as per agreed upon scenario. This commitment should be in line with the medium term expenditure framework (MTEF). Funds should ideally be committed at compact signing;
- Clear cross-partner agreement on a disbursement schedule linked to timetable for MTEF & national strategy;
- Commitment to align with country planning and budgeting process;
- Commitment to align with common monitoring and reporting process;
- Commitment to deliver predictable mid-term (MTEF) and long-term financing;
- Commitment to align to country systems or, if not possible from the outset, to develop a transition plan towards using country systems (investment in capacity development, etc.); and
- Commitment to the process in case of reductions in aid flows.

Commitments by other implementing partners *may* include:

- Commitment to align with country planning and budgeting process;
- Commitment to plan activities and interventions in alignment with national planning processes;
- Commitment to report progress within the single results framework.

4. The agreed arrangements for reporting on, and monitoring implementation of, the compact and the commitments contained within it

A Compact can include the arrangements for monitoring and reporting on the implementation of the commitments in the compact, and on progress on the general principles and objectives of the compact. All partners need to be ready to report openly and transparently on the progress they are making on their commitments. The process can vary from country to country. Some countries have included it as part of the Joint Annual Review of the Health Sector, while others link it to broader reviews of development effectiveness more generally. It can also link countries' global reporting on resource tracking to the health sector.¹³

¹³ The Commission on Information and Accountability for Women's and Children's Health report (2011) includes the following indicators:

- Resource tracking: By 2015, all 74 countries where 98% of maternal and child deaths take place are tracking and reporting, at a minimum, two aggregate resource indicators: (i) total health expenditure by financing source, per capita; and (ii) total reproductive, maternal, new-born and child health expenditure by financing source, per capita
- Country compacts: By 2012, in order to facilitate resource tracking, "compacts" between country governments and all major development partners are in place that require reporting, on externally funded expenditures and predictable commitments
- Reaching women and children: By 2015, all governments have the capacity to regularly review health spending (including spending on reproductive, maternal, new-born and child health) and to relate spending to commitments, human rights, gender and other equity goals and results.

5. The process for resolving any disputes, should they arise, and the remedies available in the event of noncompliance with the provisions of the Compact

Compacts are not legally binding documents, but it is nevertheless important for signatories to ensure their legal staffs are engaged early on within the negotiation process to ensure that they can sign. Compacts are, however, the outcome of a negotiated process and represent an agreement between the signatory parties. As such, they carry a moral authority. Most compacts include a process for resolution of non-performance and disputes, should any conflicts or differences of understanding arise.

Signing of Compact, Implementation, and Mutual Accountability

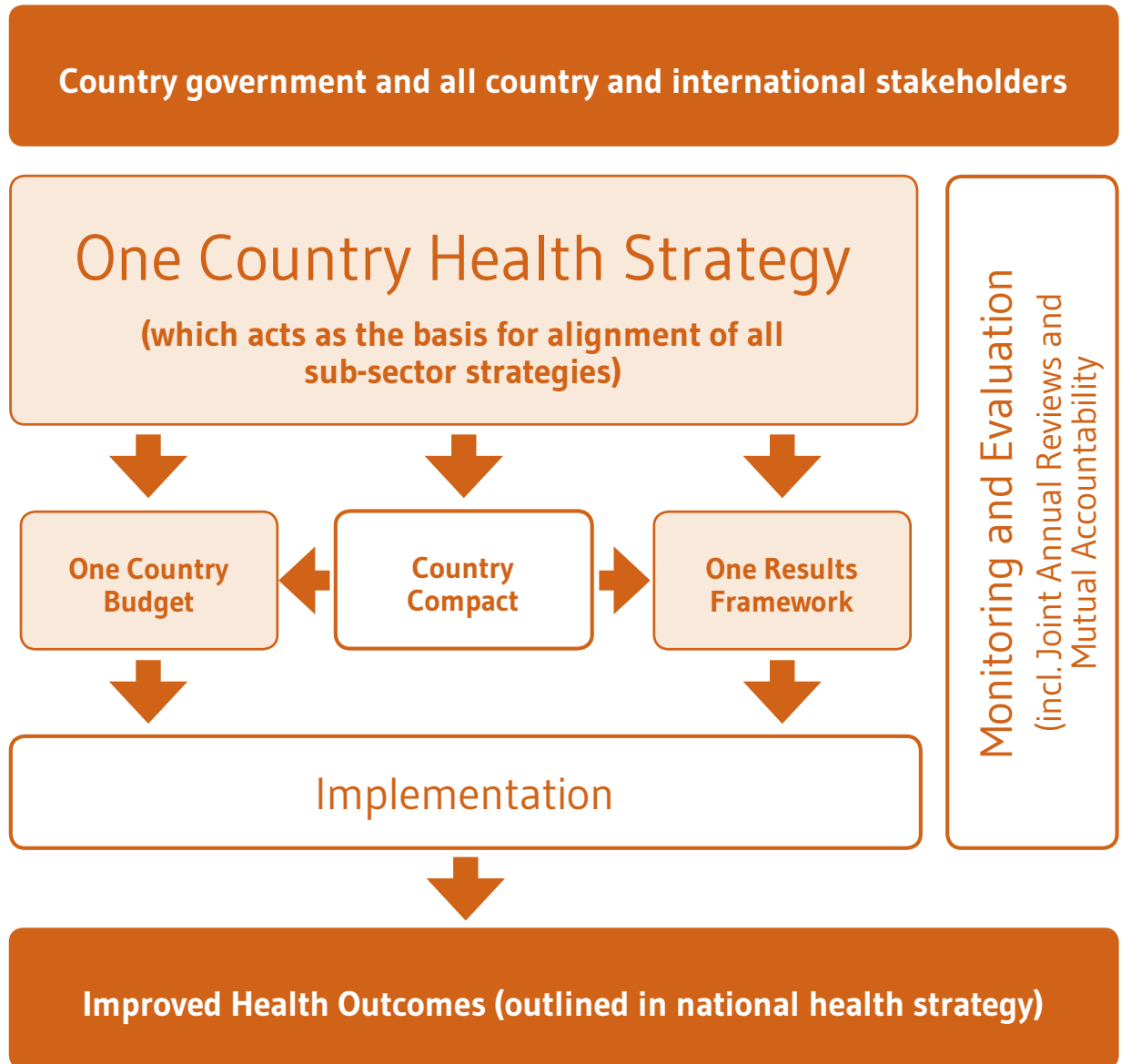
After negotiating the various elements, the Compact is signed by all parties who wish to engage in this form of collaboration. For many countries, the Compact is not the end of a process, but the start of a new process of collaboration. It lays out the general direction of travel, but then requires signatories to take individual and collective efforts to improve the effectiveness of their assistance. This can include, for example, a donor improving the predictability of its financing, or a government improving the disbursement of its health budget, or all partners working together to implement a commitment in the Compact to develop a Joint Financing Arrangement. The duration of the Compact will also vary according to country context and will be aligned with the overall national development plan.

At the heart of the Paris Declaration, the Busan Partnership Agreement, and the IHP+, was the concept of mutual accountability: this is that all partners will work together and hold each other mutually accountable for the outcomes that they achieve collectively, and for their collective and individual contributions. There is no single blueprint or guide to mutual accountability, but a key starting point is the transparent reporting on commitments to improve aid effectiveness and evidence on progress in the health sector.

The process described above is a suggestion and every country may take a slightly different path. The graph below shows how a Compact can fit into, and support, national processes to improve health outcomes.



Figure 1: How Compact links into Health Planning and Implementation Process



info@internationalhealthpartnership.net
www.internationalhealthpartnership.net

