

IHP+ Guidance Note: Development of a Country Compact

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The purpose of this note is to provide guidance to all parties who may wish to develop health-related MDG (1c, 4, 5, and 6) Compacts. The purpose of a country Compact is to improve aid effectiveness and provide a framework for increasing aid for health, which addresses fragmentation and volatility, reduces transaction costs of aid and focuses on mutual accountability.

This guidance note is meant to support country health teams in the development of a compact. It should not be interpreted as prescriptive rules, but rather as guidelines. It is important to note that this process is dynamic, contextual and will go through changes over time.

Background

It has become clear to both countries and development partners¹ that unless current efforts are significantly expanded it is unlikely that many country health targets and MDGs will be achieved. There is a growing awareness that health outcome-related targets cannot be achieved and sustained without adequate investment in the systems that underpin health service delivery; that increased financing for priority disease interventions based on country priorities and sound health plans is necessary; that investment in health needs to be embedded in broader social and economic development; that countries need long-term predictable aid from development partners; that partners need to see a clear link between financing and results; and that mechanisms are needed to hold all partners accountable for their performance.

Several expressions of this consensus were reflected in the work that preceded and followed the 2005 High-Level Forum on the Health MDGs (HLF).² Many countries have already begun developing better coordination and/or sector-wide approaches (SWAs) to develop a health sector response to global initiatives and country and development partner recommendations.

The International Health Partnership and related initiatives (IHP+) aim to foster inter-agency cooperation rather than competition, reduce transaction costs, improve aid effectiveness, improve 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+ is linked to the overall country development plan (e.g., PRSP, etc.) and builds on existing in-country processes and agreements, such as MoUs and Code of Conduct for improving development assistance, which commonly focus on working in a more harmonized and aligned way, thus simplifying the way development partners work with partner countries.

¹ In the context of the IHP+, “development 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 Paris Declaration on Aid Effectiveness; the development of the GAVI health systems window; the discussion within Global Fund on modalities for health systems support and approach for more programmatic funding; the G8 communiqué on scaling up for health in Africa – and most recently the launch of the International Health Partnership, the Catalytic Initiative to Save a Million Lives, Providing for Health, Innovative Results Based Financing, and the Secretary-General’s MDGs Africa Initiative - which broadly share similar objectives, including the better coordination of development assistance and increased predictable and long-term investment in health systems strengthening to accelerate the achievement of the health MDGs.

What is the value-added of IHP+?

The IHP+ is a new way of doing business which builds on the lessons learned from sector wide approaches (SWAps, PRSPs, and other processes)³ and harmonization and intends to enhance the focus on verifiable MDG results.

The value-added of the IHP+ process will vary based on country need, context and existing country-level processes. Broadly, the value-added of the IHP+ lies in the process itself (collective action for health results; robust, inclusive health plans, etc.), the focus on managing for results, and the mobilization of additional resources for health (based on specific country needs).

The aim of the IHP+ process is the development of, and commitment to a country Compact, which will harmonize and rally development partners to a country-led, country-organized process linked to measurable results, costed scenarios for scale-up, and strengthened country leadership. This process will build on existing in-country structures (i.e., country sector coordination mechanisms), processes and health strategies/plans (HIV/AIDS, tuberculosis, malaria, child survival, and others) and will also facilitate a culture of mutual accountability amongst all stakeholders, with a common process to foster transparent monitoring of commitments made by all parties.

The goal is to arrive at **ONE single country health strategy, which** includes the scaling up for health, nutrition, maternal, neonatal and child health, malaria, tuberculosis and HIV MDGs. The country health strategy should be validated using an agreed, credible validation process, and will serve to assist stakeholders in making sound investment decisions.

What is a country Compact?

The country Compact is a negotiated and signed time-bound agreement in which all partners commit to implement and uphold the defined country health priorities outlined in the validated country health strategy. Therefore, signatories to the country Compact agree that all existing and future investments are based on the ONE validated country health strategy, which is results based and costed, with clear performance benchmarks for all parties and which is transparently monitored and evaluated for purposes of mutual accountability.

The main objective 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 MDGs. The country Compact should result in:

- Increased focus on country-owned health-related strategies and plans
- Increased managing for results for MDGs
- Long-term predictable financing of the country health strategies and plans (from both domestic and international sources)
- Improved harmonization of aid
- Improved coordination between governments, national stakeholders and development partners
- Strengthened transparency and mutual accountability of all development partners
- Reduced complexity and transaction cost

The country Compact will build on existing country work and mechanisms wherever and whenever possible (i.e., MoUs or Code of Conducts, etc.). It will always be based on the existing (and possibly enhanced) comprehensive country health strategy and plan, which brings together all health-related plans and strategies and has undergone wide consultation at the country level. This approach to

³ Such as GAVI HSS, ASAP, etc.

validation may be newly established or, if already existent at the country level,⁴ should be agreed upon by all stakeholders. Based on the strategy, the compact is will always have an agreed in-country process of monitoring verifiable results and the performance of the process (e.g., reduction of transaction costs, inclusion of all stakeholder in process, etc.).

The country Compact will likely establish (or further strengthen) many of the following:

- The guiding principles and management arrangements that will be observed by the country and development partners in order to improve the contribution of official development assistance (ODA) to achieving the MDGs;
- The specific commitments and obligations (financial and otherwise) agreed by the government for the implementation of the compact;
- The minimum level of total aid for health that the signatories (including government) collectively commit to provide to the country in each year in a defined time period;
- Linkages to the overall development framework;
- The specific commitments and obligations agreed by the development partner signatories with respect to the future management of their development assistance;
- The agreed arrangements for monitoring compliance and resolving disputes, and the remedies available in the event of noncompliance with the provisions of this agreement;
- A monitoring and evaluation framework and plan; and
- The expected outcomes and timeframe for achieving the MDGs if all the above arrangements, commitments and obligations are met.

The guidelines of arriving at the Compact, while important and meaningful, should not be considered hard and fast requirements. The Compact may vary or be further adapted based on local circumstances and agreements.

Basis for a country Compact – Country Health Plan, Results Framework, Policy Matrix and Budget

The country Compact would ideally be based on the following underlying elements. 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, results-oriented, costed and validated country health strategy and accompanying monitoring and evaluation framework are the foundation of the compact (and therefore necessary for compact signing), it is possible that finalization of other elements may be outlined in the benchmarks of the compact with an associated timeline.

- **ONE single country health strategy** that includes scaling up access to health services and elaborates mechanisms for achieving the MDG results and other existing commitments.⁵ 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 vulnerable⁶ and should eliminate discrimination in access and services.

It is important that this country health plan be costed, normally based on three scenarios (needs based, resources based and results based) and include a phased budget (aligned with the overall macro-economic framework), that identifies the financing gap, which would be covered by

⁴ i.e., Parliament approval, etc.

⁵ The health MDGs include 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 AU commitment of universal access to an essential package of prevention, treatment, and care by 2015.

⁶ 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, MSMs, CSWs, IDUs, etc.

domestic and international financing. The country health strategy must be results-focused, in order for all stakeholders to assess the progress in achieving the MDGs. In addition, the costed health strategy would include efforts to strengthen the system capacities that underpin service delivery.⁷

As mentioned above, most countries already have a country health strategy in place, which may be results-focused and costed, and therefore may not require substantive alteration; health strategies of some other countries may require a certain level of enhancement. While developing/enhancing a country health strategy, bottlenecks will be identified and strategies to resolve them elaborated. It is important that these strategies (e.g., health workforce plans, etc.) also be costed and fully integrated in the plans. Additionally, generating political will across stakeholders, capacity building, and addressing governance and corruption issues are also critical to development of the compact.

All in-country stakeholders (Government and development partners, including local non-state actors and particularly the poorest and most vulnerable) need to contribute to development, implementation, and monitoring of such a strategy, and other existing in-country processes and plans need to be linked to its development.

- **ONE single results framework**, which is the basis for the monitoring process of the country health plan and the Compact. This results framework should be linked to the health strategy, the budget, and include data collection and verification processes. 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.
- **ONE single policy matrix including milestones**, which summarizes 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). The policy matrix would also include a plan for integration of “sub-plans or strategies” that might exist for specific diseases into the overall country health strategy.⁸
- **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 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.
- 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.

Validation of the country health plan⁹

The costed and results-focused country health strategy will need to be validated and put in place on the basis of:

- **ONE single, country-based validation process for the country health strategy.** Validation should be developed/agreed upon by national stakeholders and development partners, should be put in place at the country level, and should contain an independent validation element.¹⁰

⁷ Costed scenarios should include costing for HRH, monitoring and evaluation, drugs and logistics, incentives, transportation and infrastructure, wages, supply chain management, public financial management, health information, different specific health programs, governance, etc. In short, all inputs to health systems should be included in costing.

⁸ The financial support of a sub-plan or strategy would be possible through various aid modalities.

⁹ A global inter-agency working group with many stakeholders (e.g., WHO, Global Fund, GAVI, UNAIDS, World Bank among others) is discussing options for this process. Once the options are more concrete, more intensive discussions with country representatives will start.

This process should give all partners the confidence that the country health strategy is sound, will achieve results and is a sound basis for investment. Again, the process will vary in countries but should be inclusive of all key stakeholders.¹¹

Compact development and negotiation

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. This process should be seen as inclusive and meaningful engagement of all partners and stakeholders (including parliamentary groups, civil society and private sector), as such engagement is crucial to achieve the MDGs.

Increasing aid effectiveness, scaling up delivery of health services, and improving health outcomes and outputs necessitates proactive engagement of all relevant development partners, particularly those with access to and knowledge of the poorest and most vulnerable. Thus, development partners, including civil society and the private sector, need to be meaningfully and actively engaged in all aspects of the IHP+ processes, including in the development, implementation and monitoring of the Compact.

Agreement on Aid Modalities

- The **aid modalities should to be agreed upon** with the appropriate country institutions (Parliament, Cabinet, Ministry of Finance, etc.) according to the country aid policy (e.g., budget support, pooled fund, project financing, funding non-state actors etc) and the policies of development partners.

Agreement on Mutual Monitoring and Reporting Process

- **ONE single mutual monitoring and reporting process** that is shared by all relevant stakeholders and forms the basis for the accountability of both national and international stakeholders. Many countries have such a process in place (e.g., annual or bi-annual joint-reviews), which could be strengthened through the inclusion of civil society. It is important that such meetings focus on results and process.

*Agreement on Benchmarks for Country and Development Partner Performance*¹²

Agreed benchmarks should be reported, wherever possible, using existing reporting processes and mechanisms (e.g. Public Expenditure and Financial Accountability framework, etc.). If existing reports are insufficient for monitoring of the agreed benchmarks, all stakeholders should jointly agree to strengthen reports and mechanisms for report development (data collection, etc.).¹³

- **Benchmarks for country performance**, which *may* include:
 - Ensuring that country health strategies contain clear measurable results targets for high impact interventions contributing to the MDGs; that measures to achieve these targets are evidence-based and costed; that targets are the outcome of a consultative process involving all key stakeholders.

¹⁰ The options for the format(s) of this independent element (peer review, national experts group, etc.) are being discussed as part of the global inter-agency working group and will need to be agreed upon at the country-level.

¹¹ All stakeholders (Government, civil society, development partners, global health programs, private sector, etc.) should feel that the investments into a plan are sound and will yield results. For example this will be important as the Global Fund will move towards National Strategy Applications.

¹² The Benchmarks will vary in countries, as these should be specific to country context.

¹³ 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.

- Costed scenarios for scaling up (at least three or more scenarios: needs based, resources based; and results based), and a phased budget that identifies the financing gap.
 - 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).
 - 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.
- **Benchmarks for development partner performance**, which *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 plan.
 - Commitment to alignment with country planning and budgeting process.
 - Commitment to alignment with common monitoring and reporting process.
 - Commitment to 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.).
 - Commitment to process in case of reductions in aid flows.

Agreement on Dispute Resolution

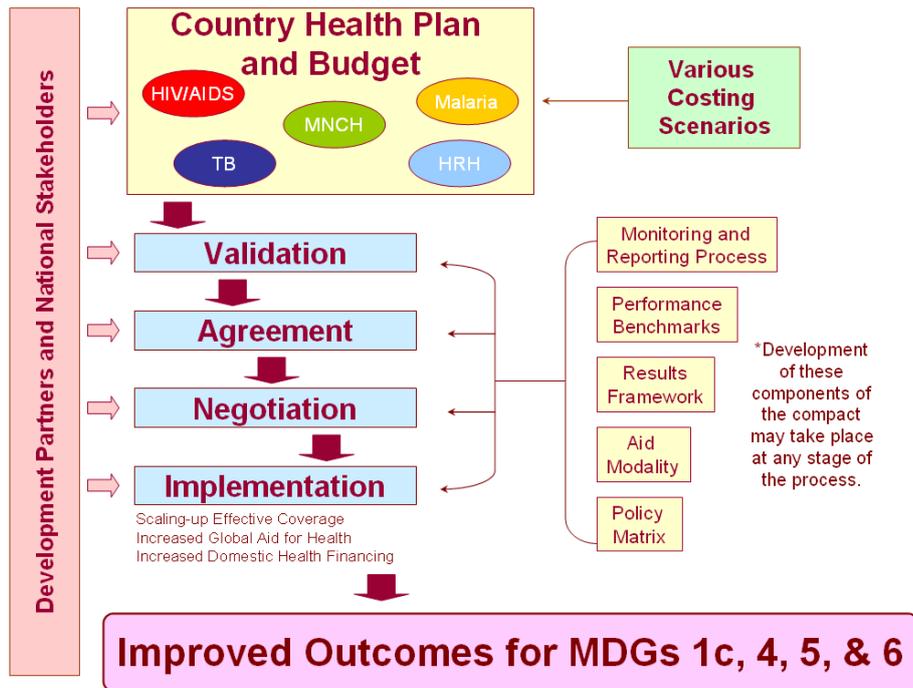
- **Process for resolution of non-performance and disputes.** A clear process for handling non-performance and resolution in cases of disputes and conflicts should to be in place.

Signing of Compact

After negotiating the various processes (aid modalities, monitoring and reporting process, benchmarks and dispute resolution), the Compact is signed by all parties who wish to engage in this form of collaboration. The Compact will then be monitored based on the previously agreed upon monitoring and reporting process. This will facilitate the goal of mutual accountability. The duration of the Compact will also vary according to country context and will be aligned with the overall national development plan.

The process described above is a suggestion and every country may take a slightly different path. The graph below shows the possible Compact development process.

Graph 1: Possible Process for Developing a Country Compact.



Recommended Process and Activities

Suggested Process/Result	Suggested Activities	Comments/Actions
Single Country Health Strategy agreed	Health system bottlenecks and proposed strategies to fix them identified, with special attention to equity.	
	Agency bottlenecks and proposed strategies to fix them identified.	
	Results-focused country health strategy developed.	
	Country health strategy linked to strategies for other MDG priorities, including HIV/AIDS, nutrition, water, and sanitation, etc.	
	Develop various costing scenarios (needs, resources, and results-based).	
	Country health strategy links to national development plan.	
	Regular country-level consultation with key stakeholders, including CSOs and the private sector, on Country health strategy conducted.	
Single Results Framework agreed	Results and objectives of the country health strategy defined.	
	Outputs and outcomes of the country health strategy defined.	
	Timeline and targets for implementation outlined.	
	Progress indicators for implementation of the country health plan customized.	
	Results (outcomes/outputs) linked to country health strategy and budget.	
Single Policy Matrix agreed	Health Sector consolidated policy matrix including annual policy milestones to be taken by the national government (Ministry of Finance, Parliament, etc.) developed.	
Single Budget agreed	Budget scenarios and medium-term expenditure framework (MTEF) undertaken.	
	Areas for development partner support based on financing gap and MTEF outlined.	
Use Existing Processes	Country mechanisms, systems, and institutions strengthened in line with agreed standards and best-practices, wherever necessary.	
	Partners support capacity development to strengthen country systems and work towards removing obstacles that prevent the use of country systems.	
	Partners agree to use existing mechanisms, systems, and institutions (e.g. PEFA, etc.) wherever possible or develop appropriate transition plan to align to country processes.	
Single Country-based Validation Process agreed and put in place	One joint country-level validation process including all national stakeholders (CSOs, etc.) put in place/agreed on.	
	Validation process includes an element of independent evaluation.	
Agreement on Aid Modalities	Method of support based on country aid policy developed and agreed.	
	Aid modality through appropriate political facility (Parliament, etc.) agreed on.	

Single Mutual Monitoring Process	Method of transparent results reporting developed or strengthened.	
	Monitoring process of implementation of the country health strategy customized.	
	Regular country-level consultation with key stakeholders, including CSOs, at the country, regional, and global levels conducted.	
	System of data collection and processing, ensuring data quality/ data validation process defined.	
	Baseline values by reviewing existing reports and surveys defined.	
	Role of country and development partners defined.	
Benchmarks for Country and Development Partner Performance	Benchmarks and targets linked to budget phases.	
	Schedule of disbursement is aligned with country planning and budgeting cycle.	
	Phased budget that identifies all sources of funding as well as financing gaps for all three scenarios included.	
	Development partner support to established/existing country planning and budgeting processes aligned.	
	Draft country-specific mutual-accountability framework developed.	
Dispute Resolution Procedures	A clear process for non-performance dispute resolution is outlined.	