



UHC2030 STEERING COMMITTEE
3rd Session - 4-5 June 2018
Hotel Novotel
Geneva, Switzerland

SUSTAINABILITY, TRANSITION FROM EXTERNAL FINANCE AND HEALTH SYSTEM STRENGTHENING

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**PROPOSED NEXT STEPS ON
A DRAFT UHC2030 STATEMENT**

**REPORT FROM THE TECHNICAL WORKING GROUP ON
TRANSITION AND SUSTAINABILITY**

For Information For Review & Advice For Approval

SUSTAINABILITY, TRANSITION FROM EXTERNAL FINANCE AND HEALTH SYSTEM STRENGTHENING

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SUSTAINABILITY, TRANSITION FROM EXTERNAL FINANCE AND HEALTH SYSTEM STRENGTHENING

1. Purpose

The purpose of this paper is to give an overview of the work of the UHC2030 working group on sustainability, transition from external finance and health system strengthening and to present a draft UHC2030 statement on this topic. The statement aims to contribute to a **consensus among countries and development actors** on the **core issues and objectives** in response to transition from external finance.

2. Rationale for the UHC2030 working group on sustainability, transition from aid and health system strengthening

While all low- and middle-income countries face a number of critical pressures on their health systems, there are some issues that are particularly salient for countries that are currently or will soon be “transitioning” to much lower levels of external financial support.

While effective responses to transition must be specifically adapted to each country’s context, a common guiding principle is to maintain or even increase effective coverage for priority health interventions and services, including those currently supported with external funds. This does not mean simply channelling government revenues to pay for a previously donor-funded program. Rather, transition provides an opportunity for countries to assess how governance, financing and service delivery are configured to ensure the sustainability of effective coverage for priority interventions. Hence, health system strengthening (HSS) is at the core of the response to transition if progress towards universal health coverage (UHC) is to be sustained. By placing the focus in this way, it ensures that donors and policymakers alike are working together towards sustainable solutions to problems presented by transition. It also emphasizes the importance of sustainability in the transition process, which should also extend to those countries that are not imminently facing declines in donor assistance.

The UHC2030 working group works towards building a consensus on the sustainability objective in relation to transition from external finance – to mean sustained coverage of priority services and interventions for UHC with financial protection and develop a collaborative agenda taken forward by different partners in support of this.

3. Progress update

The technical working group on sustainability, transition from aid and health system strengthening was established in 2016, and the terms of reference for the group were approved by the Steering Committee in December the same year. Since its initiation the group has held two face to face meetings in March and November 2017, in addition to four online meetings.

The group is co-chaired by Midori de Habich, former Minister of Health in Peru and Kara Hanson, Professor of Health System Economics at London School of Hygiene and Tropical Medicine (LSHTM). The membership of the group brings together country representatives, health system and disease experts from the World Bank and the World Health Organization (WHO), bilateral partners, global health initiatives, other organisations, including academia, think tanks and civil society.

Membership of the working group

- UHC2030 hosting organizations:
 - World Bank
 - WHO
- Countries: South Africa, Indonesia, Estonia, Kenya, Ghana, Armenia Cambodia, Lao
- Bilateral/donors: EC, Japan, Germany, USAID, Australia, DFID, OECD, GAVI, Global Fund, GFF
- OECD
- Bill and Melinda Gates Foundation
- Civil Society Engagement Mechanism
- Academia /think tanks(LSHTM, R4D, Centre for Global Development)

Aim:

To explore roles, responsibilities and opportunities for collaboration among countries, development partners and expert networks to enhance efforts to sustain increased effective coverage of priority interventions with financial protection, in countries transitioning from aid

Country interest and participation in the group has been particularly strong, with 15 countries actively engaging in the group, either through direct participation (8 countries) or through country consultation (7 countries). This has included both Ministry of Health and Ministry of Finance representatives.



In preparation for the **first face to face meeting in March 2017** ([see report](#)), a **mapping of working group member policies and work on transition** revealed differing understanding and application of the transition concept and that while sustainability definitions also varied most tended to have focus on increased coverage and health outcomes/impact. Based on the rapid mapping the following observations were made:

- Diversity of definitions and understanding of the **“transition concept”** among working group members
- **“Sustainability”** definitions are also varied but most tend to have a focus on increased coverage and health outcomes/impact
- Limited work on effects of **multiple exits or transitions** in one country
- Limited evidence of the **effectiveness of transition policies over time** across programs focusing on the whole health sector
- **Evolving consensus** to work towards a focus on “sustained coverage of priority interventions in the sector” rather than focus on “programme sustainability”.
- **Transition provides opportunities** and entry points to identify what health system strengthening is needed (what to continue, where to integrate and adapt systems to increase efficiency)
- **Limited advocacy on UHC at country level and political engagement** on implications of sector wide transition is underdeveloped
- Recognition of the **importance of strengthening institutions and capacity** and that this takes time, but that it is not always clear how this translates at country level by the various partners.

During the meeting, country feedback and discussion of concepts emphasized the need to place transition work within the broader financing, macro-fiscal, institutional and political context of a country moving towards UHC.

Availability of funding is not the binding constraint in most countries. Sustainability in relation to transition should be understood as a constraint, not as a goal. Efforts should focus on maximizing the coverage of priority interventions with financial protection, subject to the constraint of living within our budget. This framing is important as it shifts the focus from sustainability to efficiency – a more useful and practical basis for action. Furthermore, it is important to frame the sustainability question right. This question should not be: “How can we sustain the donor programme?” but rather: “How can we sustain effective coverage of priority services and interventions?”

Country feedback further emphasized the importance of national ownership for transition processes and therefore the government of each country needs to be in the driving seat. Accountable leadership is required to coordinate all efforts and design an orderly transition process with emphasis on strengthening the capacity of institutions and optimally linking with the wider system and UHC. Engagement of multiple stakeholders is needed: different line ministries and sectors, civil society, providers – both public and private – and citizens.

Countries reported multiple transitions from external finance ongoing with multiple transition assessments and the need for a more orderly process. Transition is not only an issue of financial resources but also of technical assistance, opportunities for cross-country learning on UHC, and advocacy opportunities for UHC.

Countries recognized that in some instances external funding may help address and advocate the case to the government on certain priorities, for example of work for marginalized groups. However, many countries have weak regulatory frameworks and mechanisms to enable financing non-state actors within the public health system. For long-term sustainability, capacity at the district level can be critical to ensure minimum standards, and program and managerial capacity. The March meeting concluded with an outline of work areas for the group and the decision to seek further input from countries to underpin priority work areas for the working group.

Before the **second face to face meeting in November 2017** ([see report](#)) a **country consultation paper** was developed gathering input from seven additional countries at different social and economic stages – five are LMIC, one is LIC, and one is HIC – presenting different stages of transition from external finance. Six cross-cutting health system strengthening themes emerged from the findings: *coverage of vulnerable populations, governance of central programs, domestic revenue generation, private sector participation, mutual accountability, and donor capacity.*

To further underpin discussions the working group also **developed a data set** that covers all low income and middle-income countries and includes fiscal space and aid dependency indicators as well as data on planned transitions provided by working group members. At the end of 2017 the broad work plan was presented to the SC with further details to be elaborated by the working group.

Expected Outcome	Indicator	Deliverable	Lead
Consensus built on the sustainability objective in relation to transition from external finance – to mean sustained coverage of priority interventions for UHC with financial protection	Collaborative agenda on sustainability and transition taken forward by different stakeholders	Produce 2 knowledge-sharing products/briefs on sustainability- and transition-related health system topics, co-authored by some WG members. By 2018.	Transition and Sustainability TWG
		Guidance and good practice principles for sustainability and transition from external finance by end 2018 to support political and technical influencing.	
		Initiation of coordinated country support for transition in 3 countries embedded in UHC country plans, under country leadership and supported by all key actors by end 2019.	

4. Next steps on finalizing a UHC2030 statement on sustainability and transition from external finance

The working group agreed the first joint activity in 2018 would involve articulating the main concepts and principles the group has been converging towards for the past year in a short 2-3 page **statement**. The aim is to use the statement, as a basis for advocacy and political influencing and inform transition related coordination and processes in countries and globally.

On behalf of the working group and reflecting discussions in the group the co-chairs have developed a draft of a UHC2030 statement for initial discussion at the Steering Committee. Further consultation will be sought from all actors in the coming months, with the aim of having a finalized statement by the end of the year. This background note, the draft statement and the two working group meeting reports are shared with the Steering Committee to seek guidance on the next steps for a UHC2030 statement to help develop consensus among countries and development actors on the proposed core issues and objectives in response to transition from external finance:

- **What are the possible next steps for finalizing/adopting/disseminating the statement: e.g. key actors to consult, political processes to leverage?**

UHC2030 Statement on Sustainability and Transition from External Finance - *Draft*.

The Sustainable Development Goals set an ambitious agenda to enhance healthy livelihoods and promote well-being worldwide. To do so, a key objective for each country is to move towards Universal Health Coverage (UHC), by increasing access to needed health interventions and services, without financial hardship, for their populations and especially for vulnerable groups.

Countries are undergoing a range of transitions with profound implications for their health systems. They face a shift in disease burden towards a greater share of non-communicable diseases, health financing transitions involving a reduction in reliance on out-of-pocket payments and a greater role for pooled finance, and political changes including decentralization, which are reconfiguring the policy space. Increased national income expands the potential for domestic resource mobilization, but also restricts eligibility for external funds.

A main concern for these countries and their development partners is how to maintain a positive trajectory of overall population health and equitable access to priority health interventions and services while external funding is decreasing. It is this latter transition, from external finance, that is the subject of this note.

Box 1

Working Group members reported that **58 countries** (approximately 40% of all the countries in the world) are currently or will be facing a transition from WG member programs in the next 5 to 10 years. External assistance is a particularly important financing source for low income countries. The process of transition from aid is concentrated among lower middle-income countries where the share of domestic resources in total health expenditure needs to increase in response to the reduction in the share of external resources.

Selected financial indicators of transition countries

	(a) Number of countries with current and projected transitions (*)	(b) Average (**) Projected GDP growth (2017-2022)	(c) Average (**) Domestic General Government Health Expenditure (GGHE-D) as % General Government Expenditure (GGE) - 2015	(d) Average (**) External Health Expenditure (EXT) as % of Current Health Expenditure (CHE) - 2015
By income level:				
Low income	6	4.9%	4.0%	43.9%
Lower middle income	33	4.3%	8.7%	9.9%
Upper middle income	19	4.1%	10.5%	3.1%
By region:				
East Asia & Pacific	10	4.9%	7.0%	11.0%
Europe & Central Asia	11	4.0%	9.0%	1.7%
Latin America & Caribbean	13	4.4%	12.7%	4.2%
Middle East & North Africa	2	3.5%	7.4%	0.1%
South Asia	3	7.0%	6.8%	2.4%
Sub-Saharan Africa	19	3.8%	7.6%	23.8%
Total	58	4.3%	8.8%	11.4%

* Projected next 5 to 10 years - transitions from Gavi and/or Global Fund, reported by Working Group members.

** Unweighted average.

Sources: (a) and (b) ThinkWell Global. Transition Mapping, data reported by Working Group members.

(c) and (d): WHO. Global Health Expenditure Database (<http://apps.who.int/nha/database>, accessed May 2018)

There is a particularly high dependency on external funding for health in Sub Saharan African and East Asian and Pacific countries. With the exception of Latin America & Caribbean where governments already finance over 13% of total health expenditure on average, most of these 58 transitioning countries have some potential to enhance the priority of the Health Sector within the public budget.

The purpose of this statement is to contribute to a **consensus among countries and development partners** on the **core issues and objectives** in response to transition from external finance.

While it is recognized that appropriate responses to transition must be specifically adapted to each country's context, a set of **common principles** to guide the actions of national governments, development agencies, and other health stakeholders such as the private sector and civil society groups are proposed as follows:

- 1. Policy development on transition from external finance should be positioned within the context of a country's move towards Universal Health Coverage.**
- 2. Transition and sustainability is first and foremost a matter of national ownership, which requires governance structures and strategies to guarantee people centered approaches and effective social accountability mechanisms.** This entails the engagement of multiple stakeholders that provide legitimacy, support and resources to the transition process. This includes agents from different ministries and public and private health providers with an active engagement of citizens and civil society organizations.
- 3. Sustainability in relation to transition should be understood as a health system's ability to sustain effective coverage of priority interventions and services.** Sustainability is not a goal in itself, nor does it relate narrowly to financial sustainability or self-reliance.
- 4. To sustain these improvements in coverage, the unit of analysis is the health system, including the other sectors that influence health, and not specific individual health programs.** Such a system-level analysis will help to reduce fragmentation, duplication and ineffectiveness of siloed efforts by countries and global partners which can impose high costs on the system as a whole, while at the same time preserving and extending priority health gains.
- 5. Development partners have a critical role to play in supporting and enhancing unified national transition plans.** They can do this by providing adequate notice of upcoming transition points, undertaking common transition assessments to enable greater coordination, harmonizing assessment tools, and avoiding duplication and conflicting policy measures. They can help to identify and support opportunities for integration, streamlining, and targeted system support. Such coordinated dialogue and support (in the spirit of IHP+/UHC2030) can help countries prepare for transition by strengthening their domestic policies and institutions to deliver on national priorities.
- 6. From a financing perspective, joint efforts should be directed to making the case for additional overall domestic resources for health, rather than focusing on the immediate financial needs of any one program.** The level of resource mobilization will depend on both a country's fiscal capacity and political choices about how much priority to give to health within the government budget. The momentum around UHC may provide an opportunity to increase the profile of health on the political agenda, and to strengthen dialogue with finance ministries. Civil society actors can also play a role in communicating and advocating the importance of overall health expenditure.
- 7. Financing choices are not just about the level of funding available: how resources are used is also important. Transition provides an opportunity for countries to enhance their ability to use resources – both domestic and external – in a more efficient and accountable manner to achieve the desired health system performance goals.** Financing arrangements must also enable the most effective response to the changing disease burden – addressing the emerging challenge of NCDs while sustaining progress on other outcomes.

Integration of systems and services may offer both opportunities to increase efficiency and to improve patient experience. There is also a positive synergy between demonstrating efficient resource use and successfully making the case for additional resources.

8. **From the perspective of the service delivery systems, fostering a closer working relationship between the decision makers and specialists working in the fields of health system strengthening and those working in disease programs will allow a clearer identification and prioritization of fundamental health system barriers** that constrain the coverage of priority interventions and services, thus linking more directly health system strengthening strategies with health gains, particularly for vulnerable populations.
9. **Strengthening national institutions is at the core of successful transitions.** Coordinated partnerships for national capacity building will focus in key areas defined according to the needs of each country. Countries recognize and value the technical assistance and opportunities of cross-country learning that donors provide to improve functional responsibilities such as information generation and analysis, public financial management, procurement systems, contracting with providers, among others. In a transition processes, there is need to ensure this expertise is available and applied to addressing health system challenges, and effectively strengthening national capacities.
10. **Better synergies are also needed within development agencies between those operating at the global level and those working at country level,** to ensure that goals are consistently translated into objectives and indicators that country programs work towards.

Box 2: Examples of barriers faced by transitioning countries to increasing / sustaining coverage of priority interventions and services

- Absence of legal, contractual and public financial management frameworks to enable governments to contract with non-state providers to provide services to vulnerable populations.
- Access to pooled procurement processes, negotiated prices, and public procurement capacity to assure supplies of critical medicines and supplies.
- Challenges of absorbing programme staff into the general health system.
- Parallel information systems that are time-consuming to administer yet produce little data to support effective management.