



## RHCS in the new aid environment

By Dia Timmermans, TSD, UNFPA

Many development partners are seeking to harmonise their ways of working and financing arrangements in alignment with government owned plans, in accordance with the 2005 Paris Declaration for increased aid effectiveness. An increasing proportion of funds should be channelled through sector programmes and the general budget, rather than through projects. In parallel, governments are also developing sector level policy, strategy and budgets, which are in line with an overarching national strategy for poverty reduction and growth (also now required for many development grants and credits) linked to the medium term expenditure framework.

While these trends bring great opportunities – increased coherence, better co-ordination and lower transaction costs – they also hold risks. This is especially for issues such as sexual and reproductive health that may not be prioritised and where targeted funding to the national reproductive health programme may be falling. As aid moves upstream from projects, to programmes, sectors, and to general budget support, it becomes ever more essential for those involved in reproductive health to understand and become engaged with stakeholders and instruments in the wider policy and financing environment, in order to ensure that these issues are appropriately reflected and allocated resources.

Changes are taking place in wider aid policy to support the achievement of the MDGs. These promote an environment in which all parties can focus their technical and financial support and capacity building efforts on MDG issues, implemented through single national plans. Ten years ago the main vehicle of donor support for implementing reproductive health plans was project-based. The emphasis now is on integrating donor-supported activity - in terms of both implementation and financing - into government systems. This entails all parties coming together in partnership to focus their technical and financial support and implementation capacity on a unified approach to national policy and programmes for implementation, which ideally includes public and private partners.

### *What is the new aid environment? What are the new aid modalities?*

The new aid environment and the new aid modalities are defined in part by a number of principles drawn from ICPD, the 2000 and 2005 World Summit and the Paris Declaration on Aid Effectiveness. These principles include the following:

- **Country ownership:** Countries (Governments and other stakeholders) must decide on their own development and poverty reduction strategies, and the role of development partners is to support those strategies. Nationally designed and approved policies, plans and budgets are at the heart of sustainable development. Accountability to their own people and legislation is equally important.
- **Government leadership:** Development assistance works best when partner governments lead the management and coordination of development assistance.
- **Comprehensive approach:** Development and poverty reduction is most likely successful and sustainable when a partner country has developed a long-term vision, and medium-term policies, strategies and expenditure frameworks. This will allow a country to be focused on goals, decide on priorities, and allocate the human resources and money accordingly. It also will help monitoring and allow for adaptations in implementation to keep on track.
- **Results orientation:** What really matters is the impact on people and their needs. Therefore, the starting point should be focusing on the desired outcomes and impacts, and then identifying what inputs and actions are needed to get there.
- **Reduction of transaction costs** and the “burden” of development assistance on national partners

- **Reliance on national systems and procedures:** Where there is reasonable assurance that resources will be used for the agreed purposes, development partners should directly adopt national systems and procedures. Where this is not yet the case, development partners should simplify and harmonise their own procedures to reduce the burden placed on partner countries.
- **Focus on capacity development:** Development assistance should be provided in ways that build the partner countries' sustainable capacity to develop, implement and account for national policies and strategies. Weaknesses in institutional capacity and other constraints cannot be overcome by bypassing national systems, but only by providing support to strengthening and/or reforming **the regular systems**.
- **'One size does not fit all':** No single approach is suitable for all countries. Instead, approaches should build on local circumstances and institutional capacities. This implies that development partners should be pragmatic and flexible.

A further way to define the new aid environment is to understand various “funding modalities” which seek to translate the principles into action. These modalities centre on (but are not exclusive to) the way in which donors provide resources to partner governments. Increasingly this is through direct budget support (both to the general budget – described as general budget support; or to a specific sectoral budget line – described as sector budget support). New aid modalities relate to stronger coordination by national authorities of development assistance efforts, including a clearer leadership and ownership role for government ministries and a more defined role for external partners. External partners are expected to focus on providing financial and/or technical support to government, so government itself can lead and manage its own development. This implies more coordination through government, rather than ad hoc projects administered by external partners outside of government. In many cases this is expressed *inter alia* in Sector-Wide Approaches (SWAs) and the so-called “programme approach”. As a result to the search for more coordinated approaches, governments are calling for a more effective division of labour among development partners, depending on their capacity to support specific sectors and, in particular, to build national capacity. Finally, the new approach encourages the use of and alignment with national processes, mechanisms and systems in the planning, implementation, administration and reporting of development results and development assistance.

### ***Poverty Reduction Strategies***

PRSPs – often in the form of Poverty Reduction Strategy Papers – are national documents describing multi-sectoral plans to reduce poverty and improve growth. Some countries have their own ‘home grown’ strategies, such as Nigeria’s NEEDS – the National Economic Empowerment and Development Strategy, and Uganda’s PEAP, its Poverty Eradication Action Plan. By May 2006, 50 countries had presented a PRSP or equivalent to the World Bank/IMF Board; and an additional 13 countries had presented interim PRSPs. Of the 50 countries, over 25 were in Africa, 19 in South, East and Central Asia, and 4 in Latin America.<sup>1</sup>

The PRS ‘approach’ has come to mean a framework for bringing together national policies, budgets and development assistance. PRSPs are also intended to be the framework for the development of sector plans and investment programmes. A sector plan should ideally reflect the strategies, priorities and spending allocations described in the PRS - in practice however, these logical links do not always exist, especially if the sector plan was written first.

According to the World Bank, “there are five core principles underlying the development and implementation of poverty reduction strategies. The strategies should be:

- country-driven — involving broad-based participation by civil society and the private sector in all operational steps;

<sup>1</sup> Source: [www.worldbank.org/poverty/strategies/boardlist.pdf](http://www.worldbank.org/poverty/strategies/boardlist.pdf). August 2004.

- results-oriented — focusing on outcomes that would benefit the poor;
- comprehensive in recognizing the multidimensional nature of poverty;
- partnership-oriented — involving co-ordinated participation of development partners (bilateral, multilateral, and non-governmental);
- based on a long-term perspective for poverty reduction.”<sup>2</sup>

More specifically, PRSs should also contain costed priorities. Costing and prioritisation are important so that a wish list is avoided.

### ***How are PRSs relevant to RHCS?***

PRSs focus on evidence-informed priorities and strategies for national development and poverty reduction. RHCS is also both a development and a poverty issue – it affects national demographics and the size and welfare of individual households.

In a review in 2005, by the World Bank, of sexual and reproductive health in 21 PRSs, only a third had at least minimal discussion of the links between poverty and population, and reproductive health, and only a half discussed existing programmes and policies addressing population, RH and adolescent development. Population and RH indicators tend to be ill-defined, and key risk factors for maternal mortality tend not to be addressed through strategically focused programmes with priority interventions<sup>3</sup>.

It should be possible to follow through statements of intent and targets linked to reproductive health into budget allocations, and PRS and sectoral performance monitoring indicators. For example, Uganda’s Poverty Eradication Action Plan covers the provision of RH commodities, including free essential drug supplies for pregnant women and increased contraceptive supply. Even if RHCS is not explicitly mentioned in a PRS, there may be an implicit assumption that relevant commodities will be widely available in the country, if for example total fertility or contraceptive prevalence rates are targeted indicators. Zambia’s new PRS includes a section on addressing RH issues and may provide a spur to provide for needs that are not adequately addressed in the health sector. In 2005 additional funding has been allocated to MoH and programmed in support of reduced maternal mortality.

PRS relevance to RHCS goes beyond direct references to reproductive health. PRSs often highlight issues concerning the *systems* that support commodity security.

### ***Sector Wide Approaches***

The defining characteristics of a SWAp are that all significant public funding for the sector supports a single sector policy and expenditure programme, under Government leadership, adopting common approaches across the sector, and progressing towards relying on Government procedures to disburse and account for all public expenditure (Foster, M. et al. 2001).

It is important to remember that a SWAp is an approach, not a blueprint. The approach is based on key principles and attempts to progressively apply them, but it is the national conditions and preferences that guide the development of the process.

Key characteristics include:

- Government leadership.
- Single sector policy, programme of work and expenditure framework.
- Common approaches to planning, management and monitoring arrangements across the sector on the part of all development partners.
- Development partners progressing towards using government procedures for disbursement and accounting.

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<sup>2</sup> Source: World Bank PRSP website, [www.worldbank.org/poverty/strategies](http://www.worldbank.org/poverty/strategies)

<sup>3</sup> Benign Neglect: reflections on how sexual and reproductive health services are being sidelined by current global and national financing practices, Rogo K and Picazo O, World Bank, 2005

This definition has its limitations: In many countries, sectors such as health do not have (yet) centralised public expenditure. Non-government finance and non-government service providers are making contributions that are often larger than that of Government while in other countries basic education for instance is perceived as the responsibility of the Government. Sector programmes are designed as mechanisms for coordinating support to public expenditures programmes. Hence, they are most relevant and feasible where public expenditure is a major feature of the sector, hence the dominance of health, education and roads. SWAp are also focusing on single sectors, while for instance HIV/AIDS programmes follow a multi-sectoral approach.

***What is budget support?***

Budget support is an aid instrument used to promote strengthening of macro-level government functions, and typically focuses on issues such as poverty reduction, macro-economic management and strengthening pivotal government institutions and functions such as public sector financial management and procurement. It is a form of financial aid in which funds are provided directly to an account under the government's authority (i.e. finance or sector line ministry), and funds are taken fully into account in the routine national planning and budgeting process. The recipient government spends the money using its own systems for prioritisation, financial management, procurement and accountability.

***The Medium-Term Expenditure Framework (MTEF)***

A Medium-Term Expenditure Framework (MTEF) is a multi-year public expenditure planning exercise that is used to set out the future budget requirements for existing services, and to assess the resource implications of future policy changes and any new programmes. It uses the best available estimates of national economic growth to project how much money will be available in future years – and then compares this with the cost of government expenditure plans.

The MTEF is important for both general budget and sector budget support. It is generally seen as a prerequisite for budget support. For a SWAp, it can provide the medium term resource envelope and broad financial framework for the sector.

***Key issues for a successful sector process:***

Respect the need for Government leadership and ownership

Avoid establishing parallel systems or processes

Ensure the close involvement of the Ministry of Finance (MoF).

Ensure high level political support. Design processes which economize on management, planning and policy skills within government, while progressively building up capacity Be prepared to commit to long-term support

Move cautiously and realistically on developing pooled funding arrangements.

Give attention to procurement issues<sup>4</sup>.

***The role of the agencies involved in the follow up of ICPD***

When a government and its development partners in a particular country decide on a national development strategy or a sector wide approach, ICPD agencies are encouraged to participate actively as an important development partner. Their role in this partnership can be summarized as follows:

- Ensure that the ICPD agenda is adequately reflected in all national development strategies including poverty reduction strategy, sector policies, strategies, plans and programmes;
- Be an effective advocate for ensuring that sexual and reproductive health activities, in particular those related to the needs of young people, as well as gender concerns, receive sufficient resources within sectoral budgets;

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<sup>4</sup> EC 2003 Guidelines for Sector Wide Approach

- Play a prominent role at all stages (from planning to implementation to monitoring and evaluation) of all processes to ensure that there is an agreed upon common framework of planned results, which includes clearly defined and mutually agreed upon expected outcomes and outputs in the areas of sexual and reproductive health and gender concerns in sectoral plans, as well as quantitative and qualitative indicators (and appropriate mechanisms for the required data collection and analysis) to measure and monitor progress.
- Advocate for a results-based approach to strengthen the design and implementation of SWAp, including ensuring that evidence-based strategic thinking and cause-effect linkages are being applied throughout the process in order to achieve concrete and measurable results in the most cost-effective manner

### ***How to get engaged?***

National health policies and programmes aim to address both the technical challenges and the wider system requirements. They involve a range of partners and funding instruments.

In order for reproductive health commodities to be secured in the new aid environment, it implies having national and sector policies, strategies and implementation plans which support and promote RHCS and having an adequate and identifiable budget for commodities.

In order to achieve this there needs to be a partnership and coordination between government, development partners, NGO's, the private sector and other stakeholders as well as joint monitoring which promotes shared ownership of programme progress. All key RHCS agencies have a major responsibility for working with government to strengthen RHCS. However it is appropriate to have a division of labour and to have a strong partnership at country level to discuss the RHCS issues prior to joint (development partners) meetings. We need to know the forecasting, the costs and then we have to start negotiating with the budget committee. At the same time we have to build capacity within our national counterpart group so that they become confident and empowered to negotiate within the Ministry of Health as well as – in case needed- with the Ministry of Finance.

There are success-stories: in various countries RHC have been integrated in the budget, not just a budget line, but integrated in the system; negotiations are difficult as RH has “to compete” with other priorities. We have to be well prepared and the international level has to provide adequate support to the colleagues at country level, who are working in this new aid environment.

### ***Documentation:***

HLSP 2005: SWAp a resource document for UNFPA staff

HLSP 2007: RHCS: implications of Aid policy and financing trends