

## The Changing Face of Foreign Assistance: New Funding Paradigms Offer a Challenge and Opportunity for Family Planning

By Carolyn Gibb Vogel

New foreign assistance strategies that aim to encourage ownership by recipients while still effectively reducing poverty are laudable. They offer the hope of increased financial support to overall global development—a bigger pie—but they also pose significant challenges to the family planning field: Will it be able to keep a slice of that pie?

Development assistance is far more complex now than it was during the time of the 1994 International Conference on Population and Development (ICPD) in Cairo. There are new terms, funding systems, institutions and international declarations guiding foreign assistance. Large amounts of money have been committed for disease-specific initiatives, but they have largely been reserved for high-profile diseases such as HIV/AIDS and malaria. European donors and the World Bank have adopted development financing mechanisms that emphasize a holistic health systems development approach while incorporating aid effectiveness mandates such as country ownership and alignment with country development priorities. It is hoped that these mechanisms will better enable donors to follow aid effectiveness protocols such as those outlined in the 2005 Paris Declaration on Aid Effectiveness.

However, while offering the potential for increased and more efficient support to overall development (a bigger pie), the new systems pose great challenges to individual health interventions, such as family planning. While these new paradigms may be able to lead to efficiency and improved results, the nature of the new aid architecture makes it more difficult to ensure that specific interventions such as family planning are prioritized and remain funded at adequate levels. Even less is known about the effectiveness of what are called *innovative financing options* such as an airline tax to finance the Global Fund to Fight AIDS, Tuberculosis and Malaria, debt buy-downs and financing facilities. Although the benefits that investments in these options could offer may only be realized years from now, those in the family planning field can participate now and help ensure that family planning programs benefit from future returns.

### A Bigger Pie? New Funding Paradigms and Innovative Financing Options

High-profile commitments to development assistance began appearing several years ago—from the founding of the Global Fund to Fight Aids, Tuberculosis and Malaria (often shortened as the Global Fund), to the U.S. government's \$15 billion pledged for AIDS relief, the G8's \$50 billion pledged to Africa and the gift of philanthropist and entrepreneur Warren Buffett to the



Bill and Melinda Gates Foundation. Recent data from the Organization for Economic Cooperation and Development's Development Assistance Committee (OECD/DAC), the body through which the 30 member countries of the OECD track and monitor foreign assistance flowing to developing countries, report that these large commitments raised total overseas development assistance (ODA) by 15 percent in 2004. Some of these commitments are moving through largely untested channels: newly established funds, programs and financing facilities. The remainder are moving through multi- and bilateral channels that, although the mainstay of population assistance, have been recently transformed as well.

Major donors, such as European governments and the World Bank are moving away from the vertical support of specific development sectors towards channeling aid through broader mechanisms that leave the specific allocation of funding up to countries themselves, albeit guided by the donor through the preparation of a development strategy. Much assistance from traditional multi- and bilateral donors is now arriving in countries through several mechanisms. *Direct* or *general budget support* or *sector budget support* is foreign assistance given directly to a country's finance ministry or to another specific ministry (sector budget support). *Poverty Reduction Strategy Papers* (PRSPs) is lending or other assistance made available to a country guided by a framework designed to reduce poverty. In the *Country Strategy Paper* processes, the European Union and other European donors such as the United Kingdom channel aid according to country-driven priorities. The notable exception to this trend is the United States which continues to fund issues vertically (i.e., in specific pots of money designated for spending on a specific issue), including to population and family planning.

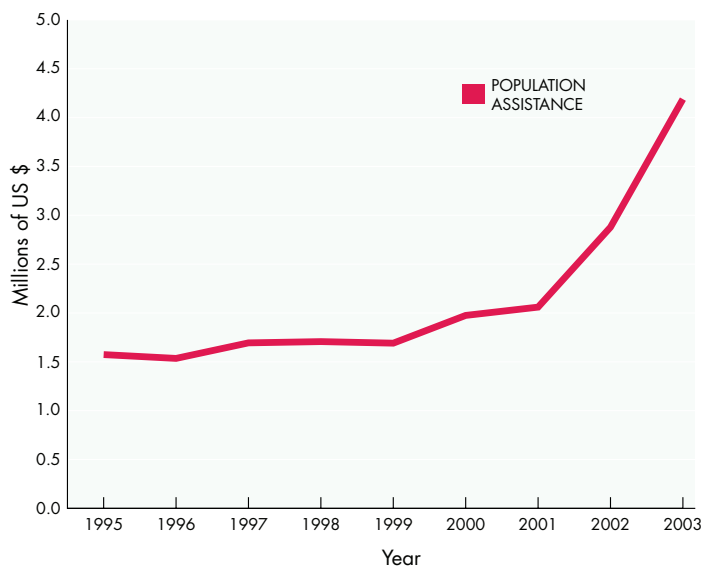
"Not since the ICPD has a new paradigm in development assistance introduced the potential for such changes to the way in which family planning programs are funded as has the new architecture of aid flows."

The family planning field must maximize the use of these new monies and mechanisms in a context where it is difficult to gain priority for one sector, in particular for family planning which is easily overshadowed by more high profile issues such as HIV/AIDS. Not since the ICPD has a new paradigm in development assistance introduced the potential for such changes to the way in which family planning programs are funded as has the new architecture of aid flows.

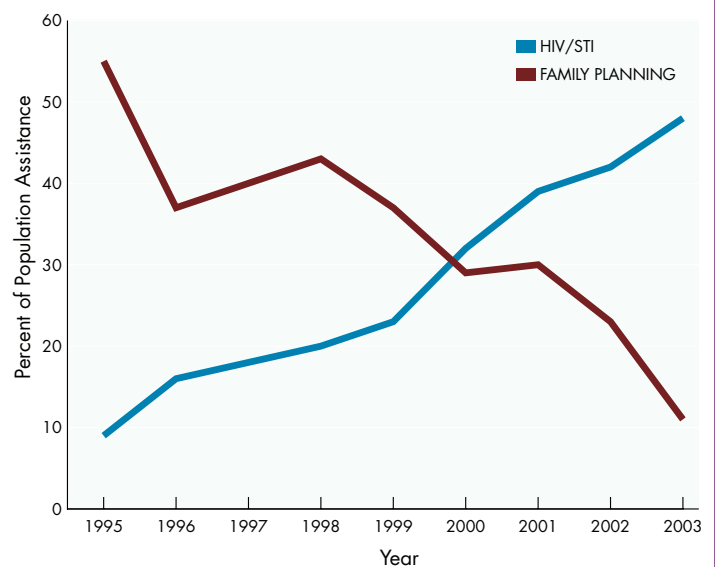
The new aid architecture is better able to meet aid effectiveness protocols outlined in the Paris Declaration on Aid Effectiveness. This high-level forum where 93 countries (including all key donor and major aid recipient countries) signed a declaration based on five key principles: ownership, alignment, harmonization, managing for results and mutual accountability, was organized by the regional development banks, the UN, the OECD/DAC and the World Bank and held in France in 2005.<sup>1</sup> The new development assistance paradigm aims to put countries "in the driver's seat" and increase efficiency of aid by

**Figure 1:**

**TREND IN POPULATION ASSISTANCE  
1995-2003**



**PERCENTAGE OF TOTAL POPULATION ASSISTANCE  
1995-2003**



While substantial gains were realized in population assistance in recent years, that term includes assistance related to HIV/AIDS prevention, which has claimed the bulk of new spending, while funding for family planning has actually fallen.

Source: UNFPA, 2005. *Financial Resource Flows for Population Activities in 2003*. New York: United Nations

encouraging donors to collaborate with one another and be more responsive to priority needs as identified by recipient countries.

While it is too early for definitive conclusions about the effectiveness of the Paris Declaration principles, there is evidence that the principles are at least being adopted. The Global Fund reports that it routinely conducts joint missions with the World Bank. This is an example of donor coordination that encourages donor harmonization and synchronization of procedures and requirements, which saves resources and reduces the burdens of recipient countries.<sup>2</sup> Another example is the formation of the Reproductive Health Supplies Coalition which convenes major contraceptive and reproductive health supply decision-makers for joint planning and collaboration.

Distinguished from new multi- and bilateral aid financing mechanisms are the *innovative financing options*. These options, of which there are many, seek new sources of funding that would augment existing multi- and bilateral aid and include private sector initiatives, debt buy-downs and new taxes such as the Airline Tax Initiative.<sup>3</sup> This tax—amounting to just a few dollars for most travelers, but up to around \$50 for first-class fares—would apply to airline flights in participating countries and would raise revenue for the fight against HIV/AIDS. While some of these options could add support to family planning, most of these initiatives are in the earliest stages of development. Family planning

and related reproductive health services have not yet been mentioned as possible beneficiaries of such initiatives—but, at least in theory, they could be.

The new mechanisms also work towards the strengthening of overall systems, including logistics, human resources, and physical infrastructure. As these areas are strengthened, the benefits also flow to family planning, given that it is part of the total health system. The World Bank's PRSP process in particular encourages investment in the strengthening of overall health systems, as does the U.S. Agency for International Development (USAID).

Just as important as increasing and strengthening ODA is increasing the support given by recipient countries themselves. As a result of the African Summit on HIV/AIDS, Tuberculosis and other Related Infectious Diseases in 2001, the Heads of State of the Organization for African Unity signed onto the *Abuja Declaration*, committing to spend 15 percent of their countries' annual budgets towards improving the health sector. No African country has yet met this commitment. Raising more resources and commitment for family planning not only from African countries but from other developing country governments as well remains a great but challenging opportunity.

### **The Family Planning Slice: What Does this Mean for the Family Planning Field?**

New financing mechanisms pose a challenge not only to family planning, but to all areas of health. Advocates and program managers spend time carving their own piece of the health budget, but also need to be mindful of the overall health pie. Direct budget support, in which a donor gives money to a country's overall budget after working with the country on a poverty reduction strategy, can weaken health budgets when health advocates are not part of the decision-making process or are not empowered to influence decision making. Ministers of health are often excluded from country budget committees and even when present are typically not well-positioned to jockey for funding against more influential ministers. The result may be a more empowered recipient country, but a weakened health program.

Historically, advocacy for the purposes of raising revenue and increasing political support for reproductive health has employed a strategy whereby the commitments and goals of Cairo are evoked alongside an accounting of progress made in resource mobilization. With a new funding paradigm comes the need for a new paradigm for raising resources. When funding was vertical (that is, when funding was given by a donor specifically for one type of intervention), a direct and logical advocacy argument was quite successful (the world needs X, we raised only Y, therefore we still need Z).

Now, however, budget lines are blurred, funding is combined in a health "basket," and progress is marked by improvements in broader goals such as reducing poverty and improving governance. Determining

exactly what is needed from donors is much more complex than it once was. Family planning service providers and advocates will need to become more versed in an increasingly complex foreign assistance language and landscape. We may know how much money is needed, but teasing out the amount of support for reproductive health that now passes through integrated funding mechanisms is a challenge. Also important is understanding how donor funds are to be channeled and what processes along the way offer an opportunity for influence. It is insufficient merely to advocate to the World Bank for increased funding for family planning now that Bank funding is channeled through the PRSP process. Instead, a strong argument on the importance of family planning to poverty reduction must be clearly articulated and ushered through the proper channels for inclusion in the strategy paper. And it doesn't end there. Inclusion in the strategy paper doesn't necessarily mean that the funding will actually be allocated to family planning once the money reaches the recipient country. Advocacy at the country level is necessary to both increase knowledge about how family planning is funded in the country and to hold country governments accountable to fund and use family planning budget lines once they are established.

### **Getting to the Table: What Can the Family Planning Community Do?**

The following are some of the key programs, new strategies and donors through which family planning could perhaps find new funding routes.

*The Global Fund to Fight Tuberculosis, AIDS and Malaria; and other New Funding Mechanisms.* Funding for family planning may become available through a new mechanism but remain underutilized by recipient countries due to insufficient knowledge or understanding of the funding options or a lack of the skills necessary to successfully complete the process. For example, countries have received very little, if any, direct support for family planning services from the Global Fund, although such support is permissible provided that a country present a strong case for it. Countries are unaware that they are able to include reproductive health in proposals or may lack the ability to articulate the reasoning strongly enough for the proposal to be accepted by the Global Fund's independent Technical Review Panel. A study of International Planned Parenthood Federation (IPPF) Member Associations showed that only two IPPF Member Associations have successfully submitted reproductive health proposals to the Global Fund.<sup>5</sup> Other funding mechanisms such as PRSPs already offer funding to family planning, but require diligence and follow-through to turn the opportunity into reality.

*President's Emergency Plan for AIDS Relief (PEPFAR).* Some PEPFAR funded projects use a "wrap-around" approach whereby, according to the U.S. Office of the Global AIDS Coordinator, PEPFAR funds can be used for programs that offer services that are supportive of HIV/AIDS programs, such as family planning. In addition, U.S. funding for HIV and AIDS is not subject to the same policy restrictions that



constrain family planning funds, even if those HIV funds are used to support family planning. For example, an NGO that offers an HIV-positive woman contraceptives through a PEPFAR-funded program is not subject to the Mexico City Policy.<sup>6</sup> However, thus far, little to no PEPFAR funding has been made available for such “wrap-around” programs.<sup>7</sup>

*Aid Effectiveness.* More could be done to hold both donor and recipient governments accountable for improving the funding flows to reproductive health and family planning. Holding donor governments accountable for commitments made at ICPD continues to be critical; however, commitments made by donors in the Paris Declaration and by recipient countries at Abuja have yet to be fully exploited by the reproductive health/family planning community. Many of the issues outlined in the Paris Declaration (such as donor harmonization) are issues that affect population assistance, and yet the family planning community is minimally involved in ensuring progress towards Paris Declaration commitments. Moreover, if research shows that the current mechanisms employed to meet Paris Declaration commitments (such as direct budget support) detract from funding for family planning, then alternative ways of achieving aid effectiveness need to be explored.

*Health Systems Strengthening.* Almost all of the new financing mechanisms allow for broader health systems strengthening, which can reduce bureaucracy by streamlining management, increase cost-effectiveness, improve efficiency through reorganized services, decentralize health systems, and allocate resources to better address the needs of the population.<sup>8</sup> For the Global Fund, strengthening health systems has worked in countries where the country team has been judicious about recognizing and following available opportunities. Even disease-specific funding such as support through vaccine or newborn health initiatives can play a role in overall health systems strengthening and provide benefit to family planning programs.

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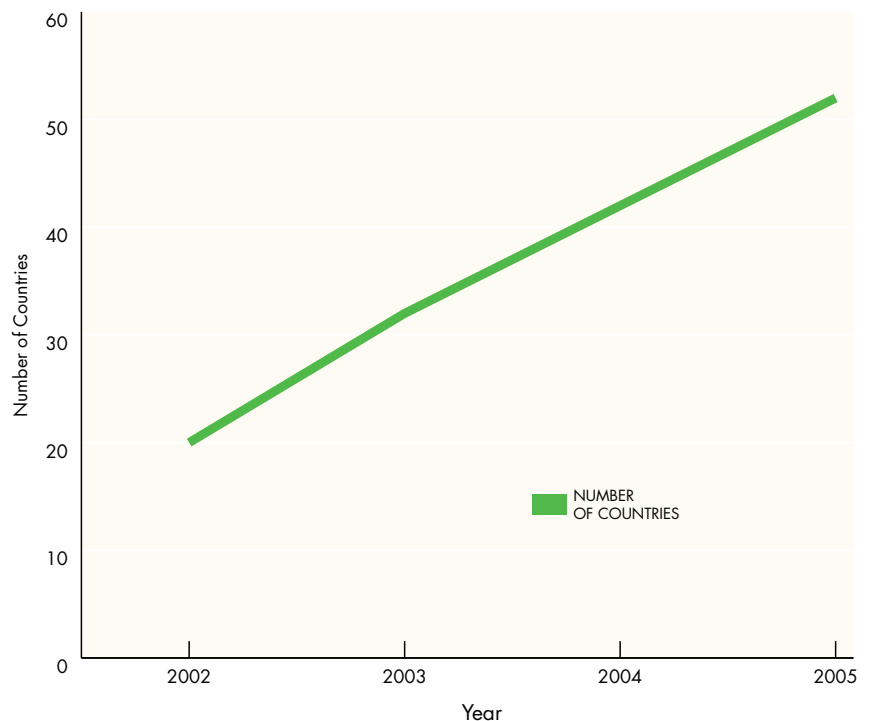
*New Emerging Donors.* Family planning has traditionally been supported by the same pool of multilateral donors (development banks and the United Nations) and bilateral donors (Western European donors and the European Union, Japan, Canada, Australia, New Zealand and the United States) as well as by smaller amounts of support from a few private foundations and non-governmental organizations (NGOs). However, several middle income countries and several countries that, while developed, have never contributed population support are beginning to do so. Spain’s newly elected government is changing course from its conservative predecessor to substantially increase its population assistance while the Republic of Korea (South Korea) and Thailand have indicated their intentions to begin contributing foreign aid.<sup>9</sup> Other potential rests in the countries newly joining the European

Union who will be developing their own foreign assistance program in the coming years as well as contributing to European Development Cooperation (support channeled through the European Union that supplements member countries' own foreign aid programs). Advocacy efforts that target these emerging donor country governments are critical to ensure their early commitment to reproductive health.

*Increasing Recipient Country Commitments.* While the purpose of foreign aid is to promote economic development and welfare of people, the ultimate goal, many would argue, is to enable a country to maintain an adequate standard of living of its population free of outside assistance. Building self-reliance is even more important given that continued increases in foreign assistance are not guaranteed. Foreign donors and advocacy groups can seek ways to encourage recipient governments to allocate increased funding to reproductive health. Country level efforts such as the upcoming meeting of African Union health ministers on the topic of universal access to comprehensive sexual and reproductive health services in Africa can build awareness and increase financial commitments from recipient country governments.<sup>10</sup>

### A New Funding Reality for Family Planning

**Figure 2:  
Number Of Countries  
Participating In World  
Bank PRSP Process**



The number of countries participating in the PRSP approach has more than doubled since 2002.

Source: World Bank and International Monetary Fund, September 2005. *Synthesis 2005 Review of the PRS Approach: Balancing Accountabilities and Scaling up Results.*

While there has been little research comparing these specific donor practices and actual aid effectiveness, the new mechanisms have become the funding reality for development assistance and for family planning.<sup>11</sup> Alongside positive developments such as ceding control and being responsive to recipient countries, come the challenges of advocating

for a piece of the pie on behalf of a sector that gets little attention and that serves people who do not have a seat at the table—men, women and young people with family planning needs in developing countries. Decision making on family planning spending is increasingly made by recipient governments instead of donor institutions—and this makes advocacy more challenging for family planning supporters.

Luckily, resources are becoming available. The World Bank has been working on guidelines for NGOs for advocating the inclusion of reproductive health in PRSPs. And guidelines now exist to assist countries in accessing funding from the Global Fund for reproductive health.<sup>12</sup> With the exclusion of reproductive health from the Millennium Development Goals (MDGs), the family planning and reproductive health community has been motivated to pursue more research and to better articulate why family planning matters to the existing MDGs. This work has provided a plethora of materials that could be used to strengthen the family planning and reproductive health components of new funding proposals, and help make sure that money earned through new financing options funds family planning as well as other vital health services and development objectives.

## Notes

- 1 See [www.aidharmonization.org](http://www.aidharmonization.org) for further information on the Paris Declaration.
- 2 Personal communication with Global Fund staff.
- 3 See de Ferranti, David. Innovative Financing Options and the Fight against Global Poverty: What's New and What Next? Pre-publication Draft in *Transforming the Development Landscape*. Lael Brainard, Editor.
- 4 Available online at [http://www.un.org/ga/aids/pdf/abuja\\_declaration.pdf](http://www.un.org/ga/aids/pdf/abuja_declaration.pdf). Accessed 8 August 2006.
- 5 Tonga and Tuvalu were the only IPPF Member Associations to report successful SRH proposals to the Global Fund. See: Global Aids Alliance. 2006. *Integration of Sexual and Reproductive Health into HIV/AIDS Programmes: Guide for Submitting HIV/AIDS Component Proposals to the Global Fund to Fight Aids, Tuberculosis and Malaria, Round 6 and Beyond*. Washington, DC: Global Aids Alliance.
- 6 The Global Gag Rule or Mexico City Policy is a U.S. government policy that denies foreign organizations receiving U.S. family planning assistance the right to use their own, non-U.S. funds to either engage in any abortion-related public policy debates or perform legal abortions. See [www.populationaction.org](http://www.populationaction.org) for more information.
- 7 InterAction. 2006. *A Development Approach to HIV/AIDS*. Washington, DC: InterAction.



- 8 Available online at: [http://www.usaid.gov/our\\_work/global\\_health/hs/index.html](http://www.usaid.gov/our_work/global_health/hs/index.html). Accessed 11 August 2006.
- 9 Ethelston, S, et. al. 2004. *Progress & Promises. Trends in International Assistance for Reproductive Health and Population*. Washington, DC: Population Action International.
- 10 See [http://www.africa-union.org/root/AU/Conferences/Past/2006/September/SA/Meeting\\_doc.htm](http://www.africa-union.org/root/AU/Conferences/Past/2006/September/SA/Meeting_doc.htm). Accessed 23 August 2006.
- 11 Radelet, S. 2006. *Working Paper Number 92. A Primer on Foreign Aid*. Washington, DC: Center for Global Development.
- 12 [Http://www.globalaidsalliance.org/Global\\_Fund\\_Proposal\\_Guidelines\\_SRH\\_HIV.cfm](Http://www.globalaidsalliance.org/Global_Fund_Proposal_Guidelines_SRH_HIV.cfm). Accessed 23 August 2006.

Website addresses for programs and organizations mentioned in the main text.

Global Fund to Fight AIDS, Tuberculosis and Malaria	<a href="http://www.theglobalfund.org/en/">http://www.theglobalfund.org/en/</a>
Organization for Economic Cooperation and Development's Development Assistance Committee (OECD/DAC)	<a href="http://www.OECD.org/DAC">www.OECD.org/DAC</a>
Paris Declaration on Aid Effectiveness	<a href="http://www.aidharmonization.org">www.aidharmonization.org</a>
Reproductive Health Supply Coalition	<a href="http://www.rhsupplies.org">www.rhsupplies.org</a>
Abuja Declaration	<a href="http://www.un.org/ga/aids/pdf/abuja_declaration.pdf">http://www.un.org/ga/aids/pdf/abuja_declaration.pdf</a>
President's Emergency Plan for AIDS Relief (PEPFAR)	<a href="http://www.state.gov/s/gac/">http://www.state.gov/s/gac/</a>
Mexico City Policy	<a href="http://www.populationaction.org/resources/publications/globalgagrule/GagRule_AIDS/GGRandHIV-AIDSbrochure.pdf">http://www.populationaction.org/resources/publications/globalgagrule/GagRule_AIDS/GGRandHIV-AIDSbrochure.pdf</a>
Millennium Development Goals (MDGs)	<a href="http://www.un.org/millenniumgoals/">http://www.un.org/millenniumgoals/</a>

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