Co-financing for UHC
Lessons from the UNDP-STRIVE pilot in 7 SSA countries

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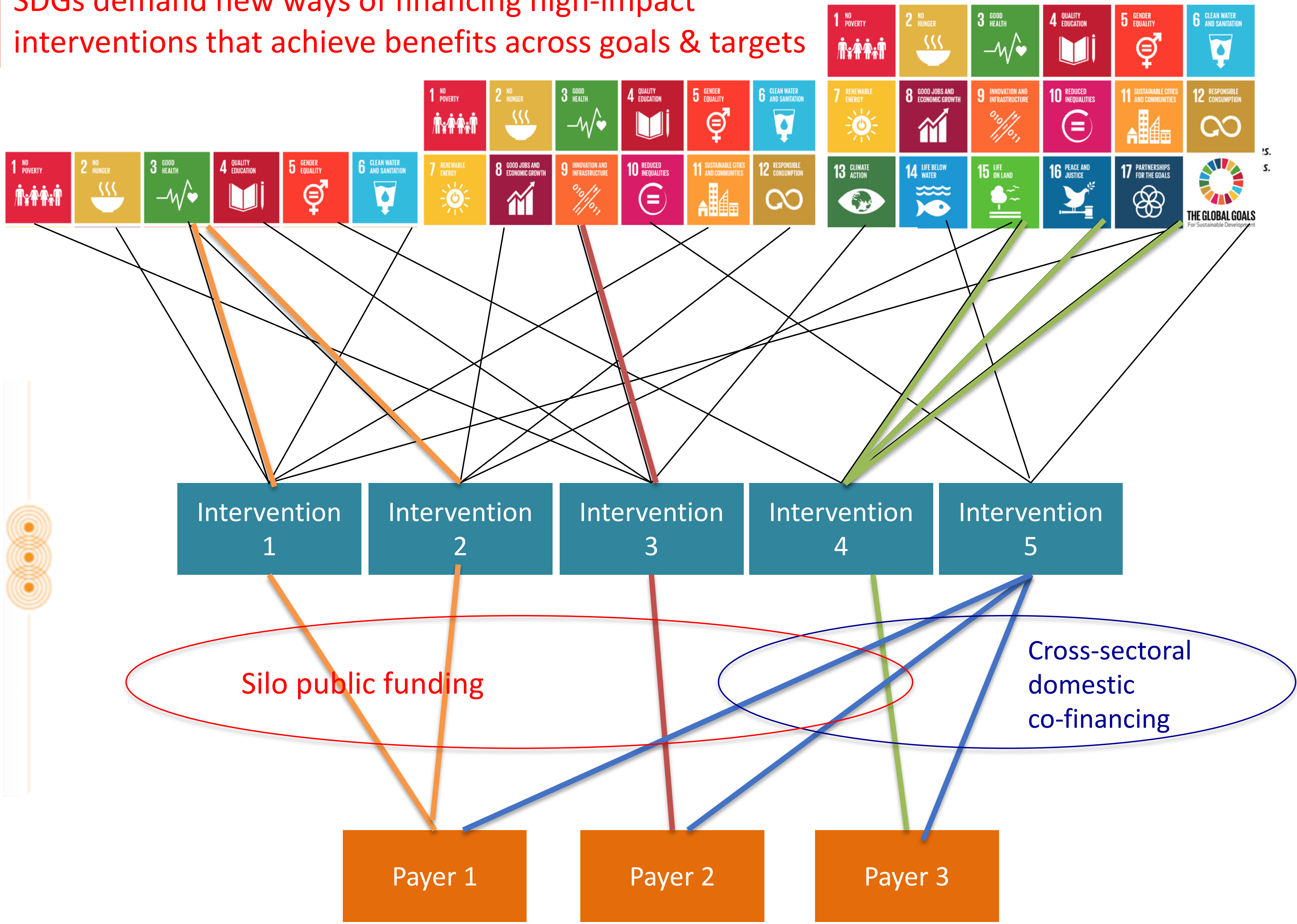
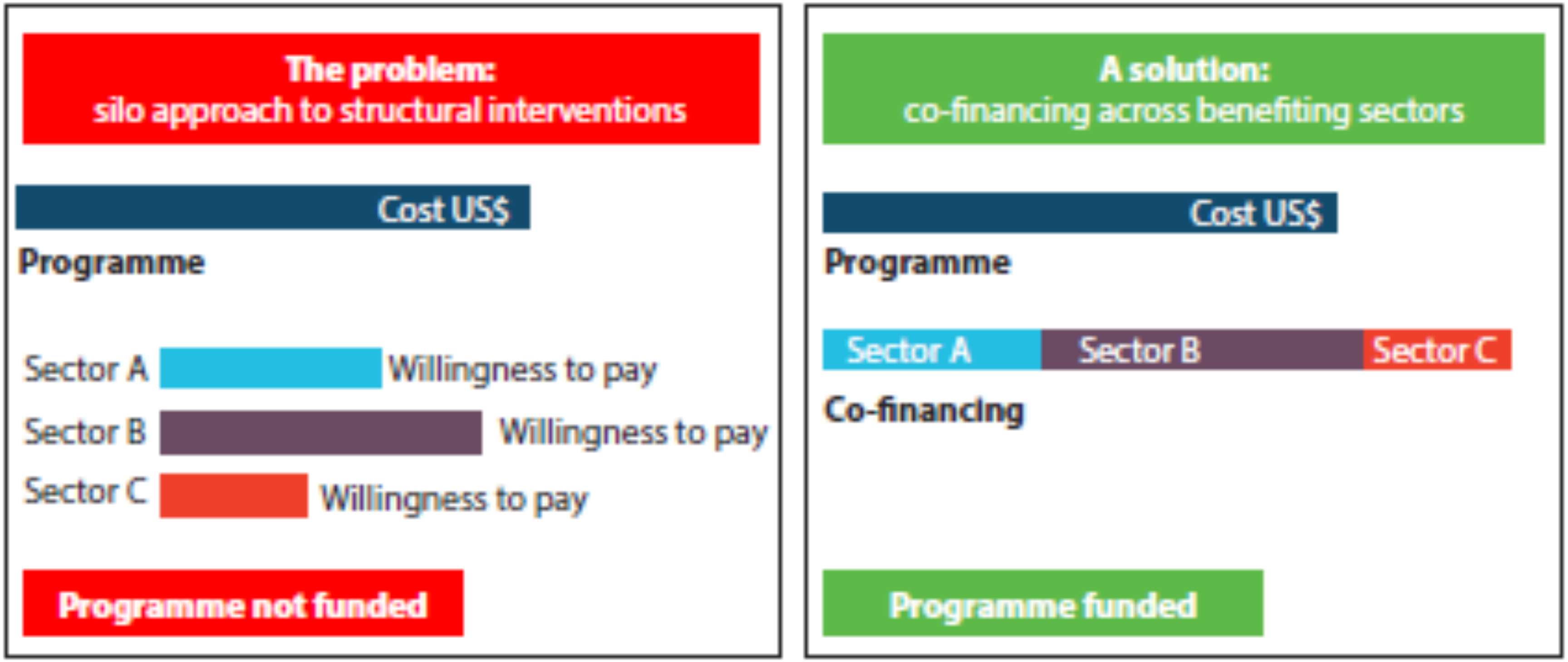
SDGs demand new ways of financing high-impact interventions that achieve benefits across goals & targets




The problem:
silo approach to structural interventions
Cost US$
Programme
Sector A
Willingness to pay
Sector B
Willingness to pay
Sector C
Willingness to pay
Programme not funded
A solution:
co-financing across benefiting sectors
Cost US$
Programme
Sector A
Sector B
Sector C
Co-financing
Programme funded

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Co-financing: key messages

- ✓ **Co-financing can save governments money**. It improves resource efficiency by investing in high-value interventions that hit multiple SDG targets, across different sectors, at once.
- ✓ **High-value, win-win interventions are needed to realize the broad and interconnected SDGs**. However, these interventions are less likely to be prioritized, financed and taken to scale where sectors evaluate costs and benefits in isolation. The result is welfare loss and suboptimal resource allocation.
- ✓ High-value interventions can be funded **more efficiently** through an appropriate pooling of public resources across benefiting sectors, with contributions guided by each sector's WTP for expected results.
- ✓ Co-financing does **not require additional funds** or increasing capital investment. It merely involves an approach to achieve a better, more efficient domestic allocation of resources across sectors.

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Multi-impact projects for Co-financing

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Education

- School feeding, nutrition and deworming
- Integrated early childhood development
- Obesity prevention interventions in school
- Malaria prevention and treatment in school
- Vision support in school

Social protection and economic empowerment

- Cash transfers (conditional and unconditional)
- Microfinance with gender and health components
- Projects to empower adolescent girls and young women to address the structural drivers of their HIV risk (namely poverty and social/economic disadvantage)

Environment

- Water, sanitation and hygiene intervention for mothers with infants
- Integrated coastal management and reproductive health intervention
- Solar electrification of schools, health facilities, and community as well as municipal halls/offices (increases reliable access to services while reducing costs and environmental impacts)

Nutrition

- Nutrition counselling and supplementation for mothers and their infants
- Psychosocial support for malnourished children

Rural development

- Building of roads that increase access to health facilities, schools, new market areas, sports and cultural/community opportunities

Agriculture

- Food diversification in rural households with microfinance options with nutrition, health, agricultural production and environmental benefits

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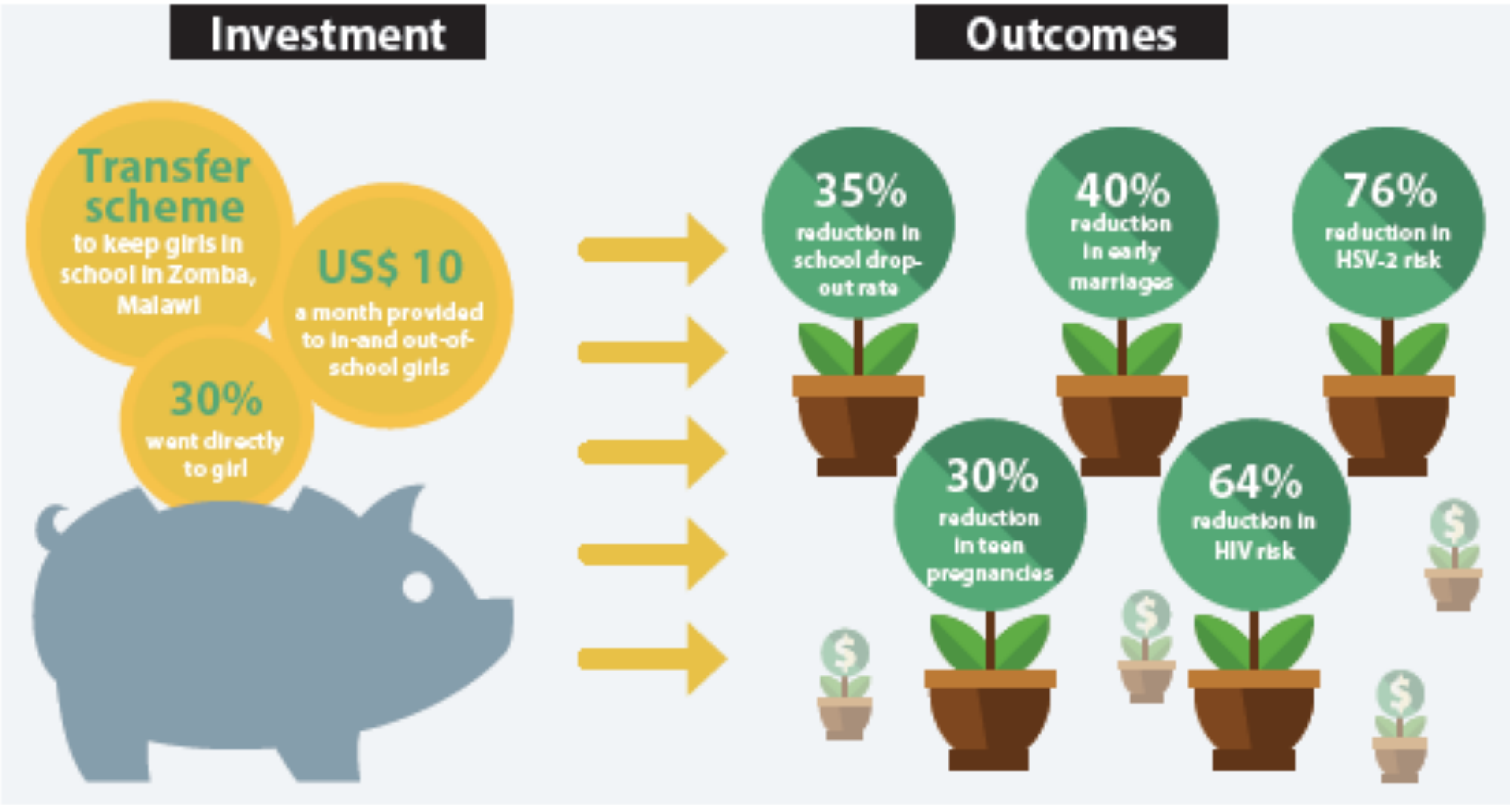
Potential impact of cash transfers (Zomba pilot to keep girls in school)



(Source: STRIVE 2012 from Baird et al. 2012)

Overview of the UNDP-STRIVE co-financing project

With funding from the Japanese Government, the project aimed to:

- ✓ To continue sensitizing senior policymakers and technical officers from the original four co-financing countries **(Ethiopia, South Africa, Malawi & Tanzania**) as well as to introduce the approach to senior policymakers and technical officers from three additional countries: **Kenya, Zambia and Ghana.**
- ✓ To assist all seven countries to develop costed co-financing models/plans that advance UHC and human development (with geographic scope and budget contributors/ contributions defined).
- ✓ To provide all seven countries with the follow-on technical and other support needed to implement their co-financed interventions and develop monitoring frameworks.
- ✓ Developed a Guidance Note and Lessons Learnt Brief.

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Examples of countries co-financing projects (still at concept development phase)

Ghana – improving children's pedestrian road safety in Accra

Tanzania – local government development grant for district development projects with health benefits

Malawi – scaling up the social cash transfer programme and possibility of district projects

Zambia – non-motorized transport infrastructure for a smart Lusaka city

South Africa – expanding the cash plus care programme for young women and adolescent girls in KZN

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Key issues/ challenges / learnings i.

Moving the agenda forward in these countries required:

- ✓ the **co-ordination structures** (TWG) with senior representation to move the conversation to a level of real commitment (and an enthusiastic co-ordinator with the time and funds for the logistical requirements).
- ✓ the **technical** inputs and data such as costing and modelling to estimate benefits and measure payer's willingness-to-pay (WTP) (possible resistance to WTP concept? Willingness to pay for activity beyond their mandate - difficult);
- ✓ **public finance systems reform** and changes in public budgeting and accounting (which are slow to enact); but mostly:
- ✓ the **political process** of obtaining national leadership and buy-in from all the ministries involved. This certainly is the most time-consuming aspect with highly variable (or unpredictable) outcomes, since the locus of control of these aspects is usually outside the scope of the members of the TWGs.
- ✓ **What constitutes real country ownership leading to adoption & implementation?**

Possibly the most important aspect (& underestimated?)

Key issues/ challenges / learnings ii.

Selection of a suitable project that had the affected ministries' commitment took protracted lengths of time (still not achieved in some countries) for many reasons:

- Time-lag between initial intervention (2015 workshops) and end 2017 UNDP's facilitation to re-energize – people changed, political support shifted, lost momentum…
- Not only is cross-sectoral planning somewhat limited in most countries, but cross-sectoral budgeting is almost non-existent (traditional siloed budgeting dominates), making the idea of joint financing a novel one in practical terms.
- Each ministry has their particular mandate to deliver and could not easily think outside of that box to consider projects which would still have an impact upon their own mandated objectives and targets. Possibly conflicting incentives/ competing project areas?
- Obtaining the full-buy in of the affected ministries, as well as of the senior levels within each ministry, takes time, and requires much dialogue between and within them.

Key issues/ challenges / learnings iii.

Public siloed budgeting, execution and reporting/accountability requiring reform and new budgeting behaviour:

- Even though countries had a MOF representative on their TWGs, this did not translate into approval by the MOF to pilot or implement a co-financing mechanism which would have required significant public finance reform, specifically regarding the budget setting and the expenditure reporting and accountability.
- Even with full buy-in of all **central** ministries (payers), their reallocation from the routine budgets to the selected project (usually a 6-8 month budgeting process) may amount to a few years including dealing with the projects from which (fund removal and reallocation in a tight fiscal space, creation and implementation of the funding mechanism)
- Local government processes have additional hurdles to obtain LG approval for project & location.
- Tight control over budget execution and output/outcome monitoring will be required to ensure optimal performance of the project, increasing confidence and maintaining commitment.
- (Loss of enthusiasm on realizing that there were no new/additional external funds being offered…?)

Key issues/ challenges / learnings iv.

Need for a multi-sectoral technical working group (TWG) with senior representation with mandate for decision making and time/commitment:

- However, no single ministry representative can take these types of decisions individually.
- Even where detailed workplans were developed, the actioning of those workplans was delayed. TWG members appeared to lack the time to implement the agreed actions – perhaps the activities were not part of their annual performance targets/ indicators, because it was 'externally pushed'? Perhaps SDGs have not been internalized?
- New/ parallel TWGs may be inefficient – rather embed co-financing in existing cross-sectoral planning bodies (eg. For district budgeting, GF CCMs).
- Co-financing more pertinent to **existing projects**, with current public and external funding, that are seeking additional public funds to continue or to expand, and that already have adequate political support, implementation, accountability and monitoring structures.

Key issues/ challenges / learnings v.

Public budgeting challenges that undermine the success of co-financing:

- The domestic budgets are extremely limited and usually are inadequate for the ministries core mandate activities;
- The domestic revenue fluctuates and is uncertain;
- Even allocated budgets often do not materialize into disbursements – funds are reallocated to other competing demands, or disappear through mis-management;
- Ministries may not trust another ministry to manage their funds for a co-financed project effectively, and even if committed, may not transfer the funds, which would jeopardize the entire project;
- Public budgeting processes are rigid and siloed, and are slow to reform, even with the full commitment of the interested ministries and with the Ministry of Finance's endorsement and support.

Opportunities for co-financing / next steps

- ✓ UHC
- ✓ UHC and International Health Regulations and Disaster Risk Reduction
- ✓ Environment and health issues so closely integrated – need a joint funding effort
- ✓ Co-morbidities?
- ✓ Accelerator financing (new country-based UNDP ‘accelerator labs’)
- ✓ Transitional financing – Global Fund, Pepfar
- ✓ **Social Impact Bond experiments** where external investors are being sought for public good projects with high impact, and public co-financing could greatly enhance the chances of attracting investors and impact of projects
- ✓ The demand for Co-financing must come from within the government, and must be part of the ministries’ annual plans and performance targets
- ✓ Seek opportunities within existing cross-sectoral planning/projects (especially for SDG and devolution), and not set up duplicative structures - Kenya
- ✓ Hopefully the country TWGs will continue to develop their concept notes and obtain political and budgetary buy-in (slow process needing long-term commitment)

Questions / Discussion:

Scope / potential for public co-financing?

Enabling factors?

Successful examples to share?

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From the People of Japan

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https://www.undp.org/content/undp/en/home/librarypage/hiv-aids/financing-across-sectors-for-sustainable-development.html

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Thank You

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