Summary of Working Group Sessions

Working Group 1: How to Improve the Effectiveness of the Health Delivery Systems and Monitor Outcomes?

Chair: Professor Anne Mills, London School of Hygiene and Tropical Medicine
Rapporteur: Dr. Padma Shetty, Coordination of Macroeconomics and Health, WHO

Working Group 1 of the 2nd Consultation of Macroeconomics and Health shared and discussed country experiences and objectives in improving the effectiveness and efficiency of health systems and in monitoring outcomes for more effective management. Three main areas framed the discussions: 1) Setting national health priorities; 2) Institutional and organisational constraints and opportunities; and 3) Monitoring outcomes. The key issues identified by countries during working group discussions are summarized below.

To adequately set national health priorities, countries identified the following issues as most important for successful advancement of the process:

- Before priorities can be discussed, there must be a realistic assessment of the components of the health delivery system. How is health care delivered to the citizens? What is the mix of private and public sector services? Who are the vulnerable groups?

- Priority setting is an interministerial government-led process that begins with political commitment for health and recognition of the linkages between poverty and health. Countries felt that national health priorities must include sustaining quality and demand for health care.

- Priority setting is needed at all levels and is the foundation for accountability among policy-makers and providers. It must be a concerted effort that encompasses the various sectors that affect health (eg., education and water), requiring a greater acceptance that health is affected by the actions taken in other sectors and that, in turn, success and productivity in these sectors are influenced by the health of the population.

- In a resource-constrained environment with competing priorities and mixed public and private health provision, governments must focus on ensuring the local delivery system reaches the poorest groups with priority interventions.

- A strong evidence base and information system is required to provide data for priority setting. Data should include information on vulnerable groups and on cost-effective interventions appropriate to the local situation. Priority setting tools should reflect a realistic assessment of the data available. Related to this, there is a need for increased expertise and analytical skills to analyse the data.
When discussing the components of a **more effective health system**, countries identified the following issues as most important for successful advancement of the process:

- The key challenge is improving access to services at the community level and, specifically, access for poor and marginalised groups. The mixed nature of health care delivery and financing requires emphasis on district-level planning and monitoring and local analyses of financing and barriers to access and quality (e.g. impact of user fees, supplies and management mechanisms to support peripheral units, etc.). Each country has to address how it can establish an optimal mix of fixed and outreach services to ensure access at the community level and how groups that are not effectively reached can be targeted.

- Many countries identified human resources as the single most critical system-wide constraint. There is a need to address public sector reform needs and macroeconomic policies at the national and international levels that contribute to the inadequate human resource capacity in the health sector. There is a need to increase the number, correct the maldistribution, and improve the skills of health care human resources. Innovative strategies are required to retain health workers in country and to combat attrition, especially due to illness (i.e. HIV-AIDS).

- Health systems must be designed to reward good performance at all levels and to promote management capabilities. A supportive work environment and job satisfaction are important incentives to deliver quality health services and results. The distortion of incentives and salaries among public, private and NGOs sources must be addressed.

- Social mobilisation is vital and basic to accountability between providers, politicians and patients. More work is need regarding the interface of supply and demand and the balance of preventive and curative services. The roles of local organisations and NGOs in improving access to and financing of care should be assessed and optimized.

While discussing the components of **effective mechanisms for monitoring outcomes**, countries identified the following issues as most important for successful advancement of the process:

- A commitment has to be made to invest in information systems and quality data for monitoring and evaluation, utilizing simple, reliable indicators and recognizing the importance of such a mechanism for policy formation, outcome-oriented management, and tracking of performance at all levels. National institutions and academia should be strengthened to increase data collection and analysis capabilities at the local level to inform decision-making.

- Countries need to avoid uncoordinated creation of new multiple information systems for different diseases/programmes and global initiatives. To do this and to overcome existing fragmentation, country leadership is essential to ensure an integrated approach.

- Decentralisation and the existence of both public and private providers require that there be access to information and monitoring of outcomes to ensure accountability at all levels. Private sector data must be made accessible since it is an important provider of care to the population. There needs to be an increased emphasis on mutual accountability amongst all stakeholders.
Working Group 2: How to Make Health Central in the Country Macroeconomic Framework and Increase Internal Allocation of Resources to Health

Co-Chairs: Dr Peter S. Heller, Deputy Director, Fiscal Affairs Department, IMF
Mr. Alexander Preker, World Bank
Mr. Pablo Gottret, World Bank
Rapporteur: Mr. Richard Bumgarner, WHO Consultant
Introductory remarks by Dr. Michel Jancloes, Adviser to the Director-General, WHO

Working Group 2 of the 2nd Consultation of Macroeconomics and Health shared and discussed the country experiences and objectives to make health central to development and increase resources allocated to health. Three main areas framed the discussions: 1) Review multisectoral coordinating mechanisms that can best integrate pro-poor health investments into national development plans and achieve health objectives; 2) Identify options for generating and reallocating internal resources for increased health expenditures; 3) Report, discuss and possibly prioritize options on how public and private partnerships and external partnerships can improve health outcomes for the poor.

Reviewing the process to integrate pro-poor health investments into national development plans, countries identified the following issues as most important for successful advancement of the process:

- This CMH follow-up meeting has offered an extraordinary opportunity for dialogue between the international health community, ministries of finance and of planning, and ministries of health. It signals the importance of their working together to develop an evidence basis for policy making.

- Improving health sector performance not only requires investments in the health sector, but also policies to improve access to education, clean water and sanitary infrastructure, and to influence household behaviour in a number of ways (better nutrition, cessation of tobacco use, etc). This underscores the importance of a multi-sectoral approach in considering how to improve health outcomes and a prioritized increase in expenditure across sectors.

- Countries must be the principal drivers in choosing the mix of government policies for improved health, taking account of the specific nature of the health problems confronted, how resources for health are financed and provided, and if domestic resource mobilization alone can finance necessary spending for health. For the poorest countries, the PRSP process is a principal modality for forging consensus on the prioritization of resources across and within sectors. For middle income countries, alternative modalities to the PRSP must be devised to achieve coherence in priority setting in the health sector.

- Countries need ambitious goals, particularly for countries heavily afflicted by HIV/AIDS, malaria, tuberculosis, high rates of child mortality, and smoking-related illnesses. This requires creative thinking on how to do things differently, solve problems, and scale up health systems of limited capacity in order to be able to absorb increased resources. Answering the challenge of expanding the number of health personnel, particularly of paramedical staff, will be critical. But ambitious objectives must be tempered and based on realistic fiscal frameworks. It is not sensible to build a health budgetary program on resources that do not exist or are vulnerable to withdrawal.

While discussing the options for generation and allocation of domestic resources for health, countries identified the following issues as most important for successful advancement of the process:

- Strengthened domestic resource mobilization is essential, both for demonstrating a government’s policy commitment and to graduate from dependency on external resources. This may require both
tax reform and increased revenue efforts. Countries should particularly explore win-win taxes, such as on tobacco products, thus reducing future adverse health outcomes and freeing household resources for more desirable outlays on nutrition and education.

- Domestic resource mobilisations can also come about through:
  - Reallocation of expenditures from non-productive uses in the budget;
  - Reallocation of expenditures within the health budget to more effective and efficient purposes and modes of delivery;
  - Seeking lower cost forms of intervention and treatment (e.g. use of generic drugs); and
  - Realising higher efficiency in resource use (e.g. procurement reform).

- Macro stability is an absolute prerequisite for achieving real economic growth; prevention of financial crises is critical to ensure stable financing of social sectors. Governments can work with international financing institutions (IFIs) to ensure informed policy choices, and devise macroeconomic strategies that can support enhanced absorption, including sustainable programs to scale up human resources in the health sector. There are efforts to develop a financing facility in the IMF to deal with exogenous shocks faced by the poorest countries.

- Government health spending needs to be focused on the poor. Increased spending not perceived as focused on the health problems of the poor is not likely to achieve a sustainable flow of external donor support. There is a need for attention to modalities to ensure that the poor, in accessing health care facilities, are not impoverished by catastrophic illness episodes.

- And domestic resource mobilisation efforts can be facilitated if donor resources are translated into effective programs. Sector Wide Approaches and untied budget support can facilitate maximizing gains possible from a given flow of external resources. Good governance—transparency and financial accountability—is critical to ensure continue sustained donor support.

In discussing the involvement of public and private partnerships and external partners, countries identified the following issues as most important for successful advancement of the process:

- In many poor countries, formulating an equitable and effective health sector strategy will depend on determining how to best incorporate the private sector’s predominant role in both the financing and provision of health services. This includes identifying the role for enhanced external resources. Where out-of-pocket expenditures constitute a large share of total national health spending, governments need to assure that these funds maximize health outcomes and are used for risk-pooling schemes that protect households from impoverishment.

- For the poorest countries, even the most efficient use of domestic resources will not be enough. Sustained and predictable external assistance to support well-formulated programs is vital. The focus should be on cost-effective interventions that go through existing channels and target the poor in priority areas. The strong imperative for donors is to finance health through grants and debt relief. Loans for recurrent costs invite fiscal unsustainability and future debt bailouts. Resources must be managed through the government’s budget to avoid duplication and lack of transparency.

**Thinking ahead.** The inevitable drivers of future disease burdens and health service demands are clear:

- Demographic change, including ageing populations even among the poorest countries
- Urbanisation/HIV/AIDS, TB, and malaria and other communicable diseases
- Rising risk exposure driving more death and illness from noncommunicable diseases. There is indeed a risk that ageing populations, and the increased burden of noncommunicable diseases may create pressures for fiscal spending on some health needs that may crowd out spending on the poor.
Working Group 3: How to Increase Predictability of External Funding and Increase Coordination with Partners?

Co-Chairs: Mr. Paul Isenman, Head of Policy Coordination Division, Organisation for Economic Co-operation and Development (OECD)
Ms. Carin Norberg, Executive Director, Transparency International.
Rapporteur: Dr. Silvia Ferazzi, Coordination of Macroeconomics and Health Support Unit
Introductory remarks by Dr. Jim Kim, Adviser to the Director-General, WHO

Working Group 3 of the 2nd Consultation of Macroeconomics and Health shared and discussed the country experiences and objectives in increasing the quantity of external resources for improved health outcomes and improving the predictability, effectiveness, and coordination of aid. Three main areas framed the discussions:
1) The flow of development assistance: Assessing recent trends and how to increase funding;
2) Making donor funding mechanisms more efficient; and
3) Realistic choices for coordination with partners.

In assessing recent development assistance trends and how to increase funding, countries identified the following issues as most important for successful advancement of the process:

- It was noted that Official Development Assistance grew for the first time in 2002 (while Development Assistance for Health, also including private funding, had increased more steadily since 1998) with the largest growth recorded in HIV/AIDS interventions. CMH seems to have had an impact in this (the Global Fund to fight AIDS, Tuberculosis and Malaria was established following the publication of the CMH Report).

- Data on external assistance are often not available to countries, and cannot therefore be adequately monitored by them. Countries expressed the need to be regularly informed of both disbursements and commitments. It was suggested that WHO continue its collaboration with OECD to put in place a system to track and monitor on a continuous basis the flow of development assistance for health (how much, to what purpose and where) and provide this information to countries.

- Since budgetary decisions on use of external assistance are made on the basis of commitments, countries looked forward to a more timely translation of donors’ commitments into disbursements. They also expressed the need for identifying effective steps to make aid flows more predictable, as any investment in health can only yield benefits in the medium and long term. Some suggested that to achieve predictability greater emphasis should be out on multilateral assistance and multi-year commitments.

In discussing the efficiency of donor funding mechanisms, countries identified the following issues as most important for successful advancement of the process:

- Common criteria for reporting on health outcomes need to be identified to avoid the overburden on recipient governments due to multiple and fragmented requests by donors. The "health metrics" approach was identified as a promising mechanism to help countries build uniformity in analysing and tracking data.

- However, on average, in-country capacity to track, monitor and evaluate data on national outcomes of investments in health including from external assistance is weak: investment should be made to strengthen this capacity from the national down to the district level.

- Countries felt that external resources are still too focused on disease control, or "crisis management", at the expense of investment to strengthen health systems. This can have the effect of diverting attention from the long-term and critical issue of system capacity. Related to this point, external assistance should
include a preliminary analysis of its potential effectiveness based on the existing health systems, and support should be ensured to build the recipient country's capacity.

- On the issue of additionality, it was stressed that external resources for health should not substitute domestic investments. On the other hand, a macroeconomic framework more flexible and sensitive to the need for investment in health and social sectors should be applied by Ministers of Finance and the International Monetary Fund. External assistance for health should be in the form of grants, less conditional, more innovative and follow more closely government priorities. On the recipient countries' side, national priorities should be more pro-poor oriented and transparent, to ensure that funding gets to the targeted beneficiaries. National priorities should also be innovative in promoting public goods (experiences were presented of effective promotion at the regional level).

In the discussion of **realistic choices for coordination with partners**, countries identified the following issues as most important for successful advancement of the process:

- Assistance needs to have a broader inter-sectoral scope and include support to crucial health-related sectors such as education and water and sanitation, and taking gender into account.

- Several participants expressed the important role that technical support by international organizations plays in this context, and were reassured of the continued commitment of WHO in focusing on action at country level, as expressed by the introductory speech in the morning and in other interventions during the day.

- Several countries reported on their ongoing work in ensuring harmonization of external assistance and internal allocation of resources, in various forms: dialogue with donors for support in programme approach or budgetary support (vs. project approach) to better involve a broader range of donors in a more coordinated manner; ad hoc consultative processes, such as aid coordination groups and steering committees to monitor poverty reductions strategies. Country experiences were mentioned where donors were in favour of this approach, and proposing them themselves. The OECD presentation stressed efforts made following the "Rome Declaration" of February 2002 to harmonize donor procedures in that direction (full text of the presentation is in the annexes to this report).

- Some countries commented that exercises such as the CMH consultation were useful mechanisms to facilitate South to South information sharing on national experiences with health investments and development assistance.

- A point raised and further strengthened in the plenary was the link to the millennium development goals (MDGs), namely the question of what flow of assistance are needed and can be expected to help countries to meet the MDGs when countries ensure their commitment to them