



# Lessons learned from joint financing of health systems strengthening in low- and middle-income countries

Sustainable Financing for Health Accelerator (SFHA)

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# Background and rationale



- ▶ **Aid effectiveness recognizes that aid could – and should – be producing better impact** and that enhancing collaboration between the diverse actors working in the global health space remains critical.
- ▶ **There is significant scope for development partners to work better together.** Doing so offers numerous benefits for donors and partner governments in terms of financing, governance and service delivery.
- ▶ **But breaking down silos and doing things differently is not straightforward** and can come with real transaction costs, at least in the short term.
- ▶ **Understanding how development partners approach joint financing as well as what has (and has not) worked when doing so** is a useful starting point.

## Why does alignment matter?

1

**Financing:** protect health spending; improve predictability; avoid conflicting policies / rules / procedures; reduce fragmentation and partner government transaction costs; make efficiency gains; address PFM bottlenecks; align to country processes and systems.

2

**Governance:** strengthen consensus building platforms; increase coherence among partners; enhance oversight and mutual accountability; promote joint learning / problem solving.

3

**Service delivery:** coordinate investments; integrate information better; reduce reporting burden of providers; achieve greater focus and convergence on results.





# Defining key terms

**Joint financing is when donor funds come together around common objectives.** It can be seen as an evolution of the Sector-Wide Approach (SWAp) created in the nineties.



The **World Bank** uses the term **co-financing** to describe the pooling of donor funds in support of a specific operation using a trust fund mechanism.



The **Global Financing Facility** is a partnership model that uses modest grant resources to leverage greater sums from domestic resources, IDA / IBRD, etc. By design, GFF grant support for systems strengthening are directly incorporated into World Bank operations, using the same operational procedures.



**Gavi** uses the term **joint financing**, reserving **co-financing** to refer exclusively to required contributions from governments to cover a portion of the cost of Gavi-supported vaccines.



The **Global Fund** uses the term **blended financing** to refer to efforts to combine Global Fund grants, with other sources of funding, primarily loans from development financing institutions, including multilateral development banks. The Global Fund *blends* its grants in different ways.\*

\*Global Fund provides (1) resources directly into World Bank operations, (2) in support of operations but using parallel disbursement processes, or (3) through IDA / IBDR buy-downs. It does, however, use the term "co-financing" in formal agreements with the World Bank. (e.g., World Bank-Global Fund Co-Financing Framework Agreement).

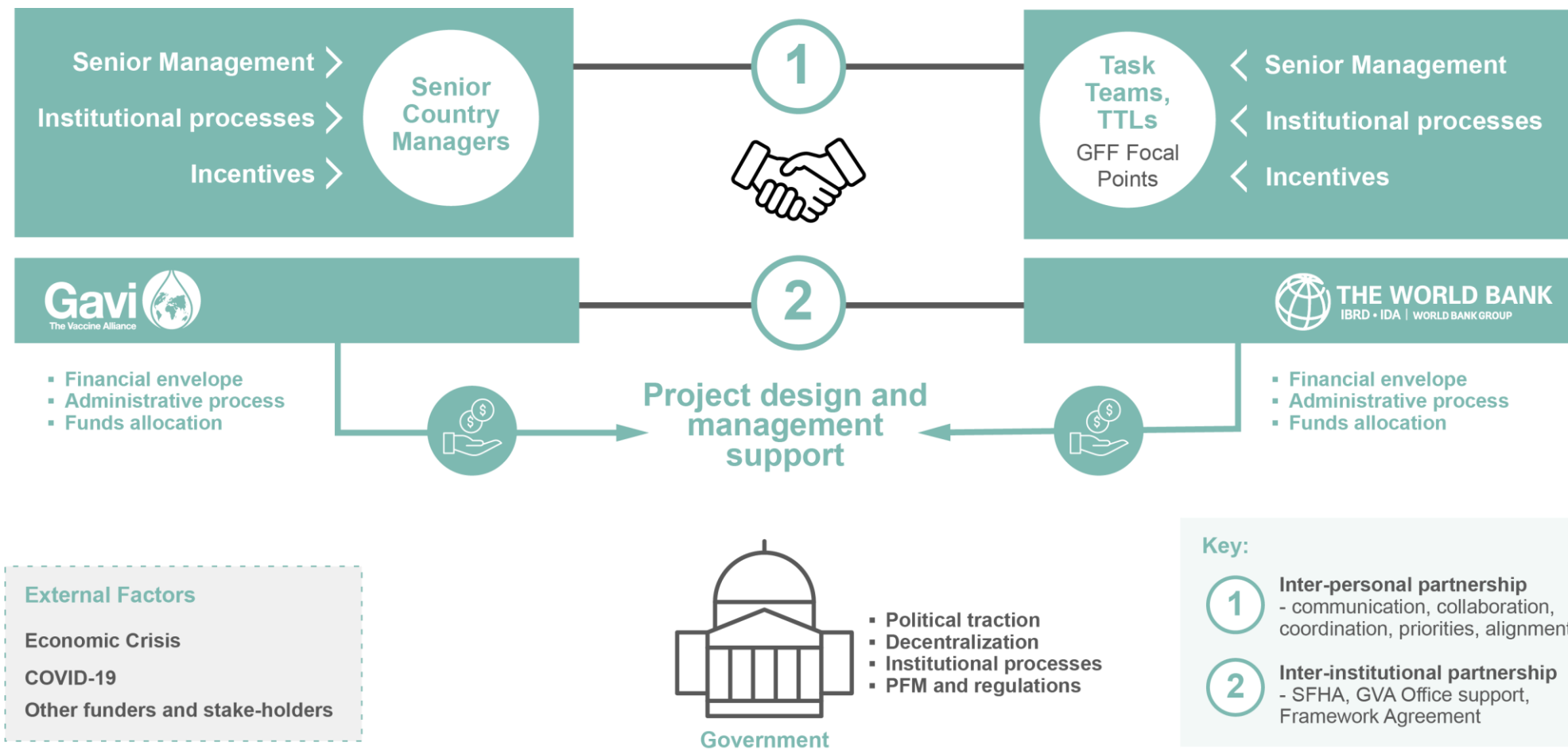
# Learning from Gavi-World Bank jointly financed projects





- ▶ **Eight health operations in seven countries across four regions were jointly financed by the World Bank and Gavi** between 2016 and 2022. Recognizing that important lessons and recommendations could be drawn from these experiences, a joint analysis was recently conducted by the two organizations.
- ▶ **The exercise explored joint financing from a range of angles**, looking at internal / organizational issues; project design and implementation considerations; ways to structure World Bank-Gavi partnerships; and client management issues.

## Conceptual framework for analysis





## Operations included in initial analysis

Project name	Country	Project type	WB date of project approval	Start of co-financing	Total funding (USD million)	Sources of Funds (proportions)
Pakistan National Immunization Support Project (NISP)	Pakistan	IPF	21-April-2016	21-April-2016	137.7	WB (IDA), 36% Gavi, 56% USAID, 8%
Bangladesh Health Sector Support Project	Bangladesh	IPF	28-July-2017	28-July-2017	658	WB (IDA), 76% & GFF, 2% Gavi, 5% MTDF (Canada, UK, Netherlands, Sweden), 17%
Health System Strengthening for Better Maternal and Child Health Results Project	DRC	IPF	18-Dec-2014	02-March-2018	735	WB (IDA, HRITF), 90% & GFF, 6% Gavi, 2% USAID, 0.5% Global Fund, 1.5%
Burundi Health System Support (KIRA) Project	Burundi	IPF	24-Feb-2017	15-May-2019	58.3	WB (IDA), 86% Gavi, 14%
Child Health Expansion Project	Angola	IPF	29-Mar-2018	31-May-2019	119.7	WB (IBRD), 92% Gavi, 8%
Second Additional Financing to the Tajikistan Health Services Improvement Project	Tajikistan	IPF	30-July-2013	18-Dec-2019	41.8	WB (IDA), 95% Gavi, 5%
National Health Support Program (NHSP)	Pakistan	85% PforR 15% IPF	07-June-2022	07-June-2022	391.5	WB (IDA), 66% & GFF, 21% Gavi, 6% BMGF, 5% Global Fund, 2%
Restoring Essential Services for Health and Advancing Preparedness for Emergencies (RESHAPE) Project	Honduras	IPF	16-June-2022	16-June-2022	82	WB (IDA), 73% & GFF, 17% Gavi, 10%

\*Since 2022, new jointly financed operations – including in Lao PDR and Indonesia – have been approved (or are under preparation).

## Key issues revealed during analysis

- ▶ **Insufficient mutual understanding** of Gavi and World Bank operating models and processes, including financial reporting.
- ▶ **Frustration regarding how to influence key processes** (e.g., the allocation of World Bank resources under a project, or the speed of Gavi grant processing).
- ▶ **Differences in internal timelines, budget cycles and reporting** requirements between Gavi, World Bank and partner governments making alignment logistically difficult at times.
- ▶ **Need for clarity on joint financing processes and financial envelopes** before opening discussions with government counterparts.
- ▶ **Differences in the definition and scope of health systems strengthening** – activities, intermediate and distal outcomes – can be difficult to resolve.
- ▶ **High turn-over rate of members of the country teams.**
- ▶ **Lack of standard Administrative Agreement (or grant agreement)** between the organizations that uses common / agreed language.
- ▶ **Lack of internal clarity** on the practical steps required to operationalize joint financing.
- ▶ **Limited resources available for country teams** to operationalize joint financing.
- ▶ **Need to ensure that, along with financing, both organizations are contributing** complementary expertise.
- ▶ **Huge benefit to co-designing (or co-preparing) projects** with partner government from the beginning.

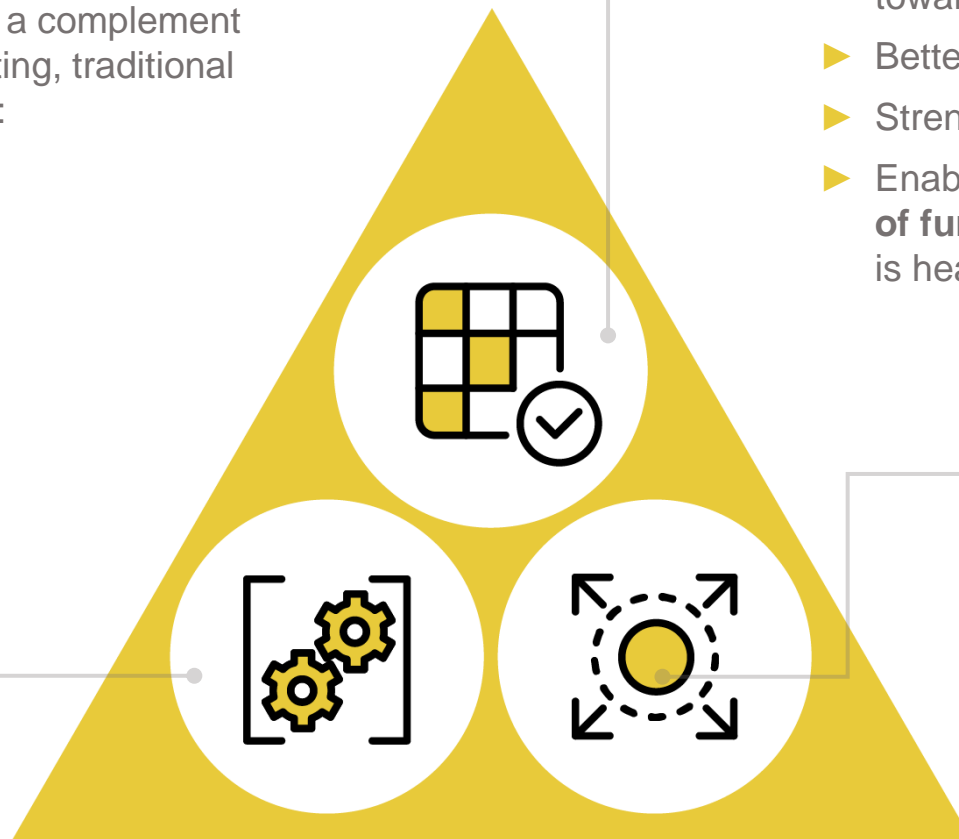
# Learning from Global Fund- World Bank joint investments



From the Global Fund's perspective, **blended finance can be an effective tool for the Global Fund to achieve its strategic, programmatic and operational priorities**, as a complement (but not a replacement) to existing, traditional grants. These priorities include:

### Operational

- ▶ Leveraging partners' country presence and fiduciary and operational expertise
- ▶ Engaging at the **sub-national level**.
- ▶ Strengthening national institutions and public financial management



### Strategic



































- ▶ Incentivizing countries to commit **domestic resources** towards HTM
- ▶ Better **aligning our work with partners and** countries
- ▶ Strengthening **sustainability** via on budget spend
- ▶ Enabling the Global fund to **interact with other sources of funding** (including **climate financing**), which is heavily funded by MDBs

### Programmatic

- ▶ **Enhancing HTM responses** by embedding within broader health systems and supporting critical health reforms
- ▶ Driving **resources** and leveraging partner's comparative advantage for key pieces of our Strategy, including RSSH, PPR, and PHC

## Learning from Global Fund-World Bank joint investments

Since 2017, the Global Fund invested in 8 blended finance transactions, 7 of which have been with the World Bank

Country/Region and Description			Total investment* (incl. Global Fund)* (USD)	Global Fund investment (USD)	Partners
	RMEI	Joint investment in Central America to support malaria elimination	114.2**	9 mi	   
	DRC	Joint investment to support RSSH investments	456.5mi	10.5 mi	   
	India	Loan buy down to increase financing for TB care and prevention; and MDR-TB	400mi*	41.6 mi	 
	Lao PDR	Co-financing enabling integrated approach to HSS, with a focus on infectious diseases	36mi	10mi	   
	Haiti	Co-financing to increase utilization of PHC services and strengthen surveillance and response capacity for infectious diseases	93.5mi	23.5mi	  
	Gambia	Direct co-financing on the RSSH component of the HIV/TB grant	138.5mi	4.5mi	 
	Pakistan	Joint investment in existing loan to promote private TB notification and case finding as well as PHC/UHC focus to convey support to TB interventions	385 mi	5 mi	    
	Indonesia	Loan buy down with focus on key reforms to strengthen the national TB response as part of the health system transformation	300mi*	21.2 mi	 

\*In Loan Buy Down transactions, Global Fund investment is not reflected in the total investment given the transaction structure.

\*\*Includes additional funding secured during implementation and domestic contributions.

\*\*\* In addition to these transactions, the Global Fund has invested additional USD 5.5 million in Technical Assistance-focused investments with the World Bank in Indonesia, Sri Lanka, Bhutan, and Haiti, aimed at influencing the design of World Bank and government's programs in those countries, with a focus on integrating HTM programs into wider sector activities and strengthening sustainability



Through internal and independent reviews, there have been important lessons learned from the Global Fund perspective on the added-value and operational challenges of these transactions:

### Programmatic, Strategic, Operational Added-Value (non-exhaustive)

#### Strategic



- ▶ Contribute to improve **quality-of-service delivery and stock levels** of basic supplies for HIV/TB by leveraging PfR / DLIs (Lao HANSA)
- ▶ Contribute to **increase private sector TB notifications and treatment success** rate among private patients (TB LBD in India)

#### Programmatic



- ▶ Encourage **health reforms** that would have been challenging to negotiate only with grant funding and have a **seat at the table in comprehensive system strengthening** (Lao HANSA, TB LBDs in India and Indonesia)
- ▶ **Increase government buy-in and commitment** (to malaria elimination) based on the prospects of achieving greater scale and impact than a single donor grant (RMEI)

#### Operational



- ▶ Support **sustainability and transition preparedness** efforts by leveraging national systems and structures (Lao HANSA)
- ▶ **Align partner funding** and donor requirements (Lao HANSA)

### Operational challenges (not exhaustive)

- ▶ **Lack of a comprehensive understanding of required processes and financing modalities amongst Global Fund teams and partners**, combined with the lack of documented procedures and guidance available.
- ▶ **Missed opportunities to enhance strategic value of transactions** given short timelines and lack of joint planning.
- ▶ **Lack of clear, differentiated Global Fund grant processes for blended finance**, resulting in missed opportunities to minimize transaction costs and duplication of efforts.
- ▶ **High transaction costs and duplication** with partner assurance mechanisms.

To strengthen blended finance efforts moving forward and based on lessons learned from early implementation, the Global Fund is working to strengthen its approach to the development, review and approval of blended finance investments and building a better pipeline of potential future projects.

### Developing operational processes for pursuing these transactions

The Global Fund Secretariat has developed new operational processes (now being formalized) for the development, review, approval, and implementation of these transactions. This includes development of a formal operational policy and a dedicated internal approval process with the specific aim to streamline the ability of the Global Fund to make joint investments and standardize internal requirements for development, approval, and implementation.

### Engaging with governance bodies to further streamline processes and Global Fund approaches

The Global Fund is currently engaging with governance bodies to further streamline its ability to invest in blended finance, building on lessons learned. This includes engagement on new approaches that would address some of the institutional challenges that have previously made joint investments challenging to implement.

### Continuing to build a better a pipeline of transactions with partners

Responding to increasing interest from countries and partners, the Global Fund is working to build a stronger pipeline of potential projects. This includes four additional transactions under later stages of development with the World Bank in a variety of contexts – including one transaction focused on migrant and vulnerable populations, as well as another transaction focused on strengthening the financing of community health workers supporting malaria case-finding and the subsidization of PLHIV into national health insurance schemes.

**As a result, we expect future joint investments / blended finance (including those currently being designed) will be developed, reviewed, and approved in a more efficient and timely manner**



# Case studies: **Pakistan, Lao PDR, Indonesia**



# Pakistan

Jointly financed operations: **National Immunization Support Project & National Health Support Program**

## Years of collaboration

Pakistan has rolled out two jointly financed operations since 2016 to tackle pressing health challenges.



## Health challenges

- ▶ High neonatal mortality (42 deaths per 1,000 live births) and high fertility rate (3.6).
- ▶ Fifth highest burden of TB globally and third highest burden of TB in the Global Fund portfolio.
- ▶ Weak health financing: only 2.9% of GDP spent on health (about US \$45 per capita) - lowest in region and much lower than the global average of 9.9%; low public spending (31%); high out of pocket spending (60%).
- ▶ Significant gender, urban / rural, and socio-economic disparities – both in terms of access to, and quality of, health services.
- ▶ Undernutrition: 38% of children aged five and under are stunted.
- ▶ Low immunization levels attributed to a wide variety of demand- and supply-side factors.



# Pakistan

Jointly financed operations: **National Immunization Support Project & National Health Support Program**

**Co-financiers (NHSP):** IDA (USD 258 million), GFF (USD 82 million), Gavi (USD 25 million), BMGF (USD 21.5 million), Global Fund (USD 5 million). *(Co-financiers for NISP: IDA, Gavi, USAID, BMGF)*

**Other actors (non-exhaustive):** FCDO, WHO, UNICEF

### How do / did they collaborate:

- ▶ Joint financing by multiple donors coupled with additional financing and (in the case of NHSP) off-budget support for joint monitoring, evaluation, research and learning (MERL), led by GFF.
- ▶ Global Fund investment helped secure a TB-specific disbursement linked indicator, and Gavi investment an immunization DLI, as part of a broader World Bank loan supporting enhanced primary care.
- ▶ Heavy emphasis on coordinated technical assistance that focused on results helped leverage additional resources (including from donors not directly co-financing the operation) as well as involvement from relevant technical agencies.
- ▶ Established Technical Assistance Teams (TATs) able to provide routine reviews and just-in-time support to technical working groups on the government side for each of the DLIs.
- ▶ Multi-stakeholders UHC coordination platforms – at both federal and provincial levels – encourage strong governance through monitoring progress on reforms using routine data reviews and bottleneck analysis.





# Pakistan

Jointly financed operations: **National Immunization Support Project & National Health Support Program**

### Key contributors to success:

- ▶ Lessons learned during the design and implementation of NISP were directly fed into the development of NHSP, especially the focus on maintaining close collaboration around a common objective throughout (be it immunization or HSS), and the need to maintain and deepen a focus on results.
- ▶ Continuous review and support (beyond biannual missions) helped identify problems and barriers early on (i.e., before reporting on results).
- ▶ Development of Implementation Guidance Notes helped plot a path for achieving results and enabled routine tracking towards key milestones along the way.

- ▶ For NHSP, establishment of Provincial Implementation Support Teams – in each target province – provided continuous presence on the ground and day-to-day support and communication. In addition, a designated Program Management Unit helped simplify implementation as well as liaison with finance and planning & development departments for oversight and timely release of funds.

### Key partnership bottlenecks

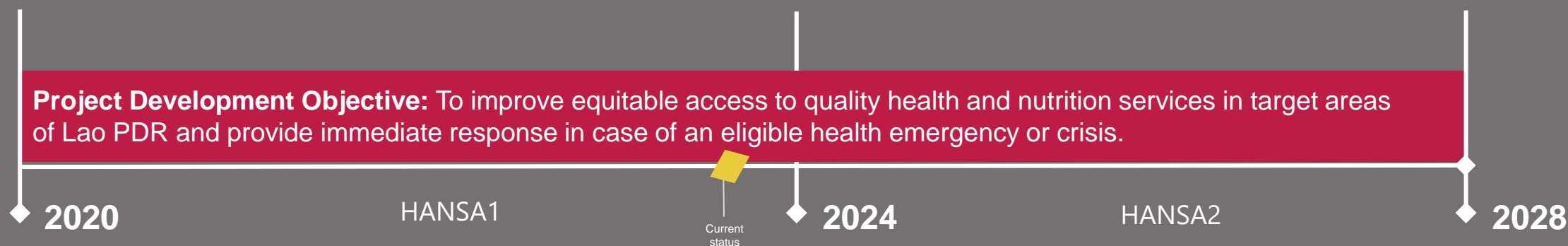
- ▶ Differences between internal timelines, budget cycles and priorities (i.e., broader system strengthening) proved problematic and required significant staff resources to overcome.
- ▶ Significant logistical burden and challenge to coordinate joint missions and regular partner meetings.



# Lao PDR

Jointly financed operations: **Health and Nutrition Services Access Project (HANSA) - Phase 1 & 2**

## Years of collaboration



## Health challenges

- ▶ Transitioning out of Gavi's funding for immunization by 2025.
- ▶ Persistent and high disparities in health outcomes and service coverage across socioeconomic groups, by ethnicity, provinces, and gender.
- ▶ Undernutrition: 21% of children aged under five years are underweight and 33% are stunted.
- ▶ Immunization coverage remains lower than that of countries with similar income levels.
- ▶ Increasing HIV infections among key populations and national program facing challenges in service delivery and financing.



# Lao PDR

Jointly financed operations: **Health and Nutrition Services Access Project (HANSA) - Phase 1 & 2**

### Co-financiers (HANSA1):

IDA (USD 21.83 million),  
IDFHP\* (USD 3 million),  
Global Fund grant (USD 10 million)

### Co-financiers (HANSA2):

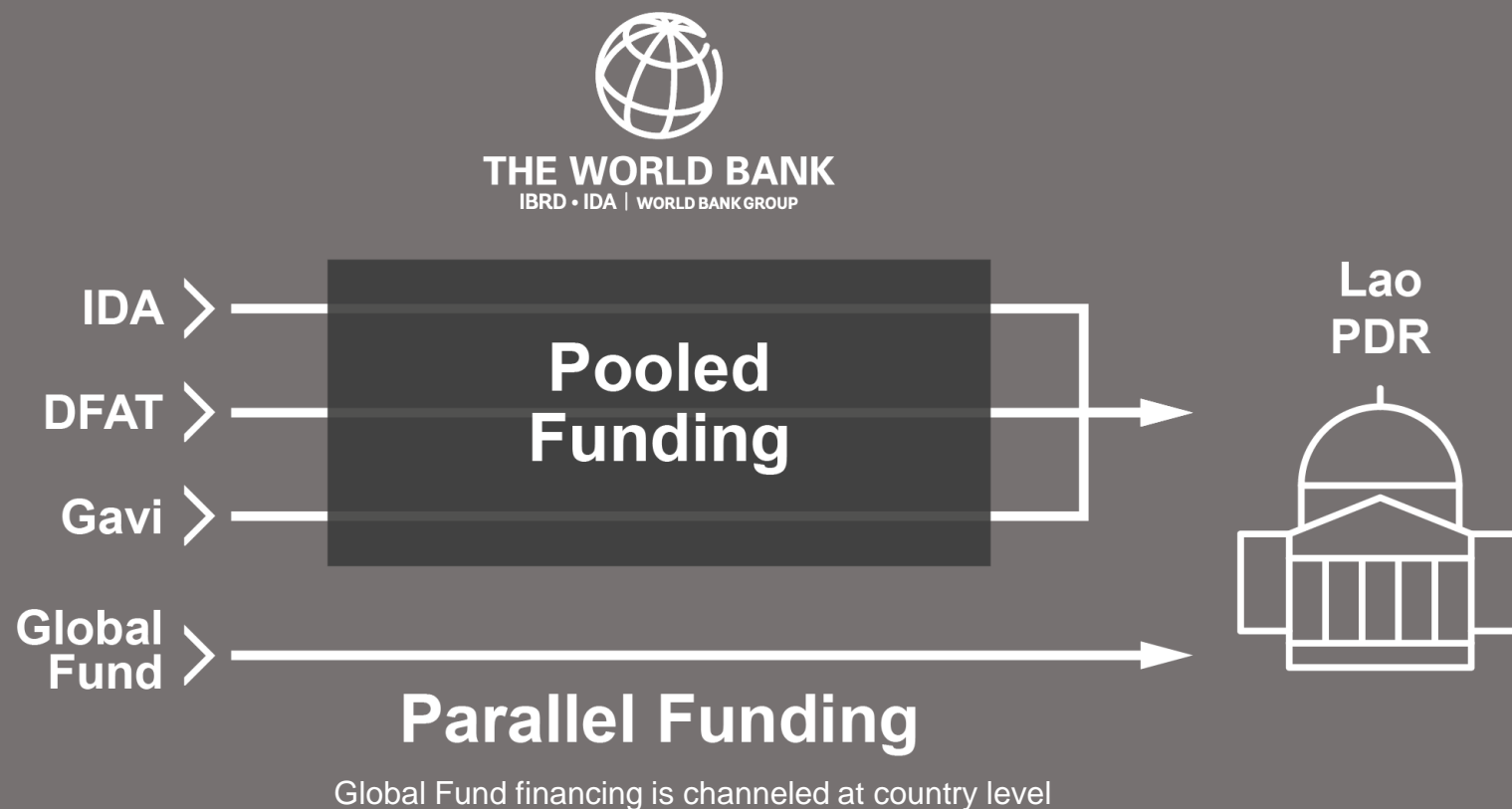
IDA (USD 35 million),  
Global Fund (USD 17.5 million+),  
DFAT (USD 4 million),  
Gavi (USD 2 million)

### Other actors (non-exhaustive):

WHO, UNICEF, CHAI, USAID,  
JSI, ADB, JICA, UNAIDS

\*Integrating Donor-Financed Health Programs Multi-Donor Trust Fund: BMGF, DFAT, Global Fund, Gavi .

†This includes an approximately 7-million-dollar contribution for the purchase of health products through pooled procurement.





# Lao PDR

Jointly financed operations: **Health and Nutrition Services Access Project (HANSA) - Phase 1 & 2**

### How did / do they collaborate:

- ▶ Co-financiers involved in setting the performance-based conditions (PBCs) to incentivize achievement of results.
- ▶ Coordination of technical inputs from UN agencies such as the WHO, UNICEF, UNAIDS and UNFPA, as well as the participation of CSOs, to focus joint efforts on achieving the health systems results that HANSA is trying to promote.
- ▶ Joint Project Preparation Mission (February 2023) and Joint Mid-Term Review Mission (August 2023).
- ▶ Investment funding complimented by joint analytical work, including a Joint Gender Assessment (2020), and ongoing programmatic Advisory Services and Analytics (pASA) to provide evidence-based policy design and implementation capacity for UHC.

### Key contributors to success:

- ▶ First project in the health sector to set up a joint financing platform coordinated by development partners to achieve higher synergies and reduce fragmentation in PHC financing.
- ▶ Long history of partnership, even pre-dating the HANSA 1.
- ▶ Existence of results-based financing instrument with DLIs helped partners get behind the project.
- ▶ Good timing: during donor transition, sustainability became a key agenda in the sector.

### Key partnership bottlenecks:

- ▶ Need for strengthened coordination of health financing activities in the country.
- ▶ Complexity to align financing periods and schemes of partners; distinct approval processes requiring specific documentation for funding approval.

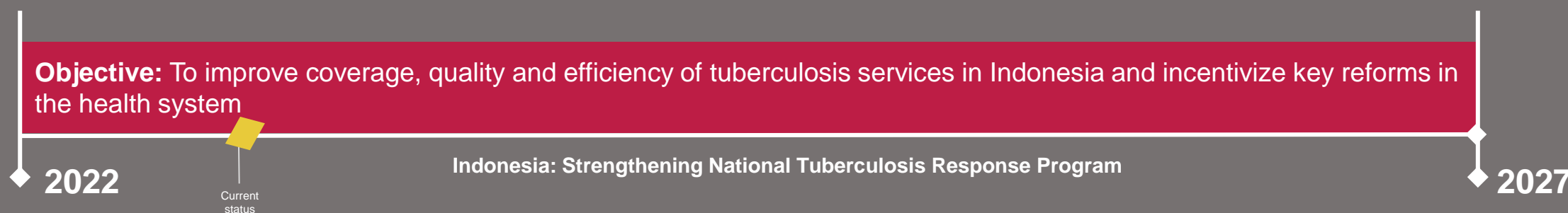


# Indonesia

Jointly financed operation: **Strengthening National Tuberculosis Response Program**

## Years of collaboration

Indonesia's new TB-specific health program complements other HSS investments including the Nutrition and Early Years (INEY II) operation.



## Health challenges

- ▶ Vulnerability to climatic shocks: Flooding, cyclones and high heat likely to continue to affect supply and demands sides of the health system.
- ▶ TB is the fifth largest cause of death in Indonesia with causes linked to undernutrition, smoking, among others, as well as breakdown in continuum of care leading to inaccurate diagnosis / treatment.
- ▶ Disconnect between centrally produced TB program policy standards and protocols, and their implementation at subnational and health facility level affects quality of care.
- ▶ Undernutrition: one-third of children under five years (9 million children) were stunted in 2018 – fifth highest globally.
- ▶ Government has struggled to operationalize system-level reforms, especially around use of digital technologies.





# Indonesia

Jointly financed operations: **Strengthening National Tuberculosis Response Program**

**Co-financiers:** IBRD (USD 300 million), Global Fund (USD 21.2 million) as loan buydown through a Single Donor Trust Fund.

**Other actors (non-exhaustive):** BMGF, USAID and WHO.

### How do / did they collaborate:

- ▶ Global Fund, BMGF and World Bank came together around an innovative results-based program, where the Global Fund-funded buydown made IBRD financing especially attractive to the Government of Indonesia.
- ▶ Commitment of partners to TB-specific disbursement linked indicator supported by technical assistance by core partners, in close coordination with USAID.

### Key partnership bottlenecks:

- ▶ Different organizational cultures, timelines, budget cycles require significant interaction and commitment to marry successfully.
- ▶ Joint missions and regular partner require additional time investment to ensure proper coordination.

### Key contributors to success:

- ▶ Strong trusted relationships across partners and with Indonesia's health ministry bolstered by strong communication, collaboration and a common objective.
- ▶ Shared focus on TB results in a country that represents 8% of cases globally, as well as on broader health system reforms that are difficult to achieve through input based, grant-funding alone.
- ▶ Management buy-in and commitment, demonstrated by willingness to offer support where necessary and join missions and meetings with the government regularly.
- ▶ Joint preparation missions and regular virtual calls.
- ▶ Improved country-led accountability (due to results being tracked by finance ministry) as well as commitment by the government to increase level of domestic financing for health.



# Cross-cutting messages and recommendations



## Senior management (or board) can:

- ✓ Support an **inter-agency mechanism to encourage better alignment** of processes, timelines / cycles, and reporting requirements. Draw on experience of incorporating GFF funding into World Bank operations.
- ✓ Consider **streamlining the approval of grants** passing from one multilateral financier to another.
- ✓ Commit to: (i) **investing in government systems**, generally through on budget support; ii) **integrated service delivery**; and (iii) **long-term financial sustainability**, with government gradually assuming responsibility for financing.
- ✓ Develop **bilateral or multilateral framework agreement(s)** to ensure common language and objectives as well as standard grant and pooling agreements, etc.
- ✓ Consider the **use of incentives** (e.g., retreats, professional development, recognition) for teams that successfully implement joint financing, subject to individual organizational policies.
- ✓ Within World Bank, develop or refine financing instruments such as **Program for Results with Disbursement Linked Indicators (DLIs)** that co-financiers can buy into, as well as Trust Funds that support and facilitate joint financing.
- ✓ Within the Global Fund, **continue strengthening operational processes that streamline its ability to make joint investments**, and standardize internal requirements for development, approval, and implementation.
- ✓ Support the development / refinement and roll out of a **'World Bank Operations 101' training package** for co-financiers.
- ✓ Ensure that **funding and staffing are available** to teams that are responsible for establishing and overseeing joint financing.

## Technical staff (central and country) can:

- ✓ Plan for **regular interactions** (virtual and face-to-face) with counterparts from other organizations (with and without government counterparts).
- ✓ Even without (or before) joint financing, **work jointly on advocacy, technical assistance, quality health financing data, capacity building**, etc.
- ✓ Provide **complementary technical expertise and implementation support** to jointly finance projects.
- ✓ Before opening discussions with government counterparts regarding joint financing, ensure that there is **clarity / agreement regarding financial envelopes, mechanisms and processes**.
- ✓ Ensure that co-financiers remain **engaged throughout the full project cycle**: preparation, implementation and support, completion and evaluation.

