Unpacking Health ODA
Webinar, September 02, 2015

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Content

I. Our Approach - Methodology
II. Unpacking ODA: the reality behind official figures
III. ODA for Health - Health Financing Perspectives
I. Our approach - Step by Step

Methodology Visualisation

Never transferred to developing countries:
Debt relief, imputed costs for students from developing countries, cost for refugees in donor countries and administrative costs.

Transferred in the form of loans

Transferred in the form of grants

Estimates of Health ODA based on a project-by-project review of multilateral and bilateral assistance (including general budget support)

Health ODA Real Transfers (including loans)

Health ODA in the form of grants (health grants)
Our research attempts to analyse the ODA of the DAC/OECD Members on the following levels:

• Volume of resources for **Total development cooperation** in the period 2005-14 (for all members)

• ODA contributions for **health promotion** as a whole in 2007-2013 (completed for European members, for non-European members in process)
Benchmarks

International Agreements and Recommendations on Official Development Assistance (ODA)

• **0.7% of GNI for ODA:** Each economically advanced country committed in an UN resolution in 1970 to increase its official development assistance and “reach a minimum net amount of 0.7 percent of its gross national product by the middle of the decade”. Unfortunately the recommitment in the draft outcome document of FFD3 in Addis to achieve this target by 2020 was blocked by rich countries and postponed to 2030, too late for realizing the sustainable development goals.

• **WHO recommendation: 0.1% of Donor’s GNI to global health:** The WHO Commission on Macroeconomics and Health (2001) found that if DAC donors contributed a minimum of 0.1% of GNI to global health, it would bridge the gap between current health expenditure and the US$ 44-60 per capita (now updated to US$86 in 2012 terms) that is needed to deliver health for all in low-income countries.
Main Reference for Project Classification: Needs Assessments developed by Millennium Project (Health Sector) and UNAIDS (HIV Response)

Health funding needs include:

- the cost of running a health system offering essential medical interventions, such as emergency obstetric care, treatment for the major infectious diseases, and interventions to reduce child mortality and all other health interventions.

- interventions primarily provided outside the health system, such as preventing major diseases and mitigating the social impact
Research method – Project by Project reviews

The Analysis of **Health ODA** is based on a Review of all Relevant Projects Reported by Donors (bilateral and multilateral)
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- The project-level information system of DAC/OECD (creditor reporting system) constitutes the main source
- Examination of every single aid activity reported in the health and population sectors in order to determine the main purposes (linking activities over the years)
- Health-relevant projects recorded in other sectors are identified via text search and scrutinized accordingly
- Insufficient or contradictory data are complemented through web-based research and direct communication with implementing agencies
Health ODA Analysis: Guiding Principles

- To assess the financial efforts in support of the specified purposes as **precisely as possible**
- To take into account **all relevant aid activities and financing mechanisms** that could influence the calculation of health financing in a significant way
- To identify exactly those **projects and components that coincide with** the specific objectives and interventions defined in **the respective resource needs estimates**,  
- To prepare the results in order to **facilitate the public use** for verification of findings, further research, and promotion of accountability and transparency.
This inventory permits to:

• correct misclassifications and reporting errors
• avoid double counting of multilateral flows
• Identify and quantify different components of multi-sector or multi-purpose programmes
• document additional information used for the determination of main purposes and components
• compute the health part of general budget support for every single recipient country
• calculate the precise share of funding for health and HIV services in relation to the total amount of disbursements, especially for multilateral organizations
Categories of Classification

Included in bilateral health ODA:
1) Specific **HIV** interventions
2) Projects of **reproductive health** (comprehensive)
3) General (**sector-wide**) health programmes
4) **Child health**
5) **Immunisation**
6) **Other** health problems or subsectors

Excluded from bilateral health ODA:
7) **Emergency projects** (meeting additional funding needs)
8) Multilateral core contributions (accounted for as multilateral)
9) Activities that are reported as health activities, but are designed mainly or entirely to promote other sectors
II. “Unpacking” ODA: the reality behind official figures
DAC Members: OECD accepted ODA Volumes, 2013, US$ million

<table>
<thead>
<tr>
<th>Country</th>
<th>ODA Accepted ODA Volumes (US$ billion)</th>
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<tr>
<td>United States</td>
<td>31.5</td>
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<tr>
<td>Japan</td>
<td>17.9</td>
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<td>Germany</td>
<td>14.2</td>
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<td>United Kingdom</td>
<td>11.6</td>
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[Map showing OECD accepted ODA Volumes by country]
Comparing the composition of total ODA in France (various ‘in-country’ costs & loans) and UK (mainly grants)
Differentiating between ODA Grants and Loans (incl. Equity Investments)

• Loans represent a minor financial effort, as transferred amounts are repayable and a significant part of resources is raised on the capital market.

• It is important to determine the net transfers of grants and loans taking account of recoveries and repayments of principal of and interest on loans (the latter are not considered in OECD figures on net ODA flows).

• Lending is problematic for essential areas of human development, i.e. countries with limited resources and social sectors such as health.
Germany: Money from the Capital Market to Expand ODA

Germany: Financing of ODA Lending by Source, 2008-2013, Euro (million)

- Disbursements, money from capital market
- Disbursements, Government Resources
- Repayments of Interest, capital market
- Repayments of Principal, capital market
- Repayments of Principal, Gov. Resources
- Balance of Government Resources
- Balance of money from capital market
Evolution Of ODA Lending per country (in particular Japan, France, Germany)

Gross Disbursements of Loans and Equity Investments by Donor

- Japan
- France
- Germany
- Others
- Switzerland
- Portugal
- Canada
- Norway
- Korea
- United Kingdom
- Other

DAC Donors: ODA Grants as % of GNI (2013)

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<td>Greece</td>
<td>0.68%</td>
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<td>Rep. of Korea</td>
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<td>Portugal</td>
<td>0.25%</td>
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<td>Italy</td>
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<td>Japan</td>
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III. ODA for Health
DAC Donor’s Financial Efforts for Global Health
The Urgency of ODA for Health

Government Expenditure for Health per capita, 2013, in US$
The Urgency of ODA for Health
Percentage of Deaths that Occurred in Persons Younger than 50 years, 2010-15
European Donors: Volumes of Health ODA (2013)


- United Kingdom: 3,479.5 billion
- Norway: 762.9 billion
- Sweden: 736.7 billion
- Denmark: 251.4 billion
- Netherlands: 140.2 billion
- Belgium: 284.2 billion
- Luxembourg: 191.2 billion
- Germany: 1,050.9 billion
- Austria: 56.5 billion
- Switzerland: 56.5 billion
- Portugal: 189.2 billion
- Spain: 332.3 billion
- Italy: 332.3 billion
- Greece: 18.1 billion
- France: 100.5 billion
- Other countries (billion): 1.1, 1.3, 3.5

Map showing the distribution of health ODA volumes by country with colors indicating the volume ranges.
European Donors: Health ODA as % of GNI (2013)

0.137%
0.043%
0.028%

Grants as % of GNI (%) (2013)
DAC Donors: Components of Health ODA (2013)

ODA Disbursements for Health Provided by DAC Member States in 2013
amounts in US$ million and percentage in relation to GNI

calculations of bilateral health ODA and health share of multilateral contributions based on review of individual aid activities

1 bilateral health ODA calculated on the basis of officially reported figures for: Australia, Canada, Japan, Korea, New Zealand and United States
Where is the money going to?

Check key EU donors distribution of Health ODA – over the period 2007-2013 per region and recipient country.
Donor Performance at a Glance

ODA Grants provided by European DAC Countries in relation to Economic Capacity measured by Gross National Income, in 2013

Bubble-Size represents the Volume of GNI

Minimum Ratio for Health

Minimum Ratio for Total Development Cooperation

The calculation of grants takes account of the balance of ODA Loans including the repayment of interest

Total ODA Grants in percent of GNI
Funding Gap to Reach 0.1% of GNI for Health ODA

Eur. DAC Members: 9 billion US$
All DAC Members: approx. 24 billion US$
Fulfilling Commitments and Closing the Funding Gap

Projected Need for International Cooperation versus Expected ODA for Health (left axis) and Number of Countries in Need (right axis), 2013-2020

- **Number of Countries with Financing Gap**
- **Total Need for International Cooperation (mixed calculation)**
- **DAC Countries Projected Health ODA in 2013 US$**
- **Health ODA adjusted for exchange rates and price levels**
Unpacking Health ODA
Key messages of the webinar

• At the Financing for Development conference of Addis, DAC member governments have postponed again the deadline to accomplish funding targets from 2020 to 2030 – an additional ten years. To implement the Agenda for Sustainable Development and realise the Health SDG targets such as Universal Health Coverage, DAC members need to take progressive steps towards financing targets of **0.7% of GNI for human development**

• DAC countries should increase efforts on Health ODA – in particular the wealthiest countries that have economic capacity and the responsibility to double or even triple their volume of total Health ODA, and strive to reach **0.1% for health by 2020**;
Key messages of the webinar

• The trend of **increased use of loans** within ODA – including from Capital market – distorts the actual performance of DAC members. If the trend (Japan, France and Germany) continues and becomes common practice amongst all large DAC members then ODA in the form of grants risks being reduced. Social sectors such as health, that are largely dependent on ODA in the form of grants, are at risk of reduced funding.

• Donors must ensure that use of non grant transfers such as ODA loans and equity investments is not to the detriment of increases in ODA grants, especially in the health sector. OECD DAC members must advocate for a **change in OECD-DAC reporting practices** to make data more accurate, increase transparency and accountability.
**Read more** in AfGH report
Health Financing – unpacking trends in ODA for Health

**Explore** the interactive tools and infographics at
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