

# Insights on the Proliferation and Fragmentation of Aid in the Health Sector

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# Three main objectives and examples from the Health sector

## FIRST OBJECTIVE:

Present recent trends in official financial flows (OFF), including in the Health sector, during the last two decades.

## SECOND OBJECTIVE:

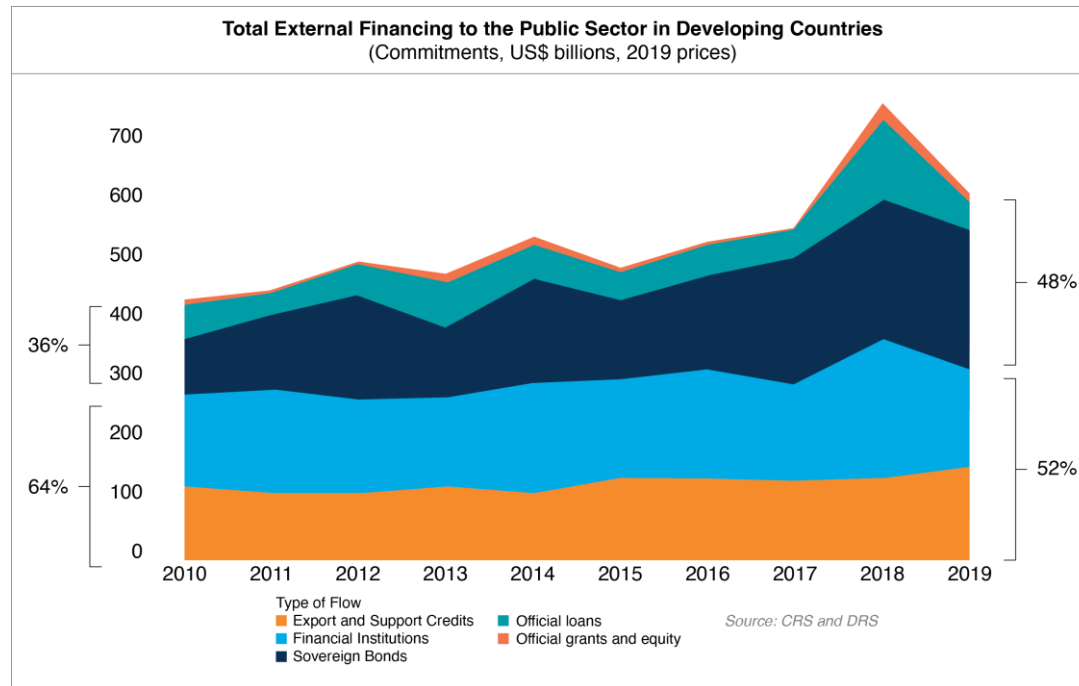
Highlight four recent mega trends in the global aid architecture.

## THIRD OBJECTIVE:

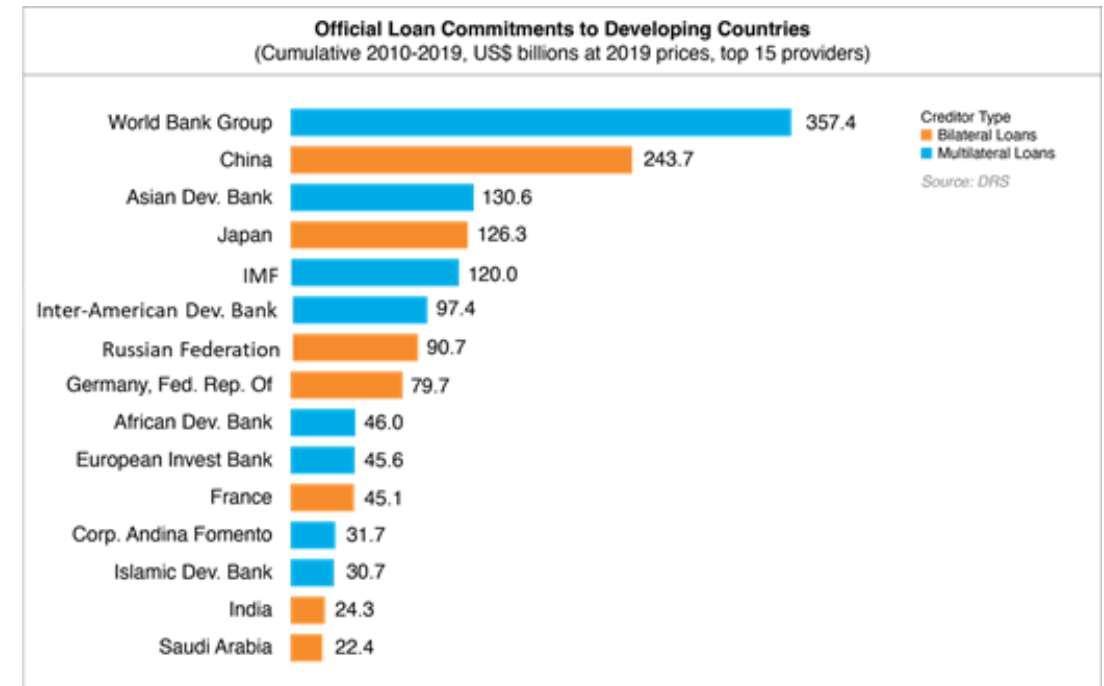
Show how these mega trends are manifested in the sector and highlight their implications.

# Development finance has increased steadily over the last 20 years and many new aid providers have emerged

## Aid flows have grown steadily accompanied by rising private finance levels



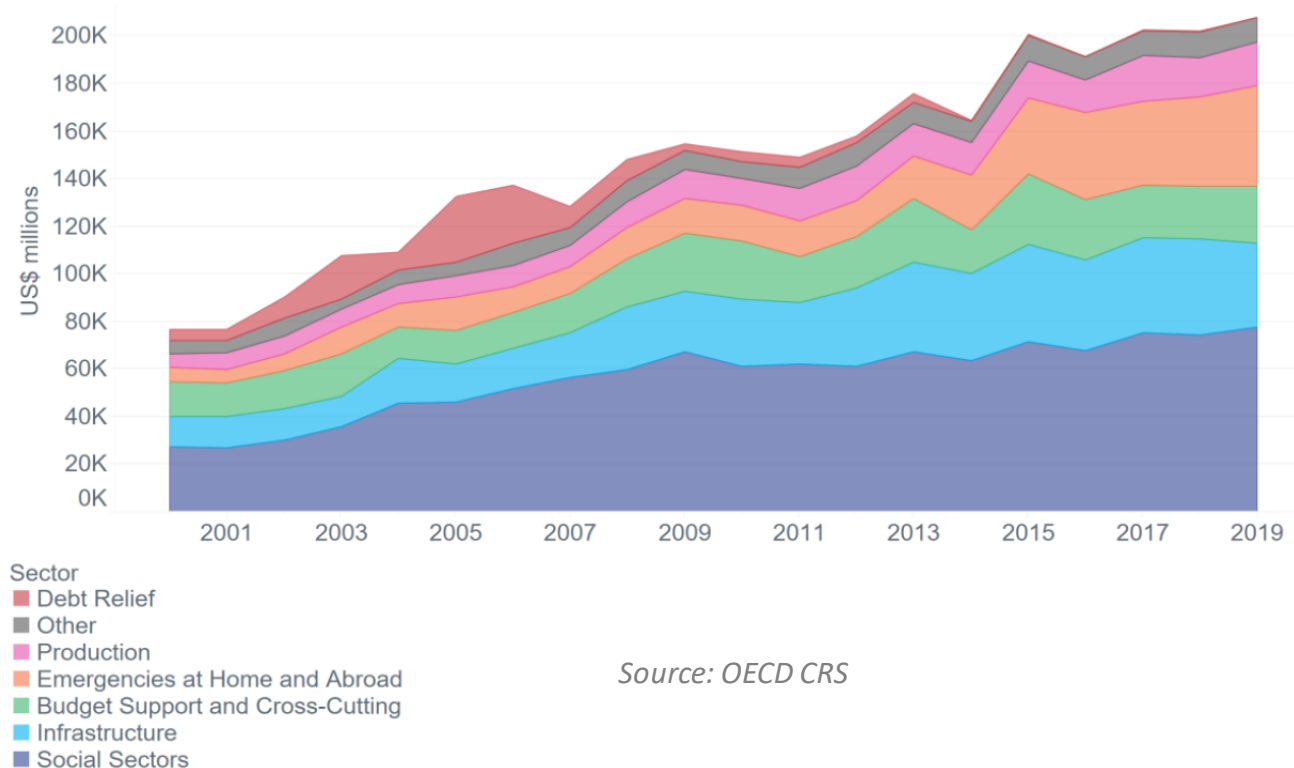
## A number of emerging economies have become top aid providers over the last 20 years



- Development finance has grown steadily over the last decade
- At a macro level, this increase is largely due to private sector finance, which grew by 10% per year
- ODA (loans and grants) grew by only 2 percent a year and remains at 52% (2019)

## Over one third of ODA is allocated to social sectors

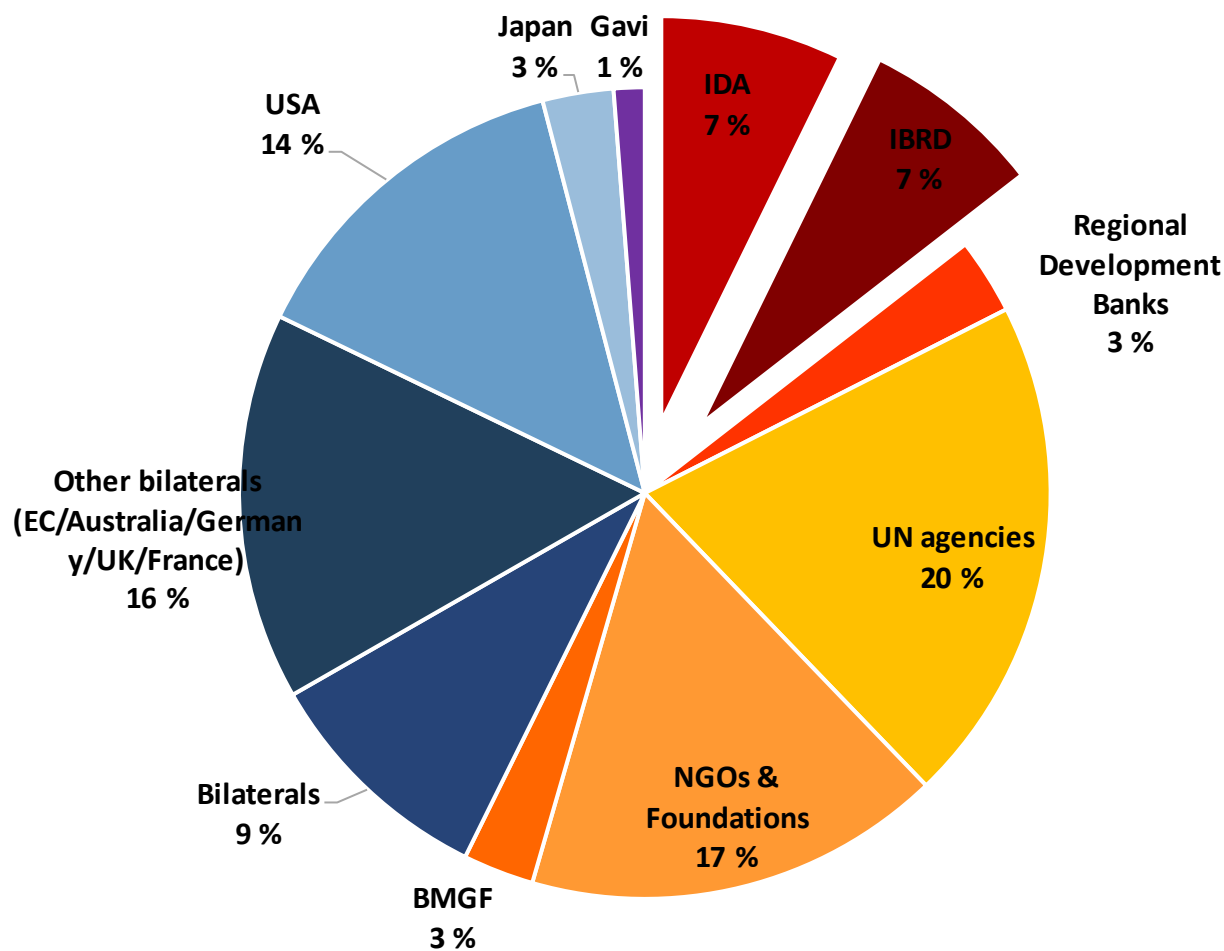
ODA commitments by sector, \$US millions, 2019 prices



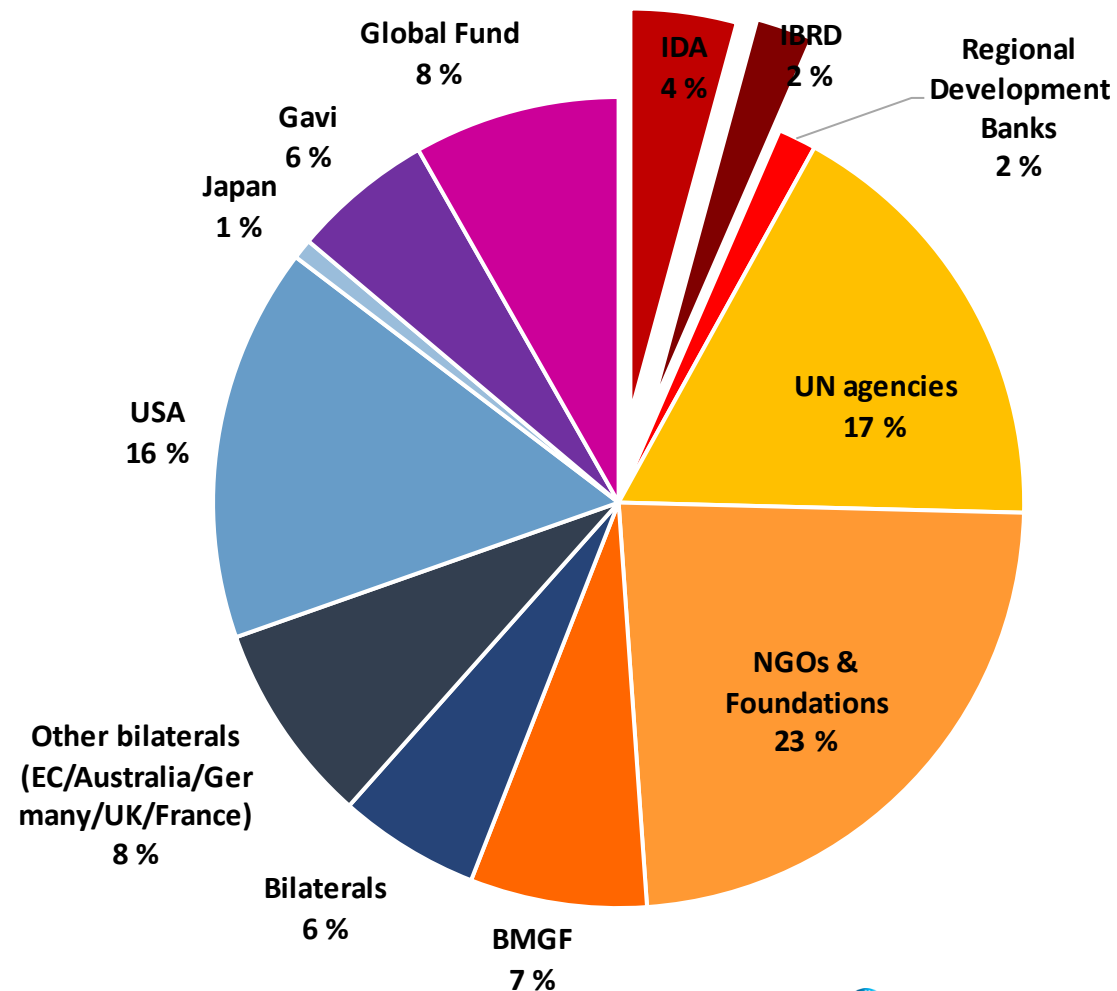
- Social sector commitments account for ~ 37% of ODA commitments; this share has remained largely unchanged from 2001 to 2019
- In contrast, the share of ODA commitments allocated to budget support has declined (from 19 to 11 percent of total ODA)

# In health, the share of ODA channeled through IDA and IBRD has declined

2000

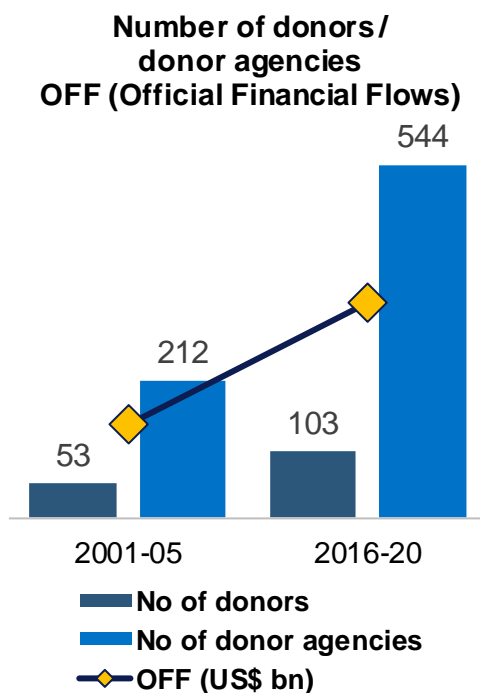


2019

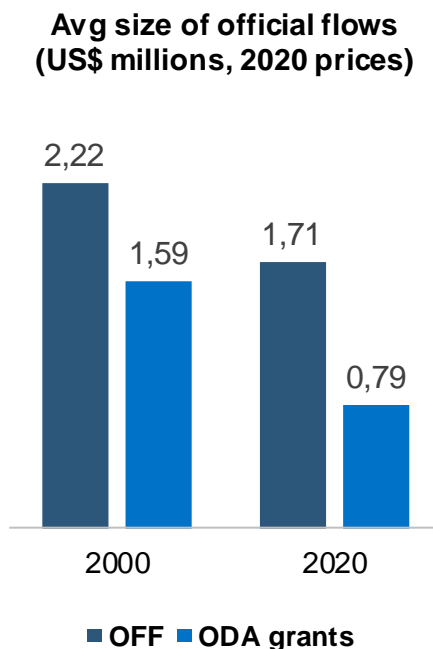


# Four mega trends have shaped the global aid architecture landscape over the last 20 years

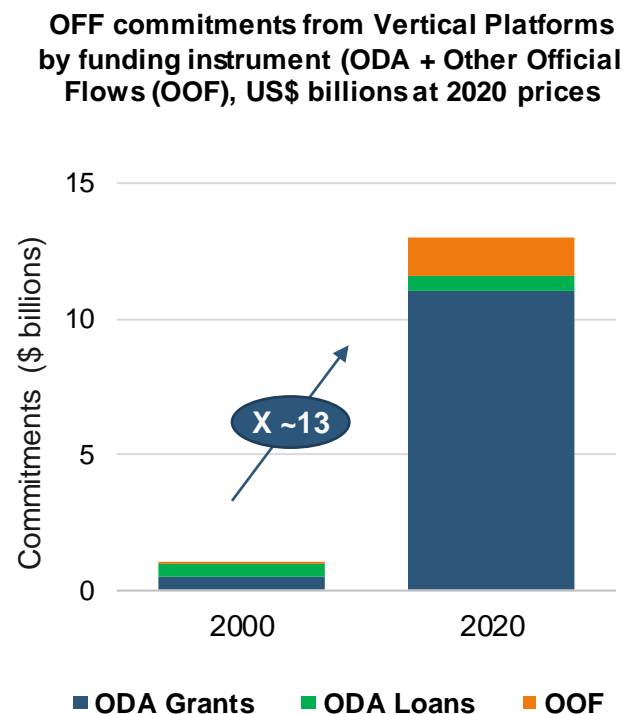
**Proliferation** Number of donors doubled and donor agencies almost tripled while OFF increased 50%



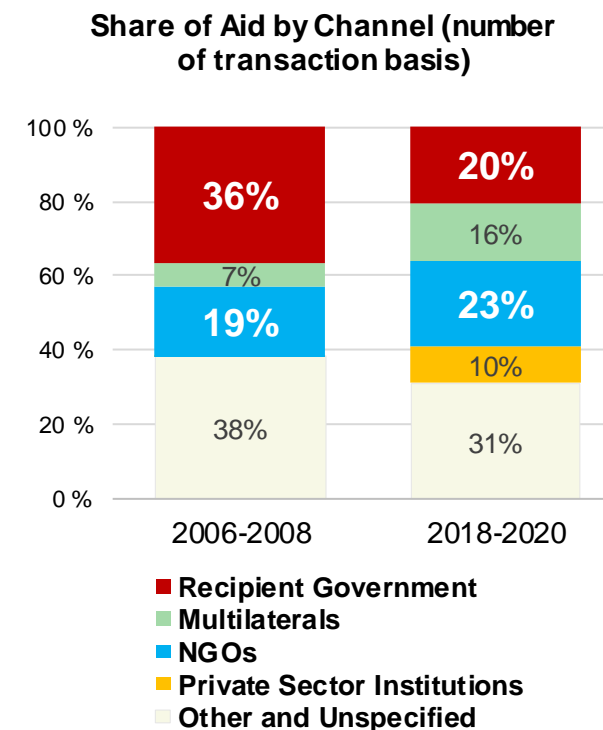
**Fragmentation** Avg size of grants halved and OFF dropped by nearly 30%



**Verticalization** Increasingly specialized focus of providers on narrowly-defined issues/ themes

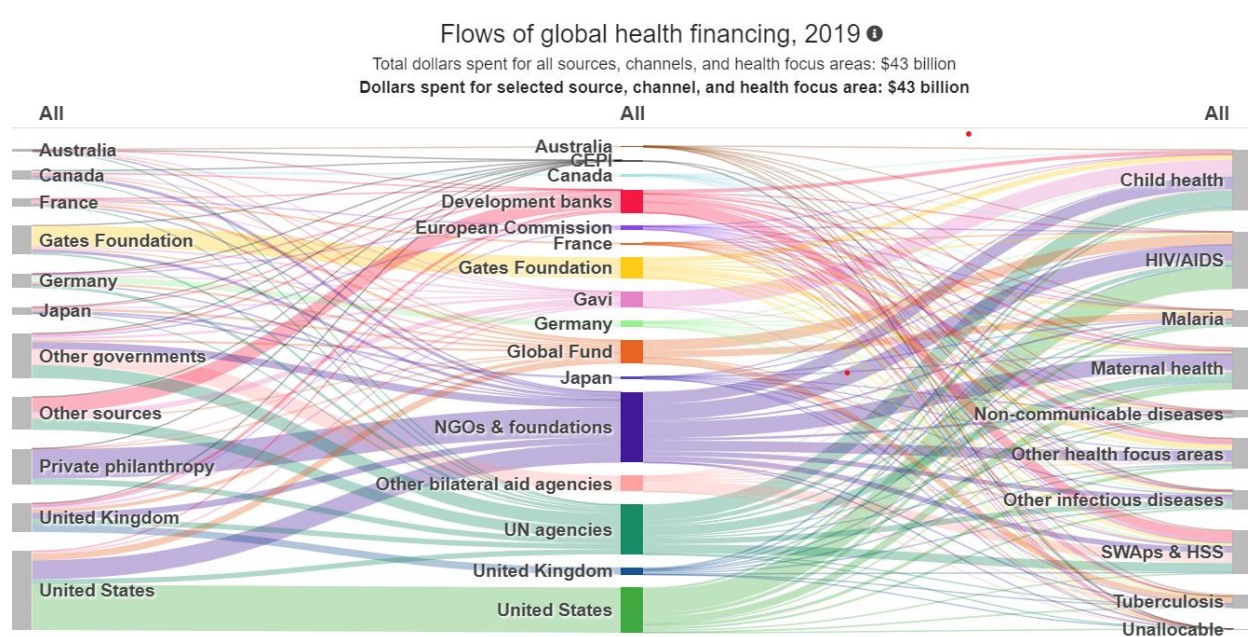


**Circumvention** Growing number of OFF transactions bypassing recipient government



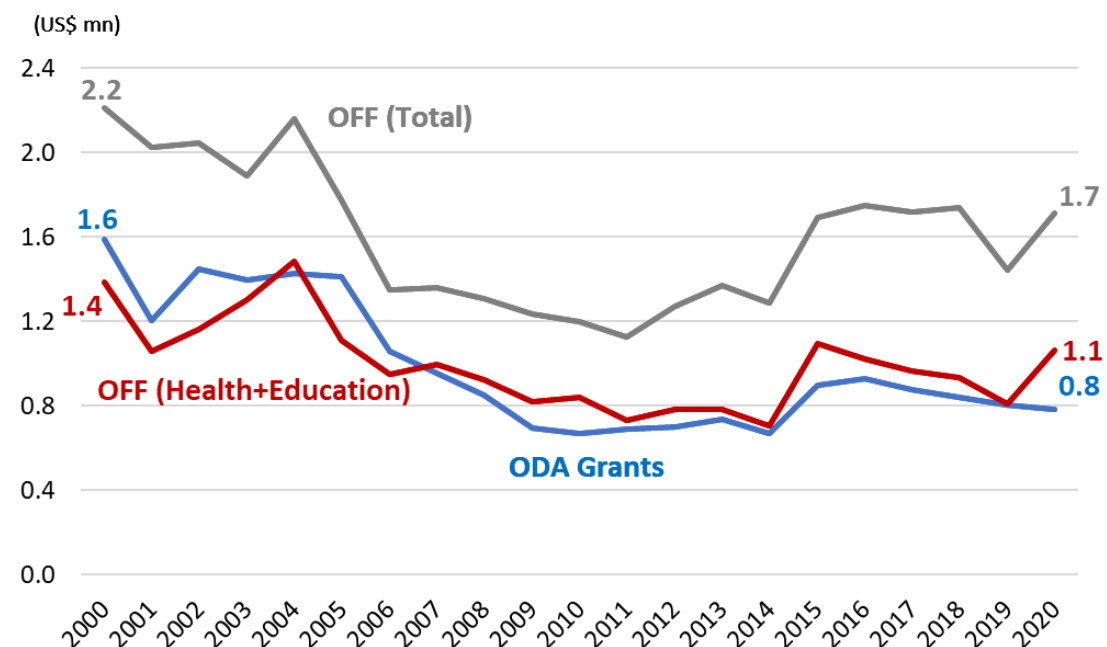
# The overall aid landscape in Health has become more complex, with an increase in number of donor agencies (proliferation), and lower financial size of transactions (fragmentation)

## There has been significant proliferation of donors



Source: IHME, 2019. University of Washington, <https://vizhub.healthdata.org/fgh/>  
(data are available for 2021 but this shows pre-COVID-19 trends)

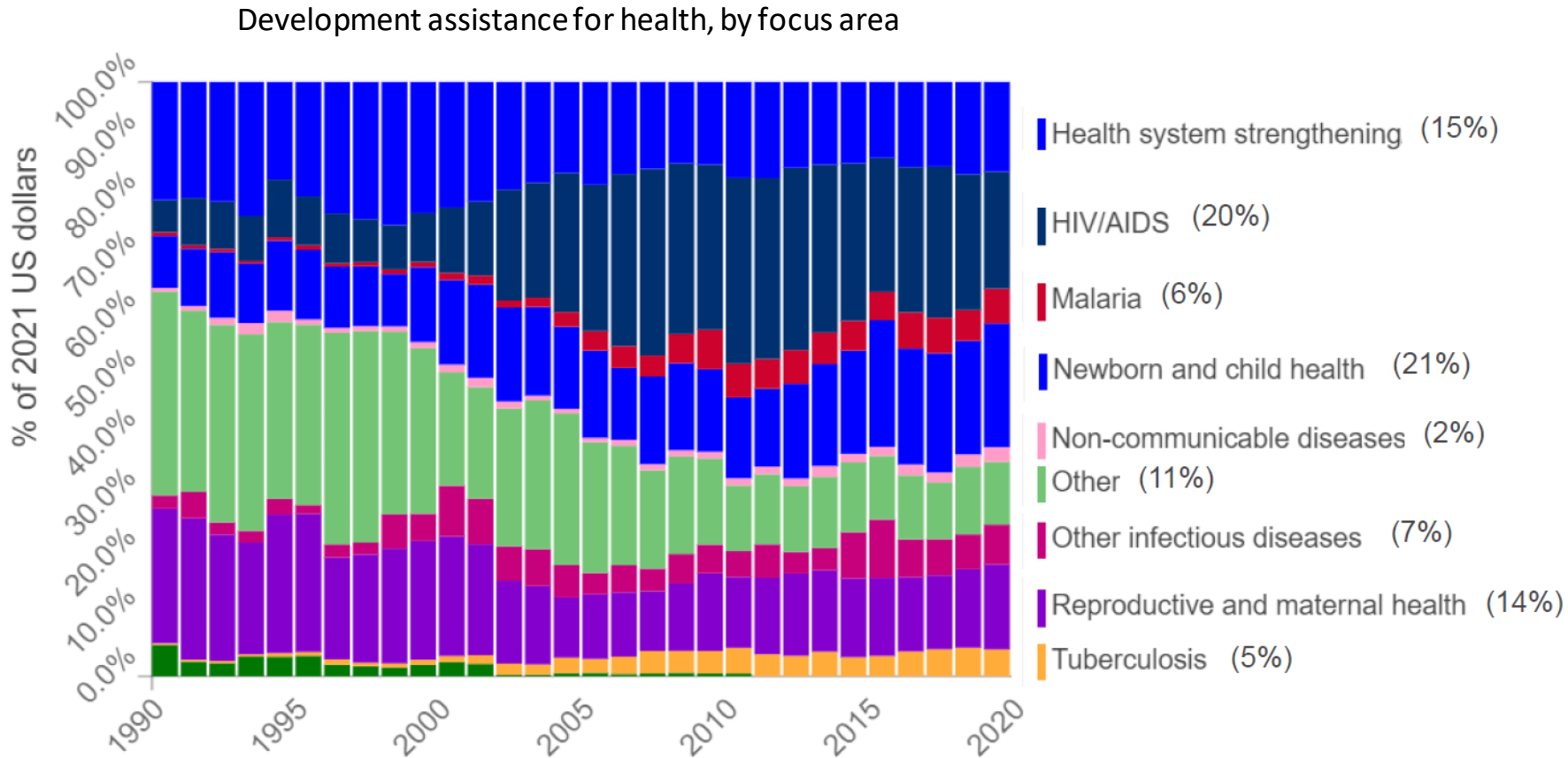
## The average size of official flows (US\$ million, 2020 prices)



Source: OECD CRS

The result is more complexity and higher transaction costs for recipient countries

# Verticalization is particularly prominent within health: donors increasingly channel funds to 'priority' programs

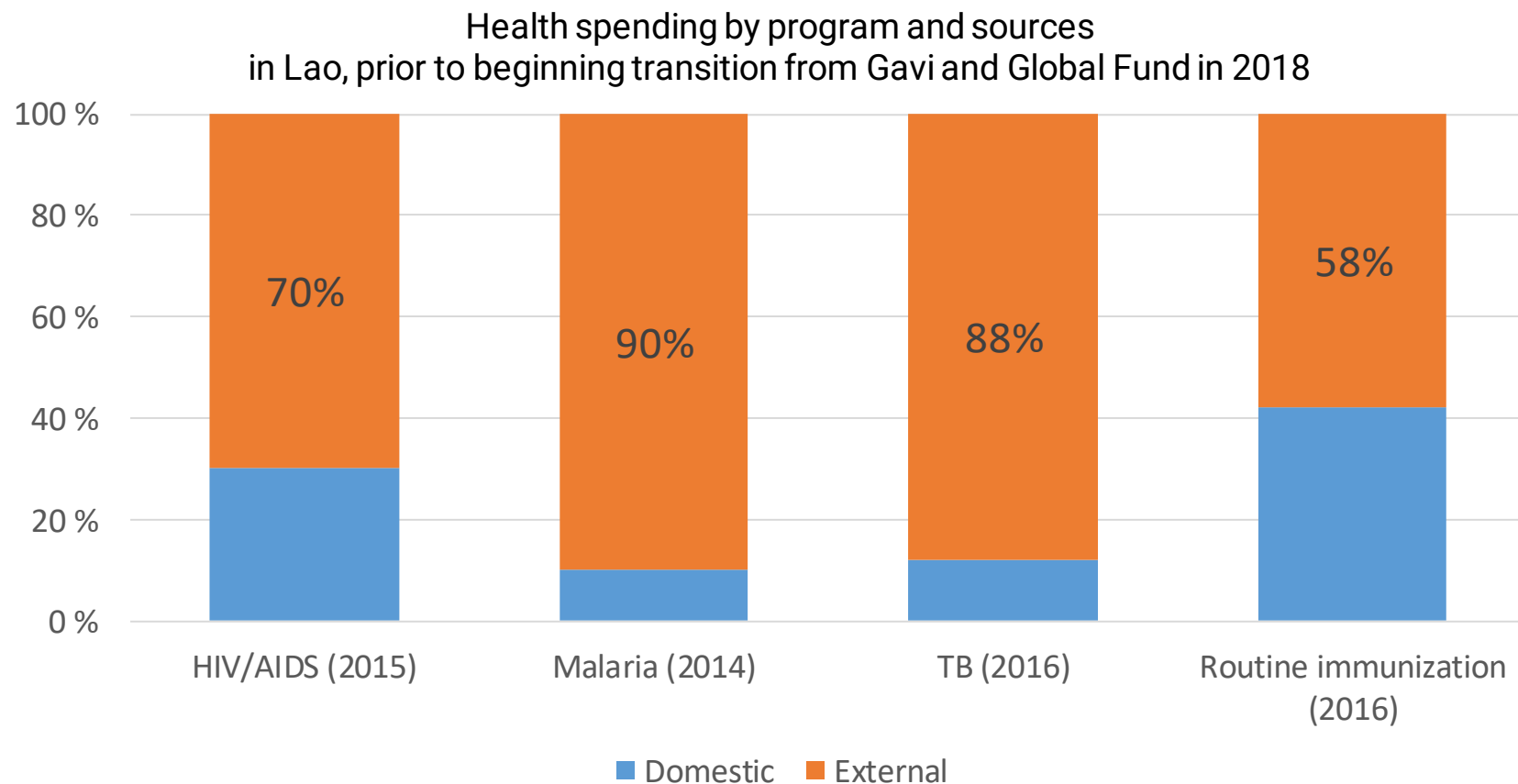


Health systems strengthening accounted for 15% of allocation in 2019

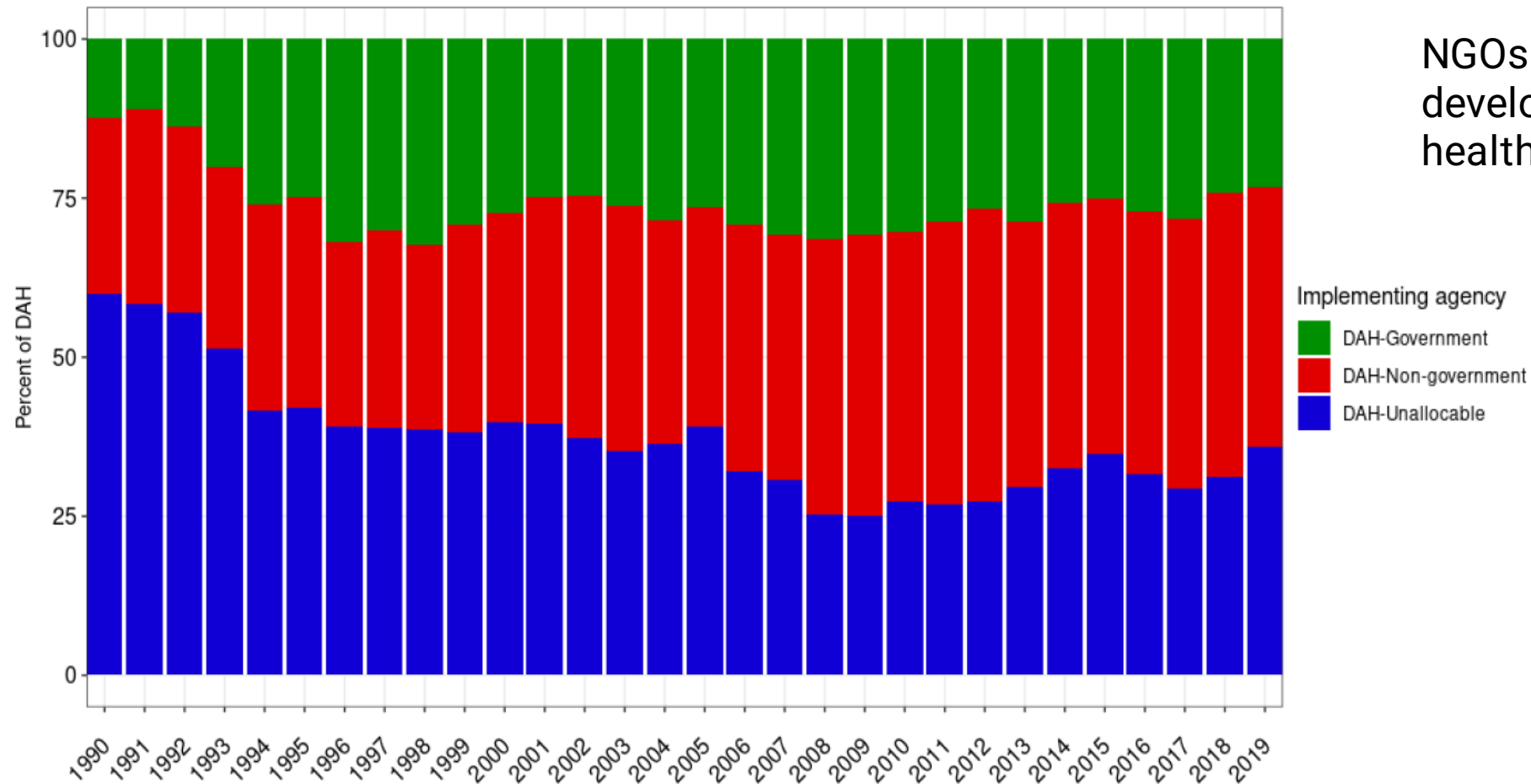
Source: IHME, 2019. University of Washington, <https://vizhub.healthdata.org/fgh/>



# The 'verticalization' in the health sector creates challenges for efficiency and sustainability of programs in the sector



# Finally, in the Health sector, circumvention of government systems is a concern as little progress has been made to channel development assistance through government systems (despite Aid Effectiveness commitments)



NGOs receive the largest share of development assistance for health

# Conclusion

The increase in OFF was accompanied by significantly increased proliferation in donors and donor funding entities during the last two decades.

The proliferation and fragmentation trends have been accompanied by the verticalization of aid and the circumvention of government systems. Seventeen years after the Paris Declaration, it is hard to say that the countries are in the driver's seat.

While vertical programs have had many advantages, they have not contributed to an aid architecture that is 'fit-for-purpose' in addressing the challenges of tomorrow, e.g., aging, climate, pandemics, etc.

The fragmentation and duplication also undermines efficiency and sustainability and increases transaction costs for countries

The increasingly more complex aid architecture makes development more challenging for poor countries, which are struggling to deal with the overlapping crises.

It is imperative for the global aid community to work together to reverse these trends.



Background slides



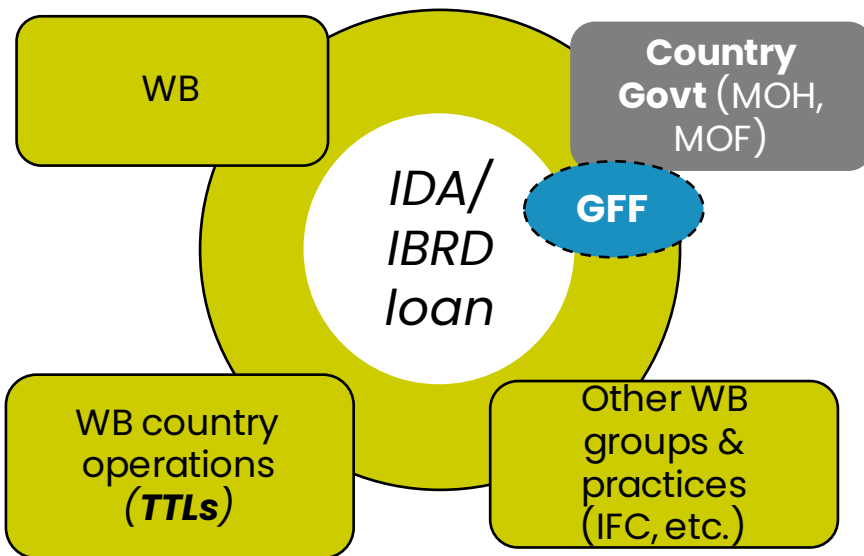
# Methodological note and acknowledgements

## Data sources:

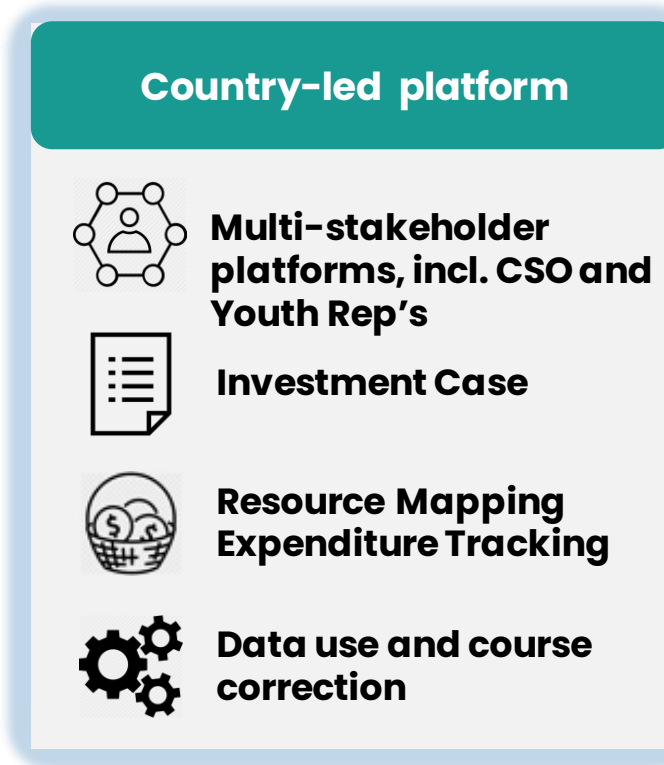
- The broader analysis of the global aid landscape draws on the findings of the World Bank (2021), [A Changing Landscape: Trends in Official Financial Flows and the Aid Architecture](#), and World Bank (2022), [Understanding Trends in Proliferation and Fragmentation for Aid Effectiveness During Crises](#).
- The aggregate trends are analyzed based on data from a mix of sources, including OECD's Creditor Reporting System (CRS) and the World Bank/IMF DRS (Debtor Reporting System). The health and education sector analysis is mainly based on OECD data.
- Analysis within the health sector is based on both WHO's Health Expenditure database and various papers by Institute for Health Metrics and Evaluation (IHME), University of Washington, including the most recent paper: [Financing Global Health 2021: Global Health Priorities in a Time of Change](#), as well as the IHME Financing [Global Health Interactive Visualization Tool](#)

# Models like the Global Financing Facility for Women, Children and Adolescents (GFF) and Children, hosted at the World Bank, helps to reduce fragmentation at country level and supports quality of IDA investments

## IDA / IBRD Process



## GFF process value-add



## Country outcomes

1. Higher quality of IDA/IBRD
2. Crowding in and aligning resources and finances including domestic
3. Health sector policies & reforms

**Improved RMNCAH-N outcomes and strengthened, equitable and sustainably financed systems**