

AN EFFECTIVE MIX OF INSTRUMENTS IN HEALTH COOPERATION?

DEval has evaluated thirty years of development cooperation with Rwanda in the health sector. The evaluation considers the question of combining sector budget support and basket funding.

Distinctive features of international health cooperation

In development cooperation, health is regarded as eminently suitable for Sector-Wide Approaches (SWAs, cf. box). There is, however, a tension between vertical and horizontal approaches in health development. Vertical approaches concentrate on tackling one or more diseases or specific health problems directly, whereas horizontal approaches aim at health system strengthening as a whole and are thus concerned with sustainable healthcare as a whole. Bilateral German development cooperation clearly has its main focus on promoting horizontal approaches and Germany opts, wherever possible, for SWAs.

In this respect, the effectiveness of SWAs depends critically on having a mix of instruments that is appropriate to the situation. The case of Rwanda clearly illustrates how sector budget support and basket funding can be usefully combined within the framework of a health SWA.

Case study: health cooperation with Rwanda

Despite the difficult historical legacy of the 1994 genocide, Rwanda now offers a model of health reform. In the framework of a SWA, a group of international donors, including Germany, provided sector budget support totalling around 50 million euros between 2007 and 2012. This is a large sum in absolute terms, but not relative to the total donor funding on health. In 2010, for instance, it came to just 6.25 per cent of that total. With a share of 37 per cent, the US contributed many times more – but all these funds were tied to specific projects. This meant that,

to a certain extent, the US were engaged in policy dialogue with Rwanda as a competitor with the donor group that was providing sector budget support.

Terms and definitions

Sector-wide Approach (SWA): Multiple donors provide coordinated efforts for funding and implementing a partner country programme (e.g. for the health sector). This usually includes sector budget support and/or basket funding.

Sector budget support: The funds provided by all the participating donors flow directly into the budget of a partner country. It must be used for a specific sector (e.g. health) but the individual measures to be financed are not specified.

Basket funding: A group of donors finances a scheme to implement an agreed package of defined measures (earmarking). The basket, i.e. pooled funding, may be managed by the partner country or by a donor.

Leverage effects of sector budget support

Since the share of sector budget support was relatively low in Rwanda, its leverage effects on the country's health policies remained modest. The limited impact was exacerbated by a lack of coherence among the players in the donor group. This finding

demonstrates that the potential for engaging in policy dialogue and influencing reform policy can only be achieved if a donor group delivers a critical mass of funding in a properly coordinated way (principle of multilateral integration).

Nevertheless, additional leverage and synergy effects were achieved by combining sector budget support with various instruments and measures. Germany, for example, engaged in basket funding and, in addition, implemented project-based measures as part of a multilevel approach. The experiences gained at the decentralised implementation level were systematically fed into the national policy dialogue. This enhanced the policy dialogue being conducted in connection with sector budget support.

Interlinking with basket funding

Basket funding is often regarded as a good way to prepare for sector budget support. In the Rwandan case, however, the basket funding was provided at the same time as the sector budget support. This approach proved effective because the basket funding enabled health professionals at local level to undergo in-service training, which in turn facilitated implementation of the reforms. Basket funding and sector budget support can therefore be effectively used in parallel – i.e. not only sequentially – if combined in the right way.

The effectiveness of the SWAp could, however, have been significantly improved. Lack of coordination within the donor group and, above all, large-scale measures being taken by donors outside the SWAp, especially by the US as the most important donor, reduced the effectiveness of health promotion efforts as a whole.

Lessons

1. *The potential for engaging in policy dialogue and influencing reform policy can only be achieved if a donor group provides a critical mass of funding.*
2. *Combining sector budget support with other instruments and measures undertaken by a donor can produce additional leverage and synergy effects in terms of enhancing policy dialogue.*
3. *Sector budget support and basket funding can generate substantial synergy effects if they are intelligently combined.*
4. *A critical factor in the success of sector budget support and basket funding is the coherence of the donor group, i.e. full coordination within a concerted approach.*

References

Schwedersky, T., M. Noltze and F. Gaisbauer (2014), *Thirty Years of Rwandan-German Development Cooperation in the Health Sector, Volume 1: Evaluation Report*, German Institute for Development Cooperation (DEval), Bonn.

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