Development

Competing for foreign aid for health development
Nick Drager

Health ministries in low-income countries faced with the problem of decreasing financial support from traditional external sources are taking steps to become more competitive in the "market" for foreign aid. This article describes some strategies that have enabled ministries to obtain external financing for their health development priorities, thereby improving the quality and increasing the quantity of aid they receive.

Money from traditional sources for the health sector in low-income countries is becoming more and more scarce. This is happening in spite of the widely shared belief in the international community that investment in health contributes to economic development. Coupled with a shrinking supply of such funds there is a growing demand for them in developing countries. Applications for financing are therefore subject to increasingly rigorous scrutiny to assure donors that they are "getting value for money". These trends present a serious problem for low-income countries where external aid pays for a large proportion of both the capital and the recurrent costs of health activities. Not only are resources scarce but much of the aid low-income countries currently receive is allocated to activities that do not help to meet the health needs of the majority of people.

In an effort to tackle these problems, a number of countries are embarking on reforms to improve the organization, management and financing of health. They are looking for ways to use existing aid more effectively, and in so doing to attract additional funds on favourable terms. The following four-point strategy emerged from work with developing countries on negotiating with donors for aid money for health.

1. Formulating sound national plans

Countries with comprehensive policies, strategies and programmes for achieving and financing health development are in a strong position to obtain external support for their health priorities. Sierra Leone's National health policy (1) and the Central African

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Dr Drager is a Medical Officer in the Division of Intensified Cooperation with Countries, World Health Organization, 1211 Geneva 27, Switzerland.
Republic’s *National development plan for health* (2) are good examples of such planning, and serve to guide both domestic and external decisions about resource allocation.

An active and self-sufficient national policy development process is essential if the policy is to respond to the country’s needs rather than just those of its external partners. However, since the government is seeking the support of funding agencies it should involve them in the process. Countries which manage to do this while retaining full responsibility for policy build up the kind of partnerships based on mutual confidence which are essential for effective negotiation. The preparation and implementation of the Zambian strategic plan for health reform (3) illustrates a successful government-led process that included consultations with its major development partners.

Though each country has its own particular needs and values, those with policies that are consistent with currently accepted strategic directions for improving health have a negotiating advantage with their external partners. For instance, commitment to providing primary care and cost-effective basic services is usually seen as good policy and as such worth supporting.

Ministries of health with plans that clearly show the link between policy and implementation are in a position to be proactive rather than just reacting to donors’ proposals. Within such a framework, they can do detailed programming with the relevant partners for external support. Sierra Leone’s action plan to implement the national health policy was presented to donors at a special consultation. Donors were given the choice of supporting the core programme with undesignated contributions or financing specific programme areas. This approach enabled Sierra Leone to finance its health priorities.

2. Managing the negotiation process

However well the planning is done, putting it into effect entails negotiation between the parties concerned. National negotiators who are well prepared and have established a good working relationship among themselves stand a better chance of reaching a satisfactory agreement with external partners. Central and departmental offices need to prepare together for external negotiations in a proactive way, each bringing its own expertise to the process. Two areas in which national negotiators have to reach firm agreement are priorities for financing, and the acceptability or otherwise of the conditions likely to be placed on exter-

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**A framework for preparing and conducting negotiations**

WHO, working with the Harvard Negotiation Project, organizes workshops on managing aid negotiations. These are designed to enable the relevant national and international officials to review and enhance their negotiating abilities by discussing their experience and trying out new ideas.

A set of seven points, worked out by the Harvard Negotiation Project, provides an approach to conducting negotiations in complex multiparty settings, avoiding confrontation and undesirable concessions, and dealing with difficult people and situations:

- **Know what the best alternatives are to a negotiated settlement.**
- **Separate the people from the problem.**
- **Focus on interests, not positions.**
- **Invent options for mutual gain.**
- **Use objective criteria for legitimacy.**
- **Facilitate good communication.**
- **Make commitments at the end of the process.**
nal aid. In addition, work must be done on establishing good relations with the donors, and finding out as much as possible about who they are, why they give, and what they can and cannot do.

3. Monitoring the flow and use of aid

It is important for donors to have evidence that they are getting value for money, as this is what is most likely to convince their political constituencies to maintain or increase the current level of aid budgets. Recipient countries likewise realize that using aid well is not only in their own best interests but a key factor in competing for further aid. This requires close monitoring of the flow of aid and prompt action to unblock bottlenecks in implementation. A number of countries have developed effective systems for keeping their information on commitments and disbursements fully up to date. This information is used in negotiating for aid, as well as for day-to-day management.

With increasing competition for scarce resources, a minimal requirement for obtaining aid is that countries do spend the aid money they receive without undue delay. In a recent study on current aid practices, the Government of Nepal has shown how efficiency in this area can be improved by monitoring each programme separately, and adjusting management procedures where disbursement is occurring too slowly.

4. Coordinating aid from different donors

The nature of international aid itself places an extraordinary administrative burden on a country. The recipient country usually has to deal with dozens or even hundreds of donor organizations, each with its own way of doing things. Coordinating these activities now goes far beyond avoiding duplication or organizing donors’ meetings. Countries that have made progress in this area see it in terms of building up a productive partnership between the donor community and the government to pursue agreed national priorities for health.

Some countries have set up health aid coordination and management groups to track external funds, prepare for negotiations and serve as the secretariat for consultations with external partners. With technical support from WHO and financial support from the Government of Japan and the Norwegian Agency for International Development, Mozambique is carrying out a project for strengthening such a group within the Ministry of Health. Ghana and Zambia both have well-established groups within the planning unit of the Ministry of Health for aid coordination and management.

To sum up, much can be achieved by formulating sound plans, managing the negotiation process, monitoring the flow and use of aid, and coordinating aid from different donors. Countries that have taken steps to strengthen their capacity in these four areas have noted an improvement in the quality of aid and in some cases an increase in its volume.

References

1. National health policy. Freetown, Sierra Leone, Department of Health and Social Services, 1993.