GLOBAL HEALTH ADVOCATES

MAKING IT WORK: What role for MDBs in financing health for all?

Abridged version with recommendations • June 2023

Introduction

As the world is recovering from the COVID-19 pandemic and moving into a global recession – a context also marked by deteriorating macroeconomic conditions, pressure on national budgets, and a displacement of donor funds due to the war in Ukraine; the aid funding environment for global health financing in 2023 and beyond is looking preoccupying. What's more, many countries are projected to spend less on health than their pre-pandemic levels through 2027.

The Covid-19 pandemic highlighted the need to significantly increase investments in health, to prevent, prepare, and respond to future pandemics. In recent years, we have seen the increasing role of Multilateral Development Banks (MDBs) in providing health financing, with the World Banks now being the largest external funder of health. However, there has been little focus on what the role of MDBs should be in health financing.

Discussions are ongoing about MDBs reform and the Global Financing Pact Summit that will happen this week in Paris will be a unique opportunity to advance on this topic. This paper aimed at assessing the ability of MDBs to effectively contribute to achieving global health justice. GHA is proposing concrete recommendations to ensure challenges, such as global power imbalances, and lack of focus on the needs of the people and communities most affected by current and future health threats, can be addressed.

Overview of MDBs health financing

The COVID-19 pandemic highlighted the importance of having strong and resilient health systems, and how good health and wellbeing is crucial for economic prosperity. An overview of MDBs health financing before and during COVID-19, shows that lending from MDBs have been scaled up remarkably as part of the immediate response to the pandemic. However, it has been noted that MDBs support during COVID-19 has been significantly less than what was provided in the wake of the global financial crisis in 2008, despite the COVID-19 pandemic causing much more of an impact.

It is also worth noting that funding mobilised by MDBs during the COVID-19 response was partially coming from re-programmed health programmes; it is unclear how much of health financing was new funds compared to re-allocated funds. MDBs have demonstrated their flexibility and ability to adapt, but at the same time, we questioned the sustainability of their health financing, since beyond the COVID-19 response, there were pre-existing health challenges, some of which have worsened by the consequences of COVID-19, and most of MDB health funding during the pandemic prioritised vaccine procurement, neglecting other relevant aspects of health systems that needed support.

Furthermore, from our analysis we found that, except for the Inter-American Development Bank, other MDBs analysed do not provide detailed breakdowns of their health financing, and only the Asian Development Bank has a target for health financing (3-5%).

In a world dealing with multiple crises, and in a context where MDBs are being called to reform their operations and mandates to better respond to global challenges, we question what needs to be changed in order for MDBs to sustainably support health for all. How can MDBs maximise their added value? What are the challenges and opportunities of including MDBs in health financing?

Avenues for efficient contribution from MDBs to the health for all agenda

Working towards the same goals

Prioritising health financing on a sustained basis. Resilience of health systems is an important facet of global health financing that has been overlooked and MDBs can play a key role in ensuring UHC and PPR are prioritised. The World Bank has missed vital opportunities to strengthen public health systems while delivering COVID-19 response. It had a short-term approach to projects, focusing solely on addressing COVID-19 consequences without taking into account pre-existing health issues and tackling weaknesses in the healthcare system.

Private sector's involvement and health equity. The role of the World Bank in expanding private sector healthcare delivery has been hotly debated. The World Bank in particular had promoted an expansion of private-sector health care delivery, including through conditions on loans to poor countries that included the introduction of health user fees. Despite assessments noting these investments reduce the potential to expand health coverage among the poor, the World Bank continues to this date to make investments to "unlock the power of the private sector" in healthcare delivery.

Being accountable for the common goal. MDBs are no different from other major global health actors in that their self-reporting of their programmatic impacts, and these may differ substantially from the downstream effects of these programs on local health systems or lived realities of communities. Especially, since ultimately, banks measure success as cost-benefit and cost-effectiveness analyses. Financing that is in line with regional priorities may lead to more autonomy of countries in the global health landscape.

Toward health sovereignty. MDB funding often comes with significant influence for MDBs to assert their own ideologies onto countries via multiple modalities, including via technical assistance, conditionalities, and policy-based loans. Countries' abilities to nurture and protect an effective health system is a key element of health sovereignty and MDBs should play a key role in providing the catalytic financing needed for countries to increase their domestic financing for health. Truly catalytic MDB health financing should result in a country progressively reducing its dependence on MDB financing.

Working on decision-making power

MDBs governance systems and their impact on priority settings. MDB investments in health are largely determined by the priorities and agenda of their donors and stakeholders, with big countries waiving significant influence in priority setting. Often, influential shareholders use MDBs to push their own priorities and create markets for domestic industries. MDBs should consider restructuring their shareholder's model.

Will the future be regional? Inequities in the COVID-19 pandemic has resulted in an increased focus on shifting the power dynamic to the Global South. This is illustrated, for example, by critical assessments

of COVAX and various financing commitments to regional manufacturing, as well as Africa CDC's call for a New Public Health Order comprising, inter alia, expanded manufacturing of vaccines, diagnostics, and therapeutics on the continent, investment in public health workforce and leadership programmes, and increased domestic investment in health. The question remains as to how much of a capital base can serve the needs of the Global South to sufficiently reduce dependence on the Global North, mitigate or prevent inequities.

Make governance more inclusive. Inclusion of CSOs in MDBs is inadequate. Their strengths in advocacy, accountability, technical expertise, as well as knowledge of the countries and communities they serve, is often absent from MDB structures, and even within many northern-based global health initiatives. Fostering real MDBs engagement at country level can help transform financing into real country ownership.

Working with others

Foster collaboration. It is crucial for MDBs to effectively coordinate between each other, as well as with communities, other stakeholders, and national actors in order for financing to represent good value for money and deliver for those that need it most. A more articulated role with respect to global health is needed if they are to act against the fragmentation of the increasingly complex global health landscape.

Avoiding duplications and filling gaps. There is recognition that the existing tools and ways of working of MDBs are not efficient enough. For instance, the WB has been creating Trust Funds (PEF, HEPRF, Pandemic fund) and financing facilities (GFF) in order to increase its impact on health. But by doing so, it is admitting that its own ways of working (regular IDA and IBRD financing) are not efficient enough and only with additional resources it will be able to increase its impact on health. MDBs and GHIs should maintain a close dialogue, with a sincere vision on what their respective value add are, so they can avoid duplication and ensure there are no important gaps to be filled.

Recommendations

For that to become a reality, we call on MDBs to commit toward:

1 **Robust and Sustainable Health Systems Financing.** To answer the G20's call to maximise development impact, MDBs must adjust their work to better deliver for global health. They must commit to increase their financing to global health and as they are establishing new strategic frameworks. MDBs should include health as a renewed priority with clear and predictable financial targets. This should be accompanied by the development of concrete and comprehensive long-term plans on health financing that embraces key health systems strengthening targets and reflects the post-COVID challenges.

2 **Better and Harmonised Accountability Mechanisms.** Along with ensuring health is a prominent priority in their strategies, MDBs should clarify the objectives they pursue with their investments. Approaches may vary and be complementary from one MDB to another but they need to elaborate on what they mean to achieve to advance on health equity and how their activities contribute to these goals.

3 **Increased Transparency.** Tracking MDBs investments and their impacts is not an easy task for specialists and even less for the people they serve. MDBs should set up robust, easily accessible and workable accountability mechanisms with standards and indicators that could be mainstreamed among MDBs. They need to become more transparent on their impact and successes but also on their failings and areas of improvement.

4 **Balance the Power within their Governance.** MDBs need to foster a more representative and diverse governance structure including by giving more power to the implementing countries in decision making processes, and allowing civil society representatives to meaningfully engage with their boards.

5 **Confirm the Catalytic Effect of their Investments.** As the total financing for global health are expected to decrease, MDBs should work towards sustainability in assuring that partner governments increase their domestic spendings for public health. They should introduce specific metrics tracking domestically generated revenue and sustainability of the investments. In addition, MDBs should consider debt restructuring, freezing, or cancellation specifically for countries at risk of debt distress or when facing an epidemic outbreak.

6 **Prevent Health Inequities caused by Privatisation.** Access to health services is often conditioned by their affordability, thus the integration of private provision with public financing is -usually- necessary to make health services affordable, and thus accessible to the poorest and most vulnerable. Relying strongly on private partners to finance or operate health services can be detrimental to achieving universal and equitable access to health care. MDBs should prioritise support to public health systems, impose equitable access safeguards and thoroughly assess the impact of their support when relying on private operators to guarantee that MDBs investments are in the public interest.

7 **Greater Regionalisation of Health Governance.** MDBs and especially regional banks, should play a key role in the agenda toward a decentralised Global Health order leading to more sovereignty, less dependence and more localised decision making and capacities. MDBs should support public health institutions, regulatory authorities and the local production of medical countermeasures.

8 **Better Synergies Between Actors to Ensure Optimisation of Health Investments.** Given the extent of the needs and the fragmented landscape of Global Health actors navigating with limited resources, it is crucial to avoid overlapping investments and leaving gaps. MDBs must ensure maximisation of value for money through synergies and optimisation of resources through increased collaboration with Global Health Initiatives and among MDBs on strategic issues as well as specific implementation.

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