

Supporting NHA in Africa

A Brief for Donors

August 2003

New aid modalities – such as Sector Wide Approach and Poverty Reduction Strategy programs and the Global Fund to Fight HIV/AIDS, TB and Malaria – require baseline data on sector funding as well as a mechanism to monitor financial flows. This is best done using the National Health Accounts framework.

Health systems in many countries in East, Central, and Southern Africa are struggling to expand their capacity to improve the health status of the populations they serve. Data on health sector financing is critical to this process. In particular, information on the flow of funds through the health sector is essential for both national policymakers and donors seeking to determine how to best direct their health care funds and how to monitor their investments. One tool that provides such information is National Health Accounts (NHA).

This brief, intended for multilateral and bilateral donors active in health sectors in African nations, describes the concept of NHA and how NHA addresses donor concerns and interests.

Concept of NHA

NHA is an internationally recognized framework that measures and tracks the use of total – public, private (including household), and donor – health care expenditures in a country. It does so by offering a transparent and consistent way of describing health expenditures in terms of financing sources and the application of their resources. In other words, health accounts track the *flow* of funds from one health care dimension to another, such as from the Ministry of Health to each health provider and health service program. In doing so, NHA answers questions like the following:

- ▲ Who in the county finances health services?

- ▲ How much do they spend? On what types of services?

- ▲ How are funds, including donor funds, used across different health services, interventions, and activities?

Expenditure data is presented in a standard set of tables that follow a user-friendly format (Figure 1) intended for use by country policymakers and other stakeholders, including donor representatives. NHA is useful for health sector management; this adds value to incumbent financial systems, which often provide information only for accounting purposes, not for sector management. As NHA also includes private expenditures, it provides an overview of the *total* health system.

The primary objective of health accounts is to use expenditure information to contribute to evidence-based policymaking. The tool has received worldwide acceptance from countries and endorsement from numerous multilateral donor groups such as the World Health Organization (WHO) and the World Bank, and bilateral organizations including the United States Agency for International Development (USAID) and the Swedish International Development Cooperation Agency (Sida).

In a nutshell, NHA allows for greater fiscal transparency of country health systems. Designed as a policy tool, NHA, first and foremost, improves the capacity of governments to manage their health system. In addition, it has clear benefits for donors determining how to best support national health sectors.

Figure 1: NHA Tables

Providers	Financing Agents				TOTALS
	HF.1.1.1.1 MoH	HF.1.1.1.2 MoE	HF.2.2 Other private insurance	HF.2.3 Private households out-of-pocket payment	
HP.1.1.1 Public general hospitals	W		X		W+X
HP.1.1.2 Private general hospitals		C		F	C+F
HP.3.4.5.1 Public outpatient clinics			Y		Y
TOTALS	W	C	X+Y	F	G

* direct transfer of payment

Function	Providers			TOTALS
	HP.1.1.1 Public general hospitals	HP.1.1.2 Private general hospitals	HP.3.4.5.1 Public outpatient clinics	
HC.1.1 Inpatient curative care	L	P	S	L+P+S
HC.1.3 Outpatient curative care	M	Q	T	M+Q+T
HC.6.3 Prevention of communicable diseases	N			N
HC.7 Health administration and health insurance	O	R	U	O+R+U
TOTALS	L+M+N+O=W+X	P+Q+R=C+F	S+T+U=Y	G

Questions Frequently Asked by Donors

▲ How can NHA benefit donors?

NHA contributes to donor efforts to build and sustain health care capacity in developing countries in numerous ways.

- ▲ *Contributes to evidence-based policymaking:* Encouraging country governments to use “evidence” to inform policy decisions is a high priority for many donors. While NHA is useful in and of itself, NHA in combination with other types of data, such as utilization rates of health care providers and income distribution information, can show how efficiently, effectively, and equitably a country is spending its health funds. This informs the policy process – it could lead, for example, to a reallocation of health resources. Donors can use NHA findings to raise awareness about and advocate for policy issues of particular relevance to their activities with ministries of health and other government agencies.
- ▲ *Encourages transparency and fosters an “anti-corruption” approach:* In its effort to understand and present how every health dollar is spent in a

country, NHA requires health care spending information from all health sector stakeholders. This need for transparency allows NHA to serve as an “anti-corruption” tool, especially when implemented on a regular basis; governments, insurance companies, and other stakeholders remain more vigilant about distribution of their health funds in anticipation of sharing such information every year.

- ▲ *Informs the donor planning process:* Donors use NHA findings at both the global and country level. NHA’s standardization of health care definitions, a feature not demanded by individual national public expenditure reviews, allows for

cross-country comparisons of different levels and types of health expenditures. Such comparisons of health resource use help donors to set fiscal performance objectives and decide how to best allocate their resources. NHA can answer donor planning questions such as the following:

- Which areas of a country’s health system need additional financing? Is the allocation to primary health care sufficient?
- How are donor funds distributed among various health care services? Does the distribution reflect donor objectives?
- Is the government meeting its health care objectives, for example, does the allocation of health funds encourage equitable access to care? If not, why?
- ▲ *Informs discussion and debate on disease, population, or certain health service-specific expenditures such as HIV/AIDS and maternal–child health care:* Many donors have earmarked funds for certain services such as HIV/AIDS prevention and treatment, or reproductive health. In addition to illustrating total national health care spending patterns, the NHA methodology can be used to do a subanalysis, i.e., to break down

expenditures on, say, individual services and policy issues. Subanalyses are useful for both health care policymaking and monitoring and evaluation purposes. For example, they can answer specific questions about spending on HIV/AIDS and related services:

- How much is spent by public, private, and donor sources on HIV/AIDS and tuberculosis (TB)?
- To what extent are different HIV/AIDS and TB interventions, such as prevention, treatment, opportunistic infections, and palliative care, being supported by these funds?
- What is the level of current resource flows? Is there an equitable allocation of resources among income groups (and especially to lower-income groups), between urban and rural, etc.?

The answers enable design, implementation, and financing of targeted interventions, such as to prevention activities and increased access to basic health care services for people living with AIDS and TB. Subanalyses that reveal financing deficiencies can reinforce donor advocacy efforts for additional resources.

▲ How has NHA already affected health policy in Africa?

The WHO/Africa Regional Office (AFRO) is targeting all countries in sub-Saharan Africa for assistance with NHA.¹ To date, NHA has been conducted by 10 countries in the East, Central, and Southern Africa (ECSA) region: Ethiopia, Kenya, Malawi, Mozambique, Rwanda, South Africa, Tanzania, Uganda, Zambia, and Zimbabwe. Numerous other countries, including those in West Africa, are embarking upon their first NHA exercises.

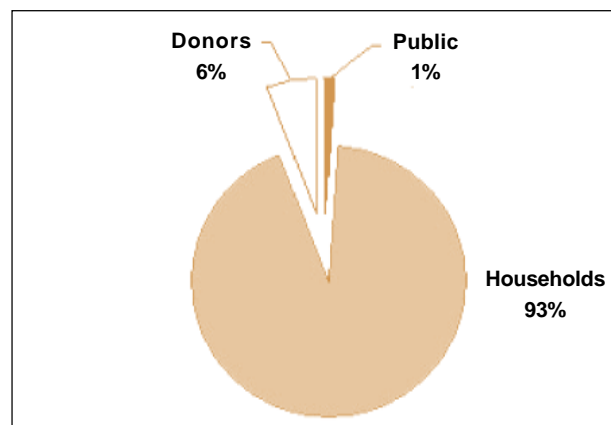
Although NHA was only recently introduced to the ECSA region – it dates to the late 1990s – many countries have already used their findings to influence health care policy. Below are two examples of NHA's use by government decision makers and donor organizations.

Prompting donors to increase funding for HIV/AIDS in Rwanda: Given the severe impact of HIV/AIDS on the population, the government of Rwanda felt it needed a better understanding of the sources and distribution of health care funds so that it could design effective and financially sound

HIV/AIDS interventions. Thus, when Rwanda began its NHA activity in 1999, it extended the framework to include a subanalysis of HIV/AIDS-related expenditures.

The NHA subanalysis showed that only 10 percent of all health resources targeted the prevention and treatment of the disease. Moreover, while donors financed more than half the health sector, NHA revealed that only 1 percent of their funds went toward financing of HIV/AIDS services. Households were the primary financiers of HIV/AIDS services, providing 93.5 percent of total HIV/AIDS funding; donors provided 6 percent, the government less than 1 percent of total HIV/AIDS funding. Revelation of this financial burden on households and the paucity of donor funds led to the donor community's decision to increase HIV/AIDS-specific contributions; these monies tripled, from \$0.5 million in 1998 to \$1.5 million in 2000.² NHA enabled the Rwandan Ministry of Health to design and implement policy interventions targeted at improving the financing of prevention activities and increasing access to basic health care services for people living with HIV/AIDS.

Figure 2: HIV/AIDS Spending in Rwanda: Where it Comes From (1998)



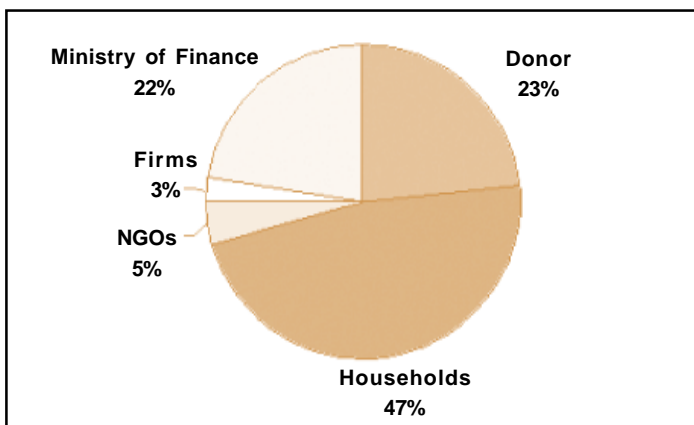
The Rwanda NHA subanalysis revealed the burden of HIV/AIDS financing that fell on households, and the paucity of funding from donors and the government. As a result, donors tripled their spending on HIV/AIDS programs and the government enacted targeted policy interventions to address the impact of the disease.

¹ The WHO/Eastern Mediterranean Regional Office assists NHA efforts in North Africa.

² Barnett, C., M. Bhawalkar, A.K. Nandakumar, and P. Schneider. February 2001. *The Application of National Health Accounts Framework to HIV/AIDS in Rwanda*. Special Initiatives Report No. 31. Bethesda, MD: Partnerships for Health Reform Project, Abt Associates Inc.

Gaining support for SWAp and donor basket funding in Tanzania: Though the final report was not officially approved, the first NHA study conducted in Tanzania (1999) led to several significant policy developments: The government came to realize that donors financed a significant portion of the health sector (approximately 23 percent) (Figure 3). These funds were channelled directly from the donors to their own health programs rather than through the government [health] budget; thus the level of donor financing of the health sector was not apparent to the government. The government felt that this situation diminished its leadership of the health sector and its direction of the sector's growth. To increase its stewardship of health funding, the government used NHA findings to internally advocate for revised donor coordination mechanisms and adoption of a SWAp, whereby most bilateral organizations channel their funds into a basket fund managed by the government.

Figure 3: Sources of Funds in Tanzania (1999)



NHA findings showed a high level of donor financing for health. Because this spending was largely off-the-government budget, the government used NHA information to advocate for a SWAp and donor basket funding that expended its stewardship of the health sector.

▲ What does it take to implement NHA?

The key ingredients for successful implementation of NHA are political will and long-term commitment of senior decision makers to the adoption and use of NHA in national health policies. In countries where NHA has affected health policy most significantly, it was the governments themselves, rather than universities or independent research institutions, that led the NHA implementation process.

In order for NHA to impact policy, its implementation requires ongoing interaction between a country's health sector stakeholders (including those from the private sector) and its NHA technical team (usually housed in the Ministry of Health). Close interaction enables the team to orient the country's NHA to specific policy concerns, such as equity or HIV/AIDS. Conversely, it informs policymakers of team needs, such as a legal infrastructure that encourages transparency and cooperation, allowing the team to collect data from various agencies on an annual basis.

In addition, for the long-term success of NHA, the exercise needs both political and financial support of the government. Institutionalization of NHA is facilitated by investment in the development of data tracking and reporting systems, accounting systems, and associated activities, such as household surveys. This investment not only produces needed financial data but also improves country capacity in health sector analysis, evidence-based policymaking, and skills such as conducting provider and private sector spending surveys. International support is needed to initiate the NHA process in developing countries, but, as the exercise is repeated and capacity is built, technical and fiscal responsibility should shift from donors to country governments; they should carry out NHA on a periodic basis, much like the national census.

▲ What type of donor support is required to implement NHA?

Donors play a critical role in initiating government interest in and commitment to NHA in the ECSA region by convincing government counterparts of the importance of NHA and subsequently sponsoring initial rounds of NHA.

- ▲ Before launching a NHA campaign, *donors are advised to learn if other donors are interested in or already engaged in supporting the activity.* Duplicating other donor efforts obviously wastes resources; coordinating with others will help ensure success. One source of information about donor NHA activities is the WHO/AFRO, the elected coordinating body of African NHA regional networks. The Commonwealth Regional Health Community Secretariat (CRHCS) is a source of information on NHA in ECSA Anglophone countries. Discussions with other donors should examine ways to

communicate the value of NHA to the government and to coordinate and leverage financial support. Donor consortium meetings such as SWAp events are excellent venues for discussion.

- ▲ *Communicating the value of NHA to policymakers.* This may be achieved through informal meetings or formal presentations. Discussion should focus on how NHA could inform the priority policy areas of country health care decision makers. Advocacy to these decision makers can be aided in the following ways:
 - Numerous publications describe the NHA process and country experiences. Of particular relevance are a comparative analysis of NHA findings in the ECSA region³, a primer on the NHA methodology⁴, a brief on how ECSA countries have used NHA for policymaking⁵, and a report on how far NHA has come.⁶
 - Donors may request and fund policymakers to attend annual regional NHA policymaker conferences, which examine the merits and utility of NHA findings in the region. Information on such conferences can be obtained from WHO/AFRO and CRHCS.
- ▲ *Supporting the NHA technical process:* Building the capacity of a country's NHA technical team is critical to the institutionalization of NHA in that country. This may be done through a variety of ways, some of which follow:
 - *Sponsoring NHA team members:* to attend annual regional training workshops.
 - *Hiring technical consultants:* Local and internationally experienced NHA experts are available to assist countries with their initial implementation of NHA.
 - *Financing primary data collection:* Depending on the level of available country data and the strength of current information systems, NHA teams may not be able to rely fully on secondary sources of information. Instead, primary data must be gathered through surveys on employer health spending estimates, household expenditures, etc. These survey efforts often are too costly for a developing country to support, and donor assistance is needed.

▲ What are financial considerations for donor support for NHA?

The cost of NHA depends on:

- ▲ *Size and complexity of the health sector:* the more actors involved in a health system, the more data is needed to do an accurate NHA estimate.
- ▲ *Quality of information systems:* the more advanced the existing information systems in the country, the higher is the probability that primary data collection has been done. This reduces the financial cost of NHA.
- ▲ *Human resources:* Will there be one, two, or more persons on the NHA team? Is the government willing to finance their labor costs? Are they trained in the methodology? If not, donors may need to support their training.
- ▲ *Primary data collection:* What existing information is available? What additional data are needed? Is a household survey needed? If so, donors may need to fund the survey.
- ▲ *Is this the first time NHA has been conducted in the country?:* If the country has conducted NHA previously, then the human infrastructure and much of the data needed for NHA may already be available, reducing the financial cost of NHA.
- ▲ *Subanalysis is conducted:* Understandably, the addition of subanalyses increases the financial cost of NHA efforts.

³ 2000. "National Health Accounts in East and Southern Africa." Unpublished draft. Available on Partners for Health Reformplus (PHRplus) CD-ROM. 2003. *National Health Accounts Resources*. Bethesda, MD: PHRplus, Abt Associates Inc.

⁴ PHRplus. 2003. *Understanding National Health Accounts: The Methodology and Implementation Process*. Primer for Policymakers. Bethesda, MD: PHRplus, Abt Associates Inc. (May)

⁵ PHRplus. 2003. *Eastern, Central, and Southern Africa: Using NHA to Inform the Policy Process*. Regional Policy Brief. Bethesda, MD: PHRplus, Abt Associates Inc. (June)

⁶ Hjortsberg, C. *Issue Paper on National Health Accounts: Where Are We Today?* Health Division Document 2001:6. Stockholm: Swedish International Development Cooperation Agency, Department for Democracy and Social Development, Health Division.

▲ How does NHA fit into the new mechanisms of aid, such as SWAp and Poverty Reduction Strategies?

In the past few years, the ECSA region has emerged as the locus of new aid modalities. ECSA countries including Ghana, Mozambique, Tanzania, and Zambia now have SWAp programs in health with various forms of financing. Almost all of these countries are Highly Indebted Poor Countries enjoying different levels of debt relief. Most have developed Poverty Reduction Strategy Papers. All have proposals approved under the Global Fund (GF) to Fight AIDS, Tuberculosis, and Malaria. In addition, an increasing number of them are implementers of World Bank Multisectoral AIDS Programs (MAP).

All of these new funding modalities pose critical resource-monitoring issues that countries and donors did not previously confront. These modalities tend to be multisectoral, so it becomes a challenge to track how much of the expenditures are directed to the health sector. Resources tend to be disbursed in multilevel fashion through a multiplicity of recipients – central and local governments, parastatal and nongovernmental organizations, and civil society. They also tend to be less “disease-specific” than traditional vertical financing, and even the GF and MAP initiatives allow for far more variety of uses of project or grant funds.

NHA provides a standardized and comprehensive framework so that these various financial flows can be accounted for, analyzed, and reported. The NHA approach also provides a single, economical way of reporting on health expenditures, instead of each of these programs and initiatives establishing its own dedicated resource-monitoring system. Thus, NHA should be treated as a “public good” whose costs should be shared by donors, governments, and other stakeholders in these new aid modalities.

Acknowledgments

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