

RESULTS

STOPAIDS.

Laying the foundations: Principles of a sustainable, successful transition from external donor funding

Transition Definition

For the purposes of this briefing 'transition' refers to a process by which a country that was previously receiving external donor funding through overseas development assistance has that money reduced, ended or it is transferred to another programmatic aim. The transition can take place slowly or suddenly, leading to a change in aid relationship between the donor and recipient.

Transition before a national government and other key stakeholders are ready, willing, committed and able to take over development programmes can lead to gaps in critical services for people and often the reversal of hard won development gains. Ensuring sustainable transitions that protect development gains and safeguards future development is the shared responsibility of multiple stakeholders including governments, donors, technical partners and civil society and the private sector. Planning for how to support a country that is transitioning away from support is integral to ensuring that the assistance given, sometimes over years and even decades, has a sustainable and visible impact.

The goal in any transition context should not be only to sustain coverage that has been provided through external financing and support, but to create conditions that will allow national governments to continue to maintain and expand coverage to reach those who are currently being missed and leave no one behind.

Key messages

1. The UK government, through all relevant Departments, should implement effective, efficient and sustainable transitions that follow clear policies and guidance. All transitions should take place based on the assessment of a set of indicators which can be used to guide transition readiness and that are both flexible and context-specific.
2. The Department for International Development (DFID) should create and adhere to comprehensive eligibility and allocation criteria which allocates sufficient support and resources to those most in need wherever they are, to ensure no one is left behind.

3. DFID should support a funded and effective civil society which both delivers services and conducts advocacy, especially on behalf of marginalised and key populations before, during and after transition.

Context

- At the start of 2010 it was clear that DFID's overseas development assistance (ODA) investment approach had changed significantly and would increasingly be driven by a core determination of eligibility based on gross national income (GNI) per capita. If a country that DFID was working in was a middle income country (MIC), particularly an upper middle income country (UMIC), DFID would no longer continue to support programmes there and would pull out funding and a DFID country presence as quickly as possible.
- As a result of its bilateral aid review in 2011, DFID ended bilateral aid programmes in 16 countries, most of them MICs. In most cases, the programmes came to an end rapidly without discussions or the development of transition plans with key country stakeholders or other external donors about how to sustain the programmes in question and on how to secure the development gains that had been achieved.
- This trend was seen in DFID's HIV bilateral funding. DFID's 2011 position paper on HIV showed that in 2012/13 DFID reduced its bilateral HIV funding from 26 countries in 2010 to 16 countries in 2012/13 and down to 11 in 2015. Apart from their programme in Burma, all of DFID's HIV programmes in Asia have now closed. Despite reporting success of its harm reduction programmes in Asia, the closure of these programmes meant a 90% drop in UK bilateral support of harm reduction for people who inject drugs.
- In response to questions in parliament about the dangers of this trend for the development gains secured in relation to HIV in these countries, DFID has consistently responded that the Global Fund to Fight AIDS, TB and Malaria (GFATM) would fill the programmatic gaps left behind. However, the reality has been that, GFATM has also reduced its funding to MICs, following pressure from bilateral donors.
- Many countries that faced these quick and unplanned transitions were unprepared to fill the gap and it was the poor, vulnerable and marginalised people who suffered the most – in the case of HIV, the epidemics resurged and critical development gains were lost.
- In 2016, an Independent Commission for Aid Impact (ICAI) performance review stated there were 'significant shortcomings' in DFID's approach to transition and changing aid relationships and awarded the Department an Amber-Red Rating. The report found that DFID had no transition strategy or systematic approach to managing changes in its aid relationships. A follow-up review published in 2018 also cited DFID's approach to transition as a continuing key area of concern and highlighted the lack of progress made in this area since the publication of the initial review.
- Since 2016 the UK Government appears to have changed its approach to one where no total exits of ODA from countries its supports have taken place but there has been a shift in aid relationships with ODA being channeled more through other government Departments.

- In recent addresses made by the Prime Minister, Theresa May, and Secretary of State for International Development, Penny Mordaunt MP, there has been a clear indication of a new direction for UK Aid, which is to spend it increasingly in the national interest, in particular in the pursuit of economic development and to support trade relationships. As a result, analysis shows that DFID spending on global health has reduced both in overall amount and as a proportion of ODA and this may have hastened transitions in areas of health.

Sustainability, Transitions and Health

Over the last decade there has been a strong trend among many bilateral and multilateral donors towards reducing and exiting ODA funding from MICs, particularly UMICs in order to concentrate ODA in low income countries (LICs). This has been felt keenly by the health sectors in many MICs as external donors have reduced funding or have exited altogether with national governments unable or unwilling to replace funding gaps with domestic funding. Irrespective of the debates around whether and when the aid relationship should change with MICs, the method of **how** changes have been made has largely been inadequate. This is because most donors have failed to develop principles or clear approaches to how they can ensure transitions are successful and transitions to date have therefore been quick, ad hoc and have, in many cases, failed to ensure the maintenance and scale up of development programmes and impact.

The issue of transition does not only relate to a total exit of ODA from a country, there can be much subtler but still highly impactful shifts taking place. With growing recognition of the importance of building long term sustainability at least a decade before the exit of ODA, there is also increasing levels of transition of particular components of ODA support within LICs and lower middle income countries (LMICs) which needs to be well thought through or will lead to weakened health systems.

An example of where this kind of transition is taking place too quickly can be seen in West and Central Africa. In this region, a majority of countries have low income status but pressure is increasing on both the LICs and LMICs in the region to rapidly take over the costs of antiretroviral treatment for people living with HIV even though they may not have the fiscal capacity, human resource, health system infrastructure nor procurement mechanisms for effective transition. Antiretroviral treatment coverage in West and Central Africa was only at 40% by the end of 2017, far below UNAIDS' 90% target,¹ and arguably far below a rate where a decision to begin transitioning assistance that was helping to increase that coverage should be taken.

In the context of health, having clear strategies in place to support a country through a transition away from aid and identifying who will be in need of the most support during a transition is vital to ensuring the success of a countries progress towards self-supported universal health coverage.

¹ UNAIDS. "UNAIDS Data 2018" 2018 http://www.unaids.org/sites/default/files/media_asset/unaids-data-2018_en.pdf

While it can be shown that spending on health generally increases as GNI increases, there is not direct correlation with the reduction of prevalence of a particular disease such as HIV nor the reduction of inequality of access to health services. HIV prevalence and inequality of access to services can both happily thrive in wealthy, even high income, countries. To end epidemics, investment is needed in communities with high prevalence rates and needs— no matter where in the world they are.

The United Nations has estimated that developing countries face a \$2.5 trillion financing gap in achieving the Sustainable Development Goals². To be on course to end AIDS as a public health threat by 2030 (one of 117 targets in the SDGs), UNAIDS estimates that US\$26.2 billion will be required for the global HIV response in 2020 alone. This means the world must increase the amount of resources available for HIV by US\$1.5 billion each year between 2016 and 2020.³ Such a gap is not exclusive to the HIV response. However, achieving the ambition of universal health coverage as set out in the Sustainable Development Goals (SDGs) will require not only tackling the most deadly diseases, but creating strong primary health care systems which can deliver all essential services.

When donor support ends or changes, governments may decline to take over specialist or specific services for vulnerable and/or marginalised groups. Conversely, governments may be willing to take over other services such as procurement of HIV and TB commodities, but a range of barriers related to suppliers' interest, legal frameworks or budget cycles may hinder uninterrupted access to affordable quality assured medicines. This can all result in gaps in services, and in the context of global health, the danger of the resurgence of an epidemic.

The crucial role of Civil Society

When donors exit, or transition civil society organisations frequently experience cuts or total loss of funding. Funding for advocacy during and after a transition is key to enabling civil society to act as a watchdog over domestic governments as international donors withdraw. Proactive and reactive advocacy will be crucial to ensuring legal, social and cultural barriers are overcome and political will and commitments are maintained as governments take over responsibility for programming.

Civil society and affected communities experiences and their accounts of the potential and felt impact of transition decisions must be heard in the decision making processes surrounding transition. If the national government does not have social contracting mechanisms in place and does not take over funding civil society organisations, the services they provide may disappear. Crucially, continued external support also provides independent funding for civil society service provision and monitoring. In the context where domestic governments are unwilling or unable to

² UNCTAD., "World Investment Report 2014 - Investing the SDGs: An Action Plan" 2014.
https://unctad.org/en/PublicationsLibrary/wir2014_en.pdf

³ Health Gap. 'Myths and facts: Donor funding for the global AIDS Response' 2017.
https://d3n8a8pro7vnmx.cloudfront.net/healthgap/pages/1092/attachments/original/1472838612/Myths___Facts_Donor_Funding_for_Global_AIDS.pdf?1472838612

provide services for poor, vulnerable, marginalised or key populations then continued funding for civil society to provide services is critical to sustain development gains.

DFID's approach to transition

DFID's investment decisions moving forward should be principally guided overall by how they help secure the achievement of the SDGs. As mentioned above, before DFID begins to consider a change in aid relationship with a country, it needs to assess not only the GNI of a country but critical determinants of a successful transition. These include the political will, fiscal space, technical capacity and existing efforts to prepare policies, systems and funding within a country. Some countries can afford to take over health programming if you look solely at their GNI, however in reality their fiscal space may be much smaller than immediately obvious because of their debt burden^{4,5} and their limited ability to raise tax revenue.⁶

Even with more nuanced criteria to determine when a change in relationship should happen, transitions will need to occur. Currently DFID has no transition strategy, no systematic approach to transitions and engages in little gathering or sharing of best practice or lessons learned between programmes and countries. This gap in policy has led to a lack of strategic planning, poor communication and consultation with stakeholders, as well as limited analysis and evaluation of how to protect the gains of development it has been involved in supporting.⁷ DFID needs to address this gap in policy and practice around transitions so that it can demonstrate to itself, the UK tax payer and the people and countries they were trying to support that the investment and impact that DFID has made has been sustained.

We believe that the following areas need to be addressed by DFID:

- Transition preparedness analysis and planning throughout programmatic cycles should be included in transition processes. DFID should conduct an analysis of how able a country is to expand their health budget to deal with a change in aid relationship in the context of addressing existing inequities and share this with other donors, or conduct it with them where appropriate. It should conduct such an analysis well in advance of a transition. A question should be added to the 'delivery questions to consider throughout the programme cycle' on what plans would need to be put in place to ensure sustainability of programme gains post transition.
- DFID should consider developing or augment a suite of tools to support DFID country offices to plan programmes and advise staff on how to ensure a sustainable transition.

⁴ Jubilee Debt Campaign. "Developing country debt payments increase by 60% in three years" 2018 <https://jubileedebt.org.uk/press-release/developing-country-debt-payments-increase-by-60-in-three-years>

⁵ Overseas Development Institute. "Africa's rising debt: how to avoid a new crisis" 2018 <https://www.odi.org/publications/11221-africas-rising-debt-how-avoid-new-crisis>

⁶ World Bank Group. "Strengthening Domestic Resource Mobilization: Moving from Theory to Practice in Low- and Middle-Income Countries" 2017

<https://openknowledge.worldbank.org/bitstream/handle/10986/27265/9781464810732.pdf?sequence=2&isAllowed=y>

⁷ ICAI. "When aid relationships change: DFID's approach to managing exit and transition in its development partnerships" November 2016. <https://icai.independent.gov.uk/html-report/transition/>

DFID should assess what kind of tools it has in place for programme development and management and look for the evident opportunities for improvement or addition. For example:

- DFID's Value for Money Guidance and Principles of Programme Development documentation could embed transition more effectively. The Value for Money Guidance published in May 2018 excludes issues about ensuring sustainability of the impact of programmes post transition despite the fact that this would ultimately help ensure the best value for money outcome of any investment.
 - The Department's Principles of Programme Development, which mention the importance of proposals being context specific, should be expanded to add something on likely transition readiness in the future.
 - Business cases, log frames and annual reports should all be updated to include a plan for transition and provide a mechanism to monitor progress towards transition from the start of any country project onwards. This will create the understanding from the start that the sustainability of a project's impact is the key ambition. DFID currently have a section on sustainability in the project completion report template, but this report is only completed three months after a programme ends; too late to be used for any transition planning. The report also has no path to follow up actions even when it identifies sustainability issues. The evaluation should comment on how a programme was handed over and how future transitions can learn from the experiences of the programme being evaluated.
- DFID should develop principles to guide the planning and implementation of transitions. These principles should serve to inform all relevant stakeholders involved in transitions of their role in the process and how DFID will engage with them (see suggested principles in next section).

Case study: Nigeria

Nigeria exemplifies the need to look beyond economic indicators. Nigeria is a MIC with significant social and health inequalities despite experiencing a period of rapid economic growth. However, Nigeria has the highest number of unimmunised children in the world with less than 50% of children receiving basic vaccinations¹. Nigeria's health services are among the most underfunded and underperforming in the world. Nigeria has never met the WHO recommended health spending target of 15%, reaching a high of only 9% in 2007¹.

Additionally Nigeria is set to accumulate further debt in order to cover health financing gaps due to donor withdrawal. Nigeria have already taken a \$500 million loan to cover health financing gaps¹. Nigeria's sizeable health financing gaps and inability to transition effectively have led donors such as Gavi to extend their transition process for 10 years¹.

Suggested Principles of Transition

These principles are designed for adoption by DFID as part of their development of 'working principles of transition' process. Where relevant, appropriate and applicable these principles should be applied across other government Departments who are taking over a relationship with a country or joining DFID in a new collaborative effort.

1. Use a broad set of criteria to determine when and how transitions away from ODA should be made

Use a nuanced and broad range of transition criteria that will help better determine when a country is ready to transition from a primarily ODA-based relationship. A broader range of economic indicators should be considered beyond GNI per capita, including a country's fiscal space and debt burden, in order to assess whether countries are spending what they could or should on health and how further support may be needed to mobilise resources. Criteria must also look beyond purely economic factors and consider a number of other contextual indicators including: public health indicators (e.g. health service coverage, inequalities in coverage, capacity of health systems, disease burden); political will; reaching the most marginalised and institutional capacity to address prevalent health issues; as well as the ability and willingness to tackle discrimination on the part of the state.

2. Establish an M&E framework for donor transition/withdrawal

'Transition Readiness Assessments' should be conducted within all DFID countries to guide understanding of when and how DFID's relationship with that country should change. The assessments should consult all key domestic and external actors so the assessment is based on a full picture. Assessments of countries transition preparedness must be widely shared with other donors and/or conducted with other donors when appropriate, well in advance of the decision to transition. This assessment should inform the development of a transition plan and be accompanied by a risk mitigation framework. The elements and stages of both successful and failed or incomplete transitions should be clearly defined and indicators developed to be used to measure success. DFID must continuously analyse and evaluate the impact of its withdrawal throughout the transition process against health targets set out in the SDGs. It should look at the direct impact of its withdrawal and at the withdrawal landscape more broadly. In addition, DFID should develop tools for assessing the likely impact of a transition on civil society organisations which should be used as part of the 'Transition Readiness Assessment'. Once the impact of transition becomes clearer, DFID should use this assessment to develop mitigating strategies to prevent any lapse in development progress.

3. Think about transition from the start of any investment so that when it happens sustainability is already embedded

Transition and sustainability assessments should be embedded throughout DFID's programmatic development and management tools and documents. When the decision to

transition is taken it must be communicated by DFID early, openly and with a realistic timeline, ideally with three to six years notice.

4. Allow room for flexibility in the transition process

DFID should ensure that transition is gradual with the possibility of reintroducing support should circumstances change. Once transition plans have been put in place and are being implemented there must be the option of delaying or modifying the timeline if it becomes clear targets aren't being met through monitoring the set indicators. DFID should utilize tools, such as bridge funding for civil society or other key stakeholders, in an emergency situation where it becomes clear that to continue the process would unduly risk sustaining development gains.

5. Mitigate risk of simultaneous transitions

DFID must consider the actions of other bilateral donors and multilateral funders such as the Global Fund to end AIDS, TB and Malaria, Gavi and the Global Polio Eradication Initiative. Simultaneous transitions (where multiple donors transition or exit from a country at the same time) can reverse development gains, and destabilize the health system. There is a need for greater country-level and global-level coordination across global health partnerships and mechanisms through the transition process and for greater transparency and predictability from funders around transition. DFID should ensure that it has a joined up approach to transitions with other donors with the sole purpose of ensuring development gains are sustained and scaled up across all LICs and MICs. DFID can utilize their role on various multilateral funding mechanism boards to improve policies and coordination in this regard.

6. Engage all relevant stakeholders including civil society and other key development partners to establish ownership for managing the transition process within the country itself

DFID must work with all country stakeholders to develop effective transition assessments and plans partner governments that manage transitions to ensure sustainability and accountability. Development partners should be encouraged by DFID to take an evidence-based approach that protects health gains and avoid undermining health investments. Civil society organisations must also be considered key partners during the transition process given their knowledge of local contexts. DFID should continue to play an advisory role to local stakeholders, during and after the transition period, and provide funding for civil society to both provide essential services and enable civil society organisations to hold government to account over their commitments.

7. Continue technical and financial support for the most marginalised through all relevant stakeholders

If continued support to marginalised and key populations isn't ensured, development gains among these groups will be lost. Therefore DFID must recognise that continued financial and technical support may be needed for these groups during and after the transition process under

certain circumstances. Decisions about the appropriate direction of DFID's technical and financial support should be made in consultation with the groups in question and ensure both funding for service delivery and advocacy to hold duty-bearers to account. Additionally, DFID should provide technical and capacity support to countries to increase domestic fiscal space for health and where possible continue the support of capacity building initiatives.

8. Post transition accountability

Aid is increasingly being spent by other UK government Departments in countries where DFID programmes were previously operative. Measures are therefore necessary to ensure that during transitions processes DFID involves and engages with other UK government Departments who may play a role in continuing relationships with key stakeholders in a country after transition. The Foreign and Commonwealth Office, or other government Department's holding relationships in countries DFID has transitioned from, has reduced support in or exited, should therefore have a leading role in holding countries to account on sustaining progress and quality coverage of essential services and to ensure countries are making progress towards tackling inequalities.

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The UK Sustainability and Transitions Working Group are a group made up of UK based NGOs, think tanks, and academic institutions working on many issues relating to sustainability and transitions, primarily in the global health arena. The working group is Co-Chaired by STOPAIDS and RESULTS UK and welcomes members from across the UK who have an interest in advancing the groups policy positions through collaborative working. For more information contact Jenny Vaughan, Advocacy Officer at STOPAIDS: jenny@stopaids.org.uk or Neil Raw, Policy Advocacy Coordinator at RESULTS UK: neil.raw@results.org.uk