

# Health sector financing: Sector-wide approaches and the Heavily Indebted Poor Countries Initiative

During the 1990s, concerns escalated about the potential predominance of vertical approaches, which tend to create and utilize managerial, operational and logistical structures separate from those of the national health system to address disease control. These concerns contributed to the development of a new mode of health financing: sector-wide approaches (SWAps). Under SWAps, the major funding contributions for the health sector support a single plan for sector policy, strategy and expenditure backed by government leadership. Common approaches to health service delivery are adopted across the sector, and government procedures increasingly control the disbursement and accounting of funds.

SWAps were created for several purposes: to address the limitations of project-based forms of donor assistance, ensure that overall health reform goals were met, reduce large transaction costs for countries and establish genuine partnerships between donors and countries in which both had rights and responsibilities. SWAps are a dynamic process rather than an end point, and they display considerable variation across countries. SWAps have led to greater dialogue and trust, a sharper focus on

a select number of key sector priorities and closer links between policy and implementation. However, constraints include an overemphasis on details in planning and the development of procedures; limited civil society participation; weak performance management; and a slow shift from emphasizing donor coordination to considering service improvement and results.

At the end of the 1990s, in the context of the Heavily Indebted Poor Countries Initiative implemented by the International Monetary Fund and the World Bank, the focus on the health sector and financing reform in many low-income countries broadened to include Poverty Reduction Strategy Papers (PRSPs). Medium-term expenditure frameworks, the multi-annual public planning instruments associated with PRSPs, are used to plan future budget requirements for public services and to assess the resource implications of policy changes and new programmes.

*See References, page 106.*