Finding the money to finance health care is a significant obstacle to scaling up in low-income countries, where health-care sectors already face huge budget shortfalls. Policies determining government health-funding can have a profound effect on health outcomes for children and women, through subsidizing or taxing critical services affecting maternal, newborn and child survival, health and nutrition or by supporting equitable cost-sharing mechanisms.

Adequate financing of the health sector, in addition to fighting specific diseases, is imperative for effective, sustainable scale-up. The less than optimal outcomes from earlier and current support to the health sector have largely been attributed to several factors, namely:

- A lack of evidence and country-based budgeting for health outcomes. Given the predominance of disease-specific initiatives, national strategies for maternal, newborn and child health often do not give sufficient attention to a multi-sectoral approach to achieving health outcomes, removing systemic bottlenecks to service delivery or adequately budgeting for health strategies – including the costs of removing bottlenecks to the supply of and demand for primary health-care services.

Slow progress and weak alignment to country processes and harmonization. Linkages between the health sector and broader development processes at country level (public sector and budget reform, poverty reduction strategies, macroeconomic and fiscal planning, etc.) often remain tenuous in low-income countries. Monitoring systems for tracking resource flows, progress and outcomes are often largely inadequate, and there is limited progress in translating global commitments on aid effectiveness into concrete action at country level – most particularly in relation to the provision of predictable long-term financing and the reduction of fragmented and leading to high transaction costs, in line with the Paris Declaration on Harmonization and Aid Effectiveness.

Insufficient focus of funding in addressing obstacles to strengthening health systems. Despite an increasing commitment by the global community to health goals, countries still experience critical shortages in funding to build up their health systems – including financing for producing and retaining key human resources, providing incentives for performance, building procurement and logistics systems and facilitating transfers to poorer households to address demand-side obstacles to better health. As more and more funds are mobilized for specific diseases such as HIV, an increased imbalance is often observed at country level, with health service delivery and financing mechanisms required to absorb the funds made available for special initiatives often absent. As a result, low levels of execution and effectiveness of disease control programmes are observed. Absent or weak control of government over the behaviour of health service providers, and of beneficiaries of health services over the use of public funds, undermine effective implementation.

Recent international health partnerships propose to leverage greater resources for scaling up for the MDGs. These initiatives seek a focus on results and a clear link between resources allocated and health outcomes. Doing this requires strengthening health systems as a means of achieving development outcomes – both directly and by influencing other donors – and call for greater coherence in the health aid architecture.

There is a growing agreement about the importance of supporting robust sectoral plans, and about the desirability of ensuring full coherence with existing efforts on health systems strengthening. Key issues related to these new initiatives include development and quality of scaling-up plans, monitoring processes and selection of countries, as well as flow and management of funds.

In this context, a consensus is emerging on five principles for aid:

- Rewarding performance in a predictable way through compacts.
- Aligning development assistance to country systems.
- Results-based financing.
- Establishing benchmarks and outcome indicators for health-systems development.
- Developing innovative and equitable financing strategies.

Rewarding performance in a predictable way through compacts

Along with the renewed emphasis on results, there is an emerging consensus on the need to focus on results and to tie aid to performance. The 2008 review of the Paris Declaration on Harmonization and Aid Effectiveness agreed on five principles for aid. Since then, there has been a strong push for efforts to implement these principles, with increasing levels of coherence and predictability.

Context and challenge: AIDS is a foremost cause of maternal, newborn and child death in Southern Africa. In Botswana, almost 1 in every 4 people aged 15–49 is infected with HIV. The risk to children begins before birth, one third of pregnant women aged 15–24 in Botswana are infected with HIV. The risk to children begins before birth, one third of pregnant women aged 15–24 in Botswana are infected with HIV. In Botswana, the programme expanded to nationwide coverage by 2004. By 2005, 54 per cent of HIV-positive mothers were receiving antiretroviral drugs during pregnancy.

Results: In Botswana, the programme expanded to nationwide coverage by 2004. By 2005, 54 per cent of HIV-positive mothers were receiving antiretroviral drugs during pregnancy.