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Development Assistance to Health Services in Sub-Saharan Africa

Committee on Budgetary Control

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Introduction

Good health is a major factor in economic growth and development and poverty reduction, and that has been recognised in the Millennium Development Goals (MDGs): three of the eight MDGs directly relate to health: MDG 4: Reduce Child Mortality; MDG 5: Improve Maternal Health; MDG 6: Combat HIV/AIDS, malaria and other diseases. The United Nations 2007 midterm review of progress towards the MDGs¹ reported that the projected shortfalls for their achievement are most severe in sub-Saharan Africa.

In 2000 the Commission made poverty reduction the overarching goal of its development policy² and committed itself to assisting developing countries achieve the MDGs. The 2005 'European Consensus on Development' continued to emphasise these priorities. However, EC funding to the health sector as a proportion of its total development assistance has not increased since 2000 despite the Commission's MDG commitments and the health crisis in sub-Saharan Africa.

The Court's audit

The objective of the audit was to assess how effective EC assistance has been in contributing to improving health services in sub-Saharan Africa in the context of the EC's commitments to poverty reduction and the MDGs. The audit examined whether the financial and human resources allocated to the health sector reflected the EC's policy commitments and whether the Commission had accelerated the implementation of this aid. The audit also assessed how effectively and how coherently the Commission had used various instruments to assist the health sector, notably budget support, projects and the Global Fund to fight AIDS, tuberculosis and malaria.

The Court's audit conclusions

The Commission contributed significant funding to help launch the Global Fund but has not given the same attention to strengthening health systems although this was intended to be its priority. Commitments directly to the health sector in country programmes in sub-Saharan Africa have been very low, falling from 5,1 % under the eighth EDF to 3,6 % under the ninth EDF while under the tenth EDF allocations were programmed for just 3,5 %, — especially compared with the target set by the European Parliament (*a minimum of 20 % .. [to] be allocated to activities in the sectors of basic health and education*, – paragraph 9). The Court believes that overall Commission funding to the health sector is below policy commitments and benchmark (paragraphs 8 to 17).

The Commission has had insufficient health expertise to ensure the most effective use of health funding. Of the 37 Delegations in sub-Saharan Africa, 13 Delegations have in total 18 staff with university level qualifications in health related fields. Only four of these are permanent officials of which, just one works full-time on health. Commission headquarters does not have sufficient expertise to provide adequate backup to the Delegations. The problem persists and a human resource strategy to address it has not been developed. (paragraphs 18 to 20)

The Court found that the speed of implementation of ninth EDF health sector interventions in sub-Saharan Africa has significantly increased compared with the eighth EDA. Also General

¹ The Millennium Development Goals Report 2007. United Nations, New York 2007.

² Declaration by the Council and the Commission on the European Community's Development Policy, 13458/00 of 16 November 2000.

Budget Support proved to be a fast-disbursing instrument. However, the Global Fund's rate of disbursement has been slower than for the (EDF), — although one of the objectives of setting up the Global Fund was to establish a faster delivery mechanism. Furthermore, there is scope for improving the predictability of the flow of funding from all the instruments (paragraphs 22 to 29).

The Court points out that while Budget support has the potential to play a key role in improving health services, currently Sector Budget Support has been little used, and the role of General Budget Support in improving health services has not been clear.

Although it has been Commission policy since 2000 to increase the use of Sector Budget Support (SBS), in practice only two sub-Saharan African countries received health sector budget support under the ninth EDF.

The Commission's preferred form of budgetary support has been General Budget Support. While the Commission has prioritized the health and education sectors and included health sector conditionality, in most countries which the Court has examined General Budget Support has not been associated with an increase in health budgetary resources. The Commission's 'dynamic interpretation' of eligibility leads to a high risk of inefficient and ineffective public spending, when countries with weak public finance management capacity are still considered eligible, — audits tracking public expenditure have identified public resource leakages on a significant scale, and General Budget Support programmes have not adequately addressed these risks. Approximately 30 % of General Budget Support is disbursed depending on the achievement of performance indicators; however, overall only 50 % of the health indicator targets had been met. The efficiency of General Budget Support in improving health services for the poorer sections of the population has also been rather limited. All this raises issues about the effectiveness of General Budget Support programmes in health services domain.

The Court found that the Commission uses projects only when other instruments are not feasible. Overall EDF projects have been reasonably effective but in most cases their sustainability is in doubt due to the lack of a sound country health policy. Intra-ACP projects are less effective than other types of projects due to complexity of design and implementation arrangements. General Budget Line projects have been effective, with the exception of centrally managed projects, but sustainability is in doubt (paragraphs 47 to 55)

The Court found that the Commission has not paid sufficient attention to ensuring the different instruments are used together coherently. The Commission has not developed guidance on appropriate use General Budget Support or Sector Budget Support, or a combination of the two, as well as to how projects at sectoral level can be linked to General Budget Support. The lack of involvement of Delegations in Global Fund operations had led to the Commission continuing to finance EDF projects in the area of HIV/AIDS. There is a need for the Commission to contribute more to the development of well defined health sector policies and to ensure its interventions are integrated into them (paragraphs 63 to 72).

The Commission's replies

The Commission thanks the European Court of Auditors for its work and findings and clarifies a number of issues.

Health expertise in the Commission is kept within the limits of resource allocation decisions. Technical support to the Commission services for specific tasks is provided by mechanisms as "Technical Cooperation Fund" at country level or "External Technical Expertise" at Headquarters level. The Commission agrees that adequate expertise is important for those

Delegations which have an active donor role in the health sector. The Commission will explore ways to provide these Delegations with the adequate expertise. In other cases silent partnerships and delegation of responsibilities to other donors could be envisaged.

The Commission continues its effort to improve the speed and the predictability of its assistance to the health sector.

The Commission shares the Court's view on the potential role of Sector Budget Support. While it is true that so far health SBS is limited to a small number of countries, available evidence for Africa shows that the Commission is the largest user of SBS across all sectors. SBS will increase from 9% under 9th EDF to 16% under 10th EDF. When conditions are satisfied it will be the preferred modality in countries that have programmed support to the health sector.

On the relation between GBS and social sector support there is one clear Commission view (and practice). This is clearly stated in the current guidelines which do not lessen the relevance of social sector dimensions (Guidelines page 50/51). The Commission is promoting increased staff awareness about the link between budget support and social services.

The Commission "dynamic interpretation" of eligibility which applies to both GBS and SBS supports local efforts to improve the effective use of budgetary funding. GBS programmes address the risks mentioned by the Court: The first is the regular implementation of Public Expenditure and Financial Accountability diagnostics and the second is the progressive inclusion of decentralised expenditure; the Commission is ready to use financial audits and compliance tests. In SBS attention is given to the entire result-chain and to the allocation and execution of the sector budget.

In response to country specificities, the Commission articulates different types of support related to a country in which health is supported. The Commission will continue to strengthen synergies between different interventions at country level.

The fact that only a minority of applications submitted to the Global Fund are selected does not facilitate coordination of the assistance provided by the donor community. The Commission agrees that there are potential synergies that could be better exploited by both budget support donors and the Global Fund. The Commission has established a specific Inter Service Group to define what the Commission should do at country level to ensure a more efficient use of Global Fund's financial resources.

The Commission will continue to promote the development and adoption of well defined health policies with all the complementary interventions foreseen by its policy.

Your rapporteur's comments and recommendations

The European Parliament:

Welcomes the report of the Court, and endorses the Court's observations and conclusions;

Invites the Commission to consider increasing its aid to the health sector during the tenth EDF mid-term review to support its commitment to the health MDGs, and to ensure that this assistance to the health sector is distributed respecting its policy priority of health systems support;

Reminds the Commission the undertaking given in the context of the DCI to devote 20% of funds to health and basic education by 2009 in all European development policy spending, and requests it to regularly inform the Parliament what percentage, broken down by country, of the total development assistance allocated to sub-Saharan Africa is committed for basic and secondary education and basic health;

Urges the Commission to ensure sufficient health expertise to play an effective role in the health sector dialogue by ensuring that all delegations where health is a focal sector have health specialists, by working more closely in post-conflict countries with ECHO health advisers, by forming closer partnerships with WHO to draw on their expertise and by entering into formal agreements with EU Member States to use their expertise, and requests the Commission to communicate to the Parliament the respective number of health and education experts available in the region, on delegation level as well as in its headquarters, and an overview indicating whether it has succeeded to increase this number;

Invites the Commission to continue to increase use of Sector Budget Support in the health sector and focus its General Budget Support on improving health services, and to continue to use projects for support to policy development and capacity building;

Urges the Commission to put in place mechanisms and monitoring tools to ensure that an adequate proportion of general budget support aid is supporting basic needs, particularly in health; use targets that directly measure the outcome of policies, and provide support for capacity-building, and inform the Parliament about the steps it has taken to that effect;

Invites the Commission to establish clearer guidance on the use of each instrument and their combinations, as well as work more closely and efficiently with the Global Fund in beneficiary countries;

Calls on the Commission, in cooperation with the Court of Auditors, to identify how the weaknesses noted in the Court of Auditors' Report can be addressed, and to report on the outcome of these discussions to the Parliament.