



## Primer

# Ensuring Reproductive Health Commodity Security within a Sector Wide Approach



A client receives oral contraceptives in Bangladesh.

**The donor coordination mechanism is a key entry point for inputs on how different funding mechanisms can be used, in combination, to improve RHCS.**

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## Introduction

The international environment for donor funding is constantly changing. When the financing environment changes reproductive health (RH) and family planning (FP) program managers, policymakers, donors, and technical assistance providers must find new ways to navigate and influence the decision-making process to ensure that reproductive health, family planning, and reproductive health commodity security (RHCS), in particular, remain a priority for national decision makers (see box 1).

A recent development is the increased use of sector wide approaches (SWAp) and their associated financial mechanisms, the basket fund, and budget support—all are used to promote national ownership, streamline development processes, and coordinate donor contributions to government systems. These mechanisms are now used more and more to support recipient countries, especially in the social sectors that include health and education. Examples of health SWAp exist worldwide; this document draws from case studies in various countries, including Bangladesh, Kyrgyzstan, Malawi, Mozambique, and Nicaragua.

### Box 1. What is Reproductive Health Commodity Security?

Reproductive health commodity security (RHCS) exists when a secure supply of affordable, varied, and quality reproductive health commodities is available to fill the demand. RHCS exists when every person can choose, obtain, and use quality contraceptives, condoms, and other reproductive health supplies whenever they need them.

Representatives of donor agencies historically involved with RHCS (UNFPA, USAID, International Planned Parenthood Federation [IPPF], and others) have played a significant role throughout the SWAp implementation process. These agencies have advocated for continued or special attention for RH and RHCS. The SWAp environment and related financing mechanisms pose risks and provide opportunities for RHCS.

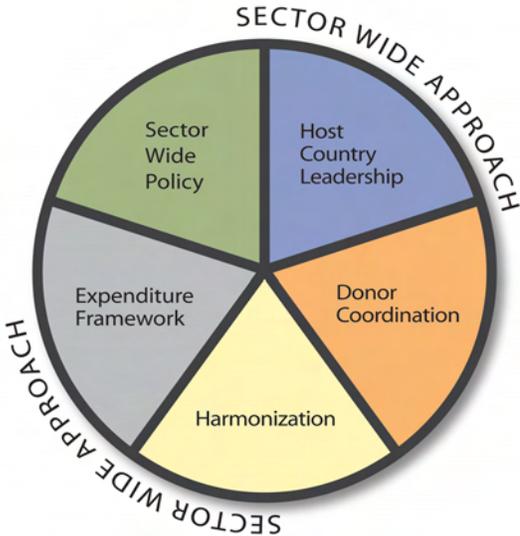
This primer includes basic information about SWAp and, based on real lessons, illustrates how agencies and technical advisors have worked to manage these risks and opportunities to strengthen RHCS, while aligning their work and financing within a SWAp environment.

### What is a SWAp?

Under a SWAp, a single government-led sector plan and expenditure program is supported by development partners involved in that sector (health or education, for example). All sector participants work to adopt common technical goals; and to harmonize monitoring and evaluation, reporting, and procurement systems. Donors commit to supporting the sector plan and its elements. Using donor coordination mechanisms, they work for open communication and transparency. In Malawi, for example, a health SWAp is based on a six-year plan that the government prepared and budgeted for; donors that are active in Malawi support the plan.

The SWAp approach assumes that funds can be used more efficiently and will have a greater long-term development impact when host country governments provide leadership and when assistance is aligned with a common set of goals and sector priorities. Priorities that result from a country-led process are more likely to receive the sustained political will required to foster change. The approach also emphasizes the importance of developing capacity for country leadership in planning, budgeting, and implementing sectoral policies. Associated funding arrangements require improving national financial management systems, increasing fiscal transparency and accountability, and strengthening procurement capacity. Finally, by streamlining processes and eliminating separate donor reporting requirements, systems can be harmonized to reduce the burden on managers. Figure 1 shows the different elements of a SWAp.

Figure 1. Elements of a SWAp



Generally, the approach has five basic elements:

- host country leadership
- donor coordination
- sector wide policy
- expenditure framework
- harmonization.

Although these basic principles help define the approach, each country and each sector will develop a SWAp that is best suited to its local context (see box 2). The expenditure framework and harmonization process are part of the

overall SWAp concept. The financing mechanism—project financing, basket funding, or budget support—is only one part of the broader process. A basket fund is not the same as a SWAp. Many broader components implemented throughout this process may or may not be financed through pooled funding; a SWAp is not necessarily the same as basket or pooled funding.

### **Box 2. Mozambique: Creating a SWAp—A Process over Time**

The Mozambique Health SWAp, established in 2000, is frequently cited in the literature for its donor coordination mechanism, code of conduct, and sector strategy and review mechanisms. It began with the signing of the code of conduct between donors and the Government of Mozambique, specifically for the health sector. The health sector strategic plan was developed in 2001; the first basket fund was created in 2003. A joint annual review of the overall process and a biannual meeting of the Sector Coordination Committee help ensure that the groups work together.

Although UNFPA still donates many RH commodities (including contraceptives), other groups provide financing for the procurement of RH commodities and the financing for RH services: USAID in Mozambique, the Common Fund; and the National Medicines Fund, which draws from both government and donor SWAp funds. A SWAp RH working group—including the Ministry of Health (MOH) RH Program, UNFPA, and USAID—advocates for prioritizing RH in documents, guidelines, and policies, including the health sector strategic plan and the annual National Health Plan. The group successfully convinced SWAp leadership to include contraceptive prevalence rate (CPR) as an indicator in its monitoring and evaluation plan; they also plan to advocate for stockout rates to be included.

Recently, it was suggested that a task force should focus on RHCS in Mozambique. The MOH is deciding whether to establish it as part of the essential medicines working group, or as a task force under the RH working group. This task force would function like the commodity security committees in many other countries, while being clearly inserted in the SWAp machinery.

Although many steps have been taken to prioritize RHCS in SWAp policy documents in Mozambique, it is not certain that the national government will increase the financing for RH and RH commodities through the SWAp (RH budgets were cut last year). Additional steps need to be taken to translate policies into action.

## **How do we foster host country leadership?**

The SWAp requires the national government to lead other stakeholders in setting priorities for funding and programming. National leadership should highlight national needs and priorities, rather than the specific priorities for each donor. Strengthening national capacity will lead to greater long-term development impact. The advantages of fostering government leadership are clearly demonstrated by a case in Tanzania where a SWAp has been in place for the health sector since 1999. Almost a decade later, all donors follow the government's lead in policy; and all donors, except USAID, procure contraceptives through the Tanzanian procurement system (using World Bank procurement guidelines).

The host country leads the sector approach at different levels, initially, by defining policy—often through poverty reduction strategy papers (PRSPs) and sector policy documents—then by helping donors preside over the donor coordination mechanism. National counterparts determine financing priorities through the medium-term expenditure framework (MTEF). Ultimately, they strengthen national financial, administrative, and procurement procedures by harmonizing the reporting mechanisms and using national systems, rather than donor management.

One advantage of a SWAp is that they typically require high-level government support beyond just the health sector, which is why they are often tied to PRSPs. Therefore, it is necessary to ensure that reproductive health/family planning (RH/FP) agendas and indicators are included in both PRSPs and SWAps—both sector plans/policies and financing. The inclusion of RH/FP in these discussions and subsequent policy documents elevates the policy discussions to higher levels of the government and ensures commitments beyond the health sector.

## What pitfalls for RHCS are expected in a SWAp?

If reproductive health and family planning are not prioritized from the start, risks to RHCS are associated with a SWAp, despite the advantages of political support from the highest levels and the shifting of responsibility and oversight to the government. If a PRSP does not generally focus on RHCS priorities—such as preventative RH and family planning, or supply chain capacity and the need to guarantee contraceptive availability—it will be more difficult to ensure that these health interventions are included in the related health sector plan, or considered for financing within the MTEF. Similarly, if government management teams do not consider RH and family planning a priority, there are major risks for RHCS; financing for RH supplies will be reduced as the government progressively assumes oversight responsibility for donor and national interventions in the health sector.

Even when RHCS is a priority, implementation is difficult; RHCS may suffer during the transition period, as happened in Tanzania. In that country, the transition between in-kind donations of contraceptives and government procurement led to some delays in procurement. Ultimately, these were averted when USAID provided additional in-kind donations. In 2007, interventions were not needed because of the government's increased capacity to procure. Recently, Malawi had a similar situation (see box 3).

### Box 3. Malawi: Associated Risks for RHCS

In late 2004, Malawi began using the SWAp and related financing mechanisms for its health sector. USAID is considered a non-signatory discrete donor, but by coordinating its activities with the national health plan and contributing to the medium-term expenditure framework (MTEF) through project financing, it is still an important member of the SWAp.

It is often difficult to transition to a SWAp. A particular problem for RHCS is the switch from project funding for commodity procurement to government procurement from a pooled fund. Over the short term, this can lead to delays in procurement. In Malawi, prior to the SWAp, DFID, USAID, and UNFPA provided most contraceptives, all through project funding, or donors provided them directly. Switching to government procurement from the basket fund led to delays in procuring injectable contraceptives, resulting in an emergency shipment of 960,000 units of Depo-Provera in 2006—which USAID financed directly through a parallel financing mechanism. This represented additional support to the Malawi health sector, supplementing USAID's agreed-upon provision of other contraceptives as part of the Malawi MTEF and SWAp. Often, only agencies whose funds are not within the government financing basket and who use independent procurement mechanisms, can implement this kind of emergency action. As national procurement capacity increases, emergency situations like this should become less frequent. The larger issue of the long cycle time for government procurement remains, because the time required from when a forecast is prepared until the commodities arrive in-country is typically more than a year. This reduces the ability of the supply chain to respond to consumer demand.

## How do we foster RHCS within donor coordination mechanisms?

SWAp mechanisms require a formal donor coordination mechanism lead by a host country institution. Coordinating the effort should result in more efficient implementation (less cost and better outcomes) for development work. The selection of the members for the donor coordination committee is critical; the members are privy to shared information, can debate policy, and, at times, influence host country decisions or submit ideas for consideration. Members of the donor coordination mechanisms are usually the agencies that provide funding for a sector—whether they are bilateral, multilateral, or affiliated with the United Nations. USAID, as a SWAp partner, sits on donor coordination mechanisms in many countries, including Bangladesh, Nicaragua, Ghana, Malawi, and Uganda. Although, as an organization, it does not usually participate in basket funding, it does participate in SWAps by aligning its projects with government policy, plans, and budget.

Given its importance in most country settings, RHCS interests should be represented within the donor coordination mechanism. The UNFPA or USAID representative assumes this task, because the representative usually calls the larger groups' attention to RHCS issues. Champions can argue for separate RHCS line items when the MTEF is costed out, and specific RHCS indicators can be proposed to monitor and evaluate the overall performance for the SWAp.

Nongovernmental organizations (NGOs) and cooperating agencies often play a role in subgroups that have been created around specific technical issues or programs—for example, the Expanded Programme on Immunization (EPI), RH/FP, Safe Motherhood, supply chain management, and others. At this level, NGOs and contracting agencies can have a significant input. For example, the USAID | DELIVER PROJECT plays a key role in the Ghana commodity security coordinating committee. The project, as part of the working group on contraceptive security in Nicaragua, helps the government prepare quantification data for RH commodities. This information is vitally important, especially when budgets are prepared.

Cross-cutting groups (logistics, procurement, etc.) can be equally important for RHCS but, because they are cross-cutting, they will not necessarily ensure that RH/FP is adequately addressed. For example, Mozambique has an Essential Medicines Working Group; they are considering a RHCS task force. The task force, including advocates, would ensure that RHCS and streamlined supply chain management remain priorities.

## **How do donors influence sector policy?**

The definition of sector policy is the most fundamental part of a SWAp. As stated earlier, generalities about sector policy may be outlined in a PRSP, which states national policy for poverty reduction across sectors. In this case, the sector policy that defines the health sector SWAp will include specifics; it also includes, for example, how health services are financed and a desired public/private mix. The Ministry of Health (MOH) can develop a medium- or long-term sector plan (five to ten years), sometimes referred to as a program implementation plan. The plan describes sector policy goals and objectives and how they will be implemented. A sector plan might include details for the procurement of pharmaceuticals, contraceptives, medical equipment, and other health supplies needed to implement the SWAp.

Depending on the country, donors can influence sector policy to varying degrees. For RHCS, it is important for a high-level champion to ensure that the topic is, at least, introduced in the PRSP. For the sector plan, participation at the donor coordination-level brings RHCS issues to the table, which ensures that they are included in the sector policy document. Ghana has an annual health summit in October/November where donors and government meet with the MOH to discuss the details for the next year's plan. These plans are then costed out and reviewed again every April.

It is important that RH, family planning, and RHCS be highlighted throughout broader policy documents. Leaders at the highest levels should understand how RHCS substantially contributes to larger poverty reduction and development goals and, more specifically, to meeting health sector objectives, such as reducing maternal and child mortality. Goals that include providing essential medicines (including RH supplies), improving the performance of the supply chain (including accountability), and increasing CPRs or reducing unmet need, can all be part of the PRSP and related sector plans.

## **How are sector policies and plans budgeted?**

Although PRSPs have their own generalized MTEFs or budgets across sectors, the health policy and sector plan will have its own specific MTEF or budget. This sector-specific MTEF allocates resources to support the implementation of government policy in the health sector—typically, for three to five years, with regular adjustments. This may fit into a broader PRSP budgeting process or may complement it. In Nepal, a costed budget was developed for the 2004–2009 strategic plan, adjustments were made in 2008, and an interim three-year plan was developed to cover the period until the next plan is ready.

To determine the resources required to operationalize the sector plan, ministry of health staff use the sector-specific MTEF to identify available public sector and donor resources for activities within the existing envelope of resources. Often staff must make difficult decisions about where to spend the money. At this point, donors can play a key role by ensuring that priority issues are part of every meeting and to encourage the MOH to commit to key strategies and activities based on evidence of the most cost-effective interventions and global best practices.

## What are some of the challenges of harmonization?

Increasing attention has been given to harmonizing development aid, particularly as it relates to monitoring and evaluation, reporting, and procurement. Under the 2003 Rome Declaration, signatories agreed to begin to align operational policies, procedures, and practices to achieve greater development effectiveness. The 2005 Paris Declaration on aid effectiveness—the United States is a signatory—reiterated the harmonization goal and added increased host country accountability.

The end goal of harmonization is to reach the point where all the information required for supervising, monitoring, and evaluating programs, and the use of funds, are available in one agreed-upon format. Often, initially, World Bank guidelines are used. Because one set of reports is done annually to monitor the progress of a SWAp, it is important that RH and RHSC indicators are part of the list of indicators used. In this way, stakeholders will remain abreast of the situation for RHCS; they should make an extra effort to achieve progress related to that indicator.

Harmonization also applies to procurement. This may mean choosing one donor's requirements or using local procedures. The expectation is that this is more efficient and less costly than trying to fulfill multiple reporting requirements, or using different procurement procedures, depending on the origin of the funds. Tanzania provides a good example of the evolution of harmonization—that country moved from dispersed guidelines, which varied from partner to partner, to agreed-upon reporting and procurement using World Bank guidelines for contraceptives purchased with pooled funds.

Although harmonization, theoretically, streamlines procurement, occasionally, following new regulations can significantly delay or inhibit the efficient procurement of contraceptives, or other RH supplies. In 2004, in Tanzania, most of the donors switched from in-kind donations of contraceptives to providing financing for contraceptives through the pooled funding mechanism. During the next two years, the resulting stockouts were averted by timely commodity donations; USAID provided parallel financing. Where a host country government assumes responsibility for the financing and procurement of contraceptives financed through pooled funds, or budget support, careful planning is needed to ensure management capacities are carefully and gradually transferred to the government.

Providing capacity building and strengthening local procurement systems are long-term solutions for this type of problem. SWAps and their related financial instruments—particularly pooled funding and budget support—assume that efforts will be made to strengthen local capacity in areas that include financial management, monitoring and evaluation, reporting, and procurement.

## What funding mechanisms can be used for a SWAp?

Different funding mechanisms are used to support SWAps: direct project support, basket funding, and targeted budget support.

### Project funding

Despite common misconceptions, project funding is one funding mechanisms used as part of a SWAp. Project funding historically precedes the advent of SWAp philosophy, but it is an integral part of sector policy when aligned with government priorities and is planned for accordingly. USAID provides most of its health sector funding in this way; it is often an important SWAp partner. Project funding can help ensure RHCS, particularly in procurement, as project funding is often more flexible and has shorter lead times than other funding mechanisms. USAID projects support RHCS worldwide, sit on donor coordination committees, and participate in policy discussions. In some cases, USAID leads donor coordination efforts, as it is doing now in Malawi (2008).

Project funding can also be used to leverage pooled funds and enhance their efficient implementation. In Bangladesh, USAID project assistance helped the government realize substantial savings in the procurement and distribution of health commodities funded by basket funds. They developed procurement packages that allowed the Government of Bangladesh to negotiate lower prices and avoid paying service fees for a procurement agent.

## Basket funding

Basket funding is the best known funding mechanism associated with SWApS. Commonly believed that the basket is the SWAp; instead, it is just one of several financing mechanisms available for the SWAp. With a basket fund, a pooled funding arrangement, development partners deposit their funds into a single account and use common procedures to manage the funds.

The account may be housed at the Ministry of Finance, an international lending institution, a regional bank, or another institution. Donors agree to have these funds managed jointly and dispersed according to national priorities.

## Budget support

Under budget support, funds are transferred into a recipient government's account and blended with domestic resources, then spent using national procedures. This is the current situation for the health sector in Ghana and Kyrgyzstan (see box 4). Donor financing is inserted into the government's planning and budget process. Budget support enables recipient countries to have more control over expenditures, but it also increases the government's accountability for how resources are used and results achieved. Budget support is more prevalent in countries where donor agencies and lending institutions have sufficient confidence in the recipient country's programs and accounting and procurement systems to finance the national budget directly. Types of budget support include—

- Targeted budget support is used for spending in a particular sector.
- Earmarked budget support specifies the type of activities for which the funding may be used. For example, in Ghana, for 2008, the Danish International Development Agency (DANIDA) is providing earmarked budget support for procuring condoms.

### Box 4. Kyrgyzstan—Donor Participation Is Key to SWAp Success

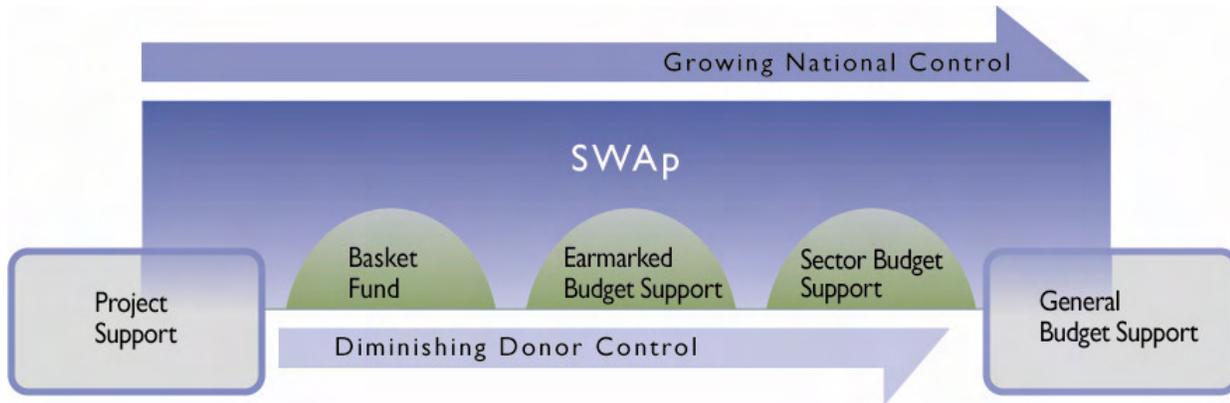
The health sector SWAp in Kyrgyzstan (2006–2010) is a good example of how donor agencies that support RH/FP activities—even if they do not pool funds—can actively participate in designing a SWAp, budgeting, and monitoring the implementation. The overarching policy document for the Kyrgyzstan SWAp is the Manas Taalimi Health Sector Reform Program. During its development, the MOH, national RH/FP stakeholders, and donors supporting RH/FP activities debated about whether to include a separate section on Maternal and Child Health (MCH) and activities to meet the health Millennium Development Goals (MDGs), even though the overarching service delivery strategy was to integrate all vertical programs into primary health care and general hospitals. In the end, the MCH was recognized as a priority program within the ministry and was given its own section. Within this broader section, specific RH/FP activities were included to finalize and approve the national strategy on RH, conduct measures to improve reproductive choices for women, and ensure accessibility to contraceptives.

During the SWAp budget prioritization exercise, it was agreed that UNFPA—and, to a limited extent, USAID—would continue to donate commodities outside the initial U.S.\$55 million in pooled funding, and no government funding would be allocated for contraceptives in the first few years of implementation. As much as possible, budgets reflected planned government commitments, allocations of pooled funding from donors, and parallel funding from non-pooling donor agencies and organizations. While they agreed that the public sector would not fund large-scale procurement of RH commodities, a limited number of oral contraceptives were included in the Additional Drug Benefit (ADB) connected with the National Health Insurance Fund's basic benefits package. Including contraceptives in the ADB appeared to offer significant potential for institutionalizing the supply of contraceptives within the national health reforms they were implementing.

Twice a year, joint reviews of Manas Taalimi implementation through the SWAp mechanism take place; the MOH leads them, in close coordination with both pooled donors (World Bank, DFID, SDC, KfW) and parallel financiers (USAID, UN agencies, WHO, Asian Development Bank). The reviews offer stakeholders and donors an opportunity to reflect on progress during the previous six months against SWAp conditionalities and Manas Taalimi indicators, and to review upcoming work plans and budgets. In October 2007, based on government and donor interest in monitoring progress toward meeting the MDGs, the joint review included an in-depth look at the MCH and HIV/AIDS programs. Although these agencies do not contribute to the pooled financing that directly supports implementation of the SWAp, UNICEF led the donor side of the technical review team; USAID and UNFPA were key members of the team. The final joint review statement issued by the government and donors praised progress made to date in improving antenatal, delivery, perinatal, and postnatal care services (including RH/FP) in select pilot sites. Simultaneously, however, they urged the government to revisit its level of budget support for RH/FP and MCH.

- General budget support can be used to finance national priorities without any obligation to spend it on a specific sector or activity. This type goes beyond the SWAp philosophy, as the support does not necessarily stay in the sector program. Figure 2 shows the logical progression of the different funding mechanisms in relation to host country ownership. Realistically, of course, different mechanisms overlap and are used concurrently in many different configurations.

**Figure 2. Arrow of Increasing National Control**

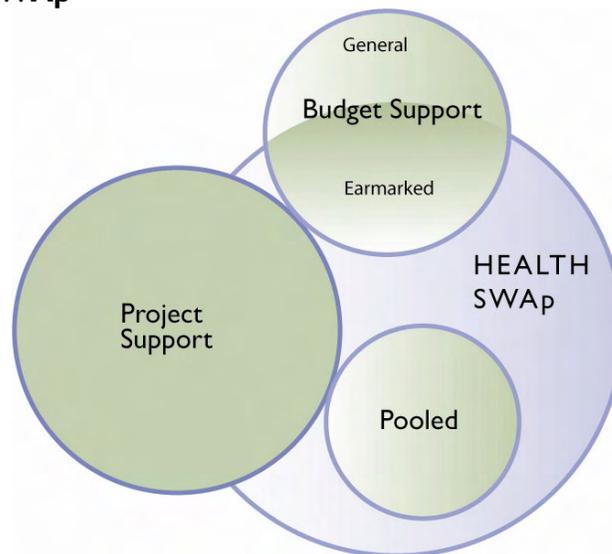


Note: Adapted from (HLSP Limited, 2005)

### Which funding mechanism is best?

Within a SWAp, the different funding mechanisms should be used together to finance the sector budget. Each funding mechanism has its strengths and weaknesses. Most donors use a range of mechanisms and, with few exceptions, use a mix. The challenge for a country and for donors is to find the best mix that will lead to effective outcomes. This will depend, in part, on the specific context of a recipient country. For example, the European Commission (EC) in Bolivia currently uses both project funds and targeted budget support for their activities. In sectors where a SWAp exists, the EC currently uses targeted budget support, with a long-term view to direct budget support. However, in Côte d'Ivoire, the EC only uses project support because the country has not fulfilled the requirements for providing budget support. The concentric circles in figure 3 show how different funding mechanisms often work together to finance a sector program.

**Figure 3. Financing a SWAp**



## How can RHCS be fostered within a SWAp framework?

The advent of SWApS and new financing mechanisms are challenges for RHCS; like other vertical programs, scarce health budget resources are allocated to competing priorities. While SWApS have both negative and positive aspects, this development model is frequently used and is gaining in popularity. Therefore, it is important to understand its components and know when and how to influence decision making.

**Table I. Indicative Risks and Opportunities of Various Funding Mechanisms for RHCS**

<b>Funding Mechanisms</b>	<b>Benefits/Opportunities</b>	<b>Disadvantages/Risks</b>
<b>Project funding</b>	The project/donor can identify their contribution; spending related to RHCS can be carefully tracked	Possibility of duplication, fragmentation, and multiple reporting requirements when several donors are implementing RH projects at the same time
	RHCS will remain the priority and focus during the lifetime of the project	May not be enough donor projects to cover all RHCS needs
	Little or no competition for financing resources after the project budget is finalized	If not coordinated under the SWAp, or with the government, donor/project priorities in RH health may set directions and priorities rather than the government/sector
<b>Pooled funding / basket funds</b>	Harmonization of reporting for RH and other aspects of the sector plan can lead to efficiencies	Often cannot track funding for RHCS by donor source after it has entered the basket
	Fosters host country government ownership of RHCS and encourages capacity building (e.g., procurement)	Requires consensus from donors and MOH that RHCS is a priority
	Donors work together toward a common RH goal	The change to government procurement of commodities may lead, at first, to delays and stockouts and, thereby, undermine RHCS
<b>Earmarked/ targeted budget support</b>	Fosters even greater host country government ownership and encourages capacity building in RHCS (e.g., procurement)	The Ministry of Finance must agree on the plan to ensure that the budget cycle will be funded and that sufficient funds will be available for contraceptives
	Specifies that funds must be used specifically for activities related to RHCS and procurement	Requires strong national systems in procurement
<b>Sector budget support</b>	Specifies that funds must be used for a certain line ministry (MOH)	Requires strong national systems in procurement
	Gives the MOH the flexibility to fund the health system, as required, rather than predetermined elements	May not determine RHCS to be the priority, leading to insufficient funding
<b>General budget support</b>	Enables national governments to address their priorities	Requires strong national systems (governance and procurement issues)
	Donors disburse quickly with few (initial) problems	High levels of fungibility and risk that financing for RHCS will be shifted to other interventions

### **Box 5. Nicaragua—An Alternate Path to RHCS within a SWAp**

The Nicaragua Health SWAp has grown since the beginning of the decade, with substantial support from and involvement by the government of Nicaragua, PAHO, UNFPA, and USAID. While USAID participates in the donor coordination mechanism for the SWAp, it does not participate in the pooled funding mechanism.

In Nicaragua, historically, reproductive health benefits come from strong political commitment; the Constitution explicitly guarantees the right to reproductive health and access to basic health services. Reproductive health commodities are an integral part of the essential drugs procurement system. Most of the contraceptives distributed by the public health system are on the essential drugs list. The Ministry of Health of Nicaragua (MINSa) has well developed procurement and logistics capabilities, which the SWAp is strengthening.

Unlike many other countries, the coordinated contraceptive security initiative in Nicaragua began long before the SWAp was conceptualized and consolidated. Furthermore, these efforts took place independently of one another, with the vertical family planning program putting a strong focus on contraceptive security. By developing a joint strategic plan, the Contraceptive Security (CS) Committee has been exceptionally effective in ensuring coordination between USAID contractors, UNFPA, and MINSa.

While developing the SWAp, the MINSa began integrating the supply chain for all essential medicines, including contraceptives, based on the logistics system originally created by the family planning program. As part of this process, the government gradually assumed responsibility for the management and financing of contraceptives and other RH supplies. For instance, in 2008, the country intends to commit approximately U.S.\$690,000, or 40 percent of their total need, to procuring contraceptives. These achievements can be attributed, in part, to the CS efforts mentioned above, but also to efforts by the government to graduate from donor support and manage integrated and coordinated programs. As a result of these recent processes, the MINSa is using basket and project funding to gradually manage the entire supply chain in tandem with essential medicines. During the following year, the Health Services Department and the Essential Medicines Department will increasingly run the entire family planning program, including service delivery and supply chain management, respectively. The CS Committee, however, will continue to function, ensuring contraceptive security and addressing challenges that emerge from the supply chain integration and government procurement of contraceptives.

MINSa recognizes that the next challenge is to integrate the committee into the SWAp mechanism and ensure that the same priority attention to contraceptives continues under the integrated system for essential medicines. The fact that the system was developed on the foundation of the family planning supply chain will significantly help to guarantee contraceptive availability. As the new system is integrated, and financing and procurement increasingly coordinated through the SWAp, the CS Committee will consider new ways to direct its advocacy messages and ensure greater coordination with the SWAp mechanism into the future. Because the vertical family planning program is being absorbed into health services, the CS Committee will increasingly advocate with the Health Services Department, SWAp donors, and the MINSa Planning Department, who are now the decision makers on how and where to allocate funding through the SWAp. This effort should guarantee that the historical gains in contraceptive security are further solidified under the new SWAp system.

## **How can RH stakeholders strengthen RHCS in a SWAp environment?**

- Ensure that RHCS is part of the high-level national policies and strategies, for example, PRSPs. Ensure that a clear link is made in the policy and strategy documents between RH, family planning, Millennium Development Goals (MDGs), and poverty reduction goals, including family planning or RH indicators. When these policy documents are prepared, include technical contributions on topics that might include RH commodity forecasting and supply chain management; these pertinent documents will be well received.
- Participate actively in donor coordination groups. Donor agencies participating in a SWAp, regardless of how they are financed, should all be part of donor coordination meetings. Agencies can ensure that the sector plan includes commodity security interventions. USAID participates fully in many donor coordination mechanisms, including Bangladesh, Nicaragua, Ghana, Kyrgyzstan, and Zambia. See box 5 for more information about Nicaragua's Health SWAp.
- Ensure that reproductive health commodity security is included in the terms of reference for the MTEF and the mid-term and joint annual review. They should include RHCS indicators, the impact that the SWAp has on

RHSC. and others. Typically, a SWAp will be reviewed regularly, especially early in the implementation. Stakeholders should ensure that the impact of the SWAp on RHCS is included. Including RHCS indicators (see following bullet) can help ensure this. At these times, allocations between budget lines can be modified. Champions can help ensure the visibility of RHCS issues during the implementation and accountability phases. Ghana has institutionalized this input; the country has annual meetings for the health sector.

- Get involved with budget formulation. Within the framework of a SWAp, government and donors should meet with the budget committee to determine how donor funds and commodity donations fit into the plan, either through project aid, basket funding, or budget support. Exercises or technical assistance will help guarantee that RH commodity budgets are estimated accurately, based on need, and that they clearly identify all RHCS costs.
- Lobby for pooled funds to be allocated specifically for RH and RHCS. Sustainability depends on this. In Ghana and Paraguay, separate budget lines established for RH commodities and their distribution, have budgets defined by future needs rather than historical budgets. Malawi, however, developed a list of priority commodities linked to the essential health package, including RH commodities and contraceptives.
- Ensure that all partners understand the key supply chain implementation issues and take actions to deal with these issues, including—
  - *Brand selection:* Moving from donor to national procurement may change the way brands are procured; client acceptability may be affected. Users may have brand loyalty for family planning products, particularly, self-administered products like pills and condoms. They may not want to accept different brands, even if the products are identical. In addition, new brands may not be registered in-country; this process may be required before the product is procured.
  - *Lead times:* To prevent stockouts, staff may need to factor in longer lead times<sup>1</sup> for national procurement forecasts and stocking levels. For example, safety stock levels; therefore, quantifications may need to be adjusted. Alternatively, framework contracts can alleviate long cycle and lead times; these contracts are ideally established over two or three years after a contract is awarded, usually with pre-established price and terms and ceilings on volumes. However, shipment dates and quantities can vary within the contract framework, which gives the buyer more flexibility on calling off supplies.
  - *Quantifications and procurement planning:* The calendar for the entire quantification/procurement planning cycle should be synchronized with the budget cycle. For example, a quantification could be invalid if there is a significant delay in the time between when the quantification is complete to the time the funds are released and a procurement initiated. In Malawi, quantification dates were shifted to coincide with the national budget cycle.
  - *Quality control:* Many donors have independent quality control procedures. With national procurement, clear responsibility must be established for quality control and assurances, if the responsible party can quickly perform the task.
  - *Emergencies:* If providing parallel funding, be prepared for emergencies, especially during the early stages. Donors who use funding mechanisms instead of basket funds and governmental budget support, can implement procurements, or provide technical assistance faster than national programs or pooled funding mechanisms. Their financing is often more flexible and procurement requirements more timely than host country government (or World Bank) administration. As noted in this primer, the examples of Malawi and Tanzania illustrate the benefits of having flexible parallel funding to deliver emergency procurements when national procurement is delayed.

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<sup>1</sup> Technically, lead times (i.e., the time from when an order is placed to the time when commodities arrive in-country), may be about the same; the actual cycle time (the total time for a procurement to take place from the time a forecast is approved to the time the commodities arrive), will be longer due to the time required to prepare, issue, and award tenders.

- Ensure that plans and budgets include provisions for the system strengthening efforts needed for RHCS. Commodities alone do not ensure commodity security and SWAp should be an opportunity to strengthen systems: strengthening supply chains, building capacity for managing and distributing RH commodities, and establishing policy reforms to address access to RH commodities.
- Include RHCS indicators in the monitoring and evaluation framework. Some indicators hold the stakeholders accountable for family planning improvements, such as CPR and unmet need; however, this information is only collected every five years. Some examples of more frequent indicators that can be included in the SWAp to monitor improvements over a short time might include stockout rates for tracer drugs (including a contraceptive), couple-years of protection data from the major family planning service providers in the country, and the amount of funds disbursed versus budgeted for tracer commodities (including a contraceptive) (Rao and Olson 2008). This monitoring process will keep policymakers aware of the progress and will provide vital information for increased attention to RHCS if goals are not met. In Mozambique, the RH working group has successfully included CPR as one of the SWAp monitoring and evaluation indicators; it is now lobbying for the use of more regular stockout indicators, as well. Malawi included stockout rates for tracer commodities as a key indicator in its program of work, but did not include a contraceptive as one of the commodities.
- Keep track of RHCS funding and results. This provides evidence for RHCS advocacy with both donors and national governments. Budget allocations do not necessarily guarantee that funds will be expended on commodities or RHCS-related activities. Measures should be taken to monitor the amount of funds allocated versus expended on priority commodities (see bullet on indicators); tracking studies can be used to advocate for improved resource allocation and disbursement to commodities under a SWAp. Commodity security committee subgroups can focus on RHCS and also provide key data for decision making, as they do in Ghana. In Rwanda, a recent sub-analysis of the National Health Accounts, which focused on reproductive health, provided evidence that budget allocations for RHCS grew in absolute terms between 2002 and 2006, although they decreased as a percentage of the overall health budget. Repeating this analysis in the future will show whether the trend continues with SWAp implementation.
- Continue to support RHCS activities to inform SWAp decision making, especially the quantification of procurement needs. Provide local advocates with details of the quantification, so they can defend their requested budgets to the ministry. In Tanzania, the director of reproductive and child health ensures that she has a detailed understanding of the Contraceptive Procurement Tables before she defends her budget with the Ministry of Finance.
- To build capacity, human resources must be strengthened when responsibility is transferred to local counterparts to perform tasks formerly carried out by projects. Strengthening capacities in areas such as procurement and logistics can improve the prospects of success for the health system, while supporting the broader agenda of overall commodity security in a country. In Bangladesh, capacity building has been one of the long-term strategies for minimizing stockouts and using a SWAp environment to ensure RHCS.
- Leverage other programs to include other health programs that often have similar concerns that benefit RHCS, around which alliances can be built. Issues of procurement, storage, and distribution of health commodities affect RH/FP, immunization, TB, HIV/AIDS, malaria, and other health programs. In Malawi, RHCS is advocated for through the essential drugs working group.
- Provide a voice for private sector partners. RHCS emphasizes total market approaches and the inclusion of non-public sector partners—NGOs, social marketing, commercial, and faith-based stakeholders—in planning, coordinating, and implementing bodies. Because SWAp are largely a public sector effort, these partners may be sidelined in a SWAp. RH stakeholders can strengthen both RHCS and the entire SWAp by including these partners.

## Conclusion

The donor health environment is evolving. The focus of attention has been on SWApS and their associated financing mechanisms. Project funding, pooled funds, and budget support each have different strengths and weaknesses. They have been used together to improve RHCS under SWApS, leveraging each other's strengths and compensating for weaknesses. When used in combination, the different financing mechanisms can increase transparency, improve communications, realize greater efficiencies, and focus activities on specific priorities, while strengthening health systems overall.

This evolution makes it imperative that donors, regardless of their preferred funding mechanism, work together and with country stakeholders to use the SWAp process to improve RHCS—from design to implementation and monitoring and evaluation. USAID should participate in the sector planning process and donor coordination mechanism of a SWAp, even if it cannot provide funds for a basket, or provide budget support. The donor coordination mechanism is a key entry point for inputs on how different funding mechanisms can be used, in combination, to improve RHCS.

Donor agencies, such as USAID and UNFPA, have a different role than an NGO within a SWAp or contracting agency. Donors meet with line ministries and they are in a position to influence policy. NGOs and project staff rarely have this opportunity, but they can influence policy by participating on sub-committees and by providing specific technical inputs, such as forecasting data and advocacy tools, to their donor agencies and the MOH.

## Glossary

**basket funding.** Also called pooled funding, this mechanism enables financing entities to place their funds into a single account; from that account, funds are drawn to meet specified objectives. In the international development field, this mechanism is particularly common within sector wide approaches (SWAp).

**budget support.** Aids financing modality when the donor provides the financing directly to a recipient country government through its national treasury.

**donor coordination.** Coordination process, an integral part of the SWAp, that includes both donors and partners. Ideally, the host country leads it.

**general budget support (GBS).** Budget support that is not earmarked for a particular sector or set of activities within the government budget.

**harmonization.** Involves two or more donors working together by sharing information, adopting common systems and procedures, or adopting joint working arrangements, including shared decision making.

**medium-term expenditure framework (MTEF).** A tool for planning actions and programming spending over a specific period, often three to five years. It puts total available resources into a framework according to strategic objectives.

**Paris Declaration.** The 2005 agreement in which signatories (including the U.S.) agree to improve ownership, alignment, harmonization, managing for results, and mutual accountability. This agreement builds on the Rome Declaration on harmonization (2003).

**poverty reduction strategy paper (PRSP).** A policy document that describes the macroeconomic, structural, and social policies and programs that a country plans to pursue over several years to promote broad-based growth and reduce poverty, as well as external financing needs and associated sources of financing. In low-income countries, governments usually prepare the document using a participatory process that includes domestic stakeholders and external development partners.

**project funding.** A project is a temporary, one-time, time-bound endeavor undertaken to produce a specific output or provide a certain service, with the expectation of beneficial change or added value. Project funding is the associated financial budget specifically allocated to the endeavor, within a given time period, with specific expected products.

**reproductive health commodity security (RHCS).** Exists when every person is able to choose, obtain, and use quality contraceptives and other essential reproductive health products whenever they need them.

**sector wide approach (SWAp).** An organizational method in which all involved in a sector (health, education, or other) collaborate to support a single government-led sector plan and expenditure program—adopting common technical approaches across the sector; and progressing toward harmonization of reporting, accounting, and procurement systems. Donors commit to supporting the sector plan and its elements.

**targeted budget support.** When budget support is provided but specifically earmarked for use by a particular line ministry, such as health or a program like AIDS. Spending is monitored for results against specific performance indicators.

## Acronyms

ADB	Additional Drug Benefit
CPR	contraceptive prevalence rate
DANIDA	Danish International Development Agency
DFID	Department for International Development (UK)
EC	European Commission
EPI	Expanded Programme on Immunization
IPPF	International Planned Parenthood Federation
MCH	maternal and child health
MDG	Millennium Development Goals
MINSA	Ministry of Health of Nicaragua
MOH	Ministry of Health
MTEF	medium-term expenditure framework
NGO	nongovernmental organization
PRSP	poverty reduction strategy paper
RH	reproductive health
RH/FP	reproductive health/family planning
RHCS	reproductive health commodity security
SWAp	sector wide approach
UNFPA	United Nations Population Fund
USAID	U.S. Agency for International Development

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### USAID | DELIVER PROJECT

John Snow, Inc.

1616 Fort Myer Drive, 11th Floor

Arlington, VA 22209 USA

Tel: 703-528-7474

Fax: 703-528-7480

[www.deliver.jsi.com](http://www.deliver.jsi.com)

[askdeliver@jsi.com](mailto:askdeliver@jsi.com)