

Selection process of aid modality has two stages... Ohno's presentation: ⇒ This presentation: Proposal of conceptual Through the case of health sector in Uganda and frameworks for capturing Vietnam, the presentation will demonstrate 1) sector and country differences more specifically different sector and country how they affect the selection of aid modalities. context in each step. • Why Health, Uganda and Vietnam Priority of Country Typology of sectors by the role of public expenditure Needs: · Comparison in priority of country needs Uganda and Vietnam • Comparison in recipient-donor relationship Relationship: Uganda and Vietnam Vietnam case Study Complex development priorities & limited openness to external influence Discussion Optimal mix of different Tensions within the agenda in countries like Vietnam modalities ·With concrete coordination mechanism

Typology of Government-role and Public Expenditure's role Why examine the Health sector?

| | Role of government | Role of public expenditure | Typical example |
|--------|--|----------------------------|--|
| Type A | Service provider | Primary | Primary education, [Primary Health] |
| Туре В | Regulator/promoter of private activities | Subordinate | Private sector development |
| Type C | Mixture of A and B | Complementary | Agriculture, [Primary Health] |

- Why this typology? Modality choice is deeply related to the public expenditure's flow (Ohno's presentation).
- Some sectors can be categorized in different type depending on country situation. Examining such sector can make an appropriate case for contrasting country difference.
- The primary health care (PHC), can be categorized either in Type A (Uganda) or Type C (Vietnam).

Health, Uganda, Vietnam Priority of country needs Recipient donor relation

Comparison of 2 types of Health development environment: Uganda and Vietnam

| Country | Uganda | Vietnam | |
|-----------------------------------|---|---|--|
| Health Status | Low health status with disease patterns concentrating on communicable disease | Relatively higher health status with shifting disease patterns from communicable to non-communicable Diseases | |
| Primary Health Care network | Public PHC network is yet to be established and function properly | Well-developed public PHC network with an increase in private health care providers | |
| Aid Dependency | High | Low | |

Two low income countries, two very different situations...

Priority of country needs
Recipient donor relation
Vietnam case study

Comparison in Development Priorities and Needs Uganda and Vietnam

| Priority Needs Country | Supply side | Demand side | Role and flow of public expenditure (PE) | Aid modality |
|------------------------|--|--|--|---|
| Uganda | Establishment of public PHC network | Stimulating health demand by introducing free service | Both development and recurrent expenditure can be streamlined into public PHC network | -SWAP as a framework -Common fund as a financial instrument |
| Vietnam | Quality improvement in both i) existing public PHC network and ii) emerging private providers | Establishing financial mechanism to cover high out of pocket expenditure (80%). | Three tiers: -Quality improvement of public PHC -Regulatory role for private providers -Demand side Financing [Handout Figure 1] | ?? |

Uganda: SWAP with common fund functioning as a tool to strengthen the unified flow of PE.

Vietnam: Complex PE, what is suitable aid modality?

Priority of country needs
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Comparison in Aid Relationship Uganda and Vietnam

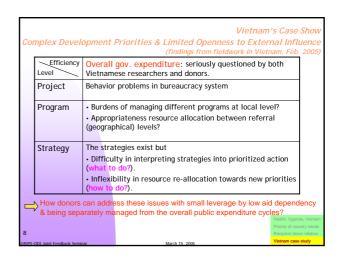
Uganda:

- Aid provides 60-70% of total funding to the health sector, including budget support, projects and NGO support (2002/03)
- Before introducing SWAP, "aid projects are fragmented and proved relatively ineffective and inefficient."
- Open to external influence with strong ownership of the Uganda Gov. at the macro (PRSP/PEAP) and sector levels.

SWAP with common fund functioning as a tool to improve Harmonization (among donors) and alignment (to gov. strategy and system).

Priority of country needs Recipient donor relation

| | | Comparison in Aid Relat | | | |
|------------|---|---|--|--|--|
| Uganda | a and V | ietnam (findings from fieldwork in Vietnam, | Feb. 2005) | | |
| Efficiency | Aid money: Large No. of projects and donors (Handout Table 3) | | | | |
| Level | with manageable level (only 13% of total public funding to health care) | | | | |
| Project | Vietnamese side questioned: | | | | |
| | Transaction cost | | | | |
| | | | | | |
| Program | Demarcation among donors at two levels: | | | | |
| | Vertical programs (total 10) | | | | |
| | Referral levels | | | | |
| Strategy | Strategy - Strong ownership of the Gov Integration into gov. systems (both planning and budget) with limited role of the Ministry of Health. | | | | |
| | | | | | |
| Aid relati | onship un | der control, no need for alternative aid me | odalities | | |
| and/or co | oordinatio | n mechanism? | Health, Uganda, Vietnam Priority of country needs | | |
| | | | Recipient donor relation | | |
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Learning's from the Vietnam Case Possible Entry Points for Countries Like Vietnam

- <u>Strategy Level</u>: Establishing common platform for discussing concrete methods of what to do and how to do for implementing existing strategies.
 - Creating mutual understanding and trust is more important than the transfer of aid money as incentives and/or rewards for the reform.
- ⇒ Program level: Strengthening programmatic approach within vertical programs and referral level. Including procedural harmonization and resource sharing, depending on thorough assessment of readiness by both donor and Vietnamese sides.
- <u>Project level</u>: Donors' effort to improve quality of their intervention.

Appropriate design respecting the local needs / existing local standards, as well as simplification of procedures.

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Discussion: Tensions within the Agenda in Countries like Vietnam Priority of Country Needs: ⇒ Factors to be considered in each steps: Complexity of issues and flows of public expenditure Aid and public expenditure in different management systems. Recipient-Donor Small leverage of donors to address the latter, which is critical for the efficiency of aid... Tensions within the agenda: • Donor behavior improvement > drastic change of aid modality Optimal mix of different Harmonization (among donors) > Alignment, while coordination mechanism contributing quality improvement of gov's strategies Building better performance (by offering concrete ideas) > Rewarding good performance (by policy conditionalities with aid