1.4 *Official development assistance for health*

AZUSA SATO[1]

Key messages

Chapter 1.4 looks into official development assistance (ODA). ODA is provided by governments or multilateral development banks (MDBs) to support economic development in other countries. Key learning includes that:

- ODA is critical to achieving the Sustainable Development Goals (SDGs) in the world's poorest countries.
- Lower-middle and middle-income countries (MICs) tend to receive more ODA than lower-income countries (LICs) due to a number of factors, including precedence and project continuity, differences in the ability to borrow and attract higher volumes, and extenuating circumstances and differences in capacity to absorb additional funds.
- MDB funds are best utilized when they are invested in under resourced areas, such as global or regional public goods, and when they are well-aligned with domestic policies and national goals.
- ODA success (i.e. resources having a meaningful impact on development outcomes) depends on:
  - prioritizing the right long-term development challenges;
  - effective domestic governance and an active role for national-level stakeholders;
  - transparency around ODA activities;
  - continuous assessment, evaluation, learning and improvement.
- ODA and financing institutions must adjust to new challenges such as climate change – moving away from a sector-by-sector approach, addressing trends and emerging themes and delivering innovative and agile financing mechanisms.

[1] At the time of writing, the author was seconded to the Center of Global Development, from the Asian Development Bank.

https://doi.org/10.1017/9781009746274.006 Published online by Cambridge University Press

Introduction

In years to come, the early 2020s may prove to be an anomalous period in terms of ODA[2] in health. In 2020, COVID-19 wreaked havoc and required development partners to rapidly scale up support for fragile health systems. In the years since, we have had the opportunity to carefully reflect on the performance of the initial COVID-19 responses and consider paths towards more resilient and inclusive recovery. However, recognizing that many countries – and particularly low- and lower-middle-income countries with financing constraints – fall in and out of emergency situations frequently, the lessons we can take from COVID-19 will be relevant for many years to come. One trend has been clear from the outset: COVID-19 derailed the SDGs and forced governments to reprioritize their budgets both at home and abroad. Many developing countries – already facing resource-challenges – experienced significant gaps in resources. As such, COVID-19 has provided a strong case for ODA to fill some of these gaps by way of fiscal and technical assistance – not least, to support struggling health systems.

This chapter argues that ODA finance, particularly that provided by MDBs, is – and will remain – central in supporting developing countries to reach their SDGs and achieve poverty reduction in the aftermath of the COVID-19 pandemic. The chapter looks first at what ODA is and how much there is of it. It contrasts the support given by different types of donor – individual governments (bilateral support), international financial institutions and multilateral organizations – and issues raised by the provision of support as loans rather than grants. Next it looks at the recipients of ODA – by sectors and level of development as measured by income level. It outlines the support given during and since the COVID-19 pandemic and why external development financing for health remains crucial. The focus then shifts to the particular role played by the MDBs and a case study of the response by the Asian Development Bank to COVID-19 is presented. Finally, the chapter sets out the implications for policy that flow from the use of ODA as a financing mechanism – how to assess its quality and impact; its

[2] Defined here as resources largely provided by Development Assistance Committee (DAC) donor countries, international financial institutions and multilateral bodies, primarily aimed at supporting economic development and welfare of developing countries.

https://doi.org/10.1017/9781009746274.006 Published online by Cambridge University Press

continuing role in supporting countries post pandemic and in the context of climate change – and the concluding section summarizes key points and suggests ways forward.

ODA: definition and quantity

What is ODA?

ODA is defined as government aid that promotes and targets the economic development of developing countries. ODA constitutes over 70% of total external finance of the poorest countries in the world, and the Organisation for Economic Co-operation and Development (OECD) Development Assistance Committee (DAC) provides a unique platform for coordination among aid givers. Formed in 1961, the Committee's mandate is to promote development cooperation in order to help implement ODA and sustainable development. The Committee comprises an international group of some of the largest providers of aid, including 30 bilateral members (who give aid government to government), six observers (those who channel and pool aid, commonly known as international financial institutions) formed of four MDBs, the International Monetary Fund (IMF) and the United Nations Development Programme (UNDP), and other participants, which are countries who are not members of OECD but want to contribute to discussions of the DAC. The current seven participating countries include Bulgaria and United Arab Emirates.[3] The DAC list of countries eligible to receive ODA, based on per capita income, is updated every three years. The Committee recognizes ODA as the gold standard of foreign aid, having provided billions of dollars in aid and technical support over the years (OECD, 2023).

How much ODA is there?

2009–2019

Total ODA remained robust in the decade prior to COVID-19. Between 2009 and 2019, there was a steady rise in ODA volume across

[3] See www.oecd.org/dac/development-assistance-committee/ and www.oecd.org/dac/dac-global-relations/u.pdf for a full list of members and partners and information on how DAC functions.

https://doi.org/10.1017/9781009746274.006 Published online by Cambridge University Press

all sectors from US$ 119 billion to over US$ 150 billion (2018 saw a high of US$ 153 billion),[4] albeit representing only a minor fraction of gross national income (GNI) per capita (OECD, 2023; OECD, 2021). Of this total ODA, support to the health sector consistently comprised about 13% each year (Knox, 2020). Multilateral organizations including the IMF, Asian Development Bank and the World Bank accounted for around 35% of health ODA, with DAC members (particularly USA and United Kingdom) disbursing the remainder.

Since COVID-19

During times of crisis, such as COVID-19, ODA is critical in maintaining development progress – or, at the very least, limiting regression. Preliminary analyses of figures give some insights into the scale of overall ODA growth. In 2020, ODA amounted to US$ 161 billion, representing 0.32% of combined GNI of DAC (OECD, 2021). At the time, this amount was the highest level ever recorded and reflects the urgent response to COVID-19, made available by maintaining previously planned ODA commitments, reorienting funds, as well as mobilizing additional funds (Ahmad et al., 2020). Such records were broken again in 2021, when ODA reached $178.9 billion (of which support for COVID-19 vaccines accounted for $18.7 billion) (OECD, 2022).

ODA donors: bilateral support versus international financial institutions and multilateral organizations

While ODA levels increased overall, COVID-19 had differing impacts on the source of support. For example, as domestic economies were hit in 2020, ODA commitments from bilateral members fell by 26% compared to the same period in 2019. This decrease was somewhat offset by the increase in commitments by the international financial institutions, but trends depend heavily on contributing governments' priorities as much as – or perhaps more than owing to – the needs of developing countries.

[4] New methodology of counting using "grant equivalent" methodology since 2018 (under "cash flow basis" methodology, US$ 149.3 billion in 2018) (OECD, 2019).

https://doi.org/10.1017/9781009746274.006 Published online by Cambridge University Press

Loans versus grants

Notably, most of the support is increasingly provided through loans as grant resources dwindle, which may have long-term consequences: 22% of gross bilateral ODA in 2020 comprised loans and equity investments, up from 17% in previous years. International financial institutions also increased the volume of commitments significantly between 2019 and 2020 from US$ 21.6 billion to US$ 62.5 billion (Dodd, Knox & Breed, 2021). Even though, compared to 2019, US$ 40 billion more in concessional loans have been provided in 2020, overall, grants represent just 1.4% of ODA commitments from the international financial institutions. Even if concessional (i.e. on favourable lending terms), these loans carry significant implications because clients (particularly governments) must eventually pay them back. So while this aid may benefit countries in the short term, it can also result in a heavy debt burden which countries may not be able to manage, especially where unforeseen events occur. There have been many calls for eradicating all debt held by the poorest countries. Even prior to the fallout from COVID-19, the IMF found that 36 of 70 low-income countries (LICs) were at high risk of debt distress, or already in debt distress. Many countries have since turned towards debt restructuring, and the pandemic has forced countries to make the difficult trade-off between investments in health and social welfare, versus addressing debt (IMF, 2021).

ODA recipients: by sector and by country income level

Which sectors benefit?

Support continues to vary significantly by sector. With the onset of COVID-19, the social sector (including health, education, social infrastructure and services) took centre stage. Social infrastructure commitments by the international financial institutions comprised only a small portion of resources compared to physical infrastructure investments prior to COVID-19. This picture changed dramatically in 2020, when the largest increase in commitments was for the social sector, as measured by percentage change in share of total ODA, especially from international financial institutions. These increases have largely come at the expense of investments in transport, storage, energy and

https://doi.org/10.1017/9781009746274.006 Published online by Cambridge University Press

industry. Moreover, worryingly, investments in water and sanitation – critical for the COVID-19 response – fell (Dodd, Breed & Coppard, 2020).

Which countries benefit, by income level?

Historically, ODA commitments from international financial institutions tend to be delivered to lower-middle and middle-income countries rather than lower-income countries; and this trend is likely to continue. The reasons behind this are linked to a number of factors: precedence; project continuity (hence once a client, always a client); the ability of larger and typically more developed countries to borrow and attract higher volumes; and extenuating circumstances (for example, natural hazards or political strife) which can delay or defer support to smaller and/or poorer, less developed countries. In 2019, as a proportion of the international financial institutions' commitment, middle-income countries received 83% while lower-income countries received 11% (Dodd, Breed & Coppard, 2020). Commitments to high-income countries (HICs) and upper-middle-income countries (UMICs) rose between March 2018 and February 2019 before stabilizing or falling only marginally between March 2020 and February 2021, while commitments consistently fell across 2018 to 2021 for LICs (Knox & Jalles d'Orey, 2021). While it is important to carefully consider the product type (for example whether ODA comes through grants or loans), it is clear there are significant differences in commitment volume across-country income groups.

ODA's role in the first years of the pandemic

Financing for sustainable development, marked by the inability to fulfil the SDGs, was in short supply even prior to COVID-19 (OECD, 2018). COVID-19 has added new development challenges while simultaneously undoing years of progress and forcing the re-evaluation of goals still unmet. In 2020, developing countries were estimated to require US$ 2.5 trillion to respond to the pandemic and associated economic shocks (Georgieva, 2020; UNCTAD, 2020), yet existing mechanisms will only provide a fraction of this. Governments worldwide have diverted their budgets to address COVID-19, often taking a domestic policy first stance, and external private investments have

https://doi.org/10.1017/9781009746274.006 Published online by Cambridge University Press

dropped significantly (OECD, 2020a). Research shows that domestic resource and external private finance including remittances, foreign direct investment and trade, were expected to have fallen by US$ 700 billion in 2020 compared to 2019 (OECD, 2020a). The need for concessional development finance, including from ODA, has never been more acute.

Why ODA remains critical to health financing

In the medium- to longer-term, ODA for sustainable development financing, particularly for health, will remain critical for a few reasons: the magnitude and nature of support required; the need for consistent, reliable funding; and the weakness/failure of other funding mechanisms.

Magnitude and nature of support

Health has typically been underfunded and underinvested in domestically, and thus the foundations upon which COVID-19 responses were built were weak at the outset. In 2019, lower-middle-income country governments spent about US$ 60 per capita on health while upper-middle-income governments spent over US$ 270 (WHO, 2019). This underspend means that additional resources, such as ODA, are required to support the basic functions of health systems and put countries back on track to achieve universal health coverage goals, while also tackling more complex and newer challenges such as COVID-19. The pandemic has also renewed pressure for better preparedness, for which ODA is the most likely funding candidate given its public goods nature and investment returns that will only be seen in the medium- to longer-term.

Consistency and reliability

Governments are scrambling to allocate scarce resources to finance multiple crises, endangering prioritization for health. While economic growth was restored for many parts of the world by the end of 2022, governments will struggle to keep up high spending levels. This trend is even more likely to be mirrored in the health sector with an expected decrease in government health expenditures per capita of 3% in developing countries (Kurowski et al., 2021). In this sense, ODA, despite forming only a small fraction of all sources of finance, may prove to be the steadiest and most resilient, providing predictability for planning and strategic investments (OECD, 2020b).

https://doi.org/10.1017/9781009746274.006 Published online by Cambridge University Press

Weakness/failure of other funding mechanisms

With increasing levels of poverty and job insecurity, private sources of financing, particularly those made out-of-pocket (OOP) by households, are falling. In almost every country, disruptions in essential health services have been experienced due to both demand- and supply-side factors, with knock-on effects on utilization (WHO, 2020). Worse still, poor households may defer utilizing health care until the sick householder's health deteriorates irreversibly and to the point of catastrophic expenditure. Other private sources of finance such as remittances can be erratic and sensitive to changes in external circumstances, and subject to statistical inconsistencies between formal and informal channels (Dinarte-Diaz, Jaume & Medina-Cortina, 2022). Foreign direct investment shows a similar boom and bust pattern – and investments in least developed countries typically see more modest recovery following crises (UNCTAD, 2022). Thus, the public sector will remain a key source of financing, and ODA will become more important in safeguarding the poorest and vulnerable populations in developing countries. This is where MDBs can play an important role.

MDBs: their role in ODA

As introduced above, MDBs are international financial institutions which can play significant roles in channelling and pooling resources, most commonly from developed nations. After the Second World War, they were established in an avowed spirit of collaboration to help finance the development of poorer nations, and to help stabilize and rebuild the global financial system (The Rockefeller Foundation, 2021). The MDB Observers of the DAC are the Asian Development Bank, the African Development Bank, the Inter-American Development Bank, the IMF, the UNDP and the World Bank. Most MDBs declare their vision to end or reduce poverty and inequality, and target investments to strengthen the economy – for example, through public financial management, to support infrastructural development in the transport and energy sectors or funding for the social sectors of education and health, and so on. They have been evaluated as offering a low risk of default for investors because of strong shareholder support from their members, backed by powerful capital structures, high asset quality and strong risk-bearing capacity. MDBs can mobilize capital quickly, making them ideal providers of liquidity and countercyclical support in times of crisis

https://doi.org/10.1017/9781009746274.006 Published online by Cambridge University Press

(for example, during the global financial crisis and during COVID-19). In theory, effective MDBs provide loans, which are often concessional (i.e. they have favourable terms, particularly related to interest rates and grace periods); grants, provided free; and technical assistance – all of which can complement core activities and assist governments and other clients in capacity-building activities or implementing policy reforms.

MDB resources have the potential to fill gaps left by governments, and invest in typically underinvested goods, such as global or regional public goods, thus helping to avoid negative externalities and amplify positive externalities. MDBs also act as catalysts for investment because they can use tools such as guarantees to hedge risk in areas that are often underfunded, but which offer significant medium- to longer-term returns and impacts (such as those in health, social protection and education). Further, MDBs can mobilize counterpart funding by governments and cofinancing with other development partners. In countries that are moving from lower to middle-income status, MDBs are thought to be important in filling a transition gap. Research finds that as per capita income rises, ODA in health and social protection declines, but domestic and private spending are not able to fill this gap fast enough and leave a void which can be filled by MDBs (Piemonte et al., 2019). Further, where domestic governments have started to increase spending, priority is often given to infrastructure, rather than human capital development, leaving this area for MDB assistance. Such countries also exhibit high inequalities that are yet to be addressed, and MDBs are well placed to step in during the transition period.

In the best-case scenario, MDBs adhere to several principles and characteristics to ensure their assistance can be used most effectively and efficiently. For example, they will maintain commitment to the idea of "sovereignty above all else" and ensure that their initiatives align with domestic policies and national goals (see the *Assessing ODA quality* section for the Quality of Official Development Assistance (QuODA) priority area "ownership"). Such a commitment can help ensure that all projects support – and build on – government strategies. Otherwise, if these are misaligned, ODA can run the risk of shifting financial decision priorities and, in terms of health care for instance, crowd out funding for certain disease areas. Relationships and dialogues between MDBs and governments are, in theory, strengthened through country-based offices that are staffed with both international and national experts whose backgrounds and specialisms are usefully varied.

https://doi.org/10.1017/9781009746274.006 Published online by Cambridge University Press

Second, by having expertise in multiple fields and in multiple countries, MDBs not only have convening and coordination power among sectors, but also across countries, sectors and subregions. This has the potential for several positive knock-on effects. Importantly, it allows for development partners to avoid duplication and attain maximum synergies when thinking through work programmes, which can lead to more efficient use of limited resources. It also allows MDBs to play intermediary roles as poolers of resources, particularly finance, through the provision and management of trust funds. Hence, again, MDBs are seen as providing catalytic financing, including that which leverages private and philanthropic financing. MDBs can actively promote and facilitate the use of instruments such as guarantees, equity investment and blending (private and public funds) to maximize synergies and resources.

Third, MDBs are able to provide the checks and balances in areas that may benefit from additional external support. This includes anti-corruption measures, as well as safeguards – for minority ethnic groups, women, children and youth, remote and rural populations, people with disabilities and environmental and resettlement issues. Such checks and balances are reflected in legal agreements and project documents to ensure maximum accountability and transparency in operations.

In summary, MDBs can provide a speedy and powerful mechanism for filling gaps in underinvested areas, providing checks and balances and mobilizing finance and other resources from development institutions and governments.

Evidence in practice: the response of the Asian Development Bank to COVID-19

The Asian Development Bank, one of the largest MDBs, was established in 1966 with goals focused on poverty reduction and improvements in quality of life for all. In more recent years, the bank's objectives have been closely aligned with the SDGs (ADB, 2018).

When COVID-19 hit, the Asian Development Bank and many other MDBs swiftly committed resources to try to fill gaps in response and recovery efforts.

In mid-March 2020, the bank announced a US$ 6.5 billion COVID-19 response package which was increased to US$ 20 billion by

https://doi.org/10.1017/9781009746274.006 Published online by Cambridge University Press

mid-April 2020. As part of the package, the bank expanded resources available for nonsovereign operations and established the COVID-19 Pandemic Response Option (CPRO) under the Countercyclical Support Facility. CPRO resources were used to help governments implement countercyclical expenditure programmes to mitigate the impacts of the pandemic, with a focus on the poor and vulnerable. In December 2020, the bank announced that it would provide an additional US$ 9 billion for the Asia Pacific Vaccine Access Facility (APVAX) to help with COVID-19 vaccine procurement and vaccination programme implementation. In sum, the Asian Development Bank's commitments in 2020 increased by 33% compared to 2019, with a record US$ 31.6 billion in 2020 (up from US$ 24 billion in 2019), both to governments and to the private sector. Approximately half (US$ 16.1 billion) of this was tagged for COVID-19 response.

Type of support offered

The Asian Development Bank's range of products is separated into regular ordinary capital resources (comprising loans, equity investment and other debt securities), concessional resources (loans and grants) and other special funds (grants only). Contrary to the general landscape of ODA which saw declines in grant resources, the volume of grants disbursed by the bank increased significantly from US$ 514 million in 2019 to US$ 877 million in 2020. Partly due to this, the net resources transfer (the net amount of disbursements in excess of payments of principal, interest and other charges) to Developing Member Countries more than doubled between 2019 and 2020. The bank also provided a record US$ 41.6 million in technical assistance resources in 2020 for medical equipment, personal protective equipment and advisory services.

Which sectors benefited?

The portfolio of approved projects changed significantly owing to COVID-19. Pre-COVID-19, heavily committed sectors were classed as transport, finance and public sector management, with health ranked as the second smallest standalone sector (with commitments totalling just US$ 644 million in 2019). With COVID-19, health operations increased more than fivefold, becoming the fourth largest by

https://doi.org/10.1017/9781009746274.006 Published online by Cambridge University Press

volume of 11 sectors behind public sector management, finance and energy. As a share of the total Asian Development Bank portfolio, the health sector accounted for over 11% of the bank's commitments in 2020, significantly exceeding its target of 3–5% set in the Midterm Review of Strategy 2020. Such trends follow those found in the general ODA landscape introduced earlier.

Which countries benefited, by income level?

The increase in commitments resulting from the COVID-19 response, especially between 2019 and 2020, is reflected in increases in support to all countries, but lower-middle-income countries have benefited the most. In 2020, 67% of the Asian Development Bank's portfolio was found to have supported lower-middle-income countries (versus 0.2% to HICs, 28% to UMICs, 4% to LICs and 1.2% to the regional portfolio), reflecting their larger economies and higher absorptive capacities. Such trends are consistent with general ODA trends which showed commitments consistently fell across 2018 to 2021 for LICs, with larger volumes supporting middle and HICs.

Policy relevance and conclusions

Factors to consider when assessing ODA as a financing instrument

The concept of ODA – providing government aid to promote and target economic development in countries which need it – is fairly straightforward; however, measuring how successful ODA is executed in practice, and to the extent to which they contribute to sustainable development, is not simple. Some tools are offered here by way of example only.

Assessing ODA quality

The QuODA index summarizes four dimensions comprising: prioritization; ownership; transparency; and evaluation to consider when analysing aid effectiveness (Mitchell, Calleja & Hughes, 2021). Prioritization measures how well allocations are targeted to respond to long-term development challenges. Ownership demonstrates how

https://doi.org/10.1017/9781009746274.006 Published online by Cambridge University Press

well providers work with countries to ensure ownership and use of national systems. Transparency considers how timely and comprehensive reporting on ODA activities are; and evaluation assesses quality of learning and evaluation systems.

In its most recent assessment referring to aid distributed in 2019, QuODA placed multilateral organizations at the top of overall rankings, scoring highly on all four dimensions. Nearly all resources provided by multilateral organizations reach their intended recipients, with a focus on the poorest and "under-aided" countries (Mitchell, Calleja & Hughes, 2021). Recipient countries promote domestic ownership and use of national systems, while untying their procurement practices from domestic contractors. Authors also find that donors that provide the most, also produce the highest quality of aid (Mitchell, Calleja & Hughes, 2021). Such trends are largely driven by Scandinavian and northern European providers, who are known for their strong commitment to development finance and impact (Mitchell, Calleja & Hughes, 2021).

Such indices provide a partial response to critics of ODA systems, who argue that to improve efficiency, accountability, performance and equity impacts of ODA, more detailed descriptions of financing are needed (McCoy et al., 2009). Critics argue that the landscape is so complex and involves so many stakeholders who are currently not accounted for (for example, non-OECD donors and funds, private sector, philanthropists, etc.) that the current system does not do a good job of tracking and monitoring aid activities. Indeed, the COVID-19 pandemic has shown that multiple stakeholders, not just public sector actors, are critical to overcome global challenges and their financial contributions should be reflected accordingly.

Impact at the organizational level

For donors, the professed priority is to ensure that their resources positively change the lives of those who need aid the most. Organizations, including MDBs, carry out regular evaluations by both internal project officers and independent, external others. Commonly, a systematic tool is deployed to monitor impact, for example, logframes. The extent to which projects are successful can generally be summed up across four aspects: relevance, sustainability,

https://doi.org/10.1017/9781009746274.006 Published online by Cambridge University Press

efficiency and effectiveness.[5] Relevance measures whether projects align with country and organizational strategic priorities. Sustainability evaluates if outcomes and outputs may last beyond project completion. Efficiency looks at the use of resources to achieve intended outcomes. Effectiveness refers to the extent to which outcomes and outputs were achieved. Achieving balance between these aspects and applying lessons in the pursuit of the SDGs is an ongoing challenge, in the light of financial considerations such as ensuring high disbursement rates.

Effect of COVID-19 on MDB operations and their health sectors

COVID-19 and its after-effects has given rise to new challenges – especially for MDBs working in the health sector – and will have long-lasting effects on how MDBs operate, and their place in the ODA sphere. Since 2020, not only has ODA been required to support developing countries in their urgent COVID-19 response, but it has also been needed to support medium- to longer-term health goals. For some MDBs, this required a recasting of corporate strategies to give a higher priority to health and social sectors since COVID-19 has taken centre stage in many developing countries in the last few years, even as investments have moved from emergency response towards more longer-term, sustainable outcomes.

In the health sector, increased investment to boost capacity to prevent, detect, and treat COVID-19 (including contact tracing, testing, vaccines and vaccinations, and therapeutics) has been critical. Now the focus has turned to mainstreaming COVID-19 as part of communicable disease control with an emphasis on primary care, basic infection prevention control and strengthening laboratory networks. Restoration of health services which were severely curtailed during the height of the pandemic, and clearing the backlog of missed appointments and surgeries is the first priority. At the same time, as the science evolves and longer-term effects of COVID-19 become better known, the health system will need to cope with the virus's detrimental consequences on physical and mental health.

[5] For an example of how Asian Development Bank measures development impact and whether a project is deemed successful, see *2021 Annual Evaluation Review: supporting the Sustainable Development Goals*, www.adb.org/documents/2021-annual-evaluation-review-supporting-sustainable-development-goals.

https://doi.org/10.1017/9781009746274.006 Published online by Cambridge University Press

In addition to disease control, addressing COVID-19 fully requires countries to focus on various newer areas, including medium- to longer-term vaccine supply for boosters and further R&D to provide these; genome sequencing; vaccination logistics; health data management; and digital or e-health including telehealth, among others. Investments in pandemic preparedness (still an underinvested area) are also required to help avert and mitigate future catastrophes. This, in turn, will require reforms to public financial management including the allocation of funding to health, but which go beyond the health sector alone.

COVID-19 has both highlighted and intensified health-related inequities across ethnicities, sexes, ages and within and across countries; addressing these divides will pose one of the most difficult challenges for the health sector, which must work harder to address the causes of health inequities that lie within its control, and the impacts of those root causes which lie beyond its control. Resources are required to increase access to health care for all – which calls for more outreach, better financial protection and increase in quantity and quality of health care in typically underserved areas. Critically, countries will need to increase cooperation to redistribute resources, recognizing that global public bads can only be controlled when everyone gains access to vaccines and treatments.

The development community will need to take a multisectoral and whole-of-government approach to cross-sectoral concerns. Provision of the following, and more, is needed: basic water supply and sanitation; safe and nutritious food; and clean air and safe environments. Investments to improve the quality of health infrastructure, especially green facilities, will require close coordination with environmental experts; a pivot towards patient-centred care and improved quality of health human resources will require more emphasis on health education and training; and addressing zoonoses will require increased research and cooperation with the agricultural sector. Accordingly, ODA must shift from a sector-by-sector approach towards addressing challenges along salient trends and themes.

Conclusions

This chapter has analysed what ODA is, why it is important and its major trends, highlighting health ODA trends. It has focused on MDBs as critical ODA players, using a case study of the Asian Development

https://doi.org/10.1017/9781009746274.006 Published online by Cambridge University Press

Bank and its experience in financing COVID-19 response and recovery. ODA remains the main source of international development financing for many developing countries, and has proved its worth by stepping up during the COVID-19 pandemic. The DAC mechanism enables a consensus-led, concerted effort to deliver aid to those who need it the most, while supporting the monitoring of the quality of public spending and investments. However, the true test of ODA is whether resources have had a meaningful impact on development outcomes: while this chapter has touched on ODA volumes, effectiveness and its measurement with regards the health sector, focused research is required to fully comprehend medium- to long-term results and support evidence-based policy-making across multiple sectors and themes. This will become more salient as the world tackles other challenges such as the climate crisis and food insecurity. The Asian Development Bank and other such agencies must continue to build on the successes from the COVID-19 response, and stand ready with increasingly plentiful, innovative and agile financing mechanisms.[6]

Additional resources

Asian Development Bank, www.adb.org/

Health in Asia and the Pacific [website]. Asian Development Bank; 2024 (www.adb.org/what-we-do/topics/health).

Strategy 2030 Health Sector Directional Guide: toward the achievement of universal health coverage in Asia and the Pacific. Mandaluyong: Asian Development Bank; 2022 (www.adb.org/documents/strategy-2030-health-sector-directional-guide).

References

ADB (2018). Strategy 2030: achieving a prosperous, inclusive, resilient, and sustainable Asia and the Pacific. Manila: Asian Development Bank (www.adb.org/documents/strategy-2030-prosperous-inclusive-resilient-sustainable-asia-pacific).

Ahmad Y et al. (2020). DAC Working Party on Development Finance Statistics COVID-19 Survey – main findings. Paris: Organisation for Economic Co-operation and Development (https://one.oecd.org/document/DCD/DAC/STAT(2020)35/en/pdf).

[6] Unless noted otherwise in the chapter text, the book covers developments up until the end of 2023.

https://doi.org/10.1017/9781009746274.006 Published online by Cambridge University Press

Dinarte-Diaz L, Jaume D, Medina-Cortina (2022). Did remittances really increase during the pandemic? Washington, DC: World Bank Blogs (https://blogs.worldbank.org/developmenttalk/did-remittances-really-increase-during-pandemic).

Dodd A, Breed D, Coppard D (2020). How is aid changing in the COVID-19 pandemic? Bristol: Development Initiatives (https://devinit.org/resources/how-aid-changing-covid-19-pandemic/#note-iLmHajYEZ).

Dodd A, Knox D, Breed D (2021). Aid data 2019–2020: analysis of trends before and during COVID. Bristol: Development Initiative (https://devinit.org/resources/aid-data-2019-2020-analysis-trends-before-during-covid/#e89fbf95).

Georgieva K (2020). Opening remarks at a press briefing by Kristalina Georgieva following a conference call of the International Monetary and Financial Committee (IMFC). 27 March [video and transcript]. Washington, DC: International Monetary Fund (www.imf.org/en/News/Articles/2020/03/27/sp032720-opening-remarks-at-press-briefing-following-imfc-conference-call).

IMF (2021). Questions and answers on sovereign debt issues. Washington, DC: International Monetary Fund. (www.imf.org/en/About/FAQ/sovereign-debt).

Knox D (2020). Aid spent on health: ODA data on donors, sectors, recipients. Bristol: Development Initiatives (https://devinit.org/resources/aid-spent-health-oda-data-donors-sectors-recipients/).

Knox D, Jalles d'Orey MA (2021). ODA in 2020: what does OECD DAC preliminary data tell us? Bristol: Development Initiatives (https://devinit.org/resources/oda-2020-what-does-oecd-dac-preliminary-data-tell-us/).

Kurowski C et al. (2021). From double shock to double recovery. health, nutrition, and population Washington, DC: World Bank (HNP discussion paper series; https://hdl.handle.net/10986/35298).

McCoy D et al. (2009). Global health funding: how much, where it comes from and where it goes. Health Policy Plan. 24(6):407–417 (https://doi.org/10.1093/heapol/czp026).

Mitchell I, Calleja R, Hughes S (2021). The quality of official development assistance. Washington, DC: Center for Global Development (www.cgdev.org/publication/quality-official-development-assistance).

OECD (2018). Global outlook on financing for sustainable development 2019: time to face the challenge. Paris: Organisation for Economic Co-operation and Development (https://doi.org/10.1787/9789264307995-en).

OECD (2019). Development aid drops in 2018, especially to neediest countries. Paris: Organisation for Economic Co-operation and Development (https://web-archive.oecd.org/2019-04-10/515114-development-aid-drops-in-2018-especially-to-neediest-countries.htm).

https://doi.org/10.1017/9781009746274.006 Published online by Cambridge University Press

OECD (2020a). Six decades of ODA: insights and outlook in the COVID-19 crisis. OECD Development Co-operation Profiles 2020. Paris: Organisation for Economic Co-operation and Development.

OECD (2020b). The impact of the coronavirus (COVID-19) on development finance. Note, 24 June. Paris: Organisation for Economic Co-operation and Development (www.oecd.org/coronavirus/policy-responses/the-impact-of-the-coronavirus-covid-19-crisis-on-development-finance-9de00b3b/).

OECD (2021). COVID-19 spending helped to lift foreign aid to an all-time high in 2020. Detailed note, 13 April. Paris: Organisation for Economic Co-operation and Development (www.oecd.org/dac/financing-sustainable-development/development-finance-data/ODA-2020-detailed-summary.pdf).

OECD (2022). ODA levels in 2021 – preliminary data. Detailed summary note, 12 April. Paris: Organisation for Economic Co-operation and Development (https://web-archive.oecd.org/2022-04-12/629684-ODA-2021-summary.pdf).

OECD (2023). Official development assistance (ODA). Paris: Organisation for Economic Co-operation and Development (www.oecd.org/dac/financing-sustainable-development/development-finance-standards/official-development-assistance.htm, accessed 19 June 2023).

Piemonte C et al. (2019). Transition finance: introducing a new concept. Paris: OECD Publishing (OECD Working Papers, No. 54; https://doi.org/10.1787/2dad64fb-en).

The Rockefeller Foundation (2021). Reimagining the role of multilateral development banks. Washington, DC: The Rockefeller Foundation (www.rockefellerfoundation.org/wp-content/uploads/2021/07/Reimagining-the-Role-of-Multilateral-Development-Banks-Full-Report-July-2021.pdf).

UNCTAD (2020). UN calls for $2.5 trillion coronavirus crisis package for developing countries. News 20 March. Geneva: United Nations Conference on Trade and Development (https://unctad.org/news/un-calls-25-trillion-coronavirus-crisis-package-developing-countries).

UNCTAD (2022). Global foreign direct investment rebounded strongly in 2021, but the recovery is highly uneven. News, 19 January. Geneva: United Nations Conference on Trade and Development (https://unctad.org/news/global-foreign-direct-investment-rebounded-strongly-2021-recovery-highly-uneven).

WHO (2019). Countries are spending more on health, but people are still paying too much out of their own pockets [webpage]. Geneva: World Health Organization (www.who.int/news/item/20-02-2019-countries-are-spending-more-on-health-but-people-are-still-paying-too-much-out-of-their-own-pockets-:~:text=On%20average%2C%20governments%20sp

https://doi.org/10.1017/9781009746274.006 Published online by Cambridge University Press

end%20US%2460%20per%20person%20on,to%20US%24270%20per%20person%20in%20upper-middle%20income%20countries.).
WHO (2020). Pulse survey on continuity of essential health services during the COVID-19 pandemic: interim report, 27 August 2020. Geneva: World Health Organization (WHO/2019-nCoV/EHS_continuity/survey/2020.1).

https://doi.org/10.1017/9781009746274.006 Published online by Cambridge University Press