



Australian Government

Department of Foreign Affairs and Trade

Health for Development Strategy 2015–2020

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Introduction

Investment in health contributes to our partner countries' and our region's¹ economic growth. Globally, between 2000 and 2011, about 24 per cent of the growth in full income in low-income and middle-income countries resulted from improvements in health.² Conversely, inadequate access to clean water and poor sanitation and hygiene in such countries results in yearly economic losses of US\$260 billion, largely due to increased health care costs and decreased productivity.

Poor population health, existing and emerging diseases, drug-resistance, and weak public health³ preparedness and response systems also pose threats to Australia's economic, trade, and political interests. In line with Australia's aid policy, the strengthening of public health systems and capacities in our region will help to mitigate and manage these threats, both regionally and globally, and should be a key priority for our health investments.

Disease threats that cross borders and affect whole populations include preventable infectious diseases such as measles, tuberculosis (TB), malaria, HIV, human and animal-to-human influenzas, and increasing drug-resistant strains of malaria and TB. Factors such as rapid urbanisation and population movement within and across country borders are increasing in our region. These increase the risk of disease outbreaks, as do natural disasters, yet our region is not well prepared to manage these health threats. A recent World Health Organization (WHO) assessment of Ebola preparedness in the region showed that most low-income and middle-income countries do not have the capacity to respond adequately to disease outbreaks.⁴

The strengthening of public health systems with a focus on regional health security will promote economic growth and development, protect Australia and Australians against the impact of these health threats, and decrease the risk of economic shocks arising from the suspension of trade and movement of people.

¹ The 'region' in this health strategy is Southeast Asia and the Pacific, whereas the broader Australian aid policy focus is the Indo-Pacific region.

² Jamieson DT et al., *Global Health 2035: a world converging within a generation*. Lancet 2013; 382: 1898–1955.

³ Public health in this strategy refers to all organised measures to prevent disease, promote health, and prolong life in a population or community as a whole.

⁴ *Ebola Virus Disease: Priority Actions for Strengthening Preparedness and Response in the Asia Pacific*. WHO South-East Asia Region & Western Pacific Region. October 2014.

Purpose & scope

The purpose of this strategy for the Department of Foreign Affairs and Trade (DFAT) is to guide investments in health through the Australian aid program. It covers investment in health, and in water, sanitation and hygiene (collectively referred to as WASH) and in nutrition—three areas that are crucial to improving health outcomes in a population. Other sectors such as education and environment have an effect on health and premature death, but we do not address them in this strategy. Approaches to health in the aid program should align with other relevant DFAT strategies and processes, including on Humanitarian, Private Sector Development and Innovation. Our work should also align with Australian whole-of-government coordination processes on global health issues and health threats in the region.

DFAT's Health for Development Strategy can be summarised as follows:

Purpose

Effective investments in health outcomes that promote sustainable economic growth, poverty reduction, and regional security.

Strategic outcomes

1. To help build country-level systems and services that are responsive to people's health needs.
2. To strengthen regional preparedness and capacity to respond to emerging health threats.

By investing in priorities in our region

1. Core public health systems and capacities in key partner countries.
2. Combatting health threats that cross national borders.
3. A more effective global health response.
4. Access to clean water, sanitation, hygiene, and good nutrition as pre-conditions for good health.
5. Health innovation, and new approaches and solutions that benefit our region.

Context

The importance of investment in health

Health is among the six investment priorities of the Government's aid policy, *Australian aid: promoting prosperity, reducing poverty, enhancing stability*. DFAT invests in health because:

- **It works.** Strategic, well targeted official development assistance (ODA) in health achieves results.
 - ODA investment in measures such as child immunisation in Cambodia contributed to a 66 per cent decrease in child deaths from 1990 to 2012 (an average decrease of 4.9 per cent every year).⁵
 - In the Nusa Tenggara Timur province of Indonesia, ODA support for maternal health services contributed to a 40 per cent decrease in maternal deaths between 2009 and 2014.⁶
- **Investment in the 'best buys' reduces ill-health at low cost and gives a high economic return.**
 - For example, every A\$1 invested in maternal and newborn health in Nusa Tenggara Timur has a potential economic return of A\$20 from reduced maternal and newborn deaths, reduced rates of stunted growth, and savings to the primary health care system.⁷
- **It prevents communities falling into or staying in poverty.**
 - Many poor and vulnerable people, especially women and children, do not have access to timely, high quality, and affordable health care and good nutrition. Extraordinary progress in improvements in health has been made by increasing access to basic health services. With increased coverage of cost-effective measures such as immunisation programs, the global number of child deaths has almost halved from 12.4 million in 1990 to 6.6 million in 2012.⁸ However, the world's poorest populations still bear the highest burden of ill-health and the highest out-of-pocket health costs.⁹
- **It protects Australia's national interest.**
 - It helps to protect Australia and our region from infectious diseases and other health challenges that pose major threats to Australia's economic, trade, and political interests. It protects countries from economic shocks (e.g. the suspension of trade and the movement of people) that can occur amid concerns about the spread of disease.
 - In 2003, severe acute respiratory syndrome (SARS), an infectious viral respiratory disease, was estimated to have resulted in a US\$40 billion global economic loss. A future SARS-like outbreak could cost Australia as much as A\$121 billion.¹⁰

⁵ UN Inter-agency Group for Child Mortality Estimation, *Levels and trends in child mortality*, New York (NY): UNICEF; 2013.

⁶ Tobin R et al., *Independent Evaluation of the Australia Indonesia Partnership for Maternal and Neonatal Health*, May, 2015.

⁷ Primary Health Care and Maternal and Newborn Health (PERMATA) program design, Annex 1 Investment Case. DFAT 2014.

⁸ UNICEF, *2013 statistical snapshot - Child Mortality*, UNICEF 2013.

⁹ Langenbrunner J, Somanathan A, *Health Care Financing in the Asia Pacific Region*, World Bank, 2013.

¹⁰ Huszar A, Pearson M, *Modelling of Health and Economic Impacts in 10 Indo-Pacific Countries*, DFAT Health Resource Facility

- **Gains in health and WASH have to be maintained, and at sufficient scale.**
 - Health interventions are not “set and forget”. For example, protection against the spread of vaccine preventable diseases can be achieved only if national yearly vaccination levels for infants and children are maintained at higher than 90 per cent. Surveillance and laboratory systems for infectious diseases will weaken if countries do not continue to prioritise them.
 - Without continued attention to the strengthening of government and community capacity to maintain WASH systems, initial health gains are often not sustained.¹¹

The challenges

Our region is grappling with major public health challenges and it is not well prepared to manage them. The main challenges are as follows:

- **Chronically weak health systems** with shortages in basic health infrastructure, trained health workers, finances, and essential medicines and supplies.
 - These weaknesses hamper a health system’s capacity to deliver improved health outcomes and to prevent, mitigate, and respond to disease threats. Per-person health spending in low-income countries is about US\$30 a year (compared with about US\$4583 a year in high-income countries).¹² This means poorer countries need to prioritise such scarce resources for maximum impact.
- **Rapid urbanisation, movement of people, and natural disasters** are further straining already weak health systems.
 - The failure of public health systems and community management to contain regional disease outbreaks has been seen in the West Africa: Ebola Outbreak 2014-2015.
 - Another potential threat to monitor is Middle East Respiratory Syndrome.
- **An increasing burden of chronic diseases** such as heart disease, stroke, cancer, and diabetes.
 - These are putting increasing pressure on health systems that are still struggling to deal with infectious diseases and to provide quality maternal, newborn and child health care.
 - Some countries are still highly dependent on external global funds to address HIV, TB, malaria, and routine childhood immunisation, yet access to these funds will decline in some cases.
- **New infectious diseases**, such as animal-to-human influenzas, are likely to emerge from our region, and have the potential to spread globally.
- **Unequal economic growth** that leaves many poor people susceptible to catastrophic, out-of-pocket health costs and loss of income when they fall ill, exacerbating their poverty.
- **Inadequate access to water and sanitation services and poor hygiene practices**

analysis. March, 2015.

¹¹ Lockwood H, Smits S, *Supporting Rural Water Supply. Moving towards a Service Delivery Approach*, Practical Action Publishing, 2011.

¹² WHO/HA Policy Highlight No.4, *Wealth, health and health expenditure*, March, 2014. Based on 2011 data. Health Accounts unit, Health System Governance and Financing, WHO.

due to capacity gaps in governments, inadequate hygiene promotion, and the low sustainability of services.

- Affordability is a challenge for poor people, girls and women, and people with a disability.
- **Although traditional donors** are reducing funding for health in Southeast Asia and the Pacific, **new state and private actors are providing major direct foreign investment in health.**
 - Australia needs to work effectively with the new actors to strengthen health systems.

The opportunities

Australia has significant comparative and geographic advantage in promoting health for development in our region. DFAT has long-standing relationships with countries in the region and a strong track record in supporting better policies and providing flexible financing to our partner countries. We should build on this recognised expertise in the following ways:

- **Working across DFAT's foreign affairs, trade, and development arms, other arms of Australian Government, e.g. Health, and major Australian health institutions** to leverage improved health outcomes that align to the priorities in this strategy.
 - For example, Australia can support knowledge transfer and provide expertise in national health insurance schemes, access to low cost, high quality essential medicines, and prevention of chronic diseases through tobacco taxation and plain packaging measures.
- **Promoting policy reforms** that help governments to finance universal access to health services, clean water, sanitation, and improved nutrition.
- **Partnering with the private sector**¹³ to finance and deliver improved health and family planning services, water and sanitation services, commodities and population health programs, and public sector accountability.
- Working with implementing partners to **address financial, cultural, and social barriers to health.**
 - For example, influencing behaviour change around gender, nutrition, and hygiene and supporting women's leadership in health governance and accountability measures as a priority.
- **Supporting the development of new approaches and technologies** to address health challenges.
- **Developing the evidence base and translating evidence** into better policies and programs.

¹³ Private sector in this strategy refers to both the for-profit and the not-for-profit such as philanthropic and non-governmental organisations.

Geographic focus: where we will work

The strategy's main geographic focus is Southeast Asia and the Pacific. This focus will help to protect Australia's health security and advance the economic and poverty objectives of the aid program in our region. The rationale for this geographic focus is as follows:

- The region is the global epicentre of emerging infectious diseases and drug-resistance and already has widespread resistance to treatments for malaria and TB.¹⁴ Southeast Asia is a recognised hot-spot for new diseases that can lead to global health emergencies.
- There are high rates of infectious diseases and of maternal and child under-nutrition, illness, and premature death in Papua New Guinea (PNG), Timor-Leste, and some Southeast Asian countries.
- Chronic diseases account for 70 per cent of all deaths in the Pacific and 63 per cent of all deaths in Southeast Asia, with 80 per cent of such deaths occurring in low-income and middle-income countries.¹⁵
- Access to improved sanitation¹⁶ has increased in all developing regions except for in the Pacific, where there has been no change in coverage since 1990.¹⁷

To address these issues, DFAT should develop a complementary set of bilateral, regional, and multilateral investments that benefit our region, in response to partner country and regional health needs. These investments should be geographically positioned as follows:

- Bilateral and regional health investment in Southeast Asia and the Pacific that strengthen health systems and capacities for improved regional health security (e.g. surveillance, laboratory and drug-quality systems, networks, and cross-border and regional cooperation).
- Global and multilateral partnerships that benefit public health systems in our region.
- Engagement with Asian governments, emerging donor countries, and private foundations to support health systems and public health security in our region.
- WASH and nutrition investments in selected countries in Southeast Asia and the Pacific with slow progress on access to improved water and sanitation and high rates of inadequate nutrition.

¹⁴ This strategy is focused on antimicrobial resistance and resistance to malaria and TB treatments in particular.

¹⁵ *Global Status Report on Non-communicable diseases 2014*, WHO, 2014.

¹⁶ An 'improved' sanitation facility is one that hygienically separates human excreta from human contact.

¹⁷ *Progress on drinking water and sanitation – 2014 update*, Joint Monitoring Programme, WHO and UNICEF, 2014.

Priorities: what we will invest in

The **key outcomes** of the strategy will be **country-level systems and services that are responsive to people's health needs** and **strengthened regional preparedness and capacity to respond to emerging health threats**. We will focus efforts on **the most vulnerable populations and the lowest-income groups** in whom the greatest gains can be made and the greatest health security risks lie.

To achieve these strategic outcomes, we will prioritise investment on the following:

1. Core public health systems and capacities in key partner countries.
2. Combatting health threats that cross national borders.
3. A more effective global health response.
4. Access to clean water, sanitation, hygiene, and good nutrition as pre-conditions for good health.
5. Health innovation, and new approaches and solutions that benefit our region.

These five investment pathways can collectively address the region's health security challenges and deliver improved public health outcomes and ensure decisions are tailored to the needs and context of our region. DFAT investment decisions in health should be made after an initial analysis of the health sector, the WASH sector, and their related markets. These analyses should identify DFAT leverage and entry points, key stakeholders and financiers, local capabilities, barriers to improved health, the role and performance of multilateral organisations, and governance and accountability systems.

A series of questions to guide DFAT analysis and investment decisions are shown in Annex 1. The comparative advantages of the main multilateral health and WASH organisations that DFAT supports are shown in Annex 2.

The following provides guidance and examples of what we will invest in.

1. Investments in countries' core public health systems and capacities

Investment in strengthened, resilient public health systems as a foundation for country and regional health security and prosperity **is the highest priority**.

We will work closely with partner governments and the private sector in partner countries to strengthen the six building blocks of country health systems: service delivery, health workforce, health information systems, medicines, financing, and governance.¹⁸ The focus will be on investments where the greatest progress and impact can be achieved. Box 1 shows the key questions to consider when making investments to strengthen a health system.

¹⁸ *The WHO Health Systems Framework*, World Health Organization, May, 2010.

Box 1: Is it health system strengthening?¹⁹

1. Do the interventions have cross-cutting benefits beyond a single disease?
2. Do the interventions address policy and organizational constraints or strengthen relationships between the different system areas?
3. Will the interventions produce permanent systemic impact beyond the term of the project?
4. Are the interventions tailored to country-specific constraints and opportunities, with clearly defined roles for country institutions?

To maximise effectiveness, investments need to be well designed and to provide medium-term to long-term predictable yet flexible support. Early wins can be achieved by targeting key health interventions for rapid progress on priority health indicators. For example, DFAT support to reduce maternal deaths has targeted scholarships for 400 new midwives in PNG and has restored the ambulance service in Timor-Leste.

We will also seek to address the financial, social, and cultural barriers for women, children, poor people, and people with a disability, to access essential health services. A priority will be to empower communities to demand better health services and to address women's lack of decision-making power at household and community levels.

DFAT will invest in:

- Strengthened infectious disease prevention, surveillance, containment, and response systems for outbreak investigations, diagnosis, and treatment.
- Strengthened chronic disease prevention, surveillance, and treatment systems.
- Essential maternal, newborn and child health, family planning, and nutrition services.
- Prevention measures such as routine immunisation, tobacco control, and blood pressure screening.
- Capacity development of national governments as stewards of their own health systems. Capacity development includes that for improved policies, health financing, health workforce training, public-private partnerships, and the regulation of health markets and professionals.
- Strengthened civil society organisations that can be active partners and provide women's voice in holding authorities to account for quality, accessible services.

2. Investments to combat health threats that cross borders

Risk factors that are increasing pressure on weak public health systems in our region are rapid urbanisation, the movement of people across and within borders, conflict, sub-standard medicines, unregulated health markets, and natural disasters. The highest priority disease threats are those that cross borders and potentially affect whole populations. They include preventable infectious diseases such as measles, TB, malaria, HIV, and human and animal-to-human influenzas. Resistance to drugs for malaria and TB is also a major health threat in our region.

¹⁹ Chee G, Pielemeier N, Lion A, Connor C, *Why differentiating between health system support and health system strengthening is needed*, International Journal of Health Planning and Management. 2013; 28; 85-94.

The strength of each country health system in a region collectively determines that region's public health security. A region will only be as strong as its weakest link. When one country's system has weaknesses and is unprepared or unable to manage a response, the risk of disease spreading across borders is increased, and the security of routine, essential health services can be jeopardised. Efforts to ensure our region's health security will contribute to global health security.

The West Africa: Ebola Outbreak 2014-2015 crisis (see Box 2 below) has shown that when health systems fail, the un-checked spread of infectious disease across national borders can be catastrophic. In response, the international relief effort has been estimated to cost three times what Liberia, Sierra Leone, and Guinea combined needed from donors to help them provide essential health services to all of their citizens.²⁰

Box 2: West Africa: Ebola Outbreak 2014-2015 — key messages

A 2015 report from the charity Save the Children, **A Wake Up Call: Lessons from Ebola for the world's health systems**, not only draws attention to the causes of and lessons from the 2014-2015 West Africa outbreak, it warns that 75 more countries are just as vulnerable from weak health systems.²¹

Every Ebola case in some way represents a gap in country health system capability. A country's inability to cope with a major emergency also shows an inability to cope with the day-to-day provision of essential health services to the whole population.

A combination of factors were behind the Ebola outbreak getting out of control in Liberia, Sierra Leone, and Guinea, including: recovery from 10 years of conflict; very under-resourced, weak health systems; too little investment in development; corruption and weak governance; a weak regional architecture; a slow international response; and cultural and traditional beliefs that hampered the response and helped the disease to spread. Aid agencies focussed too much on the clinical solution and not enough on the communal spread of Ebola. These cumulative failures led to substantial loss of life and to the collapse of health systems, services, and commerce, all of which resulted in an even bigger humanitarian crisis and substantial impediments to future national and regional economic growth.

Neighbouring countries that managed to contain imported Ebola cases were already on high alert, had time to prepare, and had the health-system capacity to monitor and diagnose patients, trace all possible contacts of infected people, provide safe clinical management, and ensure safe burial practices.

²⁰ A Wake Up Call, Lessons from Ebola for the world's health systems, The Save the Children Fund, March, 2015.

²¹ *Ibid*

Infectious disease experts expect a new influenza outbreak to emerge from within Asia in the coming decades.²² The region needs to prioritise support for sufficient infectious disease preparedness and response capacity. At the November 2014 G20 meeting in Brisbane, Australia, G20 members committed to support other countries to implement the International Health Regulations in the context of broader efforts to strengthen health systems.

DFAT will invest in:

- Harnessing the political leadership, technical support, and financing mechanisms needed to address regional and cross-border infectious disease threats.
 - A successful example of this is Australia's work in regional malaria elimination, which has contributed to a commitment by leaders at the East Asia Summit in November, 2014, to an Asia-Pacific free of malaria by 2030.
- Regional public goods for health security, such as the prevention and containment of malaria and TB drug-resistance.
- Strengthening of core public health systems and capacities as outlined above at Investment 1.
- Strengthening the links between the human and animal health systems to prevent, promptly detect, and respond to emerging diseases that can pass from animals to people.
- Strengthening the coordination, collaboration, and preparedness of international response agencies for outbreak and humanitarian responses.
 - Australian agencies are important actors to implement our domestic response and to support countries in our region.

3. Investments in a more effective global health response in our region

The global health system plays a key role in helping countries to respond to their health priorities. The international health development architecture, however, needs to adapt to the rapid economic development and social changes in Asia and the challenges of working in fragile and small island states in the Pacific. Additionally, a range of new private foundations and emerging donors are playing a significant part.

We will give priority to partnerships that enable us to leverage the finance, innovations, and ideas of global health organisations to achieve our objectives in priority countries. Such prioritisation might require adjustments to our health investments to ensure they are aligned with the new health and aid policy priorities. It might also require policy engagement to ensure we are effectively utilising our role in governance forums to pursue our interests and priorities.

We will make investment decisions that reduce fragmentation and align our multilateral and global health investments to our region's health priorities. With continued economic development, some lower-middle income countries in our region might in the future be ineligible for such investments. Our policy engagement will advocate for the interests of our region, particularly with regards to managing the transition of these countries out of eligibility for global health funds.

We will engage with key donors and organisations (e.g. the WHO, UNICEF, UNFPA, UNAIDS, global health funds, development banks, and private foundations and corporations) with a strong

²² Coker RJ et al., *Emerging infectious diseases in southeast Asia: regional challenges to control*, Lancet 2011; 377: 599–609.

focus on improved multilateral effectiveness and on responsiveness to the health priorities in our region.

DFAT will invest in partnerships and organisations that:

- Support our regional priorities and are consistent with our regional and bilateral investments.
- Build national systems, coordinate effectively with other development partners, and access new partnerships or financing.
- Contribute to regional and global public goods.
- Have the ability to mobilise global responses to disease outbreaks and humanitarian responses.
- Have demonstrable, country level effectiveness in our region, particularly in the Pacific.

4. Investments in improved access to clean water, sanitation, and hygiene (WASH) and nutrition

WASH

Access to clean water and sanitation are essential foundations for people's health and quality of life. Poor water, sanitation, and hygiene practices are linked to the spread of diseases such as cholera, diarrhoeal diseases, dysentery, polio, and hepatitis. Improvements in WASH services decrease the spread of disease and reduce both pre-natal and post-natal risks, mainly by reducing risks of infection. Access to sustainable clean water and sanitation is a basic requirement to support economic growth and gender equality in rural and urban areas, especially in small and medium-sized towns.

A particular challenge in our region is to scale up the availability of household sanitation and to end the practice of open defecation. We can achieve large scale change by building the capacity of organisations to implement and monitor effective hygiene behaviour change approaches, including measuring gender equality outcomes.

DFAT will invest in:

- Access to water and sanitation services and hygiene promotion for households, schools, and health centres.
- Sustainable, affordable, and good quality water and sanitation services, including through private sector provision.
- Policy and regulatory frameworks for private sector provision of WASH. This will help mobilise the capacity of private sector finance.
- Improvement of institutional and governance arrangements at local, provincial, and national levels to ensure governments can sustain WASH services.

Nutrition

Good nutrition in early life lays the foundation for good health and productivity in later life—investments in good nutrition today are investments in the economic markets of tomorrow. Better nourished infants have better motor and cognitive development and do substantially better in school, leading to greater productivity and higher incomes in adulthood.

As well as early death, the consequences of under-nutrition include disadvantages such as childhood illness, short stature, and lower cognitive development, which are in turn associated with low education attainment, low economic productivity, poor pregnancy outcomes, and greater

susceptibility to chronic diseases in later life. At the national level, such disadvantages lead to a reduced gross domestic product (GDP) and a large public health bill.

The health and economic consequences of over-nutrition (overweight and obesity) are severe for individuals, households, and societies. Chronic disease related to being overweight or obese impedes an individual's ability to work while also burdening them with increased health care costs. Societal costs of over-nutrition include high costs to the health system, loss of productivity, and a reduced GDP due to absenteeism, chronic illness, disability, and premature death.

Nutrition is a multi-sectoral issue and this strategy focuses on how DFAT will improve nutrition through health and WASH. Poor nutrition disproportionately affects women and girls in many countries, often as a result of gender inequality.²³ Our nutrition investments will embed gender equality measures.

DFAT will invest in:

- Nutrition during the first 1000 days of life and during a girl's adolescence, because nutritional deficits during these periods can last a lifetime.
- Prevention of over-nutrition, drawing on Australia's experience.
- Nutrition approaches built into the aid program's health and WASH investments.
- Ways to embed nutrition in healthy lifestyle promotion and economic policy at national and regional levels.

5. Investments to promote health innovation

To meet the complex and emerging challenges in our region, and in line with DFAT's broader approach to innovation, we will encourage innovative approaches and partnerships to improve health and to improve knowledge about what works and how to manage risks. We need to be better equipped to improve health systems and security in our region and to understand where and when it is appropriate to implement different approaches. We know that the availability of powerful new treatments and medical products needs to be matched by the power of health systems to comprehensively deliver them at scale and to those in greatest need. This is part of our overall approach to improve health outcomes.

DFAT will invest in:

- Innovative approaches and solutions to combat diseases such as malaria and TB.
- New ways of doing business, including potential partnerships with the private sector and the use of smart technologies.
- Research and learning relevant to country and regional health program contexts and to answer key operational questions.

²³ Smith L et al., The Importance of Women's Status for Child Nutrition in Developing Countries, International Food Policy Research Institute 2003; Osmani S, Sen A, *The hidden penalties of gender inequality: fetal origins of ill-health*, Economics & Human Biology 1. 2003, 105–121.

Approaches to delivery

Our investments in health will be context-specific, aligned to every partner country's priorities, results-focussed, and based on Australian comparative advantage. Our core priority is to influence partner country decisions on health policy, strategy, and domestic resource allocation for more efficient and effective use of resources. DFAT's policy influence is crucial to this in view of the fact that, on average, ODA in health is less than 1 per cent of health financing in developing countries.²⁴

We will use our policy influence and diplomatic leverage in our bilateral, regional, global, and research investments in health, and will leverage Australia's domestic expertise. We will coordinate with other international development partners and look for opportunities to leverage global funding, private financing and innovation for improvements in the region.

DFAT's approach to delivery of health investments will be tailored to local contexts and markets.

- Health care in Asia is mostly privately provided and largely paid for by patients as out-of-pocket payments. A largely unregulated private sector often provides poor quality services and medicines. Health systems reforms can help governments to better regulate health markets and re-direct out of pocket and private sector funds to better protect the poor and provide universal health coverage through, for example, national health insurance schemes.
- In the Pacific, however, health systems and services are mostly publicly and donor financed and delivered by government and development partners. DFAT is the largest and often the only donor in health in the Pacific—our financing thus represents a substantial proportion of health sector financing.
- In PNG, the government contracts-out health services through the Christian Health Services, providing about half of all outpatient services. Extractive industries also provide health services in some rural and remote areas. We will work with these partners to improve health outcomes in PNG.

DFAT will play a lead role in Australian whole of government coordination on health threats and emergencies in the region, working closely with the Department of Health and other response agencies. We will leverage the good coordination developed during the West Africa: Ebola Outbreak 2014-2015, the links between our domestic and international health concerns and our relations with key global partners.

With respect to WASH, we will work with governments to improve their capacity in the development of sector strategies, budget allocation, and provision of technical support for sustainable service delivery. This will include:

- The strengthening of human resources and institutional capacity at local government and community levels.
- Supporting regional knowledge sharing on policy reform and government decision-making to achieve equity in service delivery and sustainability of those services.
- Development of domestic markets for private sector delivery of water and sanitation services, to achieve wide scale impact.

²⁴ Sridhar D, Batniji R, *Misfinancing global health: a case for transparency in disbursements and decision making*, Lancet 2008; 372: 1185–91.

Measuring performance

Investment in health is among the six investment pillars of the aid program's performance framework, *Making Performance Count: enhancing the accountability and effectiveness of Australian aid*. Investments in health will contribute to the strategic targets of the framework, particularly:

- Target 2: engaging the private sector.
- Target 3: reducing poverty.
- Target 4: empowering women and girls.

Strategic performance

The **key outcomes** of the strategy will be **country-level systems and services that are responsive to people's health needs** and **strengthened regional preparedness and capacity to respond to emerging health threats**. We will assess the strategic performance of the health portfolio at three levels:

1. The headline aggregate development results of the DFAT health portfolio.
2. Alignment of expenditure and activity against the policy directions set out in this strategy.
3. At the program level, through high-quality monitoring and evaluation.

We will seek to answer the following key questions:

- Are we focusing on the right issues to promote economic growth, reduce poverty, and maintain regional health security?
- Are we contributing to gender-equality outcomes?
- Are we investing adequately in the right countries and targeting the right populations?
- Are we achieving the impacts we intended?
- Are our investments effective and efficient?
- Are we working with appropriate partners and using appropriate modalities?
- Do we have the appropriate resources and systems to deliver impact and demonstrate results?
- Are we responding appropriately to context and to changes in the development environment?
- Are we engaging appropriately with the private sector?
- Are we investing adequately in innovation and research?

We will collect and analyse information from several sources:

- Aggregate development results.
- Aid Quality Checks at the investment level.
- Annual Program Performance Reports at the country and regional program level.
- Individual analysis, evaluation and operational research reports on investments and programs.

- Expenditure in the bilateral, regional, and relevant global programs.

Program monitoring and evaluation (M&E)

Our approach to M&E is evolving in line with the Government's commitment to improving effectiveness, accountability, and results. We will invest in partners' health performance reporting systems and capacity and will use existing systems whenever possible. We will ensure all programs and investments have a strong emphasis on quality M&E integrated into all program designs and implementation plans, drawing on technical assistance as needed.

We will seek to understand and learn from all health investments, including:

- Knowing if we have achieved what we wanted from our programs.
- Understanding what contributed to our successes and failures.
- Investing in activities to find new and better solutions.
- Building new partnerships to bring different perspectives and expertise.

The Development Policy Division (DPD) of DFAT will develop Performance Assessment Notes for health and for WASH. These will provide detailed guidance and resource materials for program areas to use in the design of M&E approaches for specific investments or groups of investments.

Resources

Funds to deliver this strategy will come from country, regional, and global programs, and they will be delivered through the regular budget process. Priorities and delivery strategies will be set by the relevant program areas, taking into account partner priorities and the priorities set out in this strategy.

This strategy aims to help program managers to focus their priorities and activities consistent with budget allocations.

To deliver this strategy, we will maintain a core workforce of skilled staff with capabilities to support strategic engagement, policy dialogue, and program design with partner countries in health, WASH, and nutrition. We will continue to build and maintain these skills through internal communities of practice in health, nutrition, and WASH, and will continue to supplement these efforts by purchasing specialist technical assistance services as needed. We will manage and facilitate access for program staff to a specialist health technical assistance service.

DPD will continue to be the driver of health development policy, and will provide operational guidance to assist with the implementation of this strategy, for example, on health systems reform, regional health security, private sector engagement, nutrition and health, and WASH.

DPD will also work with the DFAT programs and external partners to plan and adjust pipeline investments. DFAT will work across the Government with the Department of Health, and also with key response agencies to prepare and respond to health security threats.

Annex 1: Application of the Australian Aid Policy tests to health

Aid Policy Tests	This means that DFAT Health diplomacy and investments will....	Considerations/criteria
<p>Pursuing national interest and extending Australia's influence</p>	<ul style="list-style-type: none"> • prioritise low and lower middle-income countries in the Indo-Pacific region • reflect Australia's broader strategic and political priorities and comparative advantage (e.g. geographic proximity and priority relationships) • promote regional security, stability and prosperity through addressing health related development and economic risks 	<ul style="list-style-type: none"> • Are public health issues, antimicrobial resistance in the region and future epidemics a potential threat to Australia's interests? • Can Australia be a significant and valuable health player in the region? • Does the investment benefit DFAT's priority countries in the Indo-Pacific region? Does it benefit countries in Southeast Asia and the Pacific in particular? • Is health a priority sector in the relevant DFAT country and regional Aid Investment Plans? • Does the investment prevent or mitigate a public health threat to Australia, to the region, and globally? • Does the investment prevent health-related instability in the region and thereby contribute to economic and human development? • Does the investment promote a regional solution to cross-border disease threats, such as antimicrobial resistance in the region?

Aid Policy Tests	This means that DFAT Health diplomacy and investments will....	Considerations/criteria
<p>Impact on promoting growth and reducing poverty</p>	<ul style="list-style-type: none"> • target health system constraints to address countries' priority health challenges including tackling diseases and establishing social safety nets that target the poorest and most vulnerable populations • influence countries' domestic policy and resource allocation across sectors to maximise health impact for the poor • maximise the potential of the private / non-state sector at the national, regional and global level to achieve better population health • effectively address gender equality and empowerment of women and girls 	<ul style="list-style-type: none"> • Is poor health limiting partner countries' progress with economic growth and poverty reduction? • Does the investment focus on benefitting the poor? Who will benefit? What is the evidence for this? (e.g. Demographic and Household Survey data, global literature) • Is the health issue being addressed known to impact economic growth (e.g. the impact of illness and death on economically active adults)? • How will this investment affect out-of-pocket health expenditure? • Will the investment strengthen the performance of the health system or its component building blocks? • Does the investment reflect the partner government's own health sector priorities? What is the evidence? Is it backed up by burden of disease analysis? Is it backed up by the partner government's own budget allocation? • Can DFAT's engagement leverage additional public spending and/or make its allocation more efficient? • Does the investment consider the role of the private sector (e.g. better regulation of the private sector; increased use of social marketing expertise, leveraging additional public sector finance)? • Does the investment have the potential to empower women and girls and contribute to gender equality? What is the evidence for this? (e.g. Demographic and Household Survey data, global literature)

Aid Policy Tests	This means that DFAT Health diplomacy and investments will....	Considerations/criteria
Australia's value-add and leverage	<ul style="list-style-type: none"> • respond flexibly to country/regional context, priorities and needs • use the most effective multilateral and bilateral aid modalities to contribute to sustained population health • ensure appropriate levels of financial and technical resources to have an impact • capitalise on Australia's comparative advantages across government and non-government sectors to draw upon Australian expertise 	<ul style="list-style-type: none"> • Can Australia be a significant and valuable health security player in the region? Globally? • Is the proposal adequately cognisant of the roles and responsibilities of other players in the health sector? Does DFAT have a particular contribution to make? • Is DFAT making its contribution in the most appropriate way? Are proposed partner organisations known to be effective? • Is DFAT's contribution significant enough to make a difference? • Can DFAT's engagement influence global funders to increase their aid effectiveness and to increase their investment in DFAT's priority focus on regional health security, and in our priority countries? • Can DFAT's engagement leverage the private sector to contribute more and to develop innovative ways to improve health? • Can DFAT's engagement leverage other streams of development finance? • Does the investment present an opportunity for DFAT to deploy its stated world-class expertise in health systems, regulation, research, prevention and disease control and address its stated priorities.

Aid Policy Tests	This means that DFAT Health diplomacy and investments will....	Considerations/criteria
<p>Making performance count</p>	<ul style="list-style-type: none"> • be designed and managed by staff with skills to be able to influence health policy outcomes • demonstrate a clear results focus backed by high calibre M&E systems • work with partners who have the capacity to deliver, measure and be accountable for results • generate the evidence to improve multilateral/bilateral effectiveness for health • support sharper program focus and consolidation 	<ul style="list-style-type: none"> • Can DFAT make a ‘real-world’ difference in the health sector and demonstrate that it has done so? • Does DFAT have the capacity and expertise to deliver the investment? • Are the proposed interventions recognised to be cost-effective? Do they invest in ‘best-buys’?²⁵ • Do the investments have a strong monitoring and evaluation framework in place, or planned, with appropriate indicators, baseline data and targets? • Can opportunities be taken to support national health information systems? E.g. disease data, surveillance, civil registration and vital statistics. • Do partner organisations have the capacity to report against monitoring and evaluation frameworks? • Does DFAT have the means to harvest and share the lessons of the investment for future practice? • Does the investment contribute to consolidation or fragmentation of DFAT’s portfolio?

²⁵ World Bank Disease Control Priorities Project; WHO-CHOICE www.who.int/choice/results

Annex 2: Global and multilateral organisations – comparative advantages in health

Global Organisation	Comparative Advantage in Health
WHO	Developing global public health norms and standards and assisting countries translating these. Water quality; WASH monitoring (through the WHO and UNICEF Joint Monitoring Programme)
UNICEF	Maternal, newborn and child health, nutrition and WASH (provincial and district) program delivery, including routine immunisation and campaigns; program innovation; WASH systems (Sanitation and Water for All and in schools; WASH monitoring (through the WHO and UNICEF Joint Monitoring Programme)
UNFPA	Family planning and sexual and reproductive health and rights advocacy and commodity procurement
UNAIDS	Multisector HIV and AIDS policy and advocacy across the UN system
World Food Programme	Humanitarian emergency nutrition programs
The Global Fund to Fight Aids, Tuberculosis and Malaria	Financing HIV/AIDS, TB and malaria country programs; commodity procurement, shaping commodity prices
Gavi, the Vaccine Alliance	Financing country immunisation programs; financing commodity procurement, shaping vaccine prices
World Bank	Health systems, health economic and financing, public financial management; cross sector health; analysis; and loans
Asian Development Bank	Investment in Asia Pacific regional public goods and cross-border health programs; loans
Bill & Melinda Gates Foundation*	Financing scientific research and product development. Focus on specific communicable diseases and maternal, newborn and child health. Project delivery. Finances and increasingly influences WHO, the Global Fund, and Gavi
Clinton Health Access Initiative*	Market shaping to reduce prices of essential medicines; analytics
Water Supply and Sanitation Collaborative	Improved sanitation and hygiene behaviour change; WASH-health

Global Organisation	Comparative Advantage in Health
Council	linkages, particularly for women and girls

*Private foundations with significant leverage and influence in global health.