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Increasing domestic financing for family planning commodities in Kenya

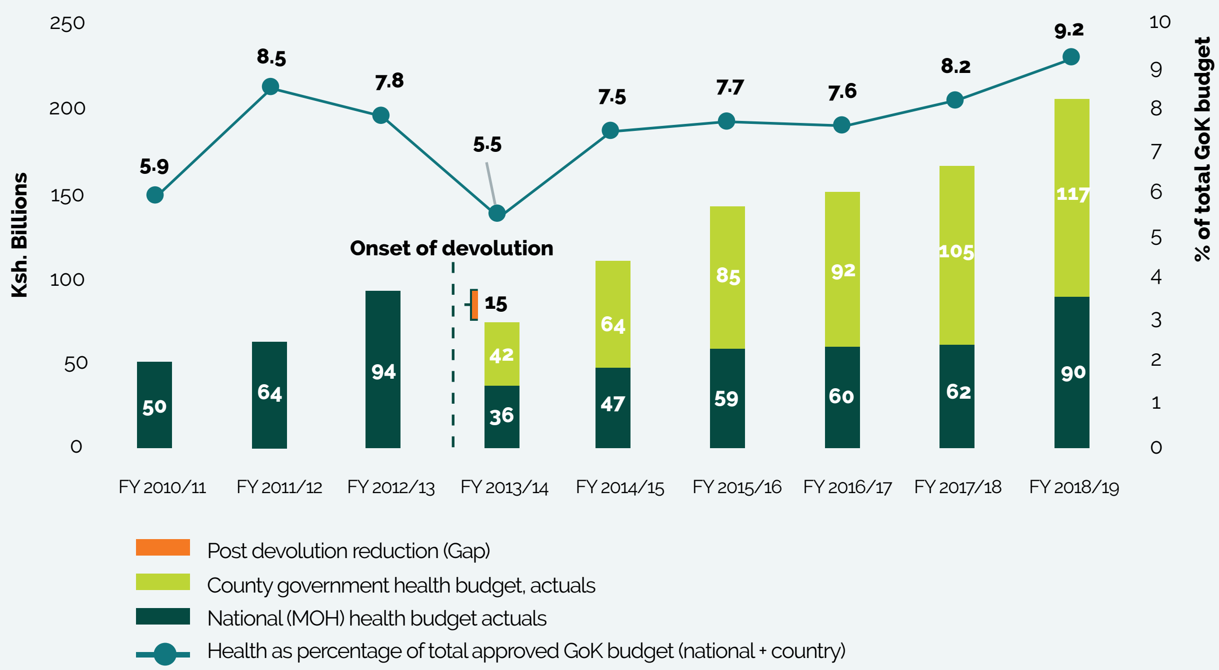
Tracking the progress made as a result of matched funding commitments

Following several years of heavy reliance on donor funding for family planning commodities, the last financial year 2019/20 has seen important progress towards increased national ownership of family planning (FP) financing in Kenya. This brief presents an overview of the country's FP financing landscape since the devolution of the health sector and describes the process of increasing government investment in FP as a result of matched funding agreements by a number of donors and governments.

1. Overview of family planning financing in Kenya

The Government of Kenya (GoK) has made great progress towards increasing the uptake of family planning (FP), from 39% to 61% of married women using modern contraceptives (mCPR) (KNBS, 2003, 2014). The country 's goal is to reach 66% by the year 2030. The achievements, so far, are largely attributable to the improved political will and subsequent national level commitment to allocate FP commodities funding on behalf of counties, and counties allocating funds for service delivery. However, there is still much work to be done in prioritising family planning within the health agenda and increasing domestic financing to sustain the improvements in mCPR and reach the government's desired goal.

Figure 1: GoK's actual budgetary spending on health, and health as a percentage of total approved GoK budget



Source: National and County Budget Analysis 2018/19

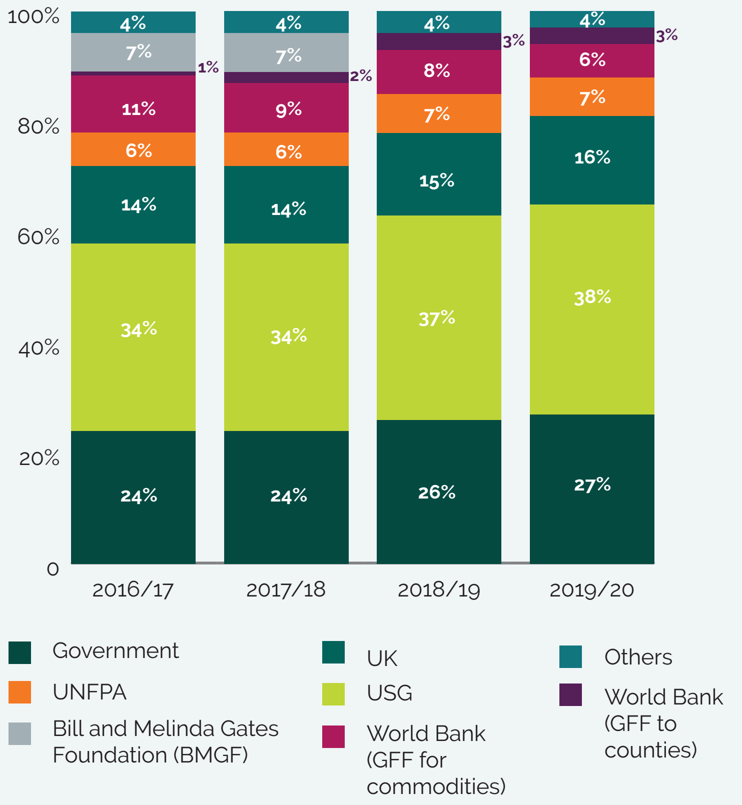
Kenya's allocation to health continues to show a gradual expansion trend from the post-devolution financial year (FY) 2013/14, when 78 billion Kenyan shillings (Ksh) were allocated, to the Ksh 207 billion allocated in FY 2018/19 (representing a 165% increase). This increase is primarily attributable to counties emerging as major financiers of health, since budget allocations at the county level are expanding more rapidly than those to the national Ministry of Health (MOH) (Fig 1).

The proportion of total government budget allocation to health at both national and county levels has increased during the FYs 2017/18 and 2018/19, after stagnating at around 7% during FYs 2014/15 – 2016/17, reaching a high of 9.2% in FY 2018/19. This trend indicates that Kenya is gradually moving toward the 2001 Abuja Declaration target of allocating 15% of the total budget to health. However, fiscal pressures across the health sector in 2020 could potentially adversely impact the country's family planning programme even if it makes up a relatively small share of the overall health budget.

Family planning commodities funding

FP commodity security takes up a large share of the FP resource requirement, yet the current financing level is largely dependent on donor support that is inadequate or unsustainable, or both. The Reproductive Health Commodity Security (RHCS) Strategy 2013-17 took into consideration financing commitments for contraceptives from all sources: investment of public funds by government; external financing or in-kind investment by donors and private investments. The analysis included in the strategy estimated that Kenya's FP programme would be supported by commitments from international donors and the GoK to secure increased financing for FP commodities and services between 2016/17 and 2019/20. Similarly, figure 2 reveals that in the FP-Costed Implementation Plan (CIP) (2017-2020), FP financing was envisaged to remain heavily dependent on development partners over the implementation period, with 75% of the required funding projected to come from external sources (The United Nations Population Fund (UNFPA), 2019).

Figure 2: Resource projection for national CIP by source (2017 to 2020)



Source: National FP CIP 2017 – 2020

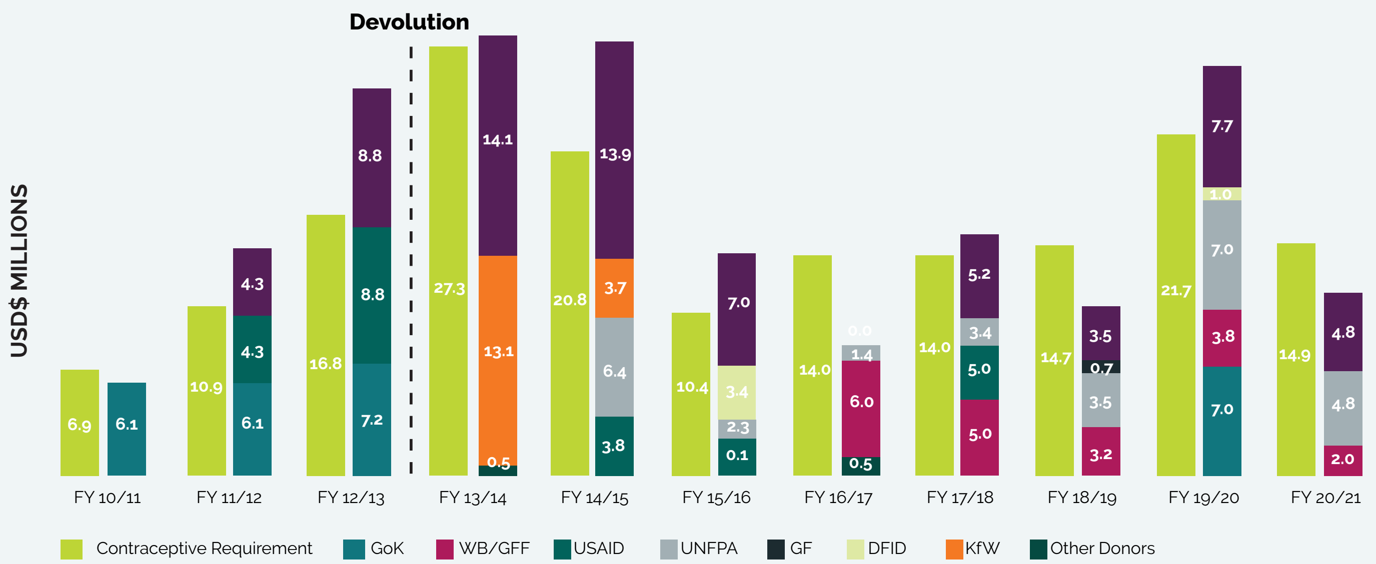
Gaps in FP commodity funding

Observing FP commodity funding in the country for a ten-year period, between FYs 2010/11 and 2012/13, GoK contributed significantly by directing US$10 million to the MoH for the purchase of FP commodities. However, from the onset of devolution in FY 2013/14, that money was redirected to Kenya's 47 newly created counties, leaving the national budget without a dedicated line item for the purchase of FP commodities. Because there was no guidance to any of the county governments to make provisions, this reform saw a decline of funding between 2014/15 until the government picked up in 2016/17. (CHAI, 2019)

This was largely caused by the ambiguity created by the transfer of functions between the two levels of government and lack of clarity regarding whose responsibility it fell upon to provide financing for contraceptives. Counties thought it was central GoK/MoH as they thought FP was still a national programme (such as vaccinations); whereas the centre thought it was a county responsibility as health had been mostly devolved. At the same time, donor contributions have also decreased as a reflection of declining global funding commitments since they increasingly expect governments to take on a greater share of the responsibility for financing healthcare, particularly in lower middle income countries (LMIC) such as Kenya.

The above situation resulted in an erratic FP commodity funding landscape, with GoK completely halting its funding for FP commodities between FYs 2013/14 to 2015/16. This worsened the funding gap, from more than $12 million in FY 2013/14 when there was still a budget line for commodities, to less than a total of $1.5 million between 2014/15 and 2017/18 combined as shown in Figure 3.

Figure 3: Trends in contraceptive requirement and actual investments in FP commodities in Kenya by source, 2010-2020 ($' million)



Source: FP quantification technical reports 2010-2018; FP dashboard

The country's historic reliance on donor support and recent ambition among development partners to transition away from externally funding FP programmes threatens the programme's sustainability as well as Kenya's goal of ensuring greater and more equitable access and uptake of family planning services. This compelled stakeholders to collaborate in advocating for policy-makers to increase public investment in FP.

2. Recent progress towards increased public investment in FP

While government commitments to FP commodity financing have been limited, in the FY 2019/20 budget, the national government committed to allocate KES 785 million towards commodity procurement. Furthermore, in FY 2019/20 the government committed to increasing the portion of the national health budget for FP services, specifically through a budget line allocated to FP. This section describes some of the contributing factors to this increased commitment on behalf of government.

Engagements with developing partners to match funding

To establish a sustainable mechanism for financing commodity procurement in the country, key stakeholders joined efforts to discuss and each played their specific part. The US Agency for International Development (USAID) initiated in-country consultations and dialogue around matching funding for contraceptives with the donor group comprising The UK Department for International Development (DFID) and the Bill and Melinda Gates Foundation (BMGF) to ensure buy-in ahead of concept formalization. This approach borrowed from a similar initiative supported by BMGF in Burkina Faso, which has shown notable success.

> "The high-level advocacy and consistent dialogue with the MoH and National Treasury is yielding fruits, acknowledging the allocation of domestic resources to procure FP commodities, and inclusion of this in the medium-term plan. This has also been facilitated by a united and coordinated partnership among the development partners. All key stakeholders focusing on the roadmap towards achieving the FP2020 commitment, Vision 2030 and the sustainable Development Goals (Agenda 2030)."
>
> **[UNFPA, Kenya]**

The discussions led to USAID and DFID accepting to go against their traditional funding approach for contraceptives and instead agreeing to withhold their funds conditional to GoK contributing the proposed ratio.

The Clinton Health Access Initiative (CHAI) provided continuous support in synthesizing, triangulating and conducting in-depth analysis of data on historical contraceptive funding trends and future needs as advocacy tools for consensus building within the stakeholder group and a shared reference point for fund allocation by the donor group and GoK. Additionally, they provided support in drafting a Memorandum Of Understanding (MOU) to match commodity financing for an agreed period which the donor group endorsed and presented to the Cabinet Secretary for consideration.

The National Council for Population and Development (NCPD) championed and provided stewardship throughout the entire process with commendable vigor to the extent that GoK allocations have been made not only for the year 2019/20 (confirmed) but also for the subsequent year 2020/21 (MTEF indicative).

Some of the key achievements in FP commodity financing that can at least in part be attributed to these engagements include:

1. Two-year procurement plans for each commodity were completed in August 2018. These include updated information on commodity requirements, financial forecasts and funding gaps. However, there remains a need to track the percentage difference between the actual and forecasted consumption.
2. The Global Financing Facility (GFF), through the World Bank (WB), has allocated funds towards procurement of FP commodities.
3. Forecasting and supply planning has been completed annually to inform resource allocation (GoK, non-governmental organisation (NGO) and private sector) for reproductive health (RH) commodities.
4. A memorandum of understanding (MOU) between the MoH, BMGF, DFID and USAID on financing of commodities has been developed and is awaiting approval by the Cabinet Secretary for health.
5. BMGF committed and allocated funds as a signal of goodwill to kick start the operationalisation of the matching fund concept and to support commodity procurement for a few years in the country.

The positive developments in the FP commodity financing as per the MOU between MoH, BMGF, DFID and USAID is the co-financing on an agreed matching ratio between July 2019 till 30th June 2024. These development partners will match MoH financing as per the ratios shown in the adjacent table. This commits government to take on an increasing share of the overall funding for FP commodity financing each year so that in 2022 and 2023, the government will invest double the amount invested by development partners and in 2024 this will increase to four times the external investment. This will influence decision makers to take action and also improve accountability by keeping stated commitments visible by all parties.

Year	Matching ratio
2020	1:1.5
2021	1:1
2022	1:0.5
2023	1:0.5
2024	1:0.25

The graduated reduction in investment on the development partners' side speaks to the commitment of increased national ownership of FP domestic financing and sustainability beyond 2024. While the MOU has not been officially signed by the government, it has already resulted in the allocation of domestic funding as part of the agreement in 2019/20, with GoK committing a total of KES 785 million for the procurement of contraceptives.

> "What helped? A joined-up donor approach where we agreed that we were not providing any more funding without guarantees from GoK that they would start co-financing and increase their share year on year. We agreed some key conditions (like clearing up the confusion regarding roles and responsibilities; making FP commodities a strategic commodity; and seeing proof of money transmitted to KEMSA) and then stuck to them. We were also lucky that there was a very proactive and capable Permanent Secretary in the MoH at the time who really drove this forward."
>
> **[DFID, Kenya]**

Evidence-based advocacy to strengthen national ownership

Evidence-based budget advocacy efforts have contributed to the government's buy-in and subsequent adoption of the MOU. This has been a major achievement which comes after several months of intense efforts by stakeholders working in the family planning space. The discussions have focused on demonstrating to the Kenyan government that, contrary to expectations, the country's FP programme is not sustainable given that it is almost entirely dependent on steadily declining donor support. These engagements have led to the reintroduction of the FP budget line and allocation of KES 785 million, as shown in the table, which marked a major milestone achieved to date.

GoK funding source	Contraceptives procured
KES 245 million under the FP program for contraceptive procurement in FY 2019/20	• **10,500** injectable Depomedroxyprogesterone acetate (DMPA) injection kits; • **139,000** doses of emergency contraception pills; • **89,000** sets of 2 rods and **377,934** intrauterine contraceptive device (IUCD) sets
"Big 4 Agenda"- universal health coverage (UHC) program allocates **KES 540 million** for contraceptive procurement	• **4,290,000** vials of DMPA; • **10,000** sets of 1-rod implants and **150,000** doses of emergency contraception pills.

Ongoing commitments

Development partners have expressed willingness to provide additional funds equivalent to the GoK allocation to be used to address supply shortfalls. BMGF has committed to contribute a total of $5M over the next three years between 2020/21 to 2023/24. In FY 2020/21, has approved allocation of $1.67M to CHAI to support KEMSA procurements and subsequent funding will be released upon the MOU being signed. USAID has committed $3.2 million while DFID has committed £2million. Options, as part of the DESIP Project along with CHAI and other partners working in the family planning space, supported the generation of evidence to showcase to government the trends in resources earmarked for family planning commodities and the benefit of securing GoK commitment and increasing domestic financing for a sustainable family planning program.

3. Next steps

In order to closely monitor the FP commodity funding status of both government and donor commitments, and to continuously advocate for the allocation of more financial resources, Options has joined the national donor-led Commodity Security Group and FP Logistics Technical Working Groups (TWGs), which serve interrelated purposes. The Commodity Security Group is tracking government and donor commitment towards FP commodity financing as proposed in the MOU while the FP logistics TWG monitors stocks both at national and county levels and reviews the supply planning.

As a member of both teams, Options role will be to offer continuous support by generating evidence to inform decision-makers at the MoH, Department of Reproductive and Maternal Health on the status of national stocks and provide useful information to guide national high level advocacy on why they should allocate and secure resources in the national budget for the MoH to purchase strategic FP commodities.

"To sustain these gains - especially in light of the economic challenges which will result from the impact of COVID on GoK (and all nation's finances) – development partners need to maintain a joined up front; maintain negotiations with GoK; continue to push for the MoU; bring in high-level diplomacy where needed; and participate in budget planning processes to ensure future budgets include adequate financing for FP.

If the pressures of reduced domestic resources from COVID are real, then development partners need to stick to the principles we agreed and possibly transition more slowly from 100% external financing to 100% GoK financing over 5 years, taking into account what is possible on the GOK side. We must not roll back to a place where such a strategic commodity is fully funded by development partners. GoK has to continue to co-finance and we need to continue to work together on this."

[DFID, Kenya]

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The Delivering Sustainable and Equitable Increases in Family Planning in Kenya (DESIP) programme is funded by DFID and aims to ensure greater and more equitable access and uptake of family planning services in 19 priority counties in Kenya. DESIP is led by Population Services Kenya, in partnership with AMREF Kenya, Options Consultancy Services Limited, Faith to Action Network, Health Rights International, Voluntary Service Overseas Kenya and Population Services International. Options leads the work to improve and strengthen national ownership including through increased domestic resource mobilisation.

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