



**Sustainable Financing
For Health Accelerator**

**Disbursement Linked Indicators Course
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Demystifying DLIs

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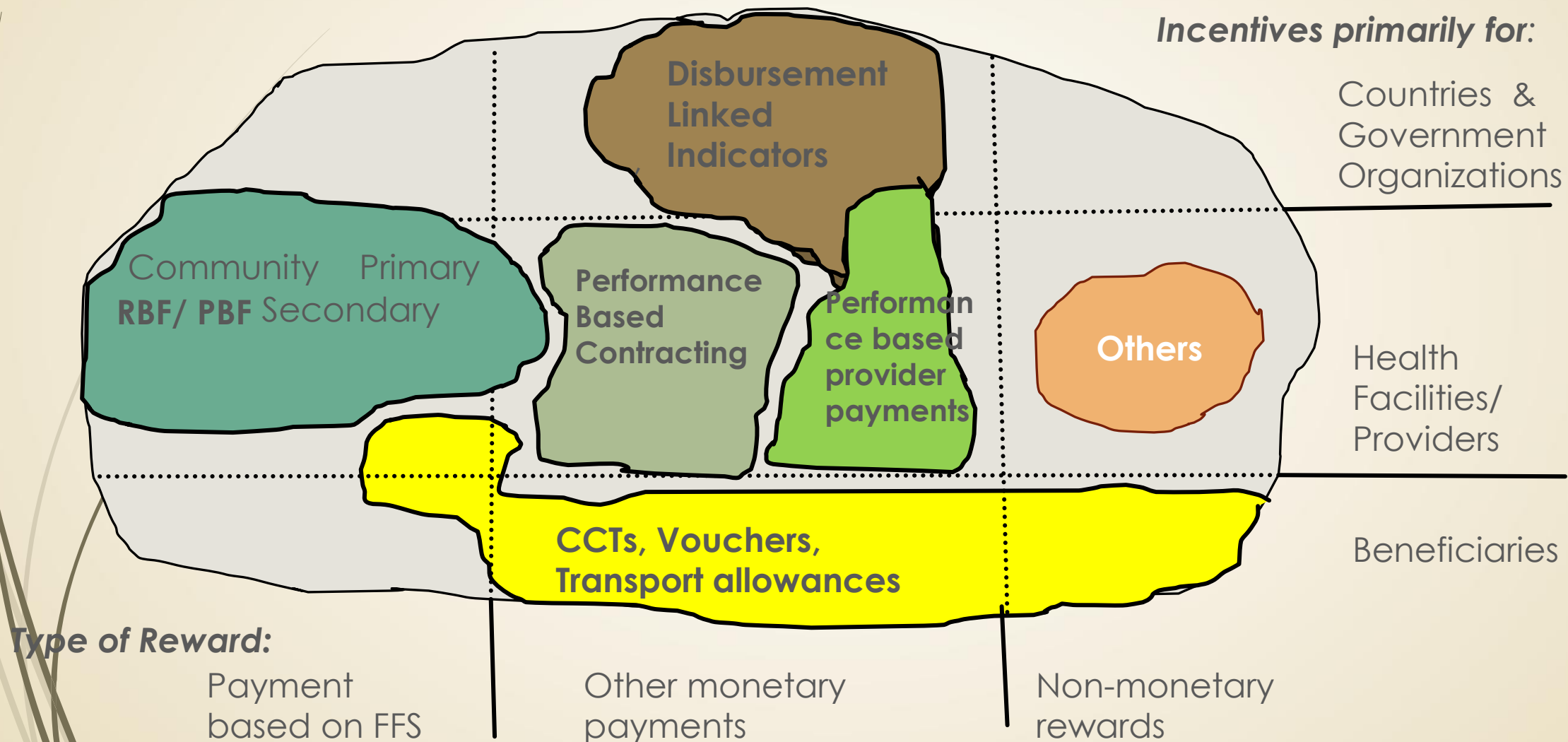
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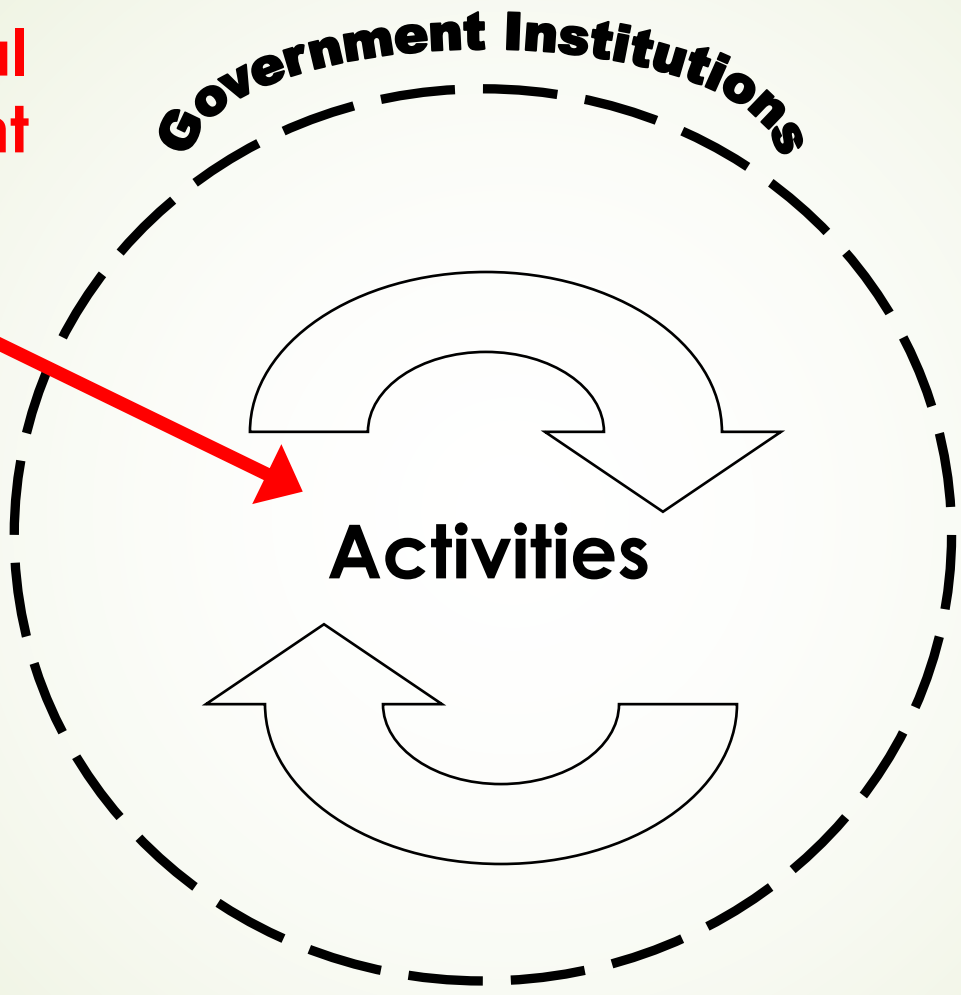
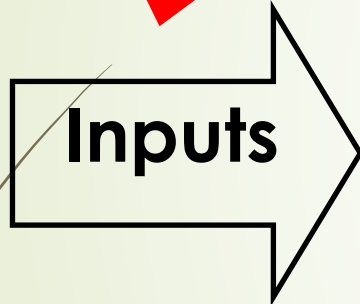
What has driven a move away from only financing Inputs to financing outputs and results?

- ✓ Focused on the end goals prioritized by the country and not on the paths to reach there
- ✓ Ensures value for money and sustainability
- ✓ Institutional strengthening and domestic institution building
- ✓ Government/implementer ownership and institutional accountability
- ✓ Transparency
- ✓ Platform for coordination (within government and among partners) and ongoing discussion
- ✓ Shifts dialog from monitoring transactions to technical discussions on end-results and technical assistance needed to get there
- ✓ Creates a better 'pull' for knowledge and technical support, where most relevant to country needs

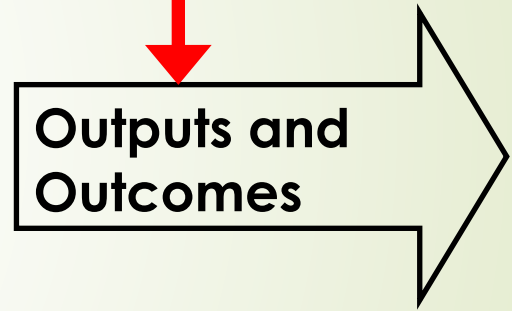
DLIs are a modality of development financing to governments that disburse against pre-agreed outputs and outcomes



**Conventional
Development
Financing**



DLIs



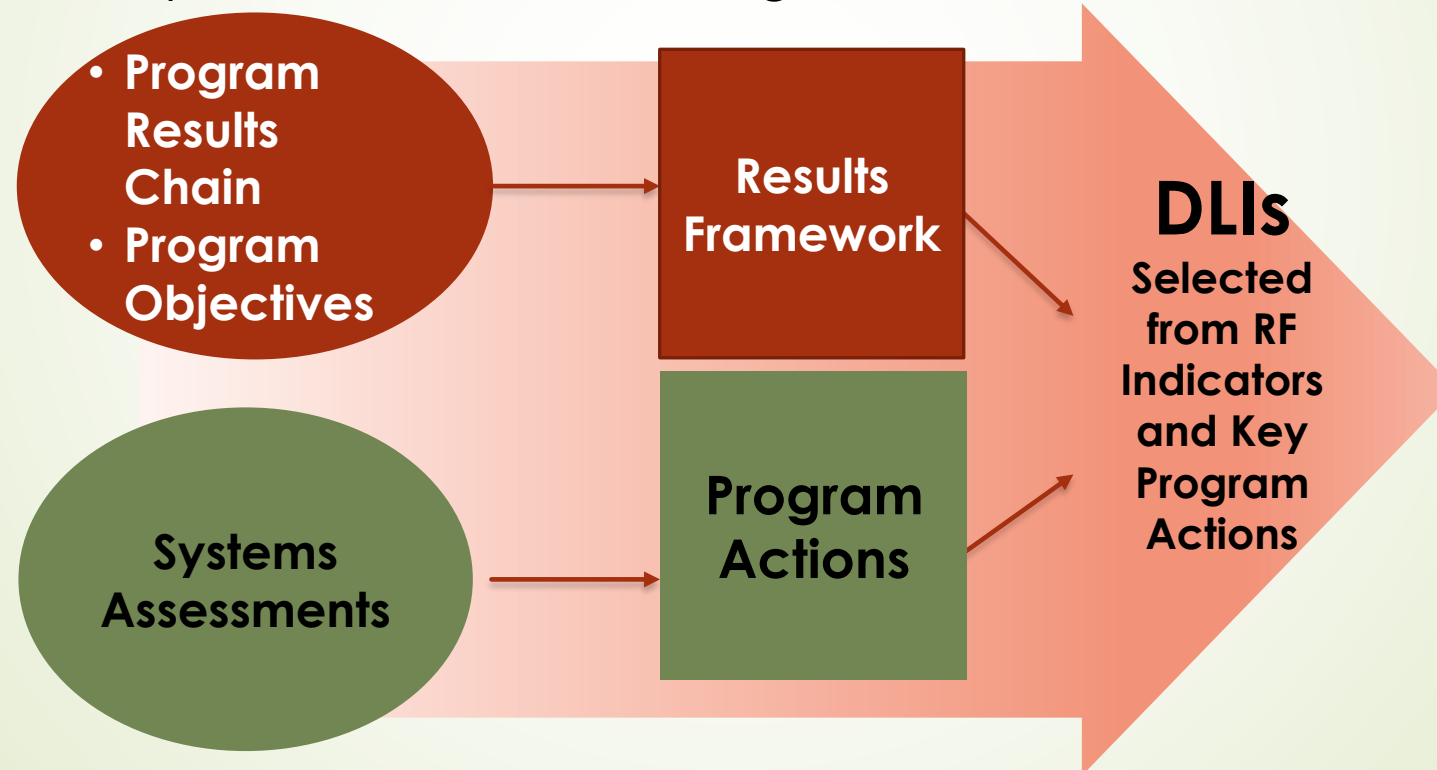


Disbursement Linked Indicator (DLI) -Based Operations are increasingly popular

- ▶ Over 40 countries world wide in the health sector alone
- ▶ Amounting to billions of dollars each year at the World Bank
- ▶ Wide geographical scope: East Asia and Pacific, Eastern Europe , Latin America, South Asia, Africa
- ▶ Different sectors – education, health, poverty reduction programs

General Approach for Selecting DLIs

- ✓ **Selection of DLIs** should focus on a limited set of critical indicators prioritized based on country needs, that
 - ✓ Provide incentives for achieving results or
 - ✓ Are key milestones for achieving such results



This illustration is from a 'Program for Results' instrument- is slightly different within an 'Investment Project Financing instrument

The DLI approach

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- Aimed at addressing country priorities
- Mutually Agreed and Pre-defined Indicators
- Mix of 'ensuring inputs', processes, outputs, short term outcomes
- Can be aimed at Service Delivery, Institutional Strengthening or Program Management challenges

Examples of Disbursement Linked Indicators

Focus Area	DLIs
Service Delivery	<ul style="list-style-type: none">• Increase in deliveries conducted by Skilled Birth Attendant by x percentage points from baseline• X % of facilities fully stocked with tracer drugs• % health centers which score > x % on the Standard Supervisory Check list
Institutional Strengthening	<ul style="list-style-type: none">• No. of Health Facilities with at least 1 community midwife• % Health Facilities providing completed and timely HMIS reports• Province health budget for non-salary recurrent expenditures increases by x% from previous year
Management	<ul style="list-style-type: none">• External Verification results disseminated• Timely release of payment to provinces• Annual National Health Statistics Published

Key Criteria for Selecting DLIs

- ✓ **Incentives.** Do they provide the right incentives for achieving desired outcomes?
- ✓ **Achievable.** Finding the right level of ambition- should also be feasible to achieve and within reasonable control of the government/implementing body
- ✓ **Tangible/measurable.** Clear and specific about what will be measured.
- ✓ **Credible Verification.** Capable of being objectively verified
- ✓ **Efficient.** Data is available or practical to obtain

Sequencing DLIs over a period of years often requires several of these attributes together.



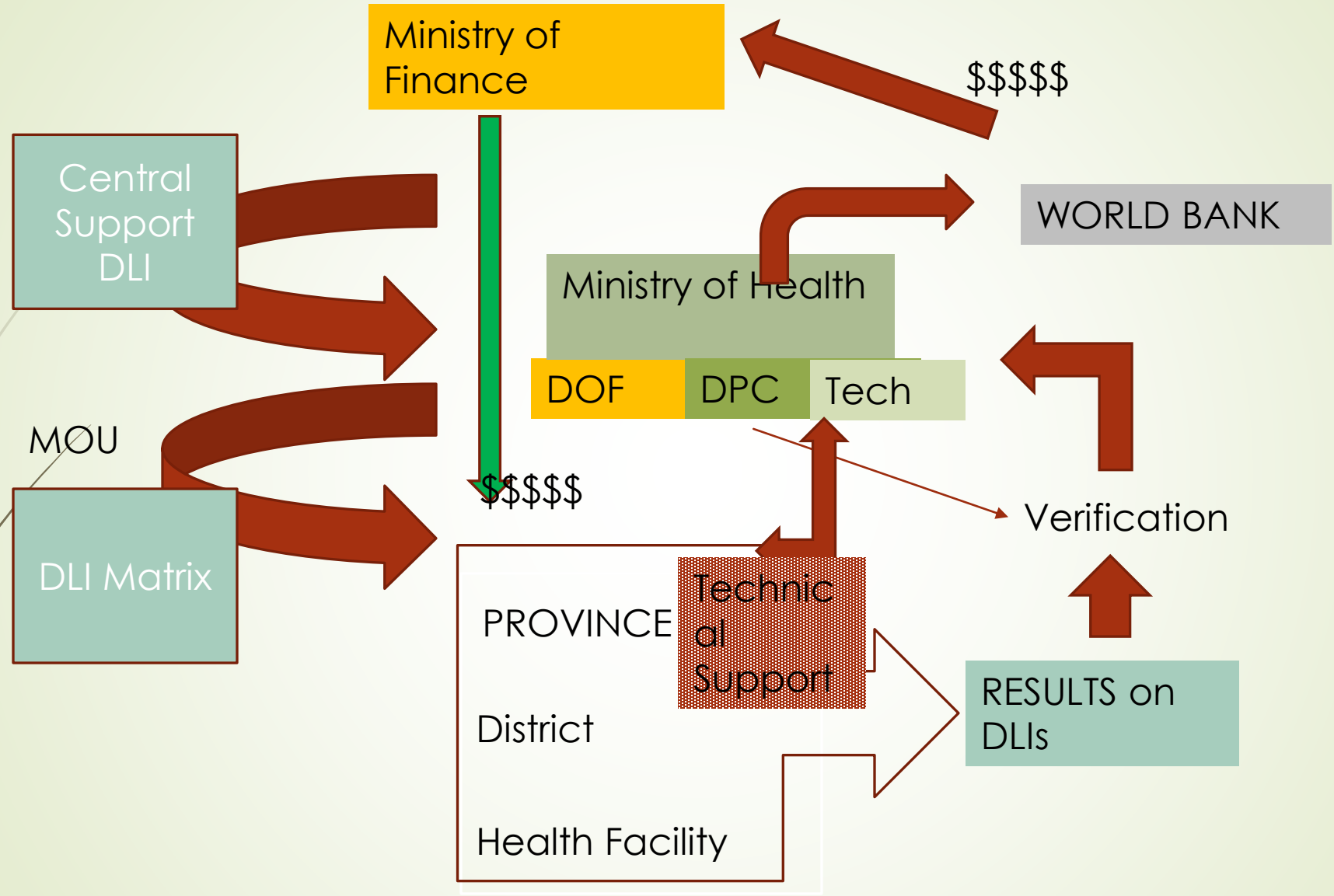
DLIs Monitoring & Verification Arrangements

- A Monitoring and Verification system is critical to DLI design and the protocol is agreed upon during preparation and appraisal for **each DLI**
 - ❑ Clear definition and description of achievement
 - ❑ Baseline & targets
 - ❑ Frequency of reporting
 - ❑ Verification protocol (data source/agency & verification entity)
 - Independent verification of results is not only important from a fiduciary perspective, but also helps in improved data quality and an additional M&E layer. Contribute to building national capacity, improve data quality, create trust and confidence in the information system.

What happens if a DLI is missed ?

- Different Options
 - Deferred payment
 - Pro rata payment – mainstreamed now as **fully scalable** DLIs
- Details agreed as part of the project preparation

Roles and Relationships (example of Lao PDR)



Responsibilities (example of Lao PDR)

Institution	Responsibility
Ministry of Finance	Dialogue on Project policy issues and recipient of Bank Funds, monitoring end use of funds
Ministry of Health	Stewardship for project implementation
DPC (NPCO)	Lead for the project implementation and contracting external Verification and overall coordination
Technical Departments	Central Level DLI implementation, Capacity Building and Monitoring of Province performance
Province Governor	Stewardship of project implementation in Province
Province Health Office	Lead for project implementation , internal monitoring and capacity building
District Health Office	Lead for delivery on DLIs and performance monitoring of Health centers and capacity building
Health Centers, District Hospitals and Provincial hospitals	Health service delivery

Emerging Impact

MCV1 Immunization in 50 target DLI districts compared to the non-DLI districts in Laos			June 2016- May 2017	June 2017- May 2018	June 2018- May 2019
50 DLI target districts	Total no. of immunization		29,625	34,755	36,210
	Increase or decrease from baseline (2016-17)	No.	29,625	5,130	1,455
		%		17%	22%
All districts in the country - excluding 50 DLI target districts	Total no. of immunization		91,462	89,555	92,409
	Increase or decrease from baseline (2016-17)	No.	91,462	(1,907)	2,854
		%		-2%	1%
All districts in the country	Total no. of immunization		121,087	124,310	128,619
	Increase or decrease from baseline (2016-17)	No.	121,087	3,223	4,309
		%		3%	6%
Source: DHIS2 report, MoH, Laos					

Emerging Impact (contd.)

Penta 3 Immunization in 50 target DLI districts compared to the non-DLI districts in Laos			June 2016-May 2017	June 2017-May 2018	June 2018-May 2019
50 DLI target districts	Total no. of immunization		29,688	38,239	38,636
	Increase or decrease from baseline (2016-17)	No.	29,688	8,551	397
		%		29%	30%
All districts in the country - excluding 50 DLI target districts	Total no. of immunization		93,805	94,251	97,293
	Increase or decrease from baseline (2016-17)	No.	93,805	446	3,042
		%		0%	4%
All districts in the country	Total no. of immunization		123,493	132,490	135,929
	Increase or decrease from baseline (2016-17)	No.	123,493	8,997	3,439
		%		7%	10%



Parting Note: Innovations, Good practices we Imbided, and Challenges

- Innovation: **Fully Scalable** DLIs with possibility of **over achievement** (Lao PDR)
- Innovation: half-yearly optional DLI report (Cambodia)
- Good Practice: End DLIs well before project closure to allow time for delayed achievement or for new DLIs/alternative use through restructuring
- Good Practice: Use administrative data or policy actions which are relatively easier to verify, with due verification
- Challenges:
 - Addressing acceptance of DLIs, especially when new to country- ensuring shared understanding regarding DLIs at all levels and among partners
 - Ensuring consistent and timely fund flows- before and after disbursement