



The Value of Co-Financing

What does co-financing achieve? Why do it?

*“It is essential and urgent for donors to **align their investments to country digital health strategies** that are in support of national health strategies. This is required to enable countries to pursue an integrated approach to strengthening health systems, to enhance and extend the delivery of quality health services, and to improve data (and the capacity to use it) for improved health outcomes.”*

-The Principles of Donor Alignment for Digital Health

In October 2018, 21 investors in digital health signed and launched the [Principles of Donor Alignment for Digital Health](#). These principles were developed in response to identified challenges with scaling digital interventions, including lack of donor coordination with country digital health strategies, lack of interoperable software suites that could meet all the needs identified in those strategies, and duplicative, unsustainable digital health pilot projects. Co-financing addresses these challenges by increasing visibility across investments and coordination among investors. This allows investors to stretch dollars further and prevent duplicative funding. The savings generated by successful coordination can then be applied toward helping countries better achieve their national strategies. For example, if generated savings are applied to repackage and scale a software suite in another country, that allows the original investment to stretch further and reach more people.

Digital Square provides financing tools that support the coordination of investments in digital health. Its staff were recruited from technical, operational, and implementation backgrounds and joined Digital Square from numerous stakeholder organizations. This diverse set of staff provides management and technical oversight across multiple programmatic areas and interventions. Digital Square’s broad administrative and technical capacities uniquely position it to work with funders and countries to harmonize digital health investments and ensure supported [global goods](#) are poised for scalability, sustainability, and interoperability in a global context. Coordinated management and oversight also provide Digital Square insight into a wide swathe of digital health activities and innovations, allowing it to advise on development and resourcing opportunities that support long-term sustainability of interventions and tools.

What are some examples of successful co-financing?

Below are two examples that demonstrate how different donors coordinate global investments via the financial tools offered by Digital Square:

- **Open Proposal Process investment from GIZ:** Digital Square mobilized resources from Gesellschaft für Internationale Zusammenarbeit (GIZ) to fund system enhancement for the open source Insurance Management System, OpenIMIS. Through Digital Square’s third round of grant funding, Notice Cycle C, GIZ allocated \$100,000 for activities supporting OpenIMIS interoperability with national health information architectures. During the open proposal process, GIZ engaged in the



transparent co-creation phases for concept notes and proposals. During this time, GIZ tripled their investment through Digital Square. After review of the final submitted proposals, three investments in OpenMIS were funded. The GIZ investments leveraged funds from USAID, which supports Digital Square management and facilitation of the Notice cycle.

- **Co-investment District Health Information Software 2 (DHIS2) via University of Oslo:** DHIS2 is an open-source software platform for reporting, analysis, and dissemination of health data. In January 2019, the Bill & Melinda Gates Foundation (Gates Foundation) and the US President's Emergency Plan For AIDS Relief (PEPFAR) made a joint investment into DHIS2, via Digital Square, in order to support core development in the software (feature development, maintenance, documentation, and improved interoperability using standards for DHIS2 Tracker), as well as support Data for Accountability, Transparency and Impact Monitoring, or DATIM (support to DATIM teams, capacity-building, and core DATIM support). Digital Square serves in an administrative capacity for the Gates Foundation and PEPFAR by meeting the co-investors' respective reporting needs and processing financial flows in a way that is compliant with both investors. Digital Square also ensures that this investment is coordinated (and not duplicative) with previous Gates Foundation investments made into DHIS2 via Digital Square's previous competitive funding cycles—specifically, the establishment of a DHIS2 Community of Practice and the development of a connector between DHIS2 and Power BI.
- **Co-investment in OpenCRVS:** OpenCRVS is a civil registration and vital statistics (CRVS) system that registers vital events, including all births and deaths; issues birth and death certificates; and compiles and disseminates vital statistics, including cause of death information. In May 2018, Digital Square completed a competitive funding cycle, sponsored by the Gates Foundation, which asked for proposals for core investments in global goods. Digital Square's Governing Board reviewed and approved OpenCRVS's application to stand up a proof of concept in Bangladesh. The Digital Impact Alliance (DIAL) who is represented on the governing board, determined that OpenCRVS's funding request aligned with its mission and objectives and provided additional support to OpenCRVS in coordination with Digital Square. The coordinated DIAL support explored potential sustainability models for OpenCRVS. In this case, Digital Square serves the Gates Foundation in meeting reporting needs and processing financial flows. Digital Square serves DIAL slightly differently—Digital Square's competitive proposal process and global goods designation helped DIAL efficiently identify a global good that would help DIAL meet its objectives. Digital Square additionally supported a co-investment process that ensured that the two investments were complementary rather than duplicative. Digital Square ultimately brought new investment to OpenCRVS, ensured that investment was coordinated (and not duplicative), and additionally supported OpenCRVS to document and develop FHIR (Fast Healthcare Interoperability Resources) specification for health information system notification and declaration. Digital Square and DIAL jointly support the OpenCRVS activities with Jembi Health Systems and Plan International, assisting with sustainability and governance models for the open-source platform.
- **Direct investment in South Africa:** In 2017, the National Department of Health prioritized and requested three proofs of concepts—one on connectivity optimization, one on an



alerts and notifications platform, and one on a provincial information hub model that would form subsets of the larger National Department of Health enterprise architecture. The US Agency for International Development/South Africa Mission approached Digital Square to support the development of these workstreams. Digital Square South Africa (DSq SA) is an investment coordinating mechanism managing various sub-awards on behalf of USAID, which are primarily aligned to rapidly respond to direct assistance requests from the National Department of Health on key South African Government priority areas. Our approach is one of dialogue, collaboration and alignment between various stakeholders, including the government, private sector and donors in order to advance the digital health agenda in the country. The mechanism aims to strengthen governance structures and capacity building within government through (a) the facilitation/promotion of donor workplan alignment around SAG priority areas for maximized impact (current conversations with the BMGF being a case in point), and (b) provides technical assistance in the form of in-country advisors and secondments at National level. Work plans are generated by the National Department of Health in line with government priorities, as opposed to other donor-driven models.

How can Digital Square support co-investment?

Digital Square is an initiative that acts as technical body, as well as a fiscal agent, that bridges donors and a large network of cutting-edge software developers, digital and data innovators, and local implementation partners in low-resource settings.

All funds invested through Digital Square are processed through PATH, as its host institution, and managed by Digital Square's technical and operational staff. Digital Square maintains discrete financial relationship with each funder. Digital Square tracks and reports on direct investments in accordance with funder specifications. Direct investment, however, is not the only means of accessing Digital Square's administrative capacity, and coordination can take several forms. Those most commonly deployed are described below.

- 1. Direct investment:** Direct investments allow a funder to delegate administrative oversight of investments to Digital Square irrespective of size, geography or thematic area. These investments typically consist of a funder specific agenda item and allow for Digital Square to provide programmatic, fiduciary and technical direction while maintaining the funder's overall vision. Examples of Digital Square's interventions in these cases include but are not limited to:
 - Support to Ministries of Health to provide country engagement strategies to define and implement a digital health roadmap/workplan for nationwide roll out;
 - Capacity building support to Ministries of Health in the form of technical engagement, trainings and/or secondment of technical staff;
 - Financial management of a consortia of subgrantees to deliver digital health impacts;
 - Support to define open source solutions for government/stakeholder buy in and inputThe funder specifies its desired level of involvement in all aspects of the investment and dictates the structure and cadence of interactions with Digital Square staff. It may opt to engage Digital Square to solely perform financial management and quality assurance functions or to assume project and technical management of the work.
- 2. Pooled investment—Open Proposal Process & Platform:** Digital Square offers funders the opportunity to collaborate on the development of global goods via its Open Proposal Process & Platform. Applicants submit proposals to advance existing global goods through an online platform. Peers are then able to comment on the proposals and also contribute to the development of consortia by identifying proposals that are similar or suggesting potential partner



organizations. Funders also may participate in the open comments portion of the process and can contribute to the pooled funds, which are invested in proposals advanced by the Peer Review Committee and approved by the Governing Board. Digital Square provides contractual, technical, and financial management of activities funded through this process and reports to donors using a common framework.

3. **Co-investment:** Co-investments align Digital Square and investors' resources against a common work plan (or equivalent) to prevent duplication of activities and stretch funding as far as it can go. In this context, Digital Square staff work with investors and relevant implementing partners to develop a common body of work. Investors support the aspects of the common work plan that align with their priorities, and Digital Square serves to coordinate a complementary division of resources, deliverables, and reporting. Investors may choose to co-invest in two ways:
 - Investors may invest directly with the implementing partner(s). In this case, Digital Square engages with investors to ensure ongoing coordination against the work plan throughout implementation, as well as to ensure coordinated reporting, often against a common reporting framework.
 - Investors may co-invest via Digital Square. In this case, Digital Square can additionally perform financial management and quality assurance functions, and/ or assume project and technical management of the work.

The flexibility of co-investment models allows investors to determine the most suitable approach for their desired investment.