

# Strengthening Health Financing in Partner Developing Countries

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**Global Action for Health System Strengthening  
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# Outline

- **Why health financing should be central to G8 agenda**
- **Critical policy issues in health financing**
- **Challenges for G8 support**
- **Recommendations for G8 action**
- **Global Financial Crisis**
- **Next Steps**

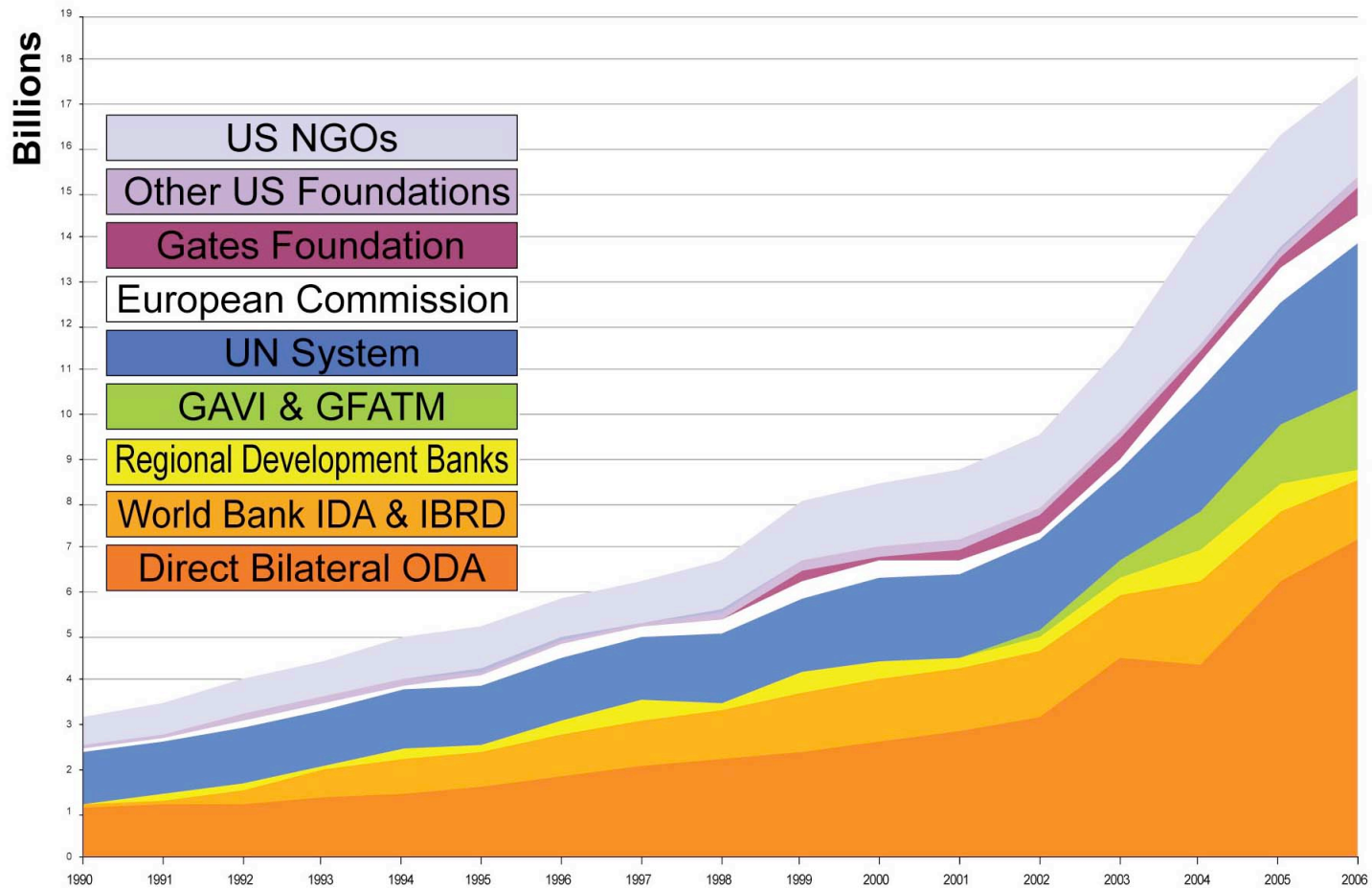
# Why should global health be a priority for the G8?

- **MDGs**
  - Progress least for health MDGs
- **Alignment of health agenda with human security and social protection agendas of Japan, EU and USA**
  - Financial risks of ill-health
- **Transnational risks to health in interconnected world from failures in public health**
  - Avian flu, melamine
- **Global financial crisis**

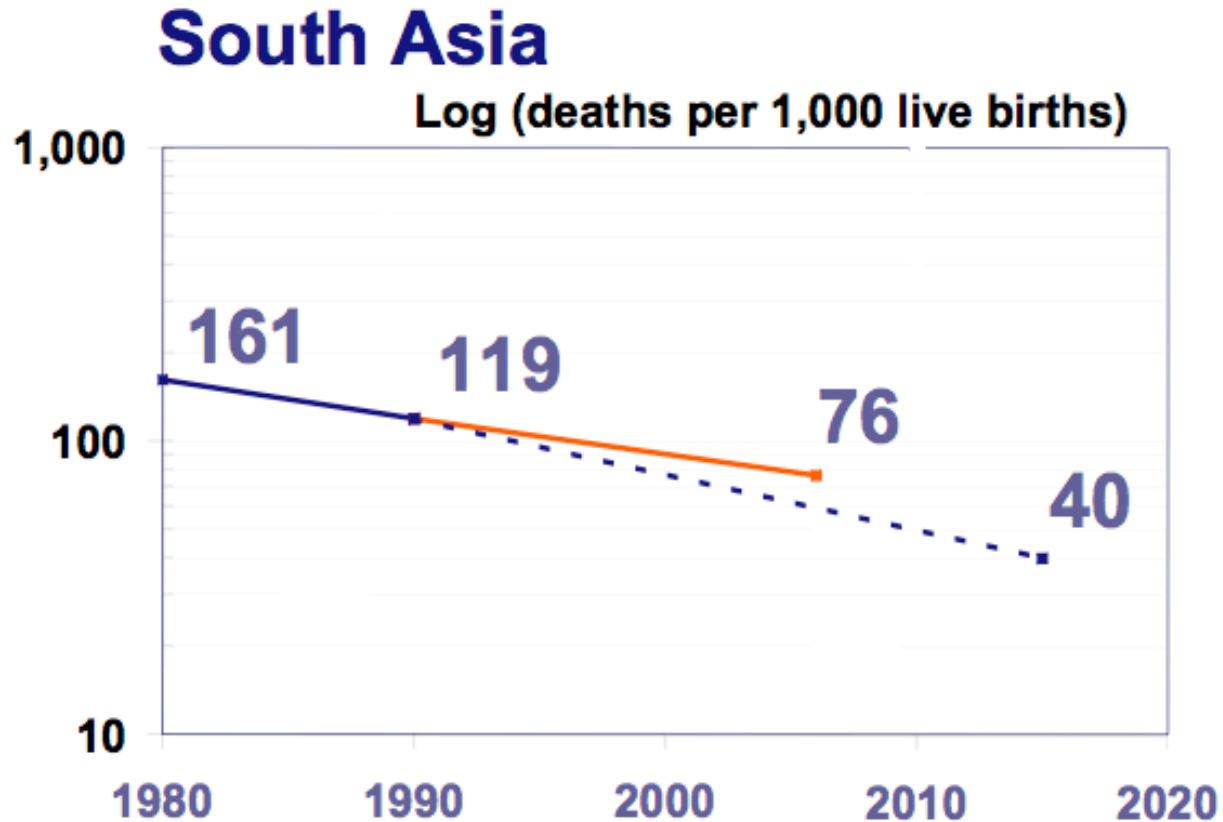
# Some critical issues

- **Impoverishing impact of out-of-pocket payments for health**
  - 100 million pushed into poverty each year
  - Directly linked to reliance on out-of-pocket financing
- **Failure to translate more money into better health progress**
  - More money does not mean more health
- **Significance of funding gap as a constraint**
  - Global targets of \$30 per capita unlikely
  - Shortfall does not mean MDGs/universal coverage cannot be achieved

# Increasing funding for health - both ODA and domestic

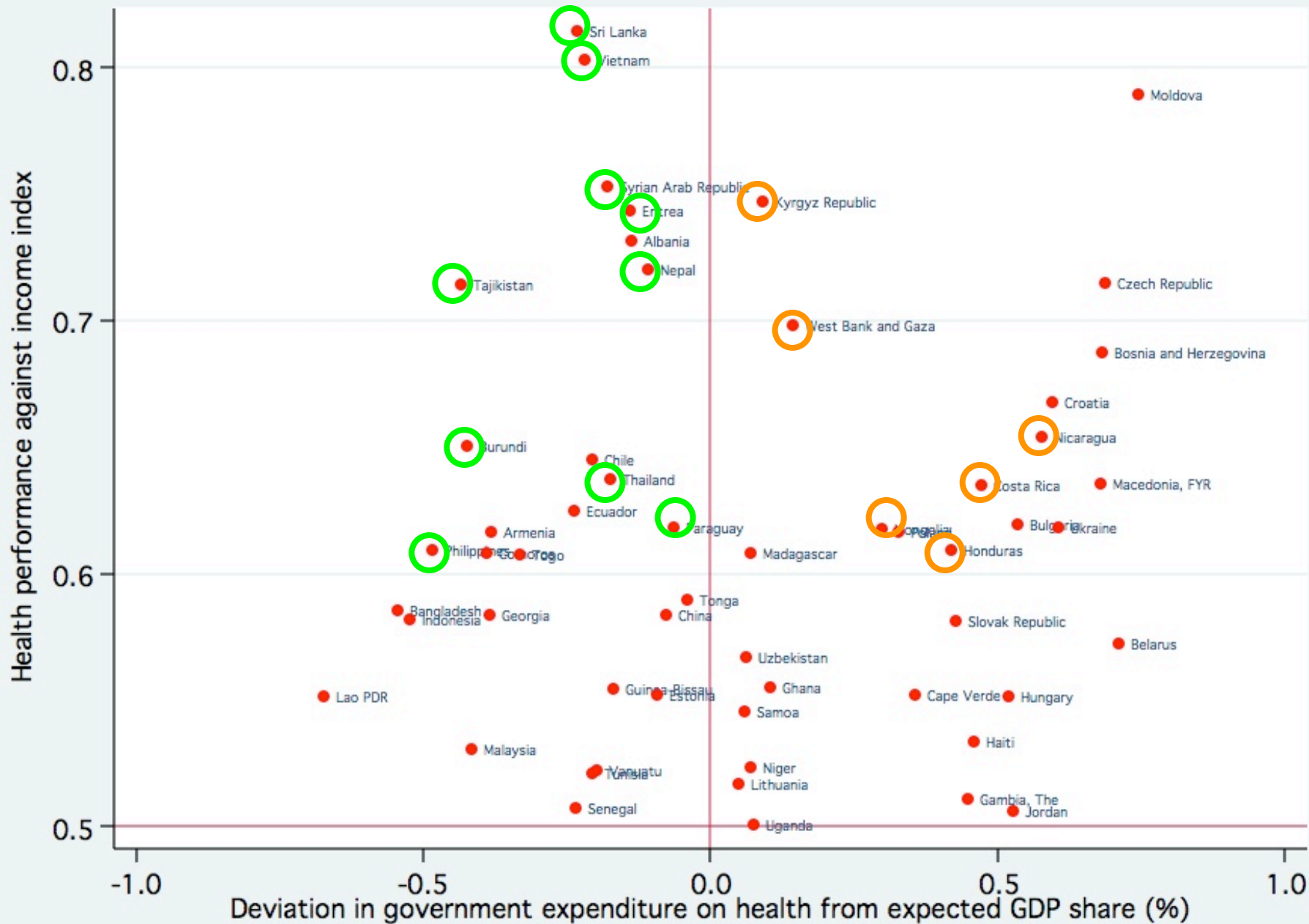


...but no improvement in MDGs 4, 5



# Limitations of focusing only on global targets for health spending

- **Unlikely to be achieved**
- **A shortfall should not mean that MDGs and universal coverage cannot be reached**
  - Global estimates make no allowance for efficiency gains
  - Country evidence that MDGs and universal coverage are feasible in LICs for less than \$10 per capita in public spending
  - Historical evidence from Africa and Asia that service coverage can be doubled without increases in level of public financing effort





# Why health financing policies in countries matter

- **Health financing – key “control knob” available to policy makers**
- **Health financing critical to improve:**
  - ↑ Risk protection
  - ↑ Coverage of services - Health outcomes & Equity
  - ↑ Efficiency of service delivery

# What do we know about health financing?

- **To improve risk protection and to ensure coverage of the poor financing must shift from out-of-pocket to public financing**
- **Public financing**
  - Tax financing
  - Social health insurance *plus* tax financing
    - \* *Does not imply that private financing will not contribute, but only that it cannot substitute*
- \* **Only tax-financed, public delivery has worked at low income - SHI only successful in middle or high-income countries**

# What we don't know is the 'How?'

- **How have countries made tax-financing, public delivery work in low income settings?**
- **How have countries managed the public-private mix in financing effectively when country capacity is weak?**
- **How did countries expand social insurance to rural/poor populations?**
- **How do some countries achieve universal coverage and MDGs at low cost?**

# Challenges for G8

- **ODA is only effective when countries have sound policies and institutions**
  - Conditionality only works if govts are committed to policies
  - Donors cannot impose good financing policy, but most countries still lack capacity to develop and own policies
- **Technical consensus that public financing is key, but confusion in G8 messages**
  - Lack of clarity on the centrality of public financing
  - Conflict over SHI and taxation, particularly amongst EU partners
- **Harmonizing vertical funds with HSS strategies**

# Country ownership of better policy

- **Global evidence not effective if countries lack ownership over process of acquiring knowledge**
- **Politics and leadership are critical, but national technical capacity is necessary**
  - Capacity to learn and analyze
  - Capacity to assess policy options and evidence
- **Technical capacity was critical to Japan, Thailand, Mexico, ... but Africa?**

# Recommendations for G8

1. Complement support for *increasing money for health* with added support for *improving the value of health spending through support for better country-led health financing and systems policies*.
2. Translate technical consensus on public financing into commitment by G8 to prioritize support to countries that prioritize public financing
  - **Support for countries that abolish user fees, starting with MDG 4, 5 and 6 services**
  - **Coherent message through IHP+ and P4H**
3. Invest in the ability of developing country partners to make better health financing policy through investing in national policy capacity, supporting countries to share best practices

# Global Financial Crisis

- **Crisis in market institutions often generates the political and intellectual window for better health financing**
  - Japan, Sri Lanka (1930s), Thailand/Indonesia (1990s), USA (2009)
- **2008 crisis different to the 1980s**
  - Requires boosting consumption and spending globally
  - Need for structural shift from savings to consumption in many developing Asian countries
- **Mutual interest of G8 and developing country partners in an open global economy**
  - In a crisis, workers cannot fall back on private financing
  - Publicly-financed social protection can play its role in maintaining support in hardest-hit economies

# Next Steps

- **Build consensus for 2009 G8 meeting**
  - Bridging US and partner positions and consolidating EU partners
  - Building on the joint interests of civil society, G8 governments and developing countries
- **Make good use of financial crisis**
  - Window opening for changes in policy assumptions and for increased spending
  - Changed reality of Obama administration
    - Impact on policy debates on role of state, and importance of better value in health systems
    - Possibility of unified G8 position