GLOBAL FINANCING FACILITY

SUPPORTED BY WORLD BANK GROUP

GFF Country Workshop,
28 January – 1 February
2018

Health Financing

Outline

I. Big picture – why is the GFF working on health financing?

II. Role of health financing in the Investment Case process

III. Health Financing Results the GFF is after

IV. Efficiency

V. Domestic resource mobilization

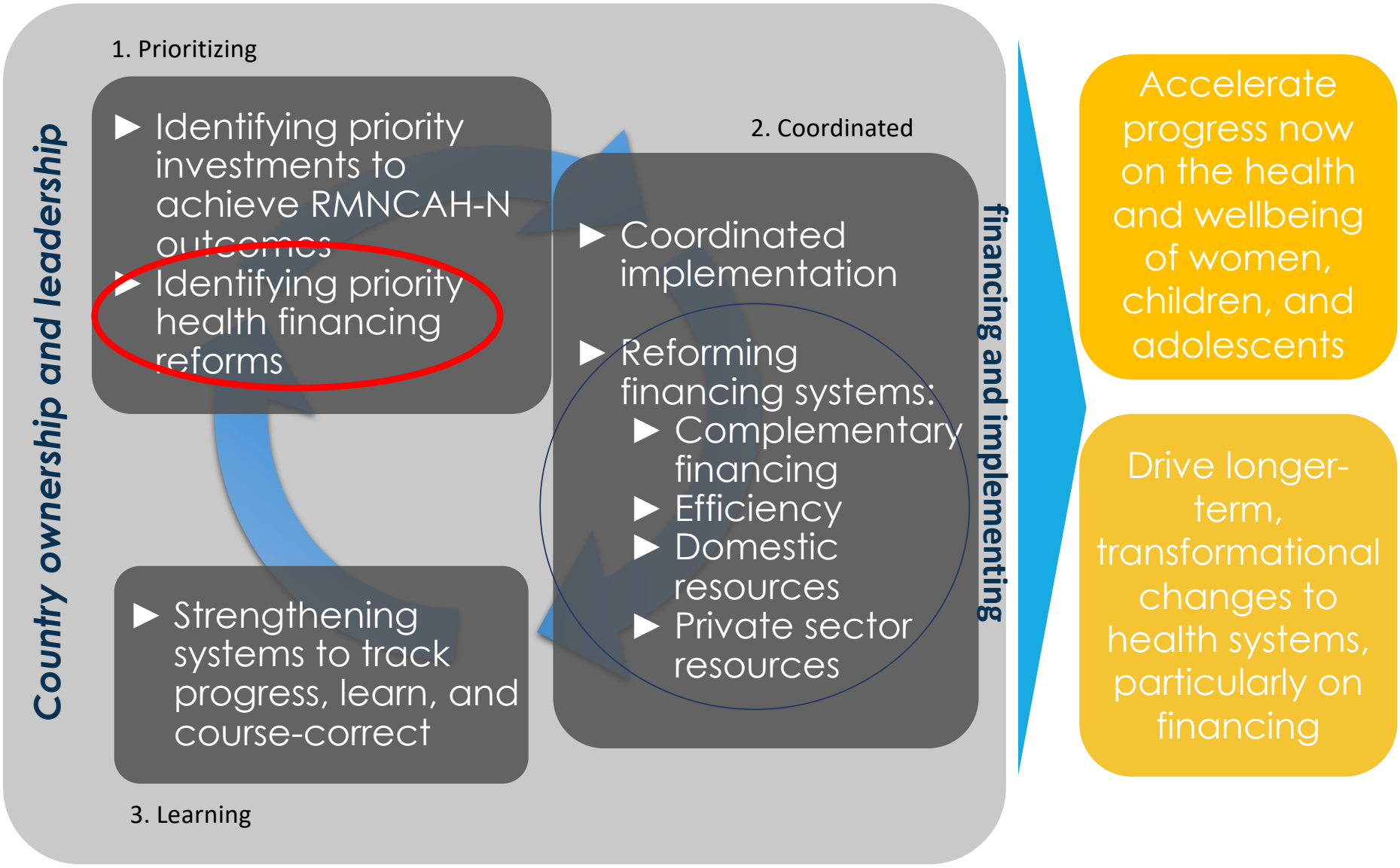
VI. Financial Protection

I. Big picture
Why is the GFF working on Health Financing?

Why a Global Financing Facility was needed…

- Despite progress over the MDG era, the RMNCAH-N agenda remains unfinished
- Resource gap for scaling up coverage of RMNCAH-N services in 74 LMICs to the coverage achieved by top-performing MIC estimated to **US$33.3B (US$9.42 per capita) per year in 2015**

How the GFF drives results



Results

- Better sustainable RMNCAH-N outcomes
  - Strengthening systems to sustain RMNCAH-N outcomes
- Increased value-for-money and total volume of financing from:
  - Domestic resources
  - Financing from IDA and IBRD
  - External Financing
  - Private sector resources
- Impoverishment prevented in case of illness

II. Health Financing Role in the Investment Case Process

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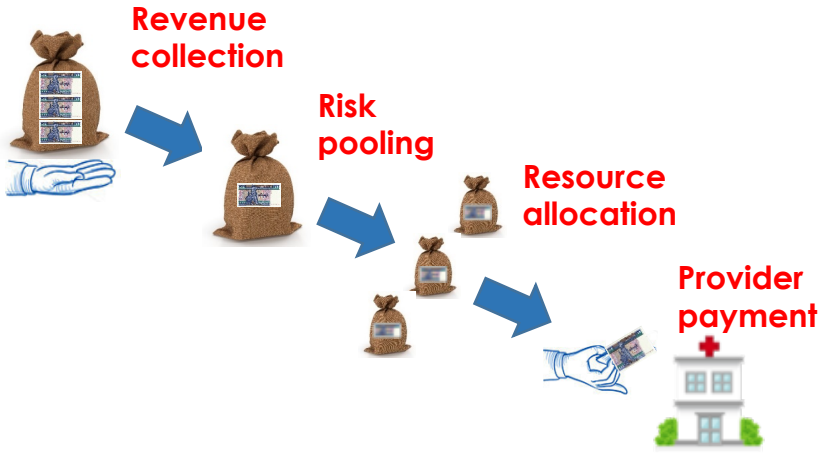
Health Financing Functions and Objectives

- Health financing is concerned with the mobilization, accumulation, allocation, and utilization of resources in order to help countries make progress towards objectives such as UHC;



IDEALLY

- Raise *sufficient* and *sustainable* revenues in an *efficient* and *equitable* manner
- Manage revenues to pool health risks *efficiently* and *equitably*
- Define *explicit benefits package* commensurate with revenues/service delivery capacity
- Assure allocation of resources and purchasing of health services in an *equitable* as well as in a *technical* and *allocative* *efficient* manner

- The amount of money spent on health matters, but countries cannot spend their way to UHC: where money comes from and how resources are allocated and utilized is just as important.

Source: JLN DRM Collaborative

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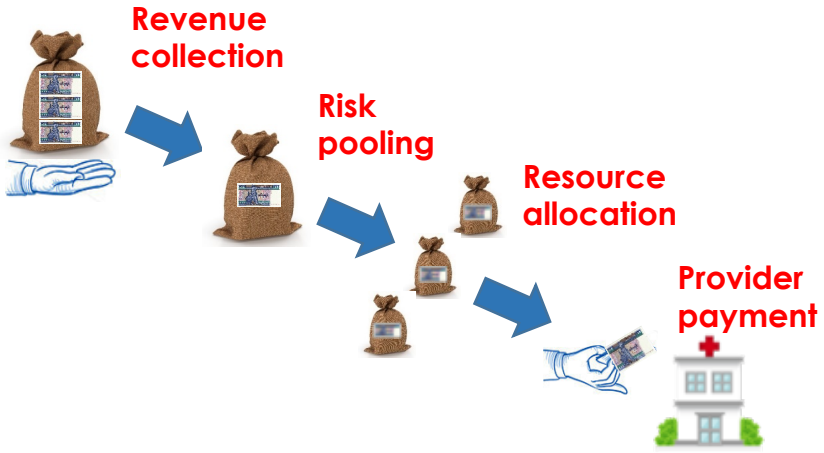

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IC

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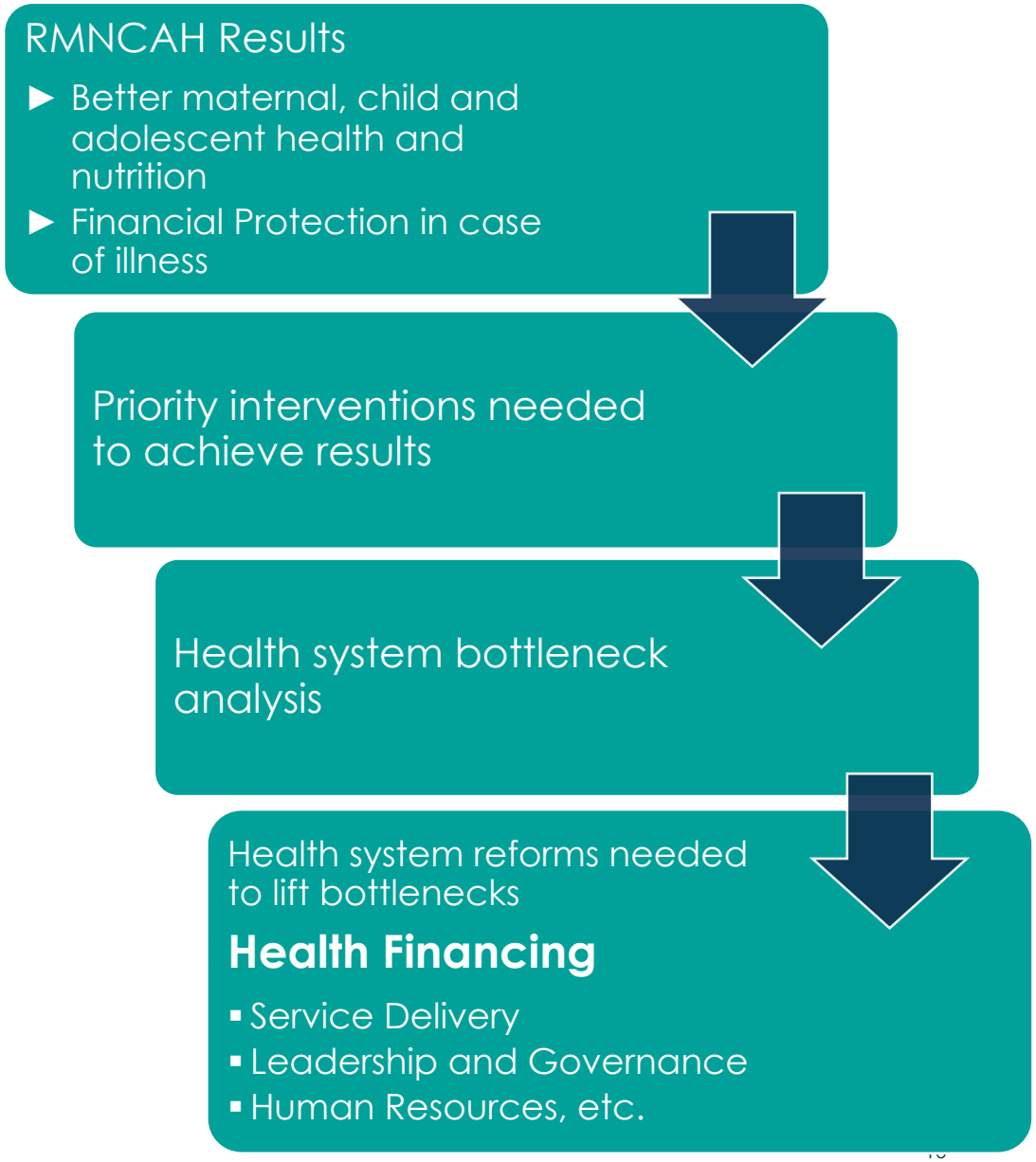
Source: JLN DRM Collaborative

The Investment Case as a Tool for Prioritization

- Investment Cases identify not only priority interventions, but also what are the main health system bottlenecks that need to be addressed to achieve results
- This bottleneck analysis should identify priority reforms needed to achieve these results. These might include reforms to different components of the health system.



Ten Minute Discussion at your table…

- From yesterday's country group work, can you think of an example of a health financing reform needed to lessen bottlenecks in the increase in coverage of a priority intervention?

III. Health Financing Results the GFF is after

Areas of focus of the GFF Health Financing Work

	Indicators
Efficiency Gains (value-for-money)	▶ **Improvements on nationally agreed efficiency indicators e.g.:** ▪ Improve allocative efficiency through prioritization ▪ Improve efficiency in the procurement of drugs ▪ Increase share of public funds allocated to lower levels of government ▪ Improvements in PFM to increase budget execution
Domestic Resource Mobilization	▶ Current country health expenditure per capita financed from domestic public sources ▶ Ratio of government health expenditure to total government expenditures ▶ Growth rate in domestically sourced current total health expenditures since baseline divided by the growth rate of GDP
External Resources	▶ Increase donors committing complementary financing to the IC (Input Indicator)
Financial Protection	▶ Reduce catastrophic health expenditure ▶ Reduce impoverishment due to health expenditure

Health Financing Results and the IC

- Most of these results can come out of the IC prioritization process
- Additional TA might be needed to identify priorities and reforms – the findings of these should be part of the IC:
  - Health Financing System Assessments
  - Fiscal Space Analysis
  - Public Financial Management Assessments/Expenditure Reviews and Tracking Surveys

Domestic Resource Mobilization is a bit different!

- Although the main vision around DRM should be discussed within the IC, it often involves longer term reforms that go beyond the time frame of the IC.
- In addition, these reforms require the participation of sectors beyond health.
- Thus, the identification of the activities/reforms and their implementation might not directly come from the design process of the IC and might need parallel efforts.
- In the cases where is relevant, it would be important to prepare a roadmap detailing what countries are planning to do to foster DRM.

IV. Efficiency

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Achieving more with available resources

"Happy families are all alike; every unhappy family is unhappy in its own way."
– Leo Tolstoy

Causes of inefficiency:

- **Doing the wrong things**
- **Doing things in the wrong places**
- **Spending badly**

Addressing inefficiency:

1. Identify key root causes of inefficiency through structured discussions with stakeholders
2. Examine available data on efficiency
3. Agree on national priorities (given importance, political considerations, feasibility, etc.)
4. Develop country-tailored strategy and targets for reducing inefficiency
5. Implement strategy
6. Continually monitor progress and modify strategy as necessary

Main sources of inefficiency

Doing the wrong things

- Low impact health services versus low cost high-impact services
- Imbalance between preventative and curative services

Doing things in the wrong place

- Provision of services at higher level (e.g. tertiary) institutions instead of lower-levels of care (e.g. community, primary level)
- Lack of mechanism to ensure continuity of care

Doing things badly

Inputs

- *Medicines*: under-utilization of generics or paying too much for any specific medicine
- *Infrastructure and equipment*: under or over-capacity in health facilities
- *Personnel*: Inappropriate mix between different cadres
- *Inappropriate mix of inputs*: health workers but no medicines

Outputs and outcomes

- unnecessary tests, procedures, visits
- Inappropriate length of stay
- Medical errors and low quality of care

Health Financing and Health System Organization

- Waste, corruption, fraud
- Fragmentation
- Administrative inefficiency

Let's look at an example of efficiency – Sierra Leone

Identify key drivers of ineffectiveness of an RBF scheme

Define and implement an plan for its reform

Pilot revised RBF implemented in a group of districts

Reform evaluated and – if successful in achieving efficiency improvements - taken to scale

IMPROVEMENTS ON NATIONALLY AGREED EFFICIENCY INDICATORS:

Improved Worker productivity

Quality of care (proportion of births attended by skilled personnel, proportion of ANC visits which included essential clinical services)

Percent of current health expenditures on primary care

M&E FRAMEWORK

V. Domestic Resource Mobilization

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Approach

- **Evidence-based**
  - Upfront analysis on what are most feasible options for increasing domestic resources to allow for informed dialogue
- **Pragmatic**
  - What is the political momentum for certain reforms?
- **Results-focused**
  - Technical work (e.g. fiscal space analysis, tobacco tax simulation) needs to be instrumental to increasing per capita public spending on health
  - Implementation plans
- **Beyond health sector**
  - Engage early on with MoF
  - IMF, MFM, Governance

Increasing domestic resources for RMNCAH-N

Pathways to increase domestic resources available:

- Favorable macroeconomic conditions
- Increasing general government revenue as a share of GDP
- Increasing sector specific revenues
- Increasing prioritization of health in government budgets

Assess the best options for DRM (e.g., DRM note, fiscal space analyses)

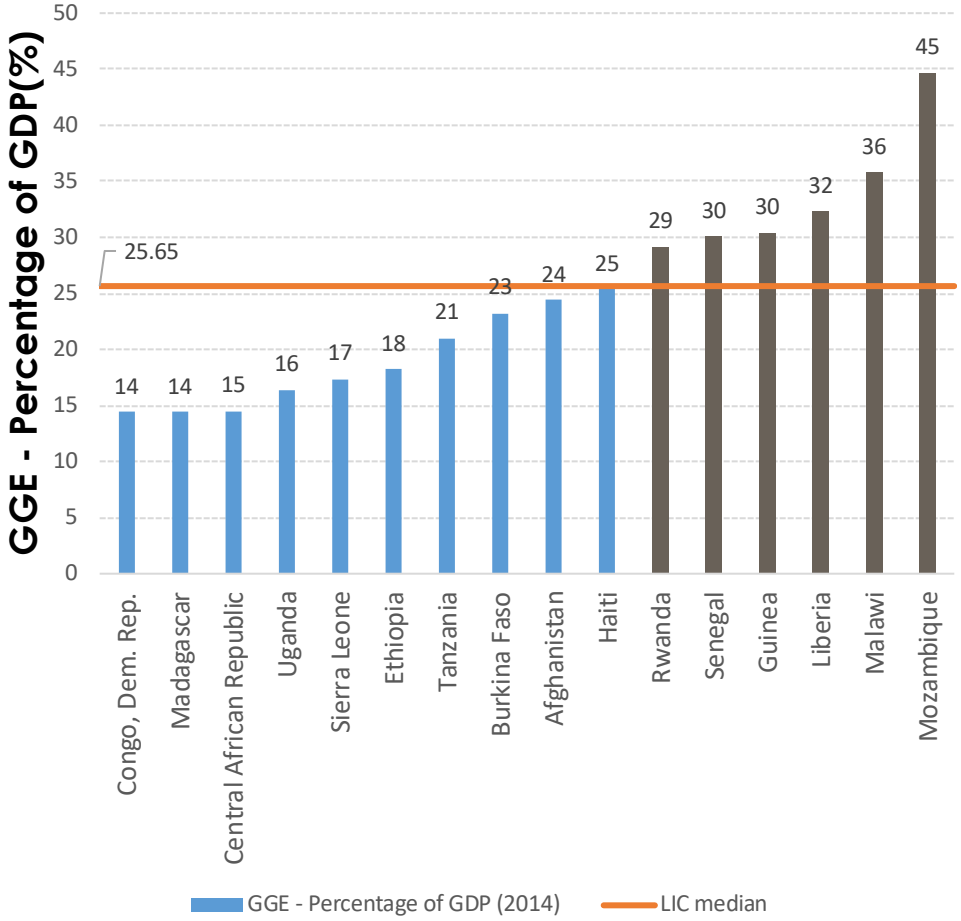
Develop approaches for DRM (e.g., supporting government to prepare health financing strategies/ roadmaps)

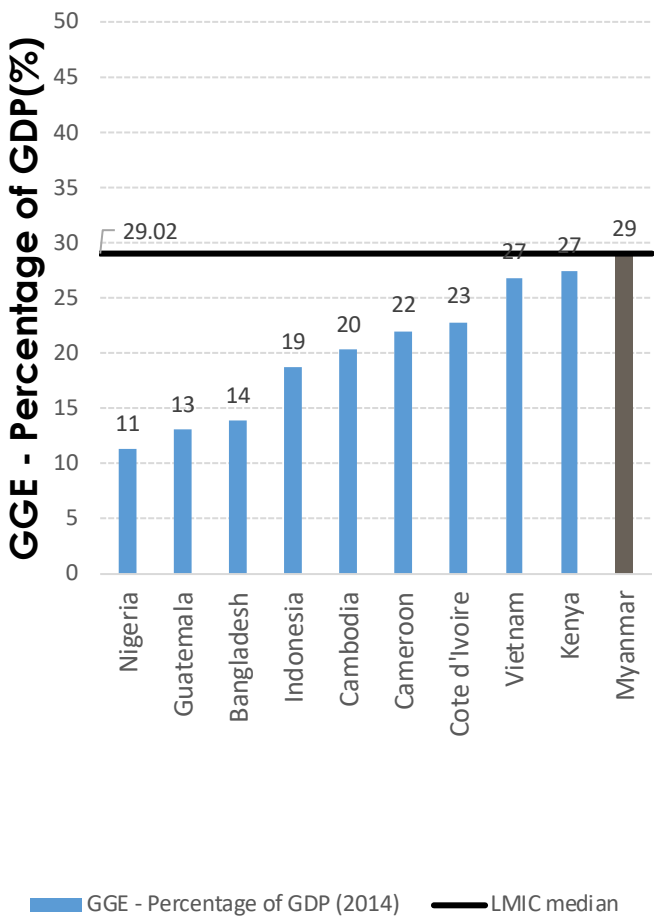
Support Implementation (e.g., TA to translate high-level strategies into implementation plans)

Partnership and dialogue with ministries of finance and sometimes IMF critical

Most countries have the potential to raise more revenue

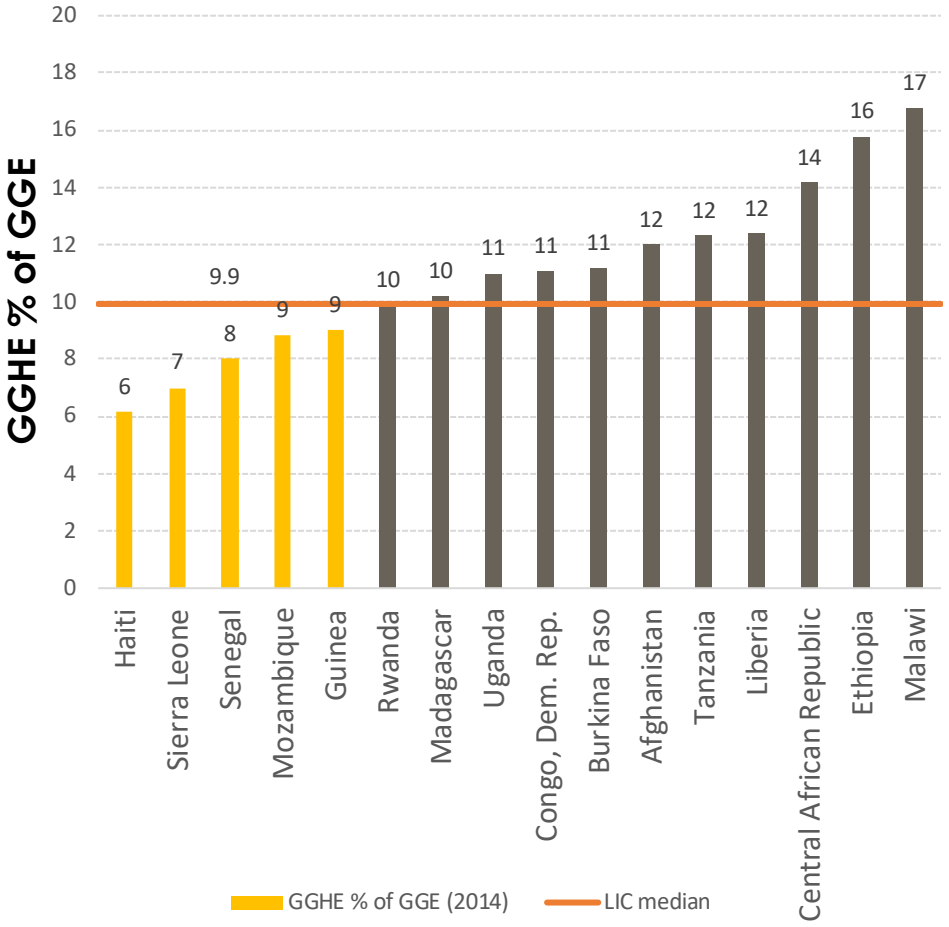
General Government expenditure (GGE) as a share of GDP (2014)

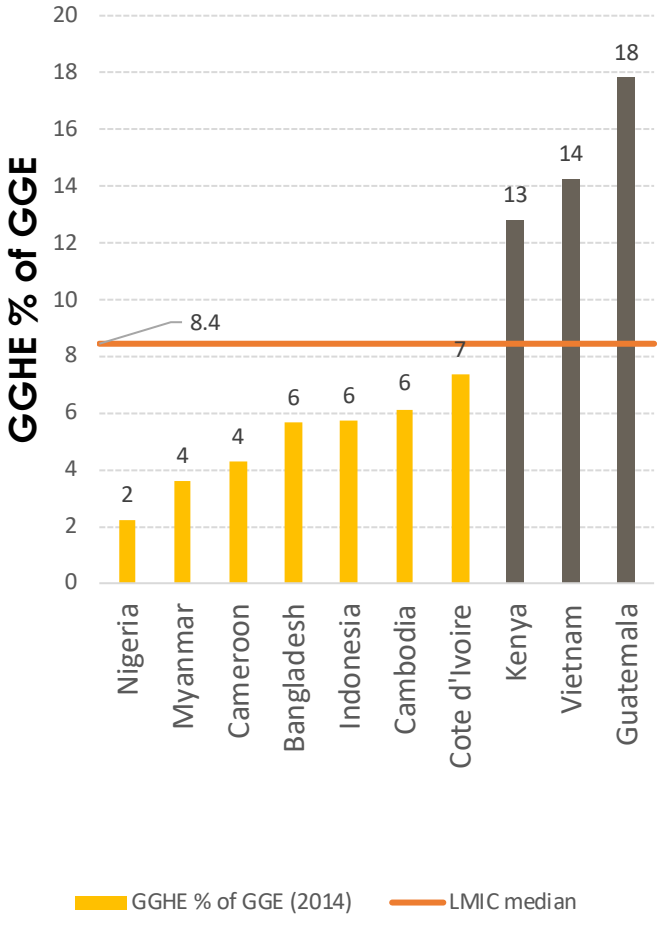




Several countries are below the median for prioritization of the health sector of general budget

Government Priority to health in the budget GGHE as a % GGE





Examples of GFF country work on DRM

Reforms to prioritize health

- DLIs linked to maintaining and increasing share of government budget allocated to health
- (Tanzania & Mozambique)
- Buy-down of interest rate only triggered when Government has spent double the buy-down amount on CCT program (Guatemala)
- Counties that allocate at least 20% of budget to health + performs well on RMNCA-N indicators get bonus (Kenya)

Reforms to raise revenue

- Implementation of earmarked taxes: VAT and alcohol (Liberia), tobacco (Mozambique)

Strategic Planning

- Development of health financing strategies and implementation plans (Cameroon, Senegal, Kenya, Uganda etc.)

VI. Financial Protection

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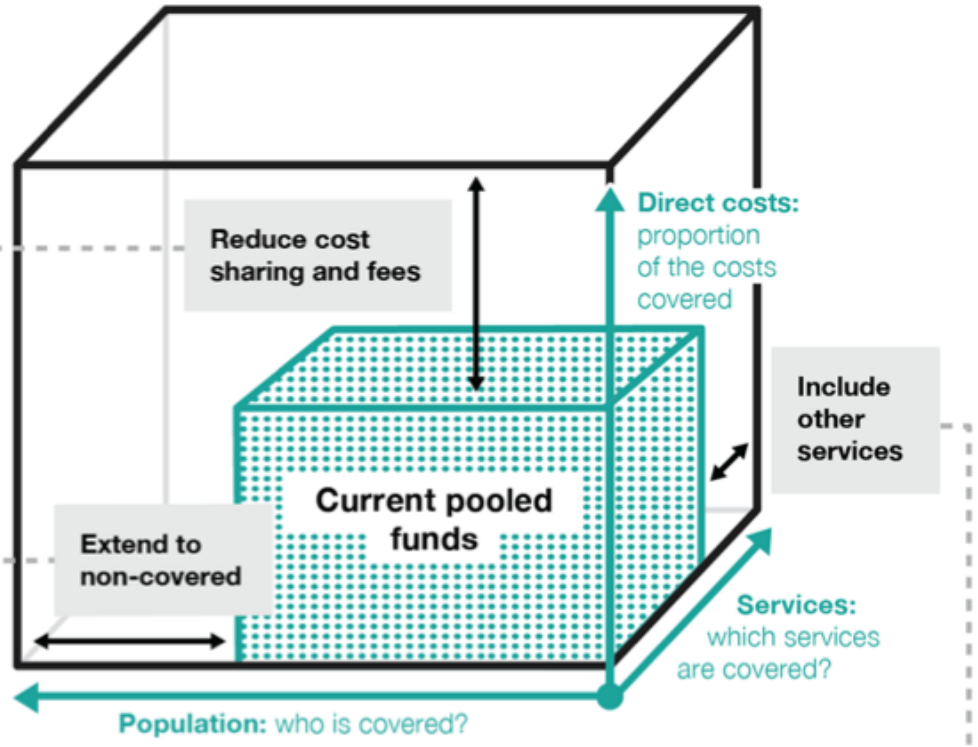
Increasing Financial Protection - Progress towards UHC

3 Development of health financing strategy / implementation of key reforms → increased domestic resource mobilization, risk-sharing schemes → reduced out-of-pocket



2 Strong equity focus → critical for progressive expansion (many of the non-covered are disadvantaged women / children)

1 Support to prioritize and expand coverage of high-impact interventions (through Investment Cases)

Example of Financial Protection – Sierra Leone

Identified key drivers of OOP for RMNCAH-N: drugs bought from private sector (because of stockouts in public)

Pilot to improve availability of drugs through contracting private sector (within the RBF pilot)

Pilot evaluated and – if improved availability of drugs and reduce OOP – scale up to rest of the country

Reduce OOP for primary care services – reduce catastrophic health expenditure

M&E FRAMEWORK

Fifteen minutes discussion at your table…

- In your country, can you think of an example of a main source of inefficiency in health?
- Can you think of a possible source of additional domestic resources for health? What are the challenges involved? Are there any current effort in this regard?
- Can you think of an intervention aimed at improving financial protection?

GFF Partners

Learn More

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