COUNTRY-POWERED INVESTMENTS FOR EVERY WOMAN, EVERY CHILD.

Health Financing: Achieving More with the Available Resources

24 April, Washington D.C.
Topic: Efficiency

- Part 1: Why is efficiency important to the GFF?
- Part 2: What is efficiency and main sources of inefficiency?
- Part 3: Measuring efficiency
- Part 4: GFF’s approach to supporting countries to improve efficiency & lessons learned

Reference: IG5 paper 4. Based on initial work by GFF Secretariat and UHC Financing Forum Background Paper.
Part 1: Why is efficiency important to the GFF?
GFF objective: bridging the funding gap for women’s, adolescents’, and children’s health

The combined effect would prevent 24-38 million deaths by 2030.
Addressing inefficiency key for larger GFF vision

**Country ownership and leadership**

- Identifying priority investments to achieve RMNCAH outcomes
- Identifying priority health financing reforms

**Learning**

- Strengthening systems to track progress, learn, and course-correct

**Prioritizing**

- Coordinated implementation
- Reforming financing systems:
  - Complementary financing
  - Efficiency
  - Domestic resources
  - Private sector resources

**Support countries to get on a trajectory to achieve the SDGs:**

- Accelerate progress now on the health and wellbeing of women, children, and adolescents
- Drive longer-term, transformational changes to health systems, particularly on financing

Coordinated financing and implementing
WHO estimates that 20-40% of health resources are wasted due to inefficiency
- Eliminating inefficiencies in GFF countries would free up US$12-24.1 billion or US$13.5- US$27 per capita yearly
- These resources could be reinvested in RMNCAH

To show that resources are well spent and benefit mostly disadvantaged groups are powerful arguments in budget negotiations with the MOF
- Improving efficiency is critical for domestic resources mobilization ("scaled" financing).
Part 2: What is efficiency and main sources of inefficiency?
What is efficiency?

- Efficiency is about maximizing outcomes relative to inputs i.e. achieving more with available resources.
- Efficiency analysis commonly aims to answer two questions:
  - Allocative efficiency – “doing the right thing”
    ▪ Are resources allocated to provide an optimal mix of goods and services that maximizes benefits to society?
  - Technical efficiency – “doing things the right way”
    ▪ Are the least amount of resources used to produce a given mix of goods and services and do they produce the maximum possible?
  - Are interventions delivered “in the right place”? (for e.g. primary, community, secondary or tertiary care; geographical distribution; inpatient/ambulatory; social/health sector)

- A critical part of “Smart” financing.
Main sources of inefficiency

- **Doing the wrong things**
  - High cost low-impact vs. low cost high-impact services
  - Preventative vs. curative services

- **Doing things in the wrong place**
  - Provision of services at higher-level (e.g. tertiary) institutions instead of lower-level institutions (e.g. primary care)
  - Lack of mechanism to ensure continuity of care

- **Spending badly**
  - **Inputs**
    - *Medicines*: under-utilization of generics or paying too much
    - *Infrastructure and equipment*: under or over-capacity in health facilities
    - *Personnel*: Inappropriate mix of 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, low budget execution rate, poor PFM
Part 3: Measuring efficiency
Measuring efficiency

- Efficiency of a health system as a whole
- Approaches:
  - Stochastic frontier production function analysis (parametric)
  - Data envelopment analysis (DEA) (non-parametric)

- Each indicator captures an aspect of efficiency
- GFF proposed indicator
Macro-efficiency analysis: GFF countries on average perform slightly better than low and lower-middle income average

- This form of analysis helps identify which countries offer the greatest potential to improve efficiency and is useful for benchmarking
  - Why are Bangladesh, Myanmar and Vietnam more efficient in terms of child and maternal survival while Cameroon is relatively better for maternal survival?

ON THE OTHER HAND
- No help in understanding the causes and how to improve efficiency;
- Results sensitive to model and variables, and how efficiency is measured

<table>
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<tr>
<th>Country</th>
<th>Child Survival</th>
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<tbody>
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<td>Average LMIC</td>
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<td>Average GFF</td>
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</table>

Source: WHO GHED
Micro-efficiency analysis: Data availability and cross-country comparisons are challenges

1. Systems for routine data collection do not always capture indicators that help identify key causes of inefficiency
2. Yardsticks are not always clearly defined:
   - Challenging to determine what is efficient (e.g. % of health expenditure that should be allocated to primary health care)
3. Countries do not necessarily perform relatively well or relatively badly on all indicators

  -> Need to define country specific efficiency indicators for inclusion in Investment Cases and Health Financing Strategies
1. Routinely reported data are sparse and scattered

### Bed occupancy rate (%)

- **Vietnam**
- **Tanzania**
- **Uganda (2014)**: 69%
- **Sierra Leone (2008)**: 30%
- **Senegal**
- **Nigeria**
- **Myanmar (2011)**: 47%
- **Mozambique**
- **Liberia**
- **Kenya (2012)**
- **Guinea**
- **Guatemala**
- **Ethiopia (2009)**: 51%
- **DRC (2001)**: 37%
- **Cameroon**
- **Bangladesh (2015)**: 92%

**Source:** Public Expenditure Reviews

### Absenteeism rate (%)

- **Vietnam**
- **Tanzania (2014)**
- **Uganda (2013)**
- **Sierra Leone**
- **Senegal (2012)**
- **Nigeria (2014)**
- **Myanmar**
- **Mozambique (2014)**: 24%
- **Liberia**
- **Kenya (2013)**: 28%
- **Guinea**
- **Guatemala**
- **Ethiopia**
- **DRC**
- **Cameroon**
- **Bangladesh**

**Source:** World Bank SDI
2. Yardsticks are not always clearly defined

Caesarean section rate per 100 live births should be somewhere between 10% and 15% on medical grounds.

Caesarean section rates (%)

Source: UNICEF

No benchmark for number of consultations per day

Source: compilation from PERs, SDIs, OECD
3. Country performance varies by indicator used

For example, Bangladesh is a high performer in executing health budget. However, Bangladesh has a low ratio of nurses and midwives to physicians.

Budget execution rate (%)

- Vietnam
- Senegal
- Nigeria
- Myanmar
- Cameroon
- Guinea (2012)
- Ethiopia: recurrent federal (2011/2012)
- Guatemala: wages (2014)
- Bangladesh (2014)
- Mozambique (2015)
- Liberia (2010/11)
- Kenya (2013/14)
- Sierra Leone (2009)
- DRC (2013)

<table>
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<th>Country/Region</th>
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<th>Budget Execution Rate (%)</th>
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Ratio of nursing and midwifery personnel to physicians

- Liberia (2008)
- Tanzania (2012)
- Uganda (2005)
- Mozambique (2012)
- Ethiopia (2009)
- Sierra Leone (2010)
- Senegal (2008)
- Cameroon (2009)
- Kenya (2013)
- Nigeria (2008)
- Myanmar (2012)
- Vietnam (2013)
- Guatemala (2009)
- Bangladesh (2011)
- Guinea (2005)

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Source: Public Expenditure Reviews

Source: Global Health Observatory
Lessons from measuring efficiency

- Most (GFF) countries do not systematically review the efficiency of their health systems and how it changes over time
- There is a need to strengthen data on efficiency
- To do this (GFF) countries need to invest in systems for routine data collection
- Partners can provide valuable financial and technical support for these systems
Part 4: GFF’s approach to supporting countries to improve efficiency & lessons learned
Achieving more with available resources

“Happy families are all alike; every unhappy family is unhappy in its own way.”

– Leo Tolstoy

Systematically 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 (considering political ownership, feasibility, etc.)
4. Develop country-tailored strategy and targets for reducing inefficiency
5. Implement strategy
6. Continually monitor progress and modify strategy as necessary

Causes of inefficiency:
• Doing the wrong things
• Doing things in the wrong places
• Spending badly
Measure, Benchmark and Learn

MEASURE
GFF countries will report on health financing indicators to track progress in addressing inefficiency (long/short term)

BENCHMARK
Publicize data
Disseminate success stories & failures in addressing inefficiency

LEARN
Investments in learning & evaluation (building on HRITF)
Joint learning (yearly GFF learning workshop, JLN, webinars)
Addressing inefficiency
Lessons learned and challenges (1)

IC process key driver of efficiency

- Prioritization process shifts focus to geographical areas most in need and high impact interventions
- Multisectoral response can be more cost-effective
- Scan of private sector initiatives provides opportunity for more strategic engagement
- Duplication and transactions costs of external financing decrease

Country-tailored strategies needed

- **Kenya**: Case studies on addressing inefficiency in 6 counties
- **Uganda & Cameroon**: Performance-based financing
- **Mozambique**: Disbursement linked indicators to drive system reform
- Requires country specific efficiency indicators
Addressing inefficiency
Lessons learned and challenges (2)

Critical to work with MOF

- Reducing inefficiency is highly political; key to be pragmatic and work with “reformers”
- Efficiency reforms key for raising public financing for health
- Ministries of Finance can be great allies in advancing efficiency reforms
Final reflections

- Improving efficiency is a critical component of the GFF’s “smart” financing
- GFF partners can make a valuable contribution to routine data collection, efficiency analysis, and provide resources (human and financial) to support reform efforts
- Even more important is to reduce inefficiency associated with external partner activities at the country level