

Addressing the Funding Gap - Strengthening Health Financing Strategies

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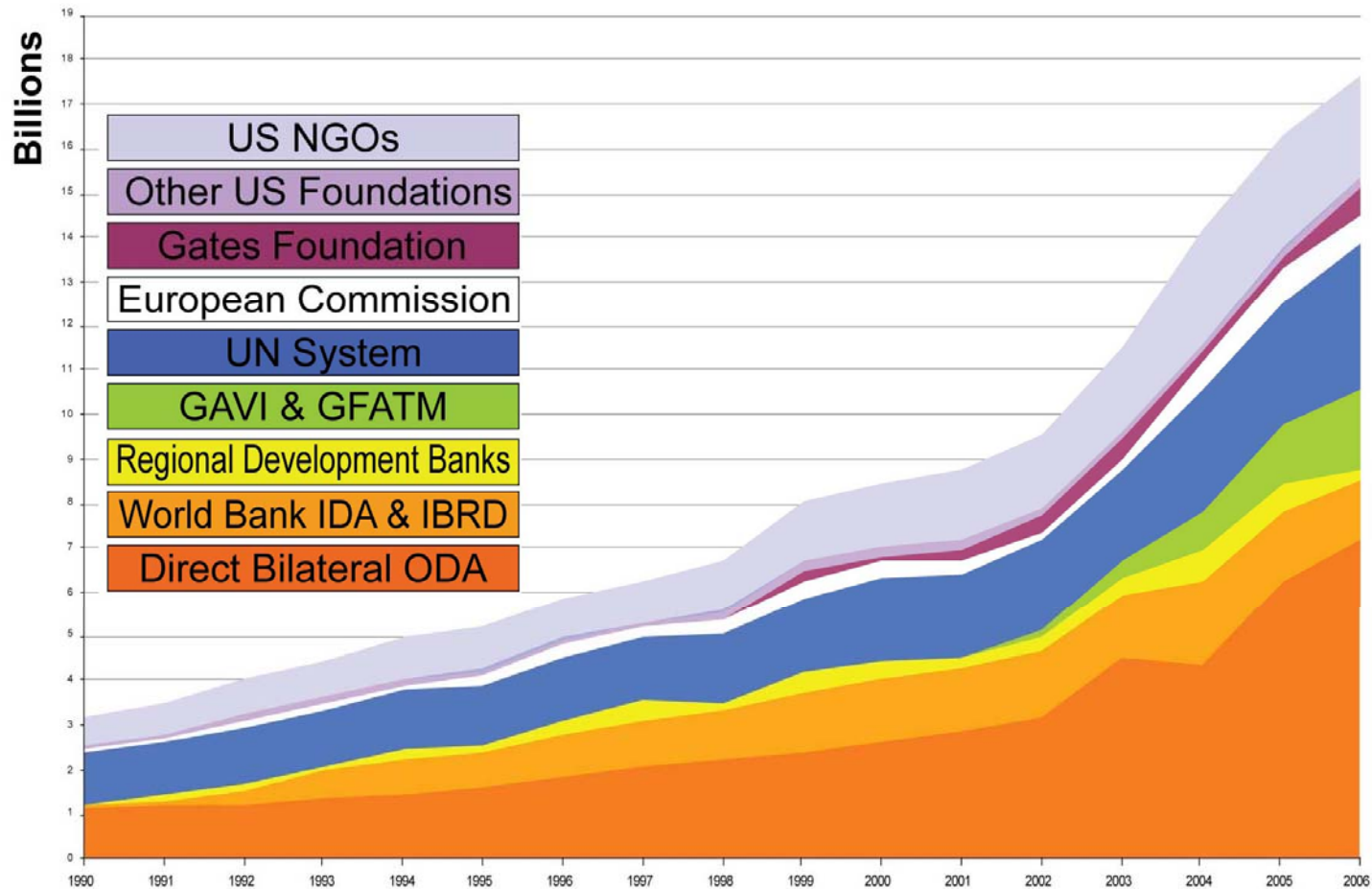
Why should global health be a priority for the G8?

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

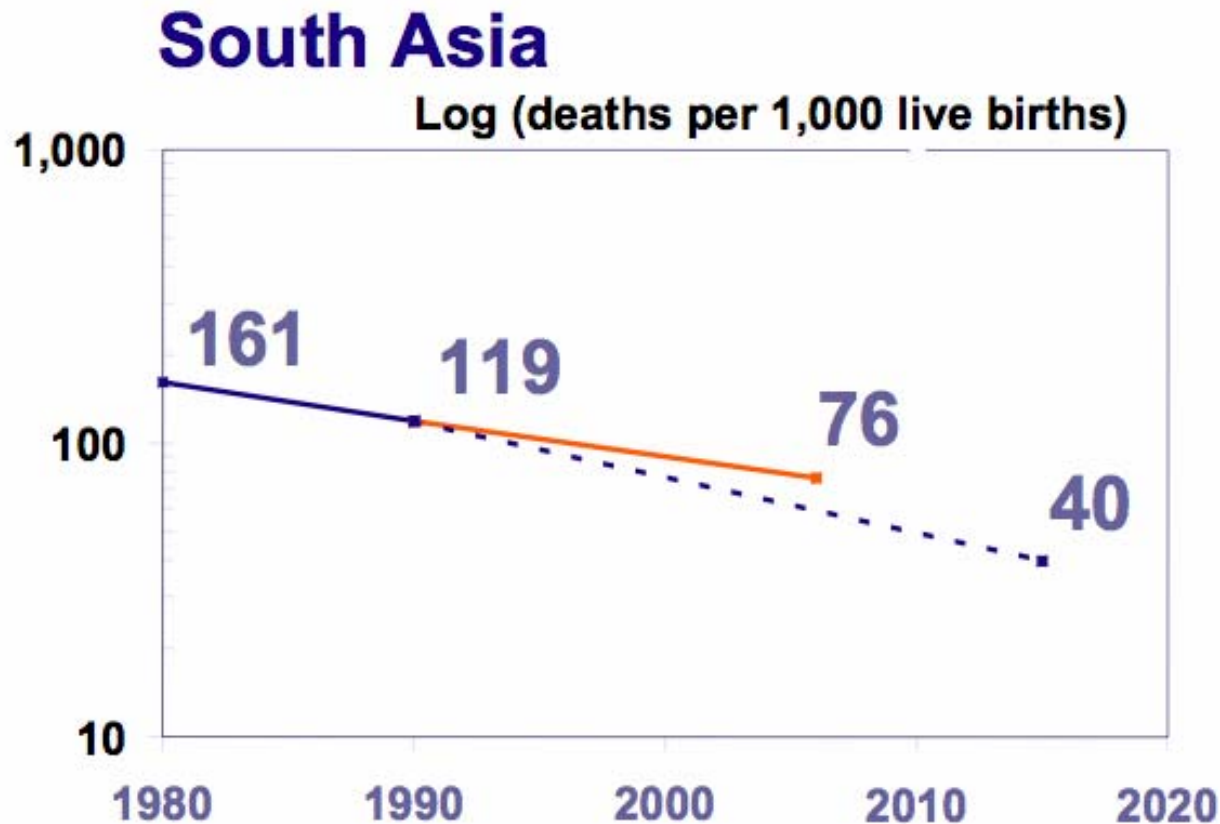
Some critical issues

- **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



Global targets for financing may be misleading

- **Unlikely to be achieved**
- **Why a shortfall does 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 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 necessary to mobilize funding, but also critical to improve:**
 - ↑ Risk protection
 - ↑ Coverage of services - 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
- **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
- **Harmonizing vertical funds with HSS strategies**

Sound Policies - Global evidence is not enough

- **Global evidence will not be accepted if countries do not have 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
 - Capacity to implement
- **Technical capacity was critical to Japan, Thailand, Mexico, ... but Africa?**

Recommendations for G8

1. Balance focus on *increasing money for health* with added focus on *improving effectiveness of domestic financing through better country policies*
2. Translate consensus on public financing into commitment by G8 to target support to countries that prioritize public financing
3. Invest in the ability of developing country partners to make better policy through attitudinal changes, supporting national policy capacity, supporting countries to share best practices

...and finally...why the financial crisis may not be so bad

- **Crisis in market institutions often generates the political and intellectual window for better health financing**
 - Japan, Sri Lanka (1930s), Thailand, Indonesia (1990s)
- **This crisis is different to the 1980s - may require boosting consumption, not cutting it**
- **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