

# Health Financing Trends on CDC and Health Systems Development

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# OVERVIEW

- Unmet Needs and Demands
- Financing Gap
- Financing Issues
- The Global Fund
- The Debt2Health Initiative
- Summary and Regional Considerations



“waiting for care”

Source World Health Report 2005

# Unmet Needs and Demands

- Some MDGs off track because of lagging communities in rural areas and urban poor
- Economic growth and aging stimulates upper end demand for curative services
- Increasing Disparity in Health Services between different income groups

# Trends in Health Financing in GMS Countries 2000-2004

	<b>Total Health Expenditures Per capita \$US</b>			<b>Government % of Total Health Expenditures Per capita \$US</b>
	<b>2000</b>	<b>2004</b>	<b>% Change</b>	<b>% of 2004 Total</b>
<b>Cambodia</b>	<b>97</b>	<b>140</b>	<b>44</b>	<b>25</b>
<b>China</b>	<b>183</b>	<b>278</b>	<b>52</b>	<b>38</b>
<b>Lao PDR</b>	<b>48</b>	<b>74</b>	<b>54</b>	<b>20</b>
<b>Myanmar</b>	<b>29</b>	<b>38</b>	<b>31</b>	<b>16</b>
<b>Thailand</b>	<b>223</b>	<b>293</b>	<b>31</b>	<b>65</b>
<b>Viet Nam</b>	<b>129</b>	<b>184</b>	<b>43</b>	<b>27</b>

Source: WHO Statistical Website: National Health Accounts 2000-2004.

<http://www.who.int/nha/country/Annex1&2,%20March%205,%202007.xls>

# Global Financing Gap

Commission on Macroeconomics on Health: at least \$34 per person per year needed. Some DMCs already achieve this, like Cambodia spending \$36 per person per year

But increasing inequity masks low spending on the poor and high out of pocket spending resulting in households slipping into poverty and poor quality care

Jeffery Sachs: Poorest countries can afford only \$10 per person per year in public health (assuming 20% of budget spent on health)

External aid of \$US 27-35 billion needed globally each year in Health from 2007 onwards

# ODA Trend for Health

- ODA for Health:
  - 1997: \$6 billion
  - 2002: \$8 billion
  - 2005: \$14 billion
  - Substantial increase..... Is it enough?

# ODA Trend for Health

- Trend 1: Increase from \$8billion in 2002 to \$14billion in 2005 is mostly in new global partnerships. However, target for 2007 is \$27billion
- Trend 2: New health aid delivery mechanisms emerged
  - Previously, more through projects:
  - Now, more budgetary support
  - More program support, including SWAps
  - Targeted global partnership support
  - More performance-based funding
- Trend 3: New partners in Aid: GF, Gates, GAVI, Asian entrepreneurs.

# Issues in ODA Trends for Health

- Issue 1: Can systems absorb \$27billion?
- Issue 2: Are new health aid delivery mechanisms effective?
- Issue 3: Do new partners provide appropriate funding?

# Key Issues

- Increased funding mainly for selective CDC, not for other CDC or health systems
- Weak health system can't absorb funds
- Funding is short term, unstable, and with conditionalities
- Program approach requires strong local capacity including in governance
- Uncertain benefits for those most in need

# Global Proposal: Re-Emphasis on Local Health System

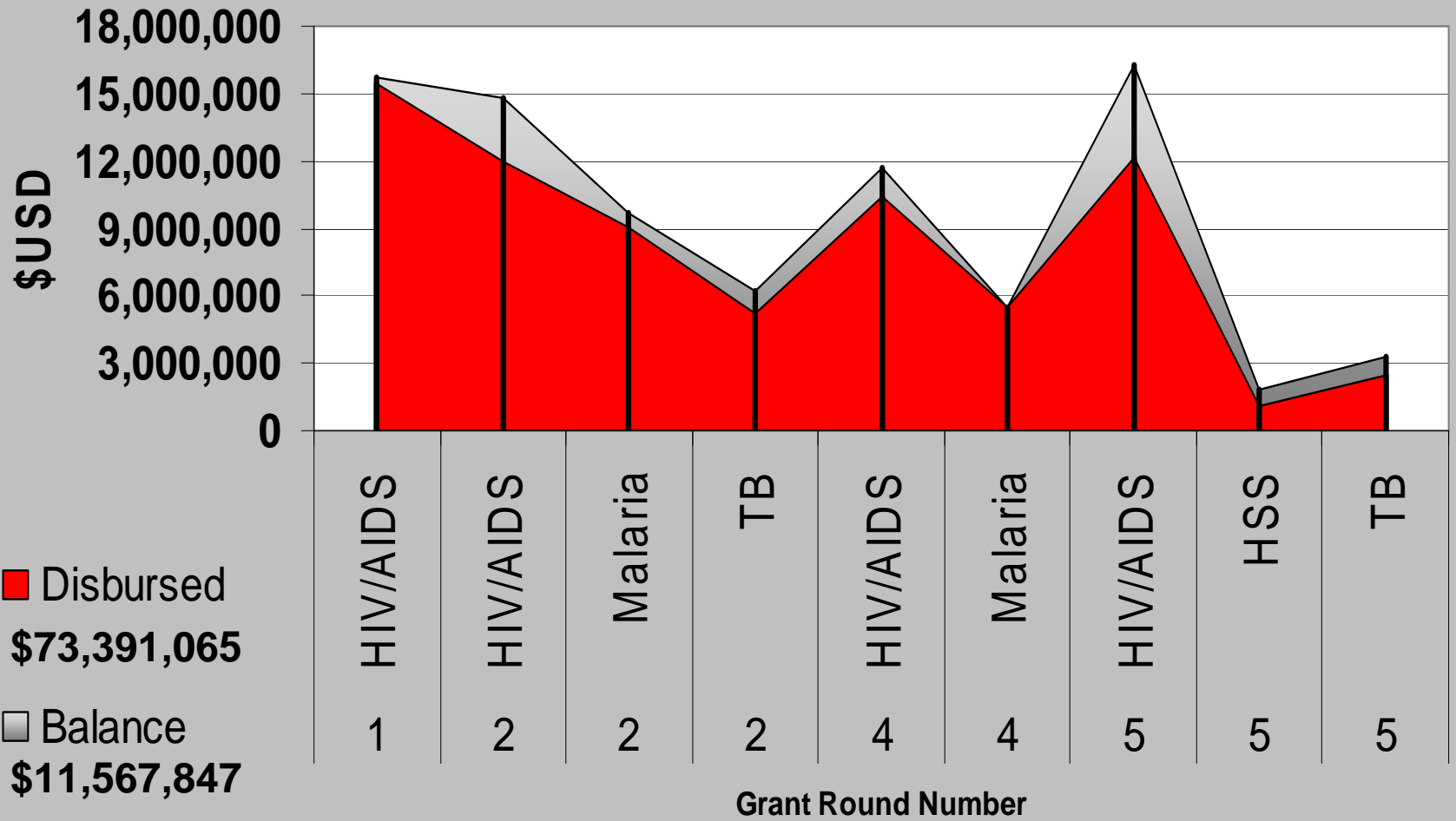
- Major donors advocate increase focus on health system development (New International Partnership incl. DFID, WB, Gates, UNICEF, WHO and Governments)
- AusAID Policy focus on health systems
- Decentralization and Provincial Strategic Planning and Programming
- New partners at local level

# The New Architecture in Aid

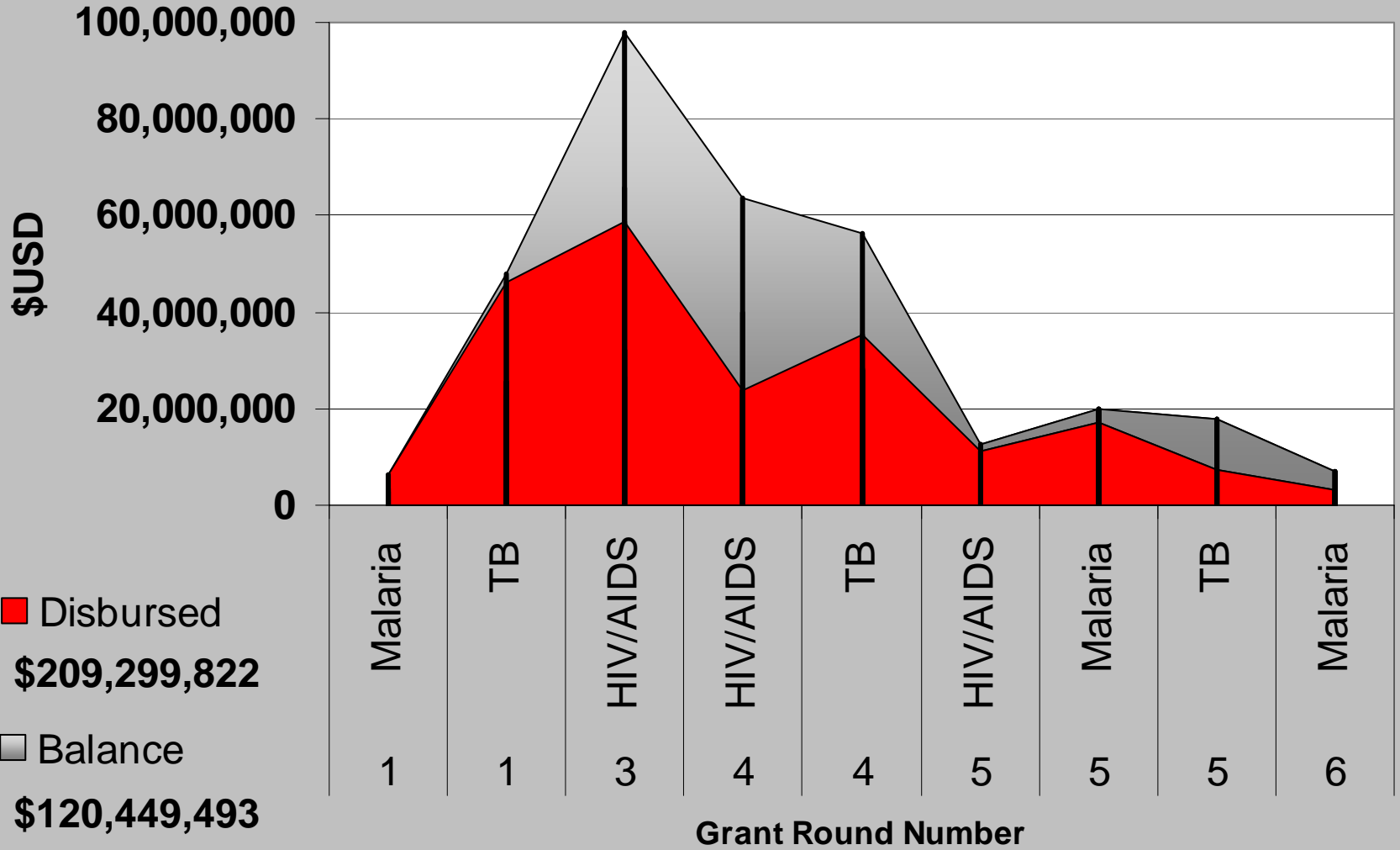
## The Global Fund as Example

- Jan 2001: Conceptualised
- Jun 2001: G8 Heads of State Summit endorsed
- Jan 2002: GF Secretariat established
- Dec 2002: First grant disbursements made
- Aug 2006: Gates Foundation contribute- \$500M
- May 2007: \$7.7 billion committed to 540 grants in 136 countries
- Jun 2007: Provides 66% of all malaria and TB funding, and 20% of all HIV/AIDS funding.

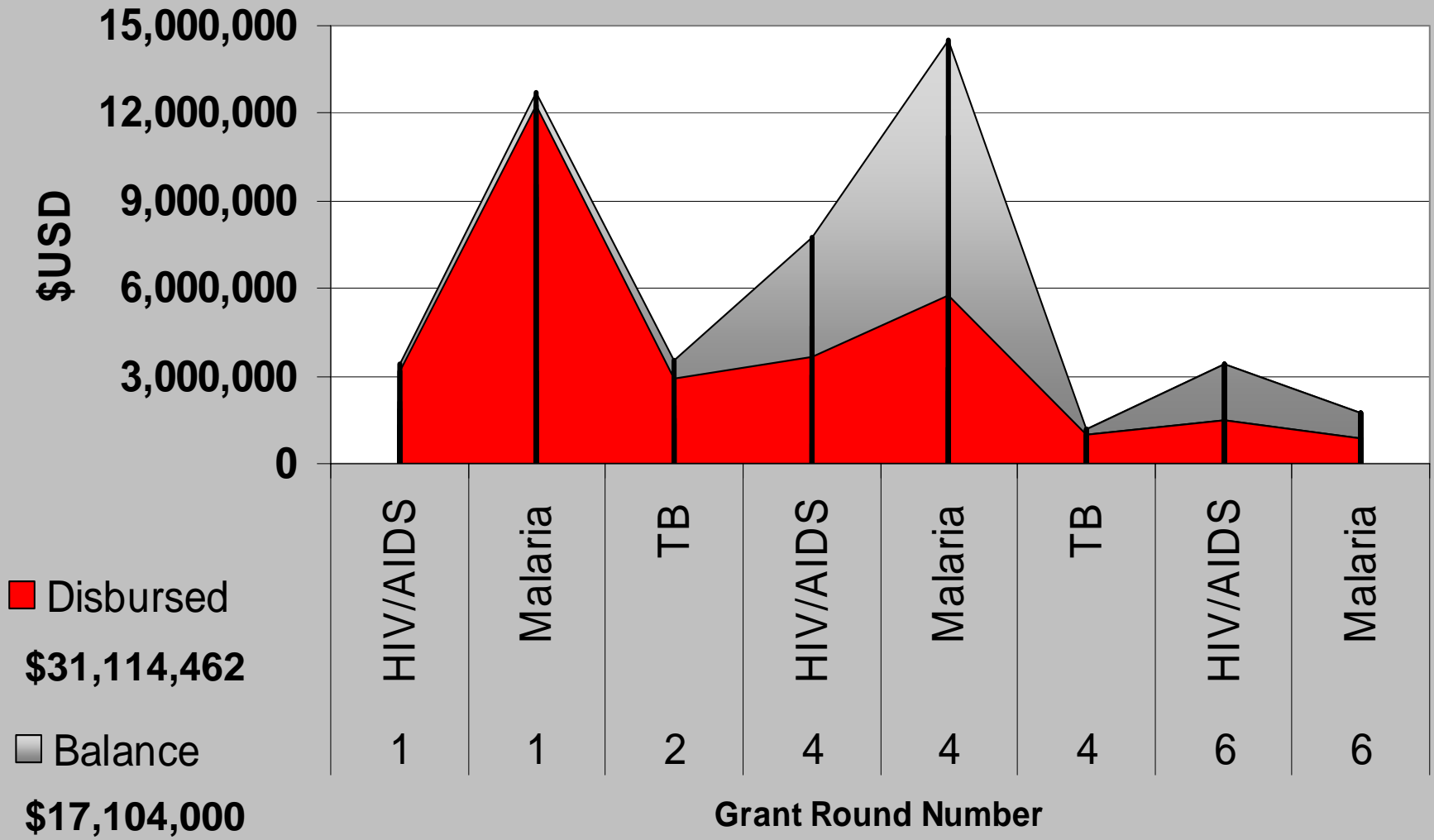
# GF CAMBODIA GRANTS



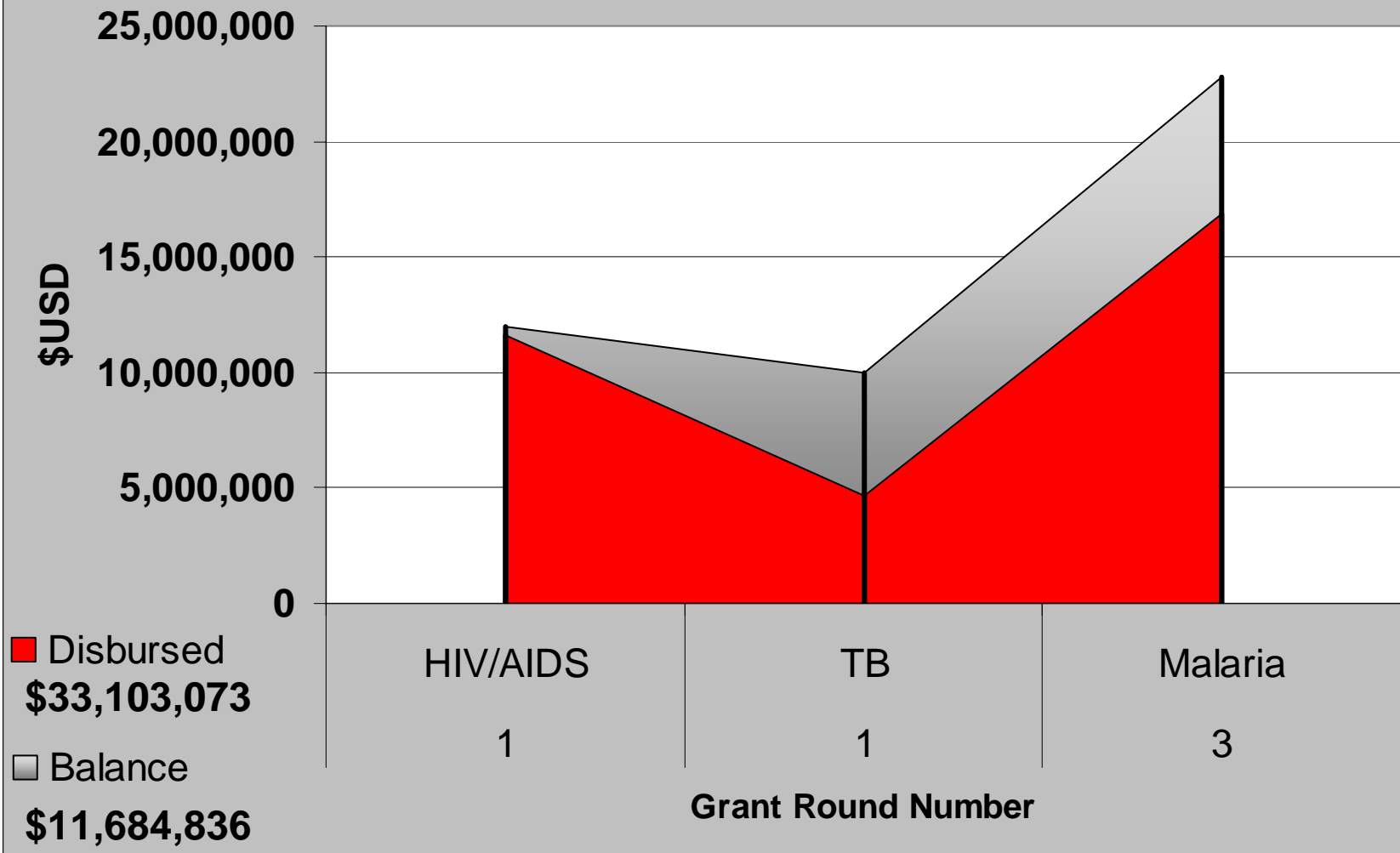
# GLOBAL FUND GRANTS CHINA



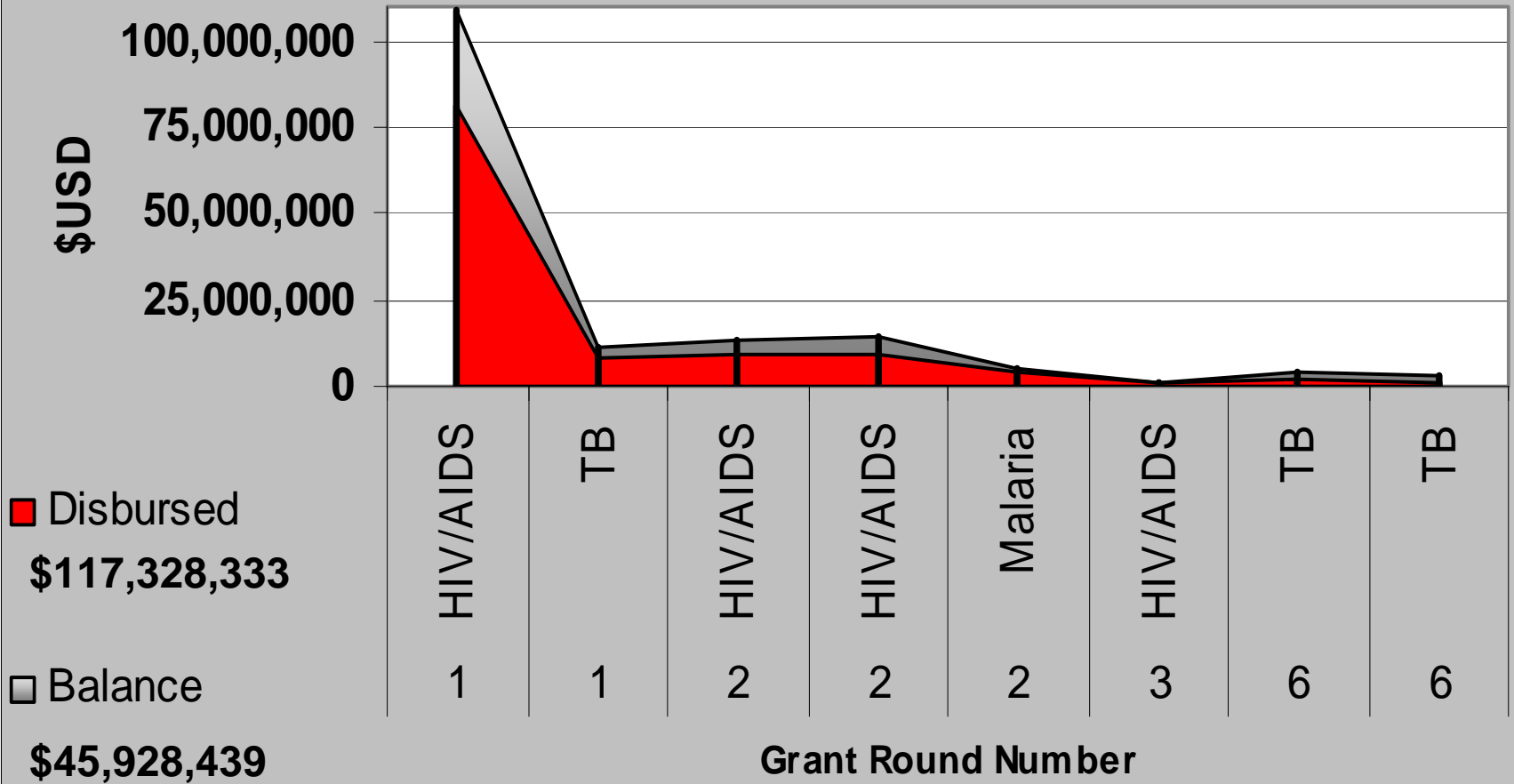
# GLOBAL FUND GRANTS LAO PDR



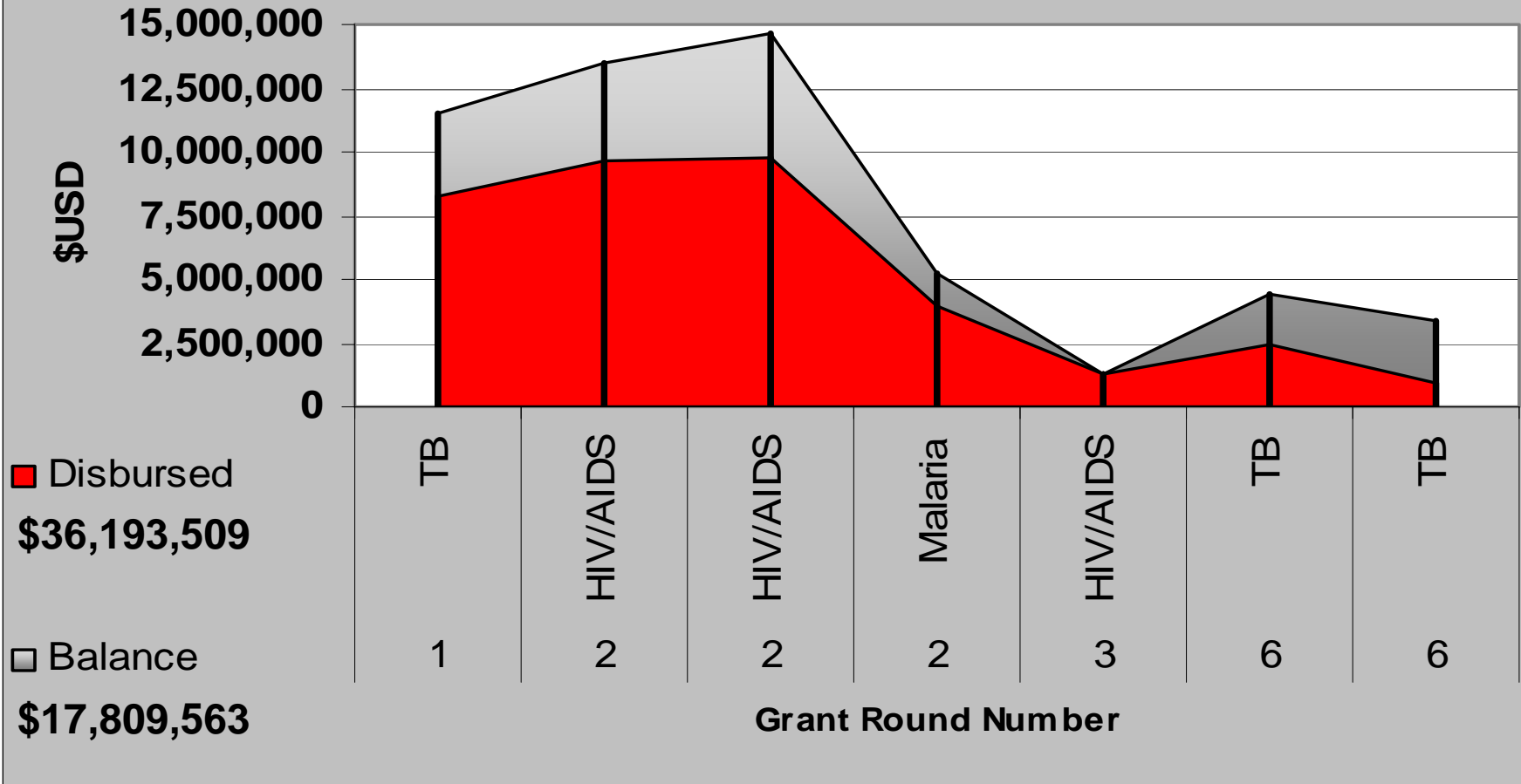
# GLOBAL FUND GRANTS VIET NAM



# GLOBAL FUND GRANTS THAILAND



# GLOBAL FUND GRANTS THAILAND - WITHOUT RD 1 HIV/AIDS SHOWN



# Pros and Cons of the Specific Implementation Design of the GF

- Lean “transparent” central structure
- Rapid inception, specific disease focus (Vertical)
- Performance based funding
- Short, sharp, duration
- M&E system emphasis
- Targets and indicators are aligned with national programs
- Country focus
- “Additional” funds
- Transaction costs not well documented at country and peripheral levels
- Inter-dependencies of health systems
- Difficulties with SWAps
- 10 year perspectives
- Role of the LFA & auditor
- Some targets and indicators are complex & hard to define
- Lacks regional public goods emphasis
- Fungible consequences

# Some Lessons on the GF

- GF grants tend to multiply in a country. Hard to combine to achieve synergies in administration
- Lead time for preparation of proposals and levels of technical details needed in them
- Early grants could have benefited from a LEAD-IN/preparation time going into implementation.
- Difficulty in health systems strengthening – only Cambodia. In Lao, RD 6 malaria HSS components needs to be linked disease

# NEW GF Initiative “Debt2Health”

- Launched by GF to raise additional funds and to be piloted in 4 countries
- Debt conversion (swap) finance instrument
- Country government and creditor agree to discount current debt
- Government deposits a discounted amount into the GF. Creditor “writes off” the debt.
- Money is “earmarked” to fund future GF programs in the country
- Indonesia & Germany – first agreement, Sep 07

# Summary

- The global funding GAP in health is wide and growing
- Global financing for CDC has increased through new mechanisms and partners but resulted in health and health system imbalances.
- Strong case for emphasis on provincial health systems including strategic planning and HRD
- GF offers some improvements in aid financing, but also had some shortcomings
- Lessons learned of GF and others should be disseminated and applied to improve aid financing

# Regional Considerations

- Can we improve external aid (level, modality, targeting) based on lessons learned
- Can countries come together for a multi-layered grant proposal with a focus on border and minorities.

Thank you Very Much  
for your Attention