

**HEALTH SYSTEMS
GOVERNANCE &
FINANCING**



Health programs, sustainability and transition in the context of UHC

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**World Health
Organization**

Transition and sustainability in WHO

- Concern with domestic resource mobilization, “innovative financing” (earmarked taxes for my program), donor funding, investment cases, sustainability roadmaps, ...
- The competition is on, and all asking the same questions:
 - Global Coordination Mechanism on the Prevention and Control of NCDs
 - NTDs
 - RMNCAH
 - HIV/AIDS
 - TB
 - ...and more acronyms and programs

SOME CONCEPTS AND PERSPECTIVES

A UHC and health systems perspective

- UHC involves “all needed [health] services”
 - Financing strategies must incorporate health programs
- As with UHC, sustainability is a system-wide issue, not a program-level issue
- Sustainability is not just a revenue issue; must also manage expenditures efficiently

Fiscal sustainability and fiscal space for health

- Fiscal sustainability

- “the capacity of a government, at least in the future, to finance its desired expenditure programs, to service any debt obligations...and to ensure its solvency.”

- Heller (IMF) 2005

- Key concerns

- Fiscal deficit (public revenues and expenditures)
- Debt-to-GDP ratios (implications for long term balance, potential for deficit spending during downturns, etc.)

- Availability of budgetary room for increasing government spending **for health** without jeopardizing macroeconomic and fiscal stability.

Accounting for government spending on health (in any one year)

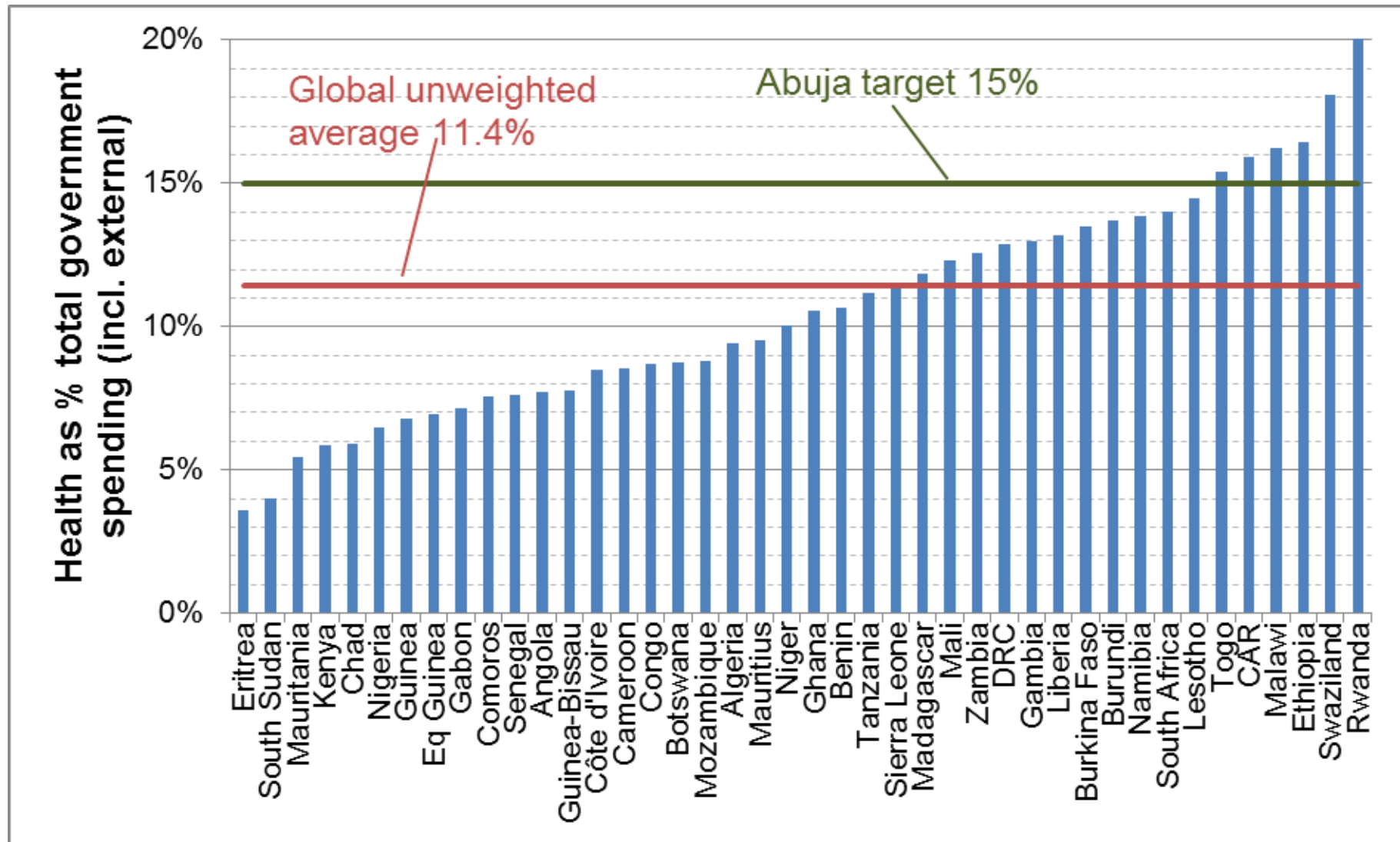
$$\frac{\text{Gov't health spending}}{\text{GDP}} = \frac{\text{Total gov't spending}}{\text{GDP}} \times \frac{\text{Gov't health spending}}{\text{Total gov't spending}}$$

Government health spending as share of the economy

Fiscal capacity

Public policy priorities

Priorities matter (and vary a lot across the region)



Source: WHO health expenditure estimates for 2013

So fiscal sustainability of health spending is a bit hard to grasp

- What government **chooses to sustain** in the health sector depends both on its fiscal capacity and policy priorities
- The concept of fiscal sustainability makes sense at the level of the overall public sector
 - Total public revenues, expenditures, debt, etc.
- It's less clear at the level of a sector such as health
 - Even in two countries with similar income and taxation levels, “country A” may sustain a higher level of public spending on health because of higher priority for health

What are we trying to sustain?

- In my view, not a “health program”
- Instead, we want to sustain increased effective coverage of the services associated with a (hopefully nationally defined) priority program

Efficiency unit of analysis (again)

- Specific health programs may be well-run, but if they duplicate functional responsibilities (e.g. information systems, contracting with providers, procurement, supply chain, etc.), they impose high costs on the system as a whole
- As with health system goals (and UHC), efficiency needs to be analyzed at level of the system, not at scheme or program level
- Is there a place for a transitional reform and investment agenda to build strong, unified underlying support systems to serve all programs? [I think so, obviously]

So what does fiscal sustainability of a program mean? Panellists?

- At the level of sub-sectors (malaria, HIV, nutrition??, immunization, RMNCAH, etc.), do you assume your budget is “ring-fenced”, and that public resources are not fungible?
- Should health program budgets be ring-fenced? If yes, how many health programs should have this arrangement?
- What does it mean at the level of service delivery, especially for people with multiple needs?
- What is scope for and potential efficiency gains from integration? What are the risks?

And for participants from finance and health ministries?

- What are you trying to sustain?
- What is your perspective on earmarking and ring-fencing?
- Is public money fungible?
- What role for efficiency in your thinking about transition and sustainability?
- What is scope for and potential efficiency gains from integration? What are the risks?