Financing Better Health Outcomes in the Pacific

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• Ian Anderson et al. (2014). The challenges of health financing in five South Pacific countries. *Asia Pacific Economic Literature*.

“we are doing something!”
Allocative efficiency – are we doing the right things?

Role of other sectors, central agencies, non-state actors and more effective partnership models

Health effects of climate change
What is the Problem?

• Increasing health needs (population growth, NCDs with disabilities and premature death, unfinished MDG agenda, changing age structure of the population etc.)

BUT

• Overall modest economic growth forecasts and limited (and inequitable?) health financing to meet those needs, now and in the future (likely reduced per capita expenditure on health).
Importance of communicable, MNCH, and non-communicable diseases

Noncommunicable diseases, especially cardiovascular disease
Communicable, maternal, perinatal and nutritional conditions

Pacific health expenditure compares favourably with LMICs globally

Health expenditure indicators in seven Pacific Countries, 2012

<table>
<thead>
<tr>
<th>Health expenditure characteristics</th>
<th>Fiji</th>
<th>Kiribati</th>
<th>Papua New Guinea</th>
<th>Samoa</th>
<th>Solomon Islands</th>
<th>Tonga</th>
<th>Vanuatu</th>
<th>Lower to middle income countries average globally</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health expenditure per capita (current US$)</td>
<td>177</td>
<td>187</td>
<td>114</td>
<td>245</td>
<td>148</td>
<td>238</td>
<td>116</td>
<td>86</td>
</tr>
<tr>
<td>Health expenditure per capita PPP (constant 2005 International dollars)</td>
<td>197</td>
<td>264</td>
<td>151</td>
<td>308</td>
<td>252</td>
<td>270</td>
<td>167</td>
<td>177</td>
</tr>
<tr>
<td>Public sector health expenditure (as a per cent of total health expenditure)</td>
<td>64.9</td>
<td>82.6</td>
<td>83.1</td>
<td>88.3</td>
<td>96.2</td>
<td>84.0</td>
<td>86.6</td>
<td>38.3</td>
</tr>
<tr>
<td>Public health expenditure (as a per cent of total government expenditure)</td>
<td>8.9</td>
<td>10.3</td>
<td>14</td>
<td>13.5</td>
<td>19.9</td>
<td>12.8</td>
<td>13.5</td>
<td>8.8</td>
</tr>
<tr>
<td>Total health expenditure (as per cent of GDP)</td>
<td>4</td>
<td>10.7</td>
<td>5.2</td>
<td>6.8</td>
<td>8</td>
<td>5.4</td>
<td>3.6</td>
<td>4.6</td>
</tr>
</tbody>
</table>

Source: World Bank, World Development Indicators, 2014
Donor funding is variable

External resources as a % of total health expenditure, 2012

- Vanuatu
- Tonga
- Solomon Islands
- Samoa
- Papua New Guinea
- Kiribati
- Fiji

Source: World Bank, World Development Indicators, 2014
Donor funding can be volatile

External resources as per cent total health expenditure

Source: World Bank, World Development Indicators, 2014
Options for increasing fiscal space for health

• relying on broader economic growth
• increasing government expenditure via increased general taxation
• increasing government expenditure via deficit financing
• increasing the share of government expenditure to health
• increasing external and donor financing
• increasing specific taxes
• mobilising additional non-government resources via insurance (including social health insurance, community, and private insurance)
• increasing cost-recovery measures
• increasing efficiency
Main practical option in short to medium term

- relying on broader economic growth
- increasing government expenditure via increased general taxation
- increasing government expenditure via deficit financing
- increasing the share of government expenditure to health
- increasing external and donor financing
- increasing specific taxes
- mobilising additional non-government resources via insurance (including social health insurance, community, and private insurance)
- increasing cost-recovery measures
- increasing efficiency
And those three things are linked...

• Both Government and external partners need to have confidence in how resources are being used by health ministries. Can existing expenditure be used to achieve more?
  - better analysis and use of health information
  - better public financial management (including procurement)

• Government also needs development partners to be more effective (e.g. understand and work around country specific planning/budgeting/implementing/monitoring/reporting cycle, not too ‘disease specific’ and not too much on infrastructure without budget for recurrent costs etc.)
Example: wide variation in pharmaceutical costs

Simvastatin prices in the Pacific in 2009