



Financing Better Health Outcomes in the Pacific

Asia and the Pacific Policy Society Conference 2014: Confronting the Pacific's Health Challenges



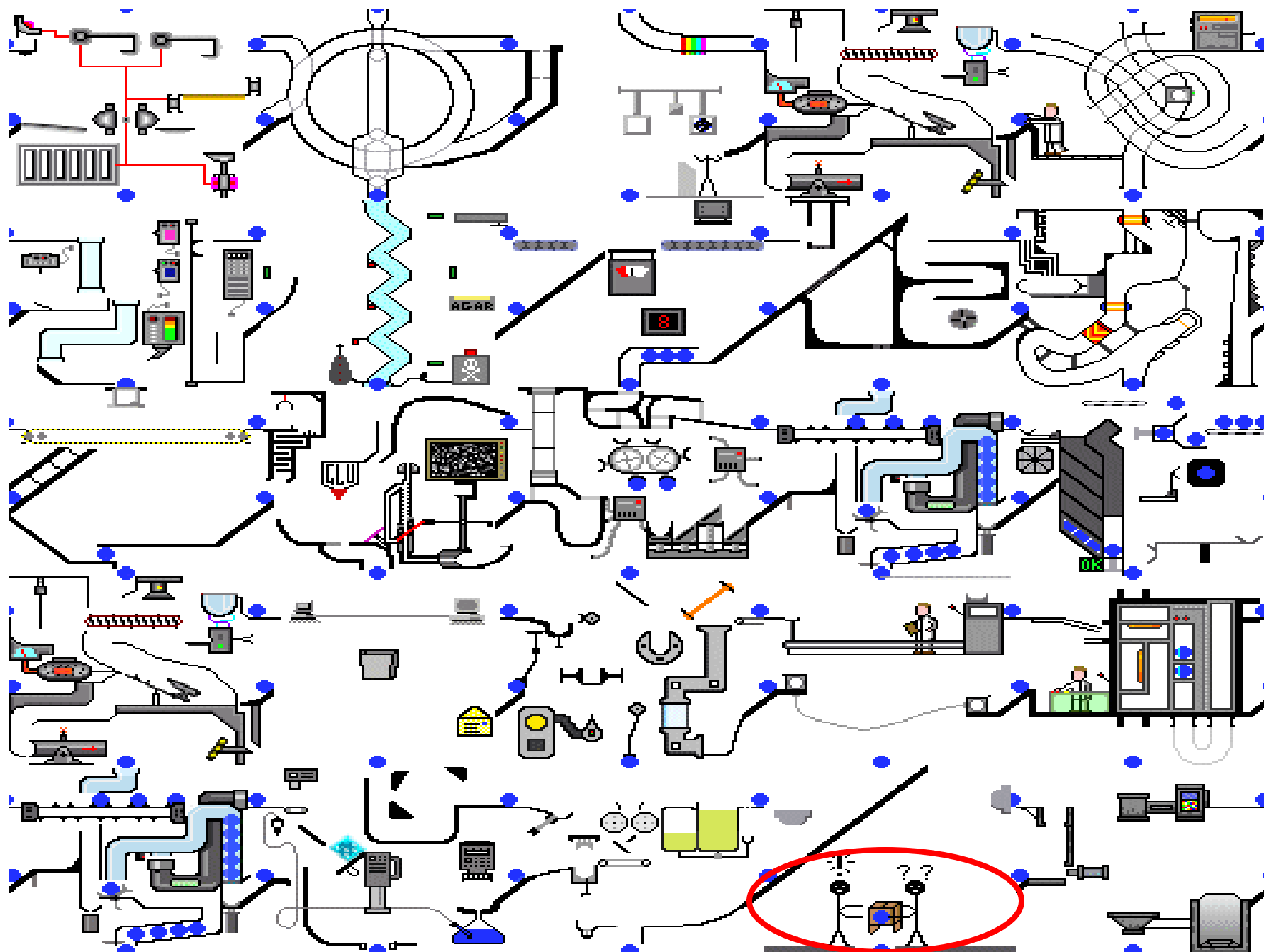
The World Bank
Human Development Sector Unit
East Asia and Pacific Region



Acknowledgements

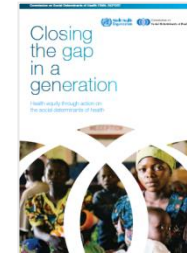
- The World Bank's Pacific health financing work is predominantly funded by the Australian Government's aid program, through the Department of Foreign Affairs and Trade.
- Ian Anderson et al. (2014). The challenges of health financing in five South Pacific countries. *Asia Pacific Economic Literature*.
- Xiaohui Hou. (2014). PNG Health Financing Options (unpublished). World Bank

“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**



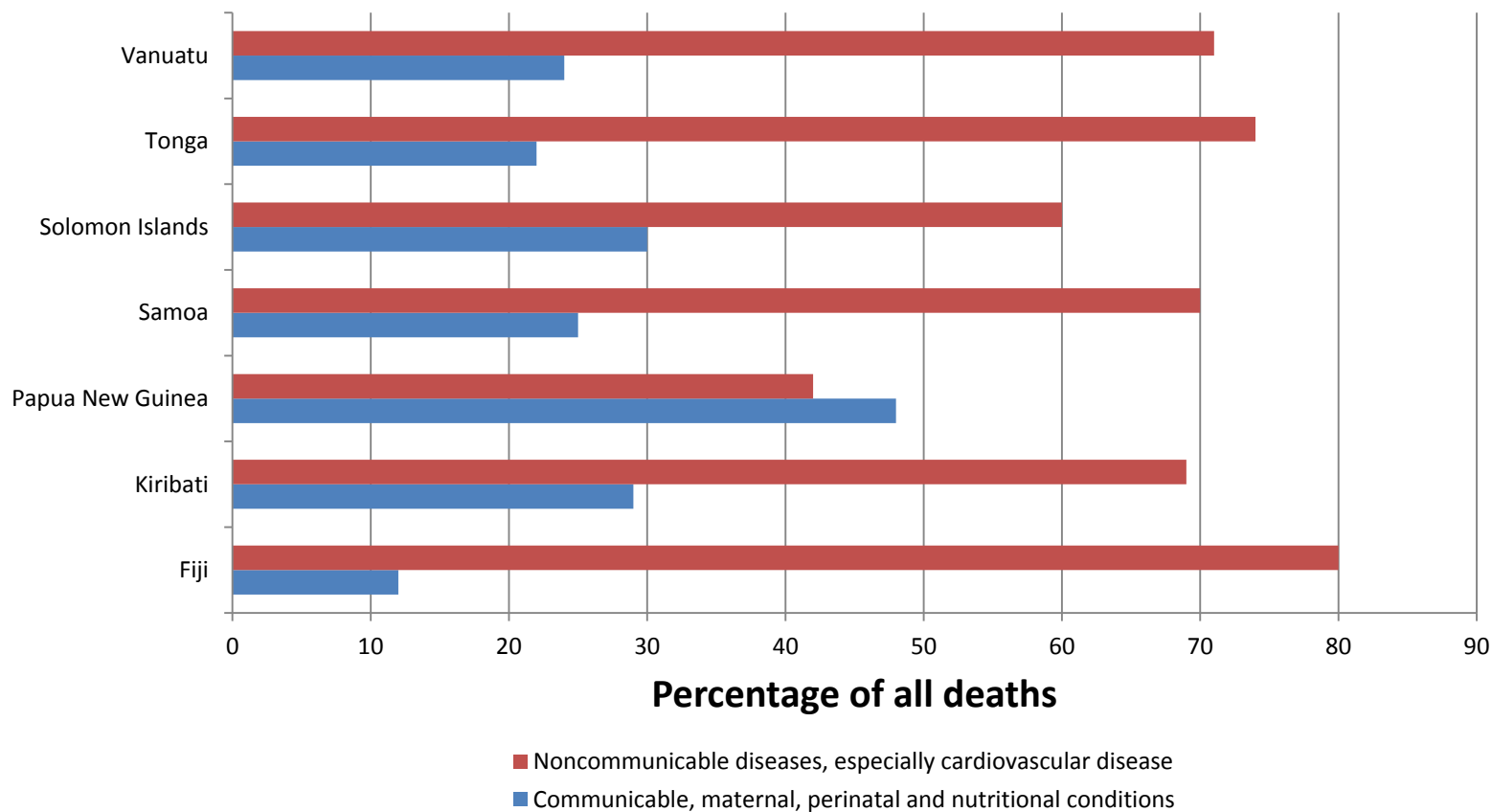
What is the Problem?

- 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



Source: WHO NCD Country Profiles, 2011 & 2014

Pacific health expenditure compares favourably with LMICs globally

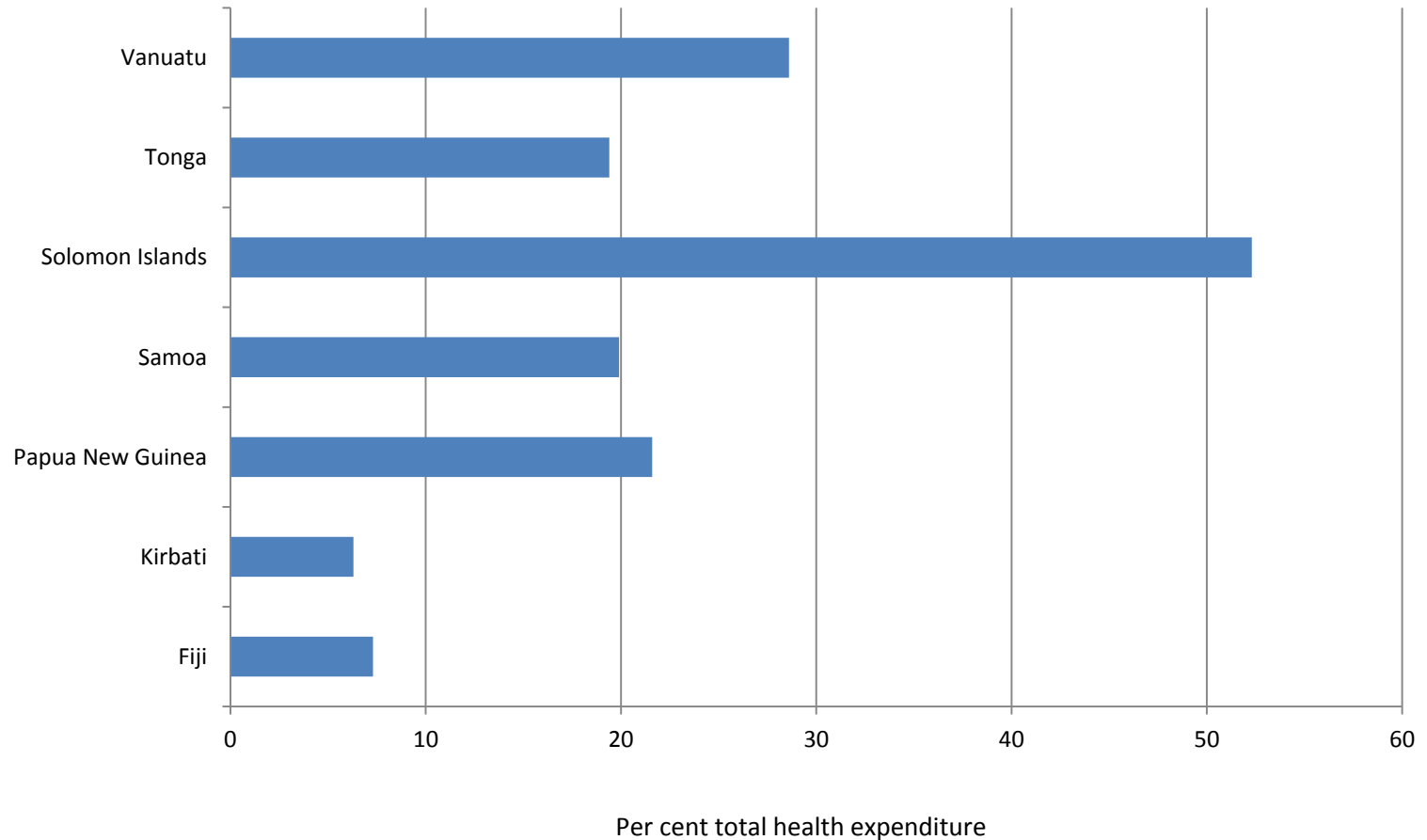
Health expenditure indicators in seven Pacific Countries, 2012

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

Source: World Bank, World Development Indicators, 2014

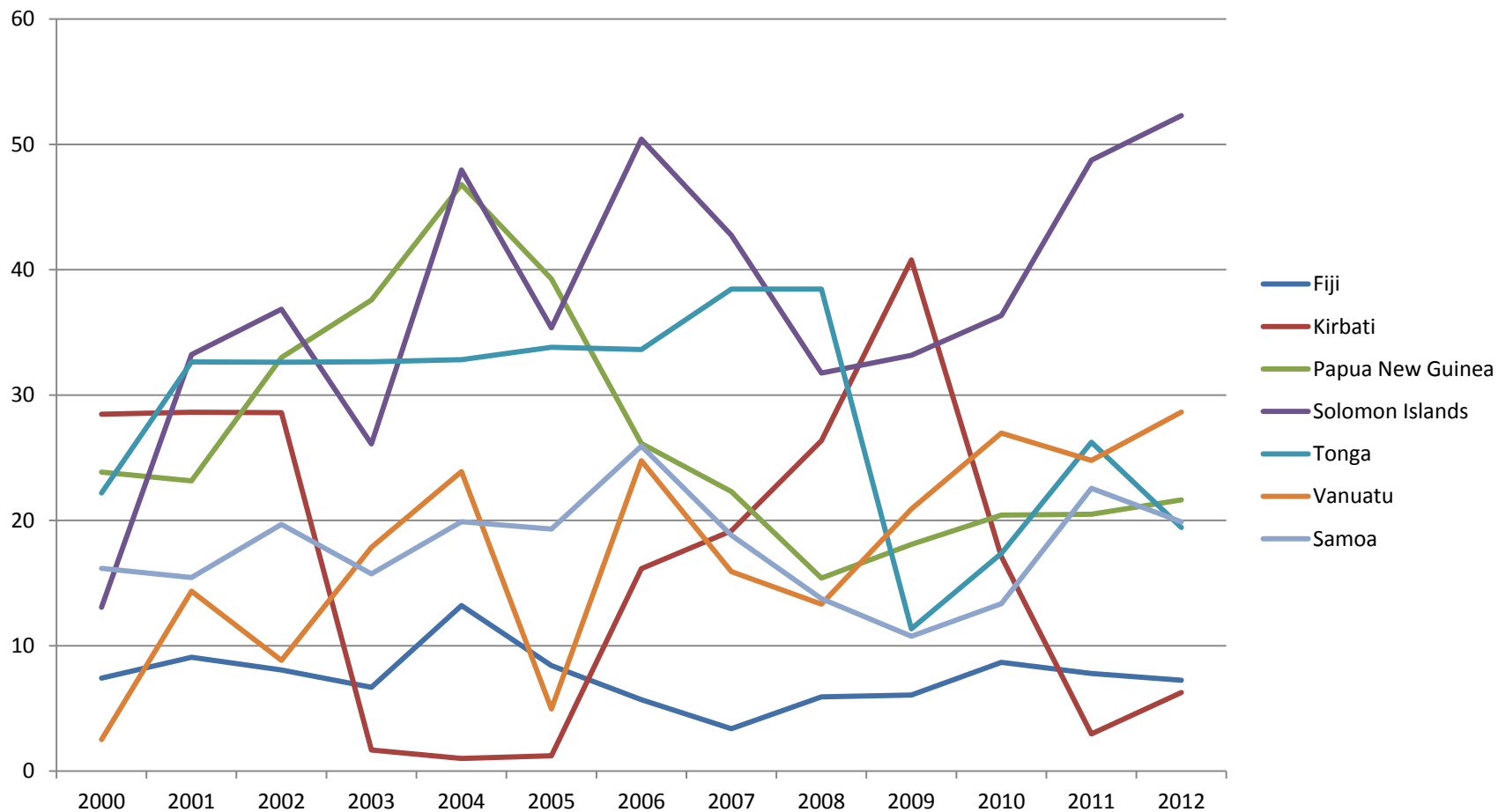
Donor funding is variable

External resources as a % of total health expenditure, 2012



Donor funding can be volatile

External resources as per cent total health expenditure





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

Simvastatin tablet - 20 mg

Data for year 2009

Year ☐ Compare Order by ☒ Country Name ☐ Price [For Printing](#)

