



Government of Southern Sudan
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Financing of Health Care in Low Income Countries (LICs)

Addressing the Funding Gap in Southern Sudan

Presenter

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Objectives

- The objectives of this session are to:
 - Understand how health systems are financed
 - Understand absorption, effectiveness, and sustainability of donor funds
 - Understand health financing issues in LICs



Outline

- Health Financing Systems
 - Health financing functions
 - Revenue collection
 - Risk pooling and financial protection
 - Distributing and sourcing health expenditures
 - Mobilizing government revenues
- Absorption, effectiveness, and sustainability of donor funds
 - Countries' absorptive capacity
 - Aid Effectiveness
 - Fiscal sustainability
- Health System financing issues in LICs
 - New global alliances and funds
 - Financing instruments
 - The needs Gap



Health financing functions

- Health financing involves :
 - Revenue collection
 - Pooling of resources
 - Purchase of interventions



Why is Health financing important?

- Health financing is important because it provides:
 - Resources and economic incentives for the operation of health systems
 - It is a key determinant of health systems performance in terms of:
 - equity
 - efficiency
 - health outcomes



Countries' absorptive capacity of donor funds

- A country's absorptive capacity has:
 - Macroeconomic dimension
 - Budgetary management dimension
 - Service delivery dimension



Countries' absorption capacity of donor funds

Constraints to countries' absorption capacity

	Macroeconomic	Institutional	Physical & Human	Social, cultural & political
National gov't	Debt sustainability Competiveness Dutch disease	Monetary & physical policy instruments Exchange rate management	Administrative, management & planning skills Training technicians & sector specialists	Stable national political institutions Power sharing mechanism Social stability
Fiscal institutions & allocative mechanism	na	PEM Budget preparation & execution Accounting & auditing	Sector management skills Connectivity & Communication networks	Cultural norms Weak institutions Power sharing mechanisms
Service delivery & local gov't	na	Local gov't institutions Private sector Capacity	Accessibility, water & sanitation, roads, geography Local gov't skills & capacity	Cultural norms, ethnic, caste, class relations

Source: World Bank 2004a



Implications of increased aid (cont.)

- Aid may lead to:
 - Corruption
 - Diversion of scarce resources from important service delivery activities
 - Substitute a donor's priorities for those of the recipient country
- A country may not have the capacity to use funds due to:
 - Lack of human resources
 - Lack of physical infrastructure
 - Lack of managerial capacity
- Demand side constraint at individual, household, community level due to:
 - Lack of education
 - Limited information
 - Travel costs



Aid effectiveness

- Global debate on effectiveness of aid has resulted in the following findings
 - Countries' absorptive capacity is limited
 - Aid achieve better results in good policy environments
 - Aid requires ownership by countries (donor imposed conditions rarely works)
 - Aid is related to increased investment and growth
 - Debtor repayment has a negative effect on economic growth and service delivery
 - Aid has high transaction costs for countries
 - Aid makes governments accountable to donors instead of their citizens



The Paris Declaration

The Paris Declaration commits signatories to five principles

- **OWNERSHIP:** Partner countries exercise effective leadership over their development policies, and strategies and co-ordinate development actions
- **ALIGNMENT:** Donors base their overall support on partner countries' national development strategies, institutions and procedures
- **HARMONISATION:** Donors' actions are more harmonised, transparent and collectively effective
- **MANAGING FOR RESULTS:** Managing resources and improving decision-making for results
- **MUTUAL ACCOUNTABILITY:** Donors and partners are accountable for development results



Fiscal sustainability

- Broadly speaking, achieving sustainability means that a managing entity will:
 - Generate sufficient resources to fund a full cost of:
 - (i) a program
 - (ii) a sector, or
 - (iii) an economy
 - Health systems sustainability is the capacity of the system to replace withdrawn funds with funds from other sources (domestic sources)



New global alliances

● The Global fund

- The Global Fund finances the fight against HIV/AIDS, Tuberculosis and Malaria. These disease kill over 6 million people each year
- To date, the Global Fund has committed US\$ 10.7 billion in 136 countries to support interventions against the three diseases



New global alliances (cont.)

- GAVI Alliance
 - GAVI Alliance aligns public and private resources for immunization program
- Roll Back Malaria (RBM)
 - Provides a coordinated global approach to fighting malaria
- GAVI is funder and implementer, but RBM has no funding mechanism



International Finance Facility (IFF)

- **The IFF :**
 - Is financing mechanism which would provide up to an additional \$50 billion a year assistance between now and 2015
 - Would leverage in additional money from the international capital markets by issuing bonds, based on legally-binding long-term donor commitments
 - Would be responsible for repaying bondholders using future donor payment streams; and
 - Would disburse resources through existing multilateral and bilateral mechanisms



Financing Instruments

● SWAPs

SWAPs aim to:

- Address limitations of project based forms of donors assistance
- Ensure that overall health reforms goals are met
- Reduce large transaction costs for countries
- Establish genuine partnerships between donors and countries



Core elements of SWAPs

- Government is in the **driver's seat**
- Partnership results in a shared vision and agreed upon priorities for the sector
- Comprehensive sector development strategy that reflects all development activities to identify gaps, overlaps or inconsistencies
- Expenditure framework that clarifies sectoral priorities and guides all sectoral financing and investment
- A partnership across development assistance agencies that reduces government transaction cost



Key aspects of SWAP

- Improve countries' policy making process and public expenditure management
- **It does so by:**
 - Capturing all funding sources and expenditures
 - Putting resource allocation decisions into a budget and MTEF that is based on national priorities



Poverty Reduction Strategy Papers (PRSPs)

- PRSPS aim to:
 - Strengthen country ownership
 - Enhance the poverty focus of country programs
 - Provide a comprehensive framework for the WB, the IMF and other development partners
 - Improve public government and accountability
 - Improve priority setting



PRSP Process

- The PRSP process:
 - Is country driven
 - Involves broadly based participation
 - Is results-oriented and focus on outcomes that benefit the poor
 - Is comprehensive in reorganizing multi-dimensional nature of poverty
 - Is partnership oriented
 - Is based on a long-term perspective



The needs gap

- The WHO's Commission for Macroeconomic and Health (CMH) estimated that, in 1997, 48 developing countries spent on average \$11 per head (\$6 per year in public spending) (WHO 2001)
- The CMH recommended spending levels of \$34 per capita to ensure delivery of essential health package
- To scale up coverage the CMH estimated that total Dev't Assistance to Health (DAH) should rise to:
 - US\$27b in 2007
 - US\$38b in 2008



Funding gap in Southern Sudan

- Southern Sudan is far below the required per capita expenditure:
 - About US\$7 per capita in 2008, taking a population of 10million
- It is estimated that:
 - US\$3.9million will be required for NGOs to provide health services during 1st quarter of 2008 in certain areas of the country (Rapid Assessment of PHC humanitarian funding gaps-WHO 2007)



Regional comparison of per capita health spending

Per capita health spending on health

Country	Per capita health spending
Kenya	28
Tanzania	12
Uganda	10
Zambia	18
Southern Sudan	7.1

Source: World Development Indicators (2007/2008)



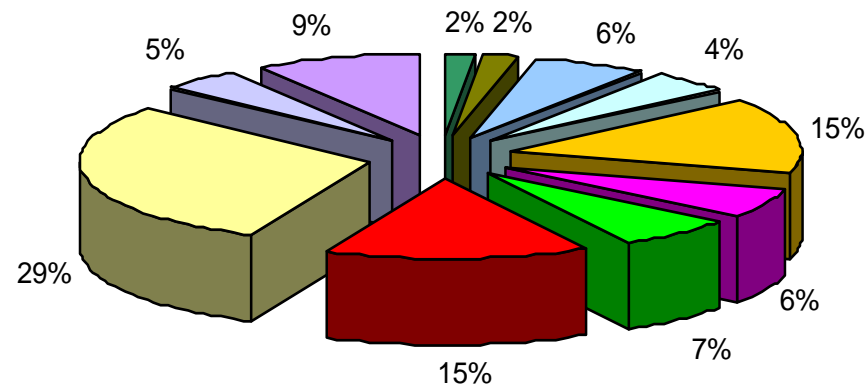
Southern Sudan and Abuja Commitment Compared

- 15% of national budget to health (Abuja Commitment, April 26 2001 Abuja, Nigeria).
- % of GoSS budget allocated to health (2006-2008):
 - 7.9% in 2006
 - 5.4% in 2007
 - 4.2% in 2008



2008 Budget Allocations by Sector

Allocations by Sector (2008 Budget)



- | | | |
|-------------------------------|--------------------------|-------------------|
| Accountability | Economic Functions | Education |
| Health | Infrastructure | Natural Resources |
| Public Administration | Rule of Law | Security |
| Social & Humanitarian Affairs | Block Transfers to Staes | |



Regional comparison of total government expenditure on health

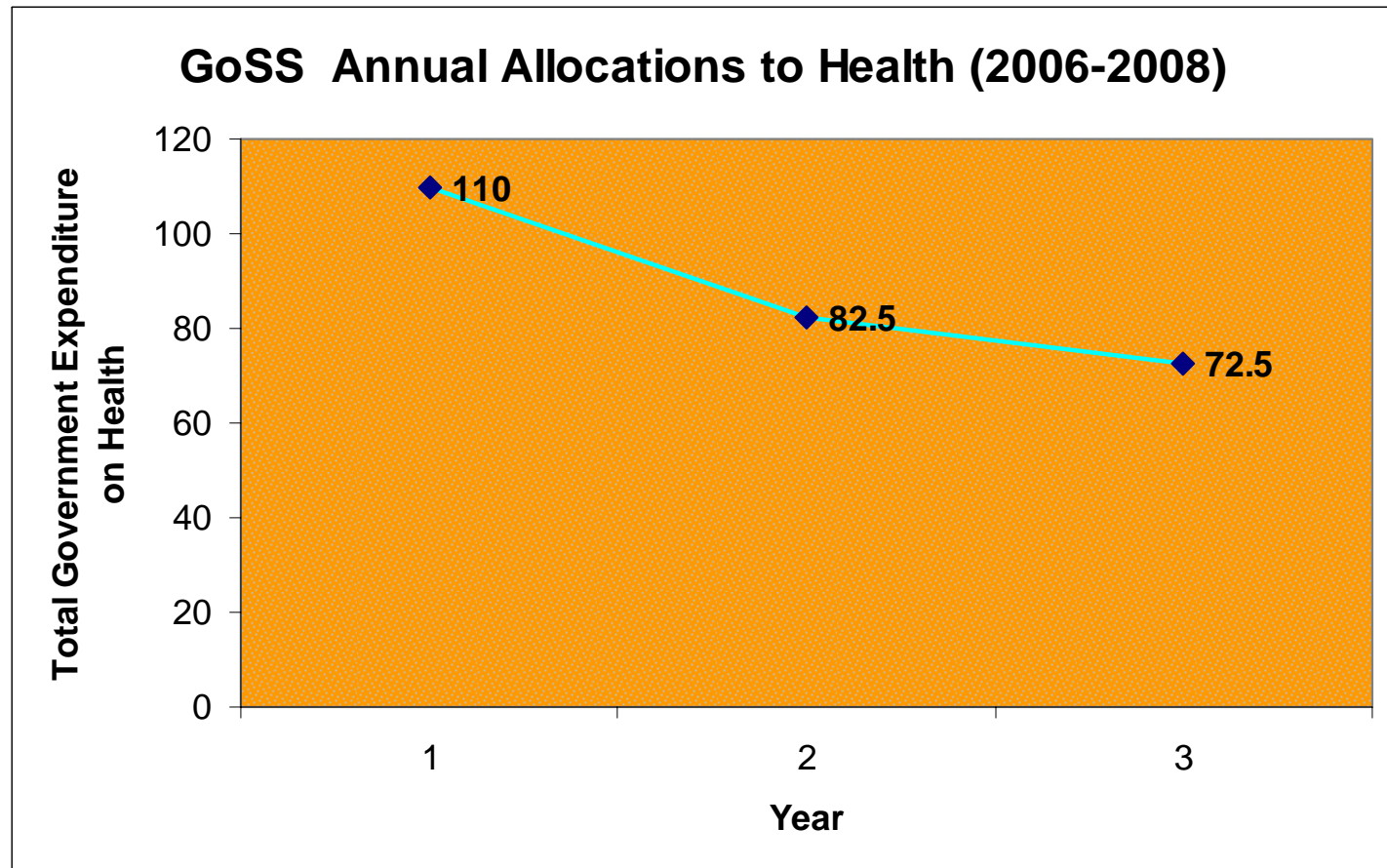
Per cent of the National budget spent on health

Country	% of total government expenditure on health
Kenya	8.4
Tanzania	11.4
Uganda	9.2
Senegal	11.2
Rwanda	13.4
Southern Sudan	4.2

Source: World Development Indicators (2007/2008)



Trends in government spending on health



Source: MOFEP (2006, 2007, 2008 approved budget)



Comparison of health status indicators in Sudan

South Sudan and North Sudan Compared

Sudan	Infant mortality	Under five mortality	Maternal mortality	Chronic malnutrition (%)	Fully immunized children (% of children aged 12-23 months)
North	70.99	101.6	534.0	12.6	66.3
South	102.41	135.3	2037	45	15.7

Source: Sudan Household Survey (2006)



Key questions for discussion (Southern Sudan Context)

- Given the rising cost of health care and dwindling government spending on health
- How do we ensure sustainability of funding for health care when donor resources are no more there?
- What are the better options for financing health care that will improve the health status of our people?
- How do we ensure the poor and the vulnerable get adequate financial protection?



Conclusion

The funding gap in Southern Sudan is huge

It requires concerted efforts by all stakeholders (gov't, dev't partners, NGOs etc). We all need to work together to put in place a good health financing system that will raise adequate funds for health, in ways that ensure people can use needed services, and are protected from financial catastrophe or impoverishment.



End of presentation

Thank you