

Innovative financing for health – approaches and opportunities

The Financing Alliance supports countries on all steps of the community health financing pathway



- Build team & identify champions
- Make the case (incl. ROI)
- Continue advocacy over time

- Develop national strategy
- Build supportive policies
- Run iterative costing process

- Identify and prioritize funding sources
- Analyze financial gap
- Develop financing pathway

- Summarize in investment plan
- Share with stakeholders

OPERATIONAL ENABLERS

- Dedicated community health directorate
- Strong coordination mechanisms

All these steps happen in the context of the national health system and strategy

Our focus is on Community Health systems because investing in frontline programs is essential for strong, effective health systems



Contributes to achieving universal healthcare, disease elimination, and SDG goals

- Critical to reach unserved, primarily low-income populations
- **40% of newborn and child deaths** are from diseases community health workers can prevent and treat
- Necessary platform for **reaching disease elimination targets** (e.g., HIV 90-90-90)
- Can play a key role in surveillance and control (e.g., for Ebola)



Generates high economic returns and near-term cost savings

- **10:1 ROI** due to productivity, insurance and employment benefits
- Shown to deliver **higher value for money than facility-based care** across a services including vaccinations, neonatal care, family planning, malaria, malnutrition, HIV/AIDs and tuberculosis
- ROI and cost-effectiveness of many disease verticals **depend on community delivery channels**



Deliver further benefits to society

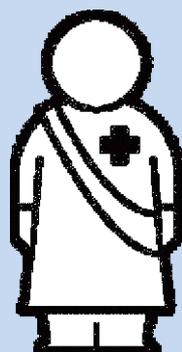
- Can **empower women, reduce costs** for patients, enable governments to **register/track births and health statistics**, enable further service delivery, and promote strong **community participation**

...and CH investments can yield a considerable long-term economic ROI...

Investing

\$1

in CHWs...



...can return up to

\$10

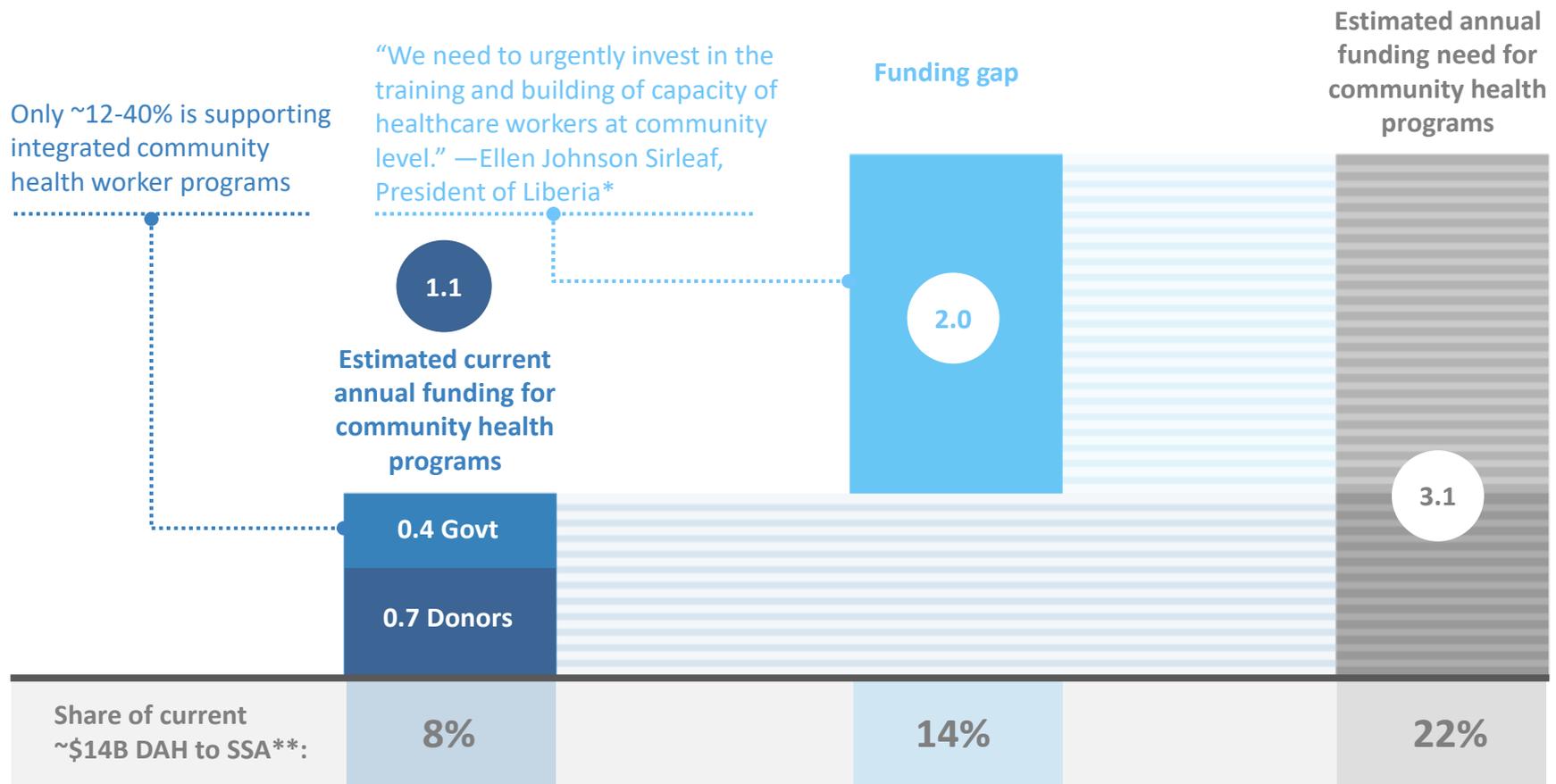
in the long-term

1. Productivity
2. Insurance
3. Employment

“It is becoming increasingly clear that community health worker programs are a foundational and essential component of world-class health programmes” - Perry & Hounton

...However, despite a strong investment case, current CH funding is insufficient, resulting in a \$2B annual gap in funding in SSA

Estimated annual funding to community health in SSA (\$ B)



(*) Quote from International Financing for Development Conference in Addis Ababa on July 13, 2015 (**) DAH is only donor spend and does include domestic gov't spend which would be higher and thus CH share of total health expenditures would be even smaller.

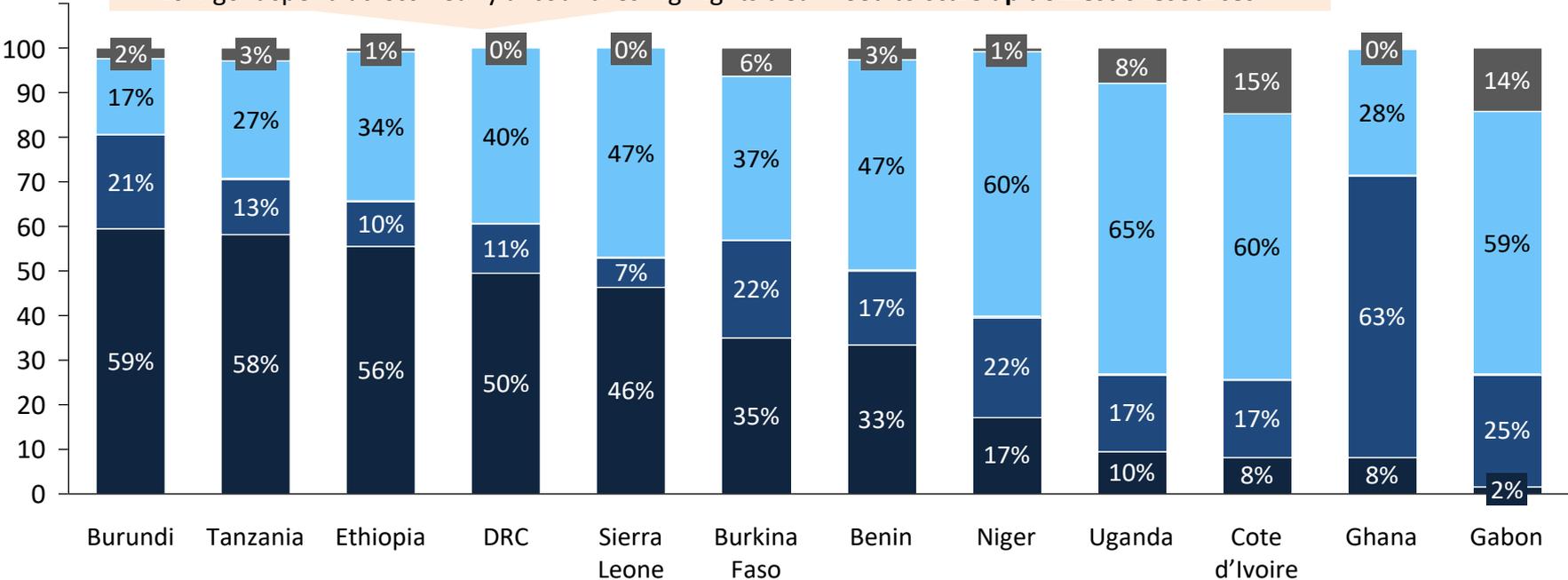
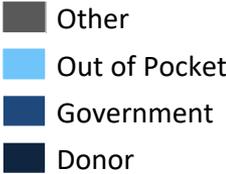
Source: Institute for Health Metrics and Evaluation (IHME). Financing Global Health Database, 1MCHW report, Dalberg analysis.

And a majority of CH spend comes out of pocket or from donors and is thus unsustainable

Across majority of countries in SSA, domestic funds make up small share of primary healthcare expenditure

Share of primary healthcare spend by source of funding (%):

- High share of donor spend suggests **unsustainability**
- High share of OOP suggests **financial burden** on households and individuals, though OOP spend is likely a smaller share of CH than of PHC overall (CH services are free to the used in many countries)
- Low govt spend across nearly all countries highlights clear need to **scale up domestic resources**



PH spend/capita (\$):	Burundi	Tanzania	Ethiopia	DRC	Sierra Leone	Burkina Faso	Benin	Niger	Uganda	Cote d'Ivoire	Ghana	Gabon
	10.6	19.5	N/A	7.7	40.2	17.4	18.6	10.4	15.3	42.8	42.9	88.8

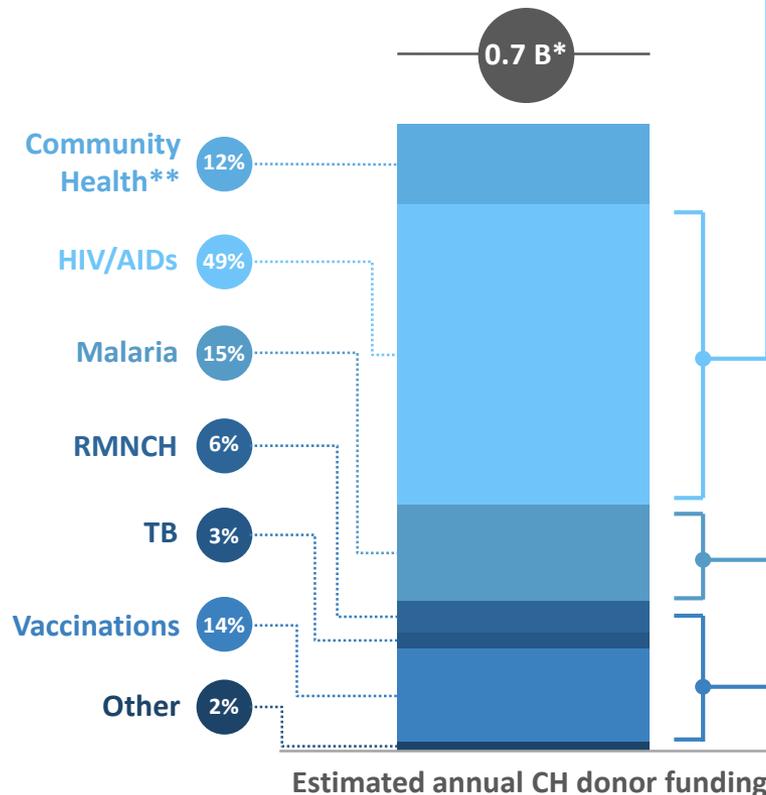
Source: Wang, H (BMGF) & Maele, N. (WHO), "Primary Healthcare Expenditure Analysis" data from SHA2011, March, 2017, Ethiopia data comes from HEPCAPS2 (Harvard SPH + FMOH)

And donor funding comes primarily through vertical disease allocations, suggesting inefficiencies

MAJORITY OF DONOR FUNDING FOR CH COMES VIA VERTICALIZED GRANTS...

...PRIMARILY FOCUSED ON HIV/AIDS AND MALARIA, BUT ALSO ON OTHER HEALTH NEEDS LIKE VACCINATIONS

Estimated annual donor funding used for community health in SSA by primary health focus of grant (\$ Millions)



HIV/AIDS

Significant amount of grant work is done at the community level and the rate has only been increasing over time. For example: A grant in Democratic Republic of Congo ~25% of ~\$60M planned spending was focused on community care

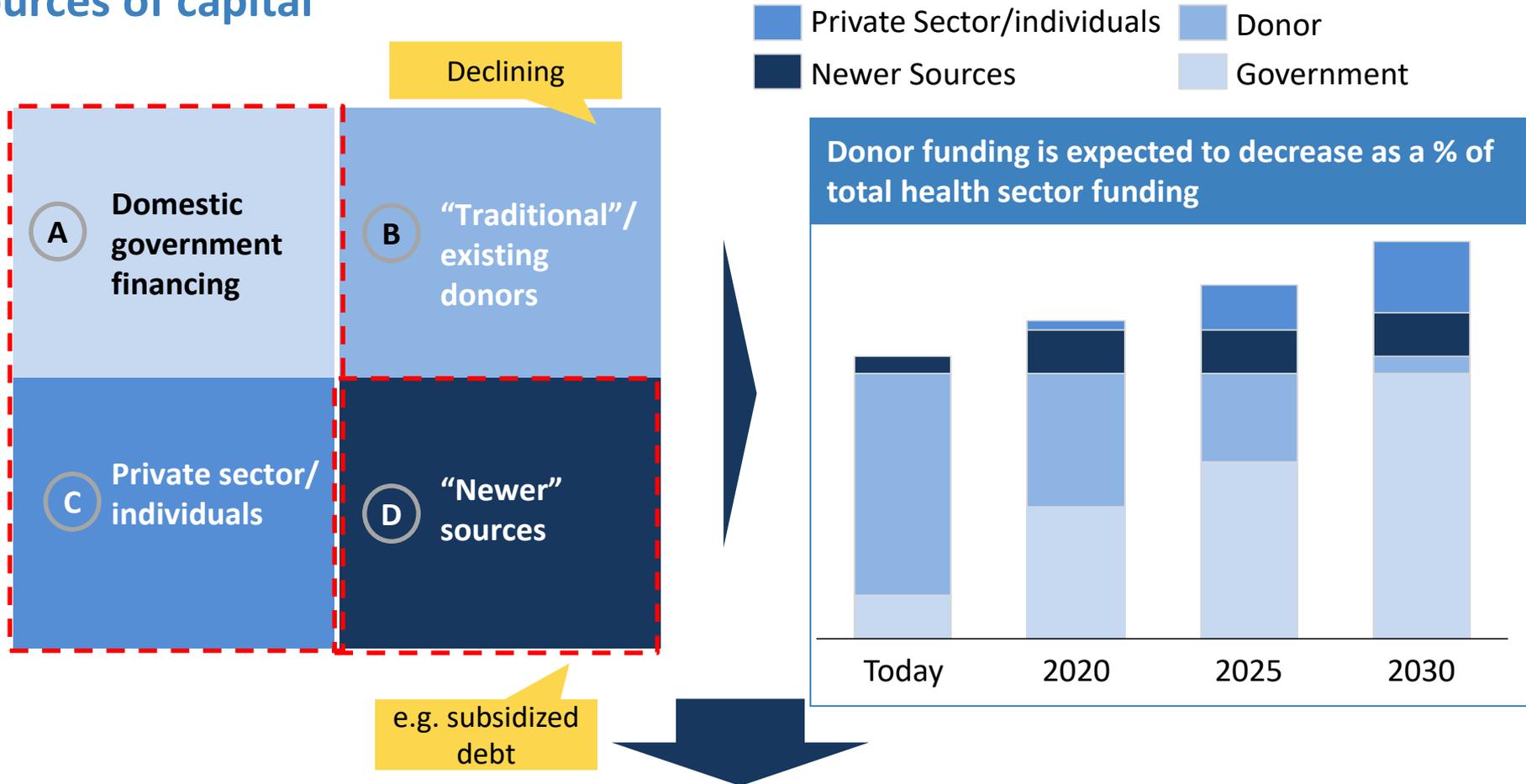
Malaria

The same is true for Malaria funding. For example: In Nigeria ~26% of a ~\$48M grant was to be used towards capacity building health care workers and case management TA

Vaccines

Funders for vaccinations also fund CHWs as part of vertical grants. For example: ~22% of the ~\$11.5M Health System Support (HSS) grant to Somalia was for building and training female CHW cadre

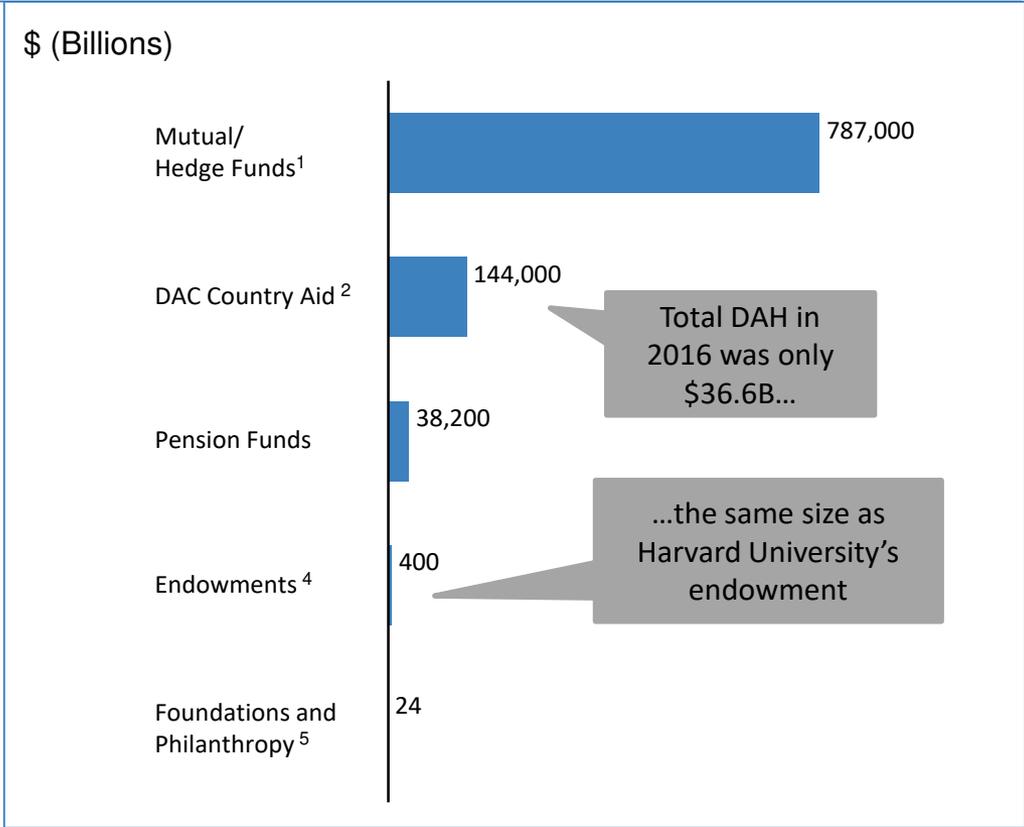
To address this, Ministries of Finance are increasingly looking to sustainable sources of funding, including public and private sources of capital



Low-income country governments often find it difficult to access capital markets, with sovereign bonds facing high coupon rates, often beyond what can be described by risk ratings; Recent SSA issuances commanded yields btw. 6% and 12%

Additionally, traditional private sources of capital are increasingly seeking social and financial returns

\$ invested/spent/under management



Examples

- BlackRock (\$5,700 bn)
- Vanguard (\$4,700 bn)

- United States (\$12.8 bn distributed)
- United Kingdom (\$4.1 bn distributed)

- Harvard University (\$36.4 bn)
- University of Texas System (\$25.4 bn)

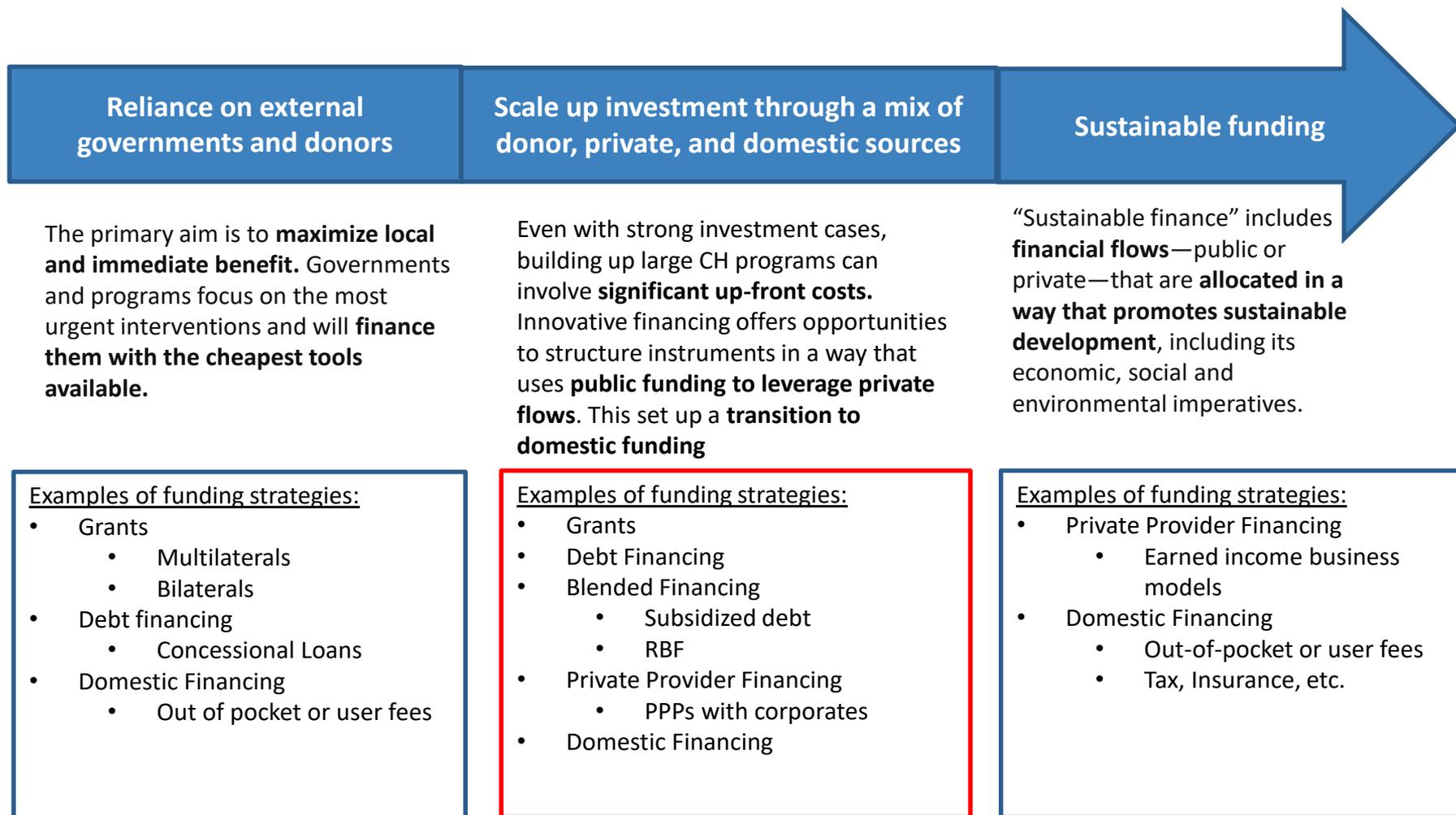
- Bill and Melinda Gates Foundation (\$42.3 bn)
- Stichting INGKA Foundation (\$34.6 bn)

“Society is demanding that companies, both public and private, serve a social purpose. To prosper over time, every company must not only deliver financial performance, but also show how it makes a positive contribution to society.”

– Larry Fink, Founder, Chairman and Chief Executive Officer of BlackRock, Inc., in a letter to CEOs

¹<https://www.relbanks.com/rankings/largest-asset-managers>; ²http://www.healthdata.org/sites/default/files/files/policy_report/FGH/2017/IHME_FGH2016_Technical-Report.pdf
³<https://nces.ed.gov/fastfacts/display.asp?id=73>; ⁴<https://www.worldatlas.com/articles/which-are-the-wealthiest-charitable-foundations-worldwide.html>

FAH is helping countries transition along the funding pathway by helping to identify and develop sustainable and innovative funding models



Sustainable funding allows for the scale up of HRH, equipment and preventive, diagnostic and treatment supplies for critical disease areas through CH programs

Learnings indicate that strong political will and buy-in is required to mobilize funding from govt, investors and donors



In Ethiopia, political support for HEP cascaded from the Prime Minister Down



- Inspired by agricultural extension agent model and **best practices in India and Ghana**, PM conceptualized HEP
- PM brought in MoH to help design pilot; MoH championed HEP throughout his tenure
- PM/MoH engaged with RHBs early and regularly to get buy in at local level
- Piloted HEP in 4 politically favorable regions to test model and build evidence before scaling



Zambia's MoH led an inclusive, evidence-based, and opportunistic advocacy process to get buy-in



MoH-led strategic team, with **cross-directorate champions** (HR, Nursing, Public Health, Technical Support) met weekly and engaged across Ministry and partners; included budgeting/donor relations sub-group



Data used strategically to make the case to different stakeholders (MoH, MoF, donors, provinces/districts)

- HRH crisis
- Challenges with volunteer system
- Impact of CH abroad
- Economic impact and impact on health priorities



Elections created unique **window of opportunity** (i.e., political pressures from the top to serve rural constituents), accelerating the efforts of strong champions

IMPLICATIONS FOR OTHER COUNTRIES

Even if political will comes from the top (i.e., PM or Minister level), **identify influential champions** (e.g., MoH directors) who can engage with all levels of govt and with donors to ensure widespread buy-in and commitment for funding and implementation

Take advantage of opportune political moments (e.g., elections, crises) to accelerate progress and make the case to high level officials

Tailor advocacy to different actors based on their interests, using data to make the case for funding (e.g., economic growth to MoF, impact on MCH for certain donors)

Financing Alliance for Health

Five categories of the Financing Compendium



-  Funds awarded to a country for a specific project, where no repayment is required.
-  Borrowed funds, to be repaid at later date. Amount to be repaid usually includes principal and interest. Debt financing can range from simple loans to more complex results-based debt financing, which requires achievement and measurement of pre-determined outcomes. In the compendium, we cover loans, bonds, debt conversion, and results-based financing.
-  Complementary use of grants (or grant-equivalent¹ instruments) and non-grant financing from private and/or public sources to provide financing on terms that would make projects financially viable and/or financially sustainable.
-  Funding from in-country sources, e.g.,
 - Solidarity Tax
 - Tax on income and profits
 - Tax on goods and services
 - Debt issuance
 - Insurance
 - Endowments, Trusts
 - Increasing private sector contribution
 - OOP
-  Funding available to private providers – may include loans, equity, or other forms

¹ Grant equivalent is related to concessional loans: it equals the face value of a loan multiplied by its grant element (a measure of the loan's concessionality vs. reference interest rates)