

Shared Responsibilities for Health

A Coherent Global Framework for Health Financing

Final Report of the Centre on Global Health Security Working Group
on Health Financing

Executive Summary and Recommendations

Financing is at the centre of efforts to improve health and health systems. It is only when resources are adequately mobilized, pooled and spent that people can enjoy robust health systems and sustained progress towards universal health coverage – that is, all people receiving high-quality health services that meet their needs without exposing them to financial hardship in paying for the services.

This report, which presents the findings and recommendations of the Working Group on Health Financing in the Centre on Global Health Security at Chatham House, shows how common challenges put such progress at risk in countries across the world, and particularly in low- and middle-income countries. These challenges are common not only because they happen to be present throughout these countries, but also because globalization means the underlying causes and transitions know no borders. This calls for collective action on a global scale. Specifically, the report calls for an agreed coherent global framework for health financing capable of securing sufficient and sustainable funding and of both mobilizing and using these funds efficiently and equitably.

Progress towards such a framework can be made by revising the current approach to health financing in three areas: the domestic financing of national health systems, the joint financing of global public goods for health, and the external financing of national health systems where domestic capacity is inadequate. Progress in these areas can be achieved through a set of policy responses which can be encapsulated in 20 recommendations.

To strengthen **domestic financing of national health systems**, we conclude that:

1. Every government should meet its primary responsibility for securing the health of its own people. This involves a responsibility to oversee domestic financing for health and ensure that it is sufficient, efficient, equitable and sustainable.
2. Every government should commit to spend at least 5 per cent of gross domestic product (GDP) on health and move progressively towards this target, and every government should ensure government health expenditures per capita of at least \$86 whenever possible. Most middle-income countries should be able to reach both targets without external support.
3. Every government should ensure that catastrophic and impoverishing OOPPs are minimized. Specifically, governments should commit to the targets of OOPPs representing less than 20 per cent of total health expenditures (THE) and no OOPPs for priority services or for the poor.

4. Every government should improve revenue generation and achieve reduction of OOPPs through effective, equitable and sustainable ways of increasing mandatory prepaid pooled funds for health services. Individual contributions to the pool(s) should primarily be based on capacity to pay and be progressive with respect to income.
5. Every government should consider improved and innovative taxation as a means to raise funds for health. Promising policies include the introduction or strengthening of excise taxes related to tobacco, alcohol, sugar and carbon emissions, and these should be combined with measures to increase tax compliance, reduce illicit flows and curb tax competition among countries. Other sources of government revenue, particularly in countries rich in natural resources, should also be explored.
6. Every government should ensure that mandatory prepaid pooled funds are used with the aim of making progress towards UHC – that is, affordable access for everyone. Specifically, every government should seek to ensure a universal health system with full population coverage of comprehensive primary health care, high-priority specialized care and public health measures, and should not prioritize expanding coverage of a more comprehensive set of services for only some privileged groups in society.
7. Every government, in collaboration with civil society, should formalize systematic and transparent processes for priority-setting and for defining a comprehensive set of entitlements based on clear, well-founded criteria. Potential criteria include those related to cost-effectiveness, severity and financial risk protection. The processes can build on the methods of health technology assessment and multi-criteria decision analysis, which can help translate evidence and explicit values into policy decisions.
8. Every government and other actor involved in the financing or provision of health care must continuously strive to improve efficiency. In particular, this will require action on corruption and strategic purchasing, with continuous assessment and active management of which services are purchased and what providers and payment mechanisms are used.

To strengthen **joint financing of global public goods for health** (GPGHs), we conclude that:

9. Every government should meet its key responsibility for the co-financing of GPGHs and take the necessary steps to correct the current undersupply of such goods. Among key GPGHs are health information and

surveillance systems, and research and development for new technologies that specifically meet the needs of the poor. Public funding for the latter purpose should be at least doubled compared with the current level.

10. Every government should increase its support for new and existing institutions charged with the financing or provision of GPGHs. In particular, the World Health Organization's capacity to provide GPGHs should be enhanced and adequate funds provided on a sustainable basis for that purpose.

11. Every government, international organization, corporation and other key actor should promote a global environment that enables all countries to pursue government-revenue policies that can sufficiently finance their social sectors, including health, education and welfare. This requires action on illicit financial flows, tax havens, harmful tax competition and overexploitation of natural resources.

To strengthen **external financing for national health systems**, we conclude that:

12. Every country with sufficient capacity should contribute with external financing for health. Determination of capacity should partly depend on GDP per capita. Net contributing countries should include all high-income countries and most upper-middle-income countries and not only member countries of the OECD's Development Assistance Committee (OECD-DAC).

13. High-income countries should commit to provide external financing for health equivalent to at least 0.15 per cent of GDP. Most upper-middle-income countries should commit to progress towards the same contribution rate.

14. Every provider of external financing for health, including contributing countries and international organizations, should establish clear, well-founded and publicly available criteria to guide the allocation of resources. These should be the outcome of broad, deliberative processes with input from key stakeholders, including civil society in contributing and recipient countries.

15. Every provider of external financing for health should align its support with recipient-country government priorities to the greatest extent possible. This calls for strong adherence to the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action. In particular, providers of

external financing for health should encourage and comply with national plans and strategies, improve transparency and monitoring of disbursements and results, and help to build domestic governance and institutional capacity.

16. All providers of external financing for health should strive to strengthen coordination among themselves and with each recipient country, in order to improve efficiency as well as equity. In particular, they should encourage and comply with country-led division of labour, harmonize procedures, increase the use of joint and shared arrangements, and improve information sharing.

17. Every government should actively assess the existing mechanisms for pooling of external funds for health – including the Global Fund to Fight AIDS, Tuberculosis and Malaria, the GAVI Alliance, and the World Bank's health trust funds – and consider the feasibility of broader mandates, mergers and increased global pooling with the aim of improving efficiency and equity.

Strong **accountability** mechanisms and **global agreement** on responsibilities, targets and strategies will facilitate the implementation of the needed policy responses and a coherent global framework. We conclude that:

18. Every government and other actor involved in domestic or external financing or in the provision of health services should seek to strengthen accountability at global, national and local levels. This should be done by improving transparency about decisions, resource use and results, by improving monitoring and data collection and by ensuring critical evaluation of information with effective feedback into policy-making. Accountability should also be strengthened through active monitoring by civil society and by ensuring the broad participation of stakeholders throughout the policy process.

19. Every government and other key actor should seek to ensure that health and universal health coverage are central goals and yardsticks in the post-2015 development agenda. These actors should also seek to ensure that the responsibilities, targets and strategies of a coherent global framework for health financing are integrated to the fullest extent possible. Moreover, the agenda should make clear that health is important both for its own sake and for the sake of other goals, including poverty eradication, economic growth, better education and sustainability.

20. All stakeholders should enter into a process of seeking global agreement on key responsibilities, targets and strategies for health financing – including on the mechanisms for monitoring and enforcement – in order to expedite the implementation of a coherent global financing framework. In the short term, consultation on the post-2015 development agenda is one useful arena for building consensus, and the agenda itself can be a valuable commitment device.

In the longer term, a more specific process should be devised in one or more relevant forums, such as the UN General Assembly, the World Health Assembly, World Bank/International Monetary Fund, or a high-level stand-alone meeting.

With successful agreements, the great potential of health system strengthening and proven high-impact interventions can eventually be unleashed.

Independent thinking since 1920