SUPPORTING TRANSITION FROM EXTERNAL FINANCING

in the

EAST ASIA & PACIFIC (EAP) REGION

Common Themes & Challenges

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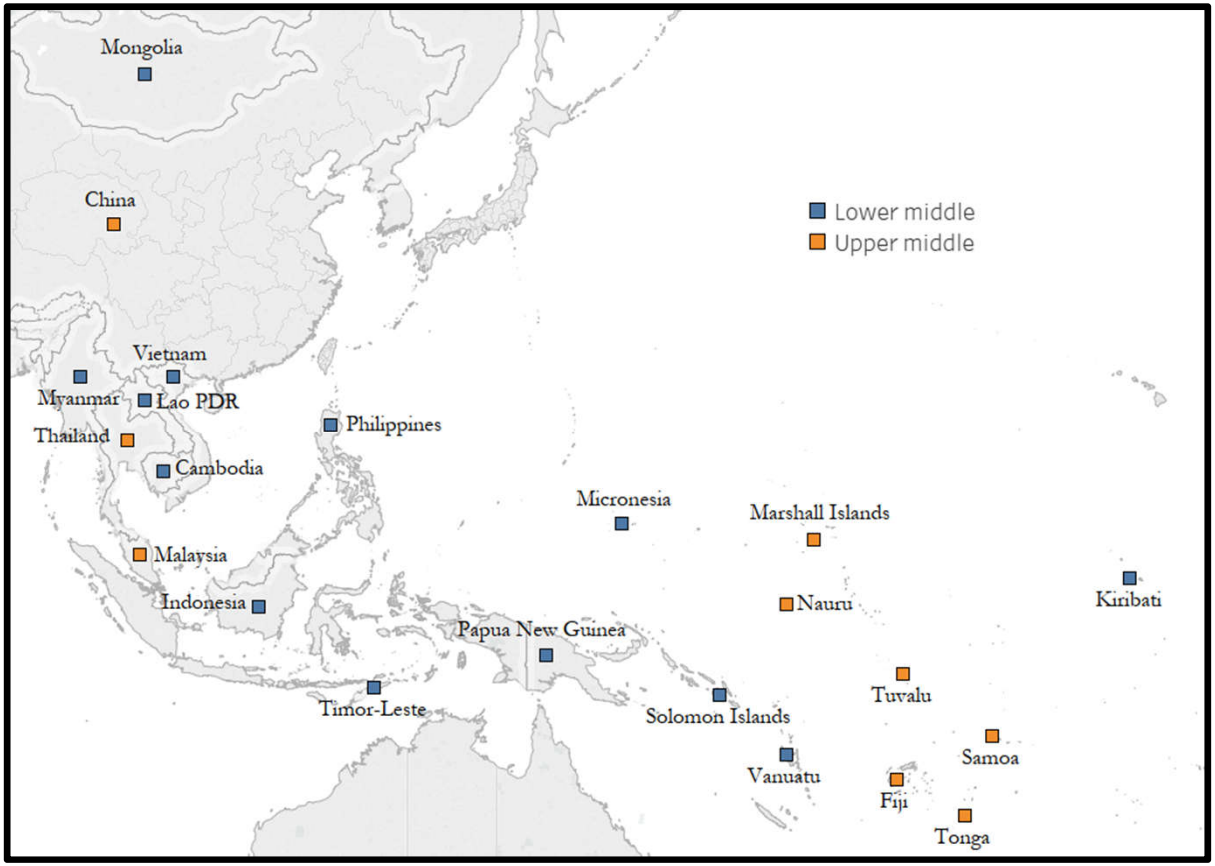
EAP is Large & Diverse:
Comprises a Quarter of Earth's Surface and a Third of World's Population

- EAP region comprises over 20 *lower middle* and *upper middle* income counties; 11 are IDA (including several Pacific island countries); 3 are Blend (Mongolia, PNG, Timor-Leste); remainder are IBRD (including China, Vietnam, Indonesia, Thailand, and the Philippines).

- Includes some countries that are *most populated* in the world (CHN, IDN); some that are the *least populated* (KIR, VTU); some that are the *most densely populated* (IDN); and some that are the most *ethno-linguistically diverse* (IDN, PNG).



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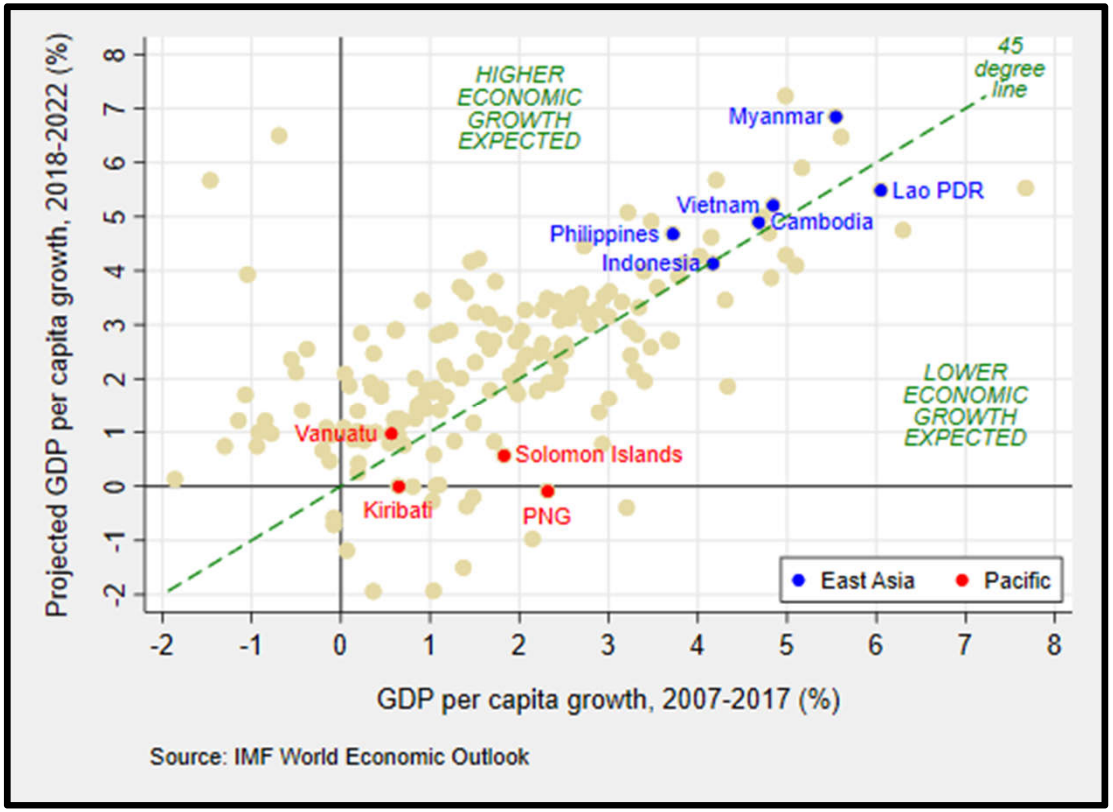
Strong Economic Growth Prospects in East Asia Relative to Pacific



- *Strong economic growth in East Asia*: most MDTF countries have projected per capita economic growth rates between 4-7% in next 5 years.

- By way of contrast, *weak economic growth rates in the Pacific*; prospects remain bleak for next 5 years.

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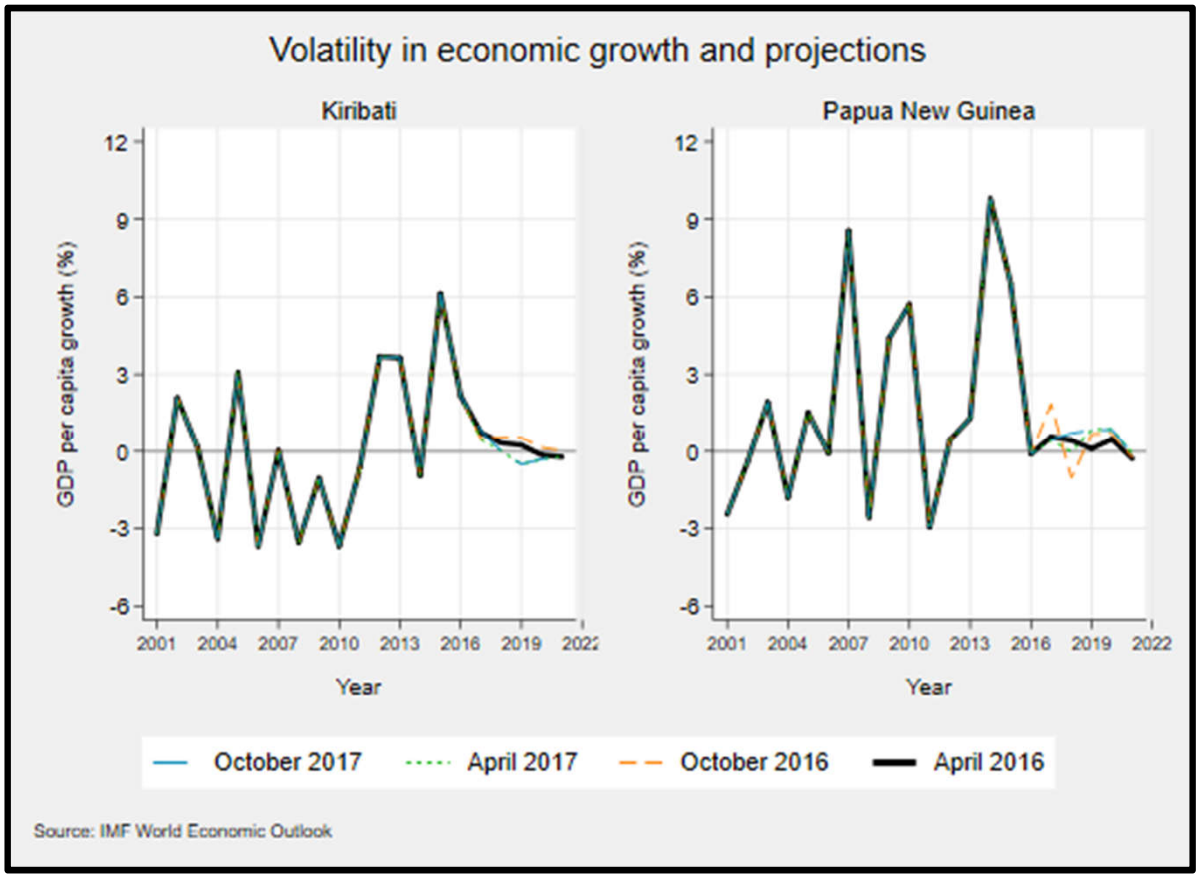
Pacific Notable Also for Volatility in Economic Growth/Forecasts



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A Challenging Fiscal Context For Some Countries

Key macro-fiscal indicators, 2013-2017 → 2018-2022

Country	Public expenditures share of GDP (%)	Public revenues share of GDP (%)	Public deficit share of GDP (%)	Public debt share of GDP (%)
Cambodia	22% → 24%	19% → 20%	-2% → -4%	36% → 39%
Indonesia	18% → 17%	15% → 14%	-2% → -3%	27% → 30%
Kiribati	114% → 127%	128% → 116%	15% → -11%	18% → 38%
Lao PDR	24% → 24%	19% → 18%	-4% → -5%	58% → 66%
Myanmar	22% → 20%	19% → 15%	-3% → -4%	34% → 37%
PNG	24% → 19%	18% → 15%	-5% → -4%	31% → 40%
Philippines	19% → 20%	19% → 19%	0% → -1%	36% → 32%
Solomon Islands	46% → 44%	46% → 41%	0% → -3%	11% → 18%
Vanuatu	28% → 30%	26% → 24%	-3% → -6%	28% → 47%
Vietnam	30% → 28%	23% → 23%	-6% → -5%	57% → 64%

Source: IMF

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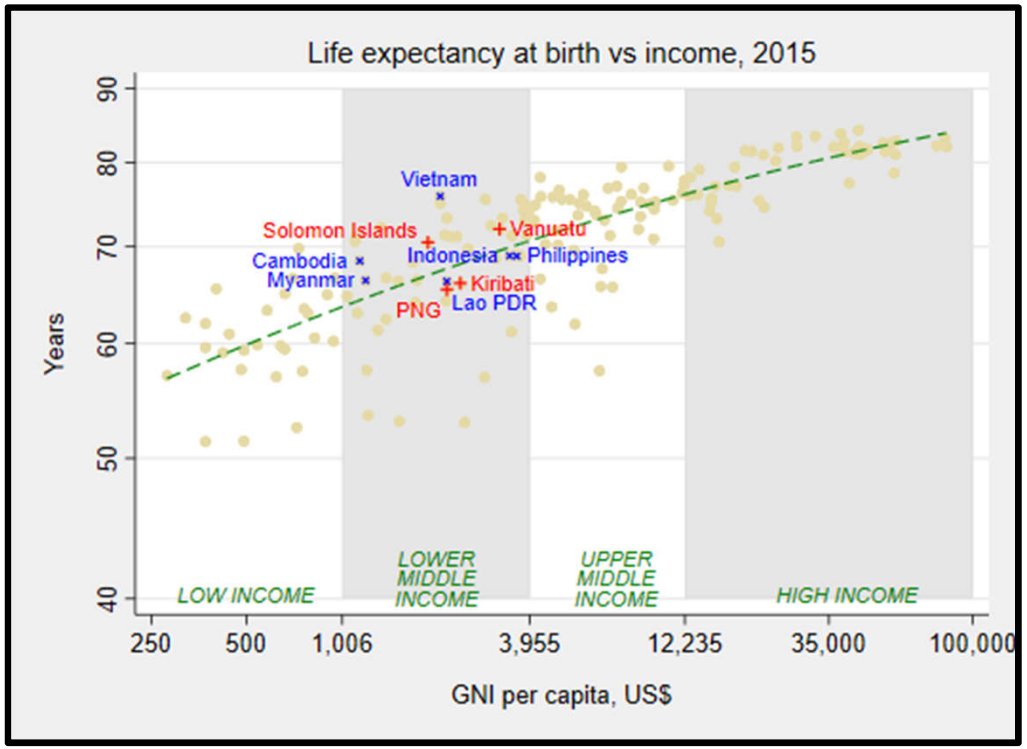
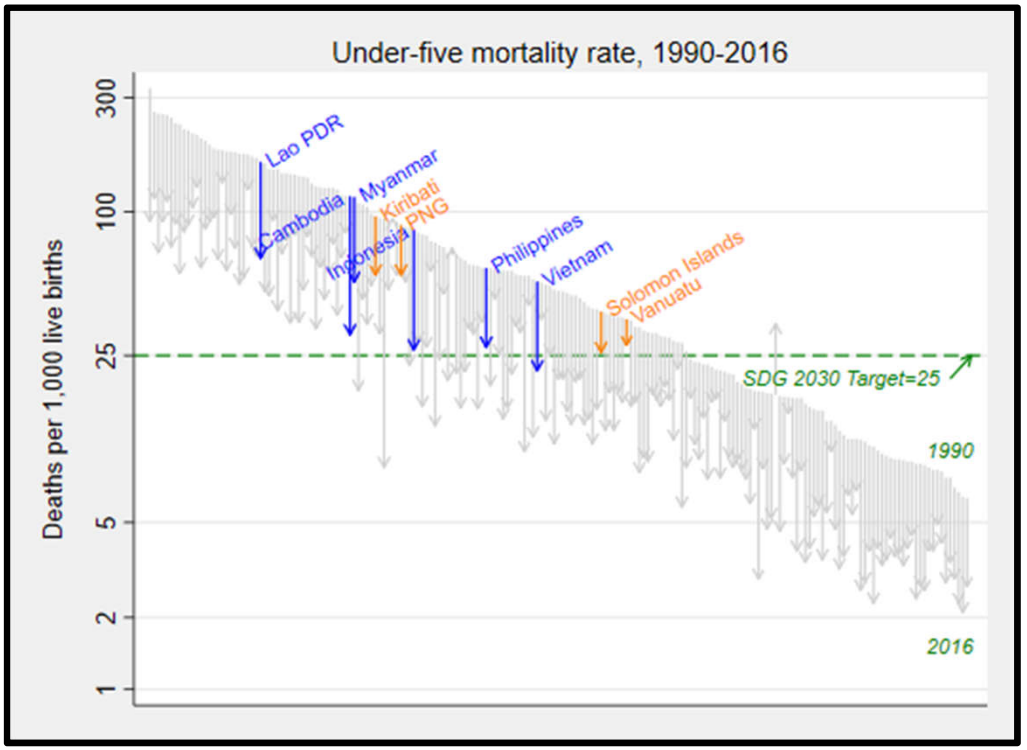
Population Health Context





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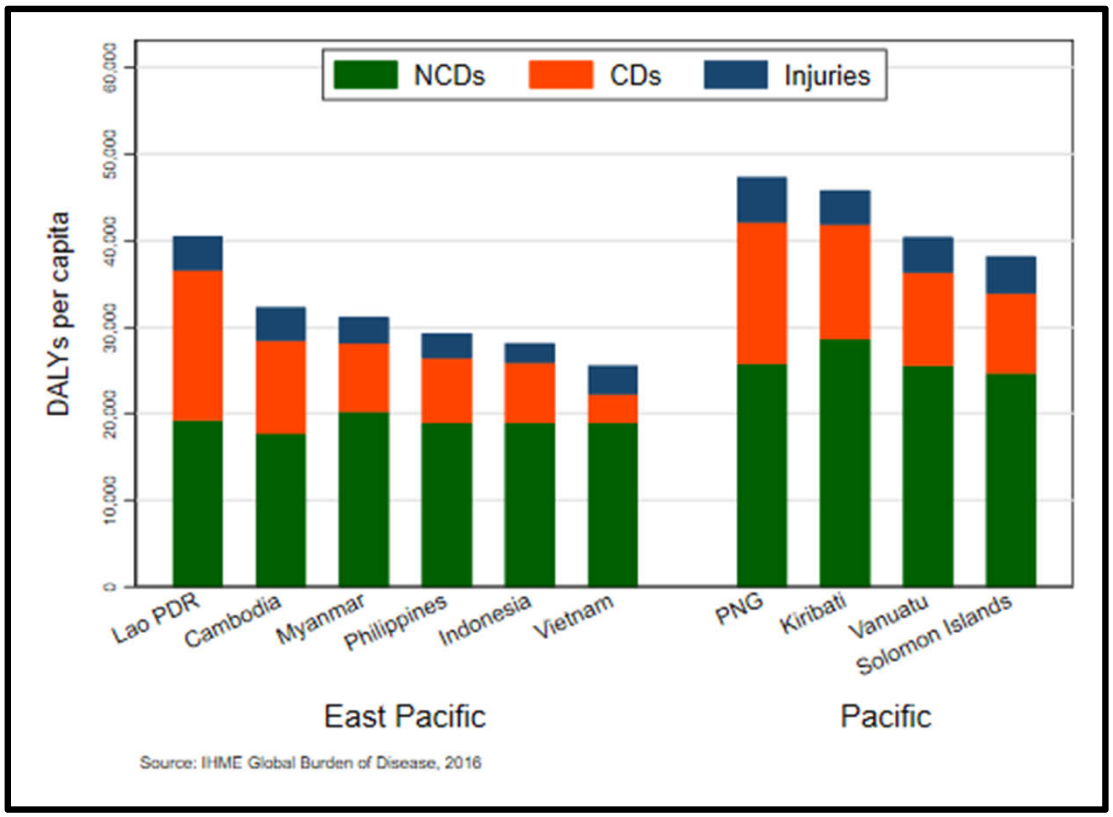
NCDs Ascendant…



NCDs are the largest share of the disease burden

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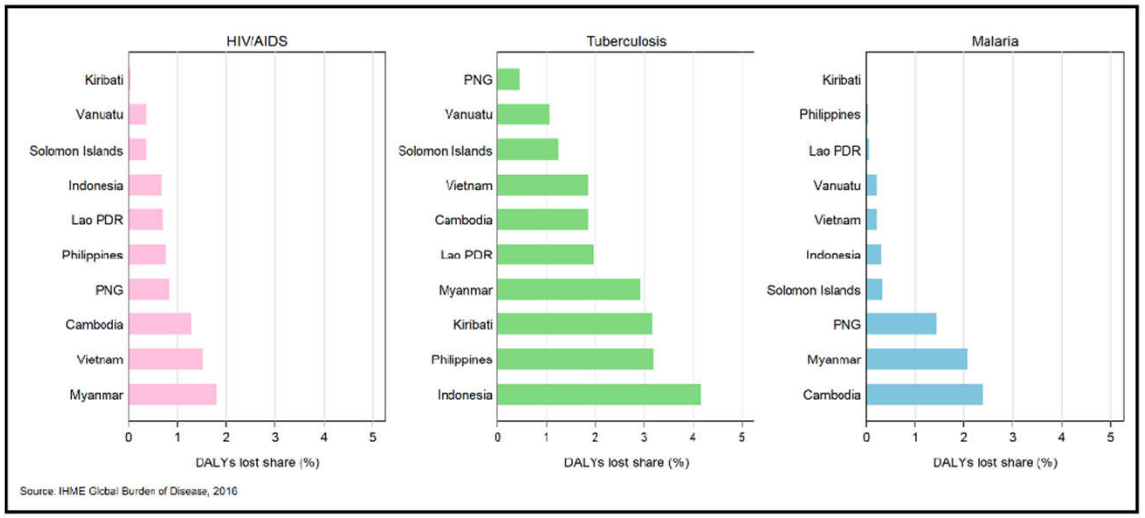
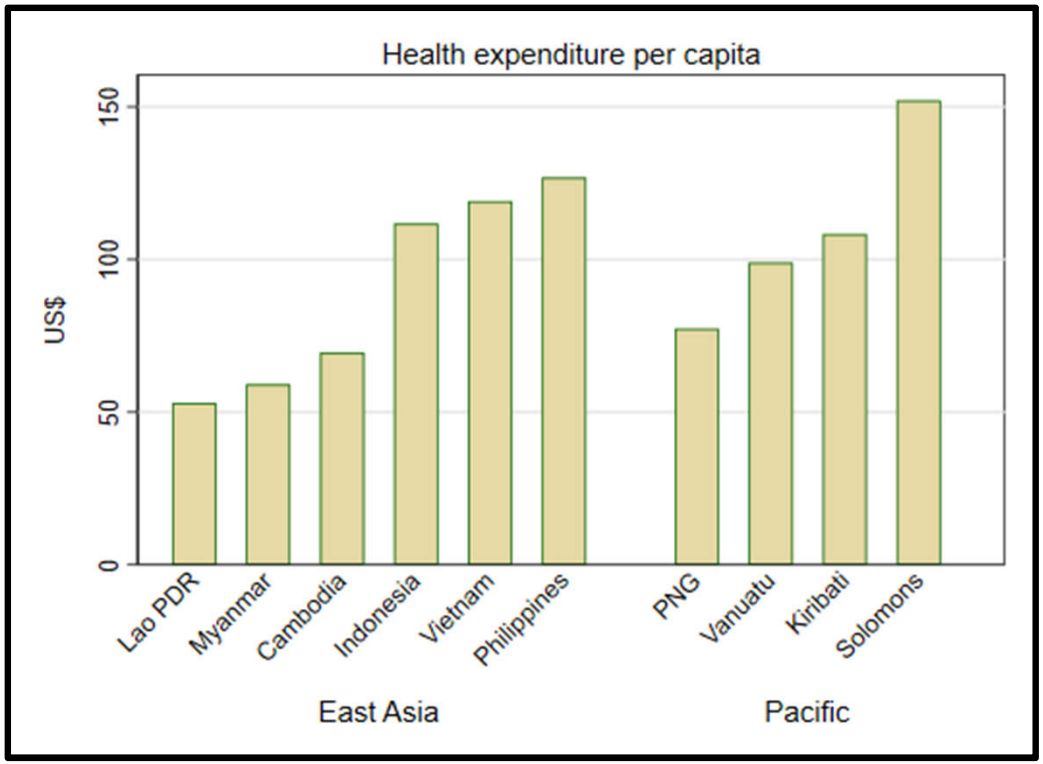
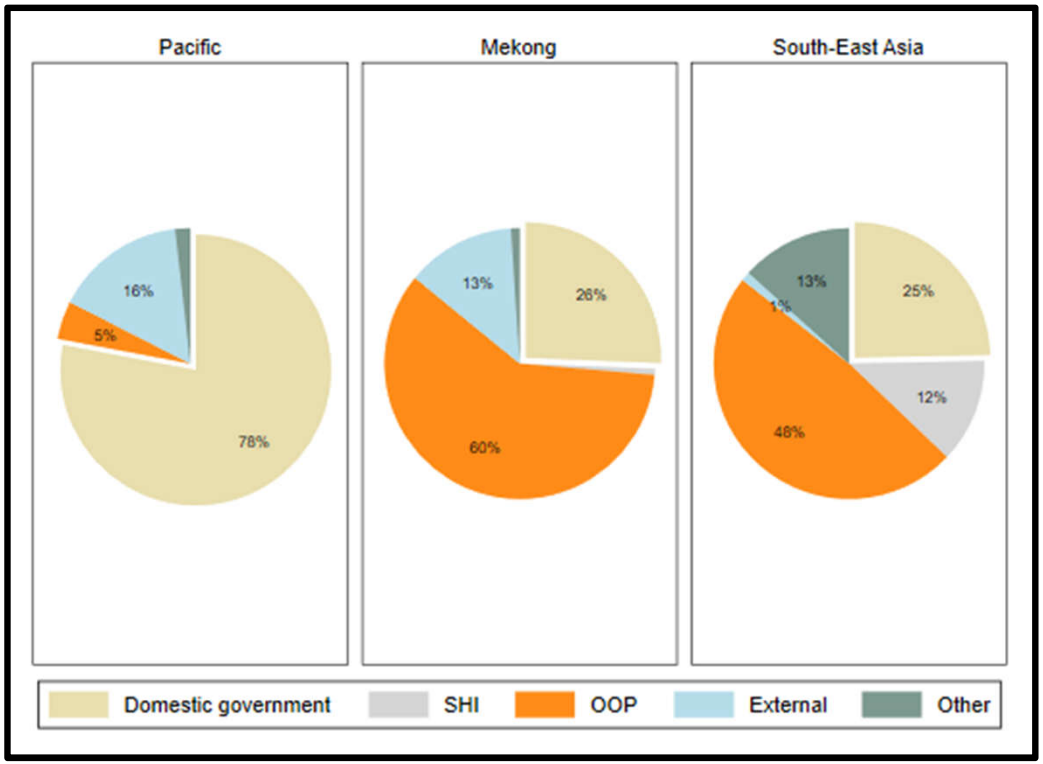
…Yet CDs/Vaccine Coverage Remain a Challenge



Country	Measles (MCV1)			DTP3			Polio (Pol3)		Full immunization	
	JRF	*Females-Males*	*Districts>95%*	*JRF*	*Females-Males*	*Districts>80%*	*JRF*	*Females-Males*	*All*	*Females-Males*
Cambodia	81%	-1%	67%	90%	1%	90%	87%	<-1%	73%	-1%
Indonesia	76%	-2%	37%	79%	-2%	74%	80%	-3%	66%	-1%
Kiribati	80%	1%	32%	81%	-11%	91%	82%	-15%	29%	-13%
Lao PDR	76%	4%	12%	82%	<-1%	61%	83%	1%	43%	3%
Myanmar	91%	-5%	46%	90%	-3%	88%	89%	-4%	55%	-7%
Philippines	80%	2%	12%	86%	-2%	76%	72%	-1%	69%	<-1%
PNG	70%	1%	6%	72%	5%	17%	73%	5%	52%	5%
Solomon Islands	99%	-1%	20%	99%	-1%	80%	99%	<-1%	73%	1%
Vanuatu	53%	-3%	0%	64%	-2%	33%	65%	9%	42%	4%
Vietnam	99%	3%	90%	96%	2%	97%	95%	2%	82%	3%

Health Financing General Overview





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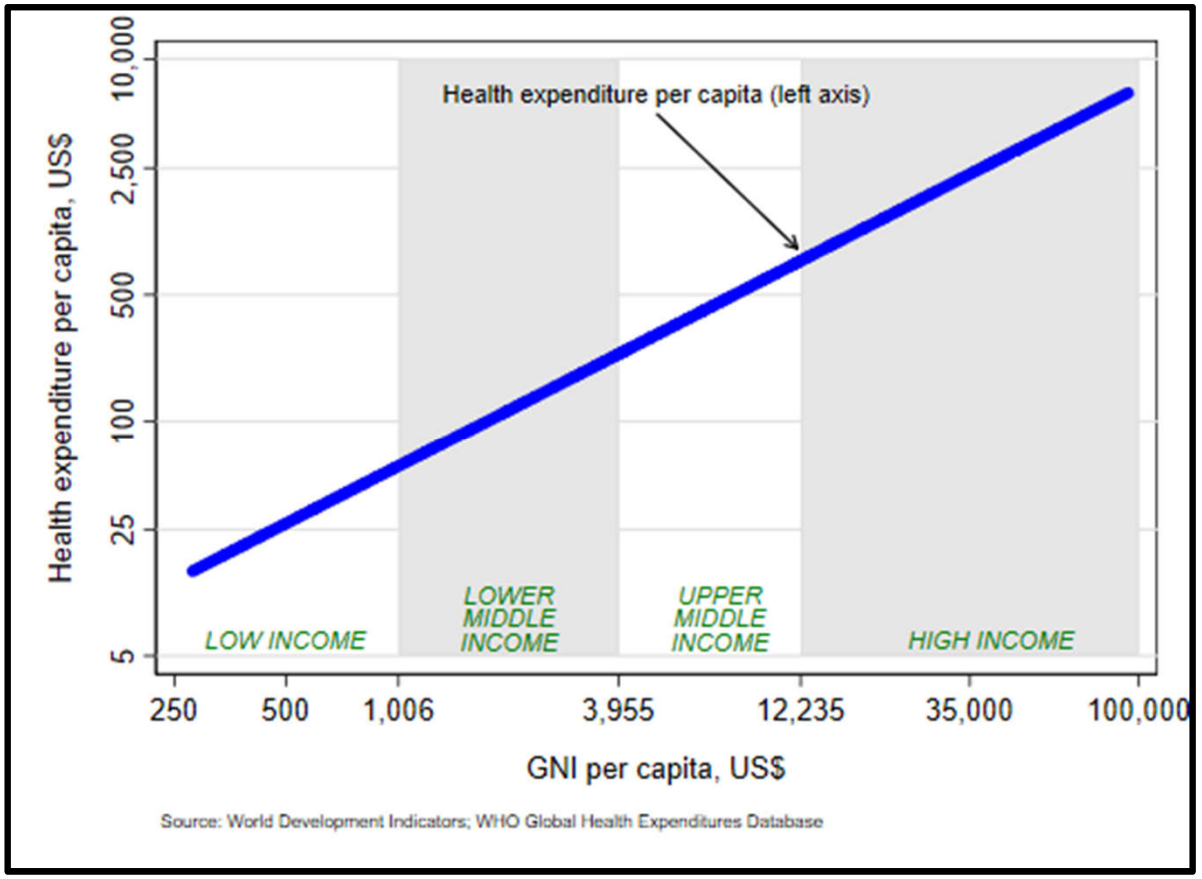
"Health Financing Transition"



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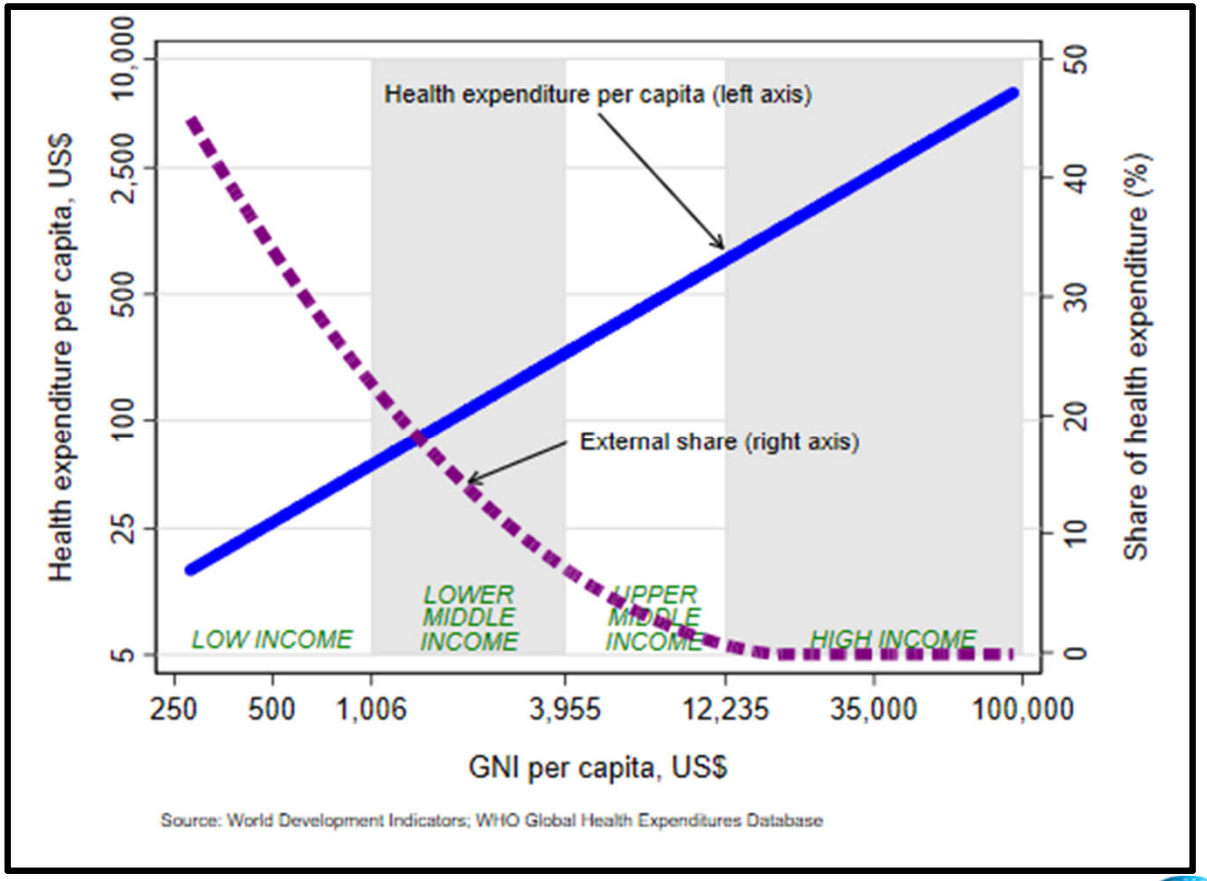

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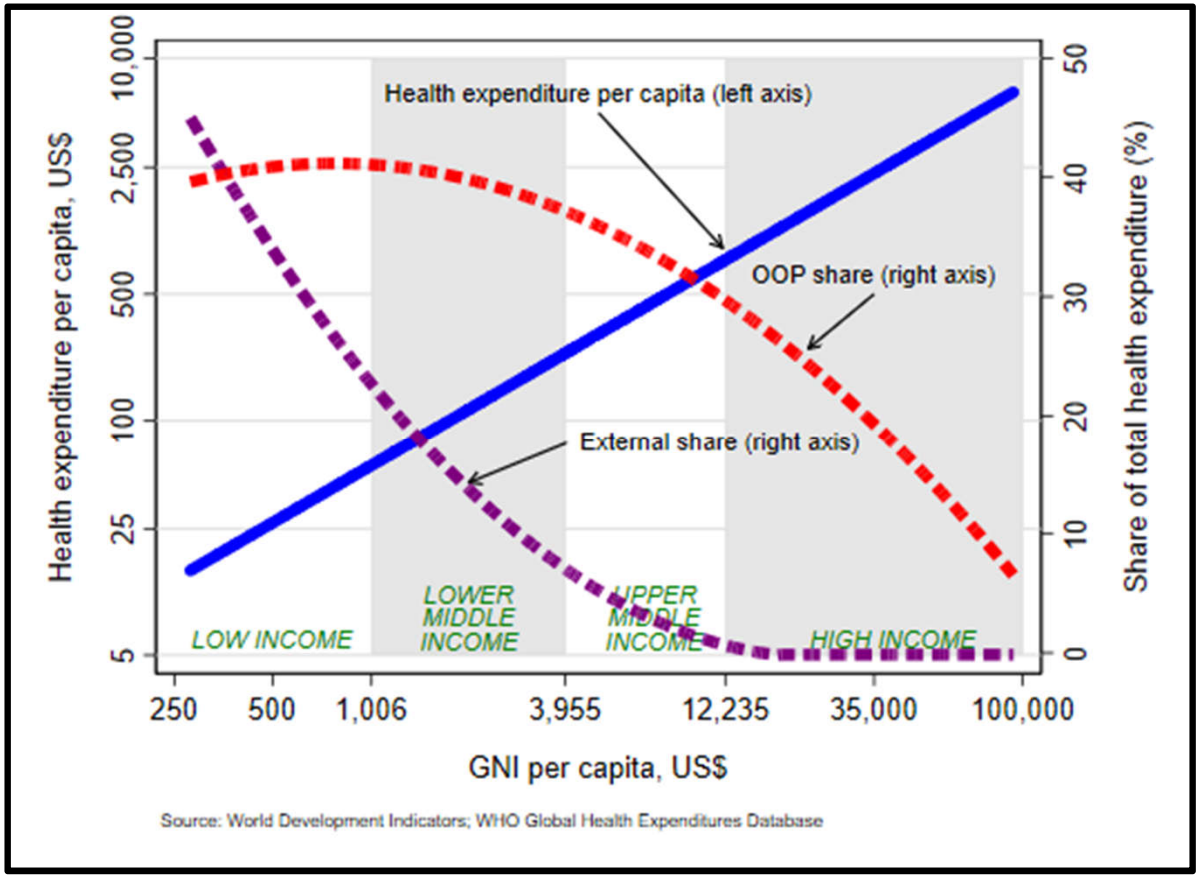

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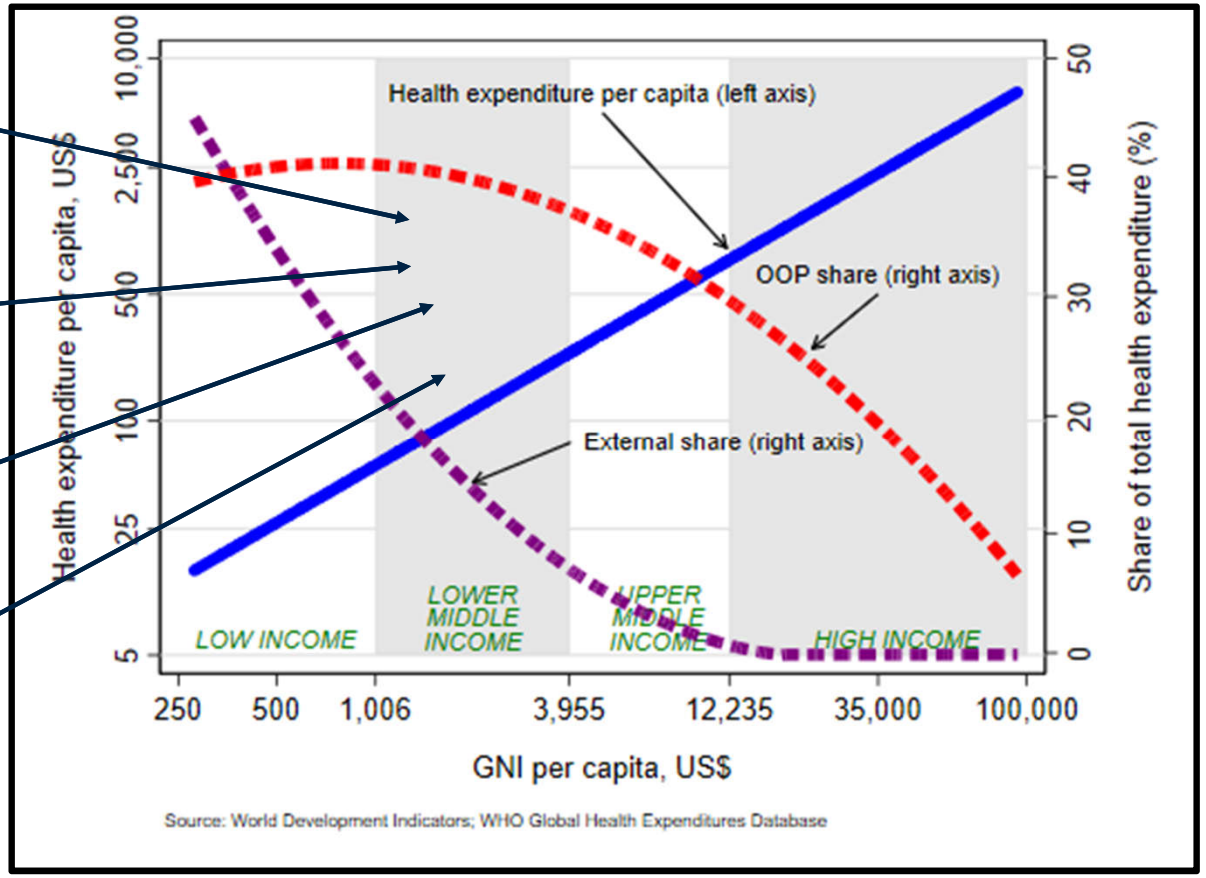
"Health Financing Transition": Not in Vacuum

- Epidemiological transition to NCDs
- Establishment or expansion of SHI
- Strategic purchasing
- Decentralization



In the next 3-4 years, 35 mostly LMICs are expected to transition out of Gavi, Global Fund, IDA and support from other partners.

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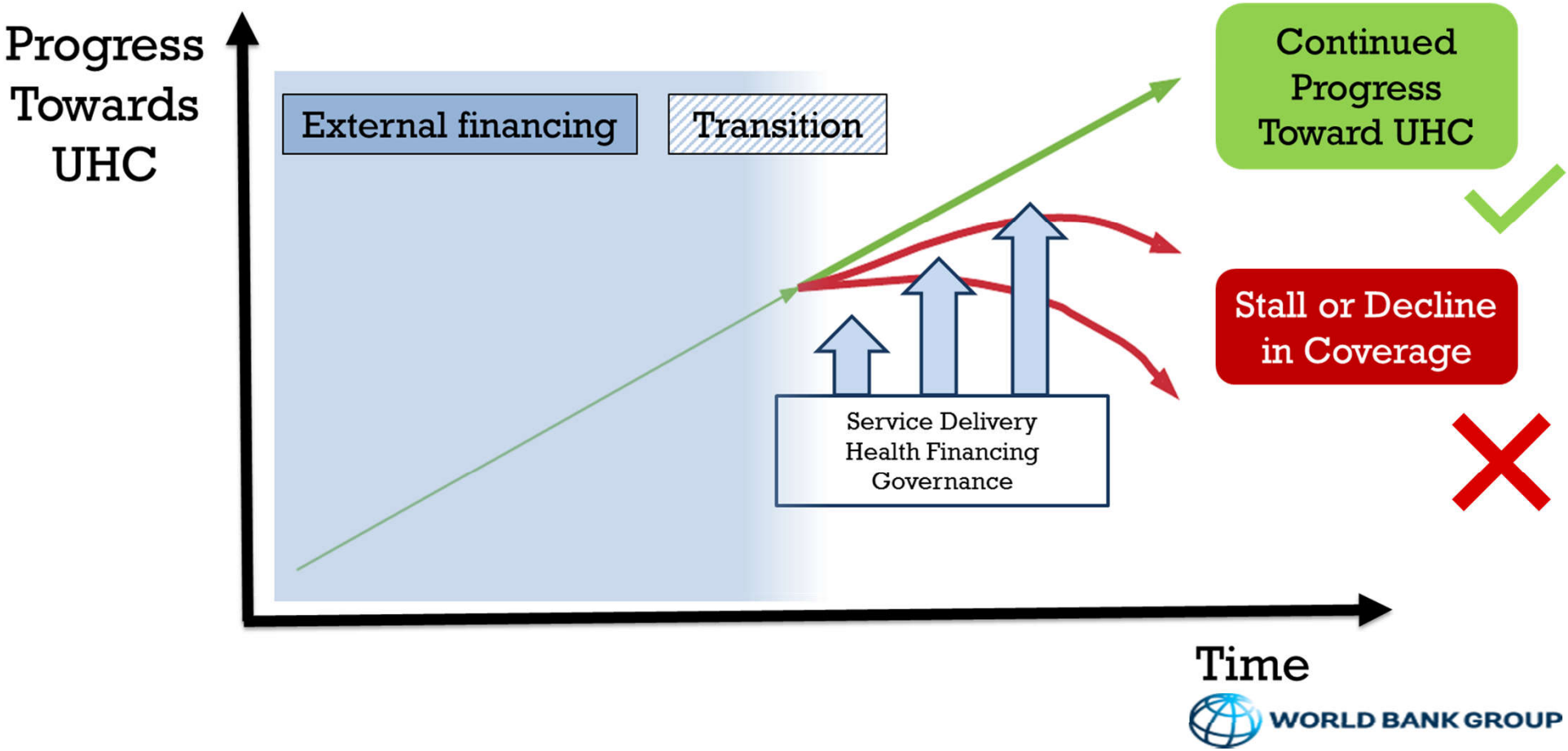
Ensuring Financial & Programmatic Sustainability



"Transition" ≠ "graduation"

- "Graduation" implies "successful completion" of a program.

- "Transition" signifies a change ahead, but is typically based on criteria other than readiness and may occur when many challenges remain – both financial and programmatic

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Way Forward- Improved Quality of Spending

Increase efficiency to ensure finite resources are used to purchase good quality and value goods and services

- Target high return health interventions (prevention, high risk population, primary healthcare, frontline service delivery)
- Target large expenditure categories (health workforce remuneration, medicines and vaccines, hospitals)

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Way Forward: Governance and Accountability

Strengthening governance and accountability arrangements

- Performance monitoring and evaluation

- Improve access, use and dissemination of timely quality data

- DPs to align and coordinate (on plan on budget, and when possible on system)

- Improving PFM

- Clear demarcation or roles and responsibilities

Way Forward: Increased Collaboration

Increase partnership and collaboration within health and across sectors

- Better integration of DP funded large disease programs
- More effective approach to integrated service delivery
- Work with other sectors on social determinants of health
- Investigate links with civil society, NGOs, FBOs, other DPs

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More Money, but More QUALITY

Inevitably, more money will be needed to manage increasing demands on the healthcare sector:

→ Taking these actions will help countries to make a case for more money

Focus is on fiscal space for health, but improving quality of healthcare simultaneously is crucial:

→ Poor quality of care will benefit from these actions, but need further effort.

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Sustainability and Transition Principles

uhc2030 International Health Partnership STATEMENT

1. Develop policies on transition within the context of UHC, leaving no one behind
2. Promote national ownership and good governance for people-centered approaches and social accountability for effective transition policies
3. Understand sustainability as a health system's ability to sustain or increase effective coverage of priority interventions and associated outcomes towards UHC
4. Adopt the perspective of the health system in transition processes (move away from singular focus on specific programs)
5. Strengthen national institutions to ensure successful transitions
6. Make the case for adequate domestic resources for the health sector as a whole
7. Focus on transition as an opportunity for countries to improve the way they use resources
8. Ensure that HSS and disease-specific programs work closely to identify barriers and actions needed in order to progress towards UHC
9. Support well-coordinated national transition plans and adopt a UHC perspective
10. Ensure consistency and synergies for coherent support to countries (global)

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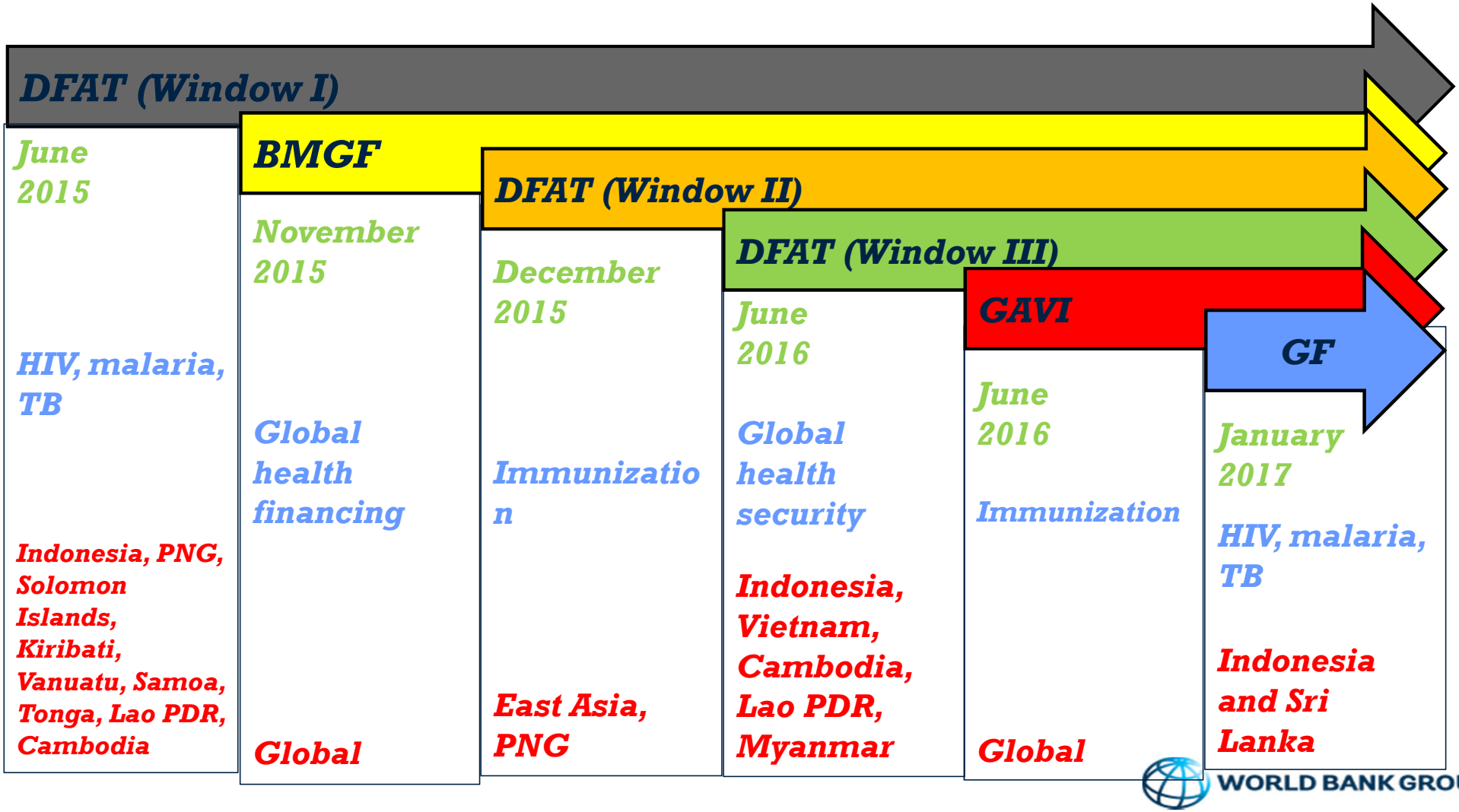
Partnerships: MDTF on Integrating Donor Financed Health Programs



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Overview of the Mekong Sub-Region

	Selected Key Indicators	Cambodia	Lao PDR	Myanmar
Population/ economy	Total Population (in million)	15.8	6.9	52.9
	% of population 65 years and older	4.3	4.0	5.5
	GNI per capita (US$), 2016	1,140	2,150	1,190
	GDP growth (annual %)	7.0	7.0	5.9
	Per capita economic growth (annual %)	5.3	5.5	4.9
Health and Nutrition Outcomes	Infant Mortality Rate (per 1000 live births)	26.3	48.9	40.1
	Under 5 mortality (per 1000 live births)	30.6	63.9	50.8
	Maternal Mortality Ratio (MMR; maternal deaths per 100,000 live births)	161	197	178
	Prevalence of Stunting (% of children under 5)	33.5	43.8	40.9
Access to Healthcare	Children fully immunized (%)	73	43	55
	Births attended by skilled health staff (%)	89	40.1	60.2
Healthcare capacity	Hospital Beds (per 1000 people)	0.7	1.5	1.5
	Physician density (per 1000 people)	0.17	0.18	0.57

Source: WDI, WHO database, 2016 or latest available data

Overview of the Mekong Sub-Region

Lao PDR

- Lao PDR is committed to achieve UHC by 2025 and aiming to graduate from the Least Developed Countries status by 2020.
- Undergoing a health financing transition with phasing out of donor funds in key health programs.
- Launched the non-contributory tax based National Health Insurance (NHI) scheme in 2016.
- Integration of multiple financing schemes with multiple provider payment mechanisms into a single NHI scheme is underway, but severe capacity and resource constraints exist.

Cambodia

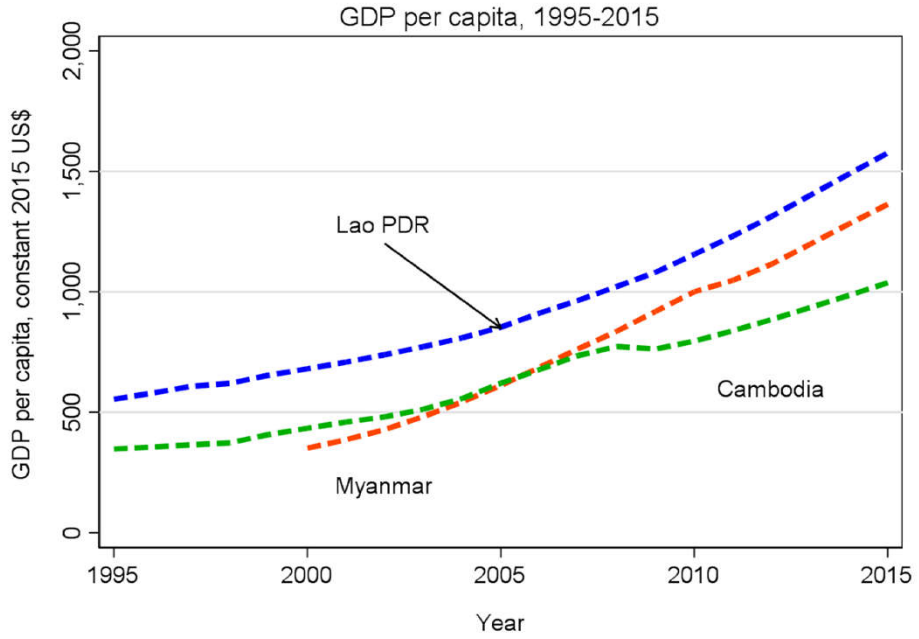
- Cambodia has made significant progress to elevate its status as a 'lower-middle-income' country.
- Successful implementation of two major health financing initiatives: the Health Equity Fund (HEF) and Service Delivery Grants, a nationwide. performance-based financing scheme
- Cambodia has been successful for pooled financing and establishing integrated platforms - HEF system.
- A mixed service delivery system of both public and private providers.

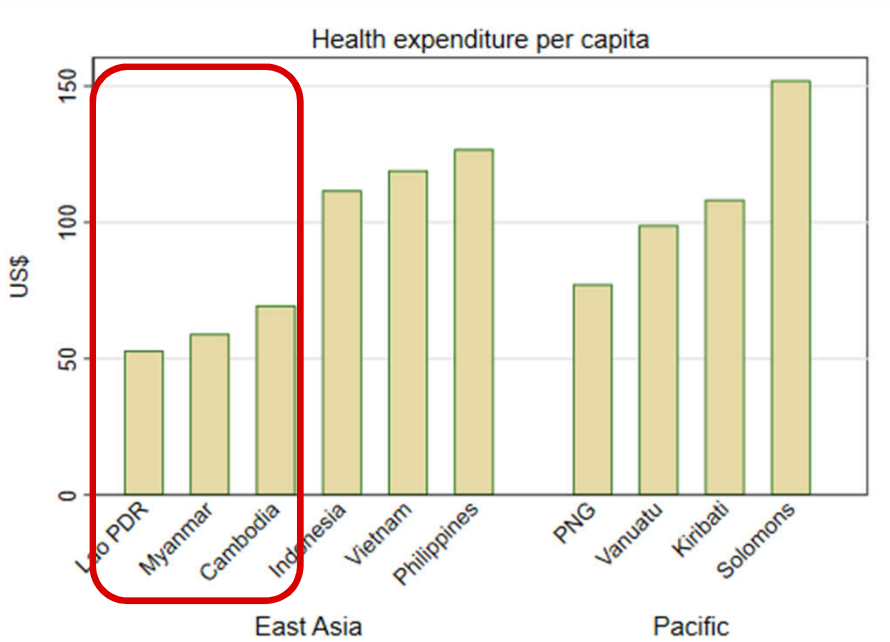
Myanmar

- Myanmar is undergoing a period of significant change politically, economically, and socially.
- Economic reforms have led rapid economic growth.
- Chronic underinvestment in the health sector has left health facilities in a poor state of readiness to deliver essential health services.
- A new National Health Plan (NHP) has laid out a vision of achieving UHC by 2030. The introduction of a universal benefits package is one of the key reforms in this plan.

Key Challenges in Mekong Countries: Low spending on health

- Despite robust economic growth in Lao PDR, Cambodia and Myanmar, weak administrative capacity and a low revenue base have limited the ability to increase public spending for health.
- Low public spending reflects low priority on health in Lao PDR, Cambodia and Myanmar.



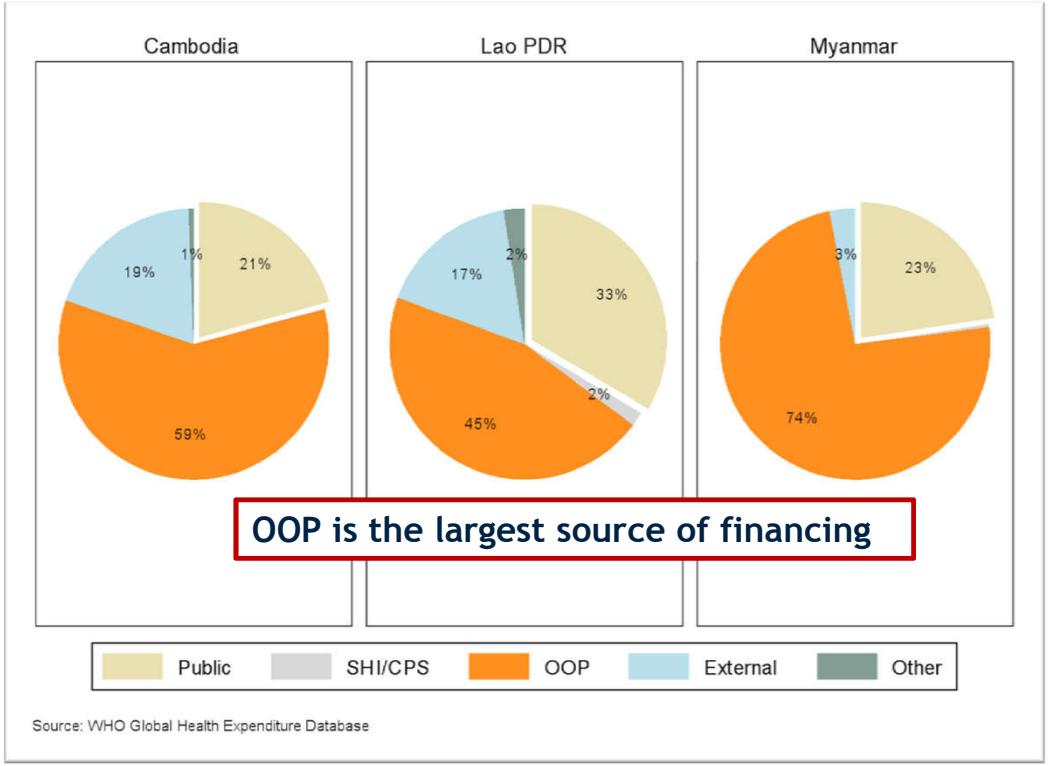


Large share of OOP and high reliance on external financing

- OOP is the largest source of financing for health in Cambodia, Myanmar and Lao PDR

- The role of SHI as alternative modes of financing are limited or nearly absent in the Mekong-sub region.

- Excessive reliance on donor financing for the control of communicable diseases (HIV, TB, malaria), poses problems during health financing transition as countries become ineligible to receive donor support.
  - ✓Accelerated Transition– Lao PDR

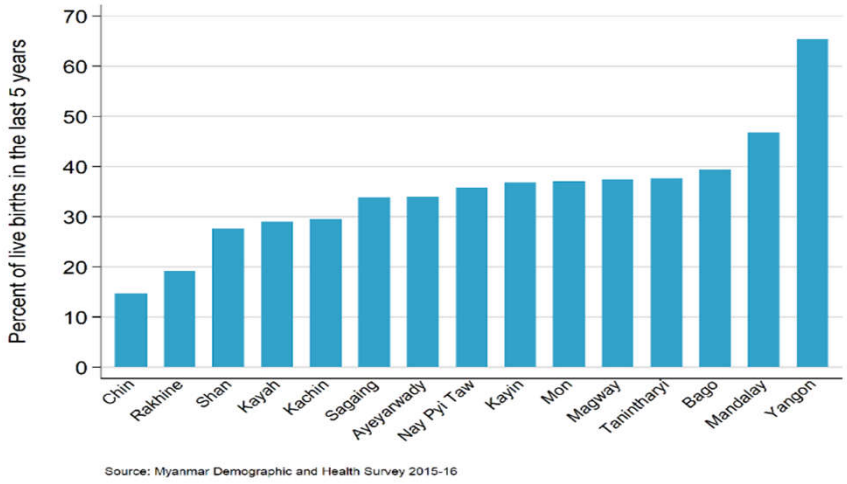


Inefficiency and weak frontline service delivery

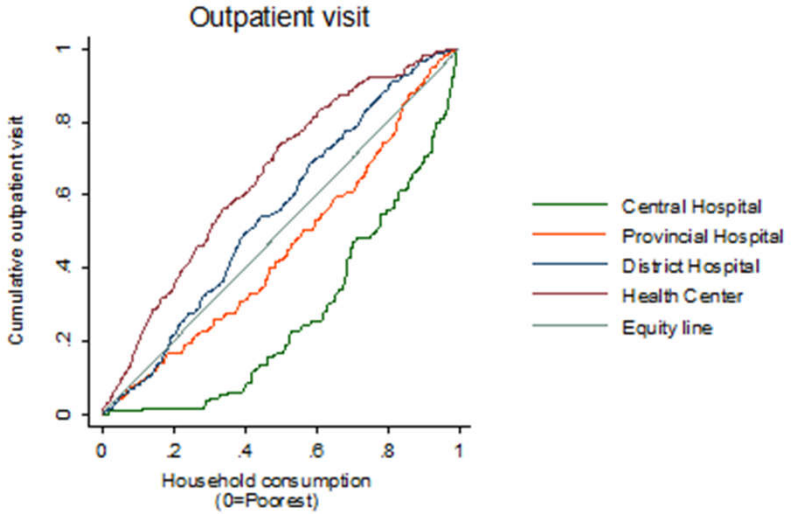
- Health expenditures in the Mekong sub-region are **focused on curative care** that accounts for the largest share of total health spending.
  - ✓ Low spending on primary care, high drug expenditures, concentrated spending at hospitals.
- Lao PDR, Cambodia, and Myanmar all face the "***Double Burden of Disease***" with a rising NCD and an unfinished MDG agenda.
- **Lack of highly qualified and motivated health personnel** in rural areas exacerbates the problem of poor provision of services in geographically disadvantaged places
- Lao PDR and Cambodia rank high on the infectious disease vulnerability index and are poorly prepared to deal with such outbreaks.
- Weak PHC at frontline places greater challenges on meeting growing demands for care, treatment of chronic diseases, prevention, and a health security "surveillance" system.

Key Challenges: Inequity

- Despite significant progress in key health indicators at national aggregate level, geographic and socioeconomic inequities remain a major challenge in all three countries.
- In Myanmar, delivery rate at health facility across States and Regions ranges from lowest 15% in Chin State to 65% in Yangon
- Infant mortality and under-five mortality rates in Lao PDR were four to five times higher compared to the province with the lowest rates; the richest income groups are the primary users of outpatient services at the higher service level.



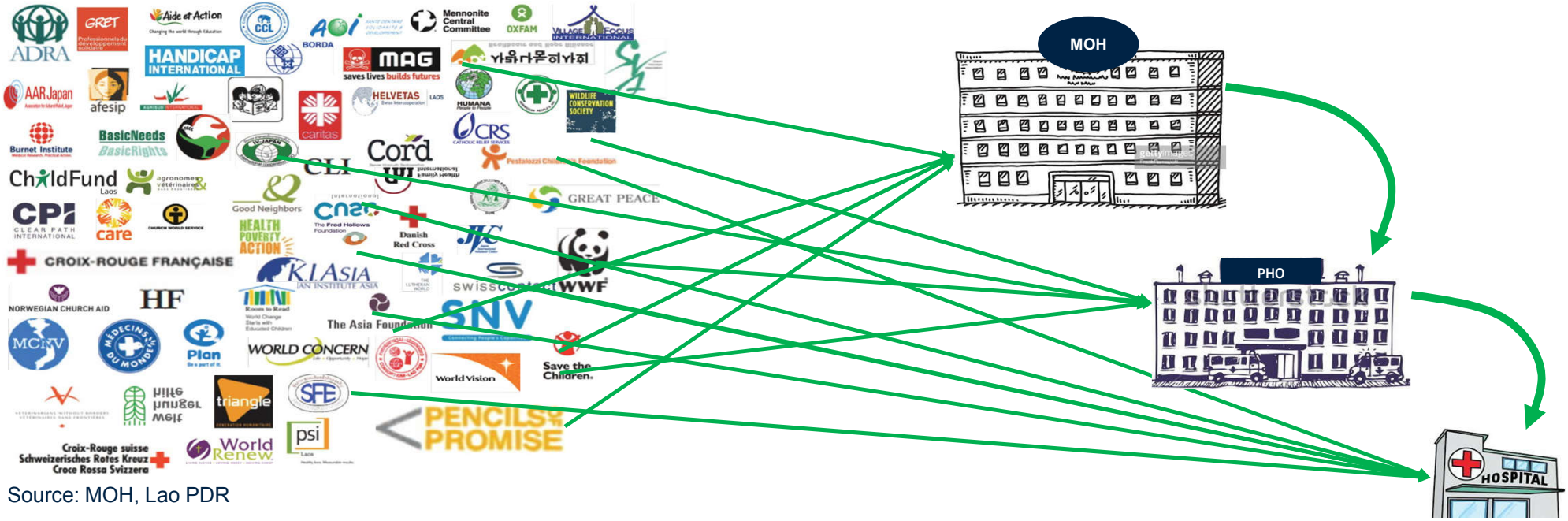
Source: Myanmar Demographic and Health Survey 2015-16



Source: World Bank staff calculations, based on LECS3-5 (Lao Statistics Bureau, 2014).

Key Challenges: Fragmentation

- Fragmentation of external financing is a common challenge across all three countries which often creates duplication or misalignment of functions across health programs resulted in inefficiencies in the system and poses a greater risk of sustainability.
- Fragmentation of financing can be one of the main causes of fragmentation in service delivery and governance of the health system.



Source: MOH, Lao PDR

Key Challenges: Governance

- Weak (and lack of integrated) health and financial information system is a challenge for tracking resources in the health sector, improving efficiency of the health spending, regular monitoring of key health outputs and outcome indicators, strengthening of the health management information system (HMIS) is a key priority.
- Improving PFM and institutional arrangements are critical for improving efficiency of the health system in the region.
- Key health financing priority is to transition from fragmented systems with multiple pooling arrangements and coordination across pools. Institutional strengthening is critical for each step of this process.
- Issues of governance and coordination across the public and private sectors is another common challenge in the Mekong sub-region.

Key Challenges: Transition and Sustainability

- Effectively managing transition and sustaining health gains is a major challenge for all three countries in a rapidly changing health financing landscape.
- Managing transition would not only involve substituting external financing with domestically sourced public financing and reducing OOP dominance but also integrating service delivery and dealing with programmatic issues
  - ✓ procurement, public financial management, decentralization
  - ✓ use of non-state providers or/and innovative approaches to improve coverage and reduce inequities.
- Costing and designing adequate benefit packages that integrates the vertical programs such as immunization, HIV, TB, Malaria and is commensurate with current fiscal and service delivery capacity.
- Ensuring service coverage and providing appropriate financial protection targeting vulnerable population groups by reducing inequities in outcomes and access across income, region, province and gender during transition.

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