Comment on the Accelerator Discussion Paper 1: Sustainable Financing

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Establishing sustainable health financing as accelerator number 1 gives this theme its due priority. However, the definition of the strategies and actions requires a sound analysis of the real trends and perspectives of the decisive determinants, in particular, economic capacity, public revenue and health shares of public expenditure. Unfortunately, the present version of this document fails to recognize the abysmal differences regarding economic capacities between and within countries. This combines with a complete avoidance to address the necessity of global solidarity and redistribution of resources in order to achieve SDG 3 and other goals of human development enshrined in the 2030 agenda. Since the economically most disadvantaged countries, especially LICs, are far from being in a position to raise the necessary resources as defined by comprehensive research.[1]

According to the most recent IMF data on economic growth the weighted average of GDP per capita in low-income countries will rise from less than 700 US$ in 2017 to approximately 940 US$ in 2030.[2] If at the same time all LICs will realize highly ambitious efforts to generate additional domestic revenue, the proportion of GDP would increase from roughly 17% to more than 24%.[3] This would raise government revenue per capita from 100 US$ to approximately 230 US$. In order to reach SDG 3 health targets this country group would have to spend at least 100 US$ per capita and year in the period 2026-2030. Evidently, even very high prioritization of health would not suffice to cover this amount. For instance, reaching the Abuja target of 15% of general government budget would result in a mean value of less than 32 US$ in this five-year period.

While it is necessary to promote and support countries in developing adequate fiscal policies to increase domestic resources and allocate them to priority areas of human development such as health, the remaining funding gap would reach extreme dimensions representing approximately two-thirds of the total financing needs. Additionally, OOPS needs to be minimized because it impedes access and effectiveness of health services and leads to extreme financial hardship. Therefore, the increased transfer of public resources from economically privileged to disadvantaged countries constitutes a duty and precondition, if we sincerely intend to accomplish SDG 3 in the most impoverished countries by 2030. At present, ODA grants for health only represent less than half of the 0.1% target. Whereas few donor countries reach this target, the majority lags far behind. At the same time, LICs merely receive about 50% of ODA grants for health. If all DAC members and other high-income countries would raise ODA grants for health to the level of 0.1% of GNI by 2027 and would allocate 90% of these resources to LICs, the average value per capita would amount to 56 US$.

Evidently, relying only on domestic efforts for health financing entails the danger to leave hundreds of million human beings behind with regard to health outcomes and survival chances. Dealing with this severe threat should be regarded as a fundamental task by international organizations engaged in global health. This requires the advocacy for and the collaboration in the development of a global plan for financing SDG 3 that brings together the common efforts of rich and poor countries, establishes needs-oriented targets, defines clear responsibilities and funding sources, and contains concrete time-bound steps.

[1] Estimations of the costs to accomplish SDG 3 and its targets were developed by a team within the WHO Department of Health Systems Governance and Financing and published in The Lancet in July 2017 (https://www.thelancet.com/journals/langlo/article/PIIS2214-109X(17)30263-2/fulltext)

[2] World Economic Outlook, April 2019; All amounts are stated in constant 2017 US$; the original estimates of resource needs indicated in the WHO study in 2014 US$ were converted accordingly using IMF world inflation rates

[3] This is in line with the conclusions of the IMF staff discussion note cited in the document, which states that "increasing the tax to GDP ratio by 5 percentage points of GDP within the next decade is an ambitious but reasonable target in many countries"; see: Gaspar et al: Fiscal Policy and Development: Human, Social, and Physical Investment for the SDGs, page 5

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