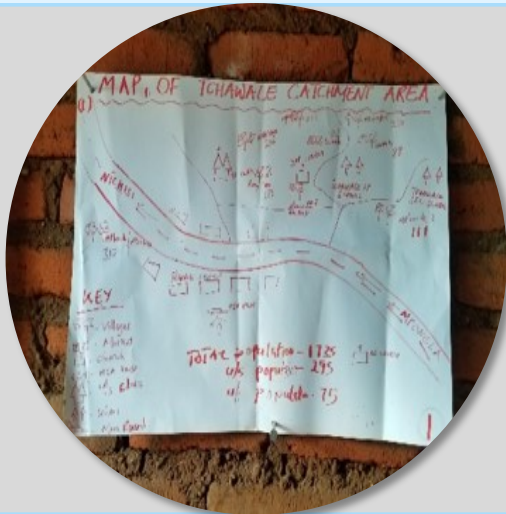


Financing Alliance for Health



Financing Curriculum

Health Financing Background

Political Prioritization

Costing

Building an Investment Case

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Establishing systems to coordinate financing on an ongoing basis



Developing a sustainable health financing system involves three primary components



Revenue-generation

- **Process by which health systems raise funds** from households, businesses, and other external entities



Pooling of resources

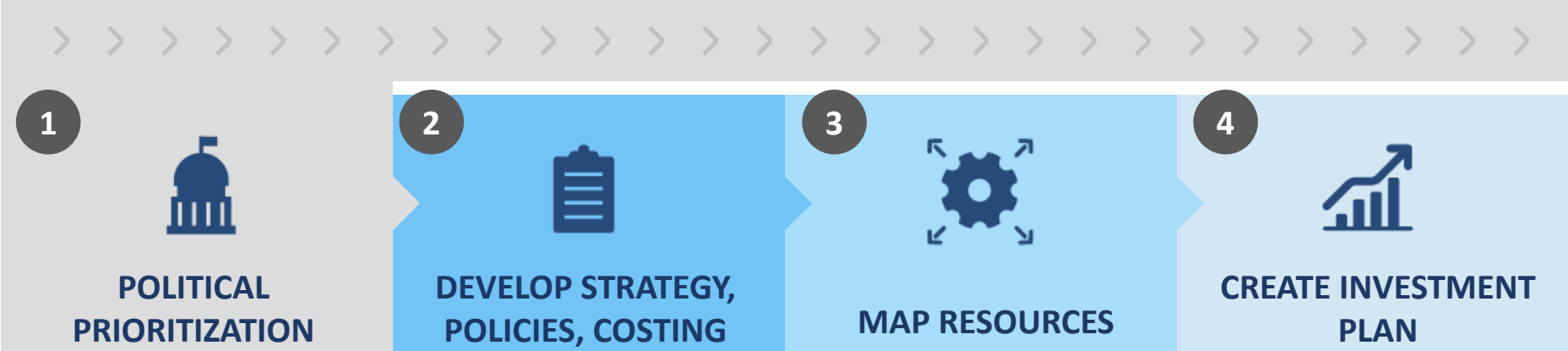
- **Accumulation and management of revenues** from individuals or households to equitably and efficiently pool risk
- Revenue pooling helps **protect individuals against risk of large, unanticipated health expenses**



Purchasing of health services

- **Allocation of financial resources** to public and private providers of health services

These three components of health financing can often be inter-related, and should be considered in concert to develop a sustainable financing plan for a health system



- 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

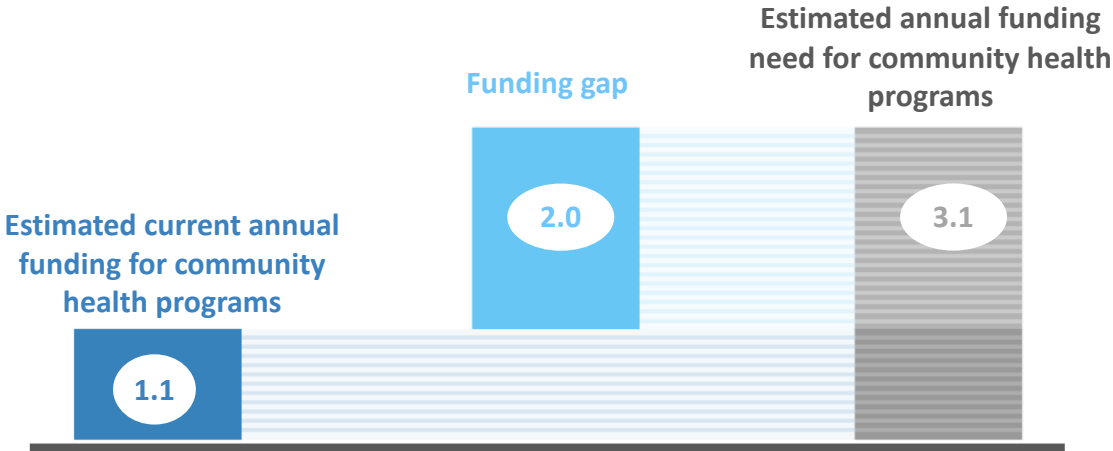
- Summarize in investment plan
- Share with stakeholders

All these steps happen in the context of the national health system and strategy, supported by operational enablers.

Why is it important to think about financing for community health?

Current funding to community health is insufficient . . .

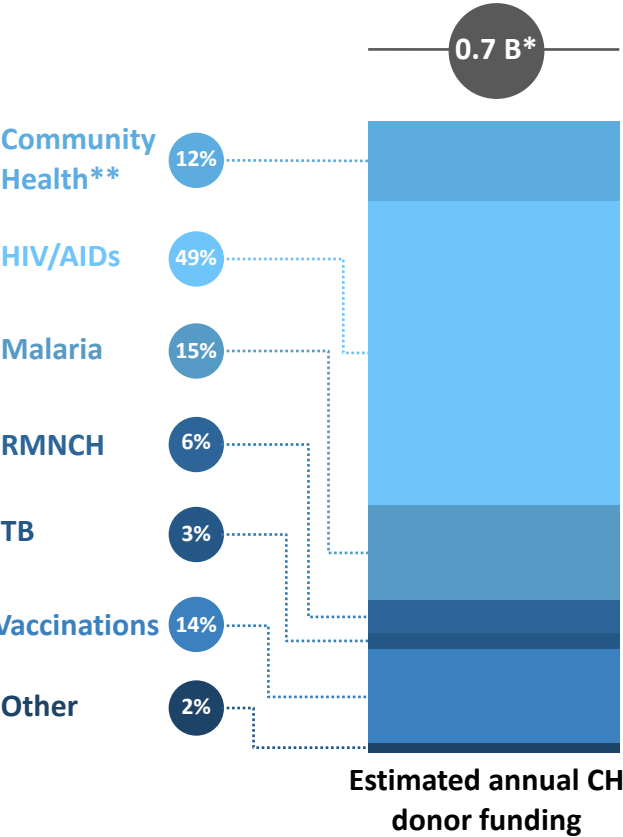
~\$2B annual gap in financing for community health systems in Sub-Saharan Africa



Countries have said **lack of financing** was one of the primary limitations to expanding size and scale of community health programs

. . . and is significantly fragmented across vertical programmes

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



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Political prioritization of CH is a prerequisite for financing and a requirement throughout programme implementation

Elements of political prioritization

- 1 Political prioritization is not an event, it is a **process**
- 2 Political prioritization **influences allocation of resources** (human resource, financial resources and time)
- 3 Political prioritization is both **in government** as well as within **stakeholder institutions**
- 4 It is top down, bottom up as well as **across levels and organizations**



Key questions are:

- **Do you have a team focused on community health (financing)?**
- **Who are the key decision makers in your context?**

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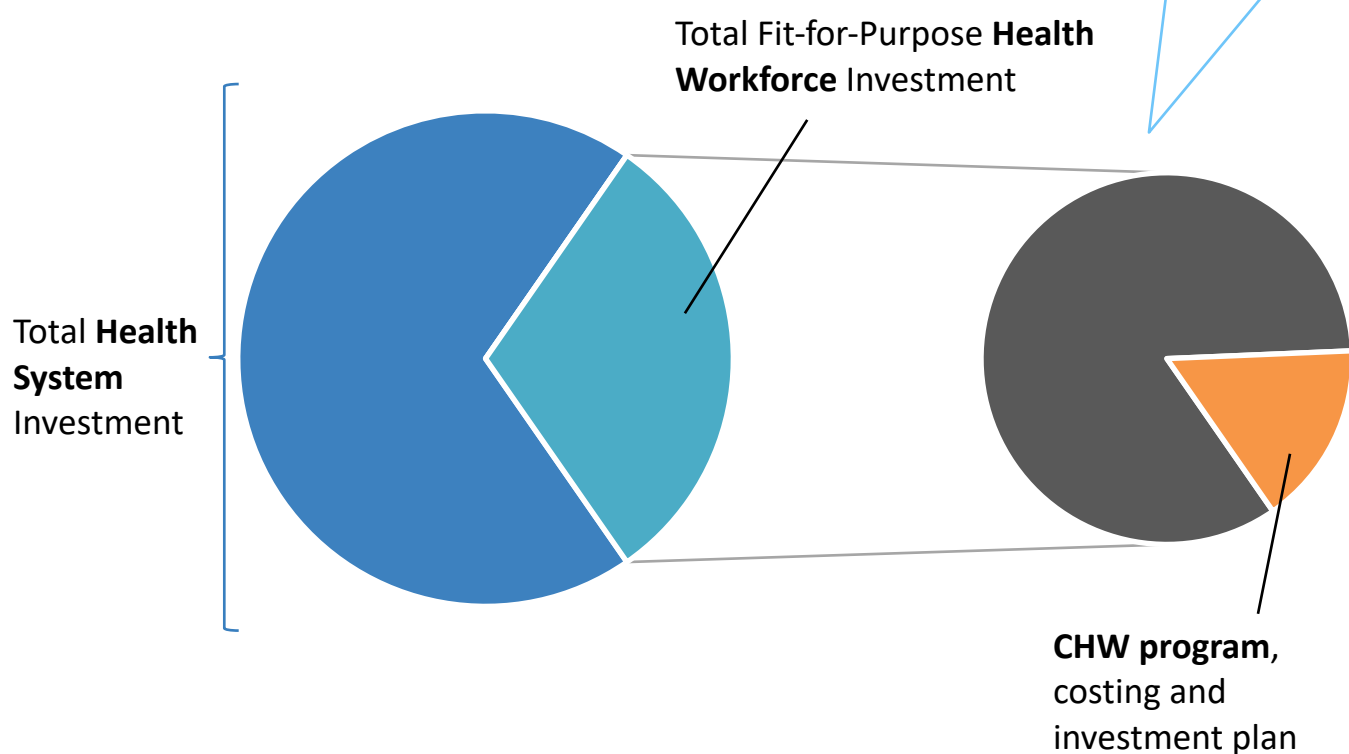
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All costing and investment plans must be done in full alignment with the national health system and national strategies

ILLUSTRATION: Overall Health Sector Investment Plan Costs



Total health system investments may also be broken down differently (e.g., primary care).

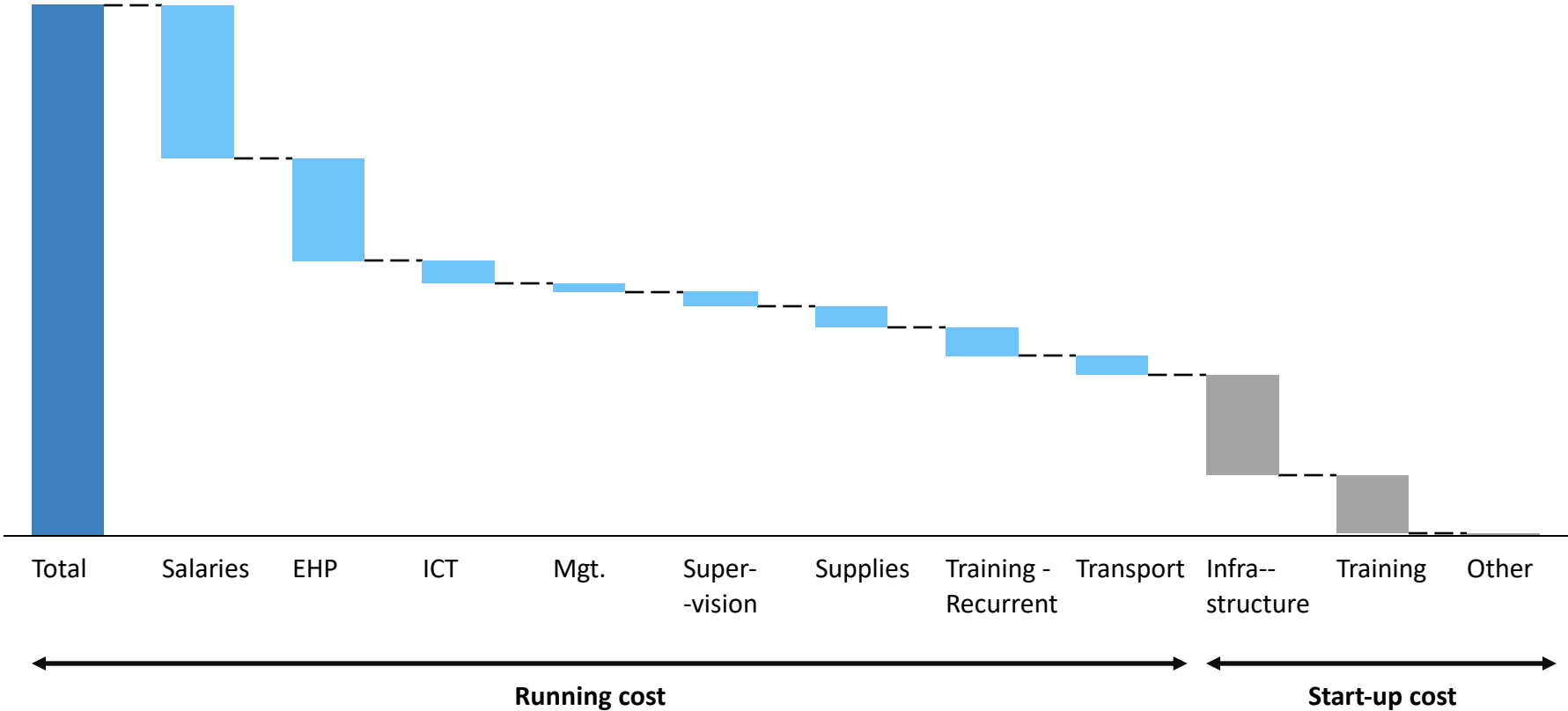
Tools available

- **OneHealth Tool** also can be utilized to do costing for community health
- **iCCM gap analysis tool** is specific to iCCM but can also cost 'platform costs'
- Some countries have developed their own specific model as well

CHW cost and financing plans must always be part of the overall health system costing and financing plan (not standalone)

The main cost components of community health can be categorized as either start-up or running costs

In \$m, total over 5 years (2017/18 until 2021/22)





Key questions are:

- **Can you think of other cost categories related to your programme, that are not included here?**

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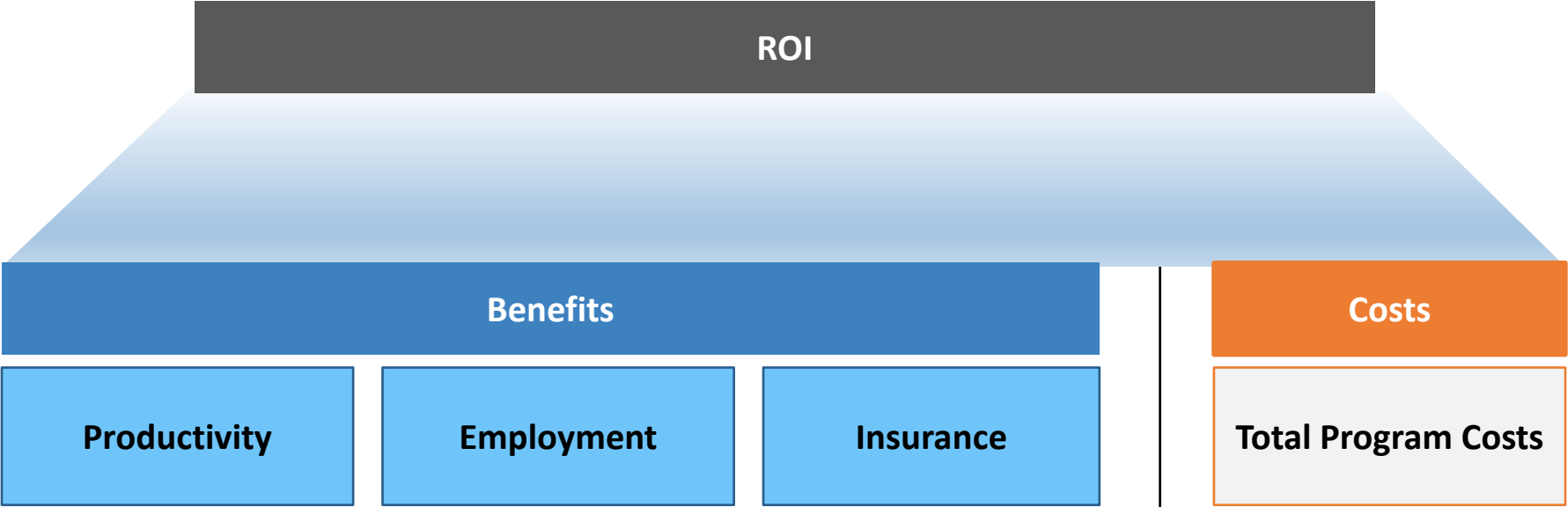


Return On Investment (ROI)¹

Definition

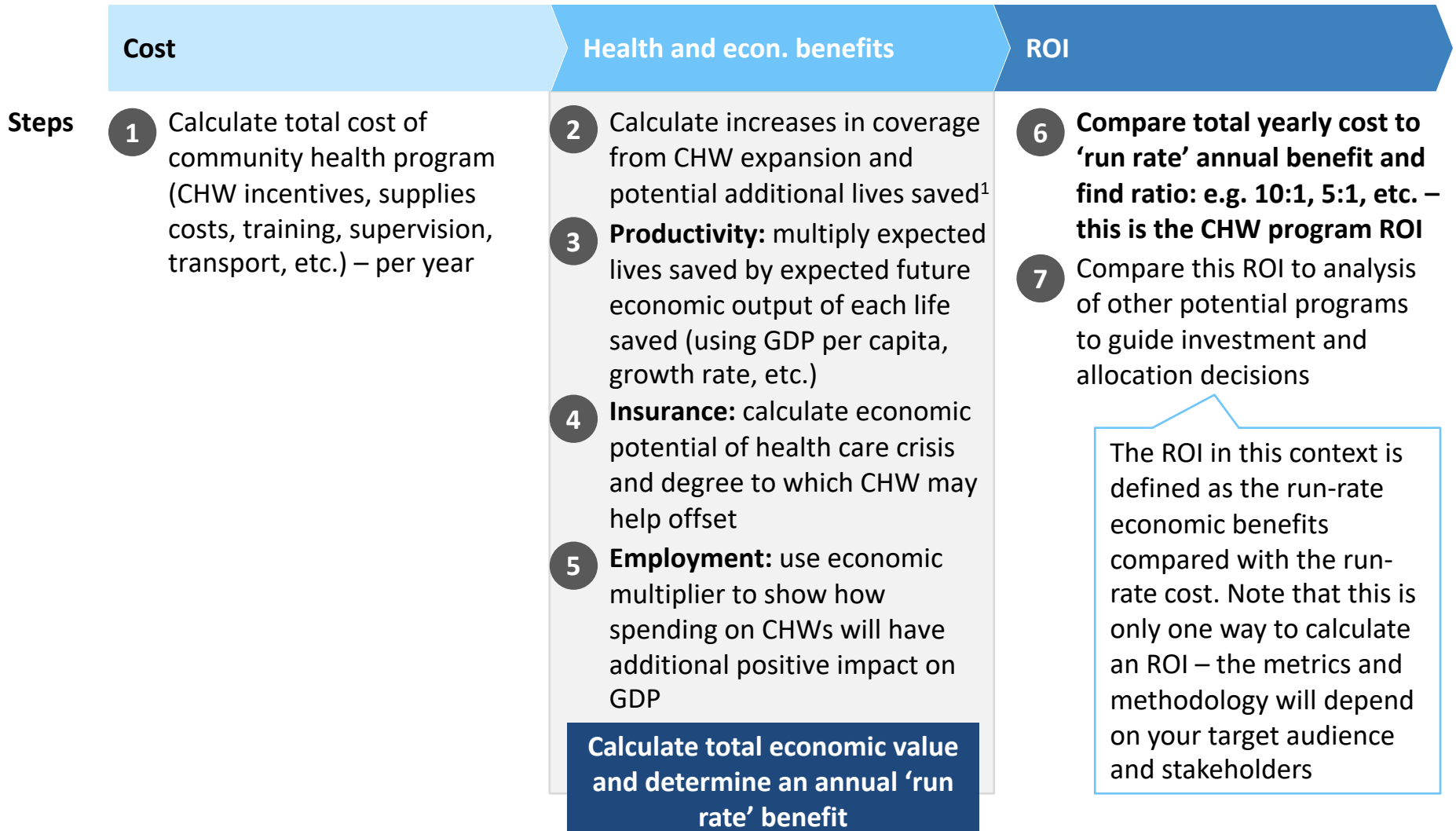
The return on investment (ROI) is the amount of benefit one expects to see per unit of funding or cost. The value can be found by dividing the sum of all the expected program benefits by the sum of all expected program costs

$$\text{ROI} = \text{Total Benefits} / \text{Total Costs}$$



¹There are various methodologies for calculating ROI. We used the above approach
Source: Strengthening Primary Health Care through Community Health Workers: Investment Case and Financing recommendations, July 2015

Each country/ programme can calculate it's ROI by following the steps below



¹ Using a lives saved calculation does not factor in improvements in morbidity, so understates the actual health benefits
 Source: "[Strengthening Primary Health Care through Community Health Workers: Investment Case and Financing Recommendations,](#)" July 2015.
 All references available in report endnotes. Detailed calculation steps, assumptions, etc., available

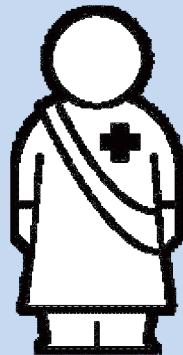
We calculated a 10:1 global economic return on investments from investing in community health

Significant long-term economic return on investment

Investing

\$1

in CHWs...



...can return up to

\$10

in the long-term

1. Productivity
2. Insurance
3. Employment

A high ROI can only be achieved for high-performing systems; teams should advocate for all of these components from day one

1 National and local leadership in planning, executing and monitoring

2 Part of frontline PHC teams

3 Engaged communities

4 High-impact training

5 Supportive supervision and training

A 10:1 return is only possible with a “strong program”

6 High-quality, integrated management

7 Adequate resources, tools and supplies

8 Effective incentives and remuneration

9 Sustainable financing

10 Ongoing monitoring and evaluation

Teams should make the case not just for investing in community health, but also for the development of strong, high-performing, integrated systems.



Key questions are:

- **Think about the departments or individuals from whom you would collect the data required to perform a robust ROI analysis?**
- **Is the system you are designing built on these 10 principles of success?**

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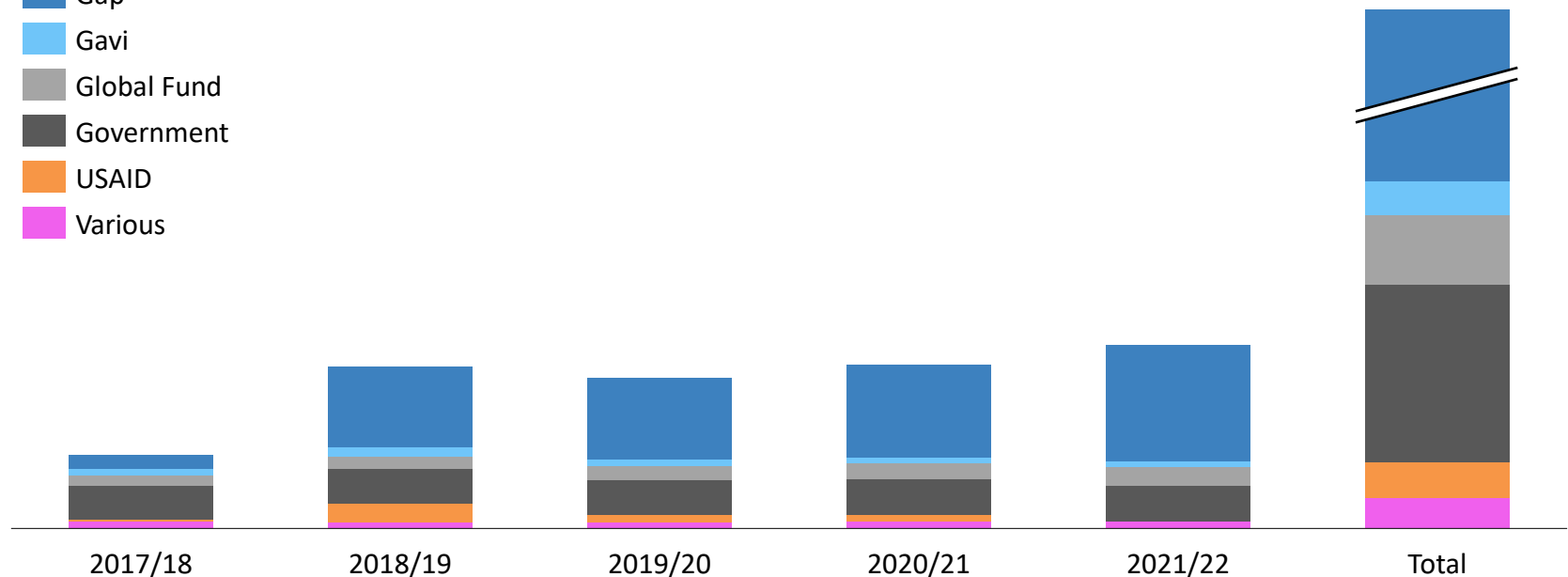
A gap analysis should explore funding from all sources, both internal and external to the government

Definition

The financial gap analysis is comparing the projected cost for the program against the resources available, Often done across multi-year horizon. It is crucial as it helps transition from total cost of the program to 'net gap' – additional funding that needs to be raised

Commitments and expression of interest, and resulting gap for the community health scale-up

In \$



Outline of year-to-year funding gaps will help prioritize potential funding by year and funding envelope



Key questions are:

- **What other factors should you consider when developing your gap analysis?**

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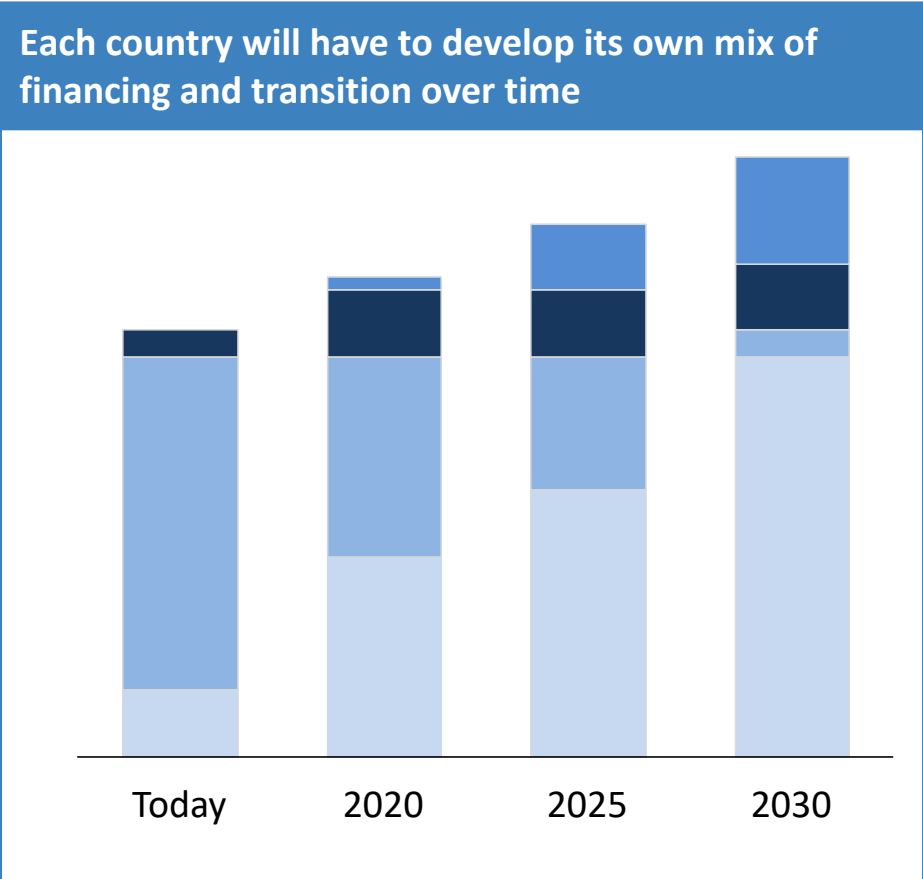
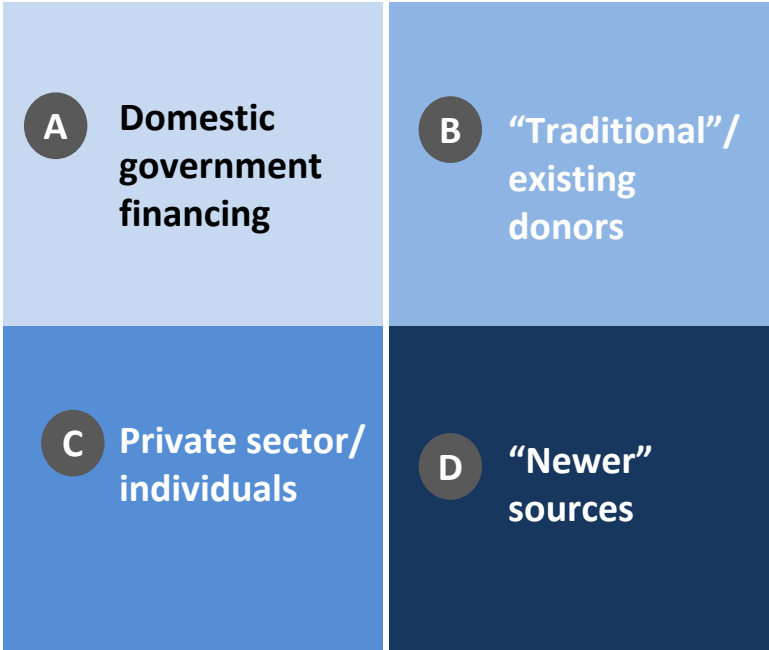
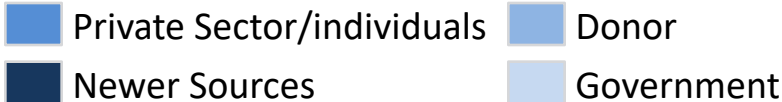
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Broadly, we classify funding sources into four categories... (1/3)

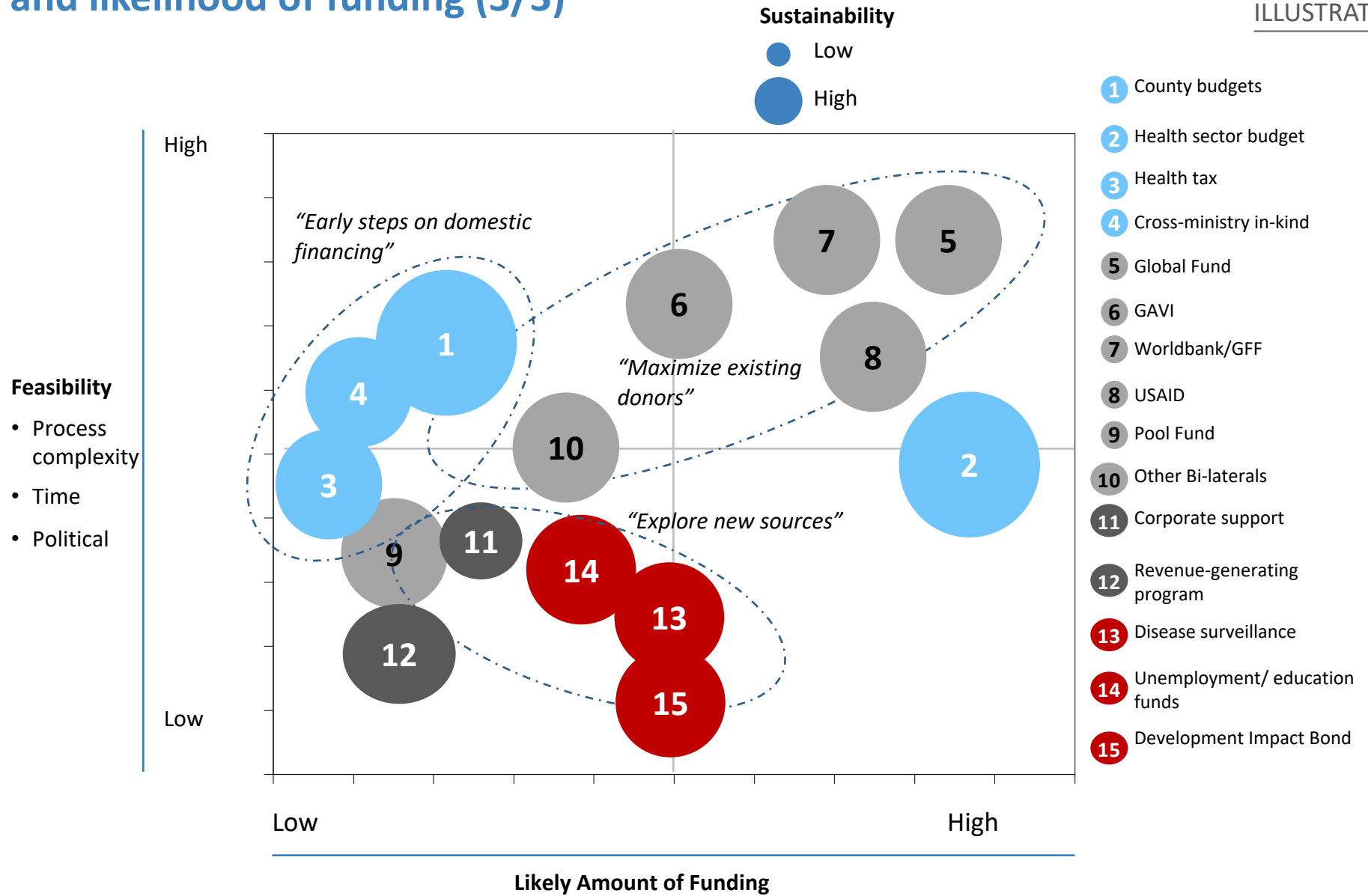


... and we support analysis of potentially available additional sources of funding. . . (2/3)

ILLUSTRATIVE

| | Options | Likely funding | Feasibility | Comments |
|-----------------------|--|----------------|-------------|--|
| A Domestic funding | 1 County/Community health budgets | Low | Medium | • County development budget to be understood in total at \$3m/year |
| | 2 Overall health sector budget | High | Medium | • Likely not a near-term solution, but with increasing health budget |
| | 3 Taxes | Low | Low | • Potentially politically challenging |
| | 4 Cross-ministry synergies | Low | Medium | • Potentially for equipment or trainings that are cross-sector projects |
| B "Existing" donor | 5 Global Fund | High | High | • Currently funding through Malaria proposal which is a path for continuation |
| | 6 Gavi | Medium | High | • Current HSS grants limited in size for community services |
| | 7 World Bank/GFF | High | High | • Ebola and GFF/IDA financing significant currently for scale-up |
| | 8 USAID | High | Medium | • Commitment to community services high (e.g. through PACS) |
| | 9 Pool fund donors | Low | Medium | • Funding beyond 2017 yet to be confirmed |
| | 10 Other Bi-laterals | Medium | Medium | • Potential opportunities with JICA, DFID, GIZ and others |
| C Private sector | 11 Corporate support | Low | Medium | • Likely take time and be more in-kind |
| | 12 Revenue-generation through CHAs | Low | Low | • Ability to pay required |
| D "New" sources | 13 Disease surveillance, preparedness and global health security funding/ mechanisms | Medium | Medium | • Strong programmatic overlap/rationale |
| | 14 Unemployment, education and economic growth programs (e.g. ADB) | Medium | Medium | • Strong programmatic overlap, but no strong existing funding channels |
| | 15 Philanthropic outcome funders (e.g. as part of impact bonds) | Medium | Medium | • Complex structuring with strong data requirements, and need to find philanthropic funder |

... with support to countries to prioritize based on feasibility and likelihood of funding (3/3)



Our team developed a Community Health Financing Compendium, collating available financing instruments and approaches

The Compendium is a “one stop shop” for governments on financing options . . .

Why this compendium?

Support governments with information as they are assessing how to finance community health systems



- An overview of global health financing mechanisms and instruments
- Descriptions of instruments and approaches within each of the five categories
- A supplement with an overview of several multilateral development banks
- A high-level description of bilateral development agencies

. . . illustrating different instruments and approaches for application to eligible countries

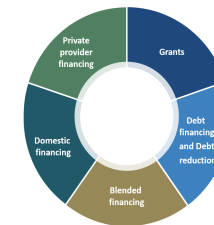
An “instrument”...

an existing financial channel or financing product available for governments to access to finance health systems

An “approach”...

a type of financing arrangement (Independent of a specific channel or product) that governments can structure to finance health systems

Five categories of the Community Health 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)

Where would countries start?



- Is your country **eligible** for a particular instrument / approach?
- **Debt-capacity:** Does your country have debt-capacity?
- **M&E:** do you have a strong M&E and data framework for CH?
- **Private delivery:** Do you have a strong NGO/private delivery network that you want to build on/incorporate in the national system?
- **Size (\$):** What is the likely order of magnitude with a particular instrument/approach?
- **Applicability:** How applicable is an instrument/approach to community health?
- **Feasibility:** How feasible is it to access an instrument/approach?

This narrowing process will produce a country-specific set of options, which can help identify priority instruments



Key questions are:

- **What can you do to better align funding sources?**

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An investment case is a critical component of sourcing funding for a CH program

What is an investment plan?

- Gives a summary of the current community health **strategy**, the ‘payoff’ or **ROI** from investing into it, the **cost** to develop the program, **existing resources** to support it, and potential additional financing sources and strategies
 - **Audience may be both internal** (e.g. Minister of Health and Minister of Finance) **and external** (e.g. impact investors, donors)
 - May even include **detailed financing structures** (e.g. for an impact bond)
- Should be **updated on a regular basis** to reflect changes to the funding, operating, and policy environments (e.g. annually)

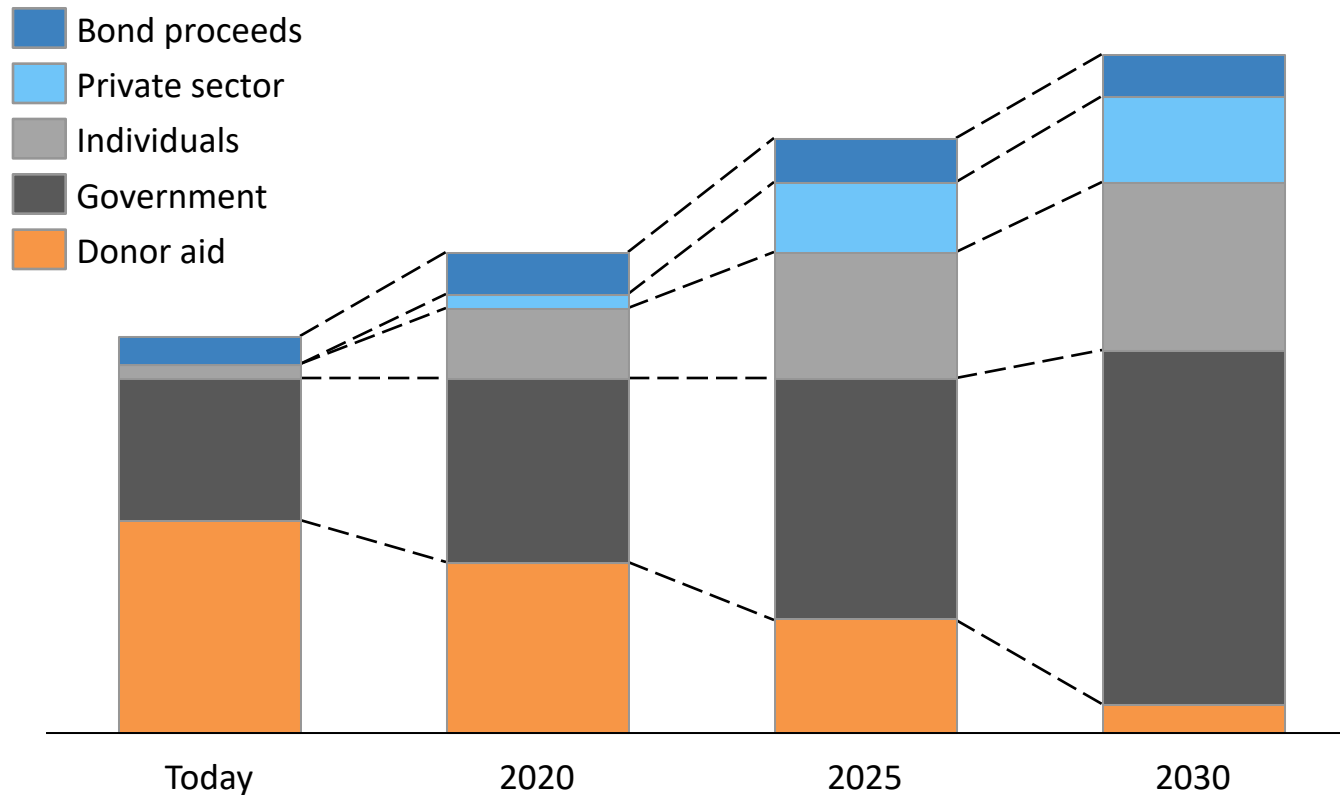
What are the core components?

- **Current ‘state of play’** – overview of existing strategies, infrastructure, investments into community health workers, implementing partners, key constraints with budget, etc.
- **Preliminary costing and budget** considerations for community health strategy
- Considerations regarding **health metrics and outcomes** (especially for innovative financing structures)
- **Alternative financing structures** and key partnerships
- Long-term **financial considerations**

The goal of resource mapping is to develop a financing pathway

Definition

The financing pathway is **developing a plan for financing that maps to the proposed strategy and cost**, looking across a relatively long time horizon (~10-20 years). It may include projections of sources you hope to utilize or obtain



Overall increase in funding for community health

- Increases in bond proceeds, revenue based models, government, and private sector
- Decrease in donor funding

Do you have a vision for your financing pathway?

Pulse check question?



Key questions are:

- **Do you have a vision for your financing pathway**

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| Enabler | Elements |
|---|--|
| Ministry of Health and Finance Leading Effort to Mobilize and Coordinate Resources | Clear roles and responsibilities for resource mobilization within the Ministry |
| | Ministry actors capacitated to forecast and articulate resource gap needs, expected program benefits, and drive resource mobilization |
| | Ministry and other ministerial leadership engaged to champion program |
| CH Finance Plan Aligning Domestic and External Funding | Existence of costed plan and health finance strategy or road map to accompany policy |
| | Coordinated country platform for monitoring and accountability of implementation and funding |
| Effective Coordination Structures in Place for Financing | Ministry institutional structures for program and funding coordination set up and acknowledged by actors |
| Implementing Actors Aligned on Strategy and Well-Coordinated in Execution | All community health implementation aligned to the national community health strategy |
| | County and District Health Teams well-oriented and empowered to enforce strategic alignment of community health actors |