

Comment Unit 9

RESPONSE TO MEETING OF HEALTH ACCOUNTS

Summary

This note is in response to the presentations at the Meeting of Health Accounts Experts, October 8-9. The following document has been prepared by Jonathan Cylus for USAID's Health Systems 20/20 project and is intended to briefly address some issues which have been highlighted by lower-income African countries as having particular significance.

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UNIT 9

ISSUE- IMPORTANCE OF OPTIONAL “SOURCE OF SOURCE” TABLE

One of the key issues highlighted in the Health Systems 20/20 input documents is the need for an optional “Source of Source” table. A central policy concern of country counterparts was to measure spending targets such as the conditions of the Abuja declaration, which state that all African countries will commit 15% of their government budget to health. If designed properly, the SHA could help to identify spending that accounts for this 15%. But what exactly is “government budget”? Is it determined at the agent level, the source level or perhaps a level before that?

However, because the current SHA does not give policymakers the ability to determine the original source of the funding source, the SHA is not effective for this analysis. For example, the financing flow in an African country may be such that the IMF donates funds to the MoF (funds not specifically earmarked for health), which passes those funds on to the MoH which in turn pays providers. If we use the financing source to account for the 15% (in this case the MoF because that is where the funds became designated for health) it is impossible to determine whether this money originated from the IMF or the government budget. In Rwanda, approximately 41% of MoF funds are ROW donor grants. It is essential not to count these grants when calculating the 15% because it provides a misleading picture of how much of their own money these governments are dedicating to health.

Joseph Kutzin from WHO gave a presentation where he stated that a tax should not be considered household spending at the financing source level because it means that some taxes are public while others are private. His argument supports the creation of a “source of source” classification. For example, at the source of source level a tax could be considered household spending. This would allow the funding source level to be public, as per Kutzin's presentation, but allows policymakers and analysts the ability to examine the source of funding or the source of the source of funding. Adopting Kutzin's proposal alone would make it impossible to distinguish the different sources of government funding.

CONCLUSION

The issues discussed above represent a sample of the incompatibilities with the SHA proposals outlined at the OECD meeting and some of the NHA needs of lower-income countries. We are excited about the progress that has been made thus far on the SHA revisions and are looking forward to reviewing the units after the regional consultations. Clearly, while many presentations have already emphasized that the key challenge to revising the SHA is considering for differences in the priorities and statistical capabilities between higher and lower income countries, there is still more work that can be done.

Additionally, we would also like to state our preference for Units 9 and 10 to be rolled out to African countries (and other regional meetings) prior to the second round of meetings

in the Spring. Let us not forget that countries in the early stages of NHA development will adopt SHA as their national standard for managing health spending; it is imperative that their policy relevant issues are sufficiently addressed in the revisions.