

BROOKINGS

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Innovative Financing for Global Health – Overview

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Workshop on Lessons for Development Finance from Innovative Financing in Health

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Presentation Overview

- Dimensions of the Financing Problem in Health
- Current Innovative Financing Mechanisms
- Structured Thinking for Considering New Mechanisms – An Example from Health
 - » Nature of Financing Issues
 - » Structuring and Prioritizing
 - » Example: Making Aid Smoother and More Predictable
- Summing Up and Lessons for Others

Dimensions of the Financing Problem in Health

- Public and Private Goods Distinctions in Health
- Funding: Need an Additional \$50 Billion/Year for “Global Public Goods” in Health
- Knowledge as the Basis of Interventions/Products Gaining Emphasis as a Global Public Good
- But...Getting from Financing to Health Impact Depends on Adoption and Implementation:
 - » Service Delivery that Works
 - » Household Behavior Change

Innovative Financing for What?

- Raise Additional Revenue for Health (in these cases, for GFATM)
 - » Product Red: Marketing for Development
 - » Debt2Health: Convert Debt to Revenue
- Raise Funds While Fixing Particular Problems
 - » Airline Solidarity Tax: International Taxes for Global Public Goods
 - » IFFIm: Additional Funding that is Frontloaded, Predictable, with the Flow Determined by Needs
 - » AMC: Incentivize Product Development with Backloaded Guarantees
- Market-Based Health Interventions to Shift Behavior
 - » AMFm: Price/Procurement Mechanism to Reduce Resistance, Increase Access (Global Intervention to Local Markets)

Nature of Health Financing Issues

Table 1: To Identify Which Problems To Focus Most On, Think About...

		Using funds that are mainly ...			
		Government Money	Donation Money	Investment Money	Combinations
Service delivery within countries	Public providers	Government spending, ODA, IDA	Philanthropic, BINGO, & LNGO support for service delivery programs	E.g., Private Finance Initiative in the UK	Co-financing partnerships
	Private providers	Contracting		Large healthcare firms, small practitioners, venture investors, etc.	
"Product" delivery to countries		E.g., global health partnerships (GAVI, UNITAID, Global Fund)		Supplier firms, drug sellers, etc.	Co-financing partnerships
Product discovery and development		Pull (AMC) and Push (e.g., NIH)	Donations to pull and push initiatives	The pharmaceutical and biotech industries	Product Development Partnerships

Global → Domestic

Government → Charitable → Private → Combo

Structure and Prioritize Problems

Table 2: Examples of Financing Issues That Emerge				
		Using funds that are mainly ...		
		Government money	Donation money	Investment money
Service delivery within countries	Public providers	Make aid more predictable and smooth; pay for performance.	Pay for performance.	Scope of and improvements in the PFI approach.
	Private providers	Improve contracting; pay for performance	Mobilize more resources, more effectively, by combining donation and investment money.	
Product delivery to countries		Financing; procurement; logistics; performance		
Product discovery and development		Matching the appropriate tool to the problem – pure research, versus financing trials, versus bringing to market.		

Considering Smoother & More Predictable Aid Options

	Managing Aid Better			Using Financing Tools				
	Donors & Recipients Fix the Root Causes	Recipients Improve Their "Cash Management"	Limits on Donor Reductions in Aid Year-to-Year	Endowment Fund to Sustain Essential Inputs or Services Locally	International Stabilization Facility – a Central Global Facility to Smooth Aid	Drawing Rights for Countries That Keep to Agreed Standards (A "Debit Card" to Fill Shortfalls)	Insurance or Guarantee Facility	IFIM-Type Securitization of Future Aid Flows to Smooth Them And Make Them Predictable
Hard to make happen?	Light Red	Light Red	Dark Red	Light Red	Light Red	Light Red	Light Red	Light Red
Sufficient to Solve the Problem?	Dark Green	Light Red	Light Red	Light Red	Light Green	Light Green	Light Green	Light Red
Reliable Solution?	Light Red	Light Red	Light Red	Light Green	Light Green	Light Green	Light Green	Light Green
High Transactions Costs?	Light Red	Light Red	Dark Red	Light Red	Light Red	Light Red	Light Red	Light Red
Risk of "Splash and Fade"?	Dark Red	Light Red	Dark Red	Light Red	Light Red	Light Red	Light Red	Light Red
Straightforward to Continue Once Started	Light Red	Dark Red	Light Red	Light Red	Light Green	Light Green	Light Green	Dark Red
Ties up Scarce Capital?	Dark Green	Dark Green	Dark Green	Light Red	Light Red	Light Red	Light Red	Light Red
Side Effects?	Dark Green	Dark Green	Light Green	Light Green	Light Green	Dark Green	Light Green	Light Red

Summing Up

- Innovative Financing for Health
 - » Not Only About More Money, although That Is Important!
 - » Also Focused On Solving Particular Problems...
 - Global Public Goods
 - Product Development and Deployment
 - Incentives for Donors, Charitable Givers, Private Capital, Recipients
 - » ...That were Not Solved by Traditional Mechanisms and Institutions
 - Financing from Public/Private/Charitable Sources
 - Implemented by Global Partnerships for Health – with Broad Participation
- Vexing Problems Remain
 - » Progress on the Ground
 - » Transactions Costs of IFs, Aid Harmonization Agenda

Lessons for Others

- Innovative Financing for Development
 - » Look for Global Externalities or Global Public Goods
 - » Look for Problems Not Addressed or Caused by Traditional Aid Mechanisms
 - » Don't Forget about the Entire Chain, from Financing to Change on the Ground
 - » Are Health-Focused Mechanisms Proprietary, or Could They be Opened Up?

The End – Thanks!