

HEALTH FINANCING

July 2014

The Capacity Development Resource Guides highlight the key technical areas of expertise needed to effectively influence health policy design, implementation, and monitoring and evaluation. Each guide identifies the specific skills, knowledge, and capacities that individuals and organizations should possess in the area. The standardized indicators listed for each competency and capability map to the accompanying Capacity Indicators Catalog, which helps to generate a tailored tool for assessing and scoring an organization's capacity level. Each guide also includes a list of useful resources for designing and delivering capacity development assistance.

ANALYZING AND MOBILIZING RESOURCES FOR SUSTAINABLE HEALTH FINANCING

■ DEFINITION

Ensuring the sustainable financing of health is a complex process that is dependent on (1) the availability of existing resources, (2) the generation or mobilization of new resources, and (3) the efficient and effective allocation of those resources to achieve the greatest public health impact. There are various ways to finance health programs. In addition to traditional, public financing mechanisms such as income tax, alternative mechanisms (e.g., user fees, vouchers, conditional cash transfers, or public or private insurance) can be beneficial. As countries strive to sustain health systems and services, while reducing reliance on unpredictable or declining external resources, it will be important to strengthen their capacity to analyze health financing and provide the evidence needed to maximize the use of scarce resources.

■ RELEVANCE TO POLICY

No matter how well crafted a health policy is—for example, a policy promoting universal healthcare—it will not achieve its intended impact if the resources to implement it are not available. When developing or analyzing a policy, policymakers and planners must consider how much implementing a program or policy will cost, the gap between the required and available resources, and the potential sources for closing that gap (e.g., government, the private sector, nongovernmental organizations—NGOs, or donors,). In addition, if alternative health financing mechanisms (e.g., vouchers, user fees) are used, policymakers should ensure that the mechanisms support equitable access to health services by all population groups.

■ ■ KEY CAPABILITIES

To actively participate in discussions and decision-making processes related to health financing, individuals and organizations need “a good understanding of (1) financing trends and current sources of funding (e.g., donors, government, NGOs, private enterprise, households) and respective funding mechanisms; (2) key financial decision-making processes and actors; and (3) financing issues, needs, and gaps” (USAID | Health Policy Initiative, 2010, p.25). Stakeholders—including policymakers, ministry officials, technocrats, staff in learning organizations, and advocacy groups—should be able to estimate the costs of implementing health policies and programs, translate the data into easily understood language and facilitate productive dialogue, and identify ways to increase or mobilize new resources.

■ ■ PERFORMANCE IDEAL

High capacity in health financing includes being able to

- Assess the resource requirements of a program, primarily through unit cost estimation and budgeting exercises
- Identify current sources of financing and how they may be effectively and efficiently allocated and used
- Determine the resource gap between the required and available funds
- Work with stakeholders to mobilize resources
- Track and monitor the mobilization and use of funds to promote accountability

Individuals and organizations have the capacity to develop a plan for generating and using resources, which may include innovative funding sources. At the highest level of performance, they are able to secure adequate financing for program implementation—for example, by putting forward a sound investment argument to increase or mobilize new resources, typically based on benefit-cost analyses, economic evaluations of past policy implementation, and expenditure analyses.

In the ideal, the following would exist:

- A policy development process in which strategic planning and budgeting go hand-in-hand to ensure fully funded programs and policies
- A culture of using financial indicators and economic analysis to make strategic decisions
- Effective and efficient allocation of resources to maximize impact of limited resources
- Mechanisms to improve financial transparency and management at the operational levels
- Mechanisms to identify and address financial constraints for both the supply and demand sides
- Systems to improve financial risk protection and coverage for vulnerable groups, such as the elderly and key populations

INDIVIDUAL COMPETENCIES

KNOWLEDGE OF

In-country sources of financing for health program implementation and their potential contribution (e.g., government, private sector, NGOs, donors, out-of-pocket payments)	HF1
A range of health financing mechanisms, accounting for both the demand (e.g., vouchers, conditional cash transfers) and supply sides (e.g., user fees, social or private health insurance)	HF2
Current national laws and policies that guide the collection and use of financial resources for health (e.g., a social health insurance law, a mandate to allocate a certain proportion of government spending to health)	HF3
Economic principles that guide the rational allocation of funds for health to specific programs, such as cost-effectiveness and cost-benefit	HF4
The potential role of the private sector in health financing, and the market dynamics and policy environment as it relates to private sector engagement	HF5
Financial and socioeconomic barriers to healthcare access among the poor and vulnerable populations	HF11

SKILLS TO BE ABLE TO

Estimate total financial resources required to implement or scale up a program in a fixed time frame, given the units of service delivery and the cost per unit	HF8
Analyze resource allocation for health, based on cost-effectiveness, burden of disease, and gender and equity considerations	HF10
Identify resource gaps and mobilize funds to fill resource gaps	HF9
Translate complex financial information into effective advocacy messages that can be used to mobilize additional resources	HF6
Clearly and convincingly present evidence about resource gaps through communications appropriate for the targeted audience (e.g., narrative, tabular, or chart form in budget documents or strategies; policy briefs to advocate for additional resources)	HF7
Engage the private sector and facilitate public-private dialogue to design market-based partnerships and solutions	HF15

ATTITUDES/VALUES/ATTRIBUTES

Works with stakeholders to understand resource constraints and facilitates informed decisions about priorities and resource allocation	HF14
Uses a strategic approach to align goals, strategies, activities, and inputs (financial resources)	HF13
Values the ideal that all citizens, including the poor and vulnerable populations, should have equal access to healthcare	HF12

ORGANIZATIONAL CAPABILITIES**TECHNICAL ABILITY TO**

Regularly (annually/quarterly) conduct budgeting exercises that accurately reflect programmatic targets and unit cost	HF19
Use expenditure or costing analyses to identify the costs of program implementation and use this information in decision making	HF23
Generate an investment argument to mobilize new resources, based on economic analyses such as benefit-cost analyses, economic evaluations of past policy implementation, and expenditure analyses	HF20
Implement a financing strategy that guides the collection, allocation, and disbursement of funds for a health program	HF24
Regularly apply strategic financial management approaches such as resource need estimation and tracking of resource allocation and use across program areas	HF21

RELATIONAL ABILITY TO

Provide training, technical assistance, and mentoring to other organizations for health financing	HF29
Engage with all parties providing health services, including various government departments, NGOs, and the private sector	HF18

ORGANIZATIONAL OPERATIONS AND MANAGEMENT TO SUPPORT

Systems to collect, analyze, and synthesize financial data for decision making	HF22
A systematic process of identifying and removing barriers (such as signatory authority requirements, training, cumbersome processes) to access and use of financial resources	HF25
Openness to adopt a “total market” approach and business models to leverage private sector resources and management practices	HF16
Development and use of standard operating procedures, guidelines, systems, and norms to ensure high-quality products/processes related to health financing	HF17
Placement of health finance as a priority among staff (e.g., regarding knowledge, performance, and innovation)	HF26, HF27, HF28

■ ILLUSTRATIVE CAPACITY- STRENGTHENING ACTIVITIES

- Invite local experts to speak and present study results at learning events on critical topics such as sources of health financing in the country
- Provide a context-specific mix of mentoring (on-the-job training by embedded trainers, joint activities with international trainers) and training seminars in areas where skills are lacking, such as creating an investment case to seek new financing
- Facilitate exchange between those who generate information and data on health finance and those who use this information to improve strategy and implementation
- Conduct workshops in economic study design, data collection and analysis, and articulation of outcomes to policymakers
- Cultivate a cadre of trained economists and financing experts at the regional and country levels to ensure the ongoing availability of high-quality technical assistance and training
- Develop operational guides, inventories of best practices, and templates that can be customized and used by individuals and organizations engaging in health finance
- Facilitate opportunities for south-south exchange of practical health financing experience

■ RESOURCES

Au, M., L. Basalla, D. Davies-Deis, D. Edgil, D. Hotchkiss, et al. "Economic Evaluation Basics." Available at: <http://www.globalhealthlearning.org/course/economic-evaluation-basics>.

Collins, D. 2009. "Planning, Costing and Budgeting (Pcb) Framework." Cambridge, MA: Management Sciences for Health. Available at: <http://erc.msh.org/toolkit/Tool.cfm?lang=1&CID=3&TID=171>.

Gottret, P., and G. Schieber. 2006. *Health Financing Revisited: A Practitioner's Guide*. Washington, DC: World Bank. Available at: <http://siteresources.worldbank.org/INTHSD/Resources/topics/Health-Financing/HFRFull.pdf>.

Health Policy Project. 2011. *The Gap Tool: A Guide to Assessing the Funding Needed to Achieve Family Planning Goals—Version 1.1*. Washington, DC: Health Policy Project, Futures Group. Available at: http://www.healthpolicyinitiative.com/Publications/Groups/group_33/33_GAP_Tool_Manual_FINAL_8_3_11_acc.pdf. (Updated version is forthcoming in 2014)

Health Systems 20/20. 2012. "Ghana Health Insurance Workshop Guide to Materials." Available at: <http://www.healthsystems2020.org/content/general/detail/2930/>.

Paxton, Alexander, and Nadia Carvalho. 2013. "HIV/AIDS Program Costing Tools: Concepts And Methods Used Under the USAID | Health Policy Initiative, Costing Task Order." Washington, DC: Futures Group, USAID | Health Policy Initiative, Costing Task Order. Available at: <http://www.healthpolicyinitiative.com/index.cfm?ID=publications&get=pubID&pubID=1551>.

POLICY Project. 2006. "Training Module on Budgeting for the Reproductive Health and Population Sector." Washington DC: Futures Group, POLICY Project. Available at: <http://www.policyproject.com/policycircle/content.cfm?a0=5d>.

Sonneveldt, E. , and E. J. Byron. 2008. *Applying the Allocate Model to Improve Decisionmaking at the Regional Level: A Case Study of Ukraine*. Washington, DC: Futures Group, USAID | Health Policy Initiative, Task Order 1. Available at: http://www.healthpolicyinitiative.com/Publications/Documents/686_1_Ukraine_Allocate_Model_FINAL_02_05_09.pdf.

United Republic of Tanzania. 2010. *National Family Planning Costed Implementation Program 2010–2015*. Dar es Salaam: Ministry of Health and Social Welfare. Available at: [http://ihi.eprints.org/802/1/MoHSW.pdf_\(29\).pdf](http://ihi.eprints.org/802/1/MoHSW.pdf_(29).pdf).

The World Bank Group. 2013. "Private Health Policy Toolkit." Washington, DC: The World Bank Group. Available at: <https://www.wbginvestmentclimate.org/toolkits/public-policy-toolkit/>.

Wang, H. K., K. Switlick, C. Ortiz, B. Zurita, and C. Connor. 2012. *Health Insurance Handbook: How to Make It Work*. Washington, DC: World Bank. Available at: <http://issuu.com/world.bank.publications/docs/9780821389829?mode=window&backgroundcolor=%23222222> or <http://www.hha-online.org/hso/financing/knowledge/doc/2273/health-insurance-handbook-how-make-it-work-manuel-sur-l%E2%80%99assurance-mala>.

Zeleeuw, H. 2012. "Health Care Financing Reform in Ethiopia: Improving Quality and Equity." Bethesda, MD: Health Systems 20/20. Available at: http://www.healthsystems2020.org/files/85865_file_Ethiopia_Health_Care_Reform_Brief.pdf.

.....

Suggested citation: Health Policy Project. 2014. "Capacity Development Resource Guide: Health Financing." Washington, DC: Futures Group, Health Policy Project.

ISBN: 978-1-59560-028-8

This resource guide is part of an Organizational Capacity Assessment (OCA) suite of tools. The USAID-funded Health Policy Project developed the suite to help organizations assess and strengthen their capacity to contribute to improved health systems and health outcomes. The tools include an overview of the OCA approach, a facilitator guide, a series of capacity development resource guides, and a Capacity Indicators Catalog. The suite is available at www.healthpolicyproject.com.

The Health Policy Project is a five-year cooperative agreement funded by the U.S. Agency for International Development under Agreement No. AID-OAA-A-10-00067, beginning September 30, 2010. It is implemented by Futures Group, in collaboration with Plan International USA, Futures Institute, Partners in Population and Development, Africa Regional Office (PPD ARO), Population Reference Bureau (PRB), RTI International, and the White Ribbon Alliance for Safe Motherhood (WRA).

The information provided in this document is not official U.S. Government information and does not necessarily represent the views or positions of the U.S. Agency for International Development.