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Achieving Universal Health Coverage:
Contributions by German Financial Cooperation

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Background

Achieving Universal Health Coverage (UHC) is a moral imperative that makes economic sense. The right to the highest attainable standard of health is a basic human right. At the same time, evidence reported by the Lancet Commission on Investing in Health shows that 11 % of economic growth observed in low and middle income countries between 2000 and 2011 can be attributed to improved population health.

Unsurprisingly, achieving UHC is the major health objective of the 2030 Agenda. According to WHO, “UHC means that all people and communities can use the promotive, preventive, curative, rehabilitative and palliative health services they need, of sufficient quality to be effective, while also ensuring that the use of these services does not expose the user to financial hardship”.

UHC addresses three interrelated dimensions: equity in access to health services (non-discrimination of certain groups or individuals), quality of services and financial risk protection of service users. The tool to achieve UHC is health system strengthening (HSS) – clearly by taking into consideration both, health systems’ supply and demand sides. While countries choose different paths towards UHC, there are some core elements which are common to any UHC reform. These include, first of all, a package of prioritised, good-quality services for all, which takes into account the specific disease burdens, social and cultural preferences, the health system’s capacity to deliver certain services and the fiscal space available to finance the package. In addition to this, a fair and efficient health financing system needs to be established that pools risks and guarantees overall long-term sustainability. Good governance is an indispensable underpinning.

KfW's contribution to Universal Health Coverage

German Financial Cooperation has been supporting partner countries on their path towards UHC through a broad spectrum of programme approaches, including supply as well as demand side interventions. In many cases, these relate to several UHC dimensions simultaneously.

Equity in Service Use

Unequal distribution and lack of health facilities are a major challenge to accessing health services in many low and middle-income countries. Apart from poor remote rural areas, this increasingly concerns densely-populated informal settlements in urban areas as a result of rapid urbanisation. Moreover, existing benefit packages often do not reflect local health priorities: most benefit packages do not cover non-communicable diseases (NCDs) despite being the primary cause of morbidity and mortality, also among the poor. Access is further limited by the ability to pay for health services with a particularly negative impact on the poor and vulnerable. Under-provision of services due to lack of drugs, medical supplies or long waiting hours aggravates the situation, forcing people to pay for services that are supposed to be provided for free at the point of delivery.

On the supply side, the provision, expansion or rehabilitation of health facilities as well as the improvement of supply chain management is key to enhance equity in service use. Supporting partner countries in this area is a traditional field of activity for German Financial Cooperation in the health sector. Currently, innovative programmes in this context include the establishment of the East African Community's Regional Centre of Excellence for Vaccines, Immunisation and Health Supply Chain Management, the development of telemedical networks to enable the provision of specialist care in remote areas of countries such as Tadjikistan and the support to the Christian Health Association of Malawi (CHAM) which operates health facilities in otherwise underserved rural areas on the basis of service level agreements with the Malawi government.

On the demand side, enhancing equity in service use requires the establishment of efficient health financing mechanisms that pool risks and allow for horizontal ("from healthy to sick") and vertical redistribution ("from rich to poor"). KfW's contributions in this area are described in the section on financial risk protection below.

Quality of Services

UHC is only as good as the services it can buy. Aiming at closing the provision gap in terms of quantity and quality of health care services is therefore crucial. Improved pre- and in-service training of health professionals may be considered the most obvious way of enhancing quality of care. This is the focus of KfW's collaboration with the Aga Khan University in East Africa, for example. Furthermore, the provision of quality care naturally requires health infrastructure and equipment of an appropriate standard as well as a functional referral system providing continuity of care across the primary, secondary and tertiary levels of health service delivery. This is where German Financial Cooperation's investments in health

infrastructure and equipment as alluded to in the section on equity in service use come into play.

Work in this area also includes the improvement of health management information as well as surveillance systems which KfW currently supports in the East African Community and the ECOWAS region, among others. Lastly, KfW also helps to establish incentive schemes for the improvement of quality of care: In Malawi, a results-based financing (RBF) programme incentivises quality in maternal and new-born care to reduce maternal and neonatal mortality. The accreditation of health service providers in the context of voucher and social franchising schemes in countries such as Pakistan, Cambodia, Yemen, Cameroon or Ivory Coast equally helps to improve the quality of care available to disadvantaged segments of the population. At the same time, RBF, voucher and social franchising schemes typically increase the financial autonomy of participating health care facilities as it allows managers to flexibly respond to changing health needs by employing additional staff or procuring services and medical supplies outside of rigid public health budget lines.

Financial Risk Protection

The establishment of a fair and sustainable health financing system is a key requirement to achieve UHC. The mobilisation and pooling of resources as well as purchasing arrangements need to be considered in this context. Funds may be mobilised through taxes or contributions, e.g. Pooling may then occur through the government budget or specific health (insurance) funds. In modern purchasing arrangements these are usually institutionally separated from health care providers to allow for the efficiency-enhancing strategic procurement of health services.

KfW supports the establishment of both, tax- and contribution-based models to enhance financial risk protection. In Kenya, Tanzania and Pakistan German Financial Cooperation helps to set up new or broaden existing health insurance mechanisms to extend coverage to poorer segments of the population. This typically goes hand-in-hand with the accreditation of service providers to improve the quality of care. In countries such as Kyrgyzstan or Cambodia financial risk protection is achieved through tax-based models which KfW supports through programme-based approaches.

Concluding Remarks

Certain factors are crucial to successfully support the achievement of UHC: as a policy objective, UHC is to be embedded into partner countries' national health sector strategies. Unsurprisingly, these constitute the most important foundation for the design and coordination of support from development partners such as KfW. Such support needs to be further informed by a profound understanding of the political economy at play. It is also clear that UHC is an objective to be worked towards over the medium to long-term which needs to be considered in development partners' programming decisions.

While a range of Financial Cooperation approaches exists to support the achievement of UHC in Germany's partner countries these will need to be tailored further to two types of countries in particular, going forward: in fragile contexts, smart ways of combining direct support of health service delivery with health system strengthening towards UHC are required. In contrast, transitioning countries require support in financing investments geared towards improving the efficiency of health care delivery on the demand side or in capitalising health financing mechanisms on the supply side. Here, KfW's expertise in the provision of development and promotional loans may be valuable, possibly in the form of policy based lending.

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