Health Financing Analysis Guidance Notes

Health plans — costed, budgeted and implemented — are critical factors for improving health outcomes. A robust policy framework with well-articulated priorities also requires that the necessary resources (financial, human, equipment, commodities) are made available and used efficiently to enable proper implementation. Tracking financial resource flows — that is, the allocation, disbursement and expenditure by the sector, along with out-of-pocket spending — provides valuable input for better planning. This is also true for RMNCH programmes. Tracking resources can contribute to greater effectiveness, equity, and accountability in the mobilisation and use of funds for RMNCH. Countdown's Financing Working Group contributes to the monitoring of official development assistance (ODA) and domestic flows to RMNCH.

A Country Countdown offers a valuable opportunity to support country-led initiatives to undertake an analysis of health spending on RMNCH. This can include government health budget analysis, external resource flows for RMNCH coming into the country, and non-government spending. Country-based financing analysis for RMNCH can inform the policy process in-country and make critical data, such as where resources are coming from, where they are going, and how they are utilised, available to all stakeholders. Tracking financial flows in the health sector and analysing these in relation to political commitments and performance, for example in terms of services provided and beneficiaries reached, can help highlight health gaps in the country, and can feed into key review and decision-making processes at the national and sub-national levels. Such analyses can highlight what is working well, key opportunities for improvement, and where bottlenecks to progress exist, providing an evidence base that can prompt a move towards more efficient, effective, and equitable resource allocation. Moreover, this information promotes transparency and can be used to hold the government, development partners, and other key stakeholders accountable, and to advocate for adequate and sustainable funding for RMNCH within the country. It can also be used to highlight the negative consequences of relying on out-of-pocket spending to pay for critical health interventions.

Undertaking health financing analysis as a collaborative effort with key stakeholders can help to facilitate access to information and foster greater collective ownership of the results and the recommendations that emerge. From the outset, this should include ministries of health, planning, and finance, as well as local government; civil society; development partners; and other key stakeholders. This approach is consistent with that of the Country Countdown process as a whole.

Following the recommendations of the Commission on Information and Accountability for Women's and Children's Health, there are efforts to strengthen coordinated resource tracking to which WHO provides support, working collaboratively with ministries of health, other UN agencies, and civil society organisations.

Health financing policy

When analysing progress towards MDGs 4 and 5, consideration of coverage of essential interventions and barriers to access (financial and physical) warrants an analysis of the health financing policies that determine how resources are raised, pooled, allocated, distributed, and spent. Broadly, health financing analysis should include elements such as the political and policy environment; the performance of organisations that raise, pool, and disburse funds for health; and the effectiveness and efficiency of the use of funds — topics that extend beyond the scope of these guidance notes. This section briefly covers some general issues with respect to health financing policy. For more information, readers may consult

WHO's 2010 World Health Report[1]. The following section discusses the collection and use of data on health expenditures for RMNCH, the main focus in health financing of the Country Countdown.

The health system is generally financed by the public budget (general revenue taxation and social health insurance), private spending (including out-of-pocket payments and private health insurance expenditures), and external development assistance (resources that can be provided on budget and/or off-budget —that is, outside a government's public financial management systems and so not reflected in the national budget).

Many countries are committing to moving towards the goal of universal health coverage of essential interventions without financial hardship. The World Health Report 2010 provides clear recommendations for what approaches to achieving Universal Health Coverage should involve. These include the removal of out-of-pocket expenditure (OOPE) and increased prepayment (taxation and insurance) with large risk and resource pooling.

When analysing health financing policy, it is useful to consider three dimensions: who is covered (i.e., which citizens or groups within the population receive coverage); what for (i.e., for which services and interventions is coverage provided); and what share of costs is covered (i.e., the level of financial risk protection, reducing out-of-pocket spending at time of service). This type of analysis can be done for the health system overall or for parts of the system, such as those that finance and produce RMNCH services.

As there is a finite pool of resources in any health budget, trade-offs will have to be made across these dimensions, and this balance is determined by the national health financing policy. Most Countdown priority countries should carefully consider their financing strategies. When resources are limited, assuring coverage for priority services, such as those for RMNCH, can compete with demands for broader subsidies for secondary and tertiary care.

Measures of financial risk protection include the level of OOPE[2], and the extent to which OOPE causes an excessive financial burden on households including health spending-related impoverishment and reduced coverage of critical interventions[3]. Where possible, indicators should be disaggregated to identify who is bearing the burden of health care costs.

Analysing health financing and tracking resources for RMNCH

Various tools exist to support analysis of health expenditure. Common standards exist for many of these tools, and it is useful to employ these standards since comparability over time and between countries is often desirable. Since different sources of information may not always give the same results, it is important to triangulate where possible to come up with the "best possible" estimates.

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[1] World Health Organisation (2010), *The world health report – Health systems financing: the path to universal coverage*, Geneva: WHO, available at: http://www.who.int/whr/2010/en/index.html

[2] This is available in World Health Statistics, with indicators on OOPE as a share of private expenditure, and private expenditure as a share of total health expenditure, available at: http://www.who.int/gho/publications/world_health_statistics/2012/en/

[3] The WHO defines catastrophic expenditure as health expenditures that are equal to or greater than 40% of a household's non-subsistence income, i.e. income available after the basic needs have been met. See WHO (2005), 'Designing Health Financing Systems to Reduce Catastrophic Health Expenditure', *Technical Briefs for Policy-Makers*, Number 2, available at: http://www.who.int/health_financing/pb_2.pdf

National Health Accounts (NHA) and NHA-based sub-accounts (accounts that focus on a specific health problem or area of health services) are the basic tools that provide systematic and consistent information on financing and financial flows, looking at how resources are raised, pooled and distributed. NHA includes information on public and private expenditures, activities, providers, disease-specific spending, population groups, and regions within the country.

The objective of NHA is to develop evidence on health expenditure flows that will inform policy development and implementation. They also allow for trends in expenditures to be monitored over time. Carrying out a comprehensive NHA analysis requires significant capacity and commitment at country level. Some countries do not have the resources or capacity to initiate or institutionalise NHA and have relied on external support or have had more infrequent production. A comprehensive NHA is a useful basis for tracking expenditures for RMNCH, but it is not essential. Much useful work can be done even when a complete NHA is not possible. As a first step, analysis of public expenditure can provide important information on RMNCH investments overseen by the government.

As with any measurement tool, the definitions of the topic being studied are important.

Standardised international classifications have been developed for NHA and for sub-accounts, including estimations related to RMNCH, and these can be adapted to national conditions[4] (see also reproductive and child health sub-account guidelines cited below).

The Country Countdown team should first determine whether a national mechanism for tracking national health expenditures using routine NHA updates exists and, if it does, study its work and seek its collaboration. The Country Countdown team could support and/or advocate for the relevant national agencies to improve the detail they report on in terms of disaggregating RMNCH spending, linking reported numbers to RMNCH activities more clearly, and encouraging greater timeliness where NHA is reported with substantial time lag. For this the Reproductive Health Sub-Account Guidelines and other disease tracking guidelines are useful.

If a country does not have a robust national NHA mechanism, the Country Countdown process can support ongoing efforts to develop and establish this, by advocating for it to be linked to the Country Countdown's objectives. This will also signal that the Country Countdown will be an important user of the data. If establishment of a robust regular NHA mechanism with built-in RMNCH reporting is not feasible in the short term, the Country Countdown team should support other ongoing expenditure tracking work, and may want to launch additional efforts to develop RMNCH resource tracking. An initial priority in many countries might be to boost tracking of public expenditures with reporting of RMNCH figures. Efforts could be made to improve details of expenditure analyses, with specific analyses and cost studies that tease out RMNCH in routine healthcare services. This approach can be undertaken at different levels of the health system, be more or less complex, and involve a range of stakeholders. A Public Expenditure Review (PER) — a framework that also contributes evidence to the development of NHA — reviews the allocation, distribution, spending, and management of government expenditures using policy-relevant breakdowns and classifications. PERs can be specifically designed to track public expenditure in the health sector with the ability to address specific programmes such as RMNCH. Guidance and tools are available to support countries in undertaking such exercises, and they have become an important part of public financial management programmes.

In many Countdown countries, private (non-government) financing and delivery of RMNCH services contributes a significant share of utilisation and coverage. Household expenditure surveys (often done

[4] http://www.who.int/nha/en/; http://www.who.int/nha/what/en/index.html

as part of general economic statistics) and household healthcare use and spending surveys (often done specifically for the health sector or combined with other sectors) can be reviewed to provide evidence on this, especially for household out-of-pocket expenditures.

Private institutional funders may also be important. This can include private not-for-profit organisations (NGOs or Private Voluntary Organisations in different countries) and private for-profit companies. Data may be available on NGOs through government registration or regulatory bodies and on for-profit companies through trade or commerce organisations or tax records.

Other channels of funding may also be important to include. External resource flows into a country for RMNCH may be significant. National authorities or UNDP may maintain a database on external funders. It is important to be aware that some external flows may not appear in national budgets and may flow directly to sub-national agencies or be delivered in kind.

Policy interest in resource tracking for RMNCH can be stimulated through advocacy, resource mobilisation, and facilitating technical assistance. Very useful information can be generated with simple or partial efforts to track resources for RMNCH, so that the absence of comprehensive data or significant previous efforts should not discourage Country Countdown teams from getting started and making progress. Technical assistance may be available from national experts and through international partners.

Here is a list of useful resources that may be of help when considering how to undertake health budget analysis:

- Public Expenditure Reviews:
  - Preparing PERs for Human Development: Core Guidance[5]
- Medium Term Expenditure Frameworks:
  - Linking policies and budgets[6]
- National Health Accounts:
  - Guide to producing NHA[7]
  - Manual on the System of National Health Accounts, including classifications[8]
- Sub-accounts:
  - Reproductive health[9] [10]
  - Child health[11]
  - Nutrition[12]
  - Human resources for health[13]

[5] http://www1.worldbank.org/publicsector/pe/PEAMMarch2005/PER-Core.pdf

[6] http://www.odi.org.uk/resources/odi-publications/briefing-papers/2005/policies-budgets-medium-term-expenditure-frameworks-prsp.pdf

[7] http://whqlibdoc.who.int/publications/2003/9241546077.pdf
[8] http://www.oecd.org/dataoecd/41/4/1841456.pdf
[9] http://www.who.int/nha/docs/guide_to_producing_rh_subaccounts_final.pdf
[10] http://www.who.int/management/programme/MeetingMDGsUsingNHAsUnderstandRepHealthFinancing.pdf

[11] http://www.who.int/pmnch/topics/child/childhealthsubaccounts.pdf
[12] http://www.who.int/nha/docs/developing_a_resource_tracking_system_for_measuring_spending_on_nutrition_in_LIC_and_MIC.pdf
[13] http://www.who.int/nha/docs/HandbookMonEvalHRH/en/index.html

- Health budget advocacy:
  - Guide for civil society[14]
  - Maternal mortality guide[15]
- Official Development Assistance
  - Measuring country programmable aid[16]

Using evidence on financing RMNCH

Global experience with health accounting and resource tracking has shown that it is of the greatest value when used to answer the questions that are of most interest and importance to health system stakeholders. Comprehensive NHA reports have often been dry and full of figures that do not capture the attention of those whose decisions and actions matter most for improving women's and children's health.

Country Countdown teams developing resource tracking for RMNCH should not focus only on the technical aspects of measuring health expenditure. They should also carry out a stakeholder analysis as part of initiating resource tracking work. A few interviews with key stakeholders, such as parliamentary leaders, civil society spokespersons, community representatives, and senior government officials, can help identify questions on RMNCH financing that most need to be addressed. Resource tracking efforts should seek to answer those questions specifically, which can help generate interest in the wider findings. A variety of methods should be considered for disseminating results. Long technical reports are important as technical background materials, but may not be the best way to assure that results are used. Country Countdown teams should be creative in presenting and distributing results.

Detailed reports of research conducted by Countdown's Financing Working Group can be found on the Countdown website.

[14] Save the Children UK (2012), *Health Sector Budget Advocacy: A guide for civil society organisations*, London: Save the Children. Available at: http://www.savethechildren.org.uk/resources/online-library/health-sector-budget-advocacy-guide-civil-society-organisations

[15] http://righttomaternalhealth.org/sites/iimmhr.civicactions.net/files/Missing%20Link%20WEB-2.pdf

[16] http://www.oecd.org/dataoecd/32/51/45564447.pdf