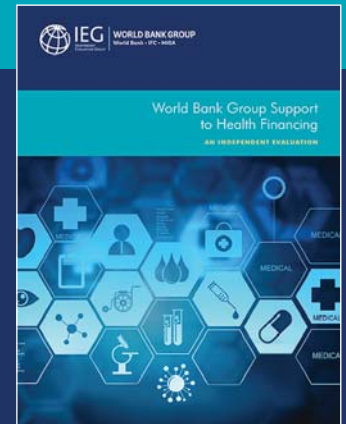


World Bank Group Support to Health Financing for Improving Health System Performance



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Summary

How countries finance health care influences how well a health system performs and achieves its expected outcomes, including assessing its equity and efficiency. Policymakers decide how to mobilize and allocate revenues from different sources for financing health care, requiring choices in how to pool revenues in (i) public insurance; (ii) private insurance; and (iii) a national health system with automatic coverage (risk pooling). They also must decide how to purchase care from health care providers.

The World Bank's lending portfolio has implemented health financing activities in 68 countries during fiscal years (FY) 03–12. Health financing interventions have been included in about 40 percent of the Bank's Health, Nutrition, and Population (HNP) portfolio. Most projects contain interventions related to revenue collection from public sources, and almost half of the projects support public health insurance and automatic coverage. More recently, results-based financing (RBF) operations have become more prominent. The International Finance Corporation (IFC) delivered a small program in health financing. This is the first IEG evaluation of the World Bank Group's support to countries trying to address health financing issues. It finds that Bank support was more successful when the Bank's health and public sector teams drew on a variety of skills across sectors and where government commitment to reforms was strong.

Background

Health financing functions include revenues to finance health, pooling of health funds and risks, and purchasing of health care. The way they are designed sets different financial incentives for the government, health insurers, providers, and consumers, all of which impact the attainment of health system goals. This also influences how much of the health funds are spent on different forms of health care, how equitably health revenues are first collected from public and

private sources, and how these revenues are then distributed (equity in finance). Collection and distribution decisions in turn affect who is protected against the financial risk of having to pay for care (financial risk protection), and how effectively health care costs are managed (efficiency).

This evaluation examines World Bank and IFC support to health financing through lending, investment, policy dialogue, and analytical work.

Over FY03–12, the World Bank supported health financing reforms through 188 operations. This period saw a marked decline in Bank support for interventions related to revenues from public sources, whereas support for purchasing increased substantially. The IFC delivered a small program in health financing with six investments and nine advisory services, and it funded two output-based aid operations to health financing. Accompanying Bank lending operations is a large body of analytical and advisory work, knowledge products, technical assistance, and training programs, including a flagship course organized by the World Bank Institute.

Key Findings

The evaluation showed that the Bank and IFC do not have a joint strategic approach to health financing, and there is no joint strategic direction about the mix of public and private insurance, which population groups they should insure, and how to prevent and address risk-selection in multiple-insurance contexts. In line with its health strategy, the Bank promoted a focus on improved results and performance in health facilities by helping governments and insurers change the way they pay providers.

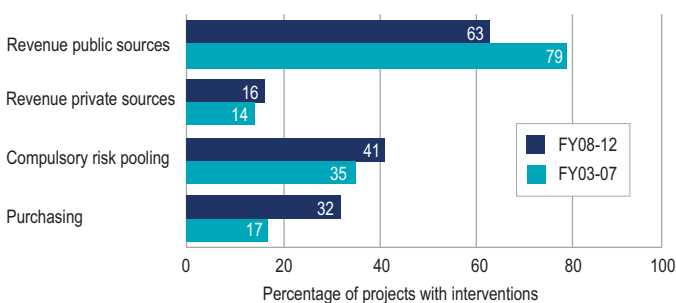
The Independent Evaluation Group (IEG) finds that evidence is thin on the effect of Bank and IFC operations

and programs on ultimate outcomes, and much remains to be learned about the health benefits, equity in service use and finance, and the financial protection value of public spending, pooling, and purchasing supported by the World Bank Group.

The evaluation draws four main conclusions:

- There have been some notable successes of Bank support to all three health-financing functions. These have occurred when Health and Public Sector teams drew on a variety of skills across sectors and where government commitment to reforms was strong.
- Bank support has helped raise or protect public revenues for health against budget cuts during economic crises. Equity in pooling increased where the Bank assisted governments in subsidizing compulsory contributions to various health insurance for low-income groups. However, increased pooling did not always lead to pro-poor spending, improved equity in service use, or greater financial protection. Support to reduce user payments was limited and evidence is missing that it improved service use and financial protection. This type of support often lacked the necessary fiscal and equity analysis.
- The Bank has been shifting its focus on health financing to performance- or results-based payments supported by RBF projects. Little attention was given to the impact on costs, broader public-sector institutional reforms to allow providers to react to financial incentives, and to demand-side barriers including user fees and how to tackle these in a fiscally sustainable manner.
- An integrated approach that links health financing with public-sector reforms is likely to be more effective than single-issue interventions in establishing the relevant institutions that are needed to sustain reforms.

Health Financing Interventions in Bank Projects, FY03-12



Note: The total for 2003-07 is 96 projects; for 2008-12, 92 projects.

Recommendations

Build government commitment and technical and information capacity to be able to inform and prioritize health spending:

- Support countries through building capacity in standardized monitoring of total health expenditures.
- Expand training in client countries to build knowledge and capacity through health financing courses.

Address health financing as a sector cross-cutting issue in country engagements:

- Ensure analysis of equity in health service use and finance, financial protection, and financial sustainability in Systematic Country Diagnostics.

Have Global Practices (GPs) focus on health financing as a core comparative advantage:

- Build and expand capacity among staff working on health financing in different GPs to ensure that in countries where health financing outcomes are problematic, Bank projects are addressing it. Identify a focal point for health financing in the HNP GP.

Integrate all health financing functions:

- Integrate RBF interventions with other health financing functions at the country level to prevent distortion.
- Develop and implement a Bank Group-wide strategy on the ground toward private health insurance, including mandatory and voluntary coverage.

Strengthen monitoring and evaluation (M&E) in Bank and IFC projects:

- Establish appropriate M&E frameworks in Bank and IFC projects to put in place mechanisms to collect and monitor indicators, and address distributional and adverse effects.



The Independent Evaluation Group (IEG) is charged with evaluating the activities of the International Bank for Reconstruction and Development (IBRD) and International Development Association (the World Bank), the work of International Finance Corporation (IFC) in private sector development, and the Multilateral Investment Guarantee Agency's (MIGA) guarantee projects and services.

This is a short summary of an IEG evaluation containing evidence that can inform the realization of the **Financing for Development** agenda and the World Bank Group's engagement therein. Other IEG resources specifically dedicated to the agenda can be found at ieg.worldbankgroup.org/f4d.