Plenary 1:
Mobilizing Domestic Public Financing for Health

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I. Resource Mobilization is One of the SDGs

[Goal 1]: End Poverty in All its Forms Everywhere

- [Target 1a]: Ensure significant mobilization of resources from a variety of sources, including through enhanced development cooperation, in order to provide adequate and predictable means for developing countries, in particular least developed countries, to implement programs and policies to end poverty in all its dimensions.

  ✓ [Indicator 1.a.1]: Proportion of resources allocated by the government directly to poverty reduction programs.

  ✓ [Indicator 1.a.2]: Proportion of total government spending on essential services (education, health, and social protection).
II. Many Countries Follow a “Health Financing Transition”

[Diagram showing the health financing transition with axes for total health spending per capita and OOP spending share, with different income categories on the horizontal axis and various spending shares on the vertical axis.]

Source: World Development Indicators database
III. Low Revenue Mobilization in Low- and Lower-Middle Income Countries

<table>
<thead>
<tr>
<th>Income classification</th>
<th>Revenue share of GDP excluding grants (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low income</td>
<td>19%</td>
</tr>
<tr>
<td><em>(GNI per capita &lt; US$1,045)</em></td>
<td></td>
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<tr>
<td>Lower middle income</td>
<td>27%</td>
</tr>
<tr>
<td><em>(US$1,045 &lt; GNI per capita &lt; US$4,125)</em></td>
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<tr>
<td>Upper middle income</td>
<td>29%</td>
</tr>
<tr>
<td><em>(&lt; US$4,125 &lt; GNI per capita &lt; US$12,736)</em></td>
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</tr>
<tr>
<td>High income</td>
<td>39%</td>
</tr>
<tr>
<td><em>(GNI per capita &gt; US$12,736)</em></td>
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</tbody>
</table>
IV. Improving Revenue Efficiency Will Be Key in Some Countries

- Revenue share of GDP is particularly low (<15% of GDP) in several countries including Bangladesh, Ethiopia, Guatemala, Nigeria, Tanzania, Pakistan, and Uganda.

- Low revenue-to-GDP ratios are exacerbated by high levels of capital flight and limited capacity to collect revenues from multinationals, particularly those engaged in natural resource extraction.

- Broadening the tax base, improving tax administration, and closing loopholes could make a significant difference in lower-income countries.

- Some estimates indicate a 2-4% increase in the revenue share of GDP in low and lower-middle income countries would potentially equal the total amount of external resources for health these countries receive.
V. Should Countries Earmark Taxes?

- Countries seem to be increasingly using earmarking:
  - Social health insurance.
  - Earmarking “sin” taxes (tobacco/alcohol) and taxes on sugary products.
  - Earmarking of VAT.
  - Other “innovative” sources ways of financing for health.

- How consequential has earmarking been in raising revenues?