

WHO support to Innovative Financing for Health

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WHO Partnership & Innovative Financing support

- **Considerable financial requirements for health**
 - Overriding objective: reach the MDG's
 - WHO's global health financing advisory role: High Level Task Force, World Health Report 2010
- **Set-up and hosting by WHO**
 - GFATM
 - UNITAID
 - Other PPP's: RMB, PMNCH, ...
- **Governance**
 - WHO is a board member or observer to all PPP's
- **WHO guidance on use of innovative funds**
 - IFFIm original investment case
 - Development of the AMC Target Product profile
 - Board member to UNITAID, GFATM, etc

Future support

- **Guidance & support**
 - 2011: WHO publishes a reference analysis on innovative financing for health
 - Support tool for innovative financing for health actors
- **Because they work: WHO support to maintain and to strengthen existing innovative financing systems**
 - Access the untapped major G20 donors – large potential
 - WHO support to increase financing to UNITAID, IFFIm, Polio, GFATM ...
- **WHO business case development for emerging systems**
 - Solidarity Tobacco Levy (STL)
 - WHO global mandate to save lives and to protect health
 - Development of the WHO STL Feasibility Study following the 2009 conclusions of High-Level Innovative Health Financing Task-Force
 - Input / Output modeling, governance ...

The Tobacco Solidarity Levy (STL)

- **WHO STL Feasibility Study**
 - STL is a micro-tax of either 5, 3 or 1 US\$ cents per packet
 - If fully applied to G20+ countries could raise + US\$ 7 Bn / a
 - US\$ 4.3 Billion from high income countries (5 cents)
 - US\$ 1.7 Billion from upper middle income countries (3 cents)
 - US\$ 1.6 Billion from lower middle income countries (1 cent)
- **Allocation keys**
 - Majority of SLT proceeds would flow into National budgets
 - An allocation key of 30% for international health would generate US\$ + 2 Billion /a
- **Pilot amount for launch purposes**
 - If initially applied by several path-finding countries
 - Amount TBD

Arguments for a Tobacco Solidarity Levy (STL)

- STL could be easily accepted by Governments and consumers
- Could be quickly launched as a pilot
- STL has double-impact: proceeds may be used for international health but also serve tobacco control
- STL funds originate from more of the global economy's haves than have-nots
- STL funds are collected from a large base
- STL funds are predictable and stable over time
- Micro-tax: STL funds are collected in a way that minimally distorts the global economy
- STL is technically and legally immediately feasible
- Tobacco has no social or economical necessity

Outcomes for 2011

- **Summer 2011: WHO publishes reference analysis on Innovative financing for Global Health: what works, what not**
- **WHO supports the strengthening of existing systems: UNITAID, IFFIm etc**
- **Innovative financing for Global Health is boosted via the launch of new systems: STL etc ...**

Thank You & Questions

Backup Slides

Learnings for the future (1)

- **IF for health has resulted, for now, in the emergence of:**
 - Pooled, predictable, sustainable and additional funding
- **IF for health can only work if:**
 - Start-up is based on strong leadership and early adopter countries
 - Highly creative thinking
 - Working together – what did not work because of lone-thinking?
 - Use of WHO technical support / business models
 - Buy-in and involvement from new stakeholders: see IFFIm road-shows, role of the UNSG for Innovative Financing
 - Strong coordination & governance
 - Legal adaptations in National Law – and barriers to overcome: USA
 - Deliver of strong results and capacity to communicate these
 - Capacity to maintain systems in time
- **So far, fantastic results for Innovative Financing for Health but how sustainable are they?**
 - So far + US\$ 9 billion raised by the major systems producing key results
 - Focus on immunization and HIV/Aids/TB programs – MDG's 4,5 & 6
 - IFFIm frontloading
 - AMC market-shaping
 - UNITAID niche investments, market shaping, patent pooling
 - GFATM financing instruments: D2H, Exchange Traded Fund (ETF)

Learnings for the future (2)

- **How sustainable are the existing systems?**
 - IFFIm repayments in time – high back-loading, Keynes thinking
 - AMC product and tail price – relationship with industry
 - Low number of high yield air solidarity levies – who next to adopt?
 - Increased use for National priorities – no more pooling: de-tax etc
 - One-off operations: D2H
- **Increased recognition that Innovative Financing goes hand-in-hand with innovative spending**
 - Critical role of implementing organizations and their governance structures
- **Innovative financing a necessity**
 - September 2010 MDG summit highlights importance of Innovative Financing but also of the Private Sector
- **Impact of innovative financing on the infra-structure of health financing**
 - Do positive outcomes outweigh transaction costs
- **Innovative Financing has become a key component of National Health financing outside of the global & pooled context**
 - WHO World Health Report, November 2010
 - South-South innovative financing – do not need the Global Funds to function

South-South non-pooled examples

- **World Health Report 2011**
 - identifies nine options for raising new domestic resources from innovative sources – see page 29, notably:
- **Indirect taxes**
 - Ghana funded its national health insurance partly by increasing the value-added tax (VAT) by 2.5%
- **"Sin" taxes** on tobacco and alcohol
 - A 50% increase in tobacco tax alone would yield an additional US\$ 1.42 billion just 22 low income countries for which sufficient data exists. This could increase government health expenditure by up to 25%
- **National currency transaction levy**
 - Would be feasible in many countries – e.g. India could raise US\$ 370 million per year from a very small levy (0.005%)
- **Solidarity levies**
 - Gabon raised US\$ 30 million for health in 2009 partly by imposing a 1.5% levy on financial transactions abroad.

Challenges for Innovative Financing for Global Health

- **National priorities**
 - Impact of financial crisis
 - Innovative financing for direct budget support, Health, Education, Climate Change, other ...
- **Complex environments & number of stakeholders**
 - Regrouping required – not to do or to attempt too much
 - Harmonization and Leadership on innovative financing for health - UNITAID, GAVI, other?
- **South-South Innovative Health Financing**
 - Now a reality – requires coordination with North-South approaches
- **Push for innovative financing confronts institutionalized funding gaps**
 - Funding targets not met for quite some time now
 - Why would it work now?
 - Future of WHO financing – question how far we can support

New Option for Innovative Financing: the Solidarity Tobacco Levy (STL) US\$ 7,6 billion

- An amount as small as **US\$0.05** per pack of cigarettes sold in the **high-income G20+ countries** would raise **US\$4.3 billion (G20+: 19 G 20 countries, European Union, Chili and Norway)**
- An even smaller amount of **US\$ 0.03** per pack of cigarettes sold in the **upper-middle income G 20+ countries** (which are also part of the list of the 28 countries that have the largest numbers of smokers in the world) would hypothetically raise another **US\$1.7 billion**
- A **US\$ 0.01** amount raised in the **G 20+ lower-middle income countries** that have the largest numbers of smokers would raise an additional **US\$1.6 billion**