WHO support to Innovative Financing for Health

Tokyo, 16 December 2010

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WHO Partnership & Innovative Financing support

- **Considerable financial requirements for health**
  - Overriding objective: reach the MDG's

- **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


- 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 G20 countries, European Union, Chili and Norway)

- An even smaller amount of **US$ 0.03** per pack of cigarettes sold in the upper-middle income G20+ 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 G20+ lower-middle income countries that have the largest numbers of smokers would raise an additional **US$1.6 billion**