



PARALLEL SESSION 2.1
MAKING AND USING (FISCAL) SPACE FOR UHC

| BACKGROUND

Public financing is key for universal health coverage (UHC). Despite progress, recent World Health Organization (WHO)-World Bank (WB) estimates indicate that almost half the world's population still does not have access to a basic package of health services. Further, more than 100 million individuals are impoverished annually due to high out-of-pocket (OOP) spending at the time and place of seeking care. Increasing the level and progressivity of public financing, expended in ways that increases access to services while improving financial protection by reducing high levels of OOP payments, will be essential for accelerating and sustaining progress towards UHC.

Given this backdrop, assessing fiscal space for UHC – i.e., finding options for increasing public financing for health in an efficient, equitable, and sustainable manner -- is a key challenge facing many countries. Fiscal space for health can typically be realized by:

- (a) Conducive macroeconomic conditions, such as sustained economic growth and increases in aggregate public revenues, both of which are outside the immediate domain of the health sector but are nevertheless important determinants of public financing for health.
- (b) Increasing the health sector share of aggregate public expenditures by reprioritization. In many countries, this requires a deeper understanding of how the allocation of resources is determined and whether there are key obstacles hindering this increase.
- (c) Introduction or expansion of earmarked consumption or income taxes, including via social health insurance (SHI) where levels of formality of the labour might make this a feasible option.

Effective expansions of public financing for health across countries have typically resulted from a combination across all three dimensions, in addition to improvements in efficiency of spending that can help realize effective fiscal space for health while at the same time being an important determinant of reprioritization. Further, in some low- and middle-income countries, development assistance has often played a key role in increasing fiscal space, especially for expanding service coverage and financial protection for the poor and vulnerable and for priority programs.

Recently, the definition of 'fiscal space' has evolved in the literature: e.g., the International Monetary Fund (IMF) has broadened previous definitions by recognizing the multiplicity of macro-fiscal factors in facilitating fiscal space expansions, giving it a more dynamic character to the concept. These developments have implications for the health sector and it is important for the health community to be aware of them.

| OBJECTIVES

The objectives of the session are to highlight some core emergent themes regarding fiscal space for health based on country experiences, including: (a) reprioritization of health in government budgets; (b) the role of earmarked income and consumption taxes in generating additional resources for the health sector; (c) the importance of public financial management reforms in facilitating the realization of fiscal space across all dimensions.



Speaker

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Joseph Kutzin is a health economist with over 30 years' experience in health financing policy and health system reform, working in Africa, Asia, the Caribbean, Europe, and the United States. He worked at the Project HOPE Center for Health Affairs and for the World Bank before joining the World Health Organization in 1994. With WHO he has served in the Geneva Headquarters, in Kyrgyzstan as Policy Advisor to the Ministry of Health, and in Copenhagen and Barcelona as the European Region's lead advisor on health financing. In 2011, he moved back to Geneva, where he currently leads WHO's global Health Financing Team. He has published numerous conceptual and empirical articles on health financing, health systems and universal coverage, as well as co-authored and edited books on health financing in Europe as well as in low and middle-income countries. He has a Master's in Development Economics from Boston University and in 2012 was awarded an Honorary Doctorate from Semmelweis University in Budapest, Hungary.