Financing national NCD responses

Non-communicable disease (NCD) financing

Although NCDs constitute two thirds of the global burden of disease, in 2015 they attracted 1.3% of all development assistance for health ($475 million out of $36.4 billion). NCD funding has grown by 8.2% annually since 2000, but the overall proportion has remained steady at 1-2% of global health financing.

Political commitments

At the 2011 High-Level Meeting on NCDs ministers committed to explore the provision of adequate, predictable and sustained resources, through domestic, bilateral, regional and multilateral channels, including traditional and voluntary innovative financing mechanisms. This pledge was reiterated at the 2014 World Health Assembly and the Addis Abba Action Agenda in 2015.

The commitment is important because current investment levels are insufficient to attain the NCD-related targets in the Sustainable Development Goals and the NCD Global Action Plan. The NCD financing working group convened by the Global Coordination Mechanism has developed tools and recommendations to help countries meet their commitments in this area. They contend that achieving sufficient and sustainable NCD funding will require blending multiple sources of financing.

Sources of funding

Domestic sources of financing include social health insurance and state revenue (out-of-pocket expenditure should be avoided). State spending on NCDs can be boosted by reallocating existing funds and raising new revenue through enhancing the tax base, introducing excise taxes on unhealthy products, and improving tax compliance. Overseas assistance, development bonds and loans can be leveraged to build capacity and catalyse NCD service delivery in resource-poor settings. Countries that are ineligible for these funds can seek private investment and explore innovative sources of funding - including microlevies, lottery schemes, and public-private partnerships.

Examples of funding sources for health

- A supplementary 2% surcharge tax on tobacco and alcohol has generated $100 million/year to fund the Thai Health Promotion Foundation.
- Compulsory social health insurance in Costa Rica and Indonesia has extended health care to millions.
- Pooled medicine procurement by the PAHO strategic fund reduces costs in Latin America.
- The Global Financing Facility for Every Woman Every Child combines domestic financing with funding from the World Bank, the GFF trust fund and additional donors.
- The International Finance Facility for Immunizations issues bonds on international capital markets, delivering long-term funding from new sources e.g. institutional investors.

1 IHME. Development Assistance for Health Database 1990-2015.
3 United Nations General Assembly. Resolution A/RES/66/2, paragraph 45 (d)
4 WHA A/RES/68/30 and Addis Abba Action Agenda paragraph 32. Endorsed by the UNGA in A/RES/69/313
The African Medical Credit Fund is a public-private partnership that secures capital finance loans for private health care providers, boosting capacity in this sector.

The actual mix of financing sources in individual countries will be determined by the NCD burden, health system profile, economic factors, and the availability of different funding options. A five-step domestic financing assessment tool is available in Part II of the GCM report. Table 1 provides hypothetical examples of blending approaches in three different settings.

### Blending different sources of finance in LMICs

<table>
<thead>
<tr>
<th>Resource setting</th>
<th>Disease burden/resource needs</th>
<th>Health system profile</th>
<th>Macrofiscal situation</th>
<th>Policy options</th>
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</thead>
<tbody>
<tr>
<td>Low income</td>
<td>Modest but growing NCD burden</td>
<td>Poor service coverage and access and high out-of-pocket spending. NCDs a low priority</td>
<td>Weak and reliant on external development assistance. High debt-to-GDP ratio</td>
<td>&gt;Raise revenues (enhance tax base)</td>
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<td>&gt;Increase prepayment and revenue pooling</td>
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<td>&gt;Use international financing loans and development bonds</td>
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<tr>
<td>Lower-middle income</td>
<td>Modest but growing NCD burden; NCD plan has been costed</td>
<td>Low service coverage; moderate financial protection. Policy commitment to integrate NCDs into primary care</td>
<td>Favourable (high economic growth). Relatively low spending on health</td>
<td>&gt;Raise revenues (excise via excise taxes, allocate more money for health from general revenue taxes)</td>
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<td>&gt;Strengthen financial protection</td>
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<td>&gt;Improve service efficiency (via task sharing)</td>
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<tr>
<td>Upper-middle income</td>
<td>High and escalating burden. Resource needs not estimated</td>
<td>NCD services not well integrated. Relatively high (or full) financial protection</td>
<td>Stagnant economy, but open to investors. High and rising debt</td>
<td>&gt;Raise revenues (via greater tax compliance)</td>
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<td>&gt;Pursue market-based financing (ineligible for ODA)</td>
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</table>

### Recommended actions for countries

1. Mobilize and allocate significant resources to attain global NCD-related targets.
2. Expand domestic public resources including use of tobacco and other health-related taxes.
3. Complement domestic resources for NCDs with official development assistance.
4. Promote and incentivize financing and engagement from the private sector.
5. Enhance policy coherence across sectors, including by assessing the health impact of policies beyond the health sector.

### GCM Tools to boost NCD funding

- Five step approach for assessing and implementing NCD financing processes at the country level
- Building an NCD investment case: Data requirements and worked example (using the OneHealth tool)

Learn more about this working group at [http://www.who.int/global-coordination-mechanism/working-groups/wg-5-1-financing/en/](http://www.who.int/global-coordination-mechanism/working-groups/wg-5-1-financing/en/) or scan the QR code using the app QRReader

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6 Both available in the GCM report at: [http://goo.gl/RLcm1w](http://goo.gl/RLcm1w) or via the QR code