

HEALTH FINANCING WORKING PAPER No. 5

EARMARKING FOR HEALTH

From Theory to Practice

Cheryl Cashin
Susan Sparkes
Danielle Bloom



EARMARKING FOR HEALTH: CHECKLIST OF KEY CONSIDERATIONS

Countries that are considering earmarking for the health sector should address the following key questions. This checklist can guide discussions among health and finance policy-makers about when earmarking might be useful and how to structure an earmarking policy to ensure positive results and minimize distortions.

Support for the expenditure purpose

- Does the policy or programme to be funded with the earmark support the country's broader development objectives?
- Does the policy or programme to be funded with the earmark have broad-based support and commitment from politicians, policy-makers and the public?
- Were finance authorities part of the discussions from an early stage?

Definition of the expenditure purpose

- Is the policy or programme to be funded with the earmark defined narrowly enough for the earmark to be enforced and broadly enough to be flexible?
- Does the expenditure purpose help advance certain health sector priorities without detracting from others?

Alternative revenue sources

- Can revenue needs for the policy or programme be met through the existing budget process?
- Have alternative sources been explored for their revenue-raising potential?

Impact on health sector efficiency and equity

- Will the earmark improve or inhibit the government's ability to manage health expenditure, including implementing strategic purchasing approaches?
- Will the earmark facilitate pooling of health funds or introduce fragmentation and limit the ability to pool health funds across sources, leading to equity concerns?

Spending flexibility

- Are mechanisms in place to ensure efficient spending of earmarked revenues?
- Can earmarked revenues be spent flexibly within the expenditure purpose, or are restrictions in place related to line-item budgets or other PFM rules?
- Can unspent earmarked revenues be carried forward into the next fiscal year?

Time horizon

- Will the earmark be temporary or permanent?
- If the earmark is intended to be temporary, will it come with a "sunset clause," mandatory periodic reviews or a transition plan?
- Will the revenue source be sustainable relative to the intended expenditure purpose?

Revenue-expenditure link

- Does the policy or programme to be funded with the earmark have sufficiently diversified revenue sources so it will not completely depend on the earmarked revenue?
- Will a release valve or contingency option be put in place to reallocate earmarked funds if other urgent needs or priorities arise?
- Are expenditure management mechanisms in place to prevent overspending?

Fiscal and public financial management (PFM) impact

- Will the earmark improve or impede the efficiency of budget allocations?
- Will the earmark mitigate or exacerbate distortions or inefficiencies in the underlying revenue source?
- Will the earmark mitigate or exacerbate the equity impacts of the underlying revenue source?
- Have simulations and scenario testing been done to analyse:
 - impact on the health sector budget
 - impact on the total government budget
 - broader fiscal, economic and social impact
- Will the above analyses be updated periodically?

Managing earmarked funds

- Will the funds flow through the treasury or a consolidated fund into an extrabudgetary fund, or will they go directly to an implementing agency?
- Will the institution that spends the earmarked revenues be prepared for the inflow of funds?
- Will a reserve fund or contingency fund be created to manage revenues in excess of expenditure needs?

Accountability

- Have assessments been conducted at all levels of the system to ensure sufficient capacity to manage and monitor the flow of earmarked funds?
- Can earmarked revenues be accounted for at every step, from collection to expenditure?
- How will the institution that spends the earmarked revenues be accountable for results or outcomes?

EARMARKING FOR HEALTH

From Theory to Practice

Cheryl Cashin
Susan Sparkes
Danielle Bloom



Earmarking for health: from theory to practice / Cheryl Cashin, Susan Sparkes and Danielle Bloom
(Health Financing Working Paper No. 5)

ISBN 978-92-4-151220-6

WHO IRIS Reference: WHO/HIS/HGF/HFWorkingPaper/17.5

© World Health Organization 2017

Some rights reserved. This work is available under the Creative Commons Attribution-NonCommercial-ShareAlike 3.0 IGO licence (CC BY-NC-SA 3.0 IGO; <https://creativecommons.org/licenses/by-nc-sa/3.0/igo>).

Under the terms of this licence, you may copy, redistribute and adapt the work for non-commercial purposes, provided the work is appropriately cited, as indicated below. In any use of this work, there should be no suggestion that WHO endorses any specific organization, products or services. The use of the WHO logo is not permitted. If you adapt the work, then you must license your work under the same or equivalent Creative Commons licence. If you create a translation of this work, you should add the following disclaimer along with the suggested citation: "This translation was not created by the World Health Organization (WHO). WHO is not responsible for the content or accuracy of this translation. The original English edition shall be the binding and authentic edition".

Any mediation relating to disputes arising under the licence shall be conducted in accordance with the mediation rules of the World Intellectual Property Organization.

Suggested citation. Cashin C., Sparkes S., Bloom D. Earmarking for health: from theory to practice. Geneva: World Health Organization; 2017. Licence: CC BY-NC-SA 3.0 IGO.

Web address:

Cataloguing-in-Publication (CIP) data. CIP data are available at <http://apps.who.int/iris>.

Sales, rights and licensing. To purchase WHO publications, see <http://apps.who.int/bookorders>. To submit requests for commercial use and queries on rights and licensing, see <http://www.who.int/about/licensing>.

Third-party materials. If you wish to reuse material from this work that is attributed to a third party, such as tables, figures or images, it is your responsibility to determine whether permission is needed for that reuse and to obtain permission from the copyright holder. The risk of claims resulting from infringement of any third-party-owned component in the work rests solely with the user.

General disclaimers. The designations employed and the presentation of the material in this publication do not imply the expression of any opinion whatsoever on the part of WHO concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries. Dotted and dashed lines on maps represent approximate border lines for which there may not yet be full agreement.

The mention of specific companies or of certain manufacturers' products does not imply that they are endorsed or recommended by WHO in preference to others of a similar nature that are not mentioned. Errors and omissions excepted, the names of proprietary products are distinguished by initial capital letters.

All reasonable precautions have been taken by WHO to verify the information contained in this publication. However, the published material is being distributed without warranty of any kind, either expressed or implied. The responsibility for the interpretation and use of the material lies with the reader. In no event shall WHO be liable for damages arising from its use.

The named authors alone are responsible for the views expressed in this publication.

Printed in Switzerland.



CONTENTS

Executive Summary	3
Preface	5

INTRODUCTION	7
---------------------	----------

TYOLOGY OF EARMARKING FOR HEALTH	8
---	----------

THEORETICAL FOUNDATION AND LITERATURE REVIEW	12
---	-----------

Earmarking pros and cons	13
Empirical evidence on earmarking for health	16
Japan-World Bank Partnership Program on UHC study	16
WHO tobacco tax earmarking case studies	17

EARMARKING POLICIES FOR HEALTH	18
---------------------------------------	-----------

Income/payroll taxes or general revenue	19
Consumption taxes	20
Other revenue sources	20

DESIGN, IMPLEMENTATION AND RESULTS OF EARMARKING IN SIX FOCUS COUNTRIES	21
--	-----------

Adopting earmarks for health	23
Designing and implementing earmarks for health	23
Results of earmarks for health	25

FINDINGS AND CONCLUSIONS	27
---------------------------------	-----------

COUNTRY CASE STUDIES

Estonia: An earmarked payroll tax to fund social health insurance 31

Ghana: Earmarking to fund national health insurance 32

Indonesia: An array of earmarking policies for health 34

The Philippines: Earmarking public health tax revenues for UHC 36

South Africa: Revenue and expenditure earmarking 38

Viet Nam: Tobacco tax earmarking 40

ANNEXES

Annex 1: Earmarking for health typology 43

Annex 2: Global database of earmarking for health..... 48

Annex 3: Case study questionnaire 51

Annex 4: WHO tobacco tax earmarking case studies 60

Annex 5: Policy note on earmarking in Ghana..... 63

Notes 69



EXECUTIVE SUMMARY

Many countries are considering earmarking as a mechanism to increase fiscal space and mobilize resources for the health sector, to finance progress toward universal health coverage (UHC), or to fund other health priorities. Earmarking involves separating all or a portion of total revenue – or revenue from a tax or group of taxes – and setting it aside for a designated purpose. Earmarking has become part of the global discussion on domestic resource mobilization for health, particularly as countries transition from donor support and work to achieve health system goals as well as other targets. Earmarking is also increasingly used as an instrument of public health policy – to tax the consumption of unhealthy products such as alcohol and tobacco, for example.

The arguments for and against earmarking are numerous, but they often remain theoretical. Despite vast country experience with this policy instrument – at least 80 countries earmark for health – little empirical evidence has been introduced into the debate. Few studies have examined the characteristics of earmarking policies and which country contexts may be conducive to the beneficial use of earmarking.

This paper discusses the theoretical foundations of earmarking, and it analyses country experience with earmarking for health and its impact on health sector budgets and the broader fiscal environment. The goal is to provide useful information to health and finance authorities, and to the international partners who support them, on the practical realities of designing, adopting and implementing earmarking policies. It is not a quantitative analysis or in-depth study of any particular form of earmarking; rather, it highlights key characteristics of this tool and important factors to consider before deciding whether to implement earmarking for health.

The findings suggest that the results of earmarking for health are highly context-specific and dependent on a country's political priorities and budget process. In some cases, earmarking has been a tool to advance and sustain a national health priority. In Ghana, Estonia and the Philippines, earmarking for health has made it possible to launch or expand a national health insurance program – and in the case of South Africa, to mobilize an effective domestic response to the HIV/AIDS epidemic.

The findings also suggest, however, that in most cases earmarking is unlikely to bring a significant and sustained increase in the priority placed on health in overall government spending. Budgets are fungible, and earmarking one revenue source is likely to result in offsets through cuts in other sources. Furthermore, earmarking can introduce rigidity into the budget process, and the inefficiencies in some cases can be severe. Earmarking has been more effective when practices come closer to standard budget processes – that is, softer earmarks with broader expenditure purposes and more flexible revenue–expenditure links.

预览已结束，完整报告链接和二维码如下：

https://www.yunbaogao.cn/report/index/report?reportId=5_26447

