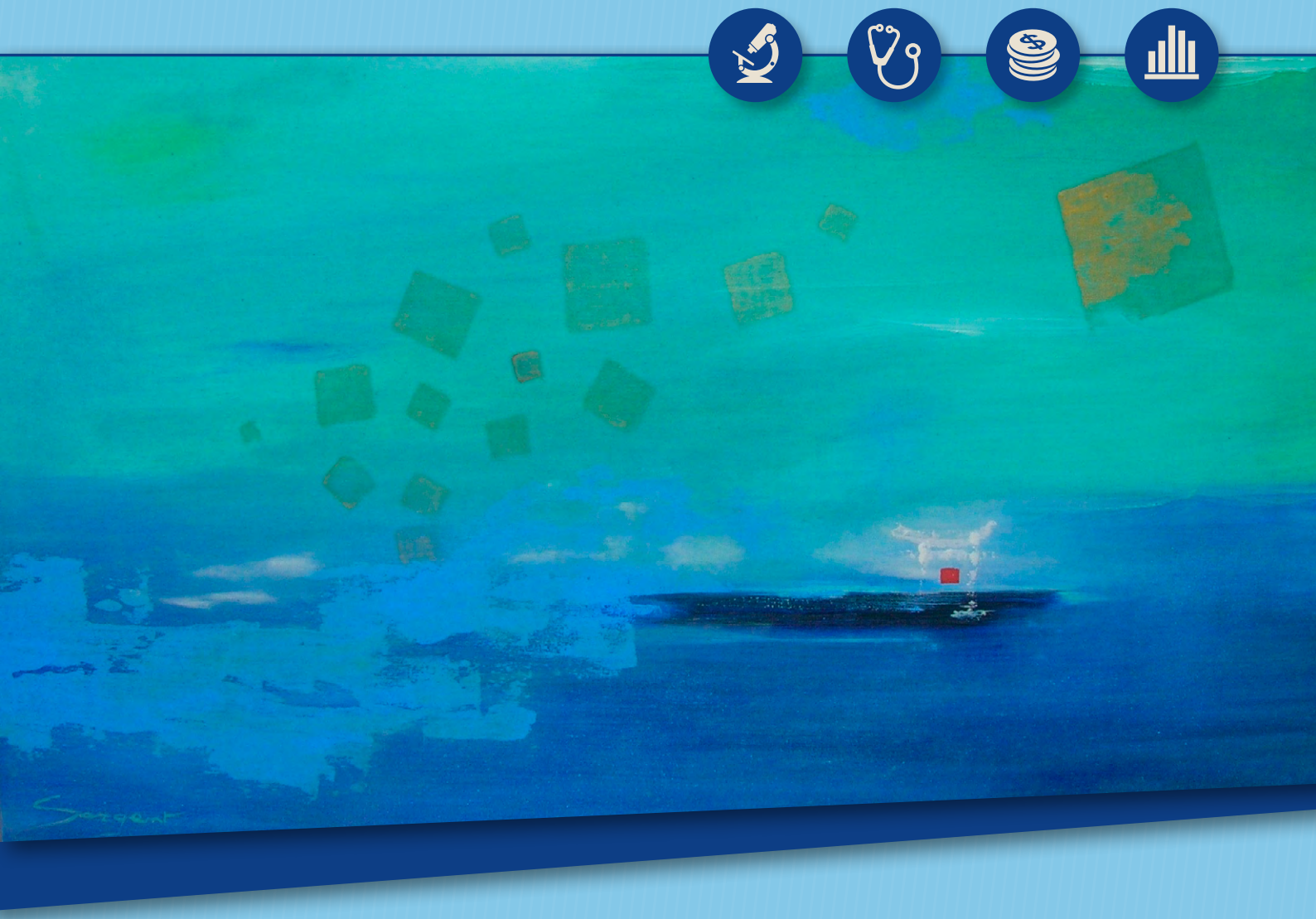
HEALTH FINANCING DIAGNOSTICS & GUIDANCE NO 2

A SYSTEM-WIDE APPROACH TO ANALYSING EFFICIENCY ACROSS HEALTH PROGRAMMES



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This issue paper is part of an overall programme of work to identify and address inefficiencies across health programmes within the overall health system. The idea for this programme of work emerged from analysis that World Health Organization (WHO) conducted in eastern Europe in the mid-2000s. The decision to clearly define this approach and expand its application came from discussions at a meeting on *Fiscal space, public financial management and health financing* convened by WHO between 9-11 December 2014. The methods and initial findings from country pilots have been presented and discussed widely, both within WHO, as well as in countries and other international forums.

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For further information see:
http://www.who.int/health_financing/

Cover artwork: original oil painting entitled "Made in Japan" by Fabrice Sergent

SUMMARY

Key Messages

- Individual health programmes typically provide a strong results-orientation for a particular intervention or disease. However, even when specific programmes are well-run, if they duplicate or misalign responsibilities with one another or with the rest of the health system, they can impose high costs when viewed from a wider perspective.
- As countries seek to expand and sustain coverage in an environment of decreasing external assistance and demands to improve efficiency, a holistic perspective that embeds health programmes within the overall health system can identify areas to improve efficiency in how resources are allocated and deployed.
- By disaggregating health programmes by their four main health system functions (service delivery, financing, generation of human and physical resources/inputs, and stewardship/governance), misalignments, overlaps and duplications can be identified and addressed.
- Combining this approach with a focus on strengthening accountability for results can improve alignment of health programmes with their ultimate objectives.
- This approach can also provide a gradual, non-confrontational mechanism to facilitate dialog to shape a policy response to address identified sources of inefficiency as a means to enable sustainable improvements in effective coverage of priority interventions.

Background: Health programmes are able to target health interventions for specific diseases or populations, and historically, countries have relied heavily on them to deliver priority services. In low and middle income countries, this organizational approach has been reinforced by donor assistance for priority areas that often leads programmes to operate largely autonomously from one another in seeking to optimize the achievement of a specific objective. This dynamic has implications for how priority interventions are delivered and sustained, sometimes with separate organizational arrangements resulting in inefficient overlaps and duplications. As contexts change, and in particular, as responsibility for funding these programmes shifts more towards domestic resources, maintaining an array of programmes with distinct, separate organizational arrangements is unlikely to be affordable.

Objectives: This approach is meant to equip countries with a framework to identify and correct inefficiencies that compromise governments' ability to improve, or at the very least sustain, the delivery of priority health services. More specifically, the aim is to look across the array of health programmes that are part of each country's health system in order to detect "cross-programmatic" duplications, overlaps and misalignments. Once these have been identified, there is a foundation to address them through changes to specific aspects of how programmes are configured and operate within the context of a country's overall health system.

Framework and approach: We use the *functional* approach to health systems as the basis for this approach. All health systems fulfil four basic sets of activities (*functions*) – service delivery, financing, generating human and physical resources/inputs, and stewardship/ governance – to produce outputs that in turn lead to outcomes. Health programmes include at least one, and sometimes all of these functions as well. Using this framework and taking the entire health system as the unit of analysis, we lay out a step-by-step process for countries to systematically map the health system functions and related sub-functions within and across health programmes as a means to identify possible inefficiencies. The output of the application of this approach is a policy assessment of how a country's health programmes are organized. This provides the foundation to identify potential opportunities and options to get more or better coverage from available resources through reconfiguration, which may include new investment in underlying cross-cutting aspects as relevant.

1 INTRODUCTION

1.1. BACKGROUND AND OBJECTIVES

The World Health Organization (WHO) has emphasized in recent years the critical importance of efficiency to maximize returns on health sector resources [2, 3]. Possible duplications, overlaps, misalignments and general inefficiencies in the way resources are allocated and used need to be avoided, and if identified, corrected. This focus is needed to achieve the *Sustainable Development Goals*,[1] which stress both the achievement of targets and the ability to maintain progress over time.

This focus on sustainability provides a way of framing the challenges currently facing many low- and middle-income countries (LMICs) with respect to their health system objectives [4]. These countries are confronted by two sets of issues that require rethinking the way health systems are financed and organized to deliver services. First, their epidemiological profiles are beginning to converge towards those of high-income countries, with a rising prevalence of chronic, non-communicable diseases, including cancer, diabetes, and and conditions facing children and women of reproductive age.

Second, the recent financial crisis and global economic climate, combined with the Ebola outbreak, have altered donors' approach to development assistance [6]. From a financing perspective, as growth in allocations has slowed, there is a movement to support a country's overall health system development and ensure that disease-focused interventions are sustainable [7, 8]. And Ebola has shown that money is not necessarily the binding constraint to meeting population health needs in a sustainable manner, resilient to both health and economic shock [9]. Liberia, Guinea and Sierra Leone, for example, received a combined US$ 787 million (in current PPP) from external donors in 2013 alone [10]. Some reviews have highlighted that despite these investments, fragmented global health systems and ad hoc institutions, laws and strategies that did not function coherently left these countries without capacity to respond to the crisis [11]. They also left donors re-examining how they should provide their support if effective capacity to identify, stop, and prevent future health threats is to be