

INNOVATIVE FINANCING MECHANISMS BRIDGING THE FUNDING GAP TO ACHIEVE THE MDGs

MINUTES

Q&A: "Innovative Financing Mechanisms"

Question 1:

Mr. Frazer Goodwin, Action for Global Health:

-The airline lobby is strong. Would they constrain the passing of the air levy tax?

Prof. Bermudez, UNITAID:

-One can expect an impact on economics, such as a negative impact on tourism. However, up to now there has been no impact. As a result, there are additional countries who are now considering using this tax scheme, such as Portugal. However, with the current financial crisis it is unknown how the future will look. Some countries have multi-year pledges.

Prof. Moatti, Global Fund:

The financial crisis could be an incentive for UNITAID. These tax schemes are more protected from public opinion than other funding. Public-private partnerships to improve health could be ethical.

Question 2:

Ms. Frederique Ponsar, MSF Brussels:

Even with relatively functional public structures, patients sometimes don't use health clinics because of additional payments involved. Even with free drugs, we need to abolish all fees. For example, in Mali, 3 times more patients are treated by eliminating all fees. Could these funding mechanisms also complement these additional fees?

Dr. van Erps, RBM:

This is the next step of advocacy: free care. Social security in the north could be a model for providing health in poor countries. However, in the meantime, with cheaper drugs all these organizations can buy for nearly free and perhaps give it out for free. It facilitates the possibilities of giving out the drugs without any cost.

Prof. Bermudez:

We need to ensure the supply, and we share your concerns.

Prof. Moatti:

High-level people say "if people don't pay, they don't care." But this is not micro-economics. Free care at the point of delivery is key, and more effective than if there was a cost. But free care is not a solution: without funding mechanisms, it is often captured by the powerful: free care often benefits the middle class, who could pay, and often benefit not the poor who cannot afford it. Insurance mechanisms should ensure equity. In the private sector, we need a price because it's the market. Prices can be used to centralize decisions.

Prof. Bermudez:

Solutions must be sustainable.

Question 3:

Karen Hoehn, DSW:

Please explain the concept of "discount" in Debt2Health.

Ms. Luithen, Global Fund:

Discounting is a decision of the creditor, eg. Germany offers Indonesia a 50% discount in debt and it gives the rest to the Global Fund. However, Germany now is considering lowering or removing this discount policy, but the Global Fund is trying to maintain it.

Question 4:

Mrs Annete Braun German Permanent Representation:

There is often a fee to enter health centers, or a fee paid to workers at the centre to ensure better care. Therefore cannot be a global solution. We need to have regional, cultural and multiple approaches to the issue. We need participation of the population in all these funding schemes, in the financial and decision making process of establishing healthcare. We need a pragmatic solution.

Prof. Moatti:

We are not yet sure if these schemes will work, but if they do then they will provide many solutions to many of these issues addressed. The problem is that it's a disfunctioning market with corruption. We need to make the market work. Eg. In Tanzania, at one area we controlled the price at \$1. In another district, there was no control, and the price was even lower, at \$0.50. In some cases, market control cannot work. We need to evaluate.

Prof. Bermudez:

It must be adapted to individual countries.

Question 5:

Mrs Annete Braun German Permanent Representation:

Climate change will lead to increased rates of Malaria. These presentations have focused on therapy, but not prevention.

Dr. van Erps:

Red Cross is efficient at mass distribution. At the country level, where there is good coverage of nets, there is a decline of mortality and decrease in the attendance of healthcare facilities, allowing the relocation of staff to areas where healthcare is gravely needed. But only distributing nets is not enough. It is not yet well-evidenced the concrete relation of Malaria and climate change. But it is logical: if temperatures raise there will be more mosquitos, and therefore there would be more malaria. A Vaccine is expected to go to the market in 2013, reducing new cases of malaria by 30%. Reductions in the severe cases by 50%. But this is not a cure-all.

Prof. Moatti:

We need support for R&D in malaria, but also new drugs. With resistance to ACT, we need alternative drugs. In economic calculus of eliminating malaria, we still need national and international support, but the EU does argue against vertical targeting of malaria and diseases. But doing so helps decrease the heavy burden that malaria posses in the health systems in poor countries and this actually strengthens the health system.

Final Questions:

Maaïke Van Min, MSI:

How will the debate of health strengthening fit into new funding mechanisms?

Heather Clark, IAVI:

Is there any appetite for a tax on financial transactions?

Mr. Kuhn von Burgsdorf, DG DEV:

Scalability, Harmonization and ownership are important. Innovative funding mechanisms are complex, and some arguments will get support. Have we considering diversifying funds? Global lottery systems? Where do these initiatives take us further?

Mr. Goodwin, Action for Global Health:

Presentations are about raising funds, but wouldn't it be innovative if donors kept to their pledges?

Mr. van Erps:

Health strengthening is important. We cannot deliver malaria without using existing systems. Therefore, health sector should consider public and private, both formal and informal. Then we can strengthen the systems.

Prof. Moatti:

Transactions taxes can be used for public good, but this is not as credible as public-private partnerships.

Prof. Bermudez:

The aim is to bring costs down and stabilize the market. Voluntary donations are also currently being considered.