

11th National Summit of Health and Population Scientist in Nepal

Plenary Session I: Building Resilient Health System

Investing in Resilience: Nepal's Health Financing Landscape in a Changing Global Context

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Outline of presentation



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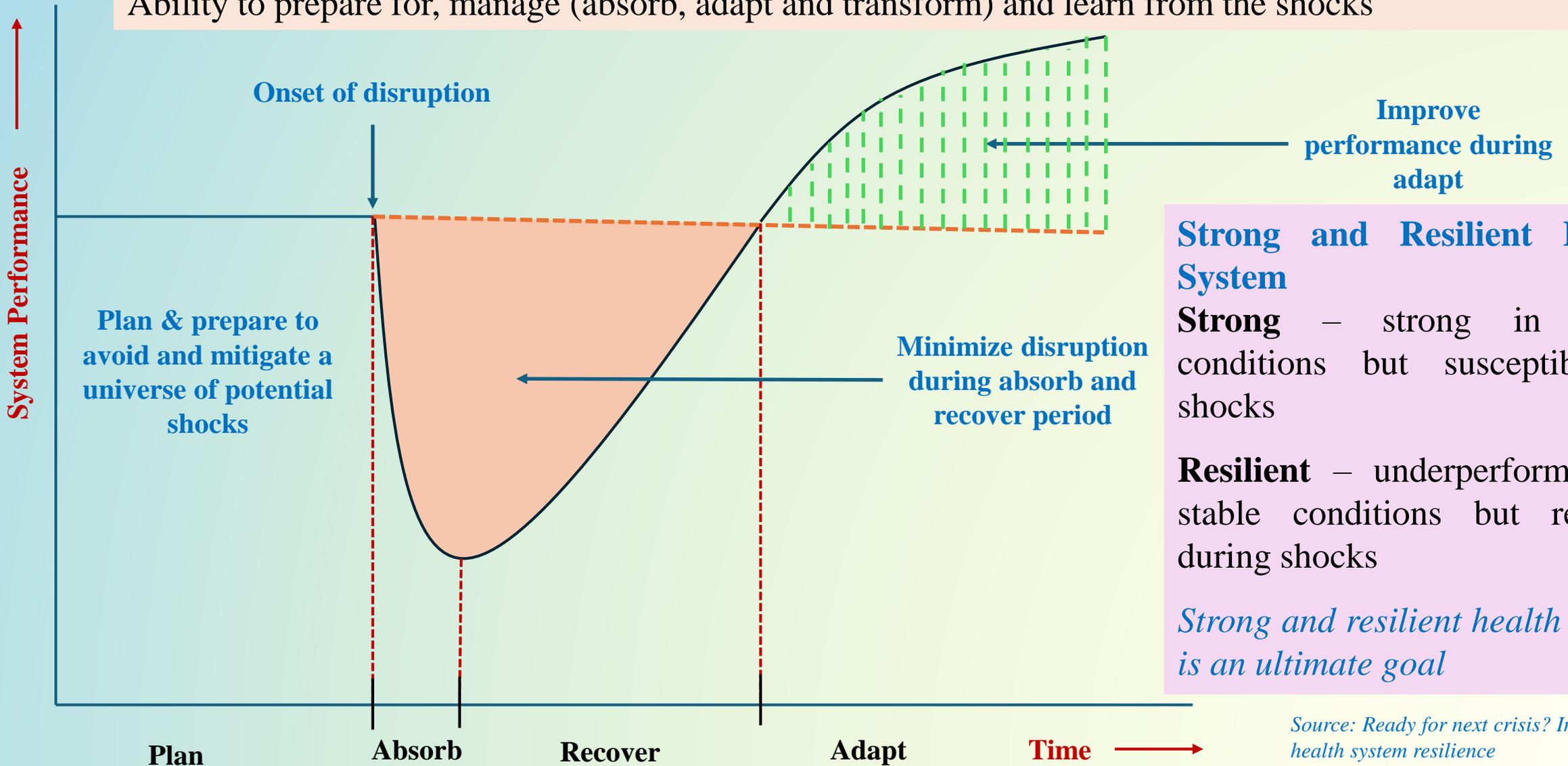
Way Forward

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Resilience in Health System

Ability to prepare for, manage (absorb, adapt and transform) and learn from the shocks



Strong and Resilient Health System

Strong – strong in stable conditions but susceptible to shocks

Resilient – underperforming in stable conditions but resilient during shocks

Strong and resilient health system is an ultimate goal

Source: Ready for next crisis? Investing in health system resilience

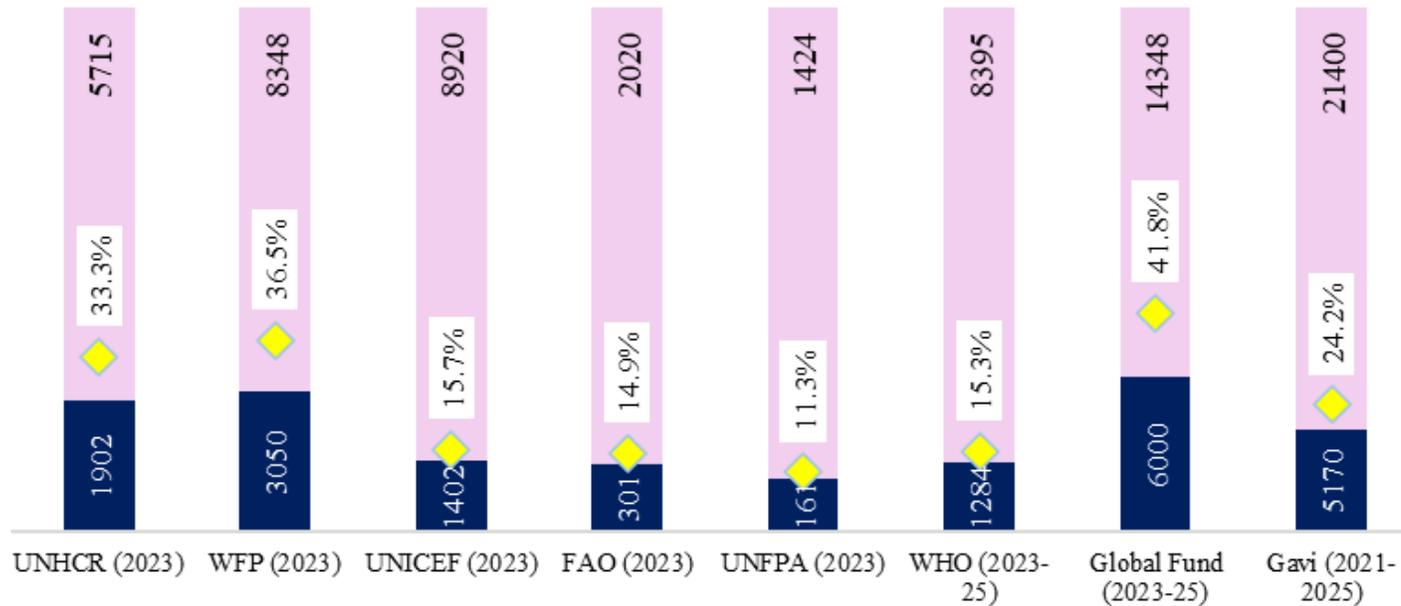


Resilience during transition: Political Transition



Shrinking of Official Development Assistance (ODA): Probability of huge budget cut

U.S Contribution & their share of total budget (%)



■ Commitment/contribution (million USD) ■ Total budget/contributions (million USD) ◆ %

Economic Volatility:

- Inflation and recession risks
- Trade policies and tariffs
- Global priority shift towards defense
- Financial strain from climate events: \$1.1 trillion extra cost to the healthcare system by 2050
- Fragmented health aid



Push for domestic resource mobilization:

- Additional stress on domestic resources/government

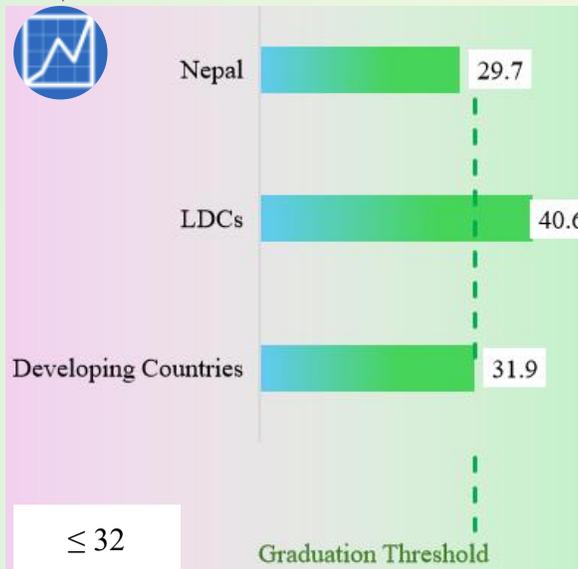
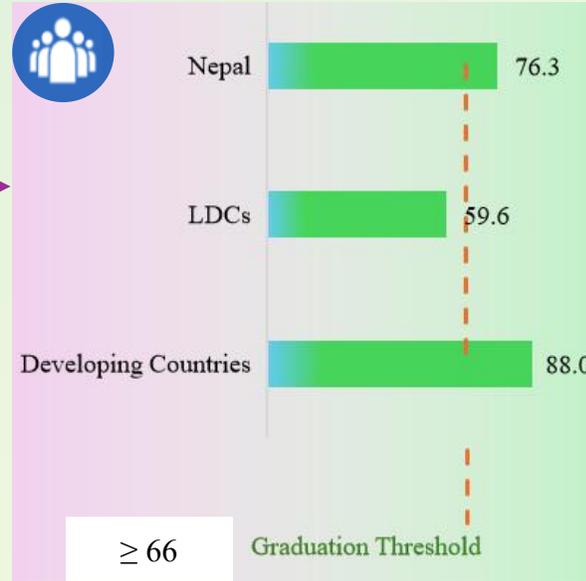
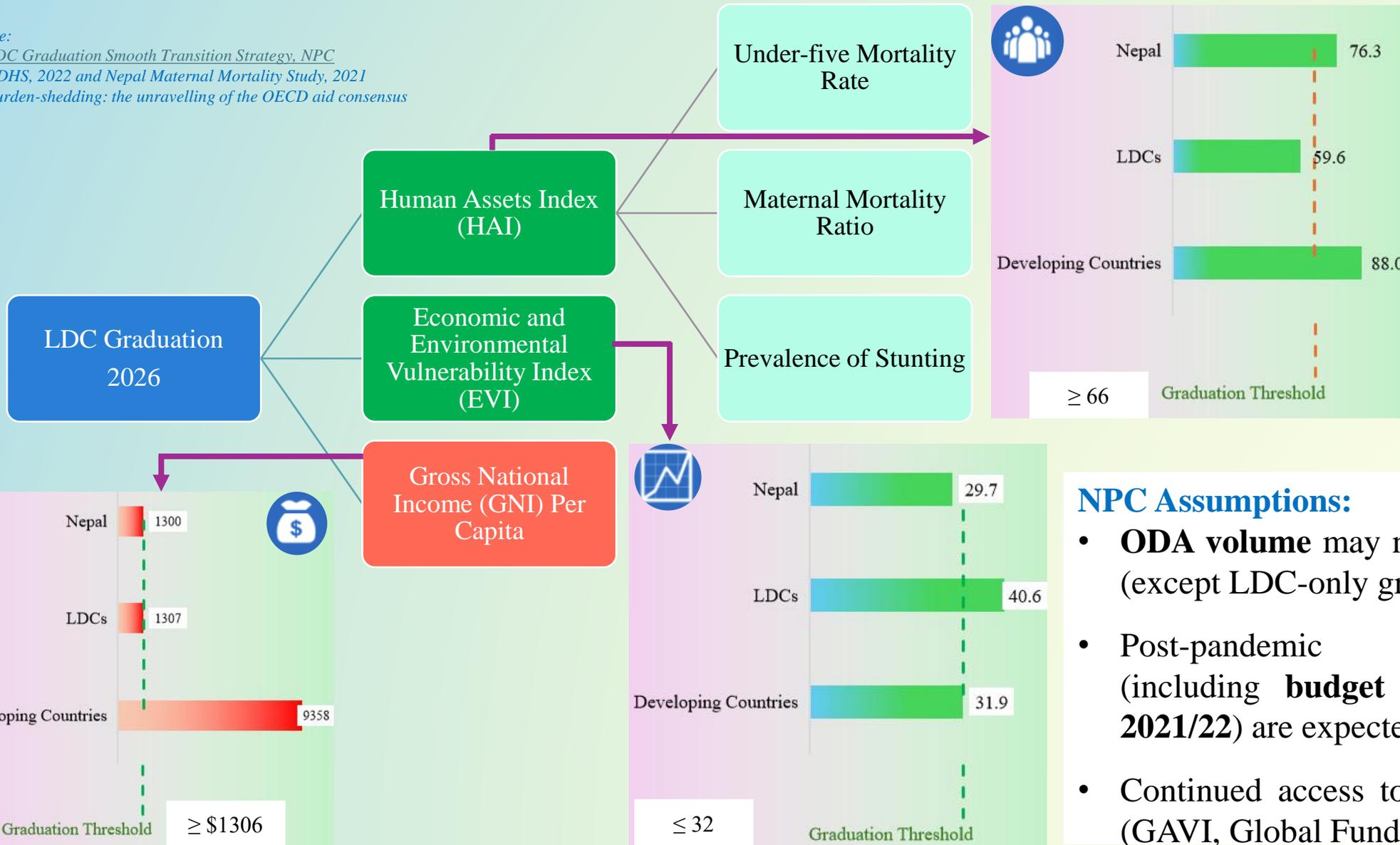


LDC Graduation and Smooth Transition in Health Sector



Source:

- LDC Graduation Smooth Transition Strategy, NPC
- NDHS, 2022 and Nepal Maternal Mortality Study, 2021
- Burden-shedding: the unravelling of the OECD aid consensus



Status

- **ODA:** Globally 37% decline by 2027
- **Budget** – Budget during COVID Pandemic – 7.45% and 8.15%; FY 2024/25 – 4.64%
- **Shrink in Global Health Funds**

NPC Assumptions:

- **ODA volume** may not reduce significantly (except LDC-only grants)
- Post-pandemic health investment (including **budget surge in 2020/21 – 2021/22**) are expected to continue
- Continued access to Global Health Funds (GAVI, Global Fund, Green Climate Fund)

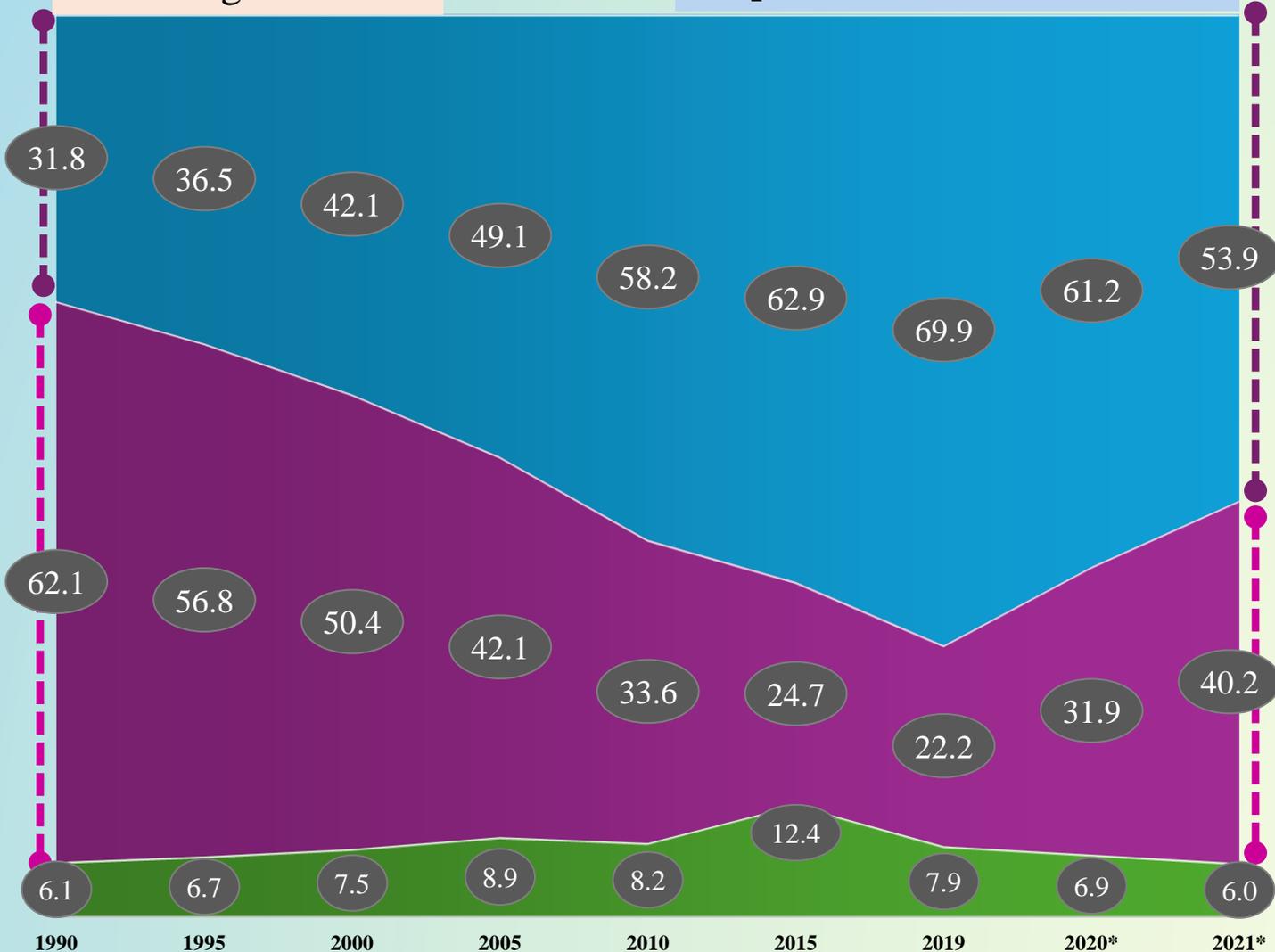


Resilience during transition: Epidemiological Transition

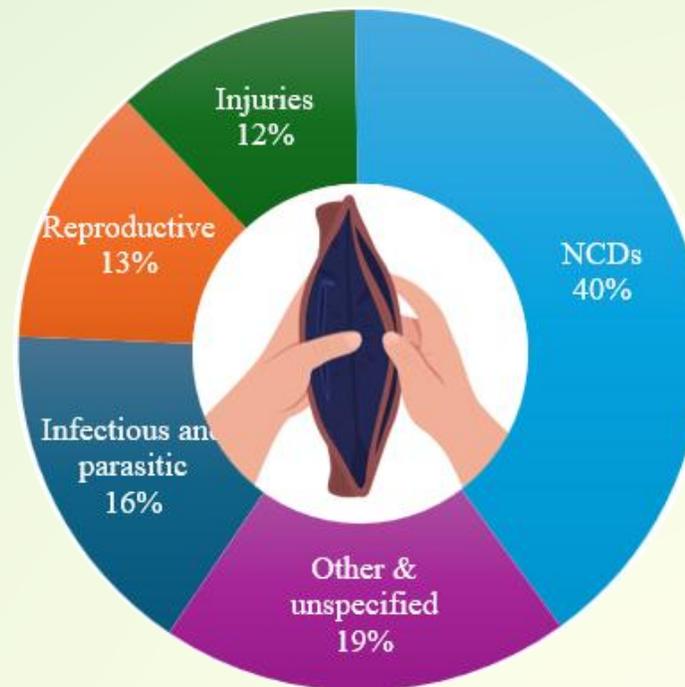


Reversing Trend

Proportion of Deaths attributed



Areas of OOP expenditure



- More than **50%** of the deaths attributed to NCDs
- More than **40%** of the household OOP expenditure on treatment of NCDs

* Communicable Diseases Including COVID-19 pandemic



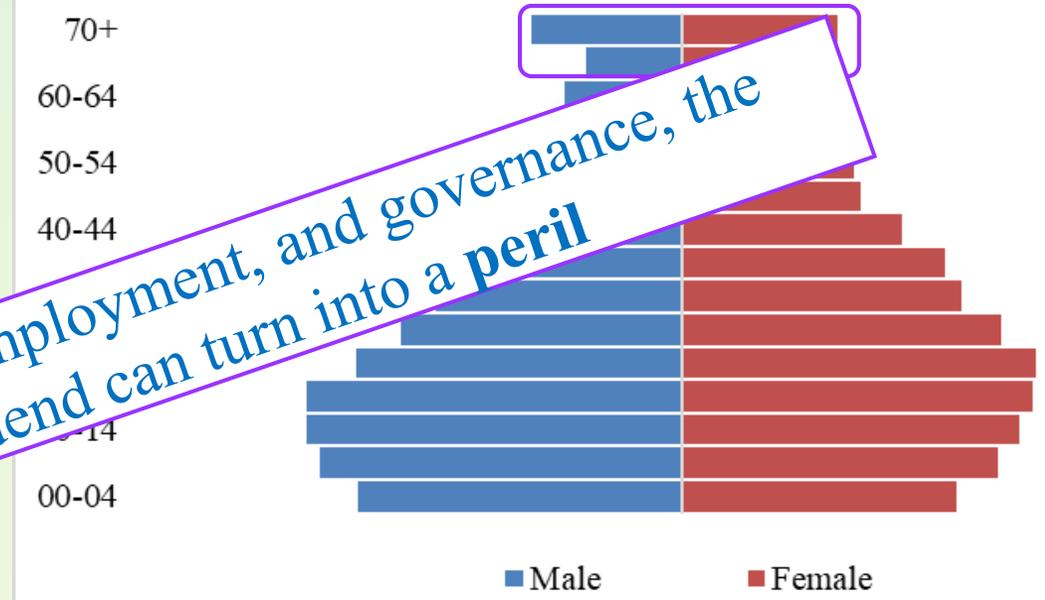
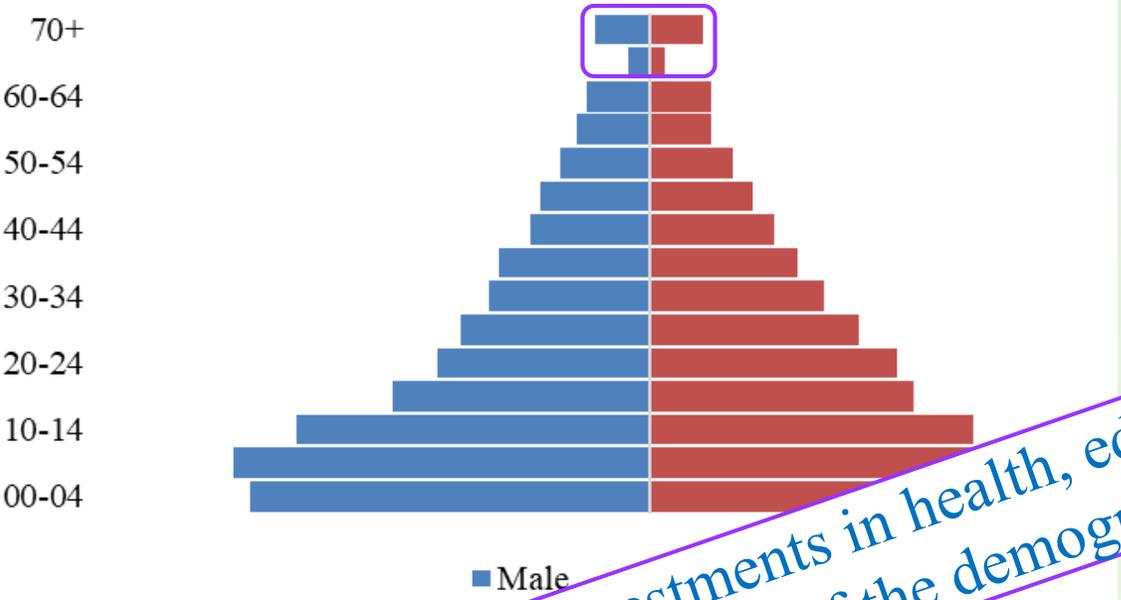
Resilience during transition: Demographic Transition



Population Pyramid, 1991

Source: NPHC 1991 and 2021

Population Pyramid, 2021



Without investments in health, education, employment, and governance, the potential of the demographic dividend can turn into a peril

Ageing Population

- Increase in chronic disease management, geriatric palliative care
- System must adapt to longer and healthy life expectancy, higher rates of NCDs and increased health expenditure

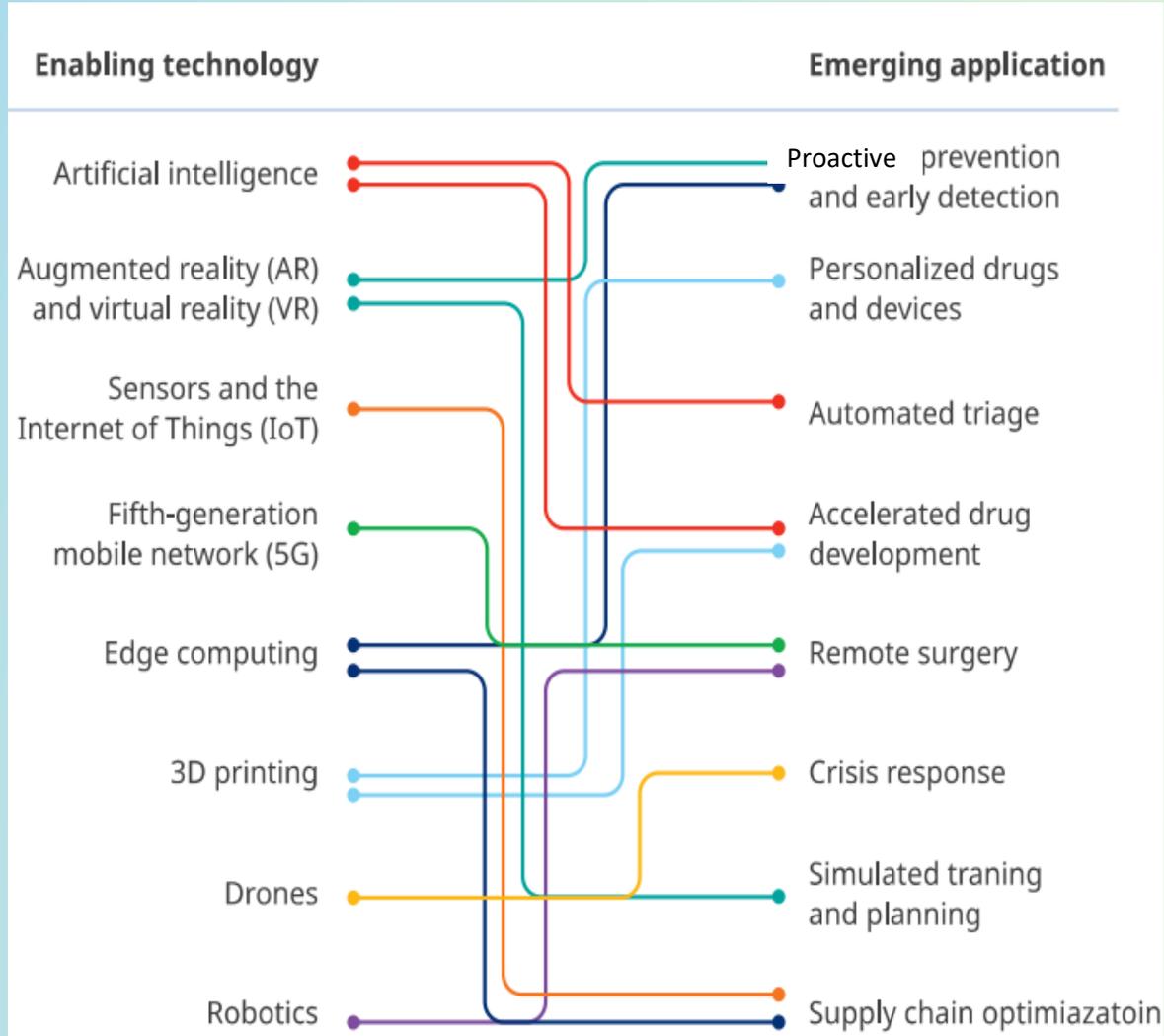
Youth Bulges and Demographic Dividend:

- High youth unemployment – dividend becomes burden
- Low productivity, brain drain
- Extremism, crime and migration pressure
- Mental health crisis



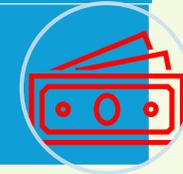
Resilience during transition: Technological Transition

Leveraging Technology for Financial, Operational and Strategic Resilience in Health Care



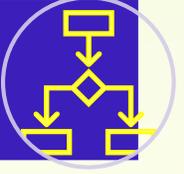
- Cost Efficiency through automation and improved resource allocation

Financial Resilience



- Telemedicine
- Clinical decision support
- Real-time surveillance

Operational Resilience



- Predictive analytics
- Scenario modeling
- Care coordination
- Personalized prevention

Strategic Resilience



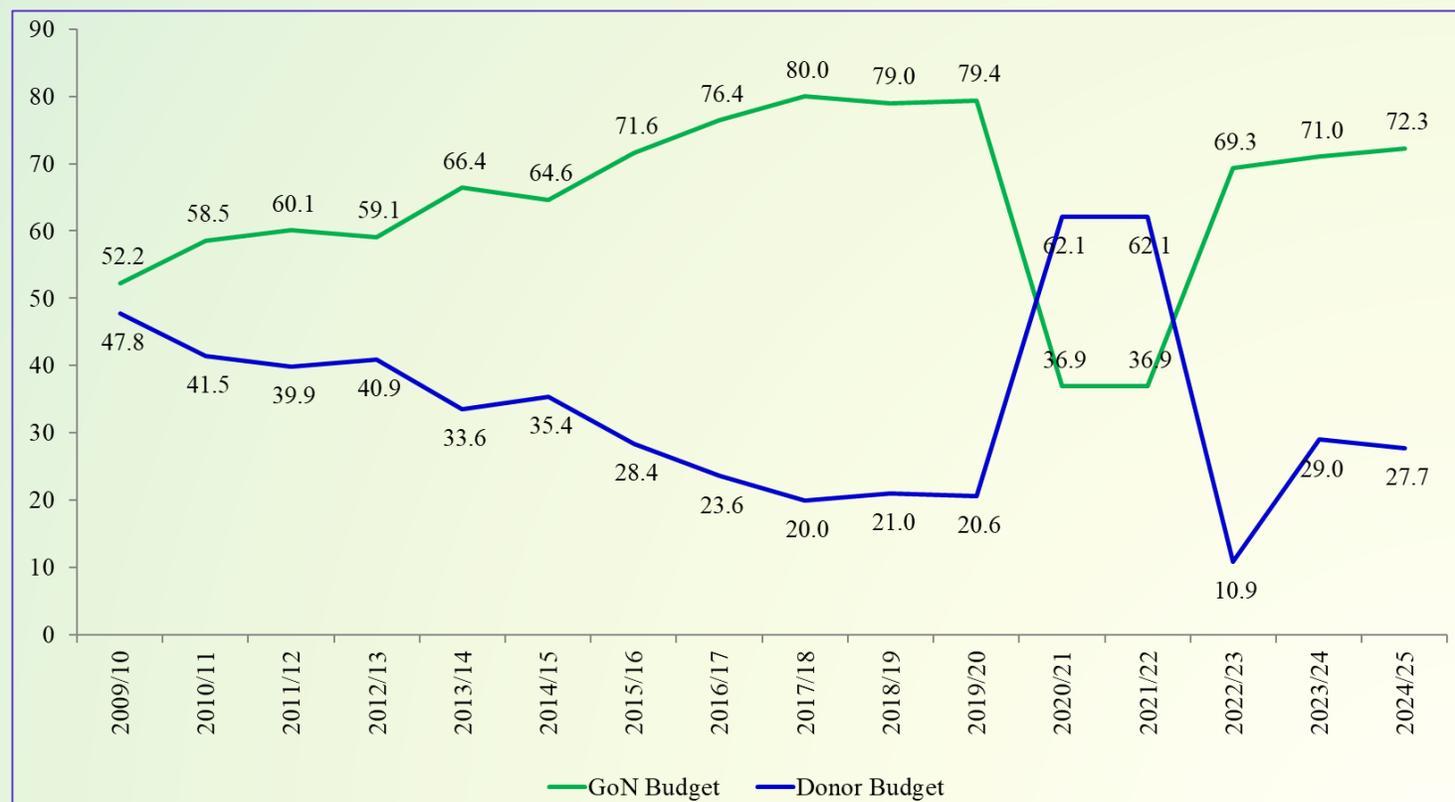
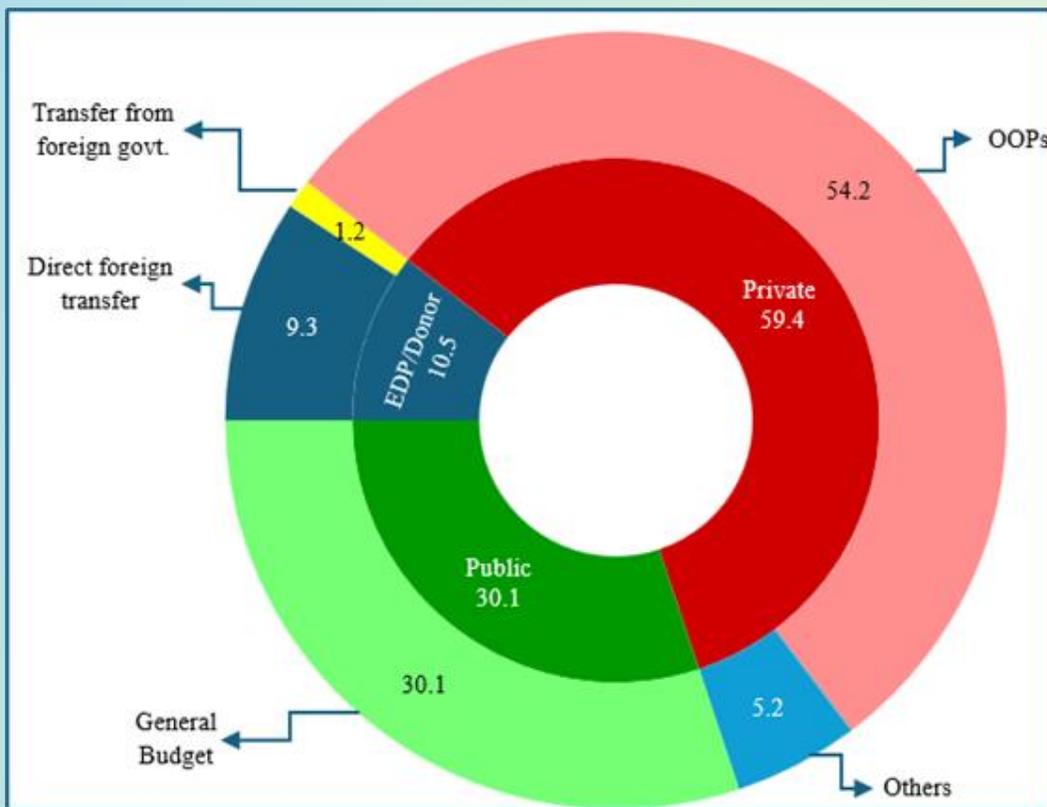


Nepal's Health Financing Overview



The government's budget contributed only around one-third (30.1%) of the current health expenditure (CHE)

Health Development Partner's contribution during COVID-19 pandemic surge, gradually decreasing:
The true picture of support during crisis

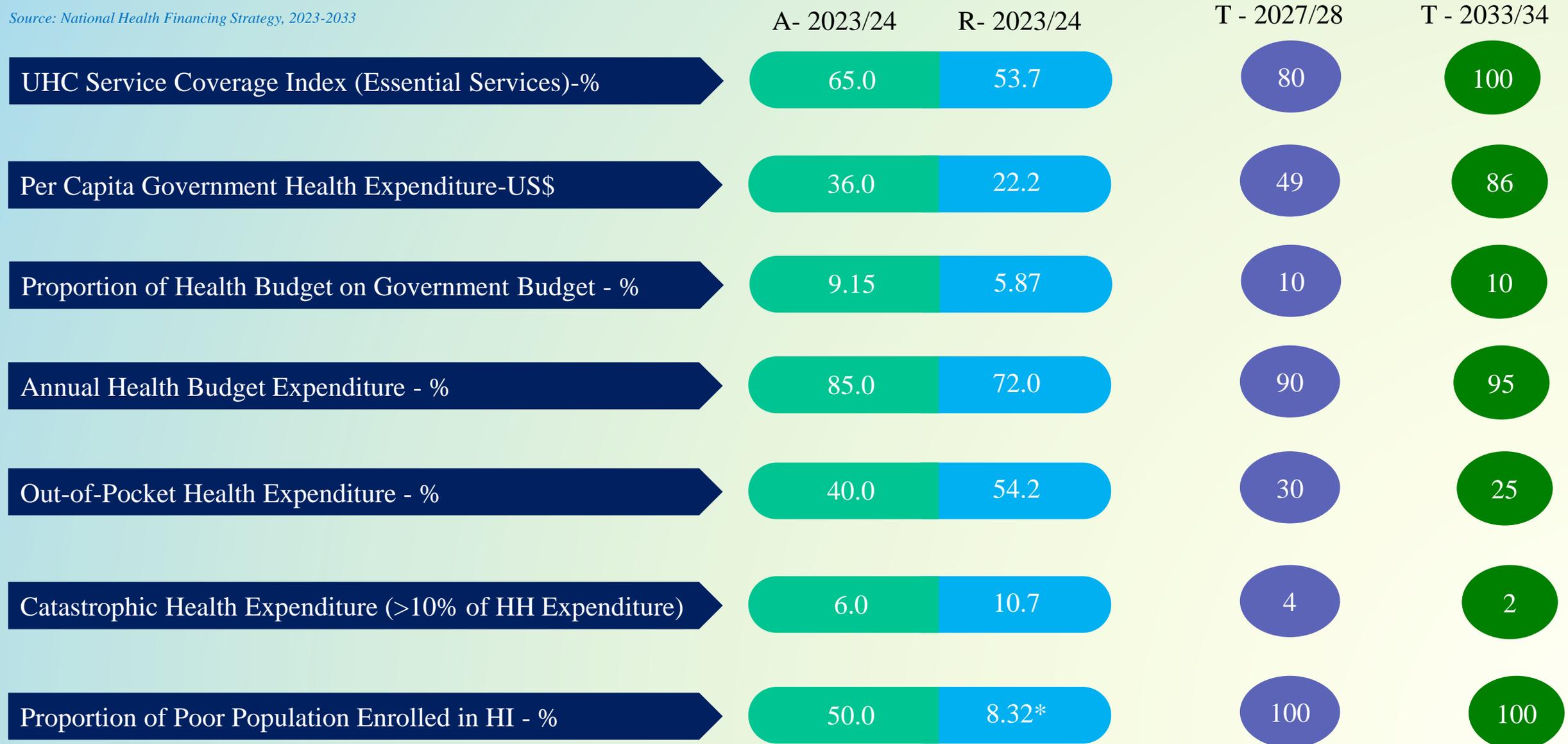




Nepal's Health Financing Overview: Aspiration Vs Reality



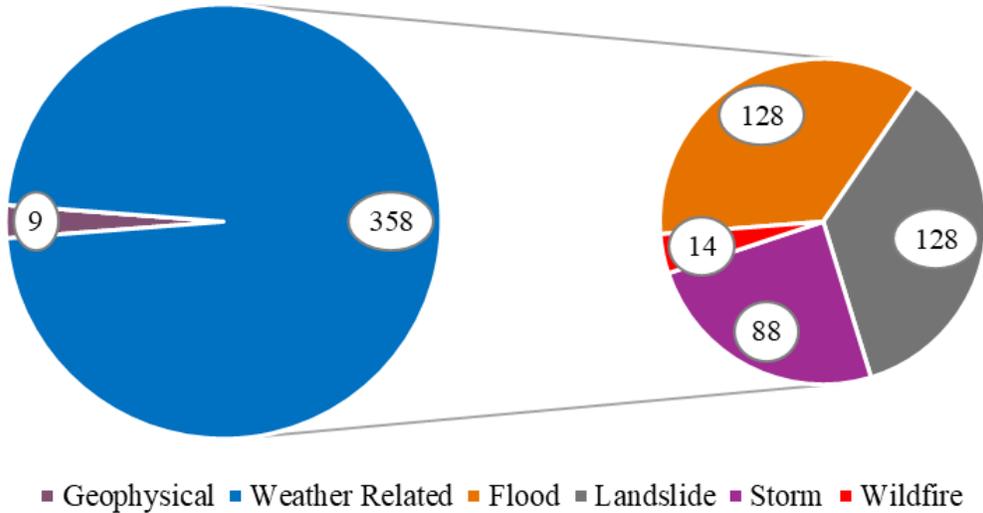
Source: National Health Financing Strategy, 2023-2033





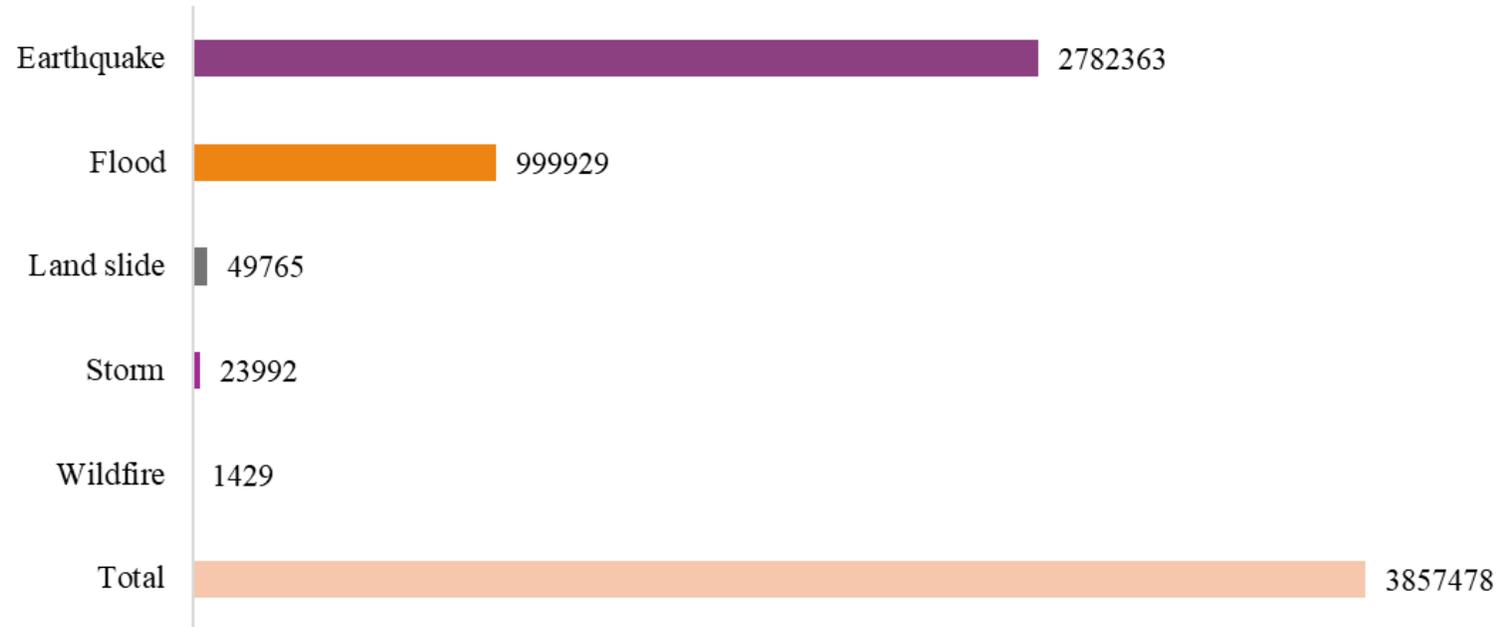
Climate-Migration-Health Nexus

Geophysical and Climate/Weather Related Events Between 2008 and 2023



- Climate Hazards are driving migration
- Migrants face higher exposure to diseases, poor sanitation, mental stress, and limited access to health services
- Sudden population shifts strain already fragile health system
- Vulnerable groups are hit hardest

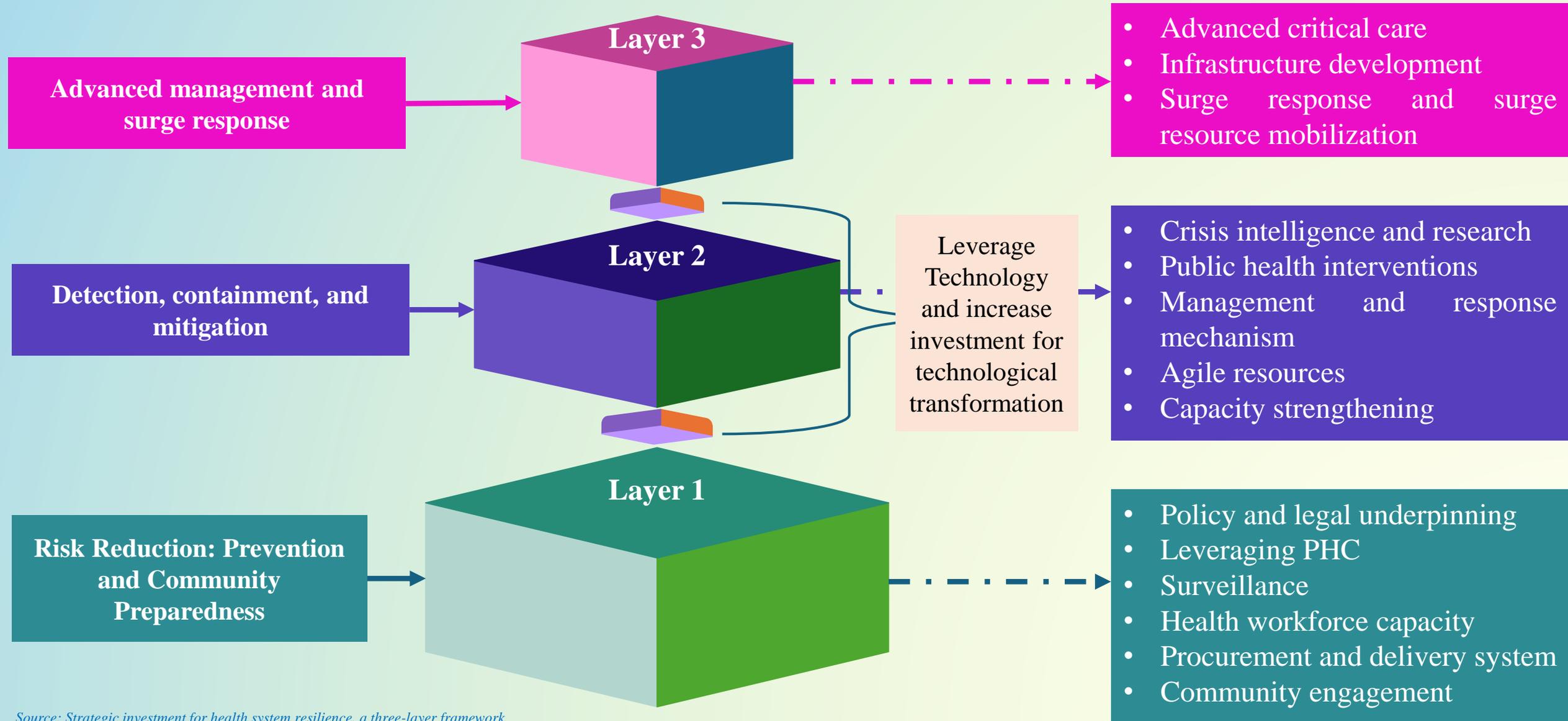
Number of Subsequent Internal Displacement Between 2008 & 2023



367 Disaster events (with 9-Geophysical and 358-climate related) occurred between 2008 and 2023 causing more than 3.8 million internal displacements



Strategic Investment Areas for Resilience

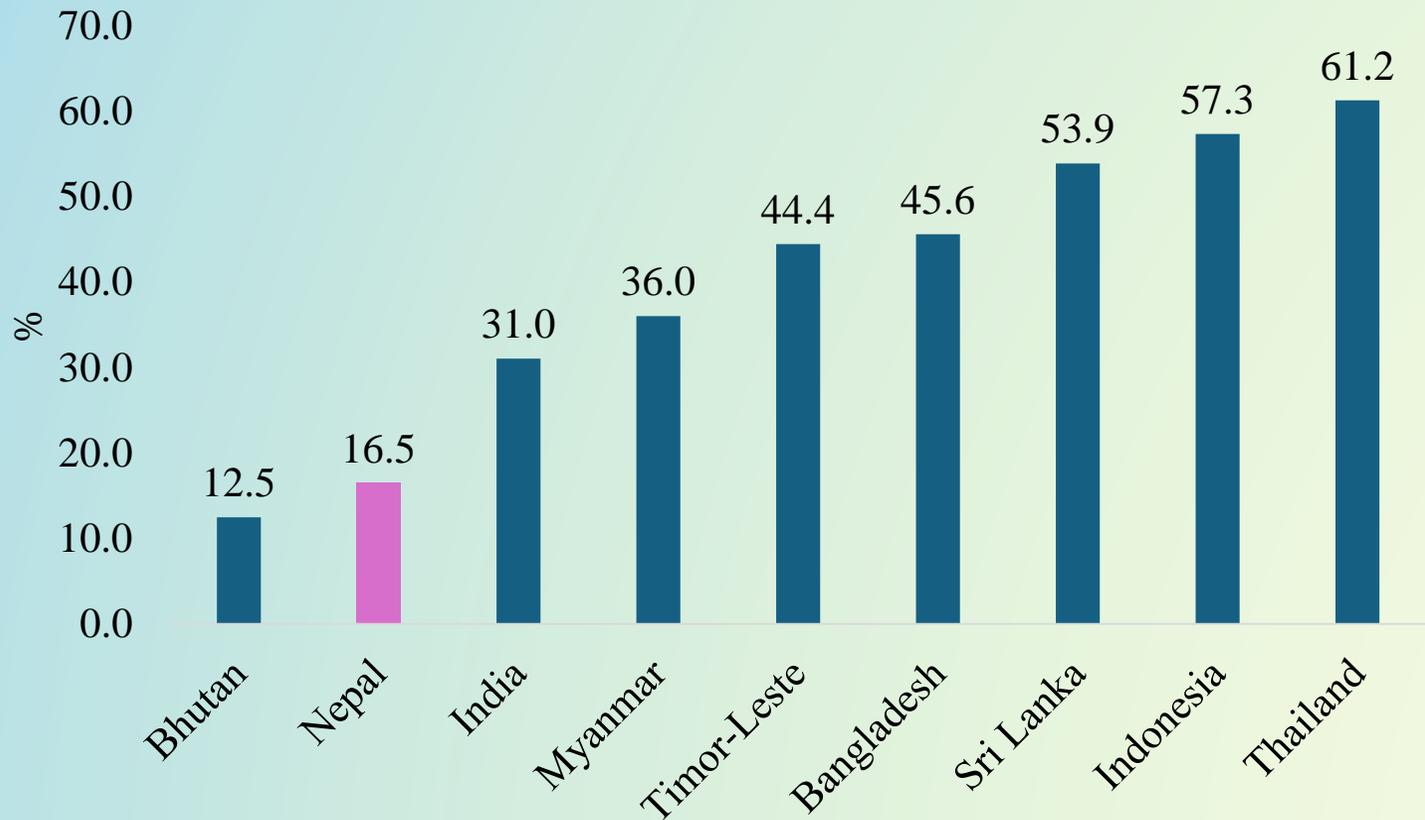




Innovative Financing Option for Health System Resilience



Excise Tobacco Tax Proportion of Price



1

Levy taxes on health-harming products (tobacco, alcohol, sugary drinks)

Nepal is one of the country with low excise tax on tobacco products



Innovative Financing Option for Health System Resilience



2

Performance-Based Financing (PBF)
(Payments tied to Indicators)

3

Strategic Purchasing (SP)
(SP Agency – contracts both public and private providers and payments made using capitation, DRG and fee-for-service model)

4

Public-Private Partnership
(Redundancy/Back-up capacity and flexibility to ensure resilience)

5

Green and Climate-Resilient Financing
(Leverage Green Climate Fund for developing resilient infrastructure and information system)

6

Diaspora Engagement and Collaboration Opportunities
(Mobilizes untapped patriotic capital for health resilience)



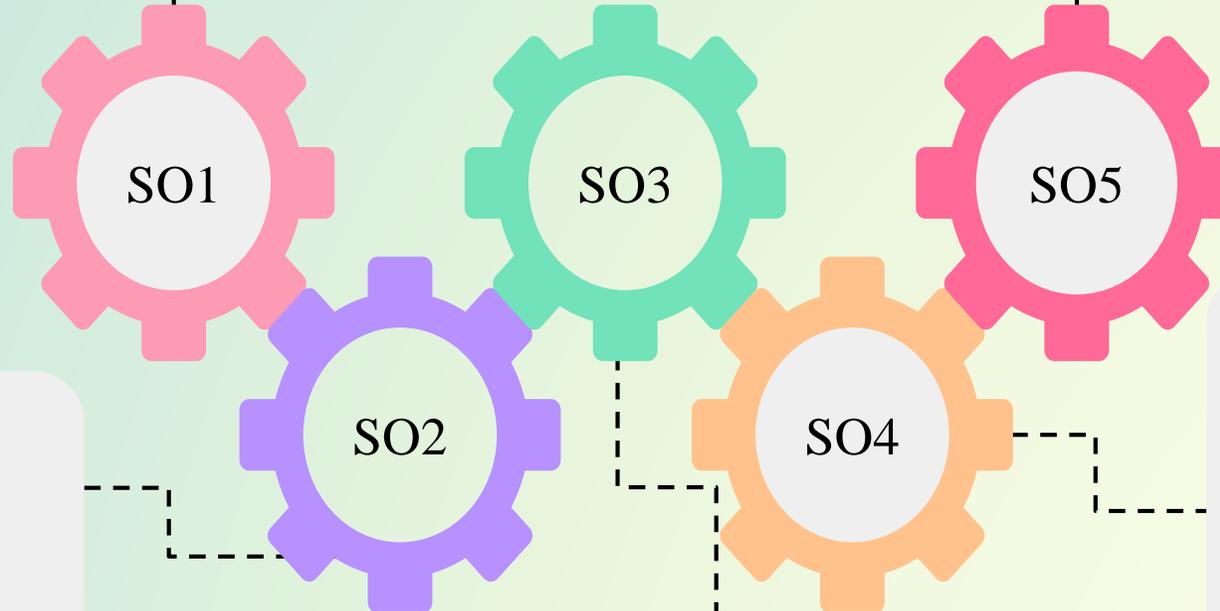
Provisions outlined in National Health Financing Strategy



Expand Fiscal Space for Health

Increase health sector budget to 10% in all level of governments (federal, provincial and local level)

Fiscal management for strengthening health emergency response system



Enhance Fiscal Governance

- Make investment based on cost-effectiveness and cost benefit analysis
- Performance based grant allocation

Ensuring per-individual BHS cost based on population, geography and disease burden

Resource Pooling and Strategic Purchasing

- Enrolling all Nepali Citizen in Health Insurance Program
- Implementing Capitation Based, Case Based and Diagnostic Related Groupings method for reimbursement



Way Forward



- Effectively Implement the Provisions Outlined in the NHFS
- Accelerate Technological Transformation with Governance and Equity Lens
- Integrate Climate-Migration-Health Nexus into National Resilience Strategy

Thank You !