

# 11<sup>th</sup> 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



Resilience in Health System

1

Strategic Investment  
Priorities and Innovative  
Financing for Resilience

4

Resilience During Transition

2

Climate-Migration-Health  
Nexus and Resilience

5

Nepal's Health Financing  
Overview

3

Way Forward

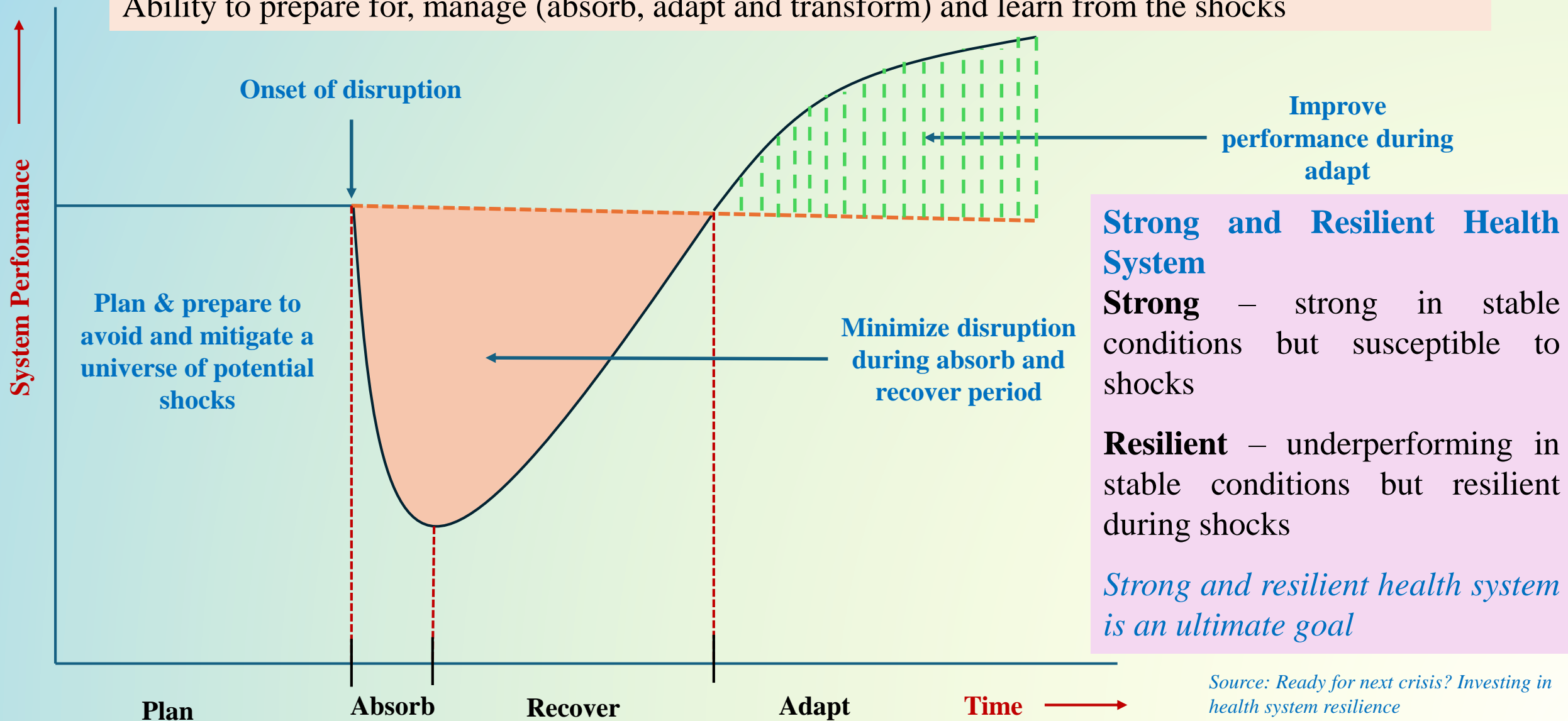
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# Resilience in Health System



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

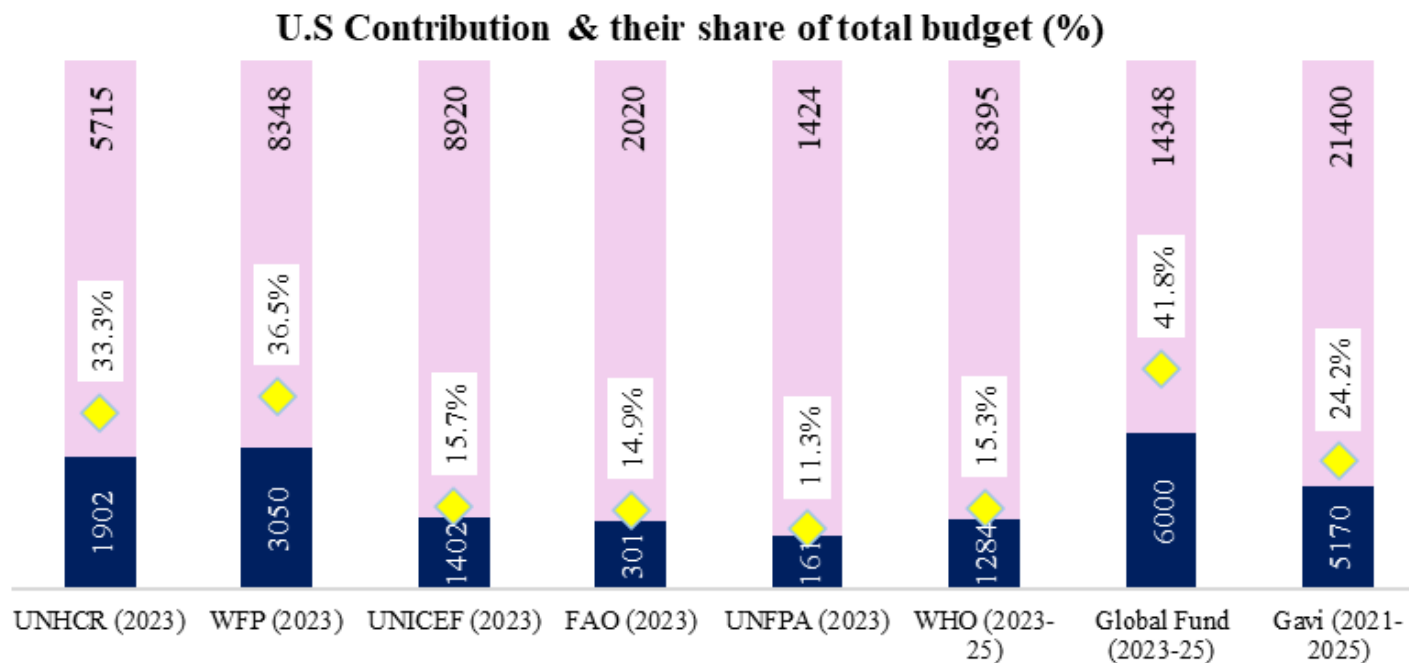




# Resilience during transition: Political Transition



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



■ 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

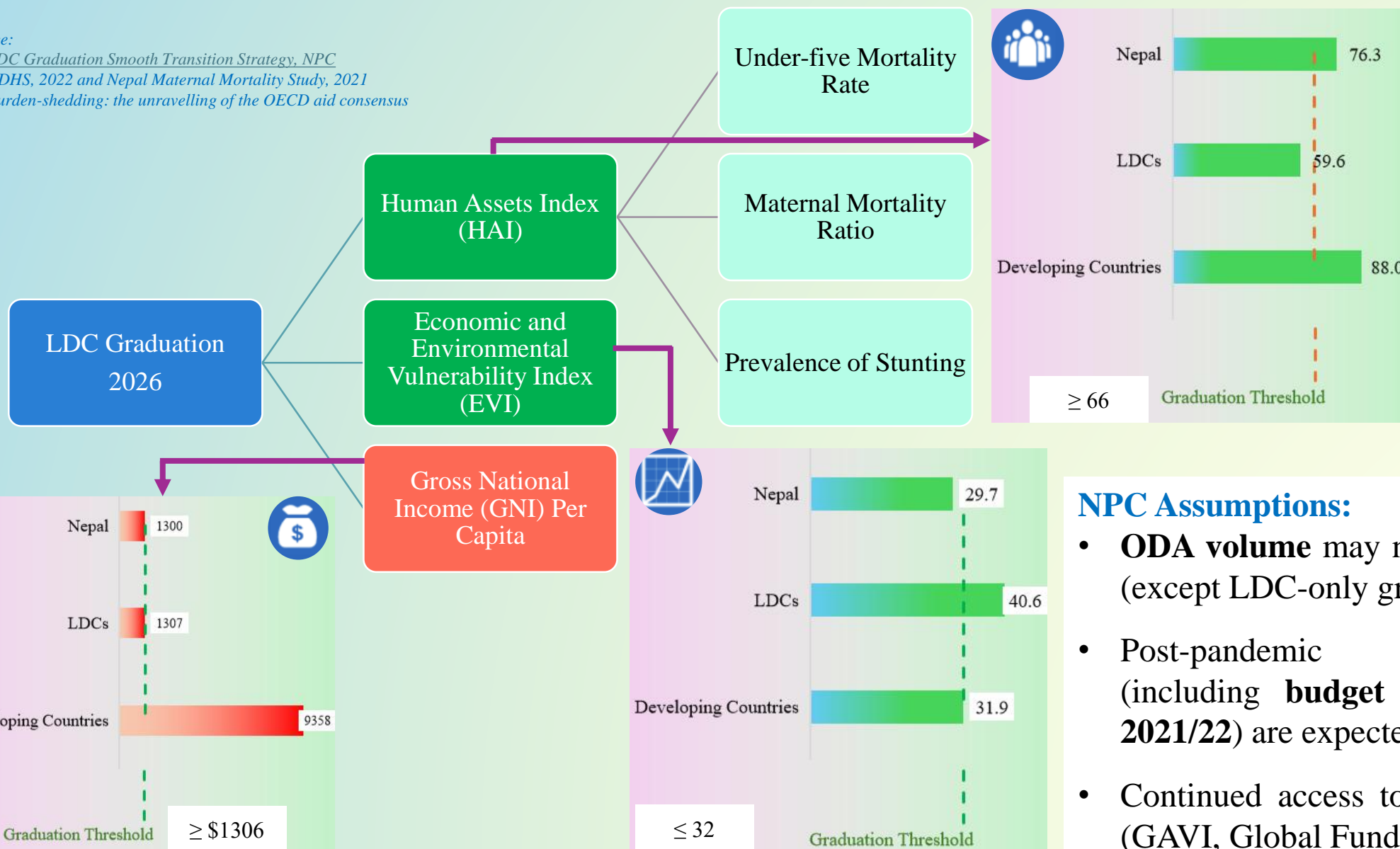


# LDC Graduation and Smooth Transition in Health Sector



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)

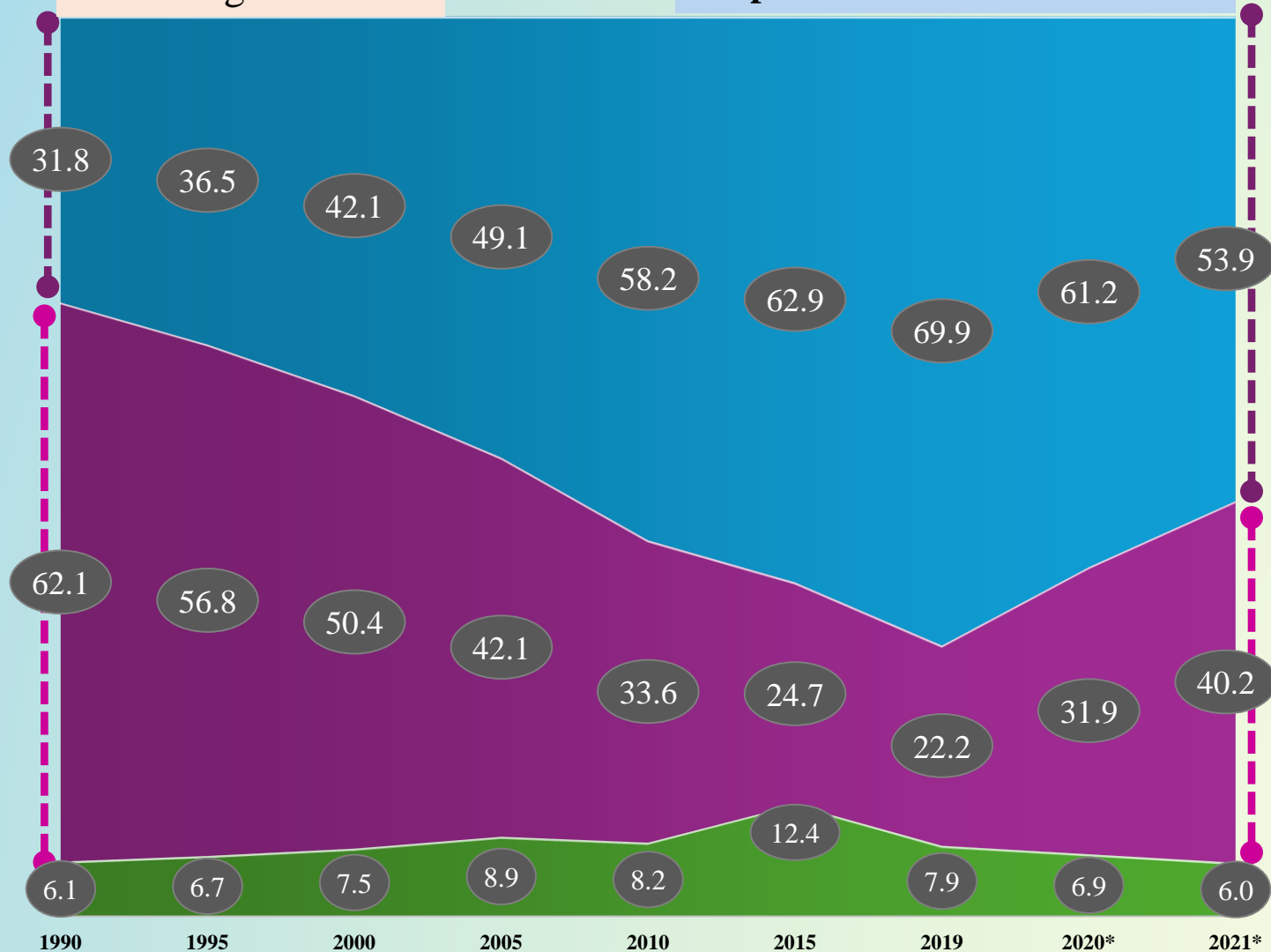


# Resilience during transition: Epidemiological Transition



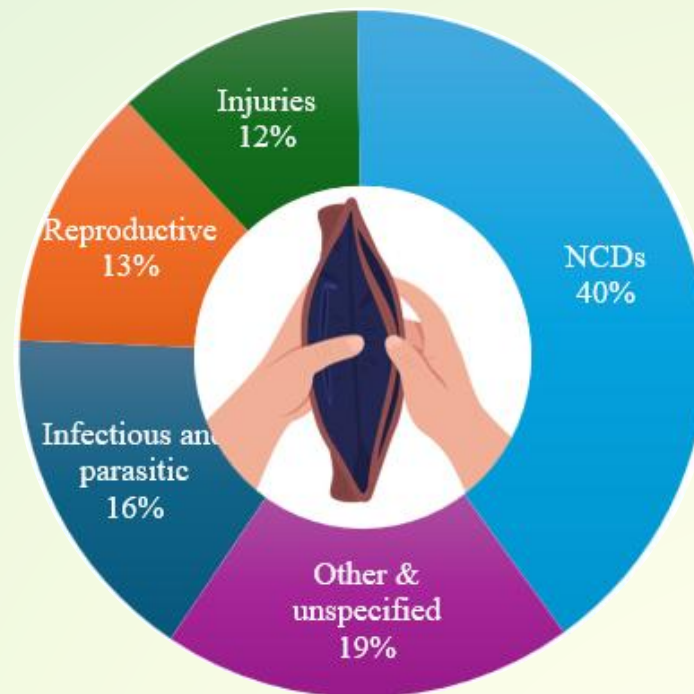
Reversing Trend

Proportion of Deaths attributed



\* Communicable Diseases Including COVID-19 pandemic

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





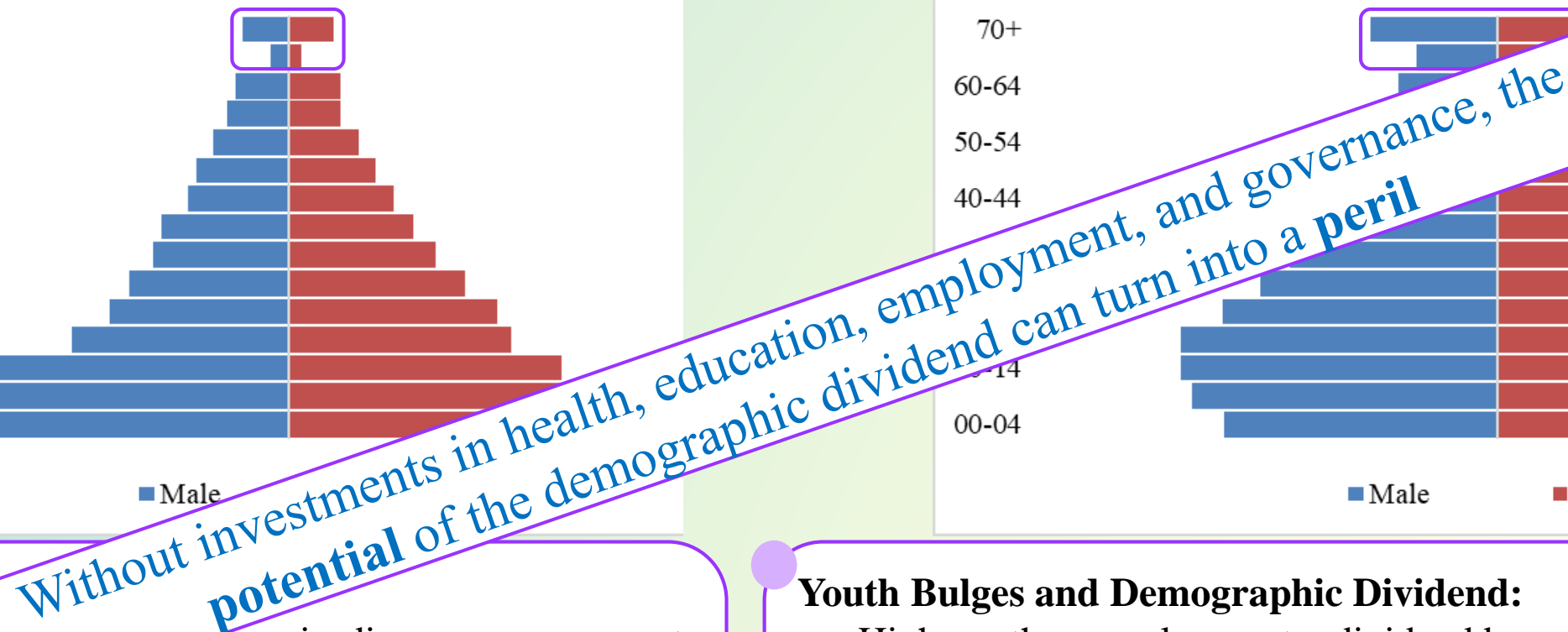
# Resilience during transition: Demographic Transition



Population Pyramid, 1991

Source: NPHC 1991 and 2021

Population Pyramid, 2021



## 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:

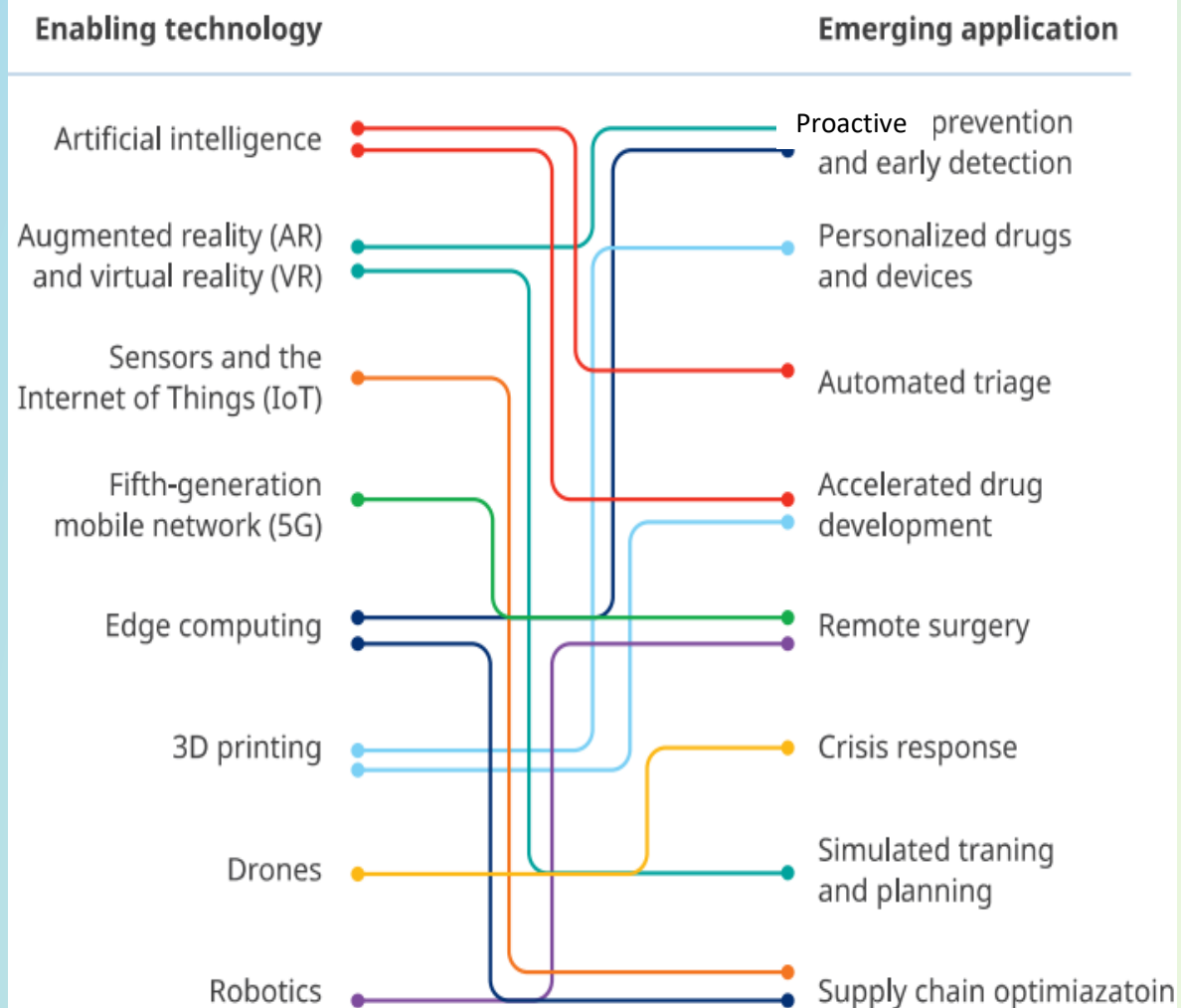
- High youth unemployment – dividend becomes burden
- Low productivity, brain drain
- Extremism, crime and migration pressure
- Mental health crisis



# Resilience during transition: Technological Transition

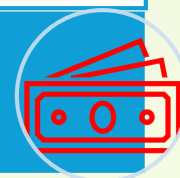


## Leveraging Technology for Financial, Operational and Strategic Resilience in Health Care



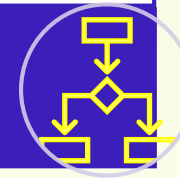
- Cost Efficiency through automation and improved resource allocation

Financial Resilience



- Telemedicine
- Clinical decision support
- Real-time surveillance

Operational Resilience



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

Strategic Resilience





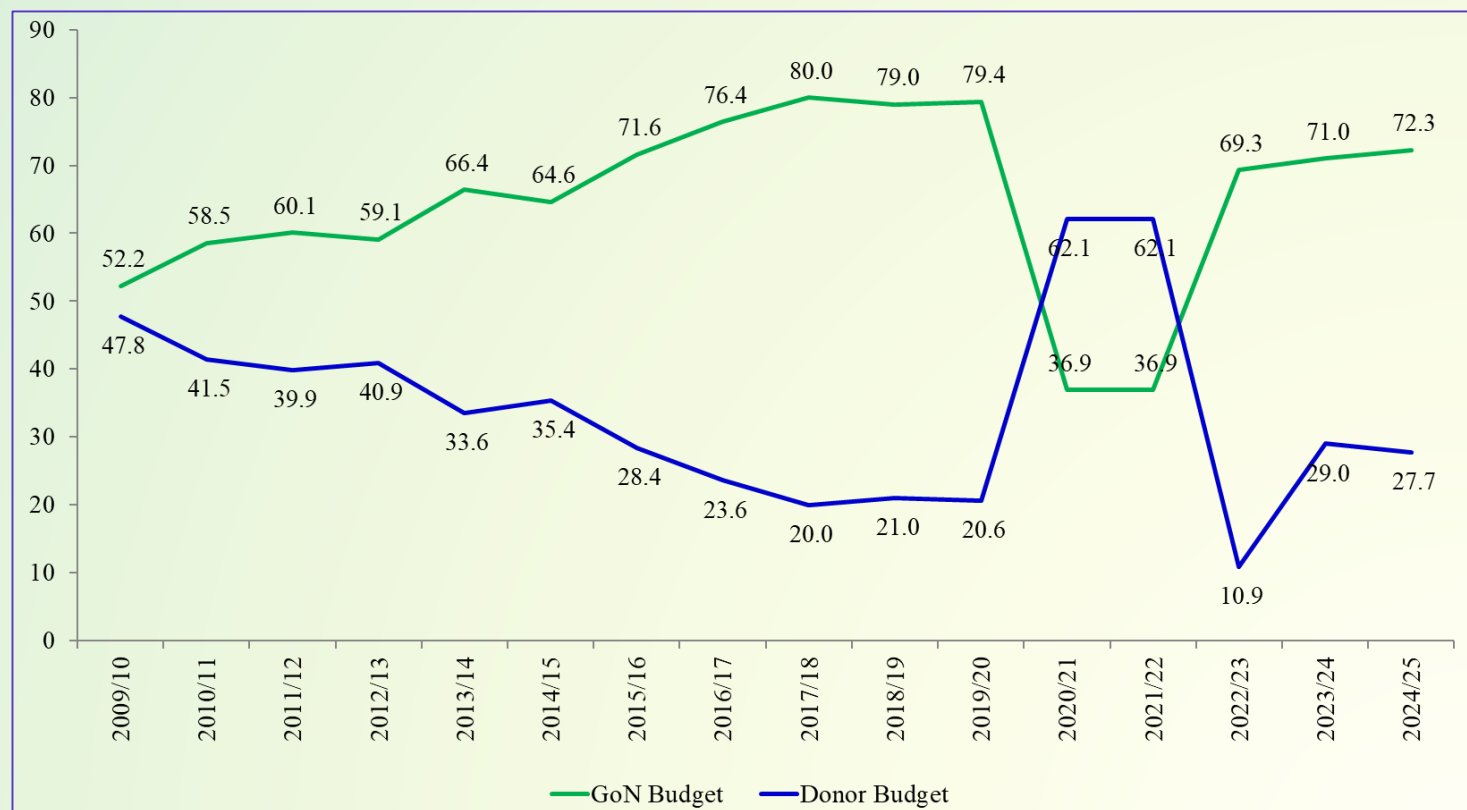
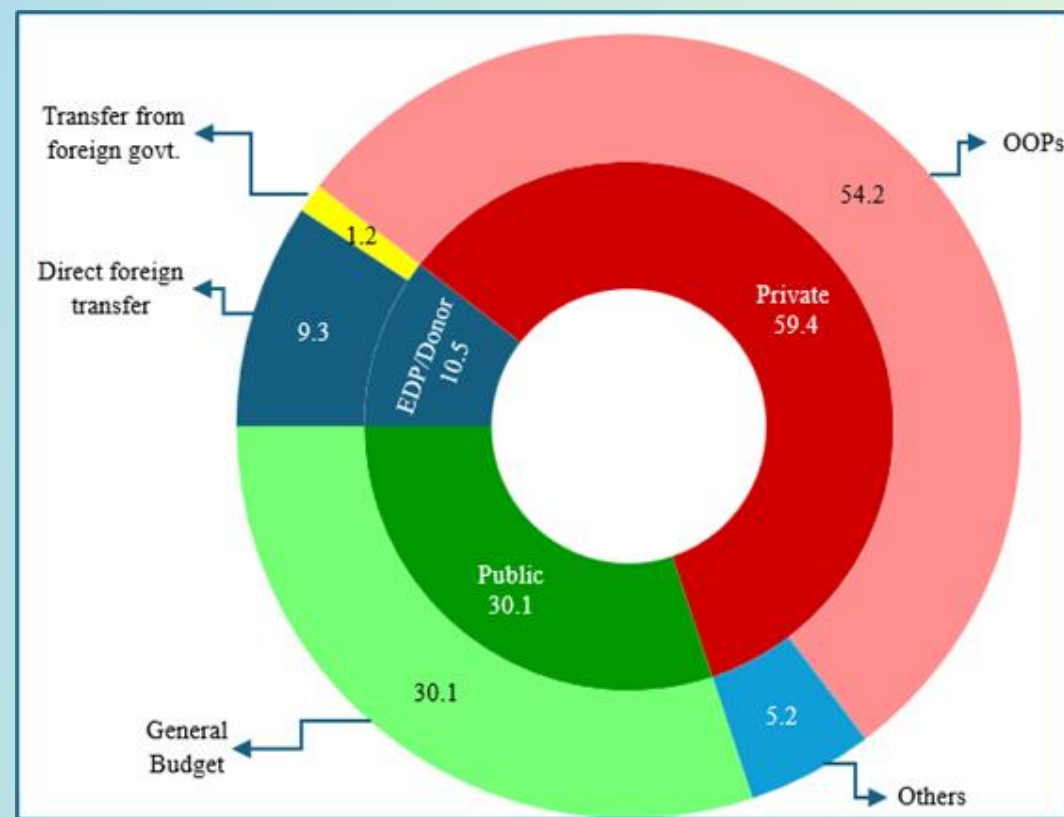


# Nepal's Health Financing Overview



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

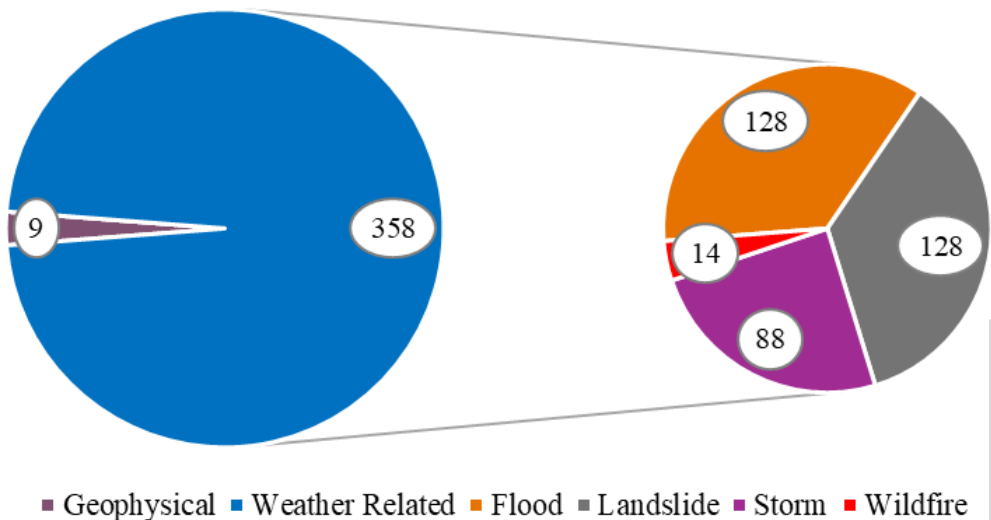
	A- 2023/24	R- 2023/24	T - 2027/28	T - 2033/34
UHC Service Coverage Index (Essential Services)-%	65.0	53.7	80	100
Per Capita Government Health Expenditure-US\$	36.0	22.2	49	86
Proportion of Health Budget on Government Budget - %	9.15	5.87	10	10
Annual Health Budget Expenditure - %	85.0	72.0	90	95
Out-of-Pocket Health Expenditure - %	40.0	54.2	30	25
Catastrophic Health Expenditure (>10% of HH Expenditure)	6.0	10.7	4	2
Proportion of Poor Population Enrolled in HI - %	50.0	8.32*	100	100



# Climate-Migration-Health Nexus

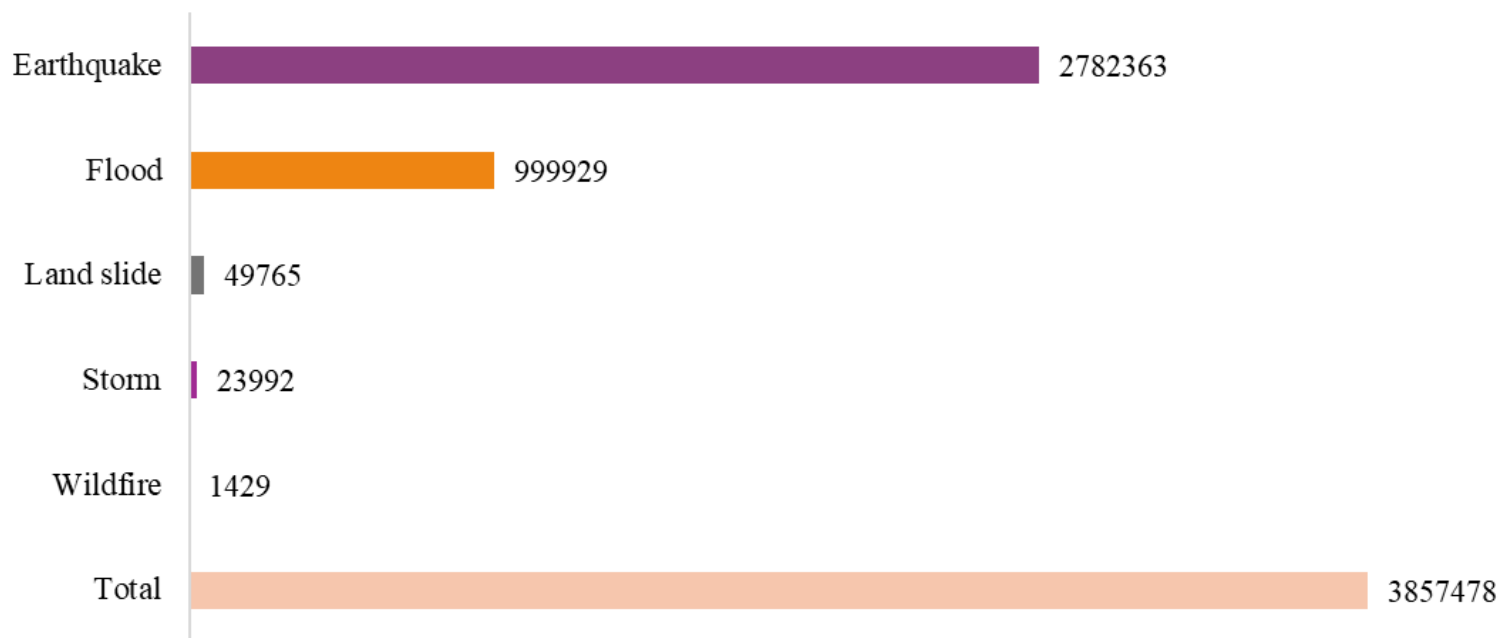


Geophysical and Climate/Weather Related Events Between 2008 and 2023



- 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

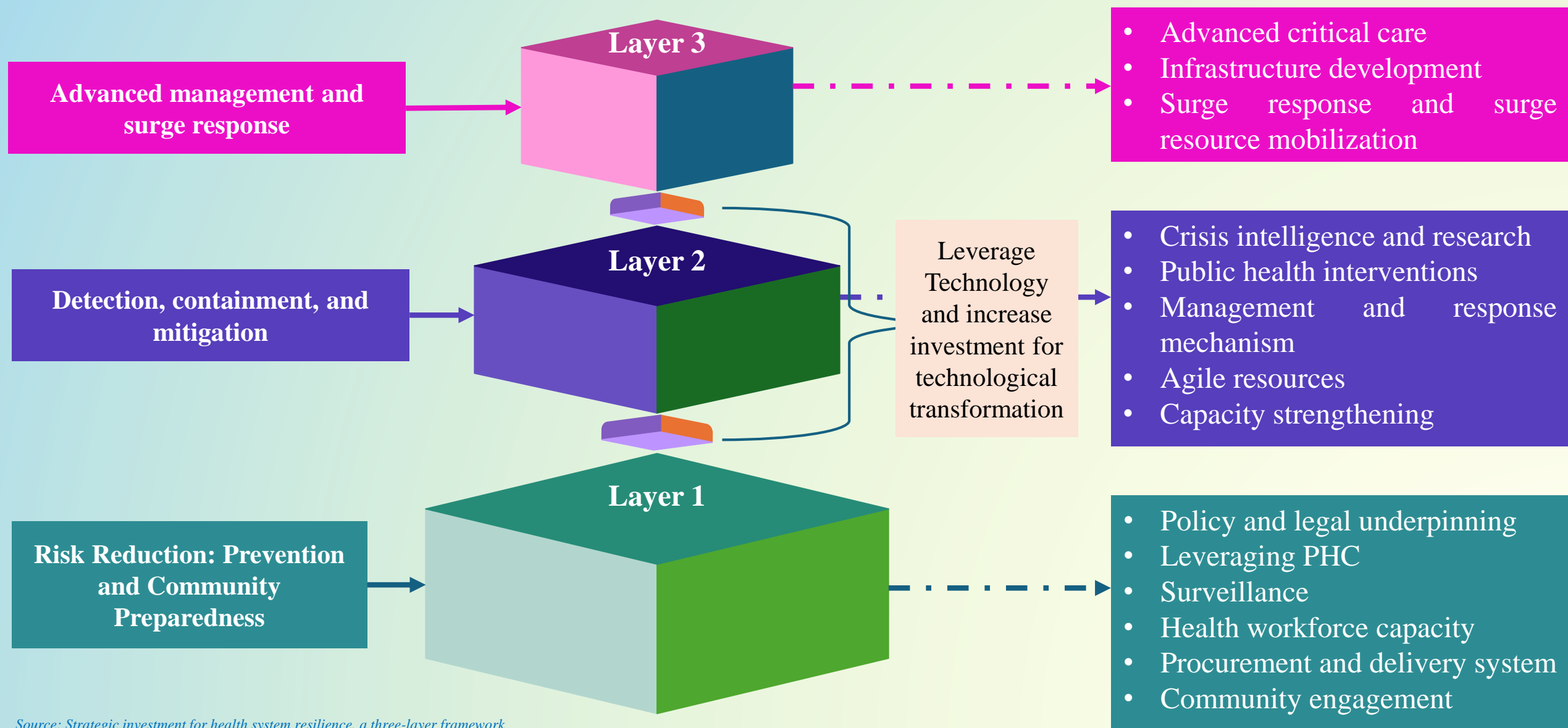
Number of Subsequent Internal Displacement Between 2008 & 2023



*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

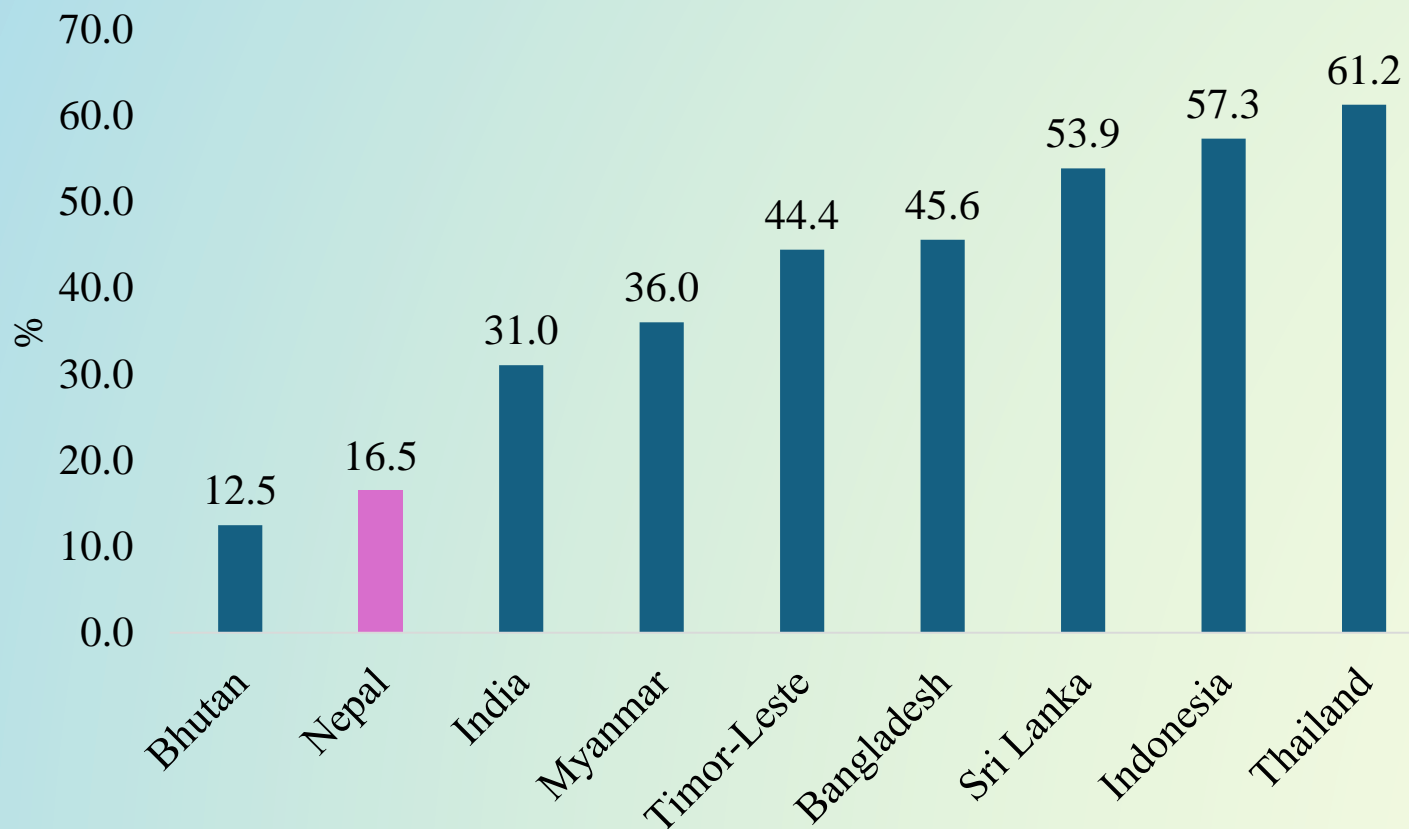




# Innovative Financing Option for Health System Resilience



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)





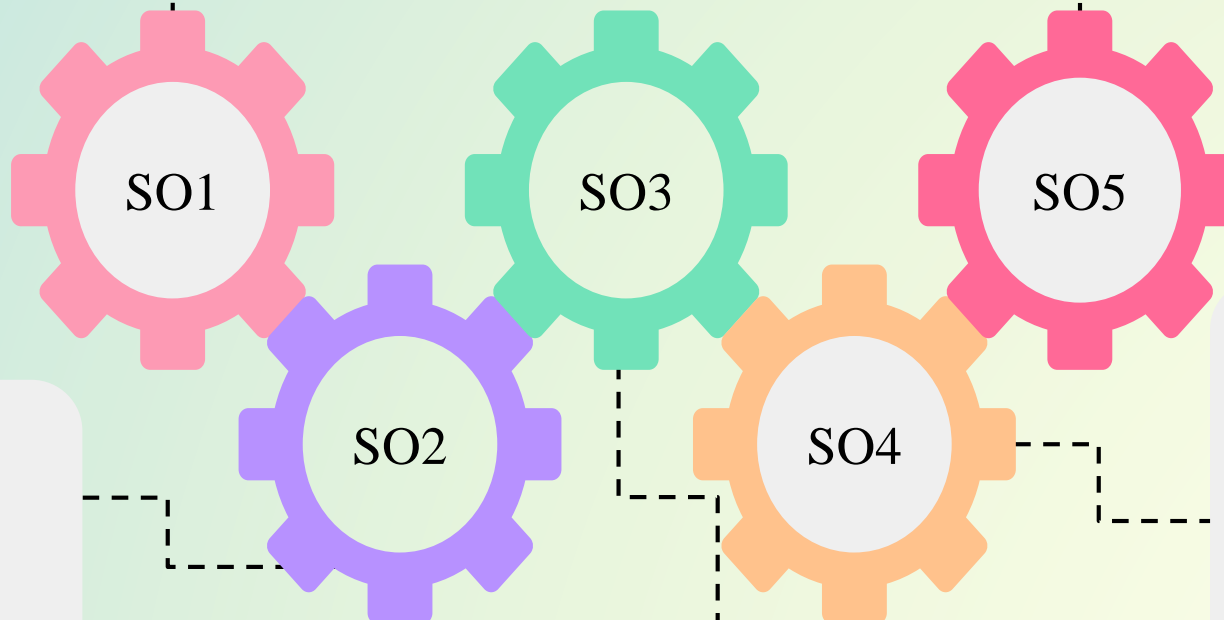
# Provisions outlined in National Health Financing Strategy



## 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



SO1

SO3

SO5

SO2

SO4

## Enhance Fiscal Governance

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

## Resource Pooling and Strategic Purchasing

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

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



# 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 !