

National Cancer Policy Forum

The need for global financing of cancer care

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1. The funding gap

2. The fiscal space challenge

3. Towards a global funding mechanisms for cancer:
lessons from the AIDS response

4. Innovative financing

Expansion of cancer care and control in countries of low and middle income: a call to action



Paul Farmer, Julio Frenk, Felicia M. Knaul, Lawrence N. Shulman, George Alleyne, Lance Armstrong, Rifat Atun, Douglas Blayney, Lincoln Chen, Richard Feachem, Mary Gospodarowicz, Julie Gralow, Sanjay Gupta, Ana Langer, Julian Lob-Levyt, Claire Neal, Anthony M. News, Dina Mined, Peter Piot, K. Srinath Reddy, Jeffrey D. Sachs, Mahmoud Sarhan, John R. Seffrin

- Low-income and middle-income countries bear a majority share of the burden of cancer, but their health systems are particularly ill prepared to meet this challenge.
- Underfinancing with a “5/80 cancer disequilibrium”
- Low awareness, stigma, poverty and weak health systems mean poor management of risks, screening, limited access and poor survival

Towards a global cancer fund

**Franco Cavalli, Rifat Atun*

a fund should draw on the experience of the three innovative financing mechanisms that have reached a global scale, namely the Global Fund to Fight AIDS, Tuberculosis, and Malaria, GAVI, and UNITAID.¹⁰ These organisations have introduced novel approaches in each step of the innovative finance value chain

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Fiscal space: sources of financing

1

Economic growth: broadened tax base

2

Reprioritization of health in government budget

3

International development assistance
External borrowing

4

Innovative domestic financing
Innovative international financing

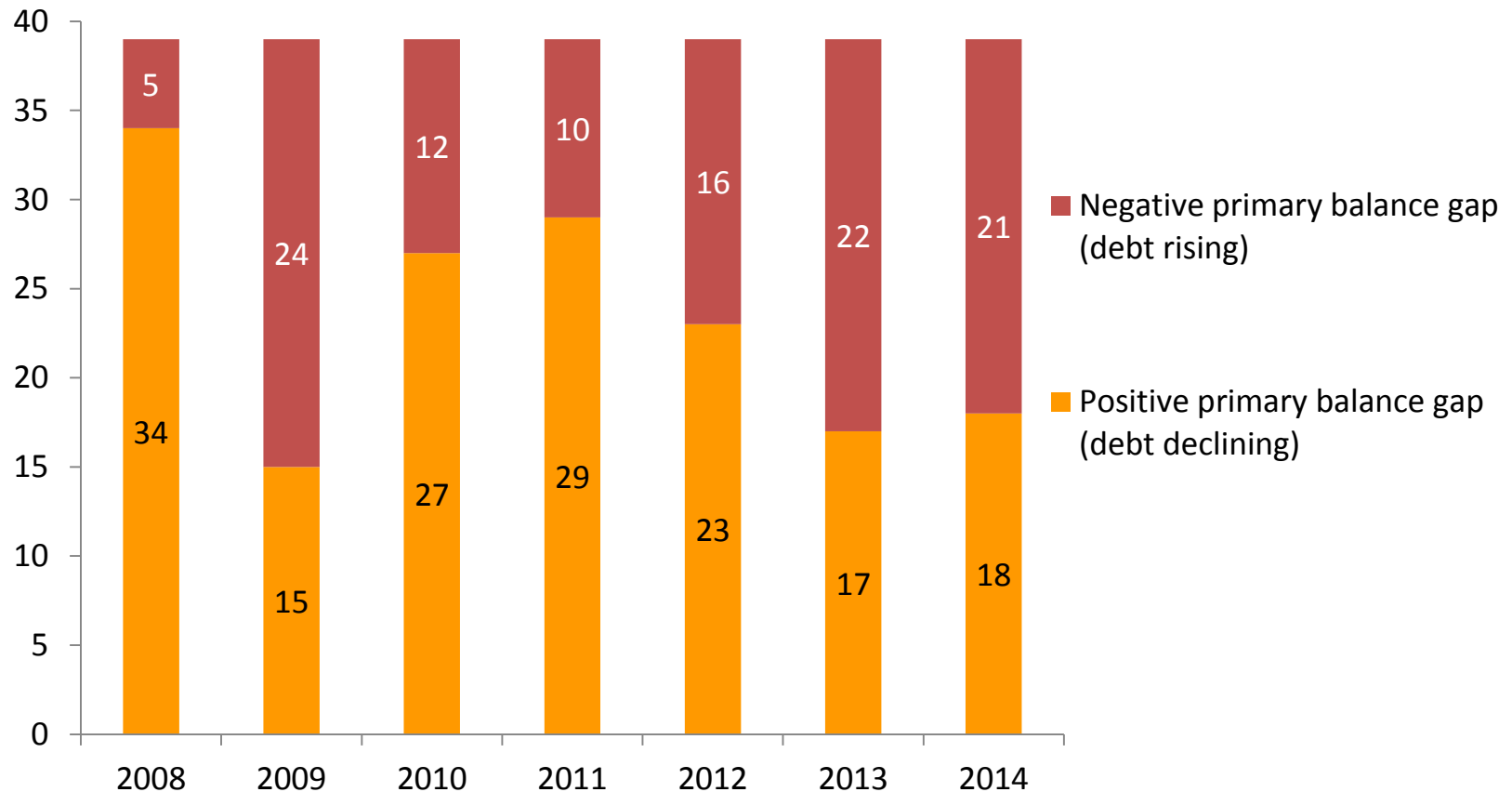
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Effective budget allocation
Efficiency enhancement in health systems

Low income developing countries: fiscal space challenge

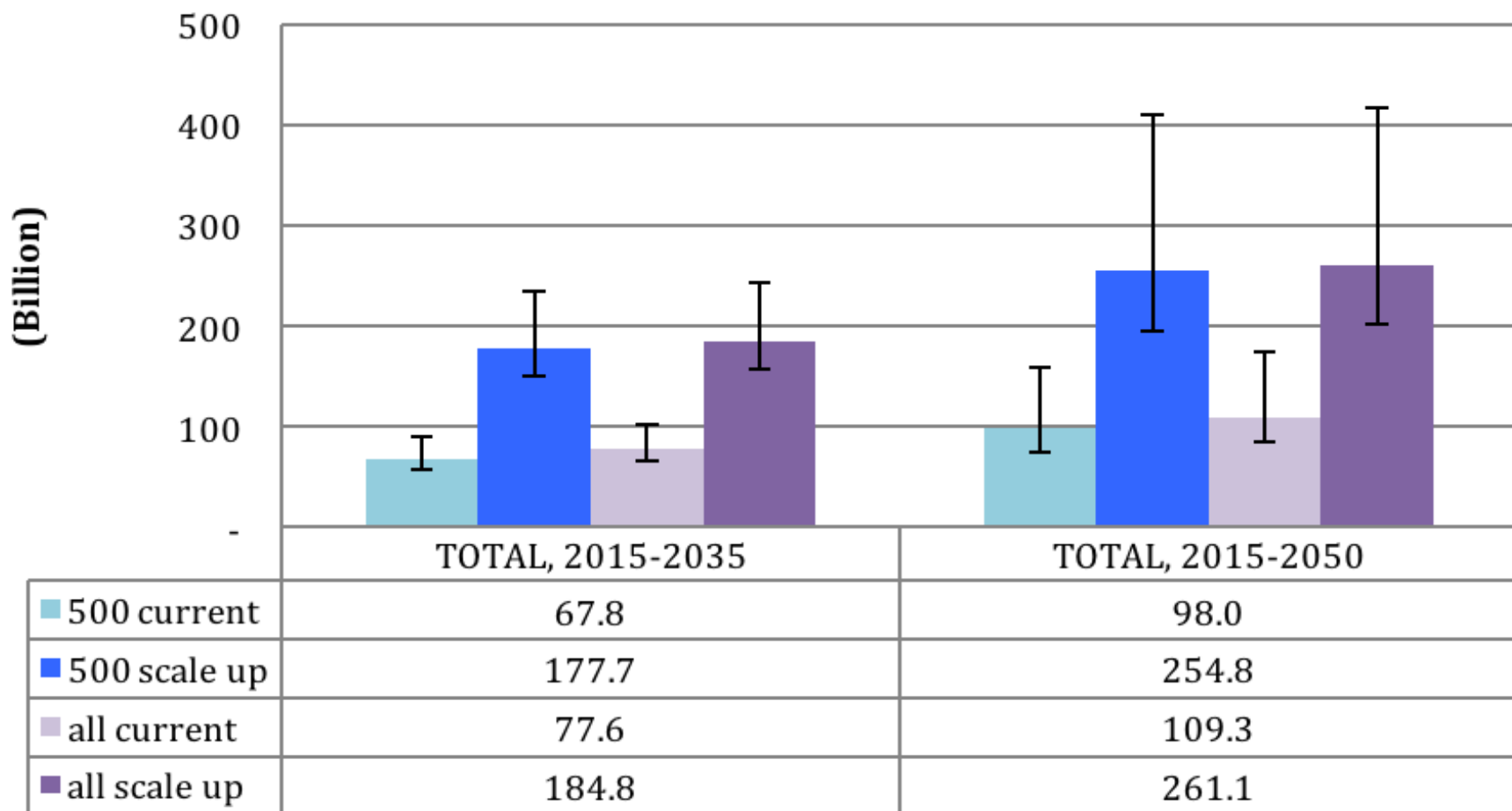
mobilizing fiscal space is needed where debt is high and primary balances are unsustainable

Low-Income Developing Countries: Number of Countries with a Positive/Negative Primary Balance Gap

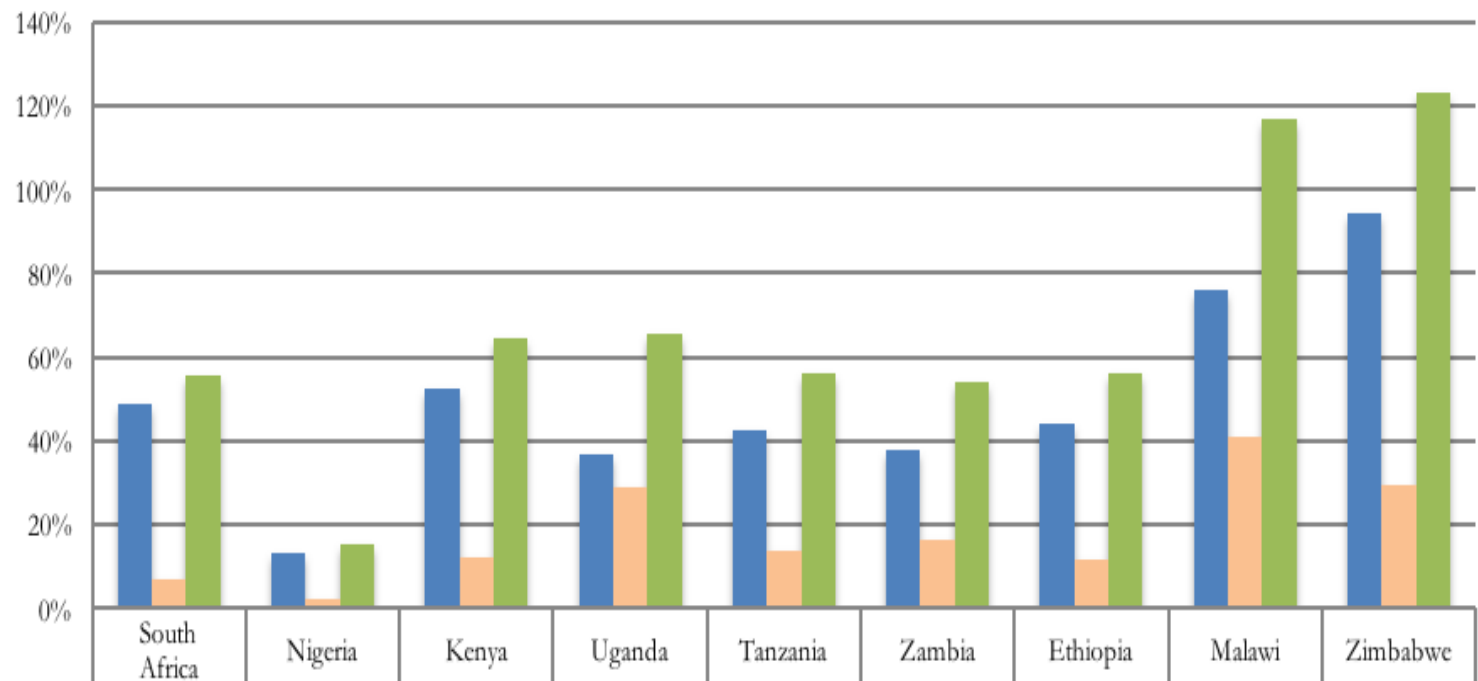


Source: IMF staff estimates

HIV obligations in 9 sub Saharan African countries



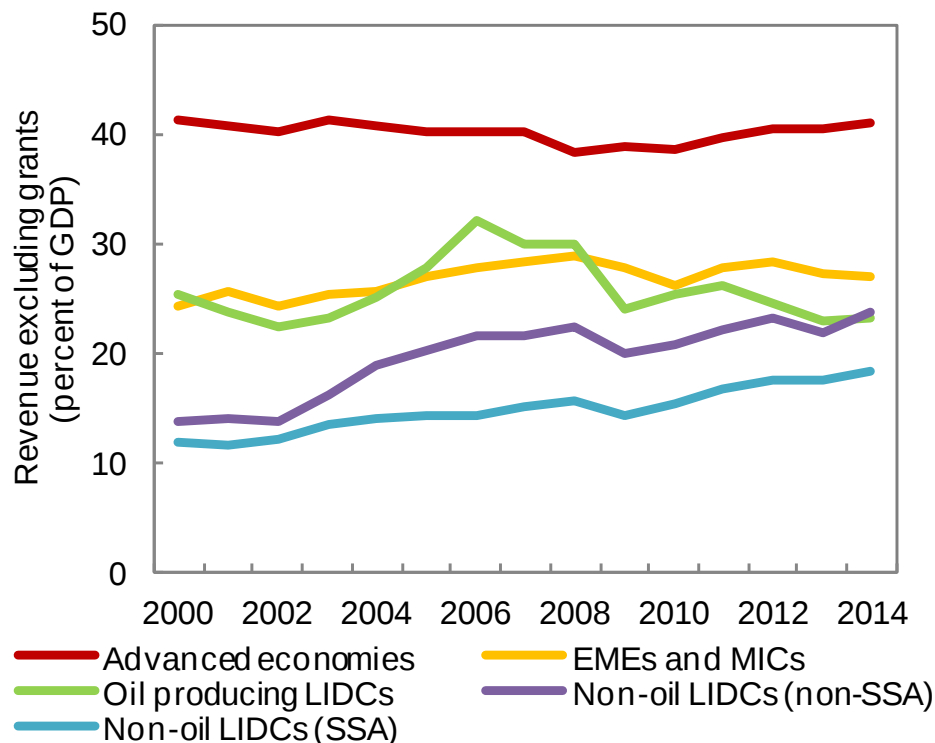
Total debt and HIV debt



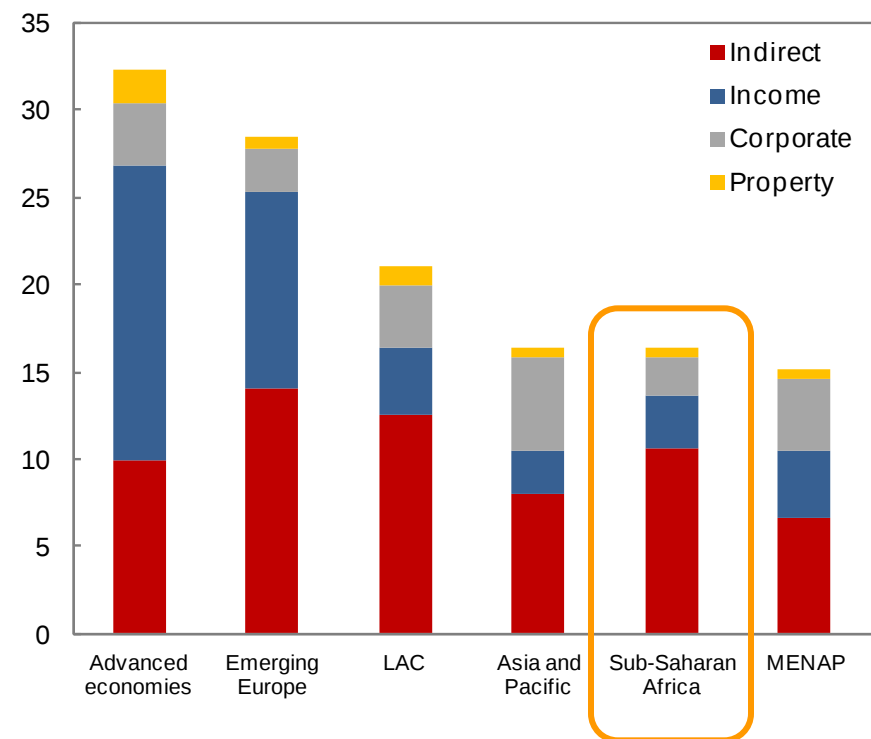
Public Debt to GDP Ratio	49%	13%	53%	37%	43%	38%	44%	76%	94%
HIV debt-to-GDP ratio	7%	2%	12%	29%	14%	16%	12%	41%	29%
Public and HIV debt-to-GDP ratio	56%	16%	65%	66%	56%	54%	56%	117%	123%

1. Broadened tax base : scope to mobilize domestic revenues in LMIC

Tax Revenues by Region, 2000-14
(as a share of GDP)



Tax Breakdown by Region, 2011
(as a share of GDP)



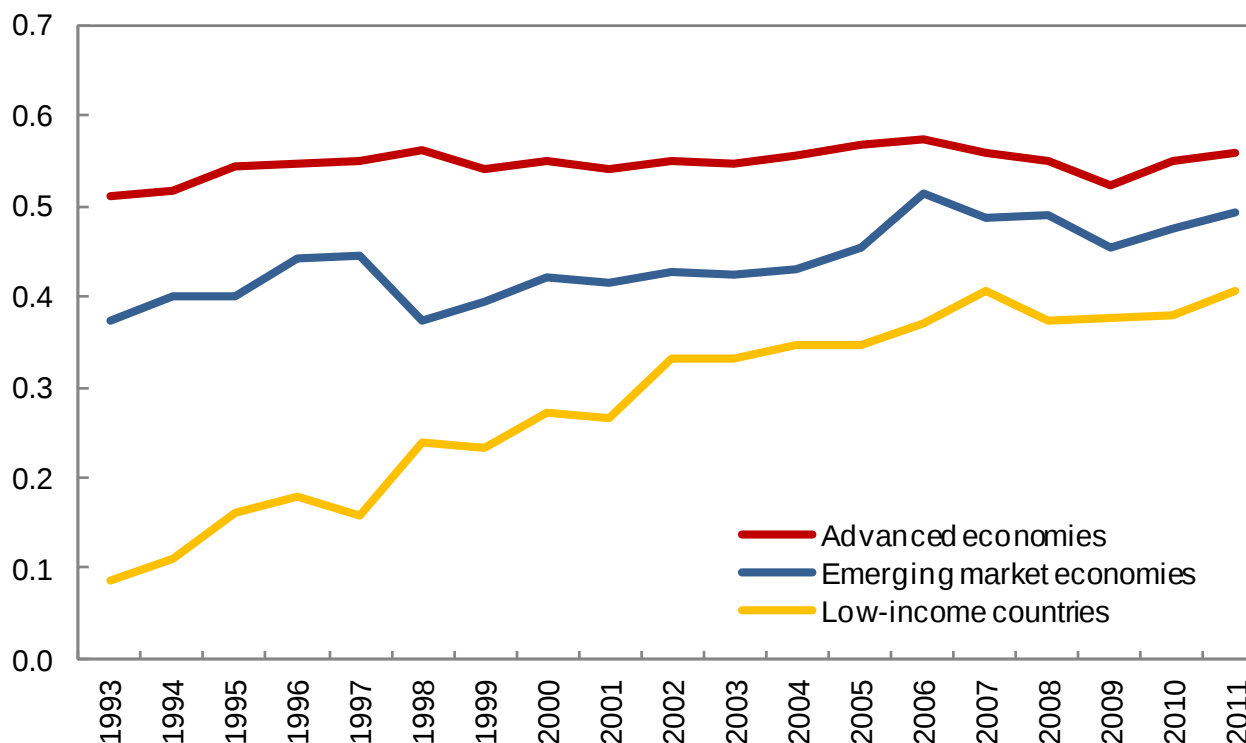
Source: Fiscal Monitor (April 2014 and October 2013) and IMF staff estimates

Enhancing sources of tax revenues

1. Broad based consumption tax: VAT/general sales tax
2. Extractive industry tax
3. Excises to address externalities
 - Tobacco tax
 - Alcohol tax
 - Beverage tax
 - Carbon tax
4. Removal of subsidies

Mobilising VAT revenues: enhanced revenue administration to mobilize additional domestic revenues

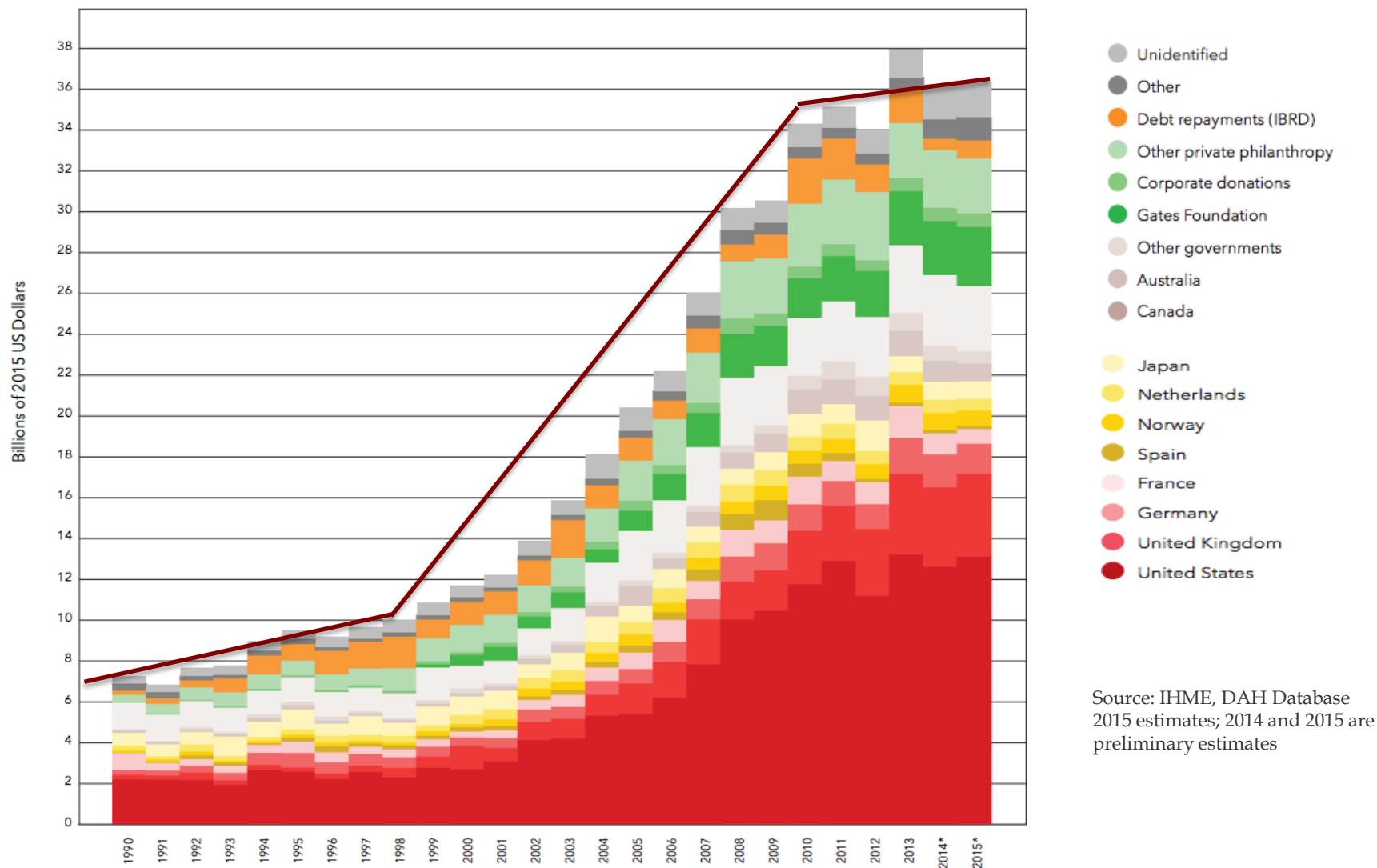
VAT Consumption Efficiency, 1993-2011
(revenue as a percent of consumption per VAT tax point)



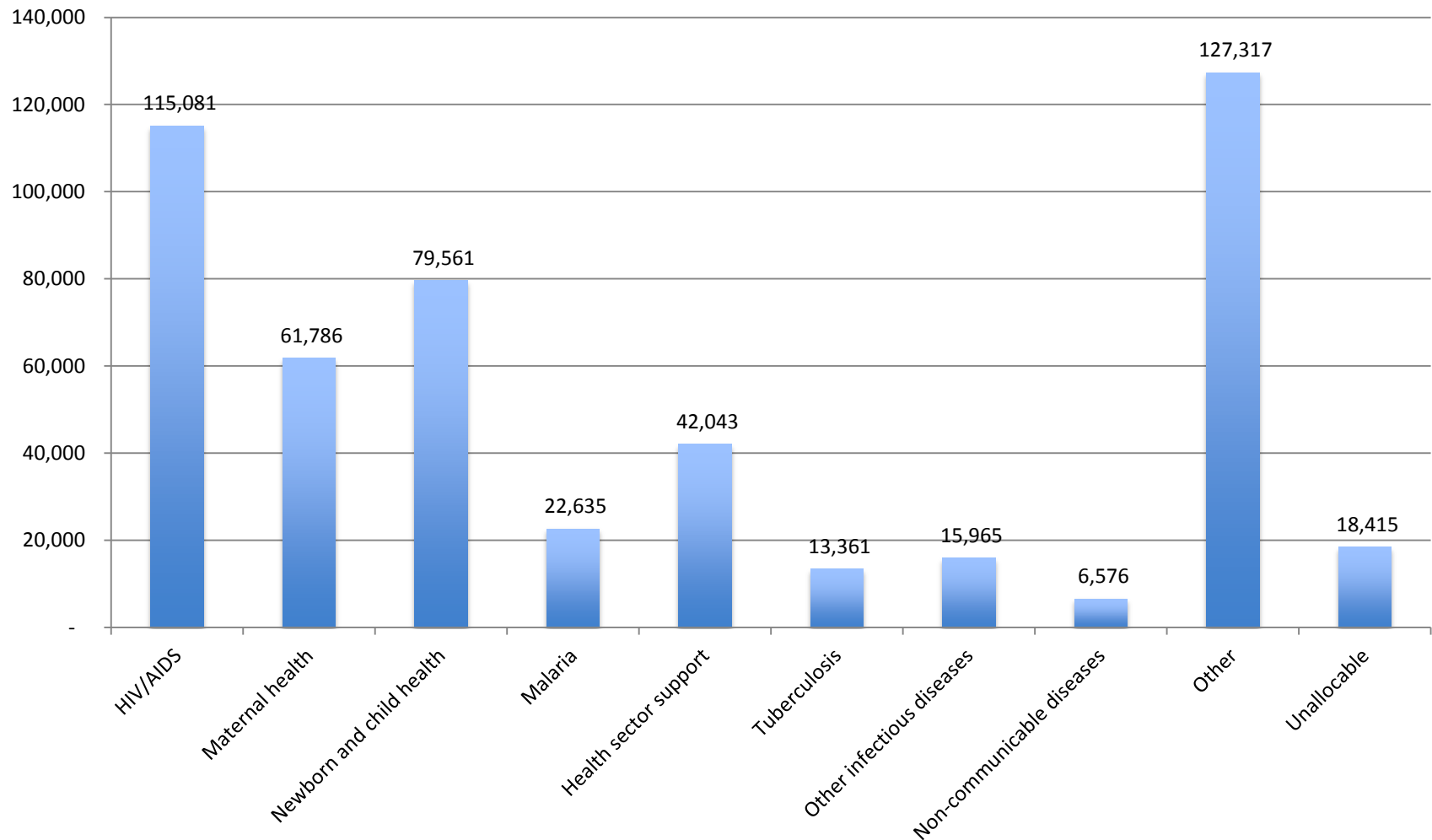
Sources: IMF, Revenue Mobilization database; IMF staff estimates and Fiscal Monitor (October 2013).

Note: The C-efficiency ratio is defined as value-added tax (VAT) revenue divided by the product of the standard VAT rate and the VAT base (proxied by final consumption).

Donor assistance for health by source of funding 1990-2015



Donor assistance for health by area 1990-2015



Source: IHME

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1. Leveraging civil society – creating a sense of urgency

- Call for accountability – failed and delayed response
- Clear communication - “Global Crisis: Global Action”
- Coalitions for global and local action
 - Activists
 - Affected communities



2. Leadership at all levels



3. Legitimacy



Support from UN member states

Evidence driven

Clear communication: “Global Crisis: Global Action”

4. Transformative action

- **Funding mechanisms & instruments***
 - The Global Fund
 - Innovative financing
 - PEPFAR
- **Accountability** • MDGs 4, 5 and 6



5. An Investment case

THE LANCET

Health Policy

Towards an improved investment approach for an effective response to HIV/AIDS

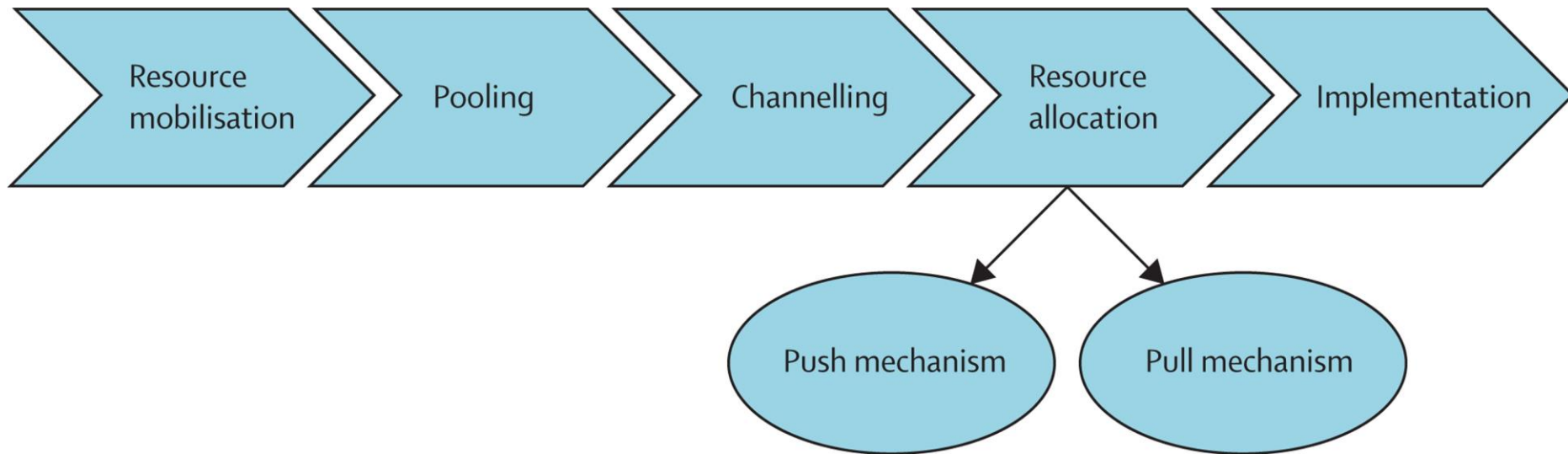


*Bernhard Schwartländer, John Stover, Timothy Hallett, Rifat Atun, Carlos Avila, Eleanor Gouws, Michael Bartos, Peter D Ghys, Marjorie Opuni, David Barr, Ramzi Alsallaq, Lori Bollinger, Marcelo de Freitas, Geoffrey Garnett, Charles Holmes, Ken Legins, Yogan Pillay, Anderson Eduardo Stanciole, Craig McClure, Gottfried Hirschall, Marie Laga, Nancy Padian, on behalf of the Investment Framework Study Group**

Schwartlander B, Stover J, Hallett T, Atun R, et al.. Lancet 2011; 377: 2031-41

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Innovative financing



Atun et al. The Lancet 2012 380, 2044-2049

Innovative financing mechanisms vs. innovative financing instruments

Mechanisms

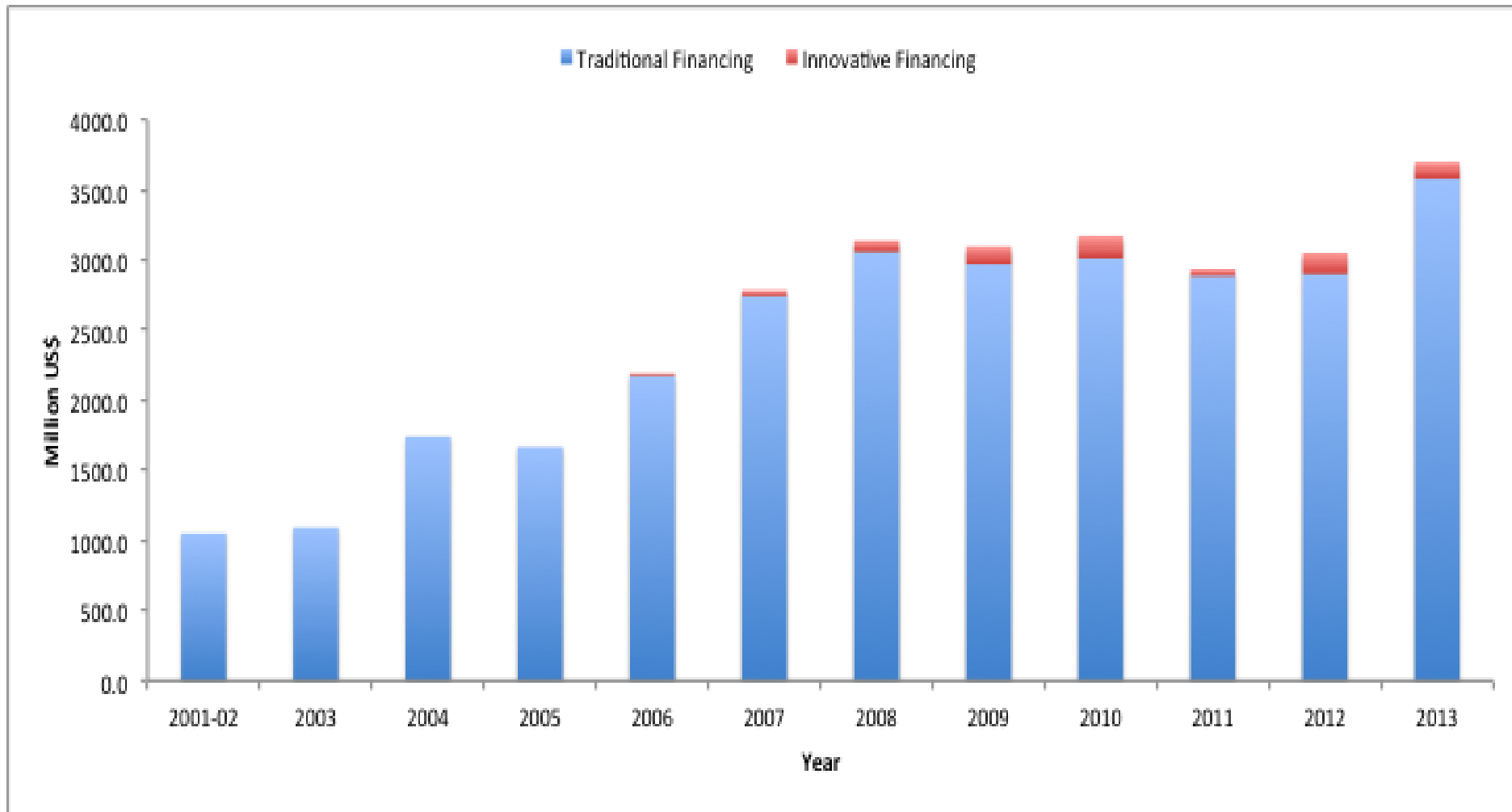
- Institutions to mobilize, pool, channel and allocate resources
- Only three at scale: Global Fund, GAVI, UNITAID

Instruments

- Financial instruments to raise money
- Bonds, Debt2Health, ETF

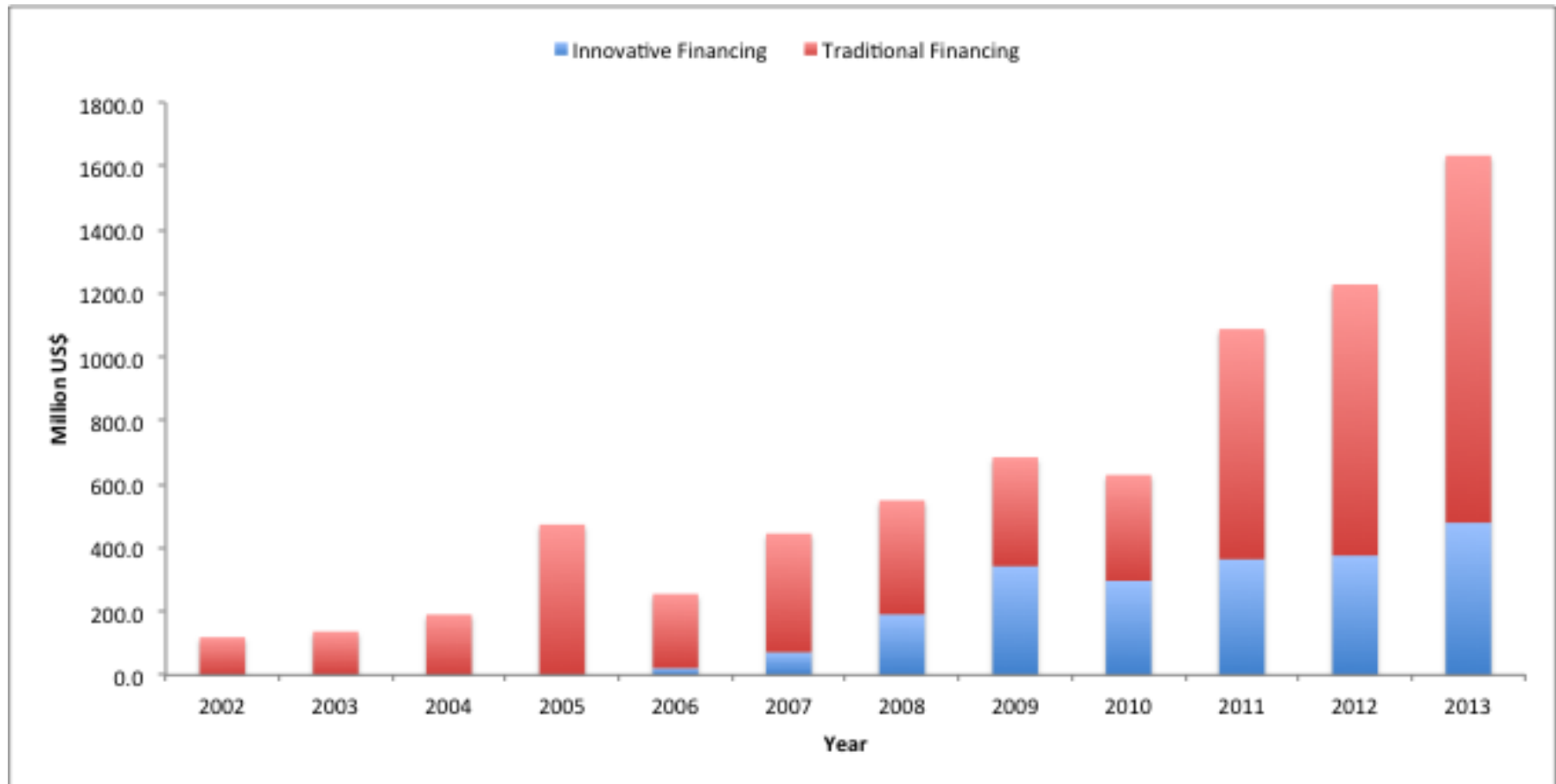
Innovative financing mechanisms (1): Global Fund

Funding from traditional and innovative sources 2002-13



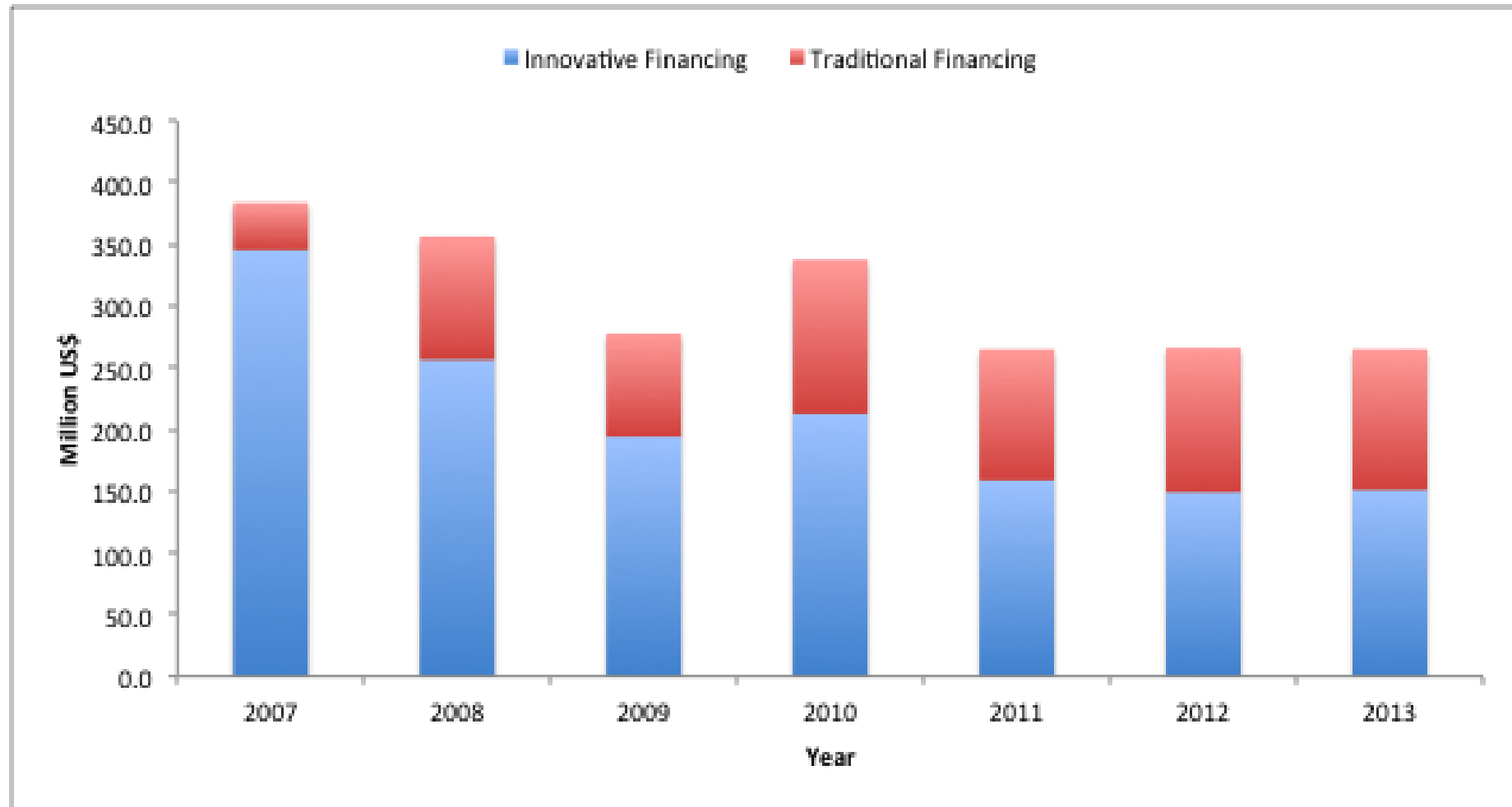
Innovative financing mechanisms (2): GAVI

Funding from traditional and innovative sources 2002-13

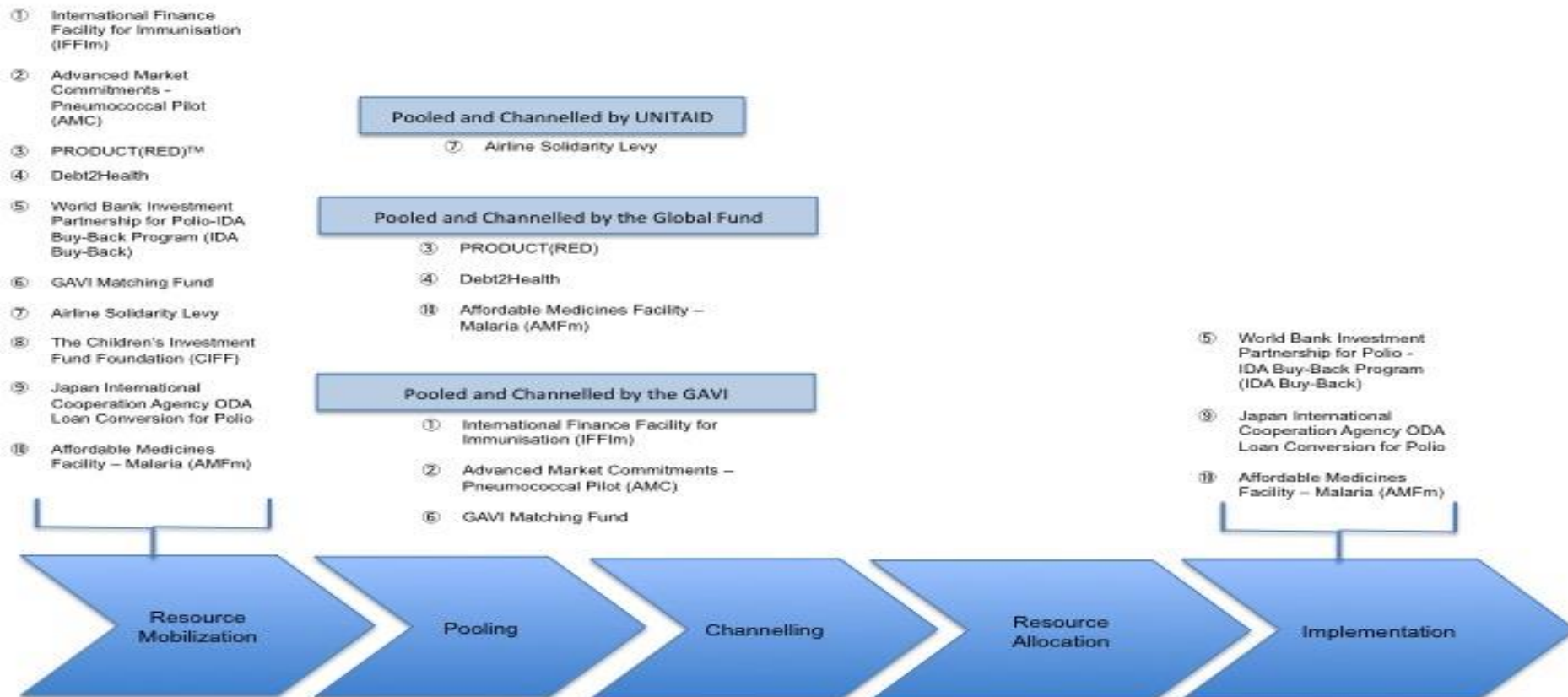


Innovative financing mechanisms (3): Unitaid

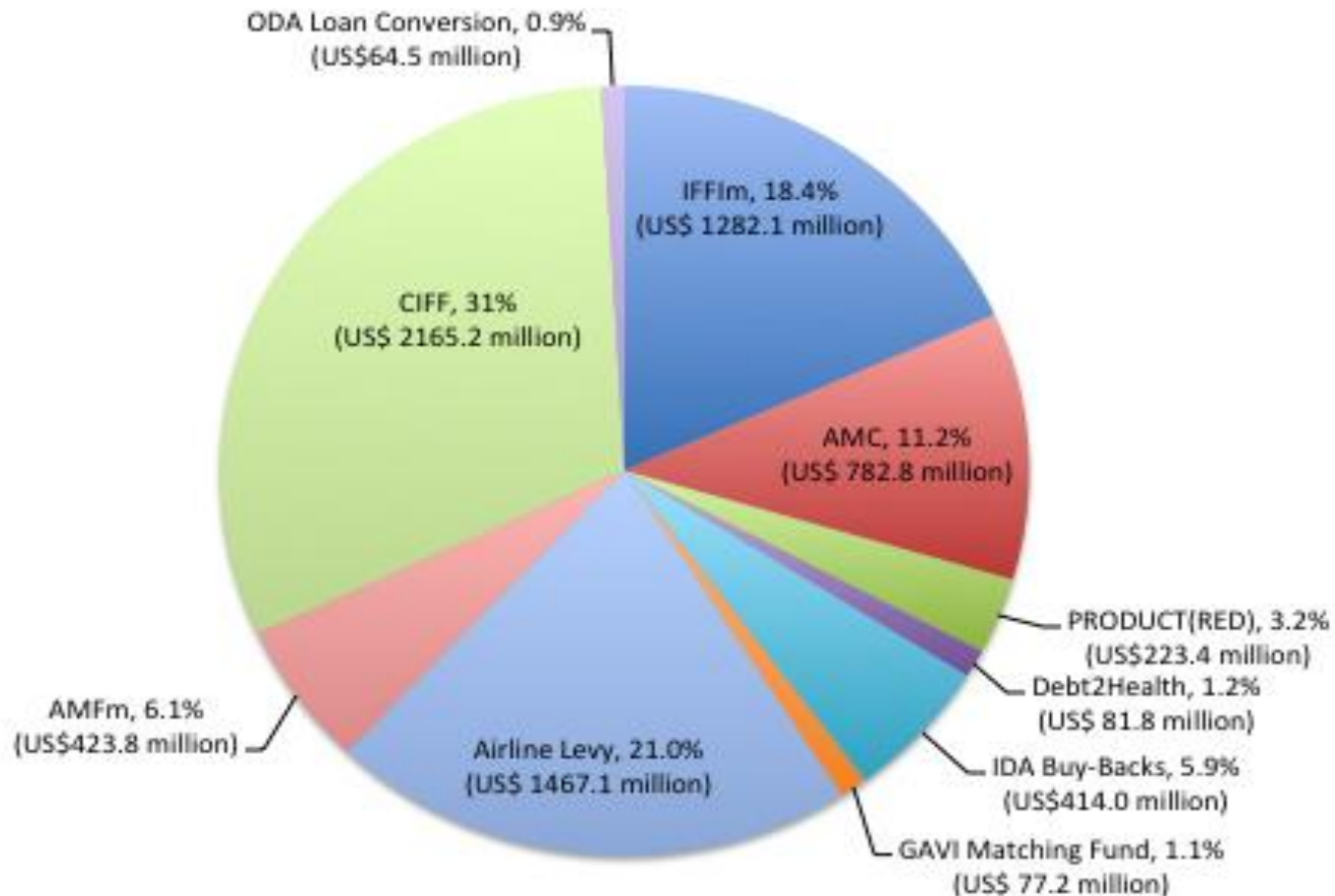
Funding from traditional and innovative sources 2002-13



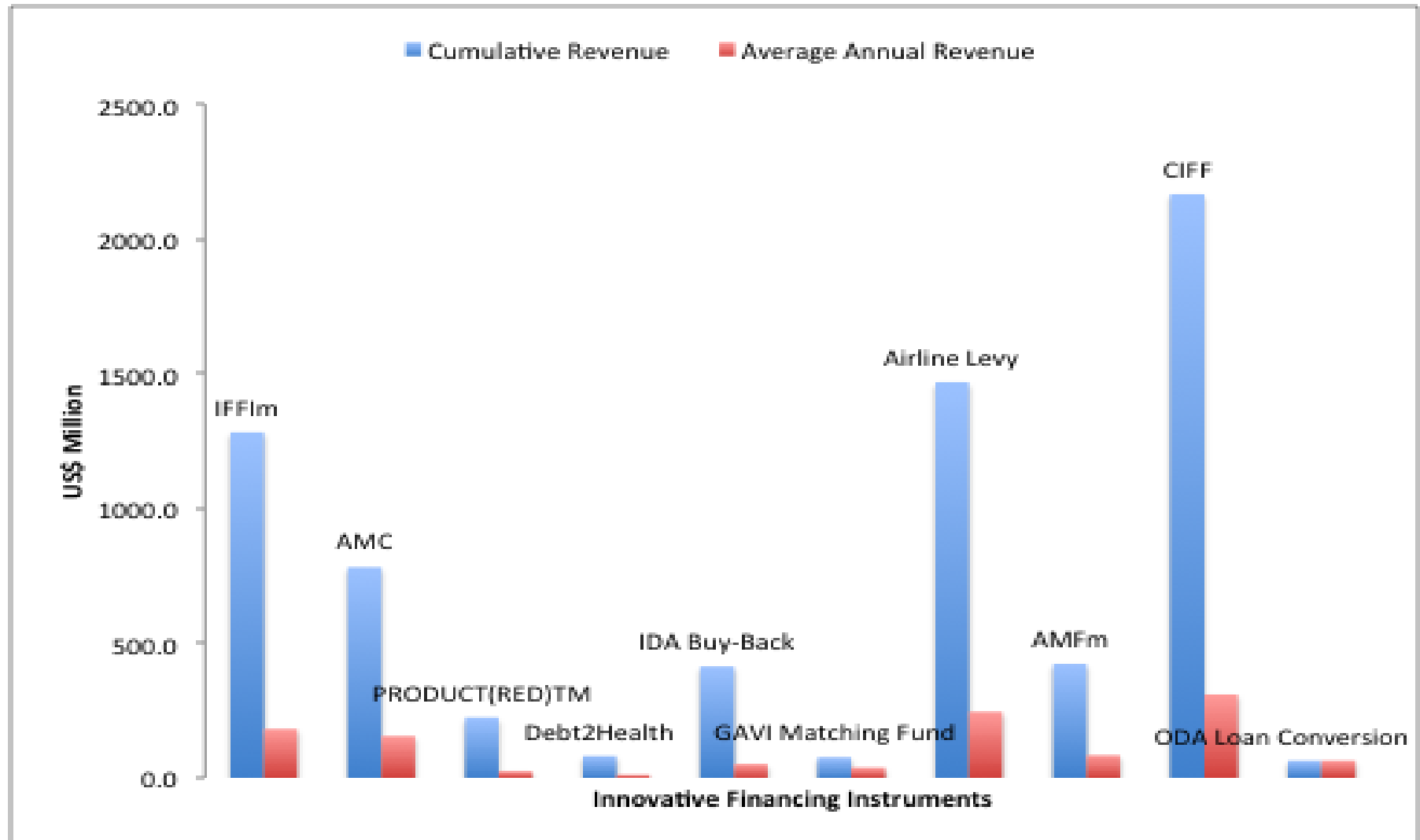
Innovative financing: Value Chain Mapping of 10 Selected Innovative Financing Instruments



Innovative financing – cumulative revenues by instrument, 2003 – 13



Innovative financing – cumulative and average annual revenues by instrument, 2003–13



International Innovative Financing for Health

	Amounts raised or disbursed in 2002-12
The Airline Solidarity Levy	~US\$2 billion (2006-2015)
International Finance Facility for Immunization (IFFIm)	Converts long-term donor pledges to readily available financing by issuing bonds based on funding demand. Resulting revenues are pooled and channeled via GAVI to enable upfront investment by 'time shifting', to invest now to save later. Disbursed US\$2334.8 million for vaccine preventable diseases
Advanced Market Commitments Pneumococcal vaccine	Long-term purchase commitments to encourage vaccine manufacturers to invest in vaccines. Payments are pre-negotiated and are subsidized by donors and recipients. Raised US\$631 million and disbursed US\$383.4 million.
The Affordable Medicines Facility for Malaria (AMFm)	Long term commitment to reduce prices. Raised US\$329.3 million and disbursed US\$256.6 million.
The Children's Investment Fund Management	US\$2022.7 million for children's health, education, nutrition and climate change programs, with revenue generated from the income of the Fund

Potential for innovative financing instruments

Instrument	Notes
<i>Airline Levy (expansion)</i>	Implemented in Cameroon, Congo, Madagascar, Mali, Mauritius and Niger, and is under consideration in Benin, Burkina Faso, Central African Republic, Gabon, Guinea, Kenya, Liberia, Namibia, Senegal, São Tomé and Príncipe, and Togo
Remittances and Diaspora Bonds	In 2014, remittances accounted for US\$67.1 billion of the US\$206.6 billion in external flows to sub-Saharan Africa. Applied in India (since 1991), in Israel (since 1951) and in Sri Lanka (since 2001)
Social Impact Bonds and Development Impact Bonds	Successful in non-health sectors, including recidivism reduction in the United Kingdom, education and housing in the United States. Treatment as Prevention programmes and tuberculosis control programmes in Swaziland and malaria control programmes in Mozambique.
Guarantees	World Bank Group provided by 2013 US\$4.5 billion as guarantees across 30 countries sourced from International Development Association (IDA), IBRD, International Finance Corporation (IFC) or the Multilateral Investment and Guarantee Agency (MIGA) and structured as Partial Risk Guarantees, Partial Credit Guarantees or Policy Based Guarantees. None for health. Gates Foundation has issued credit enhancement guarantees to enhance affordability of vaccines and health commodities amounting to around US\$250K, US\$500K and US\$400K in gross exposure in 2012, 2013 and 2014 respectively

Expanding global access to radiotherapy



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