

*executive committee of
the directing council*



PAN AMERICAN
HEALTH
ORGANIZATION

*working party of
the regional committee*

WORLD
HEALTH
ORGANIZATION



61st Meeting
Washington, D. C.
June-July 1969

Provisional Agenda Item 18

CE61/16 (Eng.)
31 May 1969
ORIGINAL: SPANISH

FINANCING OF THE HEALTH SECTOR - TECHNICAL DISCUSSIONS TO BE HELD DURING
THE XIX MEETING OF THE DIRECTING COUNCIL, XXI MEETING OF THE WHO REGIONAL
COMMITTEE FOR THE AMERICAS (Proposed Basic Outline)

I. BACKGROUND

At the Meeting of American Chiefs of State held at Punta del Este, Uruguay, from 12 to 14 April 1967, in the Declaration of the Presidents of America, the Presidents of the Member States of the Organization of American States included in Chapter V, relating to Educational, Technological and Scientific Development and Intensification of Health Programs, the following decisions:

- "1. To expand, within the framework of general planning, the preparation and implementation of national plans that will strengthen infrastructure in the field of health.
2. To mobilize internal and external resources to meet the needs for financing these plans. In this connection, to call upon CIAP, when analyzing the health sector in national development programs, to take into account the objectives and needs indicated.
3. To call upon the Pan American Health Organization to cooperate with the Governments in the preparation of specific programs relating to these objectives."

In the Special Resolution (Chapter XXVII) of the Final Report of the Special Meeting of Ministers of Health of the Americas, held in Buenos Aires, Argentina, from 14 to 18 October 1968, it was recommended that "Governments consider the possibility of the constitution of a fund that would be devoted exclusively to health programs, in the form of long-term credits at low interest rates". The Pan American Health Organization was designated to be in charge of studying the possibilities of this proposal.

In the Final Report of the XVIII Meeting of the Directing Council of the Pan American Health Organization, XX Meeting of the Regional Committee of the World Health Organization, held in Buenos Aires, Argentina from 21-25 October 1968, it was agreed to include "The Financing of the Health Sector" among the topics proposed for discussion.

II. INTRODUCTION

In compliance with the above decisions, the Pan American Health Organization has undertaken to design an outline for a document covering the specific questions that led to the proposal of a topic on financing of the health sector.

With a view to furnishing some guidance for the discussion of a subject as extensive and complex as this, the Organization has attempted to set forth the general topics that may contribute to an adequate treatment of basic problems and a determination of the feasibility of such solutions as are proposed.

The proposed working document has accordingly been designed with due regard to the above considerations and to the need to consider the problem of financing of the health sector from a comprehensive point of view, so that each aspect of the problem will be seen in the context of its relation to the others within the sector and in the light of relations between the health sector and other sectors at the national level.

III. OUTLINE

1. Typology of the countries of the Americas, based on indicators of their economic, political and social development
2. Institutional pattern of the public health sector in different types of countries
3. Functional analysis of the public health sector in terms of sub-sectors and their institutional structure
 - 3.1 Ministries and departments of health
 - 3.2 Social security institutions
 - 3.3 Other public institutions, decentralized or semiprivate
 - 3.4 Water and sewerage
 - 3.5 Nutrition and food
 - 3.6 Other public and semiprivate agencies which, in addition to their specific functions, provide health services
4. Financial analysis of the sector as a whole
 - 4.1 Sources of funds
 - 4.2 Current and capital operations

5. Integration of the financing of the public health sector with national development plans
 - 5.1 Among the various subsectors and institutions composing the sector
 - 5.2 Among the various sectors at the national level
6. Availability of financial resources in relation to growing needs
 - 6.1 Sources and mechanisms for mobilization of funds
 - 6.1.1 Internal
 - Possibility of increasing the levels of productivity of the health sector (coordination, administrative efficiency, institutional integration, technology, etc.)
 - Possibility of relying on new national sources and mechanisms
 - 6.1.2 External
 - The nature and general problems of international and multinational financial sources and mechanisms
 - Fields of activity currently receiving preference in the granting of foreign aid to the health sector
 - Conditions and requirements currently applied to the granting of credits
 - Limitations for countries with meager resources and growing needs.
7. Evaluation of internal operating capacity to absorb additional financing
 - Human resources.
 - Existing infrastructure
 - Administrative organization
 - Planning
8. Proposal of new and feasible solutions for expanding the possibilities of external and internal financing

IV. CONTENT OF THE OUTLINE

Despite the common historical roots of most of the countries of the Americas, present conditions are widely diverse and necessitate a search for a corresponding variety of approaches and possible solutions to their characteristic problems. In view of this, the first part of the document will provide a basic typology of the countries in the area, which will be categorized according to their differing stages of economic, political and social development.

On the other hand, the growing importance of integrated economic and social development planning implies that even when the purpose is to focus on a certain aspect of a given sector, e.g., financing of the health sector, there is a need to relate it to the context formed by all the relevant components of the sector, and to the broader framework formed by the basic structure of the country involved.

The various institutional patterns, that is to say, the structural characteristics of the health sector in the countries, will therefore be indicated below with a view to pointing up the importance of coordinating the administration of the various institutions within the sector and of coordinating the plans for the entire sector with economic and social policies, plans and programs at the national level.

The functional analysis of the public health sector will stress the functions currently performed in the different areas of activity by the agencies and institutions making up the institutional structure and will afford a basis for comparing, primarily, the quantitative aspects of the services, and the coverage of direct and indirect benefits provided by the sector, with the amount of funds being spent on these services and benefits.

The analysis will cover health services, water supply and sewerage service and nutrition and food programs provided through the various agencies and institutions which are regarded, because of their direct or indirect activity, as part of the health sector.

- Ministries and departments of health
- Social security institutions
- Other public institutions, decentralized or semiprivate
- Other public and semiprivate agencies which, in addition to their specific functions, provide health services.

In dealing with the financial aspect, an attempt will be made to analyze it by subsectors and institutions, since these rely on varying mechanisms and sources of financing which require individual treatment to show the extent of their present contribution to the entire flow of resources into the sector.

The section on integrating the financing for the health sector with the national development plans will be such as to show the correlation between public expenditure devoted to health (expressed both in absolute terms and as a proportion of the national product) and an assessment of the possibilities of increasing the transfers of funds from other sectors and of introducing new methods into the mechanisms currently used in the mobilization of domestic resources. It will also point out some of the factors hindering the expansion of the financing available from domestic sources: budgetary considerations, tax policy, population growth and structure, income distribution, price and wage levels, and the characteristics of the productive structure.

This will provide the structural and functional basis for discussing the growing requirements of the health sector and the need to turn to every possible source or mechanism to secure financing for activities in the sector.

The document will examine the internal factors on which an expanded flow of resources depends, such as the possibilities of increasing the volume of transfers from other sectors, the productivity of existing resources, and the ability to bring together all the factors required to expand the capacity for absorption of additional financing.

In regard to funds from abroad, the document will analyze the characteristics of the traditional mechanisms and the obstacles hampering the provision of such financial aid, for health activities, to countries unable to meet the established conditions as to currencies, term of repayment, loan servicing, absorption capacity and certain requirements concerning recovery of the investment. Restrictions based on existing lending policies favoring the selection of certain areas of the health sector will also be pointed out.

The document would present a basis for a discussion of procedures for making more efficient use of currently available resources and thereby raising their productivity. It would also explore the possibilities of finding new sources and mechanisms of financing, internal and external, capable of providing the resources needed to enable the American Governments to realize their legitimate aspiration of improving the health of their people.