Financing

DOING BUSINESS DIFFERENTLY

To improve the health and security of all U.S. citizens—and to ensure sustainable thriving of the world population—the United States must maintain its leadership in global health through forward-looking policies, a long-term vision, and continued investment. Where should U.S. investments and attention be focused? The report *Global Health and the Future Role of the United States* highlights four priority global health challenges and identifies four opportunities to do business differently.

Why is Smart Financing an Opportunity?

Much of the reduced suffering and lives saved across the world in recent decades can be attributed to global health investments. However, recently there have been calls for global health funding to have maximal impact or "value for money." Smart financing, or financing that looks beyond vertical short-term programs and seeks to engage other partners, can achieve such value and result in system-wide change and sustainable, lasting impact.

By the numbers:

- In-hospital neonatal mortality rates in Argentina decreased by **74 percent** when mothers enrolled in a results-based financing program.
- Malaria control programs by a mining company in Ghana led to a **72 percent** reduction in malaria and **$600,000** savings in annual treatment costs for workers.
- Efforts to eradicate polio have generated net returns of **$27 billion** since 1988 and are projected to reach **$40–$50 billion** by 2035. Similarly, smallpox eradication saves the United States the one-time expenditures it invested **once every 26 days.**

What's the Big Picture?

A majority of global health investments are made towards single, vertical disease programs. However, as more nations mobilize domestic resources to health and attract private-sector investments, there is an opportunity to reconsider how development assistance for health is provided. Investments should reflect a globalized world, in which economic growth, cross-sector partnerships, and pooled financing can be leveraged for optimal returns. As such, the U.S. should transition towards long-term investments, provision of public goods, private-sector engagement, and innovative financing to lead to better returns on U.S. investment. This strategy can also enable partner countries to transition toward country ownership and cost-efficiency of their own health programs.

CASE STUDY FROM THE REPORT

GLOBAL PUBLIC GOOD—ROTAVIRUS VACCINE

In India alone, 113,000 children under 5 die of rotavirus every year, with families spending up to $66 million on direct medical costs for hospitalizations and outpatient treatments. Together with India, the United States launched a bilateral vaccine action program and developed India's first indigenous rotavirus vaccine. Estimates suggest nearly 35 children under 5 per 100,000 can be saved by introducing this vaccine with already-established regimens. In terms of cost, for every 100,000 children under 5, families can save $215,000 in out-of-pocket expenses. Increasing the coverage can prevent even more death and provide additional significant cost savings.

Key U.S. Agencies and Programs

- U.S. Agency for International Development (USAID)
- U.S. Department of Health and Human Services (HHS)
- U.S. President's Emergency Plan for AIDS Relief (PEPFAR)
- U.S. Department of State (State)
- U.S. Department of the Treasury (Treasury)

RECOMMENDED ACTIONS

Transition Investments Toward Global Public Goods

Why? As countries transition out of bilateral aid, donor assistance can be directed towards longer-term goals and global public goods, such as research and development. Both are typically under-invested in, as there are often competing immediate priorities and no "global government" overseeing global R+D needs.

How? USAID, State, and HHS should make long-term investment in country-level programs, with the focus being on strengthening health systems. Investments should also respond to humanitarian emergencies and provide opportunities for joint research and development for essential drugs, diagnostics, and vaccines.

Optimize Resources Through Smart Financing

Why? With countries experiencing economic growth and the increasing plethora of global health partners, the U.S. should expand and diversify current financing mechanisms to help countries optimize their domestic resources, attract private-sector investment, and improve cost-effectiveness of U.S.-sponsored programs.

How? Agencies in the U.S. government should complement direct bilateral support with financing mechanisms that include results-based financing; risk sharing; and crowding in investments from the private sector, recipient countries, and other donors.

- USAID and PEPFAR should promote greater country ownership and domestic financing, including working with the finance sector to crowd-in private sector capital.
- USAID and PEPFAR should engage with countries to assist on return-on-investment analysis and financial plan execution.
- USAID should expand the use and flexibility of the Development Credit Authority.
- Treasury, State, and USAID should motivate the World Bank, the International Monetary Fund, The Global Fund, and Gavi to promote domestic financing and create fiscal space for health.

OTHER BRIEFS IN THIS SERIES

The report highlights four priority global health challenges and four key opportunities to do business differently.

DOING BUSINESS DIFFERENTLY

- Medical Product Development
- Digital Health Technology
- Global Health Leadership

PRIORITIZING GLOBAL HEALTH CHALLENGES

- Women's and Children's Health
- Global Health Security
- HIV/AIDS, Tuberculosis, and Malaria
- Cardiovascular Health and Cancer Prevention

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