

INTERNATIONAL HEALTH FINANCING MUST BE BASED ON SOLIDARITY

Health is a human right and a prerequisite for sustainable social development. Therefore, resilient and inclusive health systems must be strengthened worldwide. All governments must take responsibility for ensuring that basic health services are provided on their territories. Adequate financial resources must be made available.

The need for funding in the health sector has increased significantly in the wake of the COVID-19 pandemic. The effects of the pandemic have reversed much of the progress made in healthcare over the past twenty years. In addition, the proportion of young people is very high, especially in Sub-Saharan Africa. As the average age of the population rises, these underdeveloped and underfunded health systems will come under increasing pressure in the future. Even before the pandemic, it was clear that many health-related goals of the global sustainability agenda would not be met by 2030.

Even with maximum efforts, most countries in the Global South will only be able to meet a small part of the financing needs for the health systems they need from their own resources. The current global economic situation with rising energy and food prices is only one reason for the low level of funding.

The poorest countries need to reform and expand their tax systems to generate more domestic resources. This includes the taxation of transnational corporations.

In addition, many countries in the Global South are heavily indebted. These countries have to devote large parts of their budgets to debt servicing. As a result, they lack the resources to spend on health.

Another problem is the privatisation of the health sector. This is being pushed by the World Bank, the International Monetary Fund (IMF) and international donors. Privatisation means that more and more health services have to be paid for by patients and their families through out-of-pocket expenses. The World Health Organization (WHO) estimates that 99 million additional people fall into poverty each year as a result.

Fair tax systems improve health financing

Providing basic social and health services is a core responsibility of any government. An effective lever for improving the health of all people is a fair tax policy, both nationally and globally.

In Sub-Saharan Africa, Latin America, the Caribbean, and eastern and south-eastern Asia, 54.4% of government spending in 2020 will be financed by taxes. This is 12.1 per cent less than before the COVID-19 pandemic.

Countries in the Global South need international support to increase tax revenues to fund their social and health systems. For more people to pay taxes, informal jobs in particular need to be transformed into formal, taxable employment. Tax systems must also be fair if poverty is to be overcome.

In addition, countries in the Global South must be given more opportunities to tax international companies. Under the current global financial system, this is hardly possible for them. Every year, they lose at least \$200 billion to multinational tax dodgers. Under the OECD's Anti-Profit Shifting Mechanism, countries in the Global South are expected to raise around \$125 billion. The minimum tax is estimated to raise additional \$220 billion. However, this will mainly be collected in countries where companies are headquartered - not where they make profits.

Wealthy individuals hoard some \$7.6 trillion in tax havens. By contrast, 700 million people live in so-called low-income countries, which have an average economic power of less than \$1,000 per person per year. The necessary reforms of the international tax system must be driven by an inclusive, international process under the United Nations (UN). It must also be recognised that even with the best possible tax revenues, low-income countries need external support to finance their health expenditure.

A fair debt relief policy strengthens health and social systems

The majority of countries have fewer and fewer financial resources to provide basic social and health services: Some 64% of countries in the Global South are now critically indebted, 136 in total. Countries in Latin America and Sub-Saharan Africa are particularly affected. The WHO has identified 41 economically less developed countries where health spending is projected to be lower than pre-COVID levels by 2027. One-third of these countries are heavily indebted. In 69 countries, health spending is expected to stagnate at pre-pandemic levels.

Many countries in the Global South borrow from international development banks or bilateral donors. The latter include not only "traditional" donors such as Germany or the USA, but also "new" donors such as China. China's role is problematic in that it is now

one of Africa's largest creditors, but it largely hides its lending operations from the public and rarely grants debt relief. The level of indebtedness of some countries is therefore unknown.

In addition, many countries in the Global South rely on the private financial market. Although loans can be obtained quickly on these markets, the market-based interest rates are significantly higher than those offered by institutionalised donors. This development of borrowing from private donors is partly driven by the so-called "financialised development policy" of donor countries. Private investment and the leveraging of private investment with public funds - including in core government sectors such as healthcare, social security and education - are becoming increasingly important.

A significant proportion of the budgets of indebted countries is devoted to debt servicing, leaving less money for investment in basic health services. Debt, tax evasion and tax avoidance limit political space for action and (re)produce social inequality. In addition to global structural policy responses to these problems, adequate and reliable funding is needed from the international community. All UN member states must contribute to this task with a fair share according to their economic strength. Funding public health systems that are accessible to all must take priority over private sector solutions.

International health financing must be based on solidarity

The WHO Commission on "Macroeconomics and Health: Investing in health for economic development" – also known as the "Sachs Commission" – presented an analysis in 2001 that estimated how much money would be needed to achieve the health-related Millennium Development Goals (MDGs). The Sachs Commission also presented a recommendation for an equitable share of international health funding from member countries of the

Organisation for Economic Co-operation and Development's Development Assistance Committee (OECD-DAC countries). It was estimated that 0.1% of the annual economic output of these donor countries would be needed to provide basic health services for all. This percentage, or the resulting absolute sum, is referred to as the "fair share".

Since the adoption of the Sustainable Development Goals (SDGs) of the 2030 Agenda, the need for support has further increased due to pandemic-related setbacks and global population growth. Therefore, a new analysis of funding needs is required. These needs include funding required to

- Achieve equitable, barrier-free and non-discriminatory access to healthcare for all,
- Strengthening health systems (HSS),
- Primary health care (PHC) and
- Universal health coverage (UHC)

as set out in the Sustainable Development Goals (SDGs).

The fair share of the donor countries needs to be redefined

The current fair share of 0.1 per cent of donor countries' annual economic output is no longer sufficient to meet the growing demand for universal health coverage. A reassessment of health financing needs is therefore urgently needed. The first step is to determine the total global need. The next step is to determine what the poorest countries can contribute from their own resources. The current fair share is the difference between total need and own resources.

The basis for calculating health needs and the fair share should be regularly reviewed and adapted to global developments. This process should be subject to systematic and comprehensive monitoring, with the full involvement of civil society actors.

With the exception of the COVID 19-year 2021, the German government has not allocated the recommended 0.1% to strengthening health systems in German development cooperation partner countries. This puts Germany well behind other donor countries, which provide more Official Development Assistance (ODA) in relation to their economic strength and invest significantly more in the health sectors of their partner countries. The German government should allocate more resources to global health and to improving health systems in partner countries. At the very least, the current fair share should be maintained until Germany this goal is reached.

We call on the German government, in the context of its WHO membership, to support the following goals:

- Redefinition of funding requirements. This includes all expenditures necessary to achieve the health-related SDGs and enables the sustainable and robust implementation of universal health coverage.
- Recalculation of the fair share of international and national health financing.
- A regular adjustment of the needs base and fair share to global developments, as well as continuous monitoring in which civil society must be involved.

In addition, we call on the German government to take the following measures:

- Strengthening the tax base in countries of the Global South. This includes advocating tax reforms in the countries themselves and supporting a UN tax convention. This must create global tax justice and ensure that (trans)national corporations pay taxes where they make profits.
- Establishing an international debt relief mechanism for heavily indebted countries which would include all government, private and institutional creditors.
- Approval for debt-relief and the suspension of loan repayments during (health) crises.
- Demand that international donors and development banks ensure that their debt policies do not lead to austerity measures in the health and social systems of indebted countries.
- Encouraging countries of the Global South to allocate more resources to their health systems and universal health coverage.
- (Re)allocating funds for global health in the federal budget and allocate at least 0.1% to development-related health - without taking these funds away from other areas of public development cooperation.

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