



TRANSITIONING OF EXTERNAL-FUNDED HEALTH PROGRAMS

COUNTRY EXPERIENCE: INDONESIA

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Outline

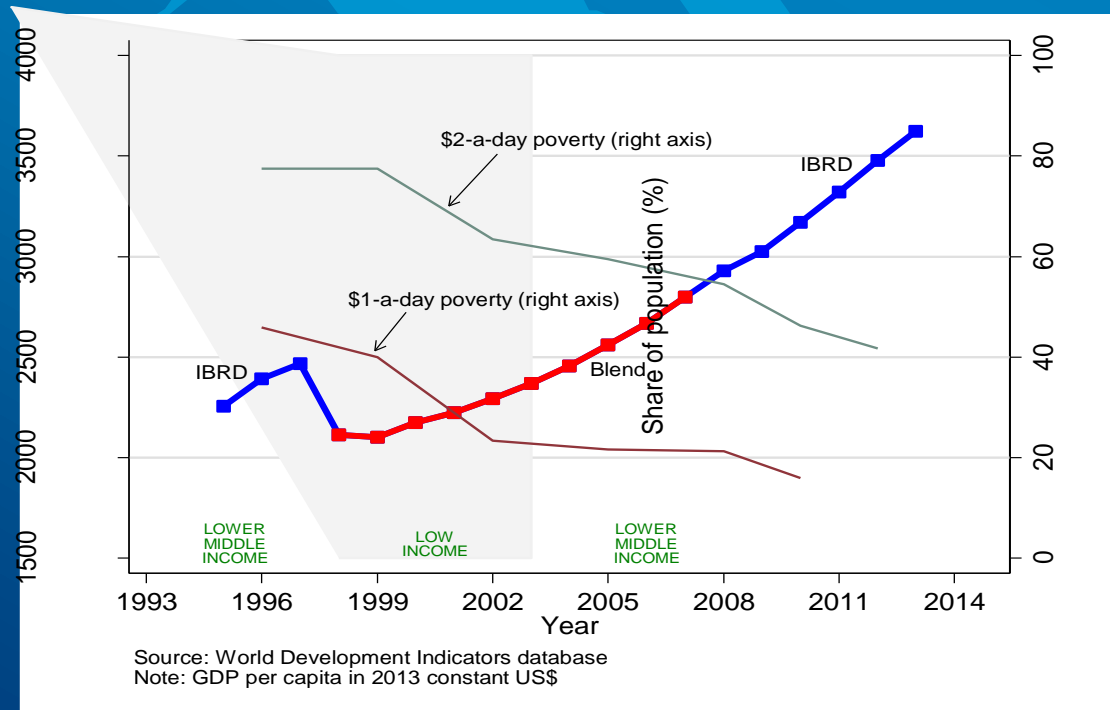
- Macro economic context
- Health Spending and Financing
- Challenges and Transitioning Strategy



MACRO ECONOMIC

Indonesia has made significant progress...

- Lower Middle Income with the GNI per capita: US\$3,630 (2013)
- With positive macroeconomic outlook, Indonesia is projected to attain upper middle income status in the next few years
- Overall decline in poverty, the level of informality in the labor market



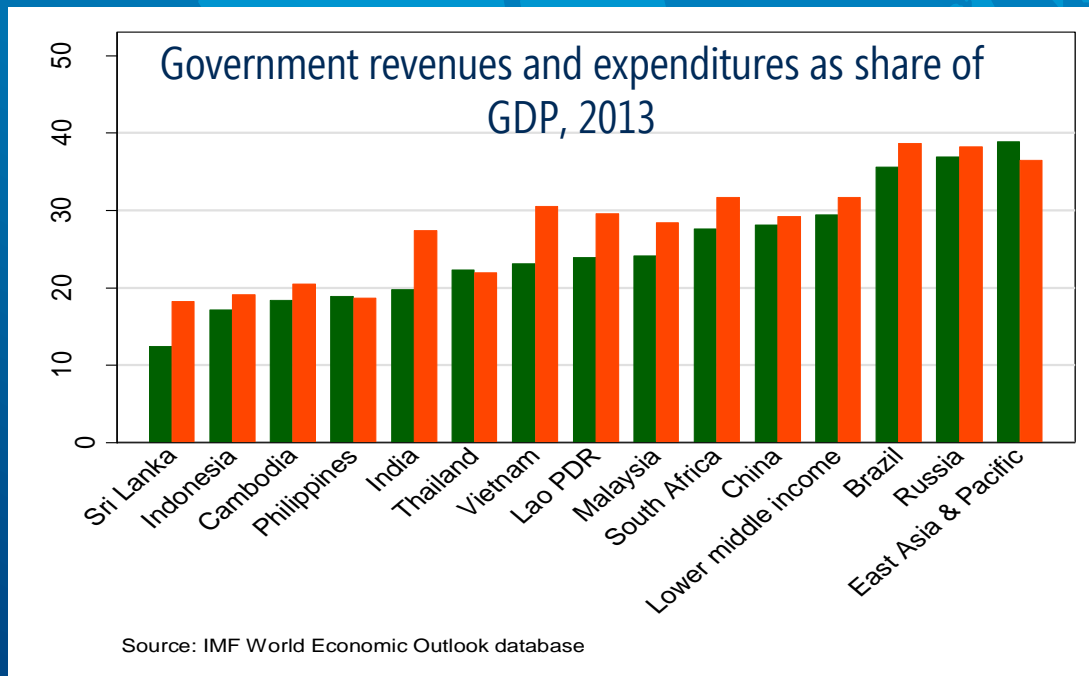
Conducive macroeconomic environment:

- Growth projected at 5-6% per year
- Levels of deficit and debt appear to be at manageable levels

Figure 1. GDP per capita and poverty trends in Indonesia, 1995-2013

Government Revenues are low

- National revenue is low: 17% of GDP in 2013
- Centralized collection: 90% raised by central level in 2013, but expenditures are highly decentralized (30% of spending at regional level)



Development Assistance for Health (DAH) initiatives have explicit eligibility and graduation clauses using recipient country incomes status

GFATM determines eligibility based on a series of factors that include country income and disease burden



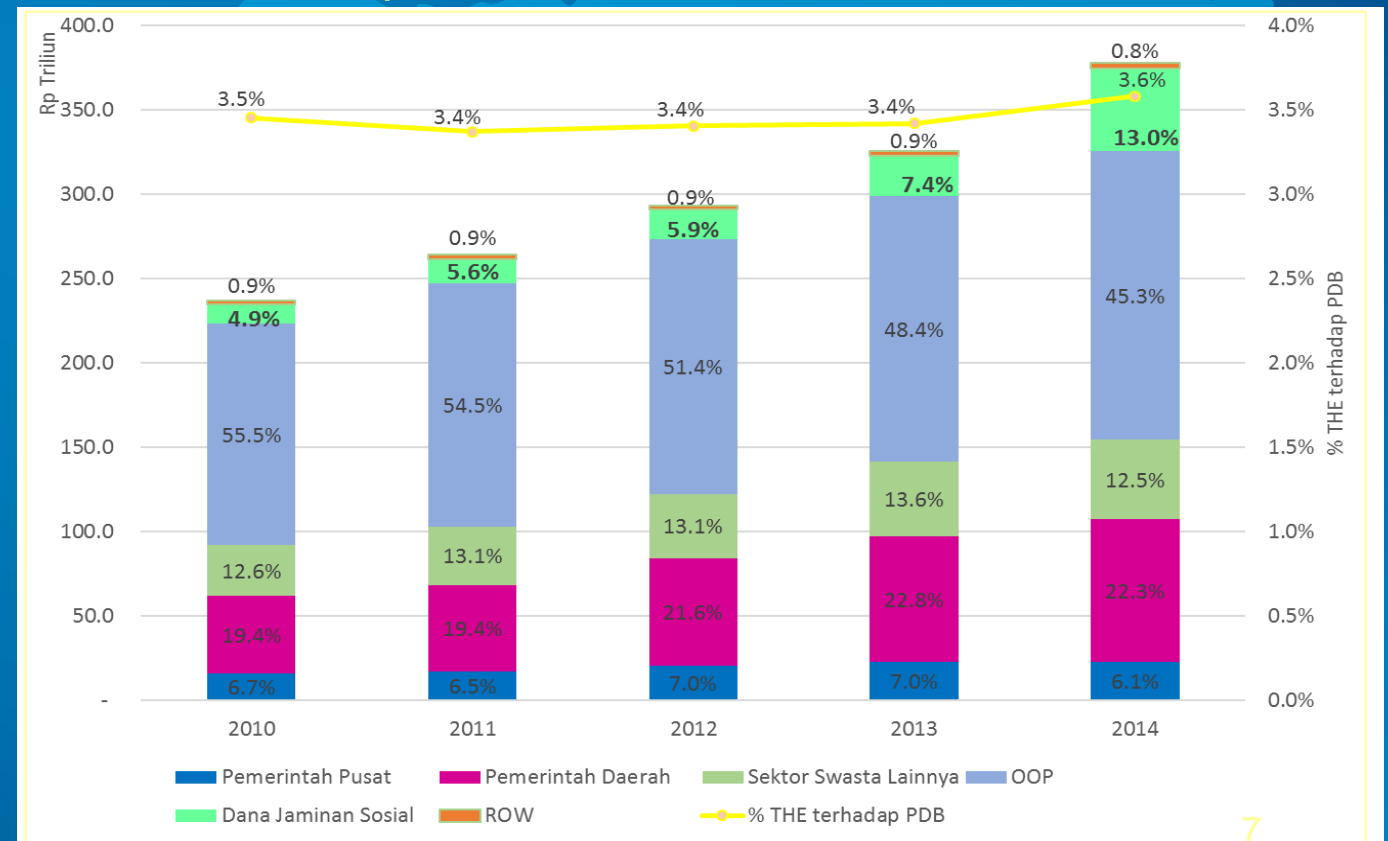
HEALTH SPENDING & FINANCING

Health Expenditure Increase

One of the lowest in the world, but it continues to increase

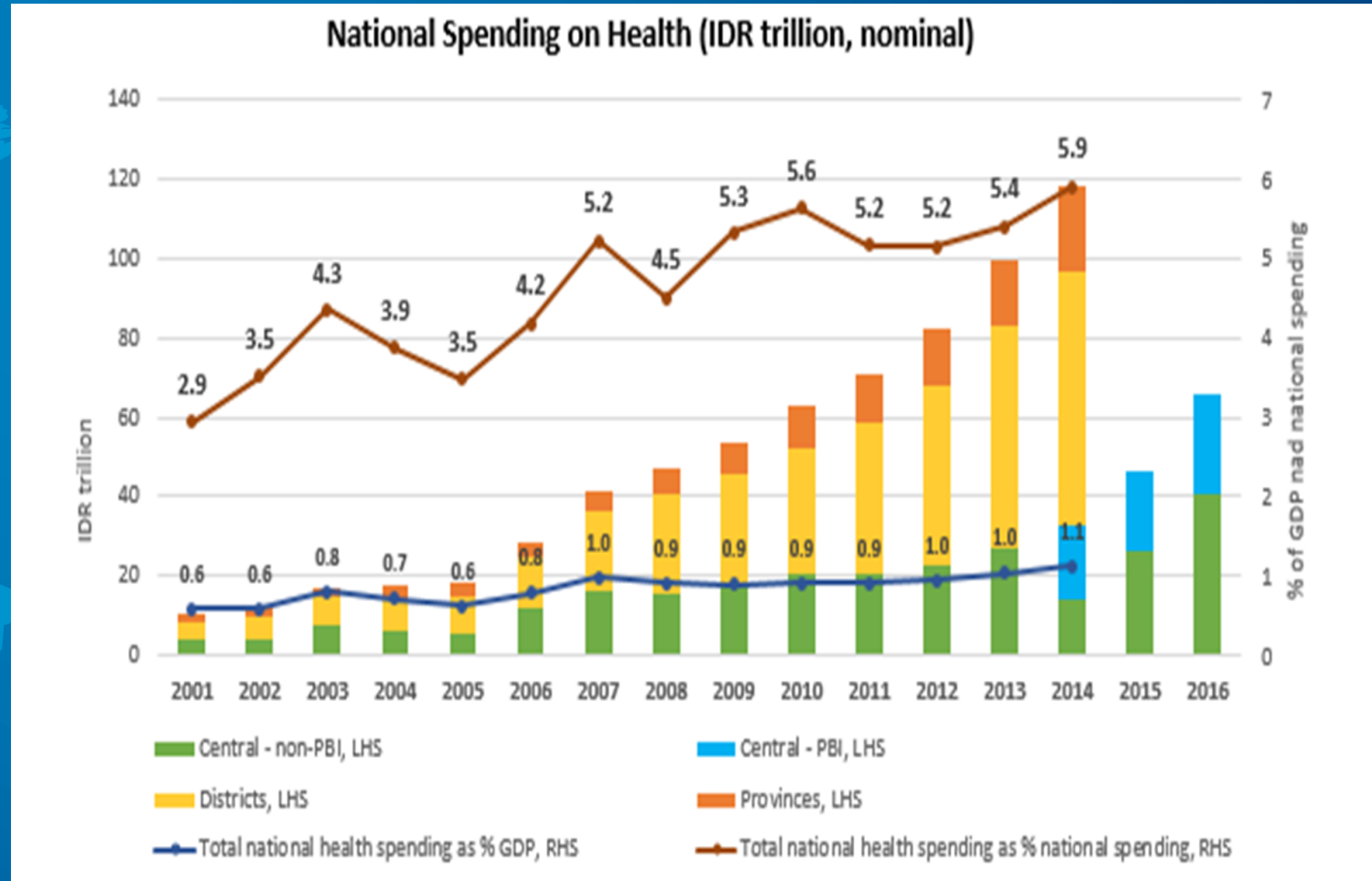
- Public spending has been growing, especially at district level
- Out of pocket is high but it's share is declining
- Demand side financing (SHI) increased substantially

Health Expenditure Indonesia 2010-2014



Public Health Spending

- PHE has been increasing in absolute
- However it does not increase the share to GDP
- More than 50% of national government expenditures occur at the district level
- Main sources of financing is still central government



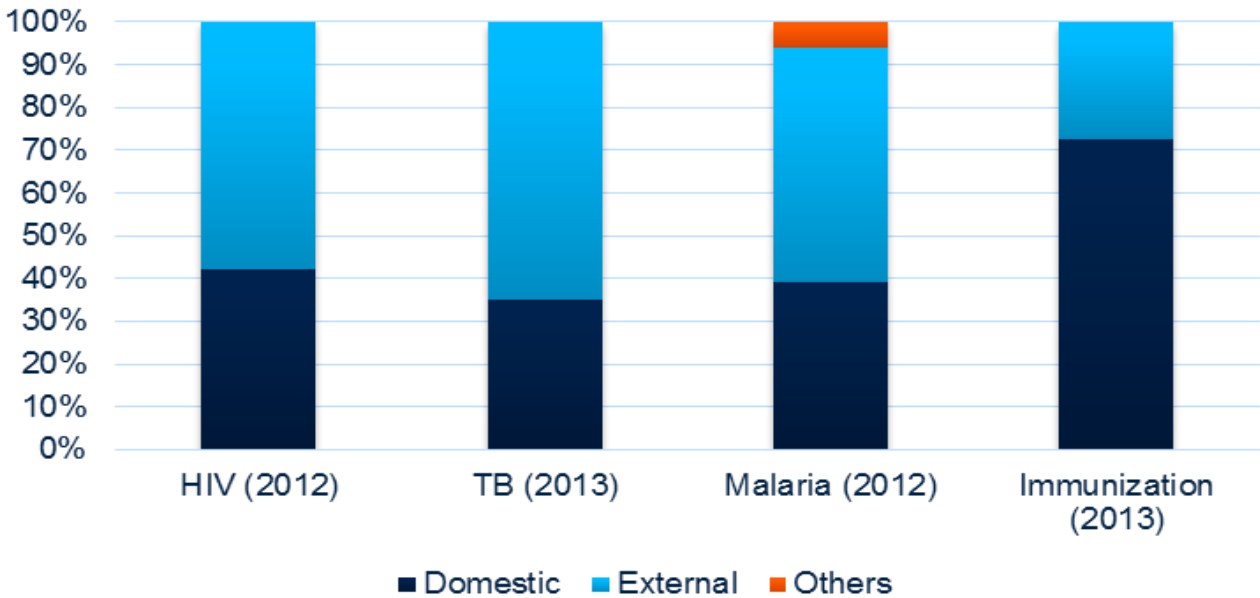
Increase Social Health Insurance Fund

The National Social Health Insurance Program - JKN

- As of mid October 2016, the program has covered 169.5 million (67% of population)
- JKN is the largest single payer insurance in the world
- Plan to expand coverage to the whole population in 2019
- Around 50% of the revenue still coming from the Government premium subsidy for the poor (2015 published report)
- High degree of informality create difficulties in collecting premium
- Overall unmet need for health care is reduced
- Out of pocket spending continue to decrease

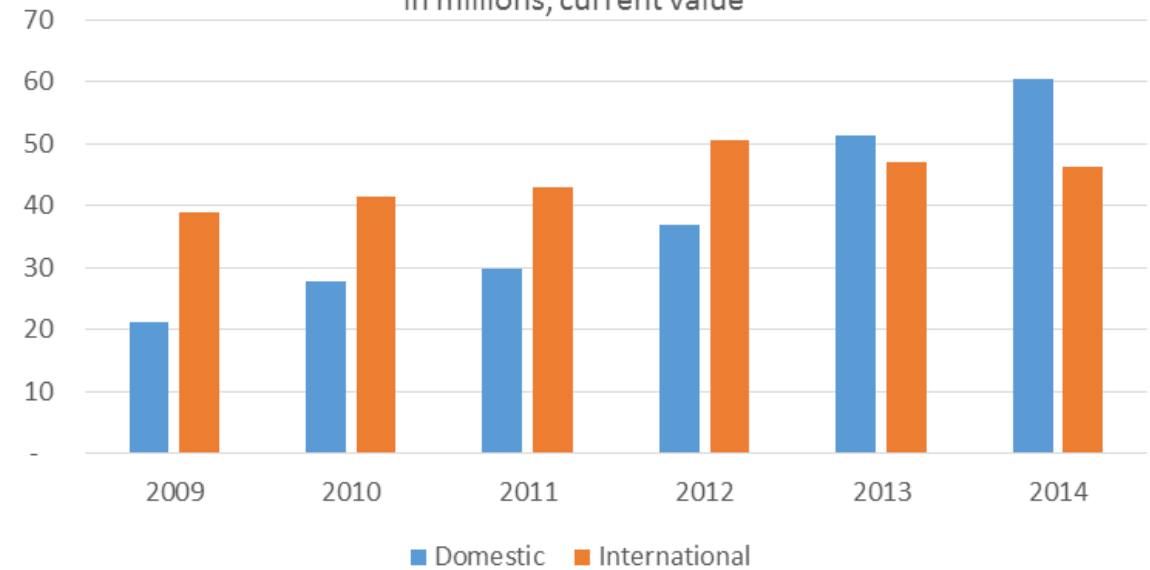
Indonesia's low dependence on external fundwith the exception for several health programs

Program Spending by Funding Source



HIV Spending 2009 - 2014

in millions, current value



- The share of external funds: 40-60%
- The share of domestic financing has been increasing

External funding use:

- Ensuring budget allocation
- TA and expertise
- Contracting on state actors



CHALLENGES AND TRANSITION STRATEGY

Challenges in Technical and Financial Sustainability

- Continuing technical supports:
 - technical assistants, and knowledge sources
 - cross learning across Countries
 - push positive agenda forward
- Graduate countries need to ensure technical capacity can be continuously improved
- Provide multi stakeholders collaboration platform
- Decentralization challenges ***at sub-national level:***
 - Implementation of minimum service standard
 - Increase source of financing
 - Building and transferring capacity in planning, implementation and monitoring and evaluation

Transition Strategy

Develop an operational transition strategy (MDTF)

- Political commitment and leadership: Advocate beyond MOH
 - Maintain and even increase coverage of the program
 - Future financial implication and create fiscal space of health
- Regulatory framework:
 - Stream of fund to reach the beneficiaries
 - Service contract with non-state actors
- Public Financial Management: (formal approach is more effective)
 - Integrating program into planning and budgeting process
- Creating fiscal space for the programs
 - Optimizing SHI (e.g. integrating HIV services into SHI package)
 - Establishing private-public partnerships for supply side provision
 - Self reliance: using public hospital revenue for investment
 - Improve efficiency of public health spending



THANK YOU

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