

The role of banks in health care financing

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national health financing initiatives

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Introduction

Overview

- Everybody should have access to good health care and well being as stated in the Sustainable Development Goals
- A financing gap for meeting the Sustainable Development Goals is not uncommon in developing / middle income countries
- To increase the implementation capacity is also a challenge in developing / middle income countries
- Development banks can provide both financing and support to increase implementation capacity
- Local commercial banks can support local suppliers and health care providers with challenging financing needs based on support of development banks
- Finabank is the preferred partner for health care development as the number 1 health care and financial solutions provider in Suriname



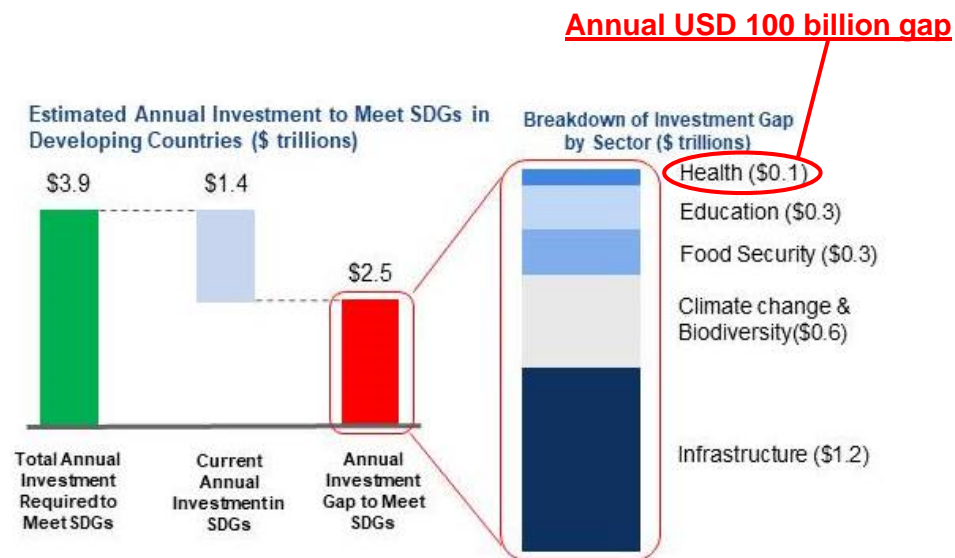
Developing countries face a financing gap for meeting the Sustainable Development Goals for health care

Global health care sector facts*

- Total annual global health care expenditure is approx. USD 8 trillion
- Total global health care expenditure is approx. 9% of world GDP
- The annual financing gap for developing countries for meeting the health care SDG is approx. USD 100 billion

Local health care sector facts

- Approx. 63% of population covered by public insurance (SZF)
- Total health care expenditure and public health care expenditure is approx. 6% and approx. 3% of GDP respectively (2014)**
- Suriname is committed to meet the Sustainable Development Goals; including health care



* source: WHO, SDIP

** source: IADB

Developing countries in particular also face challenges for operational delivery of high quality (universal) health care

Strengthening on institutional level

- Strong institutions and good governance
- Sufficient allocation and availability of government budgets and financing

Increase effectiveness

- Increase education and awareness
- Shift from a focus on costs to a focus on value
- Standardization of procedures
- Strong operational execution discipline
- Timely delivery of essential/primary healthcare services
- Automation of processes with IT systems

Administration, measurement and reporting

- Clear definition of costs
- Transparent measurement of costs
- Adequate and timely financial reporting
- Solid reimbursement administration
- Clear measurable milestones for health care projects

However, development banks are there to help closing the financing gap and to enforce operational execution discipline

Example: USD 20 million loan of the IADB to the Republic of Suriname to improve access to high quality, integrated primary care services and enhancing the effectiveness of the health sector.

Table II-1. Program Costs and Financing (in US\$)

Component	US\$	%
1. Institutional strengthening of the MOH for evidenced-based policy-making	12,372,000	62
Subcomponent 1.1. Improved Health Information System	4,300,000	
Subcomponent 1.2. MOH headquarters and central services infrastructure	8,072,000	
2. Expansion of the CCM	3,840,000	19
3. Increase access to priority services for communicable diseases in at risk population	1,500,000	8
Program administration and evaluation	1,665,000	8
PIU basic staff salaries	1,170,000	
Monitoring & Evaluation	365,000	
Financial audits	100,000	
Mid term evaluation	40,000	
Final Evaluation (PCR report)	50,000	
Impact Evaluation	175,000	
Logistics and minor management costs	130,000	
Contingency reserve	623,000	3
TOTAL	20,000,000	100

Institutional strengthening, policies, IT design and implementation, building improvement and construction, ...

Medical and non-medical devices, quality processes, training, education, promotion, ...

Administrative and operational services and reporting, ...

Local commercial banks are able to finance the health care sector by financing local suppliers and health care providers; enabled by the support of development banks

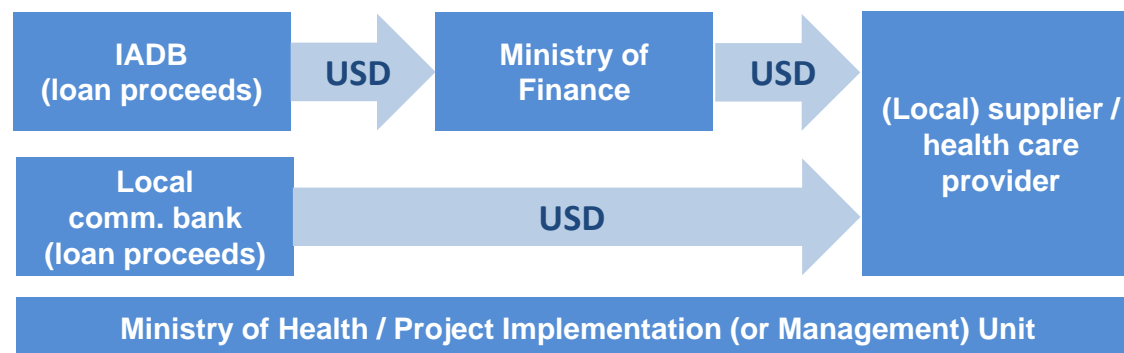
Project examples

- USD 20 million loan of the IADB to the Republic of Suriname to improve access to high quality, integrated primary care services and enhancing the effectiveness of the health sector;
- USD 60 million IsDB/OPEC/OFID loan to the Republic of Suriname to construct a specialized hospital, 5 primary care centers, training and project support.

Flow of funds without local banks – in practice local suppliers are not able to pre-finance e.g. materials



Flow of funds with local banks – local banks can pre-finance the work that needs to be performed, also in other sectors



Conclusion

Conclusion

- Good health and well being is important for economic growth
- A financing gap for reaching the Sustainable Development Goals is not uncommon for developing countries
- Operational execution challenges are also not uncommon for developing countries
- International development banks and local banks can jointly help to improve the health care sector
- International development banks can help to close the financing gap and can provide specific health expertise
- Local banks can provide local support and financing in cooperation with international development banks

About Finabank

- Finabank is the number 1 health care financial solutions provider in Suriname
- Access to development bank services and funds through our close-knit partnership with IADB
- A network of health care experts arising from our close cooperation with SZF, insurance companies, local hospitals and health care professionals
- Vast experience with financing health care related opportunities
- Current account facilities for managing working capital (such as paying salaries and creditors in time)
- Investment credit facilities to finance expansion
- International payment options to support cooperation with international development banks and other partners
- Financial solution engineering