MOTT MACDONALD

Health in Pakistan: The case for more - and better - health expenditure

Advocacy Brief

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With its high rates of death and illness, Pakistan fares badly in international comparisons of health. Pakistanis tend to die younger and suffer from more ill-health than people in much of the rest of South Asia. Pakistan has high rates of communicable diseases and poor maternal and child health indicators, but it is also experiencing increasing rates of non-communicable disease (NCD).

At this time of health transition – from communicable to non-communicable diseases as the main cause of death – the health system has two vital jobs to do, tackling and reducing the persistent problem of communicable diseases, whilst also working on prevention related to NCDs to avoid significant problems with escalating health costs and chronic ill-health in the near future. Many health service indicators are also low by international standards, including immunisation and contraceptive prevalence. Population growth is exceptionally high and places huge strain on the health system that has to try and keep pace.

This brief lays out the case for more and better government health spending in Pakistan, with the vast majority of funding coming from the provincial level. The COVID-19 pandemic reinforces the arguments developed here: the illness has caused severe disruption to both the economy and to health service delivery.

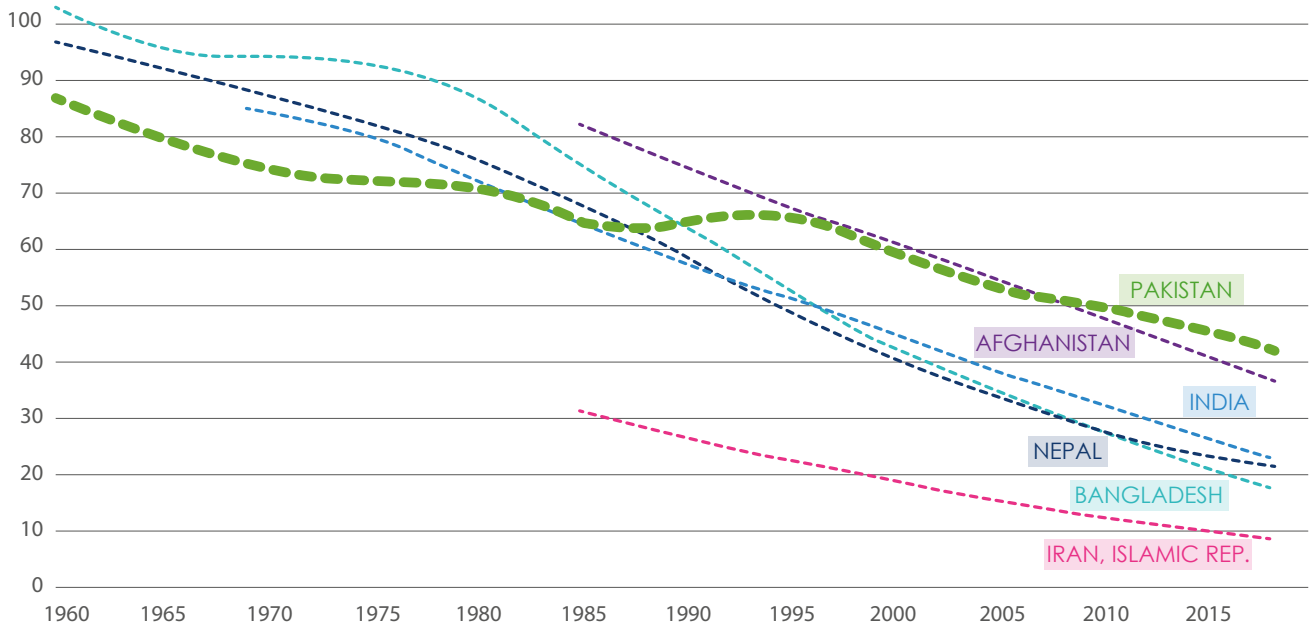
Health in Pakistan has improved significantly over recent decades – but too slowly and gradually

Despite many improvements in Pakistan in recent decades, progress has been slower and less substantial than in many other countries. For example, in 1970 the neo-natal mortality rate (NMR) in Pakistan was lower than in Bangladesh, India and Nepal but is now reporting the highest recorded in the world[1]. Even if we accept that some countries' figures may be under-estimates, this is a shocking statistic and it is indisputable that the NMR in Pakistan is higher than in many considerably poorer countries.

DALYs (disability-adjusted life-years) lost per 100,000 Pakistanis declined substantially between 2000 and 2019 – i.e. the overall health of the population improved. However, although health improved per 100,000 population, the overall annual burden of ill-health increased from 89 million DALYs in 2000 to 94.2 million in 2019 because of population growth.

When population growth is high, the health system has to work hard (i.e. provide services for even more people) just to remain at the same level in terms of the percentage of the population that it reaches.

Neo-natal mortality rate per 1000 live births, selected countries, 1960-2015[2]



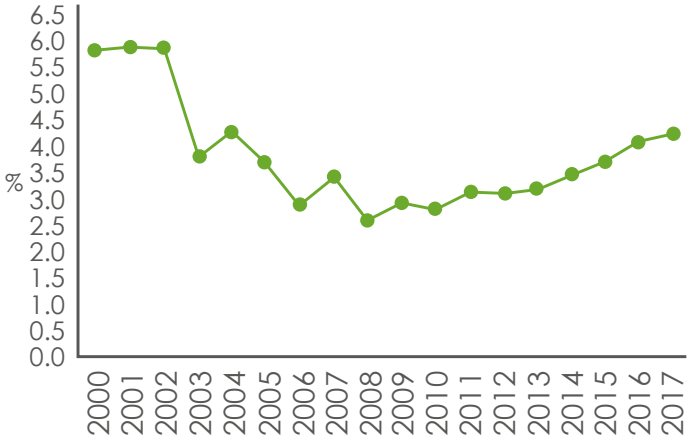
[1]Estimates developed by the UN Inter-agency Group for Child Mortality Estimation (UNICEF, WHO, World Bank, UN DESA Population Division). See childmortality.org.

[2]All data from World Bank Open Data, https://data.worldbank.org/, originally derived from estimates by the UN Inter-agency Group for Child Mortality Estimation.

Spending on health in Pakistan is low by international standards

Pakistan spends relatively little on health compared to its Gross Domestic Product (GDP) - 2.9%. The average for lower-middle income countries is 4.0% and 3.5% across South Asia. This is largely because government spending as a whole in Pakistan is very low relative to the size of the economy, and also because only 4.3% of government spending is on health (2017) despite having improved over the last decade.

Domestic general government health expenditure (% of general government expenditure)



Moreover, most of the spending on health – 63% in 2016 – comes directly from individuals as out-of-pocket payments. Levels of out-of-pocket spending are not based on relative health need and leave families vulnerable to catastrophic health bills. Not all families which have a pressing need for healthcare can afford it, and some families endure prolonged poverty as a direct result of healthcare bills. Given the vastly different levels of wealth in Pakistan, OOPs place a disproportionate burden on the poorest.

The economy: health can play a stimulating role by improving human capital and decreasing population growth

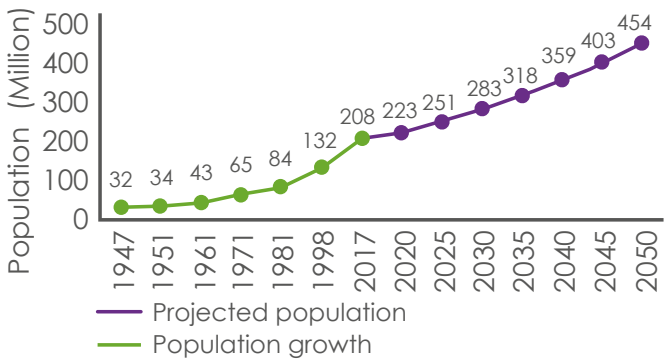
An extract from Pakistan@100: Human Capital[3]

"Pakistan….is not fully benefitting from its favourable demographic tailwinds due to an underinvestment in, and an underutilization of, human capital…..The country's accumulation of human capital — critical to improving productivity and employability — has been sluggish, in part due to Pakistan's high fertility rates and low health and educational attainment levels…. A failure to realize the promise of a young population can have negative social, economic, and political consequences in both the short and long run."

The Human Capital Index quantifies the contribution of health and education to the productivity of the next generation of workers. A low Human Capital Index means that economic growth opportunities are being missed because of under-investment in health and education. Pakistan currently ranks 134 out of 157 countries on the Human Capital Index; a child born in Pakistan today will be 39% as productive when they grow up compared to their potential if they enjoyed complete education and full health[4]. This indicates that Pakistan's economic growth will remain stifled by its lack of human capital. A key reason for this is found in its poor health indicators – there is a direct link from health service delivery, through human capital, to economic growth.

Pakistan's population is projected to reach 285 million by 2030 and to double to over 450 million in the 30 years from 2018.[5] In contrast, the doubling time is 60 years for the region as a whole – about 40 years in Nepal, 50 in Iran, 60 in Bangladesh and 70 in India.

Population growth since independence and projected population



[3] Ahmed, Syud Amer et al (2019) Pakistan@100: Human Capital. Policy Note, World Bank Group.
[4] GoP (2018) Pakistan Economic Survey 2017-18 http://www.finance.gov.pk/survey/chapters_18/11-Health.pdf
[5] MoNHSR&C/Law and Justice Commission of Pakistan (2018) Investing in Sustainable Population Growth

There are many pressing reasons to reduce population growth: levels of poverty; rising costs of meeting basic needs in health, education, nutrition and productivity skills; stress on the environment and natural resources, including fragile food security; and, crucially, a serious decline in per capita water availability.

A high number of Pakistani couples want to space or limit births, but do not have access to the information and services they need: 17% of married women aged 15-49 had an unmet need for family planning in 2017/8. Universal access to family planning and reproductive health services is necessary to limit Pakistan's population growth, which in turn is a crucial element in promoting development and economic growth. This requires higher levels – and different targeting - of government spending.

Gains in health and fertility management are not only development successes in their own right but are also a necessary contributor (alongside progress with education and nutrition) to accelerating growth in per capita incomes in Pakistan[6]. Simply put, more and better health expenditure is required if Pakistan is to enjoy the economic benefits of a more productive workforce and slower population growth.

More – and better - government health spending could make a significant difference

There is a wealth of global and national evidence about a range of extremely high-impact, cost-effective health interventions. Because there are numerous gaps in the availability of these interventions in Pakistan, the country is in a position to benefit from many of the health sector's most beneficial "best buys".

The government currently spends $14 on health, an estimated $8 of which is currently available at the district level and below: this is a ball-park average and clearly there are huge differences across the country. The Government of Pakistan should be congratulated for recently specifying and costing a very basic package of essential health interventions that could dramatically improve the health of Pakistanis, using global and local evidence. Globally, it is judged that an Essential Universal Healthcare Package should include 108 high priority interventions[7]. The most basic version of the Pakistani package includes 88 interventions and would cost an additional $12.96 per person. In other words, government expenditure in Pakistan would need to increase by almost $13 per person just to provide a very minimal package of services that includes just over 80% of the globally-classified "essential: high priority" interventions. The package will soon be piloted in selected districts in each province, which will produce useful details about the resources required for widespread implementation.

This clearly shows why it is important to spend more government money on health – current spending does not even cover the basic minimum. Considerable benefits can be reaped even with very modest increases in expenditure. For instance, the first $2 of the $12.96 - if spent on well-chosen interventions - could potentially yield about 33 million years of additional life in good health, provided that the expenditure was extremely well prioritised and interventions were managed with great efficiency. This could include substantial improvements in Pakistan's basic health indicators[8]. Providing the full $12.96 package would mean that 40 million years of additional life could be lived in good health.

Rapid improvement is possible

Progress can be accelerated when expanding appropriate service provision receives concerted attention – and additional resources – from government. A programme of targeted health and nutrition support in Punjab and KP achieved some impressive results between 2015 and 2019:[9] [10]

- Ante-natal care visits increased by 251%, with an additional 118 visits per month per Basic Health Unit (BHU)
- Many BHUs remained open for deliveries 24 hours per day:[11] seeing an increase of 550% in deliveries
- Post-natal visits increased by 41.8%, an additional 28 visits per month per BHU
- Family-planning visits increased by 23%, an additional 9 per month per BHU
- The availability of essential medicines at government facilities improved from 72% to 98% in Punjab, and from 46% to 68% in KP
- The cost to government of deliveries at primary healthcare facilities reduced by 49%.

Altogether, more than 37,000 lives of mothers and children under five years old were saved[12] A "Roadmap" accountability approach was used engaging senior decision-makers with routine data who reacted decisively to make resources available and to tackle bottlenecks. This experience shows that targeted efforts can lead to impressive changes in Pakistan.

[6] This point is developed in detail in Ahmed, Syud Amer et al (2019) Pakistan@100: Human Capital. Policy Note, World Bank Group
[7] Jamison et al (2017) Disease Control Priorities: Improving Health and Reducing Poverty, 3rd edition, Disease Control priorities, Vol. 9. World Bank
[8] Ruega ST et al (2020) Using DCP3 to inform the design of Pakistan's health benefit package. PowerPoint presentation. DCP3/London School of Hygiene and Tropical Medicine. (Slide 39, Scenario 3, maximum health)

A focused approach and modest additional expenditure could achieve a lot in terms of better health

If Pakistan is to reach 80% of its population with something similar to the global Essential Universal Healthcare Package of 108 high priority interventions this could cost over $50 per capita[9] , whereas total health expenditure is currently around $40, of which about $14 is spending by government. Clearly this is a huge increase which would take time to achieve.

However, this goal should not be forgotten entirely because it is not a "luxurious" aspiration – it is after all seen as an "Essential" Universal Package that should be available to everyone.

In practice, the challenge of developing universal essential services has to be addressed incrementally through a combination of higher government spending and changing patterns of existing expenditure. The good news is that considerable benefits can be reaped from the start of the journey, through an enhanced focus on priority services and additional expenditure of less than $2 per capita.
It is not only the quantity of government health spending that is important, it is also the quality: it is essential that money is spent in an efficient way on the most effective health interventions provided to the people who need them most.

Where will the money come from for increased spending on health?

One way to find government money to spend on health is to increase overall government spending as a percentage of GDP. There is potential to increase provincial and federal income through tax reform, simplifying rules and payment mechanisms, increasing coverage and improving methods for determining tax liabilities. However, probably the most realistic way to significantly increase government spending on health in the near future is to increase the percentage of government expenditure devoted to health - i.e. to make an explicit choice that improvements in health are a worthwhile investment.

A lot is known about how this additional expenditure should be targeted to achieve considerable improvements in the nation's health. There are positive local examples of what can be achieved, and Pakistan is a global pioneer in systematically identifying its priorities through the internationally recognised "DCP3 method". The importance of tackling these long-standing problems is even more apparent when the rise of non-communicable diseases (NCDs) is considered – Pakistan needs to address its problems with Reproductive, Maternal, Neo-natal and Child Health (RMNCH) and communicable diseases to free up resources to tackle the increase in NCDs.

Higher government spending on health is realistic and reasonable in terms of international comparisons. India and Nepal – as well as lower middle-income countries as a whole – spend a higher percentage of GDP on health. Iran spent about five times as much both in terms of both percentage of GDP and percentage of total government health spending. And significantly, Pakistan has done it before, with almost 6% of total government spending going to health in 2001 and 2002.

Changing the composition of spending is easiest when the total budget is growing because the new money can be focused on the areas identified for higher spending. However, re-prioritisation is possible with static budgets too, and in Pakistan this would be highly desirable, with the potential to save many lives. Tackling inefficiencies and wastage in expenditure would also release funds that could be used to provide the priority interventions.

The time is now

Now is a good time assess how much government spends on health, and how that money is spent. COVID-19 has drawn global attention to the health sector and, with good planning, there is the potential to harness "COVID money" for wider sectoral benefits. COVID-19 has made clear the importance of having a health system with widespread capacity to prevent, diagnose and treat communicable diseases.

There are other powerful and longstanding reasons for increasing government expenditure urgently. Excellent work has been done in Pakistan on how to target health spending effectively, and past under-investment in the sector means that there are some significant "big wins" available with higher spending on extremely cost-effective interventions such as those related to RMNCH services, the management of fever, tuberculosis and trauma. Population growth cannot be ignored – the fact is economic growth and poverty reduction are not keeping pace with population growth. There are multiple advantages to moderating Pakistan's population growth – well-targeted spending on health is one necessary element of achieving this.

This version is accompanied by a full report, available from the UK Foreign Commonwealth & Development Office (FCDO). Both were produced by Mott MacDonald, who were contracted by the FCDO to undertake the work.

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[9] Ruega ST et al (2020) op cit. The "Global" package and the final Pakistan package are not perfectly comparable, because both contain interventions unique to them, but the broad brush estimate of $50 is nevertheless useful for international comparisons of a "typical" package.