Electronic Annex C

to the report *Tough choices: investing in health for development Experiences from national follow-up to the Commission on Macroeconomics and Health,* Geneva, World Health Organization, 2006

Health expenditure trends in selected countries

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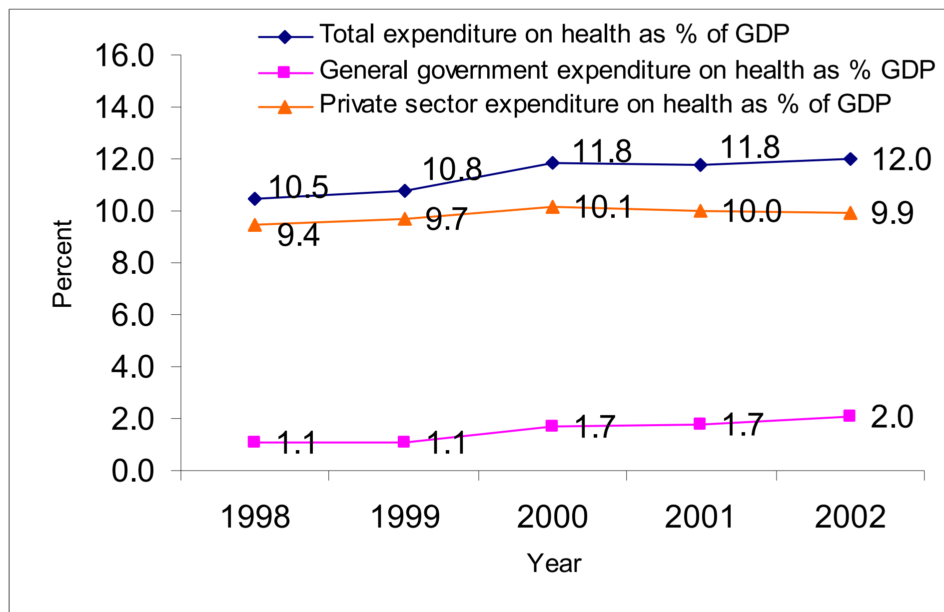
Health expenditure trends in selected countries

Cambodia

Total health expenditure as a percentage of GDP in Cambodia is the highest of the Asian developing countries, with a gradual increase from 10.5% of GDP in 1998 to 12.0% in 2002. The general government expenditure on health amounted to 2% of GDP in 2002, see Figure 1. This includes externally financed government expenditure. The central government has committed to increase public health spending (*1*), yet the sector remains heavily dependent on 'off-budget' external funding from donors and nongovernmental organizations as well as from out-of-pocket expenditure, which together amounted to 82.9% of total health expenditure in 2002.

Figure 1
Cambodia health expenditure trends (1998–2002)

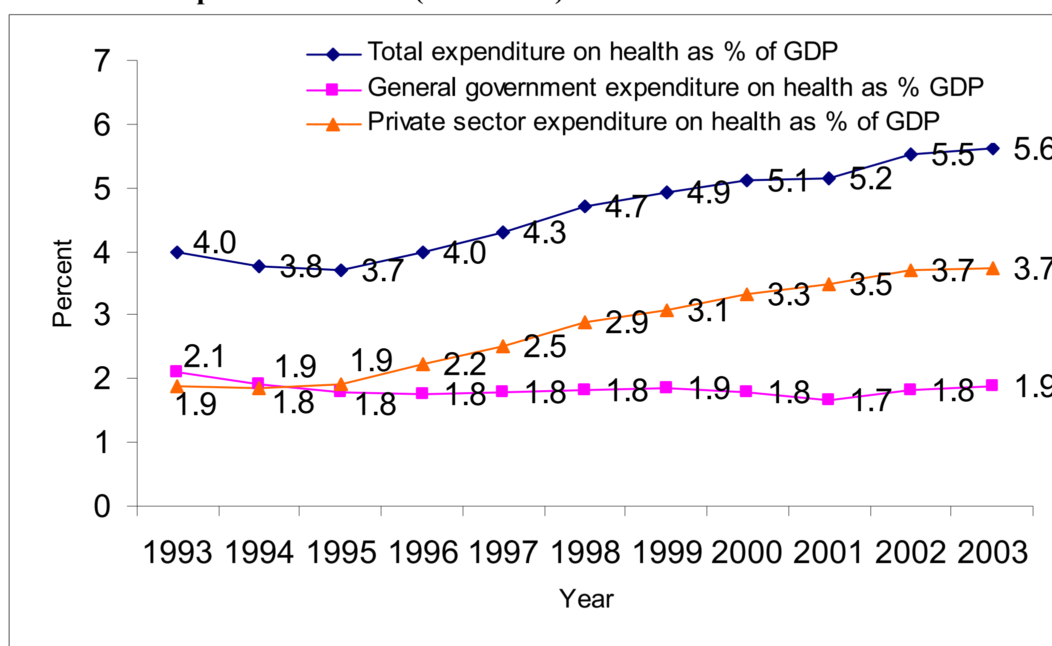


Source*:* National health accounts, World Health Organization, 2005.

China

Total health expenditures in China have risen steadily since 1995 – from 3.7% of GDP to 5.6% of GDP in 2003 (Figure 2). This increase was mainly due to a sharp increase in private health expenditures from 1.9% of GDP in 1995 to 3.7% of GDP in 2003. Correcting for inflation, however, the average annual real growth in China's total health expenditure was 12% at constant prices during 1978–2002, compared to 18% at current prices.[1] In terms of per capita health expenditures, there is a growing divide between the urban and the rural sectors. Expenditures per capita in the urban sector were nearly four times as high as in the rural sector[2] (1066 yuan as compared to 293 yuan, respectively, in 2003).

Figure 2
China health expenditure trends (1993–2003)



Sources*: China Statistical Yearbook, 2003 and 2004*, National Bureau of Statistics, (China Statistical Press); *China National Health Accounts Report, 2003 and 2004*, China Health Economics Institute, China; *China: Health, poverty and economic development*. Office of the World Health Organization Representative in China/Social Development Department of China State Council Development Research Centre, forthcoming.

[1] *China: Health, poverty and economic development*. Office of the WHO Representative in China/Social Development Department of China State Council Development Research Centre, forthcoming.
[2] *Ibid*.

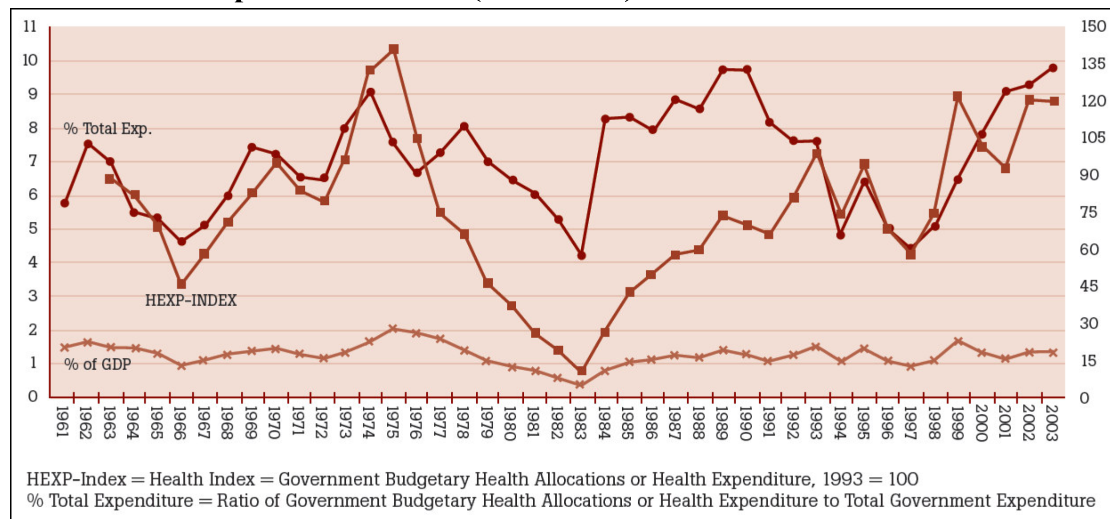
Ghana

While Ghana's government budgetary allocations to the health sector have enjoyed a tremendous increase in nominal terms between 1963 and 2003, these allocations appear to have stagnated over the years when compared to total government spending. Figure 3 shows that – after reaching a peak level of 9.13% in 1974 – government health expenditure as share of total government expenditure has taken two downward trends – in the early 1980s and in the late 1990s – before rising to 9.8% in 2003 (*2*).

Furthermore, Figure 3 shows that government allocations to the health sector have undergone substantial changes – in real terms – over time. This is indicated by the Health Expenditure Index[3] on government health expenditures, which declined from 141 points in 1975 to about 10 in 1994 and 119.8 points in 2003 (*2*). The percentage of GDP allocated to the health sector has slightly increased, but remains below 1.5% in 2003.

Figure 3

Ghana health expenditure trends (1961–2003)

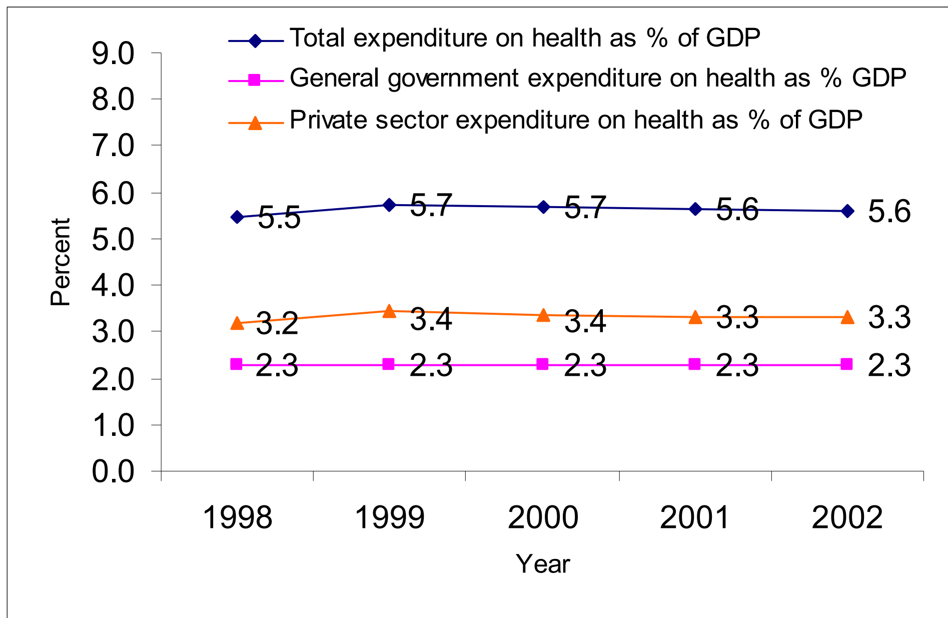


***Source**:* National Development Planning Commission, Government of Ghana (*2*).

The WHO national health accounts estimates confirm the relative stagnation of general government expenditure since 1998 and show that private expenditure accounted for almost 60% of total health expenditure in 2002 (Figure 4).

[3] Health Expenditure Index ("HEXP") represents the Government budgetary allocations or health expenditure, with 1993 as base year.

Figure 4
Ghana health expenditure trends (1998–2002)

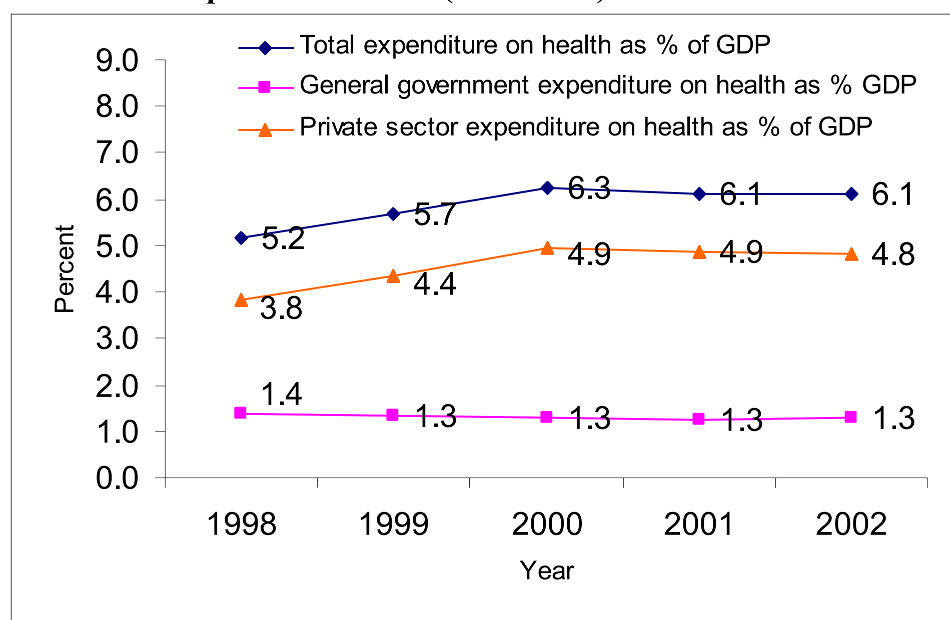


***Source**:* National health accounts, World Health Organization, 2005.

India

Total health spending in India – 6.1% of GDP in 2002 – registered a gradual increase between 1998 and 2002. This was mainly due to an increase in private health expenditures. In fact, general government expenditure on health accounted only for 21.3% of the total health expenditures in 2002, as compared to 26.5% in 1998 (Figure 5).

Figure 5
India health expenditure trends (1998–2002)



Source: National health accounts, World Health Organization, 2005.

Another data source indicates that the relatively low level of public expenditures by the centre and state health departments as share of GDP has not significantly risen between 1975 and 2003 (Table 1).[4] This was primarily due to the austerity measures introduced in the late 1980s, which negatively affected sectors such as health (*3*).

[4] Whereas Table 1 shows expenditures by the centre and state health departments only, the aggregate 'general government expenditure on health' in Figure 5 includes the expenditure on health by all central government departments (health, defence, labour etc.) all state departments, local bodies, public enterprises, including banks and external funding for health according to the national health accounts framework.

Table 1
India public health expenditure trends (1975–2004)

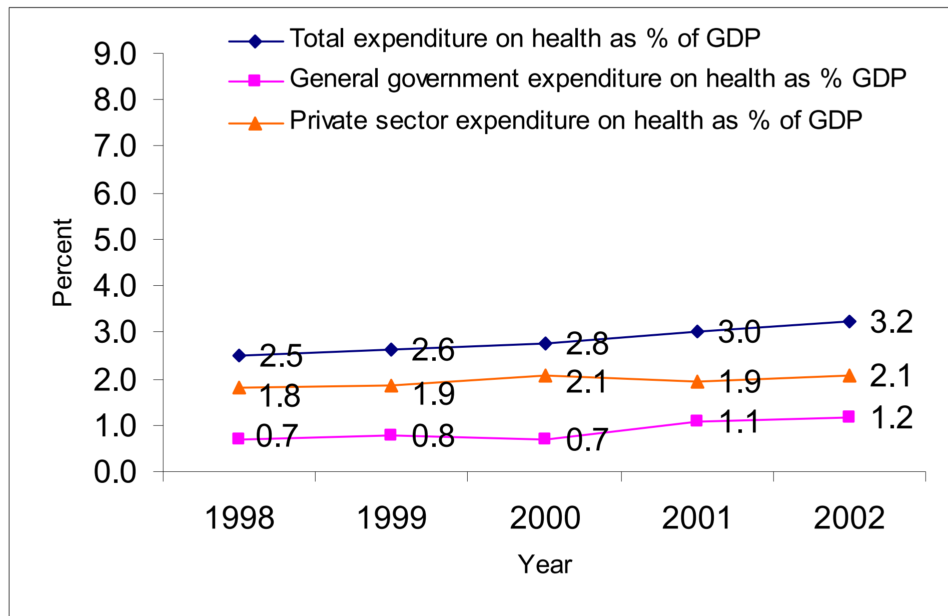
Year	Health expenditure as % of GDP[a]			Per-capita public expenditure on health (in Rupees)
	Revenue	Capital	Aggregate	
1975–1976	0.73	0.08	0.81	11.15
1980–1981	0.83	0.09	0.91	19.37
1985–1986	0.96	0.09	1.05	38.63
1990–1991	0.89	0.06	0.96	64.83
1995–1996	0.82	0.06	0.88	112.21
2000–2001	0.86	0.04	0.90	184.56
2001–2002	0.79	0.04	0.83	183.56
2002–2003	0.82	0.04	0.86	202.22
2003–2004	0.86	0.06	0.91	214.62

[a] GDP is at market price, with 1993–1994 as the base year. Taken from the Report of the India National Commission on Macroeconomics and Health (*3*).
Sources*:* Report on currency and finance, Reserve Bank of India, various issues; Statistical abstract of India, Government of India, various issues; Handbook of statistics of India, Reserve Bank of India, various issues.

Indonesia

Indonesia's total health expenditure has increased steadily between 1998 and 2002, reaching 3.2% of GDP in 2002, compared with 2.5% in 1998. Private sector expenditure accounted for 64% of total health expenditure in 2002 (Figure 7).

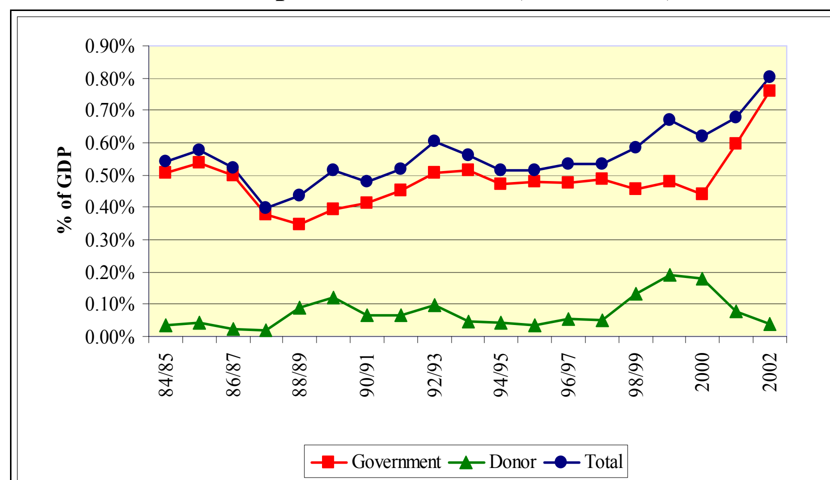
Figure 6
Indonesia health expenditure trends (1998–2002)



Source: National health accounts, World Health Organization, 2005.

An additional source confirms that government expenditure has significantly increased between 2000 and 2002, indicating how this compensates the gap of the reduced donor funding inflow, now that the economic crisis is over (*4*) (Figure 7).

Figure 7
Indonesia health expenditure trends (1984–2002)

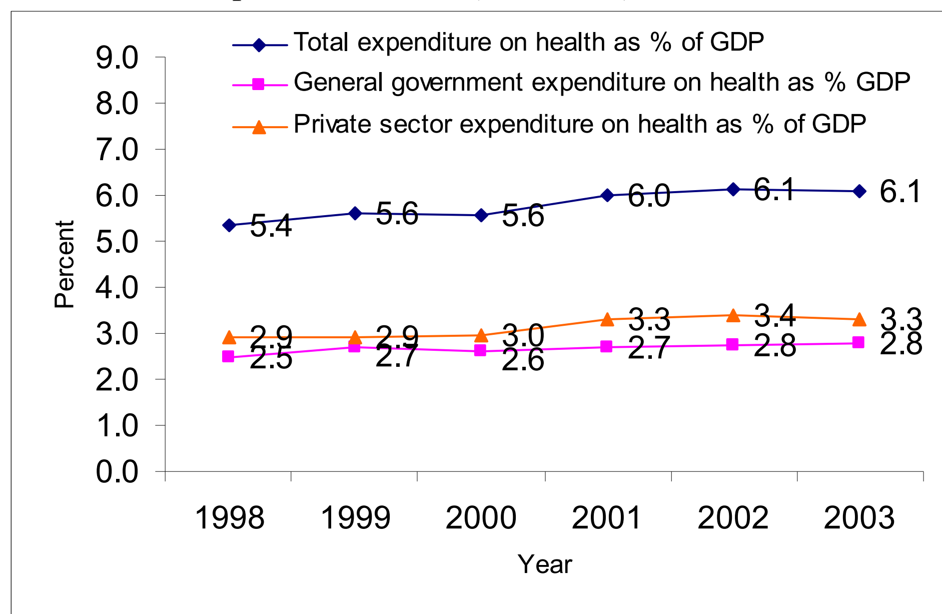


Source: Somanathan et al. (*4*).

Mexico

Mexico is characterized by a consistent level of health expenditures as a percentage of GDP between 1990 and 2002, at levels lower than 6%, except the amounts reported in 2002 and 2003 (Figure 8). This level was lower than the Latin American average (6.3%) and low compared to other countries with similar income level (*5*). Moreover, general government expenditure on health has only risen very slowly to 2.8% in 2003 from 2.5% in 1998. This is contrasted to the significant rise in private health expenditures in Mexico, 95% of which were out-of-pocket payments in 2002.

Figure 8
Mexico health expenditure trends (1998–2003)

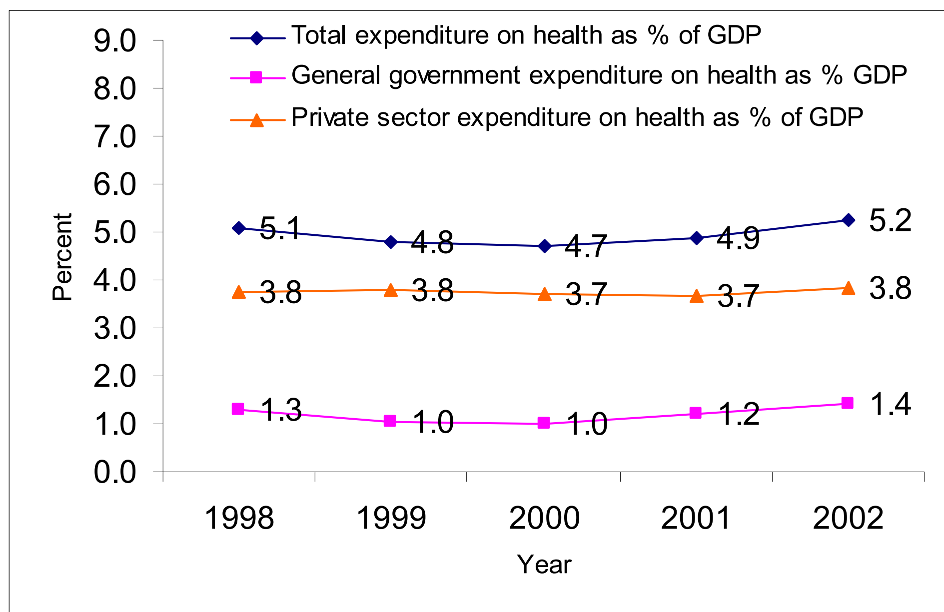


Sources: National health accounts, World Health Organization, 2005 for 1998–2002; Ministry of Health Mexico (2004) for 2003 data, taken from the Executive Summary of the Report of the Mexican Commission on Macroeconomics and Health (*5*).

Nepal

Total health expenditure in Nepal has been around the 5% of GDP level between 1998 and 2002, with general government expenditure on health closely following that trend (Figure 9). The public health sector has consistently been underfunded due to the problem of limited government revenues, but also given the fact that its budget represents only one third of the education budget. The official public budget for the health sector in 2003/2004 amounted to 1.2% of GDP, or only US$ 2.94 per capita (*6*).

Figure 9
Nepal health expenditure trends (1998–2003)



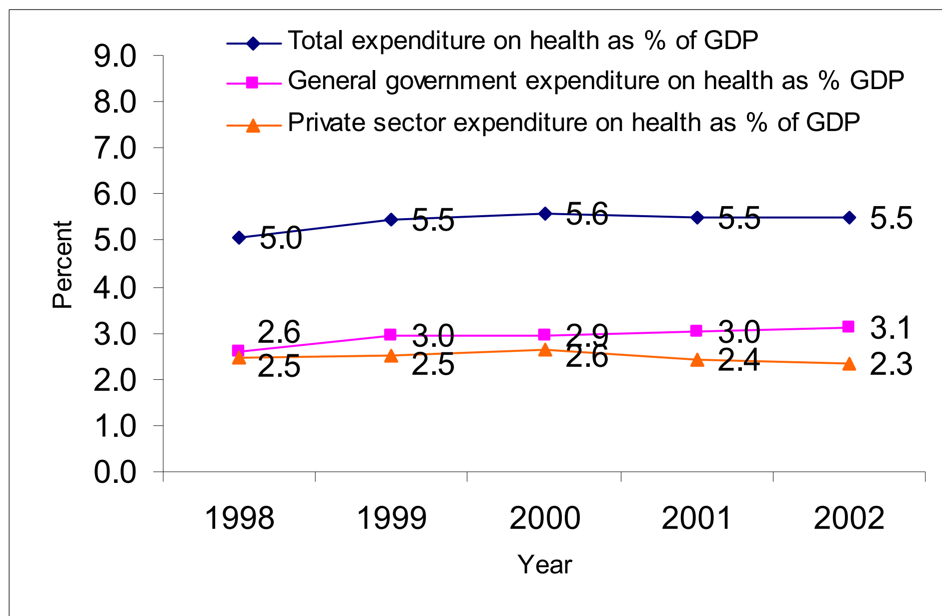
Source*:* National health accounts, World Health Organization, 2005.

Rwanda

Total health expenditure amounted to 5.5% of GDP in 2002, a level that has been relatively constant since 1999 (see Figure 10). In effect, Rwanda remained heavily dependent on foreign assistance, with more than 30% of total health expenditures provided by external resources in 2002. General government expenditure on health has only slightly increased, from 2.6% of GDP in 1998 to 3.1% of GDP in 2002.

Figure 10

Rwanda health expenditure trends (1998–2002)

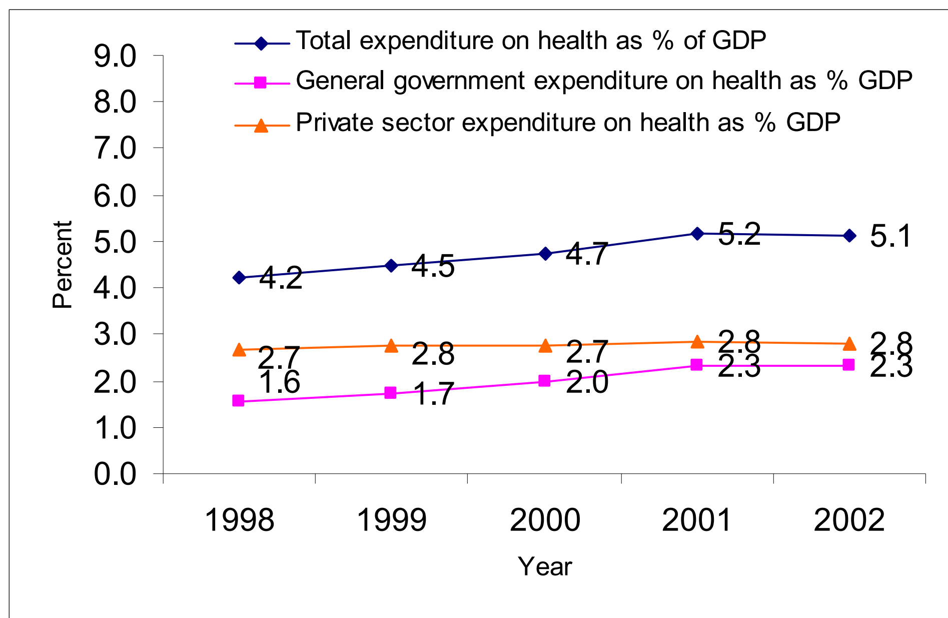


Source: National health accounts, World Health Organization, 2005.

Senegal

National health accounts estimates for Senegal indicate a slight increase in total health expenditures as share of GDP to 5.1% in 2002 as can be seen in Figure 11. General government expenditure on health accounted for 54.8% of total health expenditure in 2002. Government expenditure included a part of external funding, which accounted for 13.2% of total health expenditure in 2002.

Figure 11
Senegal health expenditure trends (1998–2002)

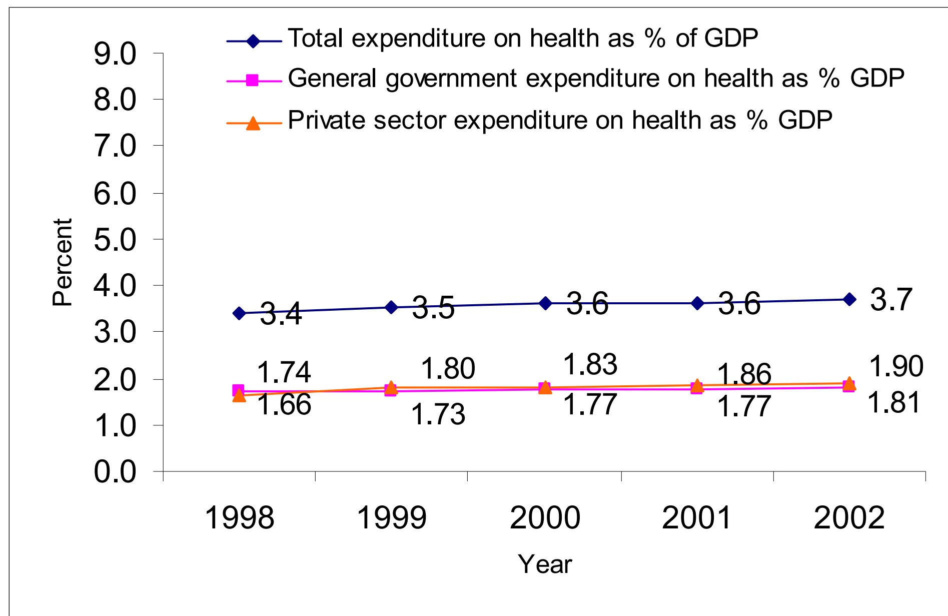


***Source**:* National health accounts, World Health Organization, 2005.

Sri Lanka

Sri Lanka's total expenditure on health amounted to 3.7% of GDP in 2002 compared with 3.4% in 1998. The composition was almost equally shared by the Government and the private sector, accounting for 48.7% and 51.3% of 2002 total expenditure respectively (Figure 12).

Figure 12
Sri Lanka health expenditure trends (1998–2002)

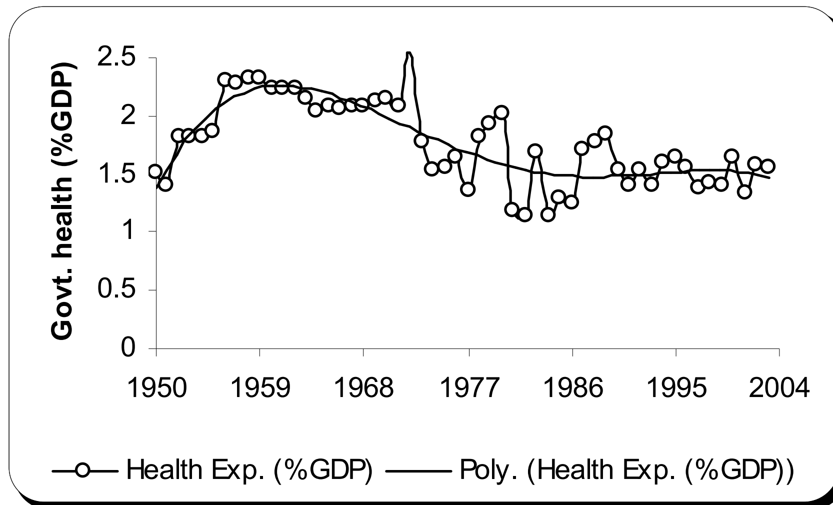


***Source**:* National health accounts, World Health Organization, 2005.

However, considering the trends in Figure 13, such amount is well below the level of 2% of GDP (and above) reached during the late 1950s and 1960s.[5] Moreover, the share of government expenditure on health remained static – irrespective of Sri Lanka's average GDP growth rate of 4.2% since 1950). Currently, the health sector is the second largest government employer, accounting for 15.1% of the Government's staff – yet, it received only 3.04% of the total budget for 2004.

[5] *Economy and health. Taking Sri Lanka towards the global best.* Colombo, Sri Lanka, National Commission on Macroeconomics and Health, Ministry of Healthcare, Nutrition and Uva-Wellessa Development, forthcoming.

Figure 13
Sri Lanka government health expenditure trend (1950–2003)



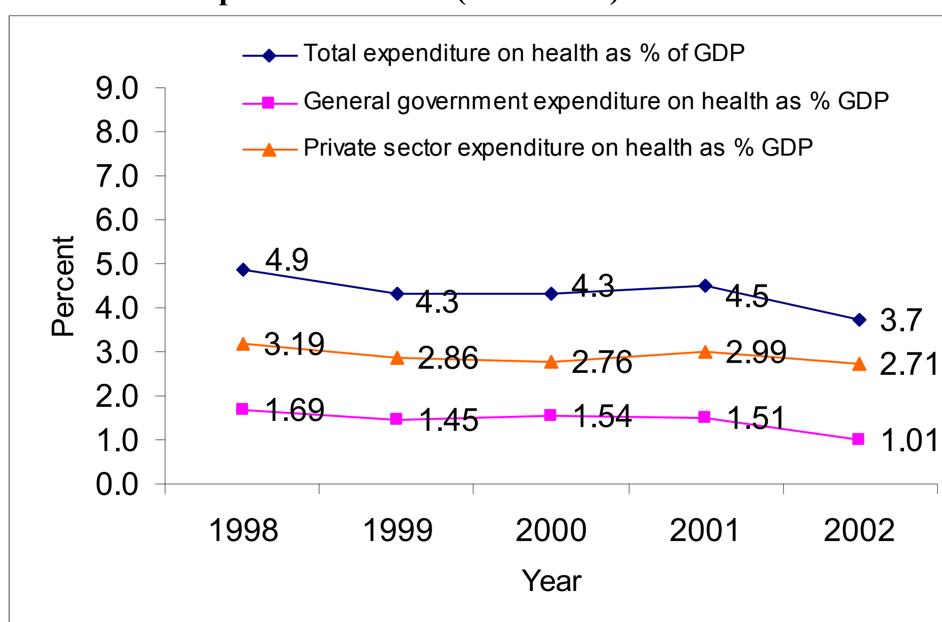
***Source**:* Central Bank of Sri Lanka 2004, taken from *Economy and health – Taking Sri Lanka towards the global best.* Colombo, Sri Lanka, National Commission on Macroeconomics and Health, Ministry of Healthcare, Nutrition and Uva-Wellessa Development, forthcoming.

Yemen

Total spending on health in Yemen has increased substantially during the five year period from 1999 to 2003, more than doubling from about 15.6 billion Yemeni rials to 31.7 billion Yemeni rials, respectively. Despite these impressive nominal increases (particularly for the years 2000 and 2003), health spending was relatively flat in relative terms (A. Fairbank, unpublished data, 2005).[6]

In fact, Figure 14 shows that general government expenditure on health as share of GDP decreased from 1.7% to 1.0% between 1998 and 2002 – while private funding amounted to more than two thirds of total spending in 2002. However, another source indicated a recent increase in Ministry of Public Health expenditure, as a percentage of GDP, from 1.3% in 2002 to 1.6% in 2003 – which is still one of the lowest levels in the Middle East region (A. Fairbank, unpublished data, 2005).[7]

Figure 14
Yemen health expenditure trends (1998–2002)



Source: National health accounts, World Health Organization, 2005.

[6] Fairbank A. *Public expenditure review: health sector, Republic of Yemen 1999–2003,* unpublished data, 2005.
[7] Ibid.

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4. Somanathan A et al. *Indonesia Public Health Expenditure Review*. Colombo, Sir Lanka, Institute of Policy Studies, 2004.

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