



Promoting sustainable healthcare spending efficiency: Perspectives from India, the Philippines, and Rwanda

On 3-5 July 2024, [the Global Fund convened leaders from 14 countries to bolster country engagement and advance public financial management \(PFM\) systems and sustainable health financing](#). Leaders from Benin, Burkina Faso, Côte d'Ivoire, Ethiopia, Guinea, India, Indonesia, Jamaica, Lesotho, Malawi, the Philippines, Rwanda, Tanzania, and The Gambia converged to share strategies and insights. A pivotal panel discussion centered on promoting efficient and effective health spending, featuring notable contributions from India, the Philippines, and Rwanda (Figure 1). Discussions highlighted India's progress in optimizing spending and reducing reliance on external aid, as well as its use of the Government e-Marketplace (GEM) portal for streamlined procurement. Rwanda demonstrated how it effectively integrated Global Fund support into its PFM systems to enhance efficiency. The Philippines discussed its approach to decentralized fiscal responsibilities and strategic donor coordination to ensure flexibility and accountability in health financing. These discussions underscored a collective commitment to building resilient health systems in the face of global challenges.

Figure 1: Panelists discussing sustainable and efficient health spending



From left to right: Bayu Teja Muliawan, Senior Advisor to the Minister of Health of Indonesia, Niño Raymond B. Alvina, OIC Undersecretary, Ministry of Finance of the Philippines, Marcel Mukeshimana, Accountant General of Rwanda, and Chandan Mittal, Deputy Controller General of Accounts, Lead Expert in Public Financial Management System, Ministry of Finance of India.

The importance of Public Financial Management

PFM is essential for effective government operations, providing a framework for managing resources under the Ministry of Finance's oversight. It involves collecting, allocating, spending, and tracking public money. PFM includes budgeting, public procurement, audits, and revenue collection. Transparent and accountable PFM is key to governance reform, delivering quality public services, and maintaining fair and sustainable economic and social conditions in a country. For the Global Fund's grant funding cycles, PFM ensures transparency, accountability, and efficiency in using financial resources. Read more about PFM and the Global Fund's journey to adopting it in our earlier article, ["Enhancing Global Health Governance: The Role of Public Financial Management Accelerator."](#)

Optimizing public spending in India

Chandan Mittal, Deputy Controller General of Accounts and Lead Expert in Public Financial Management at India's Ministry of Finance, shared valuable insights on improving government spending and reducing reliance on external aid. He discussed key challenges and innovative solutions in public financial management.

Challenges and innovations in public financial management

Mittal highlighted major challenges in public spending, especially in public procurement. He pointed out that misinterpreting guidelines has led to unnecessary complications. "The Ministry of Finance issued public procurement guidelines, but implementing units over-interpreted them, causing confusion and

rigidity,” he explained. This has led to repeated tendering and bid failures.

Under the current Finance Secretary, India has clarified procurement procedures with clear case studies and examples, speeding up the tendering process. Mittal noted, “Our tendering processes have sped up because of that.” One clarification was on pre-tender discussions, which had become taboo. “Pre-tender discussions were not banned in India. This change has improved the efficiency of tendering processes,” he added.

To further enhance procurement efficiency, India developed the GEM portal, revolutionizing government procurement. “Now, anything we want to procure through the portal as government servants, we feel relaxed because we have done it through GEM,” Mittal remarked. The GEM portal’s transparency, with logs and timestamps, ensures accountability and reduces procedural complexities.

Addressing wasteful spending

Mittal also pointed out that unclear technical specifications and a lack of standard products lead to wasteful spending. To address this, India is developing central inventory and asset management solutions. The GEM portal helps reduce wasteful spending by providing detailed information on all government contracts.

Mittal emphasized the importance of budget transparency to optimize spending. “There is a need to go at a granular level of items of expenditure,” he explained. By analyzing spending in detail and promoting collaboration across organizations, the government can improve the efficiency of public spending.

Streamlining taxation

Tax reform is crucial for fiscal efficiency and economic growth. Mittal shared insights from India’s tax reform journey, focusing on simplification, adjusting tax rates, indexing to inflation, and earmarking revenue.

1. Simplification of tax structure

India moved to a more straightforward, unitary tax system to reduce the administrative burden on taxpayers and improve compliance. “From multiple tax tiers or structures, we simplified it and made it unitary,” Mittal explained.

2. Adjusting tax rates

Recognizing outdated tax rates, India undertook significant adjustments to align them with current economic conditions. “We adjusted the rates because it’s been decades since the tax rates were

reviewed,” Mittal noted.

3. Indexing to inflation

The real value of tax revenues in India is maintained. “We indexed it to inflation,” Mittal stated, ensuring that the tax system adapts to changing economic conditions.

4. Earmarking revenue proceeds

India earmarked revenue proceeds from tax reforms to specific public expenditures, enhancing transparency and accountability. “We earmarked or ring-fenced the proceeds from the revenues generated,” Mittal highlighted.

Promoting startups and blended financing

India is exploring blended financing and promoting startups as part of its financial strategy. “Blended financing uses commercial or concessional capital from public or philanthropic organizations to fund entrepreneurship and innovation,” Mittal explained. Success has already been seen in healthcare and biotech startups.

Rwanda’s path to sustainable health financing

Marcel Mukeshimana, the Accountant General of Rwanda, emphasized two key imperatives for effective government spending: policy coherence and fiscal consolidation. His insights offer a roadmap for aligning fiscal policies with national priorities, especially in the health sector, ensuring sustainable solutions. He praised the Global Fund for its critical role in financing and enhancing Rwanda’s public financial management systems, underscoring the importance of international partnerships and sustainable strategies as external funding decreases.

Policy coherence and health sector financing

Mukeshimana stressed the importance of aligning fiscal policies and planning frameworks with the country’s vision and priorities. “The first imperative is policy coherence,” he stated, emphasizing the need for proactive investment in health infrastructure and systems to prevent future crises. The approach should not only address immediate challenges but also build a resilient health system capable of withstanding future threats.

Fiscal consolidation for efficient resource use

Fiscal consolidation plays a critical role in ensuring efficient spending of limited resources. Mukeshimana highlighted the need to raise revenues not solely by increasing taxes but by expanding the taxpayer base. With reduced grants, Rwanda must consider strategic investment to create market opportunities and

implement robust control policies and best PFM practices. He advocated for a shift from input control to output control within the accounting framework.

Automation and integration of health and financial systems

Mukeshimana emphasized the role of automation in enhancing efficiency and control in spending. “Automation doesn’t just mean covering PFM with IFMIS [Integrated Financial Management Information System]; it requires end-to-end automation,” he explained. Integrating clinical and financial systems is particularly important to eliminate inefficiencies. He illustrated this with an example of doctors’ prescriptions causing unnecessary insurance payments due to clinical system inefficiencies, stressing the need for interoperability between these systems.

The Global Fund’s role in strengthening financial systems in Rwanda

Mukeshimana expressed profound gratitude for the Global Fund’s contributions to Rwanda’s financial and public health systems. He noted that integrating Global Fund resources into the national system has pushed Rwanda’s PFM system towards maturity. By leveraging existing country systems, Rwanda has minimized redundant expenses, allowing more funds to be directed toward impactful initiatives. Despite these successes, he acknowledged the challenges of diminishing resources and stressed the importance of retaining trained personnel in both PFM and the health sector.

Mukeshimana also highlighted the need for continuous support for PFM systems across various sectors, advocating for development partners to support PFM initiatives to sustain their investments. He pointed to regional and continental initiatives as critical to sustainable progress, noting the broader impact of targeted support.

Expanding tax base and leveraging sub-national governments in the Philippines

Niño Raymond B. Alvina, Officer-in-Charge (OIC) Undersecretary at the Ministry of Finance of the Philippines, emphasized the importance of establishing baselines and expanding the tax base. He pointed out that the ability to measure what needs improvement is crucial to avoid flawed plans or strategies. Alvina also underscored the critical role of sub-national governments in financing health interventions, highlighting the importance of fiscal decentralization.

A strategic approach to fiscal management and health financing

Alvina outlined an approach to enhancing health financing through improved fiscal management and strategic planning. He stressed the importance of clear baselines, creative tax structures, decentralized fiscal responsibilities, and leveraging external finances. Reflecting on the Philippines’ efforts, he emphasized flexibility, capacity building, donor coordination, and accountability.

Establishing baselines and priorities

Alvina highlighted the necessity of understanding baseline measurements to strategize improvements in health financing. “If we cannot measure what we need to improve, then we might be up for a wrong plan or a wrong strategy,” he stated. He stressed determining the available fiscal space within the country and aligning these with government priorities, particularly in meeting Sustainable Development Goals (SDGs).

Expanding the tax base

Alvina suggested exploring ways to expand the tax base and improve tax efficiency. “When we designed the same tax law and passed it in 2012, there were existing excise taxes already on tobacco and alcohol. Then came the additional tax on sugar-sweetened beverages,” he noted. He proposed options such as expanding the tax base, adjusting tax rates, and enhancing efficiency through digitalization and improved tax administration.

Role of national and sub-national governments

Alvina underscored the crucial role of both national and sub-national governments in health financing. He pointed out that fiscal decentralization allows local governments to generate revenues and design fees and charges on health services. Referring to the Philippine Universal Healthcare Act, he said, “It allowed the creation of special health funds for local governments to increase financing support for health.”

Alvina highlighted the importance of aligning national priorities with those of donors. “We need to map out the priorities, and not just the priorities of the country, but also the priorities of the donors,” he explained.

Alvina concluded, “It could take a while for you to see the results, but it is an iterative process.” He stressed the significance of leadership and commitment in legislation, policy implementation, and monitoring to ensure sustained progress.

Transforming challenges into opportunities

Alvina began his remarks by noting, “It’s important that when we recognize the challenges, we transform them into opportunities.” He emphasized the need for flexibility within the regulatory framework and ongoing reforms to address procurement issues. He highlighted the challenge of capacity and manpower shortages, particularly in managing grants and donor support, and stressed the importance of regular dialogue with donors and development partners.

Ensuring accountability and effective audit practices

Alvina noted the importance of guidance from oversight bodies such as the Auditor General and the Commission on Audit. “It’s important that we are guided by the Auditor General, or by the Commission on

Audit, in the case of the Philippines,” he said, ensuring accountability in implementing health projects.

Conclusion

The Global Fund forum underscored the critical role of effective public financial management in achieving sustainable health financing. India showcased a largely centrist approach, which has caused heartburn for overstepping on the powers of states as well as their revenue share. On the other hand, Philippines called for devolving powers to sub-national including local governments. At the same time, it underscored the importance of metrics and tax administration having to cohere, and donor and local/national priorities to be taken into account for planning. Rwanda acknowledged its dependence on the support from the Global Fund and the need to forge newer inter-regional and inter-continental blocs as the way forward. But all these approaches are unfolding in a fraught political landscape where Global Health Initiatives (GHIs) are being held more accountable for the growing inequity at the heart of their global financial architecture. For countries to be made exemplars, the GHIs must also follow suit.

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