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Themed Section: Resource Allocation in Low- and Middle-Income Country Health Systems: Methods and Their Uptake Into Policy

Health System Financing and Resource Allocation in Humanitarian Settings: Toward a Collaborative Policy Research Agenda in the Eastern Mediterranean Region



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ABSTRACT

This article discusses key policy questions around health system financing in humanitarian settings, with specific reference to the Eastern Mediterranean region. We discuss key financing functions in the context of different challenges and the potential policy options for addressing these effectively. We also identify areas of collaborative research between academics, policy- and decision-makers and other stakeholders to inform appropriate policy choices that are aligned to universal health coverage in such challenging contexts.

Keywords: health financing, humanitarian contexts.

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Background

Complex humanitarian crises are major hurdles against progress toward the global commitment of universal health coverage (UHC) to ensure equitable, affordable, and sustainable access to essential health services for all. Wars, protracted conflicts, and violence, often coupled with political instability and weak state capacities, accentuate unmet needs among affected populations, with multiple adverse short- and long-term impacts on health and health system outcomes. In such contexts, conventional strategies and mechanisms to design, prioritize, and implement health system interventions become less effective or inadequate because of typical supply- and demand-side constraints arising from the multi-faceted humanitarian situations. Although each humanitarian setting has its own patterns of vulnerability, service needs and priorities, it is essential to identify some common framework that can inform contextually relevant and effective responses aligned to the goals of UHC. This crosscuts across all key health system functions involving the “building-blocks,” including in particular, health financing. The special focus on “financing” stems from its critical role to ensure adequate resources are raised, managed, and allocated across priority functions and are available to prevent further deepening of insecurities.

Humanitarian settings could be diverse, ranging from natural disasters and adverse weather events to man-made conditions, such as war or violent conflicts; complex emergencies often involve multiple causal factors and are characterized by intensified poverty and food insecurity, large-scale population displacement, and collapse or weakening of social, political, and economic

institutions (WHO¹; WHO-EMRO²). A reported 127.3 million people require humanitarian assistance in the Eastern Mediterranean region (EMR) region, representing 38% of the global total (Global Humanitarian Overview 2023³), and around two-thirds of the world's refugees originate from this region with a significant proportion remaining in the region itself as refugees or internally displaced people (IDPs) (Jowett et al 2020⁴).

This remains a highly vulnerable group with a substantial reliance on external, mostly multilateral donor support for critical inputs to essential services, including health services. Developing health system financing solutions for these population groups call for synergistic actions among technical experts, development agencies, governments, and other regional socio-political groups. Such actions critically hinge on understanding how standard health system frameworks informing financing policy choices need to be adapted and health economic approaches revised to effectively address the needs and constraints in these humanitarian contexts.

Focusing on the EMR, spanning across some of the leading global hotspots of humanitarian crises in West Asia and North Africa, this article discusses key issues around health system financing in humanitarian contexts to inform effective and realistic resource allocation decisions. We identify areas where health economics can contribute toward informing evidence-based, cost-effective, and efficient policy mechanisms to address these questions and associated contextual challenges. Finally, we outline a suggested agenda for collaborative health economics research that can be pursued jointly by the academia and global development agencies and practitioners.

Health System Financing Functions and Roles: How Different are They in Complex Humanitarian Contexts

Several definitions are interchangeably used to denote humanitarian scenarios and complex emergencies, but they have some common connotations. According to the Humanitarian Coalition, a humanitarian emergency is “an event or series of events that represents a critical threat to the health, safety, security or wellbeing of a community or other large group of people, usually over a wide area.” This has been grouped under natural disasters, such as floods, cyclones, and earthquakes; biological emergencies, such as epidemics; and man-made emergencies such as armed conflicts and accidents.

Complex emergencies are defined as a combination of natural and man-made elements and different causes of vulnerability leading to a humanitarian crisis, defined as such by the Humanitarian Coalition, see <https://www.humanitariancoalition.ca/what-is-a-humanitarian-emergency>. Complex humanitarian crises are usually characterized by extensive violence or loss of life, displacement of populations, widespread social and/or economic damage, and need for large-scale, coordinated external humanitarian assistance. Typically, these complex scenarios emerge or are accentuated by inaction of local governance institutions in the face of the key triggers, such as political instability or civil conflicts, which further cripple conventional channels of disaster or emergency response. As noted by the UN Inter-Agency Standing Committee, the total or considerable breakdown of local authority due to, or as a cause of, humanitarian crisis and its widespread nature often require international responses that require extensive political, economic, and logistics coordination that is beyond the scope of a single agency (Inter-Agency Standing Committee⁵). Health systems remain an integral part of these response measures: humanitarian crises often create a major challenge where a weakened, highly constrained health system needs to respond to increased, complex healthcare needs. Financing for health systems in such constrained contexts calls for innovative, responsive, and realistic solutions.

Financing for any health system involves a set of key subfunctions that can be mapped to both intermediate and final UHC objectives. This follows from the health system financing frameworks, (Kutzin^{6,7}) which connect the core financing subfunctions—raising financial resources or revenues meant for the health sector, identifying and forming risk pools to provide equitably for specific healthcare and needs, purchasing services from healthcare providers under different contractual arrangements, and finally, identifying a package of services that is to be provided to the beneficiaries covered under the financing system—usually an implicit coverage of the national population or a more explicitly defined package for certain target groups such as the poor. These subfunctions are anchored in the overall health system through crucial “building-block” components. Service delivery that is influenced by the available health services infrastructure—both human and physical resources—is also an important derivative of the wider fiscal capacities of the governments and how available resources are used to finance key health service inputs. A cost-effective use of resources requires strategic oversight and coordination across different health system actors and their respective roles and the supportive governance ecosystem involving adequate technical and administrative capacities. Recent considerations of health-financing systems being dynamically responsive to different forms of shocks have suggested including two related subfunctions for all health systems that are particularly highly relevant in humanitarian settings (Evans et al⁸). This includes “health-financing resilience”

concerned with the ability to respond to sudden contingencies such as health emergencies; the other is “health-financing sustainability,” referring to scenarios where the need for a sustained period of higher health spending is obvious.

In humanitarian contexts—or for any comparable crises or emergencies—several of these critical linkages across the health-financing system either collapses or face severe constraints. Several influential publications (Bertone et al⁹; Jowett et al⁴; Kruk et al¹⁰) in recent years have discussed diverse challenges around health system financing in humanitarian settings including those arising from conflicts or other causes/forms of fragility. However, as humanitarian contexts are typically dynamic in terms of both the diversity of challenges and the new, emerging political economic questions, there remains a constant need to reposition health system financing strategies.

Financing for health systems in complex humanitarian settings have crucial implications that goes beyond the traditional health goals and contributes in wider, synergistic actions toward peace-building and state-building, particularly in contexts such as protracted conflicts or post-conflict reconstruction. Accordingly, these require financing policies and mechanisms to address objectives which are as follows:

1. Aligned to adequate, effective, and adaptive emergency responses. Operational synergies with wider humanitarian efforts are critical here.
2. Responsive to different health services needs of vulnerable population groups, including safety nets to prevent chronic poverty traps because of high out-of-pocket and/or catastrophic expenses.
3. Involve efficient uses of resources which are often scarce, uncertain/unpredictable, and have multiple competing demands.
4. Reduce fragmentation across all financing function domains and are integrated with other health system “building-block” domains.
5. Build and promote adaptive capacity against the multiple, dynamic shocks or its after-effects and sustainability in financing functions.

At the core of building such resilience in the case of acute conflicts or humanitarian conditions is the need to sustain essential public health functions and ensure access to Basic or Essential Health Services Package (BHSP/EHSP) (eg, see Al-Hasnawi¹¹; Hemadeh et al¹²; Mirza et al¹³) that protects against financial risks. In addition, both the resources raised and the services provided need to be adequate or sufficient commensurate to the need and maintain transparency.

We discuss some of these considerations below with specific reference to recent experiences of relevant challenging scenarios across the EMR.

The ability of public financing systems to respond to emergencies is a critical responsive capacity for all health systems regardless of the nature and origin of the emergency, with the COVID-19 experience significantly highlighting such need (Allen¹⁴; WHO¹⁵). In humanitarian contexts and complex emergencies, such needs are much higher but with public capacities generally weakened by the underlying reasons for such emergent emergency scenarios. This calls for a wider range of coordination across key actors to effectively manage multisectoral resource needs and uncertainties.

Established as an interagency initiative (mostly under the aegis of the United Nations) and involving leading global and multilateral development finance organizations, the Country-Based Pooled Humanitarian Funds (CBPFs) have been introduced in

several countries of the EMR affected by diverse humanitarian crises in recent years (Jowett et al⁴). Humanitarian funds in Syria, Afghanistan, Yemen, and Iraq, for example, have been playing instrumental role in implementation of several intervention projects, particularly aimed at IDPs. A global review of CBPFs found these mechanisms to be effective in risk management in humanitarian contexts and ensuring prioritization of resources and some stability in funding but may be affected by limited flexibility, weak coherence between humanitarian and other funds, and with limited cost-effectiveness and technical efficiency (Carter¹⁶). In addition, CBPFs have been found to have weak coordination between emergency response and longer terms development needs and strengthening local health systems. However, a key persisting concern across all humanitarian contexts—both acute and chronic—is high reliance on external aid, which is often uncoordinated and unpredictable (Jowett et al⁴).

Health-financing patterns in countries beset with humanitarian challenges also tends to be dominated by a high proportion of out-of-pocket payments as share of total health expenditures and absence of social health insurance or other forms of prepaid financial risk protection mechanisms. During emergencies or following long periods of instability, public sector service delivery capacities have also suffered considerably in several countries, leading to higher user charges or a higher reliance on the private sector. The risk of catastrophic expenditure also remains high because of a combination of several demand-side factors, such as limited income-earning opportunities, affected businesses or occupations, uncertain flow of remittances, and higher vulnerability of left-behind population, such as elderly and young children in certain cases.

Such vulnerable scenarios are further compounded in case of refugees in different host countries of the region from countries affected by humanitarian concerns. Limited fiscal capacity, resource constraints and political concerns in countries such as Jordan and Lebanon have led to restrictions in coverage of national health services to be accessed by Syrian and Palestinian refugees and reliance on facilities extended by agencies such as United Nations Relief and Works Agency or United Nations High Commissioner for Refugees but involving user charges (Blanchet et al¹⁷; Kitamura et al¹⁸). In some host countries this has led to undesirable fragmentation in health-financing systems by creating a separate, donor-funded system introduced for the refugees which is both inefficient, as well as less-sustainable in the medium to longer term. Limited evidence of the effectiveness of existing financial risk protection mechanisms (or the absence of it) in different country contexts for both IDPs or other vulnerable populations in camps or other settlements, as well as for refugees in different host countries is also a major limitation for appropriate need assessment and identifying feasible policy interventions.

Effective, resilient, and sustainable health-financing mechanisms in humanitarian settings also involve careful consideration of suitable risk pooling mechanisms and realistic approaches in extending coverage across vulnerable populations with varying service needs. Traditional health insurance instruments are unlikely to be effective or feasible options in most scenarios. In some cases, additional complexities arise because of political factors. Legitimacy of formal state or informal nonstate actors having de facto territorial control limits functioning of “national” programs and calls for broader coherent mechanisms, such as innovative pooling across donor funds or other sector-wide approaches (Jowett et al⁴). In such challenging contexts it is perhaps more important to assess impacts of the pooling mechanisms on both horizontal and vertical equity, and limited evidence suggest these to be key concerns (Bertone et al⁹). In some cases, as a study found in South Sudan, (Widdig et al¹⁹)

power asymmetries between national governments and donor agencies remain a stumbling block to leverage from mechanisms such as the Health Pooled Fund.

Several supply-side constraints—both human and physical infrastructure resources, as well as medical supplies—pose major challenges and call for developing and sustaining innovative purchasing mechanisms and contracting with providers. Traditional approaches of historical budgets or line-item budgeting are unlikely to be effective. Increasingly, donors and other key policy actors have been more oriented toward approaches that involve more immediate, short-term contracting with nongovernmental organizations active in affected regions and variants of performance/result-based financing (PBF/RBFs). A recent review examined effectiveness of PBFs in fragile and humanitarian settings found these to be promising instruments but requiring significant adaptation on areas such as organizational flexibility, local staff and knowledge, and having long-term partners to be effective (Bertone et al²⁰). There are also some concerns around cost-effectiveness of PBFs, for example, to deliver basic health service packages in Afghanistan (Salehi et al²¹). Instruments such as vouchers and other forms of demand-side financing have been found to have mixed results across general settings; some early promise is also evident in several humanitarian contexts across the EMR (Assaad et al²²; Bertone et al⁹).

Finally, although designing and implementing BHSPs and EHSPs across humanitarian contexts are acknowledged to be key functions of financing systems, several concerns remain. Factors such as limited awareness among beneficiaries, poor regulation of private or other non-formal providers, limited coordination between providers at local levels remain as key barriers (Jowett et al 2020⁴). However, BHSPs have been introduced recently in countries such as Iraq and Afghanistan, with mixed results.

Key Policy Questions for a Collaborative Future Research Agenda

We have pointed out above some of the key considerations associated with health system financing in humanitarian contexts. We discussed crucial features of such a system that can adequately extend financial risk protection across affected populations, as well as contribute toward building resilience against crises and promote sustainability in financing in these contexts. We identify a few key important policy questions below which research can collaboratively address.

1. Priority questions for health system financing in humanitarian contexts—similar to other fragile settings—involve identifying realistic, sustainable, and resilient mechanisms and sources for raising required revenues that accounts for available and projected fiscal capacities of key donors and other available channels. As highlighted by the experience of the Health Clusters, coordinating the available revenues and harmonizing them across competing demands remains a leading issue for policy research and implementation
2. Research is critical for informing appropriate measures for pooling available resources that can balance questions of extending adequate coverage to vulnerable groups with distinctive demands and service needs such as people with disabilities, mental health, and the IDPs. A key attribute of research around these issues is to address contextual specificities and the volatile nature of the service needs and capacity constraints of the service providers.
3. Identifying “best fit” strategies in both acute and chronic emergencies and humanitarian settings. These include, but are

- not limited by, research to define components of BHSPs and EHSPs in different contexts that are structurally different compared with benefit packages in non-crisis contexts.
- In the case of BHSPs, research is essential to inform how public financial management systems can be strengthened and aligned to financial resource flows and available fiscal space. Related questions involve how aid effectiveness can be increased including mitigating threats because of aid replacement and fungibility across non-health humanitarian sectors.
 - For both basic and essential benefit packages, there is considerable need for further evidence on designing optimal provider payment and purchasing mechanisms. These include further research on different forms of contracting and strategic purchasing arrangements, such as PBFs, and on innovative mechanisms to improve effectiveness and equity impacts of demand-side financing interventions, such as vouchers. There is also significant need to assess if existing policy measures are being able to reduce fragmentation and improve efficient use of the scarce resources available.
 - Research can also gainfully involve how the private sector—which of course is highly heterogeneous across different conflict-affected regions—can be engaged and partnered with to improve functioning of health service provision and financing.
 - Political economy and institutional analysis of key processes across the range of financing functions in humanitarian contexts remain significantly inadequate. Such grounded assessment assumes a higher importance as increasingly complex relationships emerge in most contexts, including strategic significance of nonstate actors with a major role in health system reforms. Political settlement plays a key role in strengthening the health-peace-development nexus that is recognized as a key goal in post- and protracted conflict scenarios alike and needs further evidence on the complex relationships across major actors.

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