

The Concept of Middle Income Countries through a Health Lens

INNOVATION AND ACCESS TO MEDICAL
TECHNOLOGIES

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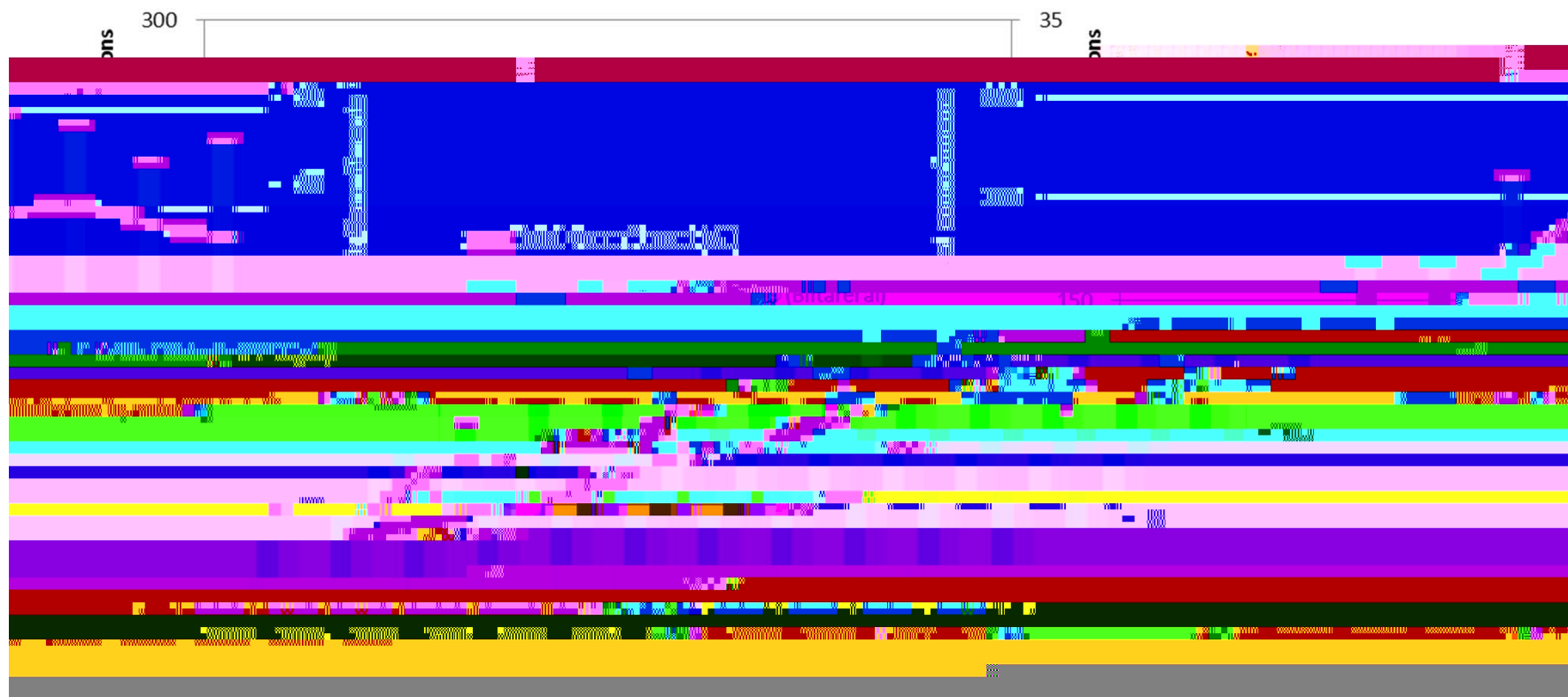
Background

1. Low, middle and high income classifications linked to World Bank lending – eligibility for IDA.
2. 2015 fiscal year
 - I. low-income (34): GNI per capita (WB Atlas Method) \$1,045 in 2013;
 - II. Middle-income economies (105): $\$1,045 > \text{GNI per capita} < \$12,746$;
(Lower-middle-income and upper-middle-income economies are separated at a GNI per capita of \$4,125)
 - III. High-income economies (75): GNI per capita \$12,746.
3. 77 IDA-eligible countries; 59 IDA-only; and 18 blend countries. In addition, India is receiving transitional support

Country Income Classifications and Health

1. Since the financial crisis (2008), increasing demands from external financial partners in health for countries to become "self-

Development Assistance Commitments (current \$US billion)



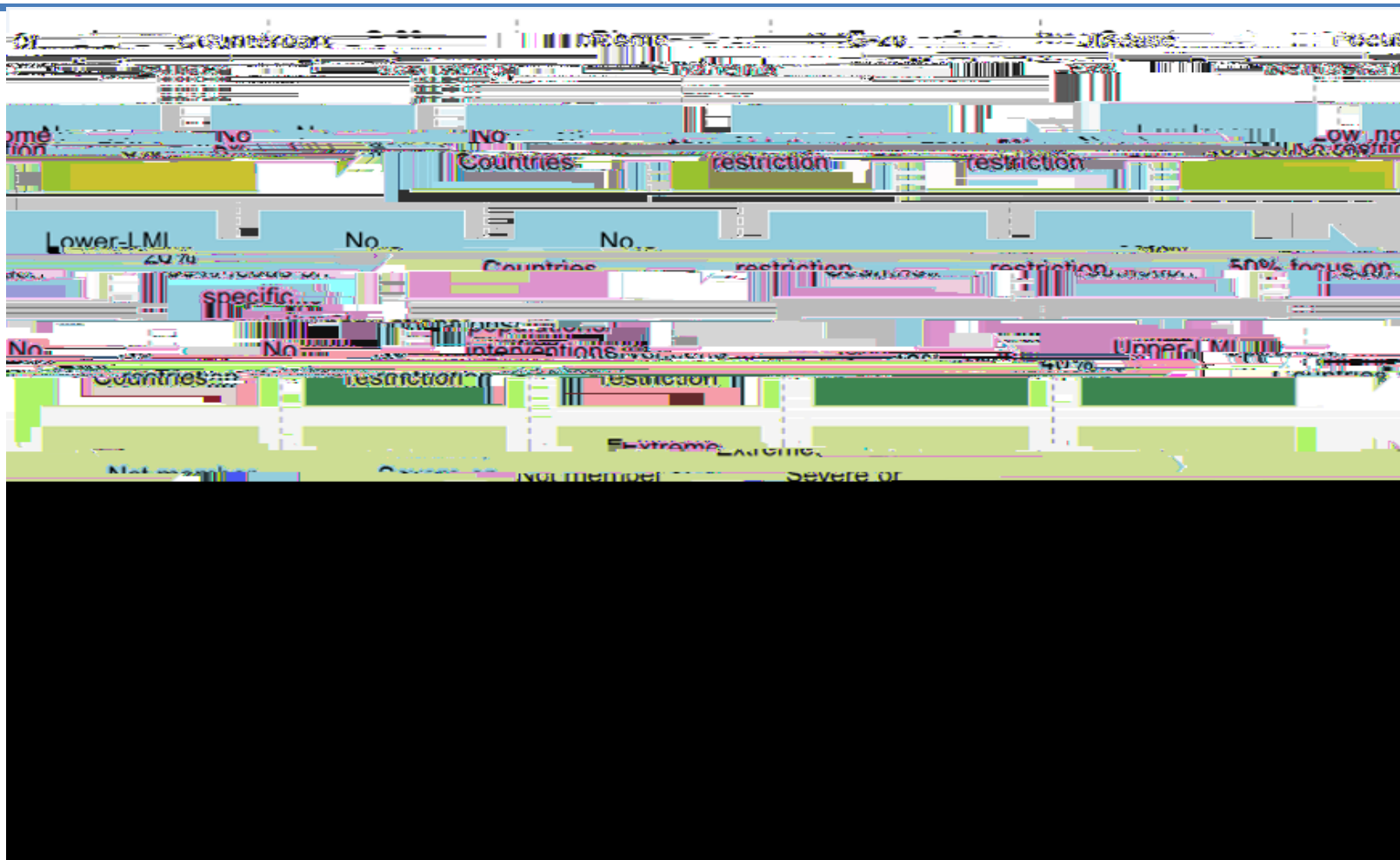
Source: OECD



Country Income Classifications and Health

1. Since the financial crisis (2008), increasing demands from external financial partners in health for countries to become "self-sufficient" and prove "value for money" or "results".
2. Income per capita is featuring heavily in the idea that countries should raise more funds domestically and be "weaned" off external support
3. GAVI eligibility ~~53~~): GNI per capita \$1570
4. Also requires co-funding of \$0.20 per dose, rising linearly to full cost over time.
5. Global fund: based on income classifications, with modifications. Includes a 15% additional payment on evidence of "willingness to pay".

Income Classifications and Global Fund



<http://www.theglobalfund.org/en/fundingmodel/allocationprocess>

"Overview of the allocation methodology: 2014-16". Accessed 4 Nov 2014:

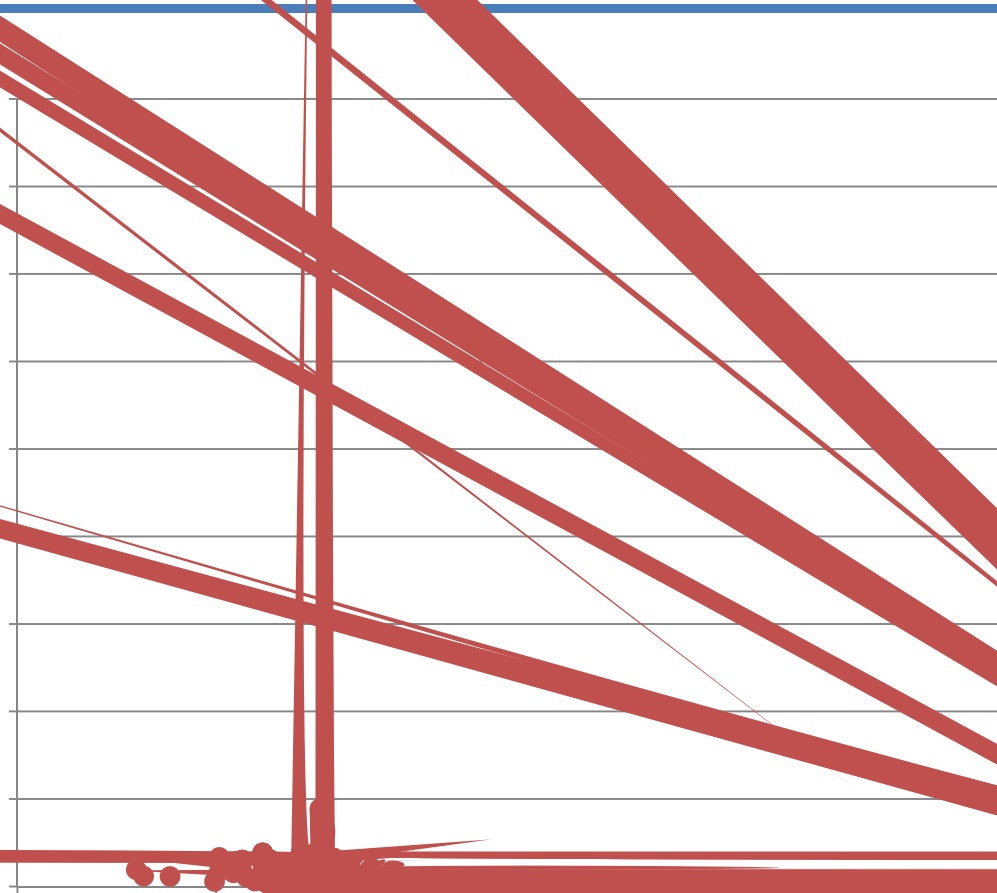




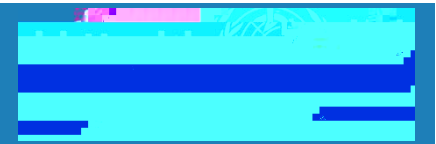
Total health expenditure (THE) per capita (2012) and GNI per capita (log scale)



Total health expenditure (minus external resources) per capita vs. GNI per capita



What would happen if donors withdrew aid?



Trends: Government Commitment to Health (un-weighted average)

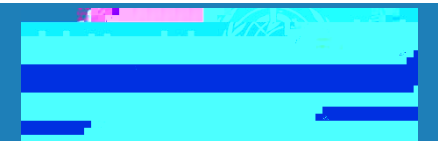
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Least Developed Countries

A country is classified as a Least Developed Country if it meets three criteria (48 in 2014):

- Poverty (adjustable criterion: three-year average GNI per capita of less than US \$992, which must exceed \$1,190 to leave the list as of 2012)
- Human resource weakness (based on indicators of nutrition, health, education and adult literacy) and
- Economic vulnerability (based on instability of agricultural production, instability of exports of goods



Conclusion

- Becoming middle income does not necessarily mean greater spending on health or capacity to spend
- A number of countries would find it impossible to replace instantaneously the current external funding they receive for health if all donors decide to use the WB classifications for providing funding for health
- A continuous index perhaps broader than the HDI to allow a slow phase out of external assistance would be a lot more preferable to ensure affordability of health and health products

