

# The Concept of Middle Income Countries through a Health Lens

INNOVATION AND ACCESS TO MEDICAL  
TECHNOLOGIES

5 November 2014

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# Background

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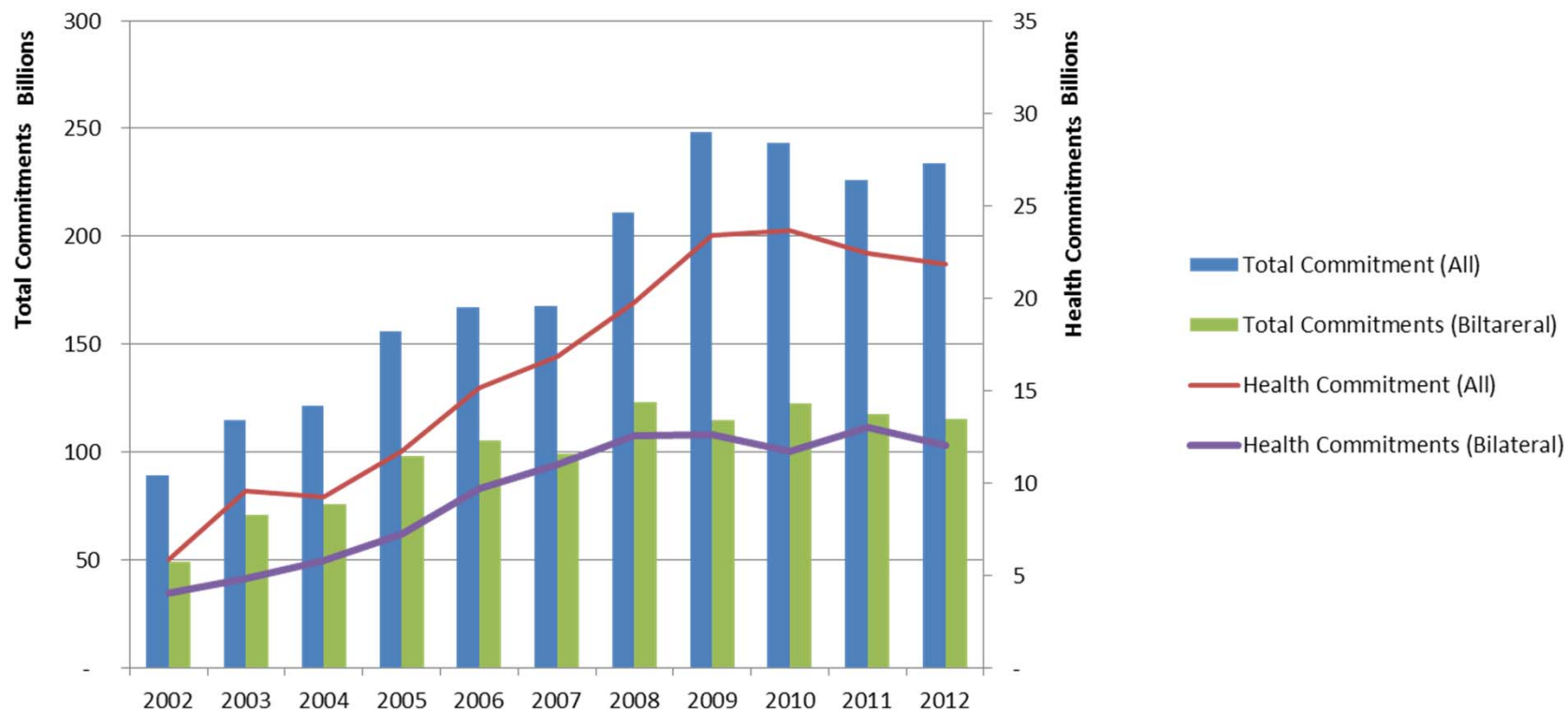
1. Low, middle and high income classifications linked to World Bank lending – eligibility for IDA.
2. 2015 fiscal year
  - I. low-income (34): GNI per capita (WB Atlas Method)  $\leq$  \$1,045 in 2013;
  - II. Middle-income economies (105):  $\$1,045 >$  GNI per capita  $<$  \$12,746;  
(Lower-middle-income and upper-middle-income economies are separated at a GNI per capita of \$4,125)
  - III. High-income economies (75): GNI per capita  $\geq$  \$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

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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".

# Development Assistance Commitments (current \$US billions)



Source: OECD

# Country Income Classifications and Health

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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  $\leq$  \$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

Income Level	G-20 Membership	Disease Burden	Focus of application	Counterpart Financing*
Low Income Countries	No restriction	No restriction	No restriction	5%
Lower-LMI Countries	No restriction	No restriction	50% focus on specific populations/ interventions	20%
Upper-LMI Countries	No restriction	No restriction	50% focus on specific populations/ interventions	40%
Upper-Middle Income Countries	Not member	Extreme, Severe or High**	100% focus on specific populations/ interventions	60%
	Yes	Extreme		

UMICs with low/moderate DB, G-20 UMI with less than extreme DB, and High Income Countries are ineligible

\* Minimum threshold: this is the minimum government contribution to the national disease program, as a share of the total of the government and Global Fund financing for that disease.  
 \*\* Small Island Economies are eligible if they have a low or moderate disease burden.

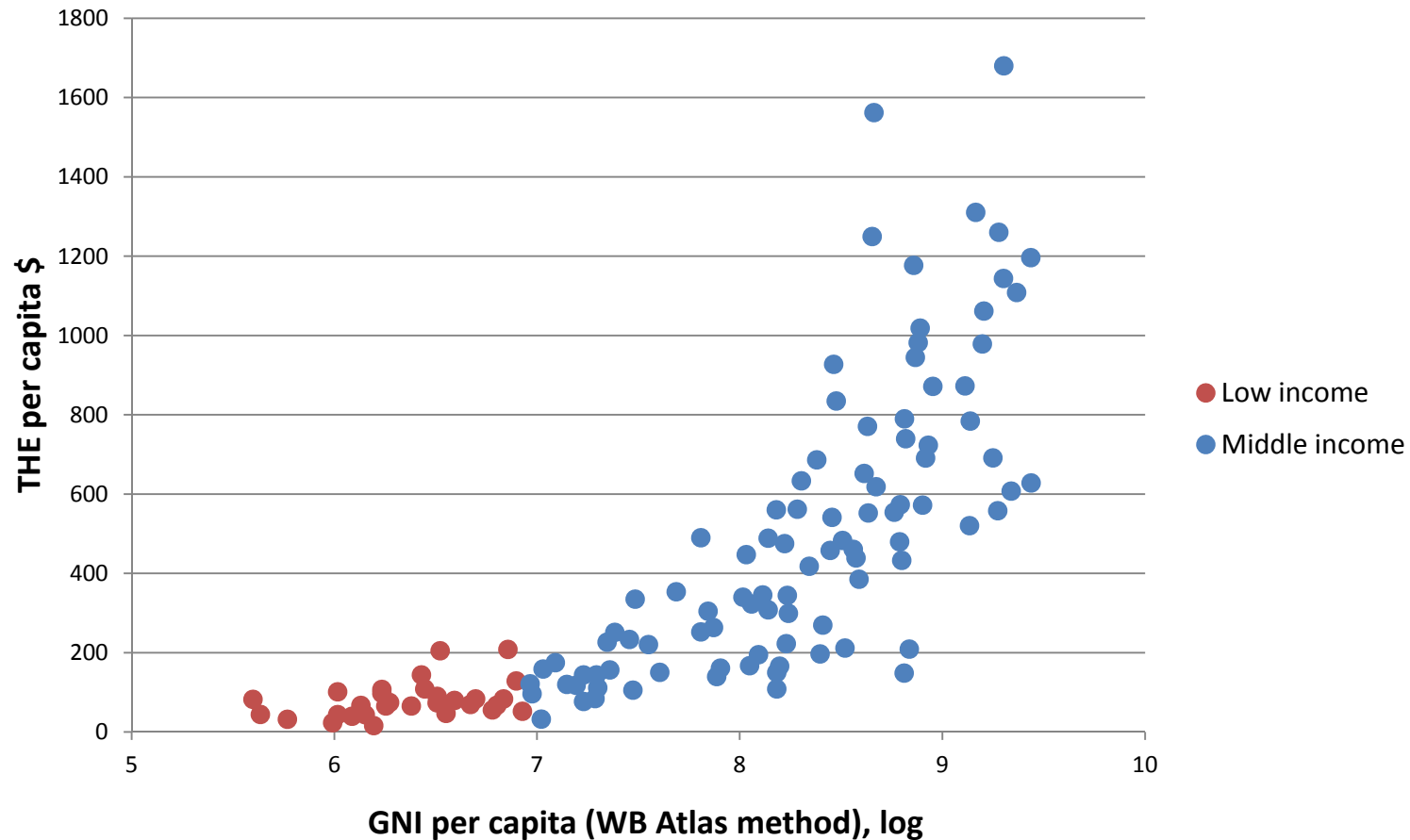
<http://www.theglobalfund.org/en/fundingmodel/allocationprocess>

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

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# Capacity to Pay for Health and Income Classifications

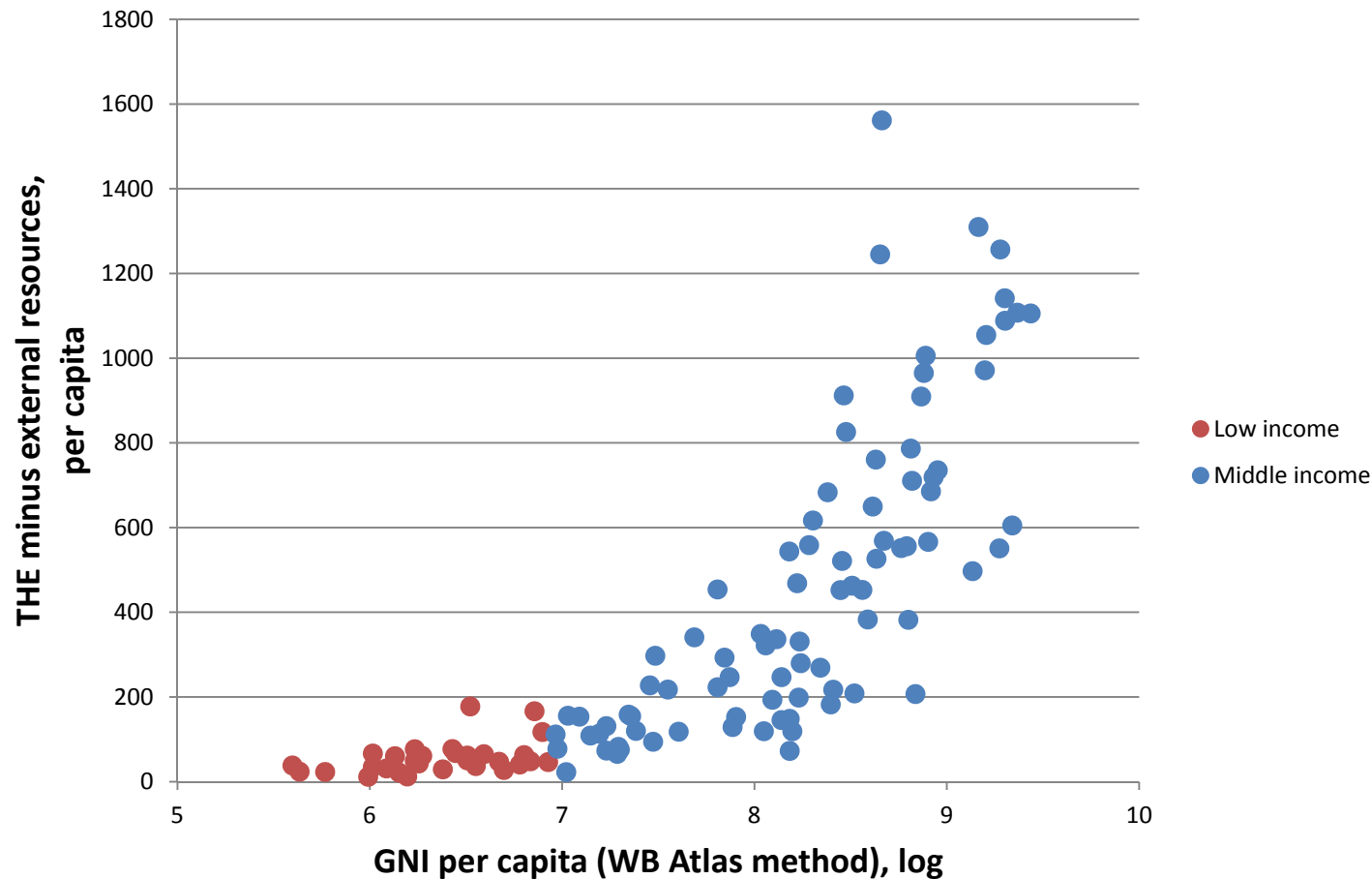
# Total health expenditure (THE) per capita (2012) and GNI per capita (log scale)



Sources: THE – WHO Global Health Expenditure Database  
GNI per capita – WB, World Development Indicators

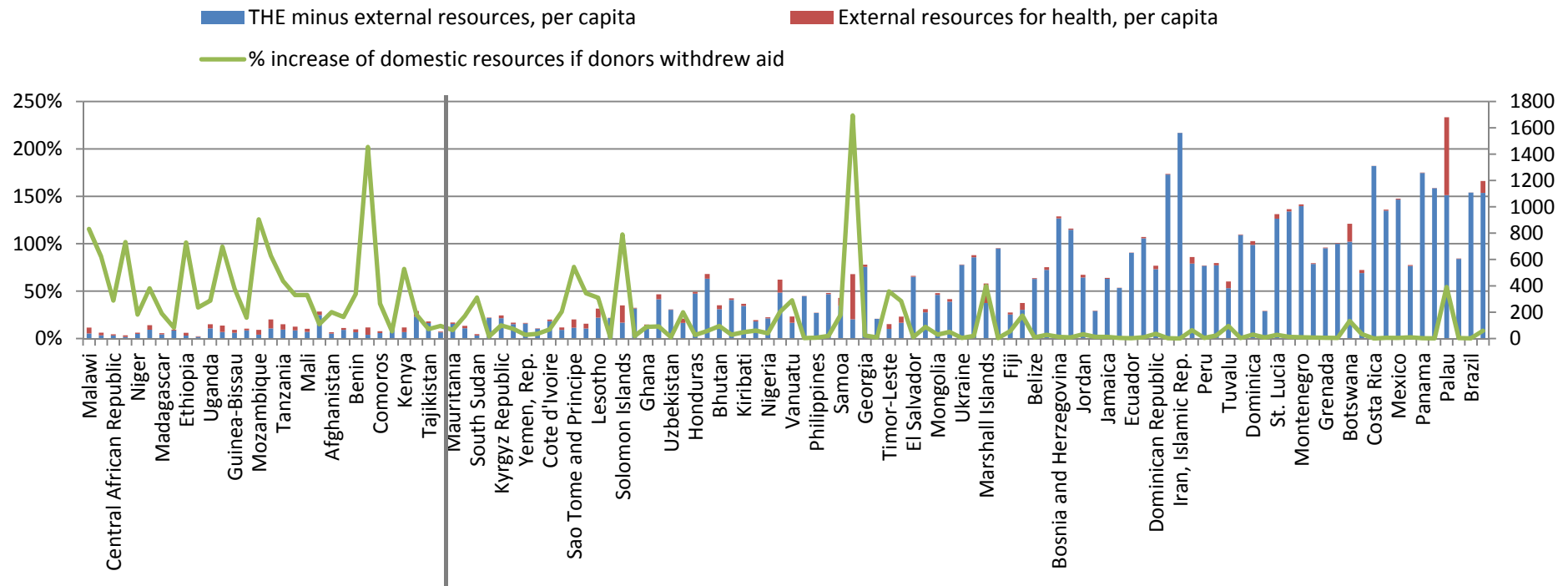


# Total health expenditure (minus external resources) per capita vs. GNI per capita



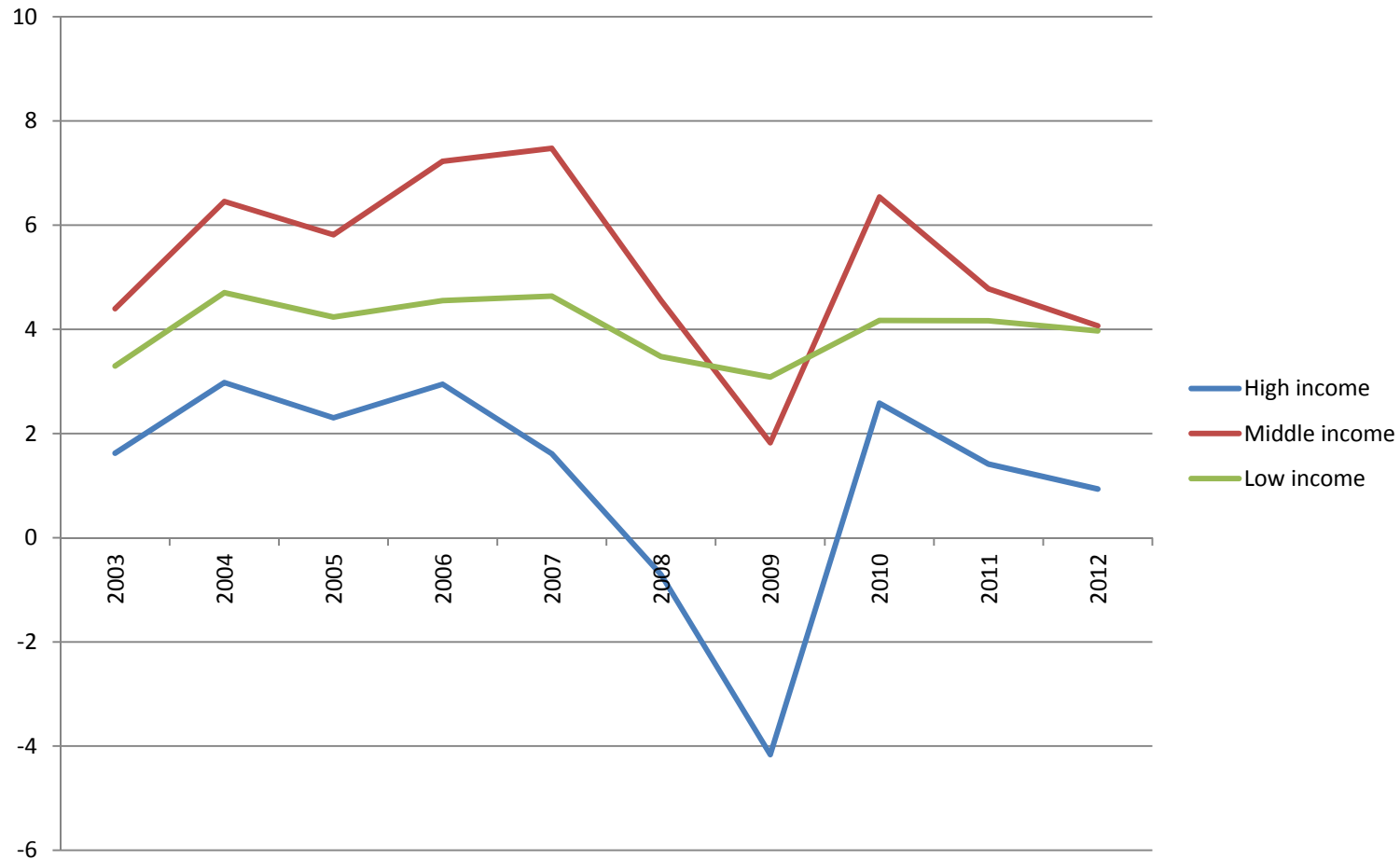
Sources: Health expenditure – WHO Global Health Expenditure Database  
GNI per capita – WB, World Development Indicators

# What would happen if donors withdrew aid?



Source: WHO internal calculations

## GNI per capita growth (annual %), 2003-2012



Source: World Bank, World Development Indicators

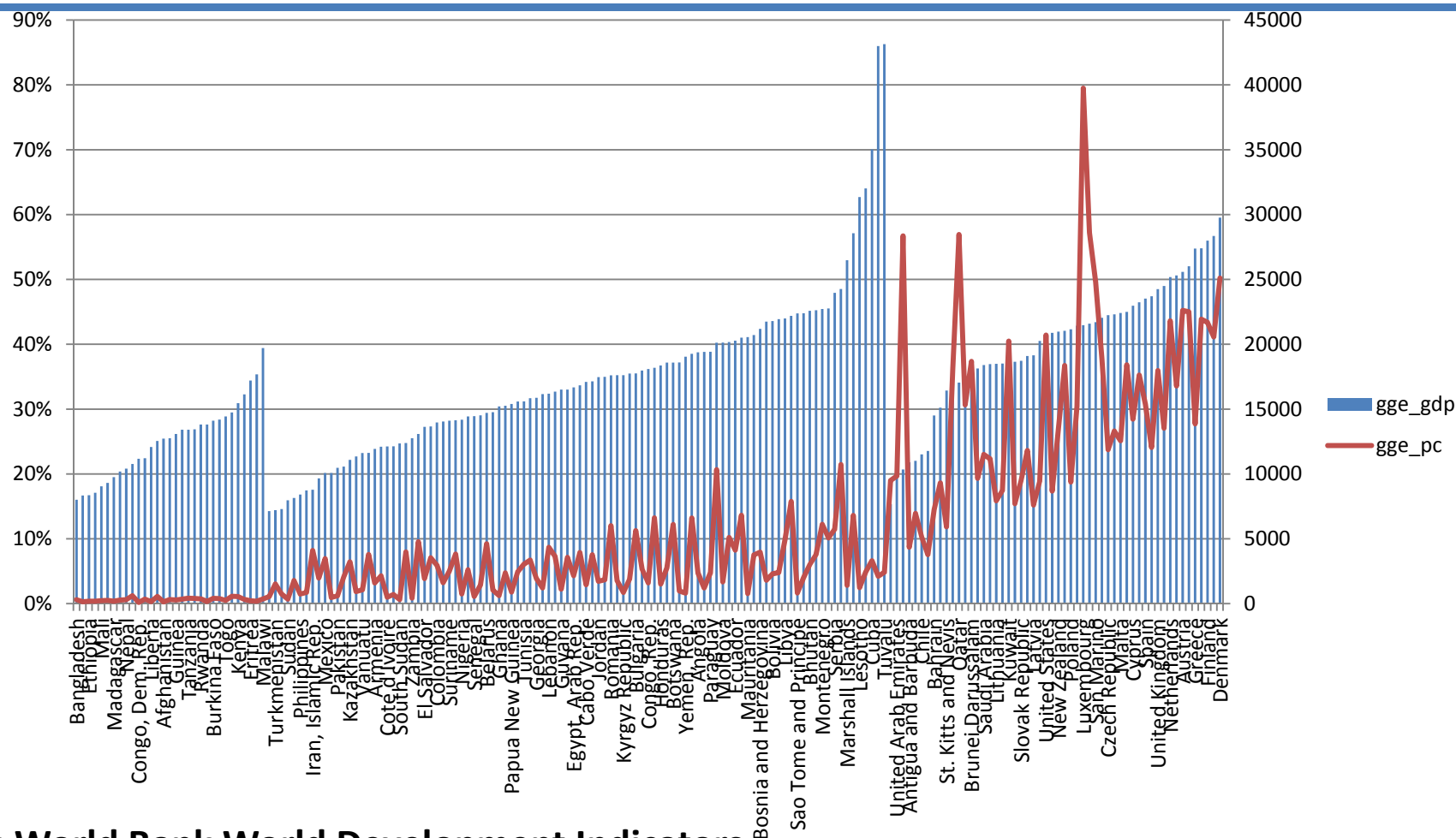
# Trends: Government Commitment to Health (un-weighted average)

General government expenditure on health % General government expenditure (GGE)

	2007	2008	2009	2010	2011	2012
<b>AFR</b>	<b>10.7</b>	<b>10.2</b>	<b>10.4</b>	<b>10.6</b>	<b>10.5</b>	<b>10.5</b>
<b>AMR</b>	<b>12.5</b>	<b>13.0</b>	<b>13.6</b>	<b>13.8</b>	<b>13.7</b>	<b>13.6</b>
<b>EMR</b>	<b>7.3</b>	<b>7.3</b>	<b>8.2</b>	<b>8.0</b>	<b>7.9</b>	<b>8.2</b>
<b>EUR</b>	<b>13.0</b>	<b>12.8</b>	<b>13.0</b>	<b>13.1</b>	<b>12.8</b>	<b>12.8</b>
<b>SEAR</b>	<b>8.9</b>	<b>8.8</b>	<b>8.7</b>	<b>7.9</b>	<b>8.1</b>	<b>7.5</b>
<b>WPR</b>	<b>13.3</b>	<b>12.9</b>	<b>12.7</b>	<b>12.6</b>	<b>12.7</b>	<b>12.7</b>

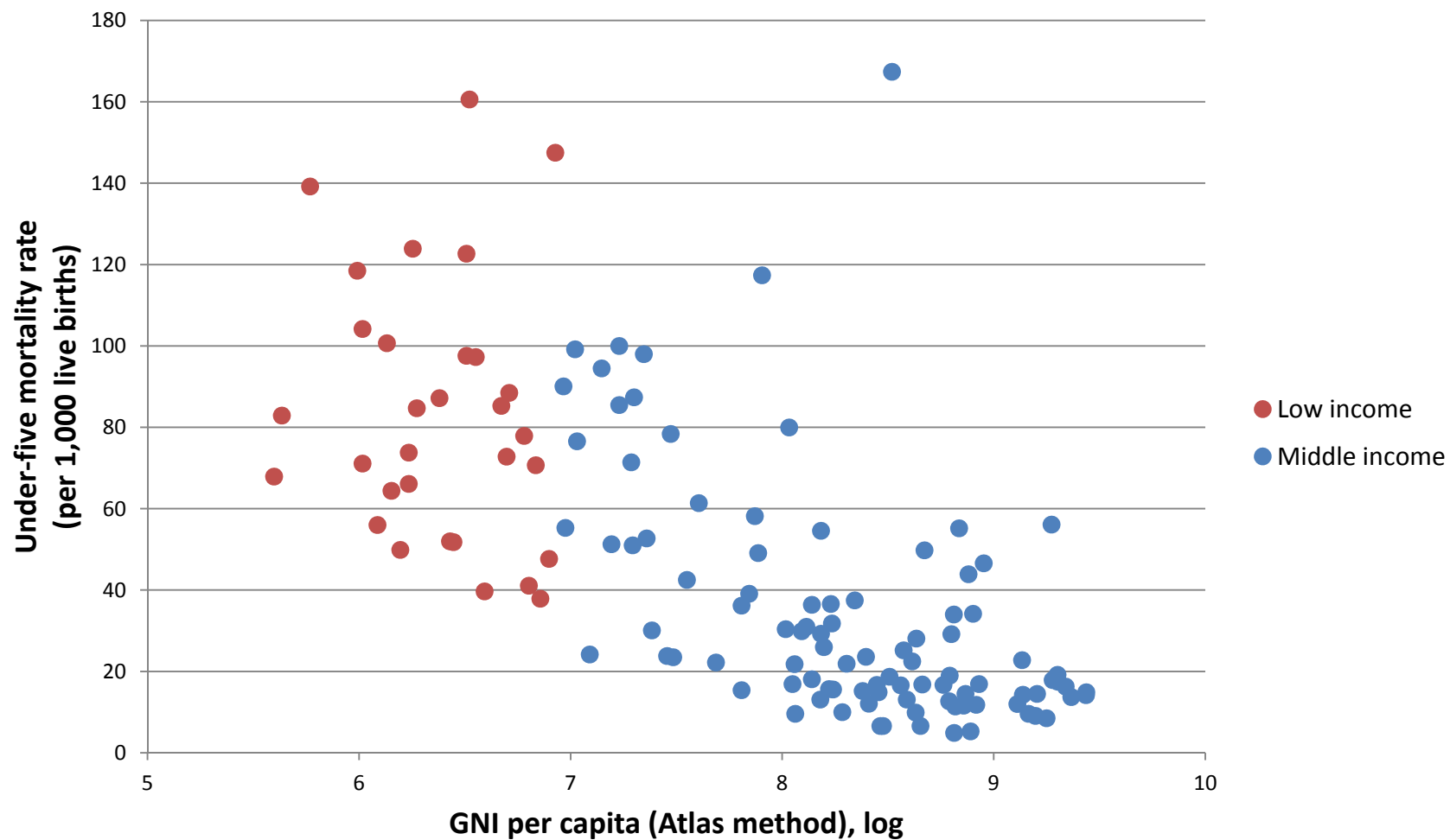
Source: WHO, Global Health Expenditure Database, [www.who.int/nha](http://www.who.int/nha)

# Share of Government Expenditure in GNI



Source: World Bank World Development Indicators

# Under-five mortality rate vs. GNI per capita, 2013



Sources: under-5 mortality: WHO  
GNI – WB World Development Indicators

# Least Developed Countries

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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 and services, economic importance of non-traditional activities, merchandise export concentration, handicap of economic smallness, and the percentage of population displaced by natural disasters)

# Conclusion

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- **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**