

# ADB HEALTH BOND

CONTINUING TO MEET REGIONAL DEMAND  
FOR STRATEGIC HEALTH FINANCING



IN THIS BRIEF: CHALLENGES • THE SOLUTION • PROJECTS IN MONGOLIA AND PAPUA NEW GUINEA

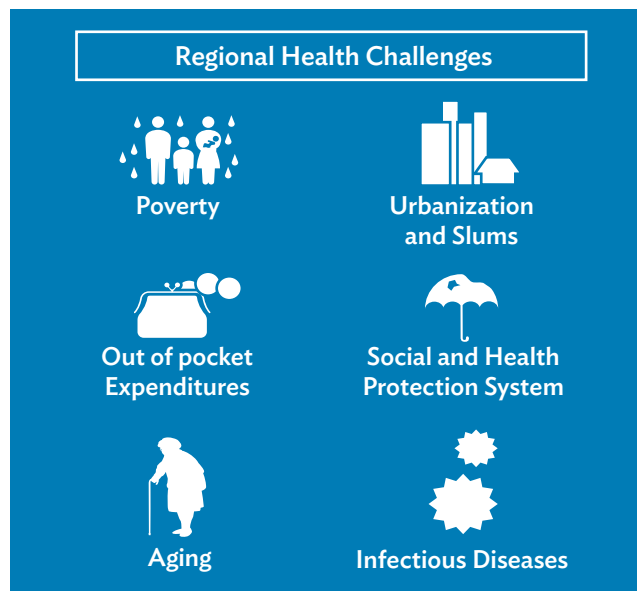


Financing health care is a major and growing policy challenge for many countries in Asia.

## CHALLENGES

Asia and the Pacific have made unprecedented progress in addressing key health sector challenges as part of development goals, through a sustained commitment by governments, health donors, and partners.

However, the region's health financing landscape continues to rapidly move from donor-funded budgets and programs towards government-led financing. Health financiers are expecting future grant reserves to significantly decrease and as early as 2020.<sup>1</sup> "Traditional" health donors are starting to rethink their funding given the region's declining levels of typically funded health diseases such as malaria and HIV/AIDS, and the regional economic growth which has set many countries on a path toward middle-income status.



<sup>1</sup> University of California, San Francisco. 2014. *The impact of the Global Fund's New Funding Model on Asia Pacific Malaria Elimination Network Countries*. <https://globalhealthsciences.ucsf.edu/sites/globalhealthsciences.ucsf.edu/files/pub/gf-funding-elimination-apmen.pdf>; and Asian Development Bank (ADB). 2018. Philippines: Social Protection Support Project. <https://www.adb.org/projects/43407-013/main>.

In a climate of shifting health financing demands, and lower amounts of disease-specific grant financing, governments are increasingly needing options and innovative instruments to catalyze country-led investments for the health sector. Governments are seeking

financing and technical assistance to address broader health sector development, focused on strengthening health systems, reaching universal health coverage, and addressing the growing demand for better health infrastructure, quality care, and medicines.

## THE SOLUTION



*ADB will support health systems development, health security and communicable disease management, and health governance.*

To tackle these ongoing regional health challenges, the Asian Development Bank (ADB) has strengthened its health sector portfolio and is continuing to engage Governments to advise, support, and implement innovative health programs.

Under Strategy 2030, ADB has committed to playing a leading role in expanding interventions in health, and continue to support developing member countries (DMCs) in pursuing universal health coverage by improving the quality and coverage of health care services. It will support reforms in health financing, including health insurance systems, to improve access to quality health care services and reduce out-of-pocket expenses incurred by the poor. ADB will seek to optimize indirect health benefits by tapping synergies with its portfolio in

transport (road safety), urban (healthy cities), water (water safety), sanitation (communicable diseases), and energy (low carbon and reduced pollution). ADB will assist DMCs in managing the growing burden of noncommunicable diseases and elderly care in a cost-effective and sustainable manner, and promote the greater use of innovative and smart health service delivery systems. ADB will also continue to support health systems development, health security and communicable disease management, and health governance.

In 2017, ADB raised approximately \$97 million equivalent in health bond to finance health projects in Asia and the Pacific region. The 10-year bond was bought by Dai-ichi Life Insurance Company, Limited.

### Health Care Requires Investment in



#### Infrastructure

hospitals and clinics, technology, human resources



#### Governance and Regional Public Goods

systems, regulatory framework, regional coordination



#### Financing

health financing reforms, risk-pooling, information technology



## PROJECTS



*The picturesque setting of Mongolia's capital city cannot mask air pollution levels that are among the highest in the world.*

## Mongolia: Ulaanbaatar Air Quality Improvement Program

**ADB Loan Package: \$130 million, of which \$10 million is for health**  
**Outcome: Public health and living standards in Ulaanbaatar improved.**  
**Tenor: 15 years<sup>2</sup>**

**The health development need:**  
 Ulaanbaatar is the world's coldest capital, with temperatures regularly dropping below 20 degrees Celsius in winter (October–March). It is also one of the most polluted cities in the world. During January 2018, levels of harmful fine particulate matter in the ambient air were nearly 40 times the daily limits recommended by the World Health Organization. These dangerous high levels of pollution are a seasonal fact of life for Ulaanbaatar's residents with severe health impacts. Medical costs, lost productivity, chronic illnesses, and shorter life expectancy affect the economy and quality of life of people in Ulaanbaatar, especially poor families

who cannot afford proper nutrition and medical care. Children are particularly vulnerable to pollution.

### **Project Summary:**

The Government of Mongolia has requested financial assistance from ADB in the form of a policy-based loan to address Ulaanbaatar's severe air pollution problem which (i) harms citizens' health, disproportionately affecting children and poor people; and (ii) results in significant health and economic costs — as a long-term burden on the already weak national economy. The proposed program is grounded in the 2017–2025 National Program for Reducing Air and Environmental Pollution.

<sup>2</sup> ADB. 2018. Mongolia: Ulaanbaatar Air Quality Improvement Program. <https://www.adb.org/projects/51199-001/main>.



*Access to quality health care is a major challenge in Papua New Guinea. The government is working with its development partners, like ADB, to change that.*

## Papua New Guinea: Health Services Sector Development Program

**ADB Loan Package: \$395 million, Subprogram 1 \$195 million**  
**Outcome: More sustainable and efficient health care system achieved.**  
**Tenor: 25 years<sup>3</sup>**

**The health development need:**  
 Despite a period of high economic growth in recent years, averaging 6% annually from 2006 to 2015, Papua New Guinea (PNG) failed to achieve its targets for the Millennium Development Goals on maternal and child health. Life expectancy in the country relative to income is low at 65 years and the

estimated burden of disease is dominated by chronic diseases, including stroke and heart disease, together with conditions of poverty such as pneumonia and neonatal conditions. Limited investments in the country's health infrastructure as well as suboptimal health sector governance also undermine service delivery.

<sup>3</sup> ADB. 2018. Papua New Guinea: Health Services Sector Development Program, Subprogram 1. <https://www.adb.org/projects/51035-001/main>.

## Project Summary:

The Health Services Sector Development Program combines a policy-based operation and project financing to support critical sector reforms and investments in PNG, enabling the long-term sustainability and effective use of the country's health sector financing. Deficiencies in health sector governance, weak public financial management, and fragmented funds flows will also be addressed.

The program will support the implementation of an integrated

public health model linking primary and secondary health facilities in rural areas. The program will also support decentralized health service delivery by focusing on capacity building of staff in public financial management and reporting to better plan and budget. It will strengthen health service delivery by rehabilitating rural healthcare infrastructure, improving the availability of medical supplies, supporting new health partnerships, and using smart technologies to support digital information systems.

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## About the Asian Development Bank

ADB is committed to achieving a prosperous, inclusive, resilient, and sustainable Asia and the Pacific, while sustaining its efforts to eradicate extreme poverty. Established in 1966, it is owned by 67 members—48 from the region. Its main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance.

Note: In this publication, "\$" refers to United States dollars.

Cover photo: ADB continues to support developing member countries in achieving universal health coverage. All photos are from ADB.



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