

ADB HEALTH BOND

CONTINUING TO MEET REGIONAL DEMAND
FOR STRATEGIC HEALTH FINANCING

Issue No. 3 • August 2019

CHALLENGES • THE SOLUTION • PROJECTS IN PAPUA NEW GUINEA AND THE PEOPLE'S REPUBLIC OF CHINA

CHALLENGES

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

Despite this progress, remaining poverty and inequality in the region still need to be addressed. Many poor people continue to be excluded from accessing necessary health care services while others end up in poverty because of illness. Governments are responding by pursuing universal health coverage (UHC) strategies while actively managing new and emerging health sector challenges from rapid aging, the increasing prevalence of non-communicable diseases, urbanization, climate change, health security risks, and persistent communicable diseases.

All these efforts are taking place in a changing health financing landscape, with grant financing from donors expected to

significantly decrease as early as 2020.

Traditional health donors have started to rethink grant financing given the region's economic growth, which has set many countries on a path toward middle-income status, and declining levels of diseases such as malaria and HIV/AIDS, which are typically addressed by grant financing.

In a climate of shifting health financing demands, lower amounts of disease-specific grant financing, the need to sustain UHC efforts, and new and emerging health sector challenges, governments increasingly need options and innovative instruments to catalyze country-led investments for the health sector.



Access to health care services.
A young boy enjoys activities at the Special School District #25 in Mongolia.

THE SOLUTION

To tackle these ongoing health challenges, the Asian Development Bank (ADB) has committed in its Strategy 2030 to support the UHC efforts of its developing member countries (DMCs) and improve the quality and coverage of needed health care services.

As it implements Strategy 2030, ADB will further strengthen its health sector portfolio and engage governments to advise, support, and implement innovative and responsive health programs. It will provide technical and financing support to DMCs in implementing 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 technically and financially assist DMCs in managing the growing burden of noncommunicable diseases and elderly care in a cost-effective and sustainable manner and promote greater use of innovative and smart health service delivery systems. The bank will continue to support health systems development, management of health security risks and communicable diseases, and strengthening of health

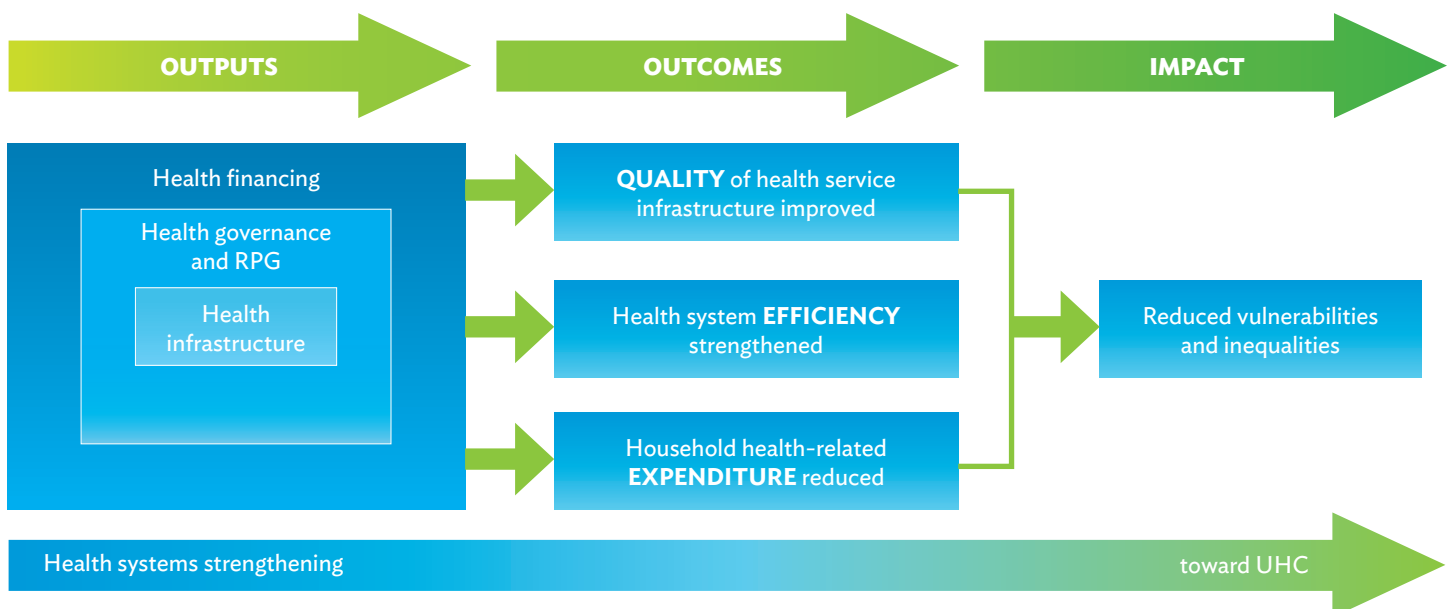
governance, while optimizing indirect health benefits from ADB investments in transport (road safety), urban (livable cities), water and sanitation (communicable diseases), and energy (low carbon and reduced pollution). In providing this support, ADB will mobilize innovative sources of financing that will not only help fund these projects but also catalyze increased investments in the health sector.

The initial ADB health bond issued in 2017, in which approximately \$97 million was raised, is among the innovative financing sources that will help fund health projects in Asia and the Pacific. The 10-year bond—bought by Dai-ichi Life Insurance Company, Limited—will help finance the implementation of health projects approved in 2018 and beyond.



Management of communicable diseases. A health worker conducts malaria testing at the Regional Hospital Laboratory in Monywa, Myanmar.

The Health Sector Framework of ADB



RPG = regional public goods, UHC = universal health coverage.
Source: ADB Health Sector Group.

PROJECTS

Papua New Guinea: Health Services Sector Development Program, Subprogram 1**ADB Loan Package: \$195 million****Outcome: More sustainable and efficient health care system was achieved.****Tenor: 25 years****<https://www.adb.org/projects/51035-001/main>****Health Development Need**

Despite a period of high economic growth averaging 6% annually from 2006 to 2015, Papua New Guinea 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. 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.

Project Summary

The Health Services Sector Development Program combines a policy-based operation and project financing to support critical sector reforms and investments in Papua New

Guinea, enabling 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 are being addressed.

It supports the implementation of an integrated public health model linking primary and secondary health facilities in rural areas as well as a decentralized health service delivery by focusing on capacity building of staff in public financial management and reporting to better plan and budget.

Health service delivery is also strengthened by rehabilitating rural health care infrastructure, improving the availability of medical supplies, supporting new health partnerships, and using smart technologies to support digital information systems.



Villagers at the Kanimerata Community Health Post.

The ADB project will help Papua New Guinea strengthen health services through policy reforms and direct investments in health systems.

People's Republic of China: Hubei Yichang Comprehensive Elderly Care Demonstration Project**ADB Loan Package: \$150 million, of which \$123 million is for health****Outcome: Coverage and utilization of elderly care services in Yichang increased.****Tenor: 25 years****<https://www.adb.org/projects/49309-002/main>****Health Development Need**

The People's Republic of China has the largest elderly population in the world. Its growing demand for elderly care services far outpaces existing services. With the population continuing to rapidly age, developing a sustainable and responsive elderly care system is a major government priority.

The need is more severe in a number of municipalities, cities, and provinces. This

includes Yichang Municipality, which had 22% of its population in 2017 above the age of 60, exceeding the national average of 14.3%.

Yichang adopted an elderly care strategic plan for 2016–2030 but its current home-based and community-based elderly care services are still underdeveloped, with an inadequate number of elderly care workers. Elderly care facilities are limited with long waiting lists. There is clearly a need for improving the elderly care system of Yichang.

Project Summary

The Hubei Yichang Comprehensive Elderly Care Demonstration Project supports the development of a three-tiered elderly care system in Yichang Municipality, Hubei Province by improving the coverage and utilization of home-based, community-based, and residential-based elderly care services.

It will help develop (i) home-based and community-based elderly care services and facilities and adequate residential care services to help address the needs of a broad elderly population; (ii) elderly care service capacity, human resources, and associated support system for elderly care; (iii) facilities and services for geriatric and rehabilitation care to address unmet needs and support the integration of health care and elderly care services; and (iv) the capacity of elderly care management.



Rapidly aging population in the People's Republic of China. The project will provide effective and efficient delivery of elderly care services through public-private partnerships.

The project is consistent with the 13th Five-Year Plan (2016–2020) of the People's Republic of China, Healthy China 2030 strategic plan, and ADB's Strategy 2030 priorities on reducing remaining poverty and inequality and building livable cities.

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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 68 members—49 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. ADB recognizes "China" as the People's Republic of China.

Cover photo: Children and parents attend the monthly mother and child health check program in one of the resettlement villages near the Nakai Reservoir in the Lao People's Democratic Republic. All photos are by ADB.



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