***Paper 2.*** *Graduation from low- to lower-middle income status: fiscal implications for health in Ghana*

**Overview:** The attainment of the Grand Convergence as proposed by the CIH depends, to a large extent, on the sustained funding of health in low-income countries, many of which continue to rely heavily on external funding sources (primarily international donors) to finance the health system. However, with some LICs now moving into the lower-middle-income category, the level of donor funds is declining, resulting in new health financing gaps and challenges for these countries. The AfHEA assessed the fiscal implications of Ghana’s graduation to lower-middle income status on health and health finance, and explored alternative funding sources such as indirect taxes, health insurance premiums, hospital internally generated funds and other local funding initiatives that could be used to fill health financing resource gaps that result from transitions away from development assistance.

**Session Objectives:**

* To summarize the estimated funding gap for Ghana’s health system, particularly emphasizing funding needs relative to health outcome targets
* To outline promising approaches for increasing fiscal space for the health sector
* To discuss options for achieving efficiency gains within the health system

**Methods:** Analysis included fiscal space analysis, trend analysis, literature review, and policy analysis. To complete the analysis, data was drawn from the following sources: Ministry of Health health and finance data; Government budgetary data, including from the Ministry of Health; World Bank health financing data, and others.

**Key Findings:** The results suggest a general decline in donor support to the health sector over recent years. A notable decline in donor health sector budget support was observed after Ghana’s transition to lower-middle income status in 2011. Estimates suggest a total health sector funding need of about GH₵3,494 million in 2015 and is expected to increase to GH₵3,509 million in 2016. Three key areas were identified as potential additional fiscal space for the health sector. These include (i) enhanced tax revenue (ii) improved health system efficiency and (ii) enhanced private-public partnerships. Additional sources of fiscal space were also identified for the National Health Insurance Scheme.

**Presenter:** Dr. Justice Nonvignon/Dr. Genevieve C. Aryeetey