

Table 1: Assessing innovative financing options in the South Africa context

| Criteria | | | | | |
|--|---|--|--------------------------------|-----------------------------------|--|
| Criteria / Innovative Financing | Revenue generation | | | Financing solutions | |
| Feasibility | Large profitable companies | Health ('sin') taxes | Voluntary sources | Private investment | Provider/patient incentives |
| Value added: <i>Does it bring additional funds or results?</i> | Yes, new funds | Yes, if existing taxes increased or if new taxes | Yes, new funds | Yes, potentially new funds | Yes, additional benefits & efficiency possible |
| Experience: <i>Is there documented evidence of effect?</i> | Limited experience | Yes for tobacco/alcohol, limited for unhealthy foods | Yes | Limited experience | Evidence growing with mixed results |
| Technical feasibility: <i>What are the known obstacles?</i> | Problems of coordination and predictability | Encourages illicit trade | No major obstacles | Requires regulation and oversight | Needs very close monitoring & evaluation |
| Political support: <i>Does it have powerful sponsors?</i> | Limited | Yes, but powerful industry opposes | Some strong national sponsors | Yes, in public & private sector | Yes, in government |
| Timeframe: <i>How long to implement and have impact?</i> | Considerable time to implement | Immediate impact | Considerable time to implement | Considerable time to implement | Considerable time to implement |
| Financial | | | | | |
| Potential flows: <i>What is the estimate yield?</i> | Potentially high | High if increased or new taxes earmarked for health | Limited yield | Potentially high | Potential to leverage major efficiency gains |
| Costs: <i>What is the cost of setting up and running?</i> | Small | Small costs, but higher if earmarked | Considerable effort required | Considerable effort required | Considerable effort required |
| Additional: <i>Will it 'crowd</i> | Unlikely | Unlikely if | No | No | No |

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| <i>out' existing sources?</i> | | increased or new taxes earmarked | | | |
| Sustainability: <i>Can it be maintained in the long run?</i> | Linked to financial climate | Yes | Considerable effort required | Dependant on long term profitability | Yes but requires regular monitoring and evaluation |
| Governance | | | | | |
| Ownership and alignment: <i>Does the initiative support national priorities?</i> | Yes for health, but may conflict with trade and industry | Yes | Possibly - more funds if specified service /community | Yes | Yes |
| Predictable: <i>Will the funding be stable or volatile?</i> | Stable if asset stable (eg perhaps not coal in long term) | Stable, but less so long term if consumption drops | Likely to be unstable | Investments once made are stable | Stable once systems in place |
| Externalities: <i>Are there potential good or bad side effects?</i> | Improved image of sector contributing to public good | Potential positive impact on health | Raises awareness of problems | Utilises private sector capacities | Potential 'gaming' and unintended consequences |
| Results: <i>Will it yield results that can be monitored?</i> | Potentially if linked to evaluation | Yes, yes through public sector | Potentially if linked to evaluation | Yes, through public sector | Yes |
| Accountability: <i>Does it foster transparency?</i> | Not necessarily | Yes | Not necessarily | Yes, if good oversight | Yes |
| Pro-poor: <i>Target the poor or is it progressive (i.e. wealthy pay more)?</i> | Possible, if benefits focused on poor | Requires analysis of cost and effect on poor | Likely to be focused on poorest | Uncertain | If linked to results in poorest groups |