5th Bi-weekly Knowledge Sharing Virtual Seminar Session

Investment Opportunities for Urban Health

Prof. Rumana Huque
Executive Director, ARK Foundation
Professor in Economics,
University of Dhaka

8 May 2025

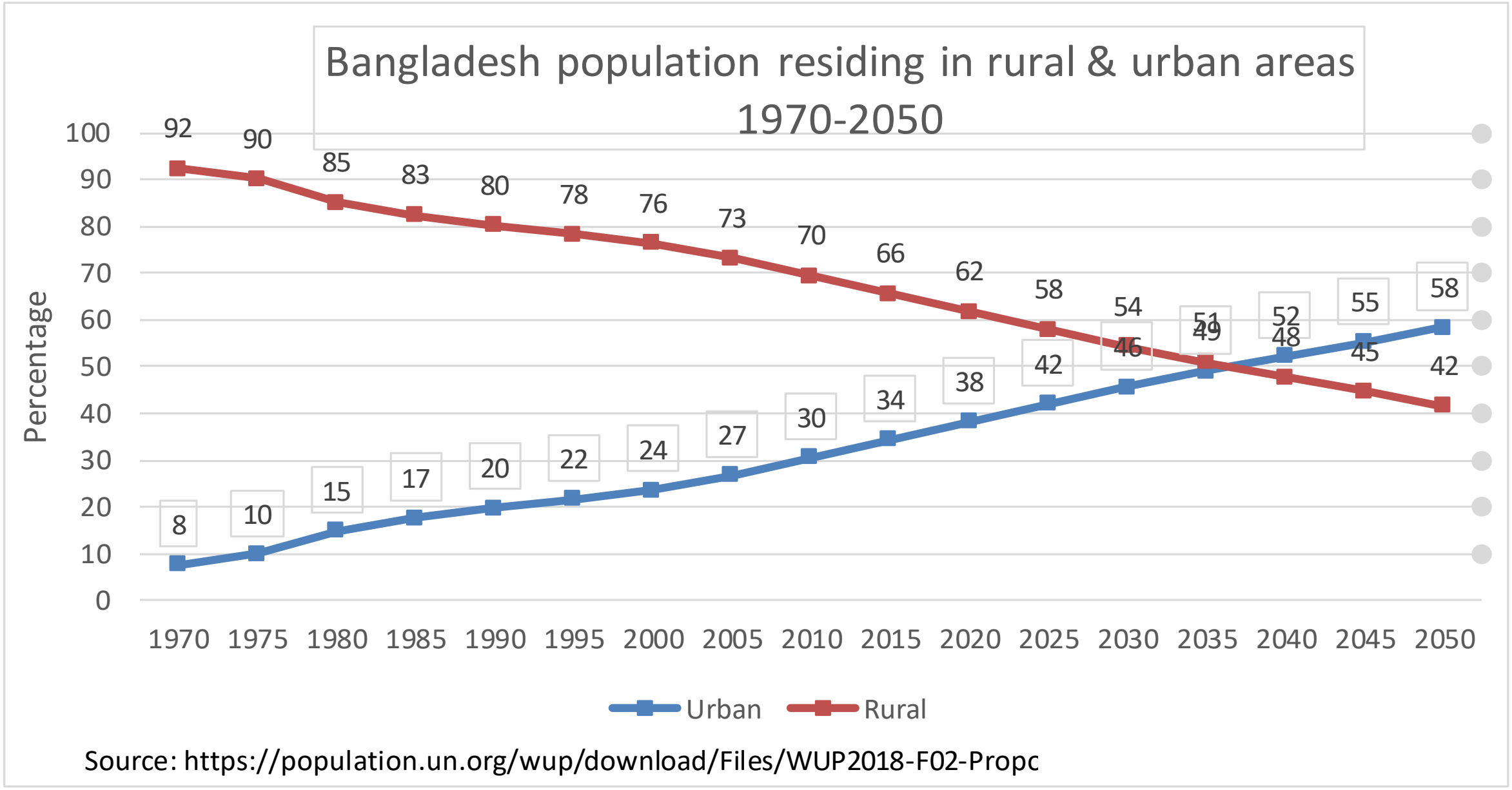
Presentation overview

- Context
- Health financing and related challenges
- Opportunities for investment

Rapid and Unplanned Urbanization in Bangladesh

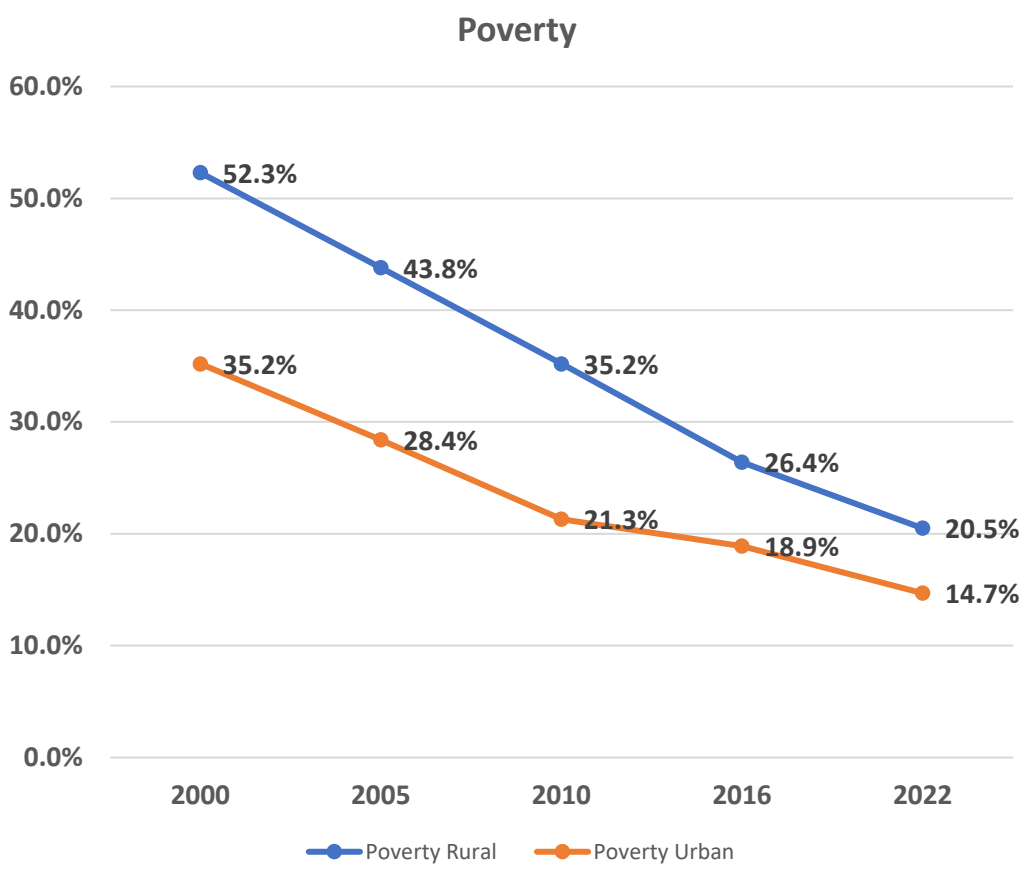
- Around 41% population are urban dwellers
- Around 35% of urban dwellers reside in urban slums (BBS, 2022)
- Rise in number of slums and slum population – 13,935 slums in 2014 from 2,991 in 1997; 22,32,114 slum population in 2014 from 13,91,458 in 1997*
- Large urban population taking a heavy toll on livability of cities: already stressed and poorly developed and inadequate existing basic services including health services, water supply, and sanitation (SIP, 2022).

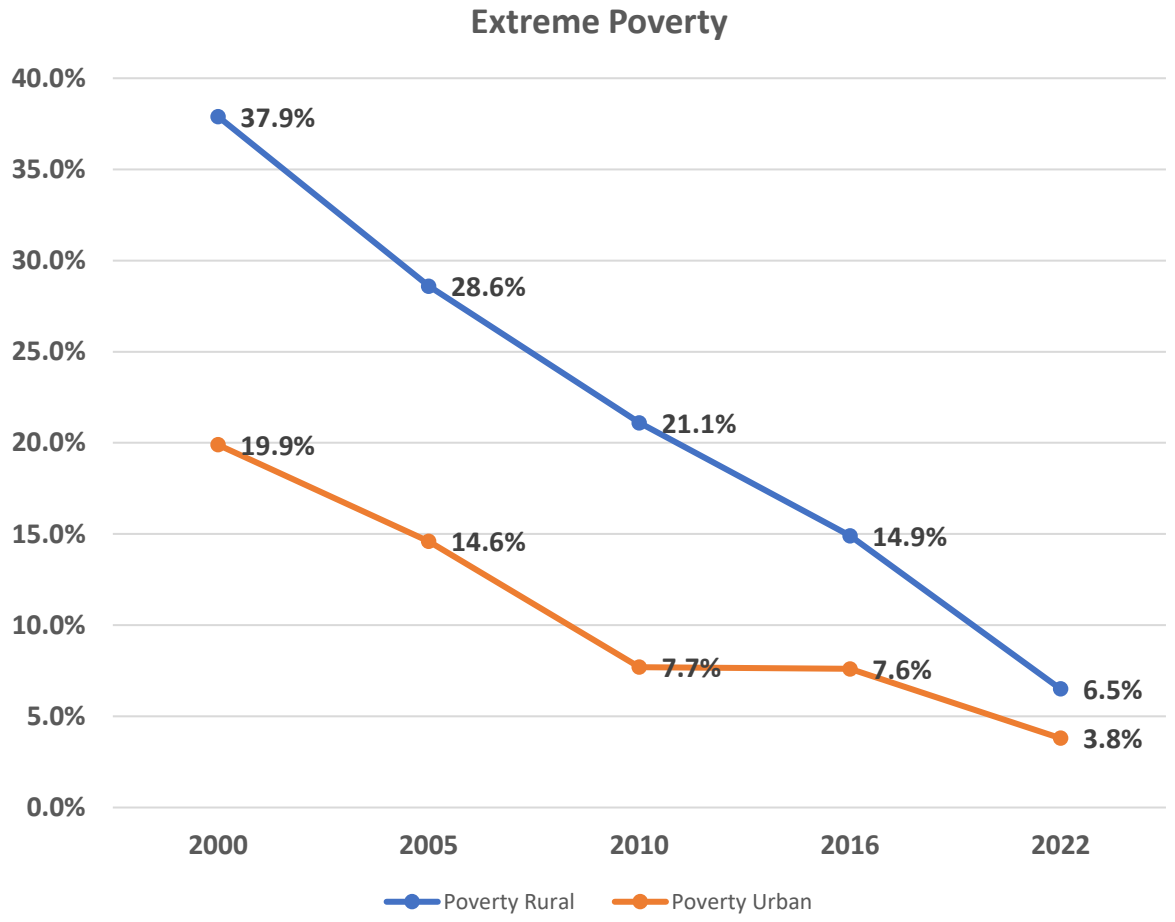
* Census of Slum Areas and Floating Population (2014); National Urban Health Strategy, 2020



Source: https://population.un.org/wup/download/Files/WUP2018-F02-Propc

Rural & Urban Poverty



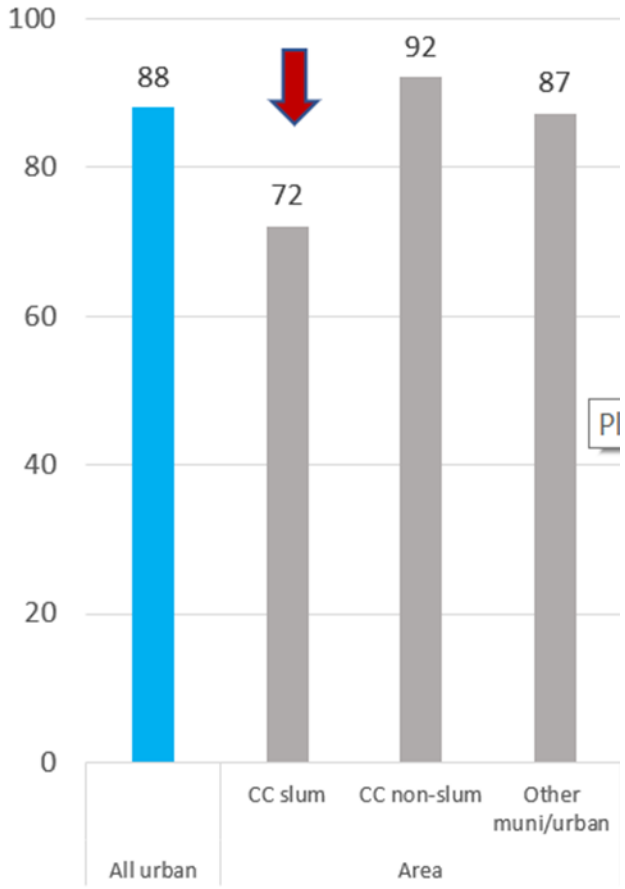


Source: Using data from HIES 2000, 2005, 2010, 2016 & 2022

Child Health

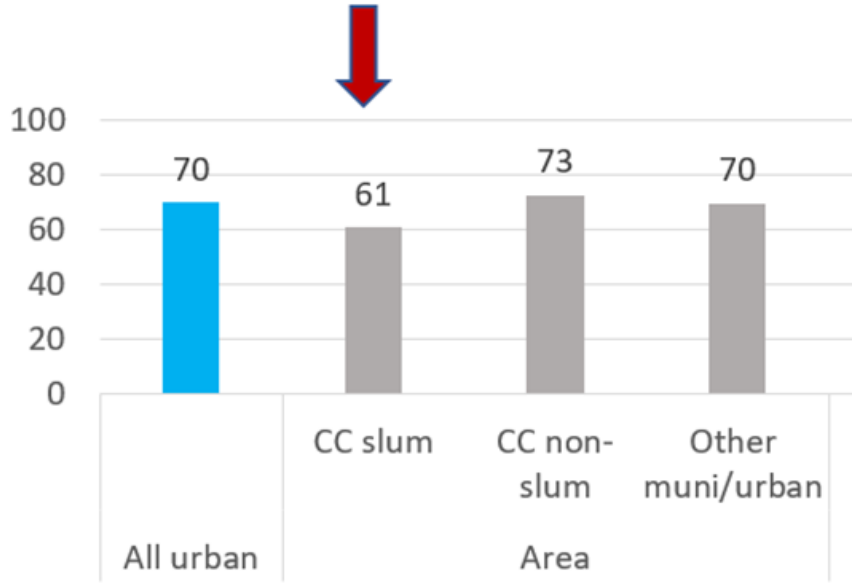
- About 9 in 10 children fully vaccinated
- Only 7 in 10 children in CC slums

Full Immunization of children age 12-23 months

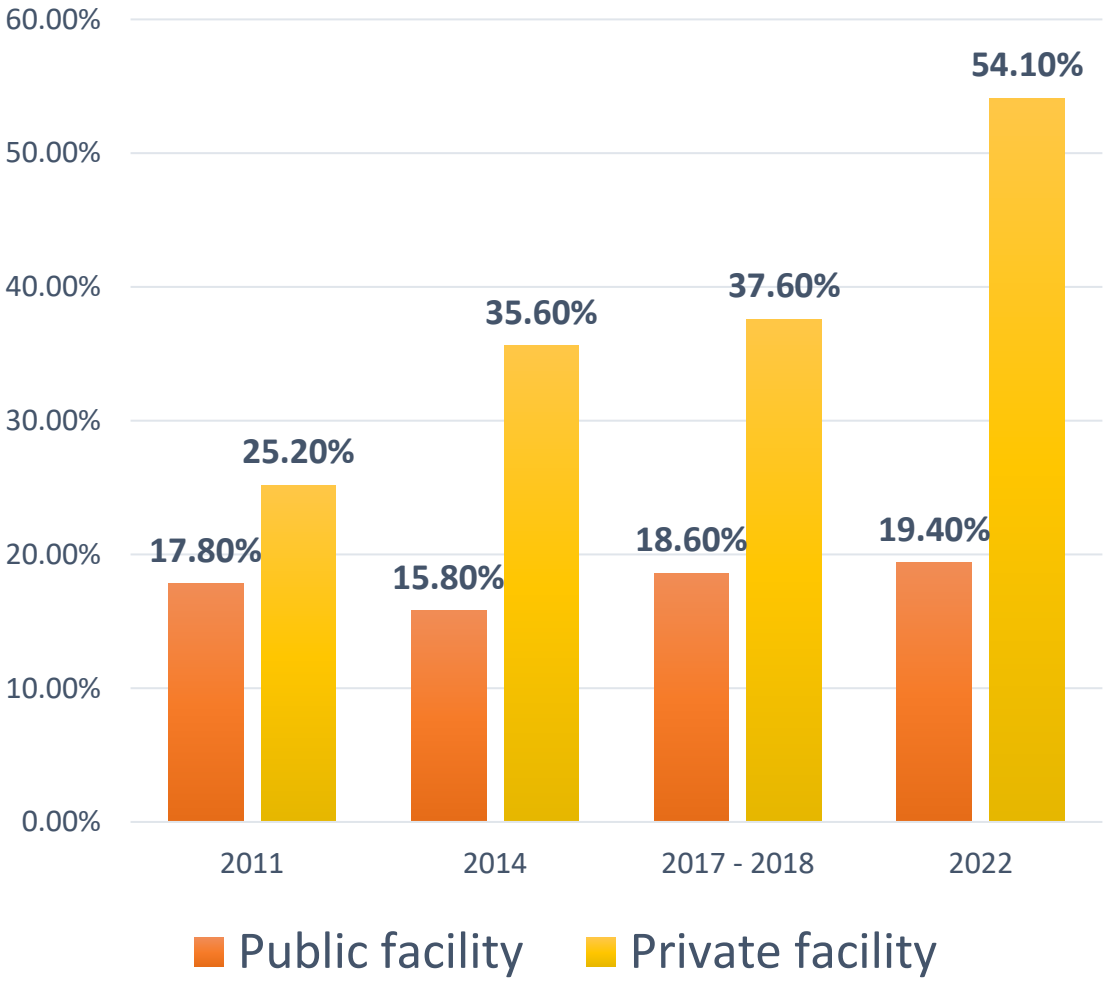


Care seeking of under-five children with illness

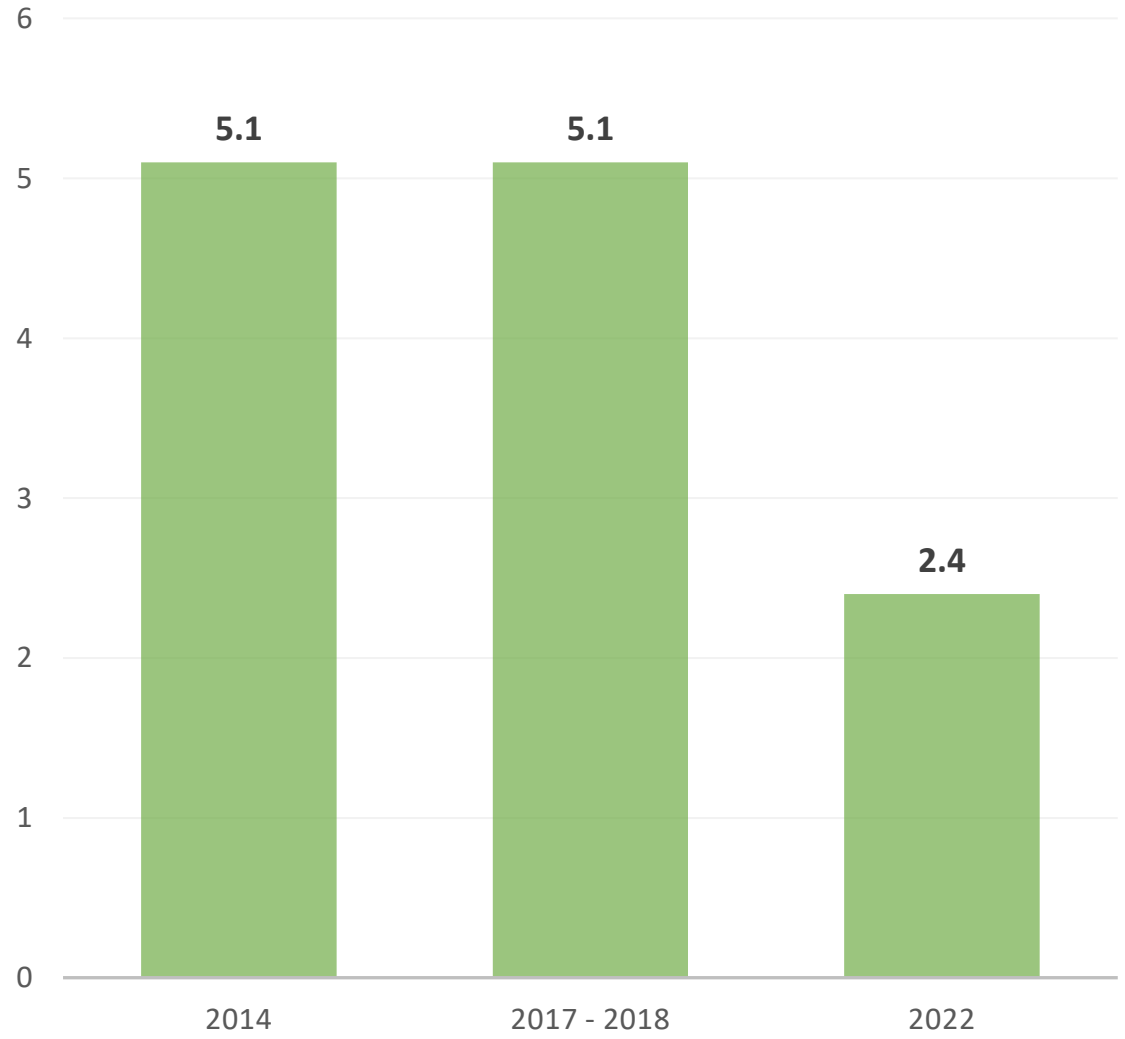
7 in 10 children with ARI sought treatment from health personnel



Maternal and Newborn Care: Place of Delivery in urban areas



Percentage of newborn who are getting all components of the essential newborn package



Source: BDHS multiple rounds

Current Urban Health Context

- Bangladesh has only about 0.9 hospital beds per 1,000 people, far below the WHO-recommended 3.5 beds – Less bed than the demand
- Due to Rapid urbanization (~3.3% annual), 41% of Bangladeshis now live in cities (projected 44% by 2030)- Raising demand on health facilities with constrained resources
- Out-of-pocket spending is extremely high (around 74% of total health expenditure)- A financial risk for middleclass and growing urban slum dwellers
- Donor-funded urban primary care programs (e.g. UPHCSDP) phase out by 2025- Creating service gaps for slum dwellers, low income and middle-class urbanites

Who Provides Healthcare

- DGHS run tertiary level hospital and outdoor dispensaries; City corporation run UPHCSDP through ADB fund and through a few own facilities-
- NGO and Non-Profit Clinics: BRAC, Smiling Sun network, Aalo Clinic pilot (Sida/UNICEF-backed) offering low-cost or free services in slums and low-income areas
- Growing private sectors (6 folds in last two decades) with clinics, diagnostic centres, hospitals catering upper high and middle class, informal chambers and pharmacies for low and low-middle income

Who Goes Where

- Slum Dwellers & Urban Poor
  - Largely rely on NGO clinics and informal drug sellers
  - “Red Card” holders get free maternal and child services at Nagar Matrisadan
  - Men under-utilize clinics (perceived as women’s services) and often self-medicate
- Middle Class & Affluent
  - Middle-income groups pay out-of-pocket at private clinics, pharmacies or government hospitals
  - Wealthier patients use elite private hospitals—or travel abroad (~ $6 billion/year)

  —a lost revenue for the country

Gaps in the System

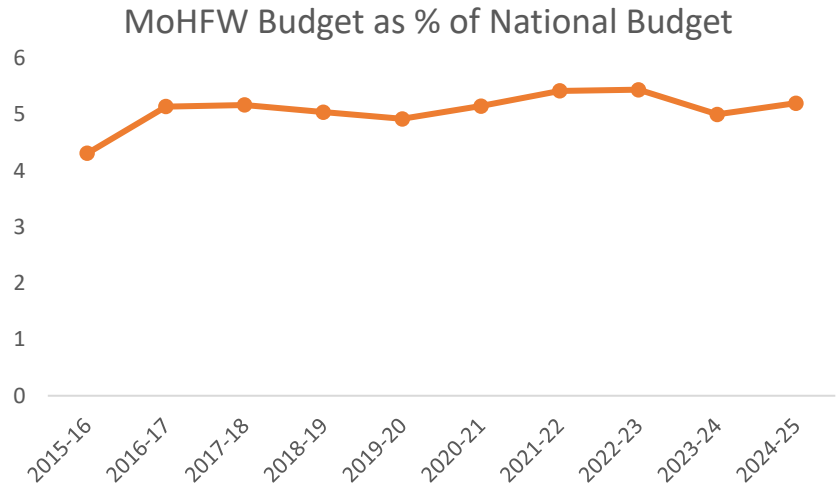
- No dedicated city health budgets; clinics depend on donors and one-off grants
- DGHS & City Corp operating in silos
- Overcrowded, under-resourced PHC facilities can’t keep pace with urban growth
- Severe staff shortages (≈5 doctors & 2 nurses per 10,000 people) and high turnover due to low pay
- Weak referral pathways lead to self-referrals and tertiary-level overcrowding
- Inconsistent targeting of the poor for free services, leaving slum & low-middle income class communities behind
- Raising NCD and Dual Burden of Malnutrition *(Prevalence 31%-Hypertension; 24% Diabetes)*

Context In Bangladesh

Current OOP: 74%
Target: Reduce OOP to 32% by 2032

0.7-0.8% of GDP allocated to health

5.2% of Total Budget allocated to health

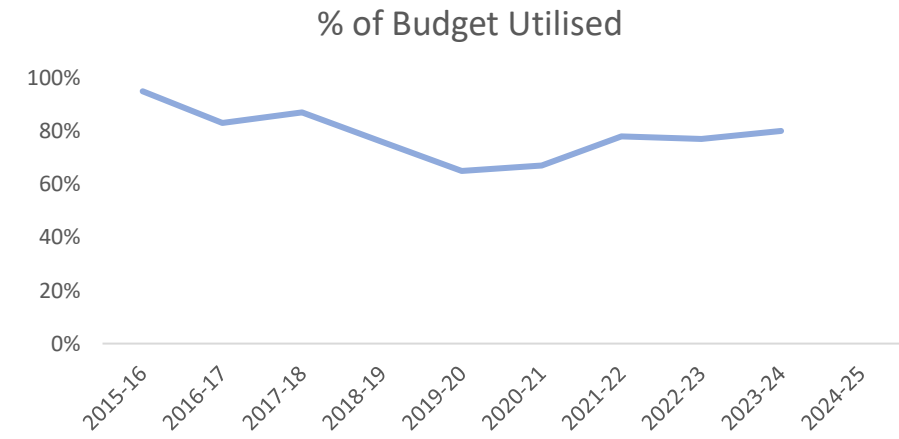


Bangladesh's government has the lowest tax collection rate in South Asia

Less than 1% of the population have any form of health insurance

SSK was supposed to run across the country by 2021 after its inception in 2016. Currently stopped due to funding crisis

(Under)utilization of budget



Challenges: Health financing

Sustainability Challenges: The UPHCSD project faces sustainability issues due to inconsistent local financing and reliance on limited external funding, threatening essential services.

Inadequate Funding: City corporations' health budgets are minimal, primarily allocated for non-health tasks (e.g., mosquito control, waste management), leaving insufficient funds for primary healthcare.

Limited Capacity Building: Efforts to enhance Local Government Institutes (LGIs) for primary healthcare sustainability post-ADB involvement have stalled due to a lack of human and budgetary resources.

Ineffective Contracting: Government contracts focus on inputs rather than service quality, resulting in poor resource utilization and inadequate quality monitoring.

Regulatory Gaps in PPPs: Public Private Partnerships in healthcare are limited; existing procurement laws do not adequately address physical services embedded in the health sector, leading to misaligned procurement methods for NGO clinics.

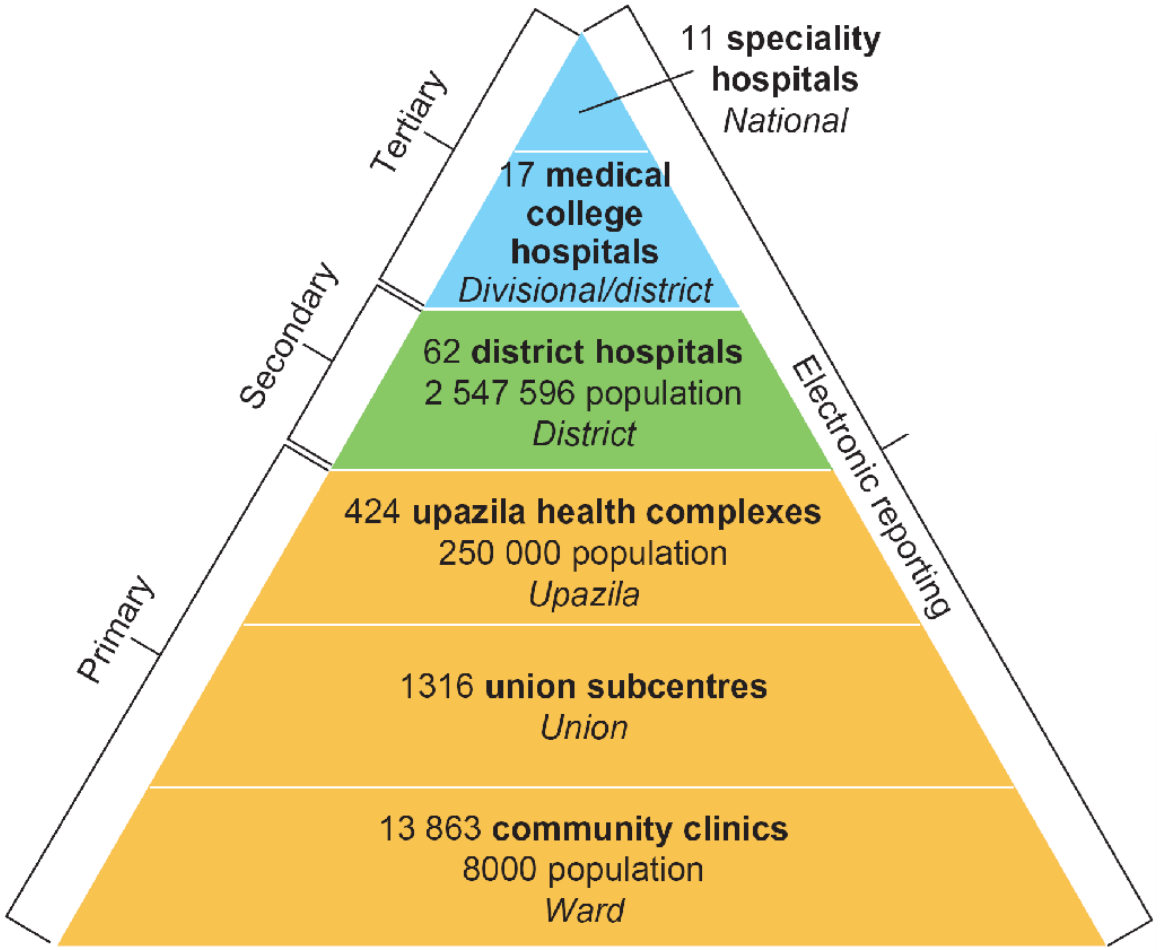
Public sector financing: opportunities

- Public sector financing for health:
  - represents political commitment to population well-being
  - can address equity issues through financing services for the poor and providing financial protection
  - provides the most efficient financing for health services that qualify as public goods (infectious disease control)
- Governments can provide leadership to foster enabling environment for health financing reform

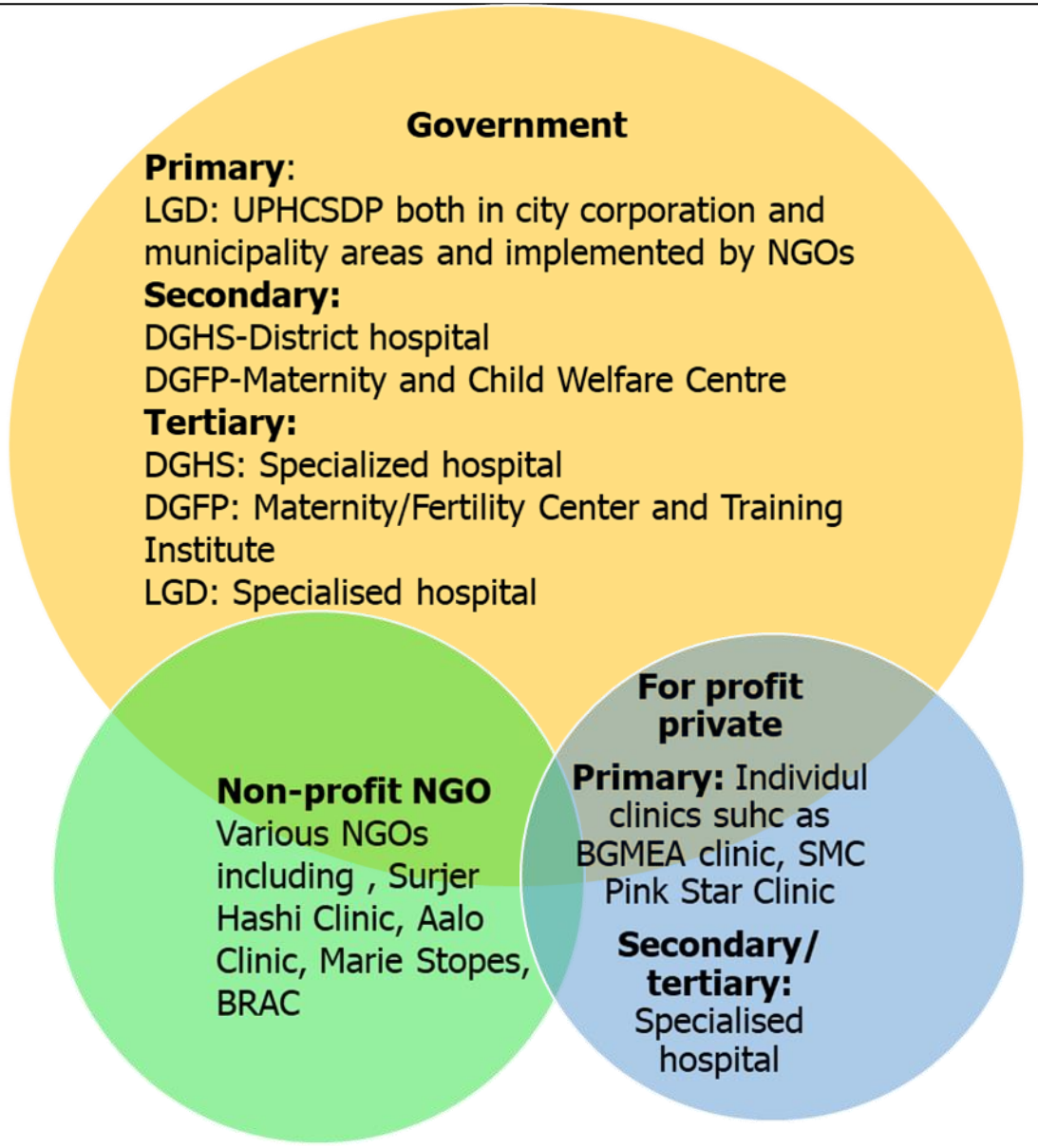
A few initiatives: Budget speech 2024-25

- "Dhaka Water Supply Network Improvement Project" at a cost of Tk. 3,980 crore.
- "Local Government Initiative on Climate Change (LoGIC)" project initiated
- The Detailed Area Plan (DAP - 2022-2035) to enhance the infrastructural standards of the capital city, Dhaka.
- Chittagong Metropolitan Master Plan (2020-2041) for Chittagong Metropolitan City
- Detailed Area Plan (DAP) and Master Plan of Cox's Bazar in progress.
- Plans to construct 4,032 rental-based residential flats in Tongi, Gazipur, and in the Shyampur-Kadamtoli area of Dhaka, Chanpara area of Narayanganj, and Haringhata area of Khulna to provide housing facilities for low-income individuals and residents,.

Primary Health Care Delivery in Rural and Urban Areas



Continuum of Care in rural areas



Key Challenges of Urban PHC systems

- Inadequate numbers and poor-quality public health facilities, particularly at the primary health care (PHC) level, to keep pace with the rapid urbanization.
- Number of GODs throughout the country is only 34 which is quite insufficient to provide PHC service to vast Urban populations.
- Major bulk of PHC services are provided by UPHCSDP-2 funded by ADB. The project runs with the collaboration of various NGOs and services are provided on payment basis.
- Lack of standard/uniform Urban PHC service delivery model
- Services are focused mainly on maternal and child health, does not have NCD as a priority (weak referral system)
- Lack of targeting the healthcare needs of slum dwellers, working and floating/street population.
- Lack of frontline health workers and inadequate training

* Source: SIP, 2022; National Urban Health Strategy, 2020

Key Challenges of Urban PHC systems

- Urban health data not linked to DHIS2 in many cases
- Poor enforcement of law and regulation of private clinics and pharmacies/Drug Store.
- Lack of effective coordination among MOHFW, LGD/MOLGRDC and Urban Local Government Institutions (City Corporations/Municipalities) on the provision of urban health service
- City corporations/municipalities lack updated standardized systems to determine who qualifies as poor and should qualify for exemptions from user fees.
- City corporations/municipalities have limited budget and capacity to mobilize their own funds.
- While UPHCSDP provides “Health Card” or “Red Card” for urban ultra poor and services at a subsidized rate to other urban dwellers, the discontinuation of the project could lead to an increase in OOP health expenditure

* Source: SIP, 2022; National Urban Health Strategy, 2020

Context: Climate change

By **46%** since 2000 in extreme weather-related events affecting Bangladesh

Average annual temperature in the summer of **2021** was **0.49°C** higher than the average in **1986–2005**

Dhaka's average AQI in 2023 was 171 which fell under the **'Very Unhealthy'** category

1°C

By 21% in probability of reporting an anxiety disorder

1951–1960: 0.3 months of drought
2012 – 2021: 1.7 months of drought

High incidence in Dengue, linked to **unusually high rainfall** coupled with **high temperatures and humidity**, in 2022

Reduction in total rice production in Bangladesh by an average of **7.4%** due to temperature and precipitation variability reduce

Key challenges: Climate change and urbanization

Climate, health, and gender issues are often **addressed in isolation** without linking the associated risks

Sectors operate in silos with minimal collaboration or data-sharing across fields

Women's perspectives are **largely absent** in decision-making processes

There is a **lack of specific guidance** for managing heat stress for both citizens and health professionals

Urban population growth **strains healthcare systems**, which are under-resourced and lack trained staff to address climate-related health issues

There is a **shortage of targeted training** to tackle health risks driven by climate change

Local communities, particularly **low-income groups, are rarely consulted** in decision-making processes

NGO involvement in **policy-making tends to be superficial**, offering limited meaningful input

Climate data is primarily focused on rural areas, with a **significant gap in urban and gender-disaggregated data**

Informal settlements are frequently left out of city planning and data collection efforts

There is **no coordinated early warning system** for heat events to protect public health

While policies are decentralized on paper, **central control often restricts local action**

Understanding the 'Overlapping' Risks of Climate Change and Urbanisation

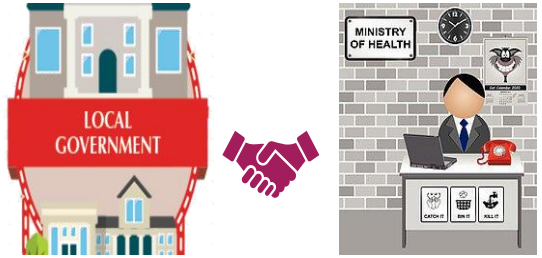
Investment in Urban Health: Why?

- Market Potential
  - Bangladesh's healthcare market was $14 billion (as of Jan 2024/2025) and projected to reach $23 billion by 2030 or 2033.
  - The International Finance Corporation (IFC) estimates the market could be four times larger ($40-$50 billion annually) based on demographics and economic growth.
- Tapping City Corporation Sustainability Funds and Revitalizing NagarMatrisadan for all
- Investment in skilled health workforce
- Integrated GP based system withing government structure with referral pathway
- Promotion of in-country health services instead of medical tourism
- Dedicated urban health budget in government finance

> *"Out of $9 billion invested across more than 120 projects, only $100 million has gone into healthcare"*
>
> - IFC Representative in BIDA Summit

Recommendations to Strengthen Urban PHC

Strengthening the interministerial co-ordination



Strengthening Community Engagement

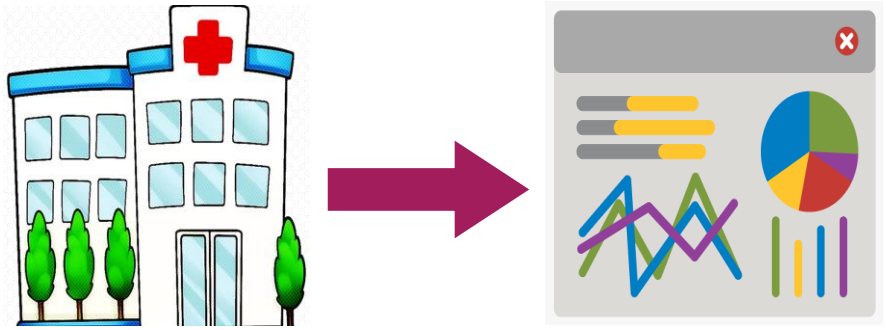
Inclusion of Urban PHC workforce within planned capacity strengthening activities of MoHFW

Allocation of budget in line with Essential Service Package

Procurement of medications at urban PHC centres as per Essential Medicine List

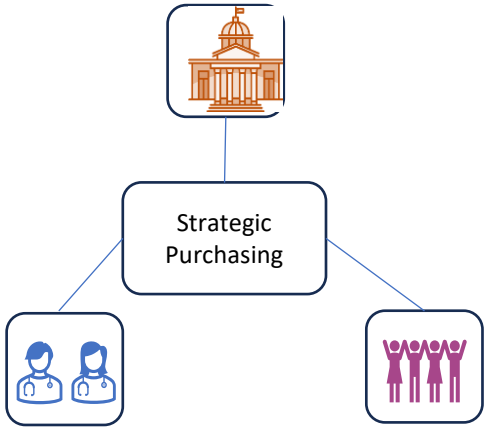
Services provided at the Urban PHC Facilities are in accordance with the National Protocols

Integration of facility wise data from urban PHC centres into the DHIS2 national dashboard



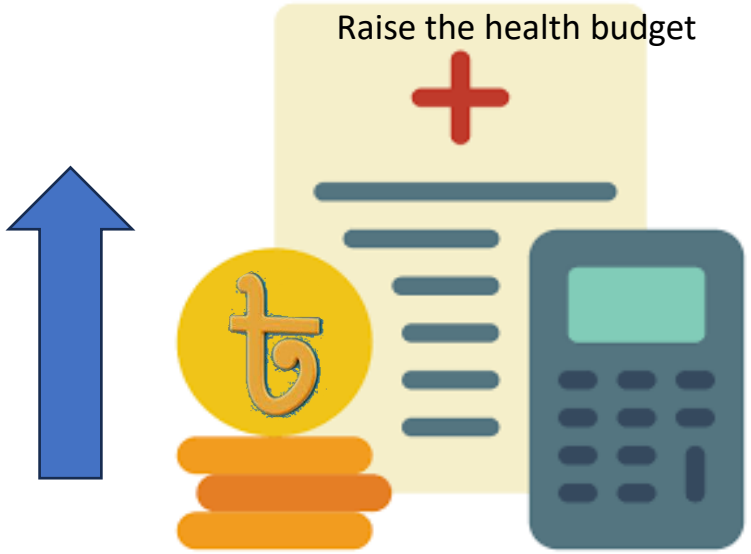
Recommendations

Emphasize on Strategic Purchasing in healthcare sector



Enhancing salaries, and benefits for healthcare providers

Raise the health budget



Develop guideline for PPP/strategic purchasing

Recommendations

Promote Scalability of Digital Health Interventions

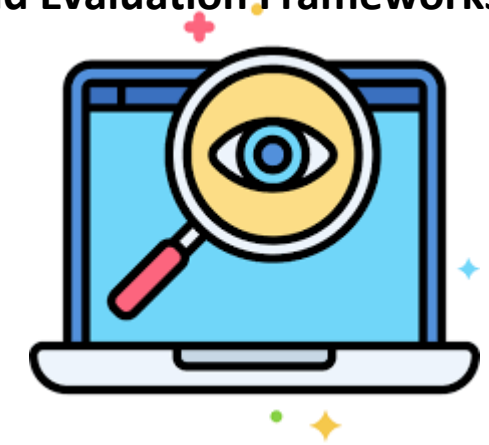
Conduct Comprehensive Cost-Benefit Analysis

Adopt International Toolkits for National Integration

Enhance Interoperability of Health Information Systems

Ensure Robust Data Security

Establish Robust Monitoring and Evaluation Frameworks



Foster Technological Innovation

Recommendations

Developing inclusive early warning systems

Implementing Gender-Responsive M&E framework

Updating Health Protocols

Designing community-specific awareness programs

Close data gaps

Ensuring horizontal and vertical knowledge flow

Improving Urban green spaces

Creating development clusters and establishing a centralized multisectoral repository

Fostering Participatory Governance

References

1. Bangladesh National Health Accounts (BNHA 1997-2020), Health Economics Unit (HEU); https://heu.portal.gov.bd/sites/default/files/files/heu.portal.gov.bd/page/364480c2_26f9_4bbb_bf71_8b4ac613d96a/2023-05-31-17-02-bed461250ff1b439a0338ab3ddfea682.pdf

2. https://www.prothomalo.com/business/economics/k17elurk32#:~:text=%E0%A6%AC%E0%A6%BE%E0%A6%9C%E0%A7%87%E0%A6%9F%E0%A7%87%20%E0%A6%B8%E0%A7%8D%E0%A6%AC%E0%A6%BE%E0%A6%B8%E0%A7%8D%E0%A6%A5%E0%A7%8D%E0%A6%AF%20%E0%A6%96%E0%A6%BE%E0%A6%A4%E0%A7%87%20%E0%A6%AC%E0%A6%B0%E0%A6%BE%E0%A6%A6%E0%A7%8D%E0%A6%A6%20%E0%A6%B0%E0%A6%BE%E0%A6%96%E0%A6%BE,%E0%A6%B6%E0%A7%82%E0%A6%A8%E0%A7%8D%E0%A6%AF%20%E0%A6%A6%E0%A6%B6%E0%A6%AE%E0%A6%BF%E0%A6%95%20%E0%A7%A8%20%E0%A6%B6%E0%A6%A4%E0%A6%BE%E0%A6%82%E0%A6%B6%20%E0%A6%AC%E0%A7%87%E0%A6%B6%E0%A6%BF%E0%A5%A4

3. https://www.tbsnews.net/economy/budget/health-expenditure-gets-boost-falls-07-total-gdp-870406

4. https://www.thedailystar.net/opinion/views/news/how-healthy-the-health-budget-3644741

5. Bitran R et al (2023), REVIEW OF BANGLADESH'S HEALTH CARE FINANCING STRATEGY 2012-32, Health Economics Unit, MoHFW. https://heu.portal.gov.bd/sites/default/files/files/heu.portal.gov.bd/page/c1d65061_f61c_4df2_bd96_cd2e06a4d7f9/2024-04-22-09-54-6a997da367a434169e7da35af5dc7d4b.pdf

6. Mahmud I, Hossain M and Raza W (2021) Climate afflictions. World Bank

7. Wahid S et al. (2023) Climate-related shocks and other stressors associated with depression and anxiety in Bangladesh: a nationally representative panel study. The Lancet Planetary Health

8. Patz G, McCarty J, Hussein S, et al. (2003) Climate Change and Infectious Diseases. In Climate Change and Human Health: Risks and Responses

9. Policy brief on 'Impacts of climate change on health in Bangladesh' by Grantham Research Institute on Climate Change and the Environment; Center for Climate Change, Economics and Policy

10. Newspaper report 'Dhaka Air Pollution Highest in 8 Years' published on ProthomAlo (4 January 2024)

11. Mahmud I, Hossain M and Raza W (2021) Climate afflictions. World Bank

12. Yu W, Alam M, Hassan A, et al. (2010) Climate Change Risks and Food Security in Bangladesh

13. Primary health care systems (PRIMASYS): comprehensive case study from Bangladesh. Geneva: World Health Organization; 2017. Licence: CC BY-NC-SA 3.0 IGO.

14. Bangladesh Urban Health Strategy 2020 available at: https://betterhealth-bd.org/download-category/urban-health/

15. Bangladesh National Drug Policy 2017 available at https://dgdagov.info/index.php/laws-and-policies/1117-national-drug-policy-2016-including-essential-drug-list-and-otc-list?category_access=1

16. http://app.mohfw.gov.bd/index.php?option=com_content&view=article&id=166&Itemid=150&lang=en

17. https://www.thedailystar.net/health/healthcare/news/27b-health-budget-the-works-3428841

Thank You