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FACTSHEET

ADVANCE DOMESTIC HEALTH FINANCING

Status of Healthcare Financing in Africa: Despite Many Commitments, African Countries' Domestic Investments in Health Remain Suboptimal

Access to quality healthcare remains a major challenge in Africa. To address this problem, African countries have made a raft of commitments to increase their allocations to health. Among these commitments are the 2001 Abuja Declaration where countries committed to allocate 15% of their annual budgets to health.

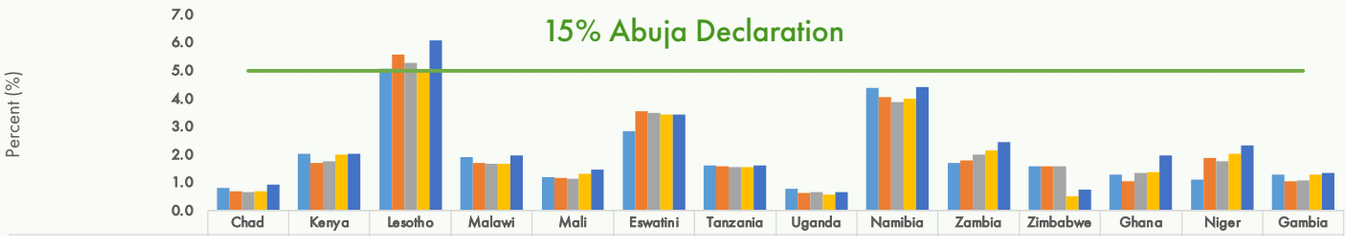
The World Health Report 2010 indicated that it is difficult for countries to achieve universal health coverage (UHC) when they allocate less than 4-5% of their gross domestic product (GDP) to health. As countries have shifted to focusing on UHC as part of the Sustainable Development Goals (SDGs 2030), they are expected to shore up their investments in health to at least 5% of their GDP to realise this goal. In 2019 the African Union through the African Leadership Meeting (ALM) got member states to commit to increasing their domestic allocations to health and tackling the persisting inefficiencies in spending health budgets to ensure we have "more money for health", but that we also get "more health for the money" invested.

Despite these commitments, there are still huge gaps in healthcare financing as demonstrated by the data in this factsheet for select African countries.

1. Most governments' investments in health remain low and inadequate

Most countries have not met their commitment to the Abuja Declaration of allocating 15% of their annual budgets to health.

Figure 1: Domestic General Government Health Expenditure as % of general government expenditure



	Chad	Kenya	Lesotho	Malawi	Mali	Eswatini	Tanzania	Uganda	Namibia	Zambia	Zimbabwe	Ghana	Niger	Gambia
2016	0.8	2.0	5.1	1.9	1.2	2.9	1.6	0.8	4.4	1.7	1.6	1.3	1.1	1.3
2017	0.7	1.7	5.6	1.7	1.2	3.5	1.6	0.6	4.1	1.8	1.6	1.1	1.9	1.1
2018	0.7	1.8	5.3	1.7	1.2	3.5	1.6	0.7	3.9	2.0	1.6	1.3	1.8	1.1
2019	0.7	2.0	5.0	1.7	1.3	3.4	1.6	0.6	4.0	2.1	0.5	1.4	2.0	1.3
2020	0.9	2.0	6.1	2.0	1.5	3.4	1.6	0.7	4.4	2.4	0.8	2.0	2.3	1.4
Recommended % of GDP	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0

Advance Domestic Health Financing works to promote increased and efficient use of domestic health finance with a focus on primary health care and women's and girls' health.

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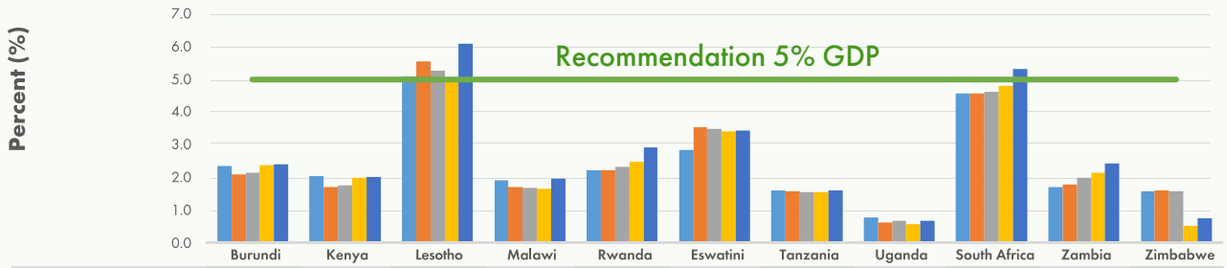
AFIDEP
African Institute for Development Policy

Partners in Population and Development (PPD)
Africa Regional Office
An Inter-Governmental Organization
Promoting South-South Cooperation

As seen in the chart below, most countries are still allocating way below 5% of their GDP to health.

This means that realising UHC will remain a pipe dream for these countries.

Figure 2: Domestic general government health expenditure as % of Gross Domestic Product (GDP)

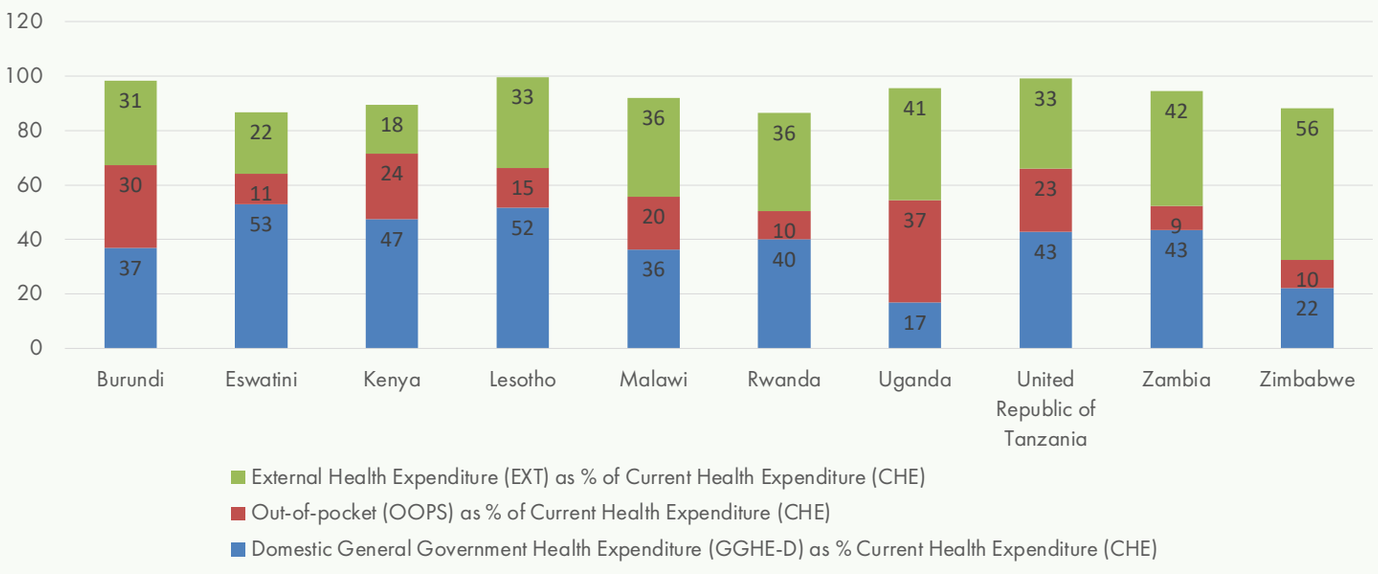


	Burundi	Kenya	Lesotho	Malawi	Rwanda	Eswatini	Tanzania	Uganda	South Africa	Zambia	Zimbabwe
2016	2.4	2.0	5.1	1.9	2.2	2.9	1.6	0.8	4.6	1.7	1.6
2017	2.1	1.7	5.6	1.7	2.2	3.5	1.6	0.6	4.6	1.8	1.6
2018	2.2	1.8	5.3	1.7	2.3	3.5	1.6	0.7	4.6	2.0	1.6
2019	2.4	2.0	5.0	1.7	2.5	3.4	1.6	0.6	4.8	2.1	0.5
2020	2.4	2.0	6.1	2.0	2.9	3.4	1.6	0.7	5.3	2.4	0.8
Recommended % of GDP	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0

2. Sources of health expenditure: Governments' financing of healthcare remains low

Government financing of healthcare remains below 50% of the total health expenditure in most countries as seen in the chart below. In many countries, domestic private health expenditure (which includes out-of-pocket (OOP) expenditure) and external expenditure (i.e. donor support) fill the huge funding gap left by the low government investments. This means many citizens are not cushioned against catastrophic expenditure on health. As donor financing is starting to decline, governments need to increase their health budgets to fill the funding gap being left by donor agencies.

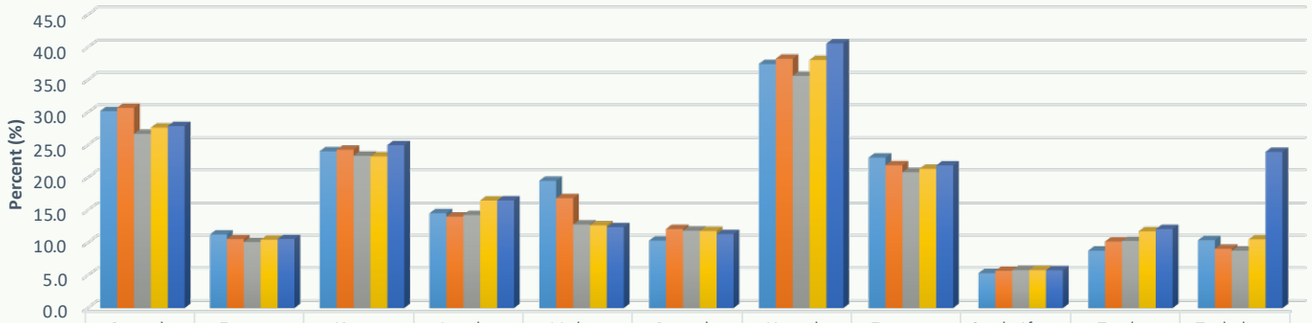
Figure 3: Sources of Health Expenditure



3. Out-of-pocket expenditure remains unacceptably high in most countries

A healthcare system that is effective, equitable and affordable protects people from poverty that may arise from increased out-of-pocket (OOP) spending on health. WHO indicates that almost 2 billion people are facing catastrophic expenditures or impoverishment due to OOP expenditure on health. This indicates that inequality in health care is a fundamental challenge that has to be addressed to attain UHC by 2030. The figure below shows that most countries still have unacceptably high levels of OOP, with Uganda, Burundi, Kenya and Tanzania leading with more than 20% OOP in health expenditure. Countries are encouraged to reduce OOP expenditures to less than 15% of their health expenditure in order to cushion citizens against catastrophic health expenditures.

Figure 4: Out-of-pocket expenditure as percentage of current health expenditure (CHE)

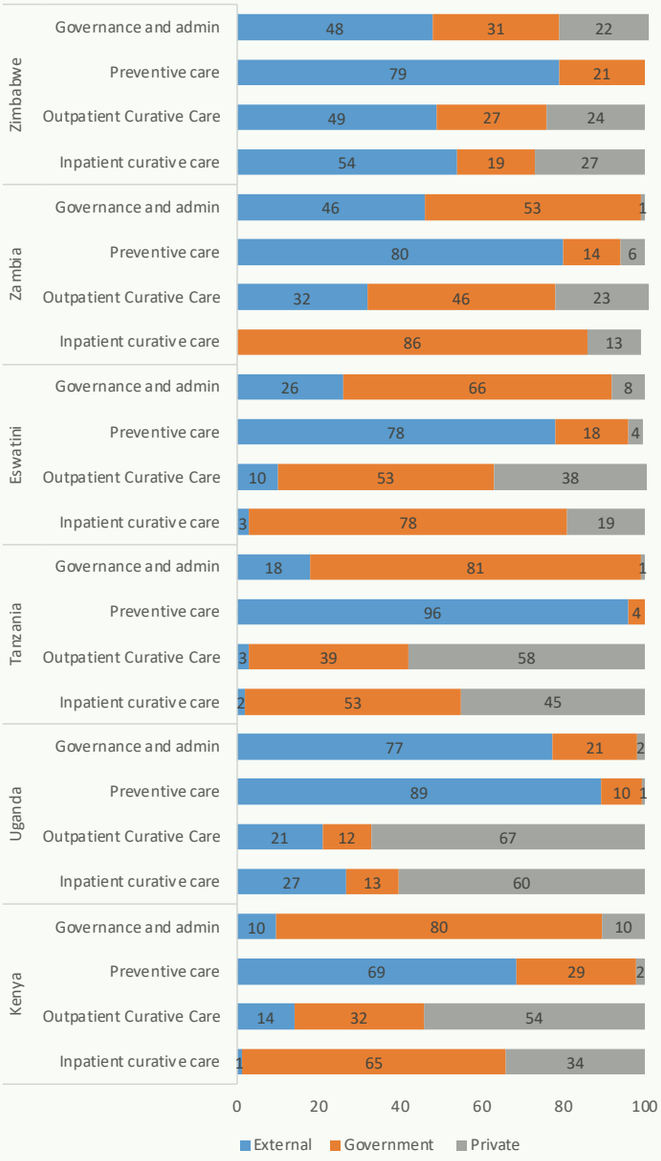


	Burundi	Eswatini	Kenya	Lesotho	Malawi	Rwanda	Uganda	Tanzania	South Africa	Zambia	Zimbabwe
2020	30.2	11.3	24.1	14.6	19.5	10.4	37.5	23.1	5.4	8.8	10.4
2019	30.7	10.6	24.3	14.0	16.9	12.1	38.3	21.9	5.7	10.2	9.1
2018	26.7	10.1	23.4	14.3	12.8	11.9	35.6	20.8	5.8	10.3	8.8
2017	27.7	10.5	23.3	16.5	12.7	11.8	38.1	21.4	5.8	11.8	10.6
2016	27.9	10.6	25.0	16.5	12.4	11.4	40.6	21.9	5.8	12.1	24.0

4. Most governments' health expenditure are on curative and not preventive services, which undermines progress towards UHC

It is well acknowledged that for countries to realise UHC, they have to strengthen their primary healthcare (PHC). PHC is the provision of essential healthcare that are accessible to individuals and families in the community by means that are acceptable to them, with their full participation and at a cost that is affordable to the community and the country. PHC addresses main problems in the community by providing preventive, promotive, curative and rehabilitative services accordingly. A good indicator of how well governments are investing in strengthening PHC is by looking at the proportions of their health expenditure on curative services vis-à-vis expenditure on preventive services. The charts below show that most countries allocate a huge share of the government health funds to curative, and governance and administration, while preventive services receive much less. Moreover, most of the preventive care expenditures are from external sources. Given the declining donor funding, governments must increase their expenditure on preventive and promotive services if they are to make progress towards the realisation of UHC.

Figure 5: Health expenditure by function

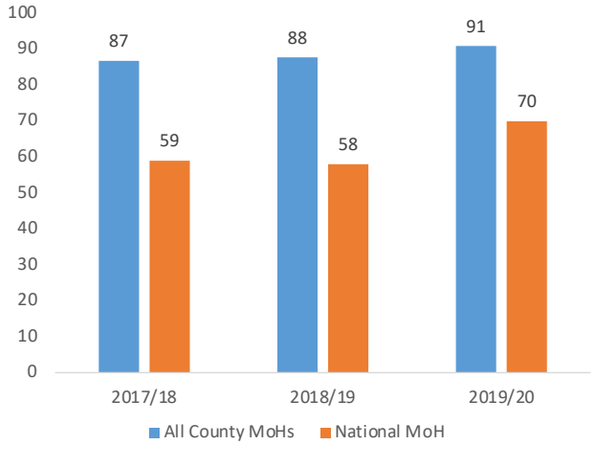


5. Countries are underspending their health budgets due to persisting inefficiencies

The problem of allocating inadequate budgets to health is made worse by the fact that most countries are not spending their full health budgets allocated due to persisting inefficiencies in their public finance management (PFM) systems and weak capacities. In the chart below, we use Kenya's data to show the low rates of utilisation of health budgets.

Countries must make deliberate efforts to address PFM challenges in order to remove delays in disbursements of health budgets and procurement processes.

Figure 6: Kenya's health budget utilisation



Source: Kenya MoH 2022

Acknowledgement: The data used in this Factsheet is from the World Health Organization (WHO) Global Health Expenditure Database (GHED). Where data is drawn from elsewhere, we acknowledge the source of data under the specific chart.