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Primary Healthcare Financing in East Africa

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Healthcare Financing in East Africa

Market Snapshot

Healthcare financing in East Africa encompasses government budgets, insurance schemes, private companies, out-of-pocket payments, and external aid. With a push for Universal Healthcare Coverage (UHC), countries focus on financing reforms to deliver primary services. Key aspects include revenue raising, fund pooling, and purchasing through public or private channels. Effectiveness is measured by availability, accessibility, and affordability.

Advancing Domestic Health Financing

The African Union Development Agency – New Partnership for Africa's Development (AUDA-NEPAD) convened a meeting on 24-26 April 2024 with the East African Community (EAC), Southern African Development Community (SADC), and Economic Community of West African States (ECOWAS) to review progress on the Africa Leaders Meeting (ALM) Declaration. The ALM summit announced the formation of Regional Health Finance Hubs (RHHFs). The RHHF have organised national health funding dialogues leading to multi-stakeholder agreements addressing health finance issues. The meeting also facilitated the linking of the Advance Domestic Health Financing (ADHF) programme to national plans with the key organisations being the African Institute for Development Policy (AFIDEP) along with the Partners in Population and Development – Africa Regional Office (PPD-ARO). Funded by the Bill and Melinda Gates Foundation, the ADHF programme supports measures to increase domestic health spending as well as promote efficient use of health expenditures. It focuses on primary healthcare and women's health. The programme is currently being implemented in Kenya, Malawi, Zambia, and Uganda.

EAC Health Data Governance Framework

The East African Community (EAC), the East African Legislative Assembly (EALA), and the Pan African Health Informatics Association (HELINA) have partnered to strengthen health data governance along with driving digital transformation in

East Africa. As the EAC's newest strategic partner, HELINA will continue collaborating to digitise the health sector. The partnership aims to implement Africa CDC's Health Data Governance Initiative. Financial support from the Swedish International Development Agency (SIDA) and USAID is aiding the development of the EAC Health Data Governance framework. Plans include replacing vertical, siloed applications funded by various donors and government programmes with a comprehensive horizontal platform for improved resource allocation.

Primary Healthcare System in East Africa

Primary healthcare is the foundation of any health system and serves as the first line of defense in health emergencies like COVID-19. Public financing has proven insufficient to meet the primary healthcare needs of the East African population. Underfunded healthcare systems and limited access to quality services affect vulnerable demographics such as children, pregnant women as well as the elderly. Free or subsidised healthcare services are often not sustainable in the long term. Private financing plays a significant role in filling the gaps within the public healthcare system in the region.

Out-of-Pocket Spending and Insurance Coverage

Out-of-Pocket (OOP) payments are the primary form of transactions in East Africa, but the trend poses a significant financial burden for low-income households due to the lack of government-mandated price controls. Uganda has the highest OOP health expenditure in the region at 38%, compared to Kenya's 24%, Tanzania's 34%, and Rwanda's 11.7%. Health insurance schemes are increasingly gaining traction in countries like Rwanda. Informal initiatives sponsored by community-based or faith-based organisations are often more popular than formal insurance programmes. However, most schemes in the region face a shortfall in funds, limiting the translation of insurance coverage into actual benefits for the overall population.



East Africa's Most Critical Healthcare Problem

The Global Health Expenditure Database shows Sub-Saharan Africa's government health expenditure growing at 3% annually, compared to South Asia's 6%. The slower growth underscores the need for increased investment to improve primary healthcare while achieving Universal Health Coverage (UHC) and Sustainable Development Goals (SDGs). Experts urge African countries to meet the Abuja Declaration of 2001, pledging 15% of the budget for healthcare. Increased spending can enhance preventive measures like vaccination campaigns and establish diagnostic centres to strengthen the healthcare system.

EA Universal Healthcare Drive Faces Rocky Stretch

Countries like Kenya, Tanzania, and Uganda have faced challenges in implementing national health insurance schemes. Kenya's effort to replace the National Health Insurance Fund (NHIF) with the Social Health Insurance Fund (SHIF) has faced opposition from the Kenya Medical Practitioners, Pharmacists, and Dentists Union.

Tanzania had to retract reduced insurance rates due to protests from the private sector, including the Association of Private Health Facilities Tanzania (APHFTA). Currently, only 15% of Tanzanians have health coverage, with out-of-pocket spending accounting for 34% of total expenditure, insurance 12%, government 22%, and donors 32%.

Uganda plans to implement a national health insurance scheme by 2025. However, a lack of regulatory framework and disagreements over funding sources, including an annual fee of USD 6 per family member, have hindered progress, particularly in managing contributions from the informal economy.

Strengthening Primary Healthcare Financing for the Health Workforce

A well-funded primary healthcare system ensures essential medical services are available to all demographics while attracting a skilled workforce. Investment in primary healthcare

(PHC) can improve health outcomes, reduce disparities, and bolster resilience to cope with health emergencies.

Launch of the First-ever Health Investment Charter in Africa

The Global Fund has introduced the Africa Health Workforce Investment Charter to address health worker shortages, aims to reduce the shortfall by half. The charter was signed at the Africa Health Workforce Investment Forum in Windhoek, Namibia, on 6 May 2024. The Global Fund is investing USD 634 million in Africa's Human Resource Health (HRH) sector, specifically to support community health workers. The investment, represents 70% of global funding in the segment, enables staff training, remuneration, and integration into primary healthcare teams. It also advocates for legal protection and recognition, ensures appropriate pay as well as better working conditions for staff.

Health Workforce Financing Mechanism in East African Countries

Kenya's healthcare financing system is decentralised, with funds flowing from the national government to county governments, allowing counties to allocate resources based on specific healthcare needs. Recently, Kenya has increased its focus on health financing, particularly on strengthening the primary health workforce to meet the demands of a growing population. However, declining government and donor funding has hindered progress. To address the shortfall, Kenya has implemented community health policies, ensuring healthcare strategies are developed and implemented at the grassroots level, enhancing accessibility, particularly in remote areas. South Sudan relies heavily on a multi-donor trust fund for primary healthcare funding. The incentive-based system, facilitated by NGOs and development partners, may hinder the country's transition to systemic healthcare financing. Additionally, the government's limited financial capacity restricts its ability to generate sufficient domestic healthcare resources, with the sector receiving less than 3% of the budget allocation.



Approaches to Guarantee Longevity and Retention

South Sudan is prioritising increased healthcare sector funding to improve working conditions and salaries, ensuring a sustainable workforce. The measures aim to retain skilled professionals and attract new talent while developing strategies to anticipate future healthcare demands. Amref Health Africa has addressed healthcare workforce financing issues in South Sudan by upgrading nurses' skill sets to diploma level, providing technical assistance, and adopting advisory roles. The NGO has supported 67 hospitals and implemented family planning projects using a top-down model, demonstrating the importance of flexibility in healthcare financing.

Kenya's Primary Healthcare Financing Measures

On October 19, 2023, Kenya's President William Ruto signed four healthcare bills into law: the Primary Health Care Act, Digital Health Act, Facility Improvement Financing Act, and Social Health Insurance Act. The laws aim to advance progress towards Universal Health Coverage (UHC). The Social Health Insurance Act established the Social Health Authority (SHA) to allocate resources for emergency measures and primary healthcare (PHC). Under the new Act, medical services will be funded through taxation and monthly contributions capped at USD 33. Individuals and families will contribute 2.75% of total income to ensure the scheme's financial viability.

The SHA launched the Primary Healthcare Fund, the Social Health Insurance Fund, as well as the Emergency, Chronic, and Critical Illness Fund, taking over all property previously held by

the NHIF. The NHIF's assets and liabilities were transferred to the SHA following President Ruto's approval of the bill, part of Kenya's overhaul of its UHC programme.

The Primary Healthcare Act 2023

The Primary Health Care Act 2023 is integral to achieving UHC, complementing measures such as the Kenya Primary Healthcare Strategic Framework 2019–2024 and Community Health Policy 2020–2030. Primary healthcare is deemed crucial for UHC, with community health viewed as a vital entry point into the system. The Act addresses the need for a legal framework to compensate community health workers and reduce reliance on donor funding. Key provisions include establishing primary care networks through community-based initiatives led by local healthcare workers.

Monthly Earnings USD (Kenyan Shillings-KES)	Prior contribution to NHIF		New contribution to SHIF	
	Amount USD (KES)	Percentage of Earnings (%)	Amount USD (KES)	Percentage of Earnings (%)
76.63 (10,000)	3.07 (400)	4	2.11 (275)	2.75
383.14 (50,000)	9.20 (1,200)	2.4	10.54 (1,375)	2.75
766.28 (100,000)	13.03 (1,700)	1.7	21.07 (2,750)	2.75
3831.42 (500,000)	13.03 (1,700)	0.3	105.36 (13,750)	2.75

Source: wtwco.com



Primary Healthcare Financing in Uganda

Uganda is implementing Results-Based Financing (RBF) to shift health purchasing from traditional input-based budgeting to performance-based methods. The initiative aims to enhance the quality, equity, and efficiency of primary health care (PHC) service delivery. The country has nearly 7,000 health facilities, with about half being government-owned, offering free medical services in public establishments. However, challenges such as poor referral systems, insufficient government spending, uneven facility distribution, and high out-of-pocket expenditure have impeded sector growth.

Currently, only 30,000 Ugandans participate in community health insurance schemes, and nearly 40% of the population is not part of the formal economy. Many government health facilities are also not equipped to treat patients under the insurance schemes. The country's demographic profile, with about 55% youth and only 41% of working-age population, further complicates achieving universal healthcare.

Uganda's healthcare system is more decentralised compared to the rest of East Africa, with district administrations playing a significant role in service delivery. With nearly two-fifths of healthcare expenditure being out-of-pocket, the country needs a viable insurance policy to provide primary care to low-income families. Development partners, such as the United States African Development Foundation, finance 41% of primary healthcare, while the government contributes 16% and private funders 5%. Current health insurance options include employer or community-based schemes, highlighting the need for broader, more inclusive coverage to achieve universal healthcare.

Improving Primary Healthcare Financing in Tanzania

Tanzania is pursuing Universal Health Coverage (UHC) through initiatives like Results-Based Financing (RBF) and Direct Health Facility Financing (DHFF) via the Health Basket Fund (HBF). The programmes align with the World Health Organisation's Strategic Health Purchasing principle, aiming to improve resource allocation, spending efficiency, and accountability throughout the healthcare system.

Health Basket Funds (HBF):

The DHFF-HBF channels pooled donor funds (HBF) alongside government subsidies directly to public primary healthcare facilities. The approach promotes local autonomy and transparency by ensuring consistent funding disbursements. Up to 90% of the funds reach local authorities, benefiting

underserved communities, particularly women and children, who are the primary users of primary healthcare services.

The HBF approach has yielded positive results. It has halved out-of-pocket healthcare expenses for low-income groups along with reducing the prevalence of HIV/AIDS, TB, and malaria. Additionally, the autonomy granted to local authorities has improved expenditure planning and reporting at the district level, facilitated by the implementation of digital solutions. The programme has since been revised to address initial weaknesses, such as financial sustainability, by incorporating performance-based financing mechanisms.

Results-Based Financing (RBF):

Recognising the need to address quality and demand issues at local facilities, Tanzania introduced RBF. The programme incentivises service providers by linking funding to pre-defined performance indicators achieved at primary healthcare facilities. RBF fosters accountability and preparedness for health emergencies within the public healthcare system.

The programme is a collaborative effort between Tanzania and multilateral institutions like the World Bank, US Agency for International Development, German Corporation for International Cooperation, as well as the Swiss Development Cooperation. RBF also extends its reach by including faith-based and private healthcare providers with service-level agreements established with local governments.

Sustainable Healthcare Financing in Rwanda

Rwanda boasts one of the highest health insurance coverage rates, with over 85% of the population covered by the Community-based Health Insurance (CBHI) programme. Overall insurance coverage in the country exceeds 90%, significantly higher than the 31% average in low-income countries. Rwanda is also the only Sub-Saharan nation in the low-income category to meet the UN Millennium Development Goals for reducing maternal mortality along with combating diseases such as malaria, TB, and HIV/AIDS.

Community Based Health Insurance (CBHI)

The CBHI, also known as Mutuelles de Santé, collects funds from members, the government, and multilateral institutions to offset healthcare costs. Members typically contribute up to USD 8 individually to access primary services, including maternity care and treatment for high-mortality diseases. The risk pooling has significantly reduced out-of-pocket spending. OOP currently accounts for only 4% of total medical expenditure in the country.



Performance-based Financing in Rwanda

Rwanda has implemented a supply-side performance-based financing (PBF) programme in both public and private healthcare facilities. Under the PBF initiative, hospitals receive financial rewards for prioritising maternal, child, and HIV/AIDS healthcare. An impact evaluation showed improvements in prenatal care quality and increased capacity for institutional child care services. To address low uptake of healthcare services, a community performance-based financing (CPBF) programme was launched in 2010. The CPBF incentivised demand by offering financial rewards to health workers in community cooperatives and in-kind reimbursements for women who used the facilities.

Performance Contract System (Imihigo)

The implementation of PBF involves performance contracting, evaluation, and payment. The system is integrated with Rwanda's tradition of Imihigo. The practice involves setting, achieving, and assessing goals with accountability for public officials. The performance-based contract system motivates health facilities to meet well-defined targets to be eligible for incentives. The contracts are established by the health ministry with hospitals or district committees, while individual agreements are made between a health facility's administration and its employees.

For example, facing a significant shortage of healthcare staff, the Rwandan government initiated an Imihigo with district mayors signing performance contracts with the President to increase the number of healthcare workers. The contract involved conducting personnel training programmes, using digital tools to expand scope, and integrating data to boost effectiveness. A crucial aspect of the initiative was the decentralisation of measures, ensuring better execution and accountability. The Ministry of Health's role is limited to issuing directives and evaluating the performance of district and local officials.

Funding by Multilateral Institutions

Multilateral institutions like the World Bank play a significant role in financing African healthcare. The funds often target specific programmes, like the World Bank's «Building Resilient and Responsive Health Systems Project» in Kenya. The project, with a USD 215 million investment, aims to improve primary healthcare access and quality for women as well as children in underserved regions. Similarly, the Astellas Global Health Foundation awarded a USD 1.6 million grant to PATH in Kenya to bolster healthcare delivery for HIV/AIDS and TB. The funding will strengthen healthcare facilities and supply chains, contributing to a more resilient healthcare system.

Chinese Funded Anti-Malaria Programmes

Despite the urgent need for increased investment in malaria prevention, Africa is making strides towards its malaria eradication objectives. Chinese-funded anti-malaria programmes in Africa have been pivotal, focusing on medical supply provision (72.32%), basic health infrastructure building (17.86%), and the deployment of anti-malaria specialists (3.57%).

China's malaria aid has primarily targeted the Democratic Republic of Congo, Central African Republic, Uganda, and Liberia, contributing significantly to the fight against malaria. Although Malawi, Guinea Bissau, along with Sao Tome and Principe received less investment, the overall impact remains positive. Most assistance was directed to West African countries, with China funding 87 projects (38.84% of the total). East African countries benefited from 64 projects, followed by Central and Southern Africa, demonstrating a widespread effort to combat malaria across the continent.

Future Trends and Recommendations

Strategic purchasing is essential for advancing countries towards Universal Healthcare Coverage (UHC) by utilising limited resources more effectively. Data from the Community Based Health Insurance (CBHI) scheme indicates that open-ended fees for service payments hinder financial sustainability and add administrative burdens. Improved integration of contracting, incentives, and information-sharing systems would enhance purchasing decisions.

Governments can reduce out-of-pocket (OOP) spending by establishing a universal pool of funds, raised through individual contributions and taxation, to address local healthcare needs. The pool can function as a social health insurance system, protecting individuals and families from unexpected medical expenses. For the system to succeed, the roles of the government as the funder, the fund administrator as the purchaser, and healthcare facilities as providers must be clearly defined.

A decentralised approach allows private healthcare providers to support the government's UHC objectives. The World Health Organisation (WHO) and the Astana Declaration of 2018, advocate for public-private partnerships to expand primary healthcare systems in developing countries. Collaboration at local, national, and regional levels among multiple stakeholders is crucial for achieving UHC, fostering a healthier East Africa.

By embracing such strategies and partnerships, East Africa is well-positioned to make significant strides towards sustainable healthcare for all its citizens.



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