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EXECUTIVE SUMMARY ECONOMIC LETTER OF EAST AFRICA AND THE INDIAN OCEAN (EAIO)

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HEALTH IN THE EAIO

In concise…

While most countries in East Africa and the Indian Ocean (EAOI) have seen **significant improvements in key health indicators in recent years, these remain on average lower than other countries in the world**. Several factors explain this state of affairs: a low - albeit growing - financial commitments by governments (34.0 % of total health expenditure in average in the EAOI) which makes external investment indispensable (25.6 %), as well as a poorly developed health insurance system, which results in a large share of health expenditure being borne by households (34.5 %), which, in turn, translates into reduced health care for individuals.

In detail …

Improving indicators, including life expectancy, but a need to strengthen the health system highlighted by the Covid-19 pandemic

In 2020, the average life expectancy at birth for the population in the EAIO was 66 years, up from 55 years in 2000, a higher average than in Sub-Saharan Africa (SSA) where it was 62 years in 2020 up from 50 years in 2000. In addition to gender disparities (68 years for women vs 64 years for men), geographical disparities exist between countries in the region, as life expectancy ranges from 58 years for Somalia and South Sudan to 77 years for Seychelles. **Maternal and infant mortality remains high due to insufficient access to health care.**

Mortality from communicable diseases (on average 46 % in 2019 in EAOI; AIDS, tuberculosis, diarrheal diseases) is higher in the least developed economies of the zone, such as South Sudan and Somalia, where they accounted for nearly 65 % of deaths in 2019 (compared to 5 % and 14 % for Mauritius and the Seychelles respectively, the most advanced economies in EAOI). **Economies with more advanced levels of development fall prey to phenomena such as** sedentary lifestyles, poor diets, and age structure which

promote cardiovascular diseases such as cancer, or diabetes. They therefore present an epidemiological transition with higher morbidity and mortality from non-communicable diseases. In Mauritius and Seychelles for example, they were the leading cause of death (79 and 90 %, respectively). While the actual impact of Covid-19 is not known, it is likely to have been moderate due to the youthful population characteristic of the region. **However, it highlighted the need to increase investments dedicated to the healthcare systems in EAOI.**

Expenditure on health split between public authorities, private funding and external aid

The lack of investment in the health sector by AEOI governments translates into a low share of total health spending in GDP, which ranges from 1.8 % of GDP for Djibouti in 2019 to 8.0 % for Burundi. The average for EAOI countries is at 4.8 % - vs 4.9 % for SSA countries - compared to 12.5 % for high-income countries. **Annual current health expenditure ranged from 20 USD per capita (Madagascar) to 840 USD (Seychelles) in 2019, with an average of 145 USD for EAOI countries** versus 79 USD for SSA countries. Spending on health involves government allocations/investments, private expenditure and external aid.

- **Private expenditure as a share of total health expenditure averages 40.4 % for EAIO countries** excluding Somalia (vs 47.4 % in SSA), reaching up to 70.8 % of health expenditure in Sudan (33 USD) or 66.4 % in Comoros (48 USD)**. Private expenditure includes out-of-pocket expenditure on health**, which **represents on average 34.5 % of total health expenditure in EAOI**, ranging from 11.7 % in Rwanda (6 USD) to 67.4 % in Sudan (32 USD). These high out-of-pocket expenditure rates limit citizens' access to care.
- **Between 2010 and 2019, the share of public spending in total health spending in EAOI increased by 3.1 GDP points (gdpp) to 34.0 %** (40.0 % in SSA and 61.7 % for high-income countries). This upward trend in relative public spending is particularly pronounced in Kenya (+ 17.0 gdpp to 46.0 %), Burundi (+ 15.8 gdpp to 33.4 %), and Rwanda (+ 14.7 gdpp to 39.9 %). **On a per capita basis, government expenditure is also increasing, from an average of 48.5 USD per capita in 2010 to 78.3 USD in 2019**. This increase is particularly marked in Seychelles (+ 281 USD) and Mauritius (+ 161 USD). **There were still large disparities between countries in 2019**: 15.1 % in Uganda (5 USD per capita), 16.1 % in the Comoros (12 USD), 16.3 % in South Sudan (4 USD), compared to 47.0 % in Mauritius (323 USD), 53.7 % in Djibouti (33 USD) and 72.7 % in the Seychelles (611 USD). **All in all, none of the countries in the zone has reached the target of the Abuja Declaration** signed by the African Union countries in 2001 **which entailed allocation of at least 15 % of their annual budget** to improving the health sector. Indeed, spending on the health sector accounted for 6.4 % of total public spending in EAOI countries, ranging from 2.1 % of total public spending in South Sudan and 2.4 % in Eritrea to 10.2 % in the Seychelles and Mauritius.
- **Finally, external financing represents a lion share of health expenditure in some countries such as South Sudan or Uganda**, 55.0 % (12 USD per capita) and 42.0 % (14 USD) respectively**, while tendering towards zero for other countries in the zone (Mauritius, the Seychelles).** External financing represents 25.6 % of health expenditure in EAOI in 2019 and 13.0 % in SSA.

  (See data table).

The role of international actors remains central

The role of international organizations — financing and also technical support — is therefore essential for the proper functioning of the health sector in most countries of the region. The Global Fund to Fight AIDS, Tuberculosis and Malaria has provided significant assistance to the countries in the region, including 587 million USD for Tanzania for the period 2020/2022, 579 million USD for Uganda and 415 million USD for Kenya. **During the Covid-19 crisis, the World Bank**, for example, provided emergency

response aid which was used to strengthen health systems. EAOI countries have also benefited from the COVAX facility, which aims at accelerating the development and manufacture of vaccines against Covid-19 and to ensure fair access of the same worldwide.

In the same vein, France is also a major donor to multilateral funds: the largest European contributor to the Global Fund, the largest donor to UNITAID and the fifth largest donor to GAVI, the Vaccine Alliance. **France also supports the health systems of EAOI countries through bilateral intervention,** mainly via the French Development Agency (AFD). The French Treasury intervenes in the field of health through loans (loans of 33 MEUR to Kenya and 10 MEUR to Rwanda, intended for the equipment of hospitals and for the fight against Covid-19). France has also participated in the fight against the Covid pandemic through vaccine donations.

Additional factors plaguing the health system

In addition to the low share of public expenditure in health, other factors limiting access to health care for the inhabitants include **weaknesses in the existing health infrastructure,** particularly hospitals, where (i) they are unevenly distributed - mainly located in urban areas and (ii) they experience a shortage of qualified medical professionals and health personnel - a phenomenon explained by sub-par medical training and the brain drain for Sudan for instance. Moreover, health systems remain fragmented, in terms of governance (between the central government and the territories) and with some health insurance schemes covering only civil servants or the military (Tanzania, Sudan).

Moreover, public insurance systems, where present, often cover only a small part of the population. Exceptions to the rule include countries such as Seychelles, where there is an existing Universal Health Coverage (UHC) which guarantees free access to health services, and in Mauritius where the public health care is free and financed by the State. Rwanda has developed universal coverage and considerably improved the coverage rate (85 %).

National strategies to develop the health sector and universal health coverage

To compensate for the low government investment in the health sector, according to WHO recommendations, several countries have put in place policies or strategies dedicated to the health sector, and are working more specifically towards the establishment of UHC. An essential health care package for Eritrea has been put in place in the country through its *Health Sector Strategic Development Plan II* (2017-2021), while the implementation of UHC is part of the Kenyan government's Big Four agenda. A universal health coverage project is also underway in Madagascar and Uganda. Several countries are also trying to implement and develop the manufacture of vaccines or medicines (Rwanda, Tanzania, Kenya, etc.) and are encouraging private investment, particularly through PPPs, to improve health infrastructures.

In sum...

Key health indicators in the region remain below average compared to other countries in the world. This is explained by multiple factors, mostly institutional, which Covid-19 highlighted. France and other international actors have thus intervened both in terms of financing and technical assistance. Governments in the region are implementing different strategies to remedy the situation and develop health coverage.

Summary of regional data

Figure 1: Share of private, public and external health expenditure in total health expenditure - World Bank data

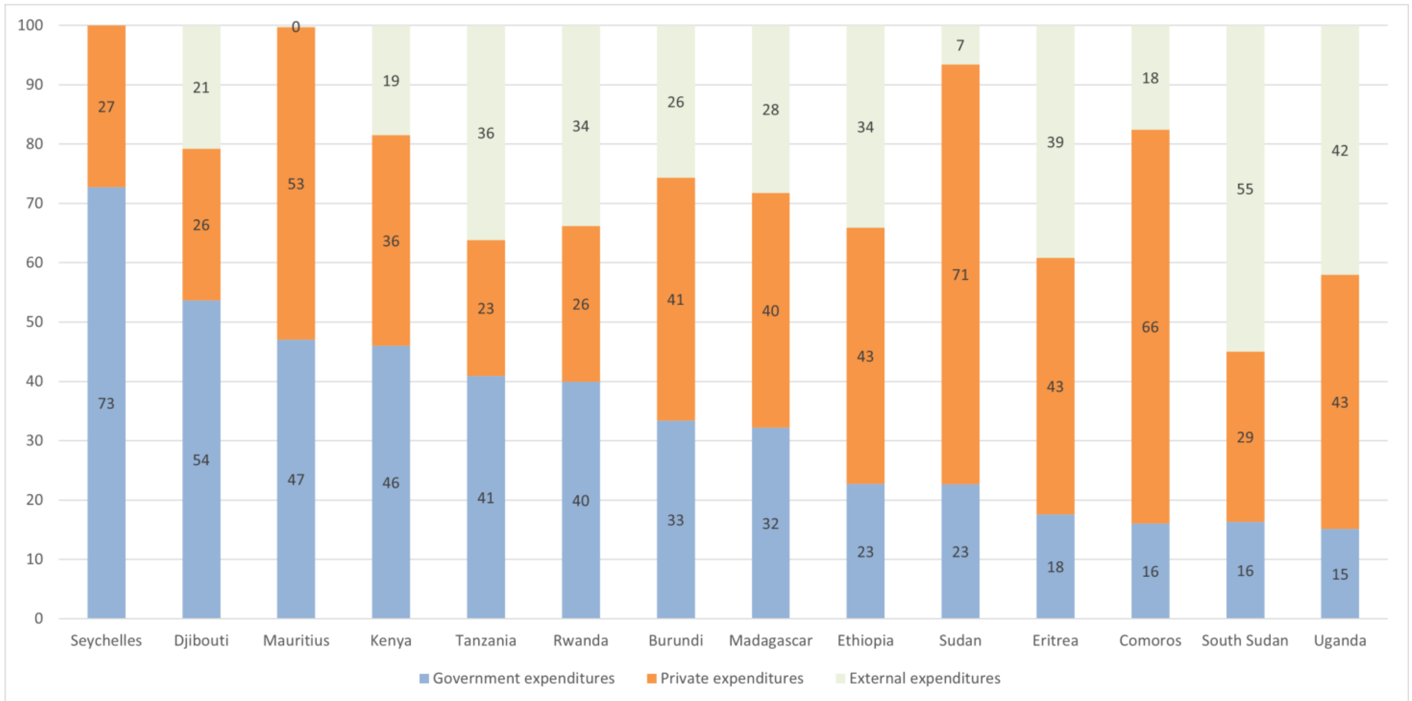

Figure 2: Out-of-Pocket Health Expenditures as a Share of Total Health Expenditures
World Bank data

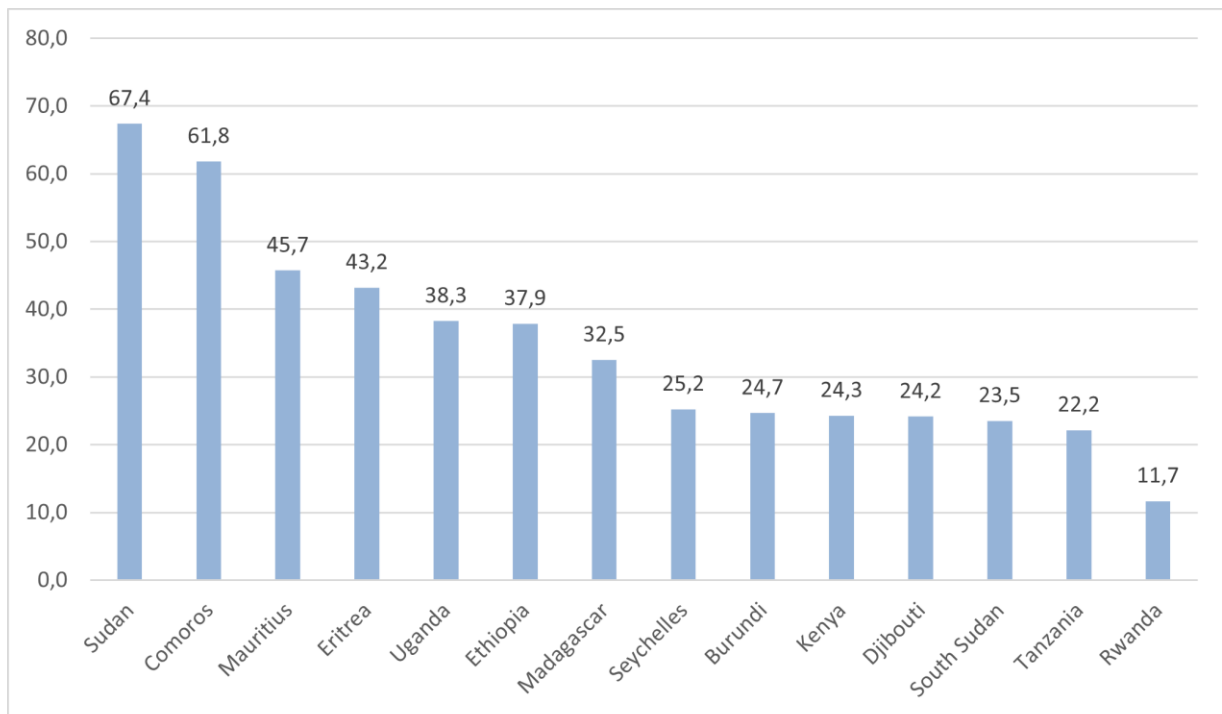

Figure 3: Evolution of the share of health expenditure in total public expenditure, 2000/2010/2019
World Bank data

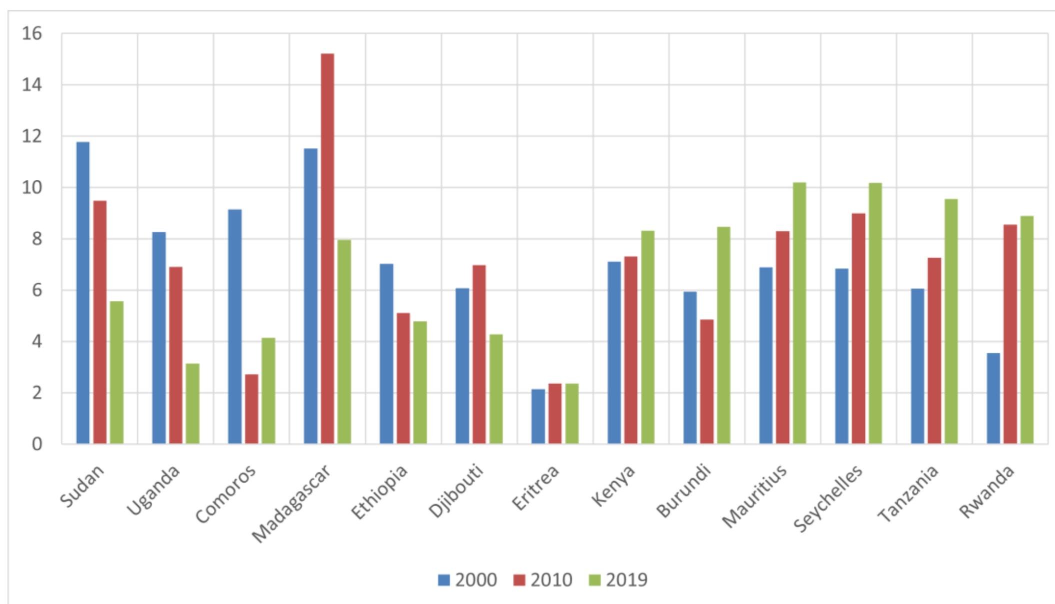

Table 1: Current expenditure on health as % of GDP and in USD per capita - World Bank data

	Current expenditure on health as % of GDP			Current expenditure on health per capita (USD)		
	2000	**2010**	**2019**	**2000**	**2010**	**2019**
Burundi	6,2	11,3	8,0	8	26	21
Comoros	7,5	5,0	5,2	47	66	72
Djibouti	2,9	3,1	1,8	32	56	62
Eritrea	5,8	4,9	4,5	14	25	25
Ethiopia	4,4	5,5	3,2	5	17	27
Kenya	4,6	6,1	4,6	21	58	83
Madagascar	4,5	4,7	3,7	13	22	20
Mauritius	2,9	4,6	6,2	119	367	686
Rwanda	4,3	8,1	6,4	9	49	51
Seychelles	4,6	4,8	5,2	350	513	840
South Sudan			6,0			23
Sudan	3,6	5,1	4,6	15	93	47
Tanzania	3,4	5,2	3,8	13	38	40
Uganda	5,1	6,8	3,8	17	52	32

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