

EXECUTIVE SUMMARY

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The « Health Infrastructures » sector in EAIO

Key numbers

- In 2020, none of the countries in the EAIO region, with the exception of Rwanda, met the international targets under the Abuja protocol, signed by AU countries in 2001, which sets a **15 %** target for healthcare expenditure in their annual national budget.
- The average out-of-pocket cost in Sub-Saharan Africa is **30.3 %**.
- The external financing of the sector accounts for a significant share of healthcare expenditure in the EAIO countries, particularly in Tanzania, Ethiopia and Uganda, **33.2 %**, **34.4 %** and **41.1 %**.
- Seychelles has the highest density of healthcare personnel among the Indian Ocean islands, with an average of **24.3 doctors per 10,000** inhabitants in 2023 according to WHO.

Summary

While the right to healthcare is recognized in the constitutions of a majority of countries in the region and/or is part of the priorities of national development strategies, access to healthcare through quality infrastructure is hampered by a lack of government investment, the fragmentation of their governance system, geographical disparities, lack of reliable supply and technical capacity, and conflicts in the region. With the exception of Mauritius and the Seychelles, the healthcare infrastructure sector remains highly dependent on international donors. French companies have a limited presence in the sector and are concentrated in the pharmaceutical sector and, to a lesser extent, in the supply of medical equipment. Long-term opportunities exist to support the digitalization of healthcare and the provision of modern medical equipment and healthcare infrastructure, in a context where the majority of countries in the EAIO region wish to achieve Universal Health Coverage (UHC) by 2030. In addition, some governments are relying on public-private partnerships to develop their healthcare infrastructures, but their implementation remains very uncertain given the financial fragility of the sector.

In detail...

Ambitious national plans to improve access to quality healthcare infrastructure limited by insufficient government investment

Although countries in the EAIO zone recognize the right to access to healthcare in their constitutions (e.g. Kenya, Madagascar, Seychelles, South Sudan) and/or make it a priority in their national policy strategies (e.g. the Uganda Strategic Healthcare Plan (2020-2025) and Tanzania (2021-2026)), their ambitions to develop quality healthcare infrastructure are hampered by the lack of government investment, despite improvements in recent years. **The share of government spending in total healthcare expenditure illustrates a large disparity in investments in the healthcare sector between countries in the EAIO zone, although the dominant remains one of low investment.** In 2020, none of the countries in the EAIO zone, with the exception of Rwanda, met the international targets under the Abuja protocol, signed by AU countries in 2001, which sets a 15 % **target for healthcare expenditure in their annual national budget.** Only the Seychelles and Mauritius exceeded the 10 % mark (10.2 %), while the Kenyan and Tanzanian governments' healthcare expenditure represented 8.2 % and 9.4 % of their annual national budgets, respectively. **The significant out-of-pocket cost in most EAIO countries in total healthcare expenditure reflects the costs borne by patients in the absence of an efficient public insurance system.** The average out-of-pocket cost in Sub-Saharan Africa is 30.3 %. **Finally, external financing of the sector accounts for a significant share of healthcare expenditure in the EAIO countries, particularly in Tanzania, Ethiopia and Uganda,** 33.2 %, 34.4 % and 41.1 % respectively, while it is virtually non-existent in other countries in the region (Mauritius and Seychelles). **The evolution of healthcare expenditure per capita is indicative of longer-term trends in the EAIO region.** The status between countries vary with low per capita healthcare expenditure: per capita healthcare expenditure in Ethiopia increased almost 6-fold between 2000 and 2020, and now stands at USD 28.7 per capita per year, whereas in Madagascar, it rose by only 41% over the same period.

The proper functioning of healthcare infrastructure is affected by the fragmentation of their governance system, geographical disparities, lack of supply and capacity, and conflicts in the region

Due to a lack of coordination, the fragmented governance of healthcare infrastructure between central and local authorities, as well as **multiple international actors** - NGOs and international donors - in most EAIO countries **hamper the smooth functioning of healthcare systems.** The unequal geographical distribution of healthcare infrastructure, mainly concentrated in urban areas while the majority of the population (80 % in Madagascar, 75 % in Kenya, 63 % in Tanzania) lives in rural areas, limits access to healthcare for EAIO residents. The availability and dilapidation of basic infrastructure in most EAIO countries remains problematic, particularly in terms of drinking water supply, reliable electricity, functional ambulances, and pharmacy and laboratory services. The shortage of human resources is also a challenge in the region, due to the brain drain (Sudan in particular) and the lack of training. For example, in 2021, Djibouti City had 0.51 general practitioners per 10,000 inhabitants, Madagascar 1.95 per 10,000 inhabitants, Eritrea 0.5 per 10,000 inhabitants, while Seychelles currently has the highest density of healthcare personnel among the Indian Ocean islands, with an average of 24.3 doctors per 10,000 inhabitants in 2023 according to WHO.

A sector underpinned by international donors

International donors support the sector by providing technical support and financing healthcare infrastructure in EAIO countries. For example, donors contribute 40 %, 84.5 % and 75 % of healthcare budgets in Tanzania (2022-23), Madagascar (2024) and Uganda respectively, while 90 % goes into healthcare services costs in Somalia. **The World Bank and WHO** have played a major role in responding to the Covid-19 crisis by strengthening healthcare systems in many countries in the region. Other donors in the region include the **Global Fund, the Saudi Fund for Development (SFD) and the African Development Bank (AfDB)** which finance the construction of specialized medical units and technological equipment in Uganda as well as programs that promote basic services in Ethiopia. **USAID has a strong presence in the region,** financing healthcare

infrastructure construction programs in Ethiopia, rehabilitating healthcare facilities and providing modern equipment in Madagascar, and developing primary healthcare care in Rwanda.

The United Kingdom (FCDO) funds programs to provide access to primary healthcare and to strengthen water, sanitation and hygiene services in Ethiopia. **The Bill & Melinda Gates Foundation** is supporting the digitization of the healthcare sector in Ethiopia and Kenya. In co-financing with Japan, the **UNDP** is funding an e-healthcare project in Mauritius. **China is a partner of many EAIO countries**, including Kenya, Ethiopia and Eritrea, for the construction of hospitals and the supply of medical equipment and medicines. **The German government**, through GIZ, has financed the construction and renovation of healthcare units and maternity services, as well as the development of social security in Rwanda. **The European Union (EU)** is participating in a program to promote basic services in Ethiopia, and has financed the rehabilitation of healthcare infrastructure in Madagascar.

France supports healthcare systems in the EAIO region, mainly via the French Development Agency (AFD), by financing the rehabilitation and extension of healthcare infrastructure in Tanzania, Madagascar, Djibouti, Rwanda and Kenya. Proparco is active in the region by granting loans, notably in Ethiopia to finance a medical production plant, and in Kenya by investing in a private hospital to improve healthcare provision. In some countries, such as Kenya, Comoros, Seychelles, Rwanda and Uganda, the private sector is responsible for a significant proportion of healthcare provision. In addition to the AFD, **the French Treasury has financed concessional loans in Rwanda and Kenya** implemented by the French company FSE for the purchase of medical equipment.

Limited presence of French companies concentrated in the pharmaceutical sector and competing with foreign players

French pharmaceutical products are one of France's main exports to EAIO countries, although they have been steadily declining in recent years, due to competition from cheaper products from Asia (India in particular). In Madagascar, they total 31.2 M€ in 2023, i.e. 7.5 % of French exports to the big island, while in Ethiopia, due to import restrictions and the shortage of foreign currency, they dropped from 110.2 M€ in 2015 to 1.6 M€ in 2023. Pharmaceutical products are the largest export items to Uganda, totaling 10.8 M€ (25 %) of French exports in 2023. French pharmaceutical companies such as Servier, Sanofi, Pierre Fabre and Fondation Mérieux have a long-standing presence in some of these territories, including Madagascar, Kenya, Ethiopia, Rwanda and Sudan. **Long-term opportunities exist to support the digitalization of healthcare and the provision of modern medical equipment and healthcare infrastructure**, in a context where many countries in the EAIO region aim to achieve UHC by 2030. The Ethiopian and Kenyan governments intend to rely on public-private partnerships to finance the development of modern healthcare infrastructure. However, uncertainties remain about how these partnerships can be implemented and their viability.

France, renowned for its expertise and equipment in the medical sector, faces competition from less costly foreign players. The United States is a significant contributor to the healthcare sector in the EAIO region, particularly in Kenya where General Electric Healthcare was selected in 2015 for the modernization of radiology infrastructure and where the Johnson & Johnson foundation deploys various projects, which relate to the implementation of UHC. The German-Austrian group VAMED has been entrusted with the management of a public hospital under construction in Djibouti as well as the modernization of maternity hospitals in Kenya. India is present in the market, notably through pharmaceutical companies. China supplies medical equipment and medicines in Kenya and has financed the construction of hospitals in Eritrea and Ethiopia.