Investing in Health for Africa
The Case for Strengthening Systems for Better Health Outcomes

EXECUTIVE SUMMARY

Why an African Investment Case?

Investing in African health systems is an opportunity to accelerate economic development and growth, contribute to saving millions of lives and preventing life-long disabilities, and move countries closer to achieving objectives of national poverty reduction strategies and the Millennium Development Goals (MDGs).

To promote increased and improved health investment, the Africa Investment Case is developed by the Harmonization for Health in Africa to:

(i) support African leaders, and their regional and global partners focus their attention and resources on health investment that works,

(ii) provide an evidence base for Ministries of Health to make the case to Ministries of Finance, national Parliaments, and other key stakeholders that investing in health makes economic sense and will bring considerable returns,

(iii) promote value for money by demonstrating how the efficiency with which existing and new resources are deployed in the health system can be increased through priority-setting processes based on demographic trends and the burden of disease, and

(iv) to mobilize leadership at the national, regional, and global levels to support national health systems in Africa in their efforts to increase the pace and sustainability of achieving better health and economic development outcomes for the people of Africa.

Healthier is wealthier: Why investing in health makes economic sense

Healthier is wealthier. In addition to the fact that there is an intrinsic value of health and that health is a human right, the economic case for investing in health is robust. Good health is not only an outcome of, but also a foundation for, development. Healthy individuals are more productive, earn more, save more, invest more, consume more, and work longer, all of which have a positive impact on the gross domestic product (GDP) of a nation. The findings of a study exploring the impact of health — as measured by life expectancy — on economic growth, suggest that one extra year of life raises GDP by 4 percent.
Better health also reduces the financial costs of health care for the family, the community, the private sector, and the government. There are several potential consequences for households related to the costs of health care. First, costs could be prohibitively expensive, which may mean that the individual has to forego treatment. Second, to pay for health care, households may sell productive assets or incur debt. Third, health care costs can have a catastrophic impact and push households into, or more deeply into, poverty. These challenges are especially relevant in Sub-Saharan Africa where the availability of risk pooling mechanisms such as health insurance is low. At the macro level, societies as a whole benefit from healthy populations, which reduce the cost to companies and the government of health care provision, lost productivity, high turnover rates, and unemployment benefits.

The African context

Globally, people are healthier and wealthier and live longer today than they did in 1990, the year of the MDG baseline values. Progress has, however, been unequal, and Africa’s burden of disease is disproportionate to its population size. With 11 percent of the world’s population, Sub-Saharan Africa accounts for 49 percent of maternal deaths, 50 percent of under-five child deaths and 67 percent of HIV/AIDS cases. Although some improvement in health outcomes has been achieved in Africa, progress is still limited. Many factors contribute to the lack of progress: weak governance and accountability, political instability, natural disasters, underdeveloped infrastructure, health system weaknesses, and lack of harmonization and alignment of aid.

Other key factors explaining limited progress have to do with how health systems are financed. First, there have been insufficient resources to build and sustain health systems. Second, available resources have been used inefficiently, partly as a result of a lack of systematic use of processes and tools for setting priorities for using scarce resources. Third, additional resources have not been deployed in an efficient manner. Africa is not alone in using resources inefficiently. Globally, between 20 percent and 40 percent of health system spending is wasted, with poorer countries wasting an even higher proportion. Using available and new resources efficiently has never been more important. Population growth and improved living standards are increasing demands on health services. Furthermore, other sectors, such as education, transport, and infrastructure, compete with the health sector for resources. This fact underscores the need for the health sector to be able to demonstrate to the Ministry of Finance that it can increase the impact of limited resources and receive more value for its money.

With five years to go before the MDGs’ target date of 2015, African leaders and their international development partners have a great opportunity. Together they can improve the health of individuals, families, and societies and contribute to regional economic growth and social and political development and stability. There are encouraging processes to build on. Notable efforts have been undertaken to improve governance. There is a strong political will to strengthen health systems, increasing resources flowing to health, and there are some examples of successful reform of how health services are delivered, for example through community approaches.

1 Eds Kinney MV, Lawn JE, Kerber KJ. Science in Action – Saving the lives of Africa’s mothers, newborns and children, ASADI, 2009
Recommended investments in health systems in Africa

Careful and systematic priority-setting processes that consider factors such as demographic trends, the burden of diseases, and the financing of health services are needed to ensure that health system investments are deployed where they are most needed and will return the most value for money in terms of improving health outcomes. Policies to strengthen health systems should be developed in partnership with key stakeholders. New and existing resources should be invested in both the public and the private sectors, because of their respective comparative advantages; resources should also be invested in enabling the public and private sectors to serve as platforms for sustainable health improvements. Investment in the governance and stewardship functions of the government is also needed in order to translate policies into action on the ground and promote accountability in the health system.

Improving the quality and availability of health care services will require increasing the quantity and quality of the health workforce, ensuring availability and rational use of essential health commodities, upgrading equipment and health information management systems, and improving the construction, distribution, and maintenance of health infrastructure. Governments’ investment plans should focus on building institutional capacity and governance and promoting equity in access to services by decentralizing health systems and empowering local authorities. New evidence supports the notion that an equity-focused approach could bring vastly improved returns on investment by averting far more child and maternal deaths and episodes of under nutrition and by markedly expanding effective coverage of key primary health and nutrition interventions.

The pathways to improved health are complex and multifaceted, and policies and investments in other sectors are of enormous importance to health outcomes. To name but a few, intersectoral dimensions critical to health include sanitation and hygiene, education, gender equality, better roads, transport, communication, and access to water. Establishing links with other sectors and identifying mechanisms to realize intersectoral synergies should be an integral component of any health planning and budgeting process.

Level of investment, results, and improving investment impact

There is robust evidence as to how much investment will be required to strengthen African health systems. The Africa Investment Case bases its recommendations on the work undertaken for the High Level Taskforce (HLTF) on Innovative International Financing for Health Systems, which estimated the levels of investment required to reach the health MDGs and suggested financing mechanisms to mobilize needed resources and ensure that these resources were channeled in an efficient manner. This investment case recognizes the need for country-led processes to tailor investment decisions to the country-specific context, as well as the fact that the process should be part of existing national health planning and budgeting processes.

The HLTF drew upon two approaches for developing investment strategies: Marginal Budgeting for Bottlenecks (MBB) Medium Scenario and WHO Normative. The estimates produced by the two investment strategies were adjusted for the Africa Investment Case. The two strategies identify the likely additional investment requirements in 2011–2015, over and above what is currently being invested, across low-income Sub-Saharan Africa countries in order to meet the health MDGs:

- **Annual per capita investment:** On average, an additional US$21 (MBB Medium) to US$36 (WHO Normative) per capita will be required each year over the next five-year period.
- Total investment: Over the whole five-year period, it is expected that the total level of additional investment required is between US$84 billion (MBB Medium) and US$140 billion (WHO Normative).

- Total investment levels in 2015 alone: Both strategies assume a comparable level of additional investment requirement in 2015 — around US$28-30 billion.

These investments could save the lives of around 3.1 million people and prevent 3.8-5.1 million children from stunting in 2015 alone. In 2011-2015, there would be an increase in the number of health workers from 2.0 million to 2.8 million and an additional 58,000 to 77,000 health facilities.

The economic benefits in the year 2015 alone could be as much as US$100 billion. With both strategies assuming additional investment requirements of around US$28-30 billion in 2015, investing in health in Africa has the potential for significant returns on investment — the benefit-cost ratio is almost four times to one.

Increases in funding, however, will not be sufficient. The efficiency and impact of the use of existing resources need to be improved before new funding is disbursed into the health system. This improvement can be achieved through a range of approaches targeting the level and source of health spending, where resources are invested, approaches to investing, and mechanisms for channeling funds. In terms of health spending levels and sources, the Africa Investment Case recommends an increase in funding allocations to health by national governments and concurrent policies to strengthen financial risk protection mechanisms, such as health insurance, to reduce out-of-pocket payments. Because some countries do not have sufficient resources to finance the required investments, an increase in Official Development Assistance is encouraged in the short to medium term, with a view to reduce, and ultimately eliminate, donor aid in the long term. It is also very important that governments and their international development partners work together in the spirit of the Paris Declaration on Aid Effectiveness and Ghana Agenda for Action to align policies and support with the approach of One Budget, One Plan, and One Results Framework.

Looking forward

Investments in the health sector are likely to have considerable benefits — both from the perspective of economic gain and lives saved. These benefits justify the investment levels suggested by this investment case, which are proposed to be an average of additional US$21 to US$36 of annual per capita investment over and above what is currently being invested across the years 2011 to 2015. Increases in investment must go hand in hand with using existing and any new investments with better effectiveness and greater efficiency.

Overall, the Africa Investment Case recommends that governments and international donors:

(i) improve engagement in policy dialogue among national, regional, and global stakeholders about how to use the Africa Investment Case in existing process and

(ii) use recommendations from the Africa Investment Case to improve the case of existing national health planning and budgeting processes.

The Harmonization for Health in Africa will support governments in the development of national or subnational investment cases and related advocacy and policy documents through the provision of technical support in the development of: analyses to support policy dialogue, evidence-based analytical papers, policy dialogue processes, and plans and policies. It will also support countries in reviewing, monitoring, and evaluating existing processes for tracking performance and commitments.