



## Policy Brief - March 2021

### African constituencies' Domestic Resources Mobilization (DRM) in the context of the Global Fund

#### Context to Research

- ◆ The sub-Saharan African holds about 14% of the world population in 2019, but spends less than 2% of global health expenditure. The region is home to 67% of the people who live with HIV, 25% of those affected by TB and 92% of new malaria cases in 2019.
- ◆ The 2001 Abuja Declaration calls African governments to spend up to 15% of their budget on health but most African countries are well below the 15% target. In 2017 (last year where data is available in the World Bank database), five (5) African countries (Zimbabwe, Madagascar, Botswana, Tunisia, South Africa) allocated more than 12% of their general government budget (excluding donor support) on health; 18 countries spent 5% or less.
- ◆ Since 2019, the African Union has embarked on African Leadership Meeting (ALM) – an initiative at continental level, calling for “more money for health” and “more health for the money” or an increased efficiency for the health investments.

#### Main findings:

- ◆ In sub-Saharan Africa, increases in health expenditures follow closely increases in government revenues. Health systems of African countries were generally under-funded compared to the needs and so efficiency gains alone are unlikely to significantly increase fiscal space for health.

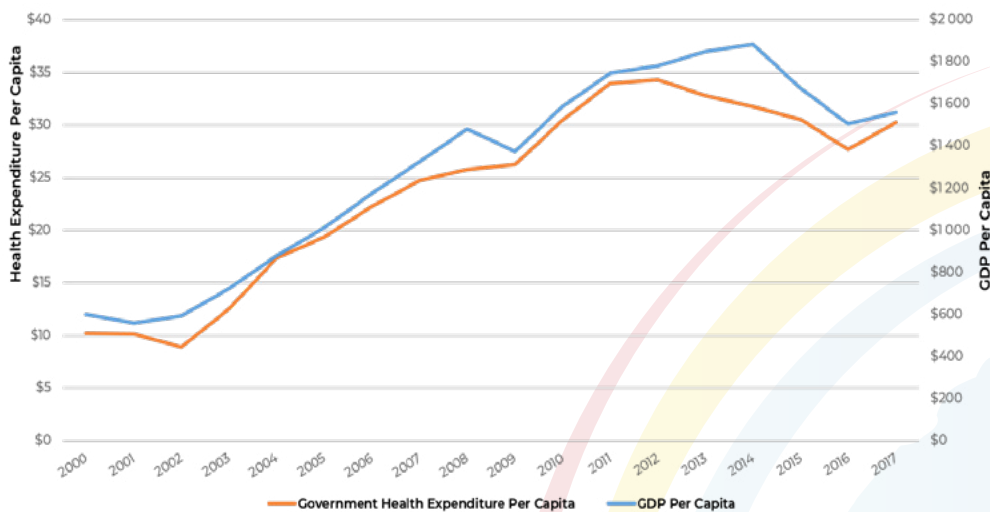


Figure 1: Trend in GDP per capita and Government Health Expenditure per capita (Sub-Saharan Africa)

- ◆ Increased domestic investments depend not only on political will to prioritize health in government expenditures but on available economic resources. Amid COVID-19, sub-Saharan African countries will experience the first deficit of -2.1 to -5.1% in 2020 in 25 years, according to the World Bank.

#### Summary of findings

There are [five main approaches for increasing fiscal space](#) (public resources) for health, according to the WHO. They are:

1. **Increase in government revenues from growth in the economy**
2. Reprioritization of the health sector or **reallocation of resources** from other sectors
3. **Increase in health sector-specific resources e.g. earmarked taxation:** Increasing tax rates, introducing new taxes, and improving tax collection including user fees and health insurance
4. **Increasing efficiency or more health for the money**
5. **External financing** including donor funding (Development Assistance for Health (DAH) and loans

- ◆ In general, health systems in low- and middle-income countries in sub-saharan Africa rely mainly on government funding and out-of-pocket payment for financing healthcare. In 2017 out-of-pocket expenditure and government health expenditure accounted for 35.5% and 36.1%, respectively, according to author calculations based on the World Bank data.
- ◆ Several countries have set-up mechanisms to help poor and vulnerable populations to access medical care like user-fees waivers for children under 5; or to increase the population insurance coverage towards the universal health coverage target of 2030. Currently, out-of-pocket expenditures
- ◆ Funding mechanisms and service delivery are often fragmented by donors or populations type leading to missed opportunity for synergies and efficiencies
- ◆ Countries committed to increase the health care spending as part of their existing international engagements and their co-financing commitment for the Global Fund grants.

## Policy Recommendations

- 1 Strengthen advocacy and a multisector approach to DRM** - Support DRM initiatives and dialogues, including the Africa Union's through Africa Leadership Meeting initiatives that aim to galvanize DRM work across the continent and foster better cooperation between Ministries of Health and Ministries of Finance.
- 2 Support policymakers and political leaders in African countries in developing insurance, user-fee waiver, and other mechanisms that will reduce or altogether eliminate out-of-pocket expenditures, especially for the most vulnerable populations, and protect them against catastrophic health expenditures.**
- 3 Support countries to conduct regular fiscal space assessments** to identify context-appropriate strategies to increase fiscal space for health through innovative mechanisms that are anchored in evidence-based health financing policies; Enhance country capacity to develop sound investment cases to improve allocative efficiencies while identifying and addressing budget absorption bottlenecks.
- 4 Support countries to use routine national health accounts or financial Management Information System to provide a comprehensive view of sources of funds, payment schemes, diseases/conditions treated, types of facilities used, geographic and other sub-national levels and beneficiaries. The health accounts can help ascertain trends in payment coverage, including out-of-pocket expenditures of households, and whether interventions reach the most vulnerable populations.**
- 5 Support low-income countries to effectively direct their co-financing for Global Fund investments towards health system strengthening.**

## References

1. World Health Organisation (WHO): [Key points about fiscal space for health](#), last accessed on 11/3/2021
2. World Bank Open Data <https://data.worldbank.org> , last accessed on 11/3/2021
3. World Bank : [COVID-19 \(Coronavirus\) Drives Sub-Saharan Africa Toward First Recession in 25 Years](#), last accessed on 11/3/2021

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