



## Introduction to Special Issue on Health Financing in East and Southern Africa

Pia Schneider, Abdo S. Yazbeck & Magnus Lindelow

To cite this article: Pia Schneider, Abdo S. Yazbeck & Magnus Lindelow (2018) Introduction to Special Issue on Health Financing in East and Southern Africa, Health Systems & Reform, 4:4, 267-271, DOI: [10.1080/23288604.2018.1514481](https://doi.org/10.1080/23288604.2018.1514481)

To link to this article: <https://doi.org/10.1080/23288604.2018.1514481>



Published with license by Taylor & Francis Group, LLC© 2018 International Bank for Reconstruction and Development / The World Bank



Accepted author version posted online: 24 Sep 2018.  
Published online: 24 Sep 2018.



Submit your article to this journal [↗](#)



Article views: 344



View Crossmark data [↗](#)

## Commentary

# Introduction to Special Issue on Health Financing in East and Southern Africa

Pia Schneider<sup>a,\*</sup>, Abdo S. Yazbeck<sup>b</sup>, and Magnus Lindelow<sup>a</sup>

<sup>a</sup>Health Nutrition and Population Global Practice, The World Bank Group, Washington, DC, USA

<sup>b</sup>International Health Department, Bloomberg School of Public Health, Johns Hopkins University, Baltimore, MD, USA

### CONTENTS

**Why a Special Issue on Health Financing in East and Southern Africa?**  
**Health Financing at the World Bank**  
**This Special Issue**  
**Concluding Remarks**  
**References**

### WHY A SPECIAL ISSUE ON HEALTH FINANCING IN EAST AND SOUTHERN AFRICA?

This special issue on health financing in East and Southern Africa comes at an opportune time. Economic growth in the region is contributing to a changing lifestyle and an increasing burden of noncommunicable diseases, such as diabetes, which are costlier to treat. Coupled with the unfinished health agenda of communicable diseases and maternal and child health, demand for health care is increasing rapidly and putting financial pressure on governments. A risky response in a resource-constrained setting is governments reallocating funds away from the poor to more expensive specialist and tertiary care. Another risky response relates to ways of raising additional revenues, especially in countries where health facilities already charge user fees in the absence of prepayment. Relatively poor patients who pay fees when seeking care may have to sell assets and incur debts, which may push them into poverty or deeper into poverty. Protecting households against falling into poverty and ensuring access to essential health services are thus top priorities for governments committed to universal health coverage (UHC) in the region. Achieving this objective requires solving several pertinent problems.

A challenge faced by many low- and middle-income countries is how to finance access to quality care for a large low-income population in a fiscally constrained setting. Fiscal deficits are a common feature in developing countries where the tax base is narrow due to a large informal sector. Limited revenue-raising capacity and a policy focus on controlling the deficit put pressure on the amount that governments can spend on health care. Some governments are looking to health insurance as a method to increase pooled revenues and mobilize additional resources for the sector. However, expanding insurance to low-income and informal-sector groups has proven to be difficult. Another challenge is the flow of health funds in the system. How can financial systems ensure that health budgets reach providers on time to finance the provision of care as planned?

Received 17 August 2018; revised 18 August 2018; accepted 18 August 2018.

\*Correspondence to: Pia Schneider; Email: [pschneider@worldbank.org](mailto:pschneider@worldbank.org)

© 2018 International Bank for Reconstruction and Development / The World Bank  
This is an Open Access article distributed under the terms of the Creative Commons Attribution License (<http://creativecommons.org/licenses/by/4.0/>), which permits unrestricted use, distribution, and reproduction in any medium, provided the original work is properly cited.

Addressing these challenges in East and Southern Africa calls for more and better data and analysis on health financing reforms to extend coverage. Though a relatively rich literature on these issues exists in Organization for Economic Cooperation and Development countries, there is a dearth of peer-reviewed publications that focus on East and Southern Africa. This special issue is contributing such analysis and lessons from the region to help identify ways to make health financing more effective and equitable. A subregional focus makes sense because governments in the region are faced with similar policy questions. The work presented in this special issue was prepared by World Bank staff and their country counterparts working in the East and Southern Africa region.

### HEALTH FINANCING AT THE WORLD BANK

Health financing continues to be an important issue in global health and a focus of many development partners supporting the health sector and financing transitions. The topic is strategically important for the World Bank. The Bank is considered to have a comparative advantage in the field because it is a multisector organization and includes as a core mandate sustainable financing, overall fiscal health, and economic development. Health financing is an important public policy concern and strongly represented in the Bank's multisector operations and analytical work. During the past decade, the World Bank implemented about 200 lending operations that included support to health financing reforms in about 70 countries around the world. In addition, the Bank produced a large body of analytical work on health financing, which included 98 public expenditure reviews, 10 public expenditure tracking surveys, 20 poverty assessments, about 70 economic and sector work activities, eight fiscal space studies, and a growing number of impact evaluations globally.<sup>1</sup> About one third of this work took place in the Bank's Africa region. Bank support to health financing depends on country context. Bank lending to lower-income countries has a strong focus on strengthening public revenue collection, whereas support to risk pooling and purchasing is more common in middle-income countries. Poverty assessments most frequently examine the proportion of low-income populations in risk pooling schemes and the benefit incidence of public health expenditures. The majority of the Bank's impact evaluations in health financing have analyzed the effect of results-based financing, followed by a few studies on the effectiveness of health insurance.<sup>1</sup>

The articles included in this issue draw upon the Bank's recent analyses from the region and present studies from six

countries (Kenya, Malawi, the Seychelles, Tanzania, Zambia, and Zimbabwe) on how to make health financing more effective and equitable. These countries were included because of newly available information on their health financing reforms and a very active policy dialogue on health financing between the governments and the World Bank.

### THIS SPECIAL ISSUE

This issue includes three commentaries from Zambia, Seychelles, and Tanzania and seven research articles. The latter tackle the following main themes: how out-of-pocket payments affect household welfare, domestic resource mobilization, social health insurance as a method to expand coverage, public financial management in health, and resource allocations within a health system. These themes were selected for detailed analyses because they are the focus of reforms in these countries. They also represent themes related to health financing reform that are increasingly debated around the world and where existing literature is relatively limited.

The findings in this issue are sobering for policy makers who may have hoped to find quick solutions. Health financing reforms never end. Moreover, just increasing funding is not enough but needs to be accompanied by good governance in health and political will to implement.

The special issue begins with a commentary prepared by the Zambian Honorable Minister of Health on the way toward UHC, "Crunch Time: The Transformational Universal Health Coverage Agenda for Zambia." The authors describe the efforts made since the early 1990s with institutional and financing reforms. Results achieved are presented as well as the remaining challenges that still need to be addressed, including a shortage in financing and in human resources, inadequate infrastructure, and weak supply chains and public financial management systems. The authors explain how external factors are putting pressure to move quickly. These include a growing economy, which has led to a shift in donor attention to other priority countries, and population growth and a changing disease profile, which have resulted in increasing demand for care. The government is committed to increasing funding for the health sector, but according to the Ministry of Health, results can only be achieved if this is in conjunction with efficiency gains in implementation and by including equity in priority setting. Two articles in this issue (presented below) further elaborate on these points and present more detailed results from Zambia on how public financial management systems can affect health service delivery

and the poverty impact of out-of-pocket spending based on household survey data.

The commentary on Seychelles, “The Health Sector in Seychelles: Prioritization and Accountability,” is written by the Honorable Minister of Health for Seychelles, Dr. Jean-Paul Adam. The commentary highlights the factors that have contributed to the sustained success of the health sector in the country. Success factors include the long-term and sustained investments by the government in the health sector and two types of accountability that include accountability to the population as well as clarity in roles and the accountabilities of the different structures of the Ministry of Health. The commentary acknowledges as important factors the collaboration with external partners and the use of analytical work to learn and adapt over time. Finally, the commentary offers lessons from the country for other nations seeking to move along the road to UHC.

The next commentary on Tanzania, “Progressive Pathway to Universal Health Coverage in Tanzania: A Call for Preferential Resource Allocation Targeting the Poor,” is written by the Permanent Secretary at the Ministry of Health, Community Development, Gender, Elderly and Children and World Bank colleagues. The authors focus on the need for explicit prioritization of the poor in the health system. The commentary looks at several vehicles for more explicit targeting of the poor, including (1) grant transfer to local government authority, (2) considerations in in-kind transfers from the government, and (3) government contributions to insurance funds. The commentary concludes with specific pro-poor policy recommendations for the ongoing development of a single national health insurance platform.

Following these commentaries, the first research article asks: “What Are Governments Spending on Health in East and Southern Africa?” written by Piatti-Fünfkirchen, Lindelow, and Yoo, this article shows that government health spending in countries in East and Southern Africa has increased but not as fast as economic growth. They argue that progress toward UHC will require sustained increases in public spending to allow out-of-pocket financing to decrease. The article considers a list of methodological issues that can help explain differences in health expenditures when comparing estimates from the World Health Organization’s Global Health Expenditure Database to country-specific public expenditure reviews. The authors argue for transparency and increased efforts to strengthen national data capacity and promote quality and consistency of data. The World Health Organization’s Global Health Expenditure Database is best used in combination with deep-dive country expenditure assessments.

The following two research articles from Zimbabwe and Zambia use data from national household surveys to show how out-of-pocket spending affects households. In “Utilization of Health Care and Burden of Out-of-Pocket Health Expenditure in Zimbabwe: Results from a National Household Survey,” Zeng, Lannes, and Mutasa exploit a recent household survey data set with data collected on health utilization and health expenditure at the individual level. The authors use standard methods to analyze the level and inequalities in service utilization and in financial protection. The findings offer interesting insight on the patterns of health expenditures in Zimbabwe and on the ways in which health expenditures contribute to poverty. Catastrophic health expenditure was considerably more common among the poorest (13.4%) than among the richest groups (2.8%), and some households fell into poverty due to their illness. The study recommends giving priority to interventions targeting vulnerable groups to improve financial risk protection in Zimbabwe.

In the article on Zambia, “Myriad of Health Care Financing Reforms in Zambia: Have the Poor Benefited?” Chitah, Chansa, Kaonga, and Workie examine whether the poor have benefited from decades of health reforms, including a needs-based resource allocation formula and free public health care. Using data from three household surveys, the authors conduct a benefit incidence analysis to examine the distributional impact of reforms. They find that public health facilities have consistently benefited the population in urban provinces and that their resources are not aligned with the disease burden that facilities are to manage. Outpatient and inpatient benefits in public and private health facilities favor the rich. Interestingly, mission health facilities also became pro-rich over time, although they are predominantly located in rural poor areas. Despite decades of reforms, Zambia has not attained equitable access to quality health care. The authors recommend a strategic approach to implementing a comprehensive needs-based resource allocation formula.

The next article, “Fresh Money for Health? The (False?) Promise of ‘Innovative Financing’ in Malawi” by Chansa, Mwase, Matsebula, Kandoole, Revill, Makumba, and Lindelow, is focused on proposals for “innovative financing methods” to increase fiscal space for health in Malawi. Using Delphi forecasting and the gross domestic product-based effective tax rate forecasting method, the article estimates how much additional tax revenues could be generated from existing and new sources. Most promising are taxes on fuel and motor vehicle insurance, but the government has not implemented the proposed taxes despite their revenue potential. To expand fiscal space for health, efficiency-enhancing

measures are recommended, including strengthening public financial management, which is also the focus of the next article. The authors argue that good governance of public finance is needed to improve service delivery, but how this mechanism exactly works remains underexplored.

Using a case study approach, the article “From Stumbling Block to Enabler: The Role of Public Financial Management in Health Service Delivery in Tanzania and Zambia,” by Piatti-Fünfkirchen and Schneider, examines how the different phases in public financial management affect health service delivery. By mapping the three stages of the budget cycle to performance criteria used in health service delivery, the authors identify several stumbling blocks based on data from Tanzania and Zambia. These stumbling blocks include the lack of flexibility to provide additional resources for unexpected demand for care, misalignment between budgeting and planning, fragmented funding sources, rigid internal controls, insufficient budget provision, and a budget evaluation system that is compliance driven and gives inadequate attention to issues of equity, quality, and efficiency in service delivery. The sobering part of this article is the lack of examples to show how governments have addressed these stumbling blocks to turn public financial management systems into enabling factors for efficiency gains.

The next article on Kenya is the only essay in this issue that examines lessons from health insurance reform for UHC. “Kenya National Hospital Insurance Fund Reforms: Implications and Lessons for Universal Health Coverage,” by Barasa, Rogo, Mwaura, and Chuma, is based on a review of the literature. The authors describe how UHC has been affected by the National Hospital Insurance Fund (NHIF) reforms, including the introduction of the civil servants’ scheme and the step-wise quality improvement system, the health insurance subsidy for the poor, revised contribution rates and an expanded benefit package, and revision of provider reimbursement rates. Although these reforms have contributed to improvements in several areas, with 14% of the population now enrolled in the NHIF, Kenya is far from reaching UHC. Contributing a negligible share of total health funding, the NHIF is not a significant revenue-raising mechanism. Scope for expansion is limited in Kenya, due to the predominantly informal-sector population. The authors recommend tax-financed enrollment to expand coverage for informal-sector groups, consolidating fragmented pooling, and adjusting provider payment to manage financial incentives set to providers. This study provides an important case study on the challenges of using health insurance to achieve UHC.

Finally, in “Who Needs Big Health Sector Reforms Anyway? Seychelles’ Road to UHC Provides Lessons for

Sub-Saharan Africa and Island Nations,” by Workie, Shroff, Yazbeck, Nguyen, and Karamagi, the last article asks a provocative question on the need for major reforms. Based on the experience of the Seychelles, the authors argue that the road to UHC need not be driven by big reforms such as health insurance, provider–funder separation, or results-based financing. Based on a review of public expenditure reviews and supporting surveys, the authors conclude that a basic supply side–funded, publicly owned and operated, and integrated health system produced remarkable health outcomes in a cost-effective way in the Seychelles. Success factors included strong political commitment and voice, a downward accountability culture, reliable public health functions, and continued investment in primary health care. These factors provided support for adapting the health system in the Seychelles to the epidemiological and demographic transitions and rising demand for high quality of care. The authors suggest that other small-island countries may learn from the policy experiences of the Seychelles.

## CONCLUDING REMARKS

This special issue represents an effort to bring together policy-relevant data and analysis on health financing in East and Southern Africa. Despite covering only a few countries from the subregion, it offers new perspectives and valuable insights. The articles identify a series of health financing challenges that governments across the subregion are grappling with and important lessons. Public spending needs to be accompanied by strong political commitment to reforms and good governance to make progress toward UHC. “New” ways to expand fiscal space, innovative financing, and social health insurances are limited by the formality of a country’s economy. And there remain tensions between ensuring effective and equitable use of public resources, as well as between incremental change and new models and reforms where governments are pressured to deliver quick results.

Pressures on governments to take action on health financing are strong in East and Southern Africa, due to the ambitious UHC agenda in the region, bold Sustainable Development Goal commitments, and growing population frustration with underperforming health systems. In this context, it is critical that the formulation of health financing strategies is informed by robust and relevant data and analysis. Similarly, the implementation of such strategies requires continuous feedback to understand stumbling blocks and impacts. We hope that this special issue makes a contribution in this direction and that it helps stimulate further research and data collection efforts on health financing challenges and solutions.

**DISCLOSURE OF POTENTIAL CONFLICTS OF INTEREST**

No potential conflicts of interest were disclosed.

**REFERENCES**

1. Independent Evaluation Group (IEG). World Bank Group Support to Health Financing. Washington (DC): The World Bank; 2014 accessed 2018 August 18.