FREE HEALTHCARE IN SUB-SAHARAN AFRICA: CLEARING UP THE MISCONCEPTIONS

This is the ninth in a series of nine evidence-based fact sheets showing how certain ideas about free healthcare repeatedly expressed in our knowledge transfer activities actually represent "lazy thinking"[1] .

MISCONCEPTION 9

WRONG

"African countries can't afford free healthcare!"

There is a cost to free healthcare for the State and its partners. Just like any other public policy, it needs funding. However, many people think African states are in no position to finance free health care.
In most cases, though, free healthcare for children or pregnant women in Africa is funded by the State, with external partners playing a very limited role (Burkina Faso, Mali, Senegal, etc.) [1, 2, 3]. A recent study showed that health funding by public rather than private entities benefits the poor more than the rich (Ghana, Tanzania, and South Africa) [4]. However, nearly all African states still do not ascribe enough importance to the health sector. The goal of devoting 15% of the State's budget to this sector (Abuja Declaration of 2001) is rarely attained (3.3% in Chad, 8.1% in Burundi, 9.2% in Benin, etc.) [5]. Yet national resources are often available. Moreover, certain national resources normally allocated to the poor are sometimes misused. A study by the International Monetary Fund (IMF) showed that 120 billion CFA francs released by the Burkina Faso government during the 2008 crisis to help the poorest actually benefited the wealthy [6]. If we compare this 120 billion CFA francs against the annual budget of two billion CFA francs allocated to the national child delivery subsidy, whose benefits are not appropriated by the richest [7], we see that it's a question of setting priorities and using resources wisely. Over the past few years, Ghana has had the political intent to increase its VAT (still progressive [8]) to fund two-thirds of its national health insurance [9]. Meanwhile, Niger and Gabon spent two billion CFA francs to help their football team make it to the Africa Cup of Nations. Finally, there are resources available at the international level. Donor countries just need to honour their commitment to allocate 0.7% of their gross national product to official development assistance (ODA) [10][2] and to write off Africa's external debt by promoting investments in the social sector. As to free healthcare, the main international funders have expressed their willingness to help African states in implementing such policies [11], but have not yet done so.

In most cases, free healthcare policies for children and pregnant women already in place in Africa are funded by national budgets, of which the share devoted to health remains woefully insufficient. National and international resources are available to finance free healthcare policies, provided African governments and their partners give them the required priority.

[1] *Sachs J. : Achieving universal health coverage in low-income settings. The Lancet 2012, 380:944-947.*

[2] *According to the OECD, net ODA in 2011 was just 0.31% of the cumulated gross national income of donor countries. It is estimated that these statistics include 95% of world ODA expenditure.*

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SUPPORTING EVIDENCE

The road to universal coverage and WHO proposals for funding health systems

The World Health Report 2010 of the World Health Organization [12] looks at how user fees constitute a major hindrance to universal health care coverage and highlights the need to find other resources to finance health systems. This report exposes both African heads of states' failure to fulfil their health commitments and donor countries' failure to honour their ODA commitments. However, it also recommends improving the efficiency of health systems and developing the principle of risk sharing.

More health for the money

The WHO report proposes nine measures aimed at addressing the principal causes of health system inefficiency for a more judicious use of resources. According to this report, an estimated 20% to 40% of resources spent fail to improve people's health but have the potential to yield "enormous" health benefits if better invested.

More money for health

The report also suggests a series of innovative ways of funding national health (see table below). It cites the example of Gabon, which in 2009 introduced a tax on money transfers to raise funds to finance medical care for low-income groups. The tax of 1.5% on net after-tax profits imposed on money transfer companies and 10% of mobile telephone operators brought the equivalent of 30 million US dollars into the health sector.

Table: National options for innovative funding

Options	Fundraising potential*
Special levy on large and profitable companies	$$-$$$
Levy on currency transactions	$$-$$$
Diaspora bonds – government bonds for sale to nationals living abroad	$$
Financial transaction tax	$$
Mobile phone voluntary solidarity contribution	$$
Tobacco excise tax/Alcohol excise tax	$$
Excise tax on unhealthy food (sugar, salt, etc.)	$-$$
Selling franchised products or services	$
Tourism tax	$

*** $, low potential; $$, moderate potential; $$$, high potential**

Source: *WHO, The World Health Report 2010.*

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