Kenya National Health Financing

Domestic Resource Mobilization for Health: National Health Financing Dialogue for Implementation of the Health Sector Domestic Financing Sustainability Plan

Unlocking Investors' Potential in the delivery of UHC in Kenya

Issue Paper

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Background

Kenya's Big Four agenda has Universal Health Coverage (UHC) as one of its main pillars. UHC means ensuring everyone, everywhere can access essential quality health services without facing financial hardships.

Health financing is a critical enabler for the attainment of UHC in the Country. Kenya has ratified the Abuja Declaration, which was passed in April 2001 where Heads of State of African Union countries met and pledged to set a target of allocating at least 15% of their annual budget to improve the health sector. Statistics from the Kenya National Health Accounts (NHA) over recent five years however indicate that Government health spending as a proportion of total government expenditure lays around the 6-8%. As UHC is part of the Government's Big Four agenda a significant increase in public financing towards this noble agenda is called for. The Country should however also tap into other sources of domestic financing to optimize the existing resources and bridge critical gaps to support the county's ambition to realize UHC.

As Kenya climbs up the middle-income ladder, ODA support from traditional development partners is shrinking. More resources need to be mobilized through new partnerships with the private sector, philanthropy, civil society, faith-based-organizations and other key stakeholders. In the meantime, and just as mobile payments have transformed Kenyan markets, tech-innovations in the health sector— from artificial intelligence algorithms that predict disease outbreaks and accelerate disease diagnosis; telemedicine to ease care; to technology optimizing interoperability between health information systems to create dashboards for informed health policy decision making— all have potential to help strengthen the efficiency, effectiveness and accountability of the health sector. This, in turn, would encourage new financing for the sector to further contribute to improved health status and quality of life in the country.

Opportunities therefore for innovative and result-based financing (eg social impact bonds, debt-swaps, private sector/retail mechanisms as UNITAID and product RED, credit enhancement mechanisms as Pledge Guarantee Health, advance market commitments, or awards and prize schemes to enhance performance) need to be pursued.

Key Concerns

The path towards UHC might be long and potentially challenging. But with clearer measurements, more strategic integration between public and private providers and a strong leadership from government we might be able to make the UHC journey a little more quickly and smoothly.

1. Insufficient trust and understanding exist between public and private sector about each other's respective comparative advantages and value add to the system.

2. While tax revenues are generated to support the noble UHC mission, the mechanism of generating this tax revenue may jeopardize the ease of doing business and the growth trajectories of key sectors of the economy. Our tax proposals could slow down our economy, reduce our competitiveness as an investment destination and preclude the realization of other pillars of our big four agenda making the long term sustainability of UHC not so sustainable after all.

3. Investors need to have clarity about the policy and regulative environment they operate in and confidence in the capabilities of Government to execute its related oversight and stewardship role in an efficient, effective and accountable manner. At the moment there is no clear policy and guidelines for health sector public private collaboration and investments.

4. Investors require financial returns on the medium to long-run. Long-term commitments therefore need to be guaranteed and a stable and predictable environment safeguarded to implement the partnerships. Concerns prevail about the long-term commitment to Health PPC.

5. UHC is certainly a question of increasing equity and developing more inclusive societies as it allows for the progressive expasion of services as more experience and resources become available. Is the Kenyan private sector willing to have services unified and delivered in a comprehensive and integrated way given the concerns around the levels of trust and

understanding between public and private sector regarding each other's respective comparative advantage and value add to the health system.

6. Government budgetary allocation towards health as a percentage of GDP stands at 2.2% yet scientific evidence shows that countries that have made progress towards UHC spend public funds at 5% of GDP. The shortfalls in government-led expenditure in health have limited the market.

7. ICT solutions can help empower patients to actively engage in their own care and therefore influence the health system. Elements of care can also be moved from hospitals to homes using connected technology. This can allow for remote support and tracking therapy adherence. However, the potential for ICT and innovations for driving efficiencies through private sector is not harnessed well enough.

Recommendations

1. Enhance trust and understanding between public and private sector through - in consultation with key stakeholders - finalization and operationalization the health sector partnership framework.

2. Optimize governance and tax administration regimes put forward to finance UHC and continue to improve health systems so that people see value in the services and their contributions.

3. Government to enhance its institutional, organizational, and staff capacities at national and county government levels to advance public private collaboration (PPC) and unlock investments for UHC (including through review of relevant policy and legislative frameworks (eg PPP, Procurement, PFM, Health, and NHIF acts) to ensure an enabling environment for PPCs and unlocking investments for UHC; development and implementation of Health Sector PPC policy and strategy; uniform guidance developed for County Governments on how to engage in Health PPCs and unlock investments; county Government organizational and staffing capacities built for engaging in PPCs and unlocking investments; technical Support to County Governments facilitated to advance Health PPPs under the framework of the 2013 PPP act)

4. Advance innovative and result-based financing (eg social impact bonds, debt-swaps, private sector/retail mechanisms as UNITAID and product RED, credit enhancement mechanisms as Pledge Guarantee Health, advance market commitments, or awards and prize schemes) to optimize the existing resources and bridge critical gaps to support the county's to realize UHC

5. Government to create an enabling environment that allows for the private sector to develop new technologies by developing and disseminating clear ICT norms and standards for UHC solutions to guide providers and investors and co-design integrated / holistic ICT solutions which are interoperable, user-friendly, and fit-for-Kenyan-purpose.

6. Effectiveness of partnership initiatives as well as the scale and form of such cooperation to be enhanced through the establishment of a robust monitoring an evaluation mechanism to track and ensure accountability, efficiency and effectiveness of the PPPs and based on these measures, scale the best solutions.