

Issue Brief: Africa Health Care Report & IFC Strategy

AT A GLANCE:

- People in Sub-Saharan Africa have the worst health, on average, in the world. The region has 11 percent of the world's population, 24 percent of the global disease burden, and lacks the infrastructure to provide even basic health care to its people. The scale of the challenge is driving a reassessment of traditional approaches and a growing acceptance that the private sector should be a key part of the overall health strategy.
- An IFC report, *The Business of Health in Africa: Partnering with the Private Sector to Improve People's Lives*, says spending on health in Sub-Saharan Africa is expected to double over the next 10 years. Investments of \$25-30 billion will be needed with the private sector playing a key role.
- The report, partly financed by the Bill & Melinda Gates Foundation, has prompted IFC and its partners to announce a new strategy to address Africa's health challenges. This involves mobilizing up to \$1 billion over the next five years in investment and advisory services to boost socially responsible health care.
- The report had input from a wide range of stakeholders, including governments, investors, academics and civil society, and makes clear that the private sector (for-profit and not-for-profit institutions) has the potential to be an important part of the solution to improve health care in Africa and can complement the public sector to develop viable, sustainable, and equitable health care systems.
- IFC's efforts form a key part of the World Bank Group's larger health, nutrition, and population strategy, and reflect a commitment to help African countries reach the Millennium Development Goals by 2015.
- IFC and the World Bank have undertaken a major outreach campaign to build support for the report and IFC's strategy and have, so far, directly reached more than 10,000 stakeholders.

Overview

- The report finds that the private sector already plays a significant role in delivering and financing health care for the region's people. On average, the private sector delivers 50 percent of health care goods and services with 60 percent financing for those goods and services coming from private sources.
- Often perceived as serving only the rich and elite in Africa, private sector providers (including for-profit and not-for-profit) in fact serve all income levels and have broad geographic reach.
- African health expenditure will continue to grow rapidly, with the private sector playing a key role. Expenditures are expected to more than double over the next 10 years, growing from \$16.7 billion in 2005 to around \$35 billion in 2016. About \$25-30 billion in investment will be needed to meet this demand, with 60 percent expected to come from the private sector.
- The private sector has the potential to be an important part of the solution and bring about significant improvements to Africa's health care challenges, such as expanding access to health services and reducing the financial burden on governments.
- Impediments to developing a productive private health sector include limited access to capital, burdensome regulations, shortages of skilled workers, and a lack of risk-pooling mechanisms that can mobilize revenue for providers and support the growth of a well-organized private health sector in Africa.

IFC's Strategy

To respond to these findings and help Africa address its health care challenges—including improving services to the poor—IFC will work with local businesspeople, financial intermediaries, policymakers, donors, and other stakeholders in the international community to address the constraints. IFC and its partners are planning to mobilize up to \$1 billion of investment and advisory services support over the next five years. IFC's strategy includes:

- **Creating an equity investment vehicle** (\$100 million to start and up to \$300-350 million over five years) to provide socially responsible private health care organizations with better access to equity and expertise.
- **Partnering with local financial institutions** to improve access to long-term debt for health care organizations (\$400-500 million over five years).

- **Providing advisory services to build capacity** within local financial intermediaries and the health care organizations they lend to.
- **Expanding education of health care workers**, including through public-private partnerships.
- **Encouraging development of risk pooling**, including health maintenance organizations and insurers.
- **Improving the environment for private health care** to flourish, including:
 - a. Supporting in-depth country assessments of the business environment for private health care.
 - b. Working with governments to reform health care regulation and expand public-private partnerships.
 - c. Producing a biennial report on the health care investment climate.

OUTREACH

Since the launch of the “*Business of Health in Africa*” report in December 2007, IFC and the World Bank have launched a major outreach campaign and have engaged with various groups in Europe, Africa, the U.S., and other regions to build support, thereby ensuring that key messages reach target audiences and have the desired results. More than 10,000 stakeholders have been reached directly so far.

Strong Donor and Private Sector Interest

Donors have been interested in what IFC and the World Bank can do to improve the operating environment for socially responsible private health care to thrive, including, working with local governments to reform private health care regulation, expanding public-private partnerships, and providing advisory services. IFC is also engaging with a growing number of industry partners, including private companies and financial institutions.

Government Relations

IFC and the World Bank have liaised extensively with African departments of health to discuss implementation of the health care strategy. Briefings in Washington, D.C. have been held for high-ranking visiting African health officials, the African Development Bank, and U.S. organizations.

Road Shows and Health Workshops, Europe, February-April 2008

Major road shows and health workshops were held in Paris, Brussels, Frankfurt, and Stockholm for the private sector, commercial banks, policymakers, development finance institutions, donors, civil society, and media to discuss how Africa’s health care challenges can be met, including improving services for the poor. The road shows gave IFC and the World Bank the opportunity to present the Africa health strategy to donors, many of whom have expressed interest in the proposed equity and debt financing vehicles.

Relations with Civil Society Organizations (CSOs)

IFC and the World Bank met with European CSOs and advocacy groups in Brussels, February 2008, as well as with high-level CSO representatives in Washington, D.C., and participated in CSO roundtables on health. Meetings have been very constructive and the project team will continue to interact regularly with CSOs going forward.

Africa Stakeholder Forums, April 14-May 5, 2008

IFC, the World Bank, and other partners organized stakeholder forums in Cameroon, Senegal, Nigeria, South Africa, and Tanzania to build support and listen to the views of local and regional stakeholders. Each forum was attended by 60-120 persons from the countries where the forums were being held as well as neighboring countries: Democratic Republic of Congo, Kenya, Mali, Mozambique, and Uganda. Attendees included representatives of governments, private sector providers, financial institutions, donors, civil society, and media. Discussions focused on how to improve the performance of health care organizations through public private partnerships, maximizing health benefits for the poor, financing local entrepreneurs, providing better quality health services, developing frameworks for delivery of continuing medical education, building capacity for health care management, standardizing care through accreditation, strengthening health care systems, improving quality assurance for health care provision, and reducing bottlenecks and other issues associated with service provision. More health forums may take place in Africa over the next few months.

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Media Contact: Ludi Joseph (202) 473-7700, E-mail: ljoseph@ifc.org