



Innovative Domestic Financing for Health Research in the East African Community

The development of a well-thought-out strategy for increasing domestic financing in health research and its implementation is critical for Sustainable Development of the East Africa Community and One-Health Strategy.

The East African Health Research Commission (EAHRC) identified domestic financing as one of the key challenges facing research efforts among the Partner States of the East African Community (EAC). The region's research agenda is highly dependent on external sources of financing thus affecting efforts to create a sustainable health research agenda that aligns to the needs of the EAC.

The objectives of the EAHRC Strategic Plan 2016-2021 include mobilisation of resources to support health research for the development of the EAC/PS. In this respect, the need arose to establish a clear baseline on the current financing gap, to identify innovative domestic sources of funding, and to demonstrate potential impact of investment in health R&D.

A decade ago in 2008, Africa played host to the Global Ministerial Forum on Research for Health, in Bamako, Mali culminating in a Call to Action that set out targets for increasing investments in research for health.

In addition to pursuing innovative financing mechanisms for research for health, governments were urged to allocate at least 2% of budgets of ministries of health to research and development agencies and to earmark at least 5% of funding for research,



including support to knowledge translation and evaluation as part of the research process.

The 19th Summit of East African Heads of State endorsed the EAC Health Sector Investment priority Priorities 2018 - 2020 and which included 9 key investment priorities areas for health and health R&D. They also directed the partner states to mobilize resources required to support the implementation. However, resource constraints pose significant challenges to health research initiatives. As in much of the developing world, the region is not immune to the 10/90 gap where less than 10% of current global financing for health research is spent on diseases afflicting more than 90% of the population.

The Baseline Assessment and Mapping Sources of Domestic

Financing for Health Research in East African Community Partner States (EAC/PS) commissioned by the EAHRC sought to collect data on the financing requirements, current sources of financing as well as to develop the strategies and an implementation plan to increase the domestic sources of financing for health research.

Methodology

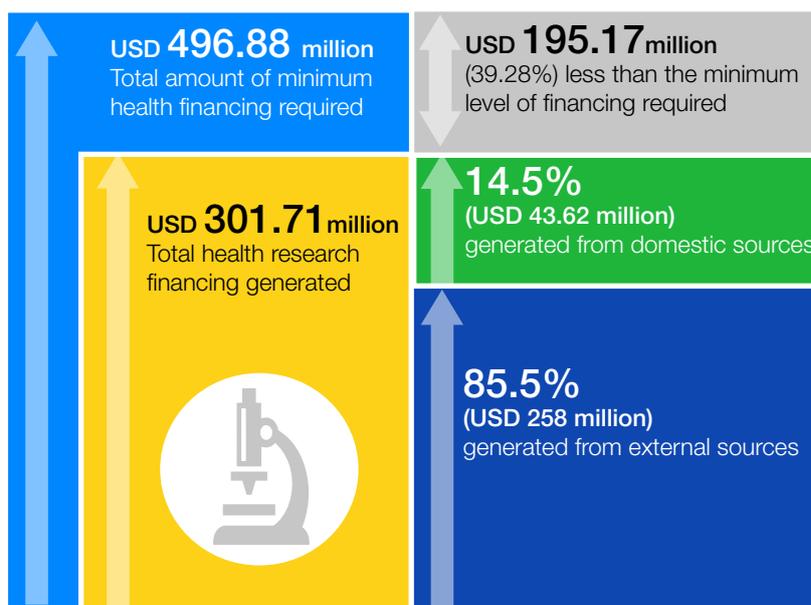
This study used a four-pronged approach as follows: a desk review of secondary data, followed by a survey to collect quantitative data from health R&D organizations and relevant ministries, followed by key informant interviews and then a validation workshop with health financing experts from ministries of health and finances from partner states. The study used 2014-2015 as the baseline year.



Results for EAC Health Research Financing as a Region (2014/15)

The total health research financing of EAC as a region was USD 301.71 million out of which only USD 43.62 million or 14.5% was generated from domestic sources. The balance amount of USD 258.08 million (or 85.5%) is financed from the external sources. Further, there is a financing gap of USD 195.13 million compared to the total financing requirement of USD 496.88 million. The total health research financing as a percentage of the total GDP of EAC stands at 0.21%, and the total domestic financing for health research as a percentage of GDP is low at 0.028%.

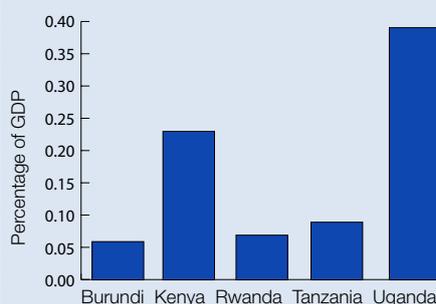
The low-levels of domestic financing have implications for the sustainability and the development agenda of EAC/PS, as it implies that the health research agenda is driven by and dependent on external resources.



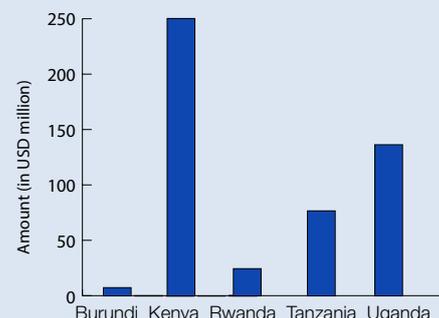
Key Findings

The following tables show:

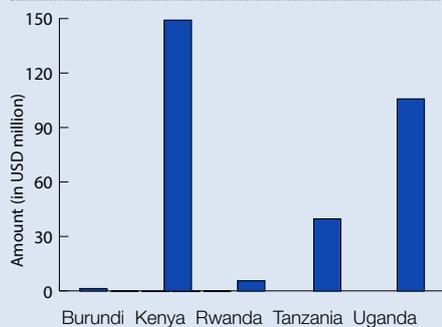
- 1) Health research financing as a percentage of GDP and compare by country
- 2) country minimum requirement for health R&D financing
- 3) actual financing generated financing gap as per Bamako Declaration and compared by country; and
- 4) country dependency on external financing and compare by country.



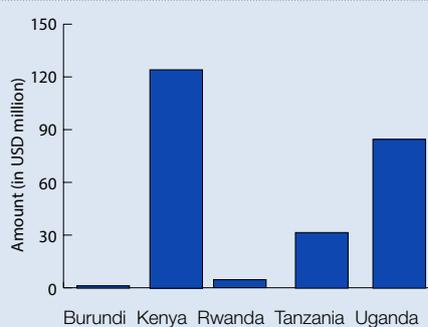
1) Health Research financing as a percentage of GDP and compared by country



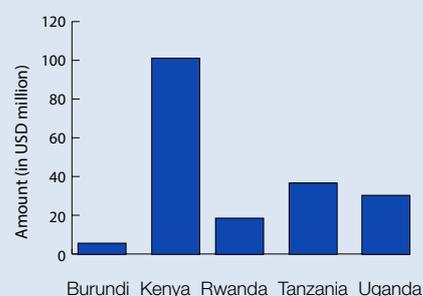
2) Country minimum requirement for health R&D financing



3) Actual financing generated



4) Country dependency on external financing and compare by country



5) Financing gap as per Bamako Declaration and compared by country

Strategies for Increasing Domestic Sources for Financing Health Research

After consultations and validations by health financing experts from partner states, the following strategies were proposed:

- i. **Establish laws that specify that at least 30% of R&D budget of the government be allocated to health research in EAC/PS.** To meet the region's financing obligation of USD 496.88 million, at least 1.25% of GDP should be earmarked annually for R&D by the EAC/PS, with 30% of the R&D budget being allocated to health research. However, given that the R&D investments currently fall between 0.1% and 0.8%, the EAC/PS may implement the recommendations over the next five years.
- ii. **Earmark 10% of the Sin Taxes collected by each of the EAC/PS for health research.** Given that the EAC/PS collect more than USD 687 million in Sin Taxes annually, USD 69 million of it could be allocated for health research. The critical need for financing health research and the fact that Sin Taxes have a direct linkage to health provides a compelling rationale for allocating a part of the Sin Taxes to health research.
- iii. **Set up an East Africa Health Research Fund with an annual financing capacity of USD 20 million.** The fund would be designed be along the lines of Health Product Research and Development

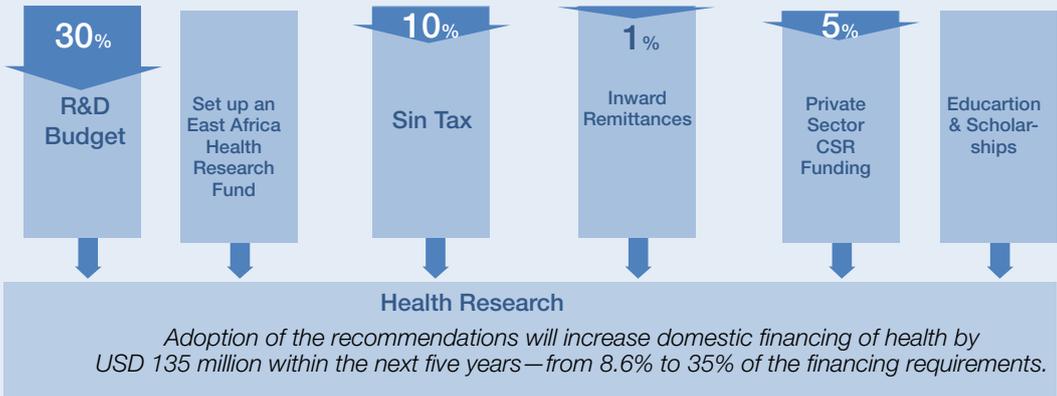
Fund of the WHO and would enable the research organisations in the EAC/PS undertake large research projects. The EAC/PS will initially contribute to the corpus of the fund. Thereafter, finances will be raised through a combination of the budget allocation by EAC/PS, donations by individuals and institutions and through the issuance of health research bonds in the form of Development Investment Bonds.

- iv. **Mobilise 1% of the inward remittances of the USD 3.4 billion from diaspora citizens of EAC/PS into health research** by offering bond programmes and encouraging donations. Such initiatives would generate USD 34 million annually. In order to mobilise resources through this channel, the EAC/PS will need to network with the citizens in the diaspora with well-articulated health research programs that clearly demonstrate their development impacts.
- v. **Fundraise by embedding health research into Corporate Social Responsibility (CSR) initiatives of the private sector in the EAC/PS to direct 5% of CSR funding to health research.** In order to mobilise financing through CSR initiatives, the research institutions in each EAC/PS will need to develop compelling health research

concepts that are appealing to the potential sponsors of CSR programs. The EAHRC may offer capacity building support for such initiatives conducted by the research organisations in the EAC/PS.

- vi. **Increase health research financing through education and scholarships.** The postgraduate students and PhD scholars numbering over 2,000 in the academic institutions across the EAC/PS have the potential to generate USD 10 million annually for health research. The EAHRC may support academic institutions and promote health research as a viable career option through platforms such as the East African Health Research Journal and through workshops to build the capacity for offering programmes with significant health research content.

While establishing laws that will allocate 30% of the government's R&D budget to health research will pave way for a sustainable health research financing in EAC/PS in the long term, the other recommendations will lead to increased domestic financing by USD 135 million in the short and medium term (i.e. with the next five years) and thereby increasing the domestic financing of health research from 8.6% to 35% of the financing requirements.

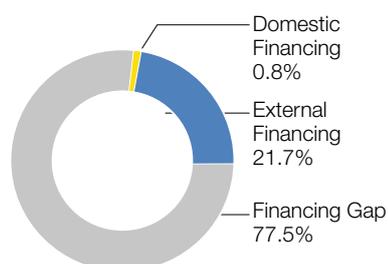


Results for EAC Health Research Financing Per Country (2014/15)

Burundi

Health research financing in Burundi in 2014/15 amounted to USD 1,789,254, of this, USD 63,372 was generated from domestic sources.

The Integrated Health Project in Burundi does not have a separate budget for Health Research. Therefore, a tenth of its budget for 2015/16 was considered as health research budget.



The baseline assessment shows that the external sources contributed 96.5% of the health research financing in Burundi, and the domestic sources contributed 3.5%. In conclusion, the health research in Burundi is heavily dependent on external aid.

The minimum level of financing required amounts to USD 7.95 million. Given that the total financing in 2014/15 was USD 1.79 million, there is a financing gap of USD 6.16 million or 77.5%.

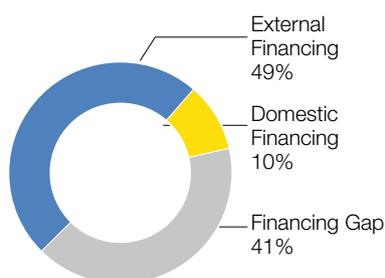
Health research financing as a percentage of GDP stands at 0.06%.

The depth of the problem is reflected also in the fact that the GDP of the country experienced a negative growth in 2015.

The National Policy of Scientific Research and Technological Innovation 2014-2018 provides a broad outline of health research. However, national policies on health research financing or the health research priorities are not established.

Kenya

The total health research financing in Kenya in 2014/15 amounted to USD 148,621,391, out of which USD 24,576,393 was generated from domestic sources. 83.46% of the financing was generated from external sources and only 16.54% of the financing was realised from domestic sources.



The health research financing, as a percentage of GDP, stood at 0.234%.

The assessment shows that Kenya receives USD 101 million (40.6%) less than the health research financing required.

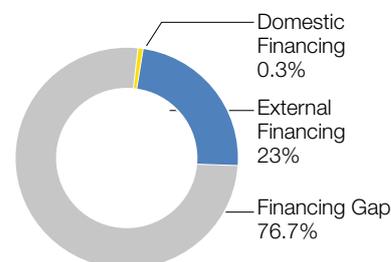
Kenya Medical Research Institute (KEMRI) is the national body responsible for carrying out health research in Kenya. Health Act 21 of 2017 stipulates that a portion of not less than thirty percent of the National Research Fund shall be allocated for health research. The National Research Fund (NRF) is mandated to mobilise and manage financial resources for the advancement of the national innovation system, based on priorities set by NACOSTI, as per the Service and Technology Innovations Act, 2013.

Health Act 21 of 2017 provides the legal basis for developing the health research policy. The health research priorities are currently in draft form and yet to be approved.

Rwanda

The total budget for health research financing of Rwanda amounted to USD 5,934,381 of which only USD 79,610 was generated from

the domestic sources and USD 5,854,771 from external sources.



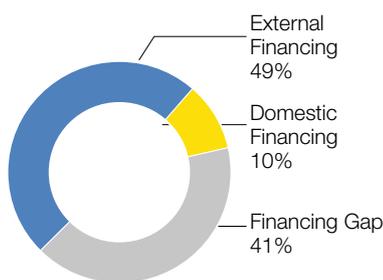
The data shows that health research in Rwanda is nearly entirely 98.66% dependent on the external financing.

The minimum amount of financing required for health research was USD 25.42 million and the findings show a gap of USD 19.49 million or 76.65%. The health research financing, as a percentage of GDP, stands at 0.07%.

The National Health Research Agenda 2014-2018 provides a framework of orientation for all researchers, implementers, academics, and development partners for a coordinated response to the need for evidence to inform policy making and program implementation. This research agenda is largely aligned to the Health Sector Strategic Plan III 2012-2018, implemented by the Ministry of Health in collaboration with the University of Rwanda School of Public Health through the Center of Excellence for Health Systems Strengthening, in which most themes and research priorities were identified under specific strategic areas. The agenda also considers non-health research areas that have an impact on the health status of the population.

Tanzania

In Tanzania, a total of USD 39,606,632 was spent on research during the year under review. Of this, USD 7,726,381 was from domestic sources representing a 19.5% contribution. The baseline assessment shows that Tanzania is dependent on external sources of financing for health research to the extent of 80.5%.



The minimum level of financing required for health research amounts to USD 77.03 million and the findings show a gap of USD 37.42 million or 48.58%. Health research financing as a percentage of GDP stands at 0.118

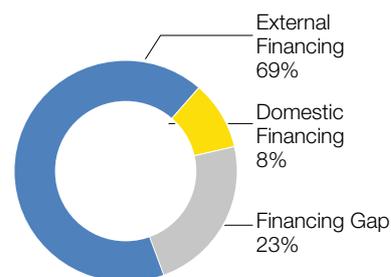
The National Institute for Medical Research, as a Parastatal Institution under the Ministry of Health is empowered to oversee all health research institutions in the country. NMIR has also established a health research policy and health research priorities. The health research sector in Tanzania faces a number of challenges

in executing its mandates including inadequate direct government financing for health research resulting in a high reliance on donors; inadequate human resource for specialised areas due to employment restrictions and inadequate stable training funds; limited specialised research facilities including high-tech-laboratories; and poor research uptake resulting from a sparse knowledge management system.

Uganda

Of the total financing of USD 105,761,614 for the health research, USD 94,582,617 (89.5%) was received from the external sources.

Uganda required USD 136.49 million for health research for the year under review and there was a financing gap of USD 30.73 million. Health research financing as a percentage of GDP stood at 0.39%.



The Ministry of Health developed the Health Sector Development Plan 2015/16-2019/20 (HSDP-II) and identified the low government financial allocation to health research, weak collaboration mechanisms between planners, research institutions, industry and academia and partners as some of the key challenges facing the health research in the country.

Health research in Uganda is coordinated by the Uganda National Health Research Organisation under the legal framework of the Uganda National Health Research Organisation Act, 2009. The organisation is charged with promoting and guiding health research and development in Uganda.

Challenges in Health Research Financing

In order to ensure allocative efficiency, there is need to address the bottlenecks faced by the health R&D and innovation ecosystem in East Africa. This include addressing the following structural and systemic challenges:

- i. **Fragmented Research Efforts and Prioritisation:** There is inadequate co-ordination of health research initiatives across the Community. Research priorities of the EAC/PS are not well-defined. Therefore, the research efforts are not always focused on needs of the EAC/PS. Research prioritisation and the sharing of results in a well-co-ordinated manner will result in efficient use of resources, thereby avoiding the duplication of efforts.
- ii. **Externally Driven Research Agenda:** The research in the EAC/PS is funded predominantly by external organisations. Therefore, the research agenda in the EAC tends to be externally driven rather than based on the priorities of the EAC/PS.
- iii. **Community Linkages:** There is a lack of involvement of and linkages with the communities in which the health research is conducted. This leads to lack of interest, low participation and at times, mistrust. It is necessary to establish Community and Public Participatory mechanisms with key stakeholders in the community, the private sector and the philanthropy community. It is also important to build capacity of all levels of health care delivery system to conduct implementation research.
- iv. **Greater Role for Academic Institutions in Health Research:** The potential of the academic institutions in the EAC/PS are not fully utilised in health research. The academic institutions should be more involved in health R&D, and they should be supported in the areas that require improvements.
- v. **Lack of infrastructure:** Health R&D research infrastructure is inadequate in EAC/PS. While capacity in clinical trials has been built over the years, capacity to conduct advanced basic research and pre-clinical research remain limited. The EAC/PS will need to invest in strengthen capacity for “end-to-end” health product development that have both high public health impact and sustainable development value.
- vi. **Accountability:** Accountability mechanisms should be put in place to ensure fair competition and merit based awards of research grants, adherence to national and international standards in conduct of research, efficient and transparent management of research grants.
- vii. **Human Resources for Research.** There is a need to enhance human resource capacity for health research. Such capacity strengthening efforts are needed in not only technical areas of research but also the administrative areas such as grants management.
- viii. **Investment Case:** Defining specific returns on investment in health research is a complex issue. The investment case for health research is not well-articulated. Therefore, health research does not attract the attention of the policymakers and potential investors.
- ix. **Intellectual Property Rights:** A weak framework on intellectual property rights, copyrights, and patents increases the risk perception of the potential investors, and is a disincentive to health research.

Conclusion

The total health research investment in EAC/PS in 2014 is estimated at USD 301.71 million, of which the share of domestic financing was USD 43.62 million. In other words, 14.5% of the region's health research is financed from domestic sources and 85.5% by the external sources. The findings show that health research in EAC/PS is

dependent on external support and the ratio of total health research financing to the total GDP of EAC/PS stands at 0.21%.

There are a number of non-traditional sources that offer the potential for increasing the pool of domestic financing. These include embedding health research into

CSR funding, allocating a share of Sin Taxes to health research, creating an East African Health Research Fund and launching social impact bond programmes as well as leverage the potential of inward remittances by EAC citizens leaving abroad.

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