



A human-capital-driven strategy to health investment in African Small and Island States



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Key takeaways:

Small and Island States (S&IS) tend to view health investment not as a cost, but as a strategic economic priority. They often lack vast natural resources and must rely on high-quality human capital to drive economic development. Leading to Small and Island States allocating approximately 21% more of their general government expenditure to health than non-S&IS.

S&IS adopt innovative approaches to address context-specific challenges, including pooled procurement and overseas medical referrals for cases that cannot be treated locally or would be prohibitively expensive to manage domestically.

Context:

African Small and Island States (S&IS) are defined by their unique vulnerabilities and structural impediments, including a narrow economic base, high production costs, and a heavy reliance on trade and foreign aid. Despite these challenges, these states often perform comparatively well in health financing, maintaining a significantly higher Total Health Expenditure (THE) per capita and lower donor dependency than their larger African counterparts. Because S&IS frequently have limited natural resources, they must rely heavily on high-quality human capital, making domestic investment in health a critical priority for driving continental economic growth. However, their small population sizes and isolated geographies lead to specific "small-country problems," such as high costs for medical products due to a lack of economies of scale, the need for specialized tertiary care that is often unavailable locally, and a disproportionately high burden of non-communicable diseases (NCDs).

The study focused on 14 African Small and Island States (S&IS), that are members of the World Bank Small States Forum (SSF). These countries represent approximately 26% of all African nations but only 1.53% of the continent's total population.

Achievements:

S&IS display better metrics compared to larger African states across key health measures. On average, they have twice as many doctors per 10,000 people and more than double the number of hospital beds per 10,000 people, at 21 compared with 9. Patients in S&IS also face lower out-of-pocket treatment costs on average than those in larger African countries.

Statistical Comparison

Indicator	African S&IS Mean	African Non-S&IS Mean	Mauritius
Total Health Expenditure (THE) Per Capita	\$245	\$86	\$513
Gov. Health Expenditure as % of Total Gov. Spend	7.6%	6.3%	9.4%
Out-of-Pocket Payments as % of THE	30.6%	39.7%	49.2%
Doctors Per 10,000 People	6.7	3.0	26.6
Hospital Beds Per 10,000 People	21	9	34
% of Deaths from Non-Communicable Diseases	48.9%	40.0%	87.4%
Maternal Mortality Rate (per 100,000)	333.3	435.9	52.8

As discussed, S&IS face unique challenges due to their sizes and population constraints. Nevertheless, they have developed ways to successfully navigate these issues. Below are some strategies they have deployed:

- To protect their essential human capital, S&IS governments typically allocate a higher percentage of their general budget to health compared to larger African nations.
- To overcome small market disadvantages, S&IS participate in initiatives like the AfCFTA Pharmaceutical Initiative, which facilitates pooled procurement and harmonised regulatory frameworks to lower medicine costs.
- S&IS are leading the way in implementing “sin taxes” to address NCDs. For example, Mauritius has implemented a sugar-content-based specific tax to discourage unhealthy consumption while generating revenue.
- Rather than building underutilised local facilities, countries like Seychelles and Mauritius operate publicly funded overseas treatment schemes to ensure citizens access specialized care without bearing catastrophic costs.
- S&IS are generally more successful at protecting citizens from medical poverty; four of the six African countries that recently increased health coverage while reducing catastrophic spending are S&IS.

Spotlight on Mauritius

Among the S&IS, Mauritius stands out as an exemplar with the number of doctors, nursing staff, hospital beds well above the average. Mauritius has 26.6 doctors per 10,000 people, the highest ratio among the S&IS studied.

Mauritius is one of only six WHO African Region member states that managed to increase health service coverage while reducing catastrophic health expenditure between 2000 and 2019. In addition, the country maintains a policy of financial assistance for overseas treatment for households earning less than MUR 100,000 (approx. \$2,000) per month, addressing the "small-country problem" of providing specialized tertiary care.

However, the country faces the burden of modern health issues in form of Non-Communicable Diseases (NCDs). 87.4% of deaths in Mauritius are attributed to NCDs, the highest among all African S&IS listed. To combat these high rates of obesity and NCDs, it has implemented a sugar-content-based specific tax. Being the only one of the five East and Southern African S&IS to do this.

Policy recommendations

1. Larger states should prioritise the integration of health services into national insurance schemes to prevent medical costs from pushing households into poverty.
2. Collaborate to overcome small market size. Smaller or mid-sized regions within larger countries can achieve better prices and more stable supplies by joining regional procurement blocks rather than negotiating with manufacturers individually.
3. Larger states can learn to shift health policy from a "social welfare" perspective to a "human capital" framework, recognising that healthier working-age populations significantly boost national economic performance.
4. As an alternative to building expensive tertiary hospitals that may end up underutilised, countries can consider high-quality referral networks and financial assistance for overseas care as a more cost-effective way to achieve Universal Health Coverage.

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Method: The study used a mixed-methods approach combining a narrative literature review using bibliographic databases and organized through the WHO building blocks framework, with a quantitative descriptive cross-country comparative analysis of health financing, health system inputs, and health outcomes across 14 African small and island states and their larger counterparts, drawing on WHO Global Health Expenditure Database, World Bank World Development Indicators, and Global Burden of Disease Study 2019 data.

Evidence: McGuire, F., Mohan, S., Rao, M., Nabyonga-Orem, J., Nundoochan, A., Sombie, I., Kataika, E., Bland, S., & Revill, P. (2025). Health financing and systems in African small and island states: Unique challenges and opportunities in achieving universal health coverage. *SSM - Health Systems*, 5, 100104. <https://doi.org/10.1016/j.ssmhs.2025.100104>

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