



**Federal Republic of Somalia
Office of the President
National Economic Council (NEC)**

Terms of Reference

Outbound Health Expenditures: The Fiscal and Economic Implications for Somalia

Project Name	Somali Integrated Statistics and Economic Planning Capacity Building Project (SISECBP)
Location:	Mogadishu
Assignment	Consultancy for conducting Study on Outbound Health Expenditures: The Fiscal and Economic Implications for Somalia
Duration of the Assignment	4 Months from the contract signing date
Reference number:	SO-NEC-528756-CS-CQS

1. Background

The Federal Republic of Somalia has made notable progress in strengthening health governance, developing national health strategies, and expanding essential service delivery; however, significant challenges remain in providing accessible, high-quality, and specialized healthcare services nationwide. The Federal Republic of Somalia has made notable progress in strengthening health governance, developing national health strategies, and expanding essential service delivery; however, persistent gaps in the quality, availability, and specialization of healthcare services continue to impose a heavy burden on the population, particularly on poorer households. Limited access to reliable, high-quality care forces many families to incur substantial out-of-pocket costs even when seeking treatment domestically, including expenses for consultations, diagnostics, medications, and transportation. For those who can afford it, the perceived inadequacy of domestic services drives the pursuit of medical treatment abroad in countries such as Turkey, India, Kenya, Ethiopia, and various Gulf States, further compounding financial strain through additional costs related to travel, accommodation, and prolonged care. Together, these dynamics highlight how deficiencies in healthcare quality disproportionately affect vulnerable populations, whether they remain at home or seek care beyond Somalia's borders.

These healthcare outflows hinder progress toward the Centennial Vision 2060, which aims to ensure that all people in Somalia achieve the highest possible health status and recognizes health as a fundamental right essential for a productive nation. The Vision sets ambitious targets, including raising health expenditure to 7.1 percent of GDP, increasing life expectancy to 76 years, reducing maternal mortality to 40 per 100,000 live births, lowering infant and neonatal mortality to 12 per 1,000, reducing under-five mortality to 25 per 1,000, and significantly decreasing

stunting, wasting, and malnutrition among children under five. Achieving these outcomes requires major domestic investments in healthcare infrastructure, workforce capacity, and service quality—investments that become increasingly difficult when large portions of national health spending flow abroad instead of strengthening the domestic health system.

This creates a reinforcing cycle in which weaknesses in the domestic health system push people to seek care abroad, and the resulting financial outflows further weaken the very system that needs strengthening.

Despite ongoing reforms in service delivery, regulation, and health governance, Somalia still requires a comprehensive, data-driven, and economically focused assessment that quantifies the magnitude of outbound health expenditures, explains their drivers, and evaluates their macroeconomic and fiscal implications. Such evidence is fundamental for designing targeted interventions, mobilizing health investments, and guiding the country's progress toward the health outcomes envisioned under Centennial Vision 2060.

To meet this need, the National Economic Council (NEC), as the Federal Government's socioeconomic advisory institution, is commissioning the national study titled "*Outbound Health Expenditures: The Fiscal and Economic Implications for Somalia*." This TOR outlines the study's purpose, rationale, scope, methodology, deliverables, and required qualifications.

2. Rationale for the Study

Outbound medical expenditures represent a significant source of financial leakage from Somalia's economy, yet the country currently requires a more consolidated, data-rich, and analytically rigorous assessment to quantify these outflows and determine their implications for economic growth, fiscal sustainability, and long-term development. While anecdotal evidence suggests that Somali families spend considerable resources on healthcare abroad, there is limited systematic analysis of the magnitude, distribution, or economic implications of these expenditures.

A comprehensive economic assessment is needed to quantify the opportunity cost of outbound health spending, especially in areas where domestic investment could reduce the need for foreign care. Such an assessment must evaluate the sectors most affected, the fiscal risks, the impact on household welfare, and the potential gains from expanding domestic healthcare capacity. Moreover, national decision-making requires deeper understanding of the social, institutional, and market-level drivers of outbound medical travel.

This study will therefore fill a critical knowledge gap by providing policymakers with the evidence necessary to guide investment in healthcare services, encourage private-sector participation, and reduce unnecessary outbound expenditure. It will also help align national health spending patterns

with the long-term objectives of Centennial Vision 2060 and the government's broader development agenda.

3. Purpose of the Study

The purpose of this study is to conduct a comprehensive, evidence-based assessment of Somalia's outbound health expenditures by quantifying financial outflows, identifying the drivers of medical travel, evaluating macroeconomic and fiscal implications, and generating actionable recommendations to enhance domestic healthcare capacity and reduce reliance on foreign health systems.⁴ Objectives of the Study

4.1 Overall Objective

To undertake a rigorous, multidisciplinary, and economically focused diagnostic of Somalia's outbound health expenditures and their fiscal and macroeconomic impacts in order to support strategic health-sector investment and policy development.

4.2 Specific Objectives

- To estimate the total annual value of outbound healthcare expenditures by key destination countries using administrative data records from hospital data from the Ministry of Health and travel data from Immigration and Citizenship Agency (ICA), covering all medical and non-medical costs associated with foreign treatment.
- To analyze the primary drivers of outbound medical travel, including service unavailability, quality gaps, cost comparisons, trust dynamics, and perceptions of domestic healthcare reliability.
- To assess the socioeconomic and demographic characteristics of patients seeking medical care abroad, including income, geographic location, health conditions, and treatment categories.
- To evaluate the macroeconomic and fiscal implications of outbound health expenditures by examining their effects on foreign exchange flows, domestic revenue generation, household financial stability, and long-term economic growth.
- To analyze gaps in domestic healthcare capacity, workforce constraints, infrastructure deficits, regulatory weaknesses, and service-quality issues that push patients toward foreign providers.
- To propose a sequenced and economically viable set of policy and investment recommendations for strengthening domestic healthcare systems, reducing outbound expenditures, and supporting progress toward Centennial Vision 2060 health targets.

5. Scope of the Study

5.1 Timeframe

The study will analyze outbound health expenditure trends from 2018 to 2024, covering pre-pandemic, pandemic, and post-pandemic shifts in medical travel patterns.

5.2 Geographical Coverage

The study will cover all regions of the Federal Republic of Somalia, including urban and rural areas, and will examine outbound destinations.

5.3 Thematic Scope

- Quantification of outbound health expenditures, disaggregated by type of service, destination, and patient group.
- Macroeconomic and fiscal implications, including impacts, domestic market leakage, and long-term economic costs.
- Domestic healthcare capacity gaps that drive outbound health spending.
- Equity and access dynamics, including socioeconomic disparities in access to domestic vs. foreign healthcare.
- Priority areas for investment, where strengthening domestic services could reduce outbound spending.

6. Methodology

- A comprehensive desk review synthesizing expenditure reports, health-sector assessments, and financial data.
- Quantitative data collection from the target institutions (main hospitals, travel agencies, and financial institutions).
- Key Informant Interviews (KIIs) with government officials, healthcare providers, international partners, and medical-travel facilitators.
- Focus Group Discussions (FGDs) with individuals and families who have sought treatment abroad to understand decision-making drivers.

7. Expected Deliverables

- Inception Report outlining methodology, tools, and work plan.
- Baseline Report documenting outbound health expenditure patterns and data gaps.
- Draft Study Report presenting preliminary analysis and emerging policy directions.
- Final Study Report with full economic analysis and policy recommendations.

8. Duration

The consultancy will be completed within **4 months**, including inception, data collection, analysis, validation, and final reporting.

9. Required Qualifications and Experience

- Must have at least 7 years of experience conducting studies in economics, public health, policy studies, with a strong record of accomplishment of high-quality analytical work.
- Must present a multidisciplinary team that includes economists, public health experts, sociologists, and quantitative and qualitative researchers, all with solid advanced academic qualifications.
- Must present a multidisciplinary team that includes:
 - An economist with at least a Master's Degree in Economics or a closely related field, and a minimum of ten (10) years of proven experience **in** qualitative and/or quantitative economic analysis, applied research, and policy-oriented studies.
 - A Health Policy Expert with at least a Master's Degree in Health Policy, Public Health, Health Economics, Sociology or a closely related field, and a minimum of ten (10) years of demonstrated experience in health policy analysis, health systems research, and evidence-based policy formulation.
- Must demonstrate operational capacity in the East Africa region, with preference for teams that have direct experience working in Somalia or engaging with Somali government institutions or development partners.
- Must possess excellent communication and analytical writing capabilities, demonstrated through the production of high-quality technical reports.

10. PAYMENT SCHEDULE

All payments under this contract are strictly linked to satisfactory completion and formal written acceptance of key deliverables by the NEC. The payment schedule is as follows:

- i. 30% upon acceptance of the Inception Report.
- ii. 40% upon acceptance of the Draft Study Report.
- iii. 30% upon acceptance of the Final Report and all ancillary documents.