

HEALTHCARE AND ECONOMIC GROWTH IN AFRICA

Africa Business: Health Forum



GBCHealth

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and

United Nations Economic Commission for Africa (ECA)

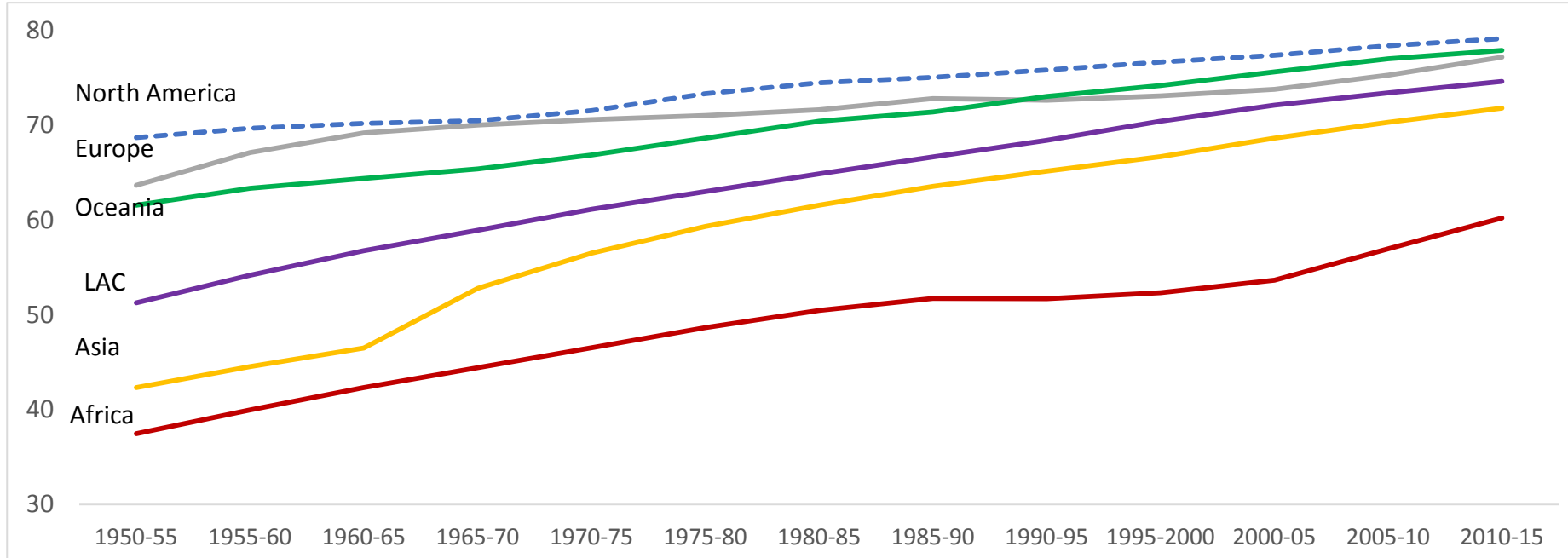
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OVERVIEW

PROGRESS ON HEALTH OUTCOMES IN AFRICA SINCE THE 2000s

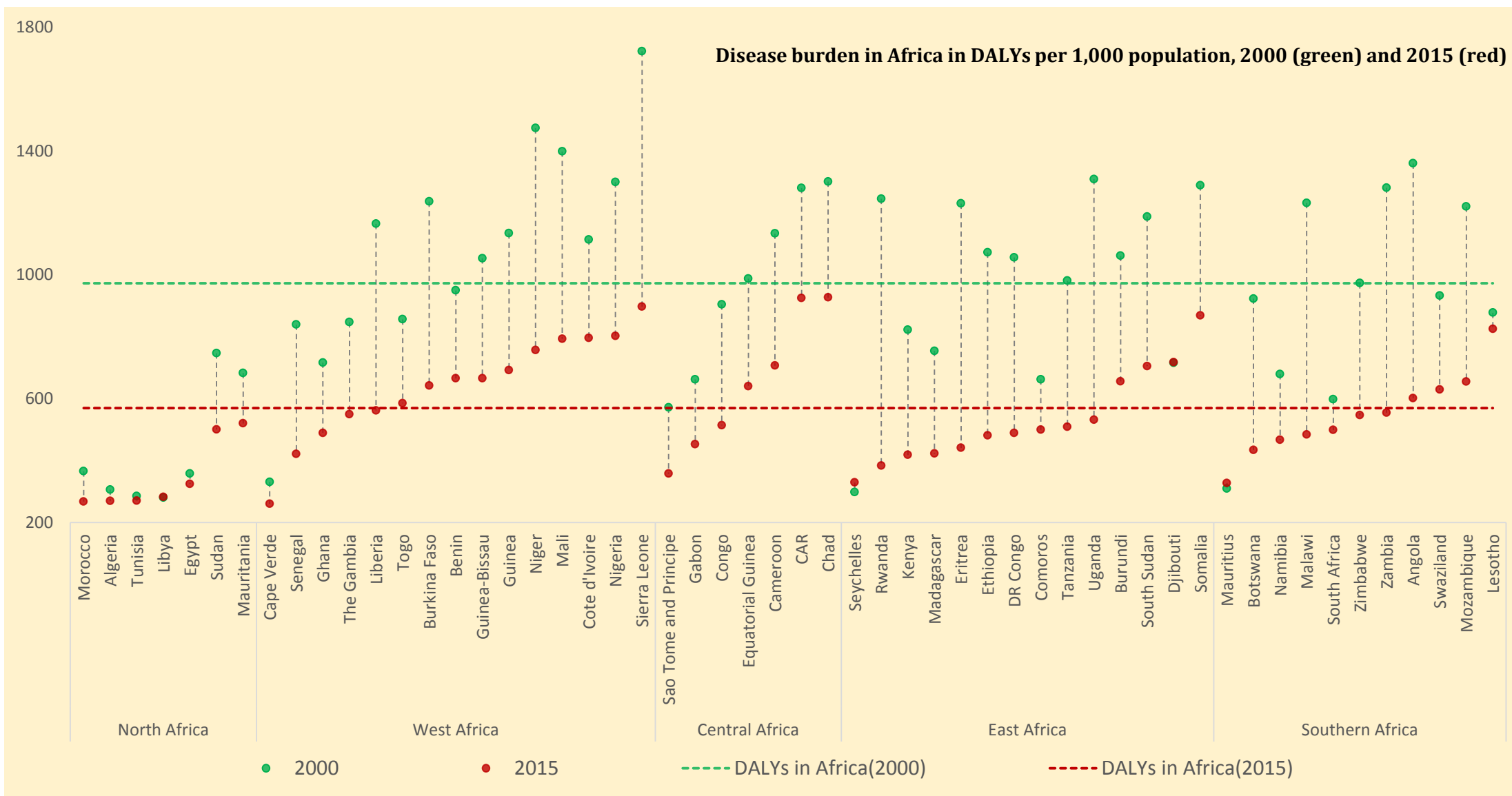
Life expectancy at birth (1950–2015)



	2000	2017
Infant Mortality Rate (IMR) (per 1,000 live births)	78.4	44.1
Under-5 Mortality Rate (U5MR) (per 1,000 live births)	126.7	62.8
Maternal Mortality Rate (MMR) (per 100,000 live births)	561	421 (2015)

KEY FINDINGS

Africa is healthier in 2015 compared to 2000



CHALLENGES FOR HEALTH FINANCING

Africa's transitions have an impact on health expenditures

1. Demographic transition

- Sharp decline in mortality rates but slow decline in fertility rates; so high population growth
- Changing age structure – by 2050, Africa will have 321 mn. more children and 109 mn. more elderly.
- Both age groups have very different health needs.

2. Urban transition

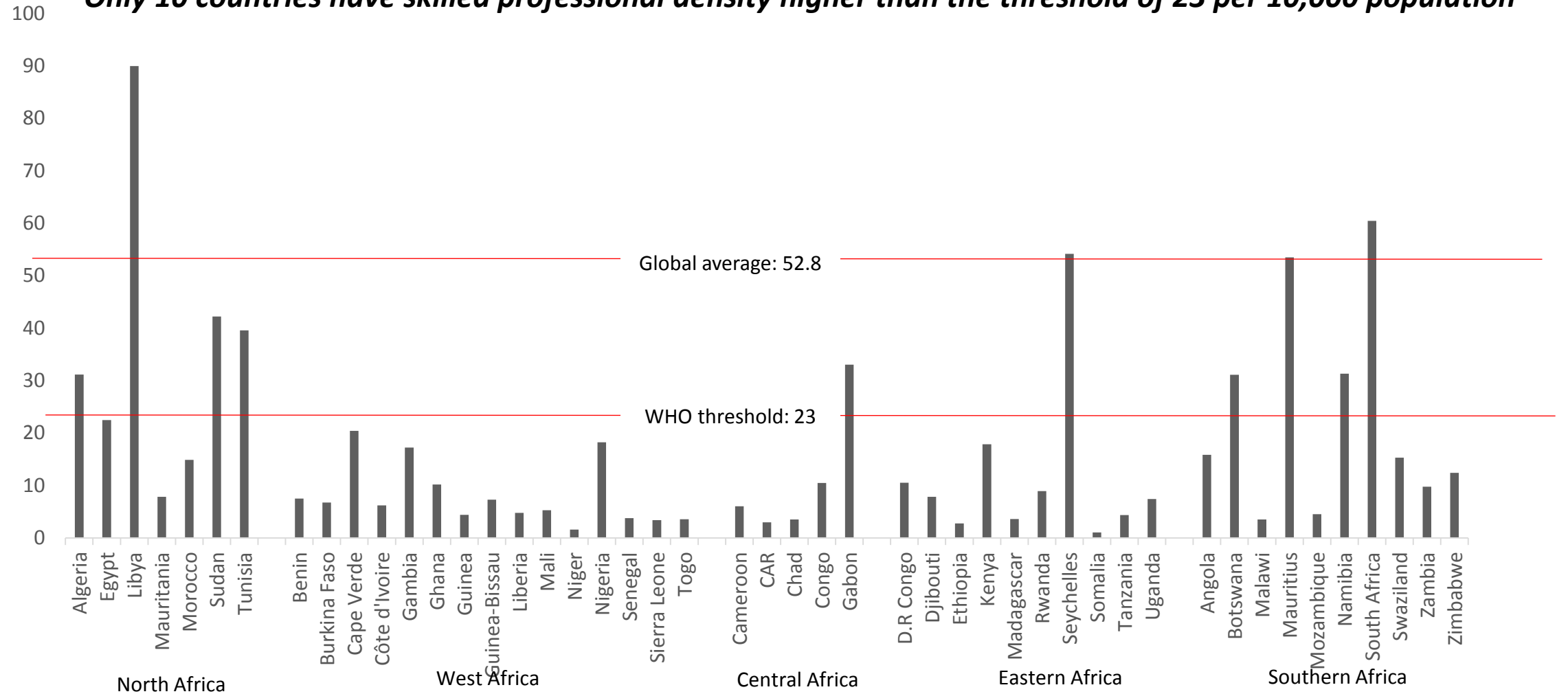
- Africa urbanizing rapidly – 60% of total population (or, 1.5 billion) will be in cities by 2050.
- 56% of the urban population lives in slums (2014) – more than 90% in CAR, South Sudan and Sudan
- Urbanisation in Africa provides opportunities but unplanned urban growth, and urban lifestyles, pose serious health hazards for the inhabitants.

3. Epidemiological transition

- Africa's average disease burden has declined, but 'double disease burden' – more than 50% CDs and increasing NCDs.

Human resource challenges

Only 10 countries have skilled professional density higher than the threshold of 23 per 10,000 population



TRENDS IN FINANCING OF HEALTHCARE IN AFRICA, 2000-2015

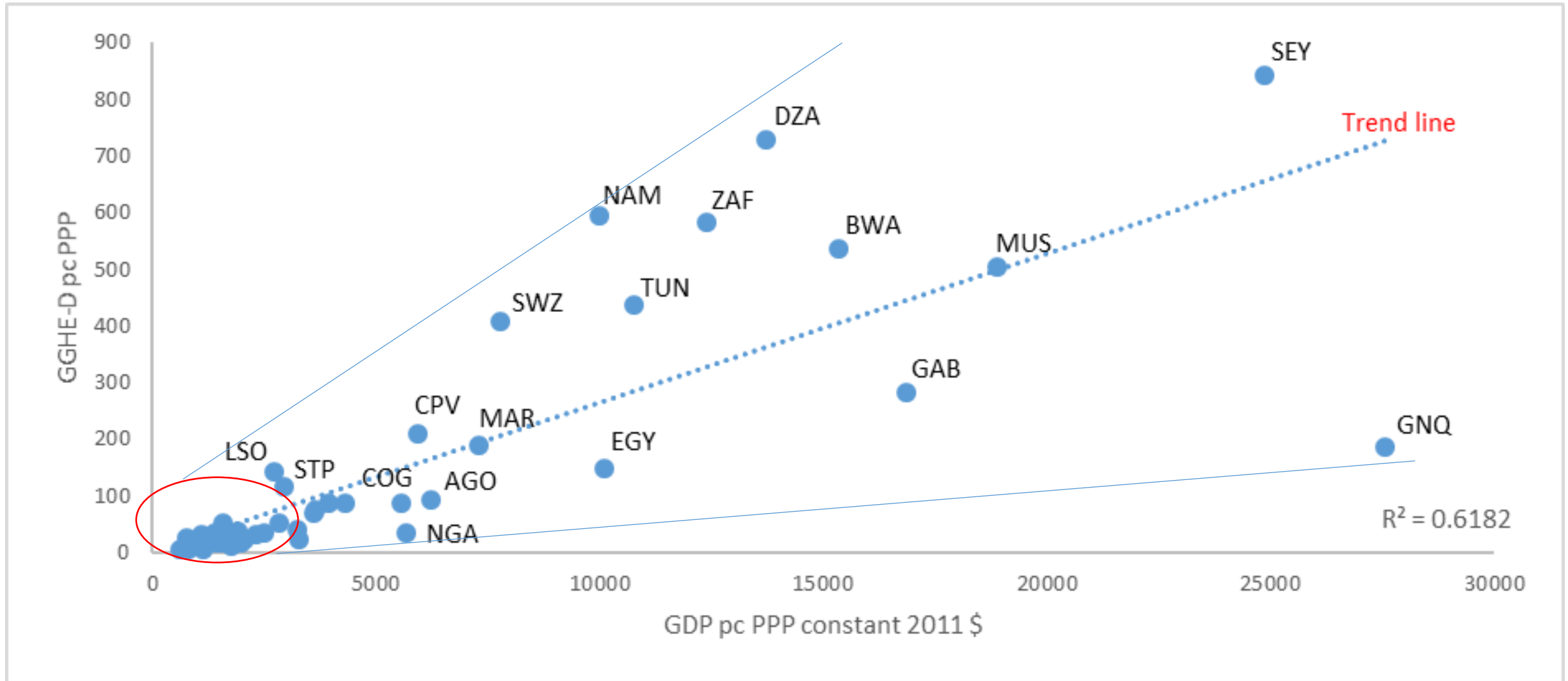
Total spending on healthcare in Africa was in a narrow range of 5–6% of GDP, on average, though in per capita terms it almost doubled from \$150 to \$292 (in PPP)

Though out-of-pocket expenditure has declined since 2000, it is still the largest component of total expenditure on health

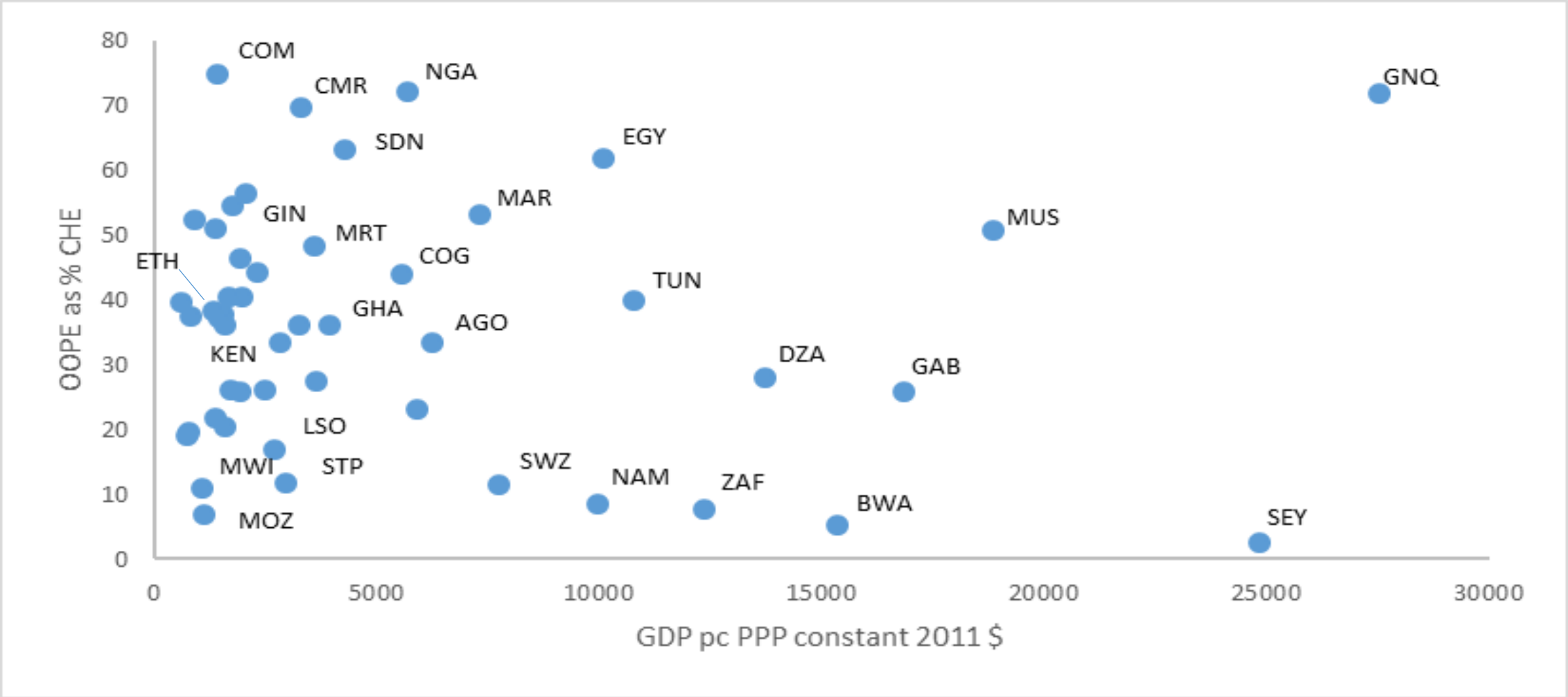
Year	Current Health Expenditure (CHE)*		Domestic govt health spending as % of CHE	Out-of-pocket spending as % of CHE	External assistance for health as % of CHE	Prepaid private spending as % of CHE
	Per capita PPP	As % of GDP				
2000	150.4	5	36.7	45.4	11.7	6.2
2005	186.5	5.5	35.4	41.6	15.9	7.1
2010	244.7	5.8	33.2	39.9	20.7	6.2
2015	292.3	6.2	34.7	36.1	22.3	6.9

Africa accounts for less than 2% of the nearly \$9.7 trillion spent globally on health in 2015, even though it has 16% of the global population and 26% of the global disease burden

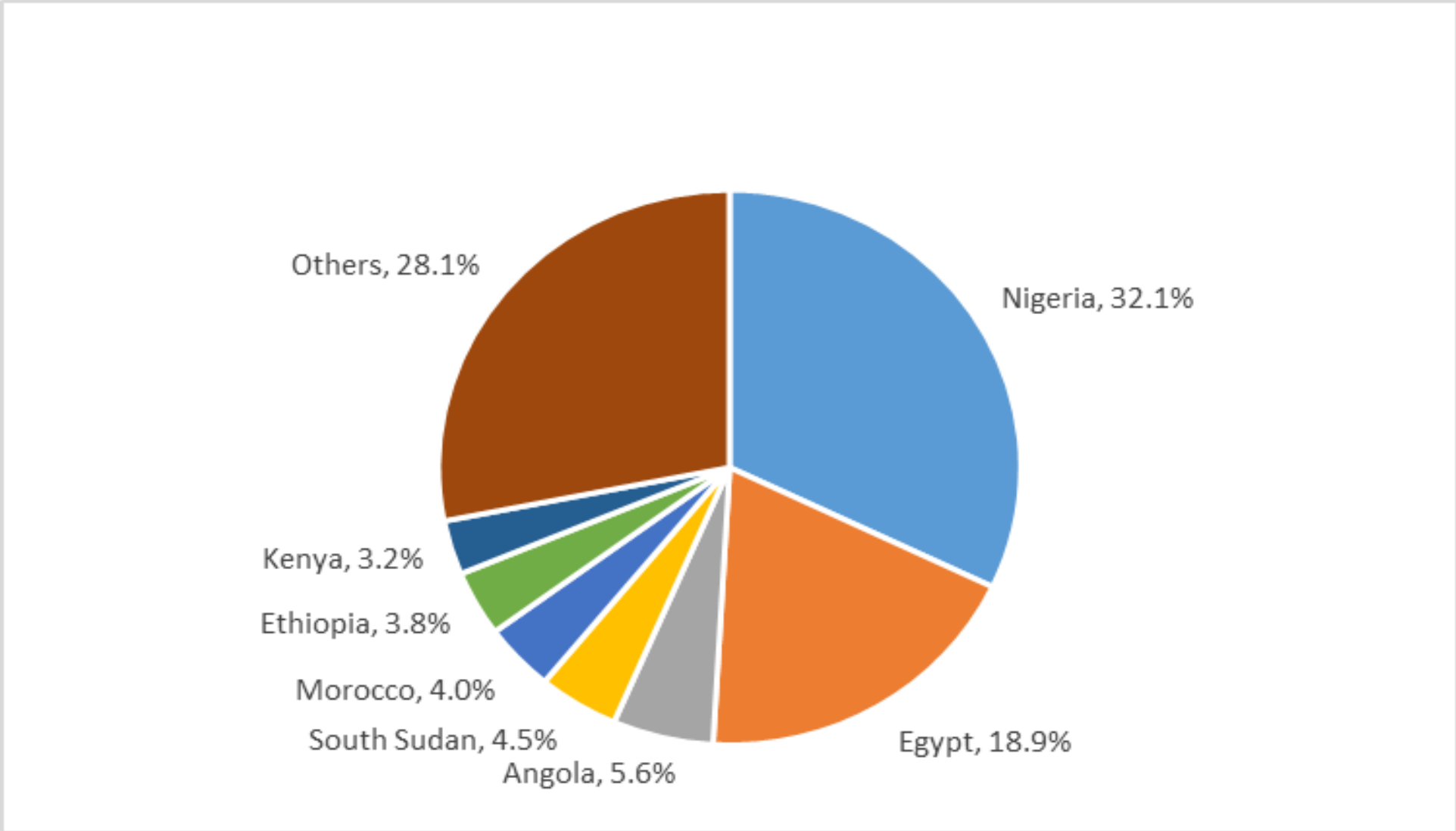
Richer countries in Africa spend more on health, but not always



Out-of-pocket expenditure in Africa does not decline at higher income levels



Nigeria and Egypt make up more than half of the \$66 billion estimated gap in government expenditure



WHERE IS THE MAXIMUM HEALTH-STRESS?

To target the countries with maximum health needs, the report uses seven indicators to assess if a country is health stressed.

		THRESHOLD	Health-stressed country
1,2	Domestic government health expenditure	5% of GDP	Less than 5%
		\$ 86 per capita	Less than \$ 86
3	Out-of-pocket Expenditure	<20% of total health exp.	More than 20%
4	Density of skilled health workers	23 per 10,000	Less than 23
5	Avg. disease burden (2015)	538 DALYs per 1,000	Less than 538
6	Avg. Government debt-to-GDP ratio (2015-2017)	57% of GDP	More than 57%
7	Average annual GDP growth rate	2%	Less than 2%

WHICH COUNTRIES REQUIRE IMMEDIATE ATTENTION TO REDUCE HEALTH-STRESS?

Severely health-stressed (8 countries stressed in six or more indicators)

Angola, Chad, Mauritania, Nigeria, Sierra Leone, South Sudan, Togo and Zimbabwe.

Very health-stressed (12 countries stressed in five indicators)

Benin, Cameroon, Central African Republic, the Democratic Republic of the Congo, Congo, Côte d'Ivoire, Guinea, Guinea-Bissau, Mali, Mozambique, the Niger and Zambia.

These 20 countries need to be prioritised for immediate attention. Of these, 13 countries are in West and Central Africa.

PRIVATE SECTOR IN HEALTHCARE IN AFRICA

What's in it for the private sector?

- Investing in health in Africa is increasingly attractive to the private sector and businesses and companies because of major opportunities in the health and well-being sector.
- Value of business opportunities in healthcare estimated to be worth \$259 billion by the year 2030, with the potential to create 16 million jobs.
- Africa manufactures less than 2% of the medicines it consumes – imports cater for over an estimated \$14.5 billion of the pharmaceutical market.

How does the private sector engage?

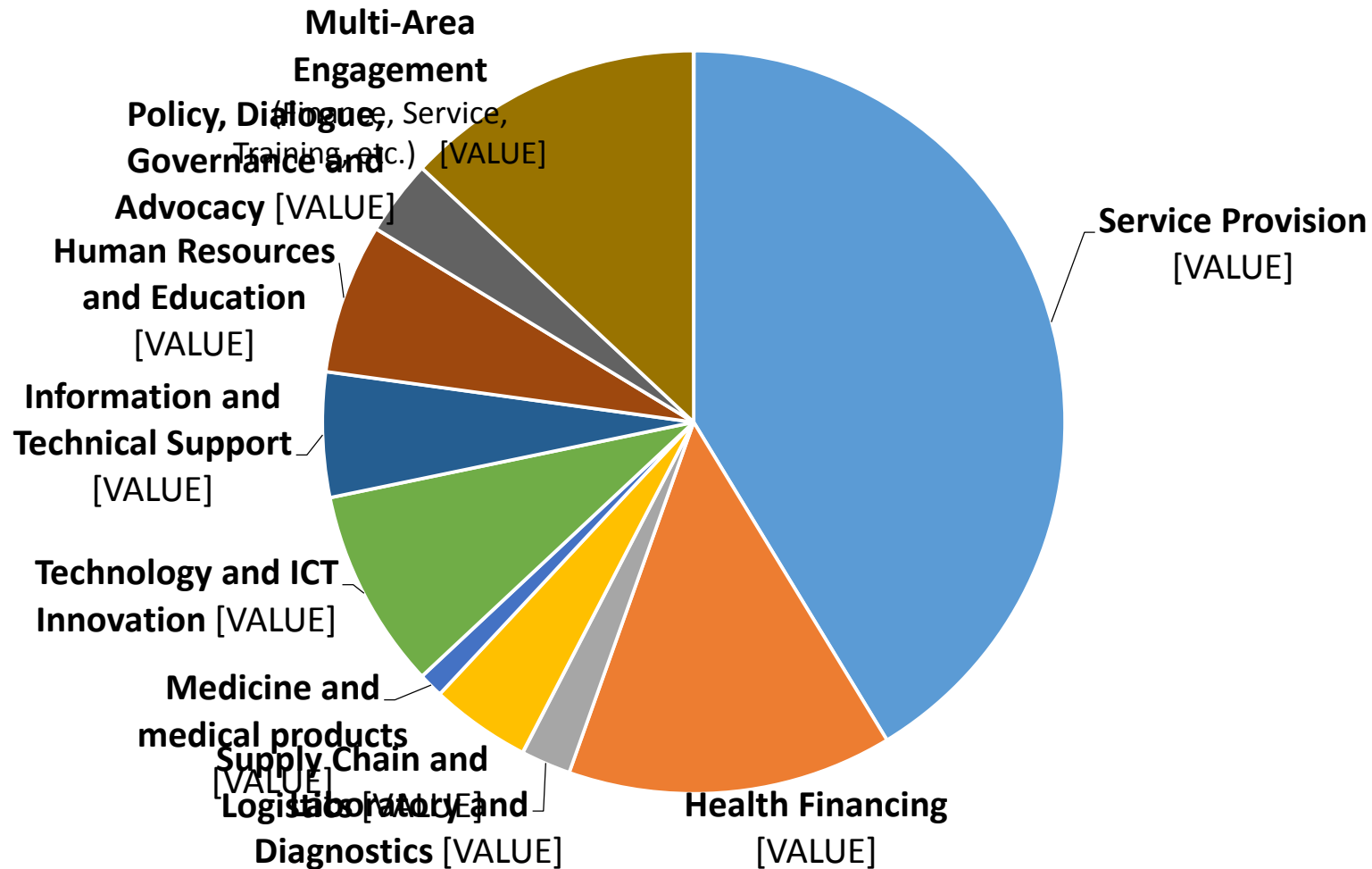
Public-private partnerships (PPPs) a common modality for private sector engagement

In PPPs, private providers and businesses join with governments, international organisations, or non-profits to address social needs.

Opportunities for the private sector to engage need to be properly aligned to a country's public health goals, including better access and affordability for the poor to access quality healthcare and medicines.

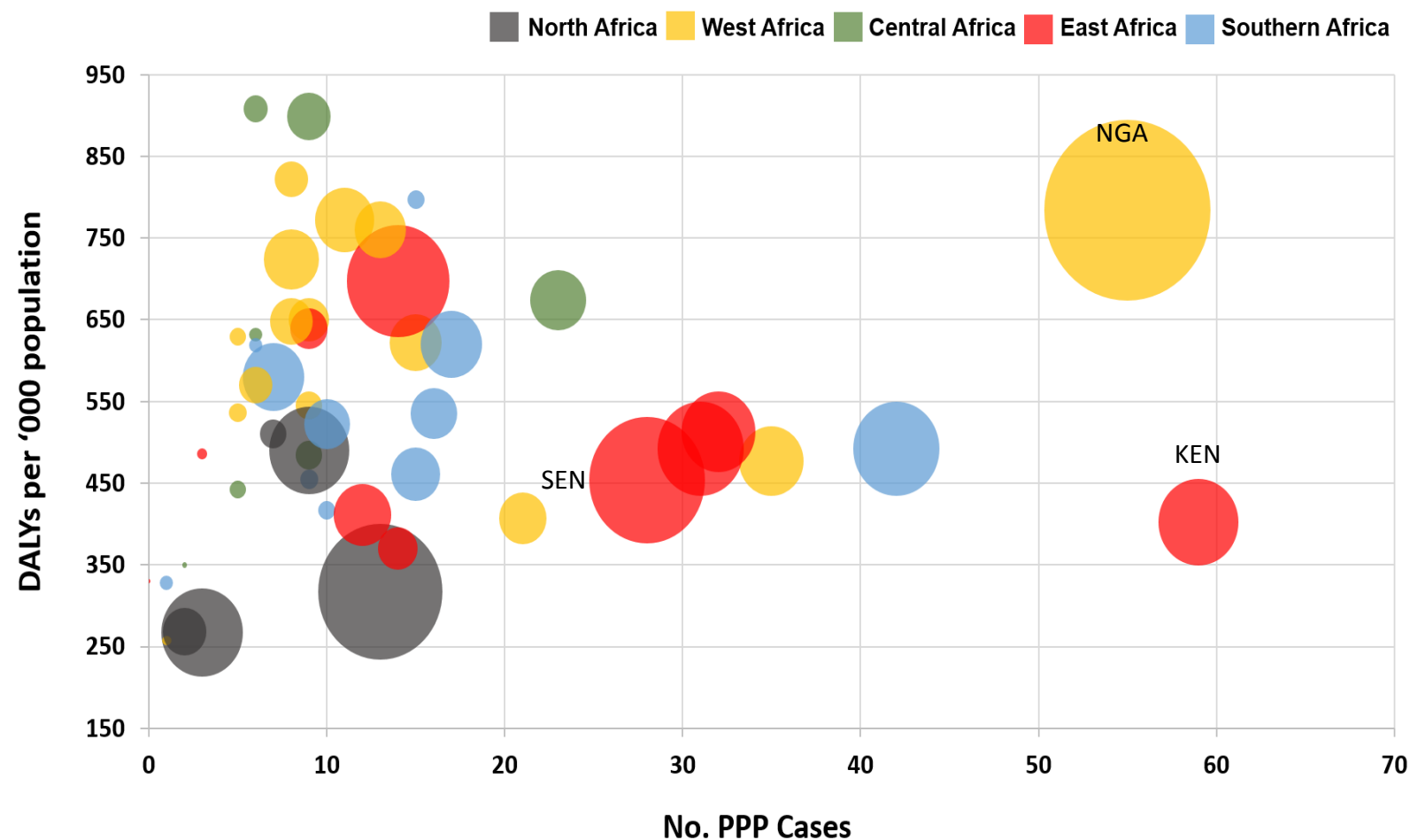
Key features of PPPs in health in Africa

Service delivery and health financing predominate private sector engagement in PPPs in health



PPPs often not aligned to disease burden or health priorities

- The number of PPPs and Government Health Expenditure (as % of total health exp.) is mildly and negatively correlated. (Correlation coefficient = -0.22)
- That is, PPPs most likely replace government spending on health.
- Kenya and Senegal have approx. the same no. of DALYs and also similar public spending. But Kenya has 61 PPPs to Senegal's 18.
- The number of PPPs and DALYs are not correlated (Correlation coefficient = 0.09).

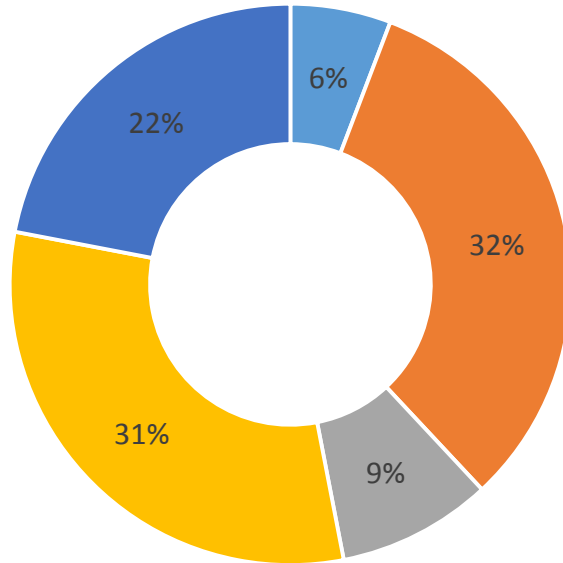


Note: The size of each bubble represents the relative size of the country's population.
Source: ECA calculations using WHO database for DALYs; population data from UNDESA Population Division. World Population Prospects. The 2017 Revision.

PPPs are unequally distributed across the continent

Nearly two-third (63%) of PPPs in health are in East and West Africa

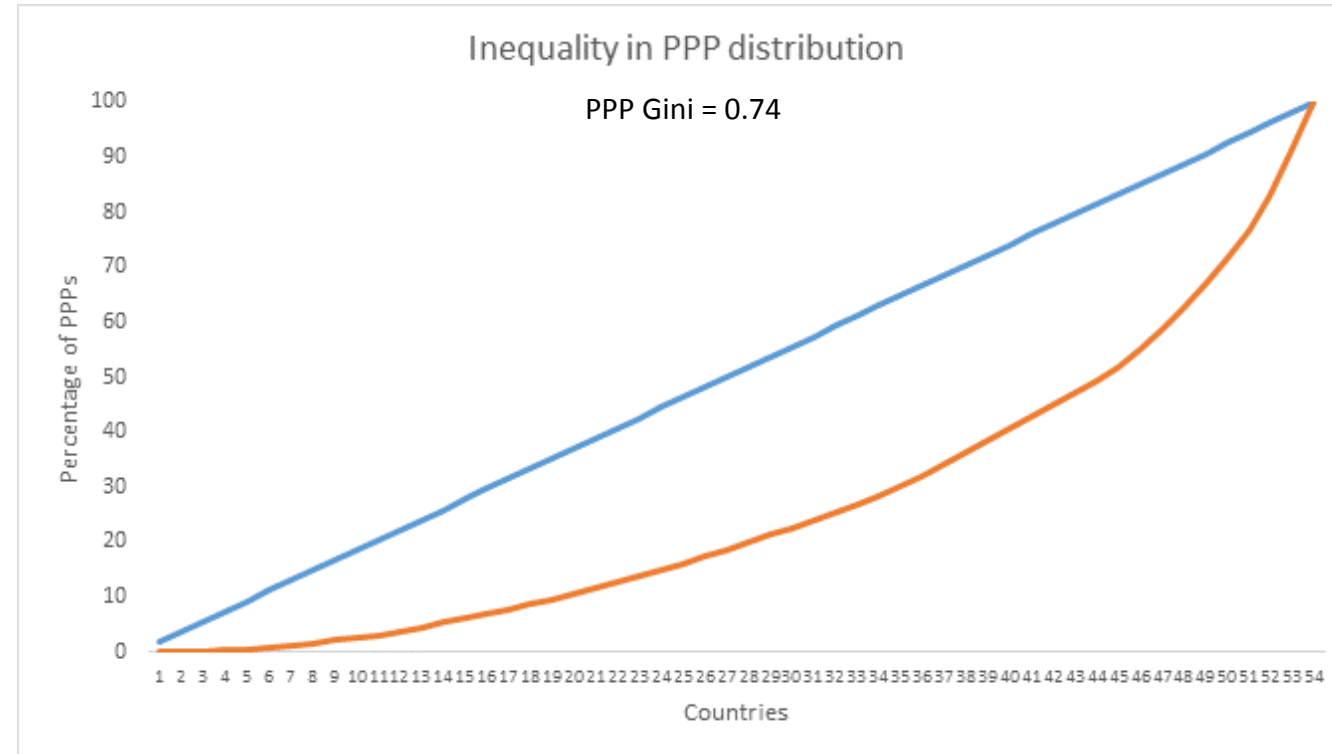
% of PPP Cases by Sub-Region (N= 178 cases)



- North Africa
- Eastern Africa
- Central Africa
- West Africa
- Southern Africa

Source: ECA calculations

Just 10 countries* account for more than half (51%) of all PPPs



Source: ECA calculations

- * West Africa: Nigeria, Ghana, Senegal
- Central Africa: Cameroon
- East Africa: Ethiopia, Kenya, Tanzania, Uganda
- Southern Africa: Mozambique, South Africa

RECOMMENDATIONS

WHAT SHOULD GOVERNMENTS DO?

- 1. *Focus on*** achieving broad-based economic growth and prudent macroeconomic management that includes strengthening of debt management frameworks and strategies; improved tax administration to increase tax revenues; strengthening of financial administration to reduce illicit financial flows; and prioritizing public funding for health by reducing fossil-fuel subsidies and other wasteful expenditures.
- 2. *Identify innovative sources for financing healthcare*** such as Development Impact Bonds and debt-to-health swaps;
- 3. *Allocate sufficient resources*** in health-associated sectors such as water and sanitation to reduce the extent of CDs, and undertake mass awareness campaigns to reduce NCDs; and
- 4. *Enhance regulatory systems*** for improved governance of PPPs, create suitable conditions to attract private investments, strengthen infrastructure, improve internet connectivity, and promote intra-African trade in health products and services.

WHAT SHOULD THE PRIVATE SECTOR DO?

1. ***Invest efficiently and effectively*** in health sectors such as the pharmaceutical industry, medical education and digital technology that are presently under-invested;
2. ***Leverage the recently-signed AfCFTA*** and identify market opportunities to invest in countries or create manufacturing hubs in the sub-regions;
3. ***Comply with the regulatory mechanisms*** and oversight measures aimed to curtail trade mispricing and tax evasion;
4. ***Work with governments*** through various modalities, including PPPs, to align investment to achieve the health-related Sustainable Development Goals and the aspirations of the African Agenda 2063.

Thank You