Health And Economic Development Of African Countries

This paper helps to find the relationship health has with economic development in African countries. It focuses mainly on sub – Saharan countries. The general method of moment and ordinary least square were used on the empirical part. Health will be discuss and seen how it relates with other factors such as economic development, education, human capital and growth rate, productivity, savings and higher education.

Introduction

According to Eggoh, Houeninvo and Sossou (2015), Investing in health services has a great advantage in the development of a countries economy. In the long run, this will improve the quality of life of those in need. Moreover, connecting education and health with economic development and human capital is fundamental. In addition, this increases the productivity of labour there by producing more income which on the other hand increases the well-being of individuals (Piabuo, Tieguhong, 2017). The relationship between health and economic development is very important especially in African countries where educational level, health and quality of life is really low compared to other regions of the world. A great economic development also brings in a great investment in human capital (Eggoh, Houeninvo, Sossou, 2015). Piabuo and Tieguhong (2017) emphasizes that a healthy labour comes in with greater skills and knowledge because society will enjoy a long-standing benefit. On the other hand, a poorer labour force characterise by employees with poor health turn to negatively affect productivity

Literature review

Piabuo and Tieguhong (2017) states that the importance of increasing health in African countries correlate with economic development and well-being of the nation and individuals. This is noticeable due to some reforms initiated by some African countries trying to be up to the level of the health millennium development goals (MDGs). African leaders took actions like in 2001 where Abuja declared a rise in government funding on health by 15% of the government budget (Piabuo, Tieguhong, 2017). In 2008, Ouagadougou also took action by declaring an initial health care and system. The innovative international financing for health services advised less develop countries to allocate a minimum of 44 US dollar per capita to provide a proper health service (Piabuo, Tieguhong, 2017). The authors also state that most of African countries were not able to meet those targets except for some countries like Zambia, Botswana and Rwanda. The extension of medical coverage in African countries save the life’s of many people thereby reducing the level of poverty and on the other hand increased economic development and safety followed overtime (Colantonio, Marianacci, Mattoscio, 2010).

According to Cerf (2018), a great consideration has been put on some health diseases known as NCDs (Notably cardiovascular diseases, diabetes and respiratory diseases). She also states that there are other diseases affecting which include HIV, Tuberculosis and a significant rise in mental health. She also says that limited funding and infrastructure has made it difficult for some African countries to develop their economy.

Valuable investment and interventions done in African countries is increasing as years go by. Nevertheless she states that some diseases are still a burden due to limited health resources. She also did find out that some socioeconomic aspects sometimes play its role to this burden. Health care comes in with high cost but due to the poor economic performance of some African countries, it makes it difficult to reach their target (Piabuo, Tieguhong, 2017). The authors states that, most African countries fall in between middle and low income earners and are face with a big problem of limited funds for a quality health care service. They also noticed that Africa's health expenditure amounted to about 135 US dollars per capita in 2010 which was just 4.2% of what US spent which amounts to about 3150 US dollar.

The authors also express the difficulties in financing health care services due to the strategies and structured adopted which is not appropriate. The authors found out a noticeable 40% of total health expenditure comes from household incomes personal spending which is a regressive way of health care finance.

Health care, education priority in African countries

According to Wike and Simmons (2015), the united nation plan to come up with an overall development target and during their research, they find out that lot of African countries are feeling optimistic regarding their future compare to any other nation. They add on by saying that African economies have been experiencing an increase in economic growth in the past years and African publics do believe their economy will progress in the short run. Sub Saharan countries have encounter big challenges in the past years such high poverty rates though since the last United nation development target, poverty rate has been drop to half (Wike, Simmons, 2015). Although there has been a great progress in stepping up their health care services in some sub Saharan countries, they still believe that much help is need from abroad to improve their system (Wike, Simmons, 2015). The author adds that among the 9 nations (Senegal, Uganda, Kenya, Ghana, Burkina Faso, Tanzania, Nigeria, Ethiopia, and South Africa) studied in sub-Saharan countries, a median was taken and 68% do believe they need help from outsiders. Moreover, they adds that most people believe that most of those foreign institutions have strengths and huge weaknesses. In the countries being polled, around 78% of the citizens at least did believe that their national government may come up with solutions to solve their main problems. They say that Nigeria is the country with the majority of their citizens confident. In addition a lot of people to criticize their government because of the high level corruption and lot of those government official workers do work for their personal gains rather than for the goodwill of the citizens. Among the nine countries surveyed, a median of 78% of the people of the 9 countries also have a strong believe that foreign donors can help in the improvement of the different problems encountered in their country (Wike, Simmons, 2015). Moreover, 68% believe these foreign donors are effective, 53% believe they are very corrupted whereas 45% still think they are not efficient (Wike, Simmons, 2015).

Nevertheless, the author says a polled was also taken and results showed private sectors both domestic and international have a role to play in the challenge faced by those nations. A median of 66% showed that citizens trust domestic companies in the improvement in challenges faced by their country compared to 60% trust in international companies. 67% believe they provide jobs to local workers and contribute to the economic development of their countries (Wike, Simmons, 2015).

Health and economic development

Some research show the correlation between health and economic development where by one accompanies the other. African countries are willing to increase the cost of health in their various countries, due to their bad economic performance, that makes it difficult to realise its objectives (Piabuo, Tieguhong, 2017).

According to many research conducted by different authors, there have been some difficulties on the empirical studies conducted because most use the factor of life expectancy as the only variable for health on economic development whereas, there are other factors that need to be taken into consideration such as disabilities or comfort (Uzoma, 2014). He stated that to correct this model, some variables had to be included such as the lifestyle and environment which they live, socio-economic conditions and health services.

Piabuo and Tieguhong (2017) states that a lot of African countries lack human resources. The author states that around 36 countries in the 46 african sub-saharan countries experience this shortage. They provide figures of around 817,992 lack of health employees. According to their research, they states that a lot of African countries will need to increase their human health resources by at least 140 percent and bring up training centres for the newly recruited health workers. Nevertheless, they also say that a lot of difficulties will be encounter such as low payment, difficulties to resolve turnovers in rural areas and reliability on some foreigners in certain countries to seek knowhow. Uzoma (2014) says that economic development comes with an increase in productivity which later on boost employee productivity, increases output and lesser illness is recorded. She also mention that an increase in investment brings in capital growth where by the healthier people save more and boost growth. She adds that a healthy environment helps boost the countries tourism and this add to the country’s gross domestic product

Human capital and growth rate

Uzoma (2014) mentions that human beings capability is needed to boost economic growth and productivity. He also explain that human capital correlate with education and health as they are input functions and factors of economic development. His thesis shows that it is very difficult for developing countries to compete with developed countries due to low availability of human capital. She adds that for the past years human capital studies has being attributed to education only but recently. It has also been directed to health as an important input for human capital stock. He explains that health is primordial in order to have a well fit workforce which later increases productivity and on the other hand, education also boost productivity which later on help individuals to familiarize with modern technology. He also states that health and education are connected whereby they both improve productivity which makes it important for every African country to pay attention if they want to achieve development. He went on by saying some findings have shown that an increase in income without a proper growth in education and health have been unsuccessful in being used in the investment in the education and health and even the market or the choices of consumption made by families cannot easily solve it. Moreover, there is highly a need of development plans to consider income elasticity of the goods.

Nevertheless, according to Eggoh, Houeninvo and Sossou (2015), they states that some

petroleum exporter countries have negative liaison between education and economic growth. They say that some develop countries have put less effort on human resource by spending more instead on educations. The authors adds that areas with a high rate of malaria are constraint to have a reduction in earnings growth rate. They add that HIV decreases the growth rate by reducing human capital by 0.33% per capita income in some countries in Africa. According Colantonio, Marianacci and Mattoscio (2010), a large spread of medical care will actually save millions of lives yearly thereby decreasing poverty, boost economic development and push up safety.

Health contribution in productivity

Health has a considerable effect on the output when it concerns productivity (Renny, 2012). A decreasing health status leads to a decrease in labour productivity, less hours worked, fewer engagement in labour force there by reducing individual income (Frimpong, 2012). He also says that this will have a significant impact on the wealth of the population leading to a decrease in economic growth and social well-being. Renny (2012) also adds that increasing employee productivity does not only depends on their physique capabilities but also increasing their mental, cognitive and reasoning capacity. Healthy employees are generally productive, earn great wage and less like to fall sick. The author adds that developing countries experience a high level of sickness and disability with a large proportion of the people engage in hard work compared to developed countries. Uzoma (2014) adds that health boots productivity and success follows in education given that the healthy students will be able to study better, have quality education and will be less absent from school thereby earning good income when entering the job market in the future. Health is very important for human capital and developing countries need to focus more for economic development to follow which in the longer run will increase productivity and wage rate of workers (Renny, 2012).

Health contribution to savings

Health is a factor important for employees to help them work and save (Renny, 2012). Knowing that in an economy, increasing saving increases investment, wage earners will have more access to capital and income will generally increase (Renny, 2012). He also adds that a great health environment gives a longer life span thereby increases saving for retirement by wage earners. Moreover, those saving can later be switch to assets affecting productivity. Moreover, he adds that diseases can decrease productivity and hinder investment. Foreign investment tend to stay away from countries which have inadequate health care systems.

Relation between higher education and economic growth

Sub-Saharan African countries advancement in higher education has been sluggish compare to other countries around the world may be because of the little understanding of the advantage higher education may have in economic development (Bloom, Canning, Chan, Luca, 2013). According to Frimpong (2012), the author explain that economic growth can be observed both in private and public sectors. They add that in the private sector, individuals can gain from great salaries, greater employment chances and higher capacities to invest and save money. They add by saying that this bring in a better conditions of life and health thereby improving life expectancy with employees exceeding productivity in the long run increasing life time earnings

On the other hand, public gain are not extensively acknowledge which explains why some governments pay less attention on public institutions as a means of public investment. Moreover, individual earnings help the society whereby strong educated people do have high earnings which increases tax revenue in general for the government and facilitate demand on the finances from the state. The author says that with the world rapidly growing in a knowledge tertiary economy, education in tertiary institutions may help close in develop societies more advance in technology. Those who come from higher education are the one entitle to adapt rapidly to this technologies especially developing new skills. They can use this skills to boost the understanding of employees who are non-graduate background.

According to Van Hilten (2015), higher education is growing so fast in a lot of African countries and both genders enrolling much in universities compared to back in those days. She adds by saying there was considerable increase in people going to tertiary institutions from 6.1 million in the years 2000 to around 12.2million in the year 2015. The author also says that lot of countries use to focus more on primary education but as from the year 2000, people seem to now understand the impact higher education has on the economic development of a country. She also says that a lot of studies use to relate how higher education boost know-how and skills thereby increasing income but recent studies showed that more factors needed to be taken into consideration such as the location, regions, available know-how and education structure and also the network of enterprises. The author adds that higher education is vital for developing African countries and is of great importance for their economic development. Those African countries will need professionals in every sector let be in the medical field, education, engineering, business or law for the betterment of their countries

Data analysis

This study is from the year 1996 to 2010 which is mainly 49 African countries. Data has been taken from the world development indicators. Health and education are used as indicators to determine how human capital affects growth. In every human capital, investment and stocks will be used as indicators. The human capital stock will be used as an indicator for the expenditure of human development regarding efficiency. Other factors kept constant, huge stocks of human capital will be expected if extra resources is dedicated to human capital investment

For the different health variables, we have health expenditure which is use as percentage of gross domestic product as measurement of investment of human capital. Stock variables which include life expectancy (lifexp) and how long individual can survive up till 65yrs (surv). For education, public spending is used as percentage of Gross domestic product (educ). 2 education stocks including primary (prim) and secondary (sec) section. This stock variables can be use to show how effective spending is done in education and health. If well implemented will lead to an increase in enrolment and life span.

For Growth determinants, some variables are used to command components associated with economic growth. Gross domestic product per capita (Gdpc) which test convergence according to growth theory. Inflation rate (Infla) and expenditures of government on GDP (govexp) to check the macroeconomic balance, the summation of export and import as part of gross domestic product to check how open an economy can be. The government expenditure will be subtracted from the education and health expenditure (Ehexp). A measurement of the ratio of gross fixed capital will be made regarding gross domestic product to get investment ratio (Gfc).

Net inflows, (Fdi), money and quasi money (findev) taken as percentage of gross domestic product to lessen the financial debt. See table 1 one below which shows a brief summary statistics of variables used

The statistics shows that Gross domestic product is high in African countries compare to the world average of around 2%. Equatorial Guinea was among the countries with highest economic growth of about 20.14% due to their investments in oil (Eggoh, Houeninvo, sossou 2015). Zimbabwe experience a decrease in economic growth due to the various crises the country encountered. Primary school enrolment is still high in African countries where as secondary school enrolment is still very low (39.25%). They add that health indicators where still noticeable low compared to developed countries. For example, research shows that the life expectancy in the developed countries is around 80 years compared to African countries where it is around 54 years. Compared to European Union countries where government spending is approximately 40%, African countries recorded a low government spending of around 15.19%. Given that public shares have been relatively low in education and health in African countries approximately (4.48% and 5.31%) receiving around 60% public expenditure. This shows how important this help in the development plans of a country. Inflation rate was notice to be high at around 24%. African economies is notice to open to trade to about 77.59%. This is high due to the high dependency of African countries on import. The macroeconomic variables were below to improve economic growth.

Conclusion

Due to the inefficiency of education and health in some African countries, economic growth was barely noticeable (Eggoh, Houeninvo, sossou 2015). They added that other courses include a lot of bureaucracy and corruption recorded in most African countries. Moreover incompetency's in public spending was high in education compare to health knowing that the health factor is the most important variable for economic growth than education (Eggoh, Houeninvo, sossou 2015). These findings show that African government with greater effort can spend more in health and boost the performance of education sector

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