

HEALTH CARE FINANCING: RECENT EXPERIENCE IN AFRICA

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THE GLOBAL MACRO-ECONOMIC SITUATION

According to the 1981 World Development Report of the World Bank,

[...] world economic conditions have worsened: the prices the developing countries must pay for their imports, particularly oil, have increased while their capacity to pay for them has declined. Their export growth has been constrained by the continuing recession in the industrial countries. Concessional finance has stagnated; and there are signs of uncertainty in the commercial capital markets. Even under the relatively optimistic assumptions of this Report's high-case projection, the income gap between the richest and poorest countries will continue to increase; under the low-case, even the number of individuals living in absolute poverty will rise [1].

Unemployment is increasing in industrialized countries unprecedented levels since the 1930s and dampened world demand for all raw materials is creating economic hardship throughout Third World countries.

This general world economic stagnation has contributed to a decline in the growth of development assistance available to poor countries. For example, the proportion of official development assistance of OECD member countries has remained constant over the decade of the 1970s at 0.35% of GNP after declining from 0.5% in 1960. Net bilateral flows from these same countries as a proportion of GNP has actually declined over the two decade period from 1960 from around 0.2% to less than 0.1% in 1979. OPEC assistance has also reached a plateau and as a percentage of GNP has actually declined to around 1.4% in 1980 from over 2.5% in 1975 [2]. The prospects for significant further expansion of such assistance appears bleak particularly given budgetary problems in several of the large donor countries. Further exacerbating the problem of aid flows has been its maldistribution in favour of middle rather than low income countries [3].

MACRO-ECONOMIC CONTEXT OF SELECTED AFRICAN COUNTRIES

Given the above perspective on the global situation as it might affect all developing countries, including those in Africa, it is instructive to review the macro-economic context of African countries themselves. In order to ascertain the extent to which the financing of health care delivery may be affected. In the analysis which follows, a review is conducted of the macro-economic context of the twenty most populous African countries (excluding Uganda and Mozambique for reasons of data unavailability). Data relevant to this discussion is presented in Table 1. These 20 countries contain about 75% of the population in sub-Saharan

African as of 1979, with Nigeria alone representing over 25%.

In Column 2, Table 1, 1979 GNP per capita figures are presented. The continent-wide average for 1979 was about \$400. Among the twenty countries presented in Table 1, at least 50% had a figure less than \$300, with only 7 countries having figures above the continent-wide average. Only one, Ivory Coast, had a figure greater than \$1000. Poverty is pervasive throughout all countries on the continent.

Further, the per capita economic growth rates (Column 3) over the last two decades show that the prospect of alleviating poverty is not rapidly becoming a reality. For the continent as a whole, annual per capita income growth during 1960-1979 approached 1.6%. However, among the 20 most populous countries, 6 recorded negative growth over the period and 4 others grew at less than 1% per year. Only 3 countries recorded rates above 2.5% (Kenya, Cameroon and Nigeria) with Nigeria's figure significantly influenced by oil. The World Bank has recently concluded that the economic growth prospects for the 1980s will be even bleaker than the previous two decade period, with continent-wide growth projected to be negative [4].

Perhaps a more direct long term barometer of future health trends is the average annual per capita rate of growth in total food production (Column 9, Table 1). These data show that over the decade of the 1970s, 13 of the 20 countries had negative growth rates, and 8 of the 13 showing negative rates of greater than 1% per year. Only 6 showed positive rates, with the Cameroons being the only country with a positive rate greater than 1% per annum. Given that the average daily per capita food supply in Africa was estimated at around 2000 calories in 1977, which is significantly below any nutritional standard, and that consumption is below the supply level due to losses in storage and preparation, it is clear that the economic forces operating in agriculture are crucial not only to the long term development of the economy as well as to the health status of the population.

One potential option is to import food. However, in order to engage in such a strategy, a capacity to import is necessary. In Column 5, Table 1, the data show that many countries' economies are open, with a large proportion of total economic activity hinging on export activity. In 6 of the 20 countries, exports comprise more than 20% of GDP, and only 2 show a figure less than 10%. Thus it is clear that export growth is important for economic growth and that these open economies are dependent on an expanding world demand for primary products. Without an expanding international market and exportable surpluses, trade

Table 1. Macro-economic context of selected African countries, 1979

Country	1979 pop (millions) (1)	GNP per capita (2)	GNP/capita average annual growth rate 1960-1979 (3)	Balance of trade (millions \$ 1979) (4)	% Exports of GDP 1979 (5)	Debt service (% of GNP 1979) (6)	Official dev. assist. (% of GNP 1977) (7)	Food aid imports (kg per capita 1979) (8)	Avg. annual rate of growth of tot. food prod. per capita 1970-1979 (9)
Nigeria	82.6	670	3.7	5,674	24.0	0.4	(.)	0.0	0.8
Ethiopia	30.9	130	1.3	-149	11.8	0.7	4.4	5.1	1.7
Tanzania	18.0	260	2.3	561	12.7	0.9	12.4	3.0	1.5
Sudan	17.9	370	0.6	-619	7.6	4.5	8.5	5.1	0.5
Kenya	15.3	380	2.7	-554	20.9	1.8	6.0	0.6	0.5
Ghana	11.3	400	-0.8	103	10.8	0.5	3.8	6.5	3.1
Madagascar	8.5	290	-0.4	247	14.0	0.7	5.1	1.0	0.7
Ivory Coast	8.2	1040	2.4	24	27.5	6.0	1.9	(.)	0.9
Cameroon	8.2	560	2.5	142	21.2	2.5	5.9	0.9	1.1
Zimbabwe	7.1	470	0.8	254	32.8	NA	0.5	NA	0.7
Mali	6.8	140	1.1	-3	14.5	0.7	19.9	3.7	1.6
Malawi	5.8	200	2.9	166	19.1	2.1	12.0	0.4	0.3
Zambia	5.6	500	0.8	622	42.5	9.7	7.6	8.9	0.0
Upper Volta	5.6	180	0.3	-173	9.4	0.8	19.8	8.7	0.4
Senegal	5.5	430	-0.2	335	17.0	5.0	13.1	11.8	1.6
Niger	5.2	270	-1.3	NA	NA	0.8	12.3	4.5	1.5
Rwanda	4.9	200	1.5	75	13.4	0.1	15.0	2.1	1.1
Chad	4.4	110	-1.4	NA	NA	3.3	18.0	5.9	1.0
Burundi	4.0	180	2.1	-47	14.4	0.4	12.8	4.0	0.7
Somalia	3.8	NA	0.5	-176	10.8	0.2	NA	22.5	1.7

Sources: [1, 13].

NA - not available

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