Health Investment and Economic Growth: A Pathway to Sustainable Development for Somalia

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Abstract

This study presents an in-depth analysis of the impact of health investment on Somalia's economic growth, predominantly utilizing secondary data. It aims to establish a correlation between increased healthcare investment and subsequent economic development, emphasizing the role of improved health conditions in fostering a more productive and educated workforce. The research methodology centers on the analysis of existing quantitative data, complemented by secondary qualitative sources such as published interviews and case studies. This method facilitates a detailed examination of the ways in which healthcare investment contributes to enhanced life expectancy, reduced disease burden, and increased population productivity and educational attainment. The study also delves into the potential of public-private partnerships in enhancing healthcare delivery in low- and middle-income countries, with a particular focus on primary healthcare. Significantly, the findings highlight an economic leverage effect, where investing one dollar in healthcare is projected to yield a four-dollar return in economic growth. This result underscores the efficiency and effectiveness of health investments, suggesting substantial economic benefits such as improved workforce participation, enhanced productivity, and overall economic growth. The study accentuates the crucial role of health investments as a key driver of sustainable development, particularly in contexts like Somalia, where such strategic investments are vital for long-term economic and societal progress.

Keywords: *Health Investment, Economic Growth, Somalia, Public-Private Partnerships, Sustainable Developments.*

Introduction

Health is a fundamental aspect of human development, and its impact on economic growth has gained significant attention in recent years. This article explores the relationship between health investment and economic growth, highlighting the various mechanisms through which improvements in health can contribute to long-term economic development. Somalia's health system has been weakened by three decades of civil war and instability, which has resulted in some of the lowest health indicators in the world. Between 26-70% of Somalia's 15 million people live in poverty, and an estimated 2.6 million people have been internally displaced[1]. The Somali government is committed to using current opportunities to strengthen health and social development, including the implementation of the Somali National Development Plan for 2019–2024 and the Somali Universal Health Coverage (UHC) Roadmap, launched in September 2019. Both plans identify primary health care as the main approach to improving health outcomes in the country[1].

The private sector has a significant role to play in improving health service delivery in Somalia. Private health services and the pharmaceutical sector are largely unregulated in Somalia but could contribute to improving access and achieving UHC [1], [2]. Public-private partnerships (PPPs) remain one of the important approaches adopted by Somalia to address the situation [3]. A study conducted in Somalia found that lease contracts and afterimage contracts are vital in public-private partnerships, which also influence the delivery of health services to the people within [4].

The Global Action Plan for Healthy Lives and Well-being for All (GAP) is a collaborative initiative among 12 signatory agencies to help countries achieve their major health priorities. The initial focus has been on strengthening primary health care and sustainable financing for health. Somalia is one of the countries where progress under the GAP is most advanced and where its added value has been most clearly demonstrated. The GAP agencies and multilateral and bilateral partners have identified 5 priorities for enhanced collaboration to accelerate progress towards UHC. These include the establishment of the Health Sector Coordination Committee, which brings together partners across the federal and local governments, Somaliland, UN agencies, donors, and civil society to build consensus around a priority package of essential services and critical health system reforms [1].

Health Investment: Definition and Types

Investing in health encompasses a wide range of interventions, summarized in the following three categories:

- Healthcare infrastructure: This includes building and maintaining hospitals, clinics, laboratories, and other facilities that provide health services to the population.
- Access to essential services: This involves ensuring that people have access to quality and affordable health services, such as primary care, maternal and child health, emergency care, and specialized care.
- Disease prevention and health promotion: This covers activities that aim to prevent or reduce the burden of diseases and promote healthy behaviors, such as vaccinations, health screenings, health education, sanitation, and nutrition.

"Health *is state of complete physical, mental and social wellbeing and not merely the absence of disease or infirmity". (WHO)*
"Health Care; Protecting and promoting the health of people is essential to human welfare and sustained economy and social development". (Alma-Ata Declaration September,1978).

Health Investment and Economic Growth: Theoretical and Empirical Linkages

Investments in health have led to improved population health outcomes, which, in turn, have profound implications for economic growth. The main linkages between health investment and economic growth are:

1. **Increased life expectancy and productivity:** Investments in health can increase life expectancy by reducing mortality rates from infectious and chronic diseases. Longer lives mean more years of productive work, resulting in growth in GDP. A recent study estimates that every dollar invested in health in a developing country yields between $2 to $4 in economic returns1. Fig

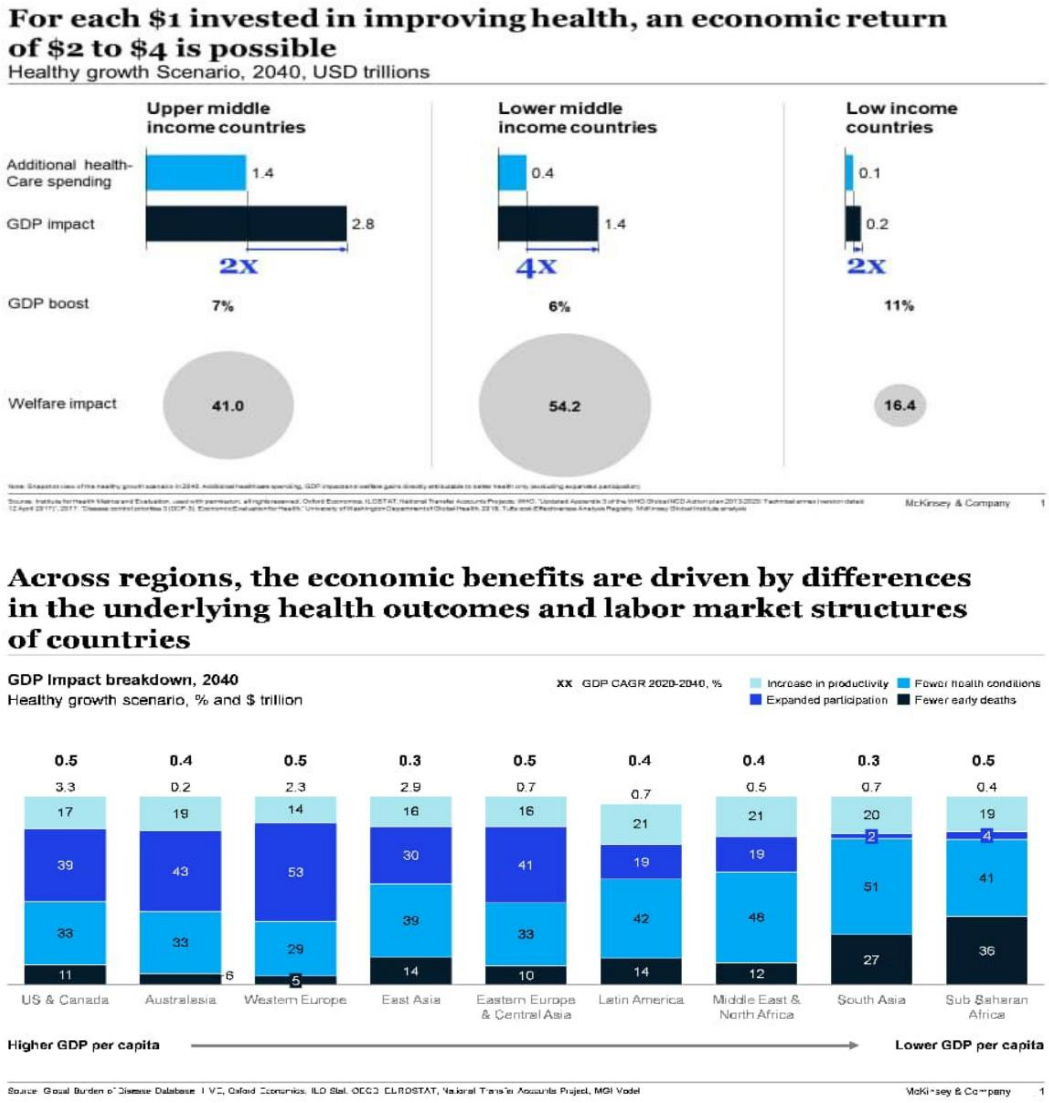
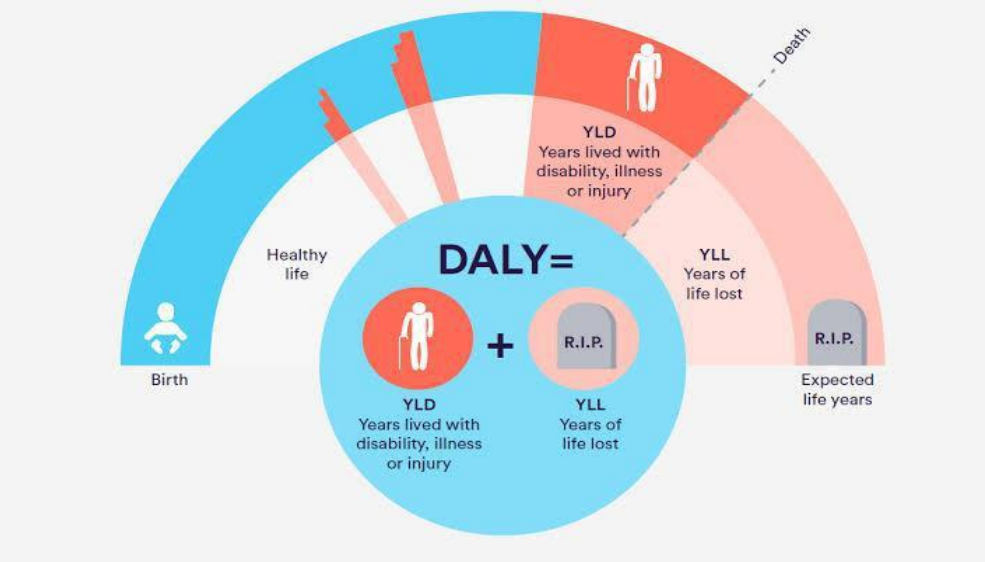


Figure 1 Investment in Health

2. **Increased workforce participation and educational attainment:** Investments in health can also increase workforce participation by reducing morbidity rates from diseases and injuries. A healthy population is more likely to be productive, contribute to increased labor supply, higher educational attainment, and reduced absenteeism due to sicknesses. Moreover, healthier individuals have higher earning potential, leading to greater income generation and overall economic prosperity of the country[2]. Fig 2

Figure 2: Disability Adjusted Life Years DALY



3. **Reduced healthcare costs:** Investments in health can also play a crucial role in reducing healthcare costs, by focusing on preventive measures, such as vaccinations, health screenings, and health education that can mitigate the impact of costly diseases and epidemics. This not only preserves public resources but also allows individuals and households to allocate their financial resources towards other investments, further contributing to economic growth[3].

Health Investment and Impacts on economic Growth in Low- and Middle-Income Countries (LMICs)

In LMICs, health investments take on added significance due to specific economic and social contexts:

1. **High Impact Potential:** Health investments in LMICs can have a disproportionately high impact on economic growth. These countries often face a higher burden of preventable diseases, and investments in healthcare infrastructure, disease prevention, and health promotion can lead to significant improvements in population health.

2. **Economic Catch-Up:** Many LMICs are in the process of economic catch-up, seeking to close the income gap with high-income countries. Improving health can be a crucial driver of this catch-up process, as healthier populations are more productive and can contribute more to economic growth.

3. **Human Capital Development:** In the human capital' revolution in economics, there was a conceptual base that health is a core contributor to an individual's human capital. In addition, health of an individual is capital which diminishes with natural aging. Diseases accelerate the fade out of health, therefore investing in health slows down this loss. From this point of view, LMICs can benefit substantially from health investments as they strive to build human capital. A healthy population is better equipped to acquire education and skills, which are essential for economic development. This can contribute to a more skilled and productive workforce.

4. **Reduced Economic Vulnerability:** Health investments can help LMICs reduce economic vulnerability, particularly in the face of health crises such as Covid-19. A robust healthcare system and investments in preparedness can prevent significant economic losses during pandemics or other health emergencies.

5. **Inequality Reduction and health equity:** Health investments in LMICs should address health inequalities, as these countries often have stark disparities in healthcare access and outcomes. Reducing health disparities can promote social cohesion and enhance economic stability.

6. **Private Sector Role (Public Private Partnerships PPP):** The private sector often plays a significant role in healthcare delivery in LMICs. Encouraging responsible private sector engagement can improve access to healthcare services and contribute to both health and economic outcomes.

7. **Resource Constraints:** Many LMICs face resource constraints, which can make it challenging to allocate sufficient funds to health investments. International aid and partnerships to make sustainable health programs can be vital in supporting these countries' efforts to improve healthcare infrastructure and services. **Mixed financing Models**,

involving the state, the private sector, people and non-governmental organizations would be a solution to get funding for healthcare investments.

8. **Long-Term Vision:** LMICs need to balance short-term economic pressures with long-term health investments. While immediate economic gains are essential, long-term health investments can lay the foundation for sustained economic growth.

9. **Global Interconnectedness:** The health of populations in LMICs is not isolated from the global community. Diseases can spread across borders, affecting both health and economic stability. International collaboration and support for LMICs' health systems are crucial for global health security and economic well-being of the whole world.

10. **Technology Transfer and Innovation:** Through partnerships knowledge sharing and cooperation LMICs can leverage technology transfer and innovations to improve healthcare delivery and outcomes. Access to affordable healthcare technologies and pharmaceuticals can drive both health improvements and economic development.

Conclusion

Investments in health are essential for achieving sustainable economic development. By improving population health outcomes, health investments can increase life expectancy, productivity, workforce participation, education attainment, income generation, and reduce healthcare costs. Therefore, policy makers should prioritize health investment particularly public private partnerships, mixed financing methods and afterimage contracts as the key strategy for enhancing healthcare delivery and economic growth in Somalia.

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