

# Global South Health Economics: Current Status and Future Perspectives

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## ABSTRACT

The Global South, encompassing low- and middle-income countries (LMICs) in Africa, Asia, Latin America, and Oceania, faces unique health economics challenges due to limited resources, high disease burdens, and systemic inequities. Health economics in the Global South is marked by constrained resources and high disease burdens. The World Health Organization (WHO) reports per capita health expenditure in LMICs at \$81 (2020), compared to \$5,251 in high-income countries. The Global South faces health economics challenges but holds transformative potential. By prioritizing UHC, digital health, and local production, LMICs can achieve SDG 3. India's achievements, like Ayushman Bharat and vaccine diplomacy, set a model. South-South Cooperation, led by India with Brazil, South Africa, and others, can reduce Global North dependency and build resilient health economies through collaboration and innovation.

*Global South Healthcare Journal, 2025; 1(2).*

**DOI:** 10.61081/gshj/1v2i106

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## KEYWORDS:

Ayushman Bharat, Global South Health Economics, Health expenditure, LMICs, South-South Cooperation, Vaccine diplomacy, World Health Organization

## HOW TO CITE:

Chandranand PS, Rastogi M. Global South Health Economics: Current Status and Future Perspectives. *Global South Healthcare Journal*. 2025;1(2):76–80

## INTRODUCTION

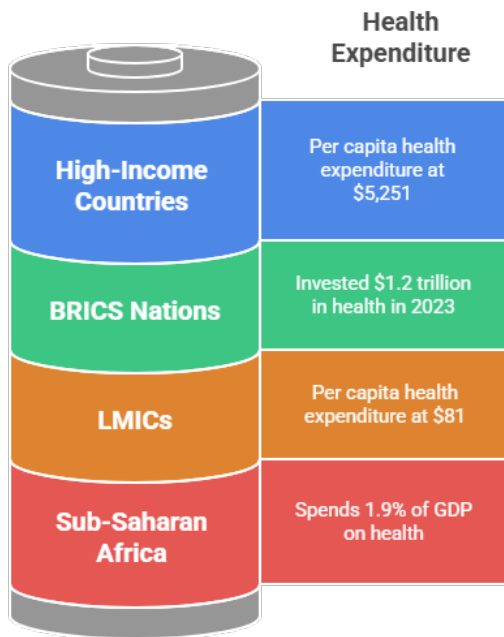
The Global South, encompassing low- and middle-income countries (LMICs) in Africa, Asia, Latin America, and Oceania, faces unique health economics challenges due to limited resources, high disease burdens, and systemic inequities. Despite these, the region demonstrates resilience and innovation, with potential to transform healthcare systems.

### Current Status of Health Economics in the Global South

Health economics in the Global South is marked by constrained resources and high disease burdens. The World Health Organization (WHO) reports per capita health expenditure in LMICs at \$81 (2020), compared to \$5,251 in high-income countries. Out-of-pocket (OOP) spending

accounts for 40–50% of health expenditure, with 15% of Sub-Saharan African households facing catastrophic costs, pushing over 100 million into poverty annually (World Bank, 2023).<sup>8,14</sup> The dual burden of communicable diseases (e.g., malaria, HIV/AIDS) and non-communicable diseases (NCDs) like diabetes strains health systems. NCDs cause 75% of global deaths, 85% in LMICs, costing \$7 trillion in productivity losses and healthcare costs from 2020-2050 (WHO).

Public health financing is limited, with many LMICs allocating only 5% of budgets to health, below the 15% Abuja Declaration target. Tax revenues often remain under 10% of GDP, restricting fiscal space. Historical factors, including colonial legacies and IMF structural adjustment programs,<sup>13</sup> have reduced public health spending. Sub-Saharan Africa spends 1.9% of GDP on health, compared to a 6% global



**Figure 1:** Health Expenditure Spectrum from Constrained to Well-funded Systems.

average. However, BRICS nations (Brazil, Russia, India, China, South Africa) invested \$1.2 trillion in health in 2023 (Global Health Expenditure Database).

## KEY CHALLENGES

- High Disease Burden:** LMICs face infectious diseases, NCDs, antimicrobial resistance, and climate-related health risks, straining fragile systems.
- Limited Financial Resources:** Low public health spending and reliance on external funding (e.g., Global Fund,<sup>7</sup> GAVI) create vulnerabilities.
- Healthcare Access and Equity:** Rural and marginalized populations face barriers due to infrastructure and workforce shortages.
- Healthcare Workforce:** Brain drains and insufficient training exacerbate shortages, particularly in rural areas.
- Fragmented Health Systems:** Weak governance, poor data systems, and lack of public-private coordination hinder efficiency. The COVID-19 pandemic exposed these weaknesses.
- Innovations and Progress:** India's Ayushman Bharat<sup>3</sup>, Rwanda's community-based insurance, and Brazil's Family Health Strategy show progress.

## FUTURE PERSPECTIVES FOR HEALTH ECONOMICS

By 2030, BRICS health expenditure is projected to reach \$2.4 trillion, driven by middle-class demand and domestic

manufacturing. However, aging populations, urbanization, and climate change pose risks. NCD prevalence could double by 2030, with climate-driven diseases like malaria costing \$12 billion annually by 2050 (WHO). Trade disruptions may increase medical costs.<sup>15</sup>

To address these, LMICs are adopting cost-effectiveness strategies and health technology assessments. Universal health coverage (UHC) reforms in countries like Thailand and Rwanda aim to reduce OOP spending. WHO estimates \$34 per capita annually could save 8 million lives and yield \$360 billion by 2030. Digital health (telemedicine, AI diagnostics) and public-private partnerships, like GAVI's 81% vaccine coverage in LMICs (2023),<sup>6</sup> are expanding access.

## Strategic Priorities

- Strengthening UHC:** Increase public spending, reduce OOP costs, and use innovative financing (e.g., sin taxes).
- Leveraging Digital Health:** Expand telemedicine and AI, with investments in data privacy and infrastructure.
- Addressing Dual Disease Burden:** Integrate primary care and prevention to manage communicable and non-communicable diseases.
- Building Resilient Systems:** Invest in infrastructure, workforce, and surveillance for pandemics.
- Promoting Health Equity:** Address social determinants like poverty and gender inequality.
- Local Manufacturing:** Reduce reliance on imports through regional hubs (e.g., India's vaccine production).
- Global Health Governance:** Advocate for equitable resource access via regional collaborations (e.g., African Union).
- Climate Resilience:** Integrate disaster preparedness and vector control into health systems.
- Innovation and Research:** Develop low-cost diagnostics and vaccines through South-South collaboration.
- International Cooperation:** Leverage global initiatives like COVAX, while prioritizing self-reliance.

## India's Healthcare Ecosystem Achievements (2013–2023)

India exemplifies progress in the Global South, aligning with SDG 3<sup>1</sup> (health and well-being for all).

### 1. UHC Initiatives:

- Ayushman Bharat-PM-JAY:** Launched in 2018, it covers 500 million beneficiaries with ₹5 lakh (\$6,000) per family annually, reducing OOP costs.
- Health and Wellness Centers:** Over 150,000 centers provide primary care, including NCD management.

### 2. Digital Health:

- **National Digital Health Mission (NDHM):** Launched in 2021, it offers health IDs, electronic records,



Figure 2: Strategic Priorities for Global South Healthcare.

and telemedicine (e.g., eSanjeevani's millions of consultations).

3. **Maternal and Child Health:**

- Maternal mortality ratio dropped from 167 (2013) to 97 (2020) per 100,000 live births; under-five mortality from 49 to 32 per 1,000 (Janani Suraksha Yojana, Mission Indradhanush).

4. **Disease Control:**

- Polio-free (2014), maternal/neonatal tetanus eliminated (2015), and progress in TB/HIV control via the National Health Mission.<sup>4,5</sup>

5. **Pharmaceuticals and Vaccines:**

- India, the "pharmacy of the Global South", supplies 60% of global vaccines. The Vaccine Maitri initiative delivered vaccines to over 100 countries during COVID-19.

6. **COVID-19 Response:**

- Administered over 2 billion vaccine doses and developed Covaxin, showcasing resilience.<sup>11</sup>

7. **NCD Focus:**

- The National Programme for Prevention and Control of NCDs addresses diabetes, cardiovascular diseases, and cancer.

8. **Public-Private Partnerships:**

- Collaborations under PM-JAY and with tech firms enhance service delivery.

9. **Development of National Medical Devices Policy (2023).**

- Underfunding:** Public health spending is below 2% of GDP.
- Disparities:** Rural areas lack professionals and infrastructure.
- Dual Burden:** Communicable and NCDs strain systems.
- Data Fragmentation:** Integration of health data is needed.

**Recommendations:** Increase spending to 2.5% of GDP, strengthen primary care, leverage technology, and focus on prevention.

**Impact of U.S. and Other Nations' WHO Withdrawal**

The U.S. withdrawal from WHO during COVID-19, contributing 15% of its budget, created funding gaps, disrupted LMIC programs, and weakened global solidarity. LMICs faced challenges accessing vaccines and expertise, delaying SDG 3 progress. However, it spurred regional leadership, with India's



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Figure 3: Policy Recommendations for South-South Cooperation: South-South Cooperation: from reactive to proactive health strategies.

**Table 1: Proposed Action Plan for country Groups**

Country Group	Key Actions
Pharma Producers (India, China, Brazil, South Africa)	Expand manufacturing, offer tech transfers, push for TRIPS waivers.
Middle-Income Nations (Indonesia, Mexico, Nigeria, Egypt)	Strengthen primary care, invest in digital health, join regional funds.
Low-Income Nations (Bangladesh, Ethiopia, Kenya, Vietnam)	Adopt UHC models, train health workers, partner for drug procurement.
Small Island States	Join climate-health programs, leverage telemedicine, advocate for debt relief.

vaccine diplomacy filling gaps. The crisis highlighted the need for WHO funding reforms and stronger regional networks.

**Expert Opinion:** The withdrawal was a setback but an opportunity for the Global South to lead. India's expertise in affordable healthcare and pharmaceuticals positions it as a leader. Sustained investment and collaboration are critical for SDG 3.

**Policy Recommendations for South-South Cooperation**<sup>9,10,12</sup>

South-South Cooperation (SSC) can strengthen health economics through shared knowledge and resources.

**Key Recommendations**

1. **Joint Financing:**
  - a. Create a Global South Health Development Fund.
  - b. Promote regional insurance schemes and innovative financing (sin taxes, diaspora bonds).
2. **Pharmaceutical Self-Sufficiency:**
  - a. Establish regional manufacturing hubs (e.g., India, South Africa).
  - b. Harmonize drug regulations and support R&D.
3. **Digital Health:**
  - a. Form a Global South Digital Health Alliance for EHRs and telemedicine.
  - b. Standardize data privacy laws.
4. **Workforce Training:**
  - a. Launch a Global South Health Corps for skill exchange.
  - b. Establish regional training centers.
5. **UHC Harmonization:**
  - a. Adopt best practices (e.g., Thailand, Rwanda).
  - b. Develop cross-border health agreements.
6. **Pandemic Preparedness:**
  - a. Form a Global South Pandemic Response Network.
  - b. Strengthen regional CDC-style institutions.
7. **Climate Resilience:**
  - a. Integrate climate adaptation into health policies.
  - b. Develop green healthcare infrastructure.

**Leadership Framework**

- a. **Lead:** India, due to pharmaceutical dominance, digital health advancements, and global health diplomacy.
- b. **Support:** Brazil (primary care), South Africa (Africa CDC<sup>2</sup>), Indonesia (UHC), Rwanda (financing innovation).

**IMPLEMENTATION ROADMAP**

1. **Short Term (1–3 Years):** Launch working groups on manufacturing, digital health, and financing; pilot telemedicine networks.
2. **Medium Term (3–5 Years):** Roll-out regional insurance and scale vaccine production.
3. **Long Term (5–10 Years):** Achieve 50% reduction in medicine import dependency and 80% UHC coverage.

**Current and Future Economic Implications**

Health expenditure in LMICs averages \$81 per capita, with OOP payments causing poverty. NCDs could cost \$7.3 trillion in South America by 2050. BRICS health spending is projected to reach \$2.4 trillion by 2030. Climate change may add \$12 billion annually in disease costs by 2050. UHC and prevention investments (\$34 per capita) could save 8 million lives and \$360 billion by 2030. Digital health and local manufacturing offer economic opportunities.

**CONCLUSION**

The Global South faces health economics challenges but holds transformative potential. By prioritizing UHC, digital health, and local production, LMICs can achieve SDG 3. India's achievements, like Ayushman Bharat and vaccine diplomacy, set a model. South-South Cooperation, led by India with Brazil, South Africa, and others, can reduce Global North dependency and build resilient health economies through collaboration and innovation.

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