



WORLD HEALTH ORGANIZATION

FIFTY-FIFTH WORLD HEALTH ASSEMBLY
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Report of the WHO Commission on Macroeconomics and Health

Report by the Director-General

SUMMARY

1. The Commission on Macroeconomics and Health was established in January 2000 by the Director-General to assess the place of health in global economic development. It comprised 18 of the world's leading economists, public health experts, development professionals and policy-makers, under the Chairmanship of Professor Jeffrey Sachs of Harvard University. The Commission's report was published in December 2001.¹
2. In summary, the report provides compelling evidence that better health for the world's poor is not only an important goal in its own right, but can act as a major catalyst for economic development and poverty reduction.

KEY FINDINGS AND RECOMMENDATIONS

3. **Economic losses from ill health have been underestimated.** Countries with the weakest conditions of health and education have more difficulty in achieving sustained growth. In sub-Saharan Africa losses due to HIV/AIDS are estimated to be at least 12% of annual GNP. Economic development in malaria-free zones is at least 1% per year higher than in areas where malaria is endemic.
4. **The role of health in economic growth has been greatly undervalued.** Evidence presented by the Commission suggests that each 10% improvement in life expectancy is associated with an increase in economic growth of about 0.3% to 0.4% per year, other growth factors being equal.
5. **A few health conditions account for a high proportion of avoidable deaths.** In 1998, 16 million deaths were caused by communicable diseases, maternal and perinatal conditions, childhood infections, tobacco-related illness and nutritional deficiencies. Of the 30 million children not receiving basic immunizations, 27 million live in countries with GNP per capita lower than US\$ 1200. Of the half million women who die annually in pregnancy and childbirth, 99% live in developing countries.

¹ *Macroeconomics and health: investing in health for economic development.* Geneva, World Health Organization, 2001.

6. **The level of spending on health in low-income countries is insufficient to address the health challenges they face.** A minimum level of financing needed to cover essential interventions, including HIV/AIDS, of between US\$ 30 to US\$ 40 per capita contrasts with actual levels of spending in the order of US\$ 13 per person in the least developed countries and US\$ 24 in other low-income States.

7. **Poor countries can increase the domestic resources they mobilize for health and allocate what they have more efficiently.** The financing strategy recommended by the Commission envisages an increase in domestic budgetary resources of 1% of GNP by 2007 and 2% by 2015.

8. **Despite increased domestic resources a major financing gap will remain.** Current donor assistance for health from all sources, for all purposes, is about US\$ 6 thousand million per year. The Commission estimates that to finance the necessary interventions and additional infrastructure and delivery systems will require about US\$ 27 thousand million per year in donor grants by 2007, rising to US\$ 38 thousand million in 2015.

9. **Poverty will be more effectively reduced if investment in other sectors is increased as well.** The report recognizes the need for complementary investments in education, water and sanitation and other sectors that will have an impact on health.

10. **Within the health sector, the highest priority is for a “close-to-client” system.** The report highlights various essential interventions that are effective in reaching poor populations and can be delivered at health centres, at smaller facilities, or through outreach services. Effective government stewardship that guides the contribution of public, private and voluntary providers in this direction is crucial.

11. **To achieve an impact on the health of the poor will require increased investment in global public goods.** Investment should focus on research and development that is geared towards new drugs, vaccines and diagnostics for tackling the diseases of poor people and poor countries. In addition, more support is required for collection and analysis of epidemiological data and surveillance of infectious diseases. The total of US\$ 27 thousand million a year of additional expenditure by 2007 mentioned above includes US\$ 3 thousand million a year for global public goods for health, that is, multicountry policies, programmes and initiatives having a positive impact on health that extends beyond the borders of any single country.

12. **There is much to be done to increase poor people’s access to life-saving medicines.** The report makes recommendations for ways of achieving consistent and predictable decreases in prices of drugs – particularly those needed for combating HIV/AIDS – through full utilization of the safeguards contained in the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS).

13. **The recommended increase in spending is large, but so is the potential return.** The aggregate additional cost of scaling up interventions in low-income countries is in the order of US\$ 66 thousand million per year, with around half of this amount coming from donors. The predicted result is to save around eight million lives a year and generate economic benefits of US\$ 360 thousand million: a sixfold return on investment.

RESPONDING TO THE COMMISSION'S RECOMMENDATIONS

14. The recommendations contained in the Commission's report provide a framework which links several aspects of the current international health agenda. The report has had a major impact internationally, notably at the International Conference on Financing for Development (Monterey, Mexico, March 2002) where the need for increased spending on health was a prominent theme throughout the debate. The report will also be central to WHO's contribution to the World Conference on Sustainable Development (Johannesburg, South Africa, August/September 2002).

15. The Commission also commented on a number of global financing mechanisms:

- it strongly endorses the establishment and adequate funding of the new Global Fund to Fight AIDS, Tuberculosis and Malaria and suggests that around US\$ 8 thousand million per year should be channelled through this mechanism by 2007;
- in the field of research and development, it recommends an increase in funding (up to a total of US\$ 1.5 thousand million annually) through existing institutions engaged in vaccine and drug development. These include the Special Programme for Research and Training in Tropical Diseases, the Initiative for Vaccine Research, the Special Programme of Research, Development and Research Training in Human Reproduction, and other public-private partnerships focusing on AIDS, tuberculosis and malaria;
- in order to augment existing channels of financing, it proposes the establishment of a new global health research fund (US\$ 1.5 thousand million a year) for basic biomedical and health research. WHO will work with other partners to explore modalities for setting up such a fund;
- it endorses efforts to increase peoples' access to key life-saving medicines – through a range of mechanisms, involving differential pricing of products, providing further impetus for WHO's work in this respect.

16. The report concludes that the resources and know-how exist to save millions of lives. To do so, however, will require a new "health pact" between governments and development agencies, in which both parties make significant increases in their allocation of resources for health.

17. The cornerstone for applying the Commission's recommendations will be a mechanism that brings together ministries of finance, ministries of health and other key players, including those in civil society. These bodies will formulate long-term programmes for scaling up essential health interventions, usually as part of a national poverty-reduction strategy.

18. In the first instance, countries will be invited to indicate their interest in working with WHO to examine the implications for them of the Commission's recommendations, including the establishment of a national commission on macroeconomics and health, where appropriate.

19. The national commission or its equivalent would be expected to organize and lead the task of scaling up national investment in health. This would include working with WHO and others to analyse the national health situation (including projections for the next few decades), the current performance of health systems, and options for improvement to establish epidemiological baselines. It would then be possible to draw up costings and strategies for scaling up action to tackle priority health problems (strengthening health systems) and for building human capacity (including leadership development) – all parts of the overall strategy for investing in health to improve economic and social outcomes.

20. These efforts will complement, and link in with, the support provided to countries as they prepare both the health component of national poverty reduction strategies, and applications for financing to the Global Fund to Fight AIDS, Tuberculosis and Malaria. Work on the World Health Survey will enable Member States to obtain important information on the coverage of key health interventions, patterns of health expenditures, levels of health, and risk factors. These activities dovetail with the efforts WHO is making to strengthen its country presence.

21. The approach will be fleshed out and adapted to different situations through a process of consultation with countries and development agencies.

22. WHO will work with the World Bank, IMF, other partners in the United Nations system, the international donor community and recipient countries to incorporate health and poverty-reduction programmes into a viable macroeconomic framework at country level.

ACTION BY THE HEALTH ASSEMBLY

23. The Assembly is invited to take note of the process outlined above for taking forward the recommendations of the report of the Commission on Macroeconomics and Health.

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