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REPORT OF THE COMMISSION ON MACROECONOMICS AND HEALTH

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1. INTRODUCTION

Fifteen years ago, the UN Commission on Environment and Development broke new ground by placing people at the heart of the development process. Now, a commission consisting of eighteen of the world's leading economists and health experts, including Nobel-prize winners and former finance ministers, has presented a report which provides a new global blueprint for development. The aim is to narrow the gap between the rich and the poor and stimulate growth in the world's least developed and developing countries.

The report, Macroeconomics and Health: Investing in Health for Economic Development, stresses the need to place people at the centre of all we do.

2. MAIN CONCLUSIONS

Besides reiterating the inherent value of health, the Commission, on the basis of the work of its six working groups and 95 studies produced by them, has reached the following conclusions:

- Health is a central input in economic development and poverty reduction.
- A few health conditions are responsible for a high proportion of the health deficit.
- The present level of health spending in low-income countries is inadequate to address the health challenges.
- Investments in reproductive health, including family planning, are crucial accompaniments of investments in disease control.
- Increased health coverage requires greater financial investments and removal of the non-financial constraints to health services.
- Globally, increased investment in health would save 8 million lives a year and generate $360 billion annually within 15 years.

3. THE EVIDENCE

The evidence, on the basis of which the Commission has elaborated how health is vital for economic growth and poverty reduction, is noted below:

Macroeconomic evidence confirms that countries with the weakest conditions of health and education have a much harder time achieving sustained growth than countries with better conditions of health and education. Grouping several dozens of developing countries according to their initial income level in 1965 and their infant mortality rate (IMR, taken as a proxy for overall health conditions) in the same year, their growth rate during the period 1965-1994, reveal that in any given initial income bracket, countries with lower IMR experienced higher economic growth during that period. For example, those with IMR between 50 and 100 enjoyed an annual average growth of 3.7%, whereas those with IMR

greater than 150 had an annual overall growth of only 0.1%, those with IMR between 100 and 150 had an annual average growth of 1%.

Health is the basis for job productivity. It enhances the capacity to learn at school. In economic terms, health and education are the cornerstones of human capital and form the basis of an individual's economic productivity.

As with economic well-being of households, good population health is a critical input to poverty reduction, economic growth and development of whole societies.

There are three main reasons for higher burden of diseases on the poor. First, the poor are much more susceptible to disease because of lack of access to clean water and sanitation, safe housing, medical care, information about preventative behaviours, and adequate nutrition. Second, the poor are much less likely to seek medical care even when it is urgently needed, because of their greater distance from health providers, their lack of out-of-pocket resources needed to cover health outlays, and their lack of knowledge of how best to respond to an episode of illness. Third, out-of-pocket outlays for serious illnesses can push them into a poverty trap from which they do not recover, by forcing them into debt or into sale or mortgaging of their productive assets, such as land and cattle.

Ill-health and disease cause poverty in three main ways: (1) reduction in market income caused by disease; (2) reduction in longevity caused by disease; and (3) reduction in psychological well-being.

4. WHAT NEEDS TO BE DON

Almost one-third of the deaths in low- and middle-income countries combined are due to preventable or treatable conditions of communicable diseases, maternal and perinatal conditions and nutritional deficiencies. Just a few diseases (HIV/AIDS, TB, malaria, maternal and perinatal conditions, widespread causes of childhood mortality and other vaccine-preventable diseases, malnutrition and tobacco-related diseases) account for most of this ill-health.

Effective interventions already exist which can eliminate, prevent and control these conditions. The Commission argues that a "scaling-up" of these interventions is achievable everywhere. The result would be significant reductions in mortality and morbidity. The essential interventions required are generally not exacting technically. Only a few require hospitals. Most can be delivered at health centres or health posts or through outreach services from these facilities. Collectively, the Commission calls them close-to-client system (CTC).

Investments in reproductive health are particularly important. Better family planning, including access to contraceptives, in combination with disease control is likely to reduce fertility, leading to reduced population growth and greater investment in the health and education of each child.

The constraints that deprive millions of poor of the much-needed access to health services go well beyond immediate funding. In the words of the Commission: "*The pipes down which funds and materials might be poured are either too narrow or clogged up or full of holes; they may not go to the places where they are needed, or not be under the control of the health sector. There may be no pipes at all. This state of affairs – the lack of an effective and capable health delivery system – limits all efforts to scale up the provision of*

effective interventions." This belongs to the arena of health sector reforms, including health care financing, which is rather regressive at present.

A sound strategy for health will involve investment in new knowledge. One critical area of such investment is in operational research on treatment protocols. Even when basic technologies of disease control are universally applicable, each local setting poses special problems of logistic, adherence, dosage, delivery and drug formulation that must be addressed through operational research at the local level.

Further, there is an urgent need for investment in new and improved technologies to fight the killer diseases. Recent advances in genomics, for example, bring us much closer to vaccines for malaria, HIV/AIDS and TB. However, the outcomes are rather uncertain. The point is that whether new vaccines are produced or not, new drugs will be needed in view of the relentless increase in drug resistant strains of disease agents. The Commission, therefore, calls for a significant scaling up of financing for global R&D to meet the heavy disease burden of the poor.

The public sector cannot bear the burdens of the diseases of the poor on its own. The pharmaceutical industry must be a partner in this effort. The industry needs to ensure that low income countries have access to essential medicines at near production costs, i.e., the lowest viable commercial price. The CTC system involves a partnership of state and non-state health service providers, with financing guaranteed by the state.

The key recommendation of the Commission is that the world's low- and middle-income countries, in partnership with high-income countries, should scale up the access of the world's poor to essential health services, including a focus on specific interventions. The "chicken and egg" problem of deciding whether reform or donor financing must come first would have to be set aside with both acknowledging that finance and reform are needed at each stage as, while commitment of massive additional financial resources for health is a necessary condition for scaling up essential interventions, addressing non-financial constraints is indispensable for success.

In addition to scaling up response to diseases which predominantly affect the poor, the Commission argues for much greater investment in Global Public Goods -- investments beyond the means or incentive of any single government, and beyond the sum total of national-level programmes. Examples of Global Public Goods (GPGs) in health include better systems for surveillance and response and, importantly, research and development (R&D) into medical technologies for diseases of global scope. At present, just 5% of global Research and Development is directed at the health problems of 95% of the population. The Commission recommends that WHO works with others to identify priority areas for R&D for diseases neglected by the pharmaceutical sector. It is important that developing countries participate in this debate.

5. HOW MUCH WILL IT COST?

The Commission calculates that at least $30-$40 per capita is needed to provide essential interventions, including those needed to fight AIDS.

Low-income countries average approximately $24 per capita per year, of which budgetary outlays are $13.

The gap must be bridged through a combination of greater donor aid, and greater domestic resource mobilization. For their part, developing countries are being asked to raise domestic resources by 2% within 15 years and use the same more efficiently. However, even with more efficient allocation and greater resource mobilization, the levels of funding necessary to cover essential services are far beyond the financial means of many low-income countries, as well as a few middle-income countries with a high prevalence of HIV/AIDS. Poverty is the cause. Donor assistance will be needed to close the financing gap. This funding should be additional to donor financing for other purposes since increased aid is also needed in related areas such as education, water and sanitation. The Commission argues that official development assistance for health should reach $27 billion annually by 2007 (more than a four-fold increase over the current level of $6 billion) and to $38 billion by 2015 – a 6.5 times increase over the current level.

Such scaling up of domestic resources and donors' assistance will take per capita expenditure to $34 by 2007 and $38 by 2015.

6. ACTION AGENDA

The Commission recommends that each country sets up its own temporary national commission on macroeconomics and health (NCMH) or its equivalent, which can outline the concrete steps needed to strengthen the health system and scale up well-known, effective interventions against the main diseases of poverty.

Each NCMH would assess national health priorities, establish a multi-year strategy to extend coverage of essential health services, take account of synergies with other key health-producing sectors, and ensure consistency with a sound macroeconomic policy framework.

Each country will need to define an overall programme of "essential interventions" to be guaranteed universal coverage through public (plus donor) financing. The Commission recommends that WHO and the World Bank should assist national Commissions to establish epidemiological baselines, operational targets, and a framework for long-term donor financing.

7. CONCLUSIONS

Economic development is a multi-sectoral process, and the strategy for economic development must therefore build on a broad range of social investments as well as strategies to encourage private sector business investment. For low-income countries, the emerging PRSP process provides a promising mechanism for incorporating the fight against disease into a more comprehensive development strategy. The PRSP process impels governments and civil society to look across a range of policies in health, education, water and sanitation, environmental management, gender relations, and other areas. The Commission applauds this comprehensive approach, since it is clear that good health and protection against disease cannot be achieved by the health sector alone. One of the most powerful contributors to reduced child mortality, for example, is the literacy of mothers. Safe water and sanitation, backed by proper hygienic behaviour, such as hand washing with soap, could dramatically reduce the incidence of many diarrhoeal and other diseases.

Even though the Commission has focused on communicable diseases and maternal and perinatal health, it recognizes that noncommunicable diseases (NCDs) are also of great significance for all developing countries. For many middle-income countries, the mortality from communicable diseases has already been significantly reduced so that the NCDs tend to be the highest priority. Many of the NCDs, including cardiovascular disease, diabetes, mental illnesses, and cancers, can be effectively addressed by relatively low-cost interventions, especially using preventative actions relating to diet, smoking, and lifestyle.

Because disease weighs so heavily on economic development, investing in health is an important component of overall development strategy. But investments in health work best as part of a sound overall development strategy. Therefore, the Commission does not claim that investments in health can solve development problems, but it highlights that investments in health should be a central part of an overall development and poverty reduction strategy.

The Report of the Commission on Macroeconomics and Health was on the agenda of the Fifty-fifth World Health Assembly. Earlier, the report was deliberated upon by the Health Secretaries at their Seventh Meeting in April 2002. The Health Secretaries, inter alia, recommended that National decision-makers and development partners should be made aware of the contribution of investment in health to economic growth and poverty reduction. Second, National Commissions on Macroeconomics and Health, or its variant, should be set up, with WHO as required. Third, innovative mechanisms, in addition to the established ones, should be utilized to progressively and significantly raise financial resources for investment in health – both from internal sources as also from the donors. At the same time, action should be taken to ensure that the funds available are efficiently and equitably utilized with focus on the poor and the vulnerable.

In June 2002, a Consultation on National Response to the Report of the Commission was held at WHO headquarters. Health, Finance and Planning Secretaries of some of the countries of the SEA Region attended this consultation. One of the important recommendation was that countries may adopt appropriate mechanisms to follow up on the recommendations of CMH. Depending upon the countries' conditions, either a national commission on macroeconomics and health, or its equivalent, could be established. Alternatively, the existing mechanism of national health council etc. or the PRSP process could be charged with the responsibility of carrying forward the report of CMH at the national level. It is noteworthy that many countries have already taken further action towards establishing national Commission on Macroeconomics and Health: it has already been established in Thailand.

Countries are preparing for the upcoming World Summit on Sustainable Development at Johannesburg. The Report of CMH can be used as a powerful means for advocating the role of health in sustainable development at the Summit.