

Swiss TPH



Swiss Tropical and Public Health Institute
Schweizerisches Tropen- und Public Health-Institut
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Health economics and policies in
low and middle income countries

Why is a (political and) economic perspective to health systems & global health useful?

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Why is a (political and) economic perspective is useful?

1. Growing economic relevance of health (sector)

Total health expenditure:

- US\$ 6.5 trillion in 2010 – 10% of global GDP
- US\$ 948 per capita per year
- Huge variations across countries: US\$ 12 Eritrea – US\$ 8362 USA

Income is the main determinant of health expenditure growth



Why is a (political and) economic perspective is useful?

1. Growing economic relevance of health (sector)

Health sector both labor and brain intensive

Investments in health sector have impact on quantity and quality of employment



Why is a (political and) economic perspective is useful?

The world's largest employers:

1. US Department of Defense - 3.2 million
2. People's Liberation Army (China) - 2.3 million
3. Walmart - 2.1 million
4. McDonald's - 1.9 million
5. **UK NHS - 1.7 million**
6. China National Petroleum Corporation - 1.6 million
7. State Grid Corporation of China - 1.5 million
8. Indian Railways - 1.4 million
9. Indian Armed Forces - 1.3 million
10. Hon Hai Precision Industry (Foxconn) - 1.2 million ends



Why is a (political and) economic perspective is useful?

1. Growing economic relevance of health (sector)

Commercial/Business practices & interests have significant impact on health and health care delivery – e.g.

- (Big) Tobacco
- (Big) Food
- (Big) Pharma

Importance of global, national, and local regulation and governance



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Global health governance challenges....:

e.g. WHO Funding sources (budget 2014-15):

- Assessed contributions: 23.4% (929 M US\$)
- Voluntary contributions: 76.6% (3049 M US\$)



Why is a (political and) economic perspective is useful?

2. Paradigm shift: health from consequence to determinant of economic development

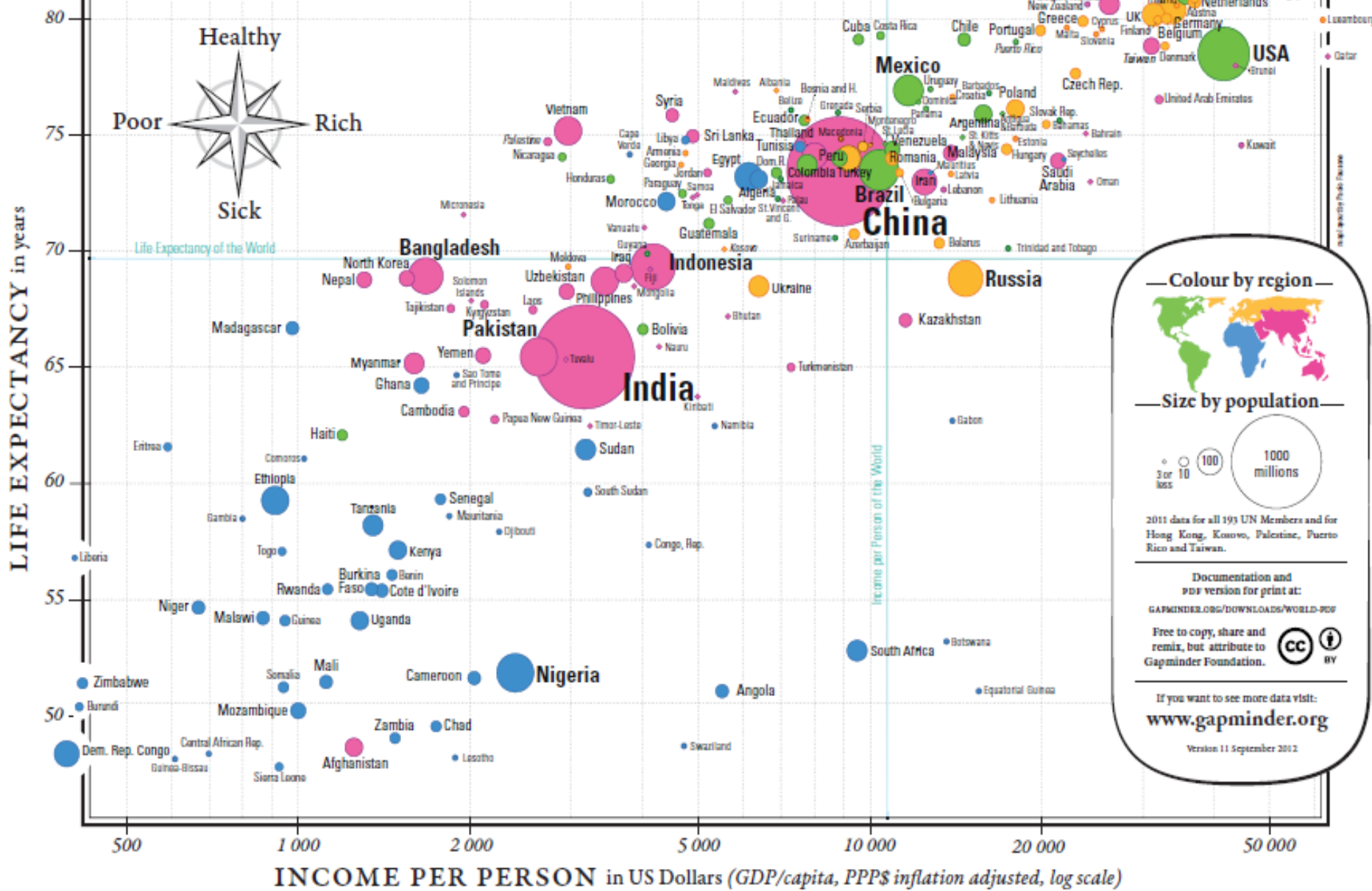
Traditional economic thinking: income growth is a key factor for improved population health

- Policies prescribed by international financial institutions for LICs focused on growth in GDP to the neglect and even the detriment of population health

Health more relevant in global development policies

GAPMINDER WORLD 2012

Mapping the Wealth and Health of Nations





Why is a (political and) economic perspective is useful?

2. Paradigm shift: health from consequence to determinant of economic development

Strong empirical evidence that relation health and development is bi-directional

- WHO Commission on Macroeconomics and health (2000)

Health more relevant in global development policies

Growth in global health financing



Why is a (political and) economic perspective is useful?

2. Paradigm shift: health from consequence to determinant of economic development



The Lancet Commissions

GLOBAL
HEALTH 2035

THE LANCET



Global health 2035: a world converging within a generation

Dean T Jamison, Lawrence H Summers*, George Alleyne, Kenneth J Arrow, Seth Berkley, Agnes Binagwaho, Flavia Bustreo, David Evans, Richard G A Feachem, Julio Frenk, Gargee Ghosh, Sue J Goldie, Yan Guo, Sanjeev Gupta, Richard Horton, Margaret E Kruk, Adel Mahmoud, Linah K Mohohlo, Mthuli Ncube, Ariel Pablos-Mendez, K Srinath Reddy, Helen Saxenian, Agnes Soucat, Karen H Ulltveit-Moe, Gavin Yamey*



Millennium Development Goals

➤ In 2000 Millennium Development Goals for 2015





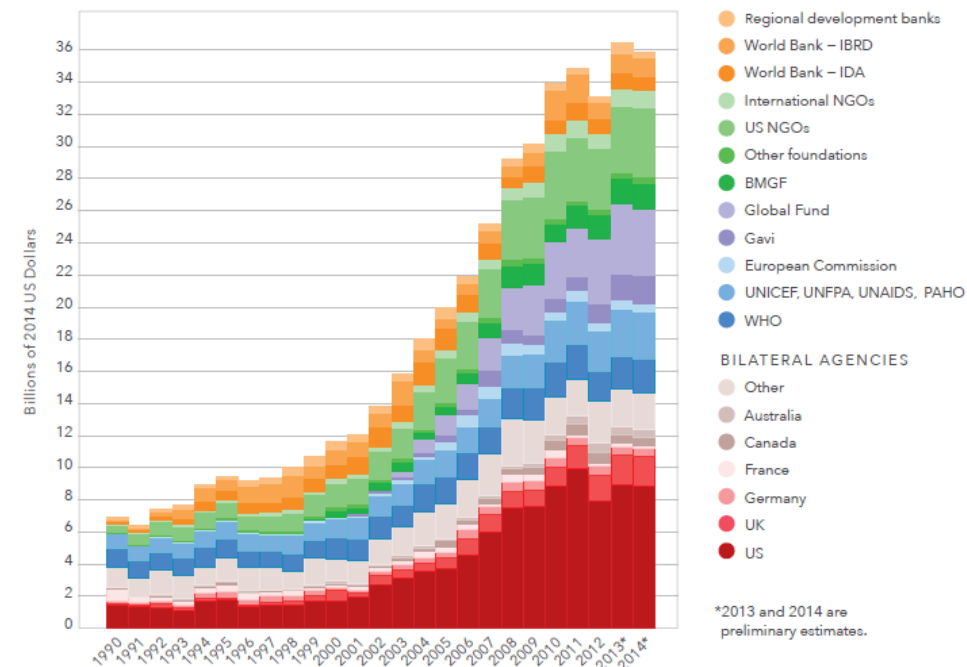
Why is a (political and) economic perspective is useful?

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Unprecedented funding to global health – now over?

<http://vizhub.healthdata.org/fgh/>

DAH by channel, 1990-2014

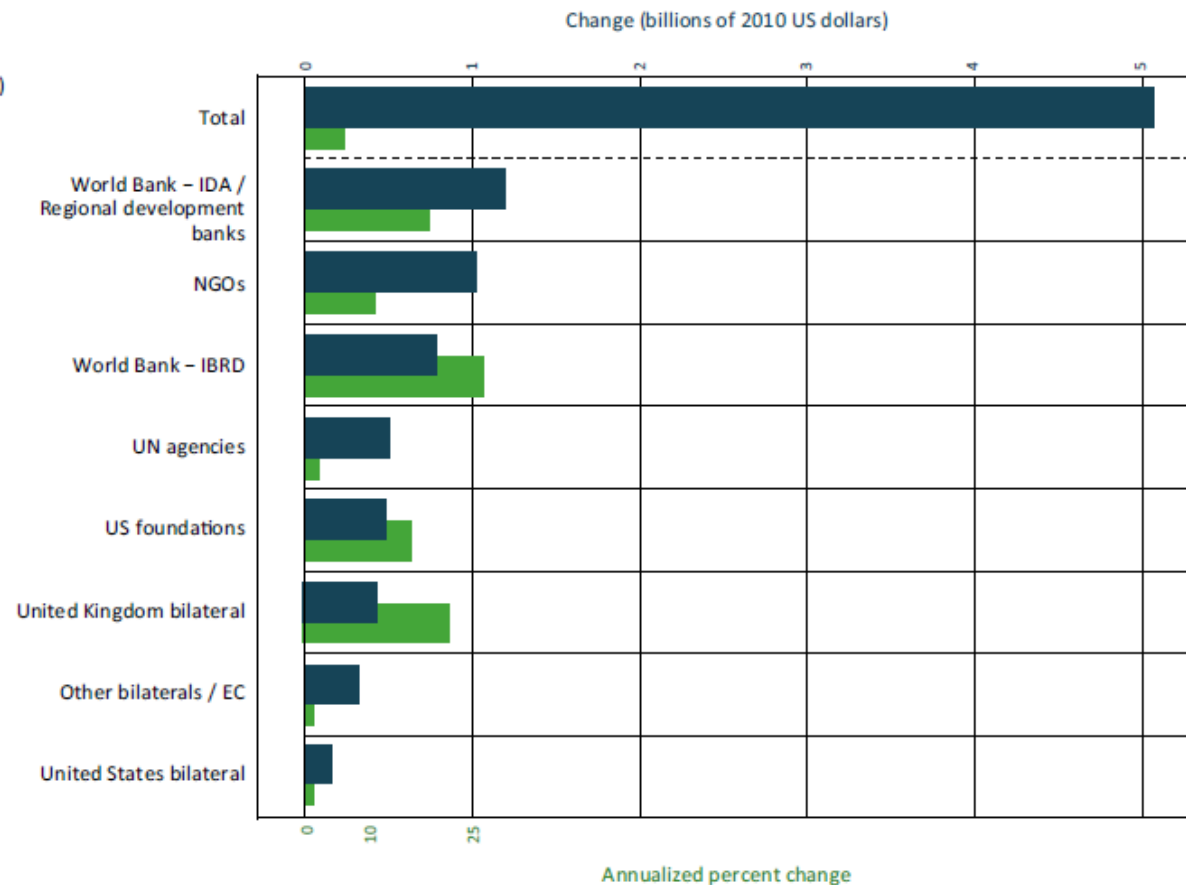




Change in DAH by channel of assistance, 1990-2001 - The moderate growth phase

■ Change (billions of 2010 US dollars)
■ Annualized percent change

Source: IHME DAH Database 2012
 Notes: The bars represent changes in DAH in absolute and percentage terms from 1990 to 2001. On the vertical axis, channels are ordered by the magnitude of their contribution to the total change in DAH over this period.

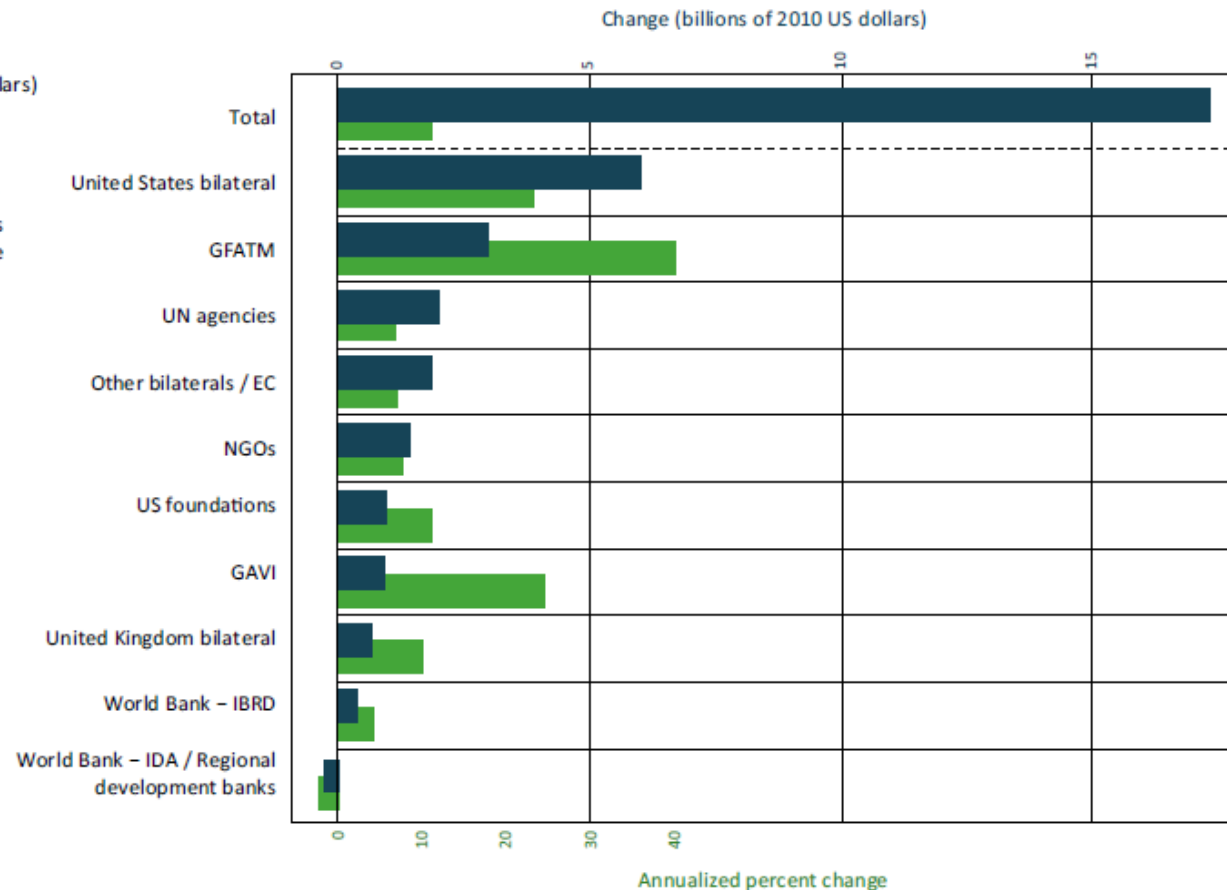


Change in DAH by channel of assistance, 2001-2010 - The rapid growth phase

■ Change (billions of 2010 US dollars)
 ■ Annualized percent change

Source: IHME DAH Database 2012

Notes: The bars represent changes in DAH in absolute and percentage terms from 2001 to 2010, except for GFATM, which is relative to 2003. On the vertical axis, channels are ordered by the magnitude of their contribution to the total change in DAH over this period.



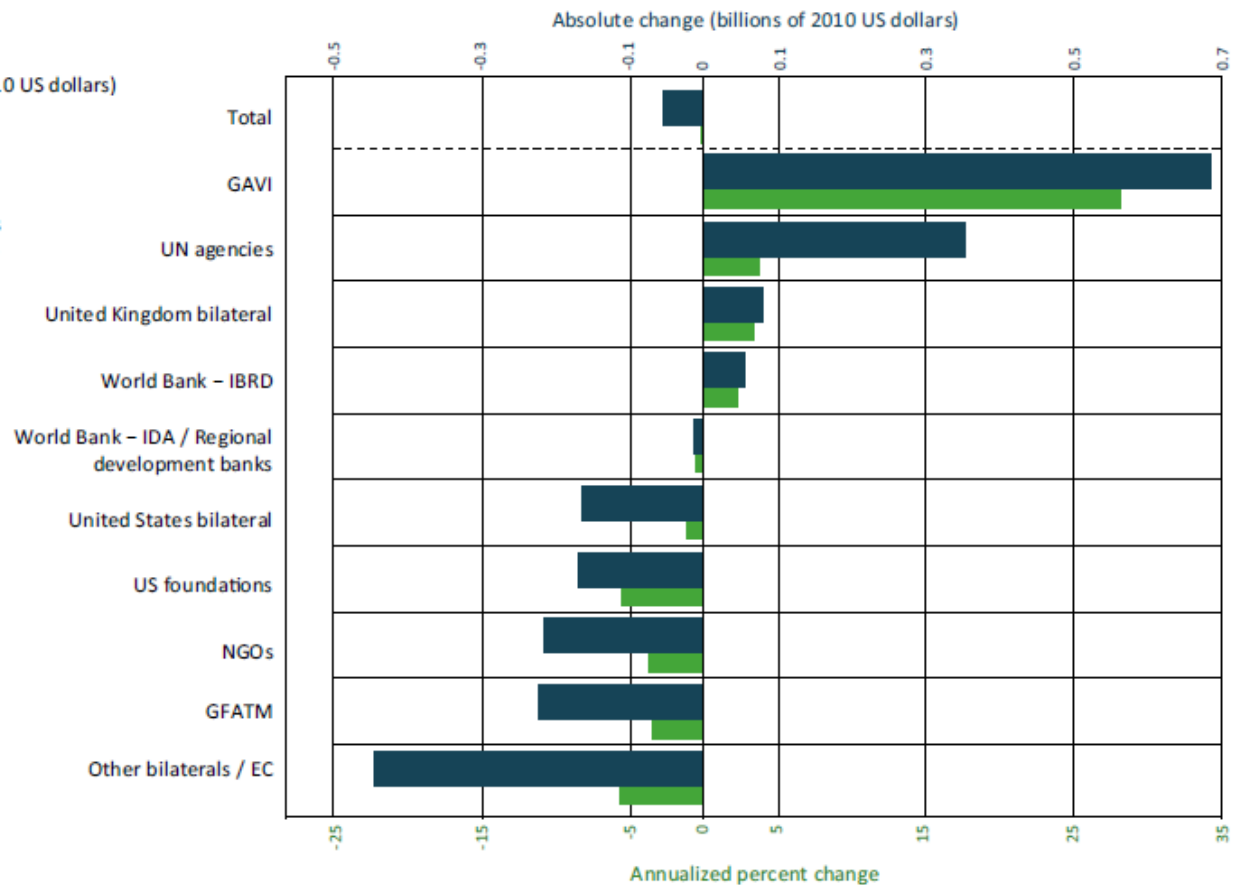


Change in DAH by channel of assistance, 2010-2012 - The no growth phase

■ Absolute change (billions of 2010 US dollars)
■ Annualized percent change

Source: IHME DAH Database 2012

Notes: The bars represent changes in DAH in absolute and percentage terms from 2010 to 2012. On the vertical axis, channels are ordered by the magnitude of their contribution to the total change in DAH over this period.



ODA and DAH

TABLE 1:
Select total DAH and ODA, 1990-2011

	Baseline	End of moderate-growth phase	End of rapid-growth phase	Beginning of no-growth phase				
Year	1990	2001	2010	2011				
DAH	\$5.7 billion	5.8%	\$10.8 billion	11.7%	\$28.2 billion	19.0%	\$27.4 billion	18.7%
ODA	\$99.0 billion	\$92.2 billion	\$148.4 billion	\$146.6 billion				

Source of total ODA: OECD.Stat Extracts, Total Flows by Donor [online database]. Paris: Organisation for Economic Co-operation and Development; 2012 Dec 17. <http://stats.oecd.org/Index.aspx?datasetcode=TABLE1#>



Why is a (political and) economic perspective is useful?

3. Relevance of social determinants of health

The greatest share of health problems is attributable to the **social conditions in which people live and work that are key determinants of health – Commission on Social Determinants of Health (2008)**

Health inequalities are caused by inequitable distribution of more fundamental social, political and economic forces



Why is a (political and) economic perspective is useful?

3. Relevance of social determinants of health

Health depends on many factors and policies that are outside of the remit of health ministries

Action needed

- to **improve basic living conditions** -health services, education, and working conditions;
- to **reduce inequalities in power and resources;**
- to create transparency by monitoring and measuring inequalities in health.



Why is a (political and) economic perspective is useful?

4. Inequalities - equity in access to care

Despite dramatic improvements in average population health, disparities between the poorest and least poor have been increasing:

- in economic burden of ill health;
- in access to health care; and
- in health outcomes

Health systems are ill equipped to identify and respond to health inequities, and often cause greater inequity



Why is a (political and) economic perspective is useful?

4. Inequalities - equity in access to care

Wealthy groups often benefit more than the poor from government spending

Private sector weakly governed/regulated - the poorest often receive the poorest quality of care within the private sector



Health in Sustainable Development Goals





Health in Sustainable Development Goals

Figure 9.1

A framework for the SDG health goal and targets

