



MACROECONOMICS AND HEALTH: AN UPDATE

**Increasing Investments in Health Outcomes for the Poor
Second Consultation on Macroeconomics and Health**

October 2003



World Health Organization



Macroeconomics and Health

A Summary

There is growing international acceptance that effective investments in health are vital to human development and economic growth. In this supportive global environment, developing country governments are committing resources towards the achievement of the Millennium Development Goals. WHO's Macroeconomics and Health approach supports countries as they accelerate these efforts.

The focus of the country-led macroeconomics and health work —based on the findings of the 2001 Report of the Commission on Macroeconomics and Health— is to raise high-level political awareness and commitment to increasing investment in health and to tackling systemic and institutional constraints to enable the effective delivery of health services to the poor. The work is carried out in line with three themes:

- Achieve better health for the poor
- Increase investments in health
- Progressively eliminate non-financial constraints.

The work is taken forward by national-level groups under the direction of a high-level body or social commission composed of representatives from different sectors. This national body coordinates efforts to engage political commitment, pursues strategic analyses, and guides the development of plans that reflect national priorities. High level political commitment is necessary to strengthen institutional and systemic processes, sustain partnerships, and develop pro-poor policies and action plans in health. The work identifies options for increasing and improving efficiency in use of domestic resources, and enhances coordination with donors to improve predictability of resources.

The examination of options for mobilizing resources in health receives guidance from WHO and its partners, who help countries to embark on analytical work and to plan activities in ways that reflect national contexts, intentions and macroeconomic realities. In taking forward this work, senior officials from the ministries of finance, health and planning examine options and agree on long-term multisectoral health investment plans.

It is expected that macroeconomics and health work will eventually lead to much greater long-term financing and technical support for health. The impact of well-developed and -applied plans will include better-focused government spending and action on health and improved predictability of resources. This in turn, will strengthen disease prevention and control efforts which are indispensable to achieving national and international health-related goals.



The Macroeconomics and Health process

Ways to support national efforts to place health centrally within countries' macroeconomic agendas are being developed by WHO and its partners through a strategic combination of advocacy, economics and public health expertise. The focus of this work is to raise high-level political awareness and commitment for developing country-led plans that are carried out in line with three themes:

- Achieve better health for the poor
- Increase investments in health
- Progressively eliminate non-financial constraints.

Macroeconomics and health work is taken forward by national-level groups under the direction of a high-level body or social commission composed of representatives from different sectors. This national body coordinates efforts to engage political commitment, pursues strategic analyses, and guides the development of health plans that reflect national priorities.

Macroeconomics and health work ultimately aims to support countries as they place health centrally within their development agenda. It examines alternative approaches within and outside the health sector for supporting national efforts to increase investment in health and takes a long-term look at how to build national capacity to effectively, efficiently and equitably utilize increased funding. It also identifies options for increasing and improving domestic resources and strengthens donor mechanisms to encourage predictability of external funding. The work builds upon existing efforts and partnerships sharing the same vision and links with national initiatives, processes and mechanisms established for improving the health of the poor.

Macroeconomics and health support, which is provided to countries upon their request, is flexible and non-prescriptive, recognizing the diversity of country health and economic situations and taking into account health priorities, opportunities and obstacles unique to each country. The process at the country level is not solely the responsibility of the ministry of health but is shared by the ministries of finance and planning and also by other public and private sectors whose policies and actions impact health, including education, agriculture, sanitation, and the environment.

Government cabinets play a critical role in improving health, as they are responsible for financing decisions and for maintenance of effective systems and institutions. It is for this reason that the macroeconomics and health process first targets high-level decision-makers by widely disseminating and promoting the central role



of health in socioeconomic development. High level political will and commitment are necessary to strengthen institutional and systemic processes, sustain health partnerships, and develop policies and action plans to mobilize financial resources. Political will and commitment are also necessary to tackle constraints and inefficiencies in health systems and institutions, enabling the more efficient use of resources and securing their effective operation.

Countries intending to undertake a systemic examination of options for mobilizing resources in health receive guidance from WHO and its partners, which helps them to embark on analytical work and to create, debate and plan activities in ways that reflect national contexts, intentions and macroeconomic realities. In taking forward this work, senior officials from the ministries of finance, health and planning examine options for expanding health investment and agree on long-term multisectoral **health investment plans**.

It is expected that implementation of health investment plans will eventually lead to much greater long-term financing and technical support for health. The impact of well-developed and -applied plans will include better-focused government spending on health and improved donor coordination and predictability of resources. This in turn, will strengthen disease prevention and control efforts indispensable to achieving national, regional and international health-related goals.

Substantial progress has already been achieved in many countries that have initiated macroeconomics and health work, including:

- raising high level awareness and commitment through advocacy
- building and maintaining alliances and experts' networks to support planning and implementation of work
- conducting strategic analyses on policy-development and on systemic, economic, and epidemiological aspects.

Presently, over **40 countries** worldwide are drawing on the macroeconomics and health approach, with **over 20** engaged in developing national health investment plans that address both the scaling up of cost-effective health interventions and the multisectoral determinants of health.

Overview of the Macroeconomics and Health process at country level

The macroeconomics and health process is initiated and led by countries. Based on the experiences of countries that adopted this approach early, three phases have been identified which outline the main activities of macroeconomics and health work: Phases 1, 2 and 3.



During **Phase 1**, high-level awareness and support is attained through wide dissemination of macroeconomic and health concepts and through national workshops with key stakeholders. These workshops serve to assess the unique health situation within the country and the impact of a macroeconomics and health approach on national development strategies. Since the Summer of 2002, high-level political support for this work has been demonstrated in several countries. WHO and its partners offer technical and financial assistance with national advocacy and events and continue to promote concepts and messages through publications, a newsletter and the macroeconomics and health website.

Once engaged, governments, in collaboration with their partners and WHO, establish national technical groups and cross-sectoral mechanisms to take forward the macroeconomics and health process. These mechanisms are composed of representatives from ministries of health, finance, and planning, as well as donor and UN agencies. Then, countries develop outcome-oriented work plans linked to a budget and timeline and unique to each country's strategic plan. WHO, upon country request, mobilizes technical and financial resources and helps identify technical experts to assist in planning of the health investment strategy.

The following 24 countries, including the Caribbean Community which is composed of 15 member states, are involved with Phase 1 work thus far:

- The African region: Angola, Botswana, Congo, Kenya, Malawi, Mozambique, Nigeria, Rwanda, Senegal, United Republic of Tanzania, and Uganda
- The Americas: Caribbean Community
- The Eastern Mediterranean region: Djibouti, Jordan, Iran, Pakistan, Sudan and Yemen
- The European region: Estonia
- The South East Asian region: Bangladesh, India, Nepal and Thailand
- The West Pacific region: Cambodia.

Phase 2 starts when countries conduct an in-depth assessment of their health situation and analysis of health infrastructure. The work includes epidemiological surveys, an analysis of the capacity of health systems to absorb additional funding, and assessment of funding gaps for scaling up health services to the poor. Most importantly, this assessment provides a basis for sequencing and prioritizing targeted health investments. Technical experts are recruited to assist countries with the analyses, and WHO co-ordinates technical support and maintains relationships with academic and development partners to assist in the work. Six countries — China, Indonesia, Ghana, Ethiopia, Mexico, and Sri Lanka— have already entered this phase.



At the end of **Phase 2**, countries will develop investment plans based on the identification of high-priority, cost-effective intervention options. Countries will work to sustain cross-sectoral support for the health investment plan and develop an internal mechanism for management and tracking of key outcomes. WHO will continue to collaborate with countries in identifying key economic and health indicators and will assist countries in building linkages with a variety of development partners. Twenty countries are expected to complete this phase by the end of 2004.

Phase 3 starts with implementation of the health investment plan and development of a mechanism to monitor the process and the long-term impact of macroeconomics and health work on health and the economy. This phase should see an overall increase in internal investment in health and improved funding by external partners.

Building a consensus around increased investment also involves the establishment of systems to track the impact of investments and improved effectiveness. The country-led macroeconomics and health process provides an opportunity for countries to establish their own **tracking mechanisms**. WHO and its partners support countries as they develop their own indicators for measuring progress in implementing the health investment plans. In particular, these indicators track the achievement of health outcomes and expenditure to achieve these outcomes at national and sub-national levels. In addition, MDG indicators provide broad benchmarks to assess progress of poverty alleviation efforts.

WHO efforts at country level to support Macroeconomics and Health work

WHO helps catalyse the national-level processes, offering knowledge and expertise in order to secure the investment of increased resources to improve capacity and effectiveness of health systems and national institutions. This process is more robust when it involves key national and international stakeholders for reviewing the issues, establishing consensus on the macroeconomics and health approach, and committing to implementing the health investment plans. Country-led work is sustained by engaging a broad range of interested partners –development banks, bilateral agencies, consultants, academic and civil groups– to support the work. The Organization plays an integrative role by drawing on its decentralized structure and its established country-level partner relationships to serve as a broker among recipient countries, development agencies and civil groups.



WHO Regional and Country Offices have been contributing greatly with technical input and by guiding countries through the strategic preparation and planning process of macroeconomics and health work. Several WHO Regional Offices have incorporated macroeconomics and health concepts into the health and economic strategy of the region. For example, a regional concept paper developed by the WHO Regional Office for Africa outlines the relevance and impact of macroeconomics and health to the region and provides a framework for collaborative opportunities. During the Summer of 2003, more than thirty countries participated in regional meetings in the African, Eastern Mediterranean, and South-East Asian Regions to share experiences in initiating, planning, and implementing macroeconomics and health work.

Expected outcomes

- Enhanced political will to place health within national development strategies and the macroeconomic environment.
- Strong government commitment to investing in the health of the poor and to tackling the constraints and inefficiencies in health systems and institutions. This includes commitment to mobilizing resources to improve access and provision of health care for the poor. It is also marked by government efforts to strengthen institutional processes and sustain health partnerships.
- Better coordination with national partners and improved predictability of aid by harmonizing partner objectives and capacities to support country-level priorities.
- Development of long-term, multisectoral health investment plans that attract significantly greater funding for health from domestic and external sources.



ANNEX 1: Update on Macroeconomics and Health activities at country level

The African Region

WHO Regional Office for Africa

Fourteen countries attended a WHO African Regional Office inter-country workshop from August 4 - 8 2003 in Addis Ababa, Ethiopia. A consensus on the importance of macroeconomics and health in the countries was established, and countries developed draft plans of action to take forward the process. In early September, a macroeconomics and health session was held during the 53rd Regional Committee of Ministers of Health in South Africa.

Angola

The PRSP and the Medium Term Development Plan are currently being drafted, providing a good entry point for macroeconomics and health work. Angola aims to elaborate a structured framework encompassing the macroeconomics and health concepts and existing public expenditure mechanisms for health. This will help integrate the macroeconomics and health process into the main national development plans and initiatives.

Botswana

Botswana has outlined important steps for implementing macroeconomics and health work that include the establishment of a national coordinating mechanism and the commissioning of technical papers on areas of scaling up. A consultant has been hired to support Botswana as it pursues macroeconomics and health work.

The Republic of the Congo

Poverty reduction is a key objective of the Congo's socio-economic program. The country has just presented a country work plan and budget for Phase 1, which will receive funding. A major part of the macroeconomics and health work will be to support efforts to increase public health spending to 20% of total public sector spending by 2008, to develop human resources, and to support the mobilization of internal and external financial resources.

Ethiopia

Ethiopia, engaged in phase 2 activities, has established a Technical Working Group under the Ministry of Health and the country's Central Joint Steering Committee of the Health Sector Development Programme. A Macroeconomics and Health Country Coordinator has been hired to direct research and evaluate existing health care frame-



works and the costs of increased health care expenditures. In May 2003, Ethiopia's macroeconomic and health Plan of Action was approved and endorsed by the Minister of Health. A local road map is being instituted to strengthen the Health Sector Development Programme (HSDP) and assess how the macroeconomics and health approach can be integrated into the existing PRSP. Ethiopia hosted the August 2003 inter-country workshop on macroeconomics and health.

Ghana

Ghana is also now in Phase 2, developing a long-term plan for national health investments. The Ghana Macroeconomics and Health Initiative's priority is to analyse the national poverty reduction strategy in light of the CMH Report's findings. Ghana is supporting national policies to prepare the health system to optimize uptake of resources and health investments. It is also developing a long-term plan for national health investments.

Kenya

Kenya has outlined its Phase 1 work plan and initiated commitment to Phase 1 activities. The Ministry of Health and the National AIDS Control Council and donor groups have requested technical assistance to evaluate the financial needs for scaling-up health expenditures. The work plan aims to link the macroeconomics and health process to the country's economic recovery strategy, the national budgetary process, and the UN Development Assistance Framework group work plan.

The Republic of Malawi

Malawi is still deciding how to best move forward with macroeconomics and health work but has set several objectives, including organizing a workshop to build high-level support. The process will be located in the Ministry of Economic Planning and Development.

Mozambique

A 1999 Action Plan for the Reduction of Absolute Poverty (PARPA) led to implementation of the country's PRSP. Macroeconomics and health aims to consolidate this development paradigm, including building ownership among senior government officials, pursuing advocacy and establishing a solid basis for the design of a long-term health investment strategy.

Nigeria

Macroeconomics and health in Nigeria is currently located in the Department of Health Planning and Research of the Federal Ministry of Health. Phase 1 objectives focus on building widespread government consensus on the relevance of the CMH



Report findings at all levels of government and setting up an appropriate institutional mechanism for implementing macroeconomics and health work. Plans include the development of a concept paper on CMH and an operational strategy for integrating macroeconomics and health concepts into the long-term health investment strategies of the country.

Rwanda

The Ministers of Finance and Health both expressed great commitment to the goals of the macroeconomics and health process and are working with WHO's Regional Office to begin country-level macroeconomics and health work. Focal points have been selected by both ministries to spearhead this work. Rwanda's Phase 1 work plan will focus on defining and disseminating messages and creating effective institutional mechanisms to support macroeconomics and health.

Senegal

In April 2003 the IMF approved an agreement under the Poverty Reduction and Growth Facility mechanism to support Senegal's economic reform program for 2003-2005. Articulated within the I-PRSP framework, this agreement is heavily reliant on wide-ranging structural reforms. Macroeconomics and health can provide a strong analytical and evidence-based argument for significantly increased health investments.

United Republic of Tanzania

Tanzania and Zanzibar have proposed a framework for a Plan of Action covering November 2003 to March 2004. Principal objectives are to build consensus on the relevance of the CMH Report findings and to establish an appropriate institutional mechanism for taking them forward. Tanzania will place the CMH Report findings in the annual health sector review agenda.

Uganda

Uganda has identified several core on-going processes to which macroeconomics and health could be linked. A technical task force will be commissioned to design a comprehensive paper putting all the initiatives together under the health and development framework. This comprehensive approach will be discussed during the upcoming PRSP review. The macroeconomics and health process will be located in the Prime Minister's office to facilitate coordination across all relevant ministries.

The Americas Region

WHO Regional Office for the Americas

A panel will be organized with colleagues from Mexico's National Commission,



and participants from the region who are interested in learning more about health, macroeconomics and economic growth will be invited. The Caribbean Commission on Health and Development was launched in Washington in September 2003.

Caribbean Community

The recently-established and -launched Caribbean Commission for Health and Development has developed an 18-month timeline to create a policy framework for providing guidance on establishing priorities for health financing in the 15 countries of the Caribbean Community. It has submitted a budget for Phase 1 and Phase 2 activities, for which it has already obtained external donor support.

Mexico

Since its inauguration in July 2002, the Mexican Commission on Macroeconomics and Health has scheduled meetings, set up a web site to disseminate the CMH Report findings and has outlined plans for forward movement of a macroeconomics and health process. The representative from WHO's Regional office of the Americas is coordinating preparation of this proposal.

Countries interested in the macroeconomics and health approach

Argentina, Brazil, Nicaragua and Peru are exploring the impact and relevance of macroeconomics and health for their national context. The Ministry of Health of Argentina is organizing a new Health Economics and Financing Unit, which may be a good entry point for macroeconomics and health work. Following widespread dissemination of the CMH Report in Peru, the Regional Office is communicating with country representatives to reinvigorate its interest in pursuing macroeconomics and health.

The Eastern Mediterranean Region

WHO Regional Office for the Eastern Mediterranean

In June 2003, the WHO Regional Office for the Eastern Mediterranean held a meeting to discuss how to take forward macroeconomics and health work in the countries of the region. A Regional Concept Paper on sustainable development has been drafted and will highlight regional support for countries wishing to implement the CMH Report's findings.

Djibouti

Djibouti has shown strong commitment to being involved with the process and has outlined some specific steps to create the necessary partner alliances of ministries, agencies and civil society. The Phase 1 country plan calls for a National



Macroeconomics Steering Committee and a CMH technical group to be directed by the Ministry of Health. Another key objective is to map out a strategic plan for increasing intersectoral collaboration to invest in all the key determinants of health, including water, sanitation, and education.

The Islamic Republic of Iran

Iran is establishing a National Commission on Macroeconomics and Health comprised of representatives from different departments and agencies. The CMH recommendations have been debated at the highest levels of the Ministries of Health, Planning and Budget. The Phase 1 country work plan calls for raising awareness among the highest levels of government on the centrality of health to sustainable development strategies.

Jordan

Jordan has established a National Commission on Macroeconomics and Health chaired by the Minister of Health and including the Minister of Planning and the Secretary General of the High Health Council. Jordan will present a revised workplan, including assessing available data on Burden of Disease and identifying the focus of a Cost-Effectiveness Analysis to assess gaps and identify research needed.

Pakistan

Since Pakistan's PRSP is already finalized, the country's objective will be to disseminate the key messages of the CMH Report, translate them into the local macroeconomic context, and use them to define research to construct an evidence base for placing health more centrally in the PRSP.

Sudan

Sudan has finalized its plan for initiating a macroeconomics and health process. It is anticipated that the CMH focus on building existing networks and strengthening partner networks will lead to a real cross-sectoral dialogue and participation in poverty reduction efforts.

Yemen

Yemeni participants to the regional meeting identified the HS reform initiative as an entry point for macroeconomics and health, and the PRSP will be the vehicle for putting the process into operation. Yemen has appointed a coordinator of the Macroeconomics and Health Program and has set up an inter-sectoral National Commission on Macroeconomics and Health.



Oman

While not currently pursuing macroeconomics and health, representatives from Oman attended the regional meeting and shared thoughts on how the country is setting priorities for developing long-term investment strategies.

The European Region

WHO Regional Office for Europe

Following the decision by the Regional Director to establish a Task Force to explore ways of ensuring follow-up to the macroeconomics and health approach, the work in the European Region has so far focused on the preparation of a European Report on Macroeconomics and Health that analyzes the applicability of the Report in the countries of the region.

Estonia

Upon request of the government, WHO presented in March 2003 its work on the macroeconomics and health approach to a group of decision-makers and officials from the Ministries of Social Affairs, Foreign Affairs, Finance, as well as to academic representatives and international agencies. Estonia is now considering ways to follow up the recommendations of the CMH Report.

The South-East Asian Region

WHO Regional Office for South-East Asia

The Regional Office has been proactive in promoting the relevance of the CMH Report to the countries of the region and has established a dedicated Working Group to engage in disseminating the Report's findings. The Regional Office finalized "Country Guidelines for CMH Follow-up" and a related document, "Outline for a Strategic Framework and Investment Plan". The Regional Consultation on Macroeconomics and Health, organized by the Regional Office in India in August 2003, identified several considerations and challenges associated with planning and implementing macroeconomics and health.

Bangladesh

Bangladesh has taken several steps in response to the CMH recommendations. In July 2003, the government decided that the existing Advisory Committee on Health and Poverty Reduction Strategy would be reorganized and entrusted with macroeconomics and health strategic planning. Formation of a National Commission on Macroeconomics and Health is under consideration.



India

Terms of reference for a Temporary National Commission on Macroeconomics and Health (NCMH) have been established, and a sub-commission is being selected. This sub-commission will be the technical and operational arm of the NCMH, conducting meetings and hiring consultants to carry forth the objectives of the NCMH.

Indonesia

Indonesia has established mechanisms to guide the macroeconomics and health process. Commitment to implementing a macroeconomics and health approach has led to health's increased prominence on the agenda of the Consultative Group of Indonesia (GCI). The government of Indonesia will integrate its health and development initiatives under an overall macroeconomics and health policy framework. Focus is now on advocacy, developing broad partnerships, and supporting institutional and capacity development within decentralization.

Sri Lanka

Sri Lanka has established mechanisms to guide the macroeconomics and health process. The newly appointed Commission on Macroeconomics and Health includes representatives from various ministries, the private sector, academia and UN agencies. Sri Lanka has submitted a detailed plan of action for Phase 2 activities. Included are advocacy and preparatory studies that will form the basis for a 10-year investment plan.

Thailand

The Working Group on Macroeconomics and Health, set up by the Ministry of Public Health of Thailand, has developed a proposal to set up a National Commission on Macroeconomics and Health. The Working Group has also defined a macroeconomics and health process for Thailand.

Countries interested in the macroeconomics and health approach

In **Bhutan**, many of the CMH Report recommendations are already a part of the government's health and development agenda. **Maldives** supports the findings of the CMH Report and is dedicated to increasing funding of the social sector through internal and external funds. In **Myanmar**, the National Committee will guide the macroeconomics and health process. A draft work plan has been developed for 2003-2004 outlining the tasks of the working group on CMH. In **Nepal**, a sub-Commission on Macroeconomics and Health has been formed and is chaired by the Ministers of Health and Finance. The Sub-Commission has identified key activities and areas of research.

The Western Pacific Region

WHO Regional Office for the Western Pacific

Despite the challenges posed by the recent outbreak of Severe Acute Respiratory



Syndrome, the Regional Office continues to support dissemination of the macro-economic and health concepts and encourages their incorporation into national health policy development and poverty reduction mechanisms.

Cambodia

The Government of Cambodia is committed to pursuing the macroeconomics and health recommendations and with the WHO country office jointly drafted a “Proposal on Macro-Economics, Poverty and Health”. The Health Strategic Plan of 2002 provides a framework for cohesion among other important efforts. A National Commission of Macroeconomics and Health has been established and is chaired by the Ministers of Health and Finance.

China

China’s launch of the CMH follow-up process in December 2002 evoked wide interest within government, further heightened by the urgent public health crisis created by the SARS outbreak in early 2003. The serious economic, financial and health consequences for many sectors of the economy as a result of SARS caused dramatic review of the adequacy of funding for public health needs, for intensified medical worker training, and for improved regulations and surveillance. Successful containment of the SARS epidemic in mid-2003 provided an environment for inter-ministerial consultations to sharply review the adequacy and purposes of government funding, the role of insurance and social security arrangements, and public health versus medical care functions of the health system and of health education. Resulting changes in health budgets, responsibilities and practices are establishing a new basis from which China can further pursue improvements consistent with the themes from macroeconomics and health work.

