For review and comment. Deadline: 31 August 2015.

Interim Report
released on the occasion of the

Financing national NCD responses in the post-2015 era
Preliminary recommendations from the WHO Working Group on Financing for NCDs

In September 2011, Heads of State and Government acknowledged that noncommunicable diseases (NCDs) constitute one of the major challenges for development in the twenty-first century – an issue which the Millennium Development Goals (MDGs) did not address. Four years later, world leaders plan to adopt the Sustainable Development Goals (SDGs) in September 2015, which include targets to, by 2030, reduce by one third premature mortality from NCDs through prevention and treatment, and to strengthen the implementation of the WHO Framework Convention on Tobacco Control (WHO FCTC) in all countries.

In July 2014, Ministers of Foreign Affairs and Health welcomed the increase in the number of countries which have an operational NCD policy with a budget for implementation from 32 percent of countries in 2010 to 50 percent of countries in 2013. They also acknowledged, however, that despite these improvements, commitments were often not translated into action in developing countries owing to a lack of national capacity. Accordingly, this briefing note prepared by the WHO Working Group on Financing for NCDs recommends that the immediate challenge is to substantially increase NCD financing over the next 15 years, including for technical assistance and capacity-building to developing countries, through domestic, bilateral, regional and multilateral channels, including traditional and voluntary innovative financing mechanisms. Business as usual thus cannot be an option and transformative change is needed to fulfil the commitment made by Heads of State and Government, in 2011, to explore the provision of adequate, predictable and sustained resources. Bolder measures are needed to mobilize financial and technical resources from an increased number of actors to support national NCD responses. The objective of this briefing note is to highlight some of these measures.

This Interim Report served as a first reference for broader discussions at the Third UN International Conference on Financing for Development (Addis Ababa, 13-16 July 2015) on financing for NCDs in the post-2015 era and now serves as a basis for the web-based public consultation with Member States, UN agencies and other interested stakeholders. It is envisaged that a final report with recommendations will be submitted to the WHO Director-General towards the end of 2015.

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1 See paragraph 1 of resolution A/RES/66/2 available at http://www.who.int/nmh/events/un_ncd_summit2011/political_declaration_en.pdf?ua=1
2 Proposed target 3.4 of the Open Working Group proposal for the SDGs
3 Proposed target 3.a of the Open Working Group proposal for the SDGs
4 See paragraph 12 of resolution A/RES/68/300 available at http://www.who.int/nmh/events/2014/a-res-68-300.pdf?ua=1
5 See paragraph 14 of resolution A/RES/68/300
6 Officially known as the Working Group of the WHO Global Coordination Mechanism on the Prevention and Control of NCDs to recommend ways of encouraging Member States and non-State actors to realize the commitment included in paragraph 45(d) of the Political Declaration of the High-level Meeting of the United Nations General Assembly on the Prevention and Control of NCDs. In paragraph 45(d) of resolution A/RES/66/2, Heads of State and Government commit to ”Explore the provision of adequate, predictable and sustained resources, through domestic, bilateral, regional and multilateral channels, including traditional and voluntary innovative financing mechanisms” for national NCD responses. Terms of reference are available at http://www.who.int/global-coordination-mechanism/en/
7 See paragraph 45(d) of resolution A/RES/66/2
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The emerging recommendations and suggested actions are set out below.

**Recommendation 1:** Significant additional investments are required to attain the NCD-related targets included in the SDGs by 2030.

Current investments in national NCD responses will be insufficient to attain the NCD-related targets in the SDGs, end poverty and hunger, and achieve sustainable development in its three dimensions through promoting inclusive economic growth, protecting the environment, and promoting social inclusion. Insufficient investments in NCDs will also undermine efforts included in the post-2015 development agenda to ensure gender equality and women’s and girls’ empowerment. Funding from all sources will need to be stepped up for investment in NCDs. Investing in NCDs in countries is critical to achieving inclusive, equitable and sustainable development for present and future generations in a globalized world where the effects of globalization of marketing and trade is one of the main drivers for the NCD challenge of epidemic proportions and where the economic costs of inaction often go unrecognized. Heads of State and Government may select and undertake actions from among the ones set out below:

- Accelerate the commitment made in July 2014 to raise the awareness about the national public health burden caused by NCDs and the relationship between NCDs, poverty and socioeconomic development.
- Draw up a document in support of the cost of national action vs. inaction, pointing out connections between findings at national and global level and take these business cases forward as an integral part of resource allocation and investment decisions from domestic public resources and international development cooperation, where available.
- Reiterate the need of targeted actions and quality investments for addressing NCDs in the formulation and implementation of all financial, economic, environmental and social policies, including universal health coverage.
- Set national spending targets for annual investments in national NCD responses.

**Facts** and supporting arguments which underpin recommendation 1:

- The total cost for implementing a set of very cost-effective and affordable NCD interventions (“best buys”) in all developing countries would be US$ 11 billion per year.
- A recent WHO and World Bank Group report (Tracking universal health coverage: First global monitoring report) shows that 400 million people do not have access to essential health services and 6% of people in developing countries are tipped into or pushed further into extreme poverty (US$1.25/day) because they had to pay for health services out of their own pockets. (Note: The 2015 Global Reference List of 100 Core Health indicators recommended by global health agency leaders offers no insight into health coverage for NCD-related indicators and more work is needed to bring this blind spot into focus.)
- In the absence of adequate public funding for health services, out-of-pocket payments are the single largest component of domestic funding in many developing countries, accounting for 48% and 36% of total health expenditure in low- and middle-income countries respectively in 2012. Countries need to move away from out-of-pocket payments that pose barriers to the use of needed services and all too often impoverish those who do use care. Public funding is key to reducing out of pocket expenditure. As public spending on health goes up, dependence on out-

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8 See paragraph 30(a)(iv) of resolution A/RES/68/300
11 See page 2 of http://apps.who.int/iris/bitstream/10665/174536/1/9789241564977_eng.pdf?ua=1
of-pocket payments declines. Between 1995 to 2013, government spending on health increased from 3.4 to 4.1 percent of GDP on average across 190 countries. The increase in low-income countries has been faster, from 1.7 to 2.6% of GDP. The challenge now is to help low- and lower middle-income countries find ways to mobilize and increase the effective use of domestic public resources for health funding. 

- WHO estimates that to scale up priority health services towards UHC would need a minimum additional spending of US$55 billion by 2030 in 34 low- and 48 lower middle-income countries.

Recommendation 2: These additional investments to implement national NCD responses will need to rely primarily on domestic public resources.

The vocabulary used in the conversation on development finance has changed. The emphasis is now on domestic action. Commitments of domestic public resources to address NCDs, and their wise use, are important. Almost all countries have the scope to raise more money for NCDs domestically, although it is unrealistic to expect that low-income countries will be able to reduce premature mortality from NCDs by one third in 2030 without help in the short term. Heads of State and Government may select and undertake actions from among the ones set out below:

- Acknowledge that public finance is essential and must lead the way to underpin national NCD response implementation.
- Ensure that Ministries of Health effectively engage with their counterparts in Ministries of Finance and make a credible case for more domestic public resource investment for NCDs based on nationally-generated evidence.
- Raise taxes on tobacco and alcoholic beverages to generate new revenue streams and yield improved health outcomes.
- Ensure that prevention remains the cornerstone of any national NCD response, in particular by (i) fulfilling commitments made in 2011, 2014 and 2015 to accelerate and strengthen the implementation of the WHO FCTC; (ii) prioritizing the implementation of four specific demand-reduction measures of the WHO FCTC to reduce the affordability of tobacco products, three specific measures to reduce the harmful use of alcohol, and four specific measures to reduce unhealthy diets, in preparation for the third UN High-level Meeting on NCDs in 2018.
- Accelerate commitments made in 2011 to increase and prioritize budgetary allocations for NCDs.
- Accelerate commitments made in 2011 and 2014 to integrate national responses to NCDs explicitly into existing national public health programmes on HIV, reproductive health, and universal health coverage.

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12 See paragraphs 43(c) in A/RES/66/2 and 20 in A/RES/68/300, as well as paragraph 77 in the Addis Ababa Accord.
13 These are: (1) Reduce affordability of tobacco products by increasing tobacco excise taxes; (2) Create by law completely smoke-free environments in all indoor workplaces, public places and public transport; (3) Warnings of the dangers of tobacco and tobacco smoke through effective health warning and mass media campaigns; (4) Ban all forms of tobacco advertising, promotion and sponsorship. See http://www.who.int/nmh/events/2015/getting-to-2018/en/
14 These are: (1) Regulations over commercial and public availability of alcohol; (2) Comprehensive restrictions or bans on alcohol advertising and promotions; and (3) Pricing policies such as excise tax increase on alcohol beverages. See http://www.who.int/nmh/events/2015/getting-to-2018/en/
15 These are: (1) Adopt national policies to reduce population salt/sodium consumption; (2) Adopt national policies that limit saturated fatty acids and virtually eliminate industrially produced trans fatty acids in the food supply; (3) Implement the WHO set of recommendations on marketing of foods and non-alcoholic beverages to children; and (4) Fully implement legislations/regulations related to the International Code of Marketing of Breast milk Substitutes. See http://www.who.int/nmh/events/2015/getting-to-2018/en/
16 See paragraph 45(c) in resolution A/RES/66/2
17 See paragraphs 45 in resolution A/RES/66/2 and 30 in A/RES/68/300
– Explicitly incorporate the prevention and control of NCDs in poverty reduction strategies aimed at the poorest income quintiles and those living in extreme poverty (which constitute the world’s bottom billion).

– Increase the efficiency of resource allocation, reprioritize government budgets, broaden the tax base, improve tax collection, establish a pooling fund for health promotion, select strategic purchasing tools/mechanisms, and establish expenditure monitoring, information and evaluation systems to track and monitor NCD-related expenditures. Improved efficiency and demonstrated results often makes it easier for the Ministry of Health to make a case of obtaining additional funding from the Ministry of Finance.

Facts and supporting arguments which underpin recommendation 2:
– In accounting terms, public spending on health can increase in two ways: (1) government overall raises more tax revenues and thus is able to spend more on all public services, including health; and (2) of its available funds, government devotes a greater share to health as compared to past years. Expenditure data from 1995 to 2013 show that, on average across 190 countries, government spending on health increased from 3.4 to 4.1% of GDP. The main reason for these increases has been political commitment.

– The potential to increase taxation on tobacco and alcohol exists in many countries. US$270 billion are already raised each year by governments in tobacco taxes. Raising tobacco taxes will generate extra public revenues, reduce consumption, improve health, slow the grow of health care costs, protect poor people, and combat poverty.

– Specific high-priority, very cost-effective and affordable interventions are already well described in Appendix 3 of the WHO Global NCD Action Plan 2013-202018.

– How the key demand reduction strategies of the WHO FCTC can drive sustainable development is already well described in the WHO Report on the Global Tobacco Epidemic 201519.

– The Addis Ababa Accord provides important messages on more efficient tax collection, a reduction in tax avoidance and illicit financial flows, and the generation of new revenues through innovate means, each of which is essential for expanding fiscal space and thus vital to progress on the health goal and the particularly health system-dependent NCD-related targets in the SDGs.

Recommendation 3: Equally important, these additional investments for NCDs require scaled up and more effective Official Development Assistance (ODA) to complement efforts of countries to mobilize resources domestically.

Although domestic public resources for NCDs will be crucial to the sustainability of national NCD responses, it is unrealistic to expect that low-income countries will be able to reduce premature mortality from NCDs by one third in 2030 without help in the short term. NCDs continue to receive the smallest amount of Official Development Assistance (ODA) funding for all major global health areas, accounting for 1.2% of health development assistance for health20. International development cooperation will need to financially support domestic efforts in the poorest countries to achieve the NCD-related targets included in the SDGs by 2030. Heads of State and Government may select and undertake actions from among the ones set out below:

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19 Available at http://www.who.int/tobacco/en/
20 See http://www.who.int/entity/nmh/ncd-coordination-mechanism/Policybrief5.2docx.pdf?ua=1
Harness the role of ODA to develop institutional capacity with adequate knowledge and skills for developing national NCD responses in the poorest and most vulnerable countries with limited domestic resources.

Scale up the catalytic role of ODA to complement national efforts to raise public and private finance for national NCD responses.

Ensure that the strategic focus of lending, grants and technical assistance provided by Multilateral Development Banks and other international development banks includes improving health conditions for the poor and to prevent them from becoming impoverished or made destitute as a result of illness, such as NCDs (which worsen poverty, while poverty contributes to rising rates of NCDs).

Continue to push for high-income countries to achieve the target of devoting 0.7% of their GNI to development assistance.

Continue to work for more efficient delivery of international development cooperation, exploring, developing and documenting ways to reduce fragmentation, and align behind comprehensive national health plans, in line with IHP+ principles of development effectiveness.

Recognize the important role of an adequately-resourced WHO to support national NCD responses to achieve the NCD-related targets in the SDGs (and noting that NCDs are one of the most chronically under-funded areas of WHO’s work, including following the 2011 Political Declaration).

Consider further elaborating new pathways for collaboration including North-South, South-South and triangular cooperation on technical support. NCDs as a challenge affect all countries, and one way to strengthen support could be for increased technical, research, and other collaboration beyond traditional ODA that yields benefits to all participants in the collaboration.

Facts and supporting arguments which underpin recommendation 3:

- WHO’s global country capacity survey (CCS) on the prevention and control of NCDs conducted in 2000, 2005, 2010 and 2013 confirm that low-income countries lack the capacity to generate or leverage domestic resources such as taxes on tobacco and alcoholic beverages.

- Expressed as a proportion of current health care spending, the average annual cost of implementing a set of very cost-effective and affordable NCD interventions (best buys”) amounts to 4% in low-income countries (compared to 2% in lower middle-income countries and less than 1% in upper middle-income countries)\(^{21}\).

- The Addis Ababa Accord provides important messages on scaling up and more effective international public finance to complement the efforts of countries to mobilize resources domestically from other sources, public and private, including from improved tax collection.

Recommendation 4: Promoting investment from private business and finance in areas critical to addressing NCDs is also important, including contributions from philanthropists.

Multiple actors, both State and non-State actors, including civil society, academia, industry, nongovernmental and professional organizations, need to be engaged for NCDs to be tackled effectively. Just as making an effective economic case to Ministries of Finance can yield investment, so can making an effective business case to private sector entities yield greater investments in the health and productivity of their workforce, including as it relates to NCDs. Heads of State and Government may select and undertake actions from among the ones set out below:

- Encourage philanthropic giving in support of national NCD responses and encourage philanthropic donors to consider managing their endowments through impact investments in

NCDs, while ensuring that revenue flows from such sources are well-aligned with national health policies, that funds flow in a stable and predictable way to allow for their efficient use, and that health standards are respected.

- Promote investments from domestic and international private business which is aligned with public NCD goals, and protects public standards and public health, and encourage all private businesses to create an enabling environment for healthy behaviours (prevention/health promotion) among workers, and where appropriate provision of health insurance, at their workplaces.

- Establish government-led public-private and multi-stakeholder partnerships (PPPs) focusing on the achievement of national NCD targets (and the NCD-related targets in the SDGs), while protecting public health from undue influence by any form of vested interest and recognizing the fundamental conflict of interest between the tobacco industry and public health.

- Promote bolder measures to mandate approaches ranging from statutory regulation to co-regulatory mechanisms and industry-led self-regulation that encourage the food and non-alcoholic beverage industry to take measures to implement the WHO set of recommendations to reduce the impact of the marketing of unhealthy foods and non-alcoholic beverages to children, produce and promote more foods consistent with a healthy diet, reduce the use of salt in the food industry, improve access to and affordability of NCD medicines and technologies, and create an enabling environment for healthy behaviours among workers at workplaces.

- Promote bolder measures to mandate approaches ranging from statutory regulation to co-regulatory mechanisms and industry-led self-regulation that encourage economic operators in alcohol production and trade to consider effective ways to prevent and reduce harmful use of alcohol within their core roles mentioned in the WHO Global Strategy to Reduce the Harmful Use of Alcohol.

- Continue to protect public health policies for the prevention and control of NCDs from undue influence by any form of vested interest.

Facts and supporting arguments which underpin recommendation 4:

- Heads of State and Government committed themselves in 2011 to call upon the private sector to (i) reduce the impact of marketing of unhealthy foods and non-alcoholic beverages to children, (ii) produce and promote more products consistent with a healthy diet, (iii) create an enabling environment of healthy behaviours among workers at the workplace, (iv) reduce the use of salt in the food industry, and improve access to and affordability of NCD medicines and technologies. To date, progress in fulfilling this commitment has been largely absent.

- WTO/TRIPS allows WTO Members to protect public health and improve access to affordable essential medicines for developing countries, but it is not clear that these approaches are being pursued in any systematic way.

- The Addis Ababa Accord provides important messages on the importance of investment from domestic and international private business and finance in areas critical to sustainable development, including contributions from philanthropists.

Recommendation 5: **There are also opportunities to resolve the coherence and consistency of financial, investment, trade, development and public health policy.**

Regulatory gaps and misaligned incentives continue to pose risks to undermine national NCD efforts. In 2014, Ministers committed to consider establishing a national high-level commission for policy coherence and mutual accountability of different spheres of policy-making that have a bearing on
NCDs. Heads of State and Government may select and undertake actions from among the ones set out below to accelerate the fulfilment on this commitment:

– Strengthen safeguards in investment treaties to protect public health.
– Strengthen policy coherence between development, health, finance and trade sectors.
– Promote better alignment between existing multi-stakeholder partnerships, such as The Global Fund and GAVI, with a view to encourage them to improve their contribution to health system strengthening and universal health coverage in way that would also ensure better health outcomes for NCDs.

Facts and supporting arguments which underpin recommendation 5:
– The Addis Ababa Accord is concerned about policy incoherence and agrees to resolve the coherence and consistency of multilateral financial, investment, trade, and development policy and environment, institutions and platforms, and increase cooperation between major international institutions, while respecting mandates and governance structures.
– Preliminary investigation by the Working Group has revealed that a number of global health initiatives are engaged in innovative support for NCD prevention and treatment, but that these innovations are happening due to the entrepreneurial efforts of country-based staff from WHO and other UN agencies, World Bank or international NGOs, working with Ministry of Health officials to find solutions, rather than as a systematic approach to health system strengthening, delivering on universal health coverage targets, or in response to the growing burden of NCDs. Improved policy coherence and alignment would both support universally agreed aid effectiveness principles and facilitate achievement of NCD targets with relatively little additional investments.

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23 See paragraph 30(a)(vi) of resolution A/RES/68/300