

The Value-Added of Global Health

Wertschöpfung durch globale Gesundheit

Global Health contributes in several respects to economic welfare, usually measured by the Value-Added or Gross Domestic Product (GDP). Healthy people live longer, are more productive and feel happier. Improvements in global health help to reduce external health threats and increase the number of healthy life years lived. Health production becomes more efficient. Better global health contributes to safe global travel. Therefore, investments in global health are rational, and contribute to the general welfare of populations.

Globale Gesundheit trägt in mehrfacher Hinsicht zum wirtschaftlichen Wohlstand bei, gemessen in an der Wertschöpfung oder dem Bruttoinlandsprodukt (BIP). Gesunde Menschen haben mehr Zeit, sind produktiver und fühlen sich glücklicher. Globale Gesundheit verringert externe Gesundheitsbelastungen und verlängert die gesunde Lebenszeit. Die Gesundheitsproduktion wird effizienter. Der weltweite Reiseverkehr wird sicherer. Daher sind Investitionen in die globale Gesundheit vernünftig und fördern den Wohlstand.

Fig. 1a Health care financing in low-income countries, 2020

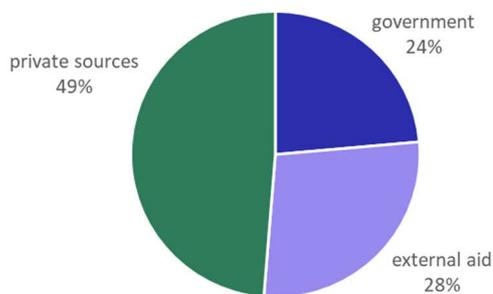
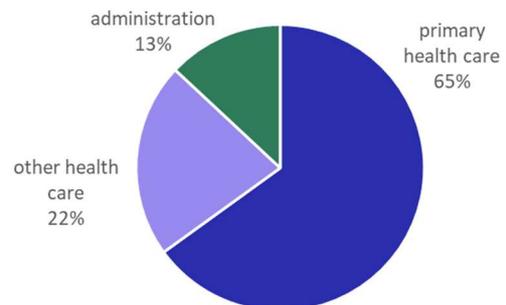


Fig. 1b Health spending in low-income countries, 2020



What does global health mean?

The global in global health refers to the scope of overall public health and international impacts of health threats, prevention, and health care. Health disparities as well as cross-border issues are part of global health. Global health also is also concerned with the training and distribution of the health-care workforce in a manner that goes beyond the capacity-building interest of a single country [1].

Investments in global health have major advantages. Improved global health helps to reduce external health threats and increase the number of healthy life years lived. Health production becomes more efficient. And global health contributes to safe global travel.

Reduced economic threats

The Covid-19 pandemic provides a good example of the advantages of improved global health and health security. The COVID-19 crisis has had major impacts:

- 5.4 million deaths from COVID-19 have been reported globally, out of 282 million confirmed cases, with some 10% showing persistent ill health 12 weeks after having the disease [2].
- The incidence of non-communicable diseases – which cause 41 million deaths every year, mostly in low- and middle-income countries – has also worsened worldwide due to treatment delays caused by COVID.
- There have been extensive collateral health impacts, partly because other diseases were deprioritized. The pandemic led to an additional 53 million cases of major depression globally [3].

- By 2024, the global economy was projected to be 2.3% smaller than it would have been without the pandemic. Risks to economic growth are considerable, including risks from a potential resurgence of COVID-19 as new variants emerge [4].
- Finally, inflation has accelerated in many countries as a result of pandemic-related disruptions to supply chains, combined with resurgent consumer demand and higher commodity prices.

To sum up, the pandemic has cost more than US\$ 1 trillion, much more than the external aid in global health. It is clear that countries with more resilient health systems would be better protected from the economic impact of the pandemic.

External aid to low-income countries

All countries have invested to overcome the pandemic. Nevertheless, investments in external aid are rather small. Investments in health systems of low-income countries play an important role in securing global health. Measured by the international spending flows, however, these investments are modest, considering that total health spending reached US\$ 9 trillion in the year 2020. In total, external aid reached only 0.2% of the overall US\$ 9 trillion [5].

In low-income countries most health spending comes from private sources as out-of-pocket (49%) (Fig 1a). Countries relying heavily on out-of-pocket spending have considerable challenges sustaining the level and equity of health services when facing economic contractions. External aid is therefore essential, not only for people's health, but also for economic stability and economic growth.

In low-income countries, external aid makes up 28% of health spending and is therefore critical for the sustainability of the health system. In low-income countries external aid

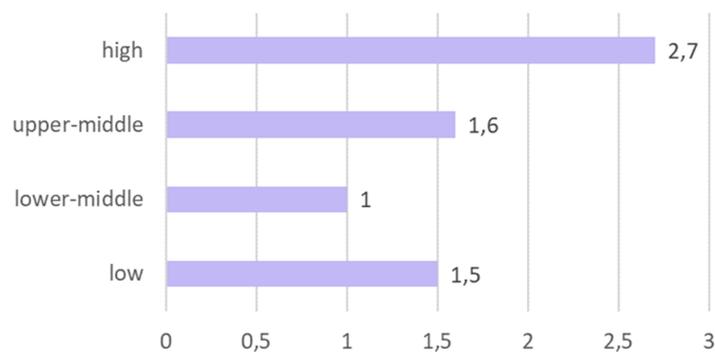
is even higher than government spending (23%).

In contrast, among all WHO Member States, 63% of health spending was from government sources, 36% was from private sources (including out-of-pocket spending), and 0.2% was from external sources [5].

Growing external aid

Between 2000 and 2020, health spending from external aid grew on average from 0.7% of GDP to 1.8% in low-income countries (Fig. 2). In contrast, government sources consistently accounted for 1.0%–1.4% of GDP.

Fig. 2 Growth of HE as percentage points of GDP, 2000 - 2020



External aid includes spending from foreign money, whether channelled through the government or not. Two-thirds of external aid for health was used for infectious diseases in both low and middle-income countries, while domestic public funds focused more on non-communicable diseases.

In low-income countries, infectious diseases accounted for half of overall health spending. Furthermore, in these countries, external aid funded one-third of Primary Health Care. Finally, external aid supported health system governance and administration (Fig 1b).

Health in all policies

Investment in health goes beyond the health system in the narrow sense. For example, access to safe water, sanitation and hygiene is

vital for health, child development, and social and economic progress. About 2 billion people still lack safely managed water services [6]. While hand hygiene is one of the first lines of defence against the spread of infectious diseases, 2.3 billion people, or 29% of the global population, lacked a basic handwashing facility with water and soap at home in 2020.

International trade and tourism

The likely highest value added of global health comes from international trade of goods and services. Improved global health reduces the transaction costs of international trade and tourism.

Outlook

Ongoing climate change, conflicts and political instability will force millions of people to leave their homes. Most cross-border migration takes place between low- and middle-income countries. Although refugees can make a positive contribution to the economies of destination countries, only a balanced intake across countries that have the capacity will result in net economic gains from migrants. The relatively low cost and high returns of external aid in low-and middle-income countries should encourage high income countries to invest more in global health.

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