



## Health: Improving Policy Coherence for Development

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### Introduction

The cost of treating disease is vastly greater than the cost of controlling or preventing disease. In a time of global recession, the disparity in health outcomes between developed and developing countries will most likely widen. The rapid expansion in trade, foreign investment and international travel mean that infectious diseases can have adverse effects not only on health but also on economic growth and security. Although aid from donor countries helps to drive development, mutually supportive policies across a wide range of issues – economic, social and environmental – are essential for combating the spread of disease, maintaining a healthy workforce and ultimately reducing poverty.

With its analytical capacity, the OECD can offer policy makers advice on how to promote coherence in policies for health and development. Its work across several related fields can help to improve understanding about the relationship between the health sector and other policy areas, such as taxation, climate change, food security, and managing human resources.

This *Policy Brief* explains the impact of health on development and discusses how the OECD is using its expertise in multidisciplinary policies to help governments promote coherence in their health and development policies. ■

**Why is good health important for development?**

On average, people are healthier and live longer today than they did a few decades ago. But progress has been highly uneven, with large parts of the world experiencing improved health care while other areas, particularly sub-Saharan Africa, lagging behind. Thousands of people in sub-Saharan Africa are infected with HIV every day due to lack of prevention and treatment services. Likewise, new strategies to prevent and treat malaria are effective but underutilised. Inadequate access to water, sanitation and poor hygiene together account for 1.8 million child deaths each year. Malnutrition causes even greater child mortality. Far too many women risk death from treatable complications in pregnancy and childbirth. In addition, population ageing and poorly managed urbanisation and globalisation have changed the nature of health problems.

Climate change, which manifests itself in more frequent droughts and higher temperatures, has adverse effects on health, too. Not only are infectious diseases spread more easily, accounting for roughly 15 million deaths annually (Table 1), but the quantity and quality of drinking water and food stocks are also threatened. Doctors across the globe agree that action to promote health must go well beyond healthcare. The conditions in which people are born, grow, live, work and age, and the factors that influence those conditions – power, money and resources, or the lack thereof – must also be addressed. So must the scourge of war and the displacement of populations – ideal environments for the spread of disease – that usually accompanies war. It is evident from these considerations that what is good for the climate is good for health.

In a global economy, infectious diseases have both health and economic consequences. Severe acute respiratory syndrome (SARS), which was first detected in southern China, spread within five months to 28 countries, and cost an estimated USD 10 billion to USD 30 billion in response interventions and lost productivity. The emergence of the H1N1 virus has affected countries in both the southern and northern hemispheres, prompting urgent efforts to develop national preparedness plans. But there are wide gaps between and variations among those plans.

**Table 1.**  
**INFECTIOUS DISEASES AND ANNUAL DEATHS WORLDWIDE**

Infectious diseases	Annual deaths (million)
Respiratory infections (e.g. pneumonia, bronchitis, influenza)	3.96
HIV/AIDS	2.77
Diarrhoeal diseases	1.80
Tuberculosis	1.56
Malaria	1.27
Vaccine-preventable childhood diseases	1.12
Sexually transmitted diseases (other than HIV)	0.18
Meningitis	0.17
Hepatitis B and C	0.16
Tropical parasitic diseases	0.13
Dengue	0.02
Other infectious diseases	1.76

Source: Figures published by the World Health Organization ([www.who.int/whr/en](http://www.who.int/whr/en)).

As confirmation of the importance of good health for development, three of the eight UN Millennium Development Goals focus on health: child health, maternal health, and fighting HIV/AIDS. Healthier workers mean greater labour productivity. Lower fertility and mortality rates, as a result of improvements in health and education, improve the quality of life in low-income countries. Improved health outcomes are a prerequisite for developing countries to break out of poverty. ■

### How do OECD health policies affect developing countries?

Informed decision making on health issues requires access to reliable data and analysis of that data. Data on health systems, health expenditure and health employment is widely available to OECD members, but less so to developing countries. The OECD, together with the World Health Organization (WHO) and Eurostat, help to improve data-collection mechanisms and develop methods for calculating health accounts and health expenditure across countries and over time.

Innovations in health care have helped to diagnose, prevent and treat disease, but have not yet proven effective in tackling some of the infectious diseases,

#### Box 1. THE NOORDWIJK MEDICINES AGENDA

Recognising the importance of scaling-up and expanding new for-profit and non-profit models of innovation for tackling neglected infectious diseases in the developing world, the 2007 High-level Forum on Medicines for Neglected and Emerging Infectious Diseases agreed on the Noordwijk Medicines Agenda (NMA). The NMA identifies opportunities for creating coherent policies on innovation to improve the availability of medicines to treat neglected and emerging infectious diseases and calls for several changes to the health-innovation system:

- Prioritise research and development (R&D) needs and align research to a common purpose.
- Assess the viability of a global virtual network for drug development that draws on and scales up existing research networks and is more transparent.
- Create incentives for R&D through alternative policy mechanisms to reward innovation.
- Facilitate the development and operation of a sustainable system for sharing and exchanging knowledge, data and research tools.
- Identify the infrastructure necessary for a global virtual collaborative network.
- Explore collaborative mechanisms for intellectual property management.
- Promote the transfer of technology, knowledge and technical skills to strengthen innovation systems in developing countries.
- Forecast the demand for medical technologies for neglected and emerging infectious diseases.
- Support and provide incentives to new for-profit and non-profit models of partnerships between developing and developed nations to accelerate R&D for neglected diseases.

When designing policies, developed countries should consider the policies' potential impact on health-related development objectives. Developed countries should also take into account the priorities of the countries that receive development assistance.

For more information, see [www.oecd.org/sti/biotechnology/nma](http://www.oecd.org/sti/biotechnology/nma).

such as tuberculosis and malaria, that primarily affect the developing world. WHO estimates that close to one billion people are affected by neglected infectious diseases, yet less than 1% of the drugs that have entered the market since 1975 were developed for these diseases. The Noordwijk Medicines Agenda proposes OECD-wide actions to address this problem (Box 1).

In OECD countries, medicines account for an average of 18% of all spending on health; in developing and transitional countries, that proportion can be as high as 60%. While some pharmaceutical companies have lowered their prices in developing countries, the lack of medicines available through the public sector often forces patients to purchase medicines from the private sector where prices remain prohibitively high. Moreover, lowered prices in developing countries create incentives for parallel, and often illegal, trade in pharmaceuticals and counterfeits. In addition, there are no incentives for pharmaceutical companies to invest in R&D or to develop medicines that are needed only in the poorest countries where buying power is severely limited.

There is a tension between the need to protect intellectual property rights (IPRs) and the need to ensure the availability and affordability of medicines. According to WHO, research should be driven by health needs and should explore ways to improve poor people's access to healthcare products, foster innovation and build capacity in developing countries. In addition, information and communication technologies applied to healthcare systems can potentially transform the delivery and financing of health services in both OECD and developing countries.

The WTO-administered Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS) of 1994 states that IPRs should help to promote and transfer technological innovation to improve social and economic welfare. Yet, intense lobbying by large pharmaceutical companies often limits compulsory licensing and waiving of patents.

Trade in health services and migration of health workers also have a significant impact on the coherence of health policies. The shortage of health professionals in many OECD countries has raised concerns about international interdependency in healthcare personnel. Health professionals in developing countries often emigrate to benefit from better salaries and working conditions elsewhere. Despite the fact that migration is an individual decision, OECD countries should consider the potential impact of their migration policies in order to limit the negative impact of migration on already fragile health systems in developing countries. ■

### What impact do OECD aid policies have on developing countries' health sectors?

After stagnating in the 1980s and 1990s, aid to the health sector has risen in recent years and now accounts for about 16% of total sector aid. A large share of this increase is represented in treatment of HIV/AIDS. Bilateral aid to the health sector from members of the OECD Development Assistance Committee (DAC) reached USD 9.4 billion in 2007, while aid from multilateral agencies amounted to USD 4.5 billion. These figures exclude aid to other sectors that may have a direct or indirect impact on health status such as social and

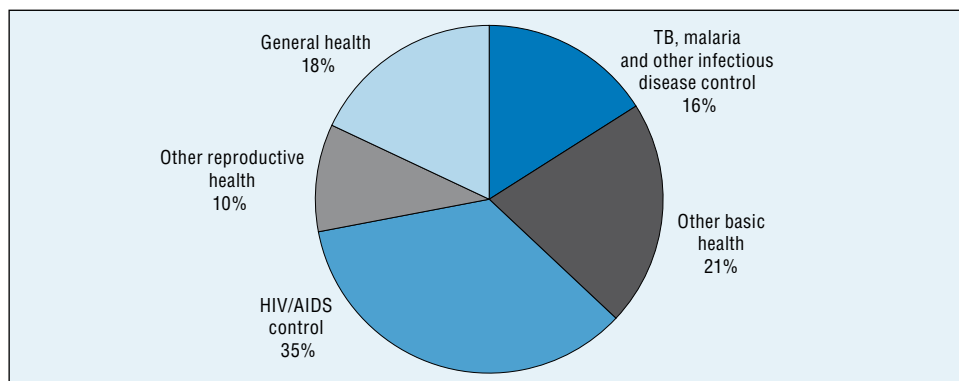
welfare services, employment policy, multisector aid for basic social services, urban development and management, and rural development. Total aid to these sectors amounted to USD 5 billion in 2007.

The economic crisis underscores the need for donors to deliver on aid commitments and to support the most vulnerable. The relative importance of aid to the health sector varies across developing countries but can reach high percentages of domestic budgets. With around 100 global health partnerships and many donors, health remains one of the most complex and fragmented sectors. The health sector is used to monitor progress in the implementation of the Paris Declaration on aid effectiveness and the Accra Agenda for Action to improve the outcomes of aid delivery. Figure 1 shows the sub-sectoral breakdown of aid to health.

Nearly one billion people lack safe sources of water. Aid to water supply and sanitation can reduce the incidence of disease and death in poor countries, and thus reduce related costs. Meeting the Millennium Development Goals' target on water and sanitation could save the health sector USD 7 billion annually. At the current rate, the world is on track to meet the water supply target, but will miss the sanitation target by over 700 million people.

New actors, particularly global programmes and funds, have helped to improve health outcomes, such as reducing child mortality by supporting immunisation programmes; but they are not yet fully aligned with partner-country priorities. New initiatives and funding mechanisms have also emerged in the health sector. Such innovative financing mechanisms aim to generate new and sustainable revenue to address global health problems, and to increase contributions from non-state actors, including through public-private partnerships. According to the World Bank, alternative sources of financial flows represented USD 11.7 billion or 1.3% of gross Official Development Assistance over 2000-2008. Examples of such initiatives include the voluntary tax on airplane tickets implemented in 13 countries so far, and the International Finance Facility for Immunisation, which helps to vaccinate over 100 million children worldwide. ■

**Figure 1.**  
**BREAKDOWN OF DAC AID TO HEALTH**  
Commitments in 2005-2006, constant 2006 prices



Source: OECD/DAC statistics.

### What is the role of developing countries' policies?

Developing countries should ensure that their policies and budgets are sound, proactive and supportive of sustainable development. National poverty-reduction strategies can support coherent policies. They can help to integrate health concerns into broader economic policies and raise political support and public funding.

Many developing countries lack functioning health-information systems, and existing data is often of poor quality. This makes it difficult to capture the impact of policies, both within and beyond the health sector, on the health of the poor. National efforts are needed to collect and analyse sex-disaggregated data. Donors can help by building the capacity of developing countries in the areas of budget and planning and in developing information systems.

People in poor countries pay a high proportion of their health costs directly to healthcare providers. As a result, treatment is often discontinued, or people are forced to cut their spending on other basic needs, such as food and clothing. Developing tax and/or insurance systems can help to generate financial resources to improve the efficiency of health systems so that people do not have to make such difficult and potentially life-threatening choices.

Improving the quality of drinking water through deep-bore wells, piped water, the construction of sanitation facilities, activities to limit water use, and the application of water-purification technologies, especially at local schools and clinics, is crucial.

Gender equality is vital for improving maternal health, reducing child mortality and HIV infection rates, and improving overall health in developing countries. Empowering women, who are infected with HIV at a higher rate than men are, would help make them less vulnerable to the disease as they would be armed with valuable information about how to protect themselves.

Retaining doctors and nurses in developing countries will require improved domestic working and living conditions. Training should be adjusted to meet local needs and return migration should be made easier. It is also important to disperse health workers appropriately throughout the country, taking population density and public/private services into consideration. ■

### What can governments do now?

To improve policy coherence for development in the health sector, OECD countries should:

- Assess the impact of OECD policies on global health outcomes.
- Ensure transparent management of patents and other licensing tools and explore more open innovation systems for access and use of IPRs.
- Prioritise R&D and intensify global collaboration and public-private partnerships to improve the availability of, and access to, medicines and vaccines.
- Avoid creating dependence on the migration of health professionals by adjusting training policies and managing health personnel efficiently.

- Stress the importance of environmental policies as a key way of reducing health problems and healthcare costs caused by environmental degradation.
- Invest in women and gender equality to improve maternal health and to reduce child mortality and the spread of HIV/AIDS.
- Monitor and promote innovative financing mechanisms that comply with aid-effectiveness principles.
- Align aid with partner countries' health priorities and put greater emphasis on capacity-building and health-policy reforms.

Developing countries should:

- Scale-up basic health services through a combination of preventive and curative public health services. Align incentives and policy goals.
- Support interventions beyond the health sector, notably on safe drinking water and sanitation and nutritional supplements.
- Help to collect and analyse health and population data disaggregated by sex and use this data to implement national programmes more effectively.
- Identify strategies for collaboration between health and education sectors. In particular, empower women and educate girls and boys about family planning, child care and disease prevention.
- With the support of OECD countries, tackle problems of inefficient drug-procurement policies, corruption in distribution chains, lack of quality assurance, unaffordable prices and lack of sustainable financing.
- Create an enabling work environment for health workers and active policies to foster return migration. ■

### For further information

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### For further reading

OECD (2009), **Coherence for Health: Innovation for New Medicines for Infectious Diseases**, The Development Dimension Series, ISBN 978-92-64-06014-2, € 24, 148 pages.

OECD (2008), **Pharmaceutical Pricing Policies in a Global Market**, OECD Health Policy Studies, ISBN 978-92-64-04414-2, € 50, 216 pages.

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