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Mr Chairman,
Commissioners, Ambassadors,
Ladies and Gentlemen,

It gives me great pleasure to welcome you today to the Fifth Meeting of the Commission for Macroeconomics and Health.

Last year, in Paris, I said that "There is a growing consensus among political leaders in *all* parts of the world that action to confront the development crisis posed by ill health is urgently needed."

I said that the question of resources is central to any meaningful progress in health improvements for the poorest countries.

I also said the context in which we are working is changing and that things continue to move at great speed.

The seven months that have passed since Paris have reinforced these three points - in particular the last one. Things do indeed move at great speed. Let me briefly sum up:

During this period, the premises for the debate about access to drugs have changed drastically.

- Both countries and pharmaceutical companies have accepted the principle of differential pricing of key drugs and pharmaceutical products to enable wider access in poor countries.
- Several companies have drastically reduced the prices of important drugs for the least developed countries and some other countries particularly affected by disease. This, by the way, goes beyond drugs used for treatment of HIV/AIDS and opportunistic infections. One recent example was Novartis' agreement with WHO to sell its combination treatment for malaria, Coartem, for a drastically reduced price to malaria-endemic countries. Some companies have decided to simply provide some drugs for free in poorest countries.
- The principle of openness and transparency in pricing of drugs is being increasingly accepted and practiced by pharmaceutical companies.
- Direct competition, in particular between research-based companies and generic companies, is adding to the dynamic of reduced prices.
- Anticipation of higher and more predictable sales of key drugs are also helping to drive down prices, as we are currently experiencing through the Global TB Drug Facility.

But we have also seen the development of the political consensus into more concrete plans for action. The European Commission's Communiqué on action against HIV/AIDS, TB and malaria has been followed up with a Programme for Action, focusing on ensuring optimal impact from existing interventions; increasing the affordability of key pharmaceuticals; and increased investment in research and development.

We have seen a growing consensus around a framework which links the availability of new resources to the ways in which they are used.

The first element of this framework is that there really is a steep **increase in resources**. The United Nations Secretary-General has spoken of an additional US\$ 7 billion per year for HIV/AIDS. I believe we should be looking toward a progressive increase in funding - from all sources, both national and international - toward a total of about US\$ 10 billion a year to cover the investments needed to tackle HIV, tuberculosis and malaria.

The second element is ensuring that essential global functions take place, such as programmes of strategic research for, and development of, necessary drugs and vaccines and strategic partnerships to bring down medicine prices in order to improve access in poorer communities.

But we also will need schemes for the efficient purchase and equitable distribution of critical commodities, obviously in ways that respect intellectual property, that build on existing international trade agreements and that show how to take advantage of the new advances in biotechnology. The Trade Commissioner, Pascal Lamy, has played a key role in working to this end.

The third element in this framework is innovative and urgent action to secure the effective operation of **health systems** even when they are seriously under-funded. This means improving the capacity of a variety of different provider groups to deliver essential services and goods through a diversity of private, voluntary and public channels. The emphasis must be on stewardship by governments, even in complex emergencies. Effective stewardship calls for the strengthening of human resource capacity through development of leadership and public health skills, coupled with efforts to retain critical staff. This would be backed by focused investment in essential infrastructure, fair systems for health financing, logistics for storing and distributing medicines and other vital commodities, functioning laboratory services, and - importantly - monitoring the quality and coverage of all services.

The overall goal would be to ensure that health systems are able to deliver services that are as effective, responsive and fairly financed as possible given the resources available.

The fourth element is to ensure the independent authoritative monitoring and **review of results**, relating these to investments, accompanied by rapid reporting and public relations - in order to sustain long-term involvement.

The fifth element is to catalyse intense and social mobilization at country and global levels, through a credible and upbeat programme of advocacy with political leaders and key public figures. It would work through governments, NGOs, and the media. It would be based on the theme of working together to "make the forces of globalization work for the secure future of humanity".

Last, but not least, we need an effective, fast mechanism for moving money.

As you know, much attention has been given over the past few months to establishing a new Global AIDS and Health Fund. Whilst the concept of a global fund has only recently hit the headlines, the ideas have been brewing for some time. But a consensus has gradually developed that a single fund, initially with a narrow focus on HIV/AIDS, TB and malaria is the best starting point.

The Fund will enable those wishing to invest in world health to back effective action without establishing independent systems to move resources to community level. By pooling investments from a variety of sources, and drawing on the best of international and local expertise, the Fund will ensure the best possible results from investments made. The Fund should also help countries who do not presently benefit from significant external resources - such as those emerging from conflict.

The objective of establishing a new Fund is to bring *additional* and *complementary* resources to bear on urgent health problems.

Discussions over the last month have led to an emerging consensus.

An *international* fund which is attractive to, and receives income from, government and private donors.

An innovative alliance between developing countries and funders with the UN system closely involved at all levels. Developing countries fully involved in the planning of the Fund from an early stage.

A Fund that supports country-level decision-making and leadership; that is characterized by transparency and accountability and that involves the voluntary and private sectors in implementing effective actions.

A Fund that focuses on outcomes through the optimum blend of programmes within different sectors, that contributes to the coherence and effectiveness of development assistance.

A Fund that is fast moving and innovative: that encourages new ways of working, and ensures that funds are disbursed both rapidly and wisely.

A Fund characterized by streamlined management: no elaborate planning processes; review criteria that are transparent and consistently applied.

A Fund which adapts the way it works at country level to different national contexts, but focusing at all times on results: successive tranches of funding should reward good performance.

A Fund that operates in the context of international agreements: including TRIPS and the safeguards included in it.

All these developments greatly influence the work we are expected to do in the Commission. The case for investment in health has already been made and is gaining acceptance. But there is still a profound need for scientifically based evidence for what works and how new solutions can work in harmony with existing interventions.

This is our challenge. As the understanding of the importance of health in development is increasing, the Commission's work will also increase in significance.

I would briefly outline some of the areas where I see there is a need for clear recommendations which the Commission could contribute to.

It is clear that scaling up interventions against priority diseases is inseparably linked with investments in health systems. Moreover, access to care is not just about access to drugs. It is about **access to effective health systems**.

Prevention, information work and safe and reliable care require trained staff who receive their salaries on time and who stay in their posts. It requires supplies, buildings, information systems, supervisors. All this and more is needed for the safe diagnosis and treatment of childhood pneumonia - let alone more complex problems like the management of multi-drug resistant TB or HIV.

We need to know much more, however, about how we invest wisely in health systems in poor countries so that we can see rapid, measurable improvements in outcomes. When your option is to double spending on health, from US\$ 8 per person per year to US\$ 16 per person per year, what are

the priorities? How much should be spent on salaries? How does one assure that capital investments are protected? How do you build up an effective supply chain for basic commodities?

Another key area is to fully reflect the growing evidence that noncommunicable diseases also batter the poor. Growing urbanization leading to changes in diet, pollution, lack of clean drinking water and sanitation and an increasing influence of tobacco marketing all contribute to a double burden of disease for developing countries.

It is important that the Commission Report makes a strongly argued case for investing in health also for noncommunicable diseases, injuries and mental health.

We must also address the mechanics of development assistance for health. One clear and uniform demand by all stakeholders in the ongoing debate about scaling up resources for health is to find ways to reduce transaction costs, simplify allocation and reporting procedures and find new and better ways to balance in-country decision making with global best practices and donor concerns.

We must draw on the experiences of donor - recipient country relationships, as well as those of OECD, DAC, the UN and the development banks to improve effectiveness and sustainability of the aid flows. We need to lay out the dilemmas of conflicting priorities.

We need to stress that the centralization of resources into funds, as we are seeing at the moment must be a complement to existing resource flows - not replace them.

We need to acknowledge that while evidence-based best practices and performance criteria for continued financing need to form the foundation for investments in health, we must avoid a tendency towards scientific elitism, and make sure there is proper control and ownership of the process in recipient countries.

National governments must have all the information they need to help them decide between competing priorities - within and between sectors. Providing this information is our task. Making the tough decisions on the basis of that information is theirs.

Mr Chairman, Ladies and Gentlemen,

These are exciting times. We live in a rapidly changing world. And we have an opportunity - greater perhaps than has been granted to any other generation in history - to make certain that those changes are for the good. Changes that will make the world a more healthy and a more equitable place to live. I have convened the Commission on Macroeconomics and Health to help us make the case that good health is not just a good in its own right, but one of the most powerful development strategies at our disposal.

I am impressed by the progress you have made in your work already. And I look forward to the debate and discussion over the next two days.

Thank you.