Strengthening health systems – creating social and economic returns

Health is not only a justified concern for each and every individual, but also relevant for national economies as a whole. Recent studies demonstrate that the overall health of a population affects a country’s economic performance.

**Strong health systems as a factor in the economy**

According to the influential Lancet report “Global Health 2035”, between 2000 and 2011 about 11% of economic growth in the low and middle income countries examined was attributable to the reduction of population morbidity and mortality. If one considers social welfare in a broader sense, the share in growth is as high as 24%.

Accordingly, the authors of the report recommend –for economic reasons –to systematically invest in improving health systems, and in particular in eliminating infectious diseases and reducing maternal and child mortality. Of course, in addition to economic benefits, human rights considerations play a major role here, too.

**What makes health systems strong?**

In practice, establishing comprehensive and effective health systems is not always a simple matter. To guide relevant efforts, the World Health Organization (WHO) has defined the following six building blocks which interact in any health system.

- It is necessary to define a **sound health service provision architecture** reflecting the needs and the level of development of a country and to create the required infrastructure (access to health services).
- Adequate human resource **management** is necessary to train health specialists as well as to ensure a sufficient availability of personnel and an acceptable quality of services at all levels of healthcare delivery, especially in rural areas.
- An up-to-date and reliable **health information system** is needed to identify and combat disease outbreaks early on, but also to recognise and leverage potential for greater efficiency in service delivery in a timely manner.
- In the area of medical products, it is essential to continuously ensure that **diagnostic and treatment methods** are being used and that therapies for the treatment of new or as yet neglected diseases are being developed.
- Important questions of **sector governance** are the efficient division of responsibilities between public and private players in the health sector in conjunction with the establishment of an effective cost management and quality assurance system.
- Necessary measures to **finance** the provision of health services include the development of sustainable financing solutions, inter alia through a combination of different funding sources. Those solutions should, in particular, prevent the risk of impoverishment of individuals as a result of wrong health spending.

**Strong health systems are more than the sum of their parts**

If a health system is to be strengthened, each of the building blocks mentioned above must be analysed and, if necessary, improved. At the same time, however, it is equally important to optimise the interaction of different building blocks so as to create needs-based, efficient and resilient health systems.

This requires comprehensive national health strategies which define health policy objectives and identify and prioritise measures to achieve them. Without such a strategy, all measures in a health system remain patchy at best and are, at worst, counterproductive.

**Approaches for international development cooperation**

International development cooperation can help partner countries in establishing effective and efficient health systems. Efforts need to focus on making health systems needs-based, efficient and resilient through the careful reorientation and further development of system building blocks.

Each planned health policy intervention should be critically examined prior to its implementation to identify which health system building blocks it addresses and discover whether it is, in fact, appropriate to achieve the desired effect with regard to the health system as a whole.

Disclaimer: The opinions expressed in this document are solely the opinions of the authors and do not necessarily represent the opinion of the KfW Group.