



Health, Economic Growth and Poverty Reduction:

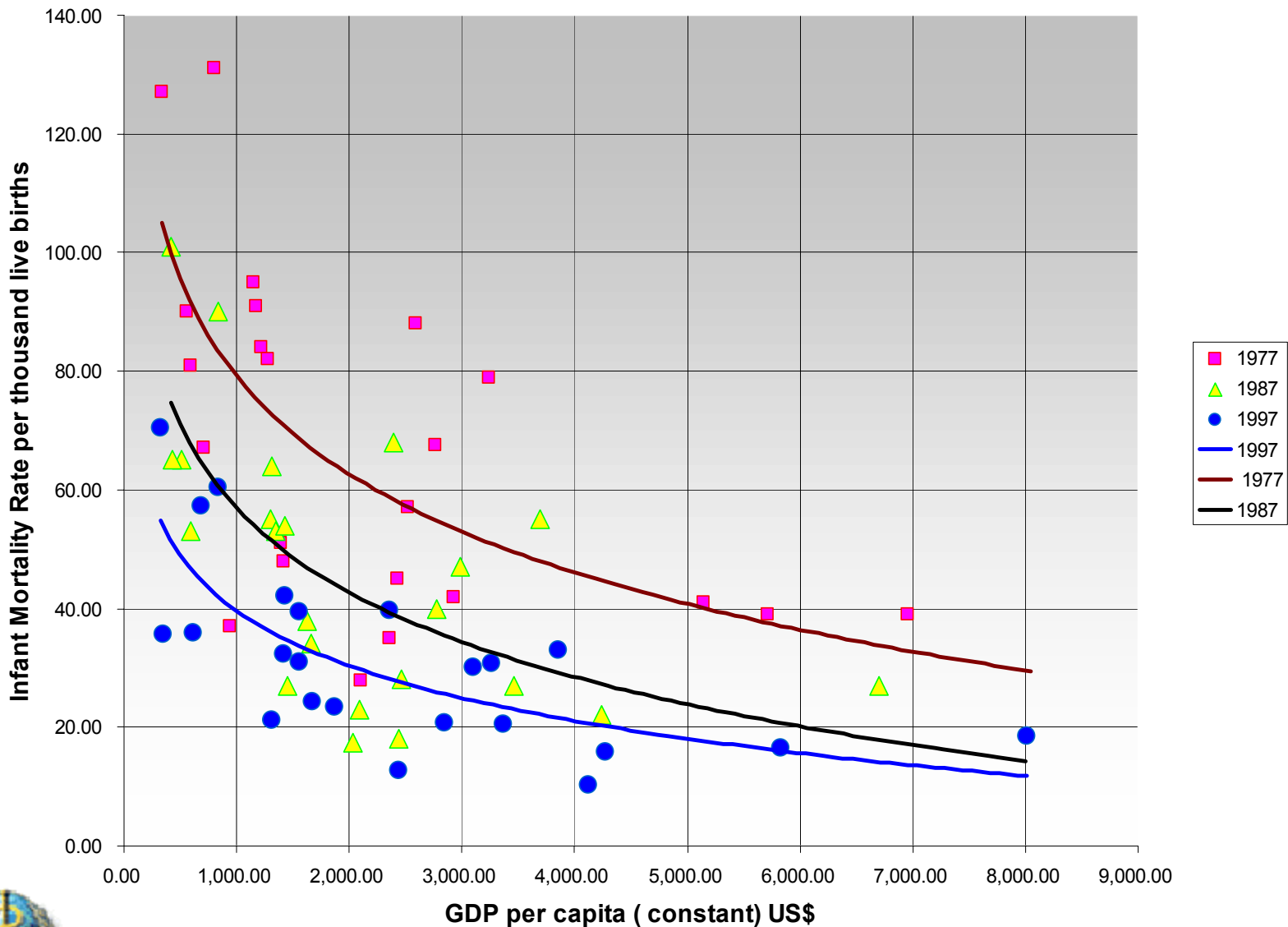
Concepts and determinants in Latin America and the Caribbean

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IMR and GDP per capita constant, LAC, 1977, 1987 & 1998



HDP/HDD

The Income-Health Link

- **First conclusion:**

- Improved health is not exclusively a byproduct of economic growth and in fact, may improve in the absence of growth
- Development strategies based on economic growth should incorporate improving health as a strategy for achieving better growth
- *What is the evidence?*

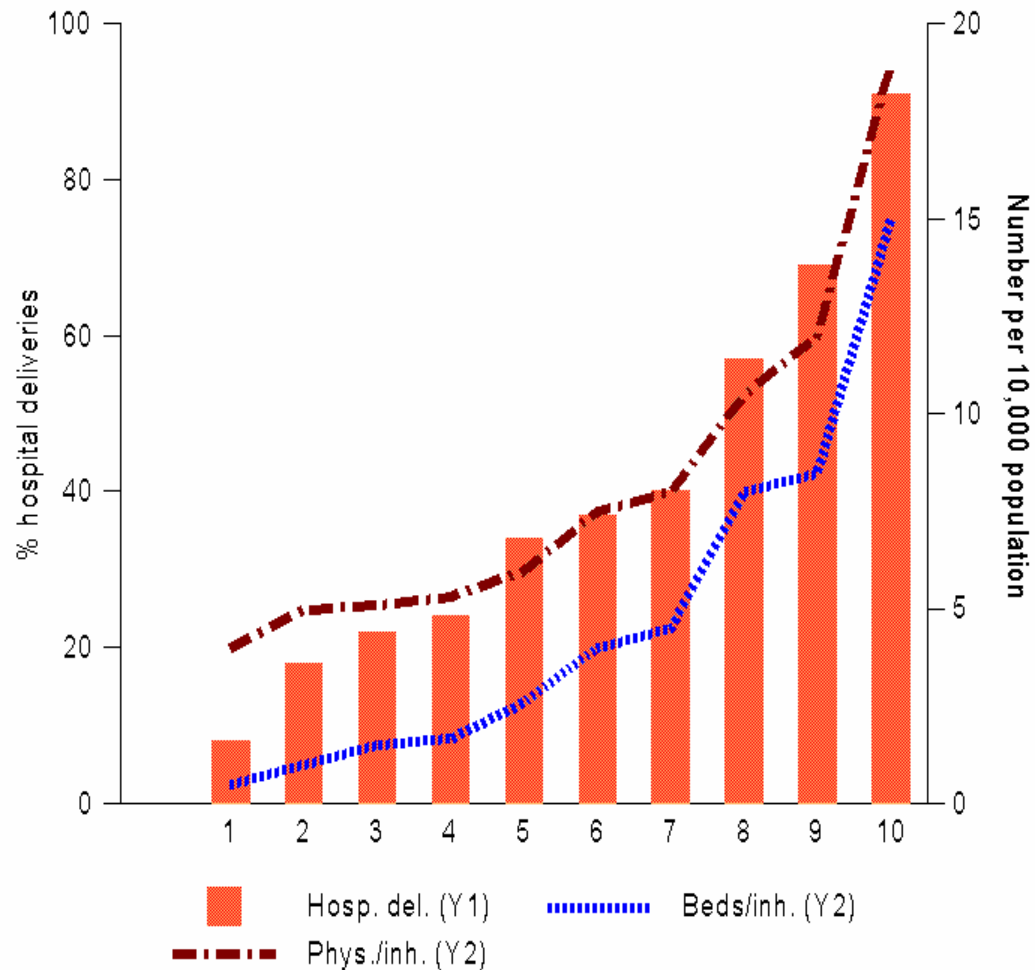
Health and Economic Policy

- Health impacts growth through
 - Human capital accumulation
 - Increased saving
 - Reduction of inequality, poverty alleviation
 - Female economic participation
 - Demographics and fertility
 - Equity and efficiency of health systems

Poverty in LAC

- Persistent relative and absolute poverty circa 2000, relatively unchanged since 1980
 - 250 millions in relative poverty - 50%
 - 160 million under poverty line - 33%
 - 80 million in extreme poverty - 16 %

Distribution of health resources according to per capita income in the municipalities, Mexico, 1990-1996.



Source: Lozano et al, 1999.

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Tabla 17: Distribución de los beneficios del gasto público en salud en Ecuador, Guatemala, Jamaica y Peru

Pais	Quintil Más Pobre	Quintil 2	Quintil Medio	Quintil 4	Quintil Más Rico
Ecuador	12.5	15.0	19.4	22.5	30.5
Guatemala	12.8	12.7	16.9	26.3	31.3
Jamaica	25.3	23.9	19.4	16.2	15.2
Peru	20.1	20.7	21.0	20.7	17.5

Fuente: Suarez-Berenguela, op.cit, P.135

Conclusions

- Health contributes to economic growth
- Health has a place in economic policy decisions
- More theory-aided economic research and evaluation is needed to understand the channels and magnitudes of the economic and demographic impacts of health

Additional research questions

- Can investing in health and in reducing health inequalities reduce income inequalities, poverty and increase growth?
- What kinds of health interventions are the most efficient way to invest in health?

Lines of Action

CMH Report as a tool for advancing research and advocacy

- **Relationship between health and economic growth**
- **Role of health interventions in reduction of poverty and inequalities**

Lines of Action

Regional and country estimates of PHC programs and strategies

- **Levels and distribution of expenditures on PHC**
- **Resource constraints**
- **Identify needs for resource allocation and/or mobilization**

Lines of Action

Focus on Burden of Disease of the Poor

- **Identify main health problems of the poor**
- **Identify cost-effective interventions to include in a renewed PHC strategy,**
- **Intersectoral initiatives at national and regional level**

Lines of Action

Regional Commissions of Macroeconomics and Health

- **National Commissions**
 - Mexico
- **Subregional Commissions**
 - CARICOM
 - SICA
 - Others

Lines of Action

HIPC Countries and PRSP

- **HIPC countries**
 - **Bolivia, Guyana, Honduras, Haiti, Nicaragua**
- **Country specific packages of interventions**
- **Data collection and information for needs assessment and effective delivery and monitoring**

Health and Economic Growth

A PAHO research agenda

- *State of the art review of health as a component of human capital formation in endogenous growth models*
- *Components*
 - Investment in human capital formation and its effect on growth and convergence/divergence
 - Pathways in which health status in different stages of the life cycle can affect longevity and human capital
 - Discussion on proxy health indicators that could be predictive of rates of return of health policy levers
 - Development of conceptual models and data sets for modeling and testing health and growth

Health and Economic Growth

A PAHO research agenda

- *Macro-level empirical studies on LAC*
 - Cross sectional and panel analysis
 - Network of research groups in Southern Cone, Andean region, Eng.Caribbean, MEX/CA
 - Review of literature on human capital, income distribution and economic growth, with exploratory research and development/testing of time-series regression model, $Y=F(TV, HD, SV, U)$
 - Y=economic performance, TV= technical explanatory variables (capital labor ratio, investment, capacity utilization), HD=human development, SV=structural factors (exports, industry composition, governance, etc.)

Health and Economic Growth

A PAHO research agenda

- ***Micro level studies on pathways of health to growth***
 - Life cycle focus of impact of health improvement on productivity and wages, education attainment, cognitive development, human capital formation and welfare
 - INCAP longitudinal study (1968-2000 cohort)
 - Household surveys analysis of SE gradients of nutrition and health status
- ***Promotion/funding of researchers on health and growth***
 - Participation/promotion of theme in international economists conferences
 - PAHO sponsor and support to postgraduate dissertations and grants for health and growth research in the Region
- ***Partnerships with other regional and global partners***