



**General Assembly**

Distr.  
LIMITED

A/CONF.191/L.8  
17 May 2001

Original: ENGLISH

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Third United Nations Conference on the  
Least Developed Countries  
Brussels, Belgium, 14-20 May 2001

**Interactive thematic session**

**ENHANCING PRODUCTIVE CAPACITIES: THE ROLE OF HEALTH**

Summary prepared by the Conference secretariat

1. Poor health is a great deal more economically costly than has ever been appreciated. Malaria has slowed economic growth in Africa by up to 1.3 per cent per year with malaria-free African countries averaging three times higher per capita GDP. Compounding the problem is the HIV/AIDS pandemic that disables and kills indiscriminately, including the working age sector of the population. By 2010, it is estimated that HIV/AIDS will have cost South Africa approximately US\$ 22 billion, cutting 17 per cent from the country's GDP. The World Bank has estimated that as a result of HIV, Africa's growth rate in the 1990s was three times less than it would have been otherwise. AIDS has a marked impact on agricultural and industrial productivity. Furthermore, the education and health systems in many LDCs are being seriously eroded by high mortality rates amongst health workers and teachers. Some large companies in LDCs have reported that the cost related to AIDS has exceeded their total annual profit. In fact, the health crisis is a fundamental obstacle to economic growth and poverty reduction.

2. Participants in the thematic session acknowledged a direct link between better health and economic growth. Good health contributes to economic development through higher labour productivity, higher rates of investment and savings, higher educational attainment and lower birth rates. Therefore, health care expenditure is a necessary and productive investment for growth and development. Good health can fuel the engine of development. It is essential, but

not sufficient, to produce high economic growth rates, which also depend on other factors, notably the economic, social and political environment.

3. Only four of the 49 LDCs are on target to meet the international development goal of reducing the 1990 level of infant mortality by two-thirds by 2015, as endorsed at the UN Millennium Summit. On average between 1995 and 1999, 16 per cent of all children born in LDCs do not reach their fifth birthday - a rate that is more than triple the developing country average. The average life expectancy in LDCs is only 51 years, while for developing countries it is 65 years. The major diseases affecting the poor are malaria, HIV/AIDS, tuberculosis and childhood diseases. In many LDCs, the scourge of HIV/AIDS alone is responsible for destroying the health gains achieved in the previous 50 years and threatens the capacity of these countries' economic development. There are 36 million people infected with HIV/AIDS – over 95 per cent of whom are located in developing countries. 13 million people have already died from this pandemic. The rise in adult aids-related deaths is producing an enormous number of orphans – 12 million in Africa alone.

4. Women's special health needs must also be taken into account. For example, in Ethiopia, 1,400 women per 100,000 die in childbirth. Furthermore, illegal and unsafe abortions, female genital mutilation and women's susceptibility to sexually transmitted infections are compounded by the disempowerment of women in society. In sub-Saharan Africa, women are now more likely than men to be infected with HIV/AIDS. They bear the greatest share of the burden of caring for their families: the responsibility for children orphaned by HIV/AIDS and caring for family member with HIV/AIDS.

5. In addition to these problems, regional conflicts have resulted in the large movement of refugees and displaced persons, particularly in sub-Saharan Africa. In some LDCs this has placed a tremendous burden on the national health care system. Rising corruption in the delivery of health care and disrespect for the poor, especially women, were also highlighted.

6. An immediate priority is to focus efforts on the fight against the major communicable diseases in LDCs through prevention and treatment in the short term. This will save the highest number of people in the long term. There is therefore need for a coordinated and coherent response to strengthen the weakened and barely functioning health care systems. To achieve a better system the following functions need to be fulfilled: organizing service delivery, producing the right mix of health system inputs and resources, financing and exercising strong stewardship by Governments. In the longer term, improvement in the health of the population of LDCs also depends on actions beyond the health sector, such as access to safe and adequate food, clean water, sanitation and basic education. LDCs require a major increase in health expenditure beyond current levels of spending, which average about US\$ 5-10 per head per annum. A fundamental problem is that medications are priced according to supply and demand criteria of developed countries. International agreement on tiered pricing is urgently needed to reflect the ability of LDCs to pay.

7. Consumer organizations have a crucial role to play in protecting and improving health, especially in educating consumers, for example, to focus on preventive measures such as safe water, adequate sanitation; promoting rational drug use and the use of alternative medication. In addition they can uphold patient rights; act as a counter force to check the abuse of market power by corporations; and work to minimize the impact of trading rules on the health of the poor in the LDCs. Therefore, consumer organization capacity-building should be placed at the centre of any debate on health policy issues.

8. The increasing influence of multilateral trade rules on health in many areas, for example, intellectual property, trade in services, sanitary and phytosanitary standards, demonstrates that public health objectives should be central concerns in national trade policies and in multilateral trade agreements. LDCs must be able to make use of the legally available exceptions provided within the TRIPS Agreement in order to ensure access to affordable drugs and commodities. Movement of doctors and nurses from LDCs to provide services in developed countries is depleting the crucial resources of LDCs. Urgent action is required to tackle the effects of this migration.

9. To reach health-related goals, a massive increase in the scale of the international response will be needed, in the order of US\$ 15-20 billion annually of additional and sustainable financial resources. This could be achieved through the allocation of new resources. The increased amount includes funds for the fight against HIV/AIDS, estimated at US\$ 5 to 10 billion annually for sub-Saharan Africa alone. The need for adequate and continuing levels of spending to secure effective health systems is essential if poverty is to be reduced.

10. There was support for a global fund for AIDS and health which is considered a deliverable from the session. The establishment of a global health fund was essential if the benchmarks set at the Millennium Summit are to be met. The conditions needed to make it work effectively were discussed. The fund would be intended for prevention, for improving access to health care and affordable medicines and for capacity-building. It would cover research and development of new drugs, vaccines and other technologies that are desperately needed to prevent and control diseases that primarily affect LDCs. Regional centres of excellence for research and development should be set up to focus on high prevalence diseases. The implementation of debt relief programmes would free funds that are urgently needed for investment in health.

11. The European Commission presented its views on the global health fund. The principles set down by the Commission for its support of the fund include that donors should make available additional and new resources over an extended period of time; that OECD countries take measures to assume a fair share of the global financial burden of reducing poverty and disease; and that a broad approach be taken targeting the three major communicable diseases: malaria, tuberculosis and HIV/AIDS. There is a need for country ownership of health care, integration with national development strategies and health systems development, and effective co-ordination on the ground, with priority for prevention efforts. The fund should be open to all interested parties both public and private. The governing structure of the fund should be transparent and 'outcome-driven', with decreased transaction costs for countries should be a

priority. The global fund will be more effective with a commitment by industry to a global tiered pricing system. The G8 will consider the establishment of the global fund in Genoa in July.

12. The European Union Commission has recently adopted a Comprehensive Programme of Action on Communicable Diseases with special emphasis on HIV/AIDS, malaria and tuberculosis. This programme calls on global partners to develop new approaches to deliver greater and additional resources through more efficient means. The Programme of Action includes global bidding for essential drugs to obtain lower prices. This Programme for Action was strongly endorsed by the European Union General Affairs Council of 14 May.

13. A comprehensive new framework for action for promoting health in LDCs (developed by WHO with inputs from participants at the preparatory Meeting on Health in Ottawa) was presented as a deliverable. The effective implementation of the WHO framework for action will ensure that all essential lines of action to promote health in LDCs are undertaken in a coherent manner. There are seven core elements that involve roles and responsibilities for both LDC Governments and the international community. Additional resources should be mobilized for health priorities from existing donors, complemented by global trust funds, savings from debt relief and new funding partners. Funds should be channelled and managed efficiently and effectively, promoting integration with development processes such as PRSP's. The production and distribution of global public goods would require strategic partnerships between public and private entities to: (i) provide incentives for research and development for new drugs and vaccines; (ii) reduce the price of key medicines, and (iii) increase access to new health technology and technical assistance. Effective health schemes should be developed through coordinated donor support linked to better outcomes, tools and methods for assessing performance, promoting consensus on standards and strategies, sharing experiences and best practices, using traditional and volunteer providers, community participation and increased attention to human and institutional capacity-building. Progress should be measured through independent and authoritative mechanisms against agreed targets. Advocacy and social mobilization and public awareness campaigns should be implemented to create and maintain political support among donors. Policy coherence must be achieved across sectors and agencies on international development policies and multilateral rules and treaties in the areas of trade and investment, economic development, environment, intellectual property protection and labour policies. This framework is based on key principles, namely political leadership, better links between global and national policies and actions and finally programmes adapted to specific country needs such as gender and cultural norms that are carefully sequenced.

14. The session concluded by: (a) noting the compelling new evidence on the contribution of improved health to economic development; (b) strongly endorsing the WHO Framework for Action to improve health in LDCs, contribute to economic growth and achieve international development goals. Member States were encouraged to contribute to the new global HIV/AIDS and health fund. The private sector was urged to develop a tiered pricing system for essential drugs.

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