

# HEALTH AND THE ECONOMY

A CONVERGENCE NEEDED TO ADDRESS COVID-19 AND RETAKE THE PATH OF SUSTAINABLE DEVELOPMENT IN LATIN AMERICA AND THE CARIBBEAN

## Key findings

- Various countries in Latin America are currently at the epicenter of the COVID-19 pandemic.
- The region of the Americas, the most unequal in the world, is especially vulnerable to COVID-19 because of its high levels of informal work, urbanization and weak health and social protection systems.
- If the curve of contagion is not controlled, economic reactivation will not be possible.
- Life, health and well-being are paramount and are prerequisites for reactivating the economy.
- To address the pandemic in all its phases, health, social and economic policies must be integrated, coordinated, and participatory, and adapted to each national and subnational context.
- Public health measures should be based on the scientific information available in a dynamic context and should go hand in hand with economic, social and productive measures. When the economy begins to reactivate, the chances of contagion will increase. Therefore, re-opening strategies require the integration of health and economic policies (fiscal, social, productive), as economic policies can mitigate the effects of the crisis and facilitate compliance with health measures.
- The reopening phase of the economy should be gradual and based on health protocols that consider how to live with the effects of the virus and protect workers. These protocols may vary by territory. Fiscal spending to control the pandemic and promote reactivation and reconstruction must increase and become more efficient, effective and equitable, with public spending on health reaching at least 6% of GDP.

This will ensure the strengthening of health systems to expand the provision of quality services, addressing unmet health needs immediately in an accelerated manner, reducing inequities and increasing financial protection.

Reducing inequalities is an axis of policy; therefore, everything that is done during and after this crisis must be directed to build more egalitarian, inclusive, sustainable and resilient societies.

## Health systems and the pandemic

- Health is a fundamental human right and a public good that must be guaranteed by the State.
- Health systems in countries in the region have significant weaknesses. They are underfunded, segmented and fragmented, and present important barriers to access.
- Public health spending is low, under the 6.0% target of GDP recommended by PAHO. The average expenditure is only 3.7% of GDP.
- On average, more than a third (34%) of health care financing comes from direct out of the pocket households payments in the region. PAHO recommends eliminating out-of-pocket payments at the point of service.
- Nearly 95 million people are faced with catastrophic health expenditures and nearly 12 million are impoverished due to these costs.

- The average availability of 20 doctors per 10,000 inhabitants is well below the average number of 35 doctors per 10,000 inhabitants that the countries of the Organization for Economic Co-operation and Development (OECD) reach, and below the figure recommended by WHO (30 doctors per 10,000 inhabitants minimum, and 23 doctors, nurses and midwives per 10,000 to reasonably care for maternal and child health).
- The average availability of hospital beds is also lower, with 2.0 beds per 1,000 inhabitants for Latin America and the Caribbean, and 4.8 for OECD countries.
- The pandemic poses an increased risk to certain groups. These include the 85 million people over the age of 60 and the 70 million people with disabilities. The spread of the virus can make it difficult to treat the most common chronic diseases in these groups, exposing them to early death.
- Prioritization of health and strengthening health systems on the basis of the primary health care strategy provide the necessary foundations to respond to the crisis at all stages.

## The economy and the pandemic

- The pandemic has led to the steepest recession in the history of Latin America and the Caribbean, which, according to ECLAC projections, will mean a regional drop in growth of -9.1% in 2020.
- Unemployment will rise from 8.1% in 2019 to 13.5% in 2020 (44 million unemployed, 18 million more than in 2019).
- There will be an increase in the poverty rate of 7.0 percentage points, which will reach 37.3% of the population (231 million in total, with 45 million new poor).
- Extreme poverty is expected to increase by 4.5 percentage points to 15.5%, an increase of 28 million people (96 million people in total).
- Inequality will increase with an average hike in the Gini index of 4.9 percentage points from 2019 to 2020.
- Eight out of 10 people in the region (491 million people) will live on incomes below 3 poverty lines: \$500 per month.
- The decline in economic activity will lead to a 10-year decline in GDP per capita at the end of 2020, reaching the levels observed in 2010.
- An estimated 2.7 million companies will close due to the crisis and will need support.
- Physical distancing measures needed to control transmission have consequences in terms of job losses and income losses. One particularly vulnerable group are informal workers (mostly women), who account for 54% of total employment in the region.
- Social protection is a central tool to tackle the pandemic, as part of the fight against poverty, inequality and exclusion.

## Three phases of the response

The response to the pandemic should be structured in three non-linear and interrelated phases — control, reactivation and reconstruction — with the participation of actors from the fields of health, social and economic.

### Control phase:

- The fiscal effort should be aimed at financing health services, with information systems and digital transformation, within the framework of community-based and territory-based care models.
- Barriers to access, including co-payments for the diagnosis and treatment of COVID-19 and comorbidities, should be removed.

- The focus on the pandemic and the reallocation of resources to contain and respond to it should not compromise the continuity of services and care for other diseases.
- Protecting health workers is essential, both for reasons of workers' rights and because they are crucial actors in responding to current and future challenges.

### Reactivation phase:

- The reactivation will not be linear and there will be increased chances of renewed outbreaks.
- It is necessary to consider controlled community transmission and to have an effective capacity to monitor new cases, as well as availability of evidence, contact tracing and continuous monitoring.
- Reactivation should be gradual and based on health protocols that allow the virus to be contained.
- To ensure a safe reactivation it is necessary to define standards and procedures that minimize the risks of contagion.
- In order to address the profound impacts on the conditions of poverty and inequality, it is recommended that cash transfers continue and reach a broad strata of the population.
- Progress must be made towards a social pact with participation of multiple actors.

### Reconstruction phase:

- When moving to the reconstruction phase after the pandemic, health must be seen as a human right and a public good that must be guaranteed by the State, with appropriate funding.
- Universal access to health and strengthened health systems should be expanded with a primary health care-based approach, prioritizing particularly vulnerable populations.
- Reforms in health systems should help to strengthen the exercise of essential public health functions.
- Digital information and transformation is required to improve access, quality and resolute capacity, as well as for disease surveillance and outbreak response.
- It is crucial to consolidate universal and comprehensive social protection systems, and that public investment in health increases to at least 6% of national GDP.
- The region must reduce its reliance on imported medical products, as less than 4% of them come from the region itself, and strengthen its production capacities in the pharmaceutical and medical supplies and equipment industries.
- It is necessary to rebuild with greater environmental sustainability and combat climate change, taking into account the fragility of the ecosystem, to prevent future zoonotic diseases.