Shifting towards fiscally resilient, healthy societies

Finding common ground between public health and finance sectors and central banks
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Abstract
This is the main background paper for the WHO European Finding Common Ground initiative, which aims to develop new modelling tools for use by central banks and ministries of finance that shape fiscal and economic policies to improve health equity and well-being, while showing the co-benefits of health and health equity for fiscal stability and economic well-being. Shared priorities have been identified as mental health and inclusion of young people, ageing, unbalanced development and gender equality. The paper demonstrates the growing interest and initiatives across central banks, finance, health and public health on common policy issues, framing the opportunities for action across these sectors. It also sets out key roles and ways of working within these sectors to enable future dialogue.

Keywords
SOCIAL DETERMINANTS OF HEALTH
ENVIRONMENT
ECONOMIC DEVELOPMENT
QUALITY OF LIFE
HEALTH INEQUITIES
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The lead authors of this paper were Tahnee Ooms, Yannish Naik and Chris Brown (WHO European Office for Investment for Health and Development).

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## Abbreviations

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<td>COVID-19</td>
<td>coronavirus disease</td>
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<td>EU</td>
<td>European Union</td>
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<td>GDP</td>
<td>gross domestic product</td>
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<td>IMF</td>
<td>International Monetary Fund</td>
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<td>OECD</td>
<td>Organisation for Economic Co-operation and Development</td>
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<tr>
<td>PPR</td>
<td>prevention, preparedness and response</td>
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<td>SDG</td>
<td>Sustainable Development Goal</td>
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<td>UNDP</td>
<td>United Nations Development Programme</td>
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Executive summary

The links between health and economy have never been so clear

There is growing awareness among key health, economic and finance institutions that the approach towards sustainable development needs to be redesigned to ensure well-being for all and protect the resilience of our economies and societies. The COVID-19 pandemic has shown that health is more than an add-on in inclusive growth models and should be an integral part of their design. As part of broader sustainable development strategies, recovery and resilience policies will need to actively pursue both inclusive economic development and healthy populations, and identify cost-effective win-win policies. Health-care and welfare systems are under pressure, and cross-sectoral integrated approaches are needed to move towards well-being economies encompassing both healthy populations and inclusive economic development.

The Finding Common Ground initiative paves the way for working on shared priorities across public health and finance, and central banks

Finding Common Ground is a collaborative initiative developed by the WHO Regional Office for Europe, Banca d’Italia and the Istituto Superiore di Sanità (Italian National Health Institute). The initiative is convening public health and finance, and central banks to find common ground on the mental health and inclusion of young people, ageing, unbalanced development and gender equality. These are all issues with significant implications for health, economic productivity and fiscal resilience. Focusing on thematic areas has been identified as an important way to build a common language and shared understanding across stakeholders and sectors. The initiative will develop new modelling tools for use by central banks and ministries of finance that shape fiscal and economic policies to improve health equity and well-being, while showing the co-benefits of health and health equity for fiscal stability and economic well-being.

Building on the progress in each sector to develop shared evidence and solutions

Advances towards addressing well-being and equity have been made to varying degrees and for different purposes across the groups of
stakeholders in health systems and public health, central banks and public finance, including relating to the COVID-19 pandemic and the cost-of-living crisis. These measures include the creation of international financing instruments for pandemic prevention, preparedness and response; novel approaches to addressing climate risks in finance; new tax and budgeting approaches for equity and well-being; and exploring new evidence connecting (for example) monetary policy with equity and well-being.

There is now a need to move towards more systemic approaches that recognize the interdependence of healthy populations and fairer, prosperous economies. There is scope to build on existing activities, such as impact assessments and regulatory and legislative apparatus, ensuring compliance of the private sector with social indicators, and optimizing public sector budgets through specialized tools for driving change. This will require structures that enable greater cross-sector collaboration, along with clear mandates, accountability and resourcing. A key next step is the routine integration of micro and macro modelling of economic data with quality-of-life and social indicators, alongside the use of robust cost–benefit analysis to make decisions on investments. A common understanding is needed of well-being challenges and what different partners can do about them – including shared models, indicators and evidence – especially about the pathways of cause and effect. This will need to include clear evidence of where returns are materialized and the benefits across sectors, and will involve grappling with complex causal questions.

**An applied example – youth mental health and inclusion**

Poor mental health also impacts negatively on social inclusion and fiscal resilience. Addressing the decline in mental health and well-being among young people requires a response targeting the socioeconomic drivers of mental health and well-being. An important step in relation to finance and economy audiences relates to clearly defining and modelling the trade-offs and co-benefits of large-scale interventions at a societal level that can promote equitable youth mental health and well-being while ensuring the inclusion of young people in society and the economy.
Background

This background paper was initially prepared to support dialogue at the first meeting of the Finding Common Ground initiative, in Venice, Italy, on 9 June 2023 and updated to reflect the outcomes of this dialogue. It builds on a review of evidence and preparatory meetings with stakeholders that took place between February and May 2023. The paper includes inputs from the public health and finance sectors, and central banks, who have been involved with the common ground dialogue to date. It highlights the growing interest and initiatives across central banks, finance, health and public health on common policy issues requiring action from many sectors and it frames the opportunity for action across these sectors. The paper also sets out key roles and ways of working within these sectors to facilitate dialogue and co-produced policy responses.

Finding Common Ground is a collaborative initiative developed by the WHO Regional Office for Europe, Banca d’Italia and the Istituto Superiore di Sanità (Italian National Health Institute). The work is coordinated by the WHO European Office for Investment for Health and Development in Venice, Italy, as a key strand of work of the WHO European Well-being Economy Initiative (4). Participants at the dialogue also included representatives from Finland, Iceland, Italy, Lithuania and the United Kingdom (Wales), and renowned international experts from Greece, Ireland and the United Kingdom.

The initiative builds on the WHO European Regional High-level Forum on Health in the Well-being Economy (4), which showcased ways of shifting investment and resources into human, social, economic and planetary well-being and set an agenda for how health and equity are central to well-being economies. It takes forward the work of the WHO Regional Office for Europe’s Pan-European Commission on Health and Sustainable Development (2), specifically around embedding health in economic and business frameworks and healing social fractures. Additionally, the initiative takes forward the WHO Regional Committee for Europe’s Resolution on healthy prosperous lives for all to “bring the social values of solidarity, equity, social justice, inclusion and gender equality into mainstream fiscal and growth policies, so that no one is left behind due to poor health” (3). The initiative also follows the European Union (EU) Council’s conclusions about putting people and well-being at the centre of policy design as part of an economy of well-being (4).
The initiative will create an inclusive, open and ongoing exploratory dialogue to identify common ground for creating fiscally sustainable, inclusive economic policies that improve overall health and well-being for all. The initiative aims to bring social values such as well-being, equity, cohesion and sustainability into mainstream economic modelling and analysis to:

- support investments in fiscal and economic policies that improve human, economic, social and planetary well-being;
- demonstrate the co-benefits of better health and health equity to fiscal stability and economic well-being goals.

Focusing on thematic areas has been identified as an important way to build a common language and shared understanding across stakeholders and sectors. The first meeting will focus on the mental health of young people and their economic and social inclusion as an initial theme. The longer-term initiative will involve annual multi-country thematic dialogues and the development of new economic modelling tools.

1.1 Convening points for finding common ground

- Stakeholders across health systems and public health, central banks and public finance recognize that health, well-being and equity are critical issues that need to be integrated into the broader economic decision-making process.
- Advances towards addressing well-being and equity have been made to varying degrees and for different purposes across these groups of stakeholders, including recent dialogues across these sectors to address the coronavirus disease (COVID-19) pandemic. There is now a need to move towards more systemic approaches that recognize the interdependence of healthy populations and fairer, prosperous economies.
- Themes of common interest that have emerged include young people’s mental health, population ageing, regional inequalities and gender equality.
- Cross-sector work on these themes can build on learning from approaches used as part of the climate change agenda.
There is growing awareness among key health, economic and finance institutions that the approach towards sustainable development needs to be redesigned to ensure well-being for all and protect the resilience of our economies and societies. Growing inequalities over the past few decades have left scars on the social fabric. The 2008 financial crisis deepened these scars and has created awareness among public and economic institutions that inclusive economic development is a vital condition to ensure stability and prosperity. Recent estimates suggest that the richest top 10% globally receives 52% of global income, while the poorest half earns 8.5%. Wealth is even more unequally distributed, with the top 10% owning 76% of all wealth (5). Based on these developments, the International Monetary Fund (IMF) Managing Director has emphasized that excessive inequality “hinders growth, erodes trust, and fuels political tensions” (6). This is not limited to economic inequality but also extends to inequities in health and well-being (7).

Equity is emerging as a point of common ground. There is a widespread recognition among economists that widening inequalities impose both a risk to society, and unnecessary costs. In turn, the health sector has identified that socioeconomic inequality is a key determinant of health equity (8). Socioeconomic determinants of health, including income, living conditions, decent jobs and education, have become more unequally distributed across society, and this has widened health inequality. To address this, policy responses from within and outside the health sector are needed and it is widely recognized that truly improving health requires action across the whole of government (3). Accessible and high-quality health services, affordable housing, a living wage, and safe communities are all conditions for healthy lives that enable people to thrive.

The COVID-19 pandemic has shown that health is more than an add-on in inclusive growth models and should be an integral part of their design (9). The 2020 pandemic was both a health and an economic emergency. It pushed back years of progress on Sustainable Development Goals (SDGs) related to health, inequality, economy and society (10). Negative impacts of the pandemic on economy and the social fabric have been higher than those of the 2008 financial crisis (11). This strongly indicates a need to take poor
Shifting towards fiscally resilient, healthy societies

As part of broader sustainable development strategies, recovery and resilience policies will need to actively pursue both inclusive economic development and healthy populations, and identify cost-effective win-win policies. Amid the erosion of social cohesion, rises in the cost-of-living and increased conflict, the challenges faced by the most vulnerable groups are becoming increasingly complex and interconnected, and are excluding them from participating in the economy. There is an urgent need to act now to ensure that populations are resilient and that their levels of trust allow effective management of global challenges. This suggests that economies should move towards pursuing human, social, planetary and economic well-being. For example, the WHO Regional Office for Europe’s Pan-European Commission on Health and Sustainable Development has already made important advances in this direction.

The large proportion of the population that is falling behind in multiple areas of well-being is raising the cost of inaction and becoming too large to ignore. Several challenges are opening across the WHO European Region that hinder inclusive growth.

• In 2021, over one in five people (22% of the population) in the EU were at risk of poverty and social exclusion. Low-income groups are three times as likely to report low well-being compared with those with high incomes, a gap that has widened by 50% since the pandemic. Across the EU, cost-of-living increases are expected to worsen the health inequalities produced by increased poverty and social exclusion.

• Young people’s mental health is deteriorating. In 2021 approximately two thirds of young people reported mental well-being scores at levels considered to place them at risk of depression. The prevalence of anxiety and depressive symptoms is estimated to have doubled in some EU countries since the COVID-19 pandemic, and young people were more likely to report symptoms of depression or anxiety compared with adults.

• Among COVID-19 patients, the chance of developing post COVID-19 condition (long COVID) is estimated at 10–20%. This leaves population groups vulnerable to chronic illness and episodic disability. Long COVID is affecting 17 million people across the Region, which is adding to existing pressures on health-care systems.

Health-care and welfare systems are under pressure, and cross-sectoral integrated approaches are needed to move towards well-being economies encompassing both healthy populations and inclusive economic development. Regional disparities in human development and health are widening. Poorer WHO regions have 20% fewer doctors compared with national averages, and during the pandemic an estimated 600 000 excess deaths were linked with low human development and low investment in health systems. At the same time, trends in risks such as poverty and adversity in childhood, rising levels of anxiety and depressive conditions, ageing populations, long COVID and an ageing health workforce are colliding with the risk of high demand and compromised capacities to protect people and quickly restore them to good health. For example, in one third of countries in the WHO European Region, over 40% of medical doctors are aged over 55 years and recruitment into the health workforce is stagnating or in decline. These trends pose a risk to public trust, social and economic stability, and ensuring the well-being of the future generations.
Exploring common ground between health systems and public health, central banks and public finance and their interest in well-being

The policy landscape has been adapting to the above-mentioned challenges, and the dialogue between health systems and public health, central banks and public finance sets out to explore, understand and push the boundaries of this landscape (illustrated in Fig. 3.1). The Finding Common Ground initiative explores the intersections in this diagram, numbered 1, 2 and 3. Each sector has developed dialogue, policies and evidence that enable them to govern for inclusive economic development, well-being or healthy populations. As a next step, Finding Common Ground sets out to expand the dialogue towards systematic approaches.

Fig. 3.1. Well-being landscape for health systems and public health, central banks and public finance
3.1 Key stakeholder considerations underpinning dialogues, action and evidence in well-being

Box 3.1 outlines the key elements to be considered for dialogues, action and evidence in well-being, for stakeholders in health, banking and public finance.

**Box 3.1**

Key considerations for stakeholders in the health, banking and public finance sectors

**Health Sector**

- Delivering health and well-being for all will require the provision of health services and public health initiatives that promote health and well-being, prevent ill health and prolong life, along with intersectoral action on the social, economic and environmental determinants of health.

- Challenges such as noncommunicable diseases, mental health conditions, population ageing, long COVID, obesity, and regional disparities are affecting a large share of the population and can no longer be ignored.

- Public health has a strong focus on assessing trends to respond to emerging population health challenges, such as mental health conditions and adverse childhood experiences. Knowledge has increased around how to address the determinants of health and health equity.

- The health and social care workforces are under pressure (owing to, for example, mental health issues, ageing staff, waiting lists, and personnel leaving the health sector or migrating). In this context the prevention of ill health to reduce the burden on health systems is even more important.

- Sufficient fiscal space is needed to provide universal health coverage and primary health care. There is a need to plan for the long-term costs of care; cost containment around health spending has been a key concern for governments (21).

- Public health decision-makers recognize the need to shift investment and action upstream to disease prevention and health promotion, while managing the pressures of demand on acute services.

- Healthy populations are needed to build inclusive economies and social resilience.

- Trust in others and in institutions is needed for effective public health policies.
Central banks

- Central banks operate within their mandate and independently from government – they have no role in the allocation of public funds.
- Price stability is the principal mandate – they also try to maintain financial stability and often supervise the banking system.
- The key policy tool is monetary policy (including the setting of interest rates); inequalities reduce the effectiveness of interest rate adjustments – this is a topic of investigation by central bank research units.
- Central bank research units can estimate how inflation and monetary policies interact with inequality. This analysis can help to inform how specific population groups can be protected through targeted policies during various economic circumstances.
- Central banks undertake research to calculate the risk to the economy from factors such as financial crises, climate change and population ageing.
- They also shape financial regulation and can make advances in green finance (for planetary well-being).
- Trust and credibility are essential for an independent bank to achieve its mandate (22).
- Central banks have a track record of adapting to issues affecting financial stability within their mandate – for example, financial literacy and financial inclusion are emerging activities.

Public finance

- Allocation of public funds and taxation are matters for treasury and finance ministers.
- One of the key ways in which governments raise revenue is taxation. When allocating government budgets, trade-offs must be made.
- Allocation of government budgets – both across sectors and in line with specific policies within sectors – are political decisions. These decisions are informed by economic analysis.
- Co-benefits, or multiplier effects, are often neither identified nor quantified by policy-makers, especially when government departments operate in silos, contributing to their undervaluation in investment analysis and budget decisions.
- International financial institutions may constrain countries’ decision-making preferences around public spending, especially in low- and middle-income countries.
- Decision-making can be influenced by international agendas, such as moving beyond gross domestic product (GDP), introducing fair taxation, implementing relevant legislation and tackling climate change.
- Investments are needed to develop well-being dashboard indicator frameworks to ensure broader measures of well-being figure prominently in public budgetary decision-making.
Investment is needed in people and the planet, alongside an awareness of interlinkages and the need to move out of silos towards cross-sectoral policies.

Treasuries experience fiscal pressures, such as growing debt, financing the climate transition, and the costs of ageing populations.

National governments may limit budget allocations to regions (devolved powers), although in many cases there are also subnational taxation powers.

A balance of short- and long-term investments is needed to enable sustained well-being over time and for future generations. Discount rates are used within quantitative models to value future benefits lower than immediate benefits – this is the subject of some debate.

### 3.2 COVID-19 pandemic

The pandemic triggered initial dialogue and action at international and ministerial levels about interlinkages between health systems and public health, central banks and public finance. This can be separated into two areas. First, high-level dialogue and action around pandemic prevention, preparedness and response (PPR), which has been informed by the WHO Regional Office for Europe’s Pan-European Commission on Health and Sustainable Development, chaired by Professor Monti (Table 3.1). Second, action by central banks and the public finance sector, by developing economic emergency responses to keep the economy afloat during the pandemic. Learning is now being distilled from acute policy responses developed during the health crisis (Table 3.2).

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<th>Action</th>
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<td>• Engagement of the Pan-European Commission with the G20, recommending (among other action points) the establishment of a Global Health Board bringing together health, economic, financial, and other policy authorities and experts (23).</td>
<td>• Establishment by the Finance–Health Task Force of the Financial Intermediary Fund for pandemic PPR with WHO and the World Bank.</td>
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<td>• Recognition by the Italian G20 Presidency in 2021 of the importance of investments in pandemic PPR, both for economies and for protecting lives and well-being, with the subsequent creation of the G20 Joint Finance–Health Task Force (24), later launched under the Indonesian Presidency of the G20 (25).</td>
<td>• Launch by the G20 of the Pandemic Fund (25) to advance the Financial Intermediary Fund and pandemic PPR, a collaborative partnership of donor countries, foundations and civil society organizations, hosted by the World Bank and with WHO as the technical lead (26).</td>
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<td>• Groundwork laid by the G20 Finance Track for more resilient global health systems through cooperative action and policy responses around future preparedness for global health emergencies (27).</td>
<td>• Development by the IMF of a COVID-19 policy tracker summarizing, for example, fiscal and monetary responses across countries (28).</td>
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Table 3.1. High-level dialogue and action on PPR influenced by the Pan-European Commission on Health and Sustainable Development – a summary

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• The European Central Bank created the emergency purchase programme as a non-standard monetary policy, in response to the pandemic (29). Other central banks responded in a range of ways (30).
• Central banks carry out stress testing to assess the vulnerability of the banking system. The pandemic has led to research which includes health emergencies in stress testing (31).
• Central bank activities are strongly informed by economic research. Economic researchers are developing new theoretical frameworks and models which connect health (emergencies) to the economy. Examples include the textbook Economics in the time of COVID-19 (32) and the integration of epidemiological models and macroeconomic models (33). This learning could help to better inform central bank activities during future health emergencies.
• A conference was hosted under the auspices of the Bank for International Settlements on “Post-pandemic landscape for central bank statistics” (34).

The current cost-of-living crisis followed shortly after the pandemic, exacerbated by the conflict in Ukraine. In response, efforts have been accelerated in public health to understand the channels through which a cost-of-living crisis influences well-being and health equity. According to the United Nations, the current cost-of-living crisis has pushed 71 million people into poverty, with a disproportionate effect on developing countries (38). Eurobarometer reports that rising living costs are the primary worry for Europeans in 2023 (93%), followed by the threat of poverty and social exclusion (82%) (39).

Health professionals and economists alike have been producing evidence connecting economic shocks, such as a cost-of-living crisis, to health and well-being outcomes. This evidence suggests that a cost-of living crisis:
• may put vulnerable households at risk of poverty, which is linked in the evidence to ill health and lower life expectancy (40);
• raises the cost of essential goods – for lower-income households this can trigger deprivation of food, energy and housing, all of which are linked to increases in health inequality (13), with food insecurity and poor housing in turn correlating with poor mental health (41); and
• may raise the household indebtedness of certain population groups, which has been linked to mental ill health (42).

Larger economic shocks, such as the 2008 recession, are known to worsen mental health and infectious disease outcomes (41), with the link already well established between financial insecurity and poorer

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<th>Public finance</th>
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<td>• The European Central Bank created the emergency purchase programme as a non-standard monetary policy, in response to the pandemic (29). Other central banks responded in a range of ways (30).</td>
<td>• Ministers of finance have been gathering to discuss the COVID-19 response. For example, a statement of EU ministers of finance on the Stability and Growth Pact in light of the COVID-19 crisis has been issued (35) and a United Nations Meeting of Finance Ministers to discuss SDG development in the era of COVID-19 was held in 2020 (36).</td>
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<td>• Central banks carry out stress testing to assess the vulnerability of the banking system. The pandemic has led to research which includes health emergencies in stress testing (31).</td>
<td>• Countries have adopted different economic policies to mitigate economic effects on populations, ranging from traditional cash transfers to more innovative measures. One example is the one-off wealth tax on high-worth individuals adopted in Argentina, which has helped to finance both health and economic goals (37).</td>
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<tr>
<td>• Central bank activities are strongly informed by economic research. Economic researchers are developing new theoretical frameworks and models which connect health (emergencies) to the economy. Examples include the textbook Economics in the time of COVID-19 (32) and the integration of epidemiological models and macroeconomic models (33). This learning could help to better inform central bank activities during future health emergencies.</td>
<td>• The COVID-19 pandemic has created awareness that a healthy population is needed for a healthy economy and society and that the cost of inaction is added onto existing fiscal pressures and debt burdens.</td>
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<td>• A conference was hosted under the auspices of the Bank for International Settlements on “Post-pandemic landscape for central bank statistics” (34).</td>
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Table 3.2. Central bank and public finance economic responses to the COVID-19 pandemic and learnings – a summary

3.3 Cost-of-living crisis
health outcomes and health inequity (8). Box 3.2 discusses these effects in further detail.

Box 3.2.
Cost-of-living crisis, distributional effects and monetary and fiscal policy

During a cost-of-living crisis, prices of essential goods, such as food and electricity, rise faster than household incomes. This exerts acute pressure on household budgets and can produce unwanted adverse effects on (mental) health and well-being. These effects can be temporary, or longer term (scarring effects), persisting over a lifetime. Price increases are known to affect lower-income households disproportionately, as they have to allocate a higher percentage of their budget to their primary needs (43). With lower levels of savings, lower-income households are more susceptible during economic shocks and are at increased risk of financial distress (44) and even poverty (45). Monetary policy is the main tool used by central banks to keep inflation in check. Fiscal policy can respond with universal or targeted policies that, for example, mitigate income loss and ensure access to essential goods (46).

Since the pandemic dialogues between public health, social and economic sectors are allowing for cross-fertilization of evidence produced in these different domains (health, economy, social). These dialogues are important to better understand how to protect health and well-being for all during economic shocks and to develop timely and coordinated policy responses targeting the most vulnerable. This will enable a move towards a new paradigm that mitigates economic damages and protects health and well-being simultaneously.

Examples of public finance responses

• National governments have created large spending packages that include targeted support for low-income households (47).

• Automatic minimum wage indexation has been introduced in some countries, protecting vulnerable households from rising prices (48).

• The Spanish Government introduced a temporary solidarity wealth tax on individuals with high net worth to support low earners during the cost-of-living crisis (49,50).

• The European Commission advised countries to implement temporary windfall taxes on excess energy profits; some countries have done this, in various forms, to relieve the inflation pressure on those most in need (51,52). Some estimates suggest that so far these taxes were expected to raise €373.5 million in Greece, €2.565 billion in Italy and €3.2 billion in the Netherlands (Kingdom of the) in 2022 (53). It is important to note that windfall taxes are not specific to the energy sector.

Examples of central bank responses

• Price stability is the main mandate of most central banks. A traditional monetary response to inflation includes interest rate hikes.

• Central bank research units – among others – have analysed the distributional impacts of inflation and monetary policy on different populations (heterogeneity), through microsimulation (54). This
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Analysis helps to identify vulnerable groups in need of targeted support and, potentially, to coordinate action with fiscal policy.

- There is potential to reframe monetary policy as a welfare policy, since inflation is known to disproportionately affect vulnerable groups' health. However, this should also be balanced with the potential impacts of high interest rates on debt burdens. Financial stability policy can also be thought of as a welfare policy. In its absence, financial instability and economic turmoil are known to have detrimental effects on societies and well-being.

Examples of health sector and public health responses

- Evidence is being synthesized on possible health impacts and responses to minimize harms (55).

- Attention is being paid to the impacts on the well-being of health and care workforce, increased demand for services and additional support for staff or patients experiencing financial hardship (56).

3.4 Building on dialogue, action and evidence to date

3.4.1 Common ground 1: health systems and public health, central banks and public finance

Dialogues and high-level fora include:

- the Pan-European Commission on Health and Sustainable Development, which included former heads of state and ministers, scientists and economists, and was chaired by Professor Monti (2);

- the WHO European Regional High-level Forum on Health in the Well-being Economy (1), which was attended by over 200 participants from sectors such as health, economy, finance, labour and social protection, including intergovernmental organizations and civil society, discussing key themes such as social fractures and cost of living;

- the Beyond Growth 2023 Conference, an event that aimed to discuss and co-create policies for sustainable prosperity in Europe, with participants including members of the European Parliament, national ministers from labour and environment sectors, and top economists and academics (57);

- the German G7 Presidency in 2022, one of the major goals of which was working towards an equitable world, including commitment to sustainable as well as intergenerational and gender equitable public finances, and enhanced preparedness for healthy lives in the form of pandemic PPR and an improved international health architecture (58);

- the United Nations SDG stimulus, which aims to offset the challenging market conditions faced by developing countries and accelerate progress towards the SDGs through investments across renewable energy, social protection, employment and education, and health care, among other sectors (59);

- the United Nations launch of the Our Common Agenda initiative, the Secretary-General’s vision for future cooperation, which calls for inclusive networks and an effective multilateral response to deliver for the people and planet and to get back on track with the SDG process – the initiative will also organize the Summit of the Future in 2024 (60); and

- the panel on global economy, health and international taxation at the G20 Finance Ministers and Central Banks Governors Meeting, with remarks from WHO Director-General (61).
Evidence relates to:
• increasing analyses by central banks and their staff of the impacts of ageing on the economy, highlighting (for example) the impacts on public finances and growth (62, 63), while other analyses also show economic opportunities from ageing, and that healthy ageing could be key (64–66); and
• a working paper by Bank of England Staff, outlining the well-being impacts of monetary policy, and also exploring the implications on willingness to pay taxes of a clear understanding of government expenditure (67).

Central banks have a track record of responding to critical issues affecting financial stability, such as inequality and climate change. Since the COVID-19 pandemic, central banks have been working to tackle key well-being challenges for the economy and its many interactions. Central bank actions around financial inclusion and equity are, therefore, also examples of well-being policies.

Dialogues and high-level fora include:
• the Network for Greening the Financial System – a group of central bankers and supervisors committed to sharing best practice, developing climate risk management in the financial sector and mobilizing green finance (68);
• an increasing focus on the importance of central banks addressing climate change (69), with a survey showing that 55% of central banks are monitoring climate risks and 27% are actively responding to them (70);
• the attention being paid by central banks to environmental, social and governance performance, with stakeholder perspectives revealing that the “E” component (environment, climate change, green transition) is attracting most attention;
• the Global Partnership for Financial Inclusion, which was launched a few months after the G20 Seoul Summit in 2010 to promote financial inclusion globally – central bankers are appointed as co-chairs of this initiative (71); and
• discussion around the role of financial regulation in relation to economic well-being, including by a director of the Central Bank of Ireland (72).

Actions include:
• central banks reacting to economic shocks through monetary policy, the nature and timing of which help to stabilize economies and mitigate the (unnecessary) loss of well-being and negative distributional impacts;
• Global Partnership for Financial Inclusion areas of focus, such as improving digital financial inclusion for individuals and small and medium-sized enterprises, and encouraging financial education (73);
• Federal Reserve banks partnering with other banking and non-profit-making institutions in the United States to set up programmes targeting financial inclusion to promote community development (74);
• promotion by Banco de Portugal of financial literacy campaigns (75, 76);
• cooperation between the Swedish Riksbank and central banks in emerging economies to contribute to competencies and establish how to act as an agent for development (77); and

3.4.2 Common ground 2: health systems and public health and central banks
• central banks supporting the green transition by promoting sustainable finance and creating incentives in the financial system through regulatory mechanisms (78) – for example, the European Central Bank has included climate and financial risks in its banking supervision mandate (79).

Evidence

Inequality (heterogeneity)

• Central bank research units analyse the redistributive impacts of inflation on different populations through microsimulation (54).

• Banca d’Italia has been exploring macro models used for economic forecasting that allow for redistributive effects (including, for example, a type of model known as New Keynesian models) and comparing these with the standard dynamic stochastic general equilibrium models that have been adopted by many countries (80).

• The Dutch central bank has carried out research on how vulnerable households perform on different indicators of quality of life and how disadvantages accumulate across income, wealth, housing conditions, and so on (81).

Risk calculations

• Central banks have a track record of estimating how climate and financial risks impact the economy; now they are also becoming aware of the magnitude of key well-being challenges.

• Stress testing simulates how well banks are able to cope with financial and economic shocks – this is now also being adopted for climate-related analysis (82).

Cross-fertilization with health

• Banca d’Italia has developed a model for tracking health outcomes and restrictions during epidemics (83).

• Analysis of the connections between interest rates, household indebtedness and ill health (using micro data) suggests that high central bank interest rates can adversely affect the mental health of people with high levels of debt and that central banks may need to consider how their decisions influence the population’s mental health (42).

• Well-being challenges discussed within the Pan-European Commission on Health and Sustainable Development (such as mental health, ageing populations and antimicrobial resistance) can help to inform risk evaluations; in addition, the health sector uses its own health forecasting models – the Organisation for Economic Co-operation and Development (OECD) has undertaken a comparative analysis of forecasting methods for health-care expenditure that were developed for policy analysis, and which might have points of overlap (84).
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Treasuries are increasingly taking into account health, well-being and equity in decision-making. A selection of dialogues, action and evidence is provided below. In some examples, well-being and equity are already taking centre stage; other examples focus on either health or equity but with potential to expand towards well-being.

**Dialogues and high-level fora include:**

- the 5th biannual meeting of the Montreux Collaborative on Fiscal Space Public Financial Management and Health Financing, which was convened by WHO with experts and partners, including the IMF, the OECD and the United Nations Children’s Fund (85);
- adoption by the United Nations General Assembly of a resolution on promoting inclusive and effective tax cooperation at the United Nations (86);
- organization by the United Nations Development Programme (UNDP)’s Tax for SDGs Initiative of annual dialogues on tax and SDGs, including on taxation and health, that bring together academics, policy-makers, diplomats and representatives from ministries of finance (87);
- the OECD Joint Network of Senior Budget and Health Officials, which brings together representatives from ministries of finance and health and social security agencies to improve the efficiency and effectiveness of health financing (88);
- the linking of public finance with the social contract by the Dialogue on Tax and SDGs 2023 and the Managing Director of the IMF (89,90) – with a senior IMF official also reflecting on linking ethics with public finance (91); and
- increasing discourse on linking human rights with fiscal policy (92).

**Actions**

**National action**

- In Finland it is planned to integrate the national Action Plan for the Economy of Wellbeing for 2023–2025 into decision-making at national, regional and local levels (93).
- In 2021, Lithuania introduced the law on strategic management (XIII-3096), ensuring alignment between government objectives and budgetary decisions. It improves monitoring and the use of evidence in the decision-making process. The creation of a Strategic Action Plan encourages sectors to work together to solve joint problems in the medium term (10 years) – for example, this law makes it easier for the health sector to engage with other sectors and requires a clear link between planned activities and social progress indicators (94). In addition, Lithuania has been developing novel modelling to link investment decision-making to indicators of quality of life (95).

**Taxation**

- Health taxes (taxes on unhealthy products) are seen as win-win policies because they save lives and prevent disease, while advancing health equity and mobilizing government revenue towards priorities such as universal health coverage (96).
- The OECD and G20 Inclusive Framework on base erosion and profit shifting sets out to combat the unfair evasion of taxation by multinational corporations, including a minimum corporate tax rate, thereby raising government revenues to support public goods as part of a systemic approach to build fairness into tax systems (97).
The UNDP’s Tax for SDGs Initiative is working with countries to improve domestic resource mobilization through tax; for example, efforts in Kyrgyzstan have resulted in legislative reform that requires tax expenditure to support the national development goals (98).

Public finance budgets

- Various countries have incorporated well-being and equity into their budgeting process, including:
  - Iceland, which has developed an indicator framework bringing together indicators of social, economic and environmental progress, including health measures, and then developed well-being priorities and used these to guide fiscal strategy (99);
  - Austria, where gender budgeting is required by the Constitution at every level of government (100);
  - Ireland, which has adopted equality budgeting, helping policy-makers to better anticipate potential impacts to the budgetary process in terms of income, health and education, across the social gradient (gender, age, ethnicity) (101); and
  - New Zealand, where a well-being budget has been incorporated into the country’s Public Finance (Wellbeing) Amendment Act 2020 (102).

- The Icelandic Fiscal Council is an independent council established (through Article 13 of the 2015 Public Finance Act (103)) to form an opinion statement about the fiscal policy and fiscal strategy as presented in the Fiscal Policy Statement by the Minister of Finance and Economic Affairs on behalf of the Government to Parliament and to enhance public debate about public finances (104).

- Public investment in data collection for public officials, health officials, national statistics offices and through public universities helps to monitor the well-being of populations and evaluate the effectiveness of policies, both of which are important to inform decision-making.

Investing in universal and targeted policies

- A key action is promoting universal health coverage, providing access to the full range of high-quality health services, without financial hardship (105).

- Universal basic income has been piloted in different countries, including Finland (106) and Spain (107). WHO has investigated the connections between health equity and universal basic income and its policy design (108).

- In Wales (United Kingdom), a pilot scheme providing basic income to young care leavers to help them overcome the barriers they face in transitioning into adulthood (109).

- Labour market policies – which aim to support those losing jobs to find employment again – have been linked to improvements in health equity (8) and may help to mitigate increases in ill mental health and suicide during periods of economic downturn (110).

- Debt relief or emergency funds for households experiencing (on the brink of) financial difficulties can help to alleviate financial strain, such as indebtedness, which is linked to poor mental health (111) and overall health.
Evidence

Evaluations of the effectiveness of current and future policies

- In the United Kingdom (Wales), the health and well-being impact assessment for the Planning (Wales) Bill requires health impact assessments of policies on the general population, as well as on vulnerable groups (112).
- Former banker Derek Wanless prepared a pioneering report with the United Kingdom Treasury in 2002 that estimated the impact of long-term trends that were expected to affect the United Kingdom’s health service over a 20-year period and created different forecasting scenarios to inform budgetary decision-making (113).
- A report on solidarity and wealth tax was commissioned in 2022 by the European Parliament’s Committee on Budgets (114).

Methodologies used for decision-making

- Well-being indicator frameworks allow the monitoring of different areas of well-being and can be used to broaden the information on which the treasury allocates public funds; for example, in Iceland well-being indicators help to inform well-being budget priorities (99); additional examples of well-being indicators include the Luxembourg Index of Well-being (115) and Scotland’s National Performance Framework (United Kingdom) (116).
- WHO recently launched its Health Inequality Data Repository, which contains disaggregated data to help inform equity-oriented policies (117).
- Programme budgeting and marginal analysis is a process that can help decision-makers to maximize the impact of health-care resources (118) on the health needs of the local population and to promote equity (119).
- Multi-criteria decision analysis is an example of a tool used for evaluating cross-sectoral impacts of decisions (120).
- A cost–benefit analysis framework to improve decision-making around preventive health interventions includes the perspective of public finances and averted health spending (121).
- Innovation system analysis uses qualitative tools and organizing frameworks to examine the role of a wide variety of stakeholders, and can be used to understand and analyse the structures and functions of health and socioeconomic systems, as well as how they deliver societal and economic change.
- There are opportunities to better connect macro and micro modelling (122), allowing better understanding of distributional impacts measured by socioeconomic indicators.
- Conscious use of public sector discount rates allows outcomes for future and current generations to be balanced in the decision-making process.

Data used in the decision-making process

- Micro-level data collection helps advance inequality analysis to inform the design of targeted policies; for example, the Distributional National Accounts project aims to reconcile inequality measurement with national accounting and provides new ways to monitor inclusive growth (123,124);
- At the macro level, the System of National Accounts produces headline policy indicators, such as GDP – with an ongoing review that will address well-being and distributional issues (125).
• Realtime Inequality works on producing timely distributional data to reduce the time lag between the production and availability of evidence, in order to provide decision-makers with real-time data (126), and the OECD is working on nowcasting, using microsimulation (127) – timely distributional data can better help to inform budgetary decisions targeted towards vulnerable groups.

Technical support to help inform decision-making

• The Social Value Database and Simulator for Public Health developed a programme of work in Wales (United Kingdom) that aims to capture and measure the (social) value and social return on investment of public health services and interventions for estimating the wider social, economic and environmental impacts (128).

• The WHO Health Equity Policy Tool can be used to track policies for increasing health equity (129).

• WHO has developed a new framework for the quantification and economic valuation of health outcomes from health and non-health climate mitigation and adaptation action (130).

• The UNDP’s Tax for SDGs Initiative supports countries to consider the links between tax policies and different SDGs – along with the UNDP and OECD Tax Inspectors Without Borders project (131), it also looks at reducing the tax gap and increasing domestic resource mobilization, incorporating evidence and perspectives from developing countries into regional and international discussions on taxation (98).

• The EU Tax Observatory was established to contribute to a democratic and inclusive debate around fair taxation (132); it estimates the revenue losses and gains that arise from unfair tax practices to inform both the public and decision-makers.
Illustration: young people’s mental health and inclusion

Mental health has been identified through the Finding Common Ground initiative as an area of common interest across health systems and public health, central banks and public finance. Mental health and young people has been selected as a first topic around which to develop shared thinking. Box 4.1 provides key information on mental health that is of importance to finding common ground.

Box 4.1.
Mental health key definitions and basic facts

WHO defines mental health as a state of mental well-being that enables people to cope with the stresses of life, realize their abilities, learn and work well, and contribute to their community. Mental health exists on a continuum, which is experienced differently from one person to the next and measured through indicators such as levels of connectedness, motivation, optimism or self-confidence.

Mental health conditions are characterized by a clinically significant disturbance in an individual’s thoughts, mood or behaviour. They are measured through assessment of the presence of symptoms that are sustained and have an impact on usual functioning.

Mental health and mental health conditions are related concepts; however, they are not opposite ends of a single spectrum. People with mental health conditions are more likely to experience lower levels of mental well-being, but this is not always or necessarily the case. It is possible for people diagnosed with a mental health condition to have high levels of mental well-being; equally, one can experience poor mental well-being in the absence of a mental health condition.

While the strategies to promote and protect mental well-being differ from those to treat mental health conditions, a number of common social, economic and environmental determinants may combine to protect or undermine mental health over the
The global burden of mental health conditions across all ages is high and the treatment gap is wide. Severe mental health deterioration was identified as global risk in the World Economic Forum’s 2023 Global Risks Report (136). Even before the COVID-19 pandemic, poor mental health and well-being in the EU were costing more than 4% of GDP, equivalent to €600 billion per year (137).

Young people’s mental health is a critical issue for health, fiscal resilience and prosperity. In 2021 as many as 64% of all young people in the EU reported low mental well-being (15) and were, therefore, considered at risk of depression. Young people are two times more likely to have poor mental health when living in poverty or when leaving school with few qualifications (15). Less than half of all young people in Europe are optimistic about the future, especially those experiencing job and housing insecurity and financial problems (138).

The observed decline in mental health and mental well-being among young people requires a response that targets the socioeconomic drivers of mental health and well-being, addresses key risks and protective factors, and requires investments in promoting and protecting mental health and preventing mental health conditions from emerging – alongside investment in primary health care and specialist services for those with mental health conditions. Given that over 25% of the population are projected to be aged over 65 years in 2050 in the WHO European Region, there is a need to ensure the well-being of young people, now, as they hold the key to the future (139).

Poor mental health increases the risk of poverty and social exclusion, and poverty increases the risk of poor mental health. The evidence shows that investments in young people’s health and well-being provides greater returns than investment later in the life-course (140). Economic exclusion of young people can produce long-term well-being losses, with scarring effects that persist over a lifetime and translate into lower future earnings, lower educational attainment and poorer health outcomes.

Young people are facing a multitude of challenges that impact their mental health and mental well-being, so reducing uncertainty for this group requires integrated action across a wide range of stakeholders. Improving the environments around young people to be more protective and promotive of mental health requires investment and action in the places and spaces where young people live, work, play and learn. This includes a need for strong social protection to prevent income, housing, food and fuel insecurity, and to prevent the accumulation of adverse childhood experiences. There is also a need to ensure smooth transitions between education, employment and training, and join up mental health services with social and employment services. Therefore, cross-sectoral action and a whole-of-government approach is vital for this group.

Mental health is a flagship priority for the WHO Regional Office for Europe, which means that the topic is of key importance to Member States of the Region. For example, the WHO Pan-European Mental Health Strategy 2021–2035 called on Member States to ensure that young people have access to mental health services and support. In 2021, WHO Regional Office for Europe launched a rapid evidence synthesis on mental health, social inclusion and young people aged 18–29 in the WHO European Region, intending to build economies of well-being that deliver better lives and livelihoods for all young people in Europe.
Health Coalition includes a working package specifically focusing on the mental health and well-being of children, adolescents and young people and the WHO Youth4Health initiative aims to engage young people in health decision-making (141). While actions are already being taken to increase labour participation and the promotion of mental well-being, more action is required to target the socioeconomic drivers of mental health and well-being and ensure that policies are not made about young people without young people’s input. A key next step in relation to finance and economy audiences relates to clearly defining and modelling the trade-offs and co-benefits of large-scale interventions at a societal level that can promote equitable youth mental health and well-being while ensuring the inclusion of young people in society and the economy.
The dialogue provided some wide-ranging and important insights for taking forward this work. Halfway to 2030, the financing needs to achieve the SDGs are between US$ 5.4 and US$ 6.5 trillion annually (142). With high interest rates and debt burdens, tax is an important part of the solution to unlocking well-being, equity and healthy societies. Going beyond GDP – to measure well-being, equity and solidarity – is a key focus to enable a shift towards healthier, more fiscally resilient societies, in alignment with the United Nations Secretary-General’s vision for the future, “Our Common Agenda” (143). The dialogue has shown that advances have been made towards addressing well-being and equity across diverse health, finance and economy stakeholders. Acute synergies that were created between health, economy and finance during the COVID-19 pandemic now need to be nurtured and transformed into more systemic approaches to protecting well-being and equity.

These will particularly need to recognize the interdependence of healthy populations and prosperous economies, addressing varied themes such as poor mental health, ageing and regional inequalities. This can build on modelling of quality of life within the finance sector, as well as central bank work on climate change. A key next step is the routine integration of micro and macro modelling of economic data with quality-of-life and social indicators alongside the use of robust cost-benefit analysis to make decisions on investments. There is a need to build a common understanding of well-being challenges and what different partners can do about them, including shared models, indicators and evidence – especially about the pathways of cause and effect. This will need to include clear evidence of where returns are materialized and the benefits across sectors, and will involve grappling with complex causal questions.

There is scope to build on existing activities, such as impact assessments, laws and regulations, ensuring compliance of the private sector with social indicators, and optimizing public sector budgets through specialized tools for driving change. Fundamentally, this will require structures that enable greater cross-sector collaboration, along with clear mandates, accountability and resourcing.

The Finding Common Ground initiative facilitates cross-fertilization between representatives and experts from the health sector and
Shifting towards fiscally resilient, healthy societies. This is an inclusive, open and ongoing exploratory dialogue and new partners are welcome to help inform and shape the initiative.

The initiative aims to develop new modelling tools for use by central banks and ministries of finance that shape fiscal and economic policies to improve health equity and well-being, while showing the co-benefits of health and health equity for fiscal stability and economic well-being. The first round-table dialogue meeting in June 2003 was the start of a longer process, and identified interest around shared models of the mental health and inclusion of young people, along with other joint priorities, such as ageing, unbalanced development and gender equality.

Three action areas have been identified (i44), together with the participants of the June dialogue, with a request to WHO to continue to take forward the initiative:

• co-creation of state-of-the-art evidence and modelling of the relationship between health and the economy to shape investment decisions;
• a WHO European repository of best-practice examples and case studies that model the co-benefits of investing in the well-being of young people, healthy ageing, and development that serves those who live and work in rural areas (rural-proofing); and
• country policy labs to apply the methodology and share learning and best practices.

Table 5.1 includes an initial list of suggested objectives that can be further refined within the dialogue, along with a provisional timeline.

<table>
<thead>
<tr>
<th>Table 5.1. Suggested objectives for the Finding Common Ground initiative</th>
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<tr>
<td><strong>Short term</strong>&lt;br&gt;2024</td>
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<tr>
<td>• Prepare a resource discussion paper outlining how to develop shared models across health, finance, economy and central bank interests, including analysing the needs, opportunities, existing models, applications and ways forward</td>
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<tr>
<td>• Formulate concrete proposals on how to integrate well-being and equity into economic analysis at country level</td>
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<tr>
<td><strong>Medium term</strong>&lt;br&gt;(2024–2026)</td>
</tr>
<tr>
<td>• Strengthen the ethical and investment case for healthier economies, people and societies and identify win–win policies</td>
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<td>• Feed well-being economy approaches into global and regional finance, economy and development fora, e.g. G20, EU ministers of economy and finance, United Nations Financing for Development</td>
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<tr>
<td>• Initiate a cross-country pilot project on developing joint modelling and common metrics around well-being to strengthen the evidence base</td>
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<tr>
<td><strong>Long term</strong>&lt;br&gt;(2026–2030)</td>
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<tr>
<td>• Understand and leverage the financial transformations induced by (i) the climate agenda and (ii) investment mechanisms related to environmental, social and governance considerations</td>
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World Health Organization
Regional Office for Europe
UN City, Marmorvej 51,
DK-2100 Copenhagen Ø, Denmark
Tel.: +45 45 33 70 00 Fax: +45 45 33 70 01
Email: eurocontact@who.int
Website: www.who.int/europe

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