

Novel trading system could help fund global health

February 19 2013

A novel global trading system based on the cost effectiveness of health interventions, similar to the market on carbon permits to help control climate change, could provide the extra funding needed to reach the health targets in the Millennium Development Goals, argue experts writing in this week's *PLOS Medicine*.

The authors, led by Luis Carrasco from the National University of Singapore, propose an innovative global credit market based on a global cost-effectiveness criterion to run a cap and trade system where DALY credits (Disability Adjusted Life Years) are exchanged.

The authors believe that encouraging experiences from carbon permit markets show that resources can be efficiently raised to help manage global health. The authors argue: "If implemented, an analogous tradable DALY credits market would incentivise countries to scale-up their global health commitments to meet the health Millennium Development Goals."

Under such a system, the authors propose that countries would trade DALY credits, in which high and middle-income countries who wish to implement a health intervention that is cost effective at home but more than an agreed upon global cost-effectiveness threshold (three times the per capita gross national income that defines low-income countries) buy DALY credits from highly cost-effective [health interventions](#) in low-income countries. If a binding agreement, similar to the [Kyoto protocol](#), were reached, this system would allow the necessary scaling-up of

contributions to meet global health needs.

The authors have worked out that under this system, high-income and middle-income countries should contribute 74% and 26% respectively of the additional US\$36–US\$45 billion annually needed to meet the health targets of the Millennium Development Goals, such as reducing child deaths, reducing maternal deaths, and improving the management of infectious diseases, such as HIV/AIDS, malaria, and tuberculosis.

According to the authors, using this system would change current contributions to global health, with some countries, especially the United States, China, Germany, and Japan, needing to substantially scale up their annual contributions, while a handful of others—Luxembourg, Norway, the United Arab Emirates, and the UK—already meet their required contributions.

Although many of the details of the system would need to be subject to political debate, the authors argue: "If the health [Millennium Development Goals](#) are to be realised, collectively we should be ready to implement the most powerful strategies to manage global commons."

They conclude: "A DALY tradable credit market offers the potential to increase the efficiency of [global health](#) investments while, at the same time, promoting international obligations to the pursuit of an agreed global common good."

More information: *PLoS Med* 10(2): e1001392.
[doi:10.1371/journal.pmed.1001392](https://doi.org/10.1371/journal.pmed.1001392)

Provided by Public Library of Science

Citation: Novel trading system could help fund global health (2013, February 19) retrieved 2 May 2024 from <https://medicalxpress.com/news/2013-02-fund-global-health.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.