Health Care is an investment, not a cost!

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About WifOR

Worldwide presence

- In 5 countries and 7 locations: Germany (Berlin, Darmstadt, Leipzig), Greece, Ireland, Latin America and the USA
- Active projects in 40 countries - global, regional, and national analyses

Source: own illustration.

Facts & Figures

- Economic research institute
- Spin-off from Department of Public Economics & Economic Policy at Technical University of Darmstadt, Germany
- 70 Employees
- Over 400 successful projects for companies, associations, and ministries
- Research areas:

Impact Analysis

Health Economics

International Social Policy

Agenda

1. New perspectives on health investments
2. Health Economy in Europe: Economic Value
3. SEE Impact Studies
4. Recommendations for Cyprus & Conclusion

1

A new perspective on investing in health

In the past, health expenditures have been discussed politically as a cost and rarely as an investment in sustainable development and growth

Governments aiming to keep costs down

Over 80 percent of current health spending from pooled sources

Public budgets on health are overstretched across the globe

Increasing health expenditures are necessary to achieve SDGs

SDG 3 “Ensure healthy lives and promote well-being for all at all ages”

Annual new investments of up to $371 billion are required in lower- and middle-income countries to achieve SDG 3 (WHO estimate)

Health expenditures are expected to increase to USD 11.0 trillion by 2030

Health spending set to outpace GDP growth

Convincing the right stakeholders to invest in health and cost-effective solutions is decisive for sustainable growth

Source: The Lancet, Health sector spending and spending on HIV/AIDS, tuberculosis, and malaria, and development assistance for health: progress towards Sustainable Development Goal 3; OECD, Health spending set to outpace GDP growth to 2030.

WifOR is aiming to foster paradigm shift in the perception of healthcare: from a cost factor to a driver for growth and employment

PAST

Healthcare as a cost factor

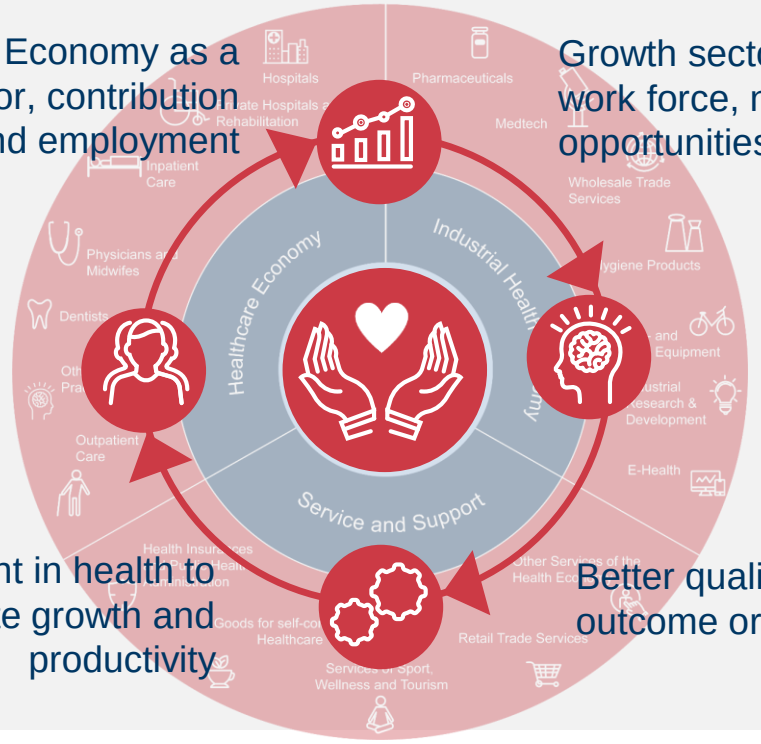
Separate silos and fragmentation | Healthcare only | Input orientation | Increasing health expenditures

FUTURE

Health Economy as a driver for growth and employment

Health Economy as a diverse sector, contribution to GDP and employment

Growth sector, increasing work force, new career opportunities



Investment in health to promote growth and productivity

Better quality, more outcome oriented

Source: WifOR illustration, following Henke, Neumann, Schneider et al. (2010).

Paper for the G20 presidency and B20 health taskforce

If We Can’t Measure It, We Can’t Fix It

Creating common metrics to assess health investments, measure their impact on economic growth and societal well-being, and ensure health and financial system resilience


If We Can't Measure It, We Can't Fix It

Creating Common Metrics to Assess Health Investments, Measure their Impact on Economic Growth and Societal Well-Being, and Ensure Health and Financial System Resilience

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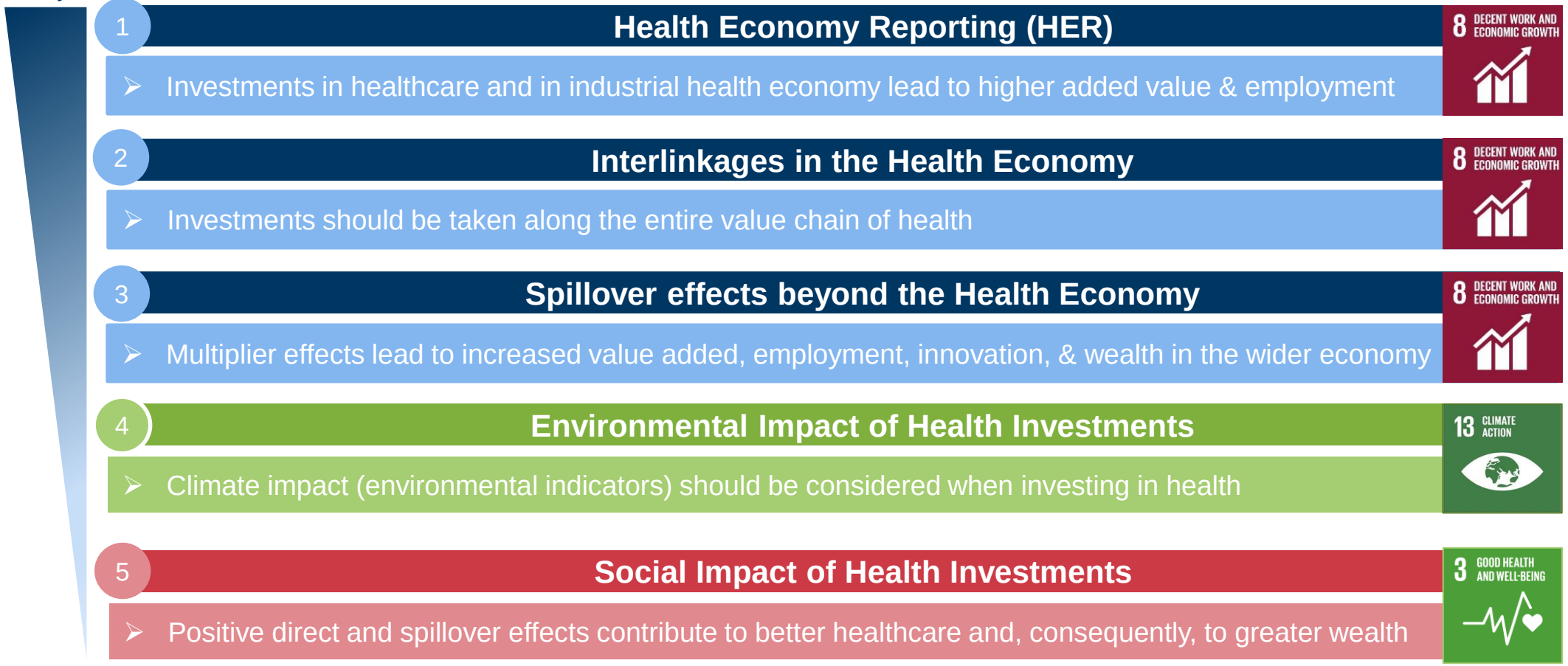
5-step value framework for resilient societies and economies | Addresses rising disease burdens and measures return of health investments

Macro Level:
Society



Micro Level:
Individuals

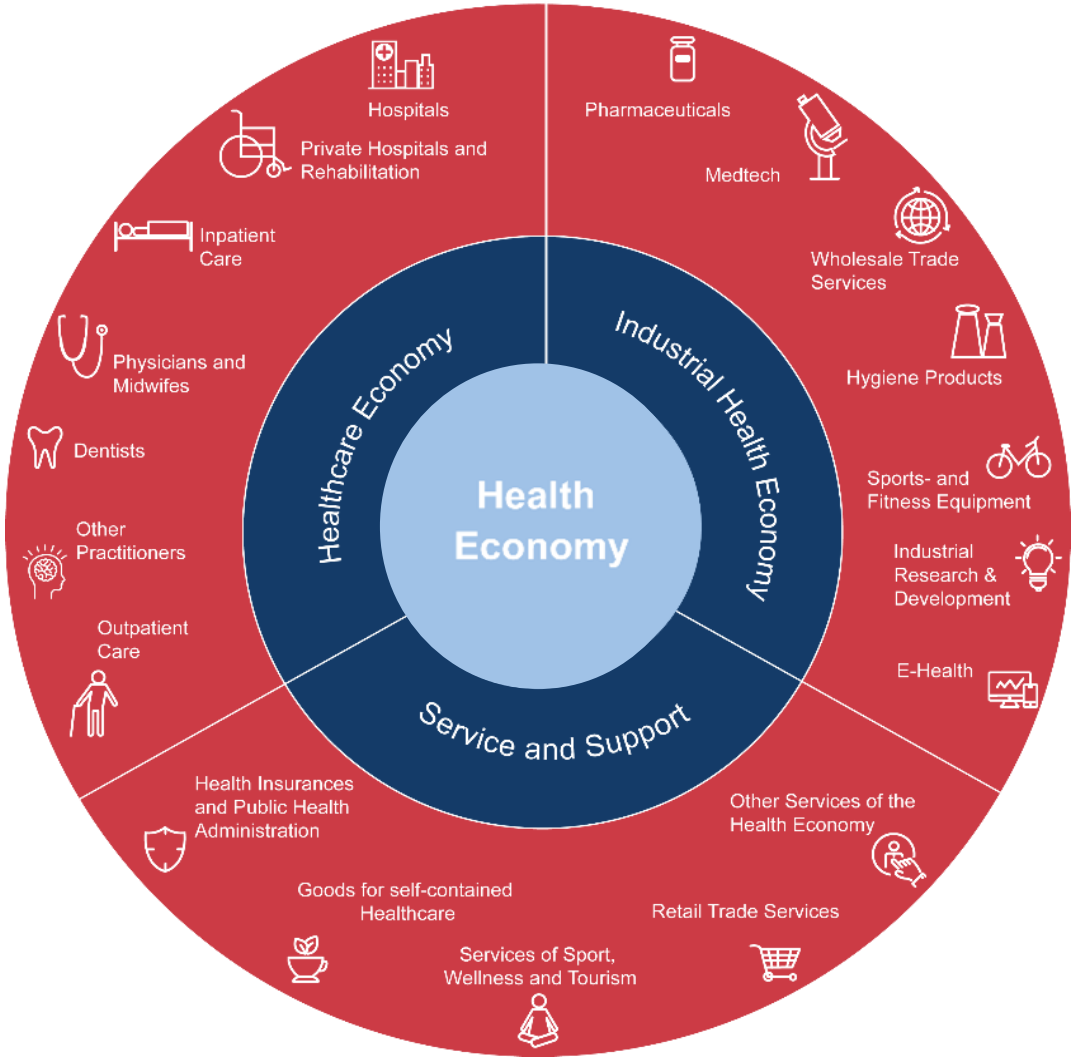
Source: WifOR illustration.

2

Health Economy in Europe:

Economic Value

The Health Economy is a heterogeneous sector that comprises a wide range of goods and services that are assigned to three sub-sectors



Source: WifOR illustration.

Health Economy sub-sectors:

- Healthcare Economy
- Industrial Health Economy
- Service and Support

Direct contribution and spillover effects (multipliers) are calculated for each sub-sector:

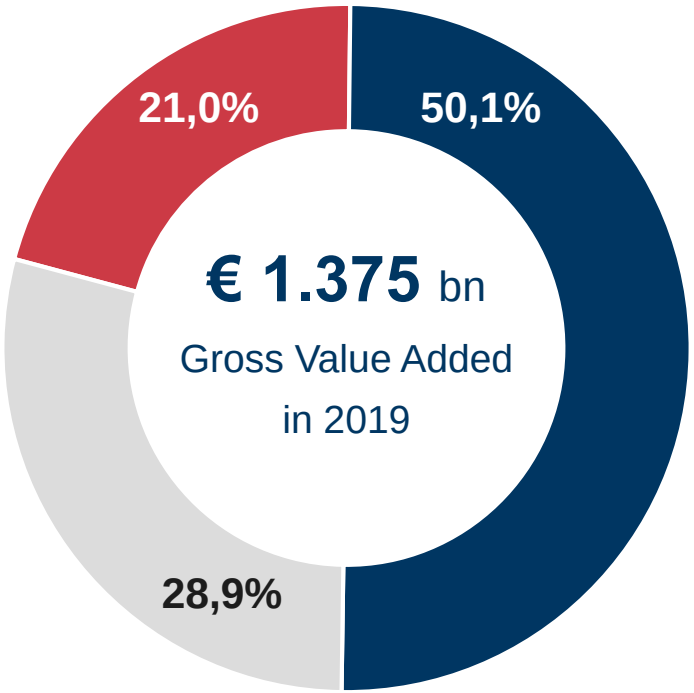
- Gross Value Added (GVA)
- Employment

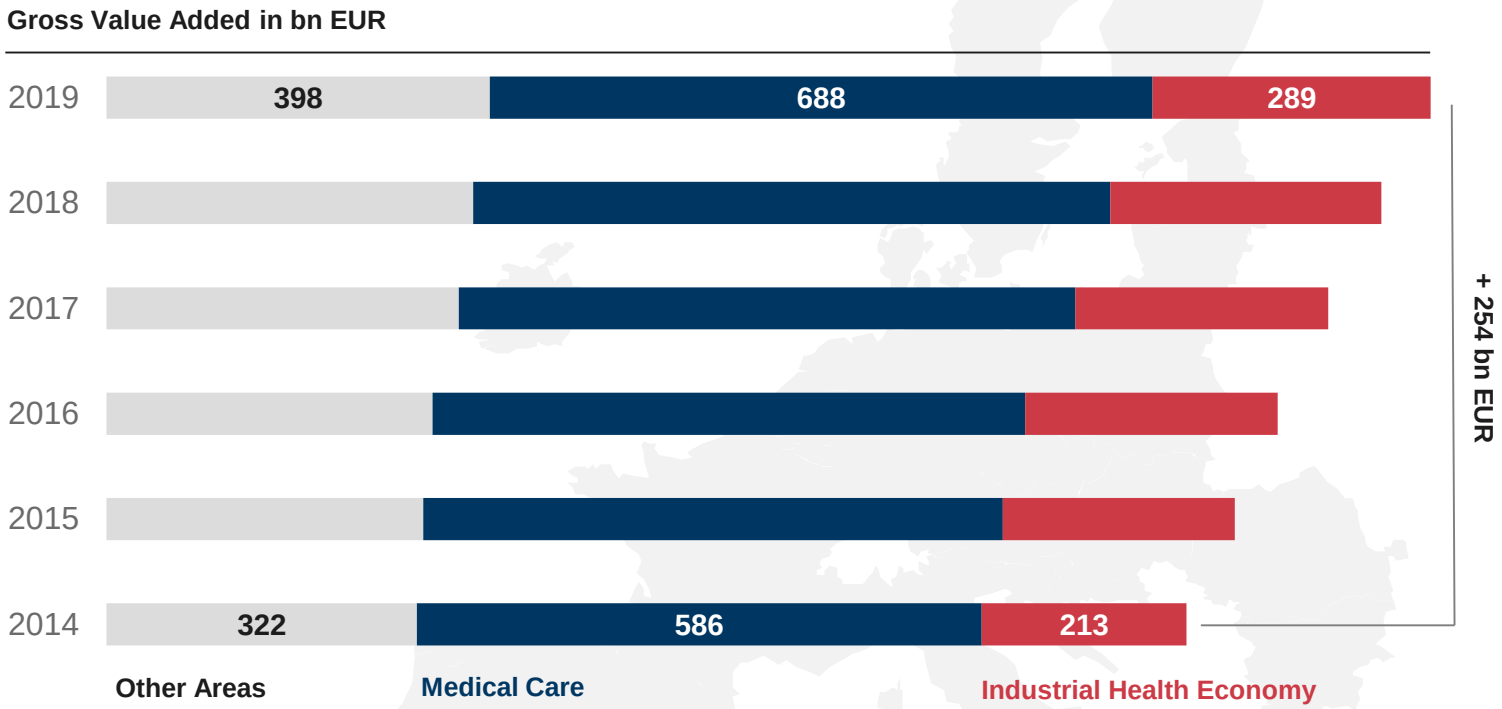
The Health Economy in the EU makes a significant contribution to Europe’s wealth

1.375 bn EUR **Gross Value Added in 2019**	**11,0** % **Share in total economy**	**4,2** % **Average yearly growth rate since 2014** **Total economy: 3,5 % (2014 – 2019)**	**+22,6%** **Growth rate 2014 - 2019**
29,3 M. **Employment in 2019**	**14,0** % **Share in total economy**	**3,0** % **Average yearly growth rate since 2014** **Total economy: 1,3 % (2014 – 2019)**	**+16,0%** **Growth rate 2014 - 2019**
226,3 bn EUR **Exports in 2019**	**10,6** % **Share in total economy**	**9,3** % **Average yearly growth rate since 2014** **Total economy: 3,5 % (2014 – 2019)**	**+55,8%** **Growth rate 014 - 2019**
109,5 bn EUR **Imports in 2021**	**5,6** % **Share in total economy**	**5,9** % **Average yearly growth rate since 2014** **Total economy: 3,6 % (2014 – 2019)**	**+33,1%** **Growth rate 2014 - 2019**

Source: WifOR illustration following Ministry for Economic Affairs And Climate Action (BMWK) (2022): Europe-wide sector monitoring of health economic accounts (EU-GGR), Darmstadt, Berlin.

Every second Euro (€) of GVA from the healthcare industry is generated in medical care





Source: WifOR illustration following Ministry for Economic Affairs And Climate Action (BMWK) (2022): Europe-wide sector monitoring of health economic accounts (EU-GGR), Darmstadt, Berlin.

3

SEE Impact Studies

Only measuring impacts will tell what matters most to stakeholders – SEE Impact Studies are the answer

SEE Impact Studies visualize the effects of companies and sectors:

Measurable

- We measure the **Social**, **Environmental** and **Economic** I**mpacts** of companies and sectors
- We measure the **impact** along the **entire value chain** – upstream, own operation

Comparable

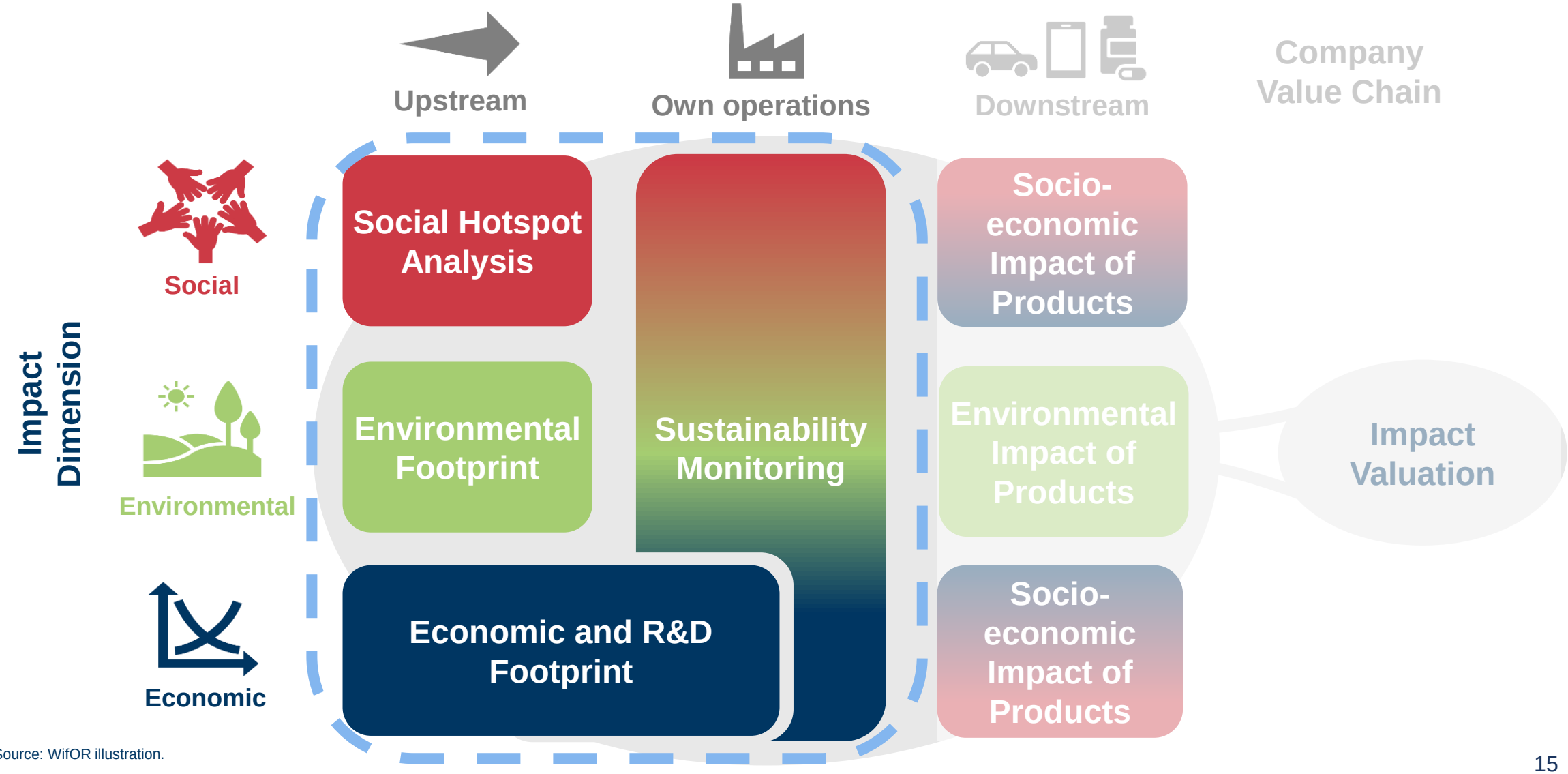
- We enable **comparison** with other sectors at **national** and **international level**
- We enable you to demonstrate your **contribution** to **political goals** (e.g. **SDGs**)

Transparent

- Results are used for **ESG**, **non-financial** and **sustainability reporting**
- The results **strengthen communication** with various stakeholders
- Results **support strategic planning** and **decision-making**

Source: WifOR illustration.

With SEE Impact studies, we investigate different effects for various impact dimensions along global value chains



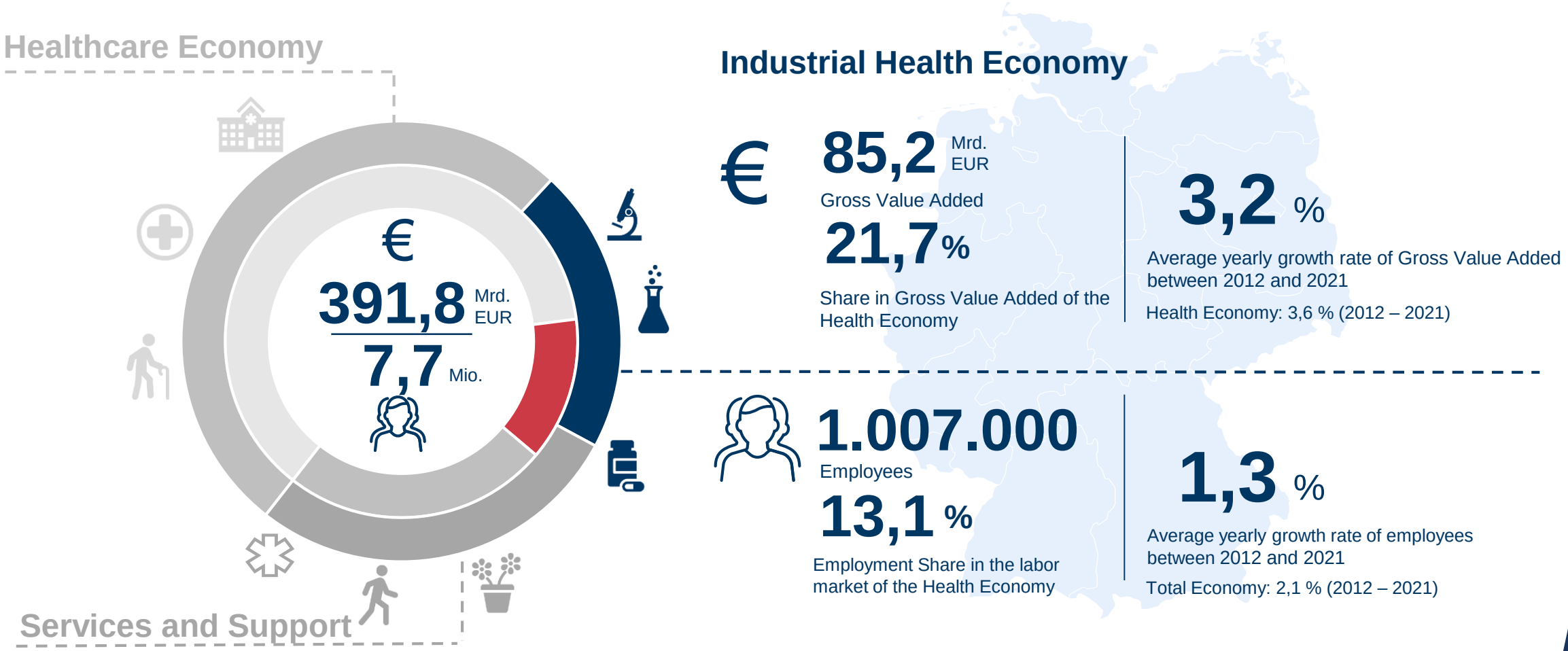
Source: WifOR illustration.

The SEE Impact monitoring shows the direct impact of a sector or industry and provides indicators for SDG benchmarking

SEE Impact Study	Impact categories (own operations + upstream)		Political context
	**Social** ▪ Work-related illnesses ▪ Work-related injuries	▪ Child labor	
	Environmental ▪ Greenhouse Gas (GHG) Emissions ▪ Air pollution	▪ Waste ▪ Water consumption	
	Economic ▪ Gross value added ▪ Employment ▪ Foreign trade	▪ Research & Development (R&D) ▪ Economic footprint	

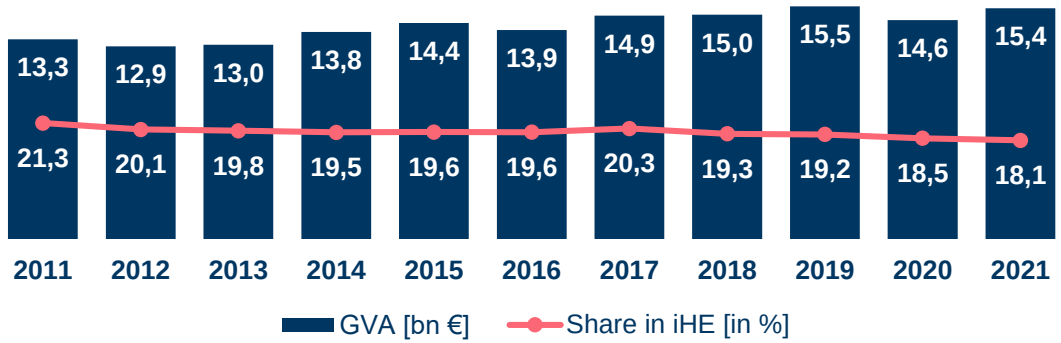
Source: WifOR illustration. WifOR (2022): SEE-Impact-Study der deutschen MedTech-Branche.

One-fifth of the value added from the Health Economy is generated by the Industrial Health Economy



Source: WifOR illustration following Ministry for Economic Affairs And Climate Action (BMWK) (2022): Health Economy - Facts & Figures. Manual for the German Health Economy Reporting. Data: 2021.

Growth and employment in the MedTech industry are taking different paths: +2,5 billion GVA and -4.300 employment since 2012



15,4 bn EUR

Gross Value Added in 2021

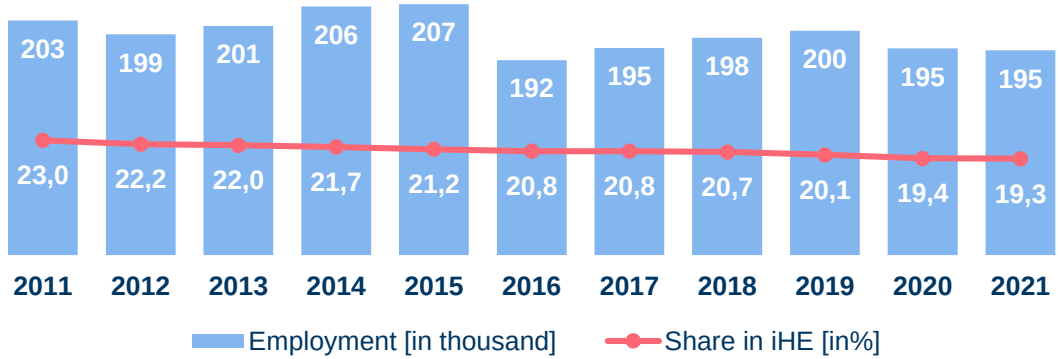
+2,5 bn EUR

Growth since 2012

2,0%

Average growth since 2012

iHE: 3,2% (2012 – 2021)



194.700

Employment in 2021

-4.300

Growth since 2012

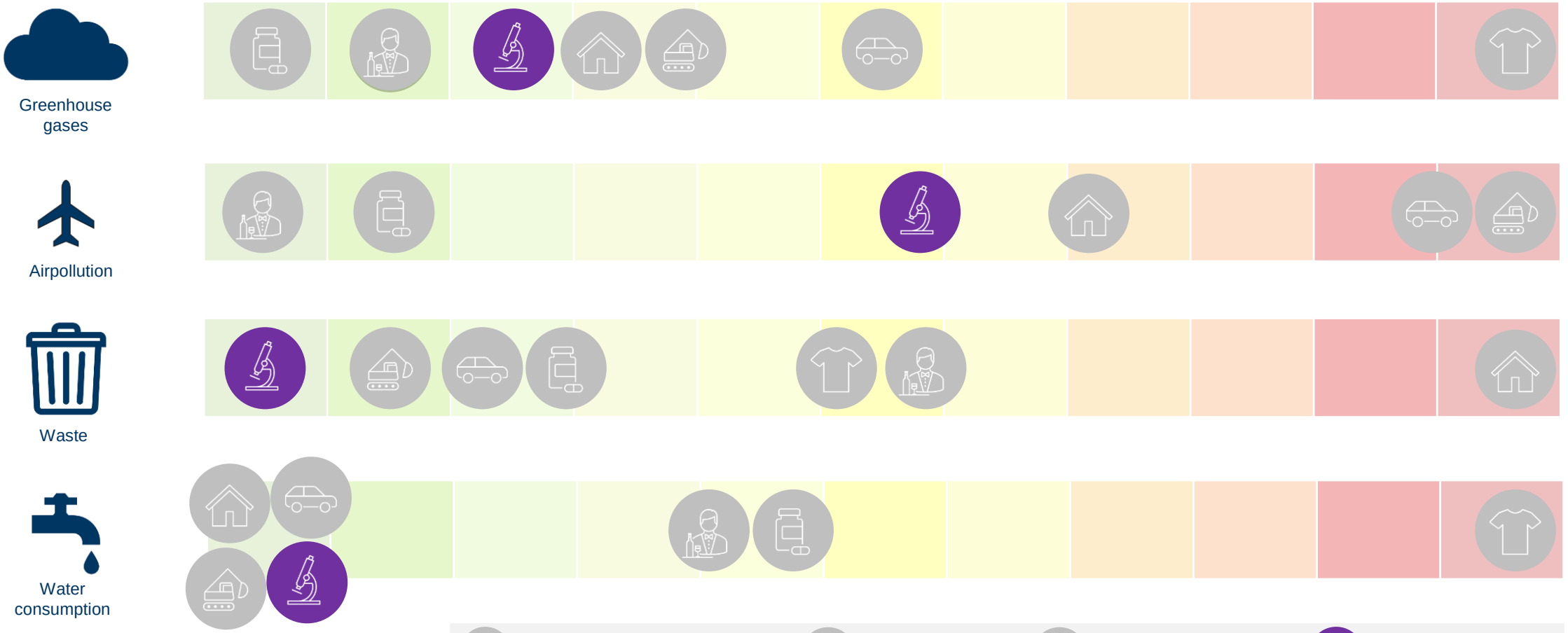
-0,2%

Average growth since 2012

iHE : 1,3% (2012 – 2021)

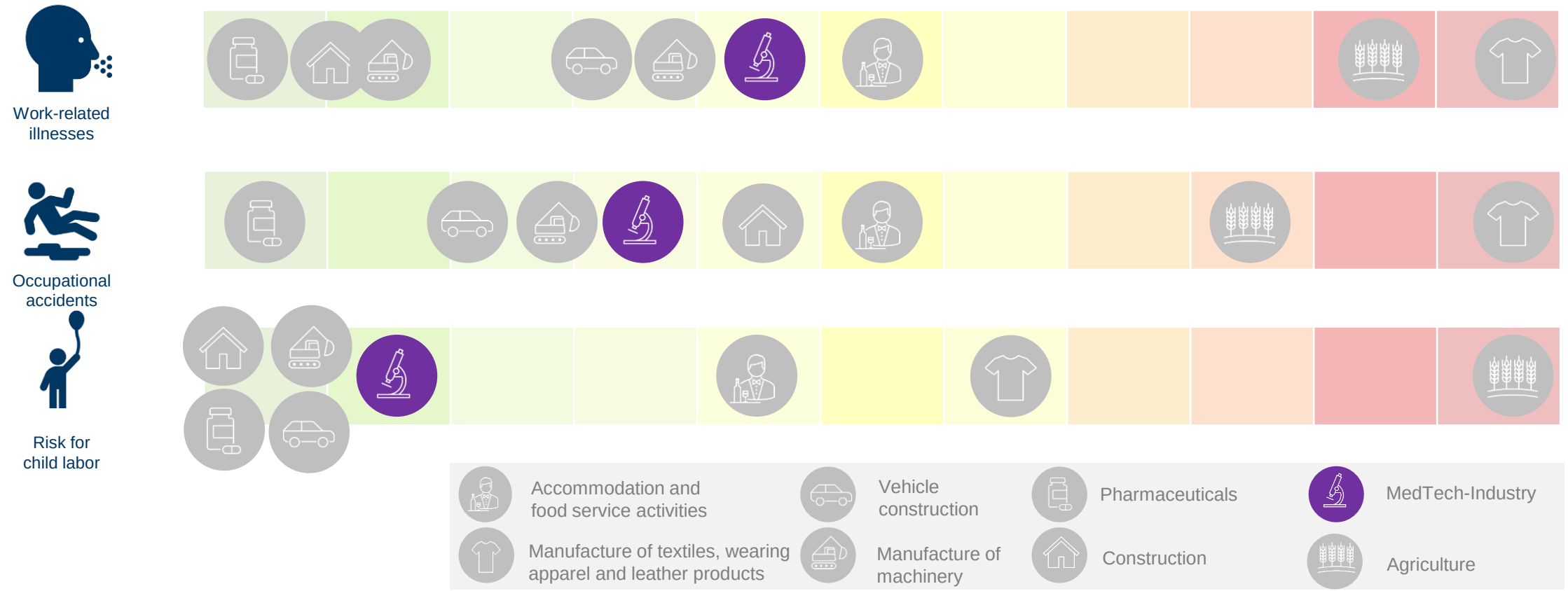
Source: WifOR illustration following Ministry for Economic Affairs And Climate Action (BMWK) (2022): Health Economy - Facts & Figures. Manual for the German Health Economy Reporting. Data: 2021.

In the comparative industry ranking of environmental indicator intensities, the MedTech Industry performs above average in 3 of 4 indicators



Source: WifOR (2022): SEE-Impact-Study of the German MedTech Industry. Agriculture not integrated for presentation reasons

In the comparative industry ranking of the social indicator intensities, the MedTech Industry scores well to averagely



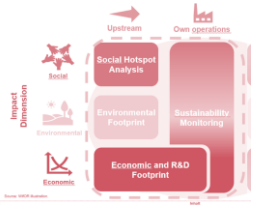
Source: WifOR (2022): SEE-Impact-Study of the German MedTech Industry. Agriculture not integrated for presentation reasons

Benefits and applications of measuring the impact of the Health Economy, its sub-sectors, and of medical innovations

Starting point for a new, objective dialogue between politicians, associations, and companies

Evidence-based insight and monitoring to support decision making of economic and health policy makers

Comparability with other important sectors of the economy and evaluation of health investments



SEE Impact Assessment as the future macroeconomic approach to support value-based health policy decisions

Source: WifOR illustration.

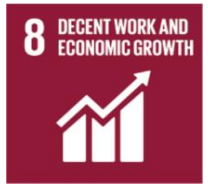
4

Recommendations for Cyprus & Conclusion

Embedding Social Impact into the SDGs – Health investments create a positive feedback loop

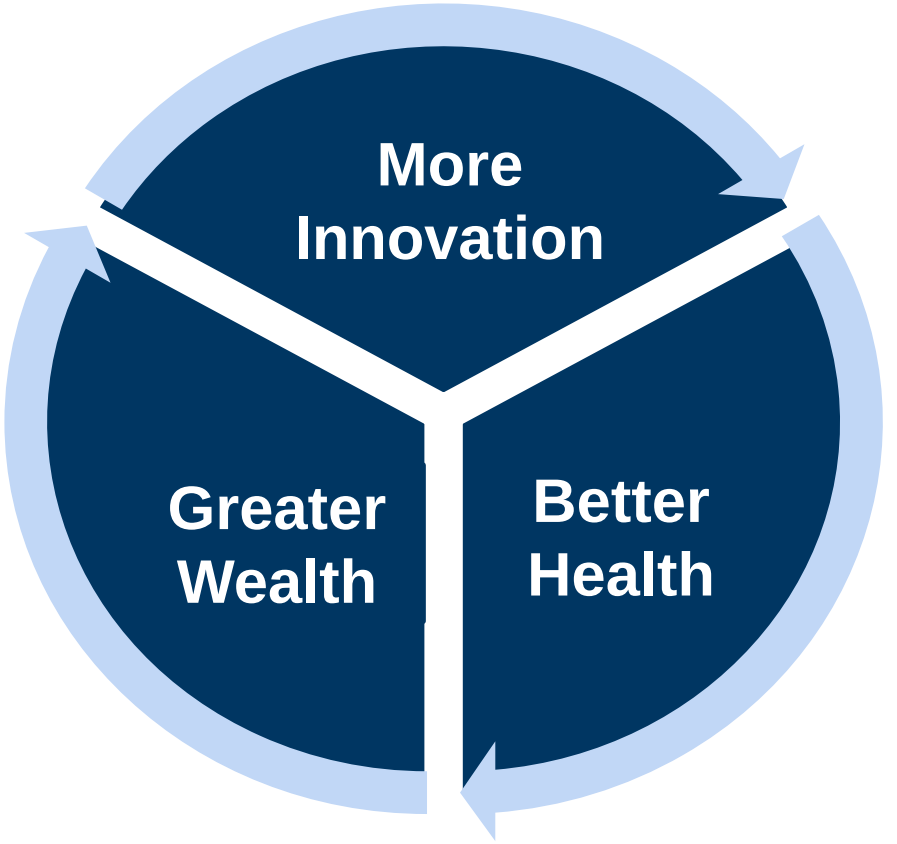
SDG GOAL 9

Build resilient infrastructure, promote sustainable industrialization and foster innovation



SDG GOAL 8

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

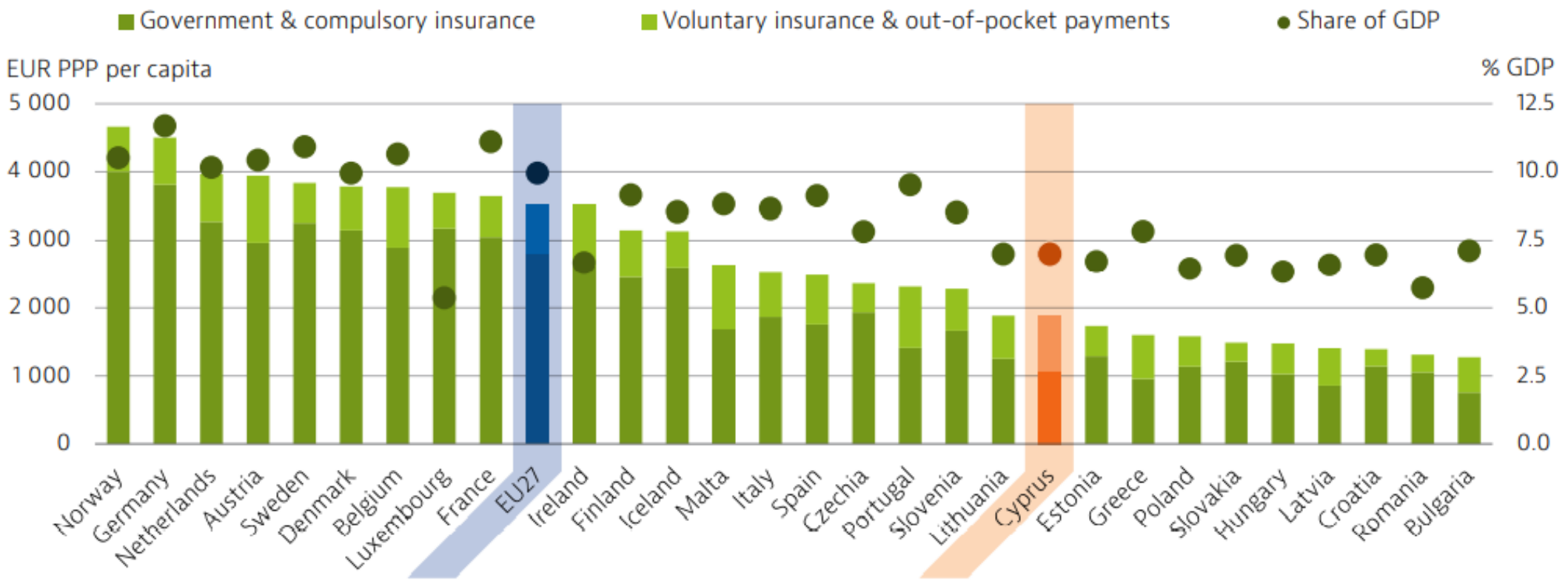


SDG GOAL 3

Ensure healthy lives and promote well-being for all at all ages

Source: own illustration. Sustainable Development Goals (UN).

Status in Cyprus: Health expenditure in Cyprus is lower than the average health expenditure in the EU



Source: OECD/European Observatory on Health Systems and Policies (2021), Cyprus: Country Health Profile 2021, State of Health in the EU

Recommendations for Cyprus

Invest in disease prevention

“Although cervical cancer screening rates compare well with the EU average, despite the existence of a national screening program, only about 31 % of women aged 50-69 had been screened for breast cancer in the past two years since 2019 – far below the 59 % screening rate across the EU.”

Focus on R&D and innovation

R&D expenditure in Cyprus in 2020 was 0.82% of GDP, while the EU average in 2020 was 2.32. Investing in medical and technological innovation stimulates a **positive feedback loop**, driving cyclical progress in health, well-being, and sustainable economic growth.

Set measurable targets to reduce the burden of disease

Setting targets provides a guide for smart investments in health. For example, given the leading cause of NCDs in Cyprus is cardiovascular disease, setting a target to reduce CVD events in Cyprus by 5% before 2030 can contribute a significant positive Social Impact (DALYs and QALYs) and translate into measurable economic growth.

Source: WifOR illustration. OECD/European Observatory on Health Systems and Policies (2021), Cyprus: Country Health Profile 2021, State of Health in the EU; The World Bank. Research and development expenditure (% of GDP). Data as of June 2022; IHME (2017), GBD Results.

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