Unlocking funding for well-being, equity and healthy societies

Primer

World Health Organization
European Region

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Abstract
Countries across the WHO European Region face severe financial constraints and major challenges, ranging from ageing populations and the rising cost of living to the green and digital transitions, that put pressure on their ability to invest in health, well-being and health equity. The well-being economy approach is introduced as a framework for addressing these challenges. This paper identifies a range of innovative financial instruments, contracting mechanisms and fiscal approaches as potential solutions to fund the transition to healthier societies. Taxation policy can play various roles from raising revenue to addressing the determinants of health and shaping economic activity to promote health and well-being. Governments may also choose to look to private and philanthropic capital for investment in health and the determinants of health. With an estimated US$ 1.57 trillion of assets under management globally in impact investment in 2024, there is a significant opportunity to use these investments for improving health and well-being. Impact investments can be made using novel instruments and contracting mechanisms, such as social outcomes contracts. An appropriate mix of investment instruments can create a recipe for funding high-quality, accessible public services and enable a shift to investment in the social determinants of health and prevention.

Keywords
SOCIAL DETERMINANTS OF HEALTH, ECONOMIC DEVELOPMENT, HEALTH INEQUITIES, ENVIRONMENT, QUALITY OF LIFE, TAXES

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About this paper

This primer was produced by the WHO European Well-being Economy Initiative, led by the WHO European Office for Investment for Health and Development (WHO Regional Office for Europe). It was developed in response to a demand from Member States for guidance and support on how to shape and fund their policies, investments and spending decisions to deliver better health and well-being for their populations.

Globally, countries are experiencing major pressures on their budgets and need to deliver public health results with limited resources. Major demographic shifts and green and digital transformations are reshaping economies and societies, but also risk widening inequities. In this context, countries are seeking to rebuild trust in institutions and provide healthy, vibrant and safe communities for their citizens. These are global social, economic and environmental issues.

This paper provides a range of policy and funding options that countries can adapt and adopt in a changing world. It discusses fiscal and financial tools, instruments and mechanisms that have global relevance and provides examples of their use from around the world.

Critically, this paper is more than a report: it aims to be a catalyst to bring together key stakeholders in ministries of finance, which shape budgets; ministries of health, which have key programmes in need of funding; economists, who can build investment cases; and investors in the fields of public finance, philanthropy and private capital, who are looking to make investments that deliver positive, social, economic and environmental impacts.

It is aimed at policy-makers and investment decision-makers across these sectors, including those responsible for public health and well-being, social policy, the labour market and economic outcomes in Member States of the WHO European Region. It provides a basis for cross-sectoral dialogue and for unlocking funding that can deliver multiple benefits for health, society and the economy.

It is notable that Member States of the WHO European Region typically have multiple levels of governance that operate at the national, regional, city and local levels, and some also have devolved national governments. The different fiscal and financial tools, instruments and mechanisms discussed in this paper may be more or less applicable at the various levels. For example, some of the identified financial and contracting mechanisms are suitable for local, regional and national level partnerships, whereas taxation is discussed primarily from a national government perspective.

In a well-being economy approach, the role of the health sector is to make the case for how policies and systems can be used to directly improve health, well-being and health equity. In particular, the health sector can spearhead efforts to advance arguments for novel policies, especially those focused on prevention and the social determinants of health, and to demonstrate how this will create benefits for public health and well-being, and the economy as a whole.

The paper includes options to generate revenue and capital for investment and shape spending, based on a review of both global and local evidence. Global evidence has been used to support key themes, such as the global market for impact investment and international examples of certain health taxes. Local evidence has been used to illustrate applications in specific national and regional settings. Examples of well-being economy approaches and different policy and funding options have been identified, and evidence of the economic impact of these approaches has been included, where applicable.

The paper does not aim to provide a comprehensive account of all of the funding options available or to recommend any particular approach. Rather, it focuses on providing a high-level guide that can help to bring together practitioners in these diverse fields to explore the potential of a range of financial and contracting instruments to increase the availability of public goods for health and support investments in healthier societies.

This is the first paper in a series and will be followed by others that address the particular needs and opportunities in thematic areas, such as healthy ageing across the life-course and youth mental health.

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Abbreviations

COVID-19	coronavirus disease
EIIF	Early Intervention Investment Framework
EU	European Union
GDP	gross domestic product
GIIN	Global Impact Investing Network
ICMA	International Capital Markets Association
IMF	International Monetary Fund
OECD	Organisation for Economic Co-operation and Development
SDG	Sustainable Development Goal
SOC	social outcomes contract
SSAs	supranationals, sovereigns and agencies
SSB	sugar-sweetened beverage
UNDP	United Nations Development Programme
WEGo	Well-being Economy Governments (partnership)

Glossary

This paper makes reference to many terms that may be familiar to either a health audience or a finance audience, but not necessarily to both. The following definitions of some of the key terms are provided to facilitate a common understanding between these audiences. For health-related terms, unless otherwise indicated, the definitions are those of the WHO *Health promotion glossary of terms 2021 (1)*.

Assets. Investors buy, sell and hold a variety of different types of asset, which may include cash, shares (equity) or bonds. Impact assets are those that are managed to achieve a social, environmental or other sustainability-related impact.

Bonds. These are a type of financial instrument that enable entities such as governments, local authorities and companies to borrow money at a certain interest rate for a fixed amount of time to finance projects and operations. The entity repays the debt with interest, in addition to the original face value of the bond.

Co-benefits and co-costs. In a well-being economy, co-benefits arise when investment and action in one area produce a positive spillover effect on another. Co-costs occur when underinvestment and inaction hamper the attainment of interrelated well-being outcomes *(2)*.

Debt buy-downs and debt swaps. Debt buy-downs are where third parties reduce or restructure a country's debt, thereby freeing up resources that can be redirected towards enhancing health. Debt swaps allow countries to convert debt into investments for sustainable development projects.

Equity. This term has starkly different meanings in a health context and a financial context. In this paper, the term **health equity** refers to equitable opportunities, outcomes and impacts of an intervention on different social groups across the population; when used in the financial sense, the term refers to holding shares in a company.

Fiscal space. This term refers to the capacity of governments to provide additional budgetary resources for public spending priorities, such as health, without jeopardizing the fiscal stability of the economy *(3–5)*.

Gender-responsive budgeting. This strategy is used to create budgets that work for everyone. By considering and analysing the unique and diverse needs of every person, gender-responsive budgets strive for a fair distribution of resources *(6)*.

Health equity. Health equity is the absence of unfair, avoidable or remediable differences in health status among population groups, as defined socially, economically, demographically or geographically.

Health taxes. These are taxes, excises or fees that are levied specifically on products, goods or services (e.g. alcohol, gambling and tobacco) that are harmful to physical or mental health *(7,8)*.

Impact investment. These are investments made in companies, organizations and funds with the intention to generate positive, measurable, social and environmental impact, alongside a financial return *(9)*.

Prevention. Prevention aims to address a negative health outcome before it occurs, and is classified as primordial, primary, secondary or tertiary depending on the level of intervention *(10,11)*.

- **Primary prevention** is action taken to prevent the occurrence of disease, by reducing exposure to risk factors or increasing resistance. Examples include immunization, healthy diet, tobacco control, safe water, injury-prevention measures.
- **Secondary prevention** is action taken to halt the progress of a disease at its incipient stage and prevent complications. This is achieved through early detection (screening) and effective treatment. Examples include cancer screening (mammography, cervical smears), blood pressure checks, early treatment of infectious diseases.

- **Tertiary prevention** is action taken to reduce the impact of an established disease by restoring function and reducing disease-related complications. Examples include rehabilitation programmes, support groups, disability limitation and long-term treatment to prevent relapse.

Private capital markets. Also known as private markets, these enable investors to put money into private companies or into real assets such as infrastructure, natural resources or property *(12)*.

Public capital markets. These include public stock exchanges, the bond market and commodities markets, and involve transactions in assets that are traded publicly *(12)*.

Return on investment. This term is widely used in private finance to represent the money that an investor will receive from an investment as a proportion of the original investment, and in public finance to represent the monetization of the financial benefits of a public investment or action.

Social determinants of health. These are the nonmedical factors that influence health outcomes. Sometime also called the "building blocks of health" *(13)*, they are the conditions in which people are born, grow up, work, live and age, and include access to power, money and resources *(14)*. These conditions include, for example, access, affordability and quality of education, health care, housing, food and fuel, as well as opportunities and security of employment and working conditions, the safety levels and conditions of local neighbourhoods, and social capital.

Social outcomes contracts. They are also referred to as social impact bonds or social outcomes partnerships, and as development impact bonds in a development finance context. The contracting mechanism uses funding from investors to cover the upfront capital required for a provider to set up and deliver a social intervention; investors are only repaid after predefined outcomes have been achieved.

Social return on investment. This term has a similar meaning to return on investment but is based on a specific approach and set of principles that include placing monetary values on outcomes that are not traded or tradeable, such as improved individual well-being, as well as those that have a market value. It monetizes these outcomes in the returns calculated as a result of the original investment.

Supranationals. Supranational institutions are owned or established by the governments of two or more countries and usually established to pursue specified policy objectives *(15)*. They may also be referred to as **multilateral institutions**, and include multilateral development banks and development finance institutions.

Sustainable bonds or sustainability-linked bonds. In the bond market, sustainability-linked bonds include any type of bond instrument in respect of which the financial or structural characteristics vary depending on whether the issuer achieves predefined sustainability or environmental, social and governance objectives *(16)*. These instruments are used to finance projects with positive environmental and social impacts in areas such as affordable housing, education, health care and renewable energy.

Sustainable finance. This term broadly relates to types of finance that support environmental and/or social sustainability objectives. It may take the form of equity, where an investor takes a financial stake in the ownership of an entity, or debt, where the investor provides capital upfront with the expectation that it will be repaid. In both cases, the investor expects to make a financial return on the investment.

Well-being. This is a positive state experienced by individuals and societies. Like health, it is a resource for daily life and is determined by social, economic and environmental conditions. Well-being encompasses quality of life, as well as the ability of people and societies to contribute to the world with a sense of meaning and purpose.

Well-being budgeting. Well-being budgeting uses social, environmental, economic and fiscal indicators to guide investment and funding decisions.

Well-being capitals. The well-being capitals are the four key areas of well-being that are considered in governance and policy design in a well-being economy: human, social, planetary (environmental) and economic *(2)*.

Well-being economy. A well-being economy has "a policy orientation and governance approach which aims to put people and their well-being at the centre of policy and decision-making" *(17)*. It provides a framework for integrating multiple related concepts such as sustainable development, equity and inclusion *(18)*.

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Executive summary

In recent years, many countries across the WHO European Region have faced, and continue to experience, severe financial constraints, which is putting pressure on their ability to invest in health, well-being and health equity. With public debts at levels not seen for more than 50 years, acute and growing demands on the welfare, health and care system require considerable investment in promoting and maintaining health to leave no one behind throughout the Region.

A major constraint to providing the necessary investment to achieve health, well-being and sustainable development is the availability of finance in the public sector. While struggling to find the domestic resources available for health, countries are faced with a range of other demands on the public finances. These include requirements to increase spending in areas such as security, digitalization, tackling climate change and to address the needs of an ageing population.

This paper identifies a range of innovative financial instruments, contracting mechanisms and fiscal approaches as potential solutions to fund the transition to healthier societies. It first outlines some of the key challenges that are shaping today's societies and economies and their implications for investment in health and health equity, from ageing populations and the rising cost of living to the green and digital transitions. The well-being economy approach is introduced as a framework for addressing these challenges.

The paper then discusses well-being economy mechanisms that shape how money is spent, and a range of approaches to taxation and borrowing that could increase the level of funding available to governments. These approaches are increasingly used across the Region and internationally. They have the potential to increase the available funds and relieve financial pressures, thereby creating opportunities for investment in improved population health, quality of life and health equity, leading to improved human and social capital, which is vital to societal prosperity. Examples include the Early Intervention Investment Framework of the State of Victoria in Australia and well-being budgeting approaches of countries that are beginning to broaden the scope of their financial budgets (e.g. Canada, Iceland, Ireland and New Zealand) so that government spending explicitly contributes to the achievement of health, well-being and health equity goals.

Alongside these newer approaches, many countries across the Region and around the world are already using gender-responsive budgeting to increase the opportunities and participation of girls and women in all aspects of society and the economy and to stimulate inclusive growth. For example, gender-responsive budgeting in the European Union supports the implementation of public financial management principles, including accountability, transparency, performance and results orientation, and effectiveness.

Both well-being budgeting and gender-responsive budgeting are driving the development and use of robust data systems and analytical approaches in well-being economies. However, although all G20 countries[2] have enacted gender-focused fiscal policies, the International Monetary Fund has shown that public financial management tools to operationalize these policies are less established and that more progress has been made in establishing frameworks and budget preparation tools than in budget execution, monitoring and auditing.

Public participation in budgeting processes can also be linked to well-being outcomes, better trust between citizens and authorities, and more responsive and effective services, as illustrated by the examples of the Scottish Government (United Kingdom) at national level and the city of Brno in the Czechia at a more local level. Gender-responsive budgeting may also be applied at city level, as illustrated by the example of Reykjavik (Iceland), where around 60 of the city's services have been analysed from a gender and equality perspective.

Taxation policy can play a variety of roles, from raising revenue to addressing the determinants of

[2] European Union, Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Mexico, Republic of Korea, Russian Federation, Saudi Arabia, South Africa, Türkiye, United Kingdom and the United States of America.

health and shaping economic activity to promote health and well-being. These roles can also happen simultaneously. For example, revenue generated from taxes on pollutants and other health-harming products, such as tobacco, alcohol or sugar-sweetened beverages, can be reinvested to promote public health or to address equity issues, while discouraging certain unhealthy behaviours. Examples from Mexico and Viet Nam illustrate the implementation of taxes on sugar-sweetened beverages. The approach of earmarking is often applied to taxes on goods and services that are deemed harmful to health or the environment to create a more transparent link between a funding source and how it is spent, thus emphasizing the well-being related motivation for the tax. One example is the link between France's financial transaction tax and investments in health.

Some countries also use tax incentives to promote health, well-being and sustainable development. For example, the Government of Montenegro has introduced several fiscal incentives to expand labour market activity, limit the informal economy and meet the goals of gender equality and health-care access. Kyrgyzstan has introduced a new tax code to create incentives for investment for sustainable development as part of its National Development Strategy.

Policy-makers are encouraged to consider the impact of such options on all four well-being capitals (human, social, economic and environmental) and ensure that equitable outcomes are achieved through a progressive approach to taxation. At international level, it is vital to build momentum around fiscal policies for well-being, equity and healthy societies as part of ongoing dialogues, including around financing for development and for addressing major international challenges such as tax evasion.

The third section of the paper highlights that, in addition to public sources of finance and budgeting, governments may choose to look to private and philanthropic capital for investment in health and the determinants of health. This is an area of increasing interest amongst governments, in the light of the shifting focus on prevention and keeping the population equally well. The scale of this transition is significant and the investment required to harness the benefits of technological, scientific and social innovations requires thinking outside the box, and diverse sources of financial capital can have a key role to play.

In financial markets around the world, governments already raise finance from private investors; for example, they borrow money though financial instruments such as government bonds, which offer investors a series of periodic payments and the return of capital after a fixed term. More recently, a broad field of sustainable finance has evolved that directs global capital towards investment in areas linked to the United Nations Sustainable Development Goals. It includes, for example, investments in renewable energy to address climate goals or equity investments in health-care organizations that promote healthy lives and well-being, as well as investments in financial instruments such as green, social or sustainability bonds.

In the case of social bonds for health, health equity and tackling the determinants of health, these have been issued by a wide range of organizations across the WHO European Region, including Cassa Depositi e Prestiti in Italy, Crédit Mutuel Arkéa in France, Instituto de Credito Oficial in Spain, Landesbank Baden-Württemberg in Germany and MuniFin of Finland. Globally, social bonds with a value of over US$ 180 billion were issued in 2023 alone. In 2024 Iceland issued a €50 million bond to finance improved parental leave and affordable housing for women – this was the world's first sovereign gender bond.

The paper discusses impact investment, which is an area of sustainable finance in which investors, including individuals, institutional investors, dedicated investment funds and philanthropic foundations, make investments into companies, organizations and a diverse range of financial instruments with the intention to generate measurable positive social impact, alongside a financial return. With an estimated $1.57 trillion of assets under management globally in impact investment in 2024, and almost 4000 organizations managing these assets, there is a significant opportunity for using these investments to improve health and well-being. In particular, there is a potential to unlock investment in otherwise difficult-to-fund areas, such as prevention, where there may be strong financial returns but often over longer time periods.

Impact investments can be made in initiatives led by a public, private or third sector organization, often using novel instruments and contracting mechanisms, such as social outcomes contracts. International examples of these approaches come from countries ranging from rom the Netherlands (Kingdom of the) to South Africa. While these types of investment should not replace primary financing mechanisms for health organizations or for public health policies and interventions, they could provide additional funds through public–private partnerships and contribute to achieving desirable health and social outcomes.

While finding new sources of investment capital for public programmes is vitally important

for many countries, debt relief instruments such as debt buy-downs and debt swaps help them to redirect funds through debt reduction to deliver improved health and well-being, for example, by enhancing the societal determinants of health or promoting improved health equity outcomes. In the context of the WHO European Region, Member States may be either lenders or borrowers in intercountry transactions and, therefore, may be interested in debt relief instruments from either perspective.

All of these instruments should be seen as part of a wider range of potential ways to unlock investment for health and development. The key challenges to be addressed are to:

- increase awareness, especially within ministries of health, finance and economics, of more novel financial instruments, including how they are being used and by whom;
- develop a pipeline of investment opportunities of the appropriate scale, and connect investors with these opportunities;
- put in place systems for measuring, monitoring and managing the impact of funded interventions, including developing key performance indicators; and
- develop the capacity of public authorities to use these instruments to help to solve the pressing health and equity challenges of our times.

An appropriate mix of investment instruments can create a recipe for funding high-quality, accessible public services and enable a shift to investment in the social determinants of health and prevention. This can facilitate substantial health improvements, particularly in contexts where policies and spending have so far failed to produce the desired results and where investments are greatly needed, but currently fail to find the appropriate level of funding.

Key messages

- **Well-being budgeting, gender-responsive budgeting and participatory budgeting** approaches are effective in driving up health and the levels of human and social capital in all countries, through maximizing the participation of every person in society and the economy.
- **Tax policy** can be used both to raise revenue and to shape healthy behaviours; therefore, policy-makers should ensure that equitable outcomes are achieved through a progressive approach to taxation.
- **Social bonds, social outcomes contracts and a variety of other novel financial mechanisms** are available. There is an urgent need to unlock new sources of investment for health, well-being and health equity, and the choice of appropriate approaches should be aligned with governments' policy agendas and their capacity to implement and manage them, with an emphasis on their contribution to national health and health equity goals.
- **The growing market for impact investment** creates new and innovative opportunities to leverage private capital to deliver health, well-being and health equity objectives and to drive transformations that reflect specific national and local concerns in ways that tangibly improve people's lives.

1. Background and context

1.1. Current trends shaping societies and the pressure on public budgets

In recent years, progress towards prosperity has slowed in many countries, both across the WHO European Region and around the world, while a growing number of people are being left behind and social fractures are increasing. This is partly a result of major demographic changes, such as ageing societies, youth migration and rural depopulation, which create risks for population health, fiscal resilience and economic recovery *(1,2)*. At the same time, unbalanced economic growth strategies and technological changes, such as the continuing development of artificial intelligence and the adoption of renewable energy technologies within the green transition precipitated by climate change, are shaping economies and societies in new ways.

The United Nations has recognized that the Sustainable Development Goals (SDGs) of the 2030 Agenda for Sustainable Development are off track and that progress made towards eliminating poverty and hunger in recent decades has stalled or even, in some cases, reversed, with about 23 million more people living in extreme poverty in 2022 compared with 2019 *(3,4)*.

Vast amounts of further investment are required to meet the SDGs *(4,5)*, including substantial investment that must be mobilized to enhance access to health care and equity in health *(6)*. For example, before the coronavirus disease (COVID-19) pandemic, WHO estimated that low- and middle-income countries needed an additional US$ 134 billion annually to achieve health-related SDGs, a figure projected to increase to $371 billion by 2030 *(7)*. Recent disruptions due to conflict, climate change and economic instability have further heightened the need for additional finance to achieve universal health coverage. The Sevilla Commitment of the United Nations's Fourth International Conference on Financing for Development put the gap between global sustainable development aspirations and the financing to meet them at $4 trillion annually *(8)*.

In 2024 the United Nations's *Pact for the future* committed to urgently accelerate progress towards achieving the SDGs, including through "mobilizing significant additional financing from all sources for sustainable development, with special attention to the needs of those in special situations and creating opportunities for young people" *(9)*. The aim for implementation of the Sevilla Commitment, is that it will lead to the reform of the international financial architecture, address the cost of borrowing, and scale up investment to close the financing gap for sustainable development *(8)*.

The health catastrophe of the COVID-19 pandemic had a high human cost and serious economic reverberations. At the peak of the pandemic, much economic activity ground to a halt due to lockdowns and other health emergency measures, with follow-on implications for employment and living standards. As countries started to show signs of economic recovery, inflationary pressures – long under control in most European countries – were intensified by supply shortages, compounded by the Russian invasion of Ukraine in February 2022 and the global energy crisis that followed *(10)*. With increases in the price of necessities, such as food and fuel, and with wage levels stagnating at the same time, many Member States of the WHO European Region began to experience a major cost-of-living crisis, with lower-income households the most affected *(11)*.

Ensuing attempts by central banks to address inflation through increasing interest rates placed additional financial burdens on many households, especially those with mortgages. Rising unemployment added to the challenges faced by many of the most vulnerable and disadvantaged population groups *(12,13)*.

1.2. The need for investment in health and health equity

Constraints on national budgets and public finances have come at a time when Member States across the WHO European Region are facing increasing demands on their health systems. The challenges are well documented. The WHO *European health report 2024 (14)* highlights the following.

- The needs of an ageing population require new approaches to health systems; for the first time in the Region, there are now more people aged over 65 years than under 15 years.

- One in six people dies before the age of 70 years due to cardiovascular diseases, cancer, diabetes or chronic respiratory diseases.
- The impact of climate change on health is becoming increasingly significant. In 2022 there were estimated to be more than 61 000 heat-related deaths across 35 Member States of the Region.

Health inequity is also a major issue. A 2023 WHO report identified that the COVID-19 pandemic resulted in higher levels of mortality in the poorest countries in the Region, where investment in health systems was lowest, revealing that "600 000 excess deaths in the Region were attributable to low human development and health system investment." *(15)*. Almost half of the world's population lacks access to the health services they need *(16)*, and significant life expectancy gaps remain. For example, the average life expectancy is about 15 years higher in Europe than in Africa *(17)*.

Within countries, and even in high-income countries, important disparities separate the rich from the poor. For example, in England (United Kingdom), the Health Foundation reported that male healthy life expectancy is over 30 years lower in some of the more deprived neighbourhoods than in some of the less deprived neighbourhoods *(18)*.[3]

A recent review of the health and social equity landscape in the WHO European Region showed that Member States are facing significant well-being challenges *(15)*. In 2021 > 60% of young people in the European Union (EU) reported low levels of mental health and well-being *(1)*, particularly in relation to insecure work, wages and unemployment, which are strong risk factors for mental disorders and a significant causes of inequities in mental disorders *(19)*.

These challenges are occurring in the context of recent drops in expenditure on health in real terms, globally. WHO found that "[a]ggregate global health spending fell in 2022 to $9.8 trillion, or 9.9% of global gross domestic product (GDP), the first decline in global health spending in real terms since 2000" *(20)*. However, in high- and upper-middle income countries, while the average health spending per capita fell in 2022, overall health spending remained above pre-COVID-19 pandemic levels (by 5% and 8%, respectively) *(20)*, reflecting increased demands on health systems.

[3] Data compared male healthy life expectancy at birth with the percentage of households with < 60% of the median income (after housing costs) by neighbourhood in England (United Kingdom) in 2013–2014 *(18)*.

1.3. Potential for investments in healthier lives and well-being for all

One of the most important lessons of the COVID-19 pandemic is that health is not a cost but, rather, an investment in more resilient, more productive and more stable societies *(21)*. For example, one study identified that COVID-19 excess mortality and case fatality rates were "systematically associated with healthcare system financing and organizational structures" and that investments in public health systems were instrumental in reducing COVID-19 related mortality *(22)*.

Furthermore, investment is needed not only in health systems but also in addressing the social determinants of health, such as economic inactivity, inadequate housing and poverty. WHO noted that "[s]ocial protection programmes across the life course are investments in the necessary conditions to enable all people to prosper and flourish. Interventions such as unemployment benefits, pensions and child support provide a safety net during times of need. They reduce poverty and debt, and improve health outcomes" *(6)*. A policy note and set of indicators adopted under Brazil's G20 Presidency and developed by its Joint Finance and Health Task Force highlights the critical importance of addressing the social determinants of health equity, in addition to its Framework for Economic Vulnerabilities and Risks *(23)*.

Investment in the drivers of well-being is vital to create societies in which people can participate fully and thrive, as well as creating prosperous and resilient economies *(24)* (Box 1).

Box 1. Healthy populations and strong health systems are vital engines of prosperity

- Health systems investments have a multiplier effect: using an input–output analysis approach, economists estimate that for every €100 000 invested in the health sector, an average of four new jobs are created elsewhere in the economy *(24)*.
- Investments in labour markets and social protection have rapid benefits for health equity and economies: an investment of 0.1% of GDP in policies for health and social protection, community infrastructure and active labour markets has the power to improve the lives of 250 000 people living in a country with a population of 60 million, within 4 years *(6)*.[a]
- Efforts to reduce health inequities can contribute to inclusive economic growth. A 50% reduction in inequities in life expectancy between social groups could provide monetized benefits to countries ranging from 0.3% to 4.3% of GDP *(26)*.

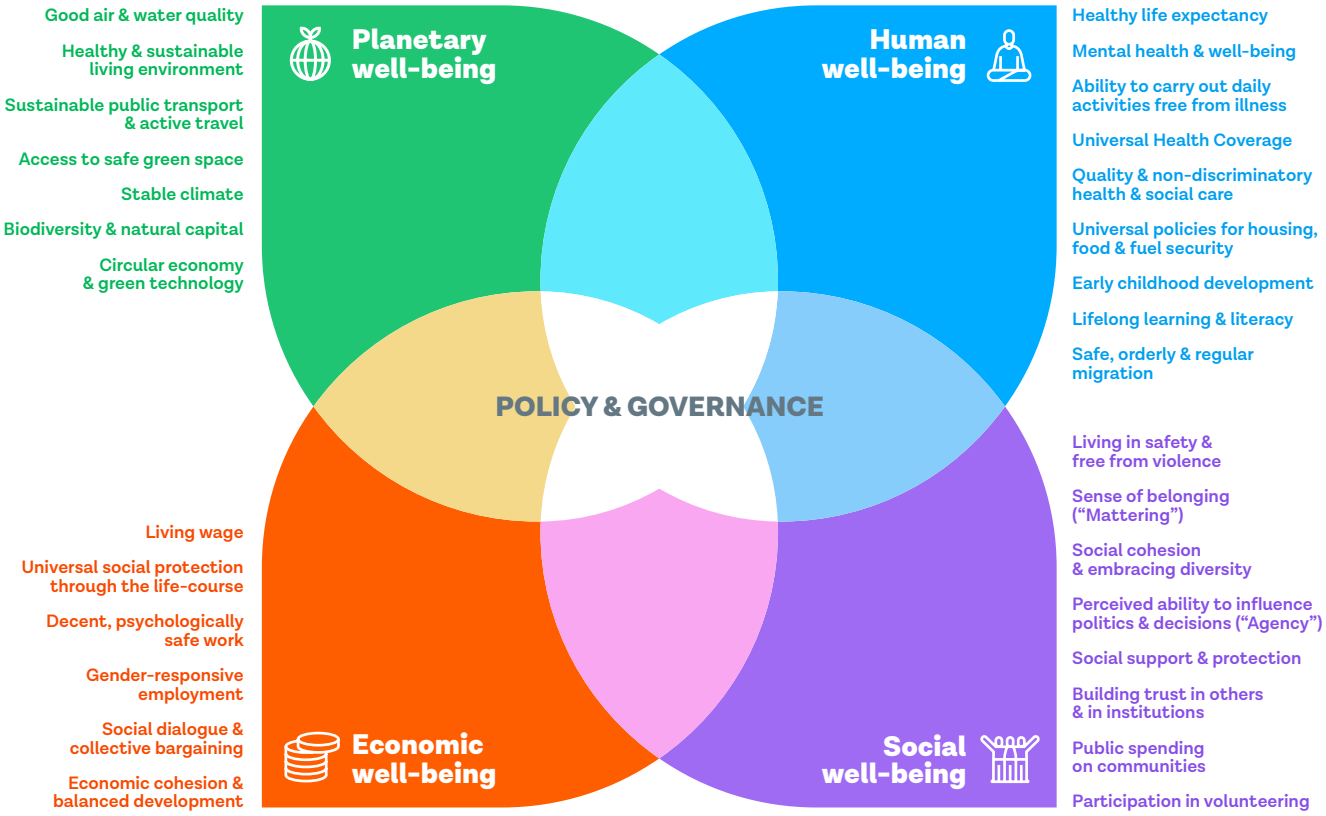
[a] Data are taken from an analysis produced for the launch of the WHO European Health Equity Status Report *(25)*.

Improving health through a focus on addressing the determinants of health equity has had positive returns on investment *(27,28)*. However, it also leads to competition for scarce funding resources at a time when health services are under severe stress and face pressing immediate demands, particularly to deliver urgent and acute services, such as accident and emergency services and short-term inpatient and outpatient medicine and surgery. Over the past decade, successive rounds of budget cuts around Europe have put the universalist nature of social protection systems at risk, emphasizing the urgency of revisiting policies in these areas *(29–31)*.

1.4. The well-being economy approach

Some countries and nations are addressing these challenges by developing a well-being economy approach that aims to put people and their well-being at the centre of policy and decision-making *(32)*. This provides a framework for integrating multiple related concepts, including sustainable development, equity and inclusion *(24)*, based on four well-being capitals: human, social, economic and planetary well-being (Fig. 1). Investments in the four capitals underpin the development of prosperous well-being economies.

Fig. 1. Four well-being capitals



Source: WHO analysis, based on Organisation for Economic Co-operation and Development *(33)*.

Investments in health are expected to have co-benefits for the other capitals, and these relationships can be bidirectional and mutually reinforcing, with economic, social and environmental capital also contributing to health. For example, a healthy workforce boosts economic capital, while good-quality work provides income, purpose and stability and plays a key role in protecting and improving people's health and well-being *(34)*.

In practice, a well-being economy focus means that public policies place the advancement of human, social, economic and planetary well-being at their core *(24)*. However, the large-scale destruction of planetary capital in recent decades[4] is a significant source of increasing inequities *(36–38)*, as communities with lower income and education levels, as well as older people, children and other vulnerable groups, are often more impacted by air, water and noise pollution, as well as by climate change *(39)*.

Combating inequities of income and wealth is of critical importance. The International Monetary Fund (IMF) noted that "while some inequality is inevitable in a market-based economic system, excessive inequality can erode social cohesion, lead to political polarization, and ultimately lower economic growth" *(40)*.

More equitable societies have been shown to be healthier *(41)*, and policies that combat inequities can have multiplier effects on economic growth. For example, studies have shown the positive effects of social protection expenditures on GDP, suggesting that the growth-enhancing potential of social protection policies complements their ability to reduce inequity *(42)*.

The well-being economy approach supports investments in key public health goods and policies, including health systems. It prioritizes primary health care, prevention of ill health, and early childhood development and care by combating loneliness and isolation, lifelong learning, health and digital literacy, gender equality, decent work, fair pay and secure livelihoods, safe communities, clean air, and healthy living environments. Ursula von der Leyen, President of the European Commission, noted in 2023 that a policy agenda is needed that "focuses on public goods such as healthcare, education and skills, workers' rights, personal security, civic engagement and governance – good governance" *(43)*.

The well-being economy approach is exemplified by the countries and nations in the Well-being Economy Governments (WEGo) partnership *(44)*. The WHO Regional Office for Europe has reported the experiences of four of the WEGo countries and nations (Finland, Iceland, and Scotland and Wales (United Kingdom)) in developing well-being economies *(45)*. Key policy messages from these experiences include the importance of high-level political commitment and international collaboration, along with citizen participation and strong support from the public health sector. Legislation, systems of indicators and metrics, fiscal and budgeting strategies, and innovative policy tools were identified as common approaches to implementing well-being economies.

At a broader level, the development of well-being economies represents one of the five key action areas of the WHO Geneva Charter for Well-being *(46)*, which highlights the urgency of creating sustainable well-being societies that are committed to achieving equitable health now and for future generations, without breaching ecological limits. The WHO global framework for integrating well-being into public health noted that "[c]ountries are increasingly considering new models for economies and long-term fiscal planning that are more equitable and place people and the planet at the centre" *(47)*. The WHO *World report on social determinants of health equity* also included moving towards well-being economies and well-being budgeting as one of its recommendations *(6)*.

Lastly, the WHO European Well-being Economy Initiative was developed in response to a demand from Member States for guidance and support on how to shape and fund their policies, investments and spending decisions to deliver better health and well-being for their populations (Annex 1).

[4] The *Living Planet Report 2024* found that the observed population sizes of 5495 vertebrate species declined by 73% on average between 1970 and 2020 *(35)*.

2. Fiscal interventions for health and health equity

A major constraint to delivering the necessary investment to achieve health, well-being and the SDGs is the availability of finance in the public sector. Increasing the fiscal space for investment is a key challenge for many countries that aim to make progress towards universal health coverage and achieve the SDGs *(48,49)*.

Efforts to improve the efficiency of health services can result in better use of the existing resources and may be considered to increase the impact of the domestic resources available for health spending *(50)*. However, there are limits to how far this can go. At the same time, countries are faced with a range of other demands on public finances, such as requirements to increase spending in areas such as security and tackling climate change and the need to address the issue of ageing populations.

Fiscal policy refers to the set of measures within the proper control of governments, that is, how much they spend, tax and borrow in order to meet their societal and economic objectives. It is the domain of political decision-making, such as how much to spend and on what, how much to tax and whom, and how much to borrow and from where. These decisions are not distributionally neutral: governments decide on their policy priorities and how they are to be met (e.g. how much to spend on health versus other priorities and how much to tax corporations versus the income of individuals) and make decisions accordingly.

Times of economic uncertainty have frequently been times of cuts, rather than increases, in public spending on social and health policies, which often have adverse social consequences *(51,52)*. Even where budget cuts are not implemented, governments face institutional constraints on how much they can spend. This is because of fiscal rules that place limits on key budgetary measures, such as the fiscal deficit or the debt-to-GDP ratio. Such rules have become particularly relevant to policy-makers in recent years, as the government debt-to-GDP ratio in the euro currency area surged from 83.9% at the end of 2019 to 98.0% at the end of 2020, and from 77.5% to 90.7% in the EU, with some of the highest debt-to-GDP ratios reported in large, advanced economies *(53)*.

National governments may create their own fiscal rules (e.g. United Kingdom), whereas EU Member States are required to adhere to the EU's economic and fiscal governance framework *(54)*. Countries that wish to join the EU must meet the Copenhagen criteria, as agreed at the June 1993 European Council in Copenhagen, Denmark *(55)*. The European Commission monitors the medium-term economic and fiscal outlook in each candidate country through an annual procedure designed to prepare the country for its eventual participation in the EU's economic and monetary union. To this effect, candidate accession countries need to prepare to comply with the economic and fiscal governance framework.

Fiscal rules are intended to provide incentives for governments not to overspend but they also have key drawbacks. Strict fiscal rules may reduce the scope of governments to adjust policy in response to unexpected shocks; equally importantly, they may limit public investment that is necessary for making economies more resilient *(56,57)*.

2.1. Shaping spending for health and health equity

Government budgeting processes set out key decisions on where and how public money is to be spent because budgets are allocated to government departments and ministries to cover both capital investment and day-to-day expenditures. Public-sector budgets generally follow annual cycles, sometimes with a midterm review, alongside longer-term spending reviews, which may look ahead to the next 3–5 years. Medium-term fiscal frameworks and national development strategies are particularly important from an investment perspective, especially where financial capital is required over a period of years. A medium-term fiscal framework typically incorporates a fiscal strategy, along with

projections of key macroeconomic variables, and provides an understanding of the impacts, trade-offs and risks of policy choices *(58)*.

Investing in prevention and early intervention is widely considered essential for reducing future demands on health and social-care systems. However, one recognized and persistent barrier to investment in health and social care is known as the wrong pocket problem. This relates to silo budgeting in governments, in which a budget holder in one organization or department makes expenditures and investments to address a given problem but the benefits are captured by another organization or department (i.e. the wrong pocket) *(59)*.

Another common challenge of funding programmes for prevention and early intervention in health is the difficulty of identifying evidence of cost savings, particularly when these may take the form of costs avoided years into the future.

With this in mind, the State Government of Victoria (Australia) has developed an innovative approach to embedding early intervention into its budget process *(60)*. This requires departments that seek funding both to identify outcome measures and expected outcomes and to estimate the avoided cost to the Government, such as from the reduction in use of acute services (Box 2 and Fig. 2).

Box 2. Early Intervention Investment Framework, State of Victoria (Australia)

The State Government of Victoria first introduced the Early Intervention Investment Framework (EIIF) [a] in its 2021–2022 budget *(60)*, and has since invested AUS$ 3.5 billion through the EIIF, with more than $3.8 billion anticipated to be generated in economic and financial benefits from around 110 initiatives. Building on the programme's success, a further $0.7 billion has been announced for early intervention initiatives in the 2025–26 state budget *(61)*. This is expected to deliver qualitative outcomes for those receiving services and to generate further economic and financial benefits of $0.6–1 billion.

By linking funding to quantifiable impacts, the EIIF guides budget decisions to where timely assistance for people in need will not just expand future fiscal space but also improve life outcomes for individuals and reduce pressure on urgent and acute services. As a further benefit, this has led to greater public transparency on the expected benefits from new funding, with information on avoided costs, economic benefits and outcomes domains published in budget papers. Over time, the EIIF will support a service system that is more balanced and more fiscally sustainable. The people of Victoria benefit from a better continuum of services from early intervention through to acute care, with effective help provided before problems escalate. At the same time, this reduces acute service costs to the Government.

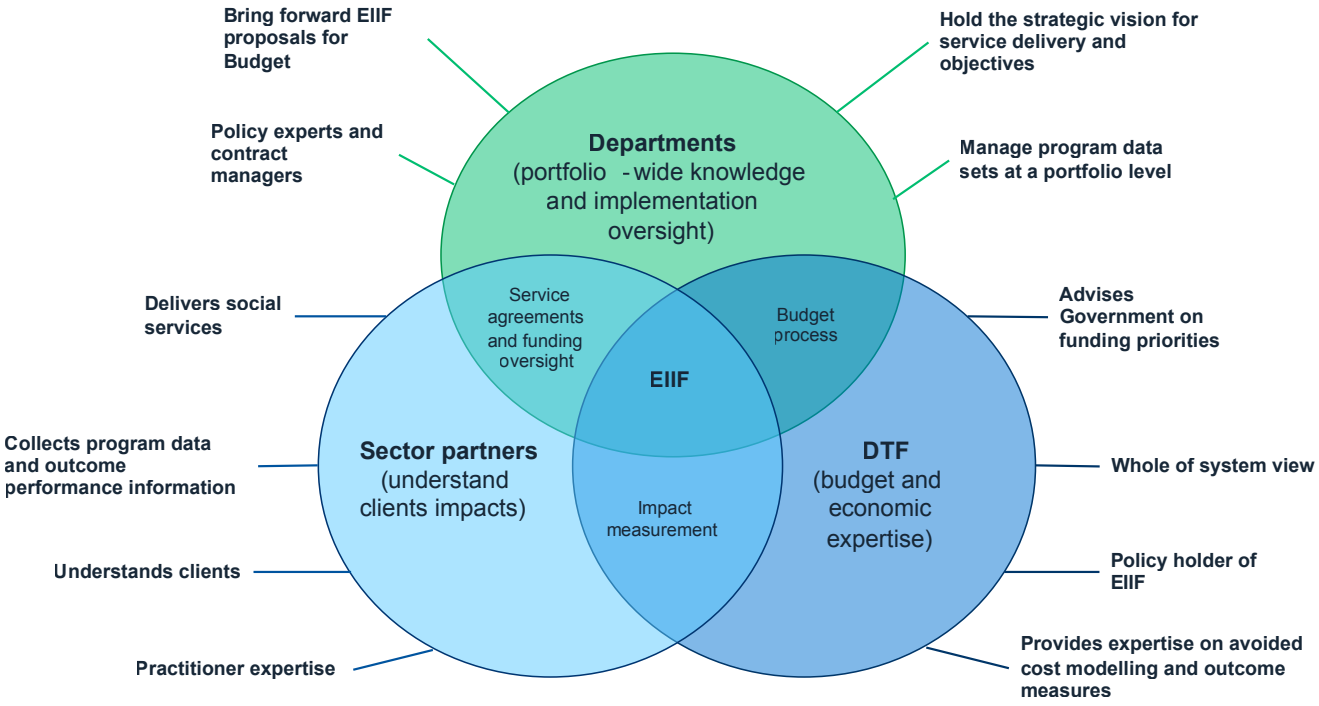
Under the EIIF, outcome measures are used to consider the impact of funded initiatives. These measures inform the Government's understanding of the difference that an early intervention initiative will make in return for its investment (for both service users and the system). Many early intervention initiatives pay for themselves in the long term by avoiding more costs from reducing acute service usage than they cost to fund – as well as providing broader social and economic benefits and improved outcomes.

The EIIF takes an invest–reinvest approach to early intervention investment. The avoided costs generated and identified through the EIIF are partly retained by Government departments to provide the flexibility to pay for emerging needs within their portfolios, while recognizing that not all avoided costs are easily saved and some are used to support new investment in early intervention through the budget process.

Collaboration within government and co-design with sectoral partners is key to implementing effective proposals with robust outcome measures. State Government Department of Treasury and Finance, other State Government departments, and sectoral partners (including service delivery agencies) each have a significant role to play to inform proposals.

[a] The EIIF is a fiscal mechanism to guide decision-making on early intervention proposals in a government's budget process *(62)*. It introduces feedback loops and rewards stronger people-centred evidence, provides the government with annual tracking of programme outcomes and savings to improve the government's fiscal position.

Fig. 2. Key partners in the co-design and delivery of EIIF interventions



DTF: Department of Treasury and Finance (State Government of Victoria).
Source: reproduced without change and with permission from the Department of Treasury and Finance, State Government of Victoria *(63)*.

2.1.1. Well-being budgeting

Countries that are pursuing well-being economies have begun to link their fiscal budgeting processes to well-being frameworks and goals in what are known as well-being budgets. These budgets prioritize investment in well-being and health equity alongside other social and environmental goals and objectives *(6)*.

In May 2019 New Zealand introduced the world's first-ever well-being budget *(64,65)*, with a funding allocation of NZ$ 25.6 billion (US$ 15 billion) over 4 years *(66)*. It included six priority areas, two of which directly relate to health (mental health and child development) and one to diversity and inclusion (of Māori and Pasifika communities).

Compared with the traditional budgeting process, which is usually led by the Ministry of Finance, the well-being budget aimed to be more iterative and participative. Priorities of the Wellbeing Budget were agreed by the Cabinet based on evidence levied by all ministers and agencies, with evidence-informed assessments to ensure that policy-making delivers on specific targets. For example, the mental health priority was decided based on evidence suggesting that every year one in five New Zealanders had a diagnosable mental illness and that suicide rates among young people in the country were among the worst in the Organisation for Economic Co-operation and Development (OECD) *(64)*. At 6 years after its introduction, New Zealand's experience of the 2019 Wellbeing Budget provides some important lessons and learning for well-being economies (Box 3).

Box 3. Lessons learned from New Zealand's 2019 Wellbeing Budget

New Zealand's 2019 Wellbeing Budget is recognized as the first in the world to make a direct connection between Government spending and national well-being goals with measurable outcomes. It had a broad scope and allocated around NZ$ 25.6 billion to priority areas for well-being over 4 years. However, even within the relatively short timescale, significant shifts in national and global circumstances affected delivery of the Budget's objectives. Two reports focused on the $1.9 billion funding allocated in the budget to mental health revealed some useful lessons.

In response to the 2018 *Report of the Government Inquiry into Mental Health and Addiction (67)*, the Government of New Zealand set up a commission, which later became *Te Hiringa Mahara* – the Mental Health and Well-being Commission. In 2024 the Commission produced a report into the investment in mental health and addiction from the 2019 Wellbeing Budget until June 2023 *(68)*.

Although most (92%) of the spending committed to mental health had been spent by June 2023, the report highlighted three major shifts that had impacted the Government's delivery of its mental health objectives in that period: (i) the way that the New Zealand health system had responded more generally to the Government enquiry, (ii) the impact of the COVID-19 pandemic and (iii) a fundamental restructuring of the publicly funded health services in *Aotearoa* (New Zealand).

Although the first shift had led to much-needed investment in mental health and addiction services, the pandemic held back the delivery and implementation of some initiatives and the third shift led to reorganization of the organizations responsible for funding these initiatives. Such changing circumstances created delays and difficulties in assessing the effectiveness of the investments made.

A second report, by the New Zealand Controller and Auditor General *(69)*, highlighted that the annual costs of mental illness to New Zealand equate to about 5% of GDP annually *(70)*, representing more than $20 billion in 2023. The report investigated how effectively government agencies work together to meet the mental health needs of young people of 12–24 years of age. It found that, although around 3000 young people each month could access the new services funded through this investment, multiple factors affected the effectiveness of the investment and significant unmet needs remained.

The report found that agencies need better information about young peoples' mental health needs in order to target support effectively and that tailoring services to the specific needs of young people can help to overcome the barriers young people face in accessing mental health care *(69)*. It also noted the urgent need to address long-standing workforce capacity issues and the critical importance of collaborative approaches by agencies and of strong system leadership in meeting the needs of young people.

Although New Zealand's 2019 budget rose to prominence as the first national budget to be explicitly referred to as a well-being budget, other countries have taken a similar approach. For example, in Wales (United Kingdom), the 2015 Well-being of Future Generations (Wales) Act of 2015 *(71)* introduced a statutory requirement to regularly report to the Welsh Parliament on the state of national well-being, based on a framework of 50 national indicators and seven well-being goals *(72)*. Italy has reported its Benessere Equo e Sostenibile, indicators annually since 2013, and these have featured in budgetary analysis since 2017 *(73)*. Iceland has developed a national framework of 39 indicators and six well-being priorities to guide the country's 5-year fiscal strategic plan *(74)*, and France has introduced legislation that includes a statutory requirement to regularly report to Parliament on the state of national well-being to inform policy *(6,75)*.

Canada has developed a multidimensional indicator set and Statistics Canada's Quality of Life Hub *(76)* brings together evidence informed by those indicators to feed into developing all budget and policy proposals. Canada's budget template requires proponents to articulate the expected impacts of their policy proposal on the framework domains and indicators *(77)*.

Public participation in budgeting processes can also be linked to well-being outcomes. For example, at national level, the Government of Scotland supports participatory budgeting (defined as "a democratic process in which citizens decide directly how to spend part of a public budget") as a tool for community empowerment and the wider development of participatory democracy in Scotland (United Kingdom) *(78)*. This approach is linked both to the Community Empowerment (Scotland) Act 2015 *(79)* and to the Scottish National Performance Framework for well-being *(80)*.

Participatory budgeting can also be applied at a more local level, as illustrated by the example from the city of Brno (Czechia) *(81)*, a member of the WHO European Healthy Cities Network *(82)* (Box 4).

Box 4. Civic engagement through participatory budgeting in Brno, Czechia

The commitment to participatory budgeting was introduced in 2017 in Brno, Czechia's second-largest city, as part of its broader efforts to enhance the quality of life for its citizens. Brno allows its citizens to directly influence how public funds are allocated through the *Dáme na vás* (It's Up to You) project.

In 2023 Brno reserved Kč35 million (about €1.42 million) for participatory budgeting, with each project eligible to receive up to €203 000. Residents can propose and vote on projects that meet local needs, such as improving local parks, building bike lanes or organizing community events. Building on the idea of community-driven change, Brno carefully reviews all proposals to ensure they are feasible and comply with legal requirements before they are put to the vote. Projects that receive the most votes are then funded by the city and put in place *(81)*. For example, a plan to revitalize a neglected park in the Židenice district received 3500 votes, resulting in new playground equipment, increased green spaces and improved lighting for safety.

Budgeting for well-being, health and health equity encourages transversal thinking to find new ways to achieve desired outcomes through a holistic or systems approach to structural problems. It involves successfully establishing sound statistical processes and data collection mechanisms, such as electronic health records, and determining appropriate key performance indicators to monitor progress and highlight potential new areas of intervention.

Annex 2 provides further details on measurement and indicators.

2.1.2. Gender-responsive budgeting

Fairness and justice are key pillars of well-being, yet gender inequalities and inequities are prevalent even in countries with low economic inequity. Investing in gender equality creates substantial macroeconomic benefits *(83)*. For example, a study found that closing gender gaps in labour force participation across the OECD could increase annual economic growth by 0.1 percentage points, leading to a 3.9% rise in GDP per capita by 2060, similar to the effect arising from closing gaps in average working hours *(84)*.

To mainstream gender perspectives in policy-making, many governments have already adopted or are in the process of adopting gender-responsive budgeting. This includes analysing budgets and policies from a gender perspective. A 2021 IMF study found that while all G20 countries had enacted gender-focused fiscal policies, the public financial management tools to operationalize these policies were less well established and that more progress had been made establishing frameworks and budget preparation tools than with budget execution, monitoring and auditing *(85)*.

Gender-responsive budgeting is closely linked to overall gender equality objectives and measures that are used to monitor and evaluate achievements across several areas of intervention. For example, in Czechia, the Government's Gender Equality Strategy for 2021–2030 sets a medium-term strategy for gender equality *(86)*. All ministries employ gender focal points that facilitate implementation of the Strategy. Monitoring is performed regularly and covers 26 specific objectives and more than 400 measures *(87)*.

Gender-responsive budgeting improves the understanding of the different needs of women and men and the distributional effects of use of resources. It can also increase the participation of both women and men in budget processes, such as through public consultations and the use of sex-disaggregated data *(88)*.

Where it has been applied, gender-responsive budgeting has enabled the restructuring of budgets and amending of policies at different scales (from local to central governments), especially as it can be used in combination with traditional impact assessment for rolling out policies while tracking financial allocations to promote gender equality *(88)*. For example, in Reykjavik (Iceland), analysis of around 60 of the city's services from a gender and equality perspective has led to various measures to ensure that the different needs of people are considered and prevent direct or indirect discrimination. Services that have been scrutinized in this way range from sports clubs, swimming pools and cycle lanes to cultural attractions, libraries and schools *(89)*. In Iceland, there is a 5-year plan for gender budgeting and all Government ministries are required to assess the impacts on gender equality of their actions analyse the potential impact of legislative and budget proposals on their gender equality targets *(77)*.

Gender-responsive budgeting in the EU supports the implementation of public financial management principles, including accountability, transparency, performance and results orientation and effectiveness *(88)*. When integrated into performance budgeting,

it provides evidence on performance from a gender perspective, thus enabling the effective, inclusive allocation of resources and the implementation of objectives in ways that benefit both women and men. It also supports the implementation of EU legal and political commitments to promote gender equality and human rights.

2.2. Taxation

Fair and just systems of taxation are the cornerstone of equitable societies; they help to drive sustainable development and strengthen social contracts and trust in government. Tax systems have a key role to play from public finance and equity perspectives, both of which have implications for health. For example, health taxes may be seen as a way to raise revenue and boost public finances while improving population health, and tax reforms can have significant implications for health and health equity.

As the mainstay of government revenue, taxation is an effective and flexible tool for unlocking investment in all types of public services. It is a fundamental way in which governments can create the fiscal space for investments in health, well-being and health equity. The United Nations Development Programme (UNDP) has highlighted that "[t]ax revenue remains the most sustainable source of income for governments and the most viable means to raise finances towards achieving the Sustainable Development Goals (SDGs)" *(90)*. Countries have differing capacities to raise taxes based on their policy, institutional and technical capabilities *(91)*, with variations in tax capacity linked to the level of development.

Tax policies can also play a role in addressing harmful or polluting products. WHO has noted that "the impacts of business actors that are escalating avoidable levels of ill health, planetary damage and inequity need to be addressed through action by governments and agencies equipped to take measures in the interests of human and planetary health" *(6)*. However, tax policy is also politically sensitive and the ability of governments to develop new taxes (or increase or change existing taxes) can depend on public acceptability, the lobbying of various stakeholder groups opposed to such taxes, and impacts on diverse aspects of economy and society and their effects on voter behaviour.

Rather than raising the overall level of taxes, many governments have opted in recent years to implement tax cuts or other incentives to stimulate economic activity. However, cutting certain types of tax can raise distributional concerns, for example, by reducing the tax revenue available for social programmes, at least in the short term. On the other hand, cuts in tax or social security contributions for low-income workers could be progressive.

In a race to attract businesses and individuals to be domiciled in particular jurisdictions, the global trend in recent years has been for countries to reduce taxes on corporate profits and personal incomes and instead increasingly rely on taxing consumption *(92)*. At the same time, the share of untaxed global income has continued to increase over recent decades: the OECD has estimated that this costs countries US$ 100–240 billion in lost revenue annually (equivalent to 4–10% of global corporate income tax revenue), with the greatest impacts felt in developing countries *(93,94)*.

Despite progress in implementing minimum global corporate taxes, base erosion and profit-shifting (i.e. when companies pay lower taxes by operating in multiple countries) has been a key focus of international tax dialogues. To address these issues, as well as to raise government revenues and build greater fairness into tax systems, the OECD and G20 have developed an Inclusive Framework on Base Erosion and Profit Shifting *(95)*, which includes setting a minimum corporate tax rate *(96)*. A parallel initiative to develop a United Nations framework convention on international tax cooperation aims to enable countries to respond to tax-related challenges "from digitalisation to global operations of large multinational enterprises, as well as to mobilise domestic resources and use tax policy for sustainable development" *(97)*. These, as well as regional and domestic reforms, aim to raise more revenue from taxation in order to finance social spending that directly contributes to health and well-being.

Given the significant financing requirements for health and sustainable development, taxation policy should be considered the bedrock of any solution towards healthy, fairer and prosperous societies. It is a key tool to raise vital revenues for public investment in transformational policies and for shaping the interconnections between health, economy and the social fabric of our daily lives, including by influencing private-sector actions and markets.

2.2.1. Health taxes

Health taxes are those imposed on unhealthy or polluting goods and services and have the potential to foster health and health equity. Examples of unhealthy (or health-harming) products include alcohol and tobacco products, sugar-sweetened beverages (SSBs), ultra-processed foods, and foods high in certain ingredients, such as sugar, salt and fats *(98)*. Other products and services that are harmful to either physical or mental health and may be subject to specific taxes include gambling and fuels that create air pollution.

Health taxes are an effective mechanism for raising revenue, improving health and promoting health equity by shaping behaviours. For example, tobacco taxes are among the most important health taxes globally because they are the single most effective measure for reducing tobacco demand *(99)*. By significantly curbing consumption, they play a critical role in addressing the tobacco epidemic, which causes nearly 10 million deaths annually worldwide.

WHO notes that "[e]xcise taxes are the most effective tax measure for promoting health because they change the price [of] a harmful product relative to other goods and can be easily increased over time" *(100)*. Similarly, UNDP has found that "[c]ompared with other tax types, health taxes are easier to administer and can raise significant revenues quickly, making them particularly well suited for countries with limited tax administration capacity and fiscal space" *(98)*.

Health taxes have been shown to create benefits in terms of healthier consumption and achieving health and equity outcomes *(101)*. The revenue generated can be reinvested into the economy, and particularly into sectors that promote public health and environmental sustainability. In some countries, health taxes have led to improvements in product formulations. For example, in the United Kingdom, the sugary drinks industry levy, which had a tiered approach to taxation, resulted in the significant reformulation of sugary drinks below the 5 grams of sugar per 100 ml threshold *(102)*.

Governments can further benefit by enhancing public health and, potentially, decreasing associated health-care costs and long-term productivity losses. For example, higher sugar consumption is linked to health problems such as obesity, tooth decay, type 2 diabetes, stroke risk and various types of cancer. In recognizing these concerns, over 100 countries worldwide have implemented SSB taxes, which encourage consumers to make healthier choices while raising revenues to spend on development priorities *(103,104)*. Box 5 shows examples of the implementation of SSB taxes from Mexico and Viet Nam.

Box 5. Taxes on SSBs in Mexico and Viet Nam

Mexico introduced a tax on SSBs in January 2014 to address the obesity and diabetes epidemics *(105)*. The special tax on production and services requires a Mex$ 1 per Litre tax on SSBs. Nonessential energy-dense foods are also subject to the tax. Additionally, all non-basic foods with more than 275 kilocalories per 100 grams now face an 8% tax on their production and importation price. In Mexico, implementing taxes on unhealthy foods has resulted in a 7.6% reduction in the purchase of SSBs and a 7.4% reduction in the purchase of nonessential energy-dense foods. One study suggested that the tax could decrease obesity prevalence by 2.5% and potentially prevent 189 000 diabetes cases and 20 000 cardiovascular deaths. It estimated that this could lead to savings of nearly Mex$ 1200 million in health care expenses *(105)*.

In Viet Nam in 2022 when a number of different SSB tax plans were under discussion, a series of studies was conducted to provide an evidence base to inform decision-making. The studies were essential for the introduction of an SSB tax, as regulated under the 2025 Excise Tax Law amendment *(106)*, which applies a rate of 8% on the ex-factory price starting from January 2027, and increasing to 10% in 2028. The tax applies to SSBs containing more than 5 grams of sugar per 100 ml.

One study projected that the law could generate government revenue from excise tax of 6500 billion Vietnamese dong in 2027 and 8000 billion Vietnamese dong in 2028 *(107)*.[a] Another study projected that the tax would decrease SSB consumption in the country by 171.3 million Litres, and has the potential to prevent approximately 20 000 cases of diabetes and avoid almost US$ 7 million in health-care costs *(108)*.

[a] This material was prepared for internal use among national stakeholders and shared with the authors of this report through direct correspondence.

Economic research supports the dual benefits of such taxation: discouraging unhealthy or environmentally damaging behaviours and generating additional revenue *(109,110)*. There is robust evidence for the effectiveness of health taxes on some products (alcohol, tobacco, sugar, unhealthy foods). For example, a 2025 report found that taxes that would lead to a 50% increase in the real prices of tobacco, alcohol and SSBs would save 50 million lives over 50 years *(111)* and could raise US$ 3.7 trillion globally in just 5 years; if allocated to health, this would increase government health care spending by 12% globally *(112)*. However, it should be noted that the effect of decreasing consumption may be to reduce or eliminate these revenue gains over time.

For other products, there is currently emerging or modelled evidence on the behaviour, health and

revenue impacts of taxes (e.g. on ultra-processed foods, carbon emissions, meat, pesticides). However, while an increasing number of countries are now taxing SSBs to promote healthy diets, "existing taxes differ widely in terms of design and level, and many are not optimized to achieve public health goals" *(113)*. For example, even the most-often used taxes may not be ideally structured to change behaviours, or governments may be reluctant to raise taxes further if this would entail a drop in the total excise tax revenue collected.

It is important that any health taxes on food are carefully designed, implemented and monitored, to achieve positive outcomes for health and to avoid creating a regressive tax that could increase the overall tax burden and have negative impacts on health equity. In addition, to be effective, health taxes may need to be matched with other initiatives, for example, regulations to limit unhealthy behaviours and programmes to raise public awareness of the health issues or to promote alternatives. A study on the impact of soft drink taxes in Europe on the sugar content of soft drinks highlighted the importance of considering the specific tax design, co-interventions and contextual factors when implementing tax policies *(114)*.

This rapidly growing field is now looking beyond how taxes shape individual behaviours to investigate their impact on more structural and cultural factors in society, such as gender inequality and other inequities. For example, a 2025 UNDP policy brief identified significant scope to increase and strengthen health taxes as an enabler and accelerator of SDG 5 (gender equality) *(98)*. It noted that women experience differential negative impacts as a result of the use of SSBs, alcohol and tobacco products and that "health taxes are a proven, evidence-based approach to reducing use of these products, mitigating harms on women while raising significant government revenue".

The evidence base for the impacts of health taxes is rapidly evolving and WHO maintains databases and produces reports on global taxes and prices related to tobacco, alcoholic beverages and SSBs *(115)*.

2.2.2. Earmarking targeted taxes for health, well-being and development

Where increasing or introducing taxes in the current macroeconomic environment is politically challenging, one way to secure support for innovative forms of taxation is to link these directly with investments that enhance and support people's well-being. For example, resources generated by a particular tax may be allocated (fully or in part) to improve vaccine access; this can ensure that marginalized populations have fair access to essential health interventions and fosters a more equitable distribution of health resources and benefits.

This approach, known as earmarking, is often applied to taxes imposed on goods and services deemed harmful to health or the environment, such as tobacco, alcohol, SSBs and pollutants. In this way, policy-makers can create a more transparent link between a funding source and exactly how it is spent to highlight the well-being-related motivation for the tax.

Although earmarking taxation for health has been used as a tool to advance and sustain a national health priority, it may not lead to a significant and sustained increase in the priority placed on health in overall government spending *(116)*. Earmarking on its own may not increase the total health budget over time because budget-setters may reduce funding from the general revenue pool. However, when this approach helps to implement or reform a tax that contributes to healthier behaviour, fiscal space may be created as a result of healthier populations, for example, through reducing future health costs and gaining higher tax revenues from other sources *(117)*.

France is one of several countries leading the way in directing taxes to support well-being and development initiatives (Box 6).

Box 6. Taxes on air tickets and financial transactions, France

Solidarity Tax on air tickets

In 2006 France implemented the Solidarity Tax: a tax on air tickets that applied to passengers travelling on commercial aircraft that depart from airports in French territory *(118)*. The generated revenue was directed to two primary beneficiaries through the Solidarity Fund for Development: global public health programmes and public transport projects in France *(119)*. The tax rate varies based on the passenger's destination and other transportation factors. Between 2007 and 2020, this tax collected nearly €2.6 billion, which were allocated to international development projects *(120)*.

Financial transaction tax linked to investments in health

In 2012 France pioneered the implementation of a financial transactions tax *(120)*. The tax is levied on transactions involving shares of French companies with a market capitalization exceeding €1 billion and amounts to 0.2% of the transaction value. Additionally, high-frequency trading operations and credit default swaps face a tax rate of 0.02%. The financial transactions tax raised almost €4 billion between 2013 and 2020, and generated €798 million annually for official development assistance from 2017 to 2020. This tax has primarily funded two key areas: environmental initiatives (in particular, in the fight against climate change) and health (55.3% of expenses were allocated to combating major pandemics).

2.2.3. Taxation to address inequities

There is a potential to develop taxes and policies targeting more structural determinants of health and economic inequities – which are themselves key drivers of well-being and health equity – in addition to attempting to change consumption patterns. Progressive taxation that increases as income levels rise is an effective tool for reducing income inequity *(6,121,122)* and, thus, health inequities *(123)*. Countries that move from flatter to more progressive tax systems have demonstrated a positive impact on reducing inequity *(124)*. However, different tax policies have varying impacts on economic inequity; therefore, it is important to understand how, collectively, the range of taxes employed affects overall health equity. For example, consumption-based taxes (e.g. value-added tax) have generally regressive distributional implications: they have a disproportionate impact on lower-income individuals, who spend a higher proportion of their income on consumption, compared with those with higher incomes, who may save or invest more of their earnings *(125)*. In contrast, payroll income taxes are generally progressive or distributional in that higher tax rates apply to higher earners. For countries that wish to use income tax as a means to tackle economic inequities, a 2017 IMF report suggested that advanced economies with relatively low levels of progressivity in the personal income tax may have scope to significantly increase marginal tax rates for top-income earners without hampering economic growth *(40)*. Box 7 provides some other examples of fiscal policies and tax incentives with well-being at their heart.

Box 7. Examples of fiscal policies and tax incentives with a well-being focus

Environmental taxes

Most countries have environmental taxes, which range from carbon taxes to taxing the causes of emissions, such as fuel taxes or taxes on engines. Although many countries used to consider these as ways to raise revenue to finance the building of infrastructure such as roads, more and more countries are now thinking about the resulting environmental and health benefits. For example, Chile imposes an excise tax on vehicles that aims to improve air quality. UNDP notes that these will contribute to raising revenues while reducing emissions and improving health outcomes now and mitigating climate change in the future *(126)*.

Windfall taxes

Windfall taxes are specific taxes applied in exceptional circumstances for a limited period, for example, on the unexpected profits made by energy companies when supply is restricted as a result of an event such as a war *(127)*. Czechia, Hungary, Lithuania, Slovakia, Spain and the United Kingdom have all implemented short-term windfall taxes, with the revenue used partially to offset households' high energy bills, thus helping to alleviate fuel poverty and associated health inequities *(128)*.

Tax incentives

There are numerous examples of countries using tax incentives for a range of purposes.

- In Austria and France, the policy of providing tax incentives for building affordable housing has positive downstream implications for social cohesion and well-being *(129)*.
- In response to high economic growth rates, the Government of Montenegro introduced several fiscal incentives to expand labour market activity, limit the informal economy, and meet the goals of gender equality and health-care access *(130)*.
- As part of the National Development Strategy of Kyrgyzstan, a new tax code has created incentives for investment for sustainable development. Of these incentives, 33% focus on SDG 1 (no poverty) and 40% on SDG 8 (decent work and economic growth). Between 2016 and 2020, over US$ 130 million in tax incentives were related to SDG 3 (good health and well-being) *(131)*.
- In Italy, since 2006 taxpayers have been able to allocate a proportion of their personal income to non-profit organizations and social initiatives, including nongovernmental organizations, research and educational institutions, and voluntary organizations that have been through a government clearance and verification process *(132)*. The tax donation scheme, 5 per mille, has been widely hailed as a success. Millions of supporters donating in this way have raised €400 million annually and > €4 billion overall for eligible good causes, including entities involved in "health and medical research", "sporting associations" and "non-profit associations of social utility", over the first 10 years *(133)*.

3. New sources of finance for investment: private and philanthropic

Another potential solution to the need for finance for public services and programmes is to target the private and philanthropic sectors for additional investment and new approaches to collaboration. Governments around the world already raise finance from private investors via a variety of financial instruments; for example, by issuing government bonds that offer investors a series of periodic payments and the return of principal at the end of a fixed term. More recently, a broad field of sustainable finance has evolved to bring together the global needs for investment in a wide range of areas (linked to the themes of the SDGs) with the global investors who are interested in investing in these areas.

Sustainable finance includes a broad range of financial instruments that can provide investor capital to those in need of investment. These may take the form of equity, where the investor takes a financial stake in the ownership of an entity, or debt, where the investor provides capital upfront with the expectation that it will be repaid. In both cases, the investor expects to make a financial return on the investment. However, the ethos of the investment approach is different because investors consider sustainability goals alongside other aspects such as the level of risk and the rate of return.

Alongside the potential benefits of attracting private capital for programmes to address sustainability goals, governments need to consider two other important aspects of this approach: (i) to ensure that the funding provides additionality of impact and does not simply replace or displace other forms of finance; and (ii) to consider the public perception of the financialization of welfare, where investments could be seen as private profit-making from public services and citizens may be concerned about the reputation and motives of investors and the potential marginalization of harder-to-serve populations.

Two specific approaches may be of interest to policy-makers aiming to raise investment to promote health and health equity: use of financial instruments such as social and sustainable bonds, and use of contracting mechanisms such as social outcomes contracts (SOCs).

3.1. What are sustainable bonds and social bonds?

The global credit rating agency, S&P Global, describes sustainable bonds as those including green bonds, sustainability bonds and transition bonds *(134)*; the European Commission uses the term sustainability-linked bonds *(135)*. These are all financial instruments that can play a crucial role in financing projects with positive environmental and social impacts that focus on areas such as affordable housing, education, health care and renewable energy. Social bonds are one type of sustainable bond that focus on projects with a positive social impact – these may be in the health care sector but could also address the social determinants of health.

Table 1 and Box 8 summarizes the main features of sustainable bonds in general and of each specific type of bond.

The capital raised from social bonds may be directed towards endeavours that improve the social determinants of health, such as enhancing access to education, affordable housing and clean water, which are essential for fostering a healthier and more equitable society. For example, in the Netherlands, since 2017 Nederlandse Waterschapsbank has issued 18 separate Affordable and SDG housing bonds that raised a total of around €14 billion, including €4.2 billion raised in 2022 alone for social

Box 8. Features of sustainable bonds

General features

Sustainable bonds:

- are based on the use-of-proceeds concept, which means that amounts received from the sale of the bonds (i.e. the proceeds) are exclusively used to finance or refinance eligible, new and existing projects with environmental and social aims *(134)*;
- must have a process for selecting and evaluating appropriate environmental and social projects;
- must ensure that the investments are managed to achieve the aims of the environmental and social projects that are financed; and
- follow a recognized process for reporting their impact *(136)*.

Frameworks and guidelines

Sustainable bonds adhere to, and are governed by, a collection of global voluntary frameworks with the stated mission and vision of promoting environmental and social sustainability *(136)*. However, since December 2024, within the EU, a new voluntary standard has set uniform requirements for issuers who wish to use the designation European green bond. Table 1 shows the bond types and applicable frameworks.

Table 1. Sustainable bond types and applicable frameworks

Bond type	Aim	Principles and guidelines
Green bonds	To finance projects with environmental objectives such as the development of renewable energy	*Green bond principles (137) European green bond standard (138)*
Social bonds	To support projects with social objectives, such as benefiting marginalized communities	*Social bond principles (139)*
Sustainability bonds	To fund projects with both environmental and social objectives	*Sustainability bond guidelines (140)*
Transition bonds	To support projects that facilitate the climate transition	*Climate transition finance handbook (141)*

housing *(142)*. For addressing health determinants by improving living conditions, these investments help to narrow health disparities and promote well-being.

3.1.1. Who issues social bonds?

Social bonds may be issued by various types of entity, from corporations to banks and pension funds, and from governments and their agencies to supranational financial institutions such as the European Investment Bank and the International Bank for Reconstruction and Development. Charities and social enterprises may also issue bonds to raise capital for mission-driven purposes; the latter group are known as supranationals, sovereigns and agencies (SSAs). SSAs were among the first issuers of sustainable bonds, and account for over $1.4 trillion raised and nearly 42% of all of the sustainable bonds issued, including over $429 billion in the peak year of 2021 *(143)*.

A WHO analysis identified 151 entities in the International Capital Markets Association (ICMA) and Luxembourg Stock Exchange sustainable bond database, comprising 28 supranationals that are operating internationally and 122 SSAs located in the WHO European Region *(144)*. These are key organizations that can support WHO Member States, regions and cities with the development of new social bonds for health and well-being.

According to S&P Global, the largest sovereign issuers in 2023 were the United Kingdom ($23 billion), Germany ($19 billion) and Italy ($15 billion) *(134)*. ICMA identifies the top three supranational issuers of sustainable bonds as the International Bank for Reconstruction and Development, the EU, and the European Investment Bank, and the largest sovereign agency issuer of bonds as the Social Debt Redemption Fund [*Caisse D'amortissement de la Dette Sociale*] in France *(144)*.

According to the ICMA/Luxembourg Stock Exchange sustainable bond database, in Europe there are just three corporate issuers of social bonds in the health sector: Korian in France, Orexo in Sweden and Pensium ESG/Securitization Fund [*Fondo De Titulización*] in Spain *(144)*.

3.1.2. Examples of social bonds

Table 2 presents some examples of social bonds related to health, health equity and the determinants of health based on ICMA case studies *(145)*.

Table 2. Examples of social bonds related to health, health equity and the determinants of health

Bond issuer and type of entity	Example(s) of use
African Development Bank, supranational *(146)*	Health system development Construction and/or rehabilitation of hospitals and health centres
Cassa Depositi e Prestiti, Italy *(147)*	Improving the capacity for provision of free and subsidized health services with a focus on underserved areas and vulnerable populations
Crédit Mutuel Arkéa, France *(148)*	Loans to finance health centres, including public hospitals and medical–social centres
Instituto de Credito Oficial, Spain *(149)*	Loans to small and medium-sized enterprises established in municipalities of Spain that face depopulation
Landesbank Baden-Württemberg, Germany *(150)*	Loans for financing or refinancing to facilitate improved social and health care, education, and vocational training to contribute to reducing social inequity and poverty
MuniFin, Finland *(151)*	Health-care facilities (e.g. public hospitals, health centres/properties, inpatient and outpatient clinics, and care homes) and health service hardware Sport and cultural facilities and public open spaces, including parks, swimming pools, libraries, culture centres, museums, theatres and multipurpose venues
Sfil Group (Caisse Française de Financement Local), France *(152)*	Provision of public health services for the whole population, regardless of income, social or financial status and training of doctors, midwives, pharmacists, dentists, health-care executives, nurses, etc.

Source: International Capital Market Association (*145*).

The significance of social bonds was particularly evident during the COVID-19 pandemic, when they facilitated funding for the emergency response and the health-care infrastructure, and support for affected businesses. This showcased the capability of financial markets to tackle global issues *(153)* (Box 9). The gender bond issued by Iceland is an example of a particular type of social bond that has been used to promote gender equity (Box 10).

3.1.3. The global market for social bonds

According to ICMA, social bonds represented 15–20% of all sustainable bonds issued from 2021 to 2024 *(144)*, with an estimated $132 billion of social bonds issued in 2024 (down from $139 billion in 2023). Table 3 shows the market trends in social bonds issued over the last 4 years, based on the ICMA data.

Box 9. Use of social bonds during the COVID-19 pandemic

During the COVID-19 pandemic, social bonds emerged as a significant tool for addressing the economic and social impacts of the crisis. Examples are as follows.

- The African Development Bank was among the major entities to issue social bonds, which raised $3 billion to support jobs, health care and economic recovery in Africa *(154)*.
- The International Finance Corporation leveraged its social bond programme to significantly increase funding for health-care projects.[a] One notable initiative was a $100 million investment in the development of the first cancer hospital in Metro Manila (Philippines) as part of efforts to expand the health-care infrastructure and prepare for future pandemics. This funding was part of a broader $4 billion platform initiated in 2020 by the Corporation to support countries severely impacted by the pandemic and to help to build more resilient health systems *(155)*.

[a] The International Finance Corporation is a member of the World Bank Group.

Box 10. The first sovereign gender bond, issued Iceland

Iceland ranks as one of the most gender equal countries in the world. It has topped the World Economic Forum's Global Gender Gap Index for 14 years consecutively and continues to strive towards absolute gender equality and the social and economic advancement of women across society *(156)*.

In 2024 Iceland issued the world's first sovereign gender bond to finance improved parental leave and affordable housing for women. The €50 million bond will fund projects ranging from the provision of decent living standards for women and gender minorities to increasing the supply of affordable housing that benefits low-income women. Projects to increase maximum payments during parental leave so that both parents make use of their equal right to paid parental leave are also eligible for funding.

Table 3. Trends in issuance of social bonds

Parameter	Year			
	2021	2022	2023	2024
Total value of sustainable bonds issued (in billion US$)	1 050	786	789	854
Total value of social bonds issued (in billion US$)	195	127	139	132
Social bonds as a percentage of all sustainable bonds issued (%)	18.57	16.16	17.62	15.46

Note: based on a WHO analysis of sustainable bond market data conducted on 10 March 2025.
Source: International Capital Market Association *(144)*.

S&P Global has identified a positive correlation between conventional bond issuance and sustainable bond issuance over the past 10 years. It has forecast that as the market matures, growth in sustainable bond issuance will more closely mirror that of the conventional bond market *(134)*.

3.1.4. Challenges and opportunities related to social bonds

Notably, as a form of borrowing, social bonds do not create additional fiscal space in the long term for the government or public authority receiving the investment. Borrowing provides the government with additional resources early on, while constraining its resources later through interest or other payments, for example, as the loans or bonds are repaid *(49)*. Thus, social bonds change the availability of finance over time.

Another challenge related to social bonds is how to address the question of additionality: would the output, outcome or impact have happened anyway, without the bond? For example, a government may have committed to a programme to build or renovate schools or hospitals and may require additional funding for this. Issuing a social bond may be one way for the government to fund the necessary investment; however, it may also be possible for the government to finance the project through other means. This suggests that the social bond is not necessarily creating additional impact.

Another challenge is that investors may wish to compare impact across a range of different social bonds. This creates a need for harmonized impact measurement practices. The *Social bond principles (139)* and *Sustainability bond guidelines (136)* are helpful in this respect. However, the development of new types of bond with associated new standards for measurement leads to a risk of fragmentation in the approach to measuring impact. This may result in a need to devote more resources to measuring impact, which may detract from the potential health and health equity outcomes that could be achieved.

3.2. What are SOCs?

SOCs are also referred to as social impact bonds and development impact bonds; they are innovative contracting mechanisms designed to address social and health challenges *(157)*. SOCs are a form of outcomes-based contract that draw investment from a range of sources (including private and philanthropic finance) to cover the upfront capital required for a provider to set up and deliver an intervention or service, with financial returns to the investor being tied to the achievement of predetermined outcomes. They differ from traditional contracts by focusing on the outcomes rather than the inputs and activities, and are differentiated from other forms of outcomes-based contract by the explicit involvement of third-party investors.

The intervention is designed to achieve the measurable outcomes specified by the commissioner and the investor is repaid only if these outcomes are achieved. As such, a SOC may be seen as a type of payment-by-results contract *(158)*.

Typically, there are at least three parties to a SOC: the investor, who provides the upfront capital; the delivery organization, which is responsible for achieving the outcomes specified in the contract; and the outcomes payer, who pays the investor for the outcomes achieved. It is not uncommon for more than one organization to play a part in each of the three roles. Setting up and delivering SOCs may also require evaluators to verify the agreed-upon outcomes; intermediaries to help to design the programmes, raise capital and arrange negotiations among the participants; and lawyers to provide legal support.

In the evolving field of SOCs, different types of entity are playing (and, sometimes, sharing) these different roles. For example, a government or public authority could take the role of the investor, outcomes payer or delivery organization, while outcomes payers could either be public authorities or private philanthropies (or both) and delivery organizations could also be investors in a project. Such flexibility in the roles enables governments, the private sector and philanthropies to contribute innovatively to projects, particularly in the context of their motivation and attitude to risk.

Where SOCs have been utilized in developed countries, government entities are often the primary outcome payers, whereas in lower-income countries, they are more likely to be supported by donor agencies or foundations as outcome payers *(159,160)*. Despite this complexity, SOCs encourage innovation and help to generate rich data and evidence that enables programmes to adapt and adjust in real-time to deliver their intended objectives.

An approach that has been established to reduce some of the transaction costs of developing and implementing individual SOCs is the use of social outcomes funds that create a pool of capital from either a single investor or a variety of investors to fund multiple projects. Additionally, after many years of cumulative learning in certain sectors, SOCs are now being designed and implemented more quickly and at lower cost.

The SOC development process involves several stages, from an initial feasibility study to evaluation and repayment, that vary for each deal *(161)*. Generally, however, it can be broken down into four main stages that remain consistent: (i) conducting a feasibility study, (ii) structuring the deal, (iii) implementation and (iv) evaluation and repayment. Key components of these stages include identifying a social challenge, assessing the feasibility of the impact bond, raising capital from lenders or grant-makers, defining the intervention and evaluation criteria, selecting a service provider, negotiating contracts, delivering services, and conducting evaluations. The sequence in which these elements occur can vary significantly from one deal to another *(159,160)*.

There are some key differences between SOCs and social bonds, as follows.

- As the name implies, SOCs focus on the outcomes to be achieved by a project or intervention such as improvements in education, health or reductions in homelessness. In contrast, many social bonds focus on the delivery of a particular output such as building schools, hospitals or affordable housing.
- Unlike social bonds, SOCs are not publicly traded on financial markets. They are private contracts between a group of entities working together to achieve social outcomes.
- SOCs are increasingly being used to build system capacity by providing upfront capital funding to organizations delivering social projects that help to make these organizations more financially sustainable. For example, the four objectives of the United Kingdom's Commissioning Better Outcomes Fund, initiated in 2013, were to:
  - improve the skills and confidence of commissioners in the development of SOCs;
  - increase early prevention work by delivery partners, including voluntary, community and social enterprise organizations;
  - enable more delivery partners to access new forms of finance to reach more people; and
  - improve learning and the collective understanding of how to develop and deliver successful SOCs *(158)*.

3.2.1. Examples of SOCs and social outcomes funds

Box 11 shows some international examples of SOCs and social outcomes funds, from the comprehensive INDIGO database[5] of global SOCs, maintained by the Blavatnik School of Government (University of Oxford) in the United Kingdom *(162)*.

Box 11. Examples of SOCs and social outcomes funds

- In the United Kingdom, the Ways to Wellness project provided social prescribing services for around 6000 patients in the city of Newcastle, with the dual aims of improving the health and well-being of people living with long-term conditions and of reducing costs to the National Health Service related to their care. It enabled the delivery of social prescribing at scale and identified £4.6 million of cumulative secondary care costs avoided over the first 5 years of the service, while also providing significant learnings relating to the design and implementation of social outcomes contracts *(163)*.
- In South Africa, the Impact Bond Innovation Fund aims to improve early childhood development in the Western Cape, and is the first SOC in the global south to focus on this area. The Fund has shown promising results by targeting support to over 2000 children in low-income communities and delivering a 14% annual return for investors up to October 2020 *(164)*.
- Cameroon's Kangaroo development impact bond specifically worked with, and through, existing community health services to build capacity in the system and embed outcomes-focused delivery *(165)*. It aimed to ensure that the publicly funded community maternity care system could continue to sustain impact after the development impact bond ended. It provided services to over 2000 individuals and delivered outcomes worth $3.1 million.
- In the Netherlands (Kingdom of the), the Standing Firm health impact bond, valued at €2.8 million, aims to reduce fall incidents among older people through cross-sectoral collaboration to showcase the potential to significantly lower health care costs *(166,167)*.

[5] That is, the International Network for Data on Impact and Government Outcomes.

3.2.2. The market for SOCs

Globally, an estimated over $750 million has been leveraged to date through SOCs, often for public-sector investment, including investments in health, employment, family support and other determinants of health *(168)*. This figure represents a small, yet important, portion of the broader impact investing landscape, and highlights the specialized and innovative role of SOCs in achieving social and environmental impacts. Research published in 2024 shows that SOCs in the United Kingdom alone have created nearly £9 of public value for every £1 spent – saving the taxpayer £507 million *(169,170)*.

3.2.3. Challenges and opportunities related to SOCs

The complex nature of SOCs and the involvement of multiple organizations, including evaluators, legal support and other intermediaries, highlight some of the challenges and opportunities for health-related outcomes contracts. For example, historically, an issue has been lack of uniformity in the approaches used by participating development finance institutions and multilateral development banks to measure social impacts. One challenge is that many public entities do not have the data or technical capacity for measuring and monitoring contract outcomes. Further challenges are the requirement for this to be impartial and the administrative costs related to oversight.

Standardizing practices across development finance can reduce potentially high transaction costs and could mobilize larger capital volumes *(171,172)*. On the other hand, often the reason for the lack of uniformity is that service beneficiaries can play a role in defining the outcomes in SOCs; with the benefit that they feel that their views on what success looks like really matter.

It is crucial to establish clear, achievable goals, continuous monitoring and evaluation, and adaptive management so that project data is regularly used by all parties to continue to improve outcomes. The governance structures of SOCs mean that the parties involved tend to form strong collaborative relationships between all parties in the initiative, creating further benefits.

Involving stakeholders in regular reviews and adjustments based on performance data can ensure sustainability and lasting impact. This is one of the key innovations in more recent impact bonds. The outcomes achieved are not just those that are paid for as the contracted outcomes of the initiative but also that the impact model itself is used to rewire the ecosystem to unblock barriers to outcomes. Governments and philanthropic foundations have become increasingly interested in impact bonds for this system-rewiring function, beyond the aims and objectives of the specific project that is funded. This includes promoting the measurement of outcomes and discussion around the cost–effectiveness of publicly funded interventions.

3.2.4. How can learnings from successful SOCs create pathways to expansion of funding?

SOCs can provide new learnings and solutions to challenging issues faced by a range of different social groups. Where evaluations show that a programme has been successful, the necessary next question to consider is how to continue or scale up funding for the programme. Evidence of a programme's effectiveness may build the confidence to scale up the model and to test whether it still works for a larger number of participants.

Exploring such a pathway may lead countries to seek further funding from investors, public funding or a combination of the two. The record of success developed via the bond model lowers the future implementation risk for potential funding partners and decision-makers. The lower risk also provides an opportunity to relax some of the administrative burden for service providers in the next funding stage.

In addition, the timely consideration of future funding allows service providers to avoid workforce disruptions. For example, funding certainty creates an opportunity for longer-term employment, helps to avoid the loss of experienced staff and enables providers to plan more effectively for the future delivery of services.

4. Impact investment for health and health equity

The growing area of impact investment has the potential to unlock new sources of capital from investors who are interested in achieving social or environmental aims, as well as financial returns.

4.1. What is impact investment?

Impact investments are investments made into companies, organizations and funds with the intention to generate positive, measurable, social and environmental impact, alongside a financial return *(171)*. Impact investment can be seen as part of a spectrum of finance, with commercial investment at one end and philanthropy at the other (Box 12).

Box 12. Financing spectrum: from commercial investment to philanthropy

Whereas commercial investment may focus purely on achieving financial returns, philanthropy provides finance to achieve social or environmental aims with no expectation of repayment. Between these two ends of the financing spectrum, investors may seek to find a balance between commercial returns and achieving social or environmental aims. The following types of investment take different approaches.

- Responsible investing seeks commercial returns, while aiming to do no harm; this approach may focus on avoiding investments in organizations, activities or sectors that are considered harmful, for example, those related to gambling, arms manufacturing, tobacco or fossil fuels *(173–175)*.
- Sustainable investing (or environmental, social and governance approaches to investing) seeks to invest in organizations, activities or sectors that have a positive impact on society or the environment, including those focused on health, equity and the determinants of health.

As the European Impact Investing Consortium has highlighted, impact investing goes a step further towards achieving social or environmental aims by demonstrating the intention to create impact, emphasizing the importance of measuring and reporting social and environmental performance to ensure accountability and transparency, managing impact, and providing solutions to address particular environmental or social challenges such as improving health *(176)*.

Impact investors may be corporations, banks, insurance companies or other financial institutions or asset owners that make investments to generate measurable social and environmental change. They can also be individuals, institutional investors, dedicated impact investment funds, pension funds and philanthropic foundations who invest through their endowment. They may focus on specific countries, regions or sectors, such as health *(177,178)*.

According to the European Impact Investing Consortium, impact investors in Europe most commonly focus on impacts in relation to three of the SDGs: Decent Work and Economic Growth (62%), Reduced Inequality (55%) and Climate Action (46%) *(176)*. Positive impacts in all of these areas have co-benefits for health, as highlighted for example by the WHO's work on promoting healthy, safe and resilient workplaces *(179)*; the WHO Regional Office for Europe's Health Equity Status Report initiative *(180)*; and the WHO Pan-European Commission on Climate and Health *(181)*.

Impact investors may sometimes accept lower financial returns as a trade-off for achieving the impact goals. The United Kingdom's Financial Times has noted that "investors are prepared to accept lower returns to achieve positive social and environmental effects in the impact investing market" *(182)*. However, the financial returns from impact investment are not necessarily low: many investments with significant impact objectives can have greater financial returns than a large range of other potential investments.

Another feature of impact investment is its more innovative use of metrics compared with other investment approaches. Traditionally, output measures have been used to provide a view of the overall impact of an investment. For example, in the context of health, these could be reach and volume metrics, such as the number of patients screened for a medical condition by a health-care provider or the percentage of an organization's clients who receive effective health care within a specific

time period. Governments, public authorities and major health programmes have begun to develop a variety of social and economic value approaches that offer greater understanding of the impacts of health investments, although these have yet to be widely adopted by the mainstream investing community *(183)*. For example, in the United Kingdom, Public Health Wales has developed an online resource to help public health practitioners, researchers and, policy and decision-makers to understand and demonstrate the broader social, economic and environmental value of public health interventions *(184)*.

For governments and public authorities, impact investment has a number of clear advantages over other forms of private financing. Firstly, it creates the opportunity to mobilize private finance from investors and funds that explicitly aim to deliver positive social or environmental impact, often to address corporate social responsibility objectives. Second, some investors may be prepared to accept a lower rate of return than they might otherwise expect if social or environmental impact objectives are met. Lastly, it may result in new types of partnerships between public-, private- and third-sector organizations that provide improved solutions to complex social problems.

Impact investment can contribute towards a shift in health systems towards the prevention of ill health, which is increasingly important as current systems are under pressure and overstretched, and can lead to more sophisticated and innovative ways of measuring impact.

Although impact investment is not a replacement for financing health systems through public or social insurance mechanisms, there is increasing interest in its strategic use to generate positive social and environmental impacts, alongside financial returns for investors, in both emerging and more developed markets *(171)*.

Ensuring the increasing flow of impact investment towards health and well-being challenges requires clear identification of the investments that can generate financial, social and environmental returns – known as investment propositions, which make up a pipeline of possible investments. Evidence of the social return on investment can be valuable to identify the different returns from possible investments.

Further steps involve connecting impact investors with these pipelines and propositions and building the capacity within countries to use novel mechanisms to leverage impact investment.

4.2. Examples of impact investment in health and well-being

Box 13 provides examples of the existing use of impact investment within health and development, and of commitment to the dual objectives of achieving significant impact while ensuring financial return.

Box 13. Examples of the use of impact investment

- The Life Chances Fund was a £70 million fund set up by the Government of the United Kingdom to tackle complex social problems in England *(185)*; the Fund was used to pay for outcomes and leverage impact investment capital with the aim to improve outcomes for over 60 000 people in areas such as health, employment and housing until 2025 *(186)*.
- New initiatives are being developed through the United Nations Educational, Scientific and Cultural Organization's Fit for Life flagship initiative, which includes a focus on impact investment in grass-roots sport *(187)*.
- The InnovFin Infectious Diseases Finance Facility, an initiative of the European Investment Bank, offers financing under more favourable terms than typical market offerings. It explicitly targets projects related to infectious diseases, including research and development of treatments and vaccines. By focusing on infectious diseases, such as COVID-19, the Facility addresses a critical aspect of public health and contributes to health equity by supporting the development of solutions accessible to different populations, thereby reducing health disparities and, potentially, the impact of future pandemics *(188)*.
- The Thrive programme in North East Lincolnshire in England, United Kingdom, focuses on addressing social and environmental factors to support the health and well-being of individuals with the most common long term conditions. Long-term data for those on the programme, show that they have reduced their secondary care usage by 18.5%, compared with a control group of similar individuals not on the programme, who increased their secondary care usage by over 16% in the same period *(189)*.

Globally, there is a great opportunity for impact investment to be part of the solution to the financing needs of the health sector. Under the Japanese Presidency of the G7, the leaders endorsed Triple I (Impact Investment Initiative) for Global Health, which aims to raise the profile of impact investment in global health, while building a community of expertise and brokering networking opportunities *(190,191)*. The initiative has estimated that 7% of the global impact investment market is invested in health care and 6% is invested in water, sanitation and hygiene.

Some governments in the WHO European Region have taken an active interest in the development of the impact investment market. For example, in its 2024 autumn budget, the United Kingdom Government announced plans "to create a new 'Social Impact Investment Vehicle' to mobilise private investment that delivers positive social impact to support the Government to deliver its missions"*(192)*. The Treasury and the Department of Culture, Media and Sport established an advisory group to bring together Government, socially motivated investors, representatives from civil society and social investment experts in the first half of 2025 to support policy development for its proposed Social Impact Investment Vehicle *(192)*. In 2023 the size of the social impact investment market in the United Kingdom was estimated to be £10 billion, representing a 7% increase from £9.4 billion in 2022 *(193)*.

4.3. The impact investment market

The Global Impact Investing Network (GIIN) is the global champion of impact investing and is dedicated to increasing the scale and effectiveness of impact investing around the world. Its 2024 report, *Sizing the impact investing market*, estimated that around 4000 organizations are currently responsible for $1.571 trillion in assets managed by impact investors (i.e. assets under management) worldwide *(171)*.

Box 14 presents further findings of the report.

Box 14. Sizing the impact investing market

Beyond the headline numbers, the 2024 GIIN report identified some notable features of the global impact investment market *(171)*.

- The market includes 32 outlier organizations that manage substantially more assets than most market participants. The average impact investment portfolio is $986 million in impact assets, but most impact investors hold less than $50 million.
- The impact investing landscape includes a diverse group of investors, with a roughly equal focus on developed (51%) and emerging (49%) markets.
- In all, 94% of respondents to GIIN's 2024 impact investor survey reported that both their financial performance and their impact performance met or exceeded their expectations; this is consistent with GIIN research findings over the previous 10 years.
- Foundations, endowments and sovereign wealth funds each represented 1% or less of the impact assets managed. This suggests that there is significant potential for these types of organizations to increase their impact investments.

A study by the European Impact Investing Consortium estimated that €190 billion of assets are held in the European private (unlisted) impact investing market and €40 billion of assets in the public listed impact investing market *(176)*. The unlisted and listed markets are considered separately because their "processes, investees and levers to drive impact are very different".[6] The Consortium's market study provided a more detailed breakdown of some important features of the impact investing market in Europe. It highlighted that investments in private unlisted assets increased from €80 billion to €190 billion over the last 2 years, with 62% of the capital in unlisted assets having an element of investor additionality.[7] The study found that the impact investing market in Europe is currently led by the United Kingdom, the Netherlands and France, which hold the largest shares in terms of impact assets. These markets have well-established impact investing ecosystems, supported by a robust regulatory environment, active investor communities and a high degree of institutional engagement. Other countries with important developing markets for impact investment are Belgium, Denmark, Italy, and Spain, while Greece, Portugal and Türkiye have emerging markets with promising growth potential.

Another key finding of the Consortium's study is that many impact investors are prepared to accept a lower financial return as a trade-off for achieving a social or environmental impact: 33% of investors expect somewhat or much lower returns. However, 17% of impact investors expect to receive superior or far superior returns, which highlights that sustainability initiatives can also create a significant financial return on investment *(176)*.

4.4. Blended finance

Blended financing structures use government or development capital to attract commercial capital, thereby leveraging the initial capital available to create a larger investment fund to implement well-being policies and achieve well-being and sustainability goals.

For example, in July 2025 the United Kingdom Government launched the Better Futures Fund, a new £500 million fund to break down barriers to opportunity for up to 200 000 vulnerable children and young people *(194)*. It is the world's largest fund of its kind to date and aims to fund programmes to achieve outcomes

[6] The term "public listed markets" refers to public exchanges where investments are bought and sold, such as the New York Stock Exchange. Assets in private (unlisted) markets are not bought and sold on these public exchanges.

[7] Investor additionality relates to the positive contribution that would not have happened without the investment.

such as boosting pupil achievement, reducing reoffending and supporting children who are struggling with exclusion, mental health issues or involvement in crime. The Fund plans to raise an additional £500 million from local government, social investors and philanthropists and will run for 10 years.

Another example of the blended finance approach is the European Fund for Southeast Europe, a prominent player in impact investing that focuses on fostering economic development and prosperity in south-eastern Europe and the Eastern Neighbourhood Region (Box 15).

Over the longer term, the aim is to gradually scale back the need for development capital. This requires the providers of commercial capital to take a greater role. In turn, this entails that they become more comfortable with the impact investment approach and its associated balance of both financial and social risk and returns so that the risk profiles of these types of investment become established and easier to manage.

Box 15. The European Fund for Southeast Europe

The European Fund for Southeast Europe operates as a blended finance fund by engaging both public and private investors to invest in micro, small, and medium-sized enterprises to improve living conditions for private households *(195)*. It partners with institutions such as the European Investment Bank, European Bank for Reconstruction and Development, and the KfW Development Bank.

The Fund's multifaceted approach includes addressing poverty by providing essential financing to small businesses and low-income households, contributing to ending hunger and malnutrition through support for agricultural productivity, and championing the reduction of inequity by empowering marginalized groups such as women, young people, refugees and rural populations.

5. Debt relief instruments

While some countries may seek to increase borrowing to obtain financing for investments in health, well-being and health equity, there is also the potential for mechanisms such as debt buy-downs and debt swaps (see the Glossary for definitions of these terms).

These tools are essential for alleviating the fiscal strain on countries. They also ensure that resources are available to address the social and environmental determinants of health and, thereby, support recovery and sustainable development in the WHO European Region in the post-pandemic era. Therefore, these approaches may be of interest both to lower-income Member States of the WHO European Region that seeking to reduce debt and to higher income countries pursuing the SDGs.

For example, the 2022 *EU global health strategy* highlighted that "the EU will promote new financing methods, including debt swaps or loan buy-downs to convert debt into investment in health system reforms and new life-saving programmes" *(196)*. The strategy highlighted that these transactions could be facilitated by concessional loans and guarantees in partnership with development finance institutions with the twin benefits of making money available to governments while incentivising health system reforms.

5.1. Debt buy-downs

Debt buy-downs can provide immediate relief to countries or organizations facing debt burdens, enabling them to redirect resources towards health and health equity investments. In this approach, a third-party entity such as a governmental agency, development finance institution, or philanthropic foundation injects funds into existing debt arrangements. The borrower, often a government, reaps the benefits of this intervention, resulting in a debt structure that is more manageable and sustainable. The lenders, typically the original creditors or financial institutions holding the existing debt, play a pivotal role in negotiating and agreeing to the terms of the buy-down. The third-party donor can buy down the loan in two ways: (i) by reducing the principal, which lowers future total payments encompassing both interest and principal or (ii) by lowering the interest rate, thus reducing the future interest payments while keeping the principal repayment schedule unchanged.

Additionally, this arrangement can be linked to performance, with the donor only clearing their share of the loan when specific criteria are achieved. However, the triggers must be carefully chosen to ensure their relevance to project outcomes and that they can be easily measured, monitored and evaluated, to ensure transparency and accountability *(197)*.

5.2. Debt swaps

Debt swaps (or debt for development swaps) are agreements between a government and one or more of its creditors to replace sovereign debt with one or more liabilities that entail a spending commitment over time towards a development goal (see Glossary) *(198)*.

Debt swaps are not an entirely new concept but have grown more prominent in recent years as countries and their creditors seek to address development needs and financing challenges simultaneously. According to the World Bank and IMF, total face value of debt treated with swaps annually between 1987 and 2021 averaged US$ 100 million per year, with many of the transactions below $10 million *(198)*. However, a 2022 IMF working paper noted the growing interest in scaling up debt swaps to support countries to build climate resilience and recover from the COVID-19 pandemic *(199)*.

The Global Fund to fight AIDS, Tuberculosis and Malaria has emerged as the leading proponent of debt swaps in the health sector. Box 16 shows some examples of the Global Fund's Debt2Health programme.

Box 16. Debt2Health

Debt2Health debt swaps have addressed health-funding gaps in 10 countries since 2007, by redirecting interest payments towards unfunded and underfunded national programmes, with the face value of these debt swaps expected to reach $500 million in 2024 *(200)*. In the Debt2Health programme, the debtor nation typically channels the proceeds towards HIV, tuberculosis, malaria and resilient and sustainable systems for health programmes aligned with its national health strategy.

The major creditors involved in Debt2Health have been Australia, Germany and Spain, and Indonesia has been the largest beneficiary. Up to June 2024, a total of 12 debt swap transactions had generated $226 million in health investments *(201)*. Examples are as follows *(202)*.

- Germany agreed with Jordan to convert €10 million in debt into support for health programmes for Syrian refugees.
- Spain converted €9.3 million of Cameroon's debt into investments in health programmes, leading to life-saving treatments for 30 000 people living with HIV.

Debt2Health may be considered a win–win–win model that enhances the global standing of creditor nations, enables debtor countries to redirect debt into health funding and, ultimately, saves lives. However, the potential financing depends on the amount of debt that is available to cancel and on donor willingness to cancel the debt.

5.2.1. Key elements of debt swaps

The World Bank and IMF *Debt for development swaps* framework highlights that the debt-swap agreement usually requires that the spending commitment funds are ringfenced, typically through establishment of a new government trust fund or entity to manage the funded projects *(202)*. Transactions are often complex and their administration can be costly, with upfront financial arrangement fees.

The World Bank and the IMF have highlighted a number of key considerations when determining whether a debt swap is likely to be an appropriate financial instrument *(198)*. These include the country's initial debt situation and how the swap could impact the future sustainability of its debt, and the country's debt management capacity and commitment to transparency.

6. Conclusions

Countries that are developing well-being economies are already implementing many of the measures presented in this primer paper. They are learning from one another, while providing examples that other countries may be keen to follow. Countries already use a wide range of well-being indicators that cover human, social, planetary and economic well-being. This can be an excellent starting point for establishing health and health equity key performance indicators that can guide budgeting decisions.

Tax policies aimed at securing sustainable and fair prosperity are the key to raising funds for investment in well-being initiatives, while health taxes, in particular, have the co-benefit of promoting healthy behaviours. Spending frameworks can be equally important to deliver fiscal space for well-being in the long term by directing spending towards prevention and upstream action. Engaging in public dialogue can help to build trust in support of implementing these policies. Pairing the revenues raised by well-being taxes with further investments into healthy societies can also help to build public support. Crucially, ensuring that public expenditure derives observable public benefits for inclusive and trusting societies is the key to securing well-being and ensuring that people matter.

Philanthropic and private capital as well as other funding sources can be unlocked for investment in health, well-being and health equity through the use of novel financial and contracting instruments, such as social bonds and SOCs and by targeting the US$ 1.6 trillion market for impact investment. However, it is not just the supply of capital that is important. These new forms of financing are central to new ways of working in partnership across the public, private and third sectors and to delivering finance that is based on achieving real social, environmental and economic impacts.

This paper has highlighted how both familiar and novel financial instruments and mechanisms can be adopted and adapted to achieve positive outcomes for well-being, equity and healthy societies. It aims to catalyse further discussions between health, economics and finance stakeholders and to inspire new partnerships and collaborations across the public, private and philanthropic sectors.

More work is needed to build on the practical examples in this paper and to develop the evidence base for the approaches presented and the financial and health outcomes that can be achieved.

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Annex 1. The WHO European Well-being Economy Initiative

The WHO European Well-being Economy Initiative is led by the WHO European Office for Investment for Health and Development (WHO Regional Office for Europe), based in Venice (Italy) *(1)*.

The Initiative aims to (i) engage the economic and finance sectors to invest in health and well-being and (ii) show the co-benefits for achieving sustainable growth and development. The WHO Regional Office for Europe's work on well-being economies for 2024–2025 is intended to leverage and shape how national governments and authorities generate new revenues and redirect existing spend into health, equity and well-being policies and interventions.

This work builds on the following resolutions and recommendations.

- WHO Regional Committee for Europe resolution EUR/RC69/R5 on accelerating progress towards healthy, prosperous lives for all, increasing equity in health and leaving no one behind in the WHO European Region includes a commitment 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" *(2)*.
- The Pan-European Commission on Health and Sustainable Development recommends healing the social fractures exacerbated by the COVID-19 pandemic and specifically promoting investment in health for all as a public good for recovery and resilience *(3)*.
- The WHO European Regional High-level Forum on Health in the Well-being Economy shared actions and solutions to shift investment, spending and resources into well-being economies with health at their core, along with an outcome statement *(4)*.
- The WHO European Regional Office for Europe's Finding Common Ground initiative identified focusing on thematic areas as an important way to build a common language and shared understanding across stakeholders and sectors *(5)*. The initiative will develop new modelling tools for use by central banks and ministries of finance in shaping 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 *(6)*.
- World Health Assembly Resolution WHA77.13 on the economics of health for all, adopted at the Seventy-seventh session in 2024, includes a request for "ways to finance the progressive realization of the right to the enjoyment of the highest attainable standard of health, including financing universal health coverage and primary health care, as well as addressing broader social determinants of health" *(7)*. Among other calls to action, the resolution urges WHO Member States to:
  - consider the interlinkage between health and the economy and include an economy of well-being perspective in national policies;
  - put people and their health and well-being at the centre of policy-making; and
  - work towards shifting public and private investments from activities that are harmful to people's health and well-being towards investments that improve them.

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Annex 2. Measurement: going beyond GDP

Financial instruments work best when they accompany national ambitions for health and health equity, and when a standard set of key performance indicators is used between policy objectives and financial rewards *(1)*. Globally, societies are now recognizing the importance of well-being and equity as indicators of national progress and success that go beyond a focus on GDP to measure well-being, agency, equity, trust and mattering.

Crucially, well-being and health equity issues that are being addressed using fiscal policies should be monitored through robust well-being assessments, including population-level well-being surveys. These should be accompanied by policies and investments that help to maximize benefits across sectors and target those who are most at risk of being left behind. It follows that the success of these financial opportunities relies on good governance *(2)* and that aligning these new financial mechanisms with current policy agendas is critical. However, these financial mechanisms come with a range of implementation requirements and potential challenges. For example, they may be relatively complex to set up or require sufficient data and capacity to monitor key performance indicators.

A common set of indicators is required to assess interventions and to identify and adopt those with the highest impact on the selected targets. Such key performance indicators may also be essential for transparently tracking expenditure efficiency and the equitable delivery of health-care services. These two tasks of the accountable parties can foster trust among stakeholders and promote responsible governance across multiple sectors. Two thirds of OECD countries have developed a national multidimensional well-being policy or monitoring framework in the last two decades *(3)*.

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The WHO Regional Office for Europe
The World Health Organization (WHO) is a specialized agency of the United Nations created in 1948 with the primary responsibility for international health matters and public health. The WHO Regional Office for Europe is one of six regional offices throughout the world, each with its own programme geared to the particular health conditions of the countries it serves.

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