

**INCREASE, IMPROVE  
AND INTEGRATE: THE  
WAY FORWARD FOR  
FINANCING NCDS  
AND MENTAL HEALTH**

**UNITED  
FOR  
GLOBAL  
MENTAL  
HEALTH**

# INCREASING AND IMPROVING FINANCING FOR NCDs AND MENTAL HEALTH

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## INTRODUCTION

Non-communicable diseases (NCDs) are the leading cause of premature mortality, responsible for 74% of deaths globally. Mental ill-health<sup>1</sup> is responsible for one in every 10 disability-adjusted life years (DALYs) worldwide. Mental health and NCDs are inherently interconnected – mental illness affects and is affected by NCDs. This relationship is complex and bidirectional. Both share risk factors and can coexist, leading to high health costs and rates of morbidity and mortality.<sup>2 3</sup>

Given the huge impact of NCDs and mental ill-health, it is important to consider how their prevention, treatment and care is currently financed, and how any financing gaps can be filled. The WHO and World Bank Second International Dialogue on Sustainable Financing for NCDs and Mental Health will explore these questions. They are also central to the UN High-Level Meeting planned in 2025. This paper addresses them in section 1.

It is important to increase funding for NCD and mental health care, but how this care is provided is also crucial. This paper argues that a people-centred approach would be the best means of delivering mental health and NCD services. Therefore, as well as exploring financing, relevant global and national discussions should look at how integrating mental health into NCD services and integrating NCDs into mental health services benefits individuals and creates cost-efficiencies. This will lead to better patient outcomes and a more effective health service. This paper sets out this argument in more detail and explains the approaches that could be taken in section 2.

As well as integrating services as a strategy to use finances more effectively and efficiently, there are specific ways to address mental health financing needs. These are set out in section 3, which looks at both domestic and international financing opportunities and how it is possible to increase, improve and track mental health finance. Finally, the paper summarises a set of recommendations for different stakeholders, to inform discussions on financing at global and national levels.

Mental health conditions have been aggregated with NCDs and treated as such in recent years under the 5x5 initiative.<sup>4</sup> However, mental health and mental health conditions have a set of characteristics that both cut across and are unique from physical health, requiring special attention and consideration. In this briefing, we examine the standalone and integrated approaches to financing mental health and NCD services, with a focus on delivering services through primary health care (PHC). We also explore the specific financing for mental health needed to meet the growing demands of the evolving health system.

<sup>1</sup> This paper focuses on mental health using the WHO definition of “Mental health is a state of mental well-being that enables people to cope with the stresses of life, realize their abilities, learn well and work well, and contribute to their community” and is not focussing on neurological conditions (“brain health”) or substance use. However, the various datasets used in this paper derive from differing definitions with some including brain health and/or substance use as well as mental health conditions. The reader is advised to consult the methodology of original datasets for more information.

<sup>2</sup> Invest to Protect, NCD Alliance, 2022.

<sup>3</sup> WHO, Integrating the response to mental health disorders and other chronic diseases in health care systems, World Health Organisation, 2014.

<sup>4</sup> WHO website, Accessed 12 April 2024.

## CURRENT SITUATION OF GLOBAL NCD AND MENTAL HEALTH FINANCING

Data on domestic and external financing for both NCDs and mental health is poor, so getting a complete picture of the situation is challenging. It is, however, clear that current financing is not meeting the scale of the need. There are large gaps which external donors could catalytically fill. If finance volumes do not increase and new approaches are not used, this situation is unlikely to change, especially with the forecasted acceleration in the number of people living with NCDs.

### WHAT IS THE CURRENT SITUATION OF FINANCING FOR NCDs?

#### DOMESTIC FINANCING

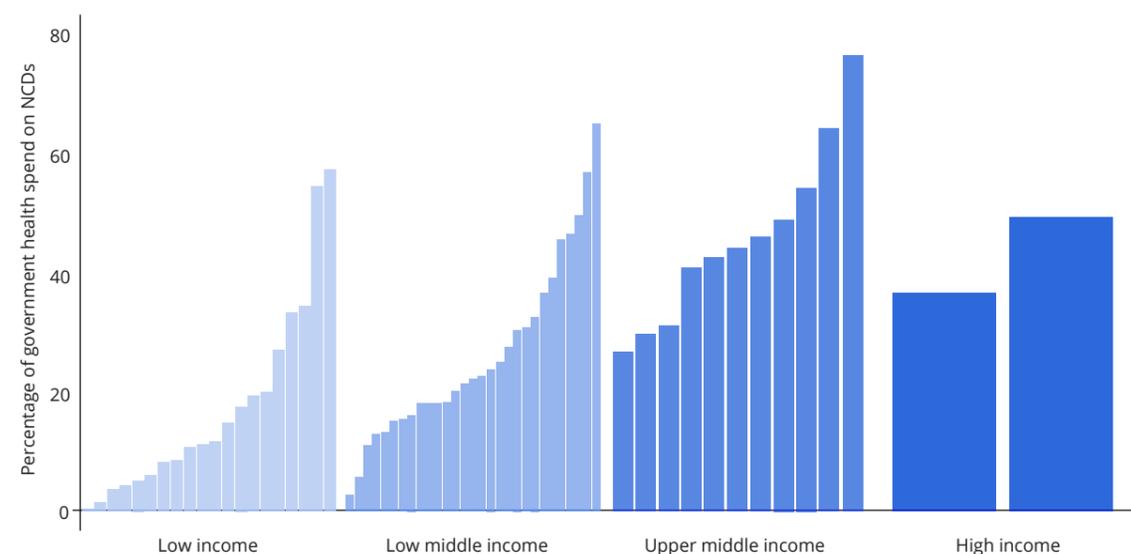
The WHO Global Health Expenditure Database (GHED) estimates financing for NCDs through domestic government expenditure, external financing and out-of-pocket expenditure. Despite NCDs being responsible for 74% of deaths globally, spending remains far short of what is needed. Fewer than half of the 62 countries with sufficient data spend more than a quarter of their government health budget on NCDs.<sup>5</sup>

The current state of affairs is obscured by a lack of quality data from most countries worldwide, especially higher income countries. Data availability needs considerable improvement to allow accountability moving forward.



<sup>5</sup> World Health Organisation Global Health Expenditure Database (WHO GHED), apps.who.int/nha/database. Accessed on: 9 April 2024.

**Figure 1: Domestic government spending on NCDs as a proportion of overall government health expenditure**



Source: World Health Organisation Global Health Expenditure database (WHO GHED), [apps.who.int/nha/database](https://apps.who.int/nha/database). Accessed on: 09 April 2024.

Notes: Only 62 countries had data available on the percentage of government health volumes spent on NCDs. This includes mental, neurological and substance use (MNS) disorders.

Despite the lack of universally-defined and clear quantification of NCD spend, particularly in high-income countries (HICs), it is clear that a change in NCD financing is required. As a first step, countries need to increase their domestic public spending on health. This can be achieved by:<sup>6</sup>

- **increasing domestic resource mobilisation and spending it on health**
- **spending economic growth dividends on health**
- **giving health spending a higher priority in the national budget.**

Since the gaps are greatest within low and lower-middle income countries (LICs and LMICs), which sometimes cannot increase their spending on NCDs, external donors must fill the gap where needed and, in the longer term, play a catalytic role in improving the situation.

<sup>6</sup> Invest to Protect, NCD Alliance, 2022.

## EXTERNAL FINANCING

Despite the need, development organisations have not typically focused on financing NCDs. The proportion of the total Development Assistance for Health (DAH) dedicated to NCDs has remained very low. This is partially explained by the focus on the global health priorities of the former Millennium Development Goals (MDG), with two-thirds of DAH allocated to addressing infectious diseases and a quarter to maternal and child health.<sup>7</sup>

The focus on NCDs has increased slightly over the past 30 years. This has been especially true since 2018, when the Organisation for Economic Co-operation and Development's Development Assistance Committee (OECD DAC) introduced measuring for general NCD projects, as well as for specific aspects of NCDs, such as 'tobacco use control' and 'control of harmful use of alcohol and drugs'.<sup>8</sup>

Prior to the inclusion of NCDs as a specific sector, the Institute for Health Metrics and Evaluation (IHME) estimated the funding explicitly allocated for NCDs in its annual DAH database had remained in the range of just 0.5%-2.5% of total DAH from 1990 to 2021. And given the disproportionate burden of NCDs on low-income countries, it is worrying that they received only around a third of all NCD financing in 2021, with the remainder going to middle-income countries.<sup>9</sup>

The Bill and Melinda Gates Foundation was the largest contributor of DAH for NCDs, providing US\$414 million from 1990-2022, closely followed by the United Kingdom (US\$379 million) and the United States (US\$309 million).

## HOW BIG IS THE GAP REMAINING?

Implementing the most efficient interventions and achieving Sustainable Development Goal (SDG) 3.4 would require, on average, an additional annual domestic investment of US\$18 billion by low and middle-income countries until 2030. This investment would create an estimated average net economic benefit of up to US\$2.7 trillion over the same period. The return on investment is estimated at up to US\$19 for every US\$1 invested. Even so, it is a sizable commitment: low and middle-income countries would need to allocate 20% of their total health budget by 2030 just for these priority interventions.<sup>10,11</sup>

<sup>7</sup> Invest to Protect, NCD Alliance, 2022.

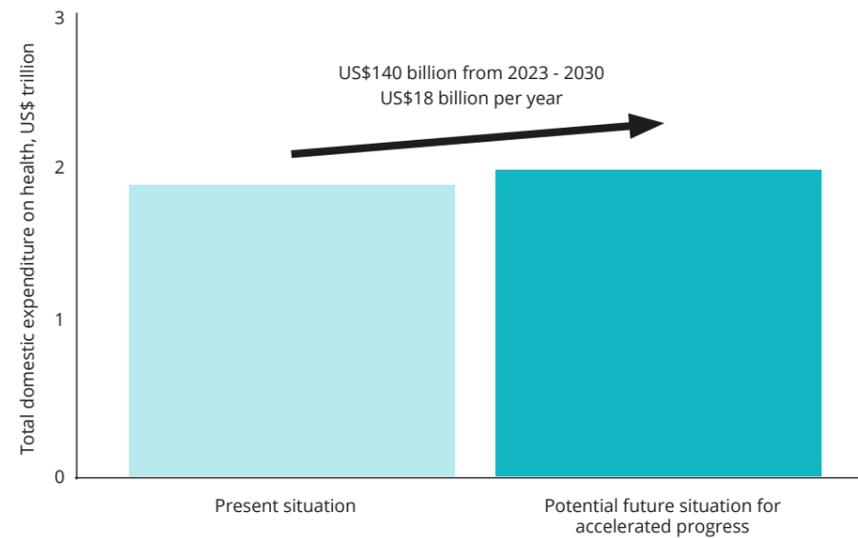
<sup>8</sup> Adjusting purpose codes and policy markers in light of the SDGs: Proposal on noncommunicable diseases, OECD, 2017.

<sup>9</sup> Institute for Health Metrics and Evaluation (IHME). Development Assistance for Health Database 1990-2022. Seattle, United States: Institute for Health Metrics and Evaluation (IHME), 2023.

<sup>10</sup> Watkins D et al. NCD Countdown 2030: Efficient pathways and strategic investments to accelerate progress towards the Sustainable Development Goal target 3.4 in low-income and middle-income countries, Lancet, 2022. doi: 10.1016/S0140-6736(21)02347-3.

<sup>11</sup> These priority interventions consisted of 21 interventions that DCP3 recommended as essential (ie, cost-effective, feasible, and relevant) and could help countries achieve SDG 3.4, including 15 clinical interventions and six intersectoral policies.

**Figure 2: Gap for acceleration on priority NCD interventions in low and middle-income countries from 2023 to 2030**



Source: Lancet Countdown 2030

This figure is derived from the cost of scaling up priority NCD interventions from the Lancet Countdown 2030. It estimates that taking no additional action in these priority NCD interventions across low and middle income countries would have a cost of around US\$1.9 trillion by 2030. By comparison, an additional US\$140 billion would be needed to accelerate progress – equivalent to around US\$18 billion annually until 2030.

## WHAT IS THE CURRENT SITUATION OF FINANCING FOR MENTAL HEALTH?

### DOMESTIC FINANCING

Most of the financing for mental health globally comes from domestic government budgets, but these are typically low, at just 2.1% of government health expenditure on average. The 2018 report by the Lancet Commission on Mental Health and Sustainable Development stated that governments in low and middle-income countries should spend at least 5% of their health budgets on mental health, while high-income countries should spend at least 10%. According to data from the latest WHO Mental Health Atlas 2020 (MHA), only 13 countries met these targets, five of which were high-income. Between 2017 and 2020 (the latest editions of the MHA), there was no significant increase in the proportion of domestic health budgets being spent on mental health worldwide.

#### Recommendation:

All governments should meet the 2018 Lancet Commission's government spending targets of at least 5% and 10% of health budgets on mental health. These targets should also be reviewed to continue progress and a cross-government spending guideline considered.

While mental health has not become a higher priority within the health sector, overall health spending has increased globally. As a result, per capita mental health financing among countries reporting to the MHA has increased from US\$2.50 in 2017 to US\$7.49 in 2020. However, the vast majority of this increase has been in upper-middle (UMICs) and high-income countries.

MHA data is self-reported and affected by issues such as incomplete reporting and different definitions of what is included. Increasing numbers of countries are reporting their health financing (up to 85 in 2020), but only 54 reported in both the most recent years (2017 and 2020), reducing the possibility of comparison over time. Importantly, these figures only count finance allocated directly to mental health interventions and not mental health spending integrated across the health system and elsewhere. But regardless of the shortcomings in reporting, it is clear that domestic government spending is far short of the volumes needed for mental health.

Over the past 20 years, there have been many different efforts to quantify the spending required to meet mental health needs. In 2007, the Lancet suggested an investment strategy for a core mental healthcare package in selected LICs and LMICs on a per person per annum (PPPA) basis: at least US\$2 PPPA in LICs and US\$3–4 PPPA in LMICs. A similar estimate was used again in 2015: for LICs and LMICs to reach these PPPA US\$ targets for basic mental healthcare provision, LICs

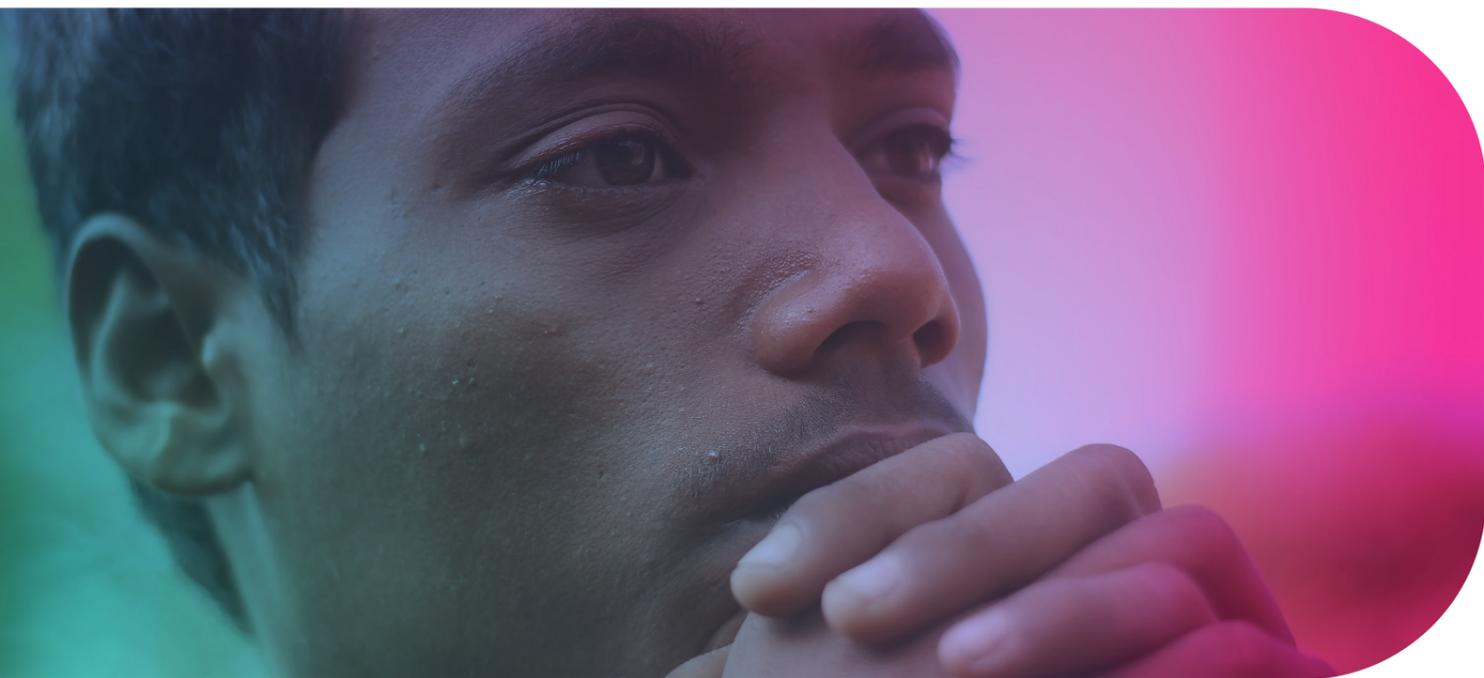


would need to increase funding fivefold, and LMICs would need to double their financial support. It would be timely for these figures to be reviewed and updated.

### EXTERNAL FINANCING

Development Assistance for Mental Health (DAMH)<sup>12</sup> does, to some extent, fill the gap in domestic financing, but volumes are low and decreasing. In 2018, donors provided US\$300 million, but by 2021, this figure had fallen to US\$200m. In 2020 and 2021, most of this financing came from private and philanthropic donors (providing 56% and 60% in each year respectively). Since it is much harder to quantify other types of corporate financing, such as corporate social responsibility investments and in-kind financing, this is far from the whole picture. However, it gives an idea of the priorities of external actors, particularly in low and middle income countries.

This DAMH makes up some of the gap in low-income countries (LICs) and lower-middle income countries (LMICs). It contributed more than US\$170 million in 2021 and increased mental health spending in those countries by around 10%. LICs spend less domestically on mental health than other income grouped countries, so DAMH increases total spending more than threefold and closes the funding gap by around a quarter. DAMH has less impact on lower-middle income countries because they spend much more domestically on mental health, increasing total spending by around 5%.

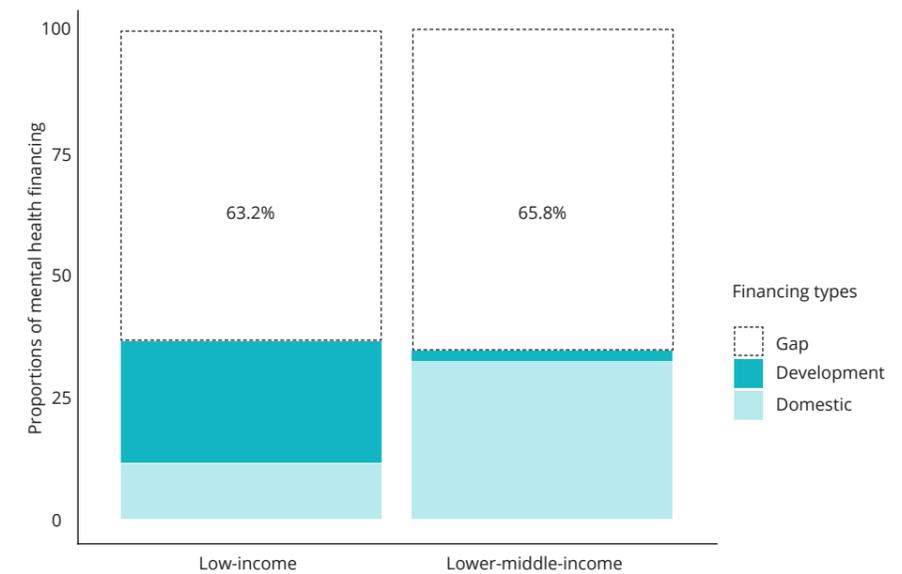


<sup>12</sup> The Institute for Health Metrics and Evaluation (IHME) uses a keyword search methodology to quantify DAMH, including terms to capture psychosocial support (PSS). More detail about this methodology can be found here.

### HOW BIG IS THE GAP REMAINING?

Including only domestic financing, there is likely a gap in mental health financing of at least US\$200 billion per year, with high-income countries responsible for the vast majority of this shortfall.<sup>13</sup> The gap is around US\$0.2 billion in LICs and US\$3.1 billion in LMICs, where external financing plays a more sizable role. After accounting for external finance, this still leaves an annual gap of more than US\$3 billion across all LICs and LMICs. With the proportion of health finance allocated to mental health stagnating in recent years, this deficit is unlikely to change without renewed and substantially higher commitments.

**Figure 3: How DAMH partially fills the gap in domestic financing in low- and lower-middle income countries**



Sources: Financing of mental health: the current situation and ways forward, United for Global Mental Health, 2023.

Notes: The total financing need was approximated by using the 5% target for low and middle income countries, and 10% for high income countries. This is further discussed at source.

<sup>13</sup> Financing of mental health: the current situation and ways forward, United for Global Mental Health, 2023.

## INTEGRATION OF NCDs AND MENTAL HEALTH, AND THE RETURN ON INVESTMENT

### KEY FACTS

#### LINKING NCDs AND MENTAL HEALTH

People with severe mental illness (schizophrenia, bipolar disorder or major depressive disorder) **die up to 15 years prematurely** due to other chronic conditions such as heart disease.

People living with diabetes are **2 to 3 times more likely to have depression** than people without a diabetes diagnosis.

People living with **coronary heart disease** are 1.6-1.8 more likely to have depression than people without a coronary heart disease diagnosis.

**Individuals living with severe mental illness** are 50% less likely to meet worldwide physical activity guidelines.

**Increasing physical activity can help reduce the risk of heart disease and premature mortality in people with severe mental illness.**

Integrating services across mental health and NCDs is an evidence-based approach to improving health coverage and outcomes.<sup>14</sup> Integration also increases cost-efficiency, saving the health system as a whole money and making possible more progress towards achieving the human right to the highest attainable level of health for all.

#### WHY INTEGRATE MENTAL HEALTH AND NCD SERVICES?

Integrating services across mental health and NCDs is an evidence-based approach to improving health coverage and outcomes.<sup>15</sup> Integration also increases cost-efficiency, saving the health system as a whole money and making possible more progress towards achieving the human right to the highest attainable level of health for all.

<sup>14</sup> Stein DJ, Benjet C, Gureje O, Lund C, Scott KM, Poznyak V, van Ommeren M. Integrating mental health with other non-communicable diseases. *BMJ*. 2019, doi: 10.1136/bmj.l295.

<sup>15</sup> Stein DJ, Benjet C, Gureje O, Lund C, Scott KM, Poznyak V, van Ommeren M. Integrating mental health with other non-communicable diseases. *BMJ*. 2019, doi: 10.1136/bmj.l295.

Integration enables mental health services to be delivered with other vital preventive, curative and palliative services for NCDs, so individuals get the comprehensive and holistic care they need and desire across their life course. This is about taking an integrated, person-centred approach that places the individual at the forefront of decision-making in health. It can:

- **improve the experiences people have of their care**
- **facilitate access to the most appropriate services**
- **promote a healthier lifestyle**
- **reduce stigma**
- **result in the most appropriate physical and mental health support to meet an individual's wants and needs.**

An integrated, person-centred approach also has the potential to reduce health inequalities and inequities, while increasing the efficient use of health and social care resources.

#### Recommendation:

Health systems must create new models of care for integrated, person-centred care, which ensure individuals get the comprehensive physical and mental health care they need and desire.

There is a clear rationale for integrating mental health and NCDs, given the evidence of the association between mental health conditions and NCDs, as well as the nascent but growing evidence of improved outcomes from integration. For example, in a subset of post-myocardial infarction<sup>16</sup> patients with treatment-resistant depression, mortality rates fell when effective depression treatment was incorporated into their care.<sup>17</sup> Evidence from multiple studies on collaborative care also demonstrates its effectiveness in reducing depression and improving the quality of life for people living with comorbid depression and diabetes.<sup>18</sup> However, further research is needed to determine how to most effectively integrate services for different NCDs and mental health conditions, and document outcomes for multimorbidity.

#### Recommendation:

NCDs and mental health co-morbidities should be addressed to deliver better and more cost-effective outcomes such as investing in prevention as well as diagnosis and treatment.

16 Myocardial infarction is commonly known as a heart attack.

17 Banankhah SK, Friedman E, Thomas S. Effective treatment of depression improves post-myocardial infarction survival, 2015. doi:10.4330/wjc.v7.i4.215

18 Wang Y et al. Effectiveness of Collaborative Care for Depression and HbA1c in Patients with Depression and Diabetes: A Systematic Review and Meta-Analysis, 2022. doi: 10.5334/ijic.6443

Currently, spending needs for both NCDs and mental health are high because there is a focus on secondary and tertiary care instead of primary care.<sup>19</sup> Instead, investment should focus on primary care in the face of growing evidence that a non-specialist case manager approach with primary care doctors and specialists is the best service delivery model in treating both NCDs and mental health conditions.<sup>20</sup> This approach also has the potential to reduce existing inequalities in healthcare systems.<sup>21</sup>

#### Recommendation:

Financing the integration of mental health into primary and community-based health care needs to be the priority, not spending the most money on psychiatric hospitals and long-term care facilities.

### HOW DOES ROI CHANGE THROUGH INTEGRATING MENTAL HEALTH AND NCD SERVICES?

There is very limited research on the direct effect of integrating mental health and NCD services on the return on investment (ROI) of service delivery. However, there is evidence on:

1. **the ROI of mental health services**
2. **the ROI of NCD financing**
3. **the increased cost-effectiveness of integrating mental health and NCD services.**

Aside from improving the quality and increasing the length of life, investment in mental health also has considerable economic advantages. The ROI is an estimated US\$4 for every US\$1 invested in scaling up common mental health interventions, up to US\$80 in certain LICs and LMICs. Mental Health Investment Cases (MHICs) in seven LICs and LMICs found that the economic burden of mental health conditions was substantial, typically amounting to 0.5%–1.0% of GDP.<sup>22</sup> However, the cost of scaling up intervention packages was only 0.03%–0.14% of GDP.

Similarly, the WHO Best Buys are a set of highly effective NCD interventions that can provide an expected economic return of at least US\$7 for every US\$1 invested between 2022 and 2030. Interventions consist of ending tobacco use, curbing alcohol use, promoting healthier diets and increased physical activity, and managing cardiovascular disease, diabetes and cervical cancer.<sup>23</sup> Mental health is not included in the WHO Best Buys but a previous study found it to have a US\$4.9 return.<sup>24</sup> The WHO created a menu of cost-effective mental health interventions in 2021.<sup>25</sup>

19 Saran R, Randolph E, Omollo KL. Addressing the global challenge of NCDs using a Risk Factor approach: voices from around the world, 2021. doi: 10.1096/fba.2020-00131

20 Patel V, Chatterji S. Integrating Mental Health In Care For Noncommunicable Diseases: An Imperative For Person-Centered Care, Project HOPE, 2015. doi: 10.1377/hlthaff.2015.0791.

21 State of Care 2019/20, Care Quality Commission (CQC), 2020.

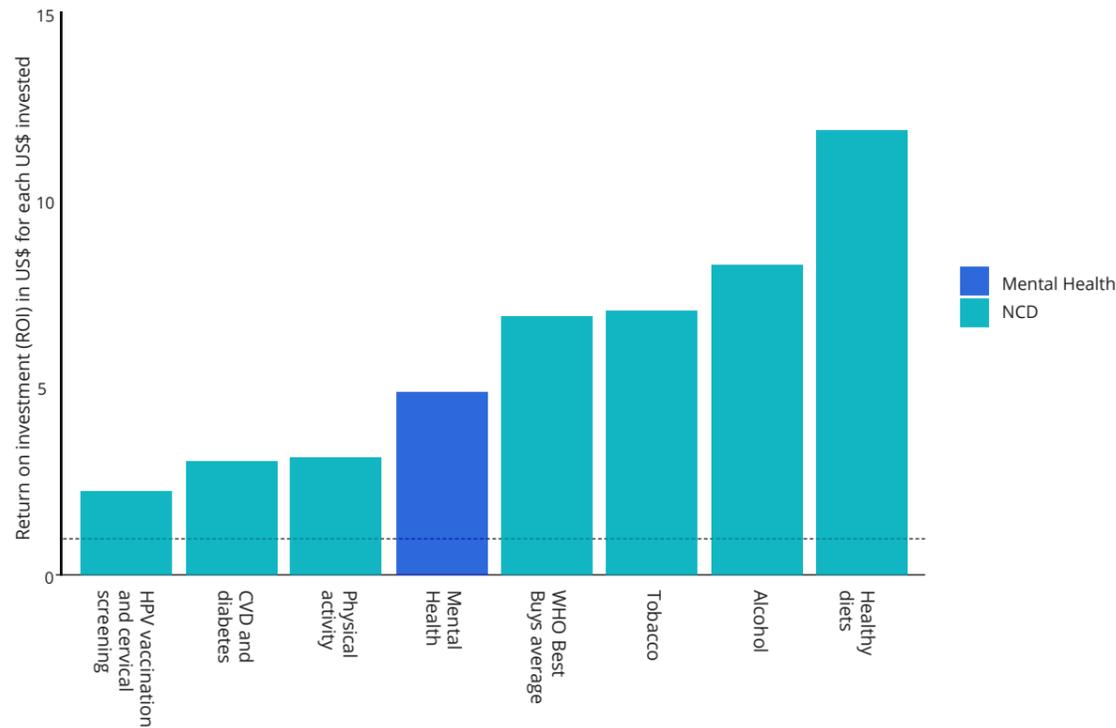
22 Chisholm D, Lee YY, Baral PP, Bhagwat S, Dombrovskiy V, Grafton D, Kontsevaya A, Huque R, Kalani Okware K, Kulikov A, Marahatta K, Mavunganidze P, Omar N, Prasai D, Putoud N, Tsoyi E, Vergara J. Cross-country analysis of national mental health investment case studies in sub-Saharan Africa and Central, South and South-East Asia. *Front Health Serv.* 2023 Jul 18;3:1214885. doi: 10.3389/frhs.2023.1214885. PMID: 37533704; PMCID: PMC10392930.

23 Saving lives, spending less: the case for investing in noncommunicable diseases. Geneva: World Health Organisation; 2021.

24 Saving lives, spending less: FAQs. Geneva: World Health Organisation; 2021.

25 WHO menu of cost-effective interventions for mental health. Geneva: World Health Organisation; 2021.

**Figure 4: Return on Investment (ROI) of NCDs and Mental Health**



Sources: WHO Best Buys and other WHO studies.

Note: The black dashed line represents an ROI of 1x (i.e. for every dollar invested, the return is a dollar).

Costs increase to both governments and individuals through out-of-pocket spending (OOPS) when the co-morbidities of mental health and NCDs are treated separately, and the costs of integrated care are lower than when treated in isolation.<sup>26</sup> Therefore, integrating the service delivery of both NCDs and mental health would improve cost-effectiveness.

**Recommendation:**

NCDs and mental health co-morbidities should be addressed to deliver better results and more cost-effective outcomes.

More data and research is required to know conclusively how much integrating service delivery improves ROI. However, using the three aspects of ROI for mental health, ROI for NCD services and the increased cost-effectiveness of integrating these two areas, it can be concluded that integrated services would have a higher ROI than when services are delivered separately. The magnitude of this improvement is still unclear.

<sup>26</sup> Patel V, Chatterji S. Integrating Mental Health In Care For Noncommunicable Diseases: An Imperative For Person-Centered Care, Project HOPE, 2015. doi: 10.1377/hlthaff.2015.0791.



## OPPORTUNITIES TO INCREASE AND IMPROVE MENTAL HEALTH FINANCE

This report calls for increased and improved finance for mental health to meet growing demand, and for the integration of NCD and mental health finance to deliver integrated health services.

There are two broad ways to improve mental health finance:

1. **increase the volume of financing available**
2. **use the available financing in the most efficient and effective manner (i.e. improving mental health finance)**

Any approach to mental health financing should take both these elements into account.

### INCREASING AND IMPROVING DOMESTIC MENTAL HEALTH FINANCE

#### PUBLIC BUDGETS

Governments of all countries should boost mental health spending through increased direct financing. At a minimum, they should reach the conservative targets that the 2018 Lancet Commission set: allocating 5% and 10% of total health expenditure to mental health for low- and middle-income countries, and high-income countries respectively. High-income countries should increase their mental health budgets in line with these recommendations – despite increased domestic health expenditure globally, mental health spending is not a high enough priority in HICs.

#### Recommendation:

All governments should meet the 2018 Lancet Commission's government spending targets of allocating at least 5% and 10% of health budgets to mental health. These targets should also be reviewed to continue progress and a cross-government spending guideline considered.

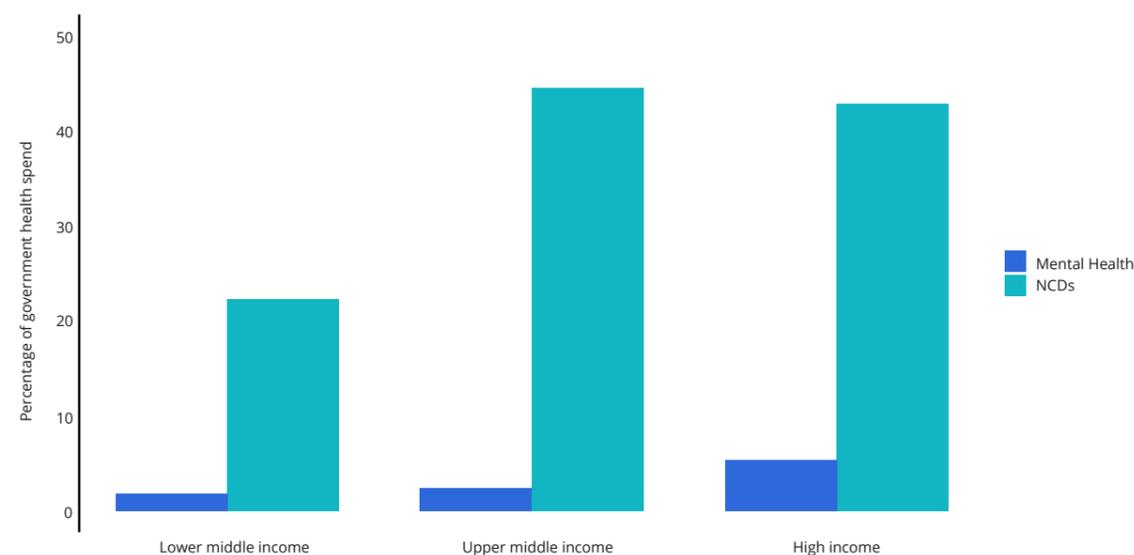
To track mental health expenditure, domestic governments must be transparent and accurate in their accounting. A universally agreed definition of what constitutes mental health spending is needed to allow full comparability over time and between different countries.

#### Recommendation:

Domestic governments must accurately and transparently track their financing for mental health, and this must have a globally consistent definition to allow comparability over time and between countries.

health financing. For example, in HICs, just 5% of total domestic health spending goes on mental health, compared with 44% on NCDs. There is room to increase the proportion of spending available for mental health by integrating treatment, without a decrease in the amount available for NCDs. The patient-outcome and cost-effectiveness benefits of integration mean it makes clear sense to integrate mental health and NCD services further.

**Figure 5: Percentage of domestic government health spend on NCDs and mental health**



Source: WHO Mental Health Atlas and World Health Organisation Global Health Expenditure database (WHO GHED), [apps.who.int/nha/database](https://apps.who.int/nha/database). Accessed on: 9 April 2024.

Note: In each case, the subset of countries used is not identical – it depends on data availability. These are median values by country.

For finance to create the mental health systems required in most countries, mental health needs to be embedded in public financial planning. Government annual budgets are often guided by medium-term fiscal frameworks (MTFF) and medium-term expenditure frameworks (MTEF), which are typically for a three-year period. These fiscal frameworks are guided by longer-term policy strategies, such as national development plans.<sup>27</sup> Together, these provide the overall roadmap for a country's medium-term economic growth and development strategy. To ensure sustainable, cross-sectoral financing for mental health, it needs to be included in long-term development plans and medium-term budgetary frameworks. Similarly, every national government should conduct regular mental health investment cases to inform national mental health plans and policies. Where these have been performed, such as in the Philippines,<sup>28</sup> they have provided strong evidence for the investments required, beyond the right to quality healthcare for all.

<sup>27</sup> Medium Term Expenditure Frameworks, <https://www.oecd.org/gov/budgeting/medium-term-expenditure-frameworks/>, Accessed: 9 April 2024.

<sup>28</sup> The economic case for investing in mental health, UNDP, 2021, <https://www.undp.org/asia-pacific/blog/economic-case-investing-mental-health>, Accessed on 9 April 2024.

**Recommendation:**

Mental health needs to be included in long-term development plans and medium-term budgetary frameworks and every national government should conduct regular mental health investment cases to inform national mental health plans and policies.

Mental health is a cross-sectoral issue and it must be treated as one. Incorporating mental health into other government sectors, such as education, judicial, social protection and environmental, will help address this, particularly through a joint focus on primary care, in contrast to the current focus on expensive tertiary care. This also has the benefit of indirectly increasing total mental health financing.

**Recommendation:**

Mental health is a multi-sectoral issue. To support better mental health for all requires 'mental health in all policies', working with the education, judicial, social protection, environmental and other sectors, to jointly focus on primary and community care.

**REVENUE RAISING**

Adequate finance for mental health systems must be raised in sustainable and equitable ways. Social health insurance (SHI) schemes can help achieve universal health care (UHC), but in many countries mental health is either inadequately included or not included at all in SHI-scheme benefits.

SHI schemes have been successfully implemented in high-income countries. In middle-income countries, the results have been more mixed. However, such schemes can provide, along with general taxation, a route to UHC.<sup>29</sup> UHC cannot be achieved if mental health is not included – in the form of a basic package of essential mental health services free at the point of use. SHI schemes can provide governments with the extra capital they need to fund these more comprehensive health systems.

One way of potentially raising the extra revenue needed to directly finance NCD and mental health interventions is the taxation of alcohol. The WHO Global Strategy to Reduce the Harmful Use of Alcohol identifies increasing and earmarking tax revenue from alcohol production and sales as a way of creating significant positive behavioural change and generating finance for NCD and mental health services. The Global Strategy also highlights other alcohol-related revenue-generating approaches, such as taking from 'state-owned retail monopolies, a levy on profits across the value chains for alcoholic beverages, taxing alcohol advertising, or fines for noncompliance with alcohol regulations.'<sup>30</sup> Application of a similar strategy in Somaliland was through a tax on imports of the drug Khat. This quickly led to the establishment of a National Mental Health Program with annual funding from the Khat health tax of more than US\$2 million per year. While this is far short of what is required to fully implement a mental health system

29 Jamal MH, Abdul Aziz AF, Aizuddin AN, Aljunid SM. Successes and obstacles in implementing social health insurance in developing and middle-income countries: A scoping review of 5-year recent literatures. *Front Public Health*. 2022. doi: 10.3389/fpubh.2022.918188.

30 Working document for development of an action plan to strengthen implementation of the Global Strategy to Reduce the Harmful Use of Alcohol. Geneva: World Health Organization; 2020.

compliant with the WHO Comprehensive Mental Health Action Plan 2013-2030, it is a significant increase in public finance for mental health. This increase saw the creation of a new Department of Mental Health, the building of outpatient mental health clinics in previously unserved regions, and the initial integration of mental health services into primary health care (PHC).<sup>31</sup>

**Recommendation:**

As well as through general taxation and/or social health insurance, revenue for NCDs and mental health needs to be raised through progressive mechanisms such as health taxes, for example on unhealthy commodities such as alcohol.

Innovative solutions to increase domestic investment in mental health are also an option, such as 'debt swaps' and using private sector finance through 'blended finance' programming.

**Debt swaps** involve a creditor providing some level of forgiveness or better terms on debt in return for a debtor funding local development projects – such as domestic mental health programmes – in their local currency. Debt swaps have become increasingly common, particularly in climate financing. By 2023, they had reached a total value of US\$800 billion.<sup>32</sup> Mental health is an excellent option for this kind of investment, given the significant use of local currency to finance mental health systems.

**Blended finance** is also increasing in significance, growing at a rate of around 20% per year.<sup>33</sup> Social impact bonds (SIBs) are a type of blended finance, which allow governments to access fresh capital to address underfunded social problems.<sup>34</sup>

31 Abdia, Y. and Hersia, L. A National Program to scale up investment and reducing the gap in mental health in Somaliland: first year achievements. *Somali Health Action Journal*. 2023, Vol. 3. doi: 10.36368/shaj.v3i1.342

32 Three ways to scale up debt-for-climate swaps, <https://ecdpm.org/work/scale-debt-climate-swaps-infographic-three-ways>, Accessed: 09 April 2024.

33 Development Initiatives, *Blended Finance: Understanding its potential for Agenda 2030*, 2016.

34 Katz AS, Brisbois B, Zerger S, Hwang SW. Social Impact Bonds as a Funding Method for Health and Social Programs: Potential Areas of Concern. *Am J Public Health*, 2018. doi: 10.2105/AJPH.2017.304157.



## OPPORTUNITIES TO INCREASE GLOBAL MENTAL HEALTH FINANCE

Despite these potential domestic-level solutions, it is still difficult for lower-middle and low-income countries to increase domestic spending. As a result, they need support from external actors, such as development organisations.

Donors should immediately allocate at least 0.5% of their development assistance for health (DAH) to mental health, with this increasing to 1% by 2027, and 5% by 2030. Using the latest DAH data from the IHME, if all DAC members met the 0.5% target, there would be an extra US\$143 million available for mental health services in low and middle income countries. If they met the 1% target, an extra US\$363 million would be available, and 5% would create an additional US\$2.1 billion. The gap in mental health financing in low and middle income countries is around US\$3.3 billion annually. If development actors increased their DAMH spending to 1% or 5% of DAH, this would fill 11% or nearly two-thirds of the remaining gap in lower and middle income countries respectively. It is vital that these increases and current financing are catalytic – bringing systemic change and sustainable financing solutions.

### Recommendation:

Bilateral and multilateral donors should provide at least 0.5% of their DAH to mental health, with this increasing to 1% by 2027 and 5% by 2030.

For many mental health systems, the transition from a tertiary-focused to a primary system will require significant financial investment. Domestic resources may not be sufficient to meet that need in the immediate or medium-term. This is where external finance can play a role in creating sustained systemic change. Global or regional development banks could be ideally placed to provide the finance required for the transition to modern, rights-based and effective mental health systems that meet the WHO Comprehensive Mental Health Action Plan, while domestic resources continue to fund existing services.

## OPPORTUNITIES TO IMPROVE GLOBAL MENTAL HEALTH FINANCE

It is often not possible to increase finance for aspects of health such as mental health and NCDs. So it is imperative that existing financing is used in the most effective manner possible.

External actors should create dedicated global mental health strategies when supporting low- and lower-middle-income countries in tackling mental health issues. The former UK development agency, DfID, published 'An Approach and Theory of Change to Mental Health and Psychosocial Support' in 2020. USAID is yet to have an explicit strategy for mental health, but reports directly to Congress on its progress on mental health, while also appreciating mental health's role in wider development. Development actors should incorporate mental health into their projects across multiple sectors, taking advantage of the cost-savings of treating co-morbidities together. For example, the Global Fund's new five-year strategy acknowledges the importance of integrating basic mental health and psychosocial services into HIV and TB programmes.

### Recommendation:

Bilateral and multilateral donors, and private donors working in health, should develop dedicated global mental health strategies which recognise mental health as both a fundamental goal in and of itself, as well as a critical enabler of wider sustainable development.

There is research that suggests most DAMH is delivered in humanitarian situations, so it tends to focus on emergency response instead of long-term development.<sup>35</sup> There is also considerable evidence that people in displaced communities are at increased risk of developing mental health conditions – something that, historically, has been overlooked in humanitarian response.<sup>36</sup> Given the low volumes of DAMH generally, these two issues can and do coexist. Mental health financing in humanitarian settings must be increased, alongside a rise in development financing for mental health. This dual step must be well-coordinated and complementary to optimise outcomes.

### Recommendation:

Mental health financing for emergencies needs to increase, be well coordinated, and span the humanitarian-development nexus. This means the World Bank and bilateral and multilateral donors must commit to increasing investment in addressing emergencies.

Global financing partnerships already exist and many more are being created to tackle the largest issues facing society. These include the Global Financing Facility (GFF), the Global Partnership for Education (GPE), the International Development Association (IDA), the Green Climate Fund (GCF) and many more. Including mental health as a priority in these partnerships can help raise much-needed financing for the sector, as well as create treatment efficiencies.

The most recent IDA replenishment, IDA20, focused on gender and development; fragility, conflict and violence; and climate change. The cycle raised US\$93 billion, much of which is being spent in these target areas.<sup>37</sup> IDA21 will catalyse investments in women and youth empowerment; energy access; tackling climate change; digitisation; job creation and more to end poverty on a liveable planet.<sup>38</sup> These social issues intersect with mental health, providing an excellent opportunity to invest in mental health to accelerate progress towards IDA21's desired outcomes.

35 Gribble RSF, Liese BH, Wickremsinhe MN. An analysis of funding patterns in development assistance for mental health: who, when, what, and where, *Glob Ment Health (Camb)*, 2021. doi: 10.1017/gmh.2020.30.

36 Providing mental health support in humanitarian emergencies: an opportunity to integrate care in a sustainable way, <https://www.who.int/news-room/feature-stories/detail/providing-mental-health-support-in-humanitarian-emergencies-an-opportunity-to-integrate-care-in-a-sustainable-way>, Accessed: 9 April 2024.

37 IDA20 Replenishment, World Bank, <https://ida.worldbank.org/en/replenishments/ida20-replenishment/ida20>, Accessed: 28 August 2023.

38 Road to IDA21, World Bank. <https://ida.worldbank.org/en/replenishments/road-to-IDA21>

**Recommendation:**

To achieve its new commitment to help low- and middle-income countries provide 1.5 billion people with quality, affordable health services throughout their lives by 2030, the World Bank needs to significantly increase its finance for mental health and fully integrate mental health into its health sector, and related sectors, investments.

Given the links between climate change and mental health, it would be a natural focus area for the Green Climate Fund's next renewal. International financial institutions are also reconsidering their role in global health, as they no longer need to concentrate on responding to the COVID pandemic.<sup>39</sup> They could provide the much-needed liquidity to support systemic change and the scaling up of mental health services.

**TRACKING DEVELOPMENT ASSISTANCE FOR MENTAL HEALTH**

For the development assistance for mental health (DAMH) targets to be reached, mental health financing must be transparent and accountable. Development organisations report their financial commitments and disbursements to the publicly available OECD DAC Creditor Reporting System database, but there is no universally-agreed definition for DAMH. Without this, there is no way to fairly compare financing across different donors and time periods. There is a purpose code for 'promotion of mental health and well-being' that donors can use, but this is not broad enough to account for the cross-sectoral nature of mental health. In an attempt to address this, IHME estimates DAMH as part of its Development Assistance for Health (DAH) database, but this is not agreed upon by all parties.<sup>40</sup>

An agreed method for quantifying development financing for mental health is needed, possibly in the form of an OECD DAC marker, perhaps similar to the gender marker.<sup>41</sup>

**Recommendation:**

There should be a universally-agreed definition for development assistance for mental health (DAMH), used to systematically report on and analyse DAMH flows. This could take the form of a policy marker in the OECD DAC Creditor Reporting System.

39 IFIs need a well-defined role in global health, <https://www.knowledge-action-portal.com/en/content/ifis-need-well-defined-role-global-health>, Accessed: 9 April 2024.

40 Institute for Health Metrics and Evaluation (IHME). Development Assistance for Health Database 1990-2022. Seattle, United States: Institute for Health Metrics and Evaluation (IHME), 2023.

41 The policy marker system, OECD, 2014, <https://www.oecd.org/dac/gender-development/BMZ%202014%20The%20Policy%20Marker%20System.%20DACBMZ%20Markers.%20Guidelines.%20EN.pdf>.



## CONCLUSION

NCDs are responsible for 74% of deaths globally, yet spending on NCD services remains far short of what is necessary. Fewer than half of the 62 countries with sufficient data spend more than a quarter of their government health budget on NCDs.<sup>42</sup> External actors are not filling the gap, still prioritising MDG-style interventions instead, with the IHME estimating that they've spent just 0.5%-2.5% of total DAH on tackling NCDs over the past 30 years. A recent Lancet report estimated that an additional US\$18 billion per year from 2023 to 2030 is needed to meaningfully accelerate progress on priority NCD interventions in low- and middle-income countries.

The funding situation for mental health is even worse. Mental health conditions are responsible for one in every ten DALYs but receive just 2% of domestic financing for health on average. Most countries fall considerably short of the conservative Lancet Commission targets of at least 5% of health spending in low- and middle-income countries, and at least 10% in high-income countries. External actors are not stepping up to fill that gap. The annual global shortfall in funding is US\$200 billion.

Return on investment is already high for many mental health issues and NCDs. Various WHO Best Buys generate returns of between US\$2 and US\$12 for NCDs, and US\$5 for selected mental health interventions. Taking an integrated, person-centred approach is essential, in terms of both human wellbeing and economic cost. Costs increase to both governments and individuals through OOPs when the co-morbidities of mental health and NCDs are treated separately, and care costs are higher for providers when they are treated in isolation. So integrated treatment increases cost-effectiveness and improves the already high ROI.

As such, mental health financing needs to increase dramatically. Domestic governments should meet the 2018 Lancet Commission targets. Integrating mental health services with generally better-resourced NCD services would improve finance for mental health. More innovative options such as debt swaps, blended finance and SIBs can free up more cash to support mental health services. Nonetheless, many lower-income countries do not have the resources to support mental health fully and external actors need to step up. Bilateral and multilateral donors should provide at least 0.5% of their DAH to mental health, with this increasing to 1% by 2027, and aligning with the mental health disease burden by 2030. A transparency and accountability system, such as a marker on the OECD DAC CRS, is needed to make sure this happens.

Governments should develop regular mental health investment cases and development actors should have explicit mental health strategies, such as those being led by WHO and the UN Development Programme (UNDP).<sup>43</sup> Governments should use MTEFs to facilitate the planning of multi-year projects, while also taking into account expenditure pressures. Domestic SHIs can support a move towards UHC, which helps improve mental health support. Incorporating mental health into other government sectors will help address the cross-sectoral nature of the issue, particularly through a focus on primary care, as opposed to the current focus on expensive tertiary care. Mental health financing in humanitarian settings should be increased, but in a way that complements development spending. Mental health should be at the core of various global financing partnerships such as IDA, the Global Financing Facility and new climate funds, if the SDGs are to be met.

<sup>42</sup> World Health Organisation Global Health Expenditure Database (WHO GHED), [apps.who.int/nha/database](https://apps.who.int/nha/database). Accessed on: 9 April 2024.

<sup>43</sup> WHO. Mental health investment case: a guidance note, <https://www.who.int/publications/i/item/9789240019386>. Accessed: 3 May 2024

## RECOMMENDATIONS

### 1. NCD AND MENTAL HEALTH FINANCING SHOULD BE INTEGRATED WHERE POSSIBLE, AND ALWAYS COMPLEMENTARY

**Health systems must create new models of care for integrated, person-centred care, which ensure individuals get the comprehensive physical and mental health care they need and desire.** How health systems are financed can drive this approach.

**NCDs and mental health co-morbidities should be addressed to deliver better and more cost-effective outcomes.** People living with mental health conditions such as bipolar disorder are at greater risk of certain physical health conditions, including cardiovascular and respiratory disease. A smart approach to financing is to invest in prevention as well as diagnosis and treatment.

### 2. DOMESTIC RESOURCES NEED TO BE INCREASED AND IMPROVED

**Financing the integration of mental health into primary and community-based health care needs to be the priority, not funding psychiatric hospitals and long-term care facilities.** Right now, in many countries, the majority of funds for mental health are spent on locking people up in institutions – that needs to change.

**All governments should meet the 2018 Lancet Commission's government spending targets of allocating at least 5% and 10% of health budgets to mental health.** These targets should also be reviewed to continue progress and a cross-government spending guideline considered.

As well as through general taxation and/or social health insurance, **revenue for NCDs and mental health needs to be raised through progressive mechanisms such as health taxes**, for example on unhealthy commodities such as alcohol.

**Mental health is a multi-sectoral issue.** Supporting better mental health for all requires 'mental health in all policies' (as set out by WHO, UNICEF and many other organisations). It is important to work with the education, judicial, social protection, environmental and other sectors, and to jointly focus on primary and community care. This needs to be reflected in how funding for mental health is approached, in both emergency and non-emergency settings.

### 3. WHERE DOMESTIC RESOURCES ARE NOT ENOUGH, CATALYTIC DONOR FINANCE IS NEEDED TO CREATE SYSTEMIC CHANGE AND SUSTAINABLE FINANCING SOLUTIONS

**Bilateral and multilateral donors should allocate at least 0.5% of their DAH to mental health, with this increasing to 1% by 2027 and 5% by 2030.**

**Bilateral and multilateral donors, such as the World Bank, and private donors working in health, should develop dedicated global mental health strategies, which recognise mental health as both a fundamental goal in and of itself, as well as a critical enabler of wider sustainable development.** The strategies should incorporate mental health prevention and promotion; the integration of NCDs and mental health services; mental health as a critical component of UHC and humanitarian responses; and global mental health research. They should also be fully integrated into wider ODA strategies as part of a mental-health-in-all-policies approach.

**Mental health financing for emergencies needs to increase, be well coordinated, and span the humanitarian-development nexus.** This means the World Bank and bilateral and multilateral donors must commit to increasing investment in addressing emergencies.

To achieve their new commitment to help low- and middle-income countries provide 1.5 billion people with quality, affordable health services throughout their lives by 2030, **the World Bank needs to significantly increase their finance to mental health and fully integrate mental health into their health and related sectors investments.**

### 4. FINANCES FOR MENTAL HEALTH AND NCDs MUST BE TRANSPARENTLY AND CONSISTENTLY MONITORED AND TRACKED THROUGH PARTICIPATORY PROCESSES

**Domestic governments must accurately and transparently track their financing for mental health.** This must also have a globally consistent definition to allow comparability over time and between countries.

**There should be a universally-agreed definition for development assistance for mental health (DAMH)** and this definition should be used to systematically report on and analyse DAMH flows. This could take the form of a policy marker in the OECD DAC Creditor Reporting System.



# INCREASE, IMPROVE AND INTEGRATE: THE WAY FORWARD FOR FINANCING NCDS AND MENTAL HEALTH

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