

Malaria: Bad for business

Why investing in ending malaria provides some of the highest economic returns.



Malaria's burden on the health and wealth of nations

While huge progress has been made in recent years, one of the most striking signs of the global impact of the 215 million cases of malaria reported last year is that up to 40% of public health spending goes on the disease in the most heavily affected countries.

But malaria reaches far beyond public health, taking its toll on households, local and multinational business profits, and national economic development. Critically, annual economic growth in countries with high malaria transmission has historically been lower than in countries without malaria. In some African countries, malaria reduces GDP growth up to an estimated 1.3%.

Malaria costs productivity. Adults are forced to be absent from work, children miss school, and households spend disproportionately on health when they can least afford it. But it need not be this way. With developing countries, donors and private sector firms beginning to take real action, we can be the generation that ends malaria for good and boosts prosperity for all.

The economic growth penalty

Malaria's impact on national economies

Malaria and poverty occupy common ground. Where the burden of malaria is highest, economic prosperity is lowest. We know that poverty can promote malaria transmission, and that malaria causes poverty by blocking economic growth.

Research shows that malaria can strain national economics, having a deleterious impact on some nations' GDP by as much as an estimated 5 - 6%. It keeps households in poverty, discourages domestic and foreign investment and tourism, affects land use patterns, and reduces productivity through lost work days and diminished job performance. One analysis in southern India estimated that households whose members suffered with malaria could clear only 40% as much cropland as those households without malaria.

In endemic countries, the poorest households are disproportionately affected by these costs, and a single episode of malaria can be enough to push one in three affected families into or further into poverty. A study in Malawi found that the total direct and indirect cost of malaria consumed 32% of annual household income among those with very low income compared with 4.2% among households in the low-to-high income categories. Preventing malaria reduces these costs, enabling households to invest more in food, housing, education, and entrepreneurial initiatives or assets.

Bad for business

Malaria's impact on the private sector

Malaria is bad for business. That's how the World Economic Forum see it, and they're not wrong. In sub-Saharan Africa, 72% of companies surveyed reported a negative malaria impact, with 39% perceiving these impacts to be serious.

The disease continues to affect company profits across the African continent and beyond - through employee absenteeism, reduced productivity and escalating benefit costs. Malaria among a company's employees also increases the potential for transmission to the wider local community, which then impacts the local economy through the deterioration of human capital, losses in savings, and investments and tax revenues.

UK businesses operating abroad are not immune to the effects of malaria. When London-based mining and metals company, BHP Billiton, built a Mozal aluminium smelter in Mozambique with a joint venture investment of US\$1.4 billion, the company was faced with 7,000 cases of malaria in two years and the death of 13 expatriate employees. The total cost to the company due to malaria related illness, absenteeism and treatment was estimated at almost US\$2.7 million.

Investing in the malaria fight is smart business

Money spent on malaria control and elimination pays off

- Over 25 years, GDP per capita growth in countries not affected by malaria was over five times higher than in countries with a heavy malaria burden.
- An expenditure impact study suggested that, for every US\$1 per capita investment in the fight against malaria in Africa, there was an increase in per capita GDP of US\$6.75.
- Malaria control is a cost-effective business investment. As companies invest in the health of their workers, protecting them from malaria and other diseases, they reduce costs and boost competitiveness.
- Businesses that have scaled up malaria control quickly have seen an excellent return on investment with significant reductions in malaria-related illnesses and deaths, worker absenteeism and malaria-related spending.
- Involvement in the fight against malaria has helped companies' reputations for social responsibility and good corporate citizenship. It has also had a significant leveraging effect. In Ghana, Mozambique and Zambia, companies have used their resources and infrastructure to secure funding from external donors, scaling-up interventions that would not have happened otherwise.
- Reducing the burden of malaria also decreases inequality. This contributes to the creation of more cohesive, stable societies, which can attract international trade and investment, helping to make growth more inclusive and sustainable.
- Eliminating malaria enables the safe movement of people across regional and country borders, bringing a range of benefits for economic development zones and tourism.

"The world in which our company operates is changing fast. Look at sub-Saharan Africa, where as lifestyles change, non-communicable diseases like cancer and diabetes are on the rise. At the same time, the region is still grappling with infectious diseases such as malaria that claim hundreds of thousands of lives and drain healthcare systems. Getting a handle on this dual disease burden is key to unlocking the region's economic potential."

Ramil Burden
GlaxoSmithKline Vice-President
for Africa and Developing Countries

In Obuasi, Ghana, private sector investment in tackling malaria has led to business and community benefits, with drastic reductions in malaria prevalence. *"We had a goal of achieving a 50% reduction within two years," says Sylvester Segbaya, Programme Director for AngloGold Ashanti Malaria Control. "Within two years, we actually had a 74% reduction."* For the gold mining company, this resulted in a 96% fall in the average number of lost workdays per month, and decreased average monthly medication costs from US\$55,000 to US\$9,800.

UK investment to combat malaria

Malaria delivers an astonishing return on investment

The UK is a world leader in the malaria fight and has been at the forefront of progress in tackling the disease. Over the last 15 years, UK aid has contributed to a 60% decrease in deaths, with over six million lives saved. Investment in the malaria fight is a perfect example of UK aid well spent, delivering £36 in social and economic benefits for every £1 spent.

In 2015, the UK – along with 192 other UN Member States – formally adopted a new global development framework consisting of 17 Sustainable Development Goals (SDGs) and 169 targets, including the target to end the malaria epidemic by 2030. Whilst UK Official Development Assistance (ODA) remains an essential part of the financial commitment needed to achieve this, private sector involvement in malaria control is also critical to reducing and eventually eliminating the disease.

As this briefing demonstrates, UK aid that is invested in tackling malaria is yielding social and economic returns which will ultimately improve the productivity and trading potential of countries that have been blighted by the disease. We are at a tipping point. Despite enormous progress we cannot let up – over 430,000 people will still lose their lives this year to the disease. History demonstrates that there are severe consequences to halted investment. If we let up efforts now, we will see a rapid resurgence costing millions of lives and billions of pounds as experienced in the 1960s.

We have the extraordinary potential to eradicate malaria within a generation. Sustained UK leadership and investment will be vital to achieving this.

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About Malaria No More UK

We have an ambitious mission to end the greatest killer disease in human history. We work with governments, private sector partners and the public to galvanise the political will and financial commitment required to bring forward the innovations in prevention, diagnosis and treatment that will end this devastating disease. We are determined to be the generation that eradicates the disease entirely and believe this goal is within our reach.

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