

# BIOECONOMICS OF HEALTH AS A GLOBAL INNOVATION CHALLENGE AND THE MAIN TREND OF INSTITUTIONAL TRANSFORMATION OF THE POST-PANDEMIC ECONOMY

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**Abstract.** At the same time, this means that the local bioeconomics of health should become the new leader of post pandemic recovery and economic growth, however, given the necessary human capital. In turn, this also presupposes a corresponding evolution of educational institutions with the key role of network “University 4.0” [14], capable not only of training the necessary personnel for the future, but also serving as a “capitalizer” of humanitarian potential as well as a designer and globalizer of regional inclusive development. As a result, this creates both unprecedented innovative challenges and new great opportunities for regional mechanical and bioengineering and instrument making.

**Key words:** bioeconomy, Knowledge-based economy, biologization+digitalization (Nano-Bio-Info-Cogno), bioeconomics of health

The people’s life and health are the value foundation of any nation and key among 17 UN global sustainable development goals (SDGs). The COVID-19 pandemic has convincingly shown that these values form the sense of the state existence, as well as a criterial base for the effectiveness of public power. Having provoked the deepest economic crisis in the past century and a half and caused an unprecedented world lockdown, this pandemic has demonstrated both the inefficiency of existing national healthcare systems and the lack of sustainability of the global economy. In combination with the sharply increased phenomenon of Volatility (V), Uncertainty (U) and Complexity (C) of the observed and interpreted within the framework of traditional (neo)classical theories of modern economic processes and the Ambiguity (A) of the predictive results obtained on their basis [1], all this indicated an equally unprecedented nature of the global innovation challenges behind them. In turn, VUCA-trends and the uncertainty of the prospects for restructuring the post-pandemic economic reality give rise to the need to rethink the original theoretical concepts laid in the classical scientific foundation of ideas about health and the system of its maintenance, as well as about the economy and its target function in the context of future inclusive sustainable development.

As for health, its basic concept as “a state of complete physical, mental and social well-being and not merely the absence of disease or infirmity” was formed by the UN back in 1946 and laid down in the Constitution of the World Health Organisation (WHO). Moreover, this Constitution treats the health as a key principle for “the happiness, harmonious relations and security of all peoples [2]. Such a broad definition implies a strong role of the state in vertical integration of national public health system (PHS), based on the primary healthcare as its institutional foundation at the level of the local community. The key role in such a system belongs to the hospital as a main institution for the treatment of acute diseases and pathologies with passive role of the patient ordering or needing medical services.

30 years later, after the entry into force in 1948 the WHO Constitution, in the Declaration of Alma-Ata Conference on Primary Health Care (PHC) in 1978 states that PHC “is based on the application of the relevant results of social, biomedical and health services research and public health experience, addresses the main health problems in the community, providing promotive, preventive, curative and rehabilitative services” and includes at least “education prevailing health problems and the methods of preventing and controlling them; promotion of food supply and proper nutrition; adequate supply of safe water and basic sanitation; maternal and child health care, including family planning; immunization against the major infectious diseases, prevention and control of local endemic diseases; appropriate treatment of common diseases and injuries; and provision of essential drugs” [3]. In general, within such framework, PHS realized a sectoral and “medical-centric” approach, although it came of the understanding, that “the

attainment of the highest possible level of health is a most important world-wide social goal whose realization requires the actions of many other social and economic sectors in addition to the health sector”, as well as all “aspects of national and community development, in particular agriculture, animal husbandry, food, industry, education, housing, public workers, communications and other” and “demands the coordinated efforts of all these sectors”. By virtue of this, there was declared “the need for urgent action by all governments, and health and development workers, and the world community to protect and promote the health of all the people of the world”, and stated the “main social target of the governments, international organizations and the whole world community in the coming decades should be attainment by all peoples of the world by the year 2000 of a level of health that will permit them to lead a socially and economically productive life”. Simultaneously, there was emphasized that “primary health care is the key to attaining this target as part of development in spirit of social justice” [ibid].

The adoption of this declaration made it possible to integrate the efforts of the world community in both struggle with a specific diseases, such as malaria or tuberculosis, and increasing the life expectancy of people in different countries and regions based on innovation technologies and healthy lifestyles. However, due to the deepening global economic and social stratification, primarily between developed and developing countries, by the 2000 the world was farther from the declared goal of “health for all” in “spirit of social justice” in the framework of “medical-oriented” approach than in 1978 [4]. This meant that the problem of building effective PHS requires a broader intersectoral approach and needs a wider spectrum of socio-economical determinants and political and institutional drivers. Moreover, the Public Health System itself should be harmoniously integrated into the global development in context of the Millennium Development Goals (MDGs), defined by the UN for the 2000-2015 period.

Meanwhile, the global crisis of 2007-2009 has exacerbated the problem of social inequity even more and demanded better joint governance for better life and health. To develop such a policy, based on comprehensive intersectoral interaction, the World Conference on Social Determinants of Health there was held in Rio de Janeiro, Brazil, in October 2011, which noted, that “current global economic and financial crisis urgently requires the adoption of actions to reduce increasing health inequities and prevent worsening of living conditions and the deterioration of the universal health care and social protection systems” in spirit of policy “all for equity” and “health for all” [5]. In framework of this Rio Declaration there were worked out five domain of the monitoring system mirroring the five action areas and determined eight key sectors for determinant’s designing, including , in addition to health, seven more related sectors: housing and environment; agriculture and food; economy and trade; as well as employment, education, transport and justice. The adoption by the UN in 2015 of 17 SDGs on 2016-2030 period, among which the key role belongs to goal 3 (quality life and health), not only further strengthened the request for an integrated intersectoral approach to the building up the PHS, but also intensified attempts to work out a holistic system of health indicators [6].

To this end, forty years after Alma-Ata, in order to give adequate answers how to ensure the health in a spirit of intersectoral partnership and international cooperation in the face of innovation challenges of sustainable development, the new Global Conference on Primary Health Care was held in Astana, Kazakhstan, 25 and 26 October 2018. Within the framework of the Astana Declaration adopted there, a big shift is planned from previous focus on PHC towards Universal Health Coverage (UHC) with particular emphasis on new knowledge, capacity-building based on innovation-oriented human resources, technologies and financing. To achieve this goal, there was significantly expanded the range of active participants and partners, including individuals and local communities [7, sect. VI]:

“We support the involvement of individuals, families, communities and civil society...

We will increase community ownership and contribute of the accountability of the public and private sectors for more people to live healthier ... in enabling and health-conductive environments”. And further [7, sect.VII]:

“We call on all stakeholders- health professionals, academia, patients, civil society, local and international partners, agencies and funds, the private sector, faith-based organizations and others - to align with national policies, strategies and plans across all sectors, including through people-centered, gender sensitive approaches, to take joint actions to build stronger and sustainable PHC towards achieving UHC ... in a spirit of partnership and effective development cooperation, sharing knowledge and good practices while fully respecting national sovereignty and human rights. ....

Together we can and will achieve health and well-being for all, leaving no one behind”.

As we can see, over the past four decades, there has been a significant transformation in visions how to ensure high quality of public health. This transformation is manifested not only in the shift from PHC into UHC, which requires going beyond prevailing medical sciences and integration into broad interdisciplinary cooperation, but also a fundamental change in focus from hospital-oriented approach to people-centered one. Of course, such evolution took place also under the influence of that mainstream of the current decade, which affected the widespread transition from exclusive to inclusive models and proactive strategies of sustainable development. At the same time, quite naturally, not only the traditional question about the level of costs required for this arose, but also more broad problem of economic basis for such models. Moreover, the path and the cost of maintaining high quality of health and existing level of life expectancy demonstrated by OECD countries, as can be seen from Fig.1, turned to be economically unacceptable not only for the emerging economies, but also for most of the less developed states [8].

### Emerging Economies Must Avoid the Traditional Development Path of Health Systems

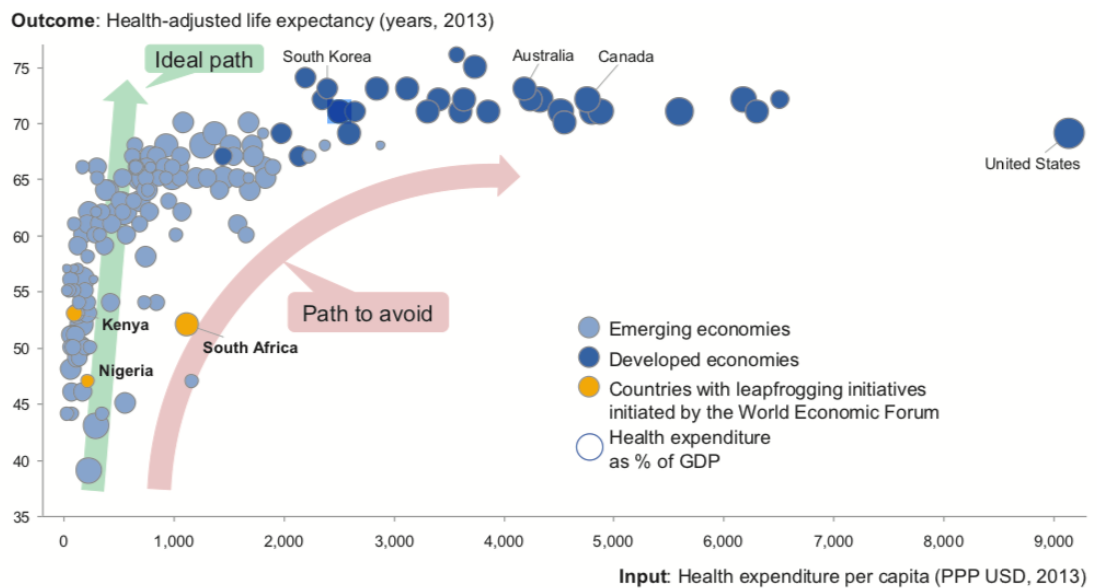


Figure 1. Life expectancy as a functional of health expenditures per capita  
Source: WEF 2016

Indeed, from the data presented in Fig.1 it follows that if other countries build their PHS like the United States did, it would be necessary to spend almost the entire globally produced GDP. Meanwhile, the total expenditures that the entire planet can afford to spend on health maintenance practically don't exceed 10% of income. Of course, the creation of such models is a great innovation problem of extreme importance, requiring for its successful resolution not only technological, but also social, and most importantly - institutional innovations. Therefore, it is not much surprised that the last pre-pandemic WIPO Report "Global Innovation Index 2019" was fully dedicated to the problem of creating healthy lives based on medical innovations [9]. There were presented the visions of innovative future of the health systems in different countries in the eyes of leading chairpersons from industry associations and high-tech business. In particular, Mr. Chadrajit Banerijee, Director General of the Confederation of Indian industry stated [9, preface IX]:

"Healthcare is a sector of critical importance in India, in compassing an array of areas including hospitals, medicines, medical devices, clinical trials, outsourcing, telemedicine, medical tourism, health insurance, and medical equipment".

His colleagues from Brazil, - Mr. Robson Braga de Andrade, President of the National Confederation of Brazilian Industry and Mr. Carlos Melles, President of the Brazilian Micro and Small Business Support Service, - are expanding this vision as follows [9, preface X]:

“Today, innovating in health means a great deal more than just developing new medicine. It means creating equipment capable of assisting in the diagnostic of diseases, developing medical devices for health monitoring and treatment, and conceiving customized treatments and protocols for each patient. Innovation goes beyond technological innovation - taking multiple forms that improve medicines, vaccines, and medical devices and that consider prevention, treatment, and the broader healthcare delivery and organization.

... [We] are confident that the emergence of intelligent, interconnected devices, sensors, and mobile trackers are essential for the country to develop telemedicine, which is one of the emerging technologies in this field. Artificial Intelligence (AI) is another promising technology in health that is gaining momentum due to the expansion of information processing capacity and data availability. AI can be used, among other things, to reduce medical errors. In countries like Brazil, where it is difficult for doctors to reach all regions of the country, telemedicine and AI could prove helpful in advancing medical care.”

Mr. Bernardt Charles, CEO of the “Dassault Systems”, one from globally leading software companies from France, shows even more broader vision [9, preface XI]:

“Healthcare is at the core of the Industry Renaissance that is emerging worldwide with new ways of inventing, learning, producing, trading and treating. We must no longer think of industry as a set of means of production, but instead as a vision of the world and a process of value creation that embraces all sectors in the economy and society. Today, we see new categories of innovators creating new categories of solutions for new categories of customers, citizens, and patients.

As we enter the age of experience economy - in which value is the usage rather than product-innovation is driven by consumer and patient experience. Today, society seeks personalized health and tailored patient experiences while ensuring optimum industrial security. Improving global health requires a holistic approach that includes cities, food, and education. It also implies a shift from reactive medicine to predictive and preventive approaches.

To achieve this multi scale purpose, we must connect people, ideas, data and solutions. Healthcare today calls for a fresh and collaborative approach to innovation, which cuts across scientific disciplines and breaks down silos to allow education, research, big firms, retailers, and patients to collaborate in real time.

Collaborative experience platforms are the infrastructure of this change. They provide a continuum of transformational disciplines to imagine, create, produce, and operate experiences from end to end.”

Such innovative visions and trends largely predetermined the situation when, next year after the Conference in Astana, a High-Level Meeting on Universal Health Coverage was held on the 23d of September 2019 in New York within the framework of the UN General Assembly. The Political Declaration, adopted during this Meeting, is oriented on scaling up the global efforts to build a healthier world for all and to achieve UHC by 2030 in coherence with 2030 Agenda. And in this regard there are specifically stated [10]:

“5. Recognize, that universal health coverage is fundamental for achieving the sustainable development goals;

8. Recognize, that health an investment in the human capital and social and economic development;

10. Recognize the need for health systems that are strong, resilient, functional, well governed, responsive, accountable, integrated, community-based, people-centered and capable of quality service delivery, supported by a complement health workforce, adequate health infrastructure, enabling legislative and regulatory frameworks as well as sufficient and sustainable funding;

52. Explore, encourage and promote a range of innovative incentives and finance mechanisms for health research and development, including a stronger and transparent partnership between the public and private sectors as well as the academia;

54. Engage all relevant stakeholders, including civil society, private sector and academia, ... through the establishment of participatory and transparent multi-stakeholder platforms and partnerships,...

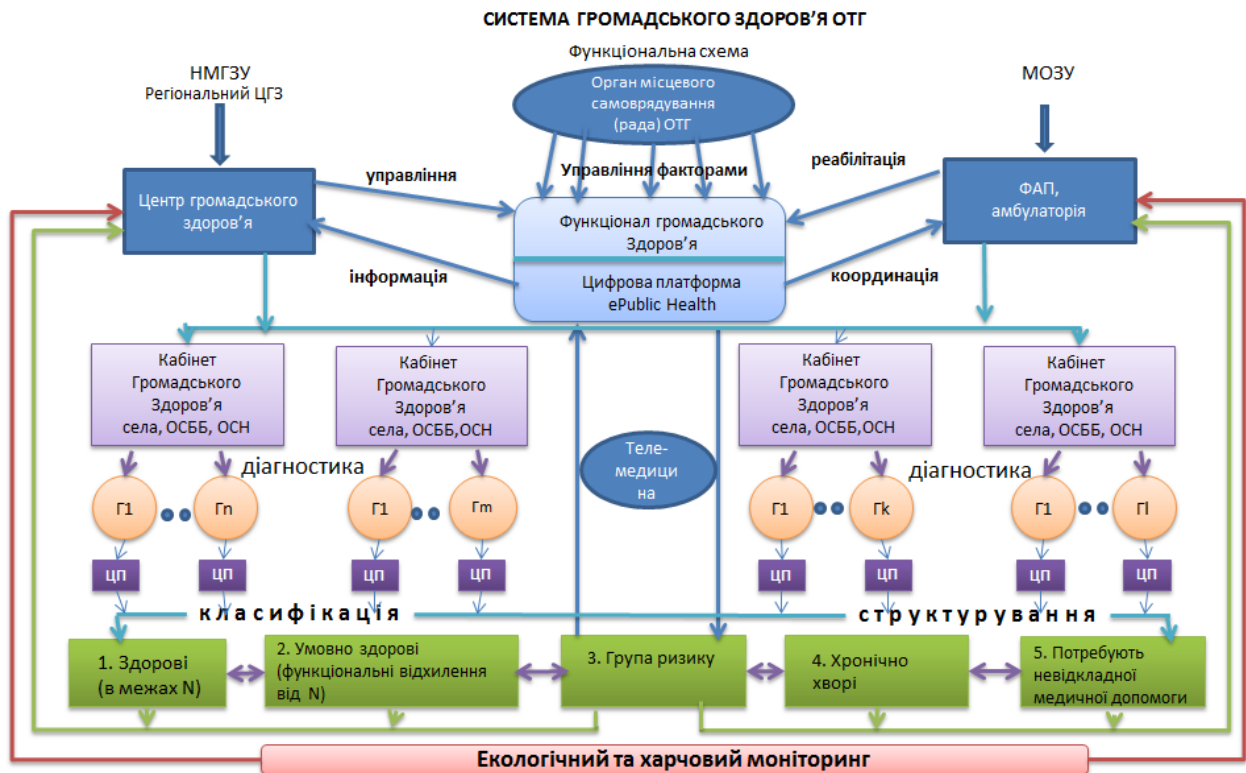
56. Build effective, accountable, transparent and inclusive institutions at all levels to end corruption and ensure social justice, ...

61. Develop, improve, and make available evidence-based training that is essential to different cultures..., as well as promote a continued education and life-long learning agenda and expand community-based health education and training in order to provide quality care for people through the life-course;

65. Strengthen capacity on health intervention and public-health-driven use of relevant evidence-based and user-friendly technologies, including digital technologies, and innovation to increase access to quality health and related social services and relevant information, improve the cost-effectiveness of health systems... to build and strengthen interoperable and integrated health information systems and public health surveillance, as well as the need to protect data and privacy and narrow the digital divide;

77. Realize and promote strong global partnership with all relevant stakeholders to achieve coverage and other health-related targets of the SDGs ...”

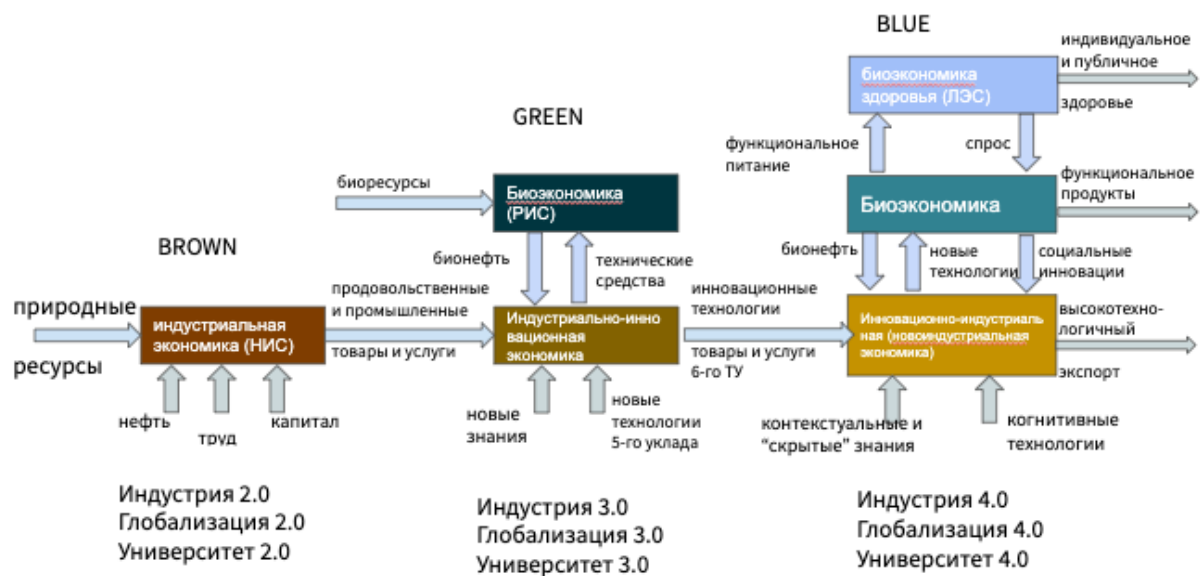
Taking into consideration the community-based (p.10) nature of such decentralized UHC ecosystems, their modeling is of fundamental importance (p.5). This leads to a well-grounded formulation of the problem of designing such local public health system as an innovation foundation for holistic multilayered national PHS, built in “bottom-up” direction and integrated with traditional vertically-subordinated PHC in spirit of p.65. At the same time, such a system is based on a nonclassical quantum mechanical concept of individual human health and the spatially distributed picture and factorized functional of public health of the local community [11]. In development of such approach and its expertise and implementation in a pilot version based on Polyana resort local community in Transcarpathia region in Ukraine there was arranged the first International scientific and practical round table “E-Public health management system for local community” in February 2018, and at the end of the same year (November,30 - December, 1) was held the First International scientific and practical conference “Public Health System: theory, methodology, technologies, social practice and management”. A schematic diagram of such system for the local community is shown in Fig.2



As can be seen from this figure, the key institutions of such local PHS are the Public Health (PH) Center and PH offices, connected via a digital platform into a common network. At the same time, these centers and offices are responsible for diagnosing and adjusting individual health indicators using technological systems based on artificial intelligence, while the central server and e-platform provide monitoring and affordable regulation of the PH factors for the entire community. The approach

implemented within the framework of this decentralized PHS is close in spirit to the energy-informational paradigm of health proposed by prof. Apanasenko G.L. [12], which is alternative to the existing traditional medical version of it. Such a paradigm, combined with a quantum-mechanical picture of health, opens up the prospect of creating a broad scientific platform for interdisciplinary synthesis that integrates the possibilities of natural and medical sciences.

Another aspect of such PHS is associated with its key role among 17 SDGs as well as the basis for the formation of human capital (p.8) as a leading one in inclusive sustainable development systems on an innovative basis. This means that health and PHC, which are often viewed outside economic categories as budget expenditures, within the UHC approaches and SDGs become a capital-forming direction. In this sense, we can talk about the synthesis of economics and health as a qualitatively new, post-nonclassical form of scientific rationality and a new stage in global economic evolution as an innovative BIOECONOMICS OF HEALTH. A schematic diagram of such evolution, as well as the essential differences that distinguish each of its stages, is shown in Fig.3.



НИС - национальная инновационная система; РИС - региональная инновационная система; ЛЭС - локальная (местная) экосистема

As one can see, two of the three steps of this “evolutionary ladder”, the Industrial (Brown) and Bioeconomy (Green), have become a reality in a third of the mainly developed countries on the planet, involving all the rest with help of the mechanisms of Globalization 2.0 (Trade without borders based on WTO rules) and Globalization 3.0 (Production without borders) [13]. The third, (Blue) BIOECONOMICS OF HEALTH, is the predicted future new post-pandemic economic reality, the target function of which is not the production of goods and services, even if they are ecological and organic, but expanded reproduction of health. In this sense, the institutional transformation of national economies towards decentralized formation of such bioeconomics is objectively the leading trend in the post-pandemic transformation of the global industry, integrating not only the opportunities of Industrialization 4.0 and the corresponding Globalization 4.0 (Service without borders), but also the modernized possibilities of the previous two types of economy (Brown and Green) as mega-means of world production. At the same time, this means that the local bioeconomics of health should become the new leader of post pandemic recovery and economic growth, however, given the necessary human capital. In turn, this also presupposes a corresponding evolution of educational institutions with the key role of network “University 4.0” [14], capable not only of training the necessary personnel for the future, but also serving as a “capitalizer” of humanitarian potential as well as a designer and globalizer of regional inclusive development. As a result, this creates both unprecedented innovative challenges and new great opportunities for regional mechanical and bioengineering and instrument making.



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