FROM DOUBLE SHOCK TO DOUBLE RECOVERY

Investing in PHC

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The pandemic’s double shock was profound.

COVID-19 has resulted in both a health shock as well as an economic shock.

- Globally, >400 million cases; ~6 million deaths.
- Morbidity and mortality highest among those with hypertension, diabetes, other co-morbidities.
- Long-term, lingering effects from infection leading to chronic conditions among some.
- Spillover impact on demand and supply of routine health interventions and services as well as on risk factors.

- Globally, massive economic contraction; lingering effect on levels of economic activity.
- Economic impact severe even in countries with low/no infections.
- Rising poverty, inequality; change in public financing landscape.
The double shock requires a double recovery.

Getting over the economic crisis depends on solving the health crisis.

- In the short-term: an end to the pandemic can only come through continued surveillance, treatment, and wide-spread coverage of COVID-19 vaccines.
- In the long-term: progress toward universal health coverage (UHC) – including pandemic preparedness -- and sound population health are vital for a sustainable and inclusive longer-term economic recovery and poverty reduction.

- To deliver the levels of health spending necessary to solve the health crisis, health and finance officials must work together to improve vaccine financing, coordinating across different levels of government.
- Ensuring sustained progress towards UHC and improving pandemic preparedness will require improved fiscal space for health, and PHC specifically.
A coordinated effort is required.

No sustained economic recovery...

...without a health recovery

- End the pandemic (vaccines, treatment, surveillance)
- Prevent future health crises
- Regain losses in UHC
Ending the Pandemic:

- COVID-19 vaccines offer the best pathway out of the crisis – and therefore represent an extremely high-return investment.

Key questions:

How can countries finance vaccines without crowding out non-COVID priority services? Where will the resources come from?

How can public financial management systems ensure the rapid flow of resources to support national vaccination efforts?
Vaccine financing options look different from general health financing.

**Best options for financing COVID-19 vaccines**

- **Government Revenues**
- **External Financing**
- **Social Health Insurance**
- **Private Health Insurance**
- **Out-of-Pocket (OOP)**
- **Others (NGOs, etc.)**

**IMF - Suggestions for COVID-19 fiscal management:**

**New revenue measures**
- Higher tax rates for high-income brackets, property, wealth

**Debt management**
- Extend maturities, international debt relief

**Expenditure cuts**
- Unproductive subsidies (e.g., fossil fuels), low-return projects
- Tobacco, alcohol, sugar-sweetened beverages
Visualizing additional resources for vaccines:

- Expand pie with new revenue measures
- Re-prioritize from other sectors (including debt restructuring to lower servicing costs)
- Finance vaccine costs from non-health budget, not from health, to protect essential services
- If possible, trim low-priority spending from health budget
Looking forward:
Preventing crises and regaining losses requires DRM, specifically PHC.
UHC implies domestic resource mobilization, especially for PHC.

**PHC helps prevent pricey hospital visits or diseases that can lead to high out-of-pocket spending on health.**

**PHC helps countries develop. Healthier people miss work less and contribute more to national prosperity.**
DRM requires fiscal space.

- “… room in a government’s budget that allows it to provide resources for a desired purpose without jeopardizing the sustainability of its financial position or the stability of the economy.” [Heller (IMF, 2005)]

Forward-looking medium-term assessment; about finding additional resources while also recognizing constraints

Situates public financing for health within broader macro-fiscal context
Mathematics of Public Spending on Health

Example – Country X:
4% \times 20\% \times US$1438 = US$12
4% \times 20\% \times US$1727 = US$14
4% \times 22\% \times US$1727 = US$15
7% \times 22\% \times US$1727 = US$27
9% \times 22\% \times US$1727 = US$34
The options:

- **Conducive macroeconomic conditions**: Deriving implications for health from a country’s overall fiscal space framework, e.g., as a result of conducive macroeconomic conditions.
- **Efficiency**: Improving the efficiency of existing and/or new sector outlays.
- **Development assistance**: Evaluating the use of additional sector-specific financing from external sources.
- **Sector-specific domestic revenue sources**: Examining pros and cons of sector-specific means to raise additional revenues, e.g., pro-health taxes, etc.
- **Reprioritization**: Focusing on the extent to which health might be reprioritized within the government budget.
Inefficiencies in the Health Sector

Total health spending

- Share wasted
  - 20-40%
  - 60-80%

Sources of inefficiency

- Wrong staff mix
- Absenteeism
- Ghost workers
- Over-prescription
- Low drug quality
- Counterfeit
- Under-use of generics
- Hospital size
- Length of stay
- Corruption
- Fraud
- Excessive procedures
- Equipment overuse
- Medical error
- Poor quality care

Inefficiencies in the Health Sector
Thank you.