

FINANCING LANDSCAPE OVERVIEW FOR COVID-19 VACCINES: SEARO REGION

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February 2021



Outline

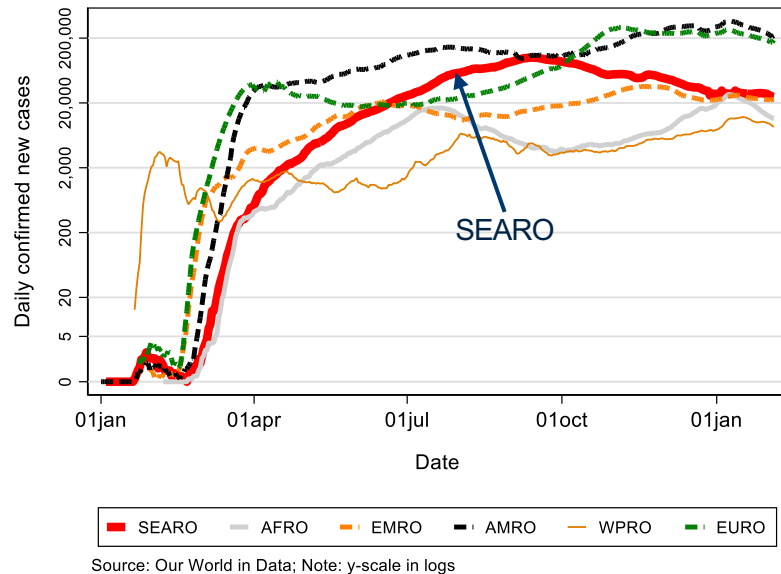
- Status of COVID-19: health, economic impact, impact on public revenues/expenditures
- Financing for vaccines vs financing for health: importance of public financing of COVID-19 vaccine while protecting spending on routine health services
- Options for financing COVID-19 vaccines

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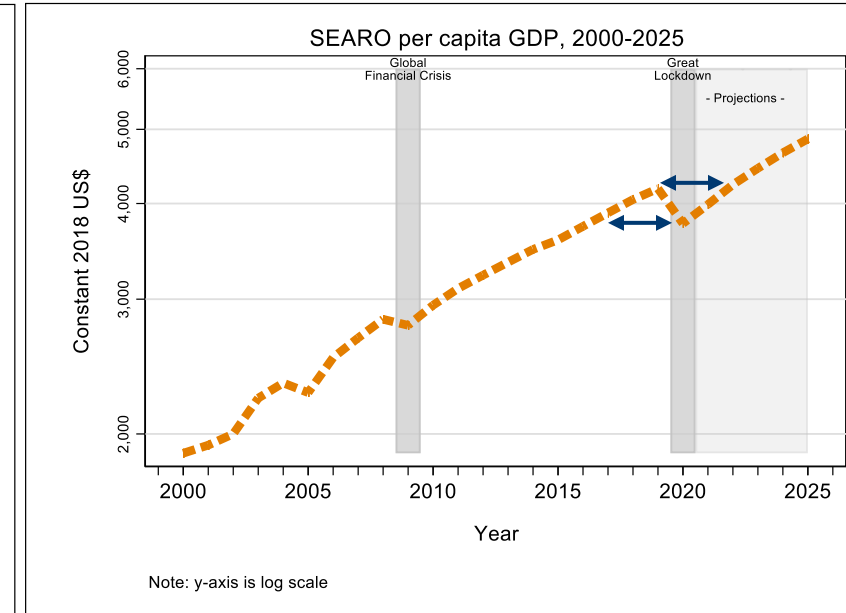
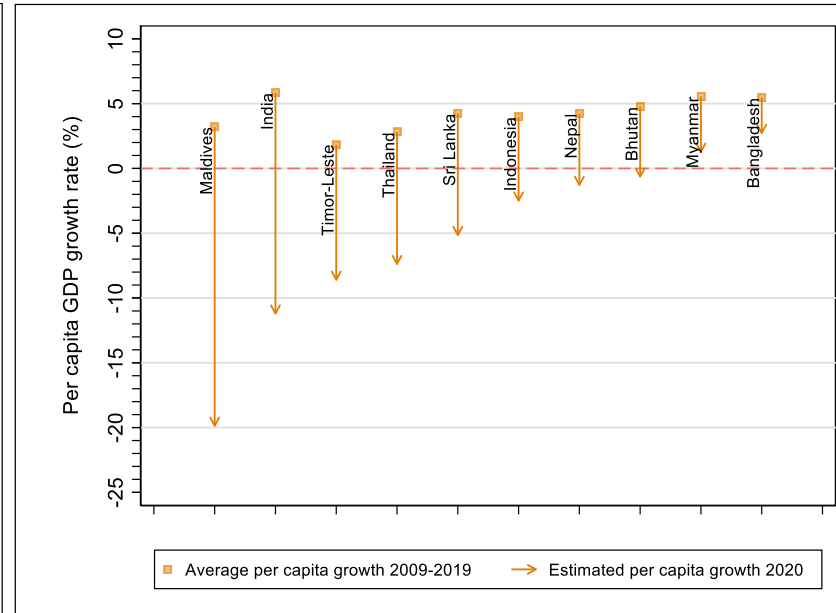
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COVID-19: Not Just Health, But Also Massive Economic Impact

COVID-19 incidence has begun to decline in SEARO



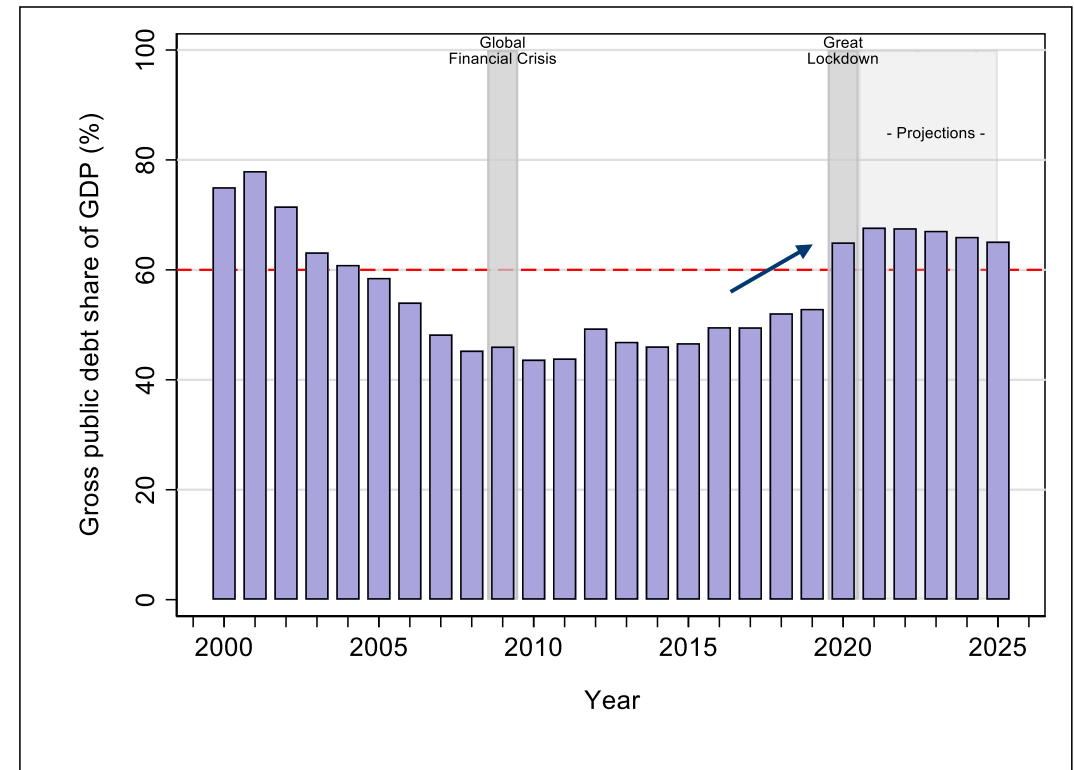
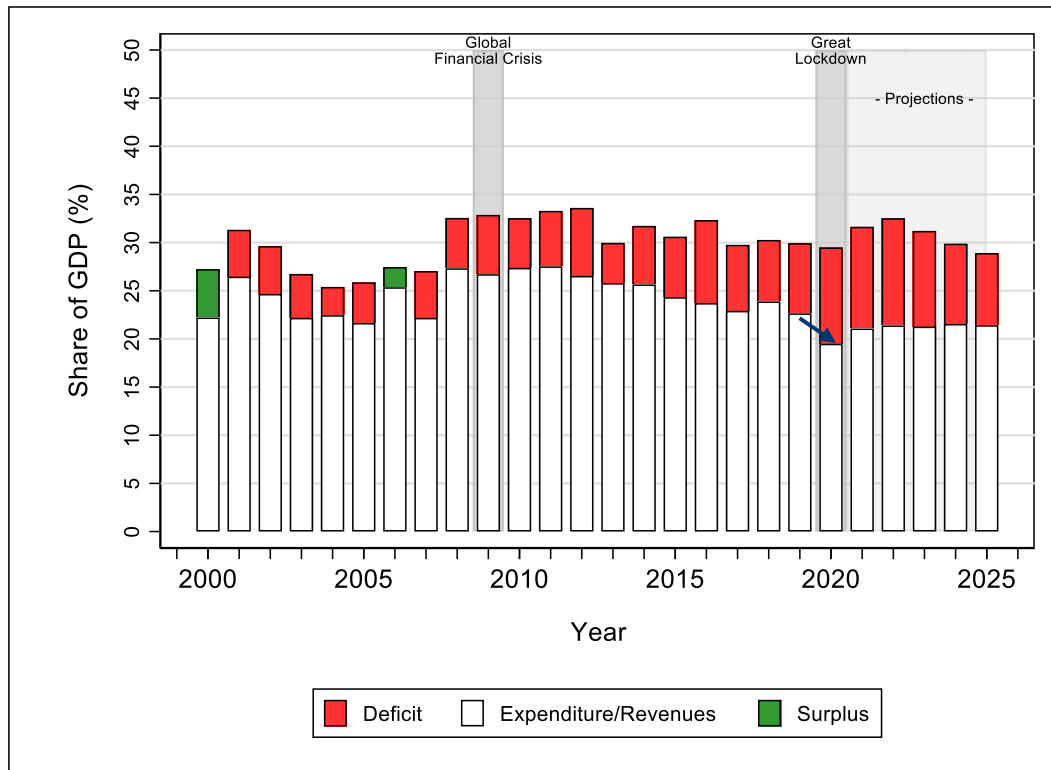
Economic activity may not return to pre-crisis levels for several years



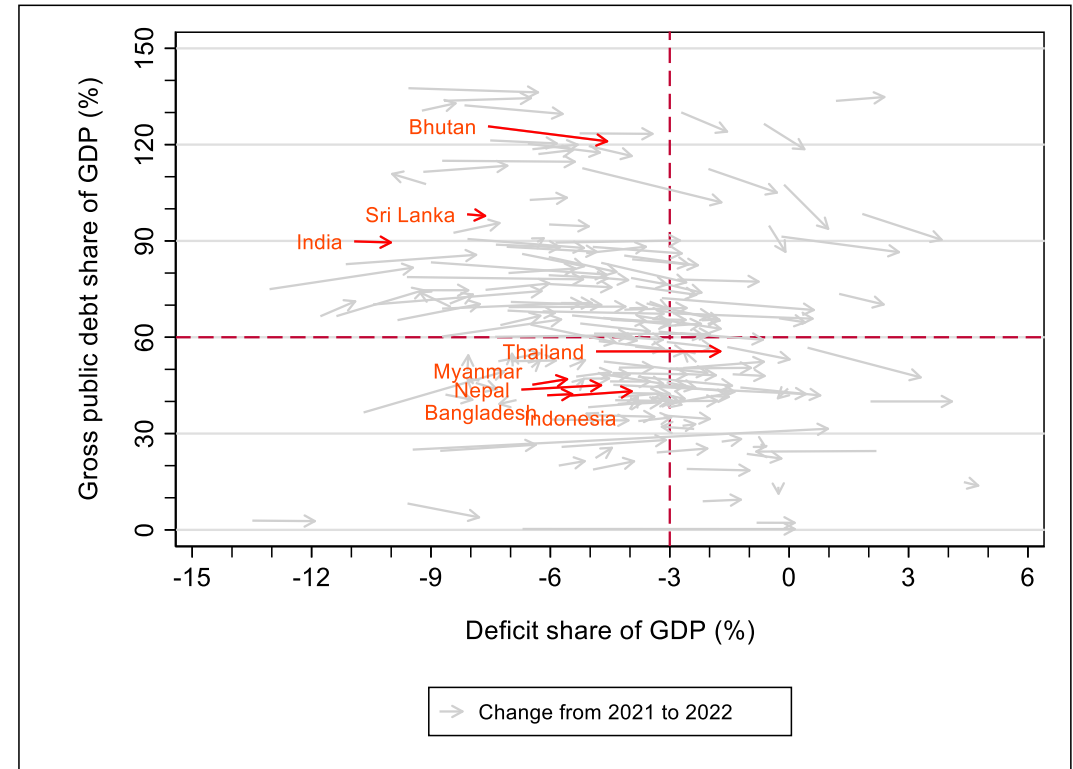
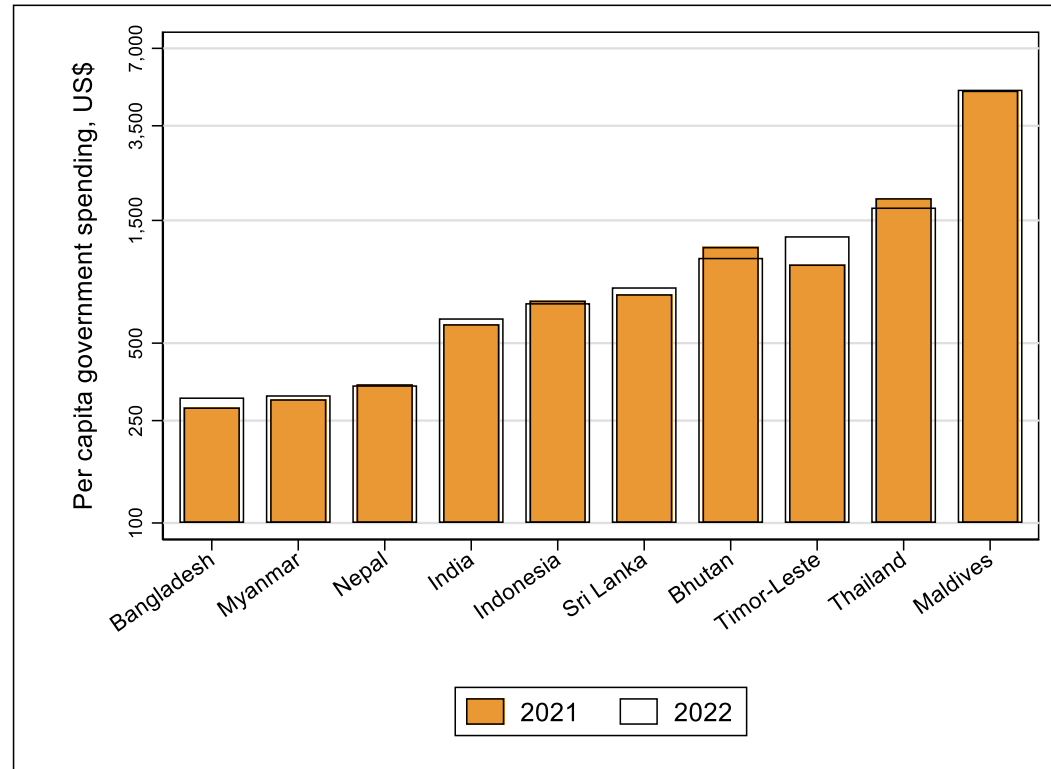
Huge economic contraction in 2020: from **+4.2%** over 2009-2019 (fastest growing region) to **-5.3%** in 2020 due to lockdowns, commodity price declines, decline in tourism and trade, cross-country spillovers; economic cost of COVID-19 **~US\$800 billion** in 2020 alone

Overall Public Financing Landscape Also Impacted by COVID-19

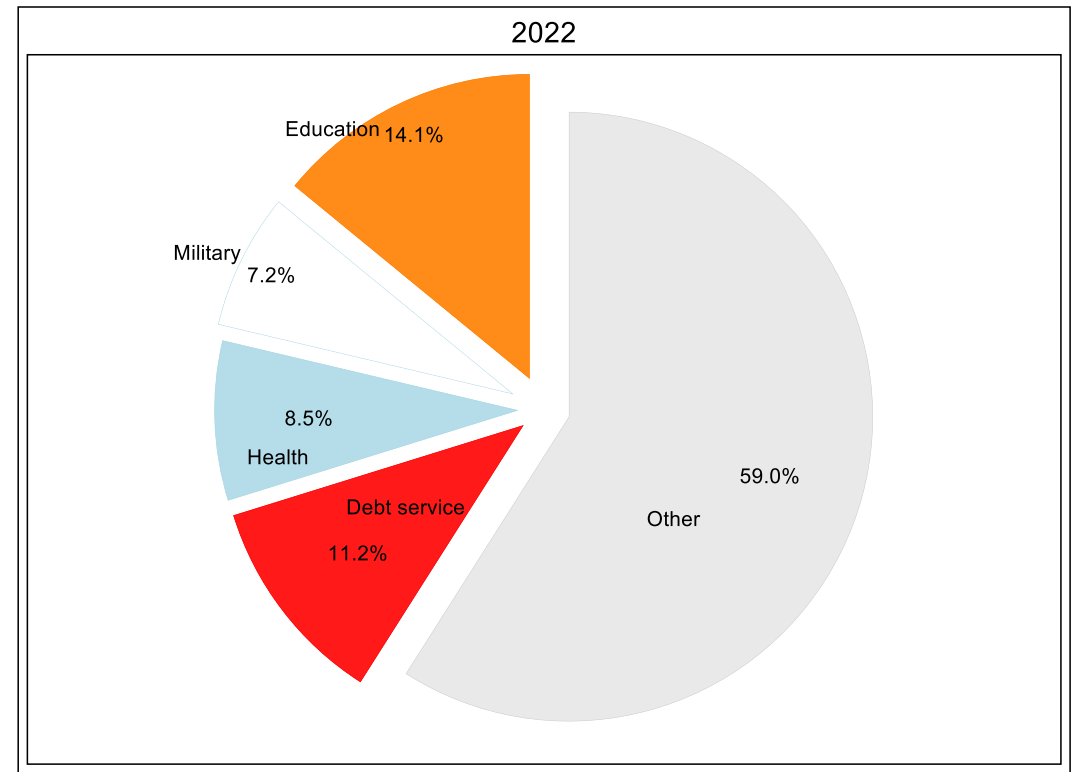
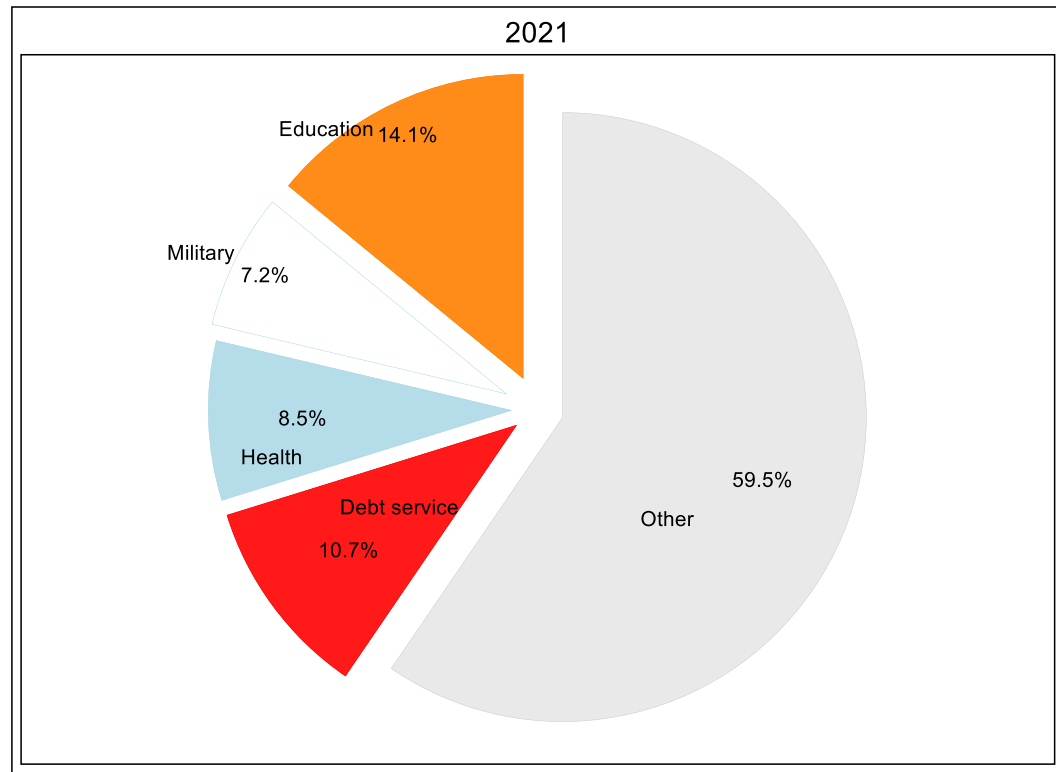
2019-2020: Revenues↓ Expenditures↓ Deficits↑ Debt↑
2020-2021-2022: Revenues↑ Expenditures↑ Deficits↔ Debt↔



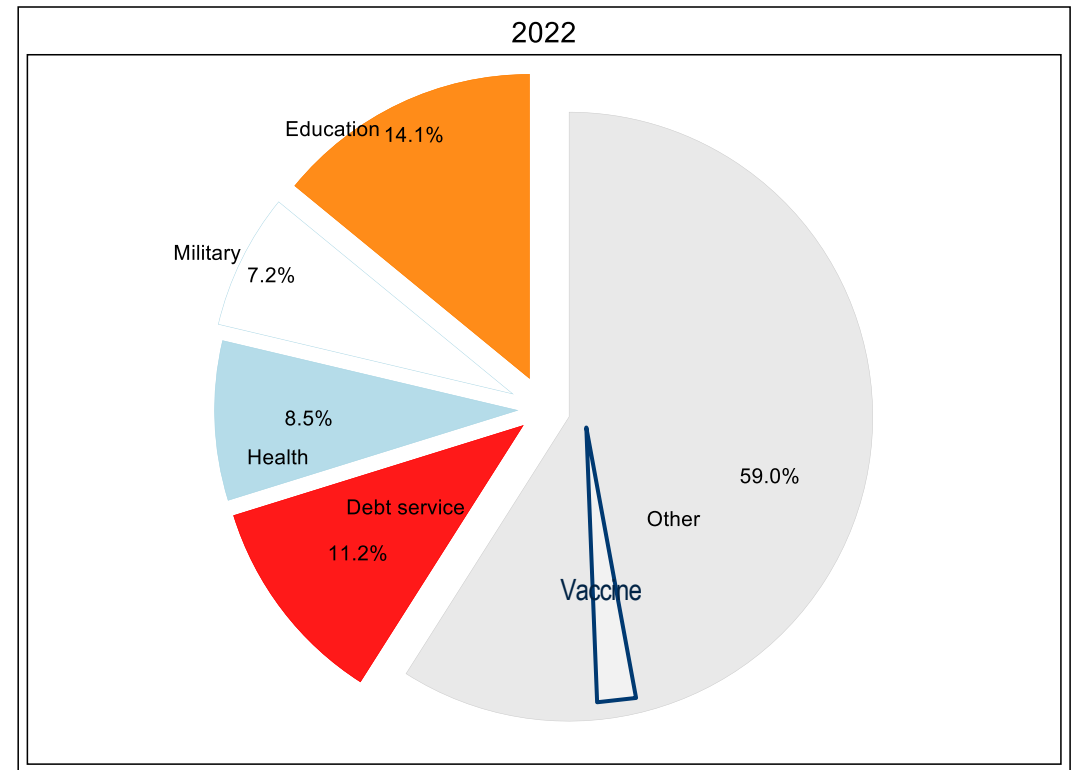
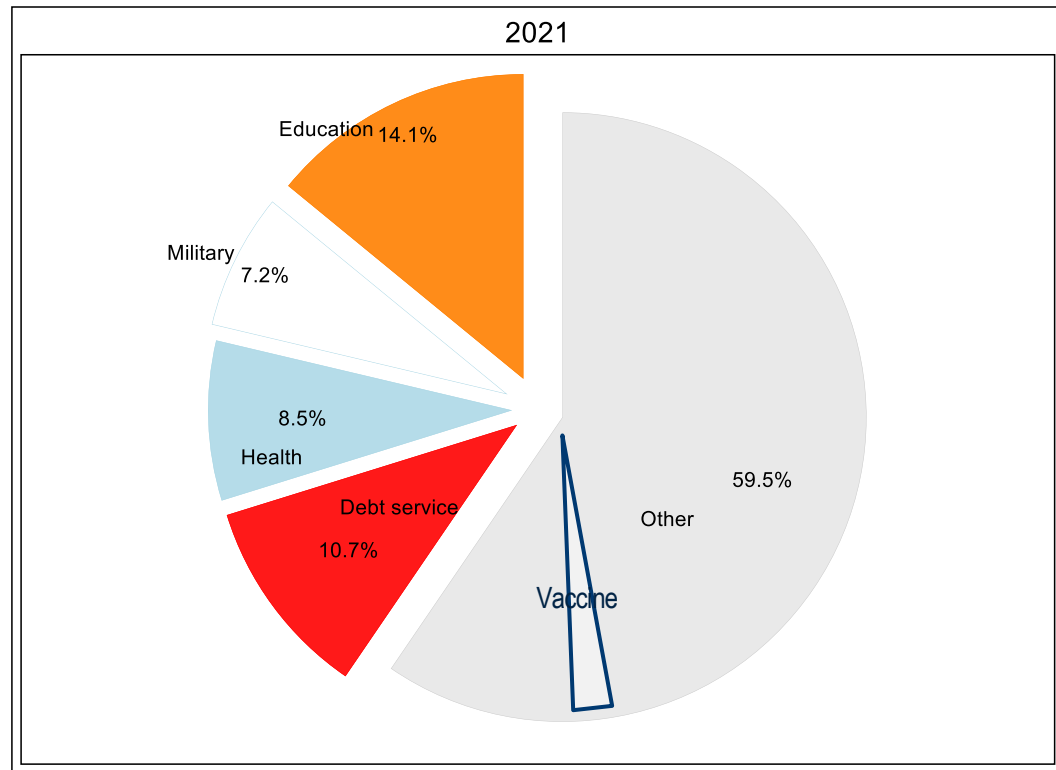
Projected Per Capita Public Spending: 2021-2022



Expenditure Allocations Across Sectors



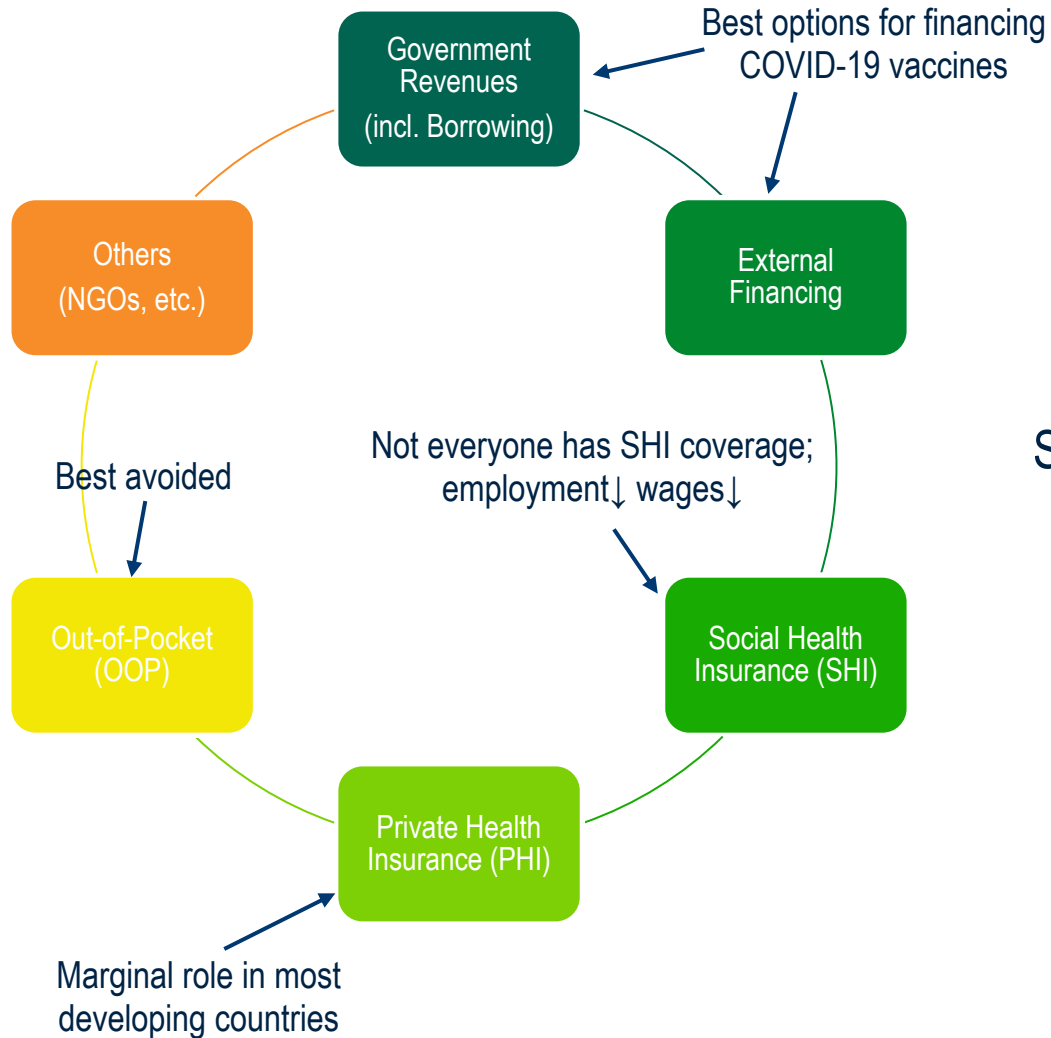
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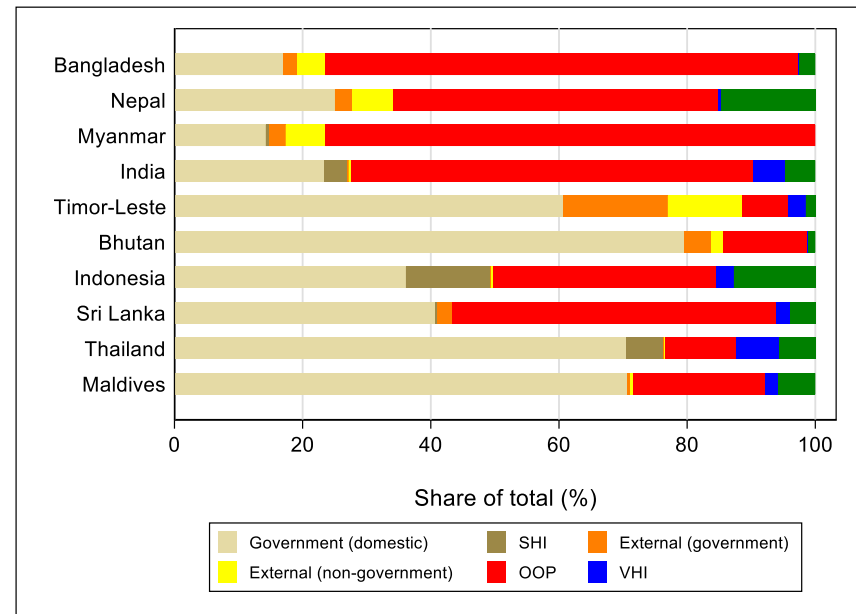
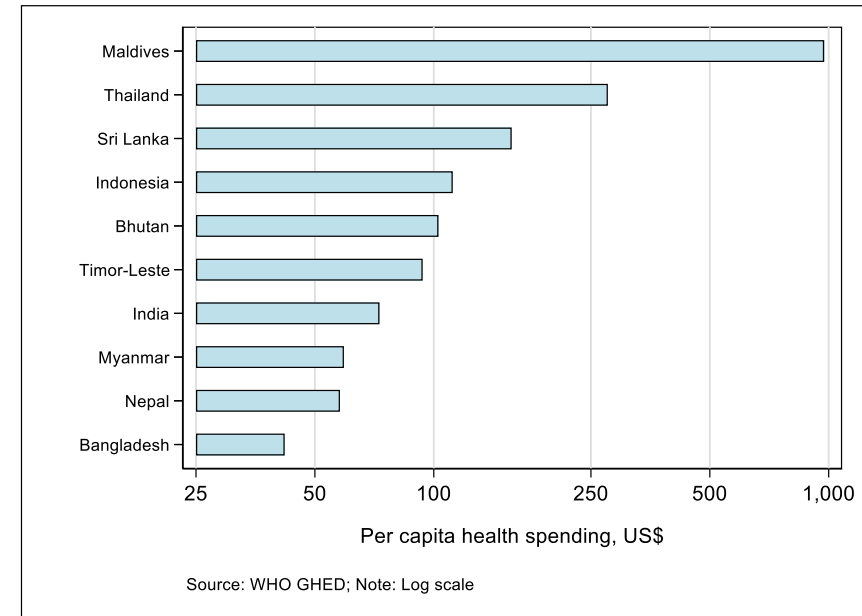
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Vaccine Financing Different from Health Financing

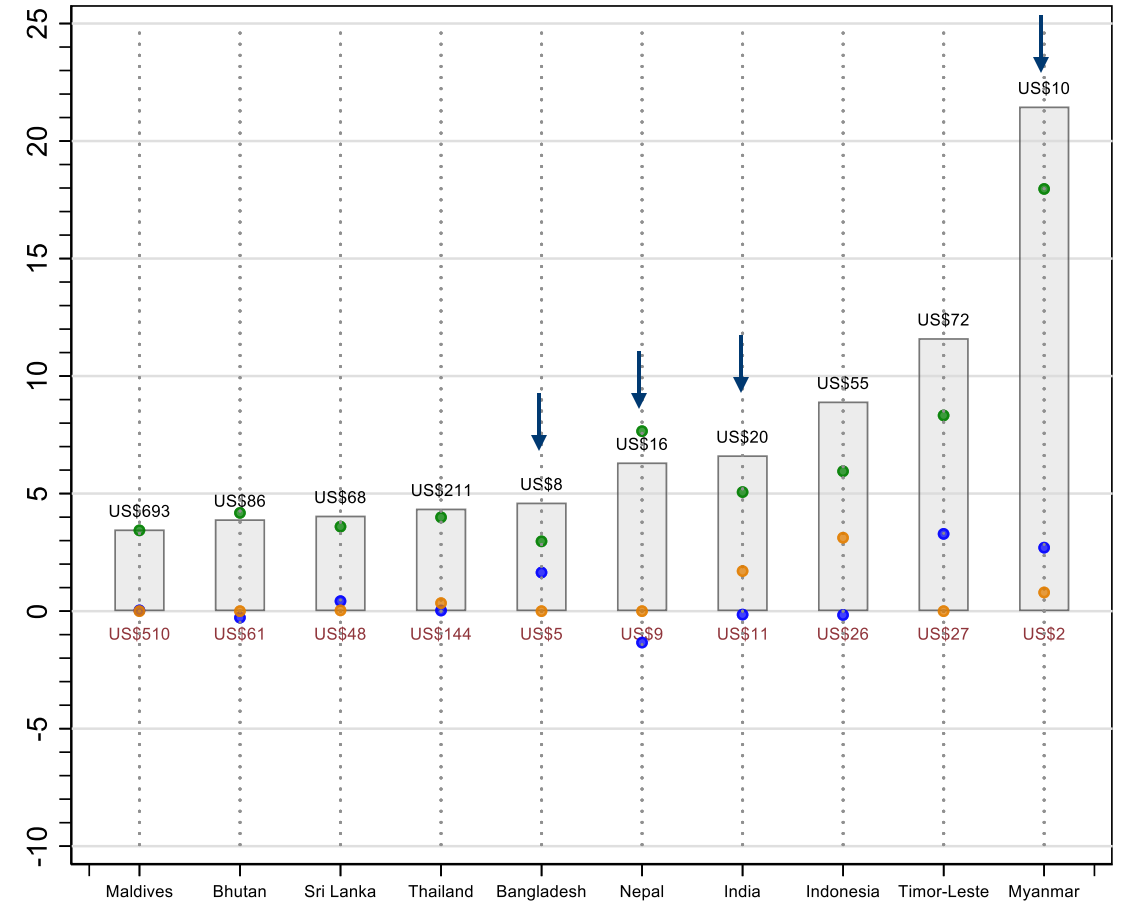
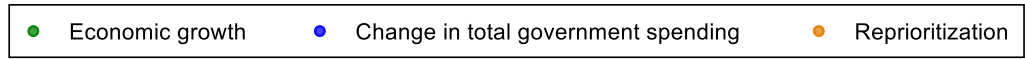
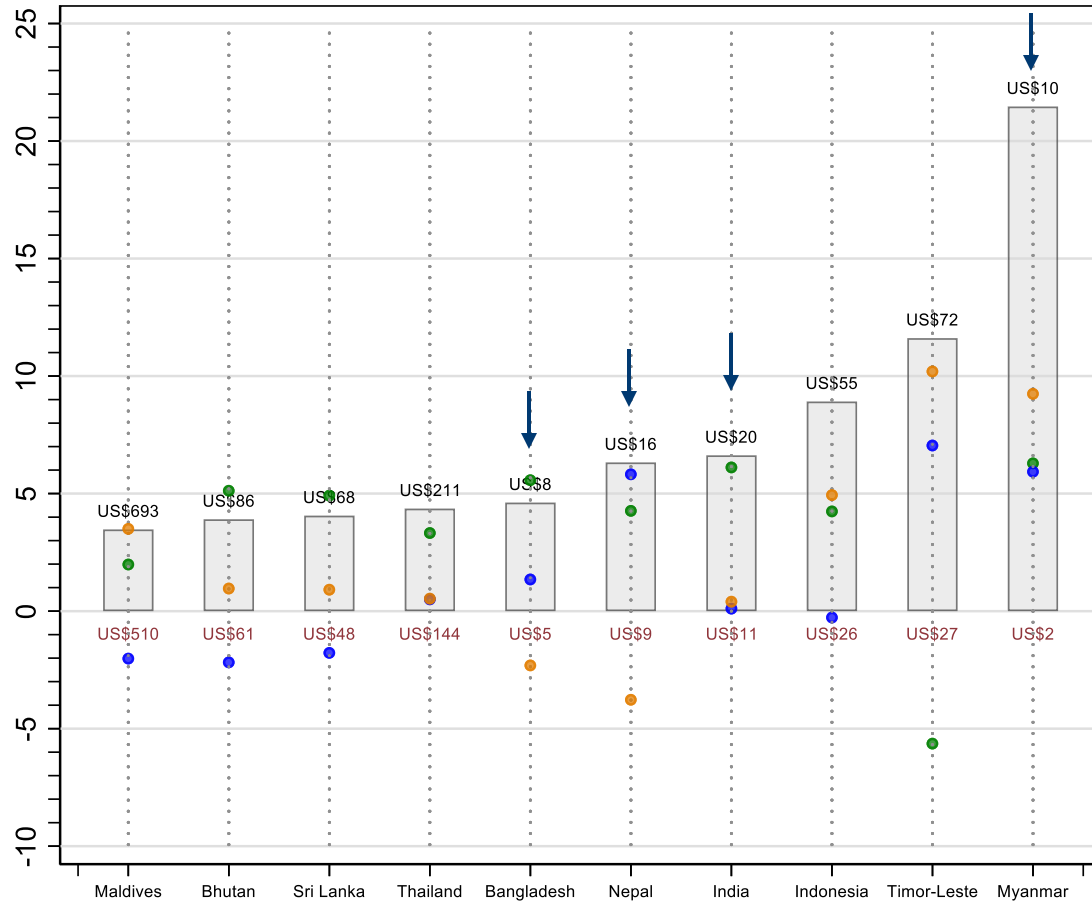


SEARO pre-crisis health financing landscape



Despite Growth, Public Financing for Health Low in Many SEARO Countries

Annual growth rate 2009-2018 (%)

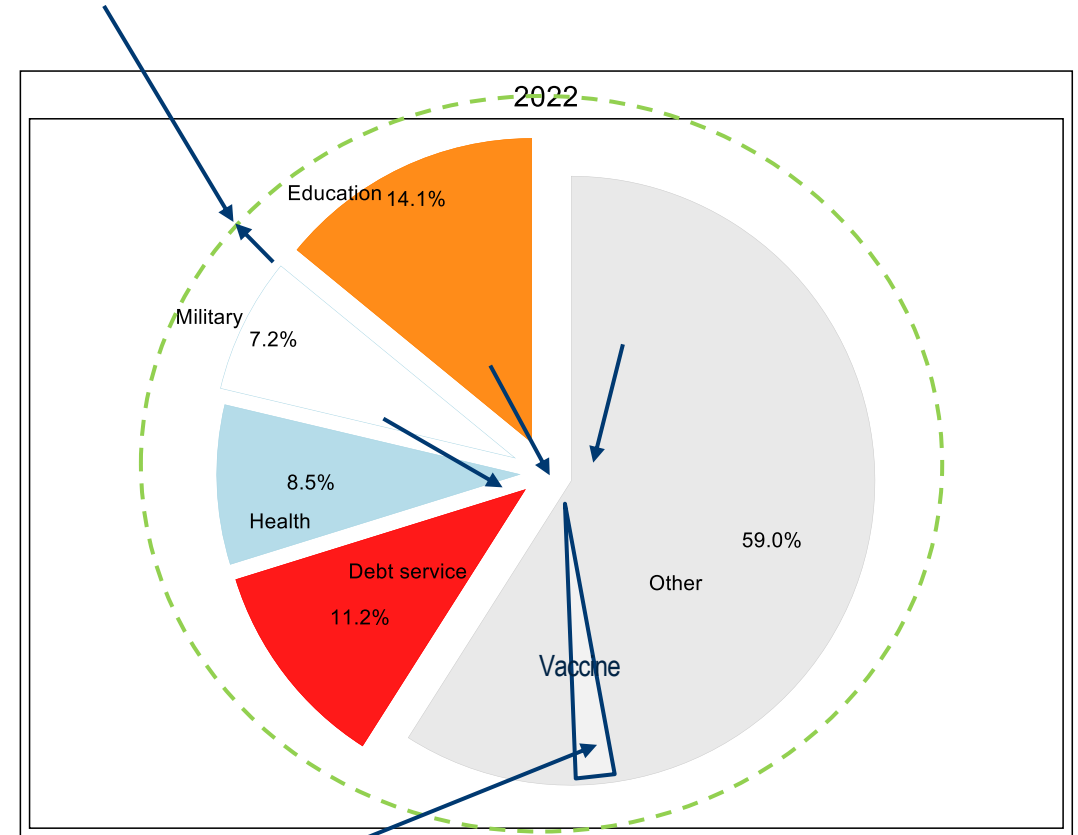
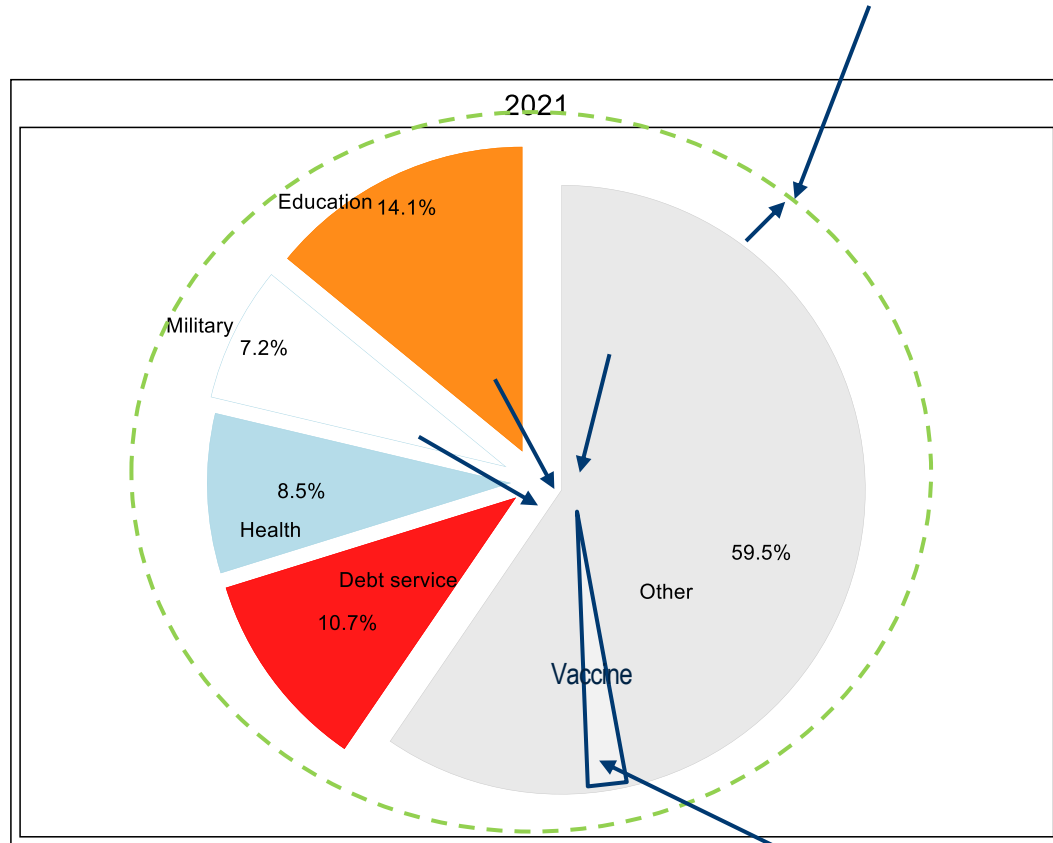


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Where Could Additional Public Resources Come From?

Expanding revenues (including via health taxes), sovereign wealth funds, borrowing, external assistance (including/additional to COVAX), etc.



Reprioritization, efficiency gains, cutting pro-rich subsidies, debt restructuring, delaying capital expenditures, etc.

Key Messages

- COVID-19 is **not just a health “shock”**, it is also adversely impacting economies across the region as well as globally.
- COVID-19 vaccine is not just a health intervention, it is also an **“economic stimulus”** intervention: huge cost-benefit ratios.
- Given “externalities”, financing for COVID-19 vaccines should ideally come **primarily from government sources** to ensure widespread coverage, facilitating attainment of herd immunity.
- Given challenges of public financing for health across SEARO region – both pre-crisis as well as due to COVID-19’s adverse economic impact -- financing for COVID-19 vaccines **should not come at the expense of allocations for routine health services** (or even productive spending in other sectors).
- Countries could consider **menu of options** for financing COVID-19 vaccines: external financing, raising new revenues, additional borrowing, debt restructuring, reprioritization, as well as efficiency gains.