

# 2020

## 5<sup>TH</sup> ANNUAL HEALTH FINANCING FORUM

# Meeting Growing Spending Needs during a Prolonged Pandemic

December 2<sup>nd</sup>, 2020

Health Financing Resilience during a Prolonged Pandemic  
November 12 - December 10, 2020

Co-hosted by:



WORLD BANK GROUP



**USAID**  
FROM THE AMERICAN PEOPLE



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# Welcome!



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For Universal Health Coverage



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# AHFF on Twitter



**#InvestinginHealth**  
**#AHFF2020**  
**#HealthforAll**

# Making the Most of Our Zoom Space

# Navigating the main panel

## Navigation du panneau principal

## Navegación del panel principal

**Join Audio:** Select how you want to join the call; either by phone or through your computer.  
**Pour participer à l'appel, sélectionner soit l'option téléphone ou ordinateur.**  
**Para participar en la sesión, seleccione si quiere unirse por teléfono o por su computadora.**

**Interpretation:** Click here to select your language channel.

**Interprétation:** Cliquez ici pour sélectionner votre canal linguistique.

**Interpretación:** Haga clic aquí para seleccionar su canal de idioma.



**Start Video:** Start your webcam and let others see you.

**Activer votre webcam pour que les autres puissent vous voir.**

**Active su cámara para que los demás puedan verlo.**



Invite



Participants



Share



Chat



Record



Interpretation

Leave Meeting

**Participants:** Click here to see the list of participants in the meeting.

**Cliquer ici pour voir la liste des participants.**

**Haga clic aquí para ver la lista de participantes.**

**Chat:** Click here to enable the chat and interact with others.

**Cliquer ici pour activer la fonction "chat" qui vous permet d'écrire aux autres participants.**

**Haga clic aquí para habilitar el chat y compartir con otros participantes.**

**Leave Meeting:** Click here to leave the meeting.

**Cliquer ici pour quitter la rencontre.**

**Haga clic aquí para retirarse de la sesión.**



Mute

Once your audio is connected, the Join Audio icon will change to the Mute Icon.

Une fois que votre audio est connecté, l'icône "Join Audio" deviendra celui du Mute (sourdine).

Una vez el audio esté conectado, el ícono de "Join Audio" cambiará al ícono de "Mute audio".

# Interpretation - Interprétation- Interpretación

1. Click interpretation globe at the bottom of screen

Cliquez sur globe d'interprétation en bas de l'écran

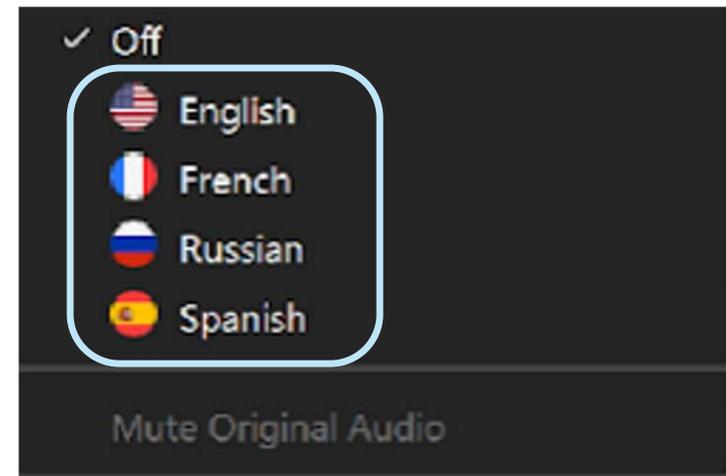
Haga clic en el globo de interpretación en la parte inferior de la pantalla



2. Select your language channel

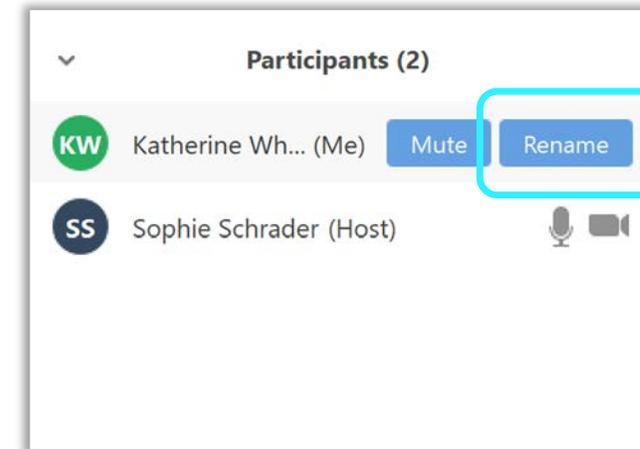
Choisissez votre langue

Selecione su idioma



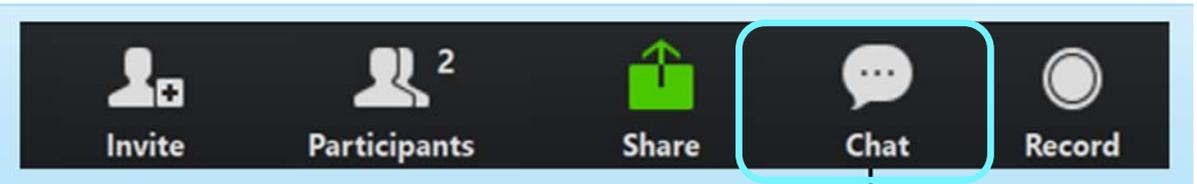
# Changing your name - Modifier votre nom - Modifiez su nombre

- 1. Click on the Participants tab**  
Cliquer sur l'icône Participants  
Haga clic en la el ícono de Participants
- 2. Click on your name then click the Rename button**  
Cliquer sur votre nom et cliquer sur le bouton "Rename"  
Haga clic en su nombre y después en el botón de "Rename"
- 3. Include your country and language in your name**  
Ajouter votre pays à côté de votre nom  
Incluya su país en su nombre



# Using the Chat Box

- Click chat icon to enable chat
- Cliquez sur l'icône de chat pour activer le chat
- Haga clic en el icono de chat para habilitar el chat



# Tech Assistance - Assistance Technique - Asistencia Técnica

Please contact Nic at [naguilar@trg-inc.com](mailto:naguilar@trg-inc.com)  
for any tech issues throughout the session.



*The Join Audio icon will change to the Mute Icon.*

Please keep yourself muted and your video turned off.

IF you need to unmute, you can click this button.

# Welcome from the Session Chair

**David B. Evans**

Health Financing Global Solutions Group,  
Health, Nutrition and Population,  
World Bank

*Session co-organized with the*



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# Session Objectives

- Provide an overview on how revenue generation and health spending have changed in countries during the pandemic to date – responses from the first wave of a World Bank survey
- Discuss the impact of the latest macroeconomic projections for health spending from 2020-2025

# Session Overview

<b>Welcome and Getting Started</b>	<b>David B. Evans</b> , Health Financing Global Solutions Group, Health, Nutrition and Population Global Practice, World Bank
<b>Presentation:</b> Costs and funding of the COVID-19 response in 2020	<b>Denise Silfverberg</b> , Economist, Health Financing Global Solutions Group, Health, Nutrition and Population Global Practice, World Bank
<b>Moderated Question and Answer Session</b>	<b>David B. Evans &amp; Denise Silverberg</b>
<b>Presentation:</b> Impact of the latest macroeconomic projections for health spending from 2020-2025	<b>Patrick Eozenou</b> , Senior Economist, Health, Nutrition and Population Global Practice, World Bank
<b>Moderated Question and Answer Session</b>	<b>David B. Evans &amp; Patrick Eozenou</b>
<b>Closing Remarks</b>	<b>David B. Evans</b>

# Costs and Funding of the COVID-19 Response in 2020



**Denise Valerie Silfverberg**

Economist

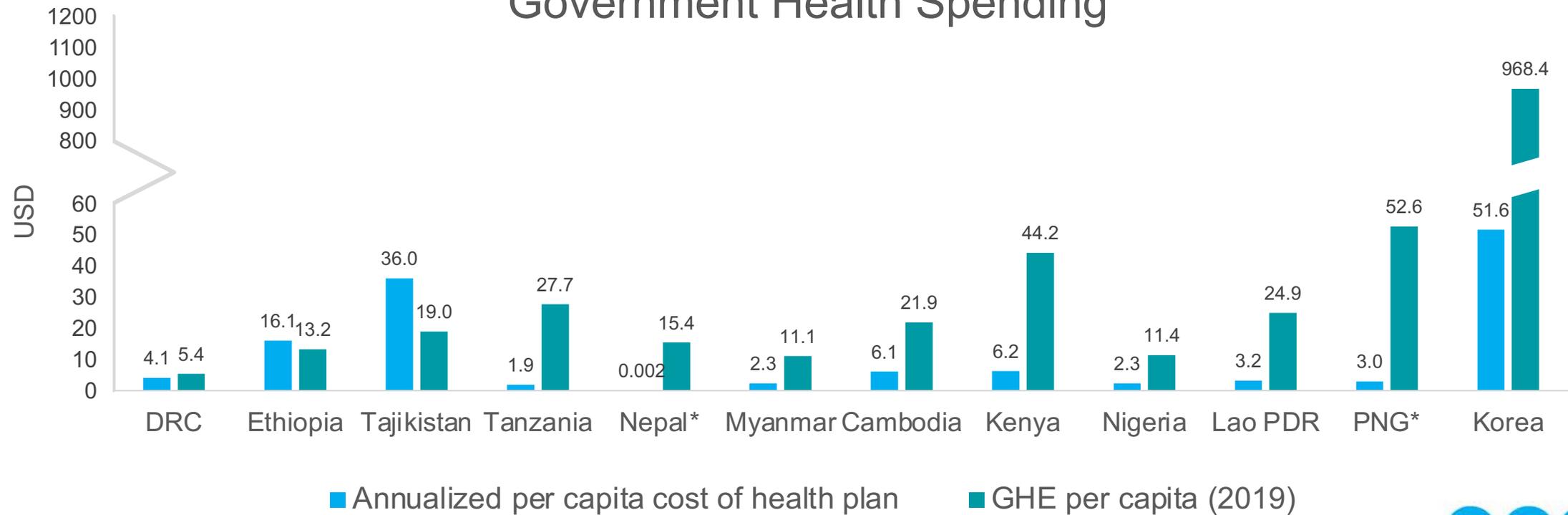
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World Bank

# How much did countries estimate the COVID-19 health response to cost?

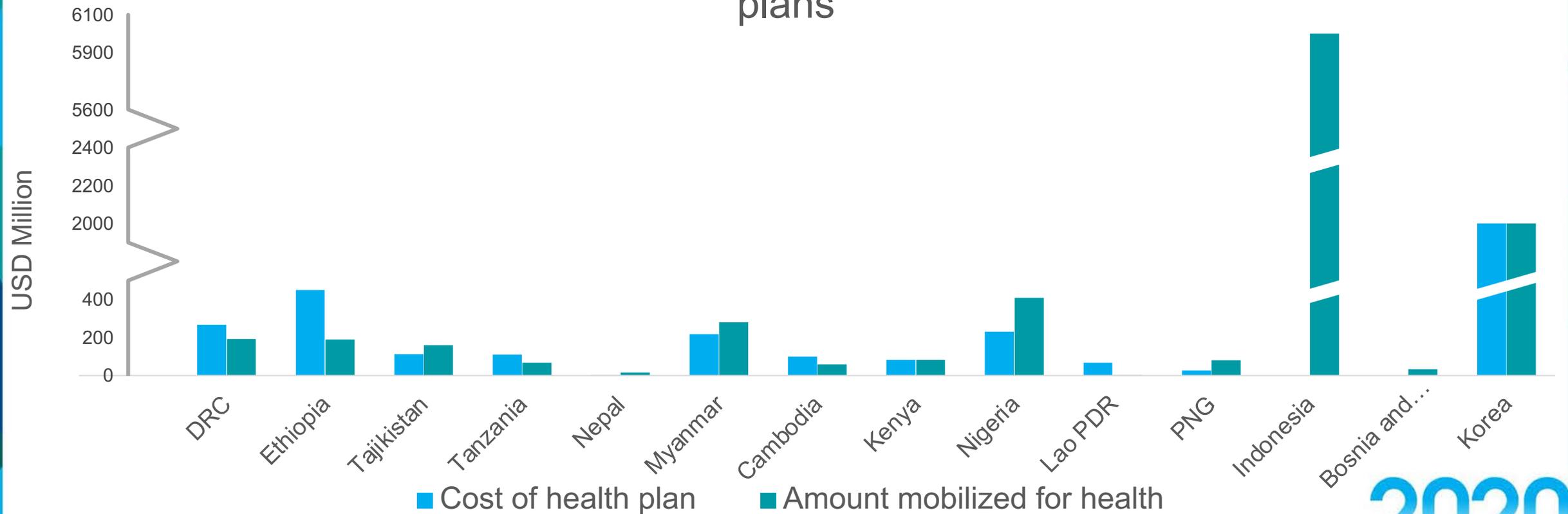
Per Capita Cost of COVID-19 Health Response Plans vs. 2019 Government Health Spending



\*Timeframe of plan not specified

# How much have countries been able to mobilize for health to date?

Estimated cost vs. amount mobilized for COVID-19 health response plans

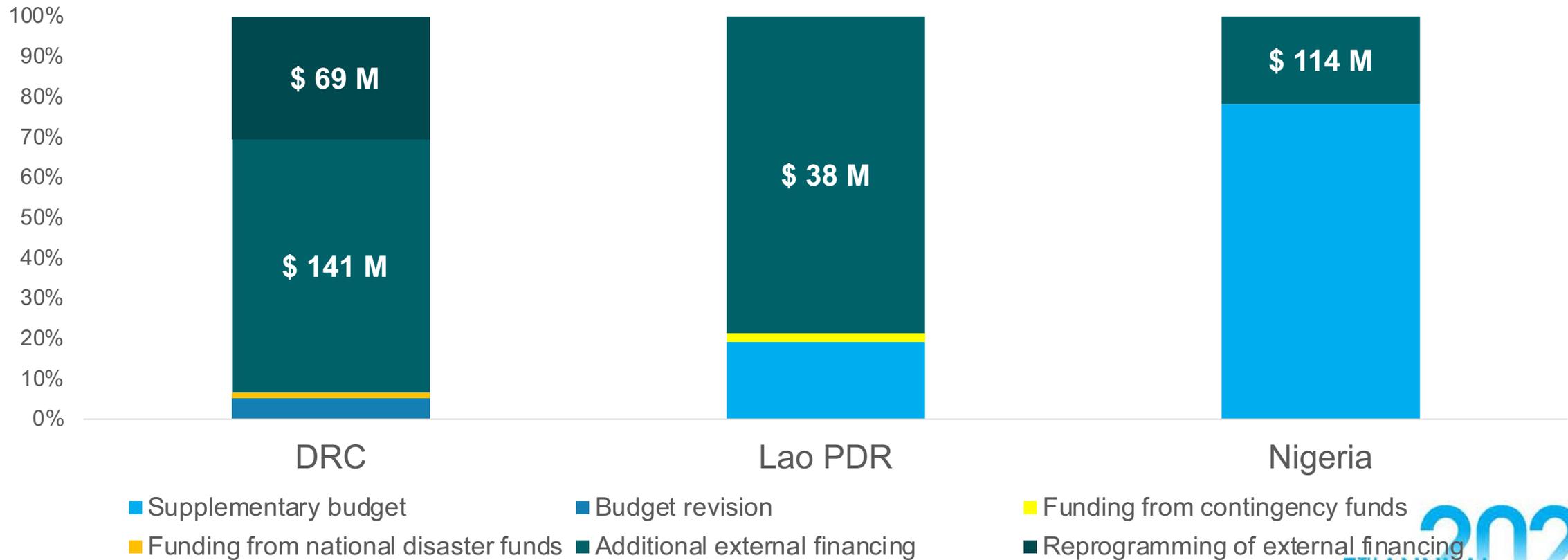


# How are countries mobilizing funds?

Countries	Budget	Contingency Funds	External Financing
<b>LIC (3)</b>	<b>2</b>	<b>3</b>	<b>3</b>
<i>Democratic Republic of Congo</i>	X	X	X
<i>Ethiopia</i>		X	X
<i>Tajikistan</i>	X	X	X
<b>LMIC (8)</b>	<b>7</b>	<b>5</b>	<b>8</b>
<i>Lao PDR</i>	X	X	X
<i>Myanmar</i>	X	X	X
<i>Papua New Guinea</i>	X	X	X
<i>Cambodia</i>	X		X
<i>Nepal</i>		X	X
<i>Nigeria</i>	X		X
<i>Tanzania</i>	X		X
<i>Kenya</i>	X	X	X
<b>UMIC (3)</b>	<b>2</b>	<b>3</b>	<b>3</b>
<i>Indonesia</i>	X	X	X
<i>Mexico</i>		X	X (in-kind)
<i>Bosnia and Herzegovina (FBIH and Srpska)</i>	X	X	X
<b>HIC (1)</b>	<b>1</b>		
<i>Korea</i>	X		

# How are countries mobilizing funds?

Amount mobilized for health by source



# What else can we learn through the monitoring questionnaire?

Import tariffs on COVID-19 medical goods and services

- Purchasing
- Procurement
- Management of health workforce
- Private sector engagement



■ Reduced ■ Eliminated ■ No changes



# Question and Answer Session

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# Impact of the Latest Macroeconomic Projections for Health Spending from 2020-2025



**Patrick Eozenou**

Senior Economist

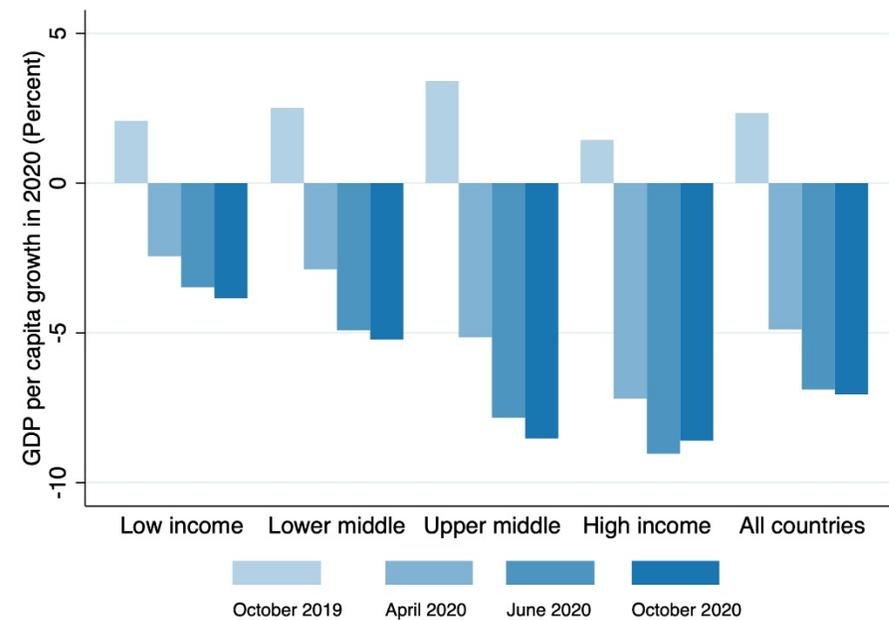
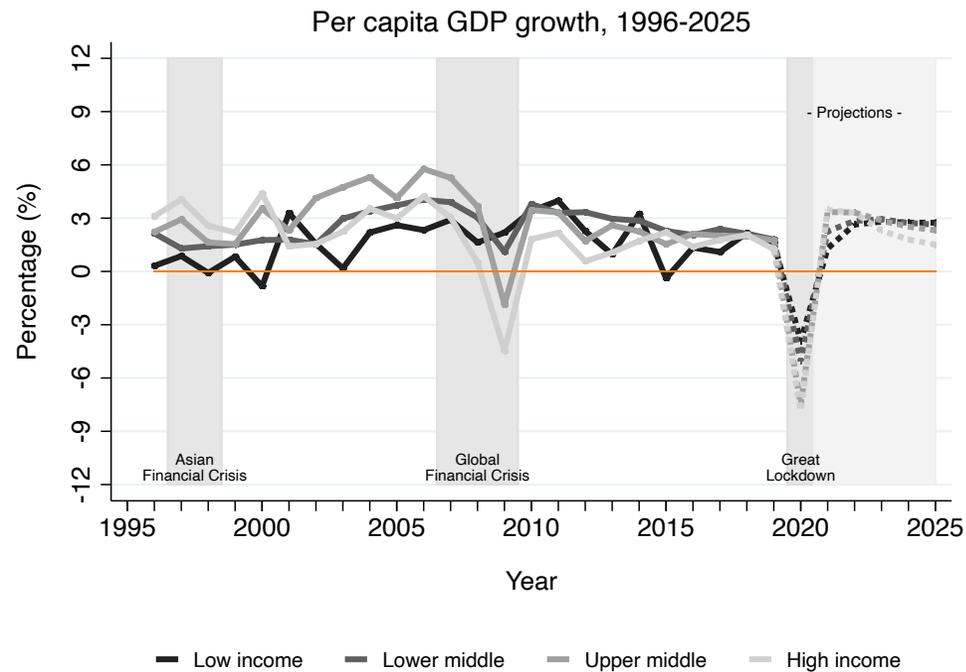
Health, Nutrition and Population,  
World Bank

# Overview

- Results from recent analysis with C. Kurowski, A. Tandon, D. Evans, J. Wayne, M. Schmidt + WB Poverty report and IMF WEO forecasts (October 2020).
- Outline:
  - COVID impact:
    - Macro
    - Public finances
    - Health financing (public expenditures and OOP)
    - Poverty and financial protection

# Macroeconomic Impact

- 2020 is marked by a **deep** and **widespread** contraction in economic activity.
- Considerable **uncertainty** remains regarding the persistence of the shock.



# Impact on Public Finances: Revenues

- Globally, **government revenue** (including grants) **as share of GDP** is **expected to fall** by an average of 1.4 percentage points in 2020 compared to 2019, with reductions in both tax and non-tax revenues.
- Because GDP is also expected to decline, **government revenues per capita would also decline** in absolute and per capita terms.
- Per capita government revenues are not expected rebound to pre-COVID-19 levels until 2022 in low-income countries (LICs), 2023 in lower middle-income countries (LMICs), and 2024 in upper middle-income (UMICs) and high-income countries (HICs).

Public revenues in % GDP	% point changes in 2020 (compared to 2019)	% point changes in 2021 (compared to 2019)
Global	-1.4	-1.2
Low income	0.0	0.3
Lower middle income	-2.1	-2.0
Upper middle income	-1.9	-1.4
High income	-1.0	-1.0

# Impact on Public Finances: Expenditures

- **Government expenditures per capita** are **expected to rise** in dollar terms in most countries in **2020**, funded by a substantial increase in deficit financing
- **Expenditures per capita** are then **projected to fall** in **2021** and **2022** because the capacity of many countries to maintain high or increasing government deficits is expected to fall.
- Some countries will have less discretion to increase their spending through increased deficits financed by borrowing because of **fiscal vulnerabilities linked to initial high levels of public debt**, high debt-service ratios (debt repayments as a share of government spending), or both.

Public expenditure per capita	2020 (% change)	2021 (% change)	2022 (% change)
Global	8.7	-4.8	-0.9
LICs	6.4	-1.4	-0.4
LMICs	3.4	-2.7	-0.4
UMICs	3.0	-2.7	-0.6
HICs	9.7	-5.1	-0.9

# Impact on Public Finances: Projection method

- We estimate the elasticity of **public health expenditure per capita** with respect to (i) **GDP per capita** and (ii) **government spending in % GDP**.
- Based on these estimated elasticities, we use the latest IMF forecasts for (i) and (ii) to **project public health expenditure per capita** forward.

- Projection: 
$$E(Y_{t+1}|Y_t, X_{t+1}) = Y_t + \frac{\partial E(Y_t|X_t)}{\partial X_t} * \Delta X_{t+1} \text{ where } \Delta X_{t+1} = \frac{(X_{t+1} - X_t)}{X_t}$$

- Elasticities: 
$$\frac{\partial E(Y_t|X_t)}{\partial X_t} = \frac{\Delta Y_t}{Y_t} / \frac{\Delta X_t}{X_t}$$

- Model: 
$$E(Y_t|X_t) = \ln(Y_t) = \alpha + \sum_{j=1}^2 \beta_j * \ln(X_{ijt}) + \sum_{j=1}^2 \gamma_j * D_{it} * \ln(X_{ijt}) + \mu_i + \varepsilon_{it}$$

so that  $E(Y_{t+1}|Y_t, X_{t+1}) = Y_t + \sum_{j=1}^2 \hat{\beta}_j * \Delta X_{t+1}$  when  $D_{it}=0$

and  $E(Y_{t+1}|Y_t, X_{t+1}) = Y_t + \sum_{j=1}^2 \hat{\beta}_j * \Delta X_{t+1} + \sum_{j=1}^2 \hat{\gamma}_j * D_{it} * \Delta X_{t+1}$  when  $D_{it}=1$

# Impact on Public Finances: Projection results

<i>Dependent variable: Log per capita government spending on health</i>	(1)	(2)	(3)
Log of per capita GDP	1.307*** (0.0244)	1.303*** (0.0243)	1.175*** (0.0215)
Interaction log of per capita GDP and contraction		0.0397*** (0.00704)	0.00985 (0.00697)
Log of government spending share of GDP			0.716*** (0.0244)
Interaction log of government spending share of GDP and contraction			0.0350 (0.0220)
Observations	3,170	3,170	3,170

<i>Dependent variable: Log OOP per capita</i>	(1)	(2)
Log of per capita GDP	0.895*** (0.0238)	0.901*** (0.0238)
Interaction log of per capita GDP and contraction		-0.0118* (0.00698)
Contraction indicator		0.134** (0.0609)
Observations	3,199	3,199

# Impact on Public Finances: Projection results

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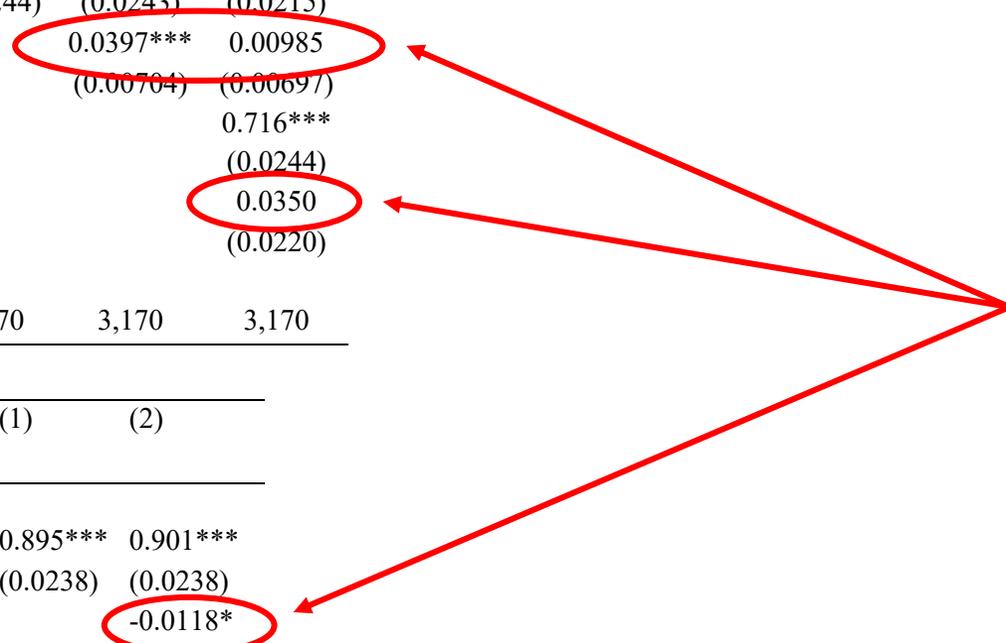
$\hat{\beta}_j$

# Impact on Public Finances: Projection results

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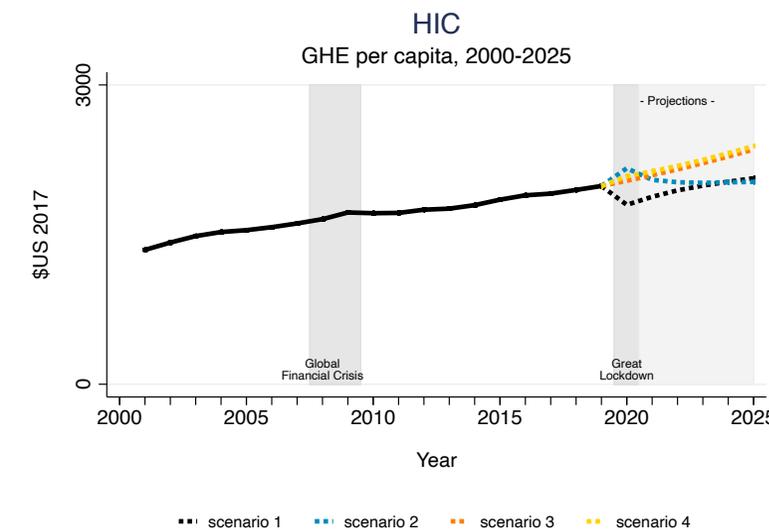
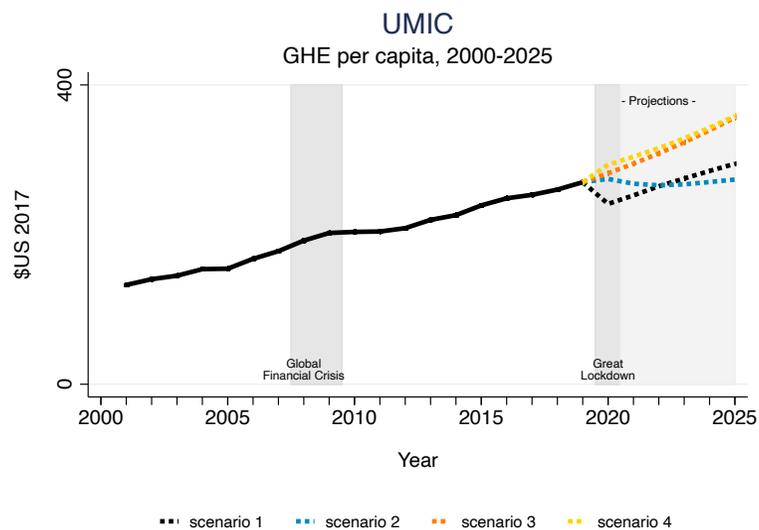
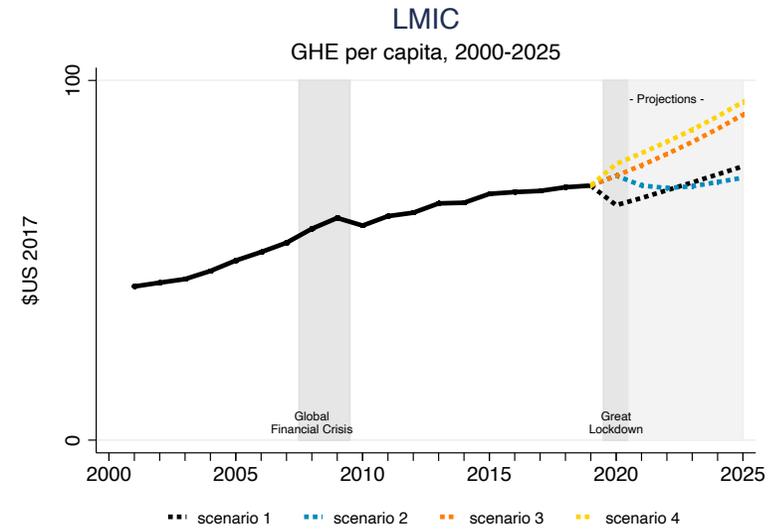
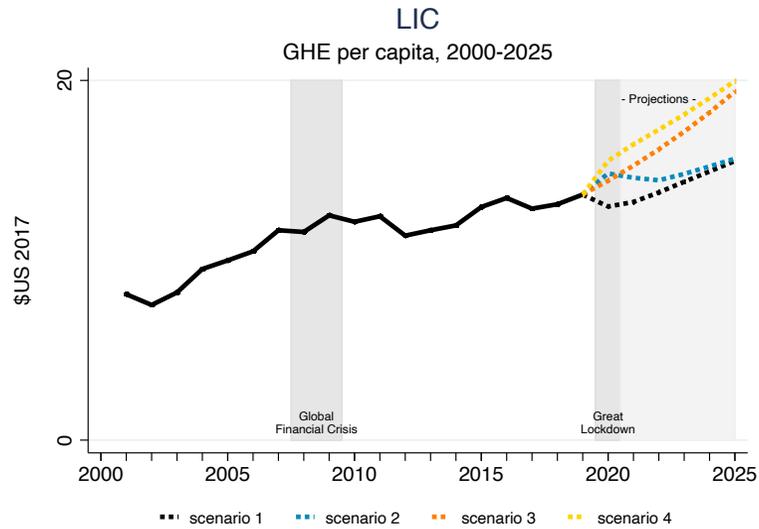
$\hat{Y}_j$



# Implications for Health Financing

- **(1) Status quo:** Direct mechanical reaction, no policy changes.
- **(2) Preserve pre-pandemic share of health in government expenditure:** Governments choose to hold the pre-pandemic share of health in government expenditure constant rather than to allow it to fall as in Scenario 1.
- **(3) Maintain pre-COVID trend in public health expenditure:** Governments protect the pre-COVID trend in the growth of government health expenditure per capita.
- **(4) Maintain pre-COVID trend in public health expenditure and offset OOP reduction:** Further increase in health prioritization required compared to scenario 3.

# Implications for Health Financing



# Looking Forward

- Assessing the impact of COVID-19 on public financing for health remains subject to **uncertainty**, especially regarding the **persistence** of the shock.
- The current **economic contraction** is however likely to result in **lower public health expenditure**, and in a **contraction of OOP** due to forgone care.
- **Health needs to be reprioritized** to prevent erosion of human capital, and to protect gains towards UHC and SDGs.
- Governments need to consider **reallocating budgets** to ensure priority coverage for the poor, **reducing waste**, and ensuring more ambitious and broader **health system strengthening**, including for **pandemic preparedness**.
- Given declining revenues, **re-examining pro-health fiscal policies** – taxes on tobacco, alcohol, sugar, carbon, as well as reductions in fossil fuel subsidies – could help plug shortfalls and improve health outcomes.
- There is ample scope to **improve value for money** in health and **enhance pro-poor targeting** of health and social protection interventions (e.g cash transfers) to minimize the impact of user fees and out-of-pocket payments for health on financial hardship.



# Question and Answer Session

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# Reminder

We look forward to seeing you at **Session 1: Meeting Growing Spending Needs During a Prolonged Pandemic** in 10 minutes at 8:00 AM EST