

# Health Financing in the Time of COVID-19

## East Asia & Pacific

JLN Domestic Resource Mobilization Collaborative  
*COVID-19 Vaccine Financing: A Domestic Resource Mobilization Perspective*



## The COVID-19 crisis

- Macro-economic impact
- Health spending impact

- East Asia Middle Income Countries
- East Asia High Income Countries
- Pacific Countries

# From double shock – health and economic – to double recovery

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No economic recovery...



without a health recovery

> End the pandemic

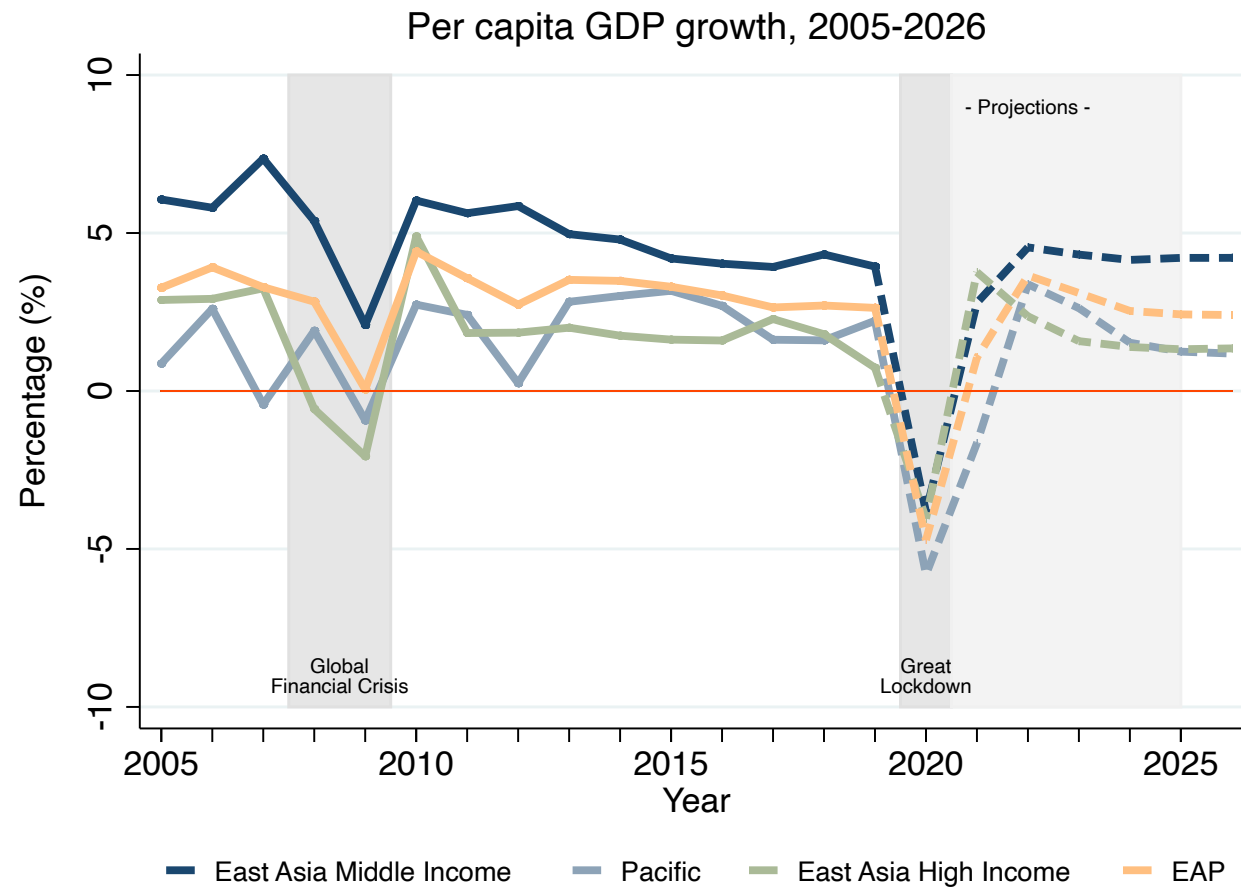
> Reclaim losses in UHC



# COVID-19: MACRO-ECONOMIC IMPACT

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# COVID-19 has resulted in most countries in a deep recession



On average, GDP per capita growth dropped from 2.6% in 2019 to -4.7% in 2020 and is expected to increase to +1.1% in 2021.

## East Asia High Income Countries:

- Drop: 6.7%
- Return to positive per capita growth: 2021
- Return to pre-COVID per capita GDP: 2022

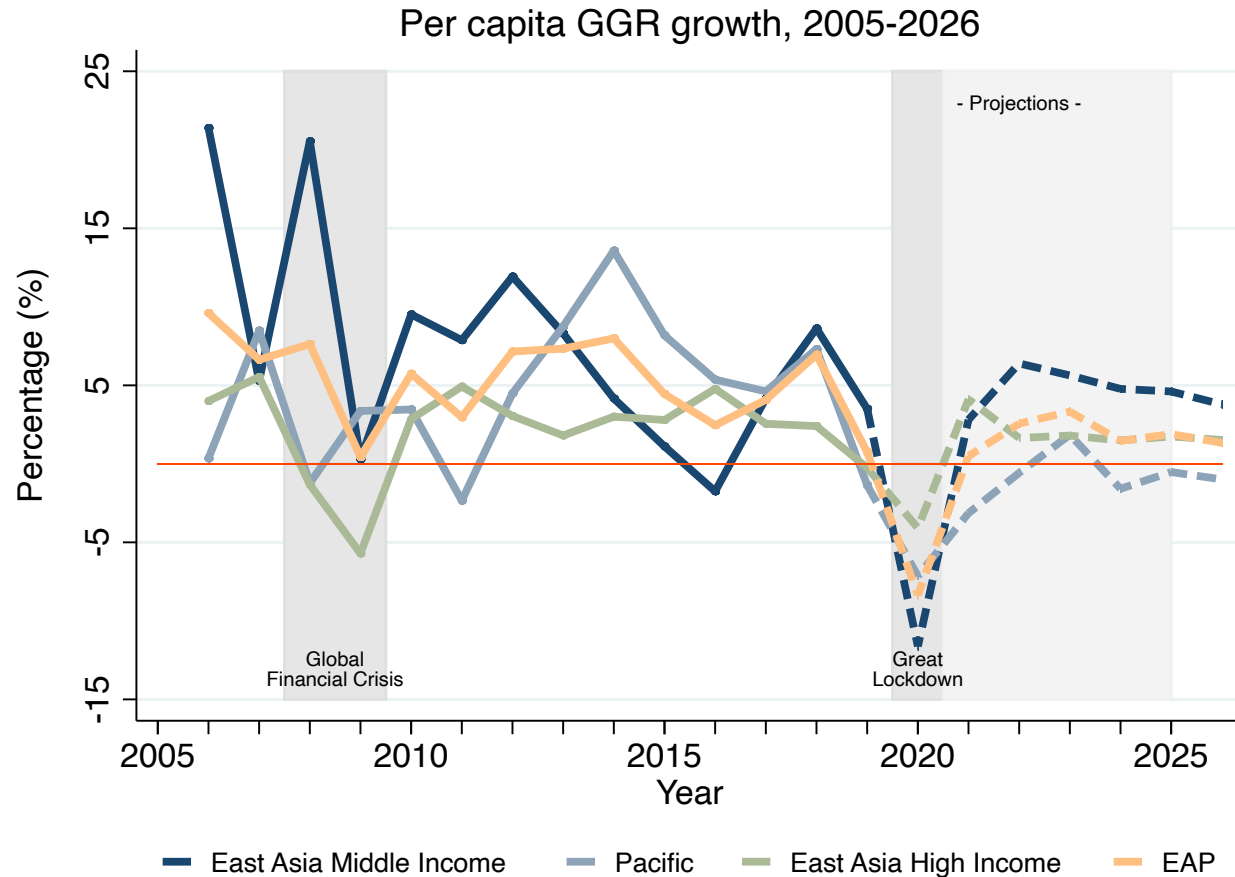
## East Asia Middle Income Countries

- Drop: 7.8%
- Return to positive per capita growth: 2021
- Return to pre-COVID per capita GDP: 2022

## Pacific Countries:

- Drop: 8.0%
- Return to positive per capita growth: 2022
- Return to pre-COVID per capita GDP: 2025

# Government revenues have fallen faster than economic output



On average, GGR per capita growth dropped from +0.7% pre-COVID to -8.4% in 2020 and is expected to increase to +0.5% in 2021.

East Asia High Income Countries:

Drop: -3.8%

Return to positive per capita GGR growth: 2021

Return to pre-COVID per capita GGR level: 2022

East Asia Middle Income Countries:

Drop: -15.1%

Return to positive per capita GGR growth: 2021

Return to pre-COVID per capita GGR level: 2023

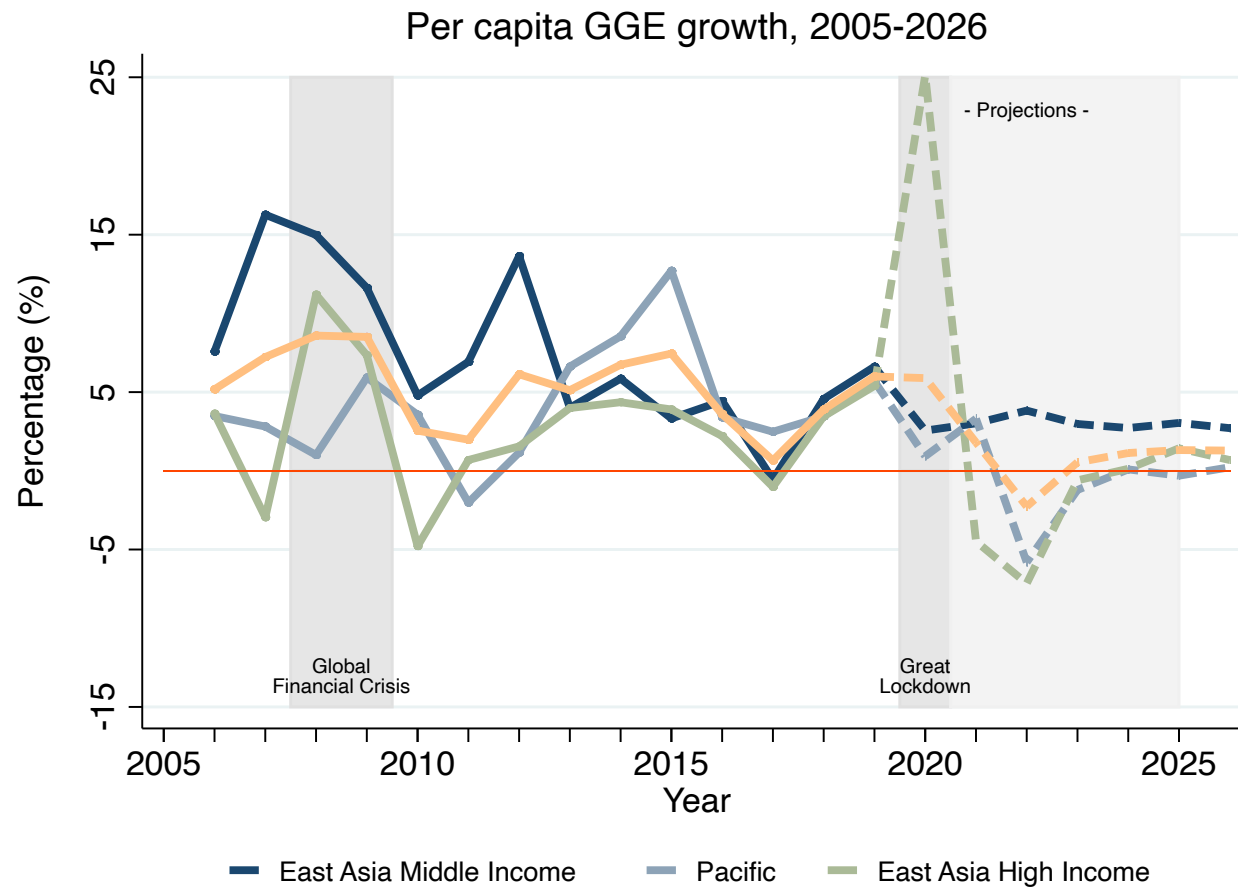
Pacific Countries:

Drop: -5.8% (negative pre-COVID)

Return to positive per capita GGR growth: 2023\*

Return to pre-COVID per capita GGR level: ?

# Growth in government spending is expected to fall behind pre-COVID trends



On average, GGE per capita growth stayed at approximately 6.0% in 2020, yet it is projected to drop to 1.8% in 2021 and -2.3% in 2022. Thereafter, it will stay below pre-COVID-levels.

East Asia High Income Countries

2020: +25%

Period of fiscal adjustment: 2021 to 2023

East Asia Middle Income Countries

2020: -4.1% (2020)

Period of fiscal adjustment: 6 countries

Pacific Countries:

2020: -4.8%

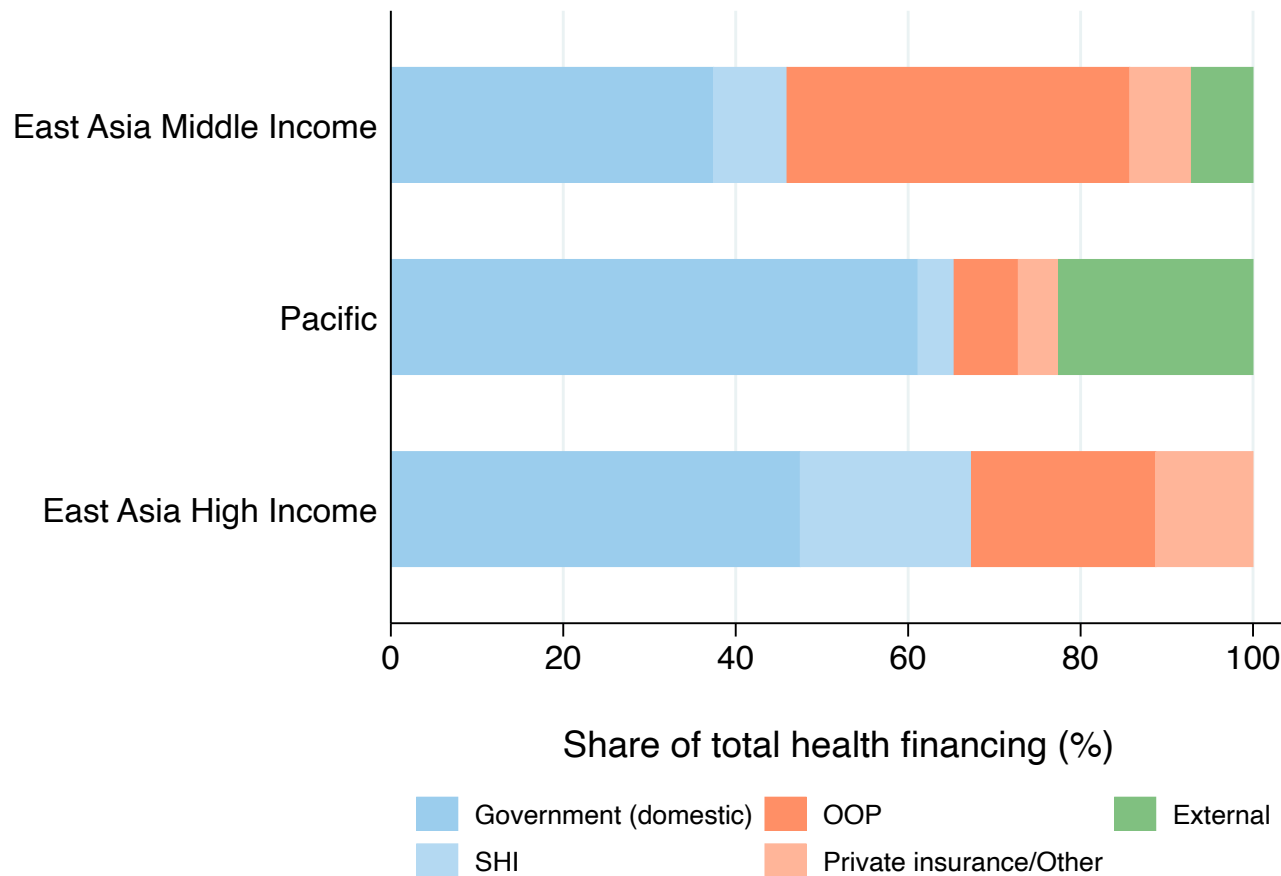
Period of fiscal adjustment: 2022 and 2023

# COVID-19 - HEALTH SPENDING IMPACT

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# Health expenditure components and their income elasticity



1.30

Income elasticity of government expenditure on health

0.88

Income elasticity of OOP

\$1.5 B

Stagnant and ?

## Scenarios

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1

Government decisions about per-capita health spending follow the same, procyclical behavior observed in the past

2

Governments choose to hold the pre-pandemic share of health in government spending constant

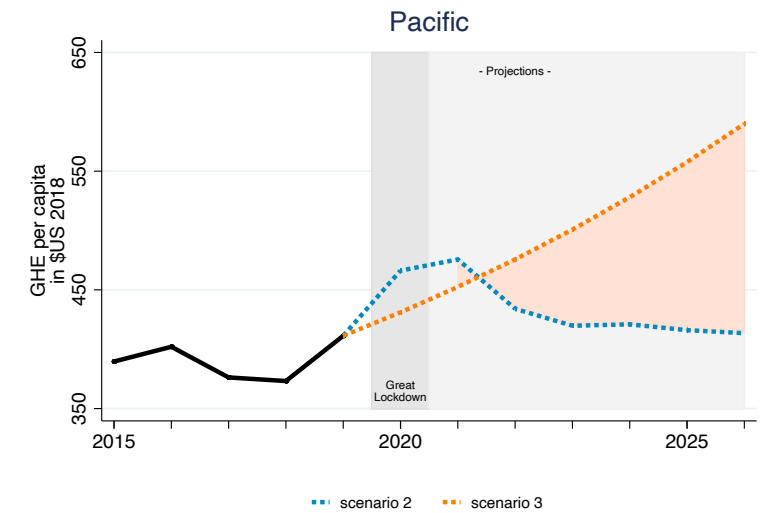
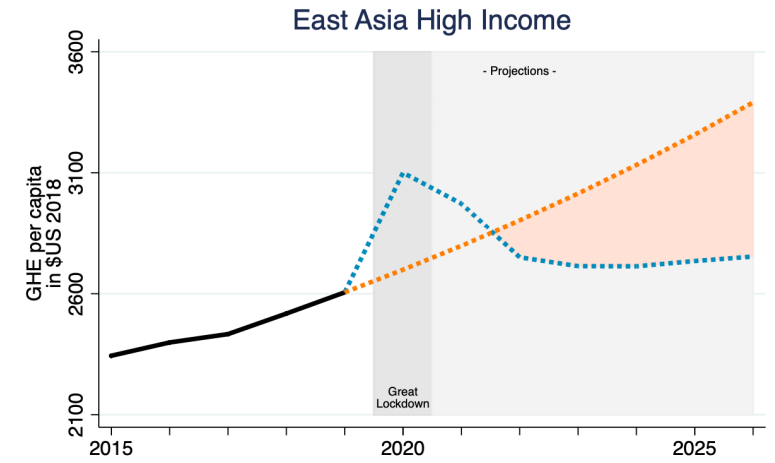
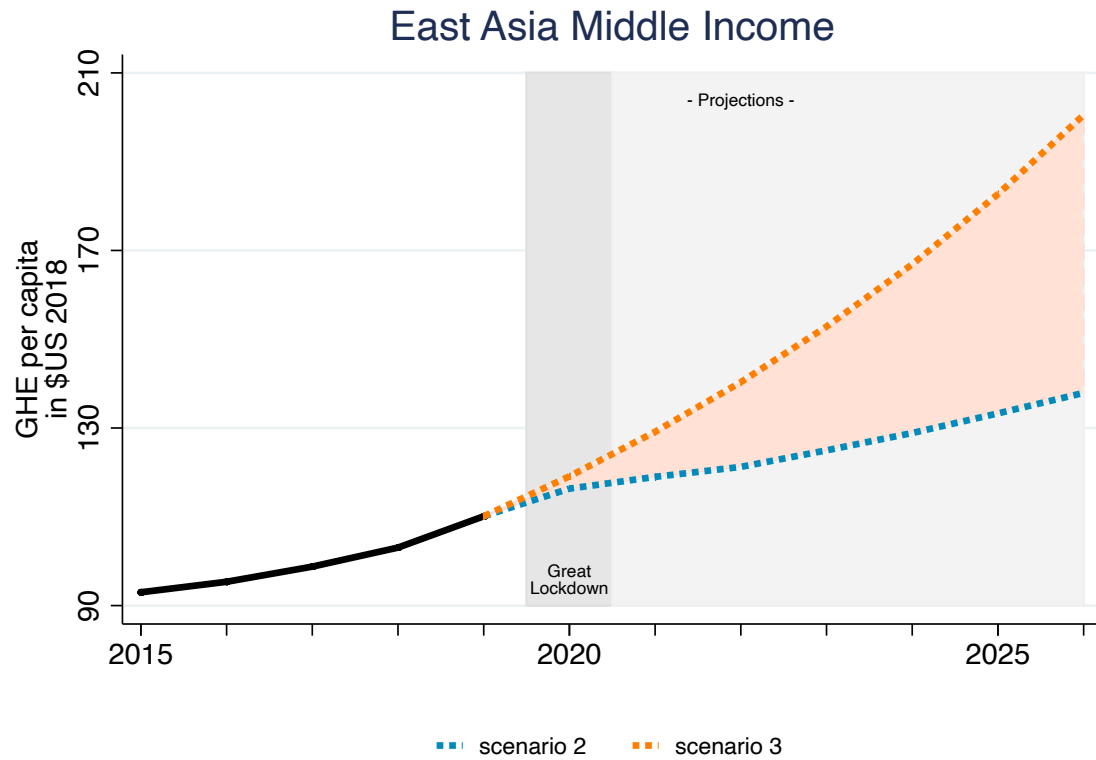
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Governments protect the pre-pandemic trends in the growth of per capita government health spending

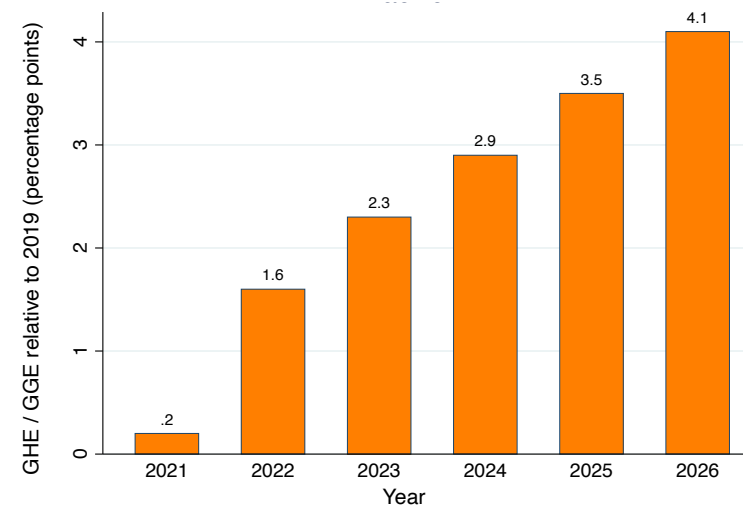
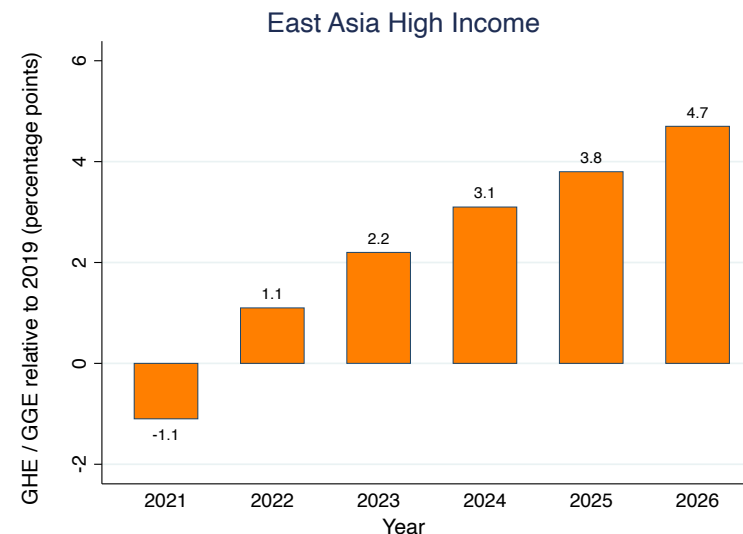
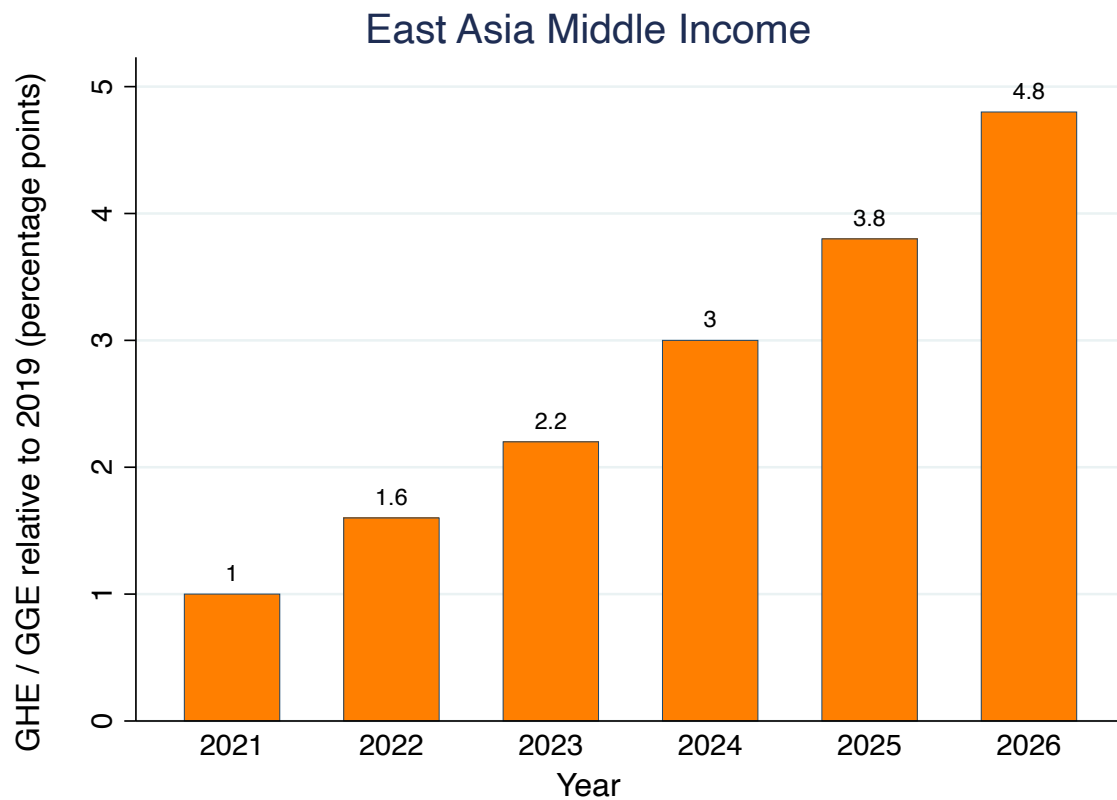
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Governments increase spending at the pre-pandemic growth rate, compensating also for lower OOP

# Scenario analysis – GHE per capita



# Changes in prioritization of health to meet past spending trends



# What is the path toward a double recovery?



## FROM DOUBLE SHOCK TO DOUBLE RECOVERY - IMPLICATIONS AND OPTIONS FOR HEALTH FINANCING IN THE TIME OF COVID-19

DISCUSSION PAPER

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*Christoph Kurowski  
David B. Evans  
Ajay Tandon  
Patrick Hoang-Vu Eozenou  
Martin Schmidt  
Alec Irwin  
Jewelwayne Salcedo Cain  
Eko Setyo Pambudi  
Iryna Postolovska*



<http://documents1.worldbank.org/curated/en/670721616095085493/pdf/From-Double-Shock-to-Double-Recovery-Implications-and-Options-for-Health-Financing-in-The-Time-of-COVID-19.pdf>