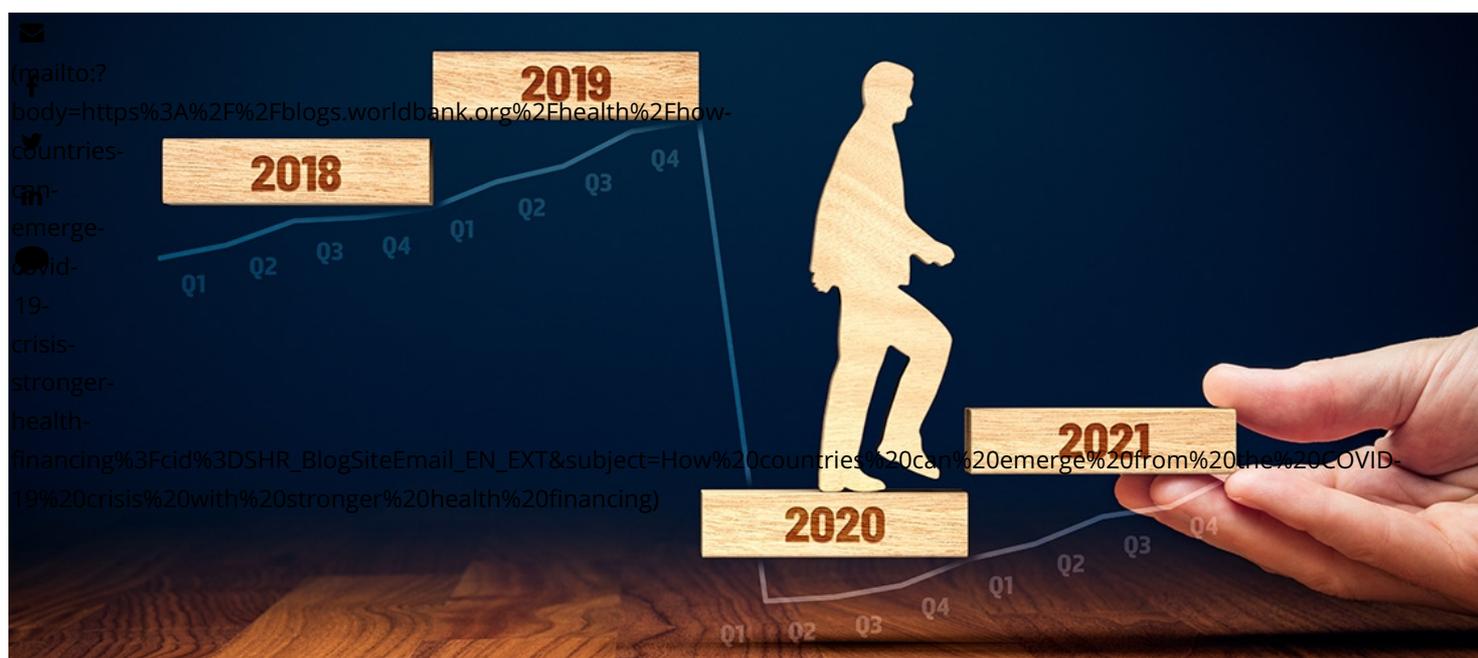


Published on Investing in Health (/health)

How countries can emerge from the COVID-19 crisis with stronger health financing

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COVID-19 has created a health financing shock that needs to be addressed. Photo Credit: Jirsak/Shutterstock

While the approval of multiple COVID-19 vaccines points to a brighter future, the next two years could still be tough for health financing. https://twitter.com/intent/tweet?text=While+the+approval+of+multiple+COVID-19+vaccines+points+to+a+brighter+future%2C+the+next+two+years+could+still+be+tough+for+health+financing+countries-can-emerge-covid-19-crisis-stronger-health-financing/?cid=SHR_BlogSiteTweetable_EN_EXT&via=worldbank

COVID-19 has exacerbated health financing challenges

Most governments have increased their spending this year in response to the pandemic, to meet pressing health needs and to protect people, jobs and businesses. For many governments, this was achieved by running large budget deficits as they dealt with negative economic growth and falls in revenue.

The result is that government debt is at record levels globally. The International Monetary Fund (IMF) is predicting a return to economic growth starting next year, but it is also forecasting that government spending per capita will fall in countries across all income groups in 2021 and 2022.

At the same time, health spending needs are expected to remain high to roll out vaccines and deal with possible new waves of COVID-19 infection. Funding will also be needed to address the backlog of essential health services. In some countries, funding for lifesaving health services dropped

sharply as resources were shifted to the country's COVID-19 emergency response efforts.

Building on the IMF projections, World Bank data shows that government health spending per capita will decrease in most countries in 2021 and 2022 unless governments seek to raise more revenues as a share of GDP and/or increase the health share of government spending. [https://twitter.com/intent/tweet?](https://twitter.com/intent/tweet?text=World+Bank+data+shows+that+government+health+spending+per+capita+will+decrease+in+most+countries-can-emerge-covid-19-crisis-stronger-health-financing/?cid=SHR_BlogSiteTweetable_EN_EXT&via=worldbank)

[text=World+Bank+data+shows+that+government+health+spending+per+capita+will+decrease+in+most+countries-can-emerge-covid-19-crisis-stronger-health-financing/?](https://twitter.com/intent/tweet?text=World+Bank+data+shows+that+government+health+spending+per+capita+will+decrease+in+most+countries-can-emerge-covid-19-crisis-stronger-health-financing/?cid=SHR_BlogSiteTweetable_EN_EXT&via=worldbank)

[cid=SHR_BlogSiteTweetable_EN_EXT&via=worldbank](https://twitter.com/intent/tweet?text=World+Bank+data+shows+that+government+health+spending+per+capita+will+decrease+in+most+countries-can-emerge-covid-19-crisis-stronger-health-financing/?cid=SHR_BlogSiteTweetable_EN_EXT&via=worldbank)) This will not be easy though, as governments seek to stimulate a recovery in economic growth and address the needs of all sectors.

"COVID-19 has exposed both strengths and weaknesses in local, national, regional, and international health care and has shed light on the need for sustainable financing. Financing remains one of the driving forces that determines the journey to self-reliance," says Alma Golden, Assistant Administrator for USAID's Bureau for Global Health. "The COVID pandemic has compromised the path for many of the countries to achieve access to quality health care (<https://vimeo.com/491332198>)."

Takeaways from the Fifth Annual Health Financing Forum

The recent Fifth Annual Health Financing Forum (AHFF) (<https://web.cvent.com/event/c3814468-f629-4b88-a503-d6f71286d253/websitePage:38b887d4-e212-4b63-81f7-59b900b15cd0>) brought together officials from Ministries of Finance and with civil society, members of the private sector and external partners to explore how to deal with these challenges over the next two years. The sharing of experiences and lessons revealed various options governments can consider meeting their high health spending needs.

For example, one lesson relates to how coordination with the private sector can expand the options available for health service delivery: facilitated by more flexible public financial management rules combined with increased capacity to design, negotiate, and monitor contractual agreements.

A second lesson centers on plans for the COVID-19 vaccine rollout. Rolling out vaccines to an entire population is unlikely to happen in a short time frame. In considering what segments of the population should get a vaccine first, countries must balance the sometimes-competing goals of preventing severe morbidity and deaths, keeping critical systems working, and stimulating the economy – at the same time trying to ensure equity ensuring in vaccine distribution.

A third lesson suggests that although reforming country fiscal systems is beyond the health sector's mandate, health ministries can advocate for the introduction of or an increase in taxes on products harmful to health to raise additional revenue. [https://twitter.com/intent/tweet?](https://twitter.com/intent/tweet?text=although+reforming+country+fiscal+systems+is+beyond+the+health+sector%E2%80%99s+mandate%2C+h)
[text=although+reforming+country+fiscal+systems+is+beyond+the+health+sector%E2%80%99s+mandate%2C+h](https://twitter.com/intent/tweet?text=although+reforming+country+fiscal+systems+is+beyond+the+health+sector%E2%80%99s+mandate%2C+h)
[countries-can-emerge-covid-19-crisis-stronger-health-financing/?](https://twitter.com/intent/tweet?text=although+reforming+country+fiscal+systems+is+beyond+the+health+sector%E2%80%99s+mandate%2C+h)
[cid=SHR_BlogSiteTweetable_EN_EXT&via=worldbank](https://twitter.com/intent/tweet?text=although+reforming+country+fiscal+systems+is+beyond+the+health+sector%E2%80%99s+mandate%2C+h))The governments of Spain and Indonesia, among others, have taken this approach, showing that populations might be accepting of this type of tax increase even during a recession if they feel it would benefit health spending. The most important effect of these taxes, however, are their long-term benefits on health.

Prioritizing health in government budgets

A fourth lesson was drawn from history. While many countries reduced health spending during previous recessions, some actually increased it by giving priority to health in budget decisions. This can be supported by spending reviews across all sectors to identify non-critical spending that can be put on hold to finance increased spending on health and other priority areas.

The forum also featured the first Adam Wagstaff Memorial Lecture. Adam was a Research Manager in the Development Research Group at the World Bank at the time of his passing in May 2020. The lecture, given by Wagstaff's long-term collaborator Professor Eddy van Doorslaer from the Erasmus University of Rotterdam, emphasized the importance of protecting people, particularly the poor, from unaffordable payments for health services, and how measuring the effect of these payments is crucial for developing appropriate financial protection policies.

As we look ahead to 2021, there's still considerable uncertainty about how quickly the pandemic's health impacts can be controlled, even with a vaccine and how quickly government revenues can bounce back.

Whatever the timeline, it's critical that countries do not assume that a rebound in economic growth is the beginning of the end to problems in health financing. It is not. Smartly navigating the next two years will be critical to avoiding cuts in health spending that could push many countries even further behind on their journey to self-reliance. https://twitter.com/intent/tweet?text=Smartly+navigating+the+next+two+years+will+be+critical+to+avoiding+cuts+in+health+spending+that+cou+reliance.&url=https://blogs.worldbank.org/health/how-countries-can-emerge-covid-19-crisis-stronger-health-financing/?cid=SHR_BlogSiteTweetable_EN_EXT&via=worldbank

text=Smartly+navigating+the+next+two+years+will+be+critical+to+avoiding+cuts+in+health+spending+that+cou+reliance.&url=https://blogs.worldbank.org/health/how-countries-can-emerge-covid-19-crisis-stronger-health-financing/?cid=SHR_BlogSiteTweetable_EN_EXT&via=worldbank)

"There aren't always easy answers, or one correct one. Each country must continue to make its own tough decisions (<https://vimeo.com/491330398>)," says Muhammad Ali Pate, Global Director for Health, Nutrition and Population (HNP) Global Practice of the World Bank and Director of the Global Financing Facility for Women, Children and Adolescent. But, he adds, "countries have an opportunity to emerge from the COVID-19 crisis with health financing that is more resilient and sustainable than before."

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