

AT A GLANCE

FROM DOUBLE SHOCK TO DOUBLE RECOVERY: HEALTH FINANCING IN THE TIME OF COVID19

The COVID-19 pandemic resulted in a **double shock**—health and economic. It has cost millions of lives and triggered a global economic recession surpassing any economic downturn since World War II.

In the months ahead—while the world will likely witness the fastest economic growth in the aftermath of any recession in the last 80 years—countries will have to make bold choices to avoid falls in government health spending.



In a group of 126 countries, per capita government **spending is projected to grow to 2026**, despite drops in some years, especially 2021 and 2022.



In years of declining overall per capita spending, governments of these countries will face **difficult choices about the priority** given to health to avoid falls in per capita government health spending.



In 52 countries, per capita government **spending is expected to drop** and remain below pre COVID-19 levels in 2026.

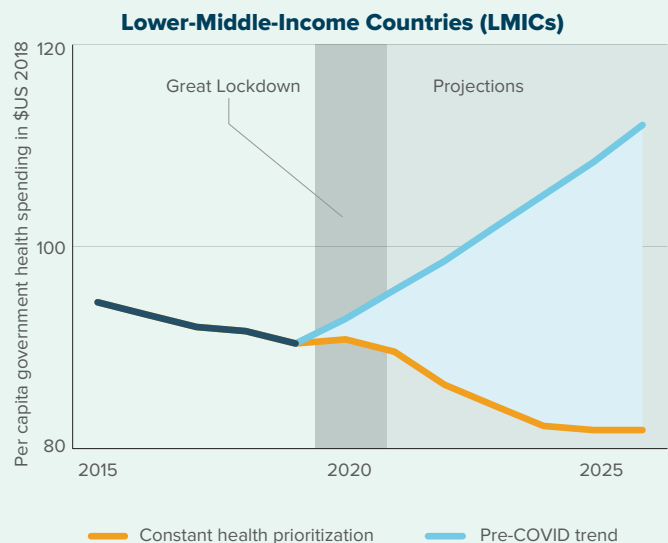
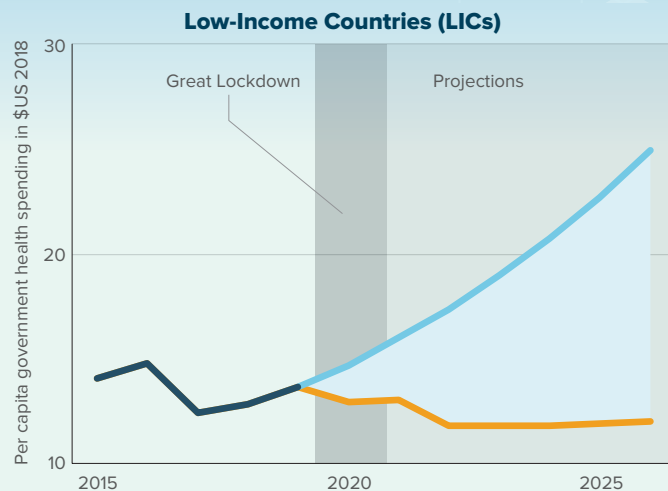


Without bold choices to increase the priority given to health, per capita government health spending will remain below 2019 levels and will further fall in many of these 52 countries.



To keep their health spending growing at pre-pandemic rates, governments of low-income countries among the 52 will have on **average to double the share of their spending on health**, from 10% pre-COVID to 20% in 2026; and in lower-middle-income countries from 8% to 13.5%.

Per capita government health spending, non-GGE growth LICs and LMICs [constant US\$ 2018]





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These and other disparities in the macro-fiscal outlook could intensify pre-existing rifts between countries in government health spending in the years ahead, with significant destructive impacts threatening the COVID-19 recovery.

At one extreme are some higher income countries whose already strong government health financing capacities are poised to grow further in the years ahead.

At the other extreme are some lower income countries whose health spending has been weak and will likely diminish further.

Most lower income countries will be unable to finance their share of a COVID-19 vaccine roll-out to halt the current pandemic, let alone invest in better preparedness and response capabilities. Without an increase in the priority given to health:

The expected growth¹ in government health spending during 2021 and 2022 will cover on average only 28% of the countries' cost share of a vaccine roll-out² in low-income countries, and 43% in lower middle-income countries.

The expected increase in government health spending in 2026 will cover only approximately 60% of the necessary annual investment to strengthen and maintain public health preparedness and response capabilities in both low-income and lower middle-income countries.

1 Above and beyond 2019 levels

2 A country's cost share of the COVID-19 vaccine roll-out includes the logistical costs of vaccine distribution but excludes current levels of COVAX support.

The widening rifts will force cash-strapped countries to make tough choices in health investment.

Funding the vaccine roll-out and preparedness priorities at the cost of other essential health services would pose grave risks for a return to a path toward Universal Health Coverage and a full, sustained health and economic recovery from COVID-19.

The Global Financing Facility (GFF), which supports the continuity of essential health services as part of COVID-19 response efforts, has been **sounding the alarm of the secondary health crisis for vulnerable populations** and the need to secure appropriate levels of financing to provide essential health services and respond to emergencies in the future.

While it won't be easy to boost development assistance for health at a time when some high income countries are also struggling, they have a vital interest in supporting a global recovery. Progress toward Universal Health Coverage is critical for human capital development and a full return to inclusive growth everywhere.

Together, countries can bridge the health financing rifts to build a healthier, more secure, more prosperous future for all.

Coordinated global action to accelerate development assistance for health will have positive effects far beyond the lower income countries that benefit first.

The World Bank Group, IMF, WHO, and WTO Multilateral Leaders Task Force has called for urgent international support to step up measures.