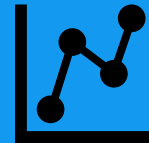
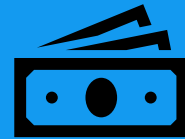


Diverging Fiscal Pressures & Uneven Constraints: Macro-Fiscal Environment, Public Financing of Health, & Universal Health Coverage (UHC) in the Asia-Pacific Region



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Hideki Higashi (Senior Economist), Somil Nagpal (Lead Health Specialist), Sheena Chhabra (Senior Health Specialist), Ajay Tandon (*Lead Economist*)

World Bank Global Practice on Health, Nutrition, & Population

International Health Economics Association, Bali, Indonesia, July 2025

Outline

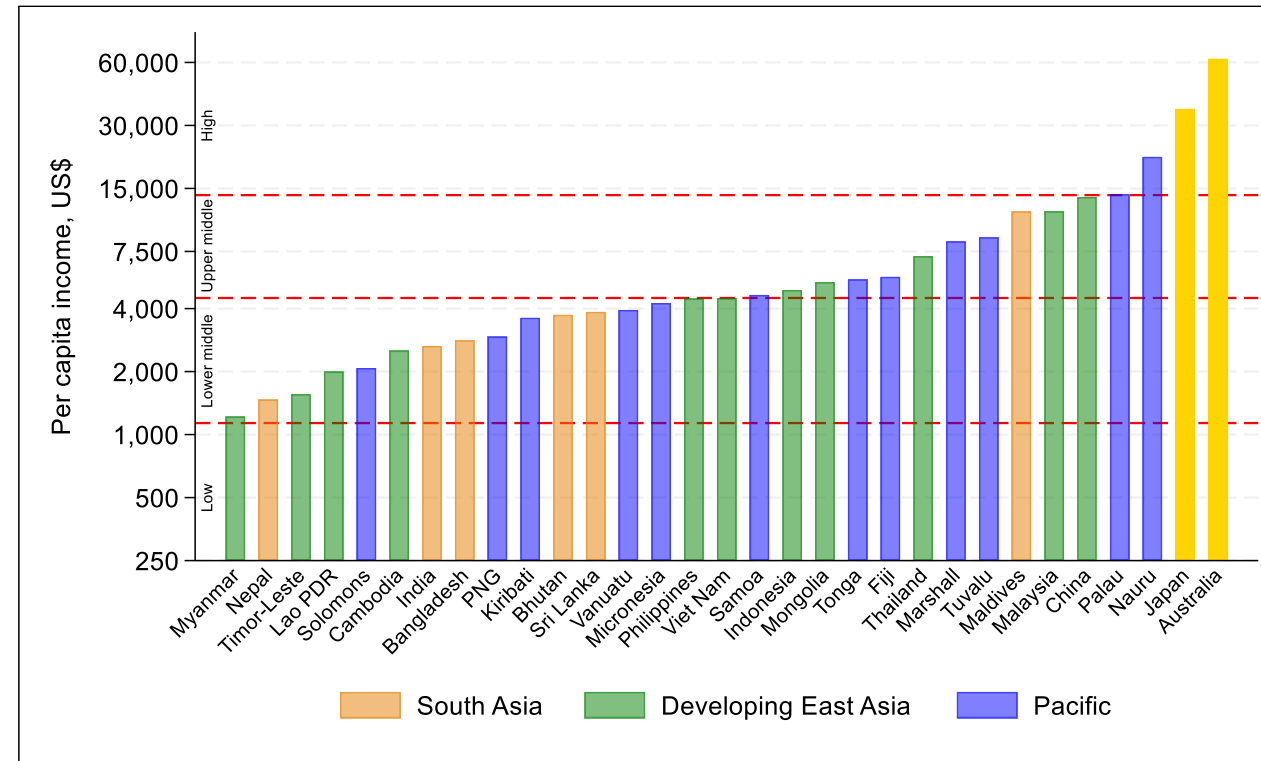
- **Economic recovery** from pandemic/multiple shocks evident but uneven across region; some countries have bounced back, others are struggling
- Population health outcomes, UHC, and health financing landscape across the Asia-Pacific region
- What can countries do to accelerate progress towards UHC?

Outline

- ➡ ■ **Economic recovery** from pandemic/multiple shocks evident but uneven across region; some countries have bounced back, others are struggling
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Asia-Pacific: A Largely Middle-Income Region

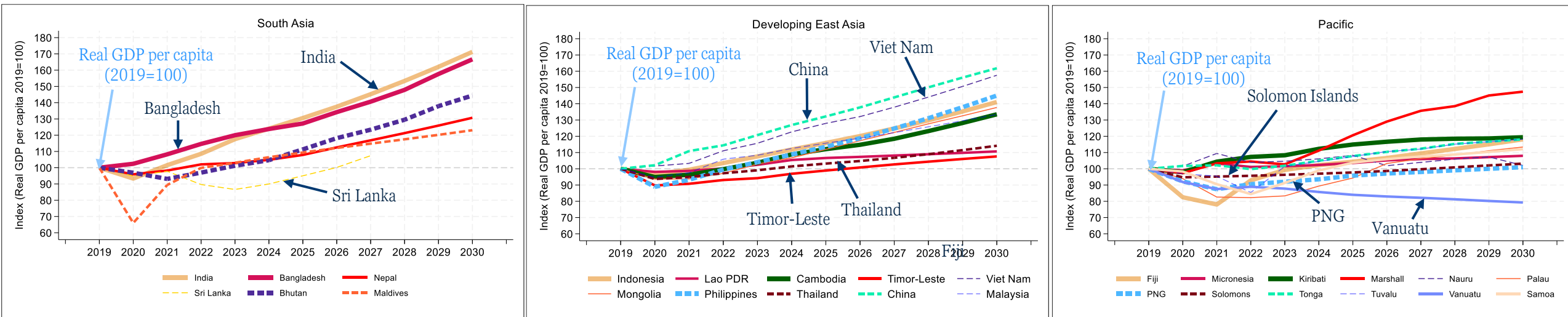
South Asia largely **lower middle income**; developing East Asia and Pacific are **lower** and **upper middle income**



Region comprises some of the largest (**India, China, Indonesia, Bangladesh, Philippines, Viet Nam**) countries in terms of population as well as some that are smallest (**Pacific Islands, Maldives, Bhutan**)

Post-Pandemic Economic Recovery Uneven Across Region

Many economies in the region have recovered from succession of shocks since 2020, and per capita GDP – e.g., in **Viet Nam, China, India, Bangladesh, Bhutan, Philippines, Indonesia, Cambodia** – now exceeds pre-pandemic income levels



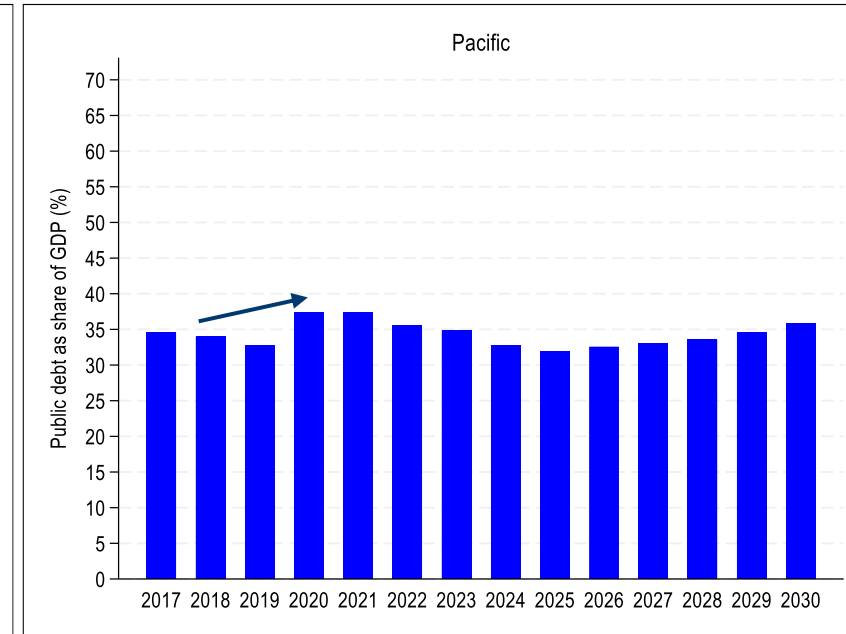
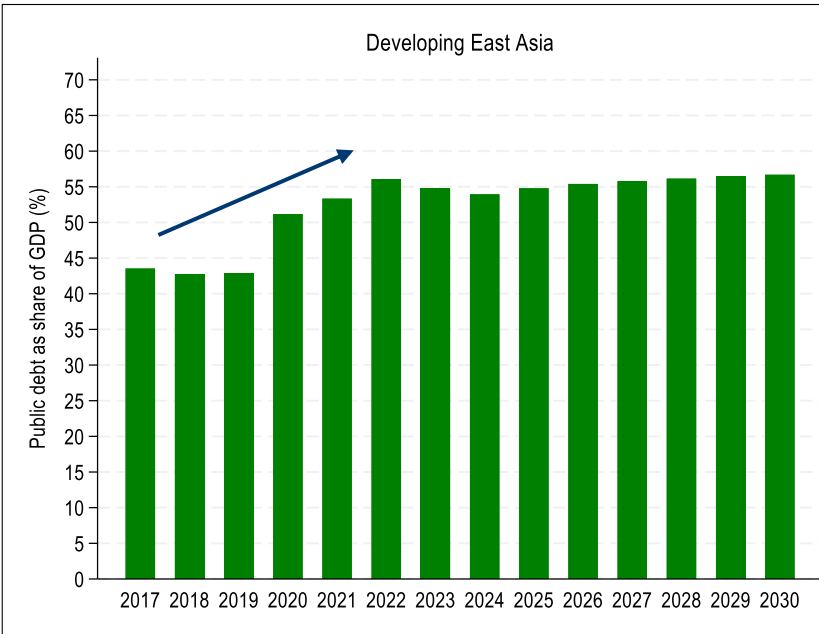
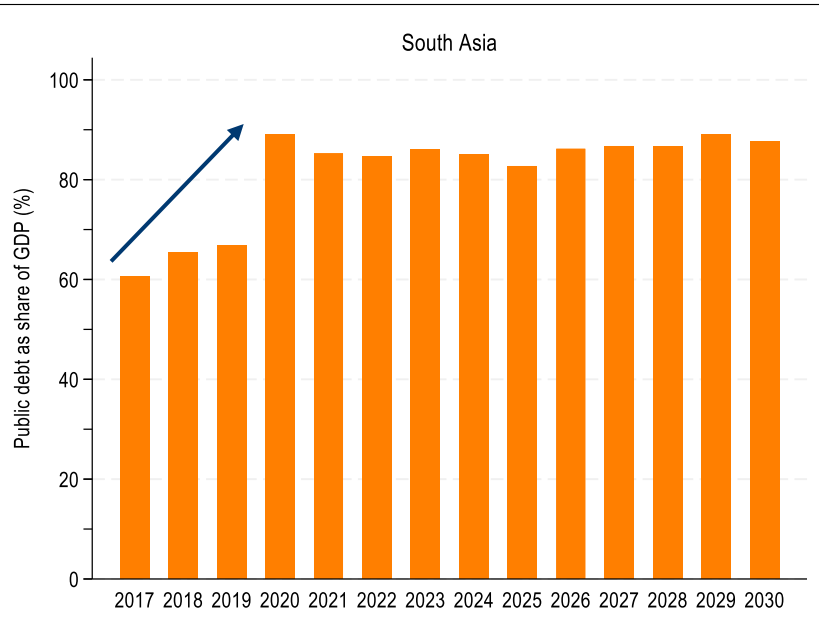
Nevertheless, some sluggishness remains evident. Recovery has been far less strong in several countries: **Thailand, Timor-Leste, PNG, Solomon Islands, Palau, Vanuatu, Sri Lanka** – with some remaining below pre-pandemic levels

Public Debt Levels Have Risen As Has Debt Servicing

- During COVID-19, government revenues ↓ but government spending ↑ which was financed by deficits that resulted in a rise in public debt levels.
- As a result, debt servicing share of overall government spending remains elevated across some countries in the region, in some cases exceeding the share of total government spending that is spent on health.
- Debt servicing share of total government spending projected to >10% in Lao PDR, Indonesia, Philippines, PNG, Fiji, Malaysia, Myanmar, India, Bangladesh over 2025-2030.

Public Debt Remains Elevated in Some Countries

Total public debt ↑ beginning in 2020



- Defaulted**

 - Sri Lanka
 - Argentina
 - Belize
 - Belarus
 - Ecuador
 - Lebanon
 - Suriname
 - Zambia
 - El Salvador
 - Ghana
 - Ukraine
- High Risk**

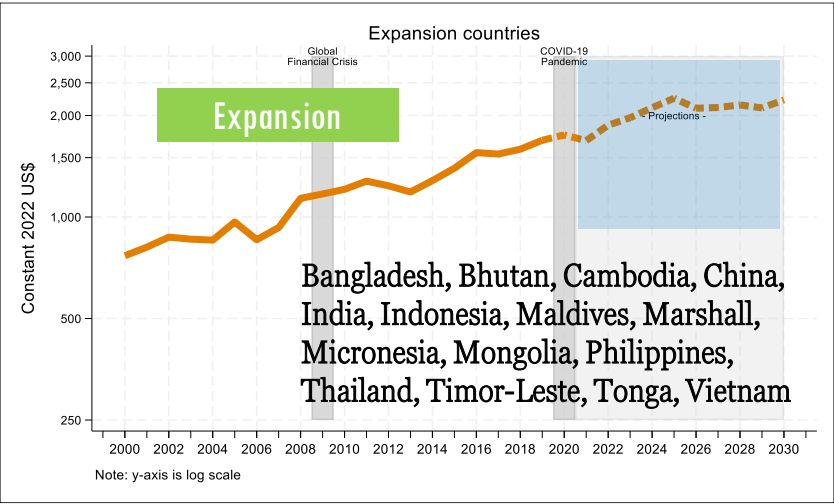
 - Kiribati
 - Lao PDR
 - Maldives
 - Marshall Islands
 - PNG
 - Tonga
 - Tuvalu
 - Vanuatu
- Moderate Risk**

 - Bhutan
 - Micronesia
 - Samoa
 - Solomon Islands
 - Timor-Leste

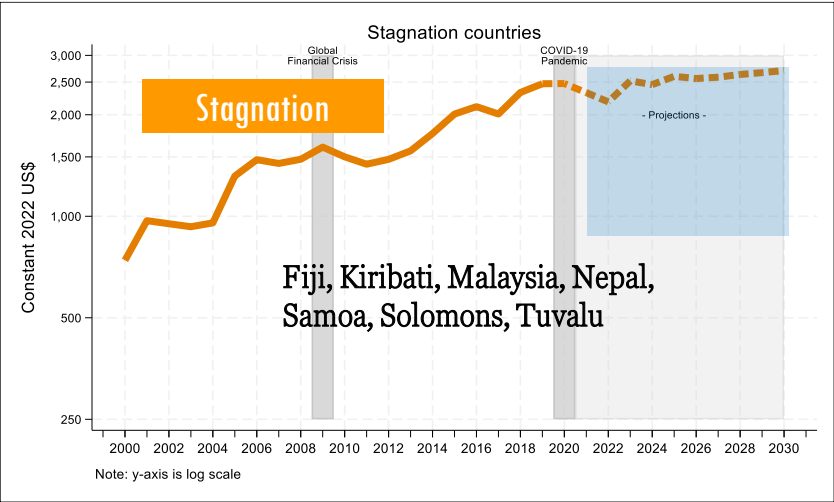
Debt Burden Thresholds and Benchmarks Under the DSF					
	PV of external debt in percent of		External debt service in percent of		PV of total public debt in percent of
	GDP	Exports	Exports	Revenue	GDP
Weak	30	140	10	14	35
Medium	40	180	15	18	55
Strong	55	240	21	23	70

Some Countries Will Continue to Face Fiscal Constraints for Undertaking Additional Public Investments

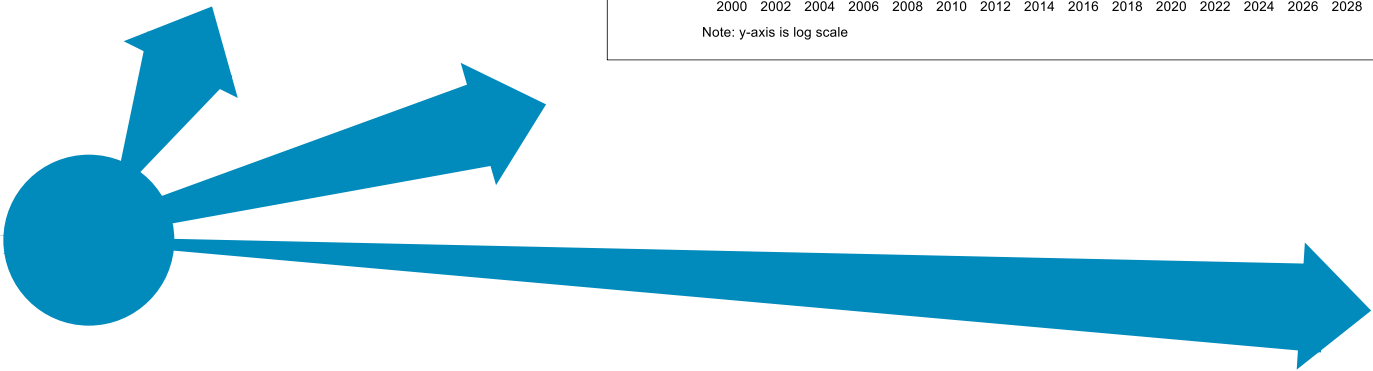
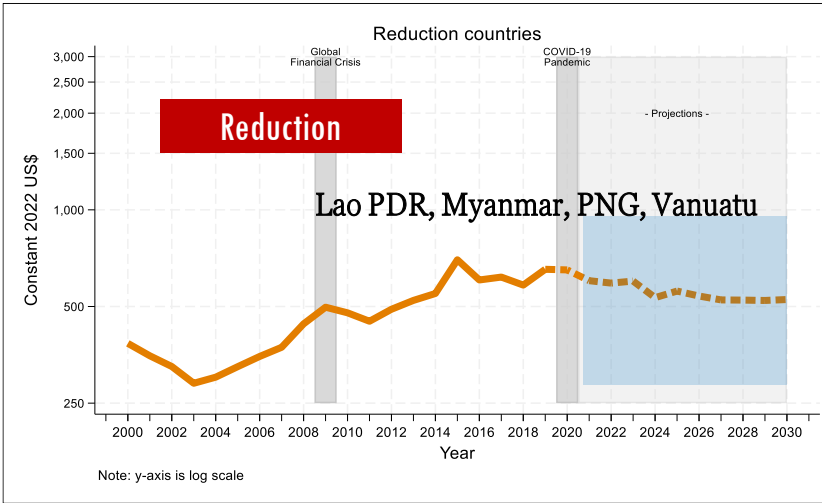
Post-interest total government spending per capita expected to grow as usual



Post-interest total government spending per capita expected to face no or anemic growth



Post-interest total government spending per capita expected to decline

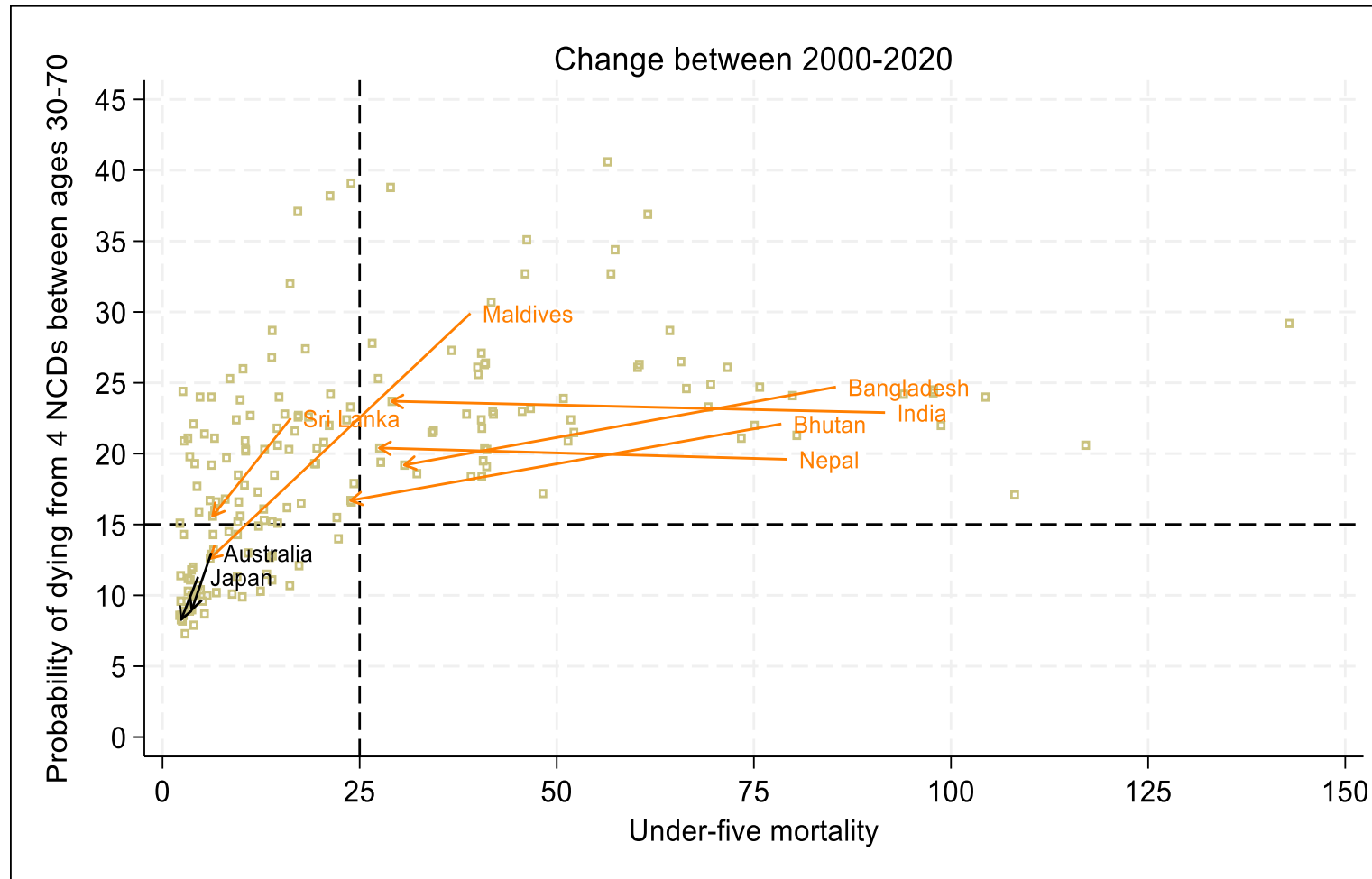


Outline

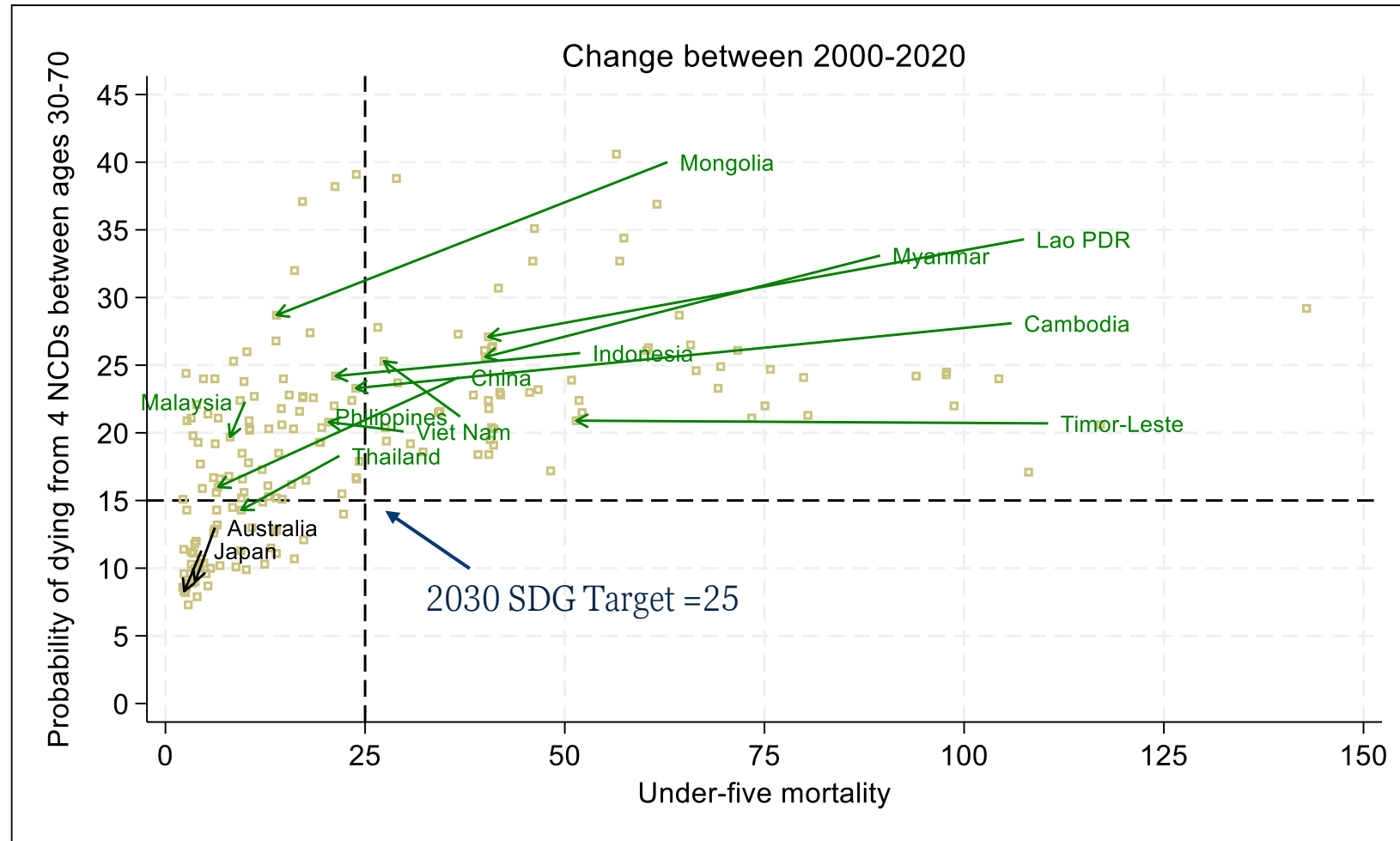
- **Economic recovery** from pandemic/multiple shocks evident but uneven across region; some countries have bounced back, others are struggling
- ➔ ■ Population health outcomes, UHC, and health financing landscape across the Asia-Pacific region
- What can countries do to accelerate progress towards UHC?

Mixed Progress on Population Health

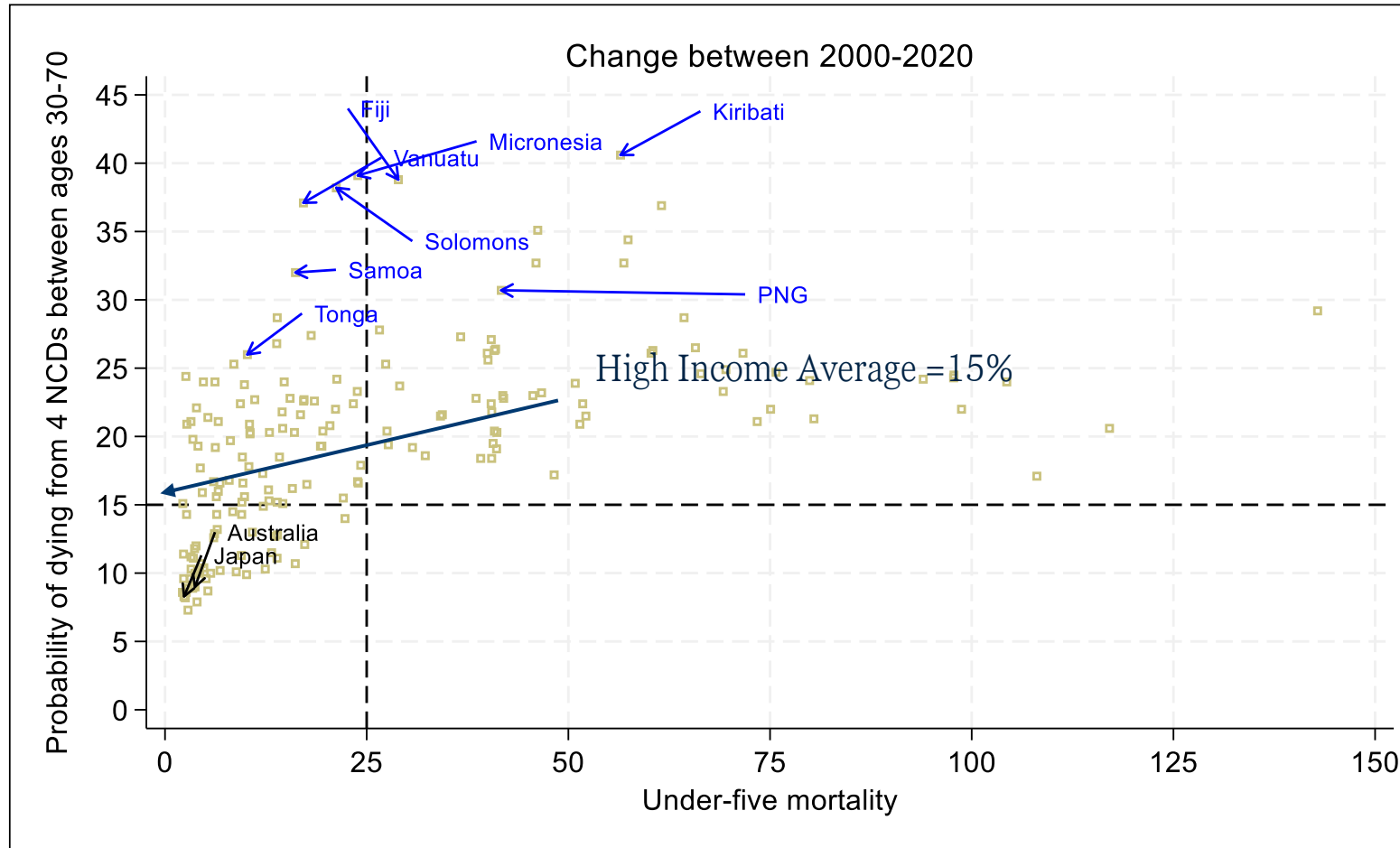
Generally, better progress on **under-five mortality** as opposed **adult mortality** rates



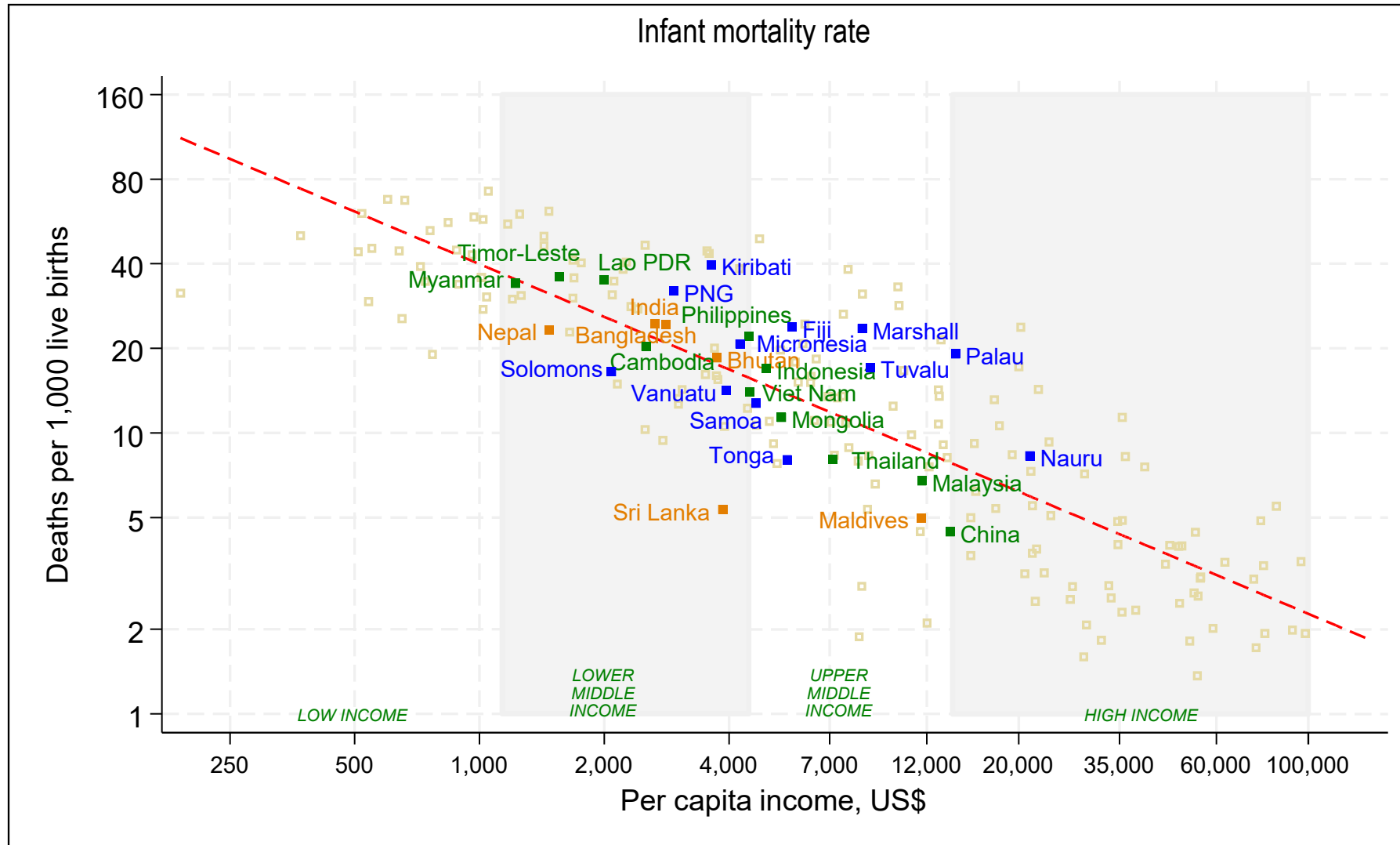
Mixed Progress on Population Health



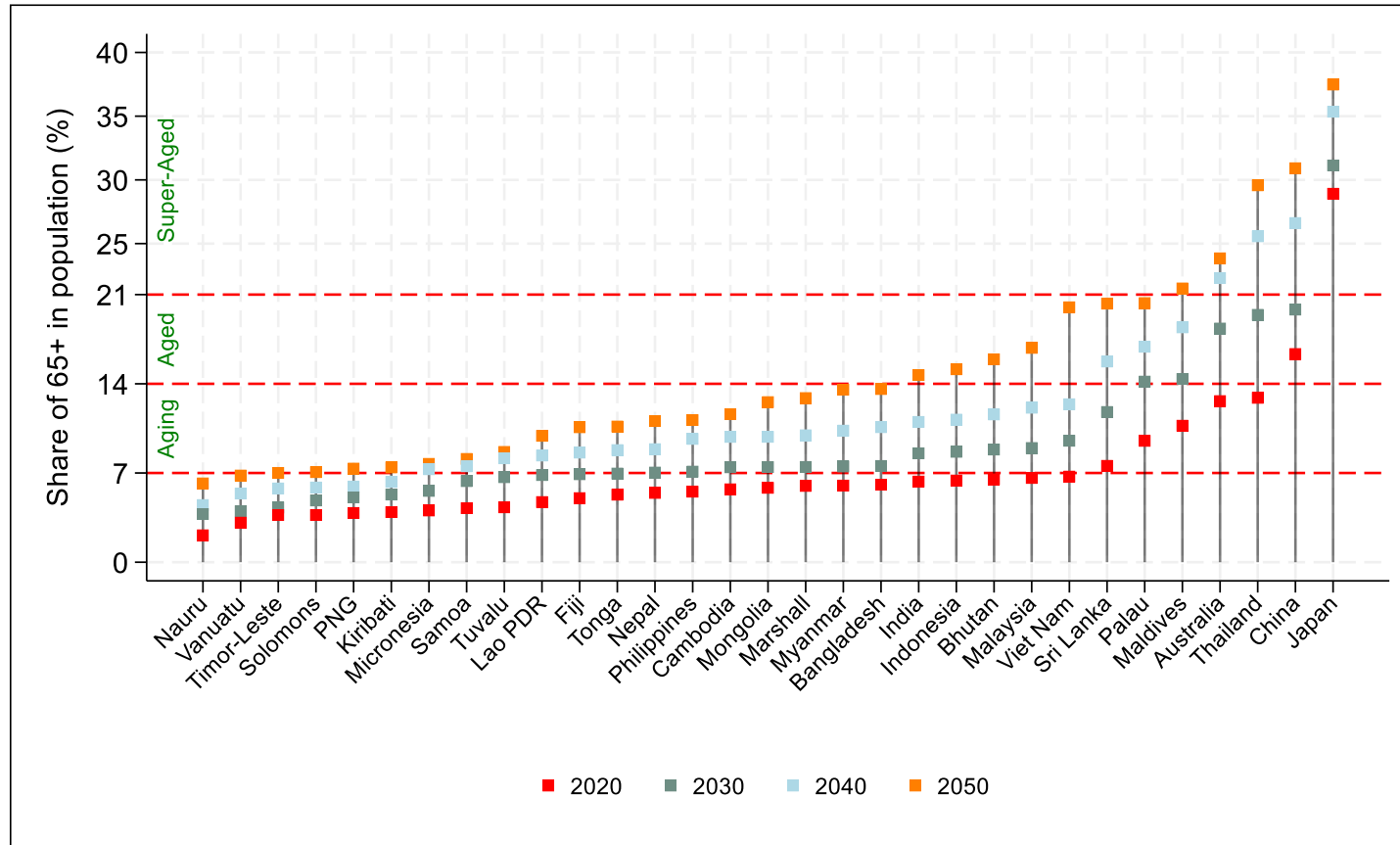
Mixed Progress on Population Health



Mixed Progress on Population Health



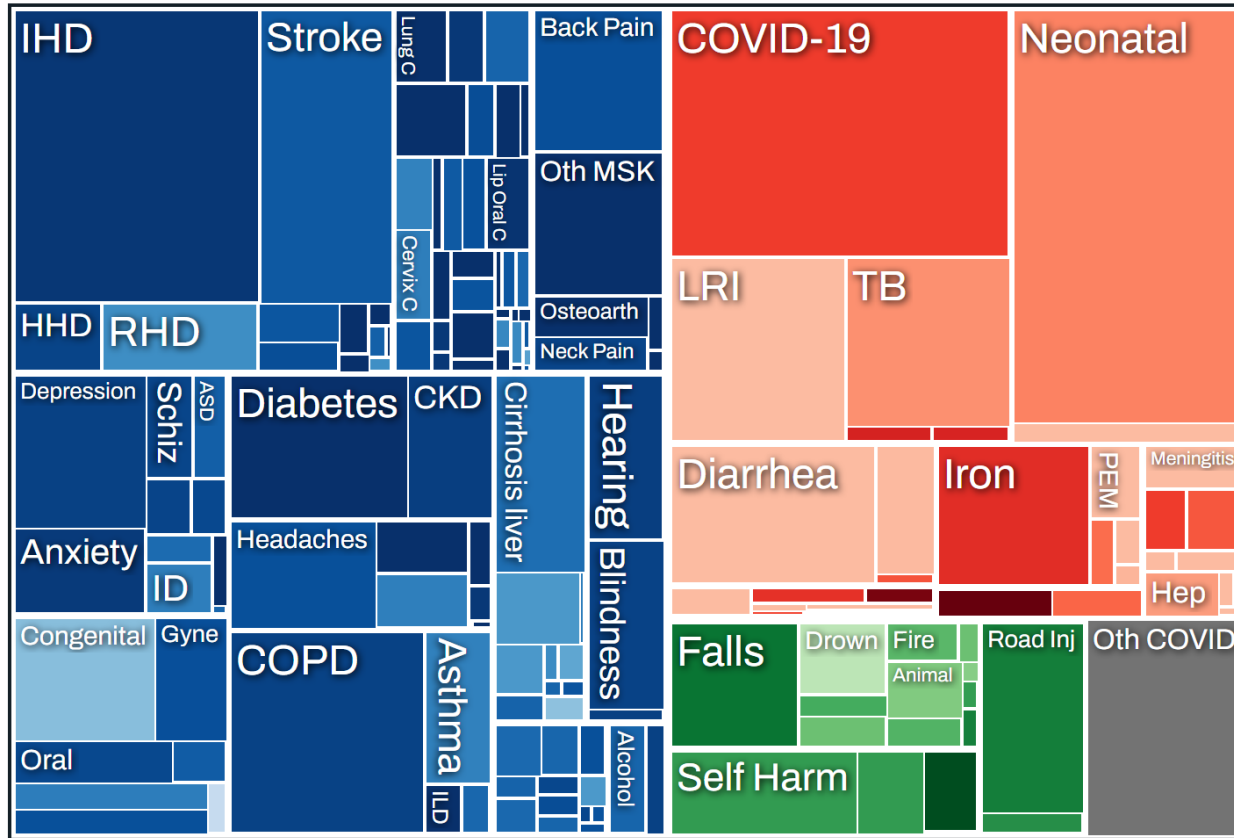
Rapidly Changing Demographic/Epidemiological Profile



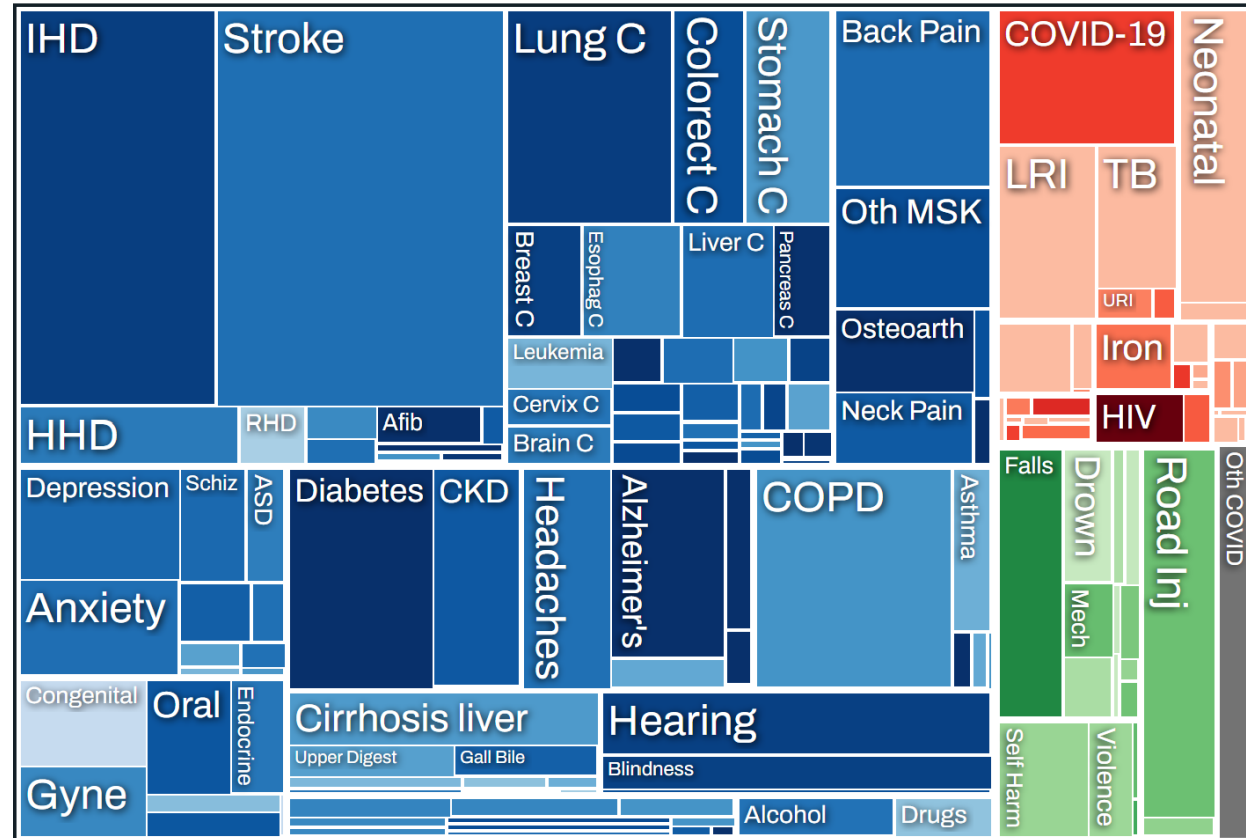
- Most countries in region are **ageing** rapidly due to declining fertility and rising life expectancies.
- Ageing combined with other environmental and behavioral factors have resulted in a change in the overall burden of disease → **non-communicable diseases (NCDs)**.
- **Chronic** nature of NCDs require health systems to move towards a greater focus on prevention and promotion as well as **people-centered integrated care** models of financing and provision.
- Greater risks emerging from **climate change** and the threat of **future pandemic outbreaks**.

NCDs Dominate Burden of Disease

SAR



EAP

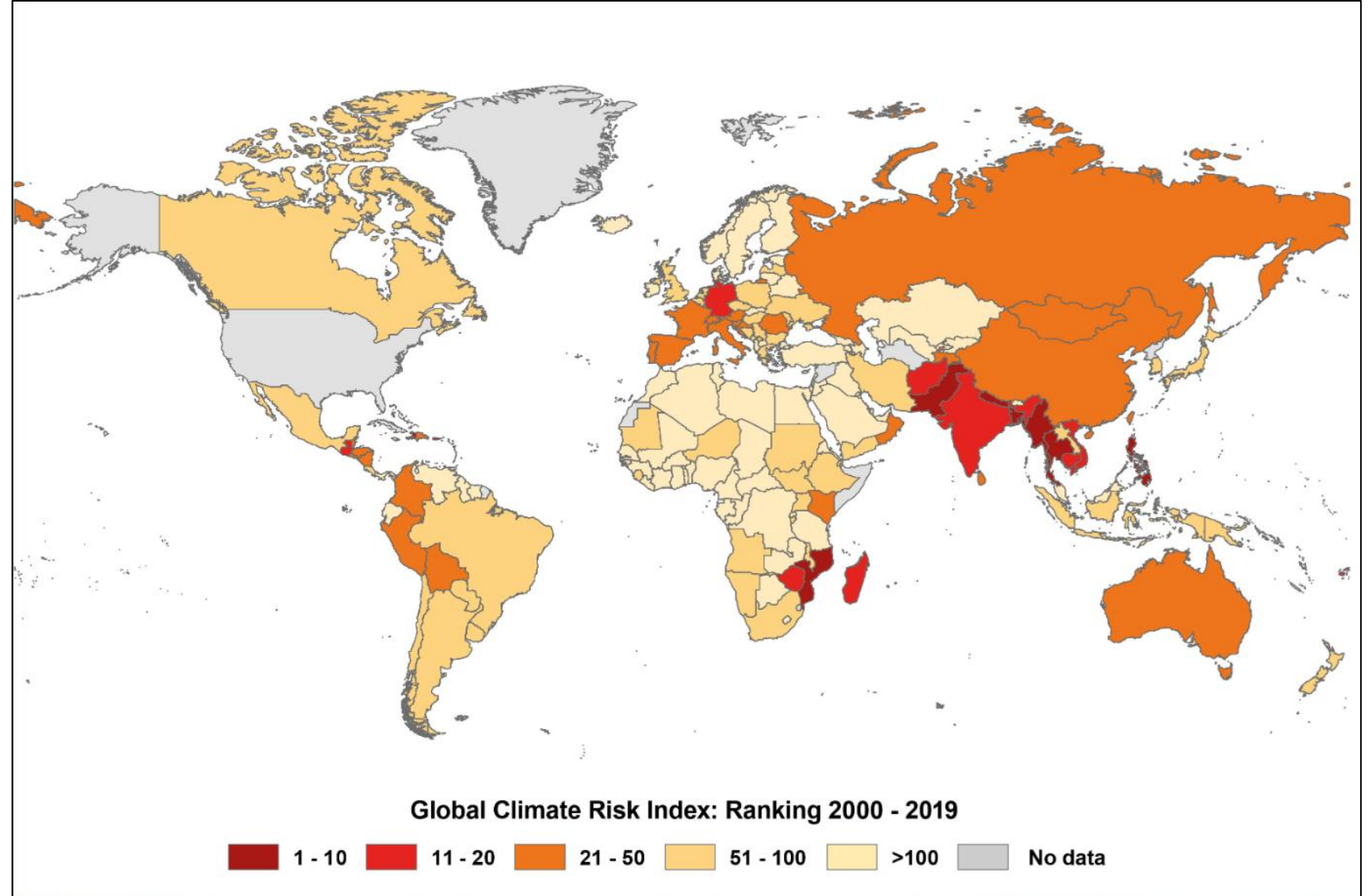


Nevertheless, there remains an unfinished agenda on communicable diseases and RMNCH

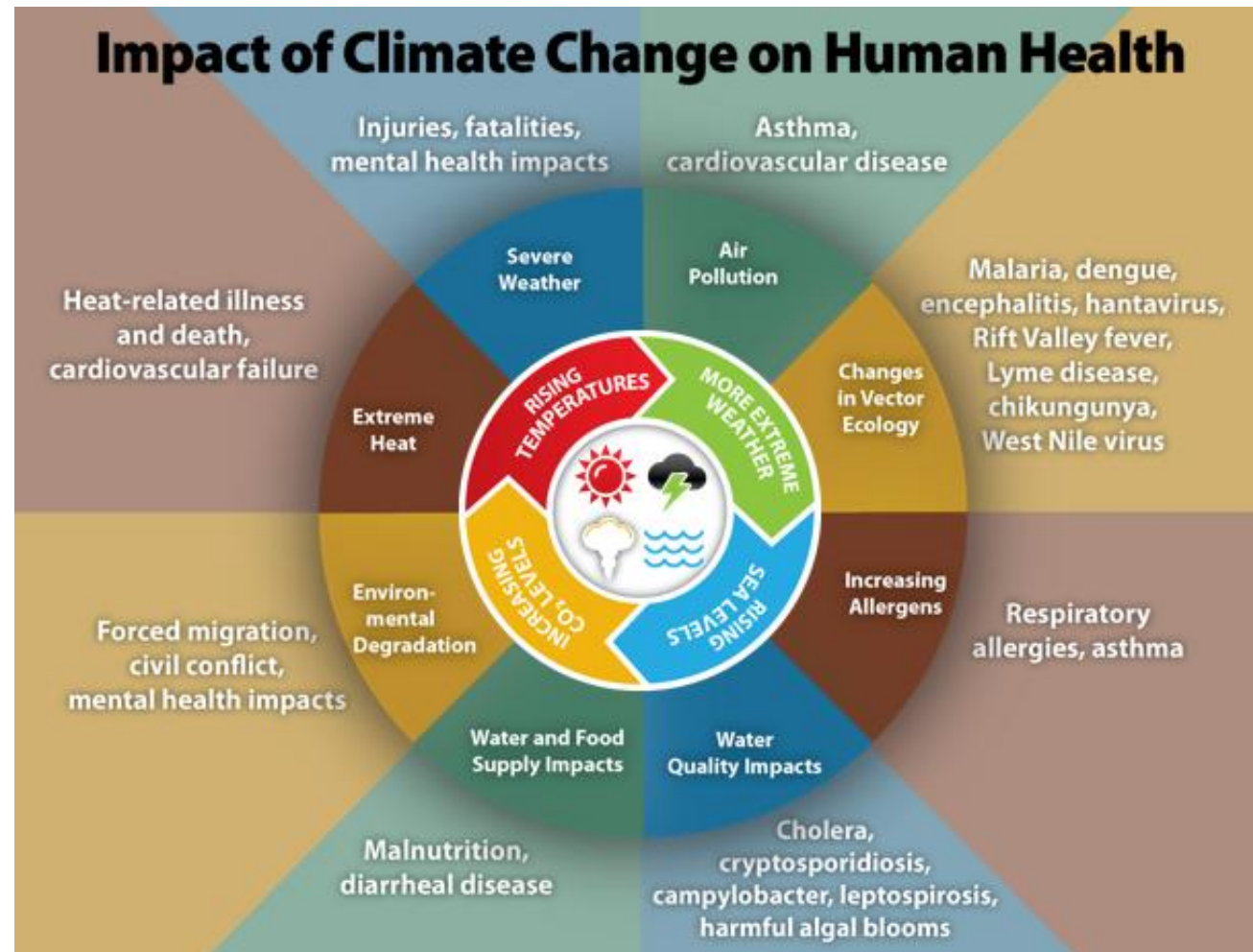
A Changing Climate

Asia-Pacific highly exposed to climate change impacts

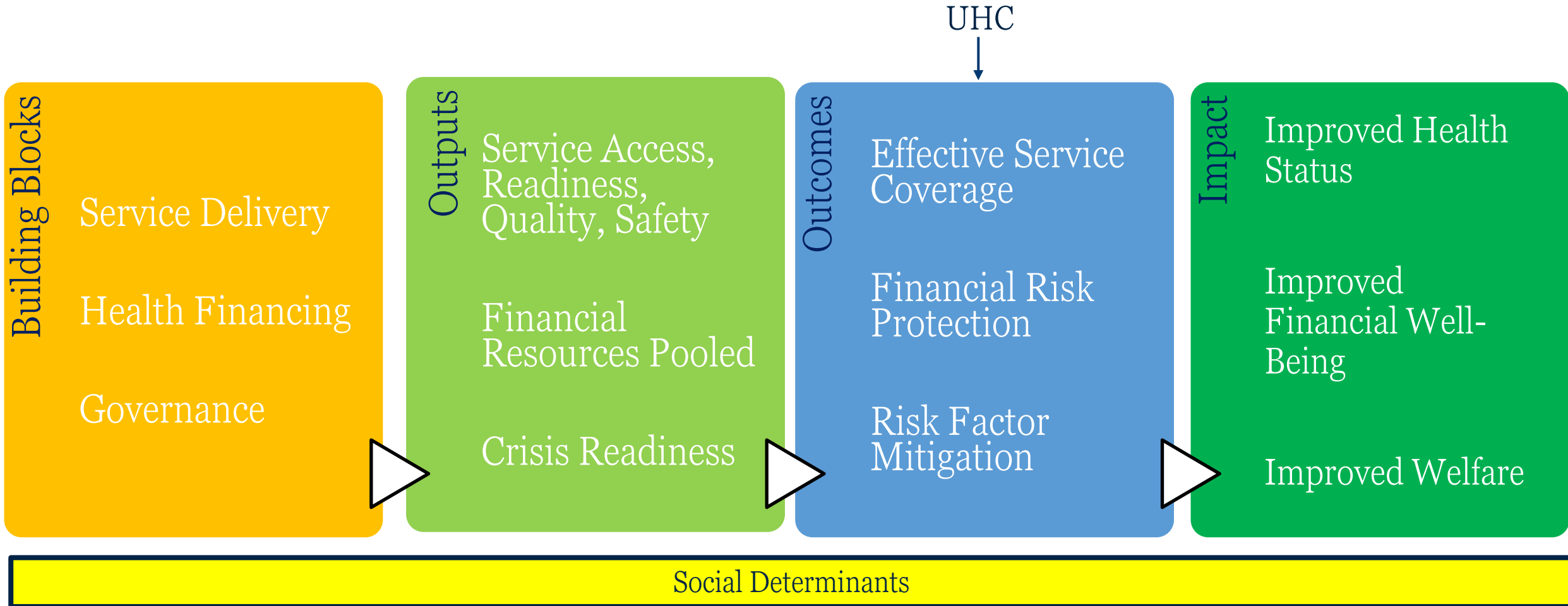
Economic growth in region highly carbon intensive



Climate Change & Health



Context of UHC



Recommended Tracer Indicators for Measuring Progress Towards UHC



SDG Target 3.8: Achieve UHC

Indicator 3.8.1:
Coverage of essential
health services

Indicator 3.8.2:
Financial hardship when
seeking care

Reproductive, Maternal, Newborn, Child:

- Proportion with access to modern contraceptives
- Antenatal care coverage (4+)
- DTP3 vaccine coverage
- Care-seeking behavior for pneumonia

Infectious Diseases:

- TB effective treatment
- HIV treatment
- Proportion sleeping under bed net
- Access to improved sanitation

Noncommunicable Diseases:

- Hypertension treatment
- Diabetes prevalence
- Tobacco nonsmoking

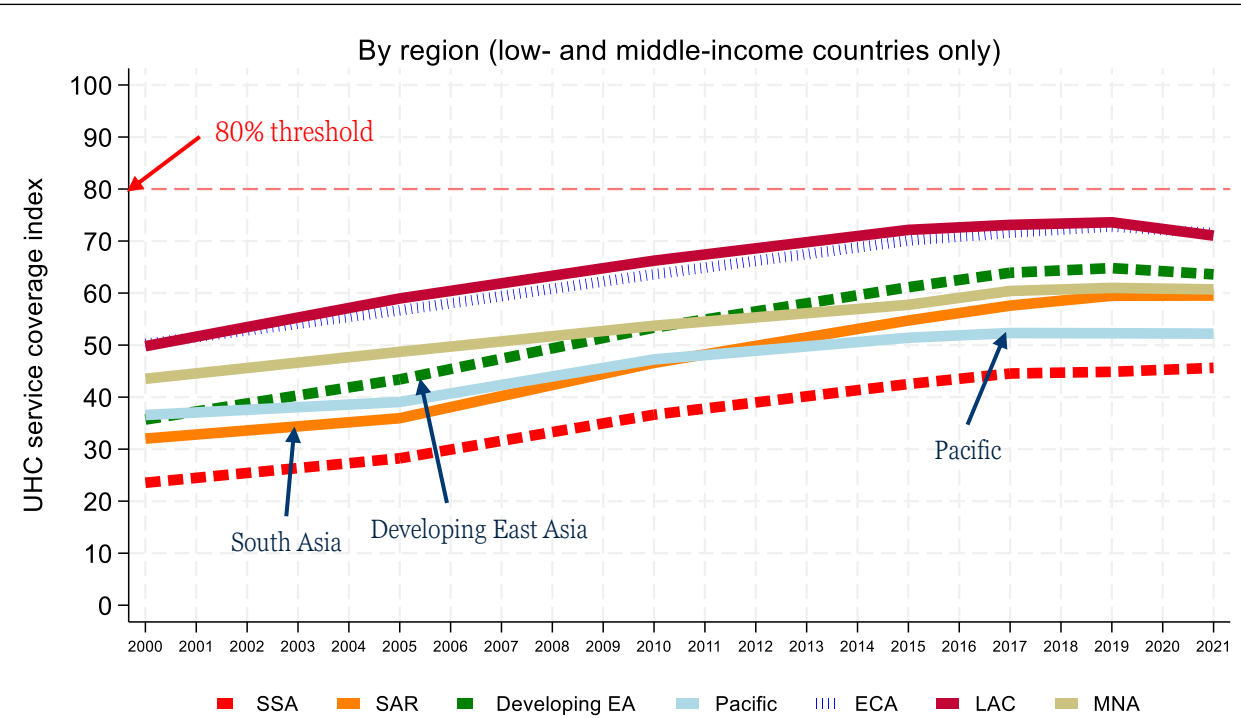
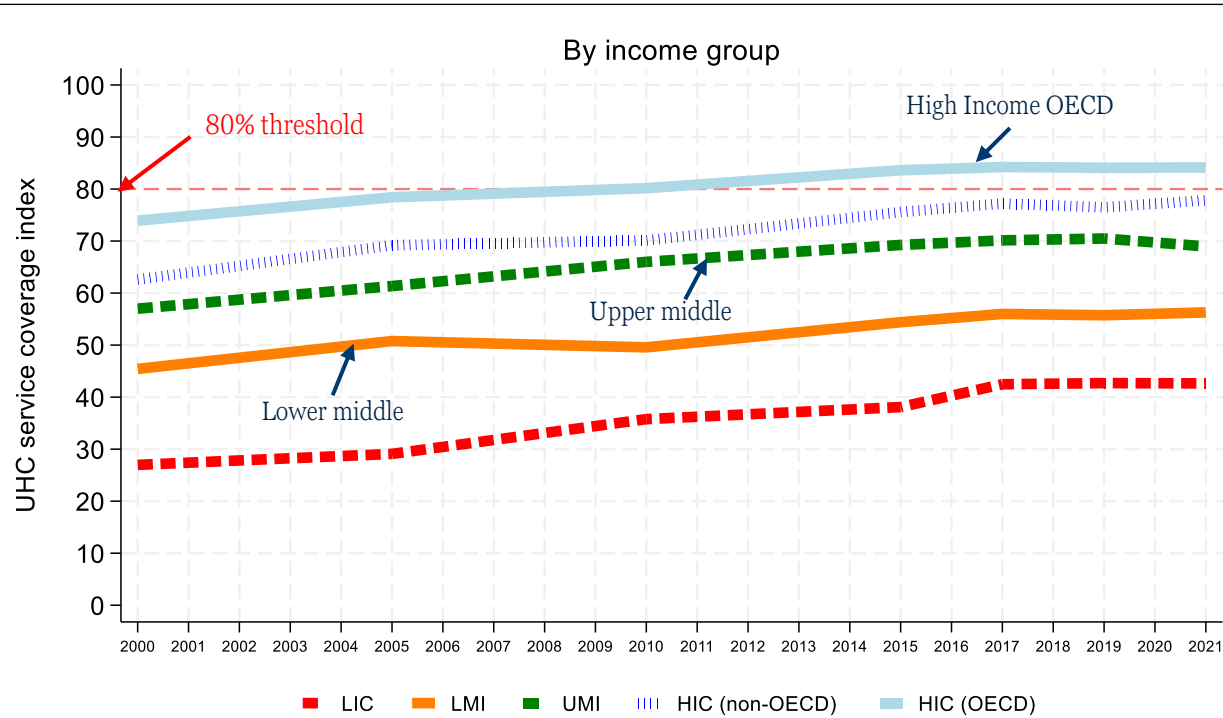
Service Capacity & Access:

- Hospital bed density
- Health worker density
- International Health Regulations (IHR)

Financial Hardship:

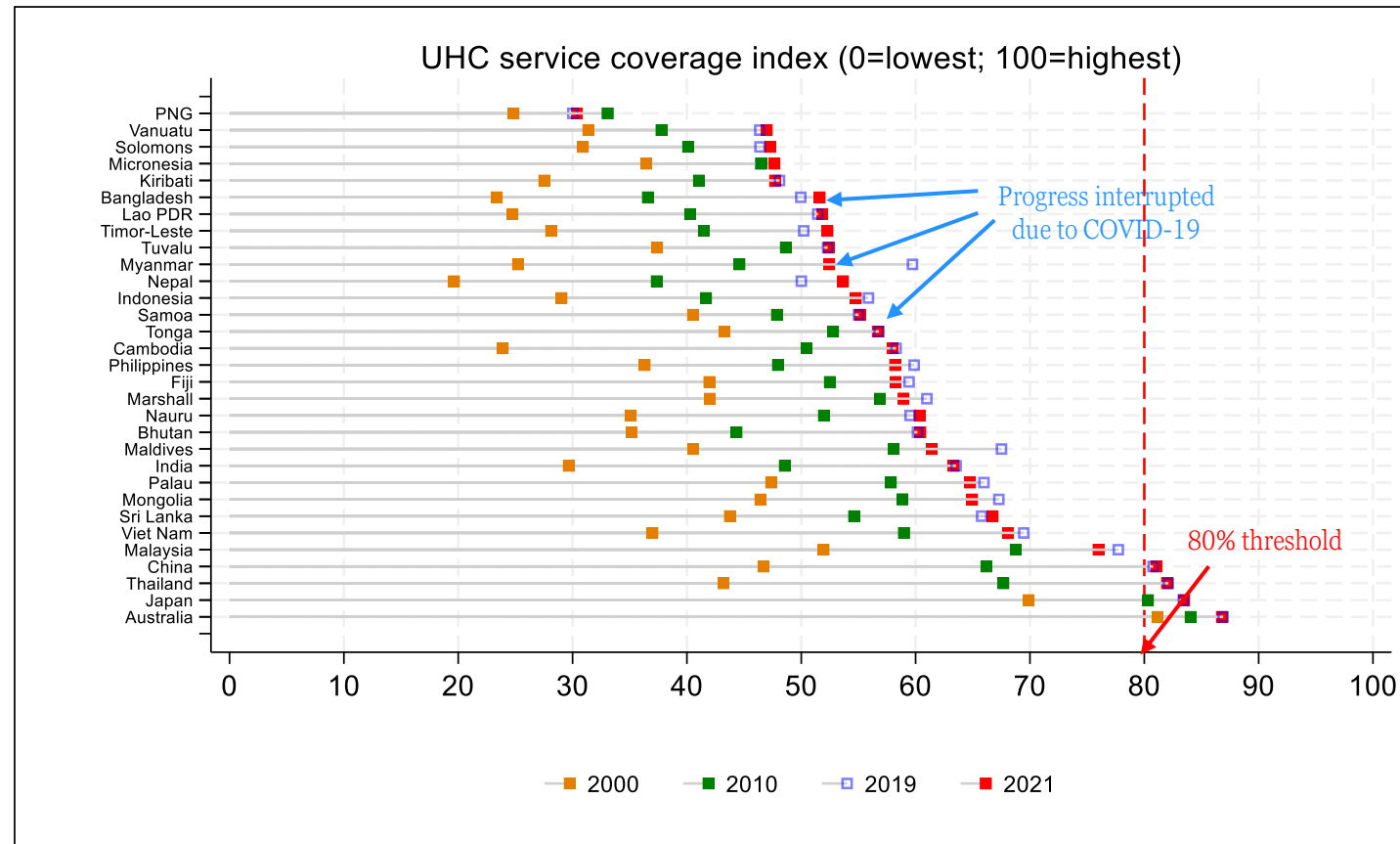
- Proportion with 'large' OOP spending as share of household budget (>10% and >25%)
- Proportion of households impoverished or pushed deeper into poverty due to OOP spending on health

Global & Regional Trends in UHC Service Coverage



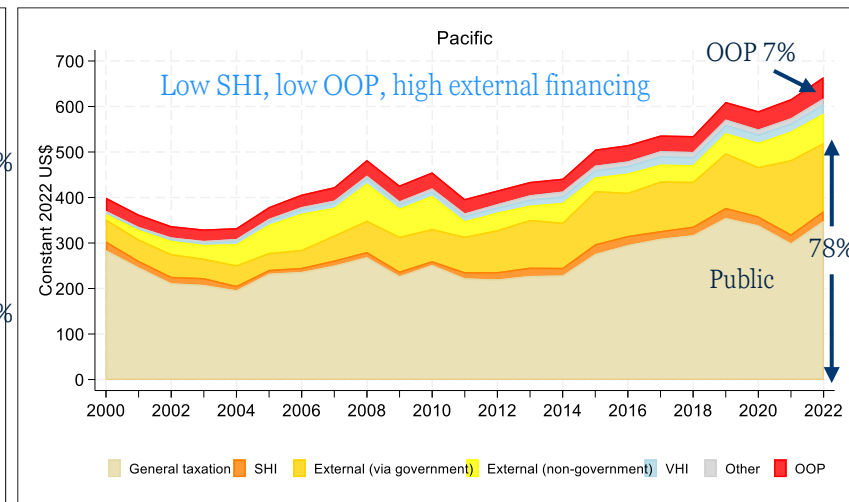
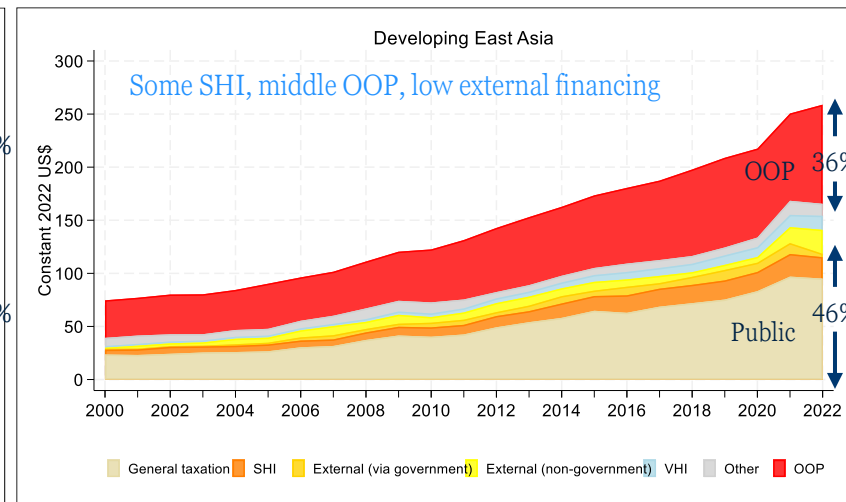
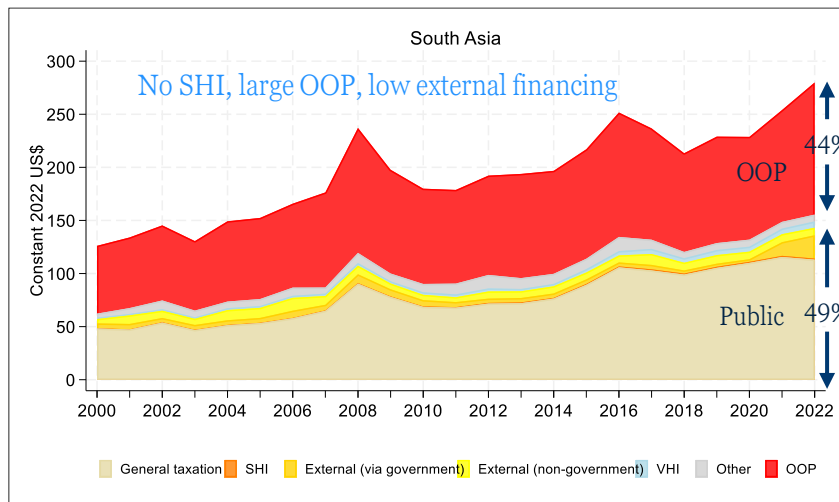
Mixed Record on UHC Levels & Progress

Still a long way to make progress towards increasing **service coverage** dimension of UHC across many countries

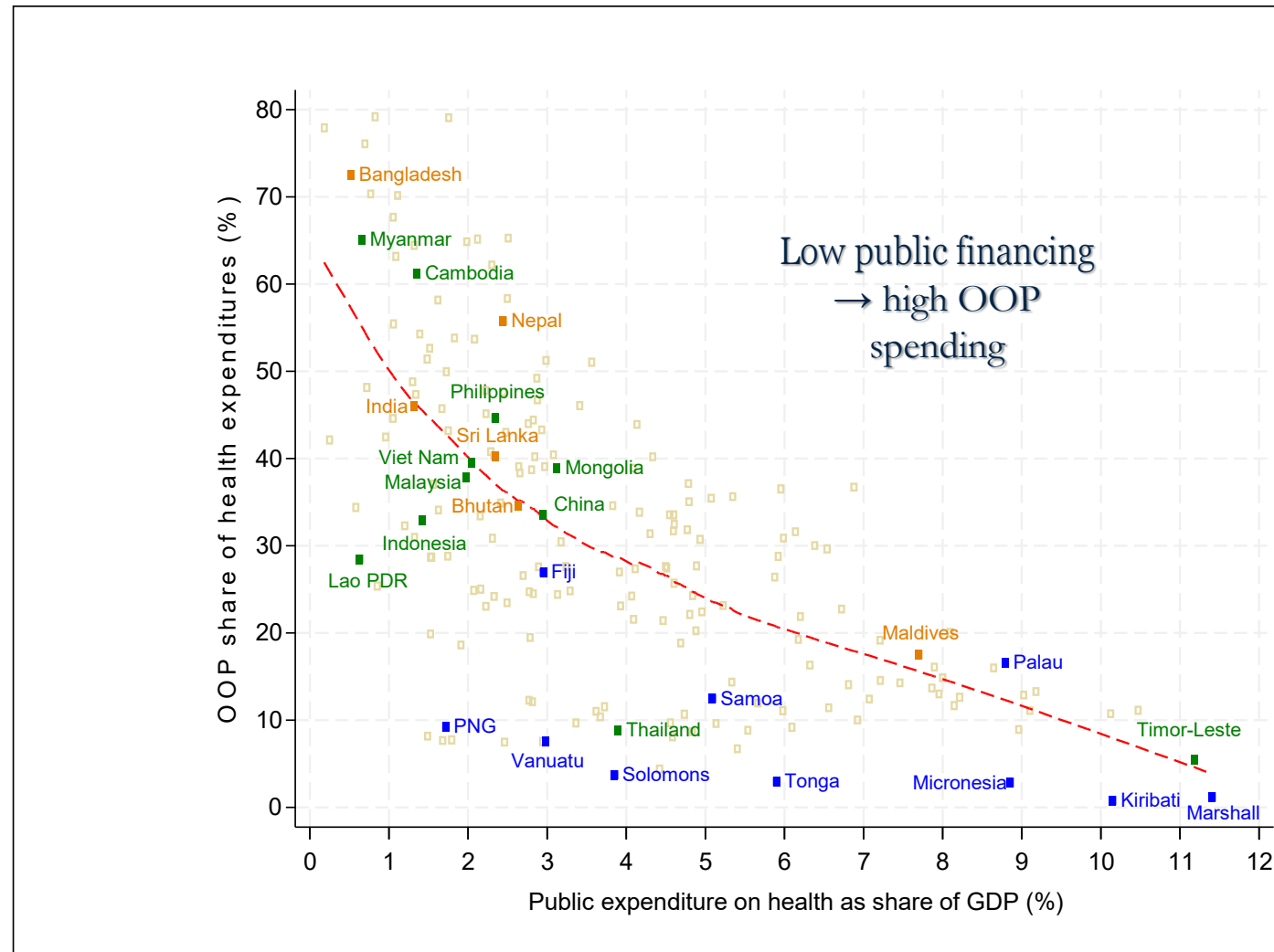


Wide Variations in Health Financing Across Asia-Pacific

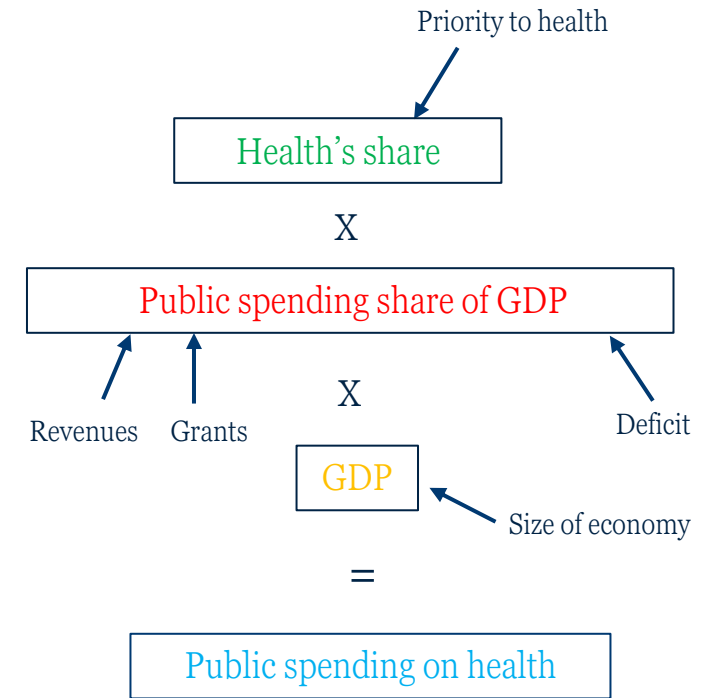
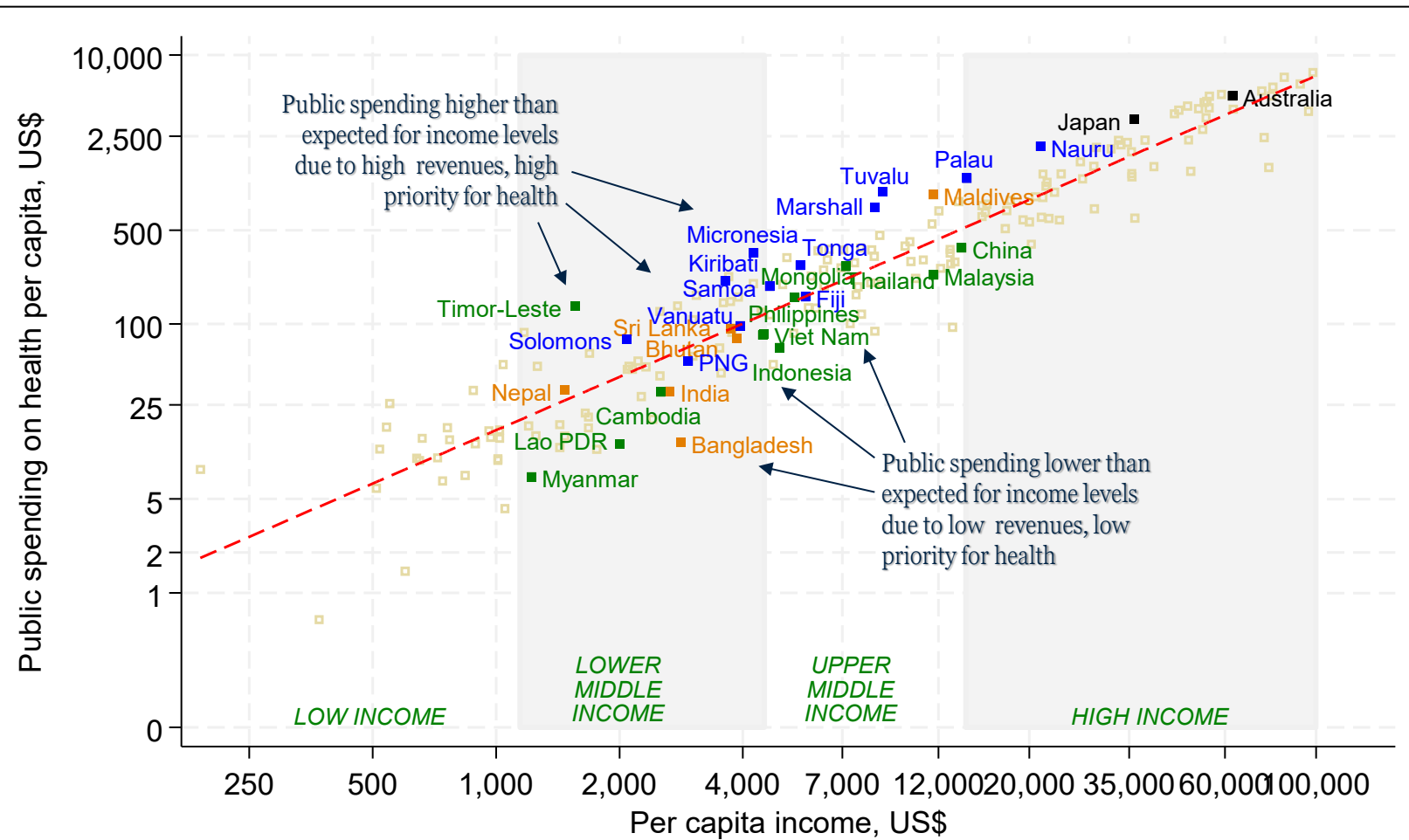
High levels of **OOP financing** remain a challenge in South Asia and Developing East Asia; Pacific faces challenges of foregone care



Components of Health Financing Across Asia-Pacific

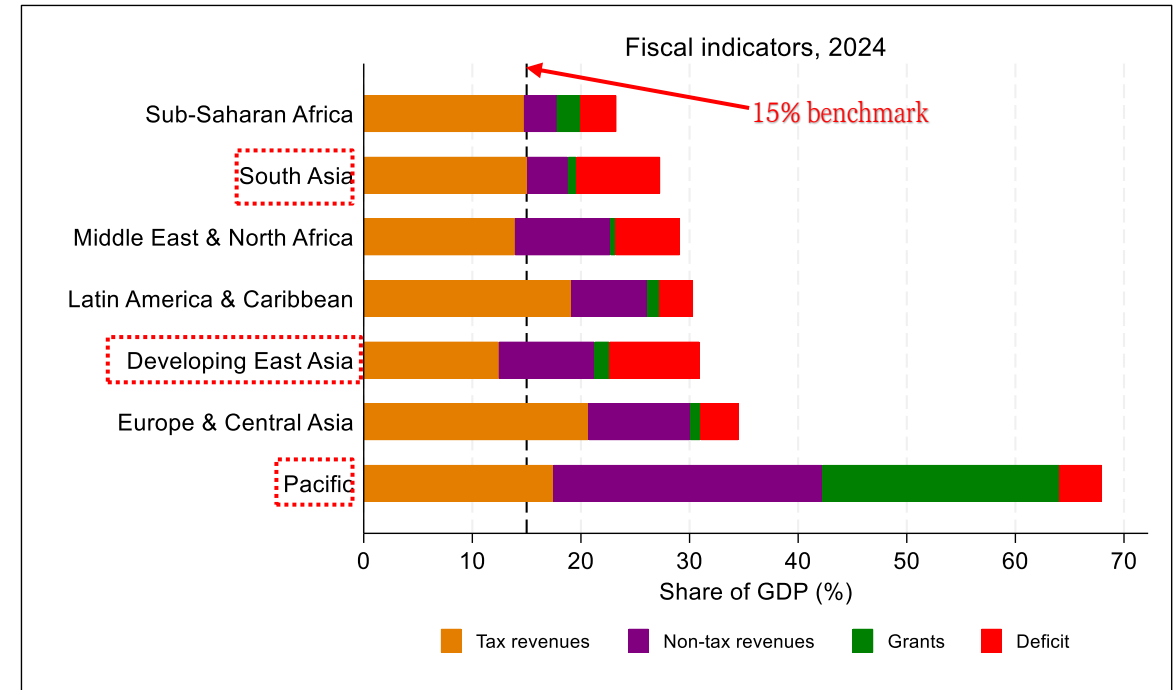
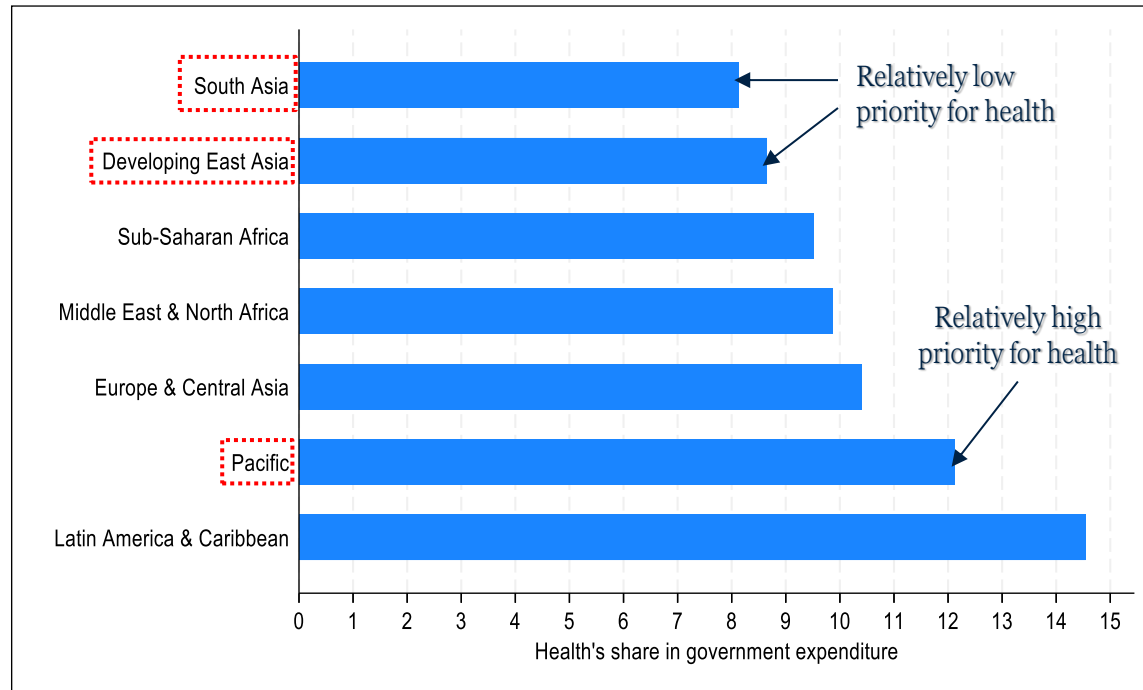
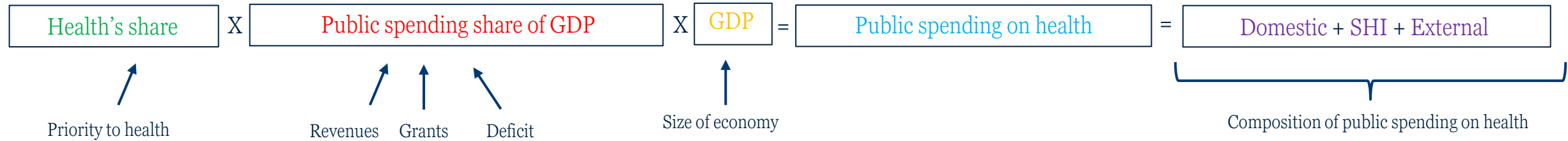


Macro-Fiscal Determinants of Public Financing of Health

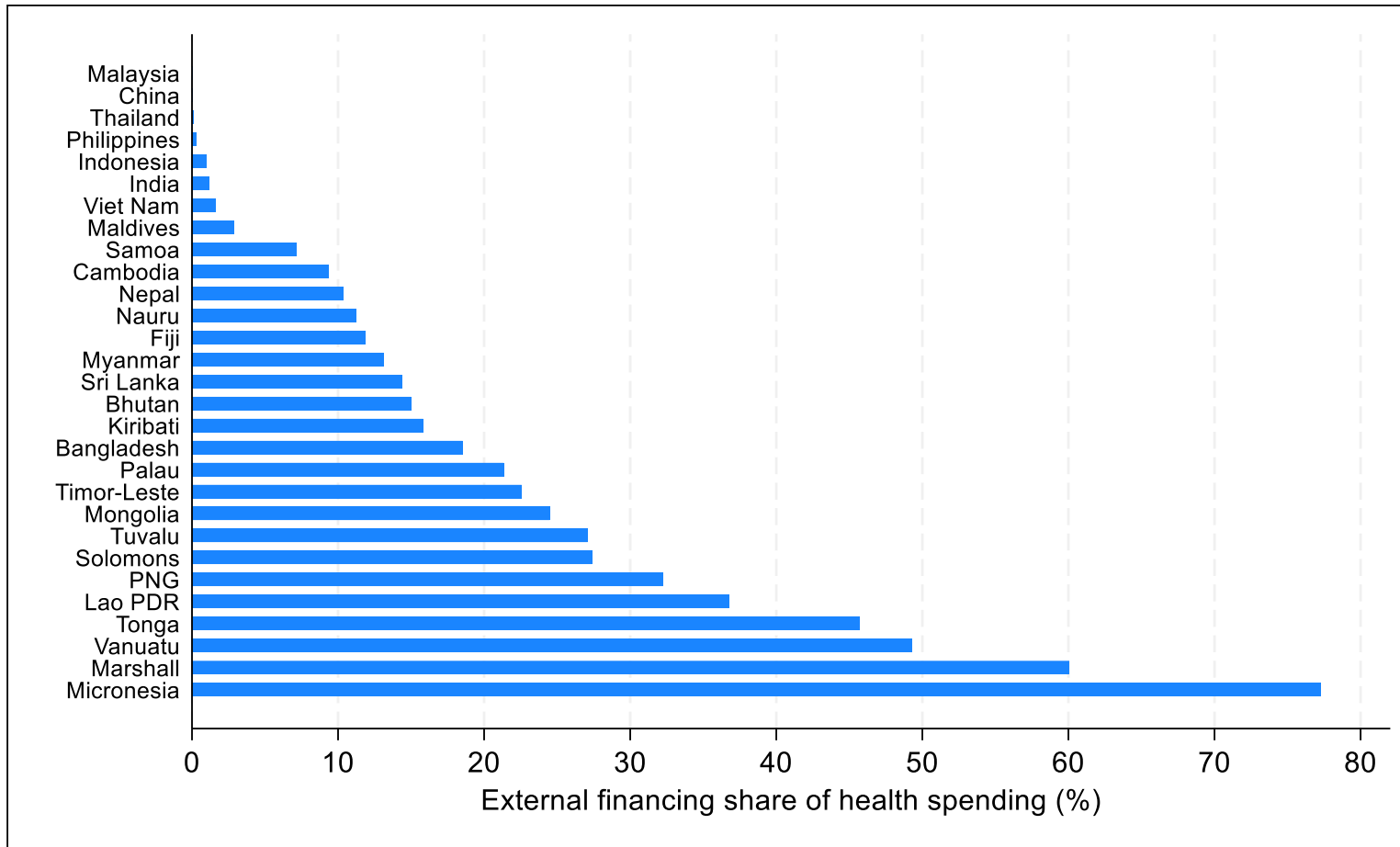


Macro-fiscal vulnerabilities → risks to increasing domestically-financed public spending on health

Macro-Fiscal Context Matters for Public Financing of Health



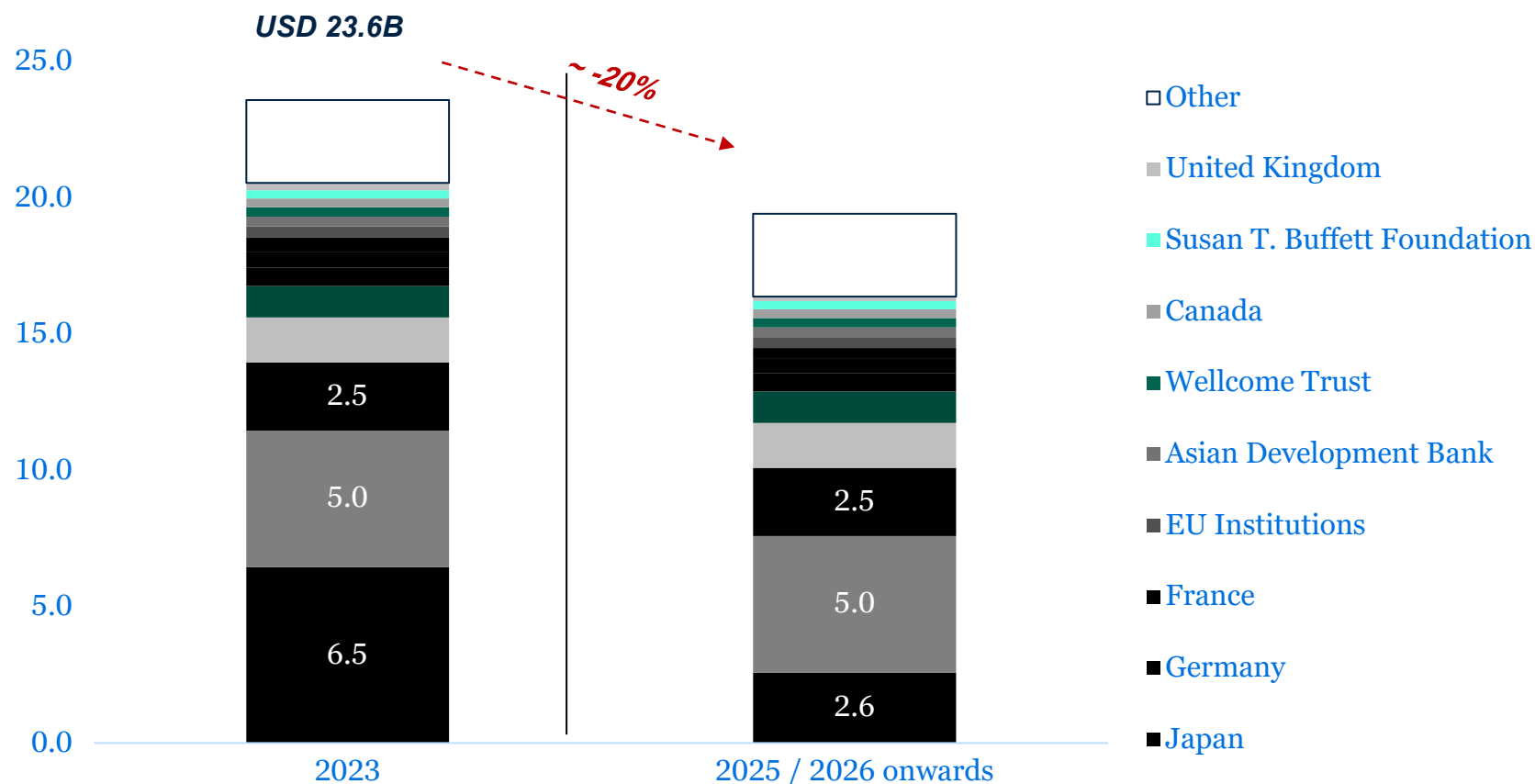
External Financing Variation across Asia-Pacific



Worrying Developments in External Financing for Health (EXT)

Forthcoming report

Recipient country tagged EXT, 2023 and projected from 2025 / 2026, by donor (in US\$ billions)



1. **~20% decline in recipient country's overall EXT**, largely driven by the USA (largely USAID), along with some cuts from Germany, France, and the UK.
2. **>90% of the decline will be to off-budget EXT**, based on the donor mix, and assuming no change to channels. Off-budget EXT accounted for 2/3rd of all EXT in 2023.

Source: OECD CRS (April 2025 release) and authors' estimates based on official donor announcements

Note: 1. Left graph. Total means are 55% for LMIC, largely due to a few outliers (Haiti in LMICs); 2. Kiribati is not shown, its DAH decline is 3%

Outline

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Examples of Policy Choices



Insufficiency

- Increase priority for health where priorities are low by cutting unproductive spending (such as fuel subsidies) and/or leveraging the role of the health sector in stimulating skilled employment, income-generating potential, human capital, poverty reduction, etc.
- Proactively use health taxes – taxes on unhealthy consumption of products such as tobacco, alcohol, sugar-sweetened beverages – to raise revenues (even if revenues not earmarked for health sector) and improve health.

Inefficiencies

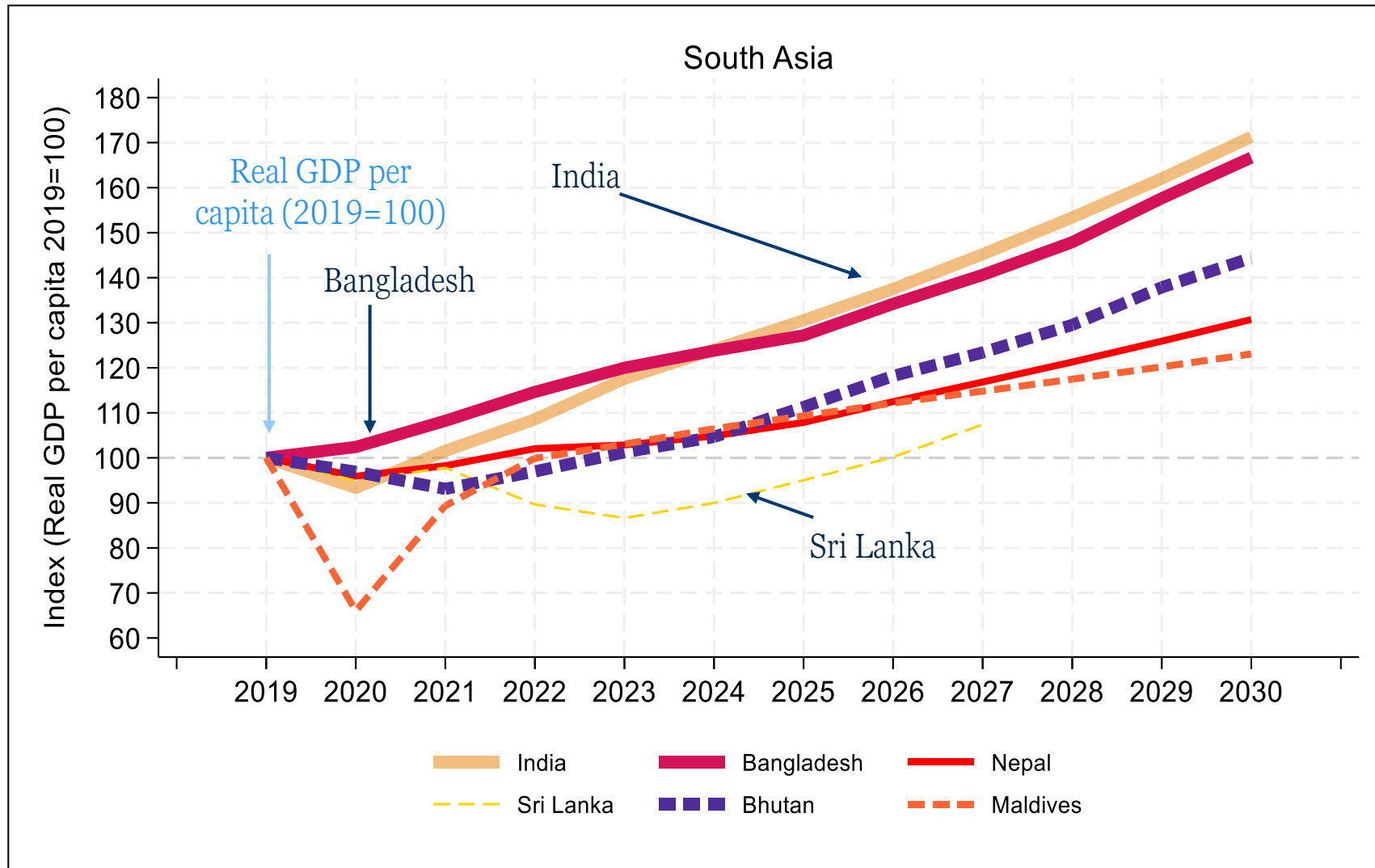
- Prioritize primary health care (PHC): vast majority of the health burden can be addressed by strong digitally-enabled PHC systems and public health interventions.
- Growing evidence of large share of hospitalizations occurring due to ambulatory care sensitive conditions (ACSCs), preventable with strong PHC systems.

Inequities

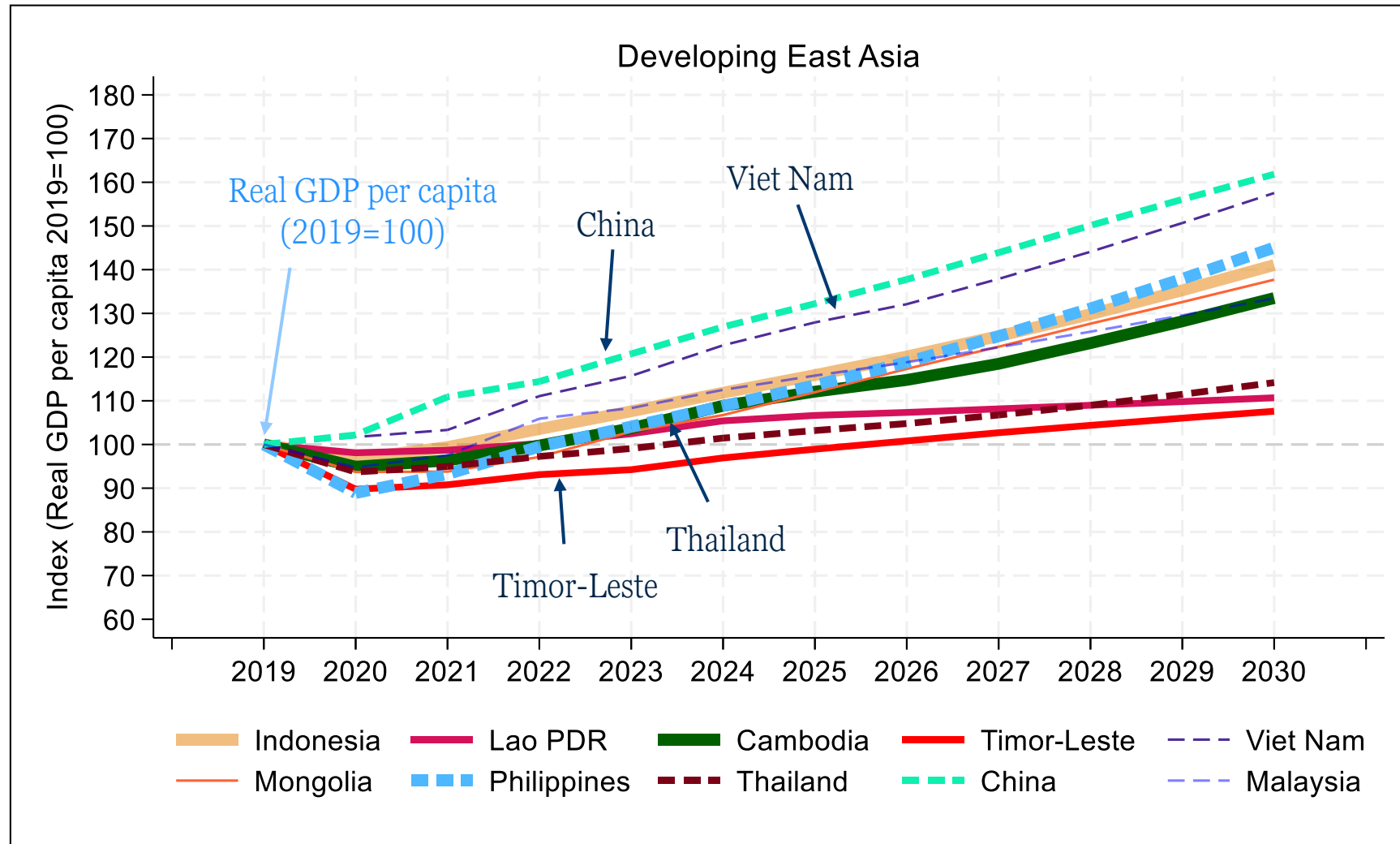
- Inequities in coverage and benefits from pooled public financing continue to persist; even without fragmentation, the poor often end up getting fewer and lower-quality services.
- Policies that enhance benefit incidence of public financing should be proactively leveraged.

Annex

Post-Pandemic Economic Recovery Uneven Across Region



Post-Pandemic Economic Recovery Uneven Across Region



Post-Pandemic Economic Recovery Uneven Across Region

