

Summary Report: Consultative Meeting
Economic Aspects of COVID-19 in Pakistan
Health & Population Think Tank, HSA
October 20th, 2020

Health Services Academy, Ministry of National Health Services Regulations and Coordination and Health and Population Think Tank held an inter-national consultative meeting on “Economic Aspects of COVID-19 in Pakistan” on October 20th 2020. The meeting invited international technical experts and high-level Government officials to share evidence and reflect on efforts to mitigate the negative impacts of COVID-19 on Pakistan’s economy. The meeting engaged all relevant stakeholders from across sectors, including leadership from the Federal and the Provincial Health Departments, relevant ministries, academia, donors and partners. There was detailed discussion / international consultation on the ways to improve public spending on health, explore alternative financing mechanisms to enhance revenue generating capacity, reprioritize health budgets and steps to revive the economy.

Pakistan’s health system was not well equipped to deal with an unprecedented public health threat of COVID-19 pandemic that adversely impacted the overall system, by limiting its capacity to deliver the needed services. The national emergency response tried to plug in the gaps by relocating resources to COVID-19 patients but it hampered routine services (immunization, maternal healthcare, others), increased the burden of disease and triggered significant economic and productivity losses ^[1]. Efforts to deal with COVID-19 pandemic revealed gaps in country’s emergency response, weak health systems, unsustainable social protection strategies, poor index of universal healthcare coverage and insufficient data for fiscal analysis to reprioritize budget. The resulting situation of COVID-19 required switching to the emergency mode by ensuring efficient response plan to provide effective health and economic relief packages however, there were certain challenges in doing so. Therefore to reflect on these challenges, the following specific question were put forth for deliberation of experts and stakeholders:

1. What are the alternative resource mobilization strategies and funding mechanisms to mitigate the economic impact of COVID-19?
2. In times of emergencies, how should Pakistan create a sustainable fiscal space for health?
3. What are the proposed economic revival steps to address unemployment, poverty and inequality?

The meeting started with recitation followed by welcome remarks by Dr. Assad Hafeez, Vice Chancellor HSA, who also briefed the guests about the mandate given by the MoNHSR&C to HPTT. He thanked honorable keynote speakers for their time and input and asked participants to share their expert opinions during deliberations of technical sessions so that a strategic roadmap for resource mobilization, funding mechanisms, and fiscal space can be developed in addition to social protection strategies for mitigating economic downfall faced by most vulnerable group.

Federal Minister and Special Assistant to the Prime Minister on Poverty Alleviation and Social Protection, Dr. Sania Nishtar highlighted Government response to COVID-19, knowing the fact that almost 40% of Pakistan's population is below the poverty line and could be hard hit by the pandemic. She elaborated how an immediate financial protection mechanism was developed for the very poor people and those working in the informal sector of Pakistan. Dr. Sania Nishtar shared insights on how the Ehsaas Program, (Government relief initiative and the largest social protection program for the most affected citizens) had saved people from financial catastrophe. She also informed about the challenges that were faced during rollout of operations as lockdown was in effect and spread of virus was a looming threat during cash distribution. However, a multi-organizational mechanism was developed to deliver the relief package to the eligible residents while ensuring safety. This experience developed the capacity of the Government to design, rapidly implement a massive national program in real time in the context of complexities and uncertainties. It has made the system more agile, data driven and has helped in institutionalizing digital ways of working across the entire system. She emphasized the need to digitalize healthcare system to make sweeping changes for improved and efficient health service delivery.

Dr. Awad Mataria- Director, Universal Health Coverage/ Health Systems, World Health Organization (WHO-EMRO) talked about the Economics of COVID-19 and its implications on transforming health financing systems in the context of economies/Pakistan. Dr. Awad Mataria highlighted the need for transforming health financing mechanisms and need for different funding strategies to make funds available for health in times of need. He explained how COVID-19 has impacted economic situation and shared that a paradigm shift is required to restructure and build a resilient health financing system which can withstand similar future situations. He proposed a health system thinking model which moves away from wasteful use of resources to efficiency, access to healthcare, equity, from nationalistic to global solidarity, community engagement, comprehensive approach for emergency management, focus on social determinants of health and effective collaboration across all sectors.

He recommended that financial barriers to access health services can be removed by reducing out of pocket payments, removing formal/informal fees and providing cash transfer to the vulnerable population. Additionally, countries should invest in health system recovery by implementing and reprioritizing budgetary resources as investing in essential public health functions has proven to be cost effective to prepare a resilient health system that allows to provide health security.

Dr. Shabnum Sarfraz-Member, Social Sector & Devolution, Ministry of Planning, Development & Special Initiatives gave an overview of the mechanism mobilized at the federal and provincial levels to provide a coordinated and responsive action to COVID-19. She briefed that at core of national planning were three objectives; saving lives, saving livelihoods and salvaging economy. COVID-19 certainly challenged the norms that were routinely practiced but provided an opportunity for a more equal Pakistan and the Planning Commission attempted to explore these horizons much more widely. Although the different sectors and departments have been working together, it is a well-known fact that work is done in

chunks instead of working in piles which created numerous challenges of (i) identification and quantification of the exact impacts at macro and micro levels (ii) impact mitigation (iii) quantification of total required funding (iv) knowing how much funding is left and spent (v) tracing targeted objectives (vi) identification of the areas where resources mobilization is more required. Therefore, in order to cope with these challenges, strong inter-departmental and inter-ministerial collaboration is required to form holistic plans and hopefully, it can be achieved. Dr. Shabnum Sarfraz highlighted inter-ministerial collaboration and a national action plan for COVID-19 along with a report on macroeconomic impact analysis.

Mr. Eazaz Aslam Dar-Additional Secretary-I, Economic Affairs Division briefed the participants about the role of Economic Affairs Division with respect to health budget allocation and expenditures and difficulties in the processes that may result in underutilization of services or lapses in funds due to lack of absorptive capacity. He suggested that financing mechanisms should be based on a human centered approach with respect to the budget allocations and disbursements for health. He concluded that government should increase budget allocation for health sector according to WHO and UN standards which is at least 5% to 10% of the country's GDP for developing countries. He also highlighted that ample foreign funding is available, but data proves the real challenge is meagre local resources and low utilization of available funds. Furthermore, overall governance, particularly in the health sector, along with institutional and technical capacities need improvements. Preparedness in terms of special purpose vehicles or institutional mechanisms need to be established, contingency plans and SOPs for health emergencies such as COVID-19 should be in place and they should be practiced to meet challenges like COVID-19 in the future.

Dr. Ali Hamandi-Health Economist, World Bank talked about the need for creating a fiscal space for health and the importance of overall conducive economic environment in which more funds can be mobilized for health. He talked about fiscal space and how it can be created in Pakistani context. He explained what fiscal space means and briefly explained about five basic sources of fiscal space e.g. conducive macro-economic conditions, reprioritization, specific domestic revenue sources, development assistance and efficiency. However, reprioritization and improving efficiency are the key sources for improving fiscal space for health. He recommended that the Government should prioritize public spending on health to address the pandemic, anticipating a potential second wave. Additionally, health should be prioritized in the budget including via debt relief or earmarked taxation for health. He recommended to improve value for money by improving efficiency in health, enhance both pro-poor budgeting and coverage. Lastly, initiate multi-stakeholder dialogue to develop a national health financing strategy.

Dr. Zulfiqar A. Bhutta- Professor & Co-Director, Sick Kids Hospital, Canada enlightened the participants about the work done by his group about direct and indirect economic effects of COVID-19 in South Asia. He informed that the estimates of increase in mortality due to indirect impact will be greater than direct COVID-19 deaths by the end of 2020. Those most affected include vulnerable woman, children, poor and those residing in rural areas. He further informed that inequities in education, economic

opportunity will be exacerbated and will compound the impact on health and nutrition of populations. He raised the concern that these effects could be long lasting and might be inter-generational unless some mitigation strategies are put in place. He commended Government of Pakistan for initiative like Ehsaas Program to mitigate such inequities. He concluded by assuring that knowledge and means are already present, and this meeting is an indicator of the will to develop resilient health system and compile recommendations for the Government.

Dr. Atta ur Rehman-Additional Secretary, Ministry of National Health Services, Regulations and Coordination in his address affirmed the importance of this meeting and its significant impact within health sector and outside. He suggested that a robust system should be in place to manage the menace of COVID-19 or one that can be put together when the situation requires. Additionally, governance mechanism needs to be improved and proper channels should be developed to ensure funds delivery on time to the concerned departments for its primal utilization. He also suggested that prior preparation must be sufficient enough to cope with health emergencies in the overall government structure for health care. Lastly, special purpose measures should be in place to cope with such health emergencies through a setup which can be put in place as and when required.

Dr. Maha Rehman (LUMS) commented that a holistic and robust data system is required to address the multiple issues like calculation of unemployment rate, access to unemployed people and their registration, identification of areas having less utilization capacity and associated causes, identifying need for an action plan. She highlighted the importance of data collection from the informal sectors of the economy, so that adequate estimates for unemployment could be obtained. Furthermore, focus should be on building local capacity, self-sufficiency in local supply chain in key sectors of the economy. Quick refocus should be on areas that can be kept open during COVID-19 to reduce the negative impact on economy. Lastly, there is a need to have data driven economy to reopen areas that comply with SOPs with COVID-19.

Sindh Health Department representative informed that different donors, along with the government provided support to address COVID-19 impacts. However, there was need to have mechanism and reforms to manage infectious disease response by upgrading the DHQs and THQs and making them regular part of the system.

Dr. Shaheen Afridi suggested that the focus should be on public health surveillance program instead of building big hospitals in order to bring improvements in the public health emergency response system. There is material available for reference in the Joint External Evaluation Report ^[2] for all provinces. Furthermore, the focus should be on robust health system development in context of emergency preparedness instead of reallocation of resources and the approach should be proactive instead of being reactive. She also highlighted that the low utilization is not due to less skill set but rather the complexities in the system that hamper timely availability of resources.

Ms. Rabia Awan- Director Pakistan Bureau of Statistics commented that data availability regarding informal economy must be ensured. Mechanism should be developed for data collection and resource allocation in reactive mode or in existing settings. She also emphasized that resource allocation must be data driven and evidence based.

Dr. Kamran Ajaib- USAID suggested to strengthen the healthcare system at district by using digital systems already developed with donors funding for disease surveillance and reducing inefficiencies. Health care workers should be trained to be adaptable to new measures as required with by time.

Dr. Muhammad Isa- USAID shared his views about better governance, particularly financial governance and system governance that can play a significant role in improvements both in normal and emergency situations.

Ms. Marium Zahid-CONTECH International suggested that the role of private sector, public-private partnership, funding mechanisms, and resource mobilization should be considered to catalyze health spending. The private sector can be engaged to highlight areas for expenditure potential where, this role is maximized.

Dr. Nabila Zaka-Health Services Academy emphasized on understanding bottlenecks in funding and documenting best practices along with use of innovations, digital technologies and good coordination practices. She also recommended that focus should be on sustainability of existing diseases surveillance units at district level to make it as a regular part of health system. Additionally, there should be a budget head for preparedness at facility level and even small healthcare facilities. In order to utilize the system at its optimum level, there needs to be system for its checks and balances, monitoring and evaluation. Lastly, the EHSAAAS cash reached the people through SMS, hence, possession of mobile phone could be used as an indicator for strengthening our system.

Dr. Ali Hamandi-Health Economist, World Bank responded that a research study can be conducted for the analytical services in health financing system assessment, health security assessment to identify and prioritize system bottle necks. It will identify increased financial needs that can be incorporated in the design of financing options and integrated in the framework and budget. Moreover, obligating domestic revenue can be done by health tax and pro-poor targeting is very important. Lastly, there is a need to focus on system governance, reduce fragmentation of funding flow and improve public spending without comprise on the important reforms.

Dr. Ahmad Hussen Tareq, Technical Lead (Health & Population Think Tank), summarized the discussion and highlighted key recommendations made by the participants. He assured that all recommendations will be compiled into a policy document to be shared with relevant stakeholders.

Dr. Shafqat Shehzad, Advisor (Health & Population Think Tank) in her vote of thanks appreciated speakers for their valuable input and participation in the meeting despite time differences. She also thanked

USAID and University of Manitoba for their support for the meeting and appreciated virtual attendees for their participation in the meeting.

The meeting invited feedback and recommendations from the stakeholders on key strategic questions. The federal and provincial leadership along with experts and development partners agreed to continue work in this important area and identified issues and challenges that may hinder the efforts for economic revival. In this regard, improved data collection and analysis, efficient use of existing resources and controlling wasteful use of resources, emergency preparedness were noted for improvements in the system. The meeting was concluded with a consensus of enhanced collaborative efforts to cope with the economic challenges of COVID-19 in Pakistan, while ensuring a social and economic progression for the country. The Vice Chancellor of Health Services Academy, Dr. Assad Hafeez pledged continued support for further work in this important area and thanked the participants for joining.

References:

- [1] UNDP (May 2020). COVID-19– Pakistan Socio-Economic Impact Assessment & Response Plan.
- [2] World Health Organization. (2017). Joint external evaluation of IHR core capacities of the Islamic Republic of Pakistan: mission report: 27 April-6 May 2016 (No. WHO/WHE/CPI/2017.9). World Health Organization.