Session 1: Vaccine Finance and Fiscal Aspects of Vaccination

Discussion by Christopher Snyder (Dartmouth College)
Vaccinating South Asia against COVID-19: Health System and Health Financing Considerations
Andersen, Andrews, Cain, and Tandon (World Bank)

Fiscal Implications of Vaccinating Sri Lanka Against COVID-19
Weerasekera and Hewage (Institute of Policy Studies of Sri Lanka)

Macroeconomic Policy Response to Coronavirus Pandemic in Bangladesh: An Analysis
Munshi and Haque (Brac University)
• Rich repository of data
  o Rich data on COVID infections, deaths, testing, age, comorbidities, GDP, government spending, health spending, economic harm from COVID
  o On average and for each of the eight SA countries
  o 34 figure panels and 16 tables
  o Could become the go-to reference for external parties thinking about COVID-19 vaccination policy and countries themselves

• Heart of analysis are three vaccine scenarios
  o Target 70% coverage (herd immunity threshold)
  o 20% COVAX, 10% self financed in 2021, 40% self-financed in 2022
  o Scenarios vary by price can negotiate for vaccine deals, economize on distribution
Distribution constraints

Funding constraints

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Share budget</th>
<th>Share GDP</th>
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<tbody>
<tr>
<td></td>
<td>2021</td>
<td>2022</td>
</tr>
<tr>
<td>I. Pessimistic</td>
<td>0.7%</td>
<td>2.0%</td>
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<tr>
<td>II. Likely</td>
<td>0.6%</td>
<td>1.4%</td>
</tr>
<tr>
<td>III. Optimistic</td>
<td>0.5%</td>
<td>1.1%</td>
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• **Glass half full perspective**

  o Distribution constraints
    ✓ Low UHC may not be an indication of inability to rollout vaccine
    ✓ High DPT rates in many SA countries shows promise

  o Financial constraints

    ✓ Required expenditures may not exceed debt carrying capacity
    ✓ Some revenue return if speed re-opening of economy, GDP growth
    ✓ Even if not revenue neutral, good investment case
    ✓ HICs fully funding COVAX will help
- **Holding back the flood**
  - Sri Lanka kept COVID at bay with tough restrictions
  - COVID cases surged in fall 2020
  - Economic harm from restrictions and surge
  - Vaccine benefits

- **Vaccine financing**
  - 20% donated, 60% self-financed (80% threshold)
  - Buy Astra-Zenaca
  - Suggest this is a good investment
  - $100m self-investment generates $112m GDP gain
  - To say nothing of health benefits
  - Suggest financing through sin taxes
  - Optimistic about case for vaccines

- **Additional concerns**
  - Has Astra-Zenaca overpromise capacity?
  - Will the doses be there when Sri Lanka ready?
  - Secure doses now? Dose in May 2021 worth more than dose in May 2022
  - If sin taxes not enough, debt-carrying capacity? WB loans?
• **Bangladesh experience**
  - Hard to socially distance in crowded country
  - Informal sector, lack of social safety net means lockdown impossible or terribly painful
  - That said, has done relatively well.
  - Young population limits death rate; GDP grew 5% in Dec. 2020
  - Argue for macro stimulus
  - Argue for vaccine purchases

• **Macro stimulus**
  - Low global demand, hard to make up with domestic government spending
  - Domestically, output reductions due to social distancing, restrictive measures
  - Purpose is to reduce activity, not really a usual Keynesian recession
  - Rescue rather than stimulus packages

• **Vaccine purchases**
  - “With the availability of vaccines...economic activities will return to normal.”
  - Rather this be in early than late 2022.
  - 30bn GDP difference.
  - Sure capacity is there? Have suppliers overpromised?
  - Contract ASAP. Try to expand capacity rather than getting place at end of queue.