Overconfident: How Economic and Health Fault Lines Left the Middle East and North Africa Ill-Prepared to Face COVID

MENA Economic Update

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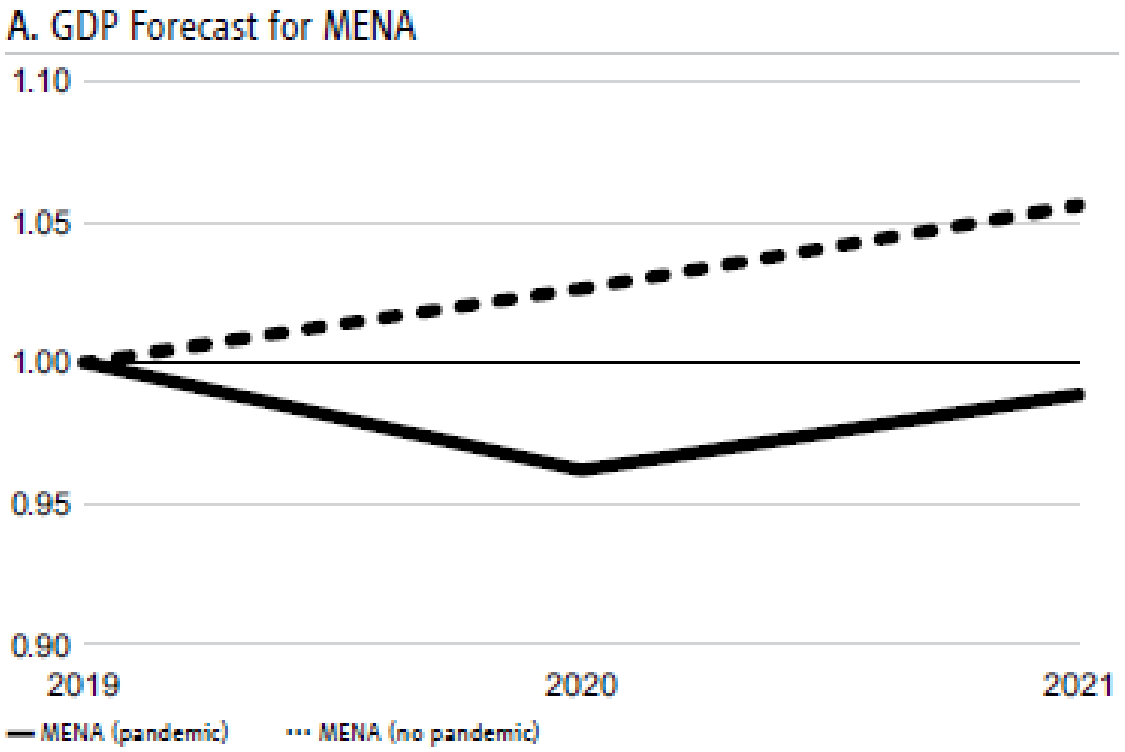
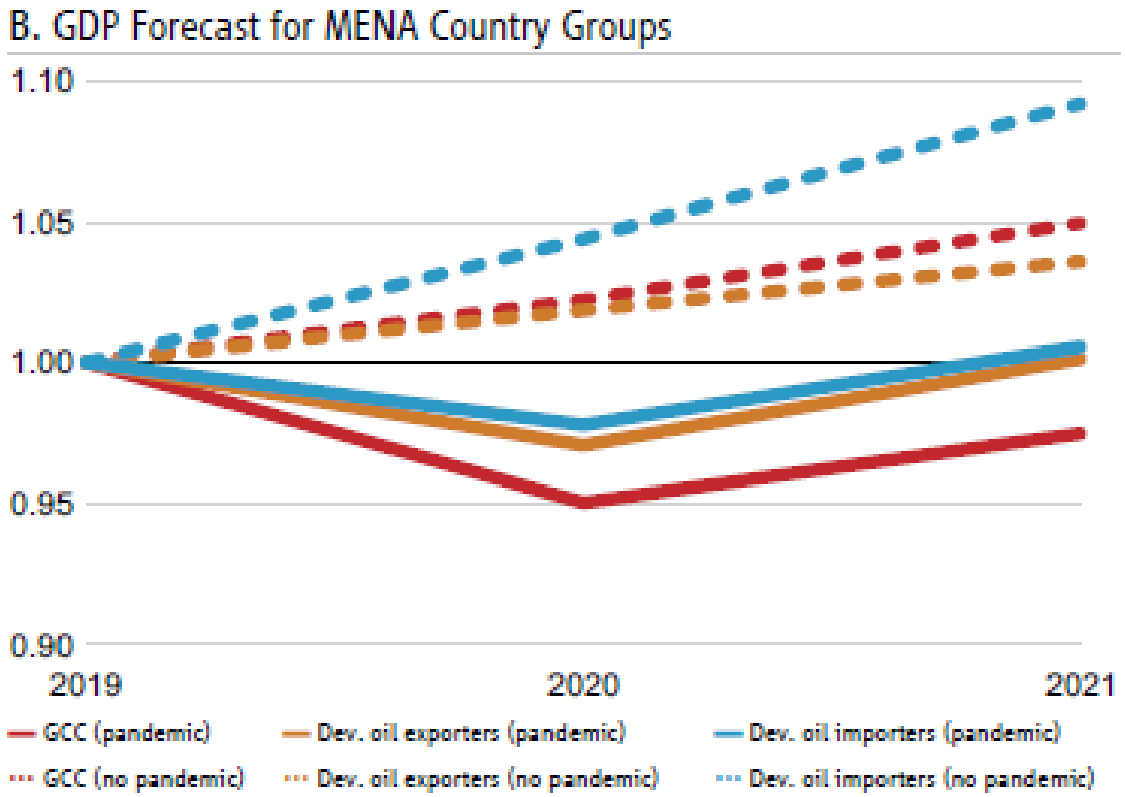
Road Map

1. MENA: A tenuous and uneven economic recovery in 2021
2. Long-term socio-economic trends left MENA with over-burdened public health systems
   - Fiscal myopia associated with lack of economic reforms
   - Epidemiological trends left MENA with high death rates due to both communicable and non-communicable diseases
   - High fertility rates created the illusion of a healthy population
3. Ill-prepared and overconfident health systems prior to Covid-19
4. Overwhelmed health systems during Covid-19
5. Data transparency and policy recommendations

A tenuous and uneven economic recovery in 2021



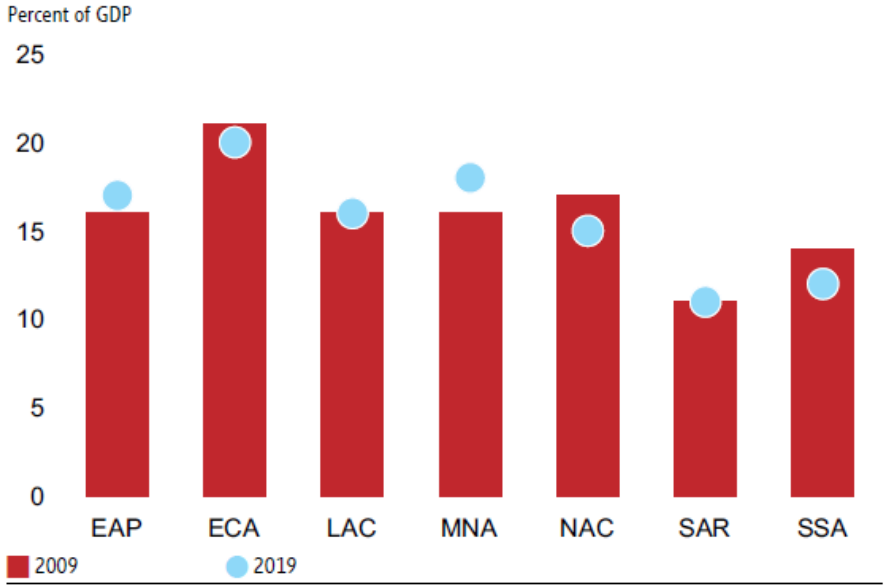


- MENA's GDP contracted 3.8 percent in 2020 and is forecast to grow by 2.8 percent in 2021.
- The output cost of the Covid-19 crisis thus far in MENA is almost $200 billion dollars, a number derived by comparing the region's forecast GDP level with that of the no-pandemic scenario.

Fiscal myopia associated with lack of economic reforms

The only region with a substantial increase in government expenditure during 2009-2019

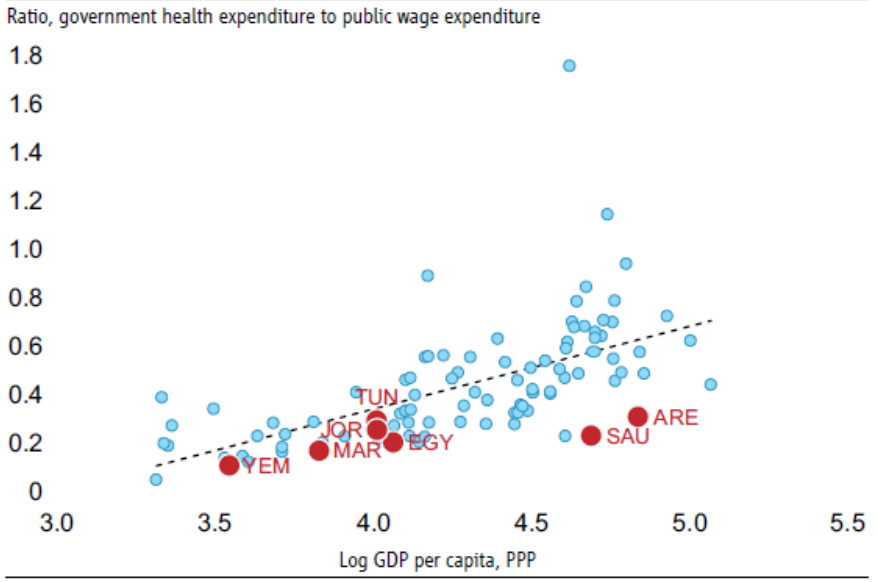
Figure 3.1. Government Expenditure in Total GDP in 2009 and 2019



Source: World Bank, World Development Indicators.
Note: based on data from 160 countries whose data are available. Data from 2017 and 2018 are used when 2019 data is not available.

Spending on health is overshadowed by a large public sector wage bill

Figure 3.4. Public Health Expenditures over Public Sector Wage Bills versus GDP per Capita, 2018

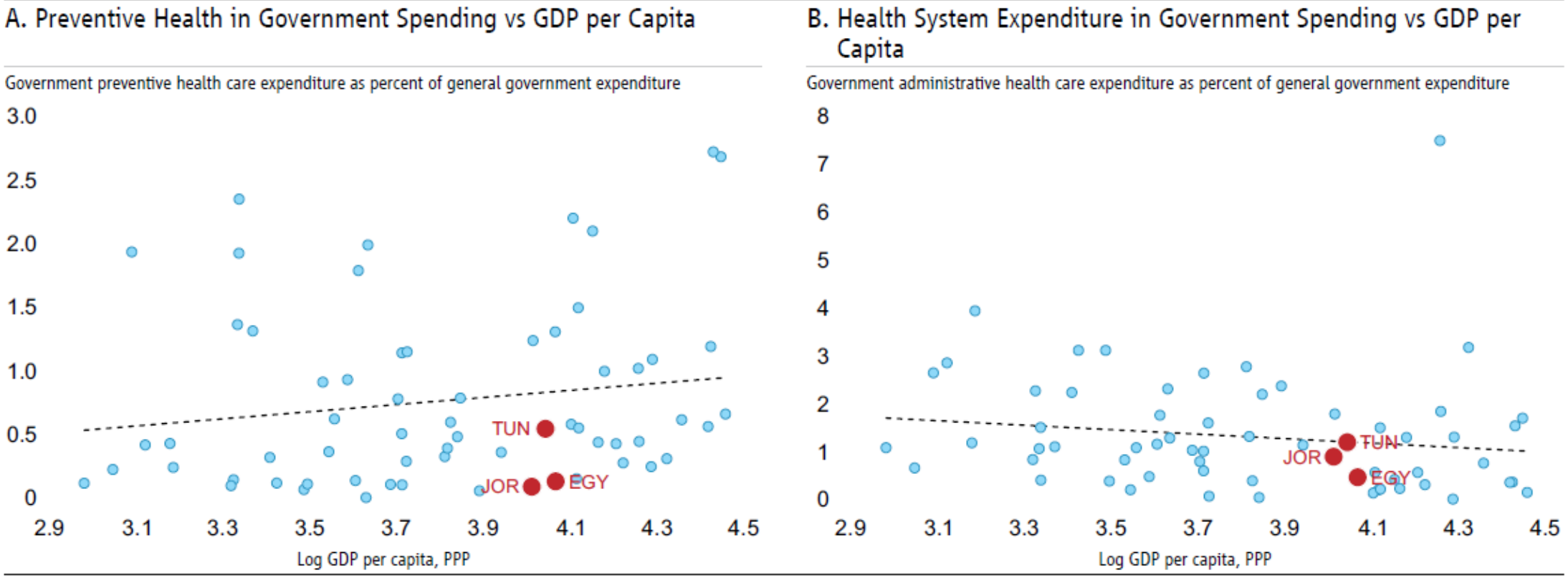


Sources: World Health Organization, *Global Health Expenditures* database (government health expenditure), International Monetary Fund (GDP, public compensation expenditure), World Bank (PPP), World Bank staff calculations.
Note: Linear trendline shown. Country data years: 2018 or later (UAE, Saudi Arabia, Jordan), 2015 (Egypt), 2012 (Tunisia, Yemen), 2011 (Morocco).

- Public health was under-funded relative to the global norm by an average of 16 percent.
- The share of out-of-pocket expenditures is 60% in Egypt and 80% in Yemen, and only 6% in Oman. This reflects the advantages of the well-funded health systems in the GCC.

Under-funded Core Health Items

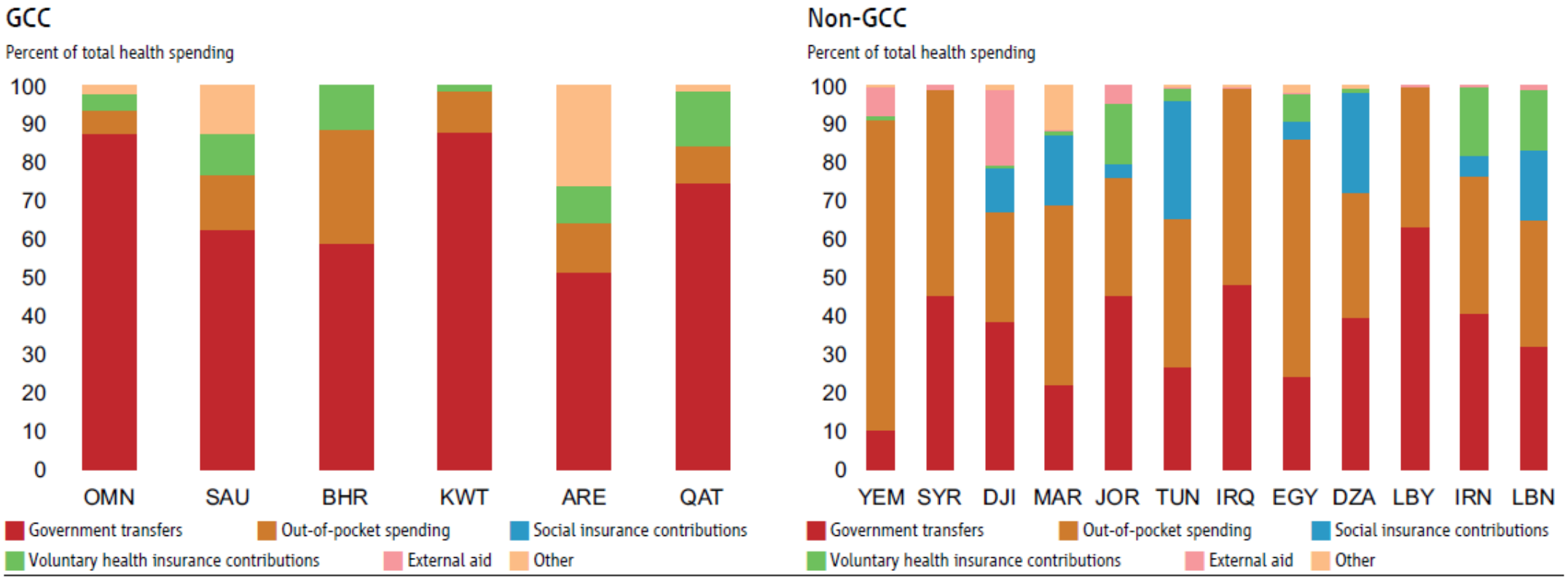
Figure 3.5. Spending on Preventive Health and Health System Functions



Source: WHO GHE Database (Government Preventive Health Care Expenditure, Government Health Care Expenditure on Governance, Health System and Financing Administration); World Bank, *World Development Indicators* (GDP per capita, PPP), World Bank staff calculations.
Note: Observations are from 65 countries. Data are as of 2018.

High Out-of-pocket Spending in Many MENA Countries

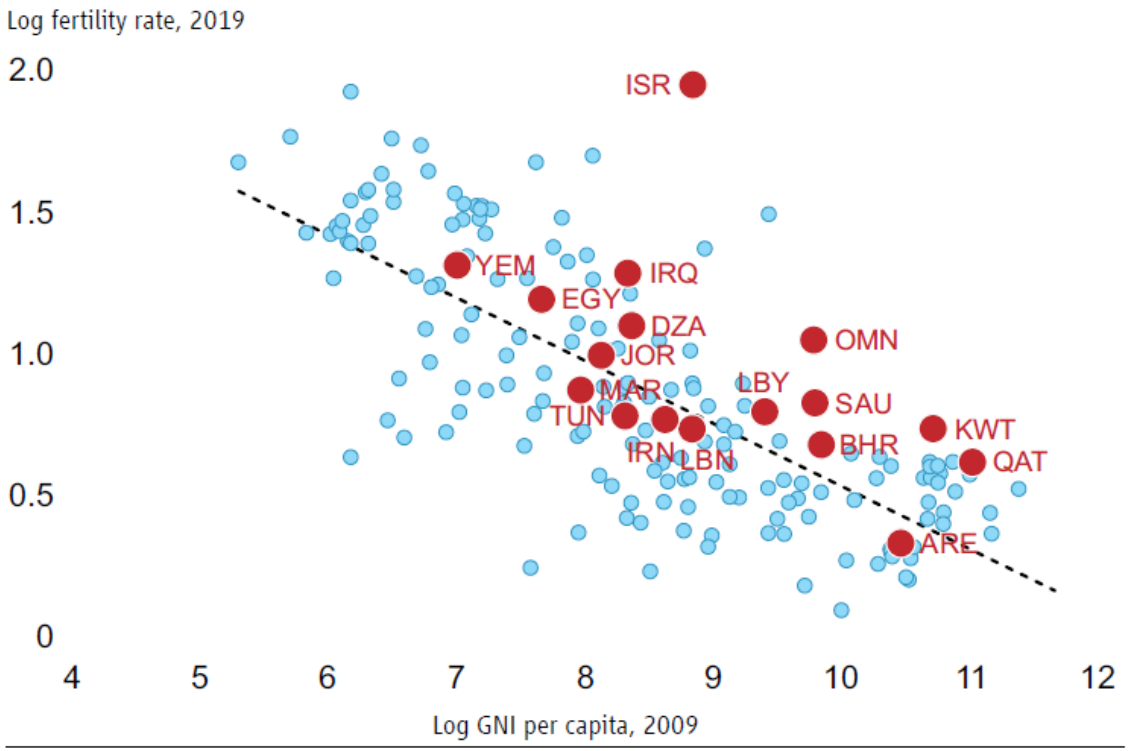
Figure 5.2. Sources of Health Spending as a Share of Total Health Spending



Source: World Health Organization, *Global Health Expenditure Database.*
Note: Data from 2018, except: Libya, 2011; Syria, 2012; and Tunisia, 2015.

High Fertility Rates in Many MENA Countries

Figure 4.1. Fertility Rates versus Gross National Income per Capita

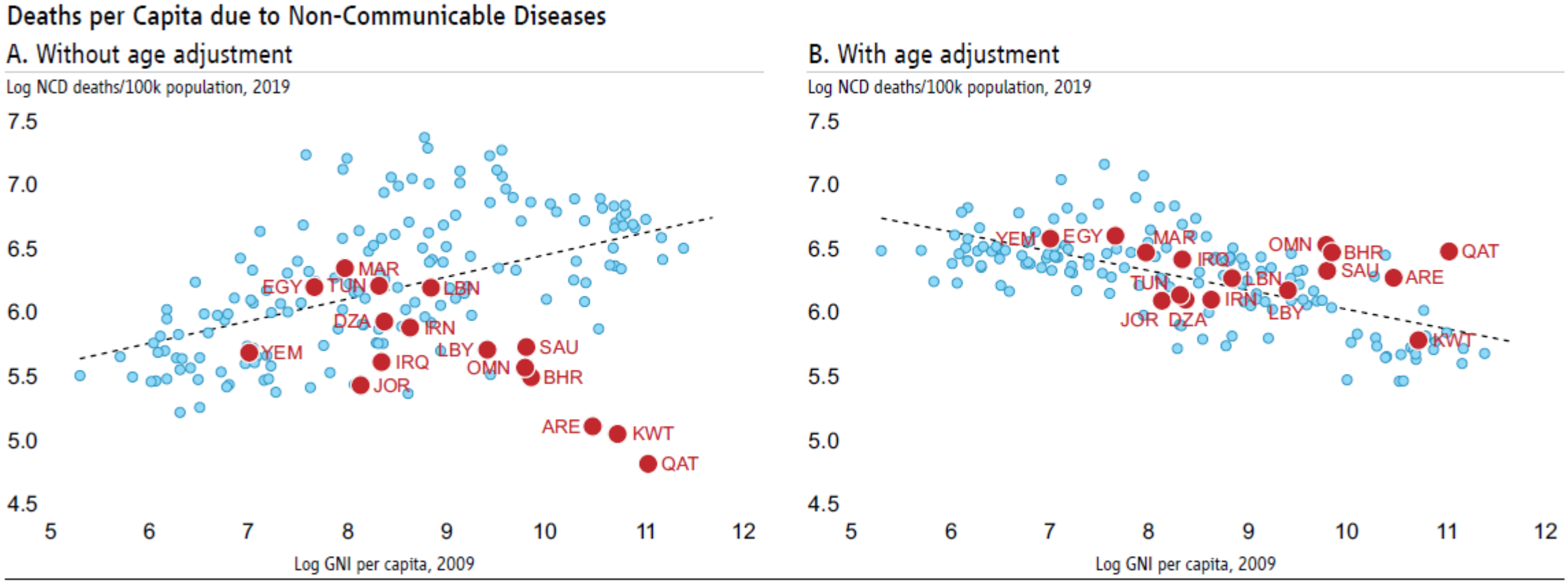


Sources: United Nations, *World Population Prospects*; World Bank, *World Development Indicators*, World Bank staff calculations.
Note: Linear trendline shown.

- Rising or atypically high fertility rates generated a youth population bulge that masked the region's comparatively poor health.
- Iraq and Oman have abnormally high fertility rate compared to income peers.
- High young-age dependency ratio could hurt women's health and hamper investment per capita in children's health and education.
- The rising in number of youth in MENA during the ten years before the pandemic created an "statistical illusion" of a healthy population.

A young population created the illusion of a healthy population

Figure 4.4. The Illusion of Healthy Populations when Age Demographics Differ across Countries



Sources: World Health Organization, *Global Health Observatory*; World Bank, *World Development Indicators*.
Note: Age adjustment calculations conducted by World Health Organization. Linear trendline shown.

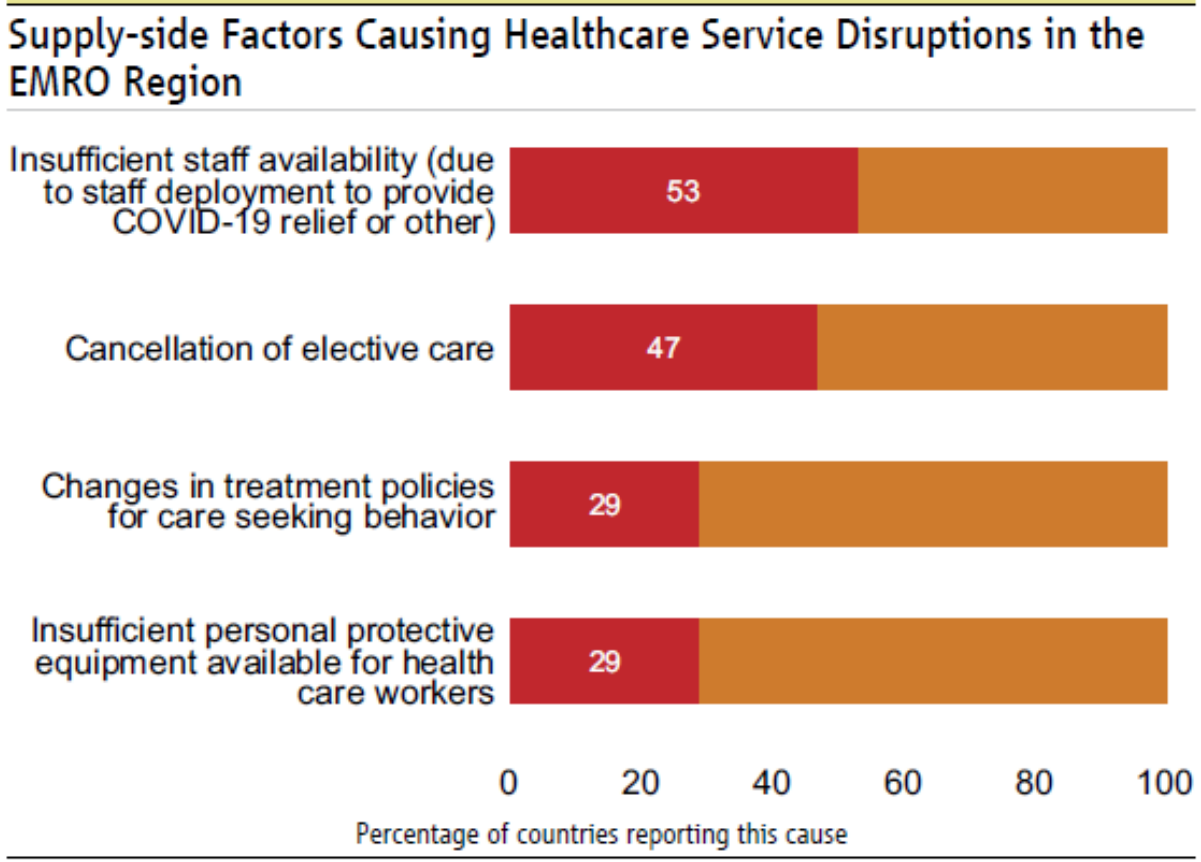
Ill-prepared and overconfident health systems prior to Covid-19

Table 5.1. Overconfident MENA: Public Health System Preparedness versus Self-Assessments

	A. Objective Preparedness Relative to Benchmarks				B. Self-Reported Preparedness Relative to Benchmarks				C. Overconfidence: Objective Minus Self-Reported Preparedness Relative to Benchmarks			
Country	Surveillance capabilities	Information sharing	Health system capacity	Regular planning & readiness exercises	Surveillance capabilities	Information sharing	Health system capacity	Regular planning & readiness exercises	Surveillance capabilities	Information sharing	Health system capacity	Regular planning & readiness exercises
QAT	-1.47	-2.02	-0.66	-2.47	-0.30	0.32	0.42	0.60	1.17	2.33	1.08	3.07
UAE	-2.20	-1.36	-0.44	-0.94	0.72	0.64	-0.15	0.76	2.92	2.00	0.29	1.70
KWT	-0.39	0.15	-0.48	-1.19	-0.46	-0.49	-0.59	-0.77	-0.07	-0.64	-0.11	0.42
SAU	0.56	0.04	0.67	-0.80	-0.03	-0.43	-0.39	0.12	-0.59	-0.47	-1.06	0.91
BHR	-0.34	-1.08	-1.13	-1.83	0.37	-0.06	0.23	0.99	0.72	1.01	1.36	2.83
OMN	-1.32	-0.39	0.27	-0.58	1.19	0.43	0.84	0.42	2.52	0.82	0.57	1.00
LBY	-1.26	-0.08	-0.23	-1.40	-1.30	-0.81	-0.30	-1.81	-0.04	-0.73	-0.07	-0.41
LBN	-0.30	0.56	1.15	-0.70	0.58	0.84	-0.26	-0.08	0.88	0.28	-1.41	0.63
IRN	0.93	-0.60	0.66	-1.32								
EGY	-1.15	-0.07	-0.25	0.69	0.74	0.86	1.52	1.76	1.88	0.93	1.77	1.06
DZA	-0.86	-1.14	-0.91	-1.66	1.86	0.88	1.53	0.06	2.72	2.02	2.45	1.72
TUN	-1.08	-0.74	-0.25	-1.64	1.17	0.61	0.85	-0.76	2.25	1.35	1.10	0.88
IRQ	-0.91	0.41	-1.24	-1.63	-2.89	0.95	1.60	0.96	-1.98	0.54	2.83	2.59
JOR	1.42	-0.10	0.56	1.26	-1.38	-1.27	-1.16	-1.58	-2.80	-1.17	-1.73	-2.84
MAR	0.79	1.34	1.24	-1.12	1.40	0.89	1.39	1.15	0.62	-0.44	0.15	2.27
DJI	-0.87	-0.62	-1.08	-1.37	-0.26	-1.13	-1.50	-1.24	0.61	-0.51	-0.41	0.13

Overwhelmed health system in MENA during Covid-19

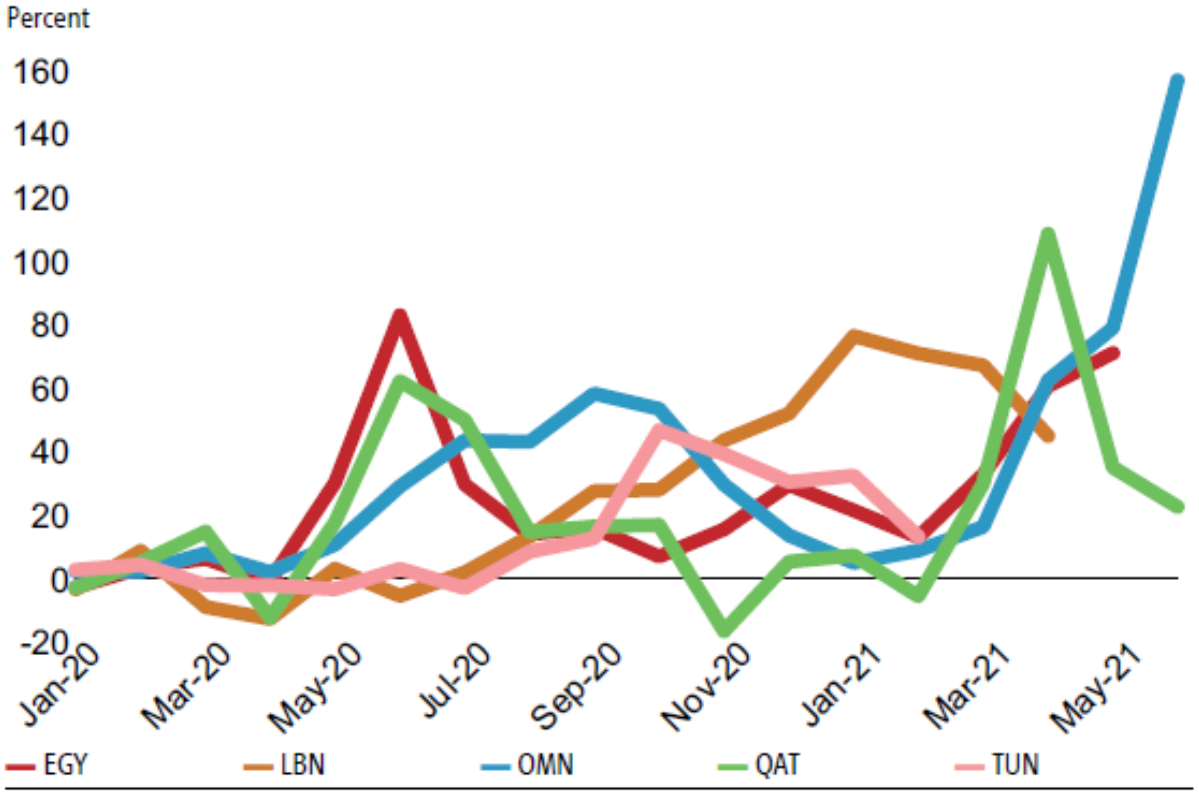
Figure 6.1. Reasons for Service Disruptions



Source: World Health Organization Pulse Surveys, 2021.

Overwhelmed health system in MENA during Covid-19

Figure 6.2. Excess Mortality P-score



Source: Our World In Data.
Note: The lines capture excess mortality P-score, which calculates the *percentage difference* between the number of deaths in 2020–2021 and the average number of deaths in the same period—week or month—over the years 2015–2019.

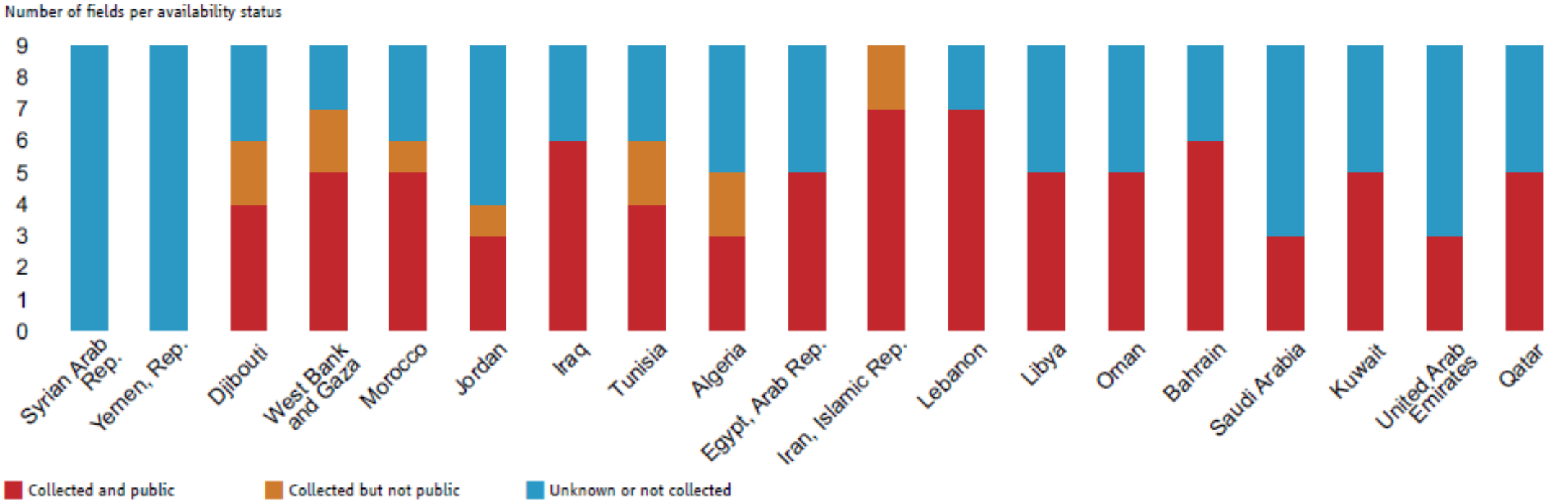
Country	Undercount Ratio	Data until
Egypt	13.1	30-Nov-20
Iran	2.4	21-Sep-20
Lebanon	1.2	30-Apr-21
Oman	0.9	31-May-21
Qatar	1.4	30-Apr-21
Tunisia	0.6	14-Feb-21

Source: Karlinsky and Kobak, 2021

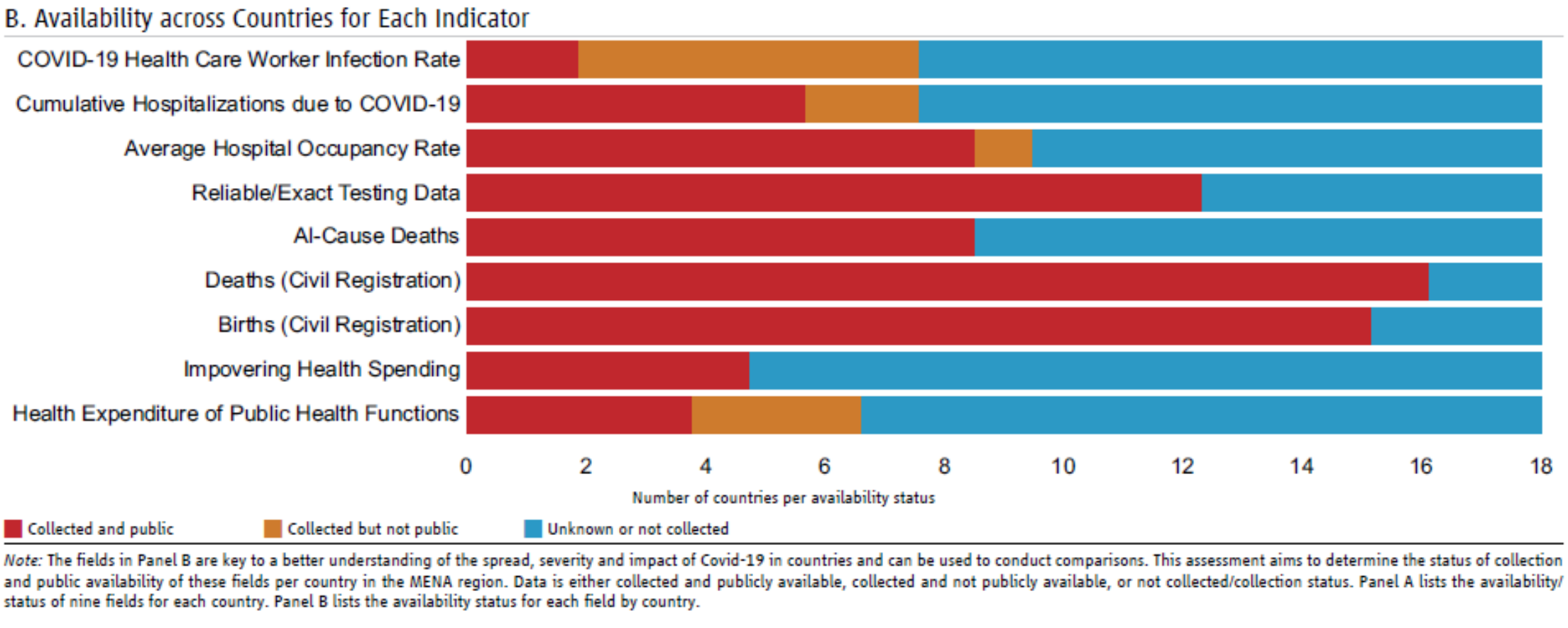
Public Health Data in MENA Are Lacking

Figure 7.1. Data Availability Assessment for MENA

A. Availability of Indicators by Country



Public Health Data in MENA Are Lacking



Note: The fields in Panel B are key to a better understanding of the spread, severity and impact of Covid-19 in countries and can be used to conduct comparisons. This assessment aims to determine the status of collection and public availability of these fields per country in the MENA region. Data is either collected and publicly available, collected and not publicly available, or not collected/collection status. Panel A lists the availability/ status of nine fields for each country. Panel B lists the availability status for each field by country.

In Summary

- MENA countries were **overconfident about preparedness of their public health systems** – (relative to peers and objective assessments)
  - Data and Information systems weak, and underutilized.
- **Three long-term trends undermined growth & made MENA ill-prepared** for health system shocks
  - **Economic** →Large public sectors, crowding out of investments in social services, fiscal myopia.
  - **Demographic** →High fertility rates (still) and dependency ratios (young+old)
  - **Epidemiological** →High incidence of communicable and noncommunicable diseases, unlike income peers
- **Covid as stress test**
  - **Unmasked the weaknesses and ill-preparedness**
  - **Illustrated the relevance/benefits of data systems**, as supported by the research
- **Policy implications**: Improved availability/use of data → Facilitate appropriate planning & preparedness for regular/emergency health care.