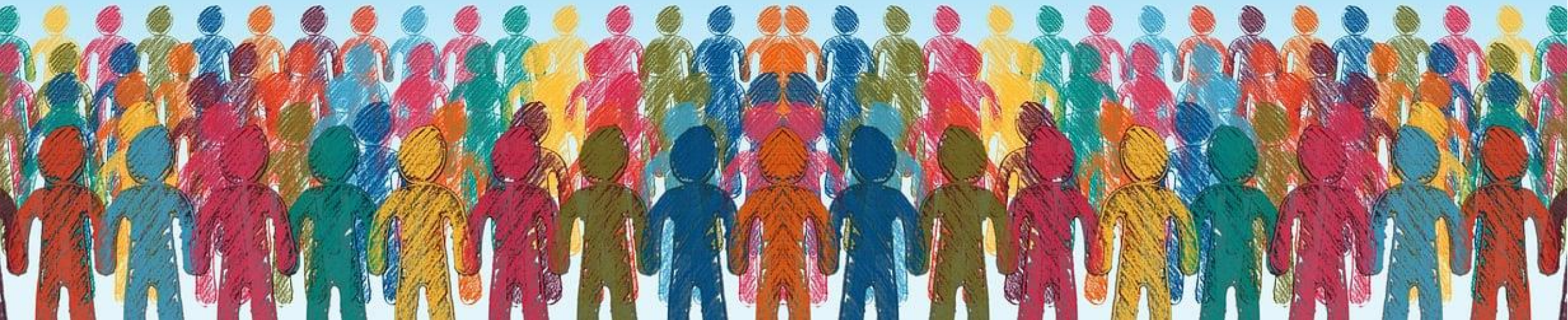


**ASSESSMENT OF CROWDING OUT OF
ROUTINE SERVICES DUE TO COVID-19
EXPENDITURES IN NEPAL
CAPETOWN
IHEA GLOBAL CONFERENCE (July 8-12)**

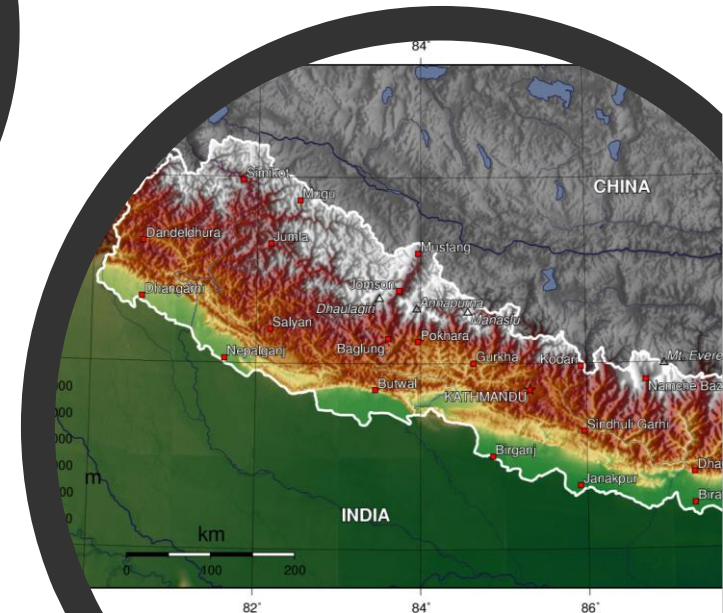


Dr. Aniruddha Bonnerjee,
UNICEF, Nepal, CO

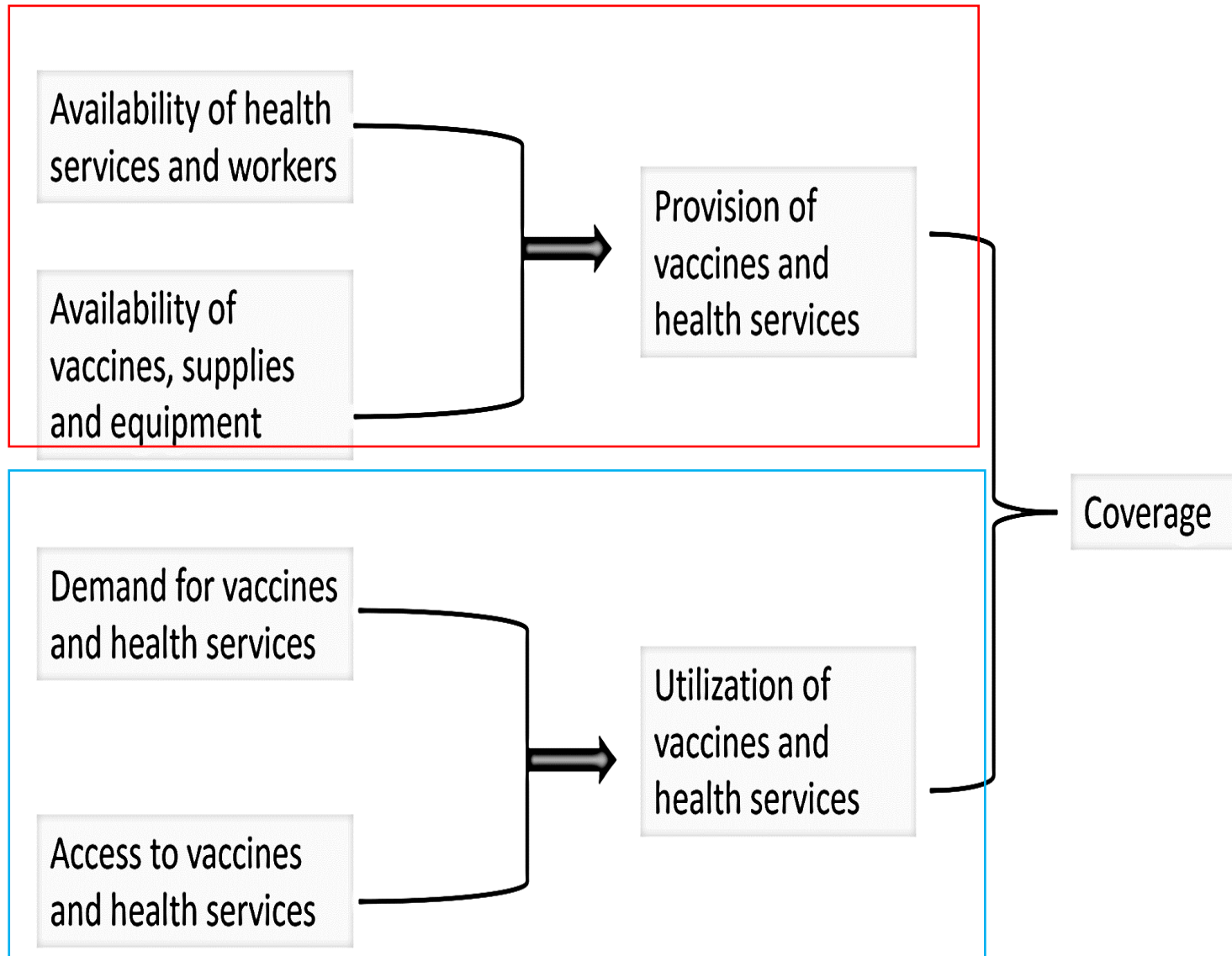


Nepal

1. Nepal is a landlocked lower middle-income country with a population of 29.1 million. Her borders are shared with India and China.
2. The incredible diversity of Nepal, with the highest mountains, deep wide valleys, gorging rivers, and more than 100 ethnic groups makes it among the most beautiful and diverse places on the planet.
3. However, this diversity also poses challenges for Nepal in terms of flooding and landslides. In addition, service delivery is difficult in the mountain regions.



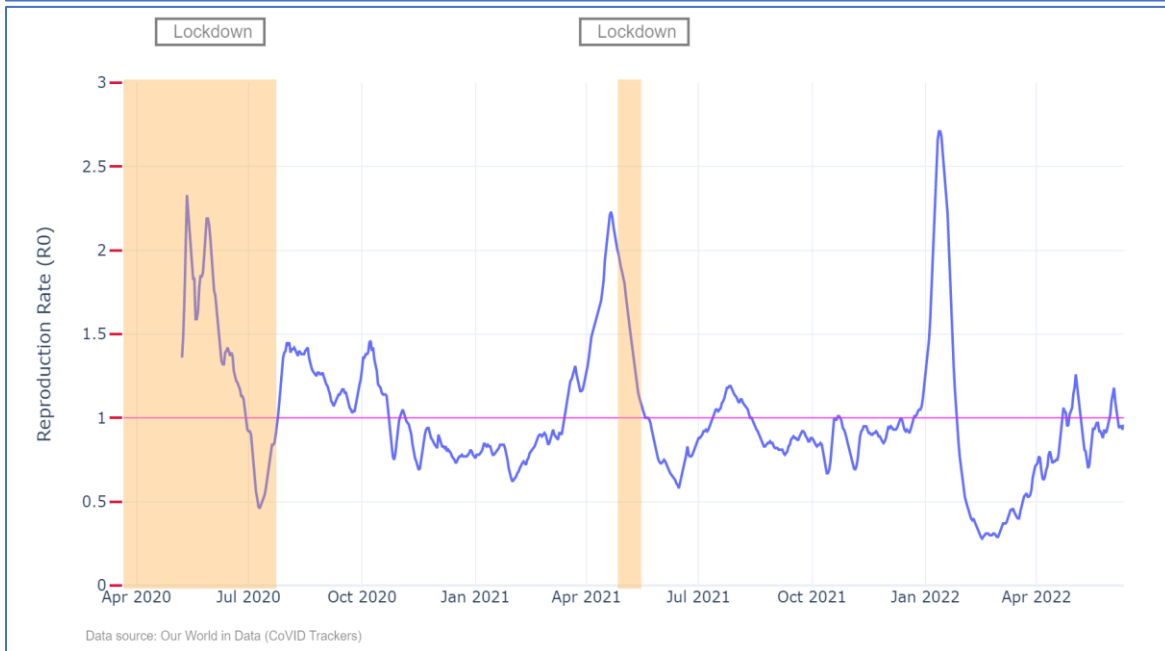
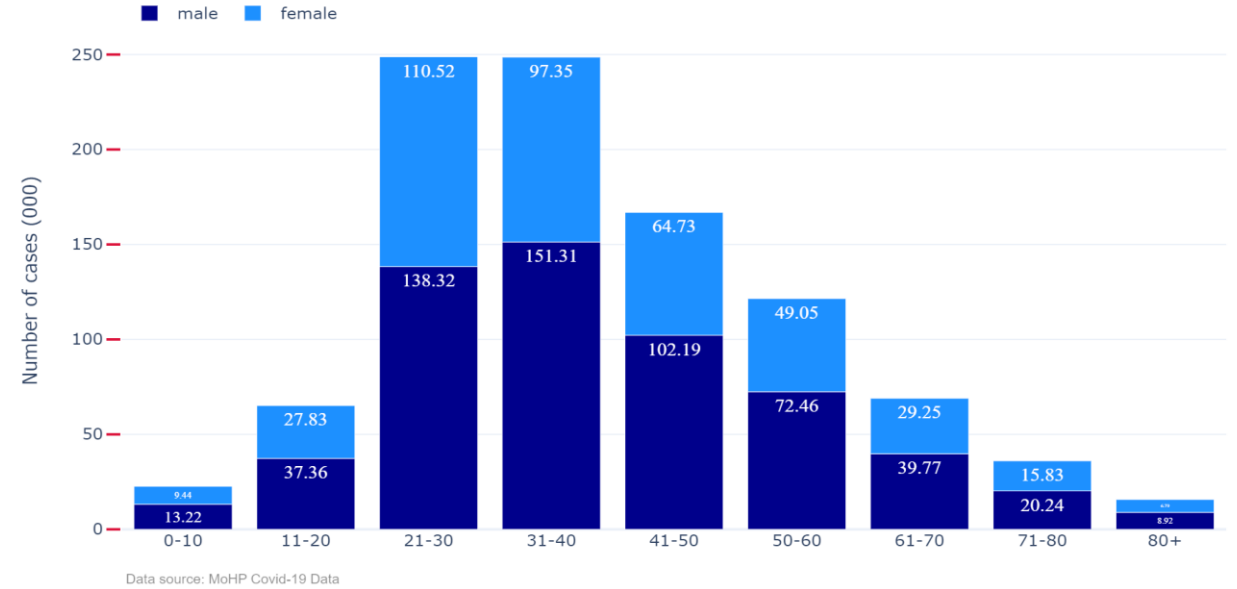
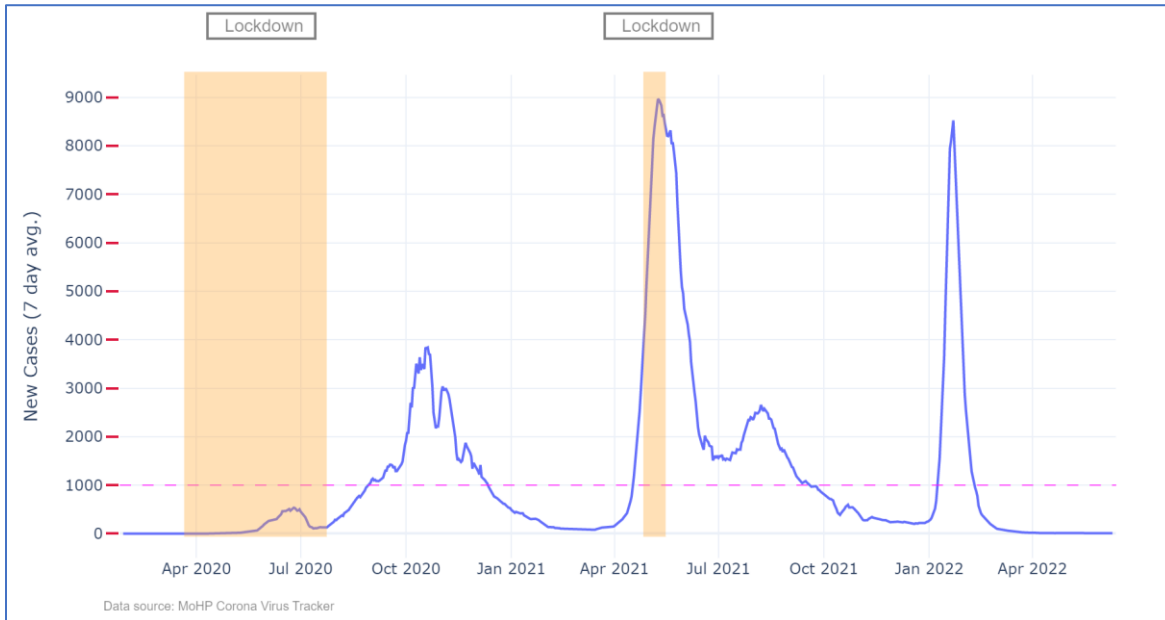
Unpacking “crowding out”



DATA SOURCES

1. MACRO DATA (GDP GROWTH, INFLATION)
2. COVID-19 DATA MOHP
3. MOHP ADMIN DATA
4. MOF BUDGET DATA
5. INTERNATIONAL DATA (UN JMP)
6. HOUSEHOLD DATA (CHILD AND FAMILY TRACKER)
7. MEDIA
8. QUALITATIVE DATA
 1. WARD MAYORS
 2. KII

COVID-19 in Nepal



Nepal Situation

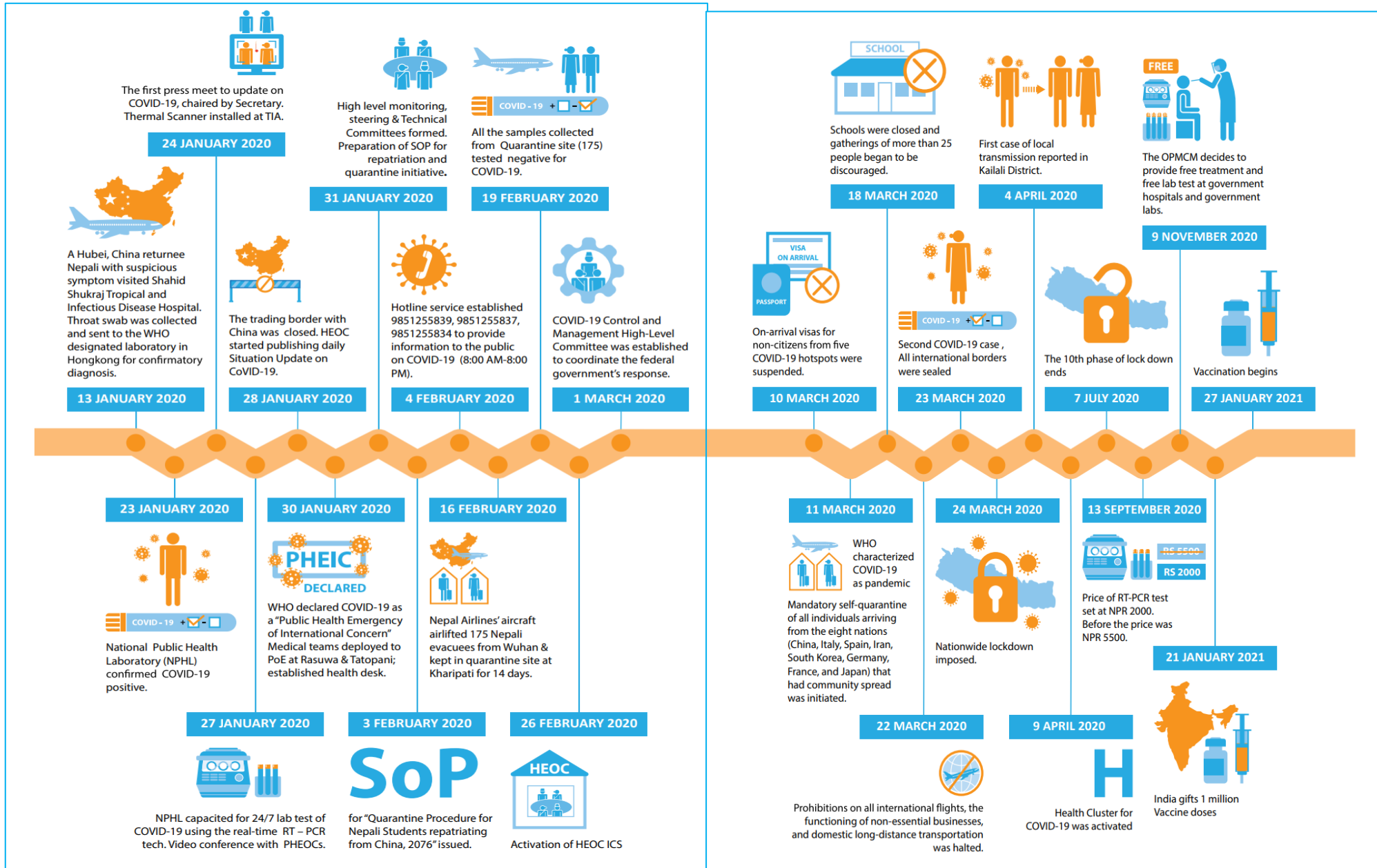
1,003,369
confirmed cases

12,031
deaths

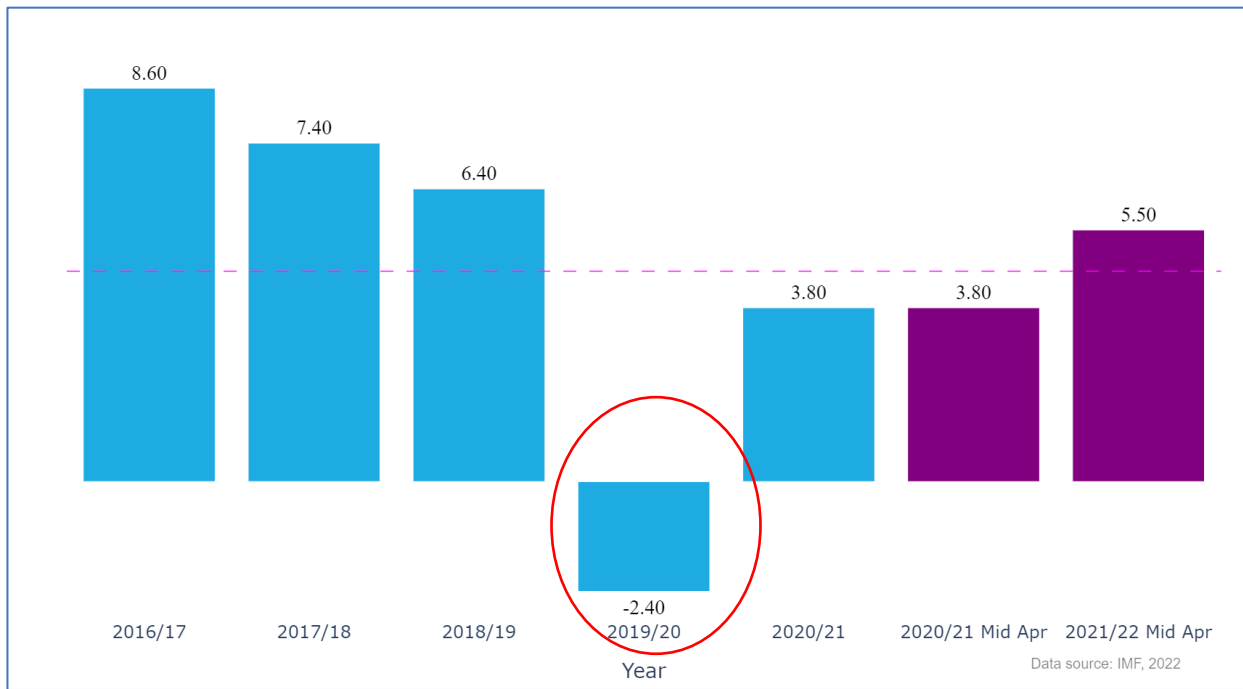
Three central pillars of the first response:

1. Address health emergencies
2. Strengthen social protection and provide employment to those who lost their jobs/incomes
3. Economic stimulus including concessional loans and tax relief

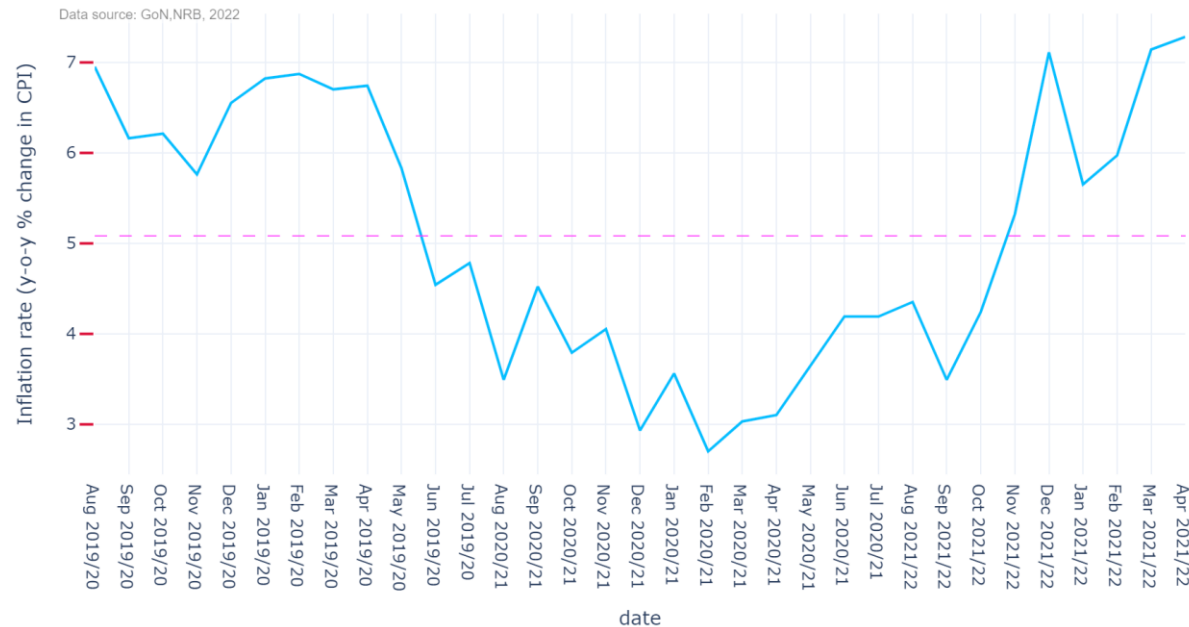
COVID-19-related events/actions timeline



The context in Nepal during and after COVID-19

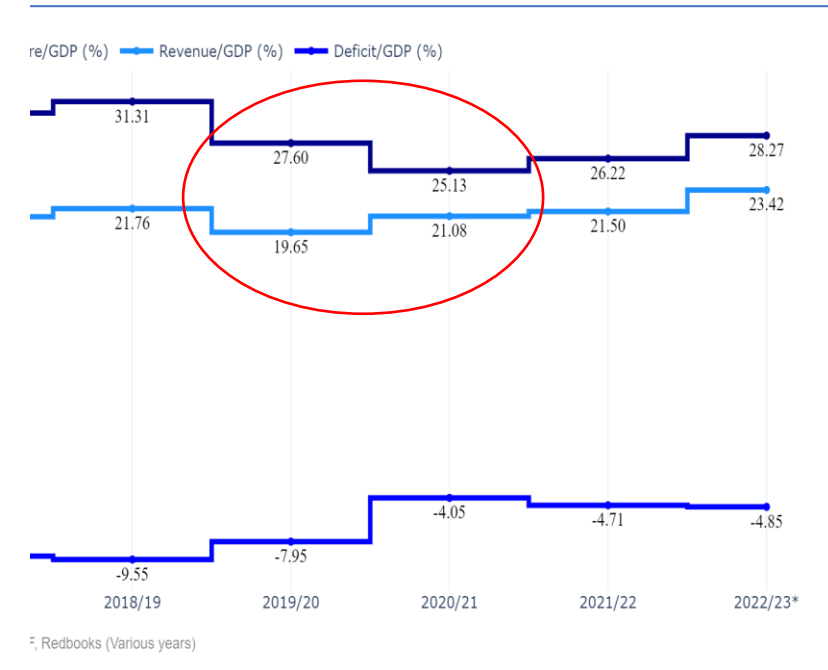
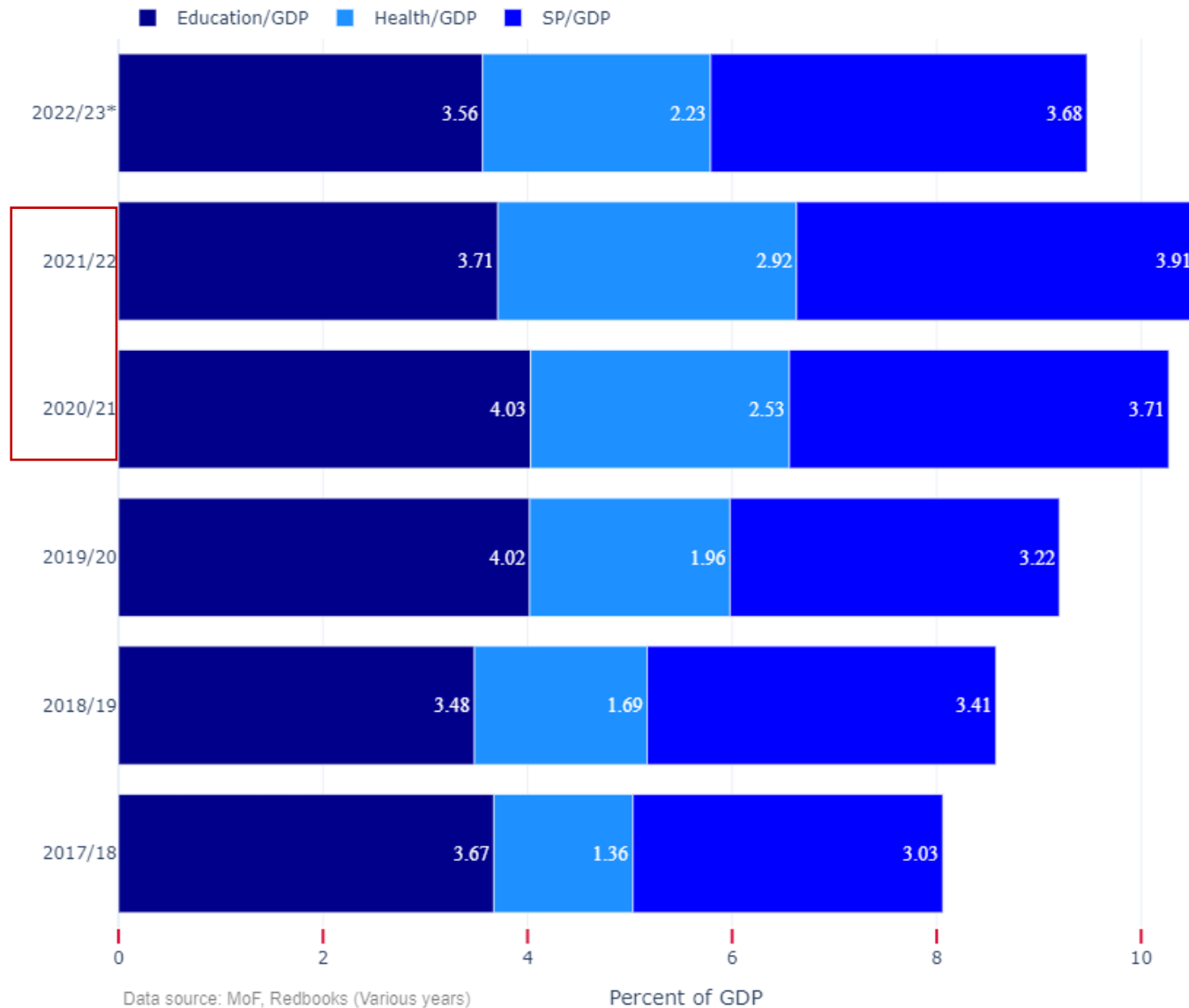


- Sharpest fall in GDP growth rates in recent history
- Tepid recovery
- Rising food prices and inflation
- Rising fuel prices
- Foreign reserves dropped sharply
- Remittances static
- Climate-induced disasters
- Political Challenges
- Federalism
- Global risks from Ukraine/Russia War



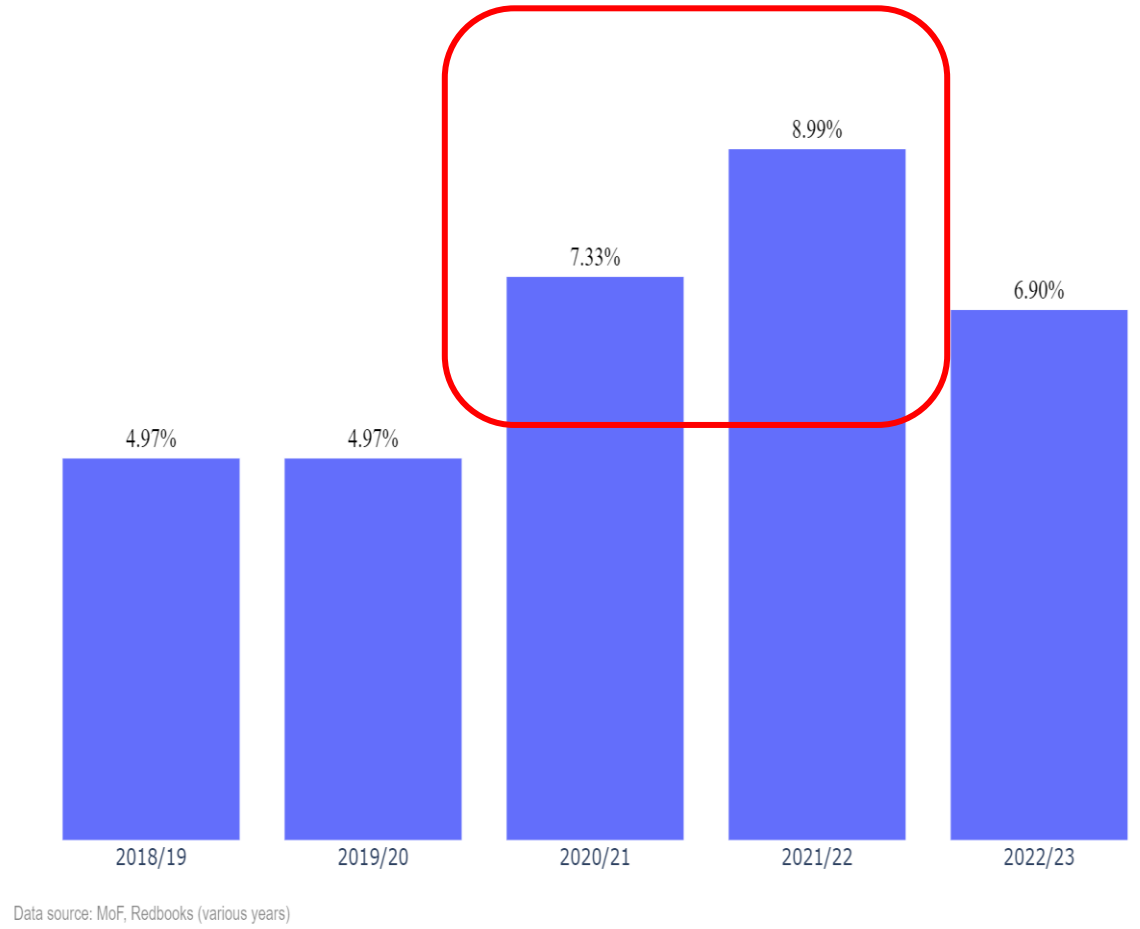
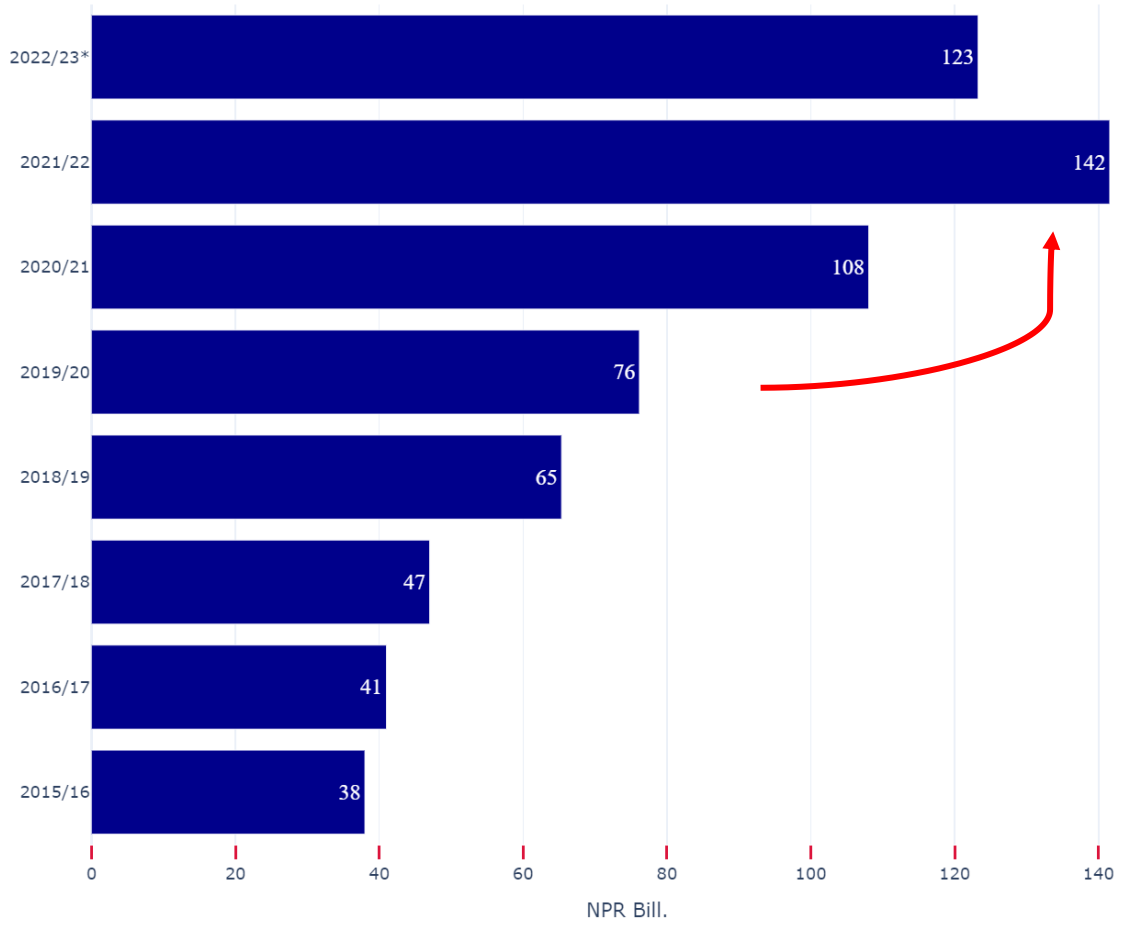
Polycrisis in Nepal

Increased social sector budget allocations (% GDP) for COVID-19 response despite the revenue shock



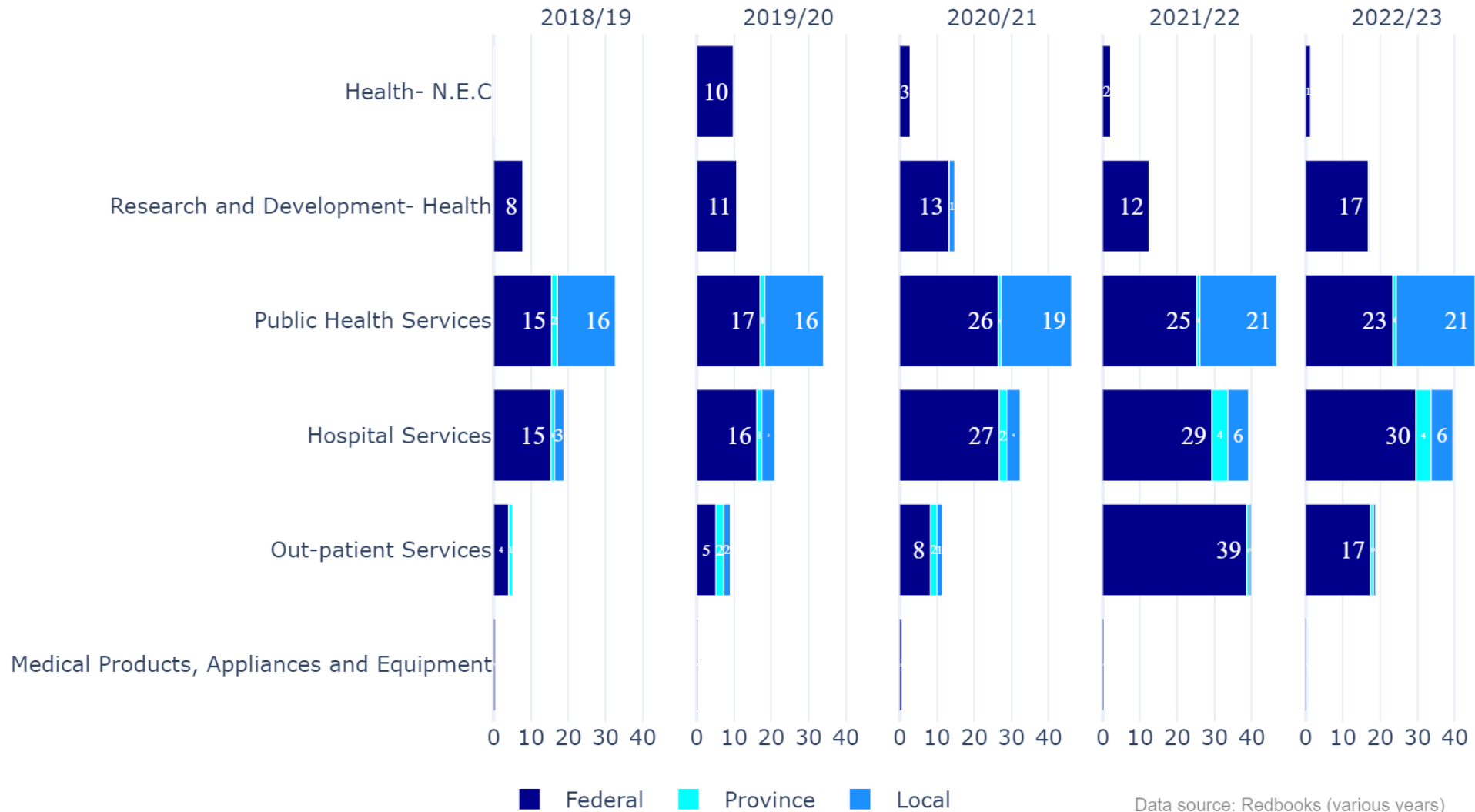
- Nepal devoted more resources to the social sectors including health during the pandemic despite a revenue shock.
- **Smart strategy and investment**
- But recent reversal cause for concern

Health allocations surged during 2020/21 and 2021/22 before declining again in 2022/23 (which given inflation means a fall in real allocations)

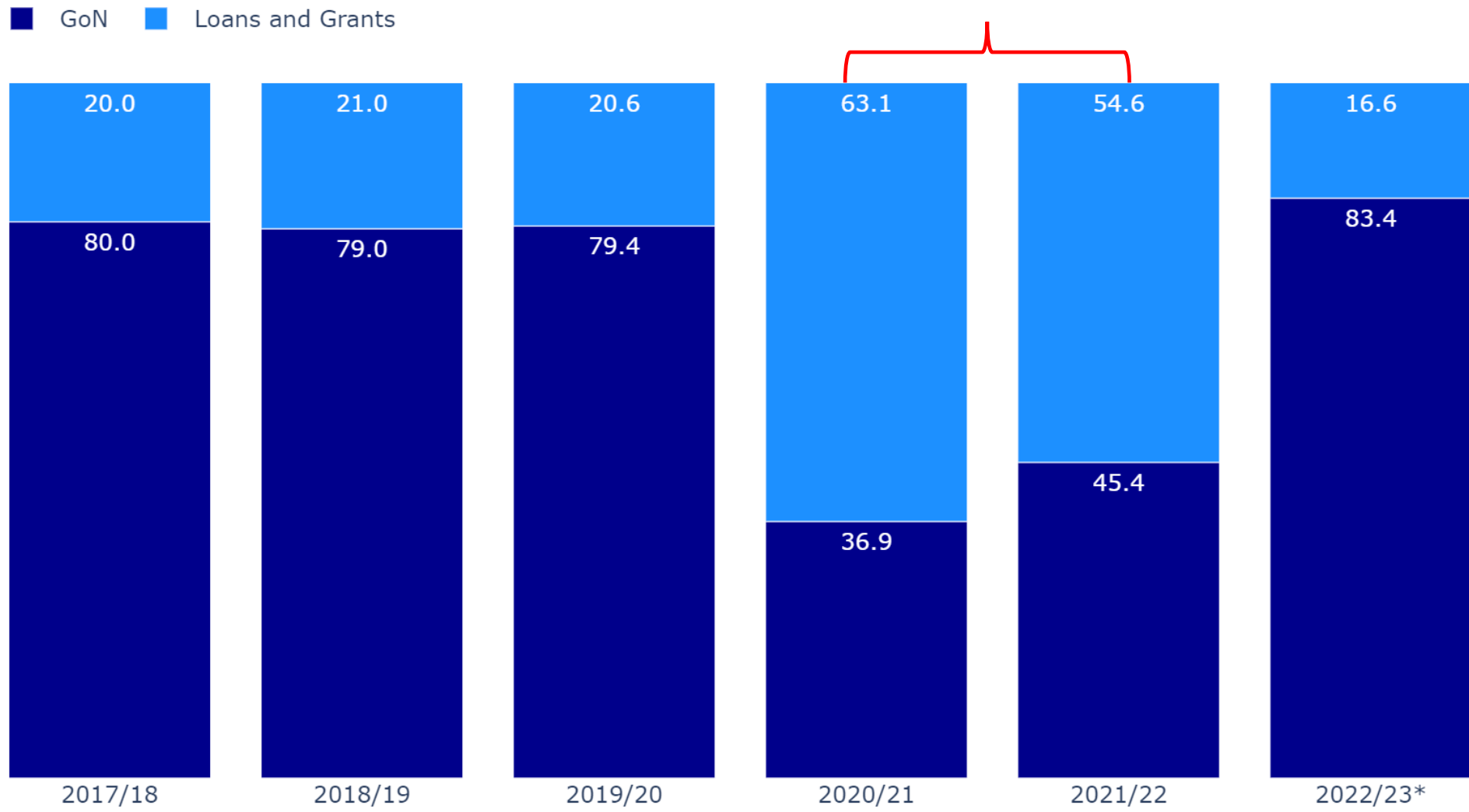


Data source: MoF, Redbooks (various years)

Increasing allocations to the local governments and stronger emphasis on R&D, public health services, hospital services, and OP services.



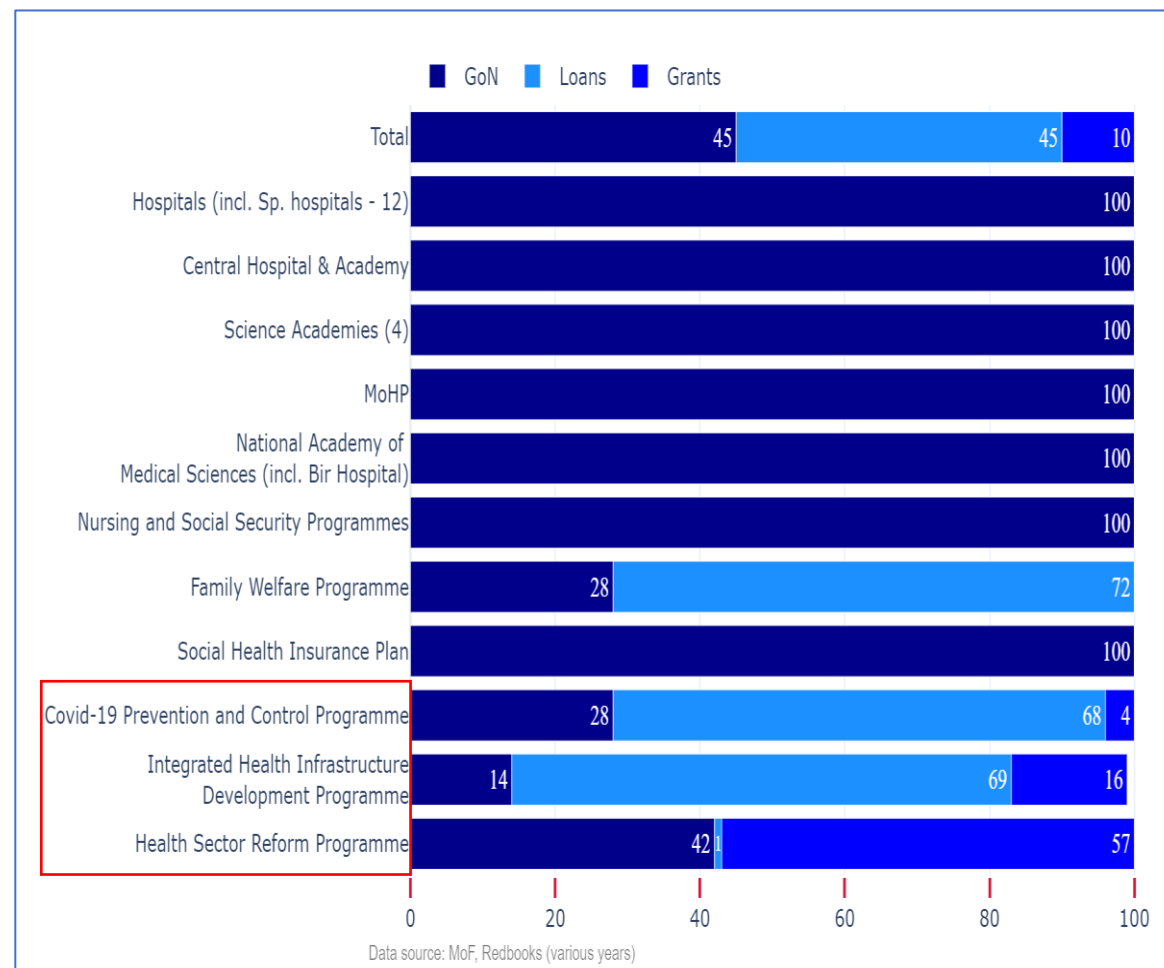
Loans and grants replaced GoN contributions to the health budget as revenues had plunged in Nepal due to COVID-19



Data source: MoF, Redbooks (various years)

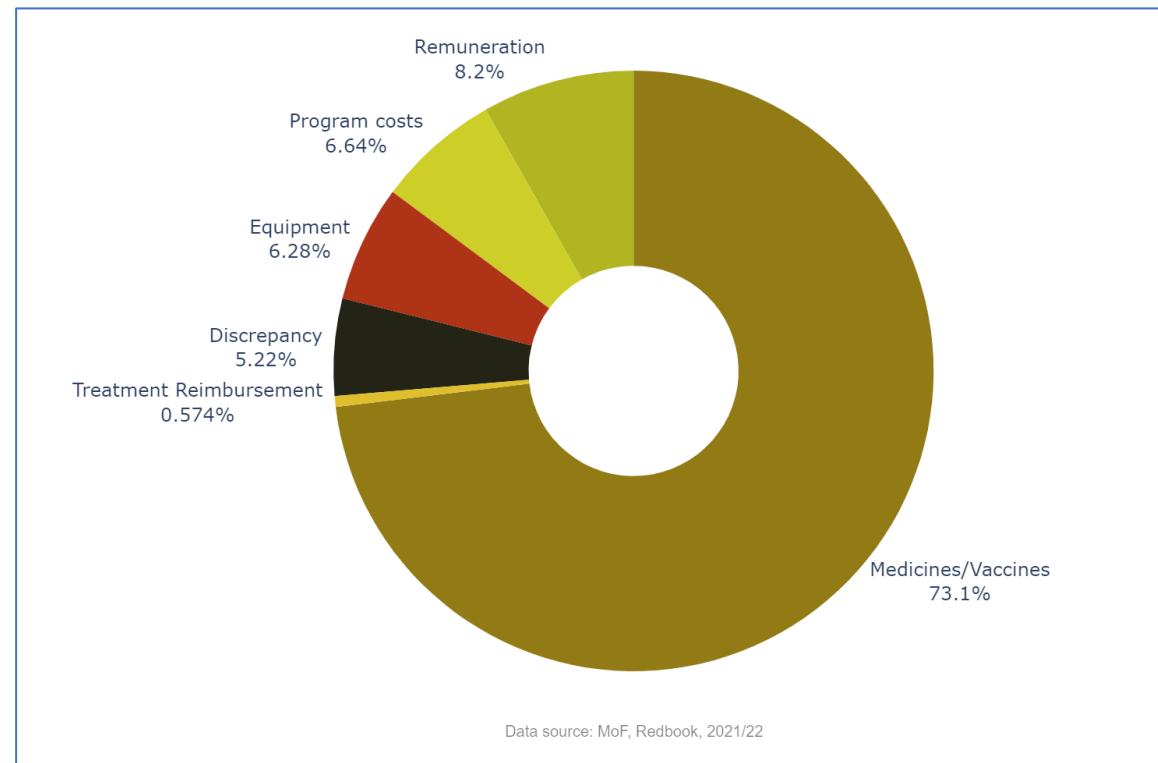
Donors also helped by agreeing to change the GON SWAp expenditures and free space for COVID-19 prevention and control

	2018/19	2019/20	2020/21	2021/22
Health Sector Reform Programme	6.40	0.32	3.17	10.49
Integrated Health Infrastructure Development Programme	4.93	3.92	6.82	14.64
Covid-19 Prevention and Control Programme	0.00	4.79	7.93	36.58
Social Health Insurance Plan	6.00	4.65	5.02	7.50
Family Welfare Programme	0.48	0.28	1.52	5.11
Nursing and Social Security Programmes	0.00	2.33	1.34	2.55
Integrated child health and nutrition programme	2.11	2.30	0.00	0.00
National Academy of Medical Sciences (incl. Bir Hospital)	1.47	2.24	2.14	1.24
MoHP	0.08	0.18	2.33	1.81
Science Academies (4)	1.09	2.03	1.49	1.27
Central Hospital & Academy	0.23	1.60	2.44	2.25
Hospitals (incl. specialist hospitals - 12)	2.27	3.55	2.69	2.62
Others	5.43	2.65	4.89	4.69
Total	30.49	30.86	41.78	90.75

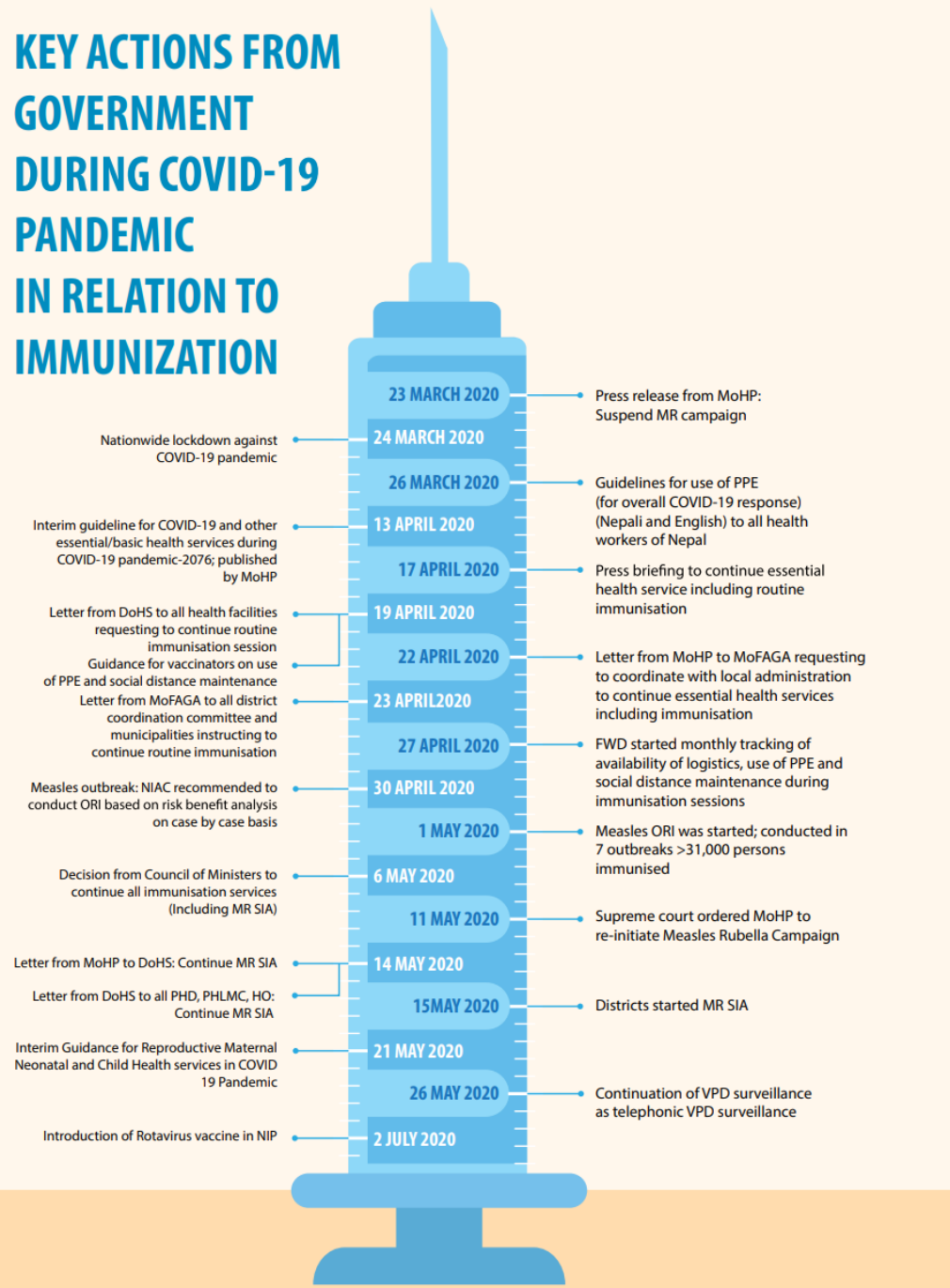


In the COVID-19 response and recovery budget (FY 2021/22), the purchase of medicines and vaccines was given the highest allocations and financed largely by donors

Categories	FY 2019/20	FY 2020/21	FY 2021/22
Budget appropriation in NPR Billion			
Recurrent	2.34	7.86	36.57
Programme expenses	0.01	1.13	3.35
Conditional recurrent grants	0.56	2.34	4.17
Conditional capital grants	0.51	1.56	2.30
Medicine and vaccine purchases	1.14	2.69	26.75
Others	0.12	0.14	0.00
Capital	2.45	0.07	0.02
Total	4.80	7.93	36.58
Financing of the programme in FY 2021/22			
	% GoN	% Foreign Grants	% Foreign Loans
Recurrent	28%	3%	68%
Programme expenses	100%	0%	0%
Conditional recurrent grants	75%	0%	25%
Conditional capital grants	83%	17%	0%
Medicine and vaccine purchases	7%	3%	90%
Capital	100%	0%	0%
Total	28%	3%	68%



KEY ACTIONS FROM GOVERNMENT DURING COVID-19 PANDEMIC IN RELATION TO IMMUNIZATION

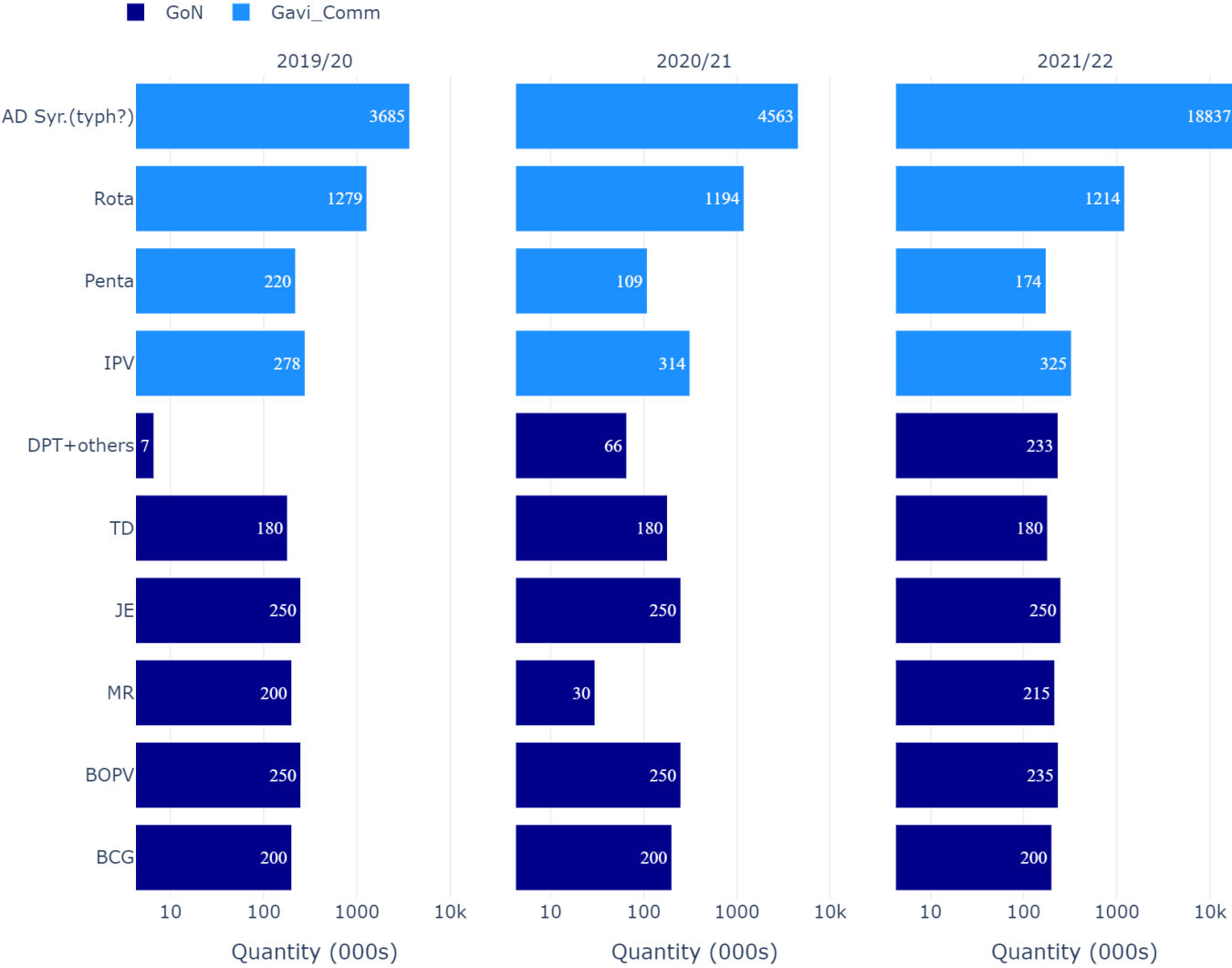


surveillance
 tracking
 communication
 directives
 safety data
 monitoring

PROCUREMENT CONTRACTS FOR VACCINES ARE MULTI-YEAR IN MANY CASES AND THIS WAS A KEY FACTOR IN PROVIDING PRICE STABILITY

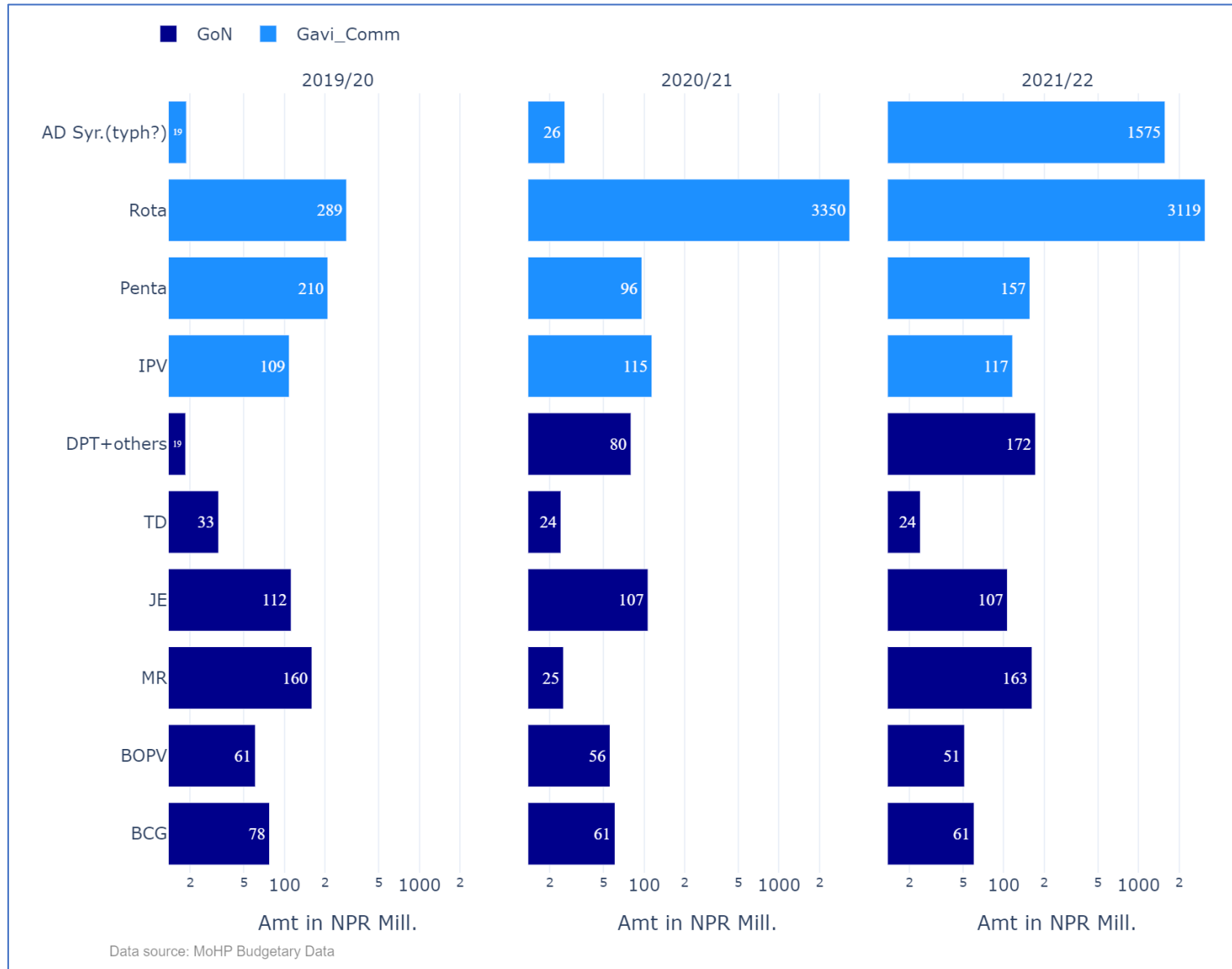
Vaccine	Manufacturer	Procurement mechanism	Contract length
BCG (Bacille Calmette Guérin) vaccine	Serum Institute of India Pvt. Ltd.	Self-procurement	3 years
bOPV1,3 (Bivalent Oral polio vaccine - Types 1 and 3)	PT Bio Farma (Persero)	Self-procurement	3 years
MR (Measles and rubella) vaccine	Biological E. Limited	Self-procurement	3 years
JE-Livatd (Japanese Encephalitis live-attenuated) vaccine	Chengdu Institute of Biological Products Co.,Ltd	Self-procurement	3 years
Td (Tetanus toxoid and diphtheria for older children and adults) vaccine	Biological E. Limited	Self-procurement	3 years
DTwP-Hib-HepB (Whole cell) vaccine	Serum Institute of India Pvt. Ltd.	UNICEF Supply Division	1 year
PCV-10 (Pneumococcal conjugate vaccine 10-valent) vaccine	GlaxoSmithKline Biologicals SA	UNICEF Supply Division	1 year
IPV (Inactivated polio vaccine)	Bilthoven Biologicals	UNICEF Supply Division	1 year
RV-1 (Rotavirus 1-valent) vaccine	GlaxoSmithKline Biologicals SA	UNICEF Supply Division	1 year

Nepal follows a multi-year procurement plan for its immunizations. We can see increases in 2020/21 and 2021/22



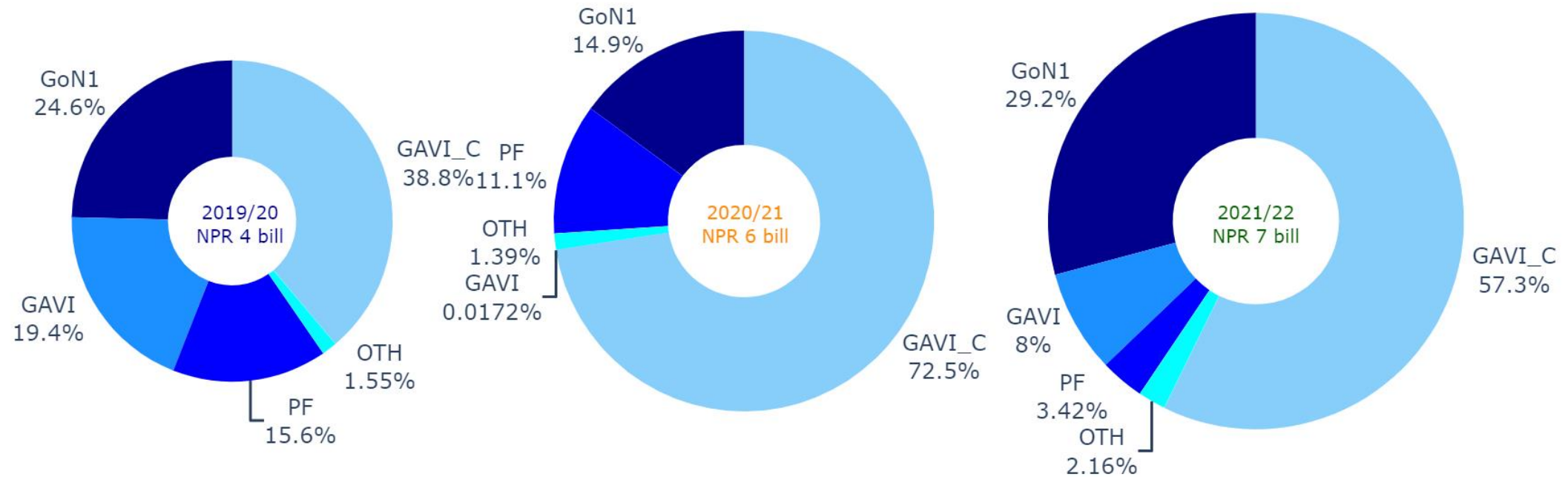
Data source: MoHP Budgetary Data

Immunization expenditures are based on procurement and follow similar trends to the procurement of vaccines



The immunization budget increased with sustained strong support from donors (GAVI)

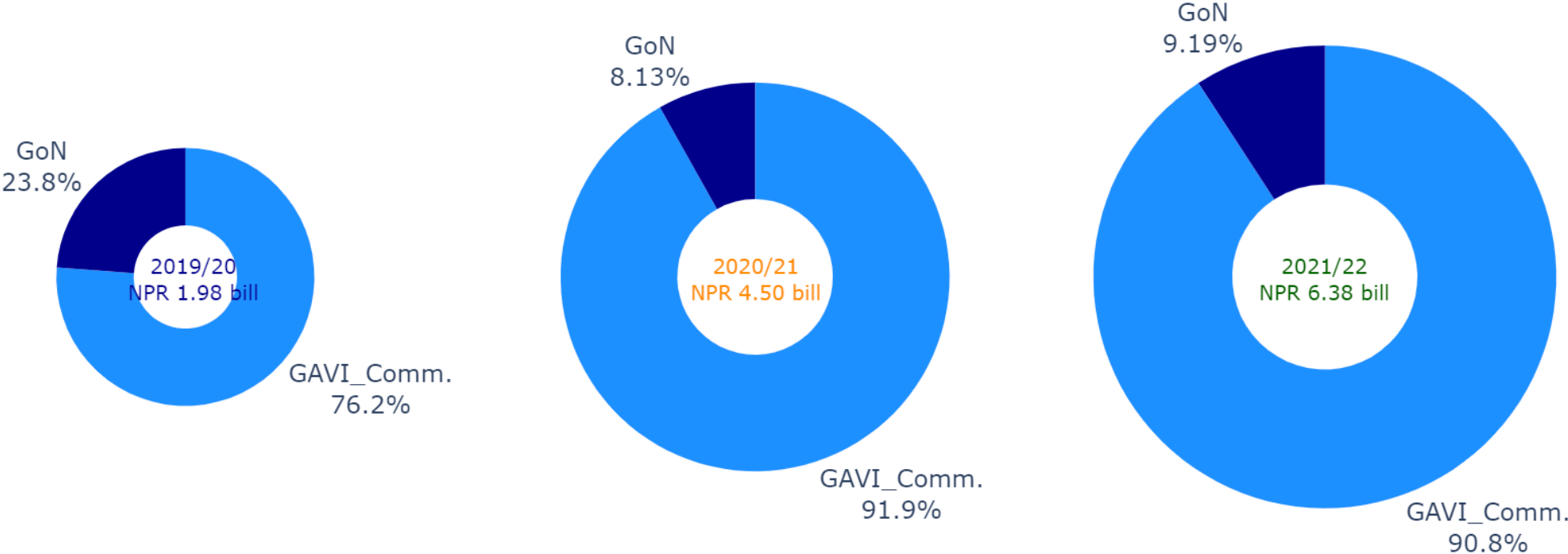
GON1: Government of Nepal
GAVI_C: GAVI Commodity support
PF: Pooled funds
OTH: Others



Data source: MoHP Budgetary Data

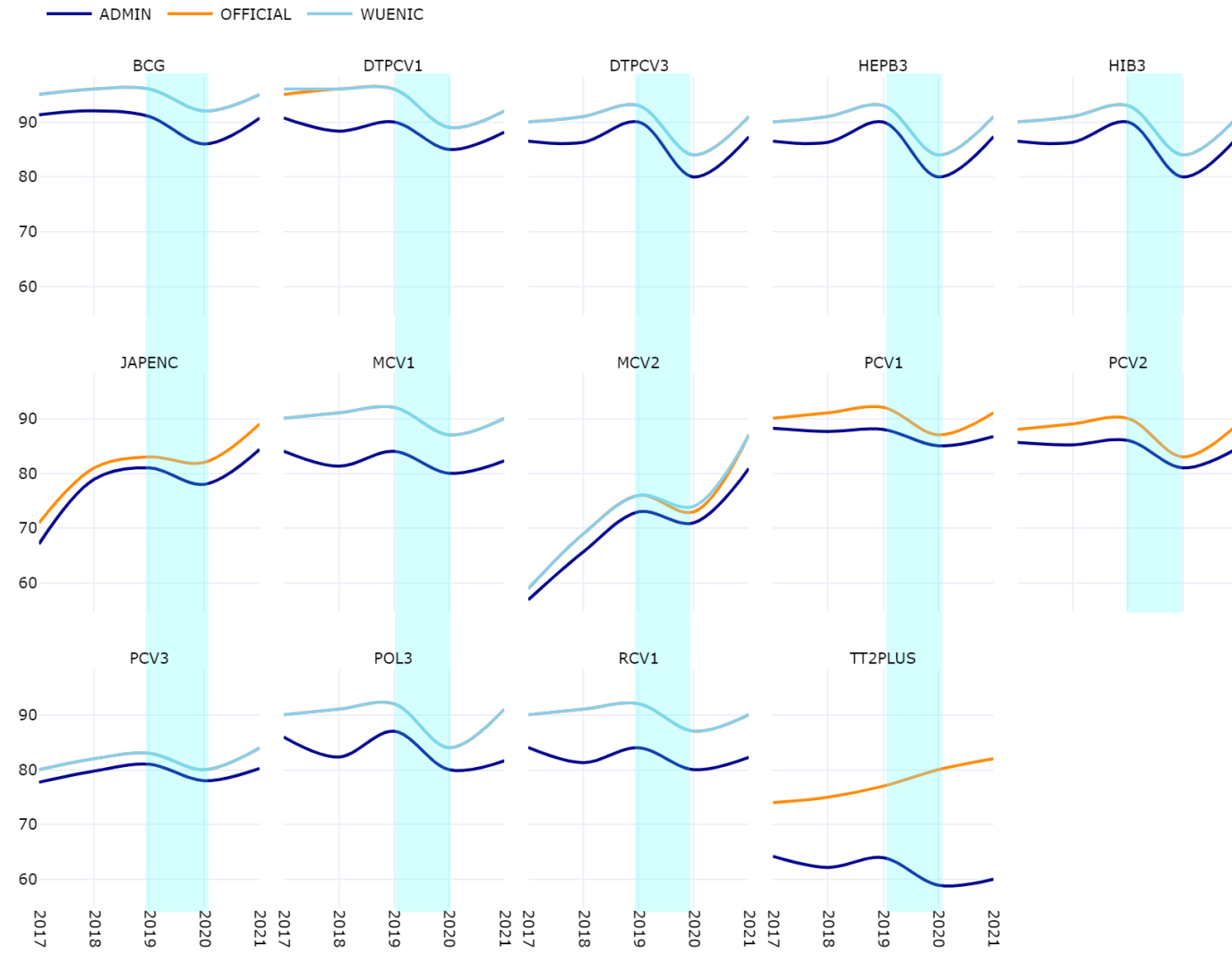
As did the budget for routine vaccinations only with strong support from GAVI

GON: Government of Nepal
GAVI_Comm: GAVI Commodity support



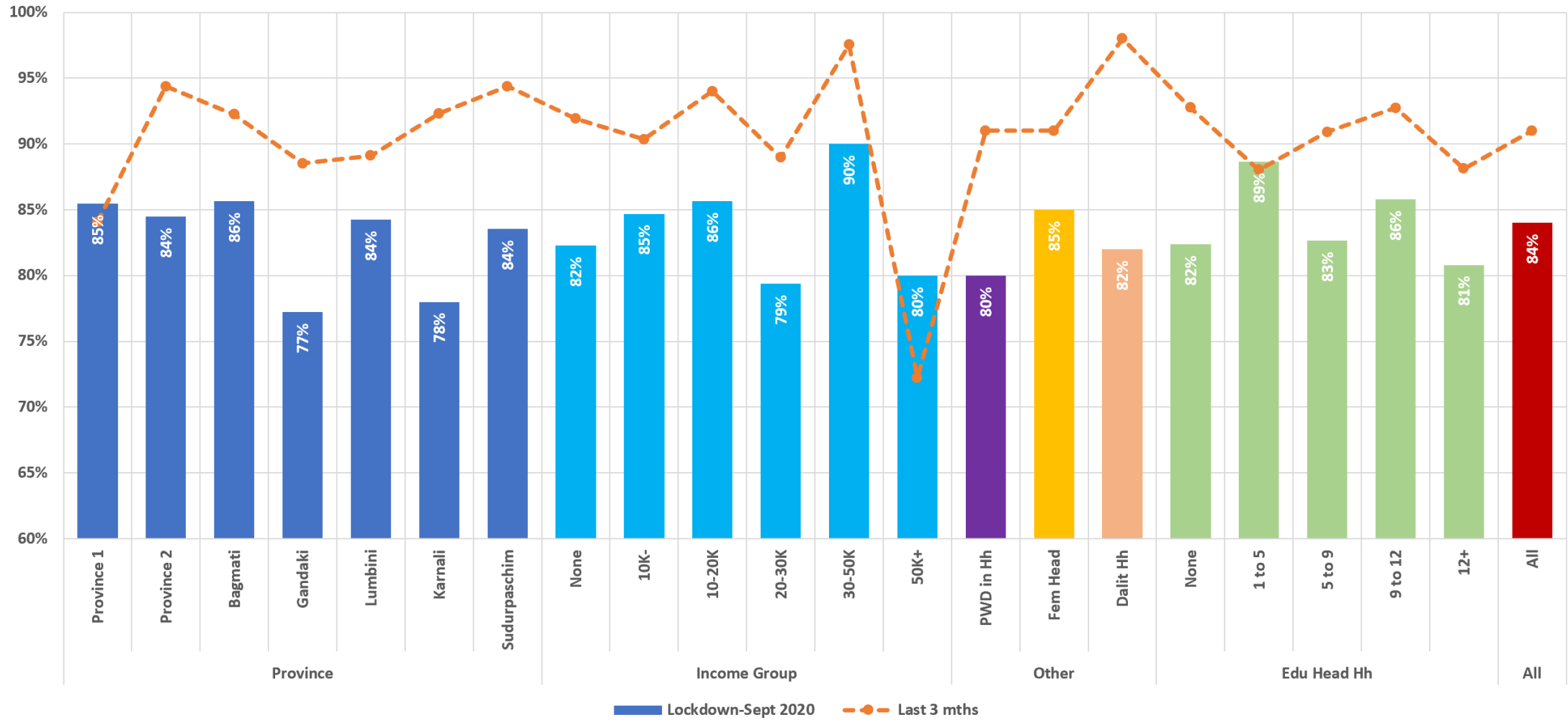
Data source: MoHP Budgetary Data

Any drop in immunization coverage was temporary



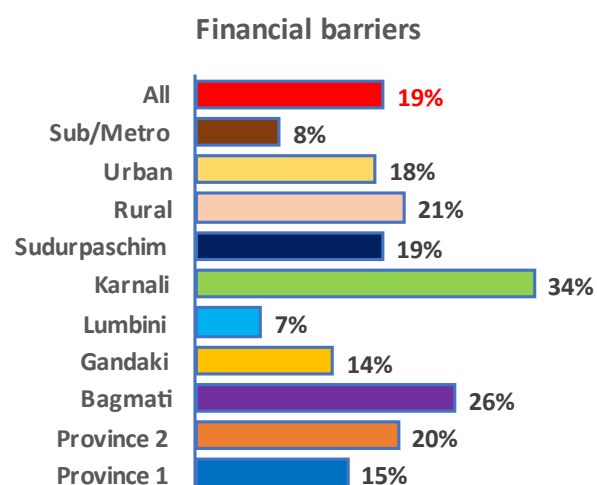
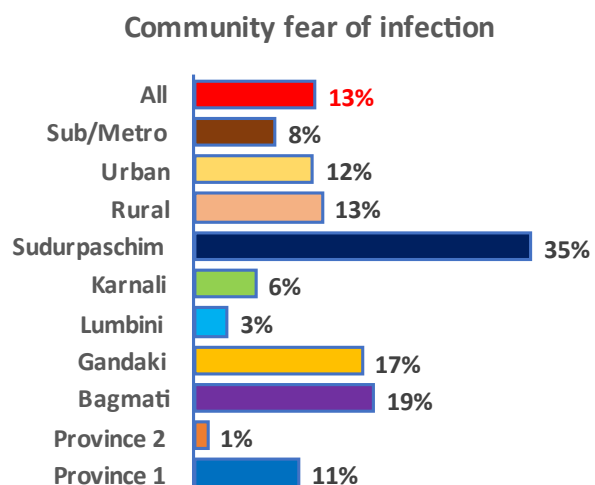
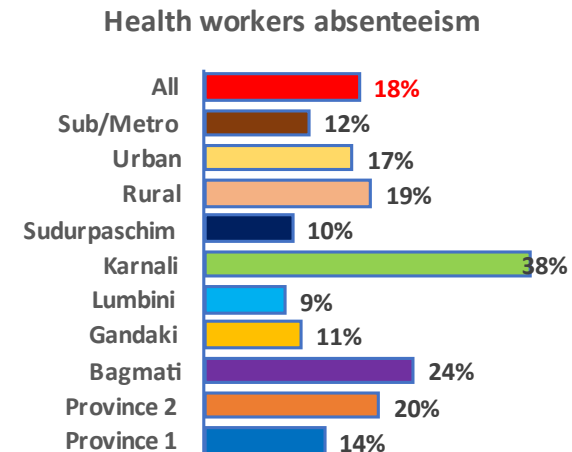
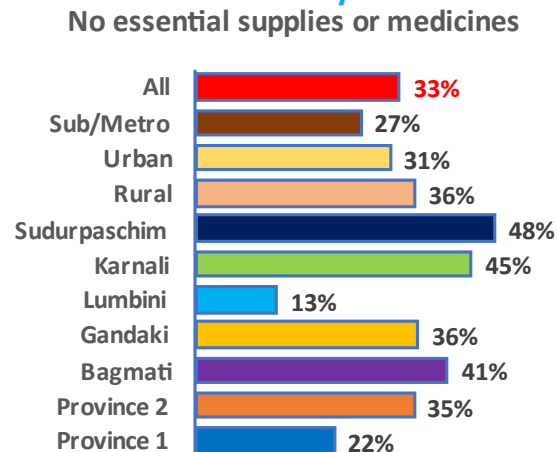
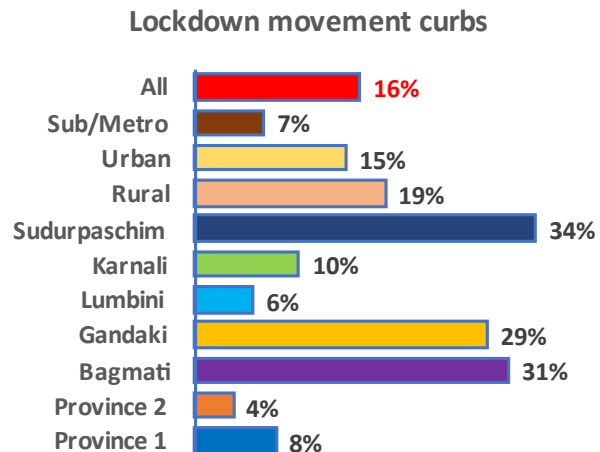
Data source: WHO Immunization Database

Household-level data also suggest a quick recovery in immunizations (UNICEF, CFT) corroborating official data



Obstacles faced by the community in accessing health care (july 2020)

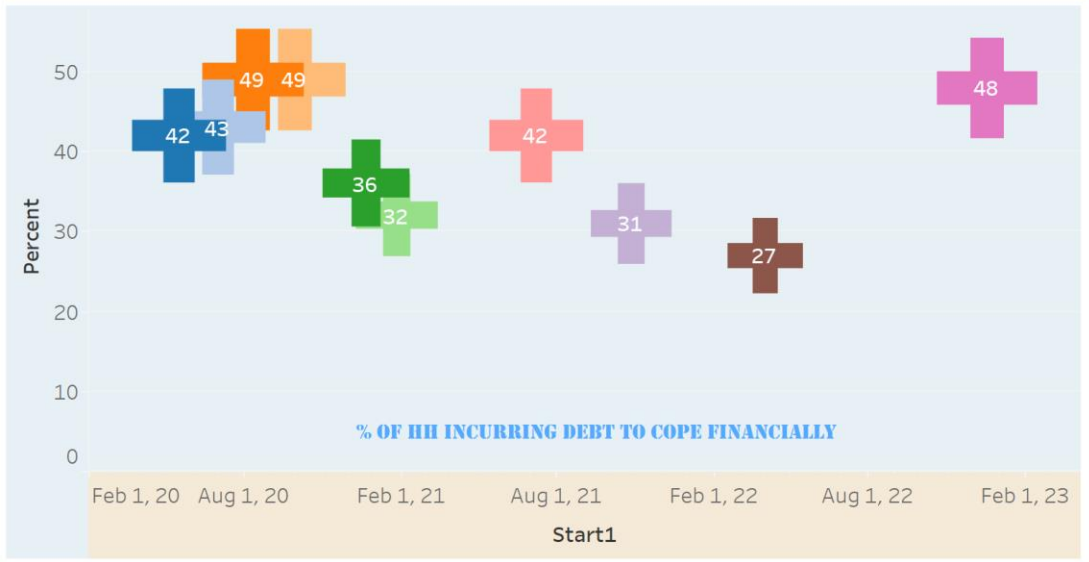
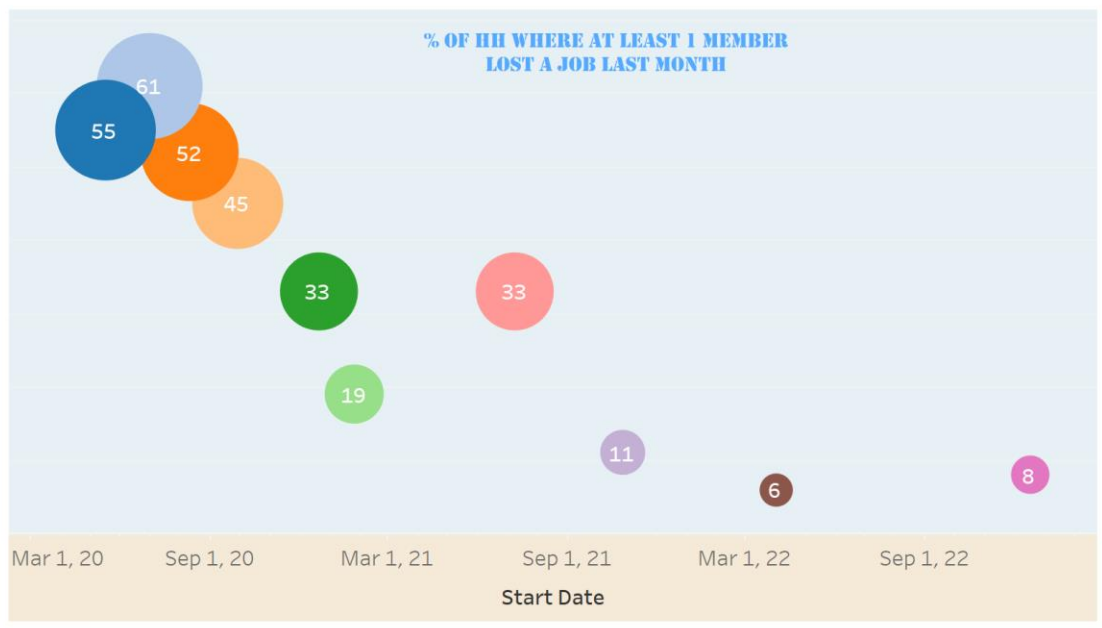
Access to health services : What are the main obstacles for the community in accessing health facilities for essential primary health care services in your ward?



1. Top 5 obstacles were the lack of essential supplies or medicines, financial barriers faced by HHs, health workers absenteeism, lockdown movement curbs and community fear of infection
2. National averages mask the diversity observed in terms of Provinces and type of Palika

However, children were affected in other ways as their families faced increased hardships and multiple risks

Tracking secondary pandemic impact on children and families:
 COVID-19 child and family tracker: Findings | UNICEF Nepal



IN CONCLUSION, ROUTINE IMMUNIZATION WAS NOT SIGNIFICANTLY AFFECTED BECAUSE:



Protecting immunization in the budget by making it a priority P1 program. A national immunization fund also exists for sustainable financing of vaccines. Multi-year procurement was a smart strategy



Counter-cyclical fiscal policy towards the health sector and strong government commitment. Loans and grants rose but were used to finance critical health expenditures that have proven to have high rates of return



Strong donor support for health systems and vaccinations



However, households and children living in them suffered multiple and numerous shocks related to incomes, job losses, rising indebtedness, and food insecurity. The impact of these shocks could undermine the gains from immunization.



Resilience of Nepal – rising through the ashes of multiple crises

This is a clear example of where global commitment and national commitment joined hands to move through a difficult period in Nepal. The challenges and needs of the hour are to continue this global partnership in leaving no one behind in Nepal.



THANK YOU!

