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
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

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

Nepal Situation
1,003,369 confirmed cases
12,031 deaths
COVID-19-related events/actions timeline

13 January 2020
A Hub, China returns to Nepal with a suspected symptom visited Shahid Shukla Tropical and Infectious Disease Hospital. Threat warning was collected and sent to the WHO designated laboratory in Hong Kong for confirmatory diagnosis.

20 January 2020
Nepal’s first COVID-19 related case.

27 January 2020
National Public Health Laboratory (NPHL) confirmed COVID-19 positive.

28 January 2020
The trading border with China was closed. HEIDC started publishing daily Situation Update on COVID-19.

31 January 2020
A Hub, China returns to Nepal with a suspected symptom visited Shahid Shukla Tropical and Infectious Disease Hospital. Threat warning was collected and sent to the WHO designated laboratory in Hong Kong for confirmatory diagnosis.

19 February 2020
Hotline service established for patients to provide information to the public on COVID-19 (8:00 AM-8:00 PM).

24 January 2020
The first press meet to update on COVID-19, chaired by Secretary. Thermal scanner installed at TIA.

1 March 2020
COVID-19 Control and Management High Level Committee was established to coordinate the federal government’s response.

4 March 2020
All the samples collected from Quarantine site (175) tested negative for COVID-19.

10 March 2020
On-site test kit for non-citizens from five COVID-19 hotspot were suspended.

23 March 2020
Students of COVID-19 were released. All international borders were sealed.

27 March 2020
The 10th phase of lockdown ends.

11 March 2020
WHO characterized COVID-19 as a pandemic.

18 March 2020
First case of local transmission reported in Kathmandu.

4 April 2020
The OPMCM decides to provide free treatment and free lab test at government hospitals and government labs.

9 November 2020
COVID-19 vaccine doses available.

27 January 2021
Vaccination begins.
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)
Increasing allocations to the local governments and stronger emphasis on R&D, public health services, hospital services, and OP services.

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<thead>
<tr>
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<tbody>
<tr>
<td>Health - N.E.C</td>
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<td>Research and Development - Health</td>
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<td>Public Health Services</td>
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<td>17</td>
<td>26</td>
<td>25</td>
<td>23</td>
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<tr>
<td>Hospital Services</td>
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<td>16</td>
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<td>Out-patient Services</td>
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<td>8</td>
<td>8</td>
<td>39</td>
<td>17</td>
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<td>Medical Products, Appliances and Equipment</td>
<td></td>
<td></td>
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Data source: Redbooks (various years)
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
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.

<table>
<thead>
<tr>
<th>Categories</th>
<th>FY 2019/20</th>
<th>FY 2020/21</th>
<th>FY 2021/22</th>
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<tbody>
<tr>
<td><strong>Budget appropriation in NPR Billion</strong></td>
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<td></td>
<td></td>
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<tr>
<td>Recurrent</td>
<td>2.34</td>
<td>7.86</td>
<td><strong>36.57</strong></td>
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<tr>
<td>Programme expenses</td>
<td>0.01</td>
<td>1.13</td>
<td>3.35</td>
</tr>
<tr>
<td>Conditional recurrent grants</td>
<td>0.56</td>
<td>2.34</td>
<td><strong>4.17</strong></td>
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<tr>
<td>Conditional capital grants</td>
<td>0.51</td>
<td>1.56</td>
<td>2.30</td>
</tr>
<tr>
<td>Medicine and vaccine purchases</td>
<td>1.14</td>
<td>2.69</td>
<td><strong>26.75</strong></td>
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<tr>
<td>Others</td>
<td>0.12</td>
<td>0.14</td>
<td>0.00</td>
</tr>
<tr>
<td>Capital</td>
<td>2.45</td>
<td>0.07</td>
<td>0.02</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>4.80</strong></td>
<td><strong>7.93</strong></td>
<td><strong>36.58</strong></td>
</tr>
</tbody>
</table>

**Financing of the programme in FY 2021/22**

<table>
<thead>
<tr>
<th></th>
<th>% GoN</th>
<th>% Foreign Grants</th>
<th>% Foreign Loans</th>
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</thead>
<tbody>
<tr>
<td>Recurrent</td>
<td>28%</td>
<td>3%</td>
<td>68%</td>
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<tr>
<td>Programme expenses</td>
<td>100%</td>
<td>0%</td>
<td>0%</td>
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<tr>
<td>Conditional recurrent grants</td>
<td>75%</td>
<td>0%</td>
<td>25%</td>
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<tr>
<td>Conditional capital grants</td>
<td>83%</td>
<td>17%</td>
<td>0%</td>
</tr>
<tr>
<td>Medicine and vaccine purchases</td>
<td>7%</td>
<td>3%</td>
<td>90%</td>
</tr>
<tr>
<td>Capital</td>
<td>100%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>28%</td>
<td>3%</td>
<td>68%</td>
</tr>
</tbody>
</table>

Data source: MoF, Redbook, 2021/22
KEY ACTIONS FROM GOVERNMENT DURING COVID-19 PANDEMIC IN RELATION TO IMMUNIZATION

Nationally acclaimed against COVID-19 pandemic

Interim guideline for COVID-19 and other essential health services during COVID-19 pandemic, published by MoHP

Letter from MoHP to all health facilities requesting to continue routine immunization services

Guidance for vaccination on use of PPE and social distance maintenance

Letter from MoFAGA to all district coordination committee and municipalities instructing to continue routine immunization

Measles outbreak: NACR recommended to conduct ORS based on risk benefit analysis service by case basis

Decision from Council of Ministers to continue all immunization services (including MR SIA)

Letter from MoHP to DoHES: Continue NR SIA

Letter from DoPM to all PMCs, PHMNC, HD: Continue MR SIA

Interim Guidance for Reproductive Maternal Neonatal and Child Health services in COVID 19 Pandemic

Introduction of Rotavirus vaccine in NIP

21 MARCH 2020
23 MARCH 2020
24 MARCH 2020
26 MARCH 2020
13 APRIL 2020
17 APRIL 2020
19 APRIL 2020
22 APRIL 2020
23 APRIL 2020
27 APRIL 2020
30 APRIL 2020
1 MAY 2020
6 MAY 2020
11 MAY 2020
14 MAY 2020
15 MAY 2020
21 MAY 2020
26 MAY 2020
2 JULY 2020

Press release from MoHP: Suspend MR campaign

Guidelines for use of PPE (for overall COVID-19 response) (Nepali and English) to all health workers of Nepal

Press briefing to continue essential health service including routine immunisation

Letter from MoHP to MoFAGA requesting to coordinate with local administration to continue essential health services including immunisation

PFO started monthly tracking of availability of logistics, use of PPE and social distance maintenance during immunisation sessions

Measles OR was started, conducted in 7 outbreaks >3,000 persons immunised

Supreme court ordered MoHP to re-initiate Measles Rubella Campaign

Districts started NR SIA

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

PROCUREMENT CONTRACTS FOR VACCINES ARE MULTI-YEAR IN MANY CASES AND THIS WAS A KEY FACTOR IN PROVIDING PRICE STABILITY
Nepal follows a multi-year procurement plan for its immunizations. We can see increases in 2020/21 and 2021/22.
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)

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

- **2019/20**
  - GoN: 23.8%
  - GAVI_Com: 76.2%
  - 2019/20 NPR 1.98 bill

- **2020/21**
  - GoN: 8.13%
  - GAVI_Com: 91.9%
  - 2020/21 NPR 4.50 bill

- **2021/22**
  - GoN: 9.19%
  - GAVI_Com: 90.8%
  - 2021/22 NPR 6.38 bill

Data source: MoHP Budgetary Data
Any drop in immunization coverage was temporary
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.

1. Tracking secondary pandemic impact on children and families:
COVID-19 child and family tracker: Findings | UNICEF Nepal
However, children were affected in other ways as their families faced increased hardships and multiple risks.

**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!