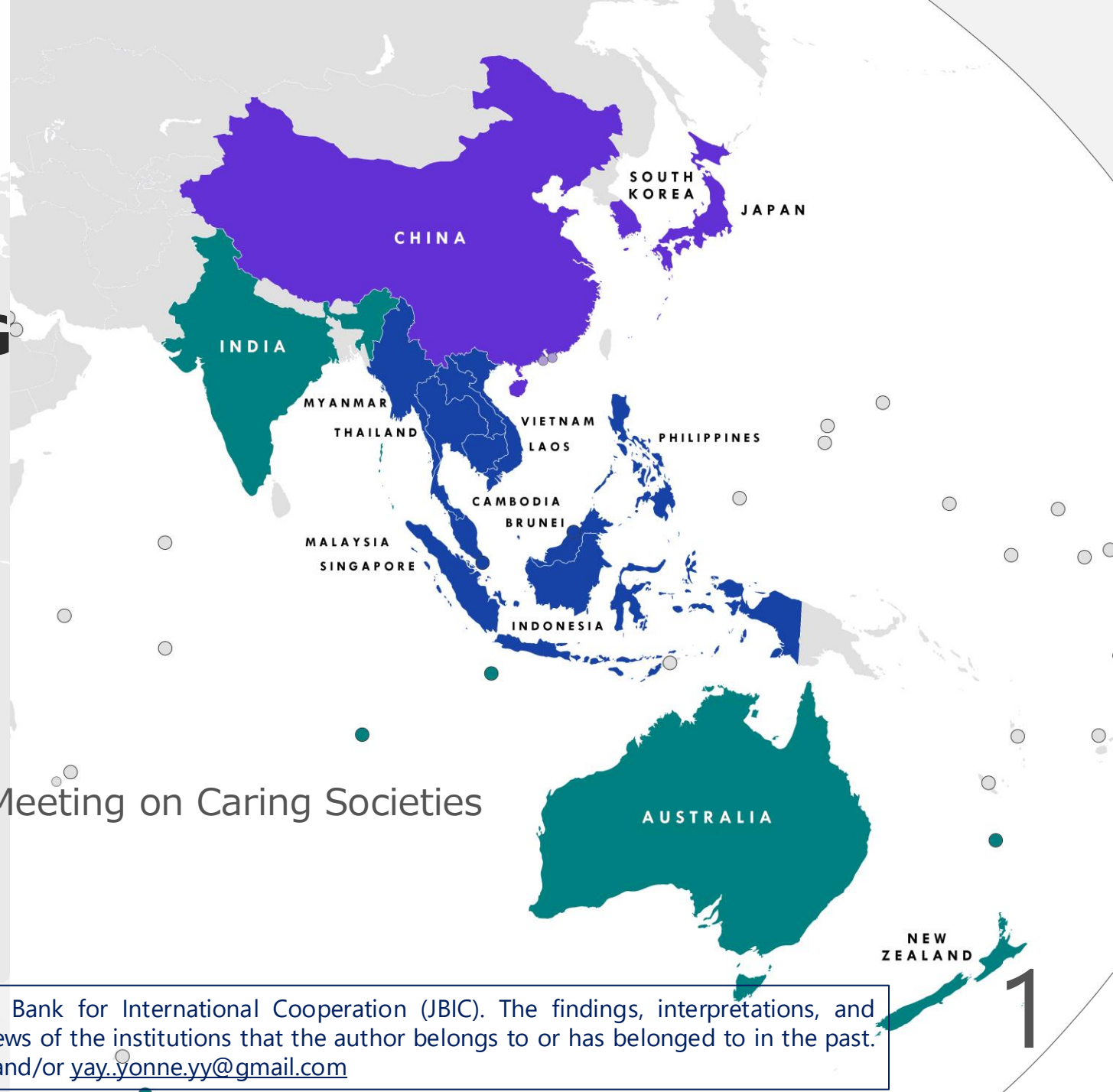


UHC AS A KEY TO PROMOTING HEALTHY SOCIETIES

A call for robust health and finance
dialogue and collaboration

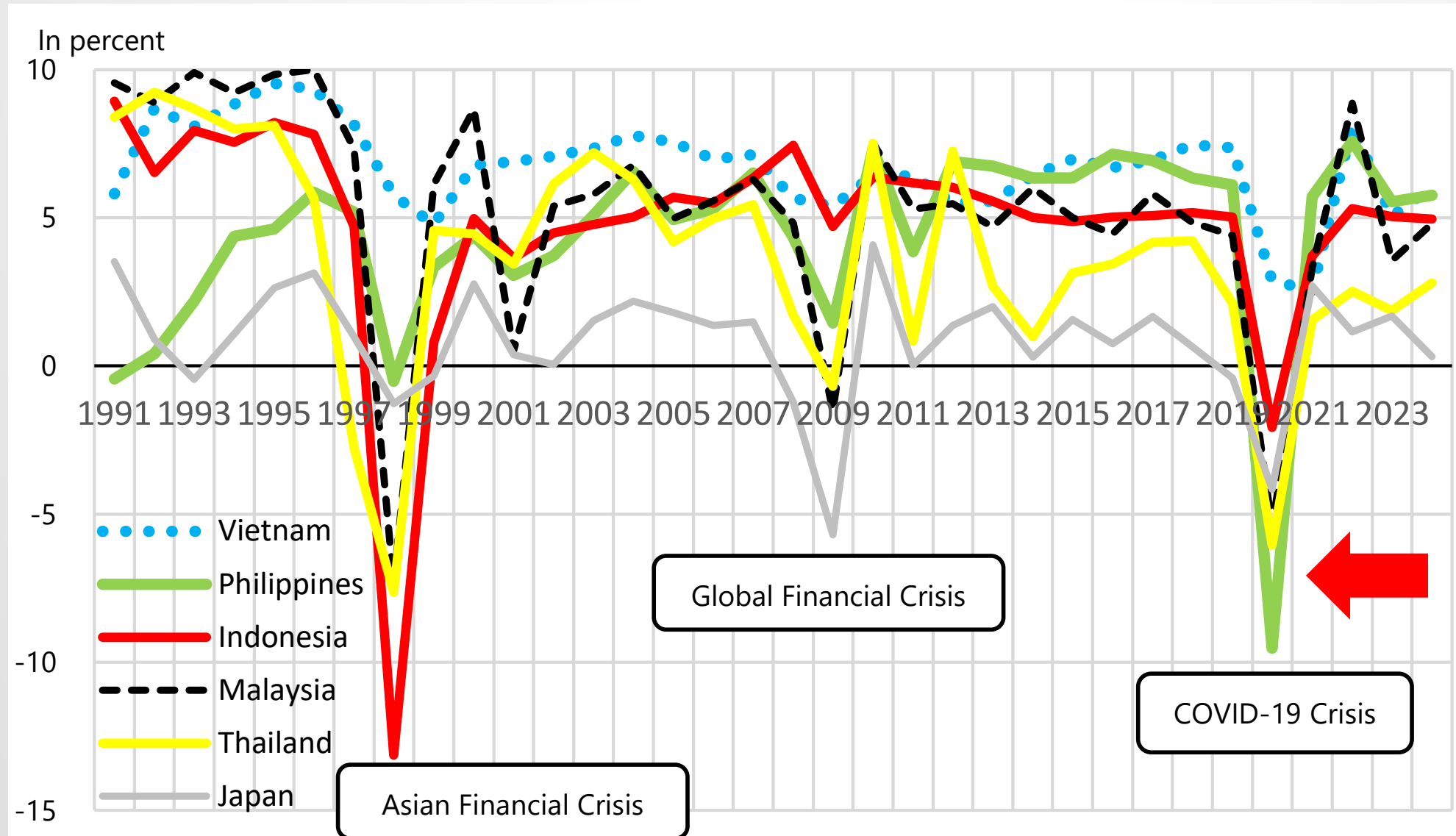
The 22nd ASEAN & Japan High-Level Officials Meeting on Caring Societies
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Economic impact of COVID. COVID-19 had a severe impact, more so than the GFC in 2008/2009, underscoring the need for an inclusive health system.

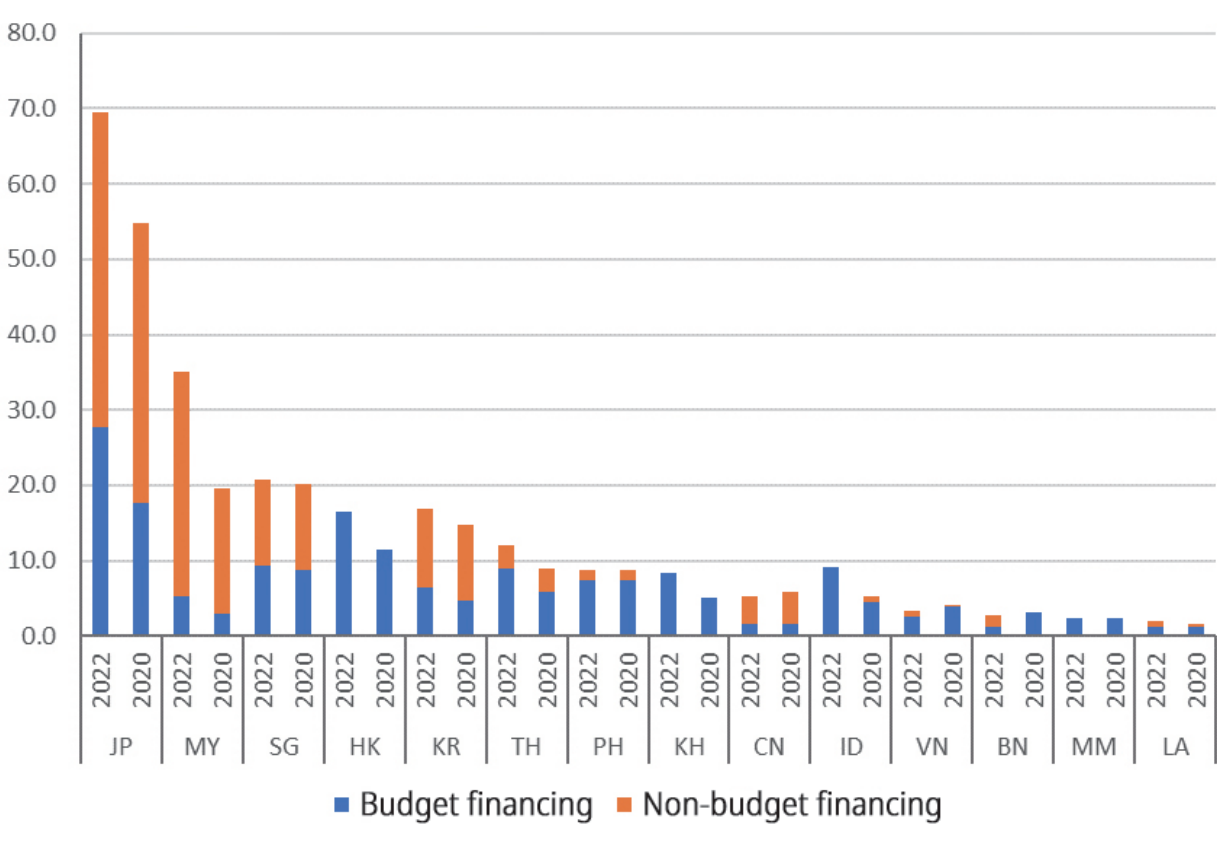


Source: IMF World Economic Outlook (October 2024)

Fiscal impact of COVID.

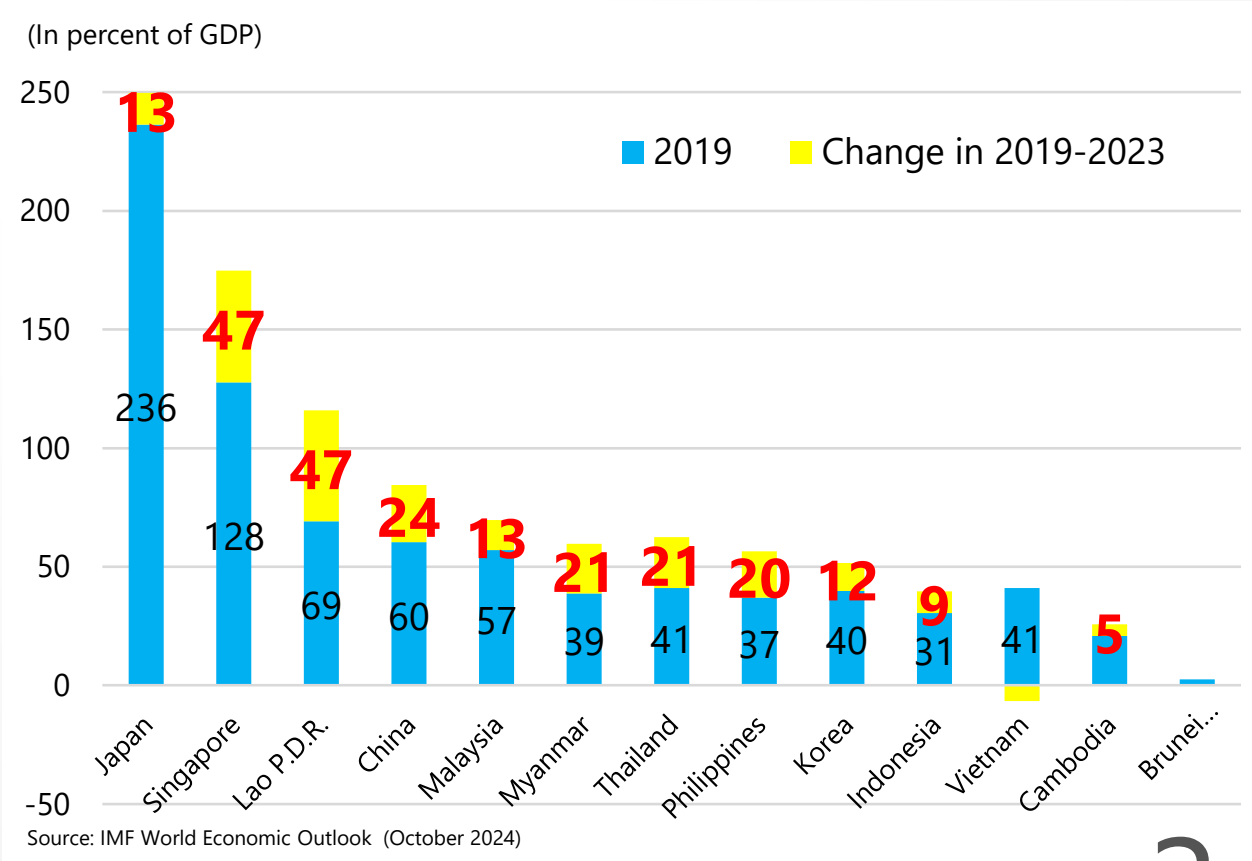
Fiscal stimulus packages, while providing much-needed relief to pandemic-affected economies, left a significant mark on the debt-to-GDP ratios of ASEAN+3 economies.

ASEAN+3: fiscal stimulus implemented between February 2020 and February 2022 (in percent of GDP)



Source: 2022 Korea Institute of Public Finance – ASEAN+3 Macroeconomic Research Office (AMRO) Joint Research: The Impact of COVID-19 on Regional Economies and Policy Responses, KIPF, Seoul

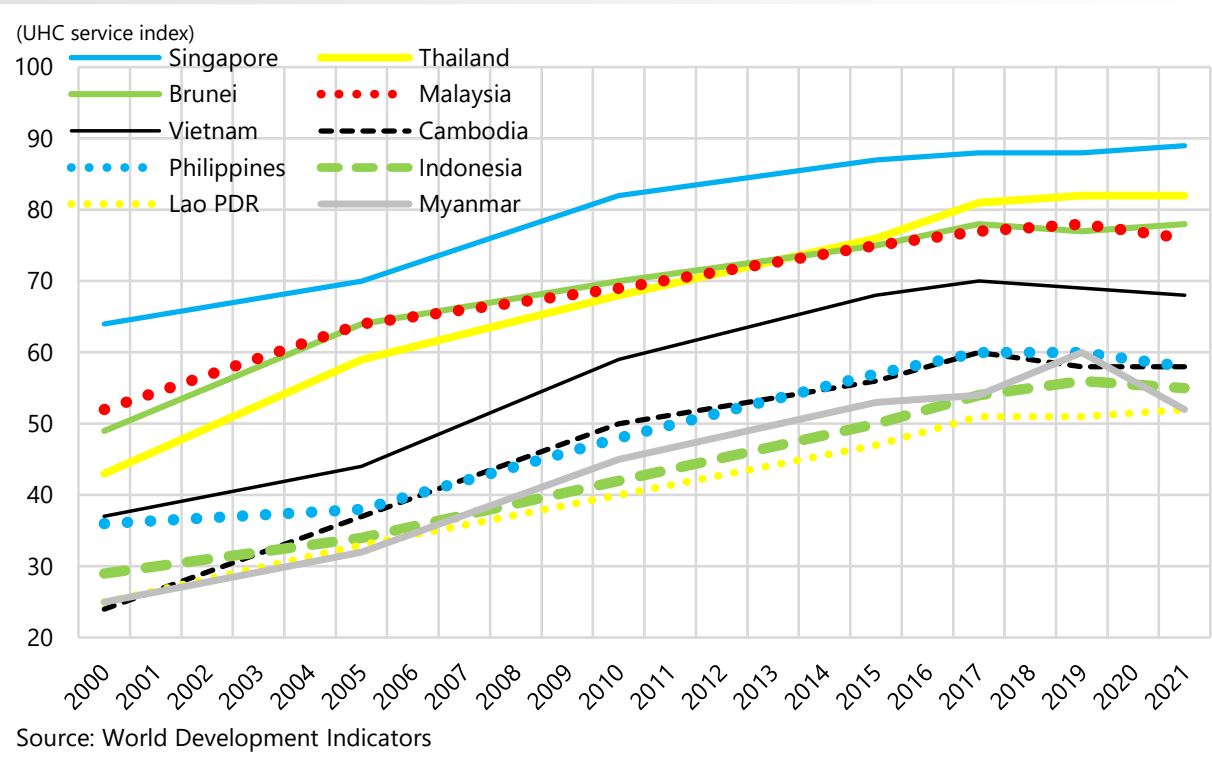
ASEAN+3: change in debt-to-GDP ratio In 2019-2023 (in percent of GDP)



Source: IMF World Economic Outlook (October 2024)

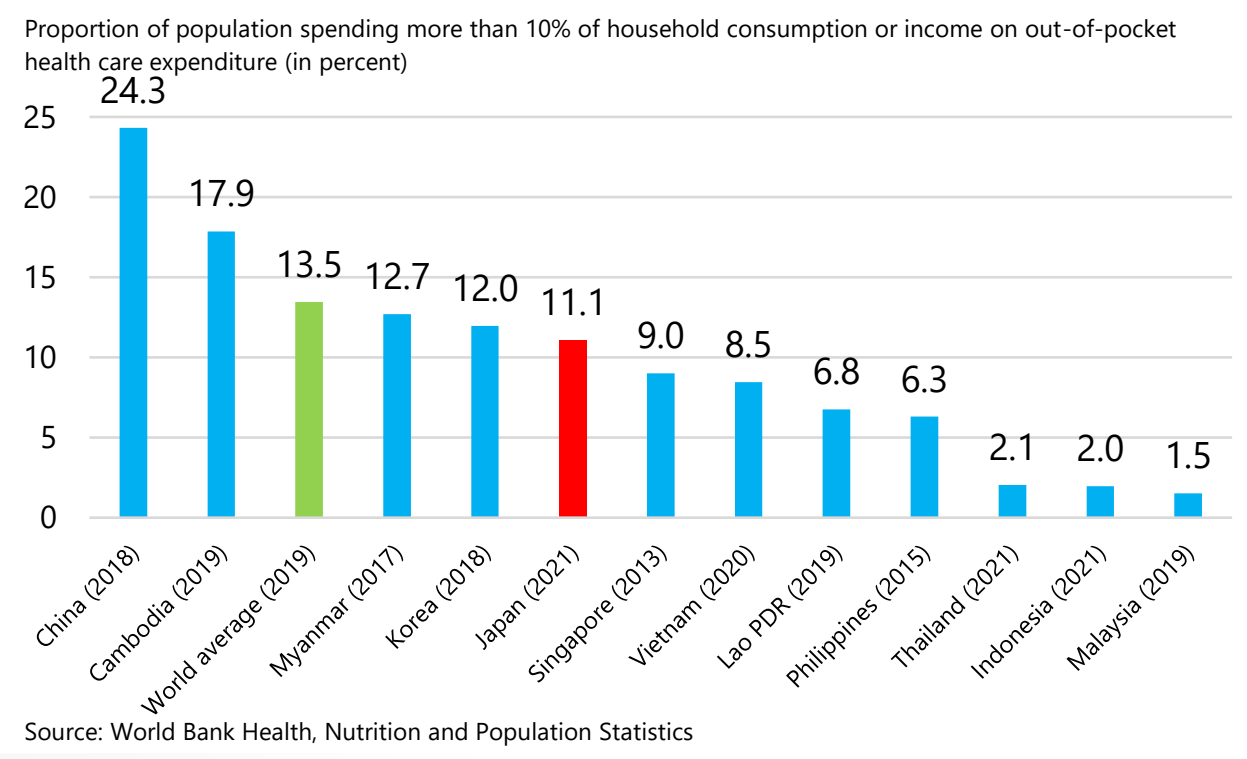
Progress towards UHC. ASEAN economies have been making progress in expanding the coverage of essential services, but the pace has slowed down.

ASEAN: UHC Service Coverage Index 1/ (2000-2021)



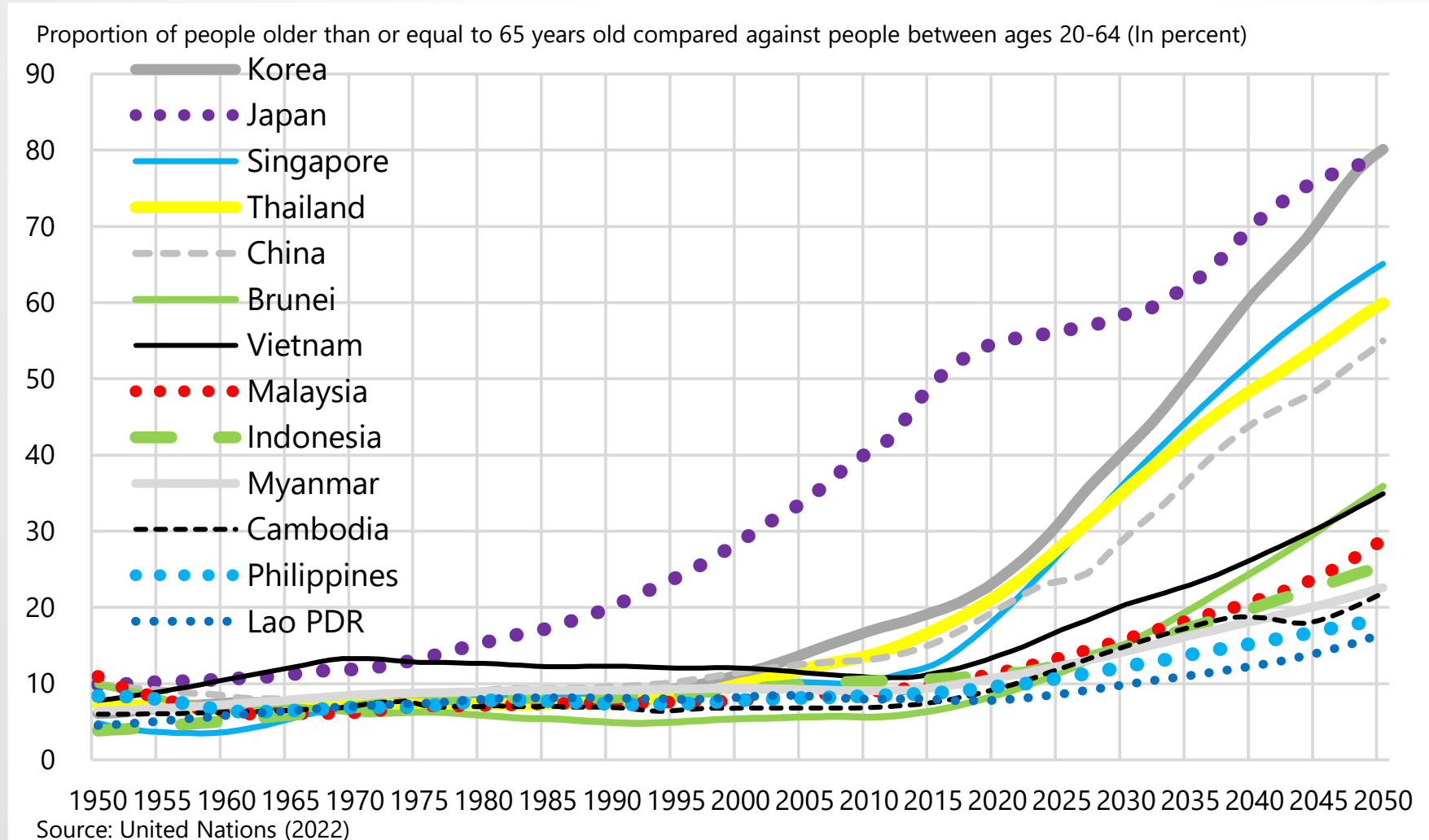
1/ The indicator is an index reported on a scale of 0 to 100, which is computed as the geometric mean of 14 indicators of essential health service coverage, organized by four components of service coverage: 1. Reproductive, maternal, newborn and child health 2. Infectious diseases 3. Noncommunicable diseases 4. Service capacity and access.

ASEAN+3: Share of population spending more than 10 percent of household consumption/income on out-of-pocket (OOP) health care expenditures (in percent)



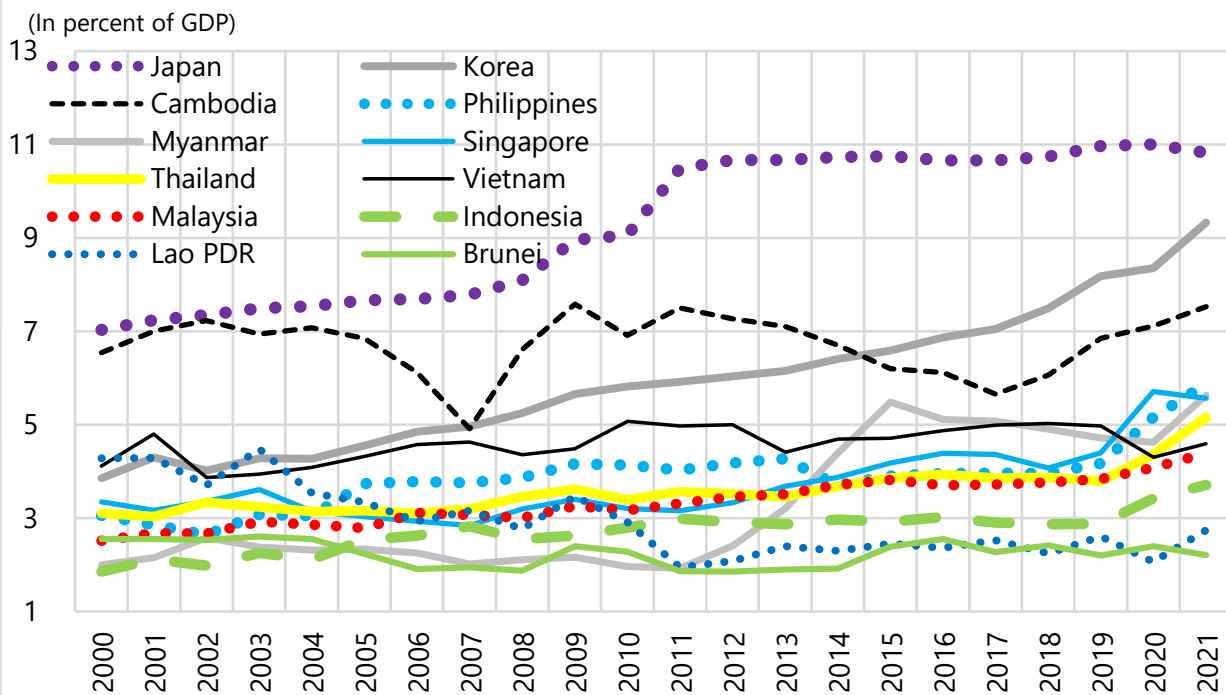
Aging population. Living long is a blessing – however, ASEAN economies will face increasing fiscal pressures due to rising health expenditures.

ASEAN+3: Old-age dependency ratio, i.e., proportion of people older than or equal to 65 years old compared to people between ages 20-64



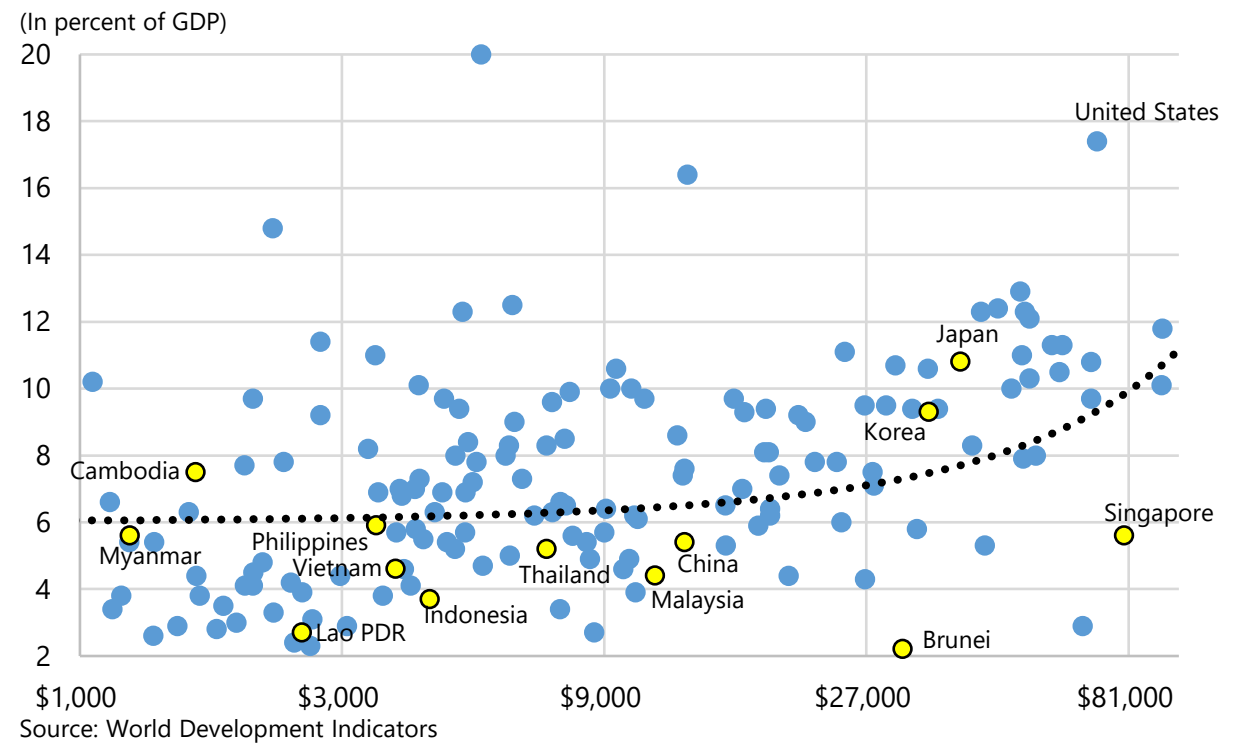
Rising health expenditures. Total health expenditures measured in percent of GDP are increasing. Designing a health system that is both inclusive and fiscally sustainable will be key, as aging advances in ASEAN+3 economies.

ASEAN, Japan and Korea:
Total health expenditures in percent of GDP in 2000-2021



Source: World Development Indicators

World: Total health expenditures in percent of GDP and per capita GDP in current US\$ in 2021



Source: World Development Indicators

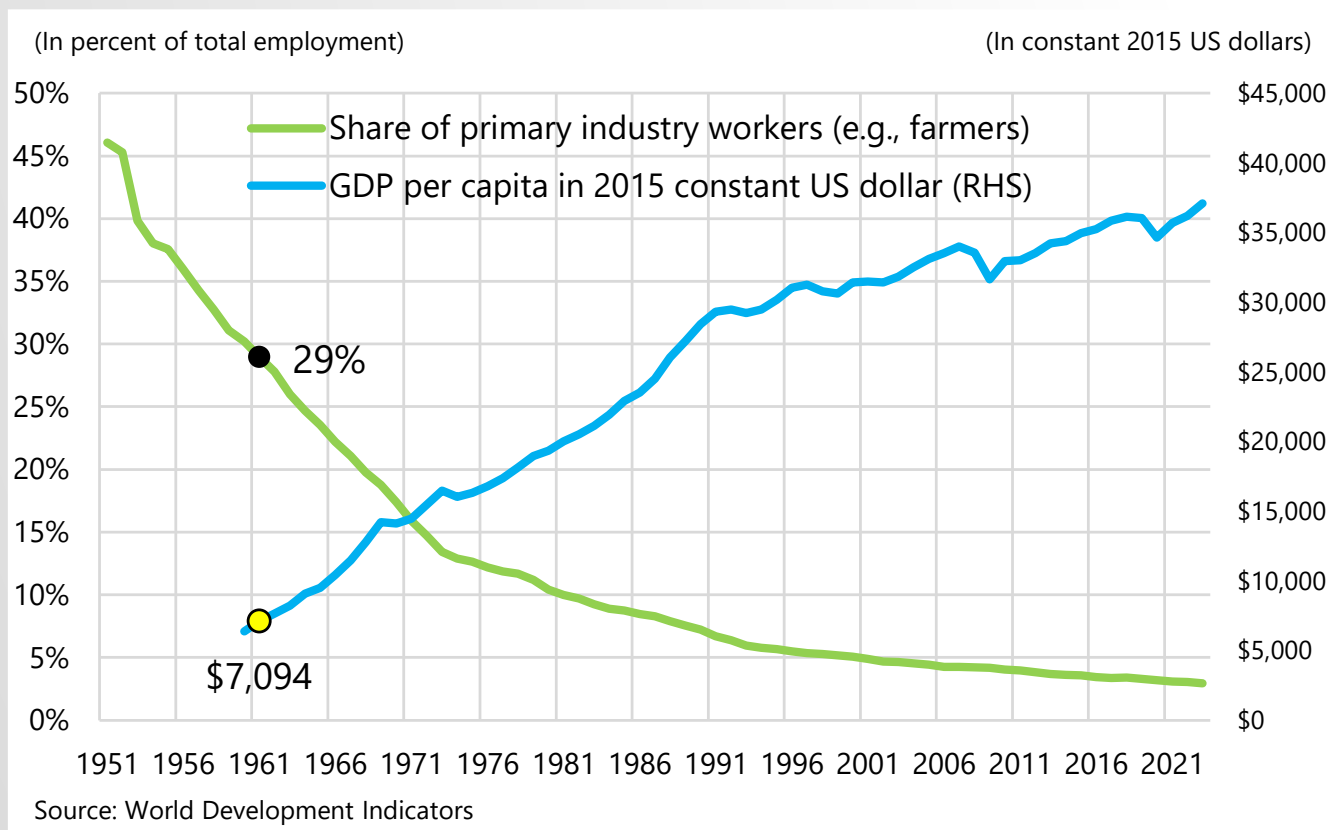
Advancing global health: The international community, in particular, G20 and ASEAN, has been calling for **a strong health/finance dialogue and collaboration** on both UHC and pandemic PPR.

2017	2019	2022	2023	2024
JAPAN/WB/WHO/ UNICEF/UHC2030 UHC FORUM TOKYO	G20 JAPAN HEALTH/FINANCE MINISTERS	G20 INDONESIA HEALTH/FINANCE MINISTERS	ASEAN INDONESIA HEALTH/FINANCE MINISTERS	ASEAN LAO PDR HEALTH/FINANCE MINISTERS
Stressed the need for a strong health/finance dialogue on UHC	Issued the “Shared Understanding on the Importance of UHC”	Reaffirmed the commitment to achieving UHC while strengthening pandemic PPR	Called for expanding UHC while strengthening pandemic PPR	“ASEAN’s path to health and finance collaboration for sustainable health system resilience”



Timing of achieving UHC. Japan's experience 1/ shows that achieving UHC at a relatively early stage of development is feasible, building on existing institutions and mechanisms (e.g., cooperatives and fiscal transfer programs).

Japan: Share of primary industry workers (e.g., farmers) and GDP per capita (in 2015 constant US Dollar) in 1960-2023



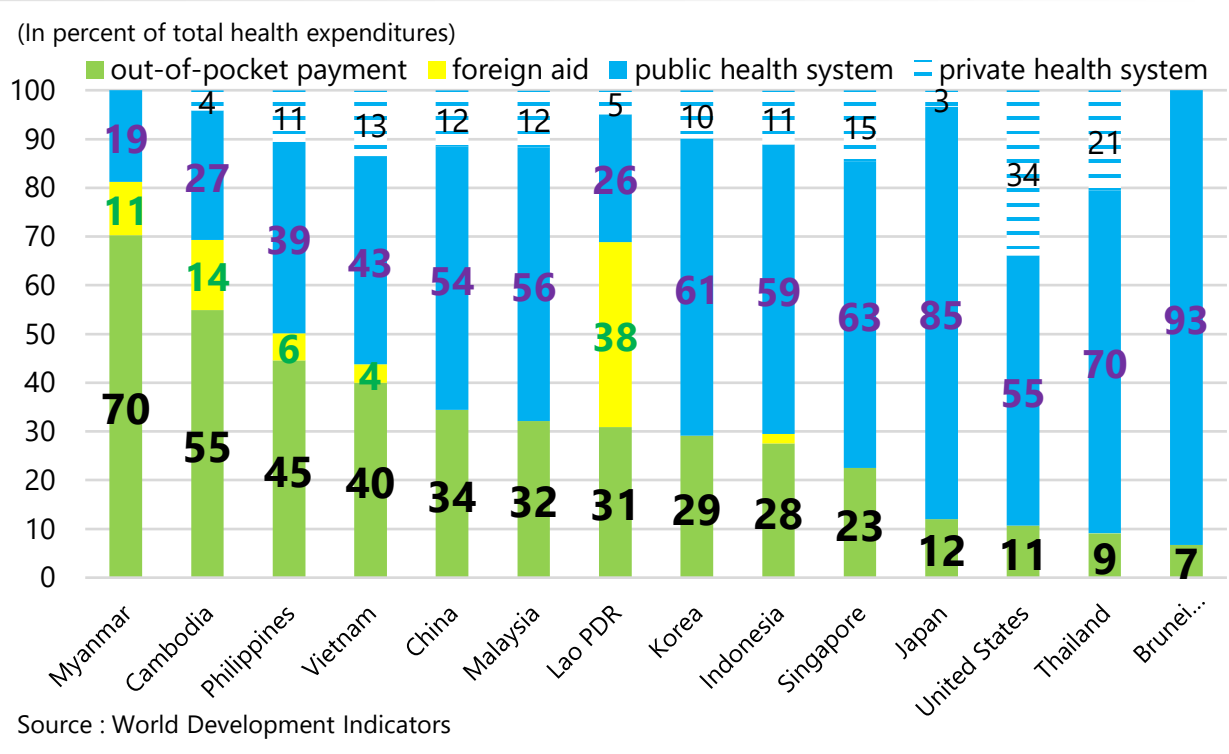
ASEAN: Share of primary industry workers (e.g., farmers) and per capita GDP (in 2015 constant US Dollar)

	Primary industry employment in 2022	GDP (2015 US\$) per capita in 2023
Lao PDR	70%	2,660
Myanmar	46%	1,169
Cambodia	37%	1,553
Viet Nam	34%	3,817
Thailand	30%	6,385
Indonesia	29%	4,248
Philippines	24%	3,668
Malaysia	10%	11,691
Brunei Darussalam	1%	29,133
Singapore	0%	65,422

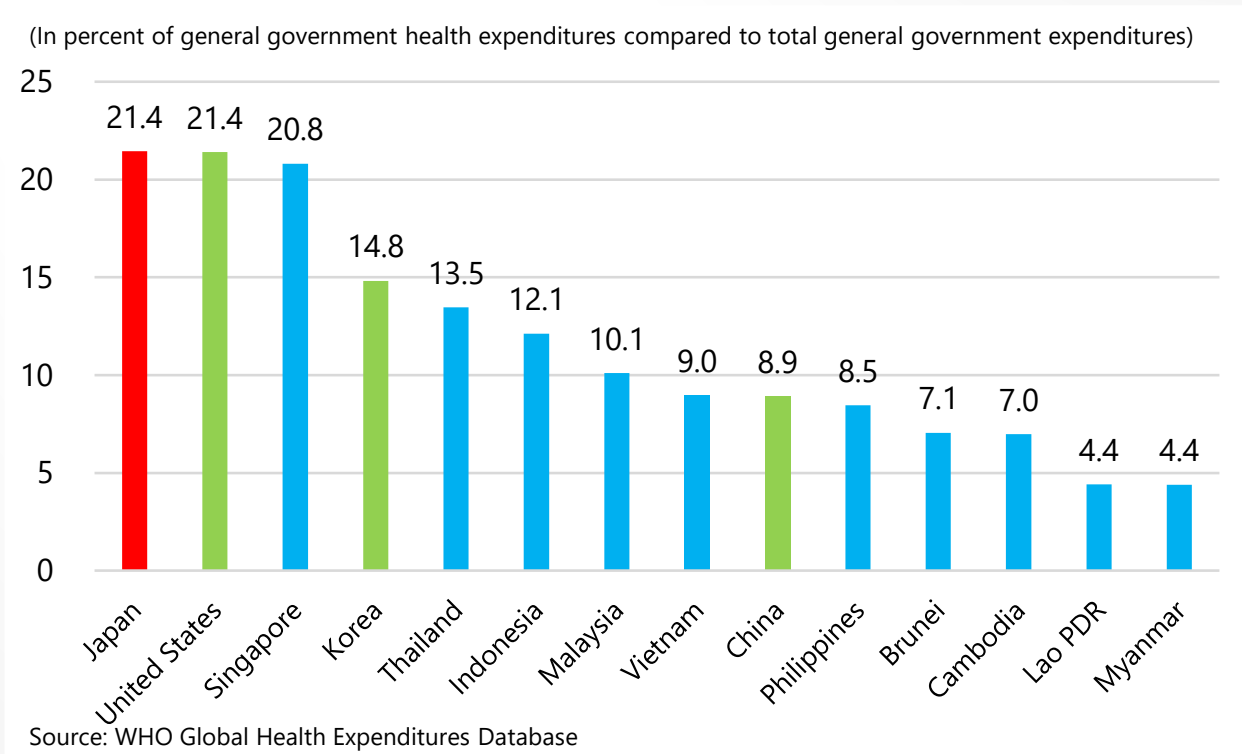
1/ **Japan achieved UHC in 1961** by making it mandatory for the self-employed (e.g., farmers, fishermen, and street hawkers) to join the community-based health insurance system, supported by fiscal transfers from the central government (gradually increased from 25 to 50 percent). Out-of-pocket medical expenses, reaching 50 percent initially, was reduced gradually to 30 percent. Public/private sector employees, including their dependents, had already been covered by employer-based social security systems since 1922.

Financing UHC. Dependency on foreign aid has been reduced in many ASEAN economies. The remaining challenge is to further expand the service coverage, where relevant, while reducing out-of-pocket (OOP) health care spending and safeguarding fiscal sustainability in an appropriate manner.

ASEAN+3 & US: Financing sources of current health expenditures in 2021



ASEAN+3 & US: Share of general government health expenditures out of total GG expenditures in 2021



Advancing the UHC agenda through robust health/finance dialogue and collaboration: 4 key messages ^{1/}

- ◆ **Achieve UHC early in the development process** as a basis of economic stability. Involve MOF in designing the health system to ensure long-term fiscal sustainability while paying due respect to equitable delivery of services.
- ◆ **Mobilize domestic resources to finance UHC**, making judicious decisions on the best mix of taxes, health insurance premiums, and out-of-pocket payments (e.g., co-payments).
- ◆ **Complement domestic resources with external funding as appropriate** (e.g., ODA, multilateral development banks/IOs, and private investment).
- ◆ **Set up an appropriate institutional framework/governance** and ensure a fair process for health sector financing.

^{1/} Produced with key inputs from **Taro Aso**, "Crucial role of finance ministry in achieving universal health coverage" in The Lancet (December 2, 2017) ([https://www.thelancet.com/journals/lancet/article/PIIS0140-6736\(17\)33077-5/abstract](https://www.thelancet.com/journals/lancet/article/PIIS0140-6736(17)33077-5/abstract)) and **World Bank**, 2023, "Open and Inclusive: Fair processes for financing universal health coverage", Washington, D.C. (<https://openknowledge.worldbank.org/entities/publication/5c0182db-d385-4d6f-a1c0-da48b887454e>)