COVID-19 has triggered a global economic contraction, the likes of which has not been seen across many countries for decades. Latest estimates indicate per capita economic growth rates will decline on average by almost -7% globally, and between -4 to -8% across low- and lower-middle income countries. In addition to contracting GDPs, countries are seeing declining general government revenues (often from already low levels in low- and lower-middle income countries), increasing borrowing, and rising debt levels. In light of this, several countries have considered expanding the use of pro-health fiscal policies – i.e., increasing taxes on tobacco, alcohol, sugar, and carbon as well as reducing subsidies on fossil fuels – as a mechanism to plug expected revenue shortfalls. Although the primary and ultimate goal of pro-health fiscal policies ought to be to improve health, their revenue-raising impact cannot be discounted in times of tightening fiscal space when bottlenecks from traditional opponents of such policies may be easier to manage. Furthermore, as ministries of finance expand tax-financed coverage across many low- and lower-middle income countries, especially in terms of making contributions on behalf of the poor, they are increasingly now bearers of the health costs from tobacco, alcohol, sugar, and carbon and can see the direct net benefit from higher levels of health taxes. One argument that is often made against some pro-health fiscal policies – e.g., those related to taxing alcohol and tobacco – is that these are regressive and more likely to hurt the poor in terms of their economic impact and some form of earmarking is necessary to implement offsetting policies to ensure such policies are progressive.

A second issue is that ministries of health may be less engaged in designing and implementing such policies if they do not see a direct revenue benefit from doing so while still bearing the costs in terms of having to cope with preventable morbidity and mortality. Given that there is a long history of earmarking in the health sector – including of specific wage-related contributions in social health insurance programs which continue to be a large source of health financing across several high-income
countries – this issue is reassessed in the context of the design and implementation of pro-health fiscal policies. The webinar will discuss issues related to the what, why, and how of pro-poor earmarking of revenues from health taxes. In addition to discussing what earmarking is – and the distinction between ‘soft’, ‘hard’, and other forms of earmarking – the webinar will also discuss the pros and cons of different forms of earmarking and why some form of ‘soft’ pro-poor earmarking may be necessary in order to maximize the effectiveness of and impact from health taxes. Finally, the webinar will also discuss examples of how such ‘soft’ earmarks are being implemented across selected countries and identify lessons learnt.

Synopsis

In this webinar that follows from the earlier webinar on “Filling the Coffers Post-COVID through Pro-Health Taxes”, international experts from the health and finance sector will explore the potential of Health Taxes as a fiscal measure in meeting shortfalls in government revenues for financing health. The conceptual framework, adoption and implementation arrangements of earmarking health taxes will be discussed and substantiated with country examples.

Opening Remarks

**Dr. Ajay Tandon** is currently Lead Economist with the World Bank. He works on several countries including most recently on India, Indonesia, Bhutan, Laos, and the Philippines. He received a PhD in economics from Virginia Tech with a dissertation that focused on the intersection of macroeconomics and population dynamics. Previously, over 2004-2007, he worked with the research department of the Asian Development Bank in Manila where he worked on issues related to human development. He also worked with the Evidence and Information for Policy department of the World Health Organization in Geneva from 1998-2003, primarily on measurement challenges including those related to correcting biases in self-reported responses in household survey data and on health system performance. He has held visiting research appointments at both Oxford University and Harvard University. He has written several publications on the issues of statistical methodology, health systems efficiency, health financing, domestic resource mobilization, and universal health coverage. He is co-author of several books, including most recently of ‘Going Universal: How 24 Countries Are Implementing Universal Health Coverage from the Bottom-up’.

Presenters

**Dr. Cheryl Cashin** is a managing director at Results for Development in the global health practice, where she co-leads a portfolio of more than 20 projects in global health systems and serves on R4D’s executive team. She is a health economist specializing in the design, implementation and evaluation of health financing policy in low- and middle-income countries.
Discussants

Mr. Jeremias N. Paul, Jr. is currently the Head, Fiscal Policies for Health Unit in the Department of Health Promotion at World Health Organization (WHO) in Geneva. Previous to joining WHO, he was Undersecretary (Vice Minister level) of the Domestic Finance Group of the Department of Finance (DOF) in the Philippines where he spearheaded government initiatives to reform the country’s fiscal and tax systems, including the “Sin Tax Reform” law” which restructured the Philippine excise tax system for alcohol and tobacco products. He has held various positions in the DOF including being Assistant Secretary of the International Finance Group and Undersecretary of the Corporate Affairs Group. He has also served as Alternate Executive Director of the World Bank Group in Washington D.C. and spearheaded governance reforms in Intergovernmental Group of 24 (G24) when the Philippines was Chair. He holds a Master’s degree in International Affairs (Major in Economic Policy Management) from Columbia University in New York and a Master of Science in Industrial Economics and Bachelor of Science in Industrial Engineering degrees from top universities in the Philippines.

Dr. Delphine Prady joined the IMF in 2016. She is a senior economist in the Fiscal Affairs Department, working on expenditure policy issues with a focus on social spending, energy subsidies and the digital economy. Prior to joining the IMF, she worked in the French Treasury (2010-2012); she then was an advisor to Social Affairs and Labor Ministers in France, and to the French President (2012-2016). She is a graduate from Ecole Normale Superieure in Cachan (France) and holds a doctorate from the Toulouse School of Economics (France).

Closing remarks

Ms. Ceren Ozer is a Senior Governance Specialist in the Fiscal Policy and Sustainable Growth Unit at the Macroeconomics, Trade and Investment Global Practice where she works on strengthening tax systems, facilitating collaboration between multilateral organizations on tax issues, fiscal policy and taxation issues with a focus on health taxes and medium-term expenditure frameworks. In her previous role at the World Bank, she worked on multi-stakeholder engagement and coalition building approaches to facilitate public sector reforms and developed the Leadership for UHC Program in cooperation with the Joint Learning Network. Ceren previously worked in the World Bank’s East and South Asia Regions as an economist. Prior to the World Bank, she worked as a research analyst in the development policy think-tank, the Center for Global Development (CGD) working on estimating impacts of global trade liberalization on global poverty. While in CGD, Ceren also co-authored the book A Better Globalization: Legitimacy, Governance, and Reform with Kemal Dervis focusing on reform of development practice and the United Nations system. She has done further work towards a Ph.D. (stopped) in political economy from the Johns Hopkins School of Advanced International Studies (SAIS); an M.A. in international development from SAIS, and a B.A. in economics from the Bogazici University.
Moderator

Dr. Michael Borowitz is the Chief Economist with The Global Fund. Dr Borowitz holds doctorate in public policy from the Irving Harris School of Public Policy Studies as well as degrees in medicine and public health. He has worked in the US and British governments on both domestic health reform and international development; the World Bank; the OECD; and was resident in post-Soviet Central Asia working health reform.

Dr. Somil Nagpal is the cluster lead for the World Bank’s health and nutrition programs in Indonesia and Timor Leste. Prior to joining the World Bank in 2009, Somil has served as the health insurance regulator for India, and also in the Indian ministries of Finance and Health. He has been associated with the Joint Learning Network (JLN) for Universal Health Coverage since its inception, and part of the “Going Universal” team as well as other publications on UHC and health financing.

For further information, to submit questions in advance, for follow up on the activities or for technical difficulties during the webinar, please reach us at jln@worldbank.org.

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