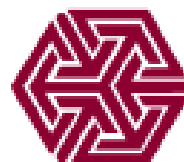# Overconfident:
How Economic and Health Fault Lines Left the Middle East and North Africa Ill-Prepared to Face COVID

World Bank 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
   - High fertility rates
   - Epidemiological trends
3. Ill-prepared and overconfident
4. Overwhelmed health systems during Covid-19
5. Data transparency and policy recommendations

A tenuous and uneven economic recovery in 2021
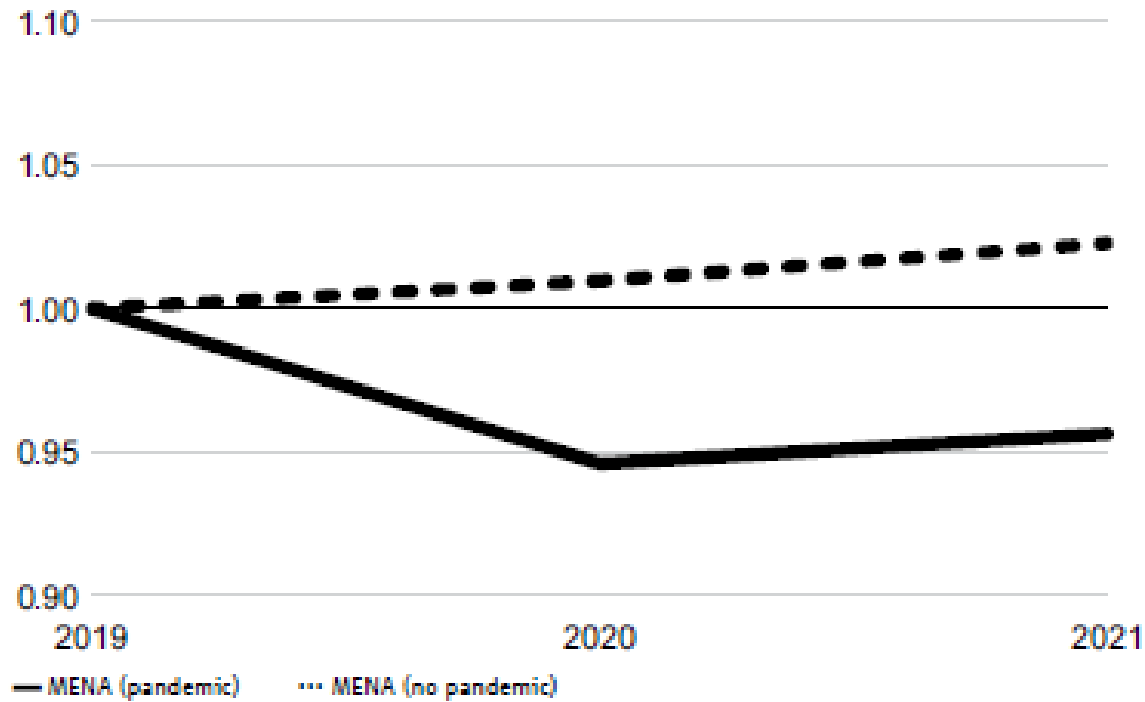

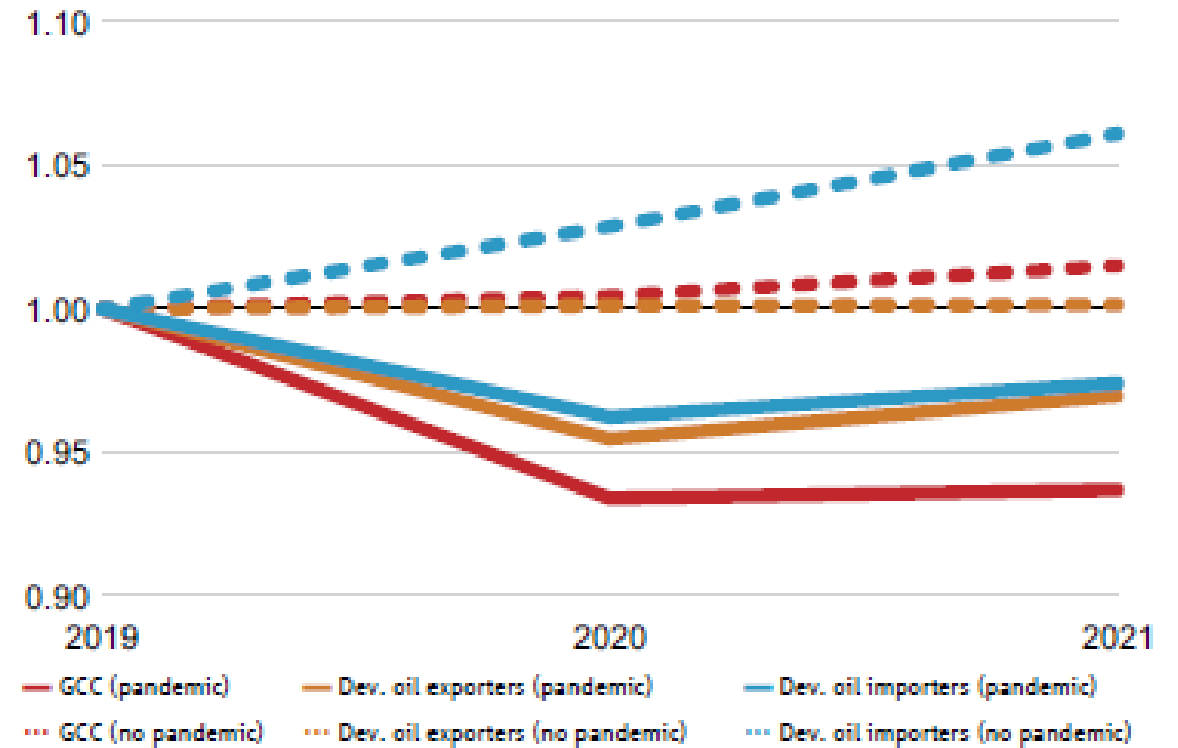A. GDP Forecast for MENA
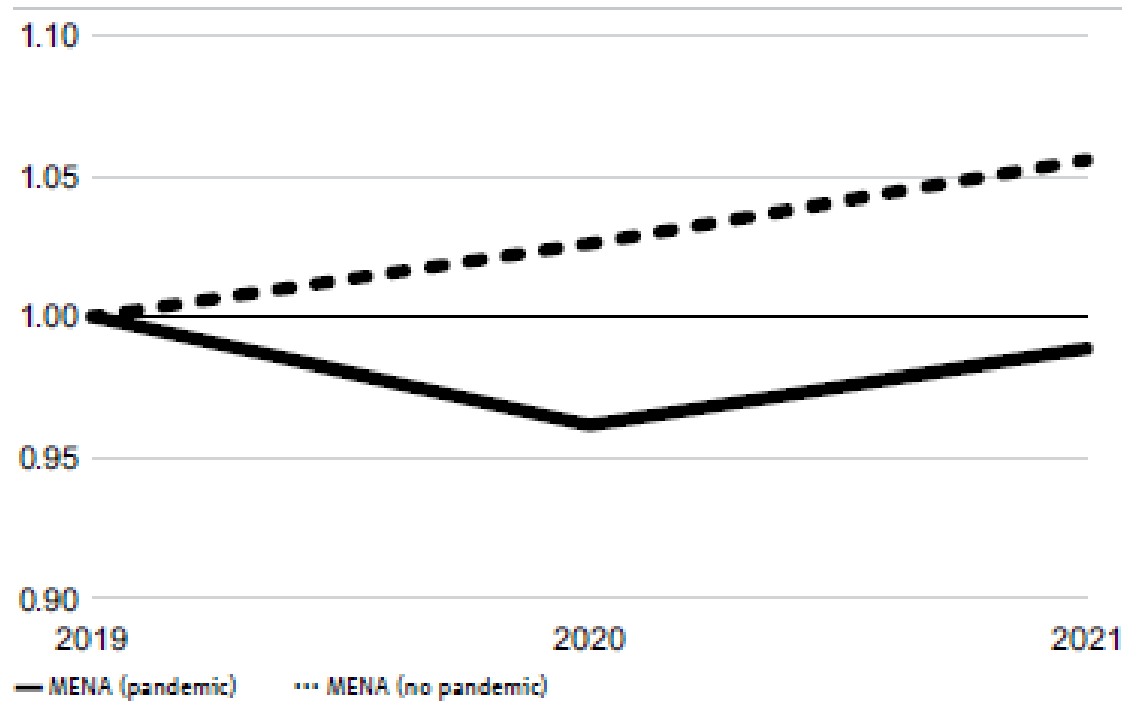
B. GDP Forecast for MENA Country Groups
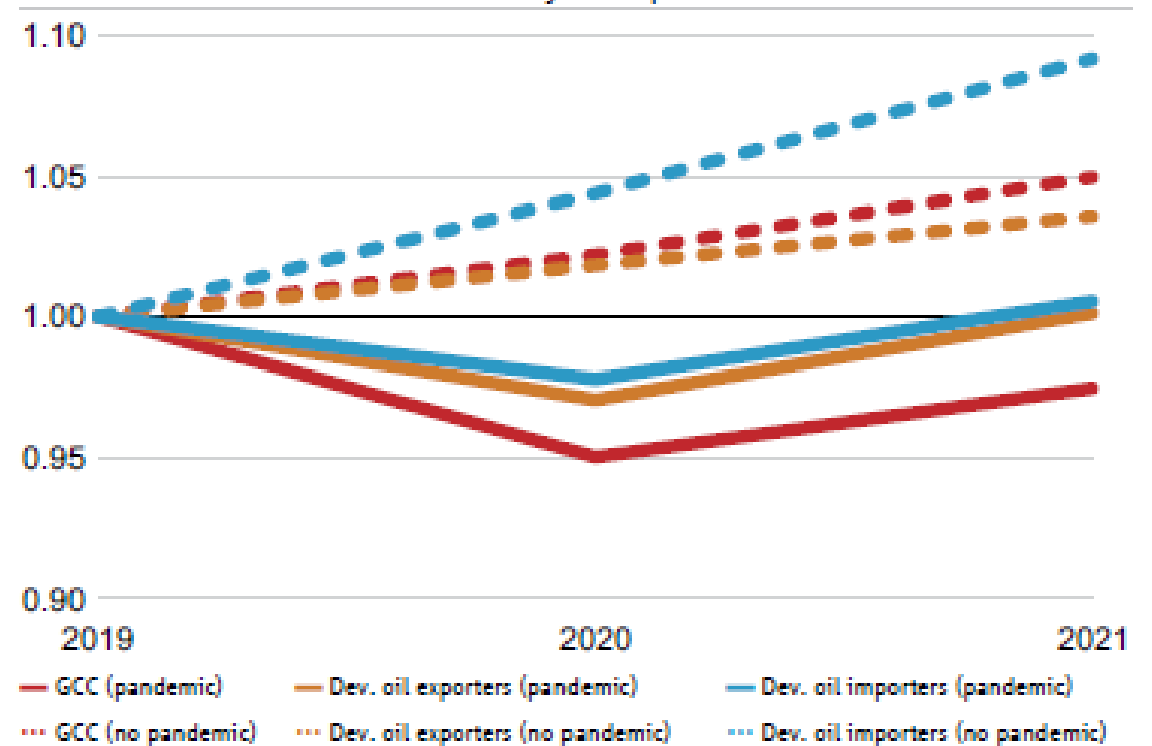
- MENA's GDP contracted 3.8 percent in 2020 and is forecast to grow by 2.8 percent in 2021.
- The output cost of the Covid-19 crisis thus far in MENA is almost $200 billion dollars, a number derived by comparing the region's forecast GDP level with that of the no-pandemic scenario.

A tenuous and uneven economic recovery in 2021

C. GDP per Capita Forecast for MENA

— MENA (pandemic)   ··· MENA (no pandemic)

D. GDP per Capita Forecast for MENA Country Groups

— GCC (pandemic)   — Dev. oil exporters (pandemic)   — Dev. oil importers (pandemic)
··· GCC (no pandemic)   ··· Dev. oil exporters (no pandemic)   ··· Dev. oil importers (no pandemic)

- GDP per capita is a more precise measure of standard of living.
- Growth in GDP per capita is low: 1.1% in 2021. GDP per capita will be well below pre-covid levels by the end of 2021.

Public Health Surveillance Helps Growth

Figure 2.3. Growth Adjustments and Positivity Rate

Growth Adjustment for 2020, residuals

MENA ●   Rest of the World ●   •••• Fitted values
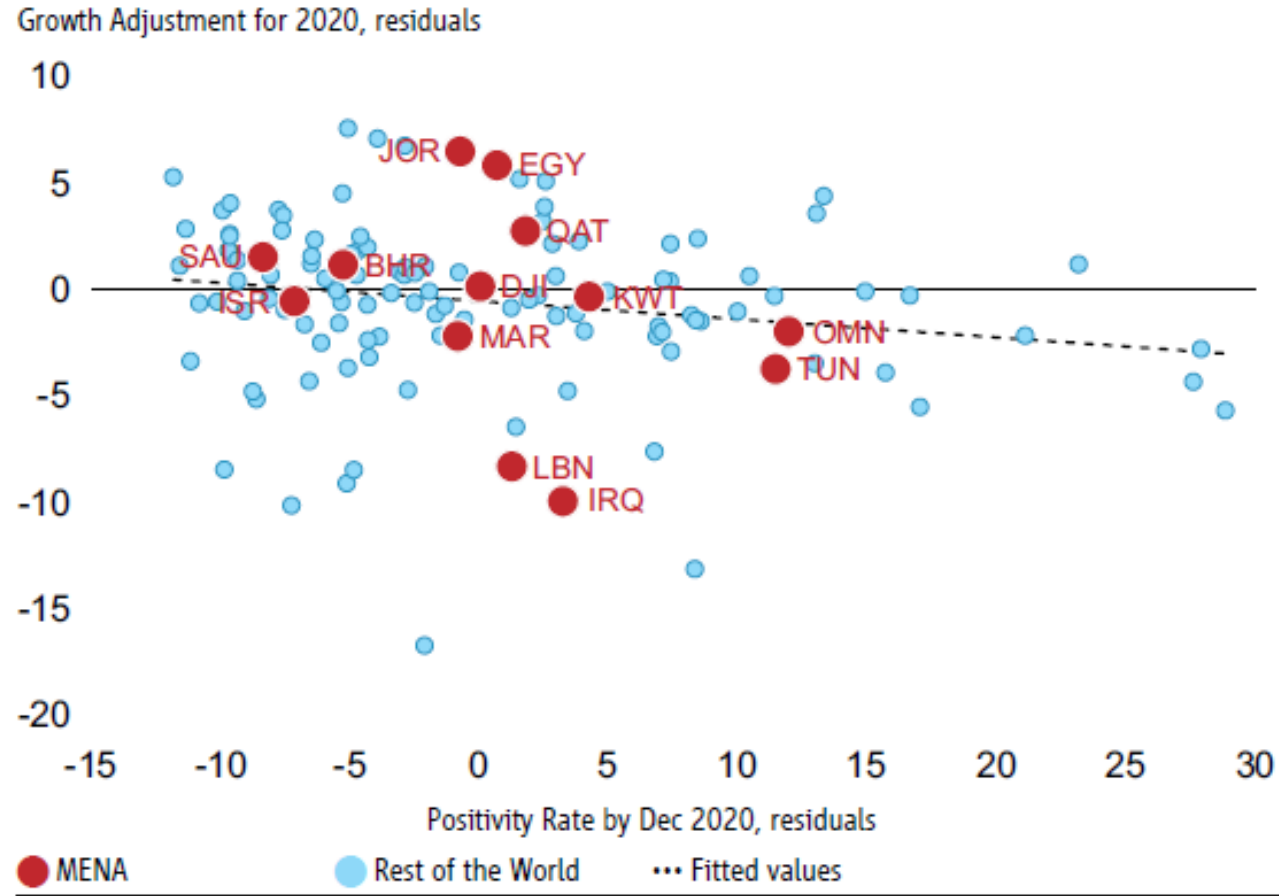
Source: Authors' calculation.

Note: The scatter plot shows the partial correlation between growth adjustment in 2020 and positivity rate,

Fiscal myopia associated with lack of economic reforms

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

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

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

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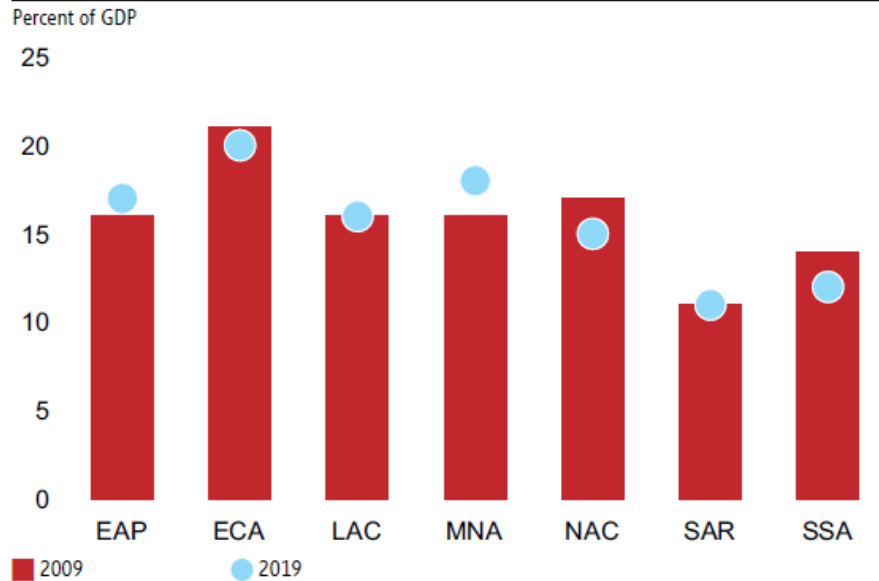
Source: World Bank, World Development Indicators.
Note: based on data from 160 countries whose data are available. Data from 2017 and 2018 are used when 2019 data is not available.

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

Ratio, government health expenditure to public wage expenditure

Log GDP per capita, PPP
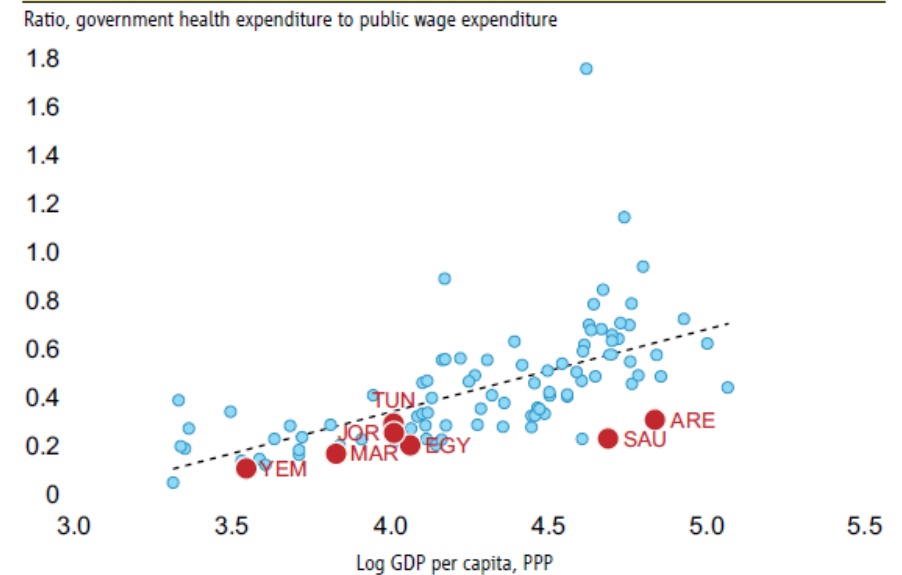
Sources: World Health Organization, *Global Health Expenditures* database (government health expenditure), International Monetary Fund (GDP, public compensation expenditure), World Bank (PPP), World Bank staff calculations.
Note: Linear trendline shown. Country data years: 2018 or later (UAE, Saudi Arabia, 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
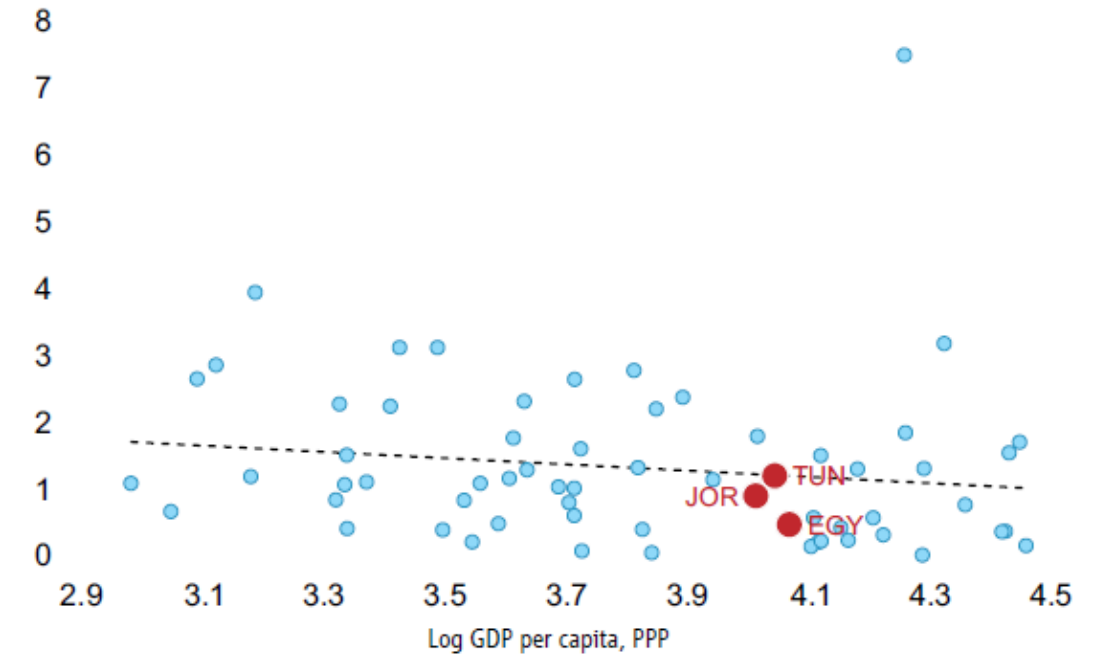
A. Preventive Health in Government Spending vs GDP per Capita

Government preventive health care expenditure as percent of general government expenditure
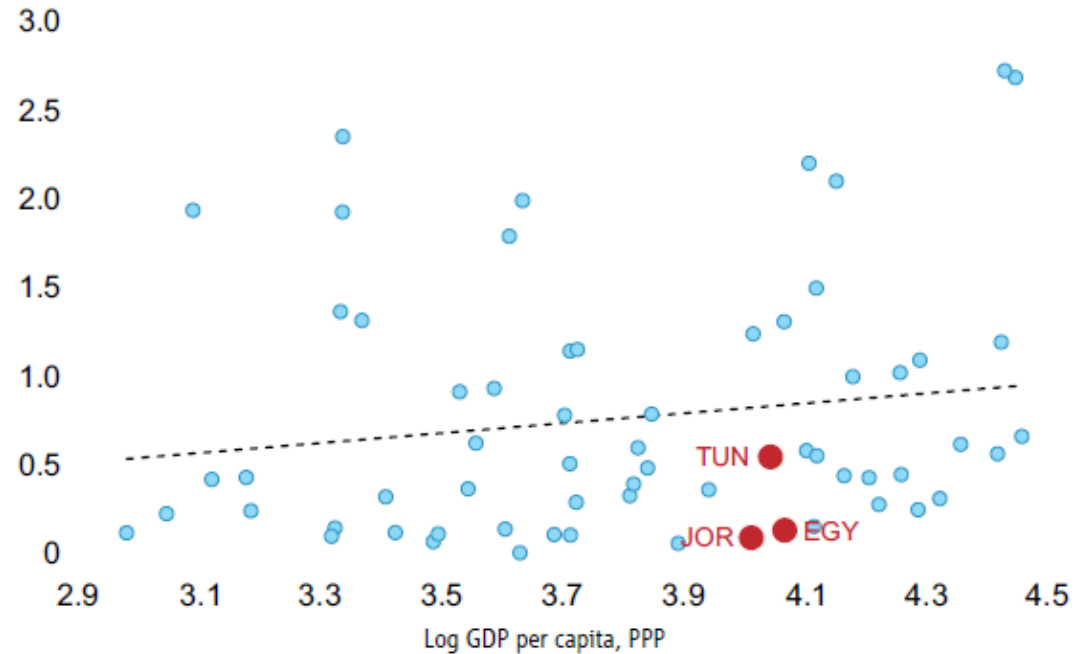
B. Health System Expenditure in Government Spending vs GDP per Capita

Government administrative health care expenditure as percent of general government expenditure
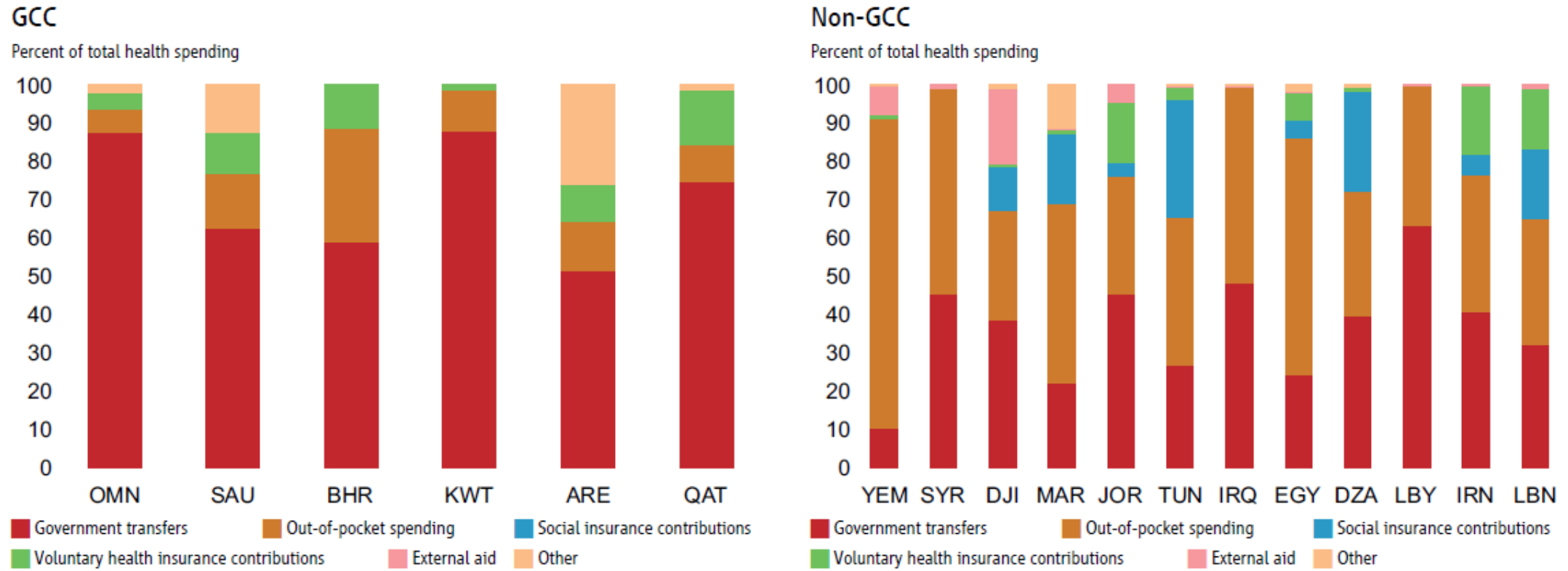

Log GDP per capita, PPP

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

GCC

Percent of total health spending

Non-GCC

Percent of total health spending

Legend:
- Government transfers
- Out-of-pocket spending
- Social insurance contributions
- Voluntary health insurance contributions
- External aid
- Other

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

Log fertility rate, 2019

Log GNI per capita, 2009
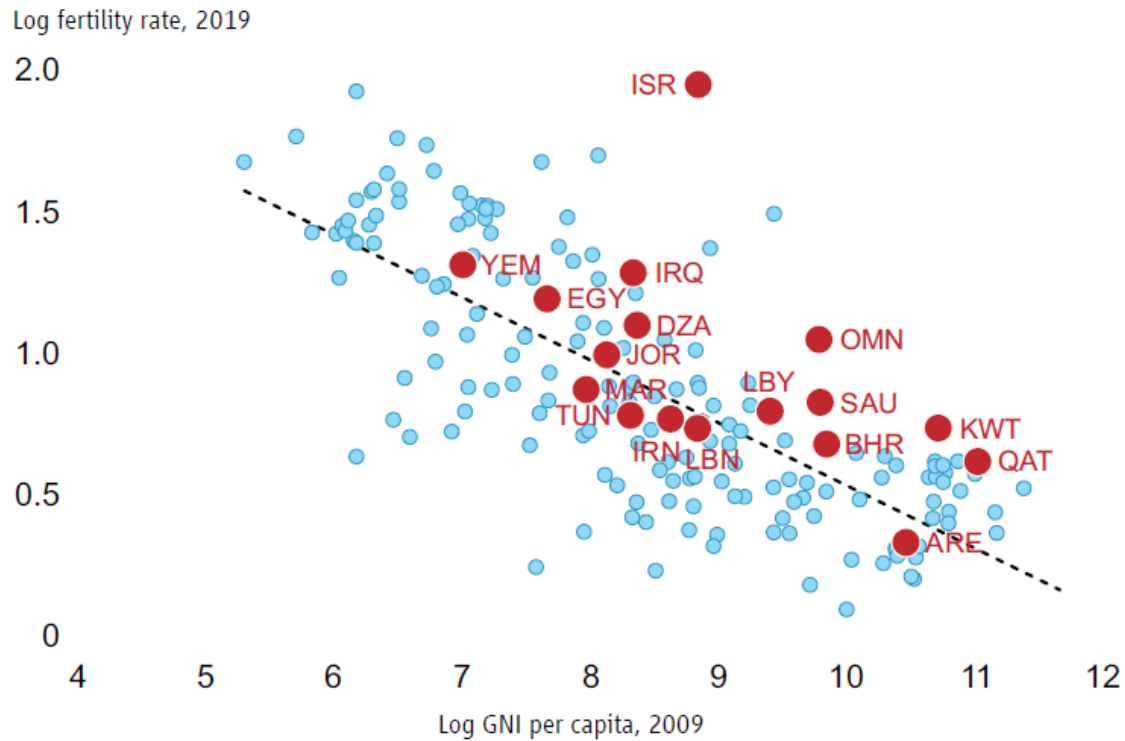
Sources: United Nations, *World Population Prospects*; World Bank, *World Development Indicators*, World Bank staff calculations.
Note: Linear trendline shown.

- 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.

A young population created the illusion of a healthy population

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

Deaths per Capita due to Non-Communicable Diseases
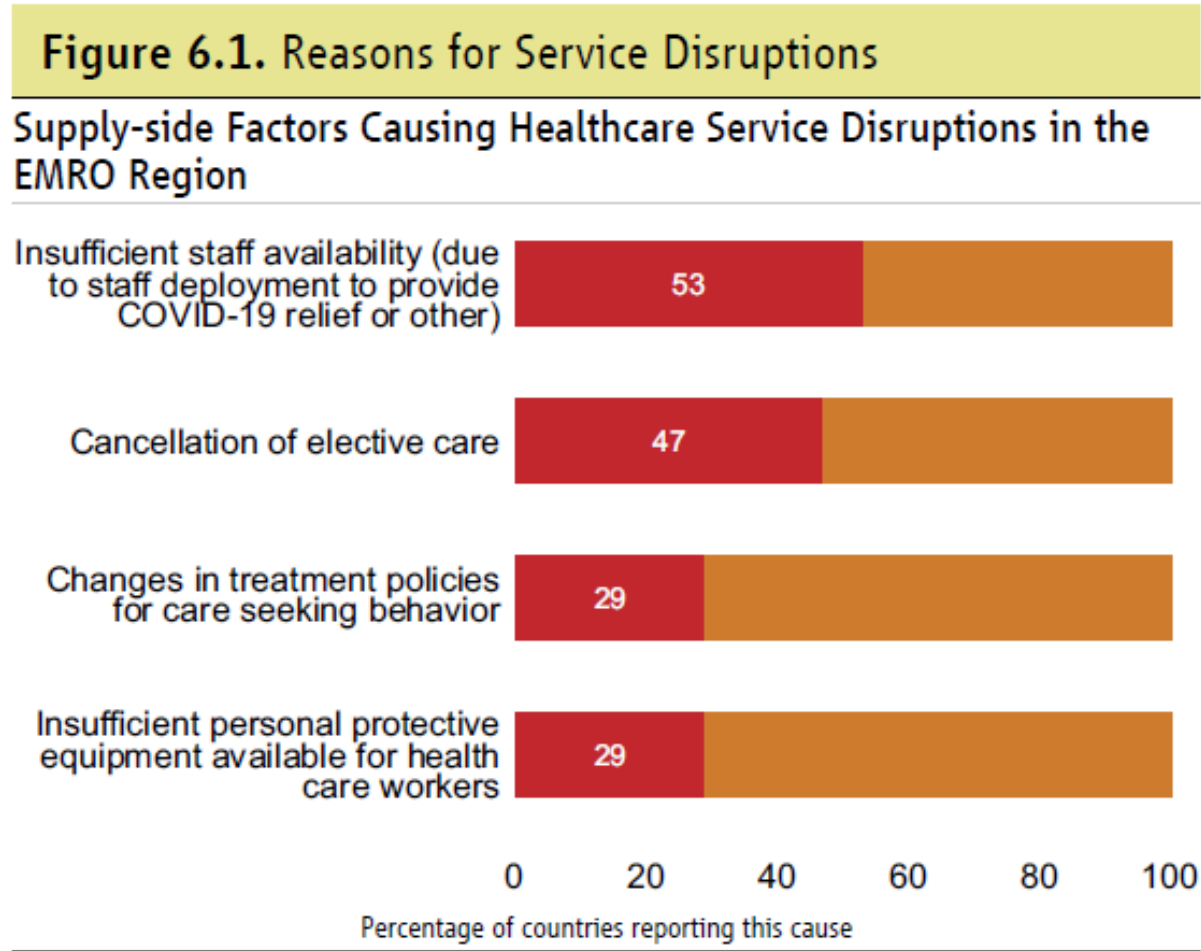
A. Without age adjustment
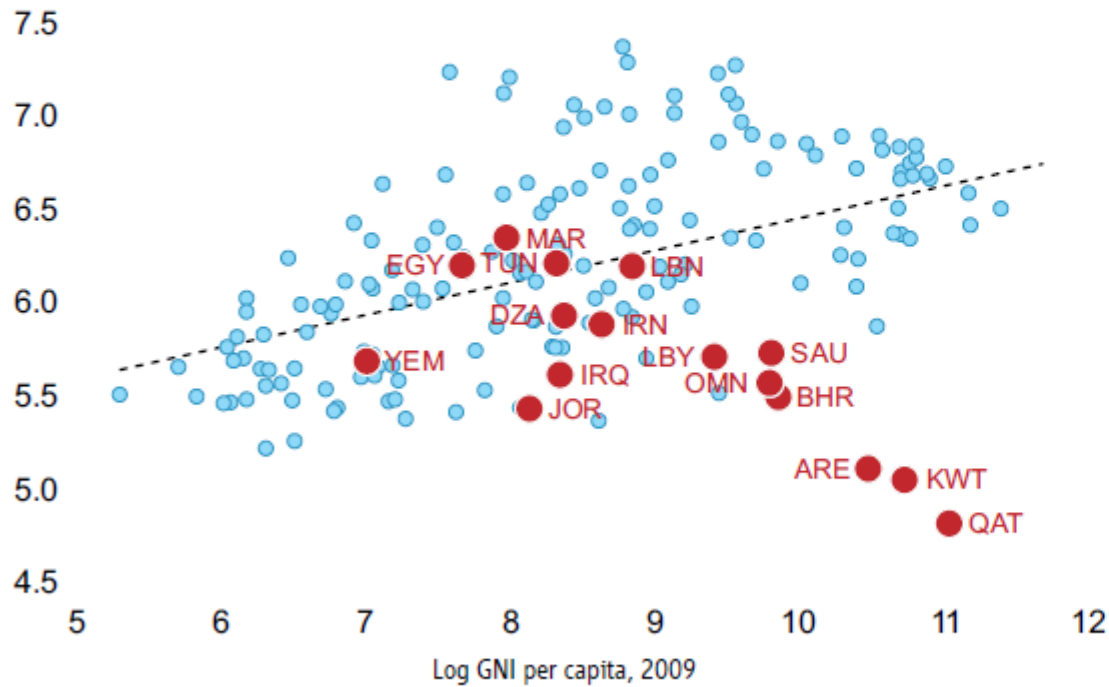
B. With age adjustment

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

Country	A. Objective Preparedness Relative to Benchmarks				B. Self-Reported Preparedness Relative to Benchmarks				C. Overconfidence: Objective Minus Self-Reported Preparedness Relative to Benchmarks			
	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

Supply-side Factors Causing Healthcare Service Disruptions in the EMRO Region

Source: World Health Organization Pulse Surveys, 2021.

Overwhelmed health system in MENA during Covid-19

Figure 6.2. Excess Mortality P-score
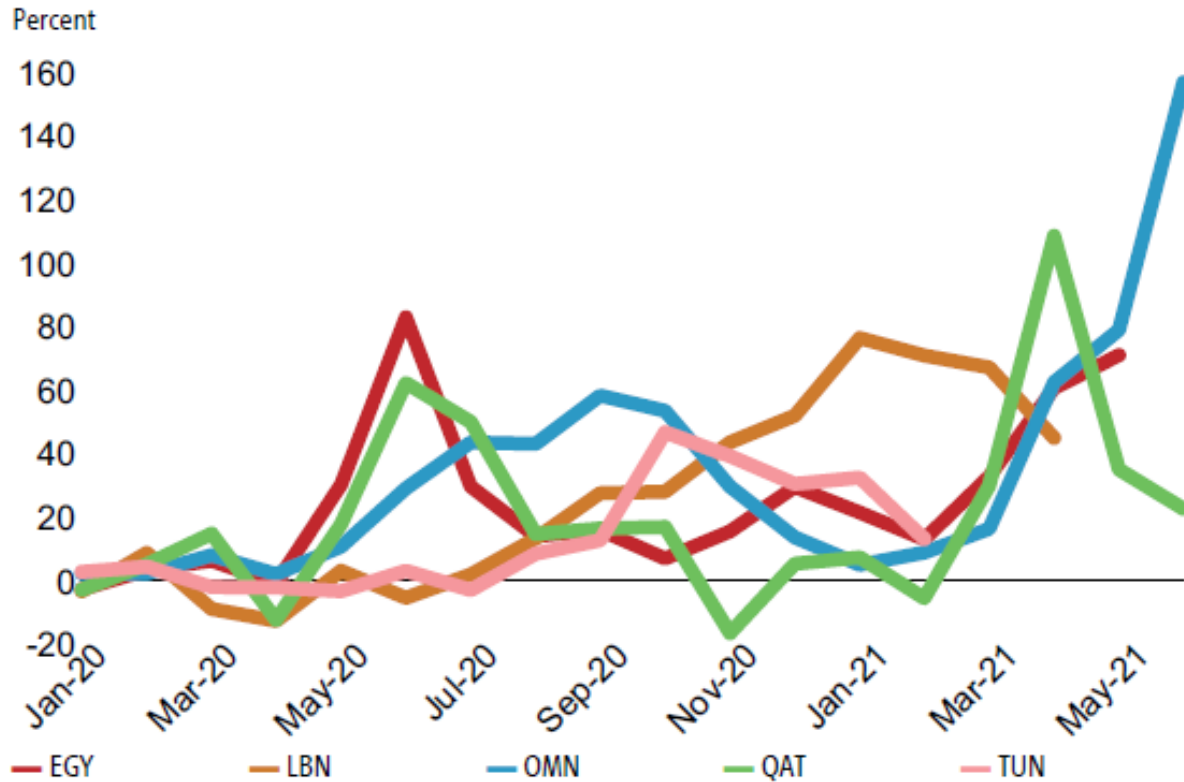
Source: Our World In Data.
Note: The lines capture excess mortality P-score, which calculates the *percentage difference* between the number of deaths in 2020–2021 and the average number of deaths in the same period—week or month—over the years 2015–2019.

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

# Policy Implications: Data transparency for public health is beneficial

- Overhauling data systems as part of health system reforms is an urgent area for action for the MENA region.

- High-quality, reliable, and timely data that can be linked across databases and across time is needed to generate tremendous benefits for health systems in general and for a country's pandemic response in particular.

Public Health Data in MENA Are Lacking
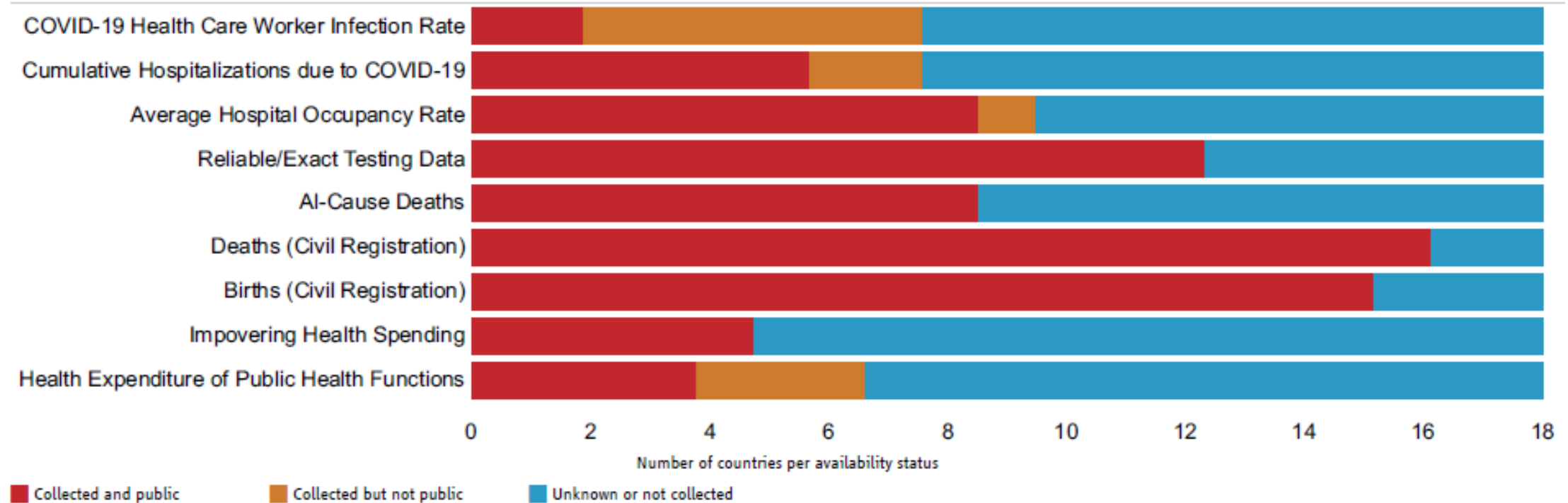

Figure 7.1. Data Availability Assessment for MENA

A. Availability of Indicators by Country
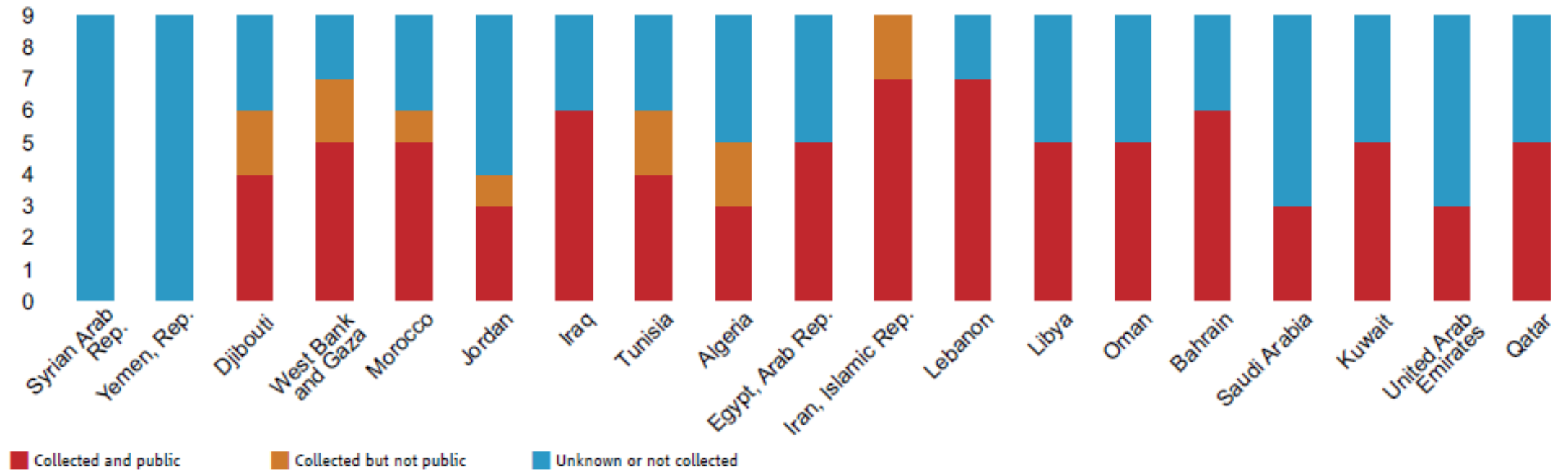
Public Health Data in MENA Are Lacking

B. Availability across Countries for Each Indicator

Number of countries per availability status

■ Collected and public   ■ Collected but not public   ■ Unknown or not collected

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**

- **Three long-term trends undermined growth & made MENA ill-prepared** for health system shocks
  - **Economic**
  - **Demographic**
  - **Epidemiological**

- **Covid as stress test**

- **Policy implications**: Improved availability/use of data → Facilitate appropriate planning & preparedness for regular/emergency health care.