

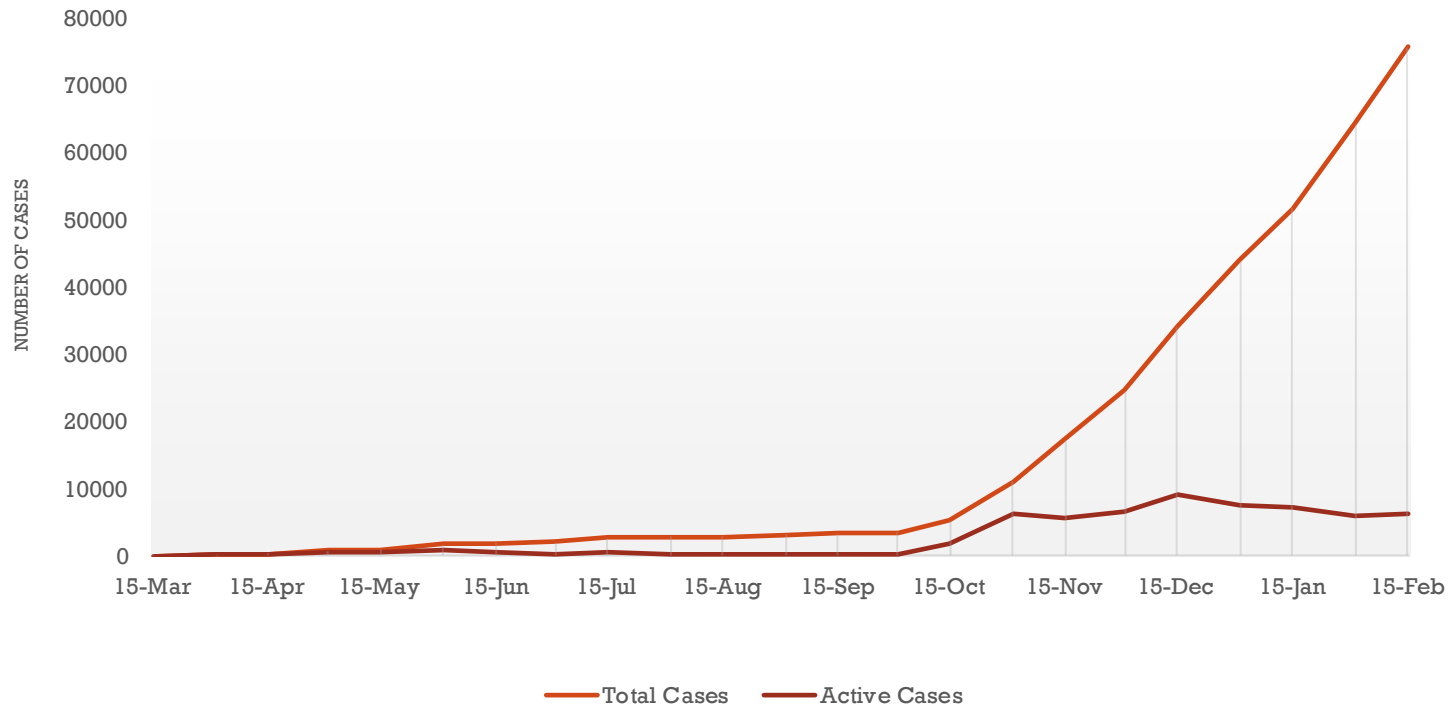


Fiscal Implications of Vaccinating Sri Lanka against COVID-19

*Harini Weerasekera &
Kithmina Hewage*

STATUS UPDATE

- First Wave - Lockdown March-May 2020
- Second Wave - October 2020 onwards



STATUS UPDATE

- Sri Lanka's National Medicines Regulatory Authority (NMRA) has only approved Oxford's AstraZeneca vaccine for emergency use in the country.
- Vaccine doses secured/in the pipeline:
 - India's Neighborhood Friendly Policy donation – 500,000 doses
 - WHO COVAX facility donation – 1.7 million doses
 - Purchase from Serum Institute of India – 10 million doses
- Cabinet decision on COVID-19 vaccination plan – Through a combination of the above, MoH aims to vaccinate 14 million people; approximately 60% of the population.
- Priority groups - Initially healthcare workers, elderly; later included those in 30-60 age group in selected localities deemed vulnerable areas



SCOPE OF THE STUDY

- The study assesses the fiscal implications of reaching a target of vaccinating 80% of Sri Lanka's population against COVID-19.
 - Assumption - 20% of the population will be vaccinated through donations. Remaining 60% to be financed by GoSL
- Cost of vaccinating the remaining 60% to reach an 80% coverage target will be approximated & associated fiscal trade-offs of using government budget for this purpose will be considered.



ANALYSIS COMPONENTS & DATA

Costing Exercise

- Delivery cost data from “Deployment Plan for the Distribution of Pandemic Influenza Vaccine in Sri Lanka 2010”

Financing Options

- Assessing the fiscal implications of available funding options

Economic Impact Analysis

- Simulating the impact of vaccination strategy on National Output and Employment - using DCS impact analysis tool based on National I-O tables



COSTING

- Total Vaccine Deployment Cost = Vaccine Cost + Immunization Delivery Costs
- Minimum cost estimate using proxy data for IDCs

Type of Cost	Cost Item	Cost in USD
Vaccine cost	Two doses of AstraZeneca for 60% of the population	100,800,000
Immunization delivery costs (IDCs)	Management and organization of vaccine deployment	8,337
	Communication and information	176,261
	Human resources	100,040
	Public information	144,701
	Supply chain logistics	88,845
	Collection and disposal of medical waste	n/a
Total vaccine deployment cost		101,318,184

Source: Ministry of Healthcare and Nutrition (2010), Deployment Plan for the Distribution of Pandemic Influenza Vaccine in Sri Lanka 2010.

Note: Adjusted for inflation and reported at 2021 prices.



FINANCING OPTIONS

Reallocating budgetary commitments

- Emergency budgetary allocation - National Budget 2021 has no provisions for the vaccination strategy. But, budget should not replace other essential health services

Targeted tax policy interventions

- Raising taxes on sin goods – no cost to implement, reduces health cost burden, revenue generating potential of inelastic goods

Bilateral/multilateral assistance

- Direct vaccine assistance + financial aid for vaccine initiative – limited



ECONOMIC IMPACT ANALYSIS

	Initial shock (LKR Mn)	Change in Output (LKR Mn)	Job opportunities to be generated (Number)	Extra Household Income from compensation of employees (LKR Mn)	Extra Value Addition generated (LKR Mn)	Extra Demand for imports (LKR Mn)	Extra Fixed capital assets to capital stock (LKR Mn)
Agricultural Industries	-	128.83	538	49.47	87.00	23.86	0.23
Manufacturing Industries	-	781.57	235	92.18	332.08	917.66	45.70
Services	20,036.83	21,447.67	15,707	17,019.19	18,496.01	43.03	1,043.69
Total Economy	20,036.83	22,358.08	16,479	17,160.85	18,915.09	984.55	1,089.62

Source: Authors' calculations using DCS impact analysis tool



RECOMMENDATIONS

- A medium-term self-financing strategy through targeted tax policy interventions; complemented with available external financing.
- Given the need to potentially finance continuous vaccination cycles (boosters, new vaccines for new variants, etc.) in the coming years; prudent for GoSL to get fiscal house in order, and implement revenue generation strategies sooner rather than later.
- The challenge for Sri Lanka, similar to many other developing economies; to secure adequate funding without compromising on its investments into broader public health and social welfare initiatives.



Contact the authors on:

harini@ips.lk

kithmina@ips.lk



Institute of Policy Studies of Sri Lanka

100/2 Independence Avenue,

Colombo 7, Sri Lanka

T: +94 11 2143100

www.ips.lk

 www.ips.lk/talkingeconomics

 [/instituteofpolicystudies](https://www.facebook.com/instituteofpolicystudies)

 [@TalkEconomicsSL](https://twitter.com/TalkEconomicsSL)