



1st Finance and Central Bank Deputies (FCBD) Meeting

SESSION VIII: FINANCE AND HEALTH

KEY OBJECTIVES:

- present the priorities defined by the Brazilian Presidency for the Joint Finance and Health Task Force in 2024;
- consider the challenge of resource mobilization for the health sector, including pandemic prevention, preparedness, and response; and
- seek members' views on the proposed priorities.

Brasília, December 2023

I. OUTLOOK AND STRATEGIC VISION

The Joint Finance and Health Task Force (JFHTF) was conceived in 2021 amid the COVID-19 pandemic, which revealed the extensive interconnectedness between health and the economy, and the importance of investments in health to increase economic resilience at the national, regional and global levels. As a forum to enhance dialogue and global cooperation on pandemic prevention, preparedness, and response (PPR), JFHTF is aligned with the One Health approach and recognizes the central coordinating role of World Health Organization (WHO).

Notwithstanding the end of the pandemic caused by COVID-19, the world continues to face the interaction of multiple crises at once (polycrisis), which continues to disrupt health services. International and domestic conflicts, refugees and other displaced populations, climate change, high public indebtedness, and economic instability undermine the fiscal space of most developing countries and shift their investment priorities.

This scenario is made more complex by the heightened risks of debt distress worldwide, especially in developing countries. According to the *SDG Stimulus to Deliver Agenda 2030*, announced by the United Nations Secretary-General in June 2023, an increasing number of countries were at high risk of debt distress or were already in it. Consequently, as indicated by WHO in the report *Investing in global health: A common objective* upon the launch of the Health Impact Investment Platform, it is increasingly difficult to mobilize the estimated US\$371 billion in annual investments for low- and middle-income countries to achieve health-related Sustainable Development Goals (SDGs) by 2030. This is an important resource mobilization initiative between the World Bank and several multilateral development banks (MDBs).

In this context, the Brazilian Presidency of the G20 endeavors to draw the attention of members to the need to boost investment in health systems to make them more resilient, protect the global economy, and avoid further disruptions, especially considering the likelihood of future pandemics and the associated impacts on development. As the Organization for Economic Cooperation and Development (OECD) has indicated in the report *Boosting investment in health systems will be essential to deal with future shocks*, even the health systems of high-income countries proved not to have been resilient when confronted with the COVID-19 pandemic.

Considering all of these challenges, the Brazilian Presidency of the G20 highlights the importance of coordinated responses to health emergencies, transparency in reporting, and the dissemination of accurate information. Members of the G20 and several other countries around the world continue to seek ways to mobilize resources with a view to investing in their healthcare systems. Accordingly, Brazil will endeavor to make the JFHTF a prime global forum to galvanize discussions on how to increase investments in health-related SDGs.

This strategic view has informed the choice of the three priorities for the JFHTF under the Brazilian G20 Presidency: (i) Incentivizing “debt-for-health” (DfH) swap arrangements; (ii) Better understanding the centrality of financing initiatives designed to tackle social and environmental determinants of health; and (iii) Building on the legacies of the Indian Presidency.

II. PRIORITIES FOR THE JOINT FINANCE AND HEALTH TASK FORCE IN 2024

Priority 1: Incentivizing “debt-for-health” swap arrangements

Debt distress in the aftermath of the COVID-19 pandemic is hindering economic growth and development in several countries, notably across Africa and Latin America. According to UNCTAD, global public debt reached \$92 trillion in 2022. Approximately 3.3 billion people live in countries where interest payments are consuming a significant portion of national budgets, leaving fewer resources for essential services and social assistance, such as the healthcare sector.

In this context, debt-for-health (DfH) swap initiatives emerge as promising avenues to strengthen health services while reducing debt vulnerabilities, or at least providing some relief, especially for low-income countries. The responsible allocation of financial resources in countries facing debt distress and significant health challenges can have important effects. Even temporary mechanisms to reduce debt service can make a difference for the most vulnerable groups and underserved regions.

Improving analysis of previous experiences with international DfH swap arrangements and comparing them with other debt-for-development cases will lead to a better understanding of the circumstances in which debt-for-health swaps can be beneficial. In the end, and counting on further work by upcoming Presidencies, it could result in agreements between debtors and creditors, in coordination with international financial institutions and implementation entities.

In addition to enhanced health outcomes, there is strong evidence that such an initiative could result in positive externalities: social and economic benefits in beneficiary countries. Higher productivity, income growth, and job creation, result in additional life-years, and reduced mortality rates. In fact, boosting health systems should be regarded not as a cost, but rather as an investment in human capital.

The goal is to draft a G20 Finance and Health Ministers’ Declaration for international DfH swap arrangements. Underscoring the central role played by international financial institutions and organizations, the instrument may also include principles and essential elements, such as priority investment areas in the health sector, which may depend on the national healthcare needs of the debtor country. This could be based on Framework of Economic Vulnerabilities and Risks (FEVR) indicators, pandemic PPR, public policies to tackle inequalities in access to healthcare, and other identified healthcare priorities.

Priority 2: Better understanding the centrality of financing initiatives designed to tackle social and environmental determinants of health

Vulnerable social groups, such as low-income communities and ethnic minorities, may face disproportionate exposure to risks and worse overall health outcomes, including pandemic PPR, than those observed in the general population. Commitment from policymakers and the regular provision of adequate resources are crucial for addressing

the social and environmental determinants of health outcomes in those vulnerable groups. These determinants have impacts on the effectiveness of health, in line with the Declaration of Astana and the current goals and priorities of the WHO.

This priority focuses on the health outcomes of vulnerable groups with the aim of investigating the impact of public policies designed to tackle social and environmental determinants of health. The final deliverable may be a side event to evaluate the impact that investments in nutrition, sanitation, social protection, health education, and other strategic social areas have on better health outcomes.

The JFHTF shall seek to invite governments and relevant agencies and institutions, led by the WHO or WHO Regional Offices, to consider reports on international development and health, assessing the impact of investments on social and environmental determinants of health outcomes.

Priority 3: Improving the assessment of global health, and social and economic vulnerabilities and risks arising from pandemics to prioritize policy responses

The Brazilian Presidency will seek to build on the legacy bequeathed by India's G20 Presidency in 2023, particularly on reports such as Framework of Economic Vulnerabilities and Risks (FEVR), the Mapping Pandemic Response Financing Options and Gaps, and the Strategy/Operational Playbook. Such documents are central to better assess global health, social and economic vulnerabilities and risks arising from pandemics, and to prioritize policy responses.

To this end, in consultation with technical experts and the membership, the Brazilian Presidency will seek to improve and enhance the indicators in the FEVR Report, including development indicators (social and environmental determinants) that directly affect health outcomes. This is especially important to allow low-income economies to monitor the health impact and outcomes of public policies. This work will be carried out to support the understanding of overall costs and the causal links between specific pandemic preparedness measures and risk mitigation. It could include further modelling and identification of policy options to strengthen preparedness and response capabilities and will be gathered in a pioneering joint WHO/World Bank global report on health, social and economic vulnerabilities and risks related to pandemics.

Considering the Pandemic Response Financing Options and Gaps, it is important to develop a framework of the available financing alternatives provided by international financial organizations, encompassing the WHO, the World Bank Group, the IMF and multilateral development banks (MDBs). At the same time, the framework will be built on lessons learned at the country and regional levels and assess recent developments and the functional gaps that remain. In addition, it is necessary to clarify the requirements for approving projects and programs with a view to improving timeliness and predictability of access to available financing tools in response to health emergencies. Finally, it is also relevant to distinguish between short- and long-term investments to facilitate better allocation of resources in interpandemic periods.

To guide joint finance-health sector readiness, a Strategy/Operational Playbook will be developed, which will outline financing availability to future pandemics and identify remaining gaps. This work will build on existing studies and evidence at the regional and country levels and could benefit from further surveys and interviews taken from an anonymized broad representation of geographical and income characteristics. This would improve the G20's understanding of critical hurdles, hardships, successful and unsuccessful experiences, access to medical countermeasures, and could shed light on the efforts to fulfill global commitments under the International Health Regulations (IHR). In addition, simulation exercises featuring the development of a health threat and associated responses could support a better understanding of risk mitigation policies.

III. PLANNED DELIVERABLES

- A G20 Finance and Health Ministers' Declaration on debt-for-health for international DfH swap arrangements, encouraging its use by countries and international organizations.
 - A side event to discuss the financing of actions to tackle environmental and social determinants that impact health outcomes.
 - In consultation with experts and the membership, improve the Framework on Economic Vulnerabilities and Risks leading to the development of a global report on health, social and economic vulnerabilities and risks related to pandemics; further develop response financing options building on the Mapping Pandemic Response Financing Options and Gaps; and develop a Strategy/Operational Playbook.
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IV. QUESTIONS FOR DISCUSSION

1. What are the Deputies' views on the proposed discussion about debt-for-health swap arrangements?
2. What are the Deputies' views on the proposed side event on financing actions to tackle environmental and social determinants that impact health outcomes?
3. What are the Deputies' views on the reports to improve the assessment of global health, and social and economic vulnerabilities and risks arising from pandemics to prioritize policy responses?

