

G7 Shared Understanding on Enhanced Finance-Health Coordination and PPR Financing

The COVID-19 pandemic has had unprecedented public health, economic, and social impacts on the international community, and prompted an unprecedented range and size of policy actions globally. Collective efforts, at national, regional, and global levels, were called for to contain and mitigate such impacts. The public health response measures alone proved to be insufficient, calling for additional socio-economic policy interventions such as ring-fencing economic activities to contain the spread of the virus. Faced with devastating socio-economic costs, all possible sources of financing, both public and private, have been explored.

These unprecedented responses and financing have exposed the need for enhanced finance-health coordination and the need to further strengthen the Global Health Architecture (GHA). Public health and economic responses were complicated by the lack of coordination mechanisms to identify necessary actions and allocate resources based on gap assessments across the entire matrix of possible response measures. Where funding needs were identified, existing multilateral mechanisms and pooled funds were not sufficient or quick enough to activate. The recognition of the need to strengthen the GHA, including improving pandemic PPR (prevention, preparedness, and response), led to the establishment of the Access to COVID-19 Tools Accelerator (ACT-A), the G20 Joint Finance-Health Task Force (G20 JFHTF), and the Pandemic Fund (PF). These were big achievements, but further challenges remain to address the need for greater coordination, including across finance and health, and appropriate funding to strengthen the GHA.

Building on the lessons learned and the collective efforts thus far, the G7, working with the G20 and other relevant stakeholders, should continue to tackle the remaining challenges in both governance and financing of the GHA. The global community should be better prepared for future pandemics and other health emergencies, including through moving towards Universal Health Coverage (UHC) and promoting a One Health approach.

With this recognition, we, G7 Finance Ministers and Health Ministers, hereby present *our Shared Understanding to further strengthen GHA governance through enhanced Finance-Health coordination and PPR financing.*

1. GHA Governance: Further Strengthening the Finance-Health Coordination

To better prepare for future health emergencies, a multi-sectoral and integrated approach is required. Given their multi-sectoral nature, effectively preventing, preparing, and responding to pandemic risks and mitigating their health, economic, and social impacts require both health and



financial expertise. To improve the efficiency and functionality of the GHA, finance and health experts, at national, regional, and international levels, need to collaborate to identify potential vulnerabilities, assess any functional and financing gaps, and map existing mechanisms and associated funding to address them. That would enable coordinated actions, including the reallocation of financial resources when necessary.

Coordination among various stakeholders in the GHA needs to be strengthened with further political support. Successful PPR requires continuous gap assessments, which would, among others, enable updated monitoring of risks and vulnerabilities and help navigate effective coordination and resource allocation. The G20 JFHTF, with a broad-based membership and tangible achievements such as the first gap assessment and support for the subsequent establishment of the PF, is the most suitable platform to enhance coordination among various stakeholders in the GHA.

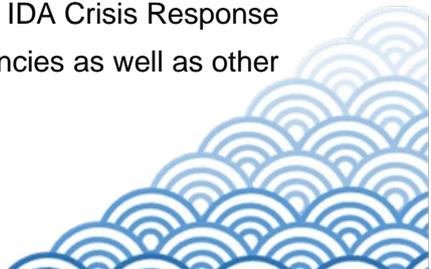
We call for further strengthening of the G20 JFHTF to enhance Finance-Health Coordination towards a more resilient GHA. This should be supported by further bolstering its Secretariat that works in cooperation with the World Health Organization (WHO), the World Bank (WB), the International Monetary Fund (IMF), and other International Organizations (IOs).

2. PPR Financing: The Pandemic Fund and complementing Surge Financing

We need to continue our efforts to fill PPR financing gaps, based on successive gap assessments by the G20 JFHTF. As a key milestone, we welcome the launch of the PF, look forward to the successful execution of its first call for proposals, and encourage active participation and contributions to the PF from a broader donor base.

Despite this progress, financing for pandemic “response” remains under-addressed and calls for particular attention. As we saw with COVID-19, pandemics create large and immediate demand for rapid funding to address health needs, including basic services, equipment, and the production cycle of medical countermeasures from their R&D to last mile delivery. On the other hand, broader response measures, such as mitigation of impact on societies and economies that is normally financed nationally, and more structured interventions related to the strengthening of health systems fall outside the scope of this exercise.

Response financing from various sources, including domestic and external resources, should be effectively and quickly mobilized to contain the impact of pandemics at their early stage. Recognizing the multi-layered landscape of response financing, each layer should be strengthened. *As the First layer*, domestic resource mobilization should serve as an initial basis for any response measures where possible. *As the Second Layer*, existing multilateral mechanisms and financing instruments for pandemic response, such as catastrophe bonds, the IDA Crisis Response Window, the IBRD Crisis Buffer, and the WHO Contingency Fund for Emergencies as well as other





multilateral and private financing, should be appropriately funded and more efficiently utilized in an innovative and coordinated manner.¹

Even with the above efforts to addressing financing needs, the COVID-19 pandemic has revealed some limitations of the existing functions, including: setting aside resources in normal times has a significant opportunity cost; market-based disaster or emergency risk financing has been shown to be insufficient; and creating a new mechanism or fundraising calls after an outbreak occurs takes time, with financing being provided too late and/or too limited for any meaningful action due to the lack of pre-agreed actions.

This points to a need for exploring an innovative *Third Layer*, or a new dedicated “surge” financing framework that allows us to complement existing mechanisms through better coordination and deploy necessary funds quickly and efficiently in response to outbreaks without accumulating idle cash. Based on the results of the mapping exercise by the WHO and the WB, willing donors may pre-commit for a future disbursement, in line with their national budgetary provisions and processes, in the event of a health emergency upon hitting pre-agreed triggers to be confirmed by donors and health experts.

We call on the international community to optimize and strengthen each layer of response financing, including exploring an innovative surge financing framework that could be activated in case of a pandemic outbreak. For this purpose, we aim to work with the G20 JFHTF and our international partners so that the WHO and the WB will collaborate further and jointly conduct a comprehensive, coherent, and coordinated mapping exercise on how the existing financing sources, particularly untapped funding streams, can be used to respond to pandemics, how the existing mechanisms could be better coordinated, where possible financial and functional gaps remain, and how we can work together to narrow identified gaps, in time for the G20 Joint Finance and Health Ministers Meeting this summer. Building on their work, we will continue to contribute to further discussions at the G20 on the improvement of surge financing.

¹ We thank the World Bank for their useful inputs.