

# Japan's Global Health Strategy in the Post-Covid-19 Era

VOL. 17

## Global Health Financing and Governance: Situation and Challenges

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### Challenges of Global Health Financing

Efforts to fight the COVID-19 pandemic have once again highlighted the importance of financing for global health, which has been an ongoing issue. The challenges are manifold and wide-ranging, but the three primary issues include (1) insufficiencies in terms of the absolute amount of funds raised; (2) difficulties in implementing governance mechanisms (including coordination) due to the further diversification of actors and target issues; and (3) difficulties in identifying “funding requirements” for different areas within the scope of possible expenditures.

In 2021, for example, the International Monetary Fund (IMF) reported that an additional US\$15 billion was needed to address COVID-19 at the global level, particularly for the global dissemination of vaccines, personal protective equipment (PPE), and testing equipment.<sup>1</sup> That estimate was derived before the need for booster vaccinations was fully identified. Additional funds would be required if the same logic were used in the calculations. The Access to COVID-19 Tools (ACT) Accelerator estimated that the deficit relative to the required investment at the end of 2021 would amount to approximately US\$23.3 billion.<sup>2</sup> Many reports by international committees investigating COVID-19 and infectious diseases more broadly provided estimates and stressed that the funding needed to respond to large-scale outbreaks of infectious diseases is lacking.

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<sup>1</sup> International Monetary Fund (IMF), “A Proposal to End the COVID-19 Pandemic,” <https://www.imf.org/en/Publications/Staff-Discussion-Notes/Issues/2021/05/19/A-Proposal-to-End-the-COVID-19-Pandemic-460263> (May 19, 2021).

<sup>2</sup> World Health Organization (WHO), “Access to COVID-19 Tools Tracker,” [www.who.int/publications/m/item/access-to-covid-19-tools-tracker](http://www.who.int/publications/m/item/access-to-covid-19-tools-tracker).

With regard to the second issue, the field of global health has experienced a notable diversification of aid channels since the 2000s. In particular, initiatives promoted by new global alliances and organizations such as the Global Alliance for Vaccines and Immunization (Gavi) and Coalition for Epidemic Preparedness Innovations (CEPI) have been growing, in addition to conventional frameworks of international development finance institutions such as the World Bank. As of June 2021, the World Bank Group’s pandemic response assistance had surged to US\$157 billion—its largest crisis response ever.<sup>3</sup> This had a fundamentally positive impact in terms of the increase in the amount of procurement and funding, and it is meaningful to ensure diverse forms of support amid global health issues that are not limited to narrow definitions. On the other hand, the entry of such diverse actors and intensified support also signifies an increase in the complexity of aid channels. This may suggest the increased importance of having an overall view of whether support and investments are being provided in a well-coordinated way, thereby securing properly coordinated funding and implementing projects in multiple sectors internationally (see figs. 1 and 2 for the status of aid channels and destinations).

The third challenge is closely tied to the two described above. The global health field constantly requires a significant amount of funds. In preparing/responding to infectious diseases, it is not easy to define “funding requirements” at a feasible level since the frequency and scale of incidents are difficult to foresee. In particular, COVID-19 has raised issues that go beyond the narrowly defined health sector. Even within the sector, investment is needed in a wide range of areas beyond infectious disease control, which has been the focus of recent attention. Under these circumstances, setting priorities for investment targets and areas is more complex than ever as it cannot be determined objectively or single-mindedly, and we must take into consideration the appropriateness of distribution to each institution and channel.

## **Global health financing and governance: Actions of the G20**

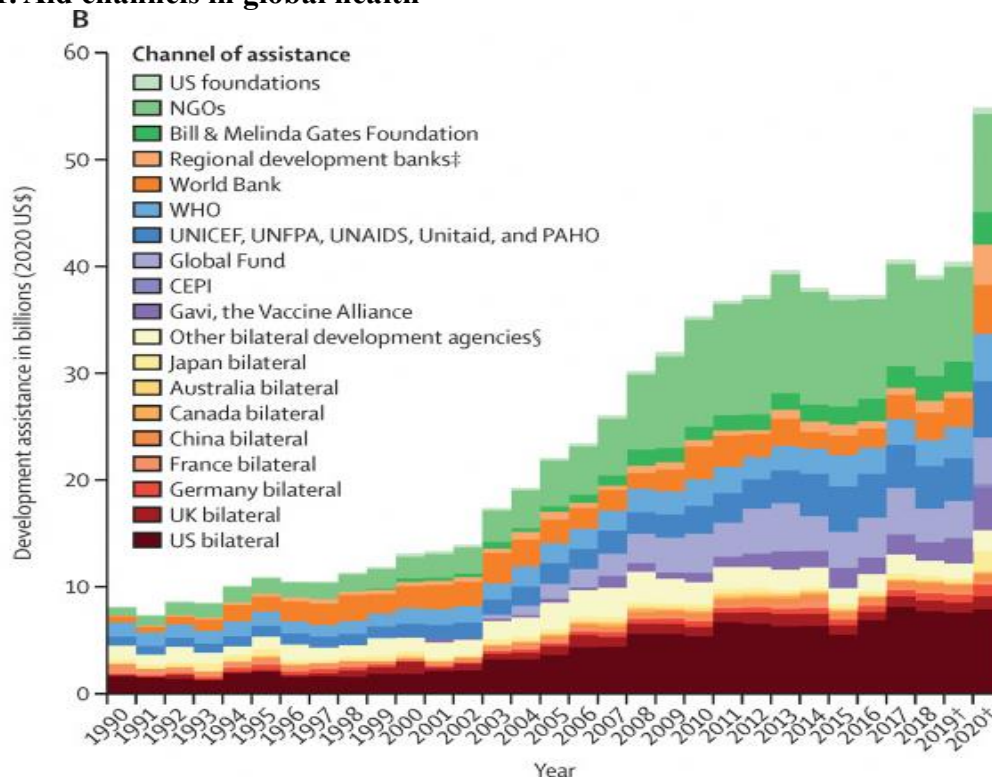
Against the backdrop of these issues, there is an urgent need to reexamine and address the global health governance structure. In international governance regimes, it is virtually impossible to secure authority through the coercive power of a superior entity, and the authority to mobilize and allocate funds can be regarded as one of the greatest sources of “power.” Coupled with the fact that the allocation of funds and identification of necessary amounts are not necessarily free from certain value judgments, as mentioned above, the linkage between governance regimes and fund mobilization draws a great deal of political attention.

For example, the Report of the G20 High-Level Independent Panel recommended the establishment of a Global Health Threats Board to bring together key actors and implement

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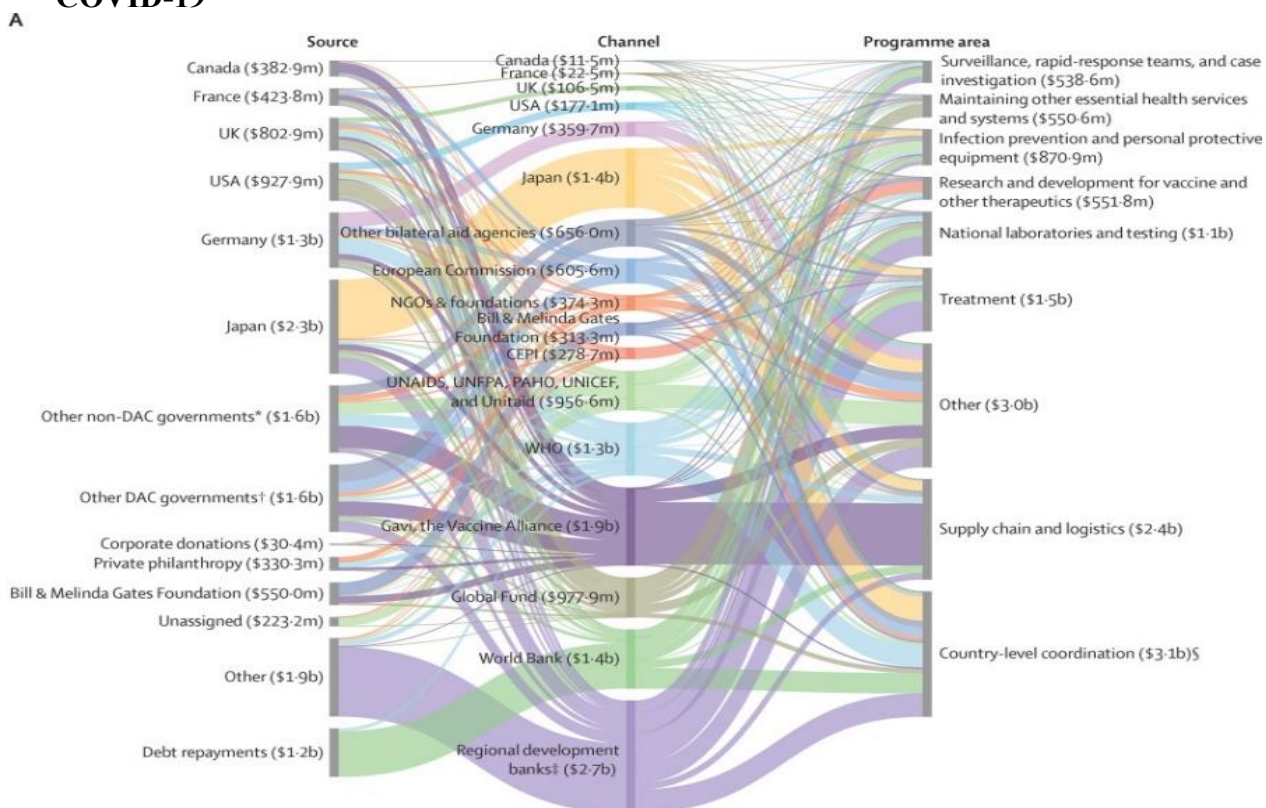
<sup>3</sup> This includes short-term funds, amounts of mobilized finance, and recipient-executed trust funds. World Bank, “Sekai Ginko Guruupu no Korona taisaku shien: kiki taio toshite kako saidai no 1570-oku doru ni kyuzo” [World Bank Group’s \$157-billion pandemic surge is the largest crisis response in its history], <https://www.worldbank.org/ja/news/press-release/2021/07/19/world-bank-group-s-157-billion-pandemic-surge-is-largest-crisis-response-in-its-history>.

**Figure 1. Aid channels in global health**



Source: Micah, A. E., et al., “Tracking development assistance for health and for COVID-19,” *The Lancet*, 398 (10308): 1317–43.

**Figure 2. Types of funding sources, channels, and destination programs of assistance for COVID-19**



Source: Micah, A. E., et al., “Tracking development assistance for health and for COVID-19,” *The Lancet*, 398 (10308): 1317–43.

systematic financial monitoring, greater collaboration between the health and financial sectors, as well as the creation of a Global Health Threats Fund as a means of providing funds to deal with pandemics. The Fund would aim to mobilize US\$10 billion per year. The Board would monitor and review health financing and manage the use of the Fund in cooperation with the WHO, World Bank, IMF, World Trade Organization, and other relevant organizations, akin to the Financial Stability Board that was established after the 2008 financial crisis.<sup>4</sup>

The establishment of the Global Health Threats Board was discussed during the Joint G20 Finance and Health Ministers Meeting in October 2021. There were also discussions on what form the board should take. However, in light of the many decisions to be made on criteria and staffing for the new organization, it was temporarily put on hold. Instead, a new G20 Joint Finance-Health Task Force (the Task Force) was established to provide a forum for stakeholders to engage in ongoing discussions in this area.<sup>5</sup>

The Task Force is expected to be responsible for coordination and collaboration on health financing until the Global Health Threats Board is officially launched. It will discuss the possibility of establishing and managing a fund in the future. In response to requests, mainly from developing countries, the Task Force is also expected to be actively involved in the ongoing efforts to deal with COVID-19, in addition to discussing governance and systems.<sup>6</sup>

One of the points that the Task Force focuses on—and that Japan has actively proposed—is a gap analysis to identify the gaps between the global health financing needs and the current availability of funds. In collaboration with the Task Force, the WHO and the World Bank are reviewing the current status and a final report was expected shortly at the time of this writing.<sup>7</sup> Understanding the current situation, needs, and gaps is the first step in solving issues (2) and (3) above, which is a much-needed and highly anticipated process. It should be noted, however, that the gap analysis needs to be constantly modified as scenarios and assumptions change, and that the said report is the type of document that provides just one perspective on the matter.

The establishment of a fund similar to the Global Health Threats Fund, as proposed in the G20 High-Level Independent Panel report, was put on hold in the G20 finance and health tracks. For the launch of a new fund, the United States has already shown a very positive commitment of at least US\$25 million to the Financial Intermediary Fund, which appears to be intended to either replace or be a predecessor to the Global Health Threats Fund. However, how the fund will be used is not necessarily clear at this point in time. Since there are political implications of such strong US leadership, there are no immediate plans for the establishment

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<sup>4</sup> G20 High Level Independent Panel on Financing the Global Commons for Pandemic Preparedness and Response, “A Global Deal for Our Pandemic Age,” <https://pandemic-financing.org/report/foreword/>.

<sup>5</sup> Ministry of Economy and Finance, Government of Italy, “They G20 Established a Joint Finance-Health Task Force to Strengthen Pandemic Prevention, Preparedness, and Response,” 29 October 2021, <https://www.mef.gov.it/en/inevidenza/The-G20-established-a-joint-Finance-Health-Task-Force-to-strengthen-pandemic-prevention-preparedness-and-response/>.

<sup>6</sup> G20 Secretariat, “G20 Finance and Health Ministries Continue to Collaborate on Pandemic and Future Health Emergencies Prevention, Preparedness,” 27 January 2022.

<sup>7</sup> G20 Secretariat, Communiqué of the G20 Finance Ministers and Central Bank Governors Meeting (17–18 February 2022, Jakarta, Indonesia), [https://www.g20.org/content/dam/gtwenty/about\\_g20/previous\\_summit\\_documents/2022/G20%20FMCB%20Communique%20Jakarta%2017-18%20February%202022.pdf](https://www.g20.org/content/dam/gtwenty/about_g20/previous_summit_documents/2022/G20%20FMCB%20Communique%20Jakarta%2017-18%20February%202022.pdf).

of a global fund. While the establishment of the fund at the initially proposed scale with a governing body itself has not been completely ruled out, the Biden administration initially planned a US\$10 billion fund with global participation from various countries. However, it is generally believed that even if the fund is mobilized, it may be on a much smaller scale. In addition, if the Global Health Threats Board is established in response to pending discussions on the fund, it will not necessarily be the same as the initial assumptions and recommendations of the high-level panel, which depicted its role as being to determine and manage the use of the fund. Accordingly, there is concern that the board's authority will be effectively curtailed.

## **Background and Tactics Surrounding the Central Stage of the New Global Health Governance**

The discussions and difficulties related to the establishment of the new fund and the Global Health Threats Board are, of course, centered on technical issues; however, it also offers glimpses of the motives of different countries that can be seen in the background. Given that a new global health governance system is being sought in the wake of the COVID-19 pandemic, the discussions are not limited to financing. There appears to be a tug-of-war among countries and institutions over who will have center stage and substantive authority for coordination.

As mentioned earlier, the United States is active in pushing the establishment of a new fund led by the G20. Seemingly, it aims to secure influence over the mechanism to manage it (initially the Global Health Threats Board), enhance the financing mechanism for global health governance in general, and thereby improve the effectiveness of overall measures. In contrast, China and Russia have taken the position that the focus should be placed on the existing WHO discussions and working groups and they are not very enthusiastic about forming a new fund or conference body.<sup>8</sup> Separately, the European Union has been relatively inclined to taking the position of pushing for the conclusion of a “pandemic treaty” with the WHO at the center. There is also an alternative argument that the United Nations (UN) should serve as the coordinating body from the standpoint of maintaining political leadership and commitment.

A regime, such as the pandemic treaty, that places the WHO at the center of coordination could make it relatively easy to use the organization’s high level of health-related expertise as leverage or to establish a system of collaboration based on existing frameworks. If the treaty were to deal with a broad range of topics, as is currently anticipated, it might implement integrated coordination with different sectors relating to health issues, with the health regime at the center. On the other hand, skepticism prevails as to whether a WHO-based regime can adequately fulfill the role of coordinating. In particular, there are doubts regarding whether such a regime can effectively address current issues related to fund management, such as the

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<sup>8</sup> China is taking an equivocal stance on the pandemic treaty, while Russia has shown a skeptical viewpoint as well. Adam Taylor, “Why the WHO Is Pushing for a Global ‘Pandemic Treaty,’” *Washington Post*, 11 November 2021, <https://www.washingtonpost.com/world/2021/11/11/who-global-pandemic-treaty/>.

scale and flexibility of financing, as well as issues related to trade, travel restrictions, supply chain management, and other cross-sectoral issues.

The governance system pivoting around financing, as discussed at the G20 meeting, is expected to be more effective in terms of appropriate coordination among diverse actors, including those in the financial sector. On the other hand, there is a possibility that the intentions of some countries will be strongly reflected, resulting in accountability issues. There may also be a relative lack of expertise and experience in the health sector, and that could result in difficulties in coordinating with health actors, which in turn could prevent the expected prompt response.

There are high expectations that a governance structure led by the UN will encourage the participation of a variety of specialized agencies and actors, turn responses to and coordination of cross-sectoral issues (actually an issue in efforts to deal with COVID) into reality, and maintain political commitment. However, a UN-based structure may pose a risk of over-politicization of the initial technical contents and a risk of increased cost, combined with difficulties in agreeing to the introduction of a coordination mechanism that bridges the entire UN. The report of the Independent Panel for Pandemic Preparedness and Response (IPPPR), for example, recommends that a new body called the Global Health Threats Council be established to maintain political commitment and review progress toward the goals. However, there are controversial aspects, such as how to elect representatives to the Council, and its implementation is uncertain at this time.

All of the attempts currently being tested, as described previously, are complementary and are supposed to reinforce one another. Every initiative mentions another initiative or attempts to do so. The emergence of various meeting bodies and coordination frameworks is also a positive aspect for stimulating discussion and consequently strengthening global financing.

On the other hand, it is notable that the establishment of frameworks is based on the strong intentions of different countries to support a framework in which they can play a central role and which is satisfactory in terms of content. A comprehensive perspective is sought in order to grasp the overall picture of the current global debate and the emerging regimes, avoid duplication, and build complementary relationships.

For its part, on the topic of establishing new global health regimes and architecture, Japan is now taking a flexible position in supporting the formation of each proposed regime. Facing and understanding the urgency of the issue, Japan has a significant role to play internationally in diplomacy through the health sector, based on its long-standing leadership in, and practical and economic contributions to, the field of global health.

※ *This is the English translation of the original Japanese version published on March 11, 2022, at: <https://www.jcie.or.jp/japan/report/activity-report-15249/>.*

This policy brief series is the product of [a joint research project](#) conducted by the Japan Center for International Exchange (JCIE) and the Tokyo University Institute for Future Initiatives (IFI) to provide analyses on global and regional health governance systems and structures and to offer concrete recommendations about the role Japan should play in the field of global health.