



As a global financial centre, Singapore is in a unique position to contribute to this climate-health-finance nexus.
BT FILE PHOTO

Financing pandemic and climate readiness

In order to further close the climate finance gap, multilateral organisations and governments across the world should take a leaf out of the G20's book. **BY WOO JUN JIE**

AT the recent 26th United Nations Climate Change Conference (COP26), climate finance emerged as a key area of focus.

During the summit, India's Prime Minister Narendra Modi specifically called for developed countries to provide US\$1 trillion worth of climate finance to developing countries. While several countries have announced new climate finance pledges during COP26, it is clearly not enough.

In order to further close the climate finance gap, multilateral organisations and governments across the world should take a leaf out of the G20's book.

On Oct 29, 2021, the G20 established a joint Finance-Health Task Force to strengthen the pandemic prevention, preparedness and response capacities of member-states by providing greater access to healthcare financing.

This was accompanied by the first joint meeting of G20 finance and health ministers, who, in their communique, committed themselves to increasing investments in longer-term health capacity, building up resilience to future health shocks, and improving policy coordination among healthcare and financial policymakers.

The formation of this Task Force is timely. Even before the pandemic, a World Bank report in 2019 had revealed an annual health financing gap of US\$176 billion among the world's 54 poorest countries. This gap has widened significantly with the onset of Covid-19.

HEALTHCARE AND FINANCE

According to an International Monetary Fund (IMF) report, a "great financial divide" between countries with access to finance and those without it threatens to exacerbate an already-uneven global recovery from the pandemic.

Perhaps more importantly, the formation of the Finance-Health Task Force addresses the increasingly intertwined nature of healthcare and finance.

As Health Minister Ong Ye Kung noted in his speech at the G20 Finance and Health Ministers' meeting, Singapore has already recognised a need for its health and finance ministers to work closely together, with Singapore's Multi-Ministry Taskforce for Covid-19 being co-chaired by Ong and Finance Minister Lawrence Wong.

This link between healthcare and finance is evident particularly in how public and private financial resources were mobilised to support healthcare systems across the world during the

Covid-19 pandemic. IMF data reveals that the amount of public and private debt that was raised to support healthcare systems during the pandemic is higher than the total amount of debt that was raised during the 2007-2008 global financial crisis.

In Singapore, the government announced a drawdown of up to S\$11 billion from its past reserves during the 2021 Budget, most of which was earmarked for the provision of public healthcare and relief measures.

It is increasingly clear that access to finance will become a critical determinant of policymakers' ability to respond effectively to pandemics and healthcare crises.

It is important also to note a second, albeit less positive, way in which finance and healthcare tend to be related. The onset of a pandemic and other healthcare crises can result in economic disruptions and a growing debt burden among countries and their citizens, giving rise to a financial crisis.

This was most certainly the case during the Covid-19 pandemic, with the resulting global economic contraction proving to be more deleterious and protracted than the 2007 global financial crisis.

In fact, the World Bank has estimated the Covid-19 crisis to be the world's worst recession since World War II. Going forward, we can expect future pandemics to be similarly disruptive for financial markets across the world.

Similar to healthcare crises, climate change, too, can give rise to financial crises. For instance, extreme weather events can trigger swings in asset prices, while weather-related catastrophes can rack up significant economic losses for countries, businesses and insurers.

In order to ensure sufficient climate financing as well as to minimise the impact of climate on the financial sector, there is a need to ensure greater coordination among policymakers from the financial and environment policy spheres.

While advanced economies had, in 2009, committed themselves to providing US\$100 billion a year in climate finance to poorer countries by 2020, that target remains unmet.

Like the G20 Finance-Health Task Force, closer policy coordination through a similar Finance-Environment Task Force could potentially help to address the climate finance gap by channelling much-needed investment and capital into developing climate solutions and technology.

While there exists a global Coalition of Fin-

ance Ministers for Climate Action, this coalition does not include major economies such as China and Indonesia, the former of which is already a global financial powerhouse.

In contrast, a G20 taskforce draws on the financial resources and political clout of the world's 20 largest economies, along with Singapore and the Global Governance Group (3G) of small states that it represents during G20 summits.

THE CLIMATE-HEALTH-FINANCE NEXUS

The financial sector will play an increasingly important role in global efforts to manage future pandemics and climate change. What we need are more platforms that help to align the interests and needs of finance, healthcare and climate change.

As a global financial centre, Singapore is in a unique position to contribute to this climate-health-finance nexus. It has begun to accelerate its green finance market, with the Monetary Authority of Singapore establishing a Green Finance Industry Taskforce to support this process.

In terms of pandemic readiness, Singapore is leveraging on its deep capital markets and strengths in biotechnology to develop vaccine production capabilities. Three major pharmaceutical companies – BioNTech, Sanofi and Thermo Fisher Scientific – have revealed plans to set up vaccine manufacturing facilities in Singapore.

It is to be hoped that these moves will allow Singapore to play a key role in channelling much-needed financial capital into the development of climate solutions and the building up of pandemic readiness capabilities.

Covid-19 will not be the last pandemic that the world will have to deal with, nor will climate change go away as a global existential threat. At the heart of these challenges is a need to close the climate finance and healthcare finance gaps.

Global platforms such as the G20 Finance-Health Taskforce can provide a useful framework within which finance, health and environment ministers can work together to ensure the channelling of much-needed finance towards these pressing policy needs.

■ The writer is senior research fellow at the Institute of Policy Studies in the Lee Kuan Yew School of Public Policy, National University of Singapore. Dr Woo is the author of the forthcoming World Scientific book, *Building Immunity: Crisis and Contagion in the City-State*.