Policy Brief

STRENGTHENING REGULATION TO ACHIEVE RESILIENCE UNIVERSAL HEALTH COVERAGE (UHC)

Task Force 6
Global Health Security and Covid 19
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Abstract

A COVID-19 pandemic is a cross-border health threat that reveals vulnerability of health system resilience worldwide. COVID-19 pandemic has impacted not only on the health sector but also other sectors such as the economy, government and public services, the environment, education, social and cultural interactions. Countries possess various capacities in responding to the pandemic, some affluent countries have the modalities to provide COVID-19 measures, however they also have shown a larger loss both in economics and life years. Similarly, low- and middle-income countries (LMICs) should experience a series of financing gaps with limited resources, resulting in delays in addressing major problems. Global solution in the form of Financial Intermediary Funds (FIFs) is currently being managed, attempting to mobilize additional resources for increased investments in pandemic prevention, preparedness, and response (PPR). A set of robust, transparent, and well-measured regulation should be formulated to assist its implementation. The G20 Presidency is potential to be the hub in designing the regulation of FIFs thus its establishment is able to strengthen health system resilience, guarantee equitable access in pandemic countermeasures, and eventually achieve universal health coverage.

Keywords: Global Health Security, Health System Resilience, Emergency Fund, Regulatory Platform, Universal Health Coverage (UHC)

GOALS

This policy brief aims to encourage the G20 countries to strengthen the regulation in managing Financial Intermediary Funds (FIFs) that is dedicated to build global health system resilience in facing future health threats.
Challenges

The COVID-19 pandemic has illustrated the shortcomings of the current global health security framework and mechanisms. The pandemic is a worldwide challenge yet has been met predominantly by nationalistic policies from governments forced to put their nation’s perceived immediate needs above those of the global public good.

Realizing the significant impact of COVID-19 disruption in paralyzing the economic stability worldwide, health-based solutions will not be adequate. Financing gaps appear as the major challenge and led most countries to produce economic-based initiatives for both national purpose and contributing to global efforts. OECD has recorded significant efforts in the forms of financial initiatives deployed by 67 countries, showing the urgency of each country as pandemic responses and reinforce the health system resilience (OECD, 2022). These efforts should be managed in one collaborative work that aims to globally strengthen the health system resilience. In doing this, a financial instrument called FIFs was firstly proposed by the G20 High Level Independent Panel (HLIP) and currently the attributes to manage its implementation are being prepared.

Regulatory platform is one of the essential elements to govern the utilization of this fund. FIFs as the fit-for-purpose vehicle to fill critical prevention, preparedness, and responses (PPR) financing gaps should gather strong compliance among the members. Unmet adequate level of compliance with a regulation will affect not only the failure of its underlying policy, but also incur unnecessary costs through wasted administration and implementation, hinder the achievement of the regulation objectives, and can cumulatively undermine other regulation (OECD, 2000). The regulatory platform should accompany FIFs implementation hence these consequences will not be encountered.

1. Gaps in Building a More Resilient Health System

Health systems resilience is the ability of health systems not only to plan for shocks, but also to minimize the negative consequences of such disruptions, recover as quickly as possible, and adapt by learning lessons from the experience to become even better performing and more prepared (OECD, 2020). Health systems are based on 6 (six) functions that need to work together at all times to effectively deliver safe and quality health services i.e., service delivery, health workforce, information, medical products, vaccines and technologies, financing, and leadership governance. These functions are vulnerable to shocks and changes; If there is no health system...
resilience, a system can only absorb shocks, and remains vulnerable. The concept of resilience has been introduced with the goal of strengthening health systems to avoid disruption or collapse (Fridell et al, 2020).

The global crisis caused by COVID-19 has tested the resilience of the economy, health system, and all aspects of development areas. The International Monetary Fund’s World Economic Outlook estimates $12.5 trillion economic output loss until 2024 with a slower economic growth worldwide due to COVID-19 and its spillover effect (Shalal, 2022). In 2020, Mckinsey estimated that governments around the world had mobilised US$10 trillion in economic stimulus initiatives, from furlough schemes to direct cash handouts and other measures to maintain household financial stability (Cassim et al, 2020). High income countries (HICs) that relatively have a well-established health system unexpectedly reported higher COVID-19 prevalence and death, driving higher loss in those countries. Several presumptions emerged to explain this phenomenon such as the notion that more elderlies live in HICs are more vulnerable to the disease, therefore more cases were reported and mostly with higher morbidity levels that led to death (Bayati, 2021). Another insight that linked to this situation is the availability of resources and infrastructures in HICs that promptly responded to the demand of health services during the surge of COVID-19 cases, contributing to the higher reported cases. These instances show the needs of medical supplies in HICs that are relatively higher than the low- and middle-income countries (LMICs) required during COVID-19 disruption, putting the LMICs in risk of shortage and creating more dependency to the more affluent countries. Therefore, building a more resilient health system comes up as a center of attention worldwide that requires collaborative work.

2. Insufficient Regulatory Platforms in Managing FIFs

FIFs are currently being managed and act as financial arrangements that typically leverage a variety of public and private resources in support of international initiatives, enabling the international community to provide a direct and coordinated response to global priorities. Most FIFs have supported global programs often focused on the provision of global public goods, preventing communicable diseases, responses to climate change, and food security. FIFs act as a global emergency fund which is a form of collaborative work between countries. However, FIFs is still in formulation and needs a regulatory platform to support its implementation. As previously stated, the existence of this regulatory platform will avoid FIFs from various consequences in its implementation.

The response to the COVID-19 pandemic has put pressure on the functions of health systems. Of course, this presents a challenge for policy makers, because changes and adaptations of viruses to a certain degree occur quickly and without being detected carefully. The dynamics of
policies in the early days of the pandemic indicated the indecision of the government in many countries in responding to health emergencies, marked by the lack of clarity of strategy, lack of sensitivity to crises, absence of synergy and coordination, as well as nuances of distrust of science, inconsistent policies or regulatory which not building well, public distrust to official data, and poor public communication. There are many strategic policies that are neglected when the government drags on the debate on public health against economic interest.

The previous political turmoil recalls the good governance characterized by 5 (five) indicators, one of them is the availability of integral and comprehensive policy. Controlling COVID-19 pandemic must be built based on the sensitivity to sense of emergency so that binding, clear, and simple regulations are needed. COVID-19 requires a quick response from the government to formulate a set of regulations to build health system resilience that must be followed by changes to work plans and budget allocations. Financial Intermediary Funds (FIFs) will act as financial enablers to sustain and strengthen regional and global PPR capacity in several areas such as critical health workforce, disease surveillance, learning across countries, direct technical assistance, monitoring and evaluation of the PPR-funding projects, and others.

The preparation of FIFs implementation is being performed such as forming of a governing body that will represent the members and observers. Twenty-two parties have joined FIFs and possibly more will follow. This indicates an urgent need of formulating robust regulations to govern its implementation and mitigate the future risks and any precariousness that may affect FIFs independence. In addition, other things that are not yet included in the FIFs arrangement are (1) the monitoring and evaluation instruments including clear indicators to measure the appropriateness of the FIFs utilization.
Recommendations

The G20 countries are ideally placed to lead the formulation of regulatory platforms to assist FIFs implementation. Controlling COVID-19 pandemic must be built based on the sensitivity to sense of emergency so that binding, clear, and simple regulations are needed. COVID-19 requires a quick response from the government to develop a regulatory platform to health system resilience related to social, economic, and livelihood impacts that must be followed by changes to work plans and budget allocations.

1. Consider Factors That Can Result in Non-compliance to the Regulations

The factors including knowledge, willingness, and ability to comply are the essentials to be considered. In terms of knowledge, people cannot comply with regulations if they do not understand what is required or if requirements are too complex to know and understand. Building voluntary compliance to the regulation should also encompass willingness or the act to follow the regulation regardless of the costs in time, money, or effort that should be incurred. Last factor is the ability to comply, in which the governments should not only rely on good drafting and enforcement practices, but they should also devote resources to adequate implementation policies. This is aimed for making it feasible for the target group to comply with the rules. These factors potentially contribute to the strong ecosystem of successful compliance.

In formulating the regulation to assist FIFs implementation, the authorities should clearly define what is the challenge or problem that FIFs will attempt to address. In other similar practices, governments and regulators sometimes rely on certain types of regulatory instruments to solve problems, without first adequately defining and analysing the particular problem to determine the most appropriate solution. Too often, the problem itself is defined as “a lack of regulation”. Not only defining the challenge, the authorities who will formulate the FIFs regulation should emphasize the objective of FIFs therefore all relevant parties are able to comply with the regulation that will be further established.
2. **Consensus-based Approach, Disbursement-linked Indicators, and Regulatory Harmonization**

Collaborative works and commitments that are shown through the establishment of FIFs require an independent council or board that govern its management. It will ultimately be the prerogative of FIF’s governing body to determine priorities toward its financing, considering that substantial financing needs are identified by various independent reports at any levels, while also FIF financing priorities may change over time. The fact sheet issued by the World Bank has stated the consensus-based approach as the means to build decision-making process in utilizing FIFs. Further discussion around how to set the proper representativeness of involved parties (members and observers) should be constructed to avoid the risk of having conflict of interest during the process. Based on the alternative arrangements that different FIFs follow in terms of the structure and composition of their governing boards which represent recipient countries, institutions, and external observers in a manner that balances inclusivity with the need for efficient decision-making and implementation. To facilitate efficient governance, the majority of FIFs group recipients into constituencies. Up to this day, twenty-two parties have shown their monetary contribution and possibly more countries will follow, adding more interests to appear. Detailed regulation that is packaged under legal agreement will potentially show the direction in building the consensus.

FIFs is a joint product, the result of the G20 JFHTF, so that the use of funds must be as wise as possible. Therefore, framework is needed as the main reference in tracking, monitoring, and reporting the results of FIFs utilization. This framework should also anticipate the risk of fund waste or fund misallocation. Several indicators such as disbursement-linked indicators (DLIs) might be determined to measure the appropriateness of the use of funds, including the eligibility for financing both public and private sectors as well as the replenishment periods. These indicators should bring forward transparency and appropriate evaluation through the establishment of agreed metrics spanning from public health and socio-economic outcomes (e.g., less than 10% of out-of-pocket payment is made to access PPR-related supplies; more than 95% of the population is vaccinated at free cost). Consequences such as withdrawal or refund mechanism might be specified to tag along with any deviation made during the tracking and monitoring. Prior to beginning all the implementation process, massive and intensive disseminations of relevant regulation are required to prevent multi-interpretation among related actors.
Regulatory harmonization appears to be the essential approach to ensure the uniformity of participation and funds consumption. FIFs as the public fund should procure all the medical countermeasures that counted as public good. This will closely relate to the intellectual property embedded in each innovative technology included in PPR. Debates around this issue have been continuously evolving and might affect the understanding in labelling critical goods as public goods, hence the use of FIFs might be considered as ineffective.

Formulation of regulations based on increasing compliance, achieving consensus that represents all parties, implementing specific indicators in monitoring the use of funds, and ensuring uniformity in the participation of all relevant elements has the potential to optimize the implementation of FIF. In accordance with the initial objective, FIF is expected to become a robust instrument to reduce financing gaps which will eventually strengthen the health system resilience. The G20 as an international summit can provide the appropriate modalities in the formulation of this FIF regulation.
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