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SDG focus: Covid-19's wider health impact

The Covid-19 pandemic has exposed a series of weaknesses in the global healthcare system, making the achievement of SDG3 – good health and well-being – seem like a distant dream. Can FDI get it back on track?

By Sofia Karadima 17 Nov 2020



Health and well-being is one of the most challenging Sustainable Development Goals, and it has been set back by the Covid-19 pandemic. (Photo by Schneyder Mendoza/AFP via Getty Images)

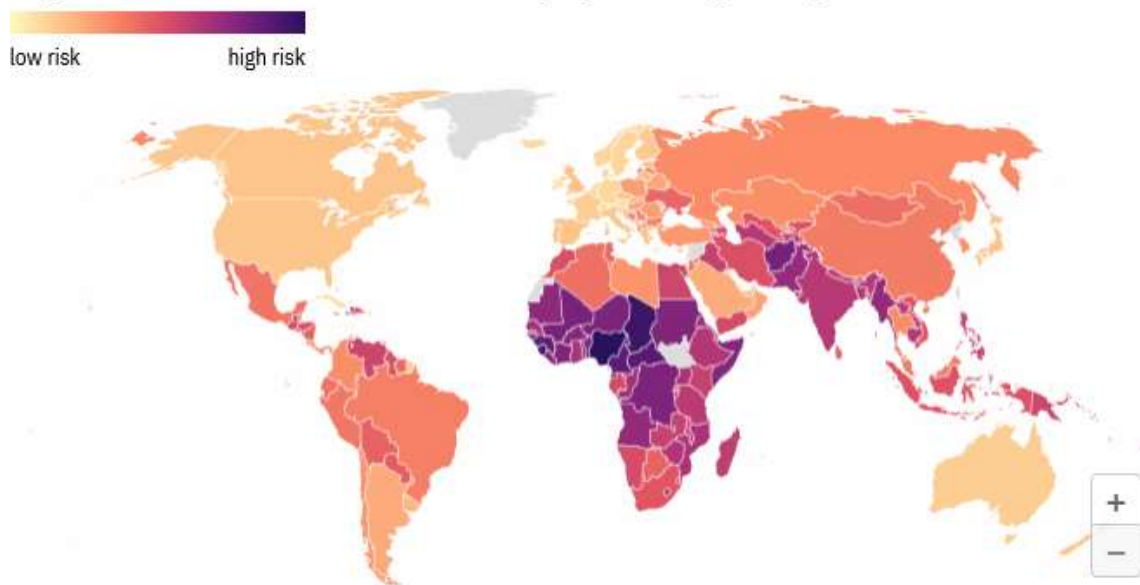
The outbreak of Covid-19 is threatening years of progress in improvements in healthcare and well-being. The significant number of deaths caused by the pandemic, coupled with overwhelmed health systems and a global economic recession, is a huge setback to efforts to achieve the UN's third Sustainable Development Goal (SDG) – that of ensuring good health and well-being globally by 2030.

“The pandemic has made SDG3 very challenging for a number of reasons,” says John Boyd of New Jersey-based location consultancy Boyd Company. “These challenges include overburdened healthcare services systems and the wide-ranging damage associated with lockdowns, such as business shutdowns, spiking unemployment, children being out of school, and important corporate expansions and foreign direct investments [FDI] being put on hold. As in most

pandemics and disasters – whether man-made or natural – poorer developing nations have withstood the hardest hits and have suffered the most.”

Health risk index 2020

Scores based on life expectancy, infant mortality rates, out-of-pocket expenditure, GDP and number of physicians per capita



Source: Investment Monitor based on UNStats and World Bank

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Indeed, an analysis by *Investment Monitor* shows that poorer developing countries face a much higher health risk amid the pandemic, based on indicators such as life expectancy, infant mortality rates, GDP growth and the number of doctors per capita. The analysis shows that Africa faces the most challenges, as it hosts most of the countries with the highest health risks, followed by South Asia.

What is more, the widespread focus on the Covid-19 outbreak has been hugely disruptive for other areas of the healthcare sector, resulting in the cancellation of medical services, which has meant that other communicable diseases have had the potential to cause more illness and deaths. Indeed, more than 28 million elective surgeries were cancelled or postponed during the peak of the Covid-19 outbreak, according to a recent multi-body study.

On top of that, the World Health Organisation (WHO) warns that “severe disruptions to insecticide-treated net campaigns and access to antimalarial medicines could lead to a doubling in the number of malaria deaths in Sub-Saharan Africa this year compared with 2018”, according to a recent modelling analysis. Moreover, the WHO and Unicef also warn of a significant drop in the number of children receiving immunisation vaccines in several countries across the world.

“Covid-19 has dramatically unveiled the fragile state of the world’s health, health workforce, political and social systems – the lack of emergency health crisis preparedness, siloed policy frameworks (i.e. the focus on individual diseases and the lack of integration of health into the whole of societal activity and its impact on individual as well as community well-being and prosperity), and unclear communication (misguided rationale of policies, inconsistent interpretation of data),” says World Health Innovation Summit founder and CEO Gareth Presch. “The net result has been fear and panic – about the disease, about risks and survival, about which rules to follow, and about economic security.”

Can FDI be used as a tool to improve health and well-being?

Given the shortfalls exposed and the strains that healthcare services have come under due to the pandemic, some are looking to FDI to emerge as a key tool to expand health coverage across the globe, improve services, and also contribute to bringing down the number of cancellations of medical services. Organisations have also recognised the importance of investing more in these areas to minimise the risk of other epidemics or pandemics in the future.

“One silver lining associated with Covid-19 and the SDG3 is the wake-up call that it has brought with regards to the importance of global health initiatives and the realisation how interconnected the world is today,” says Boyd. “Indeed, we are all stakeholders in preventing another global shutdown related to a health pandemic.”

He expects corporate budgets to prioritise the aims of SDG3 as part of their overall social impact agendas in the months and years ahead. He cites that Pfizer’s announcement of a 90%-plus effective vaccine for Covid-19 in early November followed by a similar announcement by Moderna a week later, along with new therapeutics and record-speed distribution systems, are all helping to streamline life sciences and other healthcare products and services in developing countries as well as in poorer regions throughout the US.

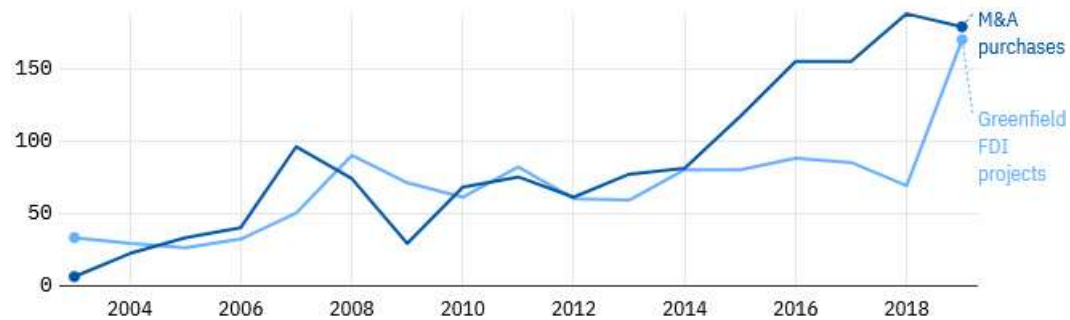
On top of that, the pandemic has accelerated the issuance of bonds focused on relief issues and SDG3, according to a recent report by the UN Conference on Trade and Development (UNCTAD). Examples of such issuances include the \$3bn social bond by the African Development Bank and an \$8bn sustainable development bond by the World Bank.

UNCTAD’s 2020 World Investment Report states that “Covid-19 response bonds fund a range of activities, from supporting the transition of production lines to healthcare materials, to providing bridging finance for SMEs struggling with the effects of national lockdowns, to raising money for the development and distribution of a Covid-19 vaccine.”

Even before the Covid-19 outbreak, health and social work activities had been attracting an increasing number of greenfield FDI projects since 2003, with cross-border merger and acquisition (M&A) activity also showing a rise, according to data from UNCTAD.

M&A deals outstrip greenfield FDI in healthcare, both increasing

Number of M&A purchases and greenfield FDI projects in human health and social activities globally, 2003-2019



Source: UNCTAD/FT

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The data reveals that there were 170 new greenfield projects in this sector in 2019, up from 69 the year before. As for M&A activity, there was 179 cross border purchases in human health and social work activities in 2019, down from 188 in 2018 and up from 155 in 2017.

Health, SDG3 and the cost factor

Two factors that prevent many healthcare solutions from reaching developing countries and poorer areas are cost and accessibility. On this, Boyd believes that the Covid-19 pandemic has brought about rapid improvement.

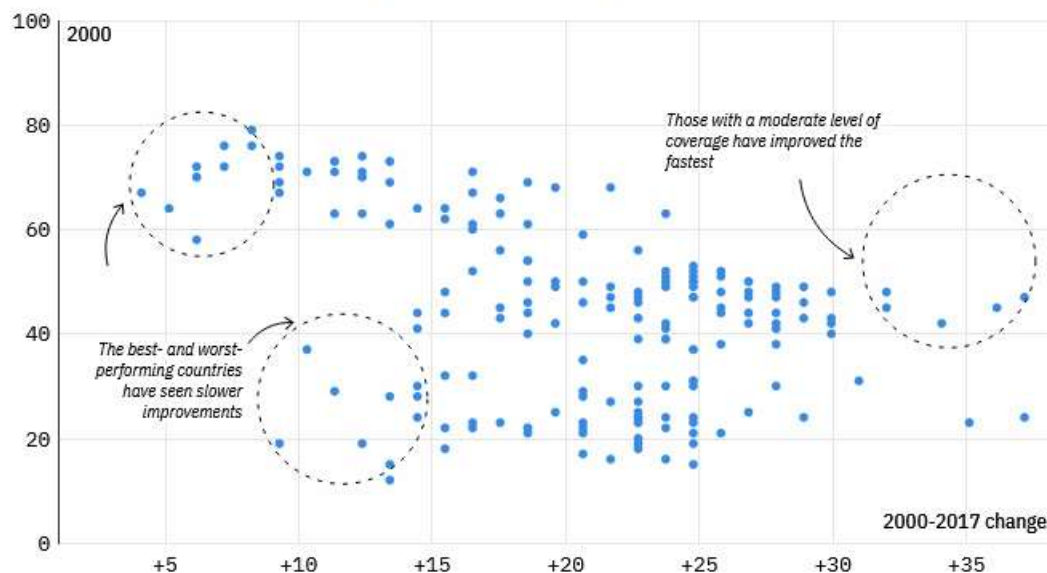
“How Covid-19 has catapulted the telehealth and virtual healthcare industry light years into the future is another silver lining,” he says. “The reach and cost efficiencies associated with these technologies are enormous and will help the disadvantaged with their healthcare needs in ways that were inconceivable a decade or so ago. The answer to most questions is always money, and Covid-19-related FDI in developing countries will no doubt create new economic opportunities.”

However, there is a large gap to make up when it comes to these potential new economic opportunities reaching developing countries, as there is still a sizeable part of the population of those countries that faces considerable challenges in gaining access to such health coverage.

Indeed, an *Investment Monitor* analysis shows that countries with low health coverage have also seen slower improvements during the period 2000– 2017.

Countries with very high or low health coverage have seen slower improvements

Universal health coverage index (0-100), 2000-2017



Source: UN

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The challenges in reaching a status of universal health coverage, along with “rising out-of-pocket health expenses reaching unsustainable levels, are pushing millions into extreme poverty”, says the UN’s website.

“The current healthcare system is based predominantly on a sick-care model; the system is essentially one that waits until we have fallen ill,” says Presch. “We face unprecedented challenges with staff shortages predicted to be 18 million by 2030. Healthcare costs have been rapidly rising over the past few decades.”

Higher costs, medical staff shortages and barriers to accessing universal health coverage are only some of the challenges that the world had to face in the pre-Covid-19 era. The outbreak of the pandemic then highlighted the weaknesses of health systems in coping with disruptive events, and appeared to reverse years of progress made in improving health and well-being globally in the process.

This raises concerns that the world will not achieve the third SDG by the 2030 deadline. However, given the size of investments coming into the health sector over the past year, and the advancements in telehealth and virtual healthcare, it is to be hoped that FDI can assist several countries in getting back on track in order to achieve their health and well-being goals, while also working to alleviate poverty and hunger.