

## POLICY BRIEF

### Pandemic and the Economy – Investment for the Future

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#### Executive statement

With a pandemic, one of the health sector's mission is to communicate well with other sectors leading to mutual understanding for the best possible public health intervention in a timely manner, including advice to address their concern. There is no "one size fits all" solution, yet there must be something we can share, from good practices, policy frameworks, and lessons learnt, so that each country can modify to apply to their countries' context. This paper aims to provide a set of recommendations to ASEM Partners to combat the ongoing COVID-19 pandemic and prepare for a future pandemic.

#### Key messages and recommendations

- **Control infectious disease outbreak first:** Controlling the epidemic at the early stage is not only an effective public health intervention but also the best economic strategy. Even though it takes an initial financial loss, it will significantly contribute to future economic gain and social stability. It is not a balancing act – it is rather a "win-win" situation in the pandemic and the economy.
- **Intersectoral Collaboration:** An inter-sectoral approach is a "must" to combat the COVID-19 pandemic. A fight against COVID-19 is not "one ministry's job". A constant dialogue with diverse stakeholders will help obtain mutual understanding, refining public health measures to be effective yet economically sustainable.
- **Risk Communication:** Accurate, timely and comprehensive information should be an integral part of pandemic response.
- **Financial preparedness:** Avoid the "panic-then-neglect" cycle. It is important to have continued, sustainable financing regardless of public health emergencies. Prepare financial mechanisms to support pandemic preparedness investment. The costs of not preparing are far higher than the required investments.

#### Introduction

The COVID-19 pandemic emerged as one of the largest public health and economic crises in recent human history. Public health measures to contain the spread of the virus include policies/strategies that tend to limit economic activities, such as lockdown and border closure. Many countries were reluctant to take actions for the rapid containment due to the immediate negative impact on their economy. Trying to protect the economy, promoting economic activities without sufficiently addressing public health concern resulted in worsening the pandemic worldwide. We have witnessed the prolonged pandemic causing further social and economic disruption with the re-introduction of the restrictive measures, which were often "too late" or "not sufficient enough" from the public health point of view.

In the field of public health, the importance of early intervention to contain disease outbreaks is widely acknowledged. The larger the outbreak becomes, the more difficult to control – this, in turn, means more social and economic damage. However, this may not be a "common understanding" for other sectors. At the same time, strategies without addressing economic concerns are likely to affect vulnerable segment of the society, increase poverty and economic

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gaps, and harm overall economic productivity<sup>1</sup>. Different ministries or sectors possess diverse expertise and priorities as they represent perspectives from their disciplines. Therefore, an intersectoral approach for a sustainable way to address both public health and the economy is essential in times of pandemic. Without mutual understanding and cooperation from the whole of society, we cannot overcome the COVID-19 pandemic. In other words, finding a common language across different sectors is crucial to combat a pandemic.

“There was so much debate around the supposed balance between public health and the economy. I believed then, as I still do now, that it’s not a balancing act. Rather, we need to lift both. In responding to COVID-19, we need to minimise death as well as economic disruption. ”

**Dr Takeshi KASAI,**

Regional Director, World Health Organization Western Pacific Regional Office

**21 April 2021**

## Online Roundtable “Pandemic and the Economy – Investment for the Future” organised by ASEF PHN

ASEF PHN hosted a webinar to facilitate a much-needed dialogue between the public health sector and non-health sector when deciding on COVID-19 related policies and strategies in different countries’ settings. How an agreement was made between governments, public health authorities and non-health sectors on practical ways to overcome the COVID-19 pandemic, including economic difficulties, was shared by the speakers from Singapore, Finland, Bulgaria and the European Bank for Reconstruction and Development (EBRD).

A graphic for the roundtable titled 'PANDEMIC AND THE ECONOMY: "Investment for the Future"'. It features a scale of justice icon and a hand holding a scale. The graphic lists the following participants:

- OPENING REMARKS:** Amb MORIKAWA Toru, Asia-Europe Foundation (ASEF)
- SPEAKERS:** Prof Vernon LEE, MoH, Singapore; Mr SOH Leng Wan, MTI, Singapore; Mr Jouni VARANKA, Prime Minister's Office, Finland; Dr Takeshi KASAI, World Health Organisation; Dr Angel KUNCHEV, MoH, Bulgaria; Mr Nobuko ICHIKAWA, EBRD; Ms Riko KIMOTO, ASEF (Moderator)

The ASEF logo is also present in the bottom right corner of the graphic.

The video featuring the highlight of the roundtable is available [here](#).

More information on the roundtable can be found [here](#).

<sup>1</sup> It is estimated that approximately 88 to 115 million people will be pushed into extreme poverty in 2020 due to the COVID-19 pandemic (<https://www.weforum.org/agenda/2020/11/covid-19-global-poverty-inequality-un-economics-coronavirus-pandemic/>)

## Recommendations from the roundtable

The roundtable discussion has highlighted the key areas essential to consider when implementing policy/strategies to fight against the ongoing COVID-19 pandemic and other pandemics in the future.

### Recommendation 1:

#### **Don't focus on the containment measures and the cost only – timely and effective public health intervention is a key to overcome a pandemic, and it is the best economic strategy**

Controlling the epidemic at the early stage is an effective economic strategy. Even though social and economic disruption appears enormous at the point of intervention, the cost related to restrictive measures, such as lockdown and border control, is far less than the cost of an ongoing pandemic. Remember that it is a pandemic; the economic loss caused by containment measures compared to the normal time – as if we do not have a pandemic – does not reflect the reality. [The government of Finland conducted a short-term scenario study](#) to capture a bigger picture. The study revealed that the rate of hospitalisation was the key driver for GDP development, not restrictive measures. Even though it takes an initial financial loss, controlling infectious disease outbreak will significantly contribute to future economic growth and social stability. The government of Singapore also shared that the business community had feedback that the strict control measures had helped to keep COVID-19 under control and consequently enabled businesses to resume operations.

### Recommendation 2:

#### **An inter-sectoral approach is critical to overcoming the pandemic like COVID-19**

Despite pandemic being primarily a health crisis, the health sector alone cannot solve the complex situation beyond health. Having mutual understanding will significantly help implement timely and effective public health intervention while addressing other sectors' concerns such as economy, tourism, and education. All the different ministries, agencies, community leaders and other community stakeholders need to come together. [The government of Singapore has the "Whole-of-Government" approach](#), which leads to collective decisions based on mutual understanding (see the figure 1).

The health sector needs to work with other sectors for the best possible public health intervention with minimal negative impacts on the corresponding sectors.

The Finnish government's scenario study mentioned above also facilitated a better cross-sectoral approach, making it easier to reach mutual understanding and agreement. Currently, there are not many studies available to incorporate infectious disease modelling analysis with the economic impact, so this may be an area of collaboration in academia.

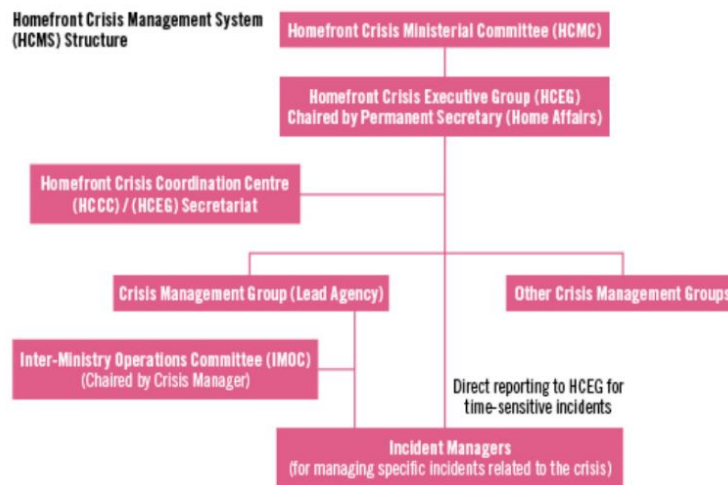


Figure 1. Structure of the Homefront Crisis Management System in Singapore

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### Recommendation 3:

#### **Get the population on our side by implementing effective Risk Communication**

Accurate, timely and comprehensive information should be an integral part of pandemic response. At the same time, share “hopes” (goals/targets) with the stakeholders, including the population – It will also help you get them on our side, working together to control the pandemic.

### Recommendation 4:

#### **A sustainable financial mechanism is required to avoid the “panic-then-neglect” cycle**

When a health crisis like COVID-19 strikes, governments spring into action; when the crisis fades, urgency turns into complacency. Investments dry up, attention shifts, and a false sense of security lasts until the next emergency. To change this, prepare financial mechanisms to support pandemic preparedness investment. Each government needs to commit to preparing financial mechanisms to support pandemic preparedness investment. Set the budget aside. Talk about it in a longer-term fashion (“investment for the future”). Invite private sectors to join (there are long term returns). The costs of not preparing are far higher than the required investments.

## Annexes

1. The COVID-19 situation in Singapore
2. Finland’s Scenario Study

## Acknowledgements

We would like to thank Dr Takeshi KASAI, Regional Director, World Health Organization Western Pacific Regional Office, for his opening speech. We also would like to thank our speakers, Assoc. Prof. Vernon LEE, Director, Communicable Disease Division, Ministry of Health, Singapore, Mr SOH Leng Wan, Senior Director (Industry Division), Ministry of Trade and Industry, Singapore, Mr Jouni VARANKA, Ministerial Adviser, Prime Minister’s Office, Finland, Assoc. Prof. Angel KUNCHEV, Chief State Health Inspector, Ministry of Health, Bulgaria and Ms Nobuko ICHIKAWA, Senior Environmental Advisor, European Bank for Reconstruction and Development (EBRD), for their valuable contribution which made the roundtable possible.



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## References/more information

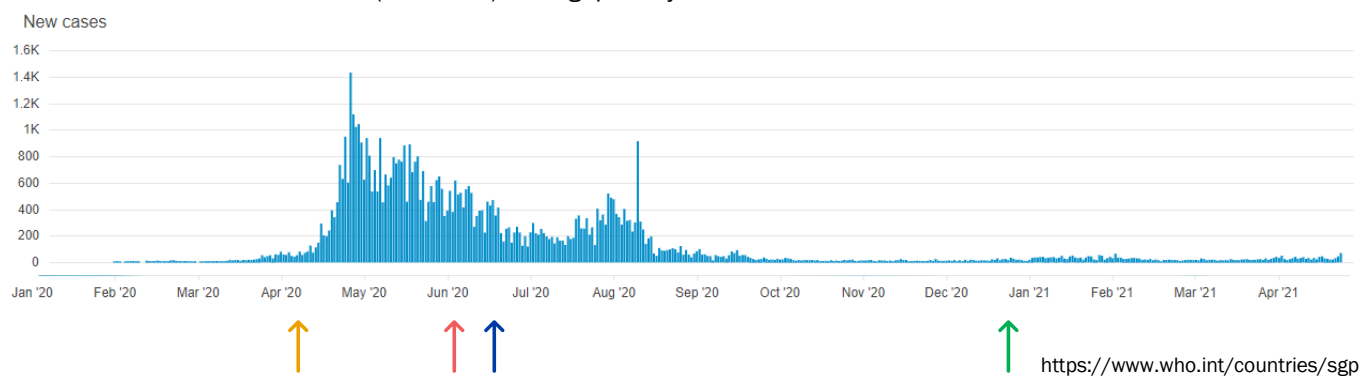
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## Annexes

### 1. The COVID-19 situation in Singapore

Overview of coronavirus disease (COVID-19) in Singapore by date



Each phase and the date

- [Circuit Breaker: CB]<sup>2</sup> "Lockdown": 7 April 2020 – 1 June 2020
- [Phase 1] "Safe Reopening": 2 June 2020 - 18 June 2020
- [Phase 2] "Safe Transition": 19 June – 27 Dec 2020
- [Phase 3] "Safe Nation": 28 Dec 2020 – current (as of April 2021)

On 3 April 2020, Singapore announced the plan to introduce CB when the numbers of daily cases were 55/day as 7 days average. After finishing CB, it gradually opened by phase, and since then, the community cases have been under control. Consequently, MTI predicts 4,0 – 6,0 % positive economic growth in 2021 (as of 15 Feb 2021).<sup>3</sup>

Some public health intervention applied in Singapore

- Stay-Home Notice (SHN): Mandatory quarantine upon entry to Singapore<sup>4</sup>
- Use of masks made compulsory outside home as of 14 April 2020<sup>5</sup>
- Use of "tracetgether"<sup>6</sup> via app or token to make contact tracing easier

<sup>2</sup> <https://www.moh.gov.sg/news-highlights/details/circuit-breaker-to-minimise-further-spread-of-covid-19>

<sup>3</sup> [https://www.mti.gov.sg/-/media/MTI/Resources/Economic-Survey-of-Singapore/2020/Economic-Survey-of-Singapore-2020/PR\\_AES2020.pdf](https://www.mti.gov.sg/-/media/MTI/Resources/Economic-Survey-of-Singapore/2020/Economic-Survey-of-Singapore-2020/PR_AES2020.pdf)

<sup>4</sup> <https://safetravel.ica.gov.sg/health/shn>

<sup>5</sup> <https://www.moh.gov.sg/news-highlights/details/continued-stringent-implementation-enforcement-of-circuit-breaker-measures>

<sup>6</sup> <https://www.tracetgether.gov.sg/>

## 2. Finland's scenario study

With the Covid-19's devastating economic impact being evident, many governments from ASEM Partners faced difficulties deciding on policies and strategies to contain the spread of virus. The government of Finland was not an exception – and they come up with a unique scenario study to examine possible paths of development of the epidemic and their economic and social impacts. It was intersectoral work led by the Prime Minister's Office, with the Ministry of Social Affairs and Health, the Ministry of Finance and the Finnish Institute for Health and Welfare.<sup>7</sup>

Snapshot of some economic indicators from the Scenario Study (short term: 12/2020–6/2021)

Year	[Scenario 1] Strong enough restrictions reintroduced as needed	[Scenario 2] Restrictions slow down but do not stop the spread of the epidemic	[Scenario 3] Limited impact of restrictions means more stringent measures needed later
<b>Change in GDP %</b>			
2020	-4.5	-4.5	-4.5
2021	2.6	1.8	0.8
<b>Unemployment rate, %</b>			
2020	8.0	8.0	8.0
2021	8.2	8.4	8.7

(development according to the Ministry of Finance projection)

**[Scenario 1]** sufficiently strong restrictive measure brings the incidence of COVID-19 cases down to such a low level that they do not place a significant burden on the healthcare system. The restrictions need to be in place for an estimated 3–4 weeks. The Government is prepared to tighten the restrictions again as needed.

**[Scenario 2]** the restrictive measures in force are able to slow down the course of the epidemic. However, the epidemic continues to accelerate gradually, and more extensive and stringent restrictions than the original measures are needed to keep it under control.

**[Scenario 3]** the impact of the restrictive measures is initially limited, and the epidemic continues to accelerate rapidly and vigorously. As a result, the Government is forced to implement extensive and significant restrictive measures at a later stage.

The outcome of the scenario study suggested the rate of hospitalization seems to explain economic effects (i.e. restrictions' benefits outweigh their costs).

- Controlling the epidemic decisively is a sound economic strategy.
- It is also beneficial regarding social and health services and stress of population.

The approach using simple scenarios was useful. The Finnish government also developed the middle term scenario (7/2021-12/2023 & glimpse to 2026) to assess the long-term effects of the COVID-19 epidemic on society. The outcome of the second scenario suggested that the easing out of the control measures need to be done carefully and not rushed. More information is available [here](#).

<sup>7</sup> <https://valtioneuvosto.fi/en/-/10616/government-discusses-scenarios-examining-the-social-and-economic-impacts-of-the-covid-19-epidemic>