T7 Task Force Global health

POLICY BRIEF

A PACKAGE OF REFORMS FOR FINANCING PANDEMIC PREPAREDNESS AND RESPONSE

14.04.2022

Amanda Glassman, Center for Global Development, US/Europe
Eleni Smitham, Center for Global Development
Abstract

COVID-19 has demonstrated how woefully unprepared the global health architecture is to manage a pandemic and shown the detrimental consequences of insufficient and fragmented financing for outbreak preparedness, prevention, and response (PPR). Swift action must be taken to accelerate global efforts to ensure adequate funding and governance for global health security, which has been under-resourced and under-prioritized. Building on the recommendations of the G20 High Level Independent Panel, we outline three policy recommendations for the G7 to act upon: (1) Reform and adequately finance WHO; (2) reform and replenish existing global health entities, including for the ongoing COVID-19 response; and (3) establish a pandemic preparedness financial intermediary fund (FIF). Above all, future financing for preparedness must have the mandate and flexibility to allocate across the system and a range of organizations to drive progress.
Challenge

COVID-19 has shown the detrimental consequences of insufficient and fragmented financing for outbreak preparedness, prevention, and response (PPR). As the world seeks to recover from the current COVID-19 pandemic, and to mitigate recovery needs for future health crises, more must be done to accelerate global efforts to ensure rapid, adequate funding and governance for global health security, which has been under-resourced and under-prioritized.

The rationale for investing in pandemic preparedness and response is clear: to protect health, human lives, and economic well-being. Without dedicated and accelerated investment – in scaled up surveillance, strengthened national health systems, enhanced research and development of medical countermeasures, and more – we will continue to face more frequent and more complex epidemics and pandemics in the years ahead.

Last July, the High-Level Independent Panel (HLIP) on Financing the Global Commons for Pandemic Preparedness and Response, mandated by the Italian Presidency of the G20, released the report A Global Deal for Our Pandemic Age, laying out policies and investments needed to reduce vulnerabilities to future pandemics. Likewise, in 2021, the Independent Panel for Pandemic Preparedness and Response described the shortcomings of the existing architecture and suggested similar policies for the future, including greater assessed contributions for the WHO and the need for dedicated financing to prevent and prepare for the next COVID-19 variant and pandemic risk. The Global Preparedness and Monitoring Board’s periodic reports went in this same direction, as did earlier assessments following Ebola, SARS and MERS outbreaks though recommendations often went without implementation.

These reports and the experience of the COVID-19 pandemic itself have again made clear that existing mechanisms for financing pandemic preparedness and response are not fit-for-purpose, nor at the sufficient speed and scale needed to ensure global health security. Current financing for pandemic preparedness is small, fragmented, and concentrated in the health sector. Different organizations across the global health and international financial institution architecture hold different comparative advantages in mobilizing and deploying monies and need to be fully financed to do what they are best suited to do. However, no institution (that is adequately funded, credible, and capable) is currently mandated to or accountable for ensuring pandemic preparedness, resulting in financing and accountability gaps, particularly in low- and middle-income countries where Global Health Security Action Plans too often go un-costed and unfunded. Further, new regional organizations and groupings are leaders in their own development, and must be a central part of a new global health security architecture—the Africa Centres for Disease Control and Prevention (Africa CDC), Partnerships for African Vaccine Manufacturing (PAVM), Association of Southeast Asian Nations (ASEAN), Forum for the Progress and Development of South America (PROSUR), among others, are examples.

There are reasons for optimism. Unlike the experience during previous pandemic threats, COVID-19 has finally seen the International Monetary Fund become more aware and vocal on the need to address both COVID-19 and future pandemic risks as “systemic risk(s) to the global economy, not just the development...of a particular country.” Further, finance, health and development policymakers are increasingly coming...
Proposals

The German presidency of the G7 should push forward a new architecture of global health security and global health itself, making good on the rhetorical promise to never allow a repeat of the death, disruption, and inequity of COVID-19. A concrete response is urgently needed; past G7 meetings have launched initiatives but have not put needed implementation actions and—most importantly—sufficient financing behind the words.

We envision a G7 package of reforms and financing for global health security with three actions: (1) reform and adequately finance WHO; (2) replenish and re-envision existing global health entities, including for the ongoing COVID-19 response; and (3) establish a pandemic preparedness financial intermediary fund (FIF) connected to the multilateral development banks and their lending and grant-making to enable cross-sectoral, country-led health security, as well as key investments to rapidly develop and deploy medical countermeasures and to conduct surveillance. In each area, there are multiple technical reports and policy recommendations in circulation including the panel reports referenced earlier. In this short brief, our aim is to lay out the broad strokes of an overall plan, a package of near-term actions, that enable a decisive move from multiple, small-scale initiatives to a more comprehensive plan that can move the architecture and the field forward.

1. Reform and adequately finance WHO

The World Health Organization (WHO) plays a key role in standard-setting, coordination, technical assistance, emergency response, and global health leadership, and must be empowered to carry out its mission, now and beyond the current pandemic. To do so, WHO requires two reforms that should be supported by a modest and gradual increase in assessed contributions, accompanied by more transparency and accountability in its spending and operations.

First, WHO should reconcentrate its efforts on providing strategic direction and analysis, setting norms, providing technical advice, and coordinating inter-governmental processes. New or strengthened “rules of the game” when outbreaks emerge are urgently needed, and minimum standards for preparedness further developed building from the International Health Regulations.

Second, WHO should demonstrate greater leadership in surveillance and amalgamating all available sources of data for risk assessment and other surveillance activities, acknowledging that data sharing and accuracy incentives can be weak for many reasons. Countries often disagree with data and evidence given the high stakes of results for politicians during outbreaks and pandemics, and this is precisely why greater financial flexibility, and all available and indeed new sources of data must be developed and used. This should be accompanied by the development of early warning criteria for risks, and clear triggers and timelines for both WHO and country notification of such risks.
To enable these vital reforms, all G7 leaders must support the WHO’s Sustainable Financing Working Group’s\textsuperscript{13} recommendations, including incremental increases in assessed contributions and more flexible voluntary financing, accompanied by more fiscal transparency and accountability in spending and operations. Such resourcing should go hand-in-hand with strengthening the WHO’s normative and technical capacities, enhancing effective governance in the context of emergencies, and fully supporting the development of a new pandemic accord to govern future pandemics.

2. Replenish and re-envision existing global health entities including for the ongoing COVID-19 response

Existing global health entities are essential in the fight against the infectious diseases that remain a heavy burden in lower-income countries, and their efforts remain underfinanced relative to needs.\textsuperscript{14} Growth in global food and fuel prices as well as the pandemic shock and increasing debt distress have reduced fiscal space.\textsuperscript{15} The conflict in Ukraine also has global repercussions on lower-income country economies. Yet leaving these mandates inadequately funded can also stymie the credibility of all international action in global health.\textsuperscript{16} Organizations like Gavi, the Global Polio Eradication Initiative, the Global Fund to Fight AIDS, Tuberculosis, and Malaria, and the Global Financing Facility also play key roles in specific areas of pandemic preparedness and should be adequately financed to deliver on these comparative advantages.

For example, the Global Fund can provide grants to non-governmental entities and off-budget support to governments which may be vital in the scale-up of test-and-treat programs for both HIV/AIDS and COVID-19. CEPI excels in research and development of pandemic-ready vaccines and can play a greater role in facilitating technology transfer to develop early manufacturing capacity for future pandemic vaccines. The 2022 CEPI and Global Fund replenishments represent opportunities to reinforce the existing global health architecture, reforming and delineating clearer roles and responsibilities. As part of these efforts, each entity’s Access to COVID-19 Tools Accelerator (ACT-A) financing requests should be met to make tests and treatment available to those in need and to sustain progress on vaccination.\textsuperscript{17}

There is however a need to re-envision the roles of global health organizations—the case for continuing to directly procure inexpensive commodities like antimalarials, bed nets, and antiretrovirals is no longer obvious as recipient countries become wealthier\textsuperscript{18}, and the maintenance of these basic public health expenditures off-budget is likely inefficient and limits government oversight of spend. Further, the rise of regional bodies and domestic manufacturing with close operational relationships with governments may change the preferences of countries themselves for their future procurement and spending. The COVID-19 response itself needs to be continually adjusted to respond to endemicity scenarios as well as less benign future variants.\textsuperscript{19} These realities mean that global health organizations must re-envision their roles—perhaps working more closely with multilateral development banks, blending their grant financing with lending operations for health systems, for example, or shifting Geneva-based procurement to other levels of aggregation or directly to domestic bodies, among other possibilities.

But difficult reforms to business-as-usual require more money—to assure that the mission is sustained and achieved—and a clear plan. The G7 can call for this plan alongside a timetable for key reforms and results.

3. Establish a pandemic preparedness financial intermediary fund (FIF) housed at the World Bank
As we saw during the COVID-19 pandemic, the existing global health architecture is not equipped to adequately finance pandemic preparedness and response given its intended objectives—to assure that the next variant and pandemic risk are detected early, that medical countermeasures can be developed and deployed quickly to control outbreaks, and that every country, regardless of income status, meets minimum shared standards in preparedness. A dedicated financing mechanism is necessary to help achieve these objectives, but only if the investments made are additional to existing flows and are large-scale and long-term.

A financial intermediary fund (FIF), as proposed by the G20 HLIP\textsuperscript{20}—and others before\textsuperscript{21}—can help:

A. **Drive progress towards preparedness standards** (International Health Regulations or successor) set by WHO and other legal instruments. Money must be put behind achieving standards, or these standards will continue to go unmet. It is possible to build on the results-based funding mechanisms at the World Bank, such as the Pay-for-Results lending instrument.

B. **Create incentives for greater domestic investments.** In most countries, much of what needs to be financed—health workforce, public health institutes and labs, animal health programs—will generate benefits for people and health systems today and should be part of everyday budgets. A FIF should help get this part of the expenditure right-sized and on-budget according to country priorities, working in concert with the international financial institutions and multilateral development banks.

C. **Provide subsidy for high-externality investments.** Some pandemic prevention and preparedness actions taken in one country can generate high positive externalities for neighboring countries and the rest of the world. Data and sample gathering and sharing, or expanding genomic sequencing, or developing ever-warm capacity to manufacture medical countermeasures are all potentially high-externality investments that merit international subsidy in recognition of the benefits that accrue for the rest of the world and the likelihood that they would be underinvested by any individual government. The FIF can meet some of these needs in coordination and conjunction with existing national and regional (such as EU, ASEAN, PAHO) efforts.

D. **Allocate monies across the system and types of recipients.** To drive results, financing must be directed to the country governments, private sector developers and manufacturers of medical countermeasures, global and regional multilateral entities, and non-governmental organizations and networks that can deliver results in each domain.

According to a press release from the Indonesian Central Bank and with support of a G20 Health and Finance Task Force and a joint WHO-World Bank secretariat, the G20 finance ministers and central bank group has reached consensus on the need to establish “a new financial mechanism... for pandemic preparedness, prevention, and action” via a FIF housed at the World Bank.\textsuperscript{22} There are ongoing discussions on the technicalities of governance as well as how contributions will be sourced and managed. Above all, future financing for preparedness must have the mandate and flexibility to provide support to governments, ideally on-budget, and to allocate across the system and range of organizations, particularly at the regional level, to drive progress.
Putting it all together

Together, we estimate that the proposed G7 global health security package roughly represents a modest annual increase of about 48% above what the world normally spent in a pre-COVID-19 fiscal year on global health. In pre-pandemic years, high-income countries financed about $32 billion in global health aid per year, and this spend covers the baseline expenses of the existing global health organizations. To this we add: (i) the requested annual increases to meet ACT-A plans and the pandemic backlog at Global Fund, Gavi and GFF; (ii) the annualized estimate of the requested replenishment of CEPI above its pre-pandemic size to meet its 100 day vaccine development target; (iii) the requested annual average increase in assessed contributions to WHO above and beyond its current level of funding; and (iv) the proposed financing of the new pandemic prevention and preparedness FIF which implies actions beyond “global health” and indeed aid as a category.

Table 1. Proposed Global Health Security Package Estimated Additional Funding Per Year

<table>
<thead>
<tr>
<th>Element of Global Health Security Package</th>
<th>Organization</th>
<th>Annual Pre-COVID-19 Funding (2019)</th>
<th>Annual Funding Requested</th>
<th>Additional Funding Per Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>(i) ACT-A Immediate Grant Financing Ask 24 Oct 2021-Sept 2022</td>
<td>CEPI</td>
<td>$127 million</td>
<td>$350 million</td>
<td>$222 million</td>
</tr>
<tr>
<td></td>
<td>Gavi</td>
<td>$2.20 billion</td>
<td>$4.40 billion</td>
<td>$2.19 billion</td>
</tr>
<tr>
<td></td>
<td>GFATM</td>
<td>$3.92 billion</td>
<td>$6.49 billion</td>
<td>$2.57 billion</td>
</tr>
<tr>
<td></td>
<td>GFF</td>
<td>$248 million</td>
<td>$401 million</td>
<td>$152 million</td>
</tr>
<tr>
<td>(ii) CEPI Replenishment Target25 Over 5 years, annualized</td>
<td></td>
<td>$700 million</td>
<td>$700 million</td>
<td></td>
</tr>
<tr>
<td>(iii) Gradual increase in WHO Assessed Contributions26 2024-2029, annualized</td>
<td></td>
<td>$363 million</td>
<td>$363 million</td>
<td></td>
</tr>
<tr>
<td>(iv) Proposed Financial Intermediary Fund27 Annual</td>
<td></td>
<td>$10 billion</td>
<td>$10 billion</td>
<td>$15.5 billion</td>
</tr>
</tbody>
</table>

This is a modest, likely insufficient, proposal, but one that brings together multiple threads of requests and organizations in a way that may trigger the needed reforms and financing to meet the moment of pandemic and crisis with a more fit-for-purpose architecture. In fulfilment of goal three of the G7 presidency, “healthy lives,” Germany plans to expand the G7’s pioneering role in the commitment to pandemic prevention and control as well as improving the international health architecture28—this proposal aims to offer a way forward to meet these goals.
Disclaimer:

All authors are responsible for the content and recommendations contained within this policy brief. The policy brief has been written as part of a consultation process for the T7 Taskforce for Global Health, led by Taskforce’s Co-Chairs Ilona Kickbusch, Anna-Katharina Hornidge and Githinji Gitahi, but it does not represent the official position of the Taskforce or the authors’ employers.
Endnotes

1 What is the return on investment of pandemic preparedness?, Center for Global Development https://www.cgdev.org/event/what-return-investment-pandemic-preparedness

2 The next pandemic could come soon and be deadlier, Center for Global Development https://www.cgdev.org/blog/the-next-pandemic-could-come-soon-and-be-deadlier

3 G20 High Level Independent Panel on Financing the Global Commons for Pandemic Preparedness and Response https://pandemic-financing.org/

4 COVID-19: Make it the Last Pandemic (theindependentpanel.org)

5 Global Preparedness Monitoring Board https://www.gpmb.org/#tab=tab_1

6 Ibid.


11 Analysts like Lawrence Gostin and Alexandra Phelan, among others, have laid out priorities in this area: Solidarity in the wake of COVID-19: reimagining the International Health Regulations https://pubmed.ncbi.nlm.nih.gov/32569580/

12 One recent example Exclusive: The pushback against WHO's imminent COVID-19 excess deaths estimate | Devex; In Setback for India, WHO Disagrees With Govt Data on COVID Deaths – The Wire Science

13 WHO Working Group on Sustainable Financing https://apps.who.int/gb/wgsf/


CEPI's $3.5 billion plan to turn the tide against epidemic and pandemic infectious diseases https://endpandemics.cepi.net/

HIV, tuberculosis, and malaria: how can the impact of COVID-19 be minimised?  
https://www.thelancet.com/journals/langlo/article/PIIS2214-109X(20)30317-X/fulltext

Consolidated Financing Framework for ACT-A Agency & In-Country Needs  
https://www.who.int/publications/m/item/consolidated-financing-framework-for-act-a-agency-in-country-needs

Which will likely continue post pandemic shock

A Global Strategy to Manage the Long-Term Risks of COVID-19  

A Global Deal for Our Pandemic Age, G20 High Level Independent Panel on Financing the Global Commons for Pandemic Preparedness and Response  

Concept Note: Global Health Security Challenge Fund, CGD, NTI, CSIS, Georgetown  


Gavi Annual Contributions and Proceeds (annualized, based on pledges made through 2019):  
https://www.gavi.org/news-resources/document-library/annual-contributions-and-proceeds

CEPI Total Revenue (2019):  

Global Fund Total Donor Contributions (2019):  

WHO Funding, 2019 (annualized, based on funding by all contributors, 2018-2019):  
https://open.who.int/2018-19/budget-and-financing/gpw-overview

GFF Total Contributions, 2019 (annualized):  

ACT-A Grant Financing Asks:  
https://www.who.int/publications/m/item/consolidated-financing-framework-for-act-a-agency-in-country-needs

CEPI Replenishment Target, annualized:  

WHO Phased Assessed Contributions Increase:  

G20 High-Level Independent Panel on Financing the Global Commons for Pandemic Preparedness and Response  

German Presidency of the G7  
https://www.g7-germany.de/g7-en/g7-presidency-programme
References


G7 Germany. (2022, January 1). G7 Progress Towards an Equitable World: G7 Germany 2022. G7 Germany 2022. Retrieved March 31, 2022, from https://www.g7germany.de/g7-en/g7-presidency-programme


About the Authors

**Amanda Glassman** – Center for Global Development

Amanda Glassman is executive vice president and senior fellow at the Center for Global Development and also serves as chief executive officer of CGD Europe. Her research focuses on priority-setting, resource allocation and value for money in global health, as well as data for development. Prior to her current position, she served as director for global health policy at the Center from 2010 to 2016, and has more than 25 years of experience working on health and social protection policy and programs in Latin America and elsewhere in the developing world.

Prior to joining CGD, Glassman was principal technical lead for health at the Inter-American Development Bank, where she led policy dialogue with member countries, designed the results-based grant program *Salud Mesoamerica 2015* and served as team leader for conditional cash transfer programs such as Mexico’s *Oportunidades* and Colombia’s *Familias en Accion*. From 2005-2007, Glassman was deputy director of the Global Health Financing Initiative at Brookings and carried out policy research on aid effectiveness and domestic financing issues in the health sector in low-income countries. Before joining the Brookings Institution, Glassman designed, supervised and evaluated health and social protection loans at the Inter-American Development Bank and worked as a Population Reference Bureau Fellow at the US Agency for International Development. Glassman holds a MSc from the Harvard School of Public Health and a BA from Brown University.

**Eleni Smitham** – Center for Global Development

Eleni Smitham is a research assistant with CGD’s Global Health Policy team, supporting Amanda Glassman’s work on global health security and financing for pandemic preparedness and response. Smitham holds a BA in International Studies and Spanish, with a minor in Health Studies, from Haverford College.
The Think7 engagement group under the German G7 presidency 2022 is jointly chaired by the Global Solutions Initiative and the German Development Institute / Deutsches Institut für Entwicklungspolitik (DIE) as mandated by the German Federal Chancellery.

This publication has been published under the Creative Commons License CC BY-ND 4.0. You are free to copy and redistribute the material in any medium or format for any purpose, even commercially. The licensor cannot revoke these freedoms as long as you follow the license terms:

Attribution — You must give appropriate credit, provide a link to the license, and indicate if changes were made. You may do so in any reasonable manner, but not in any way that suggests the licensor endorses you or your use.

NoDerivatives — If you remix, transform, or build upon the material, you may not distribute the modified material.

No additional restrictions — You may not apply legal terms or technological measures that legally restrict others from doing anything the license permits.

Publisher:

Deutsches Institut für Entwicklungspolitik gGmbH
Tulpenfeld 6
D-53113 Bonn
www.die-gdi.de