

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

1. This Note provides an update on the work of the High-Level Independent Panel (HLIP) on Financing the Global Commons for Pandemic Preparedness and Response.¹

I. HLIP's Approach

2. The G20 established the HLIP on 26 Jan 2021², with the task of:

a. Identifying the gaps in the financing system for the global commons for pandemic prevention, surveillance, preparedness and response; and

b. Proposing actionable solutions to meet these gaps on a systematic and sustainable basis, and to optimally leverage resource from the public, private and philanthropic sectors and the international financial institutions (IFIs).

3. The HLIP's members, predominantly economic and finance experts, serve in their individual and independent capacities. The Panel is supported by two independent economic think tanks, Bruegel and the Center for Global Development. The Panel recognizes that the coordinated effort of the global health and financial community is necessary to achieve coherent and impactful solutions for strengthening pandemic prevention, preparedness and response (PPR). The HLIP is taking into account the work done by other key reviews, including that of the Independent Panel for Pandemic Preparedness and Response (IPPR) established by the World Health Organization. It is also consulting closely with the Global Preparedness Monitoring Board (GPMB) on the standards and performance required for effective PPR, based on expert global health opinion.

4. The Panel is also interacting with key international institutions, including the UN, WHO, the IFIs and OECD, as well as with a range of experts and other stakeholders comprising NGOs, development aid agencies, philanthropies, and key private sector actors such as pharmaceutical companies and insurers. The HLIP will also consult with government officials at a later stage of its work, before its recommendations are finalized.

II. Key Considerations

5. **The world today has the scientific, technological and financial capabilities to significantly reduce its vulnerability to future pandemics, and their human and economic costs. Our collective mission must be to mobilize and organize these resources effectively for the benefit of all nations.**

6. Current funding has been grossly inadequate, fragmented, overly reliant on ad-hoc contributions and too reactive. There is now a major opportunity to chart a course for enhanced financing, that transforms our ability to prevent, prepare for and respond to pandemics. **It will require more reliable, continuous financing during 'peacetime', as well as the capacity to mobilize funds swiftly to meet the surge in needs during a pandemic. We also need the system to be enduring, with incentives for governments to sustain these arrangements even after the current crisis has passed.**

¹ This is prepared by the HLIP Co-Chairs, drawing on the Panel's discussions and consultations to date.

² See Annex for press statement and membership of the HLIP.

7. The HLIP is in the process of estimating the range of costs required for the major components of pandemic PPR (see Appendix), taking into account the inputs of the GMPB as noted above.

8. The cost of these investments in effective PPR will be a very small fraction of the immense charge imposed by pandemics, as COVID-19 highlights – for nations large and small, advanced and developing. There are hence **large economic returns to be achieved, besides the moral imperative of doing so.**

9. **We have to take bold steps to strengthen the current system, because the time to the next pandemic may be shorter than many expect.** Scientists have established that new pathogens are emerging and spilling over into human populations with increasing frequency, accentuated by deforestation and climate change. The prospect of continuing mutations of the SARS-CoV-2 virus has also raised the risk of repeated cycles of the current pandemic, that will blur the lines between this pandemic and the next.

10. Failure to commit adequate resources, and design a global governance system to ensure their most effective deployment, risks another comparably burdensome pandemic threat within the next 10 to 15 years. It will also add substantially to the cost of the COVID-19 pandemic if it should resolve into an endemic burden.

11. A functioning system for financing pandemic PPR must recognize the following realities:

a. Pandemic PPR is quintessentially a **global public good**. Viruses respect no borders. All nations will benefit from stronger global capacity to combat viruses, as well as from other nations besides themselves engaging in effective PPR.

b. Specifically, **equitable global access** to protective gear, testing instruments and vaccines is in every nation's interests. **The longer that a part of the world remains without immunity, the greater the scope for more variants of concern to emerge, challenging even previously immunized populations.** Ensuring widespread global access is hence both a scientific and economic necessity everywhere and a commitment to leave no one behind.

c. **Investment in stronger upstream capabilities** can substantially enhance our ability to prevent and prepare for pandemics. In particular, we need enhanced and better coordinated capacities in:

- **Global viral surveillance**, comprising national and shared international capacities to identify the genetic make-up and ecology of viruses before they lead to outbreaks in human populations. This will not only help avert health crises and threats to livestock and food security, but allow for earlier development of diagnostics, vaccines and therapeutics.

- **More robust and inclusive national healthcare systems**, especially in LICs and LMICs. These provide benefits for each nation itself, first and foremost, as well as for global health:

- Strengthening national systems to prepare for future pandemics also serves ongoing public health needs, tackling chronic diseases, and the longer term development of human capital.

- However, well-functioning national healthcare systems are also needed to detect new pathogens early as part of global surveillance, as mentioned above. Further, pandemic PPR requires investments in specialist manpower and laboratories that go beyond what national policy-makers would be prepared to develop on their own, especially when faced with other pressing development needs and limited fiscal space.

Both national budgets, which have the primary responsibility, and global support for LICs and LMICs – through the MDBs, bilateral partners and philanthropies – hence have to step up resourcing of this important dimension of global preparedness. National authorities must take ownership of this goal. Development partners must also coordinate with them better, and track progress through proper reporting to ensure effectiveness of spending.

- **Ever-ready, globally-distributed manufacturing facilities** for ‘multi-sector’ diagnostics, vaccines and therapeutics, **that can be repurposed in a pandemic to target specific viruses.** These facilities, taking advantage of new modular manufacturing technologies, would be used to meet ongoing needs, nationally and globally. However, these are highly complex facilities, and the scale on which they must be installed goes beyond what is commercially justifiable ahead of a pandemic.
 - Public co-investment or risk-sharing with the private sector is hence required to invest in such facilities.
 - There must also be a coordinated effort to enable vaccine manufacturing in regions that currently have very limited such capacity, through a coordinated effort at technological transfer, manpower training, and access to global supply chains in specialized raw materials, equipment and components.

d. **Fighting a pandemic is a war against time. Speed of response is critical.** The development and licensing of a significant portfolio of vaccines for COVID-19 within 12 months was an unprecedented achievement. However, even on optimistic projections, the bulk of the world’s population will not be vaccinated by end-2021 - a situation both inequitable and putting all nations at continuing risk. **We must achieve a radically shortened timeline for vaccinating the majority of the world’s population in future. Doing so will also reduce the short-term tradeoffs that nations face between meeting immediate domestic imperatives and the global good, which all nations eventually benefit from.**

- The vaccine development and approval timeline should be brought down to 100 days, as advocated by CEPI. This requires exploiting the capabilities of rapid response platform technologies (such as the mRNA approach), and working with regulators to streamline testing and approval requirements.
- Manufacturing capacity has to be substantially expanded. This requires public-private investments before a pandemic, as mentioned above, as well as swift scale-up and scale-out of capacity during a pandemic.
- Early, enhanced commitments to global arrangements for procurement and deployment (along the lines of COVAX and other ACT-Accelerator

initiatives) are equally necessary to provide certainty of demand and equitable access.

e. **A blend of public, private and philanthropic funding and capabilities is essential for a practicable and effective system of PPR.**

- Both national and international official funding of PPR will have to be enhanced to meet the core needs described above.
- The private sector is critical in accelerating innovation, and responding quickly during a pandemic. However, a global public-private partnership is needed to derisk investments and ensure a spread of critical manufacturing facilities in every region.
- Philanthropic foundations, which often have higher risk absorption capacities, play a central role in R&D in emerging infectious diseases as well as in development of diagnostics, vaccines and drugs.
- There is also scope for better use of insurance and other solutions to pool risks, and catalyze greater investment.

f. **Strong and credible global governance of healthcare financing is key to securing enhanced and sustained funding for pandemic PPR.**

- Better global coordination is needed to avoid perceptions of a zero sum game between national and global needs, and to align incentives between public, private and philanthropic partners.
- The global healthcare landscape has evolved to become overly complex, fragmented, and with overlapping institutional responsibilities. More effective global governance is needed to enable the system to work as a system, by leveraging the comparative advantages of different stakeholders, and ensuring coherence and effectiveness in the use of funds.

III. Next Steps

12. The HLIP's recommendations, taking into account the key considerations above, will include:

- a. Proposals for a well-functioning global system for financing pandemic PPR, including the mix of funding sources that is appropriate for different PPR capacities;
- b. How the international community can mobilize substantially greater resources on an efficient and equitable basis, while maintaining additionality (without crowding out other priorities for aid) and enabling returns on such investment for all stakeholders; and
- c. How we can better govern and organize the use of financial resources, for coherence and impact.

13. The HLIP looks forward to presenting its final report at the G20 Finance Ministers and Central Bank Governors (FMCBG) meeting in July 2021.

**Capacities Required for
Pandemic Prevention, Preparedness and Response (PPR)**

The HLIP has preliminarily identified the following capacities required for pandemic PPR at the national, regional and global levels. They include both continuous requirements and surge capacities required when epidemics emerge.

The HLIP is consulting the GPMB on the standards and required performance for each of these capacities, and is seeking to establish the range of costs for these requirements, in order to guide its recommendations on the scale and design of future financing for pandemic PPR.

	CAPACITIES & FUNCTIONS	NATIONAL	REGIONAL/ GLOBAL
PREVENTION AND PREPAREDNESS	R&D on future and emerging infectious diseases		
	Surveillance of zoonotic diseases		
	Surveillance of epidemics		
	Surveillance of antimicrobial resistance		
	Risk assessment and information sharing		
	Health system capacity and access		
	Multi-sector discovery networks for medical countermeasures		
	Non-pharmacological and medical countermeasures stockpiling		
	Advance purchase agreements		
	Advance manufacturing capacity		
	Policies and supporting regulations		
	Resilience and surge plans, and minimum capacity required		
	Epidemic “war-gaming”		
	Emergency preparedness and response plans		
	Exercising response plans		
Communication and trust			
RESPONSE	Procurement, logistics, and distribution of medical products		
	Emergency development of diagnostics, vaccines, and therapeutics (in response to actual outbreaks)		
	Scale-up and scale-out of production ³		
	Spare production of medical products		
	Workforce deployment		
	Economic and social mitigation measures ⁴		

³ Scale-up refers to manufacturers ramping up their own manufacturing in parallel to clinical material development, while scale-out refers to increased production via partnerships with contract development and manufacturing organizations and other biopharmaceutical companies e.g. via licensing agreements.

⁴ While economic and social mitigation measures are essential to countries’ responses to the pandemic, and are reflected here for completeness, the cost of these measures depends on the effectiveness of PPR - especially the adequacy of prevention and preparedness. These costs are not being included in the estimated cost of PPR financing.



The G20 establishes a High Level Independent Panel on financing the Global Commons for Pandemic Preparedness and Response

Yesterday, Tuesday 26 January, G20 Members agreed to establish a **High Level Independent Panel (HLIP) on financing the global commons for pandemic preparedness and response**. The decision was taken by the membership at the first G20 Finance and Central Bank Deputies meetings.

The Panel, proposed by the Italian G20 Presidency, will assess the current financing systems and propose viable solutions for the longer term.

The G20 High Level Independent Panel is tasked with:

- Identifying the gaps in the financing system for the global commons for pandemic prevention, surveillance, preparedness and response;
- And proposing actionable solutions to meet these gaps on a systematic and sustainable basis, and to optimally leverage resources from the public, private and philanthropic sectors and the International Financial Institutions.

The Panel, co-chaired by Tharman Shanmugaratnam, Former Deputy Prime Minister and Minister for Finance, Singapore, Lawrence Summers, Former United States Treasury Secretary, and Ngozi Okonjo-Iweala, Former Finance and Foreign Minister, Nigeria, will build on WHO's assessment of gaps in pandemic preparedness and on ongoing international initiatives aimed at enhancing global preparedness and response.

In particular, the Panel will interact with main relevant Global Health actors, including the Independent Panel for Pandemic Preparedness and Response (IPPR) established by the WHO and in line with the goal of the International Health Regulations (IHR).

The Panel composition ensures broad regional and gender balance. Panel members are world experts, who collectively bring deep knowledge and experience in finance, governance and global health.

The HLIP will provide an interim report to the G20 Finance Ministers and Central Bank Governors at their meeting in April 2021, before presenting its recommendations during their July 2021 meeting.

Rome, January 27, 2021

**Members of G20 High Level Independent Panel
on Financing the Global Commons for Pandemic Preparedness and Response**

- 1 Tharman Shanmugaratnam * Former Deputy Prime Minister and Minister for Finance; Senior Minister, Singapore
Chair, G20 Eminent Persons Group on Global Financial Governance (2017/18)
- 2 Lawrence Summers * Charles W. Eliot University Professor, Harvard Kennedy School
Former United States Treasury Secretary
- 3 Ngozi Okonjo-Iweala * Former Finance and Foreign Minister, Nigeria
Director-General, World Trade Organization
Former MD, World Bank
Former Chair, GAVI The Vaccine Alliance
Special Envoy of the World Health Organization for the Access to COVID-19 Tools (ACT) Accelerator
Special Envoy of the African Union to Mobilise International Economic Support for Continental Fight Against COVID-19
- 4 Ana Botín Executive Chairman, Santander Group
- 5 Mohamed El-Erian Chief Economic Adviser, Allianz
President, Queens' College, Cambridge University
- 6 Jacob Frenkel Former Chairman, JPMorgan Chase International
Former Governor, Bank of Israel
Former Economic Counsellor, IMF
- 7 Rebeca Grynspan Secretary General, Ibero-American General Secretariat
Former UN Under-Secretary General and Associate Administrator, UNDP
Former Vice-President of Costa Rica
- 8 Naoko Ishii Professor and Director, Center for Global Commons, University of Tokyo
Former CEO and Chairperson, Global Environment Facility
Former Deputy Vice Minister of Finance, Japan
- 9 Michael Kremer University Professor and Director, Development Innovation Lab, The University of Chicago
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- 10 Kiran Mazumdar-Shaw Founder and Chairperson, Biocon
Founder and Managing Trustee, Biocon Foundation
Chairperson, Mazumdar-Shaw Medical Foundation

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| 11 | Luis Alberto Moreno | Former President, Inter-American Development Bank
Former Minister of Economic Development, Colombia |
| 12 | Lucrezia Reichlin | Professor of Economics, London Business School
Chairman & Co-Founder, Now-Casting Economics
Former Director General of Research, European Central Bank |
| 13 | John-Arne Røttingen | Ambassador for Global Health, Ministry of Foreign Affairs, Norway
Founding Chief Executive Officer, Coalition for Epidemic Preparedness Innovations (CEPI) |
| 14 | Vera Songwe | UN Under-Secretary General and Executive Secretary, UN Economic Commission for Africa |
| 15 | Mark Suzman | CEO, Bill and Melinda Gates Foundation |
| 16 | Tidjane Thiam | Special Envoy of the African Union to Mobilise International Economic Support for Continental Fight Against COVID-19
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Former Minister of Planning and Development, Cote d'Ivoire |
| 17 | Jean-Claude Trichet | Former President, European Central Bank |
| 18 | Ngaire Woods | Dean, Blavatnik School of Government, University of Oxford |
| 19 | Zhu Min | Head of National Financial Research Institute, Tsinghua University
Former Deputy Managing Director, IMF |
| 20 | Masood Ahmed # | President, Center for Global Development |
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| 1 | Victor Dzau | President, National Academy of Medicine, US |
| 2 | Jeremy Farrar | Director, Wellcome Trust |

The Panel will be supported by a Project Team constituted by Bruegel and the Center for Global Development, and an Administrative Secretariat from the US National Academy of Medicine and Wellcome Trust.