

An Informal Note from the Co-Chairs¹ of the G20 High Level Independent Panel on Financing the Global Commons for Pandemic Preparedness and Response September 2, 2021

Following the release of the Report² by the G20 High Level Independent Panel (HLIP) on Financing the Global Commons for Pandemic Preparedness and Response, the Co-Chairs of the HLIP have had further consultations on the Panel's proposals with a range of stakeholders, including from the global health community, the international financial institutions, and G20 and other countries.

This informal note from the HLIP Co-Chairs sets out further considerations, especially with regard to a new global mechanism to govern and mobilize finance for global health security, taking into account these consultations.

The Basic Picture

The current global financing architecture is ill-equipped to provide security from pandemics.

- Financing mechanisms are siloed, inefficient, and largely ad-hoc and unpredictable.
- The overall level of financing is grossly inadequate for a systematic and sustained effort to prevent and prepare for pandemics, and to mobilize a swift and forceful global response during a pandemic.
- Financing of prevention and preparedness in particular is weak and highly uneven, and aimed mainly at supporting individual countries. There is urgent need for collective financing of global public goods at the country, regional and global levels.

We can only avoid future pandemics – and end the current one – if we invest substantially more collectively and strengthen financial governance for security against infectious health threats. This cannot be achieved through incremental adjustments to existing institutions and mechanisms.

However, a new global mechanism must build on today's landscape and bring synergies, not duplicate existing functions or add to the current institutional fragmentation within global health security. This new global mechanism is both urgent and feasible.

The new global mechanism has to be viewed in context of the four basic reforms needed:

- a. **Strengthen funding of the existing global health organizations.** This must include an **enhanced and more predictable base of multilateral funding for the WHO**, which plays the central role in global health security.
 - The HLIP has called for increased assessment-based contributions – with Member States' fees to be increased from the current one-quarter to two-thirds of the budget for the WHO base program, and an organized replenishment process for the remainder of the budget.
 - Reforms to WHO funding are being considered by the Member States' Working Group on Sustainable Financing. Countries must engage in and support this process.
 - We must also step up investments in One Health. WHO, OIE, FAO and UNEP must be supported to drive development of standards for the prevention and control of health risks at the human-animal ecosystems interface.

¹ Ngozi Okonjo-Iweala, Tharman Shanmugaratnam and Lawrence Summers.

² "A Global Deal for Our Pandemic Age", <https://pandemic-financing.org>.

b. Develop more resilient domestic finances for prevention and preparedness.

- Governments working with international institutions must embark on a major agenda of reforms to mobilize domestic resources so as to enable sustained investments in the key capacities required to avoid future outbreaks and strengthen national health systems.
- This is estimated to require additional domestic funding of 1% of GDP in low- and middle-income countries for public spending on health over the next five years.

c. Make better use of the international financial institutions (IFIs), especially to support country investments in global public goods, and ensure fast-tracked financial support in response to a pandemic.

- The IMF, World Bank and the other multilateral development banks (MDBs) have the unique ability to incentivize reforms and catalyze domestic investments by national governments, as well as leverage private sector investments.
- The HLIP makes specific recommendations for country and regional investments in global public goods for pandemic preparedness to be made part of the IFIs' core mandates – with an increased grant and concessional element of financing – and to enable fast-tracked pandemic response windows.
- Shareholders must make timely replenishments of resources needed by the IFIs, to ensure that the greater focus on global public goods does not come at the expense of poverty reduction and shared prosperity.

d. Establish a new global mechanism to govern and mobilize financing of global health security. This would comprise an inclusive G20 Board that brings the Finance and Health worlds together, and a new multilateral Fund to plug the major gaps in global public goods for pandemic prevention and preparedness. The new Fund is a necessary feature for global resilience against health threats:

- securing the much larger scale of funds required for investments in global public goods, going beyond the traditional purposes of official development aid (ODA);
- based on pre-agreed, equitable contributions, to ensure the needed predictability;
- plugging gaps in global prevention and preparedness by supporting existing organizations and networks, and prioritizing and reprioritizing across the system as needs evolve.

These are necessary and mutually reinforcing reforms. The HLIP had concluded, after extensive consultations and assessment of the existing landscape of institutions in global health, that a new global mechanism is needed to complement the existing organizations: to overcome today's siloed mechanisms, mobilize the needed resources on a sustained basis, and ensure their most effective use across the system.

- There is no solution to pandemic security that does not involve strengthening the WHO and ensuring its effectiveness in its regulatory, normative and standard-setting roles and as a key pillar in responding to global health threats. However, the WHO is not a funding agency for the rest of the system nor a financier of individual governments' public good functions.
- The World Bank, other MDBs and IMF must play expanded roles, building on their responses in the current crisis, and supporting LICs and LMICs well ahead of pandemics with on-budget operations in support of national pandemic prevention, preparedness and response. However, the IFIs are not well placed to finance the global components of surveillance and

R&D networks nor the global and regional development and supply of medical countermeasures. Nor are they well-suited to fund other international organizations.

- The key global health intermediaries – including CEPI, the Global Fund to Fight AIDS, TB and Malaria and Gavi – will also have to expand the scale and scope of their operations, and need better funding. But they are not placed to secure the large-scale, predictable, multilateral resources needed to fund global security from pandemics. Nor are any one of these organizations well-suited to finance and oversee the work of the other organizations.

The system as a whole is gravely underfunded. We must fix this urgently. Even with the proposed new global financing mechanism – a Fund to mobilize \$10 billion per annum as proposed by the HLIP – we will almost certainly be underproviding, not overproviding, for pandemic prevention and preparedness. (Note also that the Fund is not aimed at pandemic response; it does not sit idle until the next pandemic.)

We will have to continually update our assessment of the gaps in global preparedness, as these will keep evolving – often unexpectedly – and correspondingly adjust our priorities for financing. This cannot be a static assessment, and will never be an exercise in exactitude. It does not determine whether we move ahead with a new global financing mechanism to fix a system that is very clearly underfunded and fragmented.

We urge that the G20 come to agreement at its Oct 2021 Leaders Summit to establish the new global mechanism to govern and mobilize finance for security from pandemics, so as to avoid repeating the immense human and economic costs of the ongoing pandemic.

We advocate that the Fund be kickstarted in 2021, and first deployed towards addressing current pandemic needs, some of which will also build capacities for addressing endemic or reemerging infectious disease threats and new outbreaks. The Fund can be scaled up by 2022, and progressively pivoted towards building critical future defenses.

As past experience shows, the opportunity to make a bold change in the right direction will fade once we are past the worst of COVID-19, only to be regretted when the next pandemic strikes.

A new global mechanism to govern and mobilize financing of global health security

A G20+ Board: Bringing Finance and Health together for Global Health Security

The HLIP's proposed governance mechanism for financing of global health security – an inclusive and credible G20+ Global Health Threats Board (Board) comprising health and finance ministers – will plug a critical gap in the current architecture. There is no effective mechanism today to bring the worlds of finance and health together for ensure proactive funding of the global health security ecosystem. The Board will complement and support today's global health governance that takes place through the WHO and the World Health Assembly.

As we have advocated, the Board's mandate should focus on overseeing financing of global health security. Its fundamental purpose should be to ensure proper, timely and the most effective use of funds, for prevention, preparedness and response for existing, emerging and re-emerging pandemic threats globally.

It is also essential that the proposed Board goes hand in hand with the Global Health Threats Fund (Fund, see below), to ensure the effectiveness of each. The Board should identify the key priorities to be addressed by the proposed Fund.

This focused mandate on financing of security from global health threats – rather than on global health more generally - ensures that the new Board does not replicate current governance mechanisms. Further, it focuses on collective investment in global public goods for health security, going beyond the traditional ODA rationale and resources. The additional international funding to be mobilized must add to, and not substitute for, existing ODA funding for global public health and other development priorities.

Without being prescriptive on details in this note, we advocate that the Board should perform the following key functions:

- a. Identify needs and gaps for proactive action and funding. This includes monitoring the gaps and progress in country-level prevention and preparedness – as assessed jointly by the WHO and World Bank³ in consultation with countries – as well as in regional and global capacities;
- b. Ensure the most effective use of funds, with each institution doing what it does best in pandemic prevention, preparedness and response;
- c. Ensure complementarity between multilateral, bilateral and domestic funding and initiatives to maximize their combined impact;
- d. Ensure that when a pandemic threat emerges, global resources are swiftly mobilized and flexibly deployed to support the key international institutions, which should readily constitute a global pandemic response force.

The leaders of the WHO, World Bank Group, IMF and the WTO, as well as the rotating chair of the Heads of Regional Development Bank meeting, should be ex-officio members of the Board. Leaders of the other global and regional health intermediaries who play key roles in funding and implementing pandemic preparedness and response programs could serve as advisors to the Board.

The Board should be supported by Standing Committees on key financing priorities.

- This must include a Standing Committee on a new, permanent, end-to-end supply ecosystem for medical countermeasures, that builds on the lessons learned from ACT-A. The coalition of health partners⁴, together with a small subset of countries, could constitute a Standing Committee of the Board to oversee the required financing for the development of a substantially larger and globally-distributed network of sustainably-financed, ever-warm development and manufacturing capacity.

The Board should also draw on the work of the recently established One Health High-Level Expert Panel in the context of its role of assessing gaps and financing needs comprehensively.

³ WHO should strengthen abilities to assess countries' preparedness status and compliance with IHR core capacities using the Monitoring and Evaluation Framework of the IHR. The HLIP has also proposed the establishment of a joint 'Health Security Assessment Program (HSAP)' between the WHO and WB, in consultation with countries, which would also take into account findings from the voluntary Joint External Evaluations and other assessments, and include complementary finance and investment indicators. The IMF, while not itself positioned to make such assessments, should reflect the HLAP findings in its Article IV consultations as they have major implications for fiscal needs and economic resilience.

⁴ This includes the Bill & Melinda Gates Foundation, CEPI, FIND, Gavi, The Global Fund, Unitaid, Wellcome, the WHO, and the World Bank, with UNICEF and PAHO being delivery partners for COVAX.

The Board should be supported by a permanent and independent secretariat and Secretary-General. It should be a Joint Secretariat of the WHO, World Bank Group, IMF and WTO, housed at the WHO. The secretariat could also draw on the staff of other international bodies such as the OECD, and the One Health Tripartite+.

A Global Health Threats Fund: To Invest in Global Public Goods for Prevention and Preparedness

The HLIP has assessed that, at minimum, additional international financing of \$75 billion over the first five years or \$15 billion per year is needed to plug identified gaps in global public goods for pandemic prevention and preparedness. This is about a doubling of current levels of international financing for the purpose. The HLIP based this estimate of needs on conservative assumptions, as explained in its report.

The HLIP has proposed a new multilateral funding mechanism for global health security – a Global Health Threats Fund (Fund) – aimed at mobilizing \$10 billion a year, or two thirds of the total additional international financing required. Spread across a large number of countries on a fair and equitable basis, this represents national contributions that will in most cases be less than 0.1% of countries’ annual government budgets, and a much smaller fraction of their GDPs.

The Fund should cover the following defined purposes:

- a. Developing massively expanded global surveillance, alert and research networks
- b. Support efforts to build resilient national and regional systems, with regard to core country capacities (IHR). These should be integrated with efforts to tackle endemic diseases, hence providing continuous benefit
- c. Scaling up an end-to-end global supply chain for medical countermeasures, including R&D, ever-warm manufacturing capacities, and delivery mechanisms through public-private partnerships. These would include dual-use capacities which contribute to improving outcomes during the inter-pandemic years.

The Fund should be based on pre-agreed contributions from national government budgets committed over minimally five years. This would be akin to IDA, which is replenished based on specified criteria but with contributions negotiated with donors. In principle, contributions from countries should over time go beyond current ODA and treated as investments in global public goods, so as not to divert funds from other pressing health and development priorities.

The Fund should also catalyze investments by bilateral, private sector and philanthropic sources, for example through matching grants and co-investments.

This new multilateral layer is critically needed to complement the funding of individual organizations in today’s fragmented global health security landscape. It has several advantages over relying solely on the latter:

- a. it would raise funds for global public goods, going beyond the traditional purposes of ODA;
- b. it would provide for predictable and sustained funding on the much larger scale required;
- c. decisions on funding priorities can be better coordinated across the system level, and gaps in funding plugged with agility as the situation evolves;
- d. there is better accountability of funds intended for pandemic prevention and preparedness, including ongoing pandemics, rather than subsumed under several broader and diverse existing mandates.

However, the new Fund must complement and operate effectively within the existing landscape of global health organizations. It should not be a new institution with implementing capacity, e.g. funding or working with individual governments directly. It should instead be a financing mechanism – in effect a ‘fund of funds’ concept – that provides proactive funding to a list of pre-approved global health organizations, regional organizations and networks, and prioritizes and reprioritizes across the system as conditions evolve.

The Fund should hence be designed with the following key principles in mind:

- a. It must add to rather than substitute for existing streams of funding.
- b. It must leverage the strengths that exist within the system. The pre-approved organizations should ideally be responsible for project origination, with room for both healthy competition and collaboration across the system.
- c. While providing a strong multilateral overlay on today’s siloed landscape, it must minimize frictions and seek to reduce the inefficiencies in the current system.

If the defined purposes cannot be delivered by existing global health organizations, there will need to be a process to add potential new organizations to the list of pre-approved recipient organizations, or to negotiate mandates with existing implementers on the list.

The Fund should be structured as a Financial Intermediary Fund at the World Bank, which will perform the administrative, legal and treasury functions. The Fund would be governed independently (see below). This is similar to other international arrangements like the Global Environment Facility and the Adaptation Fund, which are also hosted at the World Bank.

An independent Investment Board should serve as the permanent governing body for the Fund; this can be constituted as a committee of the Global Health Threats Board. The Heads of the key global health organizations could be ex-officio non-voting members of this Investment Board. The Fund’s Secretariat could possibly be combined with the Board Secretariat.