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A Package of Reforms for Financing Pandemic Preparedness and Response for the G7

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The 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 reforming and replenishing the global health architecture to prepare for the next pandemic is clear: to protect health, human lives, and economic well-being.[1] 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, and be less prepared to stop them.[2] Without the capacity to surge financing to respond at-scale to infectious disease outbreaks, we risk a repeat of the devastation caused by the COVID-19 pandemic.

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.[3] Likewise, in 2021, the Independent Panel for Pandemic Preparedness and Response[4] described the shortcomings of the existing architecture and suggested similar policies for the future, including greater assessed contributions for the World Health Organization (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,[5] as did earlier assessments following

Ebola, SARS and MERS outbreaks though recommendations often went without implementation.[6]

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.[7] 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.[8] 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.

Adequate reforms and robust replenishments of global health organizations new and old are needed to ensure stronger global health security and pandemic preparedness now and in the future. External funders should take a comprehensive view of the major global health initiatives and consider how a range of reforms, when combined, have the potential to respond more coherently and efficiently to the financing demands related to the on-going COVID-19 pandemic, other macro risks that affect public spending on health, and in the face of future health threats.

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."[9] Finance, health and development policymakers are increasingly coming together in different fora and recognizing the need to invest across sectors and to connect the international financial architecture with health initiatives in ways that will deliver better outcomes.[10]

The proposals

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 small-scale 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 and security with three actions: (1) reform and adequately finance WHO; (2) replenish and re-envision existing global health entities, including to prepare for and respond to future outbreaks and 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.[11]

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,[12] 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, G7 and other global leaders have endorsed the WHO's Sustainable Working Group on Financing's[13] recommendations, including incremental increases in assessed contributions—to fifty percent of the base budget—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.[14] Growth in global food and fuel prices as well as the pandemic shock and increasing debt distress have reduced fiscal space.[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.[16] Organizations like Gavi, the Vaccine Alliance (Gavi), the Global Fund to Fight AIDS, Tuberculosis, and Malaria (Global Fund), Coalition for Epidemic Preparedness Innovations (CEPI), the Global Polio Eradication Initiative (GPEI), and the Global Financing Facility (GFF) 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.[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

TABLE 1 Breakdown of US$16.8 billion grant funding ask by ACT-A agency (October 2021—September 2022)

AGENCY (ABBREVIATION)	AGENCY	GRANT FUNDING ASK BY AGENCY (USD)
CEPI	*Coalition for Epidemic Preparedness Innovations*	350 million
FIND	*Foundation for Innovative New Diagnostics*	534 million
Gavi	*Gavi, the Vaccine Alliance*	4.40 billion
GFF	*Global Financing Facility for Women, Children and Adolescents*	401 million
Global Fund	*The Global Fund to Fight AIDS, Tuberculosis and Malaria*	6.49 billion
UNICEF	*United Nations Children's Fund*	1.93 billion
Unitaid	*Unitaid*	230 million
Wellcome	*Wellcome Trust*	190 million
WHO	*World Health Organization*	2.33 billion
	Total	**16.8 billion**

nets, and first-line antiretrovirals is no longer obvious as prices for these products decline rapidly and recipient countries become wealthier and able to cover basic costs directly from government budgets.[18] Further, the maintenance of these basic public health expenditures off-budget is likely inefficient and limits government and parliamentary oversight of spend. In addition, 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.[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 at the regional level or directly to domestic bodies, among other possibilities.

In particular, existing global health organizations must also be equipped with sufficient funding to surge financing for global research and development (R&D) and early manufacturing investments, when needed. Efforts to rapidly scale-up financing during the COVID-19 pandemic were late, which caused delays in delivering diagnostics, therapeutics, and vaccines equitably. With adequate financial resources, global health organizations can surge response to mitigate the human lives and economic costs during the next public health crisis. An Advance Commitment Facility[20] could release day-zero financing to jumpstart R&D as well as global and regional medical countermeasure manufacturing and delivery.

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[21]—and others before[22]—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.

G20 finance ministers and central bank governors, with the support of the G20 Finance-Health Task Force and a joint WHO-World Bank secretariat 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.[23] The World Bank then launched an open consultation process for feedback on the technicalities of the focus of FIF financing, governance, and how contributions will be sourced and managed, and these conversations are ongoing.[24] 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 international and regional system and via a range of organizations, particularly at the regional level, to drive progress.

Putting it all together

We estimate that the proposed G7 global health security package roughly represents a modest annual increase of about 33 percent 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 $40 billion in global health aid per year, and this spend covered the baseline expenses of the existing global health organizations.[25] To this we add: (i) the requested annual increases to meet ACT-A plans and the pandemic backlog at Global Fund, Gavi and GFF, in addition to the replenishment of the Global Polio Eradication Initiative (GPEI); (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.

A 33 percent overall increase on top of a very manageable base is a modest, likely insufficient, proposal. The increase is less than the additional amount actually spent on development assistance for health during 2020—$14.4 billion over baseline, an increase of 35.7 percent from the 2019 estimate of $40.4 billion—so is demonstrably feasible for the high-income countries to sustain.[31] The proposed G7 package 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 and effective global health 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 architecture[32]—this proposal aims to offer a coherent and comprehensive way forward to meet these goals.

TABLE 2 Proposed global health security package—estimated additional funding per year

ELEMENT OF PACKAGE OF REFORM	ORGANIZATION/ ENTITY	ANNUAL PRE- COVID-19 FUNDING[26]	ADDITIONAL FINANCING REQUIRED/YEAR[27]	TOTAL ANNUAL FUNDING REQUESTED[28]	ADDITIONAL FINANCING INCREASE[29]
1. Reform and adequately finance WHO	**WHO Assessed Contributions**	$478 million	$95.7 million	$574 million	17%
2. Replenish existing global health entities	**CEPI**	$127 million	$572 million	$700 million	82%
	Gavi	$1.76 billion	*None announced*[30]	–	–
	Global Fund	$3.92 billion	$2.08 billion	$6.00 billion	35%
	GFF	$248 million	$252 million	$500 million	50%
	GPEI	$942 million	$17.8 million	$960 million	2%
3. Establish a global health security and pandemic preparedness fund	**Proposed Fund**	–	$10 billion	$10 billion	–
		Total Additional:	**$13 billion**		

Endnotes

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    Gavi Annual Contributions and Proceeds (annualized, based on pledges made through 2019): https://www.gavi.org/news-resources/document-library/annual-contributions-and-proceeds
    Global Fund Total Donor Contributions (2019): https://www.theglobalfund.org/media/9603/corporate_2019annualfinancial_report_en.pdf
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    Global Fund Seventh Replenishment Target (2024-2026) annualized: https://www.theglobalfund.org/en/seventh-replenishment/
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30. At the Global Vaccine Summit in June 2020, Gavi aimed to raise $7.4 billion in additional financing for the 2021–2025 period. Gavi far exceeded this goal, raising $8.8 billion. To date, no additional funding amounts for regular replenishment have been requested.

https://www.gavi.org/news/media-room/world-leaders-make-historic-commitments-provide-equal-access-vaccines-all In January 2022, Gavi also launched a request for $5.2 billion in new funding for the Gavi COVAX Advanced Market Commitment (AMC) to establish a pandemic vaccine pool. However, this funding would serve not only Gavi, but also UNICEF, WHO, and government partners—and thus is not considered a replenishment figure.

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