

## **Launching a Pandemic Financing Facility: Three Proposals & Their Implications for the Global Fund**

Over the past three months, three different commissions issued reports proposing major reforms of the global health architecture to improve pandemic preparedness and response (PPR). Each recommends the creation of a new institution for financing PPR, along with a bevy of other reforms, and all rely heavily on preexisting global health organizations such as the Global Fund to Fight AIDS, Tuberculosis and Malaria to help carry out their mission.

These proposals have been inspired by the cascade of failures in the global response to COVID-19. At the onset of the pandemic, the financial mechanisms intended to support an international pandemic response—the WHO’s Contingency Fund for Emergencies and the World Bank’s Pandemic Emergency Financing Facility (PEF)—proved to be too small and too slow to make a difference. Then, countries’ reluctance to fund a robust international response, insufficient global coordination, overly nationalistic approaches, and glaring gaps in pandemic preparation by national governments and international organizations allowed COVID-19 to spread uncontrolled, killing millions around the world and leading to economic losses that the IMF warns may total US\$28 trillion.<sup>1</sup>

The proposed reforms represent a critical step toward ensuring that future pandemics do not exact a similar human and economic toll. But it is important that these options be carefully examined to ensure that the current momentum culminates in an efficient and effective new approach.

### **Three Commissions, Three Plans**

World leaders seem convinced that action needs to be taken to ensure that the world is better equipped next time and that this should include the creation of a new PPR financing facility. The Biden Administration telegraphed its resolve by allocating \$250 million in its FY2022 budget to serve as seed funding for a new “global health security financing mechanism.”<sup>2</sup> UK Prime Minister Boris Johnson has called for a plan to develop and deploy diagnostics, therapeutics, and vaccines worldwide for the next pandemic within 100 days, and a range of other world leaders have emphasized their commitment to major reforms as well.

The first commission to release its reform proposal was the WHO’s Independent Panel for Pandemic Preparedness and Response (IPPPR), which announced its recommendations in May 2021.<sup>3</sup> The panel called for the establishment of a Global Health Threats Council, a new, independent, Geneva-based institution, that would provide high-level political leadership for the pandemic response, and it recommended that this council oversee a new International Pandemic Financing Facility (IPFF). The IPFF would raise \$5 billion to \$10 billion a year from national governments, which would be expected to make 10-year pledges. In normal times, this annual budget would be expended on preparedness activities, from building up global disease surveillance systems to funding country-led preparedness strategies in low- and middle-income countries (LMICs). But once a pandemic strikes and the WHO declares a Public Health Emergency of International Concern (PHEIC), the

facility would be empowered to issue \$50–\$100 billion in bonds using the 10-year funding commitments as collateral, then deploy this war chest through existing health organizations to fight the disease.

The IPPPR report was followed in mid-June by the UK-led Pandemic Preparedness Partnership (PPP)'s proposal for the G7 Summit.<sup>4</sup> It, too, called for the creation of a new PPR financing facility along with a broad range of other reforms. The commission envisions this as being hosted at the World Bank and focusing primarily on emergency surge funding when a pandemic hits. National governments, starting with the G7 countries, would agree in advance to contribute a specified amount upon the declaration of a PHEIC, and then the fund would work through Gavi and the Global Fund to distribute billions of dollars in diagnostics, therapeutics, and vaccines to cover 30 percent of the population of LMICs. Concessional loans from the World Bank or the IMF would be available for countries to purchase additional supplies as well.

A third plan was released the following month, on July 9, by the G20's High Level Independent Panel on Financing the Global Commons for Pandemic Preparedness and Response (HLIP).<sup>5</sup> Like the others, it calls for a range of reforms to strengthen the WHO and other global health initiatives, and it proposes establishing a Global Health Threats Fund, which would operate with an annual budget of \$10 billion. This would be hosted at the World Bank as a Financial Intermediary Fund (FIF) and its operations would be managed by a technical panel, the Global Health Threats Board, which would be wholly independent of the World Bank. The HLIP envisions the Global Health Threats Board as potentially operating under the Global Health Threats Council, which was originally proposed by the IPPPR. The Global Health Threats Fund would focus on financing global gaps in pandemic preparedness, including supporting R&D, expanding manufacturing capacity for vaccines and medical products, and providing grants for regional- and country-level preparedness projects. The HLIP acknowledges the need for a financing window to provide emergency surge funding after a PHEIC declaration, but while leaving open the possibility that this role could also be undertaken by the Global Health Threats Fund, it strongly recommends that the surge funding component be left to the World Bank.

## Areas of Consensus

All three proposals agree on a number of key points. There is consensus that a new PPR financing facility is desperately needed and that it should be much larger and faster moving than past efforts. The PEF, for example, was designed to mobilize up to \$500 million, but the current proposals call for creating a financing window that can deploy 20 to 200 times more.

Each of the proposals also acknowledges a pressing need to mobilize new funding for preparedness activities during “peacetime” as well as large-scale emergency funding when a pandemic strikes, even though they differ on whether the PPR financing facility should take on just one or both of these roles.

They also reflect a shared sense that the funding for the PPR financing facility should be contributed in a progressive manner, with rich countries paying a larger share than LMICs. Similarly, the commissions were concerned that donor funding for the new facility not be diverted from other important ODA priorities, and they recommended that it could potentially come from non-ODA budgets.

Finally, all of the reports make it clear that a new PPR financing facility should not compete with existing global health institutions, and that instead it should strive to implement its mission through them when possible. Each proposal recommends avoiding the creation of an expansive, new “brick and mortar” institution, instead calling for a lean secretariat and explicitly addressing, or at least hinting at, the need to channel the facility's money through existing organizations such as the Global Fund, Gavi, and CEPI. All of them also support expanded engagement in global health by the multilateral development banks, starting with the World Bank and the International Monetary Fund.

Table 1: Proposed PPR financing mechanisms

	Independent Panel for Pandemic Preparedness & Response (IPPPR)	Pandemic Preparedness Partnership (PPP)	High Level Independent Panel on Financing the Global Commons for PPR (HLIP)
Proposed mechanism	International Pandemic Financing Facility	“A funding facility”	Global Health Threats Fund
Prepared for	WHO (May 2021)	G7 (June 2021)	G20 (July 2021)
Commission chairs	Helen Clark & Ellen Johnson Sirleaf	Patrick Vallance & Melinda Gates	Ngozi Okonjo-Iweala, Larry Summers & Tharman Shanmugaratnam
Funding targets	LMICs	LMICs & UMICs that opt in	Global gaps, including funding for LMICs
Functions of proposed new institution	Regular funding for pandemic preparedness Surge funding for emergencies	Surge funding for emergencies (Also recommends expanded preparedness funding through existing institutions)	Regular funding for pandemic preparedness  (Can possibly provide surge funding although recommends this be left to the World Bank)
Budget & financing modality	10-year commitments of \$5-\$10 billion/year from all countries  For surge funding, issues \$50-\$100 billion in bonds, collateralized against future commitments	Commitments for surge funding pre-negotiated before pandemic  Contributions paid in & deployed when PHEIC declared	\$10 billion/year; initially from G20 governments & eventually expanding to all countries  Possibility of bond issuance for surge funding
What facility's preparedness funding covers	(1) Develop & implement country-led preparedness strategies; (2) regional innovations (surveillance platforms, pooled manufacturing & bulk procurement); (3) global initiatives (R&D systems, surveillance, etc.)	N/A	(1) Build a global surveillance network; (2) fund country- and regional-level investment in global public goods; (3) support R&D
What facility's surge funding covers	Necessary portions of response in a flexible manner; guided by pre-arranged financing plans for various pandemic scenarios	Diagnostics, therapeutics & vaccines provided to LMICs to cover 30% of their populations	Recommends that World Bank provide the surge funding but, if not, GHTF could fund development, manufacturing, & delivery of medical countermeasures
Governance	Overseen by a Global Health Threats Council (led at head of state level, UNGA & G20 nominate co-chairs)	Overseen by a Global Health Board (under the G20, chaired by WHO)	Overseen by Global Health Threats Board (anchored in the G20, under the Global Health Threats Council)
Institutional structure	Lean independent secretariat located in Geneva	Global Pandemic Monitoring Board serves as secretariat to convene Global Health Board	Operates as an independent Financial Intermediary Fund (FIF) at the World Bank
Fund management	International Pandemic Financing Facility	Fund hosted by the World Bank, with distribution of diagnostics & therapeutics through the Global Fund and vaccines through Gavi	Operates as an independent Financial Intermediary Fund (FIF) at the World Bank; World Bank plays solely a “treasury” function
Who decides apportionment of funding	Global Health Threats Council	WHO (based on prior consultations with Gavi, Global Fund & CEPI)	Global Health Threats Board
Implementation	Funds should be channeled through existing implementing agencies such as the Global Fund; recommends against creating new agencies.	Distribution of vaccines through Gavi, and diagnostics & therapeutics through the Global Fund, with WHO determining equitable apportionment	Funds should be deployed across international and regional institutions & networks (including for activities by the World Bank, Global Fund, etc.)

## Areas of Divergence

Despite this agreement on the broad outlines, the proposals do have some significant differences. The PPP and HLIP proposals recommend situating the PPR financing facility at the World Bank, although the HLIP report goes to great lengths to clarify that it should operate completely independently of World Bank management and that the World Bank should simply serve a “treasury” function. Meanwhile, the IPPPR recommends locating the facility in Geneva under an independent Global Health Threats Council, without the World Bank involved in its governance.

As noted above, the commissions disagree on whether the PPR financing facility should both handle preparedness activities and emergency surge funding for a pandemic response. The IPPPR recommends having a new facility that takes on both functions. The PPP proposes that it focus solely on surge funding. The HLIP, meanwhile, takes the opposite tack, suggesting that the new facility concentrate primarily on preparedness in the hope that the World Bank can swiftly mobilize surge funding when there is an emergency.<sup>6</sup> Also, the IPPPR and PPP schemes explicitly direct their funding toward improving LMICs’ PPR capacity, while the HLIP proposal focuses more on global gaps, presumably leaving the option open for funds to also be expended in richer countries for efforts, such as R&D, that advance the global good.

These disagreements also extend to the modality of surge funding. The IPPPR proposes an ambitious, prearranged plan for bond issuance to mobilize \$50–\$100 billion when a PHEIC is declared. Meanwhile, the PPP proposal relies on the resolve of donors to quickly contribute large sums that have been negotiated in advance to the PPR financing facility when a crisis arises. And the HLIP proposal, while keeping the door open to some sort of bond issuance along IPPPR lines to allow the new facility to provide surge funding, recommends leaving this to the World Bank.

## Unresolved Issues

Unsurprisingly, there are several major challenges that need to be resolved to make the reform proposals workable.

The question as to who the PPR financing facility benefits and how it is governed looms over the debate on which direction to take. Depending on how it is framed, the new facility and the associated reforms could easily be perceived as an effort to improve health security for rich countries so that new pandemics are halted before crossing their borders while doing little to help less privileged countries with the ongoing diseases and health threats that kill too many of their citizens on an everyday basis. This issue bleeds into the governance of the proposed facility. *If the facility is overseen primarily by donor countries and LMICs struggle to attain equitable representation, it will be difficult to sustain the active participation of LMICs that is necessary to make it effective.*

Furthermore, in recent decades, the most effective new global health organizations have been the “public-private partnership” types like Gavi and the Global Fund. Their success seems to stem in part from their ability to move nimbly because they are not controlled solely by national governments, as opposed to their more traditional UN-style counterparts, which can get bogged down in politics and bureaucracy. It also seems to derive in part from the ways in which the diverse representation on their governing boards—including civil society, the private sector, and affected communities—and the broad engagement of different stakeholders in their country-level operations incentivizes them to be more responsive to needs on the ground and to reach the most vulnerable communities. This implies *it will be important to consider how to replicate these factors in the governance of the new facility.*

The institutional structure of the new facility will also be crucial. All of the proposals stress that it should be a “lean” and “flexible” operation. However, situating it at the World Bank raises the question of whether it can

be designed to operate independently from World Bank funding guidelines and reporting requirements. The proposals generally envision the facility as needing to operate through preexisting global health organizations to deploy its financing, *but layering World Bank funding requirements on top of the new facility's own guidelines as well as the implementing organizations' long-established regulations could be a recipe for bureaucratic red tape.*

Fundamental questions also remain about where funding for the new facility will come from. While entirely appropriate given what is at stake, the proposed budgets are extremely ambitious, and *mobilizing the needed funds will require a level of political will on the part of the world's richest countries that has so far been lacking.* It is also fair to question whether large-scale surge funding really can be readily ramped up during a crisis as the PPP and HLIP plans anticipate.<sup>7</sup>

Finally, all of the proposals are vague about what sort of institutional commitments should be arranged between the PPR financing facility and the existing global health organizations that are expected to implement PPR programs. The major global health organizations already have their own core missions, and adding a new PPR mandate will require them to divert staffing and institutional resources from other areas. *One can envision how they might make this work if they are able to have a stream of predictable and stable funding combined with the flexibility and discretion to ensure that it complements their ongoing work and is sufficiently responsive to country leadership.* However, it will be much more difficult for them to be effective and to justify their enlarged mission to their stakeholders if they are instead expected to just undertake preparedness activities on an on-and-off, project-by-project basis.

## The Global Fund's Role

All three reform proposals envision a prominent role for the Global Fund in supporting the new PPR financing facility, and they make it clear that the facility should not divert resources from existing global health organizations or replicate their roles. The IPPPR report stresses that the new facility's funds should be channeled through implementing organizations such as the Global Fund, Gavi, and CEPI, and the PPP report recommends utilizing "the Global Fund for (the deployment of) diagnostics and therapeutics, and Gavi for vaccines, with WHO determining equitable apportionment."<sup>8</sup> While it is more vague, the HLIP report also stresses that "investments in pandemic preparedness should be integrated with the ongoing efforts and infrastructure to tackle endemic infectious diseases,"<sup>9</sup> and it lists the World Bank and the Global Fund as its two examples of organizations that would have financing from the Global Health Threats Fund channeled through them.<sup>10</sup>

There are a number of reasons why all three commissions envision the Global Fund playing such an important role. As part of its day-to-day work of helping countries detect, prevent, and treat malaria, tuberculosis, and HIV/AIDS, the Global Fund already invests in a broad range of "dual use" activities that are precisely the kinds needed to detect and contain other new diseases. For instance, sizable proportions of its funding already go toward building up multi-disease surveillance systems, laboratory networks, febrile disease detection capacity, healthcare workforces, and supply chains to purchase and deploy the kinds of supplies, like PPE, that are urgently needed for pandemic preparedness. In fact, a 2021 study by Georgetown University Medical Center found that at least one-third of the Global Fund's \$4 billion in grantmaking in a normal year goes toward activities that strengthen health security.<sup>11</sup> This makes it the world's largest multilateral source of grants to make health systems more resilient and prepared.

Moving beyond preparedness, the Global Fund's COVID-19 response has resoundingly demonstrated its ability to leverage its ongoing programs to contribute to the emergency response once an epidemic emerges. Since the spring of 2020, the Global Fund has recalibrated its preexisting arrangements with national governments and harnessed its global supply chains and procurement systems; its expertise in assessment, monitoring, and



evaluation; and its other unique assets—including its deep credibility in LMICs—for the pandemic response. This has enabled it to award upwards of \$1.4 billion to provide diagnostics, PPE, medical oxygen, and other vital support to countries battling COVID-19.<sup>12</sup> Plus, it currently has another \$2.6 billion in funding for these efforts in the pipeline as well, making it one of the world’s largest multilateral providers of COVID-19 supplies for the international response.<sup>13</sup>

There are other advantages to utilizing the Global Fund to help implement the initiatives that are to be funded by the proposed PPR financing facility. First, since the Global Fund already invests large sums in “dual use” preparedness activities, channeling additional money through the same institution to scale up those activities to the levels envisioned by the three commissions can help ensure that these parallel efforts are properly coordinated, avoid duplication, and minimize the program planning and grant reporting burden on recipient countries.

Second, utilizing an existing institution like the Global Fund that is already actively working on the country level is the best way to ensure that an emergency response can quickly be scaled up when needed. As the COVID-19 pandemic has taught us, the safest way to make certain that institutional machinery and personnel are ready to respond quickly is to avoid leaving them “on the shelf,” but rather to ensure they are actively used in peacetime as well. In other words, muscles need to be regularly exercised or they atrophy. Integrating pandemic response capacity into ongoing health programs for infectious diseases, such as those operated by the Global Fund, is the most effective way to make sure it is ready to scale up during the next crisis.

Third, the Global Fund also tends to be one of the most cost-effective vehicles for deploying funding. Its operating expenses are lower than every other comparable global health organization, topping out at 5.4 percent of the Global Fund’s total budget, in comparison to management fees ranging from 7.0 percent to more than 15 percent elsewhere.<sup>14</sup>

Fourth, the Global Fund can help to align the ‘health security’ mission of a PPR financing facility with the aim of health systems strengthening and advancing universal health coverage (UHC). Its Country Coordinating Mechanisms (CCMs) and its other practices have enabled it to establish networks not only with health ministries and other national agencies in LMICs, but also with local-level agencies, nongovernmental organizations, and community groups that help ensure that its funding serves the broader aim of strengthening health systems. The Global Fund has also had to develop sophisticated methods of engaging communities living in extreme poverty and hard-to-reach, stigmatized populations—ethnic minorities, sexual minorities, migrants, remote communities, and people operating in the informal economy—which often are the first to get sick and the most likely to incubate new pathogens that go undetected for longer periods of time. Plus, it is accustomed to operating with the mindset of using disease-specific funding to advance UHC, designing its programs to strengthen healthcare workforces, systems, and institutions at the country level in a holistic manner that better equips them for a broad range of health interventions.

Finally, there may be diplomatic benefits to engaging the Global Fund in the PPR financing facility’s work. The COVID-19 pandemic has intensified global inequality, and there are widespread perceptions that the international response has been marred by nationalism and selfishness on the part of the world’s richer countries. Unsurprisingly, criticism of a new institution that may be dominated by donor countries’ interests in protecting their own populations is already being voiced by advocates for LMICs. This makes it even more important to have LMICs’ full political support for the new facility in the G20 and other forums, just as it will be crucial to sustain their active participation in its work to ensure its programming is truly effective. Linking the new institution to the Global Fund, which nurtures broad local engagement through the use of its CCMs, could help deepen LMICs’ sense of shared ownership, countering this criticism. Also, formally involving the Global Fund can help to reassure LMICs that the PPR financing facility will supplement efforts to deal with

the other diseases that regularly take such a large toll on their citizens—HIV/AIDS, tuberculosis, and malaria—rather than divert resources away from them.

Starting with the UN General Assembly meetings and a potential pandemic summit in September, followed by the G20 Summit and a special meeting of the World Health Assembly, the autumn of 2021 will be a decisive period for the debate over which vision for a new PPR financing facility will prevail. It seems almost certain that some sort of facility will be launched, most likely along the lines of the HLIP or IPPPR proposals, but the question remains as to whether it can be designed in a way that allows it to operate with sufficient flexibility and efficacy, how it can avoid spurring greater competition and siloing of efforts in the field of global health, and if it can garner enough political support—and financial backing—to allow it to live up to the world’s high expectations.

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#### NOTES

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2. *Congressional Budget Justification: Department of State, Foreign Operations, and Related Programs (Fiscal Year 2022)*, 77, [www.state.gov/wp-content/uploads/2021/05/FY-2022-State\\_USAID-Congressional-Budget-Justification.pdf](http://www.state.gov/wp-content/uploads/2021/05/FY-2022-State_USAID-Congressional-Budget-Justification.pdf).
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5. High Level Independent Panel on Financing the Global Commons for Pandemic Preparedness and Response (HLIP), *A Global Deal for Our Pandemic Age*, <https://pandemic-financing.org/report/foreword/>.
6. HLIP, *A Global Deal for Our Pandemic Age*, 52 and 57.
7. One would also be justified in questioning whether donor countries will make good on commitments to contribute massive amounts of funding once a crisis begins, as the PPP proposal assumes, whether donor countries’ domestic roles and politics will allow them to make the kinds of “legally binding” 10-year funding commitments that are intended to serve as collateral for the IPPPR’s proposed facility to issue \$50–\$100 billion in bonds, or if the World Bank can really come up with a large enough financing window when a pandemic hits, as envisioned by the HLIP plan.
8. PPP, *100 Days Mission to Respond to Future Pandemic Threats*, 58.
9. HLIP, *A Global Deal for Our Pandemic Age*, 23.
10. *Ibid.*
11. Matthew R Boyce et al., “Global Fund Contributions to Health Security in Ten Countries, 2014–20: Mapping Synergies between Vertical Disease Programmes and Capacities for Preventing, Detecting, and Responding to Public Health Emergencies,” *Lancet Global Health* 9(2): e181–88, [www.thelancet.com/journals/langlo/article/PIIS2214-109X\(20\)30420-4/fulltext](http://www.thelancet.com/journals/langlo/article/PIIS2214-109X(20)30420-4/fulltext). Also, see Friends of the Global Fight, “How the Global Fund Contributes to Health Security,” <https://www.theglobalfight.org/how-the-global-fund-contributes-to-health-security-infographic/>.
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#### **Friends of the Global Fund, Japan**

FGFJ raises awareness and builds support for the work of the Global Fund to Fight AIDS, Tuberculosis and Malaria, encouraging greater Japanese participation in addressing the global crisis posed by these deadly diseases. The Japan Center for International Exchange (JCIE) launched this private initiative in 2004 and has operated it as a JCIE program since that time.