

# **Protecting People, Protecting Economies:** Prioritizing Investments in Preparedness at the Country Level

## *Summary Note*

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### **Background**

The World Bank, together with the Governments of the Netherlands, Finland, and the United States, and partner organizations Resolve to Save Lives, African Risk Capacity, Pandemic Emergency Financing Facility, Wellcome Trust, and the World Economic Forum, convened a 1-day meeting in Washington, DC. The objectives of this meeting, targeted to decision-makers in the ministries of health and finance in country governments, development partners, multilateral development banks, UN agencies, foundations and the private sector, were to (i) take stock of the current state of financing preparedness at the country and regional levels; (ii) identify priority recommendations and concrete ways forward to accelerate investments in preparedness; and (iii) agree on concrete next steps to implement the priority recommendations.

The meeting was attended by representatives of country governments, multilateral development banks, development partners, donors, academia and the private sector (a full list of participants is circulated with this summary note). Panels and key note speakers discussed and debated multiple topics under the umbrella of preparedness financing including: the current state of preparedness capacity and financing; political and economic considerations in the deployment of domestic resources for preparedness; financing and capacity-strengthening at the regional level; the development of the Global Health Security Financing Agenda (GHSA) Financing Preparedness Action Package; rethinking development assistance for preparedness; and a path forward.

### **Summary Recommendations and Action Points**

- *Leveraging World Bank IDA19 to incentivize investments in preparedness.* One proposed option was to establish, as part of IDA19, a dedicated source of financing for preparedness and readiness for low-income countries by expanding the use IDA Crisis Response Window (CRW) for crisis preparedness and have dedicated allocations within the CRW for this purpose, potentially in the form of grants. Design options for ensuring IDA financing leverages domestic resources could include (i) time-slicing – where a certain proportion of preparedness spending is financed from domestic resources of the country and over time increase in proportionality to the grant financing, and (ii) the use of buy-downs – where a credit is converted into grant once a country has achieved established targets. An alternative option proposed was the adjustment of the criteria of the IDA Regional Program to allow single-country investments in preparedness where clear positive externalities for the region or neighboring countries can be determined. Participants were urged to present these proposals to their respective national finance stakeholders following the conference.
- *Establishing a global fund for preparedness.* A key benefit of this proposal is incentivizing countries to prepare short to medium term plans on strengthening preparedness for which grants may be awarded, thus enhancing country ownership.

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- *Strengthening global advocacy.* Participants recommended bridging preparedness with Universal Health Coverage (UHC) as an advocacy strategy, considering the strong linkages between them. There were also recommendations on the terminology used when framing discussions around investments in preparedness, making a distinction that there are “epidemic-sensitive investments” and “epidemic-specific investments”, noting that both are important. As part of advocacy efforts, emphasis was made on the need to improve messaging with countries and partners about the availability of financing for development, reminding everyone that *can* be used for preparedness. This includes that offered by the International Development Association (IDA) at the World Bank as well as that offered by other Multilateral and Regional Development Banks. A final recommendation was that, for global advocacy, simple targets such as supporting 50 – 70% of most at-risk countries by 2020 or supporting 50 IDA countries by end-IDA20 could be adopted as targets to be met as part of a collective effort.
- *Engaging key national financing stakeholders.* Ministers of Finance and parliamentarians were noted as being distant from discussions on preparedness financing. Heightening engagement from decision-makers should be done at available forums such as the IMF-World Bank Annual Meetings and G20 summits. One proposed action was to produce tools to support countries develop an investment case for preparedness. Another incentive for motivating Ministers of Finance is for the World Bank to modify indices such as the Country Policy and Institutional Assessment (CPIA) to include preparedness capacity given that the CPIA rate that a country receives influences the size of the IDA envelope, called the Performance-Based Allocation (PBA), available to IDA countries. The IMF Article IV consultations could also incorporate pandemic risk as an incentive for finance ministers.

Please see the annex for main summary points and comments emerging from the panel discussions.

## **Annex**

### **Setting the stage**

- There was consensus that while tremendous progress has been made since the 2014-2015 West Africa Ebola crisis, this progress has been insufficient.
- A key message that set the tone for the meeting is that the estimated costs of preparedness-strengthening are relatively low (USD0.5 – USD1.5 per capita per year), while the rates of return are substantial. Participants were reminded of the significance and urgency of the meeting in the context of many severe outbreaks that have occurred in several regions across the globe in recent times.
- The Joint External Evaluation (JEE) was highlighted as a notable success due to the rate of uptake by countries. Since February 2016, 51 out of 75 low-income countries (IDA countries) have completed a JEE. However, all have struggled to raise adequate finances to invest towards a satisfactory level of preparedness, and as a result remain vulnerable to the threat of outbreaks. While the World Bank and GHSA have different mandates, both can be critical in making progress on the financing.
- Participants were encouraged to think about how financing can be sustainable. A caveat postulated during the meeting was that the global community, countries, and development partners risk becoming complacent. The various actors were urged to cooperate on this agenda in order to be successful, as it will only be achieved with engagement across all levels from the global level to sub-national and community levels.

### **The status of pandemic preparedness capacities and financing**

- Preparedness levels vary significantly between countries and regions and higher-income countries tend to have higher preparedness capacity. For example, countries in the Africa region have an average score of 2 in their JEE evaluations, and while countries in Europe average a score of 4. All other regions are scoring an average level of 3. Variation between countries is understood to be determined by low resource availability and commitment. With the right support, countries are able to scale-up preparedness in the face of outbreak threats. This has been evidenced with countries bordering DRC which have made notable progress in their readiness to respond to the Ebola outbreak in recent months.
- While progress has been made in JEEs, and despite several countries having prepared and costed National Action Plans for Health Security (NAPHS) there is the low resource commitment from countries for investments in preparedness capacities. Assessed progress across 36 recommendations relating to preparedness-financing was found to be largely inadequate. Related to this, data on financing for preparedness is scarce; where information is available it is undermined by issues around defining what constitutes an investment in preparedness given that delineating investments in preparedness from other investments in the health system is not straightforward and there is currently no widely-accepted methodology for measuring preparedness financing.
- Initiatives that were recognized as important elements to advance the preparedness agenda were:
  - regional institutions, such as Africa CDC, and global R&D funders, such as CEPI, were emphasized as critical initiatives to improve progress;
  - the World Bank, commended for its IDA18 commitments to supporting 25 IDA countries in developing pandemic preparedness plans and the uptake of the IDA Regional Program for preparedness-strengthening projects; and
  - the Global Preparedness Monitoring Board (GPMB), as an imperative for independent and transparent monitoring of global preparedness; although limitations on data collection remain.

**We may delay – but pandemics will likely not!**

This panel deliberated on the urgency of strengthening country-level preparedness and underscored the importance of collective action in support of this high-priority global public goods agenda. The main issues raised in this session included:

- To set the stage for the discussion on the urgency of preparedness-financing, the following themes for the discussion were outlined:
  - progress on assessing preparedness has been made but there is still much to do to fill the gaps;
  - there are insufficient funds dedicated to preparedness domestically and internationally;
  - financing for response has been notable, however more creative/innovative thinking is needed to identify and establish sustainable financing for preparedness;
  - Ministers of Finance need to be more seriously engaged in international fora on preparedness-financing, such as through the International Monetary Fund-World Bank Annual Spring Meetings.
- The International Working Group's (IWG) report, "From Panic and Neglect to Investing in Health Security" was recommended as a good reference document for potential solutions to financing preparedness.
- Preparedness, surveillance and response capacity were described as global public goods, to be owned and financed by everyone.
- The World Health Organization (WHO) benchmarks for International Health Regulations (IHR) capacities document should support the implementation of key actions. This document addresses technical challenges, both in terms of outlining a pathway for implementation but also by providing donors with an objective assessment of what is needed to move forward on the IHR core capacity levels in the JEE. It's important to develop an approach for country engagement where assessments have not been conducted.
- The modification of the World Bank Crisis Response Window (CRW) to include coverage for crisis-preparedness was proposed. Specificities were discussed, including ensuring that allocations offered under this window are in the form of grants.
- Global Health Security has an "image problem". Global preparedness poses the greatest risk to those countries less able to bear the risk. Health security needs to be perceived as investments in the routine health care system that add value to the country in the day to day, while also paying out during an epidemic. The notion of "epidemic-sensitive" vs "epidemic-specific" investments is important. Strengthening public health capacities that deal with immunization and addressing communicable diseases should be done in a way that these capacities can "flex up" during an outbreak. Putting pandemic risks on par with financial and military risks, for which countries do invest adequate amounts, is important and requires creativity.
- There is a great need for ex-ante collaboration. In the ongoing Ebola outbreak in DRC, actors are only now establishing means for collaboration for clinical trials, for example. Collaboration mechanisms must be established in advance of a crisis. Due to the multi-sectoral nature of preparedness, institutions such as World Animal Health Organization (OIE) and Food and Agriculture Organization (FAO) must be involved early in the process. The Global Action Plan (GAP) does not include these organizations as part of the joint initiative. The private sector can play a critical role in and should be more engaged with this agenda.
- Pressure on governments to invest in preparedness needs to come from their respective societies. Funding Civil Society Organizations (CSO's) in this respect is important.

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- Actors engaged in financing preparedness need to understand their comparative advantage. For example, philanthropic organizations could decide to tackle one or more technical areas of the JEE and ensure that this is adequately addressed in a strategic way. This coordination could be enhanced if actors, such as philanthropic organizations, are convened to develop a consistent strategy.

### **Keeping it real: Political and economic considerations in the deployment of domestic resources for financing preparedness**

This panel discussed challenges at the country-level of prioritizing budgetary allocations to strengthening preparedness and explored options for balancing the political economics of investing in preparedness, which yield strong positive dividends in the future, with the urgency of financing urgent demands of today. The main issues raised in this session included:

- Available financing for preparedness is not the only challenge to adequate investment. Political and economic aspects also play a role. Competing priorities within the health sector can direct resources to more urgent items over what's important, namely preparedness. Across sectors, investments in more visible assets take priority, such as those in infrastructure.
- The JEE was again highlighted as a pivotal development to support countries in strengthening preparedness. A related challenge is that preparedness is multisectoral, but rarely do countries budget activities across sectors. The World Bank investment project called Regional Disease Surveillance Systems Enhancement (REDISSE) is a good example of a financing project that works across multiple sectors. One national example provided was the establishment of a dedicated budget line for preparedness, but was described as insufficient at its current allocation level. The Health Security Financing Assessment tool (HSFAT) was presented as a complementary element to the JEE and the NAPHS. The HSFAT is used to identify availability of financing already being directed to health security at national and sub-national levels. Presentation of the HSFAT results can be one opportunity to convene stakeholders at the ministerial level. Mapping exercises, such as those conducted by WHO in Sierra Leone and other countries, can also be an effective way of identifying and freeing up existing resources for preparedness. In Sierra Leone ~USD15million was repurposed for preparedness.
- Government representatives shared their best practices for improving preparedness capacities. One practice is to ensure availability of funds for verification of events that are of epidemic potential. In this system, a pool of funds is immediately available to deploy front-line workers to investigate a new outbreak. This saves financial costs down the line and facilitates an early intervention. Frequent early deployment also helps strengthen the public health system to respond to a potentially severe outbreak when it occurs. Knowing how to make an investment case was discussed. One best practice on effective messaging was communicating the return on investment through averted costs and lives saved. Another best practice is to clearly demonstrate that money is being spent appropriately and effectively.
- Even when countries are able to source funding for preparedness, either domestically or externally, there is the issue of limited capacity to absorb the resources. There is a need for a national actor capable of coordinating these funds, especially those from external funders, in a way that aligns with national priorities.

### **Preparedness sans frontières: Strengthening capacities at the regional level**

This panel discussed the potential of harnessing synergies at the regional level to strengthen preparedness and elaborated upon the scale opportunities provided by such initiatives. The main issues raised in this session included:

- The IDA Regional Program offers an opportunity for countries to access financing that is additional to their core allocation envelope (PBA allocation). The IDA Regional Program is a pool of funding earmarked for projects that involve 3 or more countries, that have strong economic or social benefits that transcend boundaries and have a regional body to support implementation. For regional projects, the Regional Program matches 2:1 the amount funds committed by a country to the project from their PBA, essentially tripling the amount of the project. The Regional Disease Surveillance Systems Enhancement (REDISSE) project was extensively discussed. The demand for participation in the REDISSE project was quite significantly in the aftermath of the 2014-15 West Africa Ebola crisis, but interest declined within months of the outbreak being over, as preparedness became less of a priority. Nevertheless, the REDISSE Program is currently covering 11 countries in Africa (through REDISSE I, II, and III), with 5 additional countries to be covered by REDISSE IV. Participants discussed the benefits of having regional programs that strengthen preparedness capacities. These include: leveraging economies of scale, taking advantage of countries' relative strengths, and instilling peer to peer pressure for achieving targets. Some considerations were discussed including, understanding regional groupings as being more about shared objectives and characteristics rather than just geographic factors and understanding which International Health Capacities (IHR) capacities can and should be financed at the regional level, among other capacities. A strong institutional body, such as the West Africa Health Organization (WAHO), can enhance financial and planning implementation.
- The Indo-Pacific region was identified as a unique region in the context of global preparedness with a large proportion of micro-states making up the region. One of the implications of working with these states is that the JEE is not appropriate for the country context, and as a result there is relatively low uptake. Benefits of a regional approach include reducing duplication of financing, but in a region like the Indo-Pacific coordinating logistics over vast differences can be more expensive than intended.
- Key considerations when designing regional interventions include: understanding the epidemiological profile of the countries involved; examining existing regional interventions such as single-disease focused programs, or even non-communicable disease networks; and identifying that there are similar capacity levels between countries. It will be beneficial if countries have a shared history, similar demographics and environment, and good links. Certain activities, such as surveillance, make more sense at the regional level. Different capacities in the countries can point to where certain capacities could be strengthened and leveraged regionally.

### **Laying the groundwork: Development of the GHSA Financing Preparedness Action Package**

This session presented the GHSA Financing Preparedness Action Package, which builds on the need for sustainable financing to establish and maintain global health security capacity and provides a way for GHSA partners to bring together their respective strengths to implement a clear path for strengthening country-level preparedness. The main issues raised in this session included:

- After the first 5-year period of the GHSA ended, it was realized that global implementation of IHR had been slow. The GHSA is intended to support a common language amongst partners in global health security and has been an important “engine” in putting health security higher up on the agenda. For the next phase of GHSA, called GHSA 2024, the Steering Group has been broadened. The 2024

target is to have more than 100 countries complete national planning and improve capacity in 5 technical areas.

- The urgency of financing was reiterated. If there is no financing behind an action plan, then it is difficult to achieve results. An important priority for this work is to have a clearer understanding of financing and collect knowledge of what works from other contexts including understanding of who should finance start-up, recurrent and capital costs, and how this should be done.
- Part of the work of the financing action package is to (i) conduct an assessment of the landscape to ensure that duplication of efforts is limited and (ii) to make the economic case for preparedness investments to finance ministers.
- Coordination, collation and analysis of different tools and options available for improving financing will be critical. Without duplicating efforts, the GHSA could support development of additional and necessary tools for the preparedness financing agenda. The GHSA Financing Action package work plan will be finalized in the coming months.

### **Rethinking the development dollar: Catalyzing investments in health security from the domestic purse**

This panel discussed priority recommendations and concrete ways forward to accelerate investments in preparedness, specifically focusing on maximizing the amount of resources for preparedness and the impact of these resources from various financing entities. The main issues raised in this session included:

- There has never been a better understanding of the state of preparedness and what needs to be done. However, while assessments are necessary they are insufficient.
- There are a variety of financing set-ups that are currently available or may be available in the future to support financing for preparedness. These range from loans and credits from multilateral development banks, to grants from Trust Funds and Financial Intermediary Funds, as well as combinations of these. However, the full spectrum of what is available and the comparative incentives of each is not fully understood. Options discussed included pay-for-results financing and buy-downs, which could convert a credit or loan to grant terms based on the achievement of established targets.
- A caveat was presented through the example of the development assistance response to HIV – one of the largest-ever programs of funding in health – which disincentivized domestic spending. The most critical part of modifying interventions is mobilizing demand for change. An example of this is the Human Capital Project: a huge initiative that is seeing Ministers of Finance get on board with investments in human capital as a means to achieving sustainable growth in their countries. The Human Capital Project could potentially be leveraged to include preparedness.
- Development assistance must not crowd-out domestic resource allocations. One potential solution is to ensure external assistance is financing capital (one-off) expenditures while recurrent expenditures are committed from the domestic purse.
- Tax reforms at the national level, including improved tax collection, is a neglected topic in financing. While tax reforms could result in significant amount of resources that could be dedicated to preparedness, implementation and enforcement of such reforms are challenging.
- A critical window is open for IDA19 to address preparedness in a more meaningful way. The IDA Crisis Response Window, which is currently only for use in the event of a crisis, could potentially be expanded to mitigate the risk of crises occurring. Redesigning the CRW will require a whole host of stakeholders, from treasuries to development agencies to countries to get behind it. There needs to be more communication of the availability of IDA resources. IDA funds are a promising and somewhat sustainable source of funding; 60% of the IDA pot of funds are replenished by countries paying back

loans over time. A negotiation process is needed at the World Bank to include preparedness in the CPIA formula. The World Bank was also called on to include pandemic preparedness as a consideration in the preparation of Systematic Country Diagnostics.

- Increasing private sector engagement will mean socializing the private sector to the risks of disasters in their business plans.
- Measurement of what is already committed to preparedness, and even defining what falls under preparedness-financing is a critical challenge.
- The process for allocating resources for the NAPHS needs to be twinned with the annual budget cycle when there is the opportunity to push the financing agenda with Ministers of Finance.
- Development assistance is a zero-sum game, so arguments for preparedness will have to be very strong to divert resources from other areas. Agenda 2030 (SDGs) should be leveraged for pushing global health security.