

# THE PANDEMIC EMERGENCY FINANCING FACILITY

*Protecting People, Protecting Economies*

## **Responding to the Inevitable**

The last 30 years have seen a steady increase in the frequency and diversity of disease outbreaks. Epidemics like Ebola, HIV, SARS, Avian flu and more have resulted in hundreds of thousands of lives lost and have costed countries billions in lost income. The consequences of inaction are tragic. By June 2014, a few hundred people in West Africa had been infected with Ebola and Guinea, Liberia and Sierra Leone were in urgent need of support. But it took the international community three more months before it was able to provide significant financial resources for surge response. By then, the number of infections had increased *tenfold* across the three affected countries.

Investing in pandemic preparedness and protecting people and economies from what is inevitable is in every country's best interest and must be a priority. However, even the best prepared countries will need to mobilize major resources for pandemic *response*. For any country, it's not a question of "if", but "when" it will be hit by a pandemic.

When faced by a disease outbreak that is rapidly escalating, countries need to have access to fast financing for an effective surge response. Contingency funds, whether government or donor funded, and insurance, which transfers the risk to international markets through reinsurance or catastrophe bonds, can be useful tools to help countries access the needed resources during emergencies. But disease outbreaks have traditionally been one of the greatest inevitable risks for which there has been no reliable way of providing fast funding for countries in need. Until now.

## **An Innovative Solution: The Pandemic Emergency Financing Facility (PEF)**

The Pandemic Emergency Financing Facility (PEF), developed by the World Bank together with World Health Organization (WHO) and private sector partners, is designed to provide surge financing to the world's poorest countries, helping to keep 1.6 billion people safe. It will make payouts early during an outbreak cycle—before it becomes a pandemic—through two windows, insurance and cash.

For the next three years, the insurance window will make available up to \$425 million for outbreaks of a group of diseases likely to cause major epidemics. These include pandemic influenza, SARS, MERS, Ebola, Marburg, Crimean Congo hemorrhagic fever, Rift Valley fever, and Lassa fever. And it will pay out quickly, within days of an outbreak reaching a defined level of severity, determined on the basis of publicly available data from WHO. This includes criteria such as the number of cases or deaths; the speed of the spread of the disease; and whether the disease crosses international borders. Insurance premiums have already been paid for the next three years by donor contributions, including by Japan and Germany.

To complement the insurance window, the PEF also has a \$50 million cash window, which provides the flexibility to make resources available for outbreaks that have not met, or will not meet, the criteria of the insurance window. This window covers a wider range of infectious disease outbreaks as well as single-country outbreaks. This cash window is paid for via a contribution from Germany and will be operational and available to countries in 2018.

All countries that qualify for credits from the Bank's International Development Association (IDA) are eligible to access PEF funds, and do not need to enter into any formal agreement with the PEF management. PEF monies are also available to international organizations and NGOs supporting response efforts, which would need to get accredited as PEF responding agencies. Strong coordination between countries and responding agencies is necessary to ensure that response efforts are synchronized for maximum impact.

The World Bank Group recognizes that a high level of pandemic preparedness is critical for effective response, and is investing heavily in strengthening country health systems through a diversified portfolio that includes general budget support, loans, grants, trust funds, partnerships, and other modalities. The PEF complements these efforts, and countries that are well prepared to respond to pandemic threats will be best-positioned to use the PEF monies to protect their people and economies during a major disease outbreak.

*For more information and to learn more visit [worldbank.org/PEF](http://worldbank.org/PEF)  
or email [PEFcoordinator@worldbank.org](mailto:PEFcoordinator@worldbank.org)*



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# How the Pandemic Emergency Financing Facility Works

