

World Bank consultation on a proposed financial intermediary fund (FIF) for pandemic prevention, preparedness and response

Global Preparedness Monitoring Board response

Following numerous calls for a new financing mechanism for health emergency prevention, preparedness and response, the World Bank has developed a white paper on [A Proposed Financial Intermediary Fund \(FIF\) for Pandemic Prevention, Preparedness and Response Hosted by the World Bank](#), based on existing models of similar mechanisms it currently hosts.

In its last two reports, the GPMB has made the following calls related to the creation of an international financing mechanism for preparedness:

- Establish a collective financing mechanism for preparedness to ensure more sustainable, predictable, flexible, and scalable financing. To supplement development assistance-based funding, international financing for preparedness and response requires a new approach grounded in burden sharing. A new collective financing mechanism should be established within the World Bank Group as an administered financial intermediary fund. This new mechanism should rely on a system of assessed contributions with a formula based on equity and ability to pay, supplemented by ODA. ([GPMB 2021 Annual Report](#))
- The United Nations, the World Health Organization, and the International Financing Institutions develop a mechanism for sustainable financing of global health security, which mobilizes resources on the scale and within the timeframe required, is not reliant on development assistance, recognizes preparedness as a global common good, and is not at the mercy of political and economic cycles. ([GPMB 2020 Annual Report](#))
- The World Bank and other International Financial Institutions (IFI) make research and development (R&D) investments eligible for IFI financing and develop mechanisms to provide financing for global R&D for health emergencies. ([GPMB 2020 Annual Report](#))

The GPMB welcomes the initiative taken by the World Bank in publishing this white paper for consultation on the proposed FIF and provides the following feedback.

There is much to welcome and support in the paper, but this response primarily addresses the aspects of the proposal that the GPMB views as being suboptimal and potentially counterproductive in developing a sustainable financing mechanism for health emergency prevention, preparedness and response.

The GPMB calls on the World Bank, the G20, and national governments to take these points into consideration in the development of the FIF.

Scope and scale of the FIF

- Financing of USD 960 million was committed to the FIF by USA, EC, Germany, and Wellcome Trust at the 2nd Global COVID-19 Summit. The current scale of funding is far from sufficient, accounting for just around 10% of the estimated need for international financing of PPR.
- No financing is planned for contingency funds and responding to health emergencies, nor for addressing the socioeconomic impacts of health emergencies.
- It is not clear if the fund would support the direct development of global common goods, such as funding R&D for medical countermeasures, or if it would finance global and regional capacity building around these functions. The implementing entities listed will need to develop mechanisms to provide financing for global R&D for PPR.

Financing of the FIF

- Health emergency prevention and preparedness requires sustainable and predictable financing, and international financing should be additional and based on burden sharing model, reflecting the collective responsibility of all countries for health security.

- The proposal outlined would rely on voluntary contributions by donors and ODA, rather than a burden-sharing mechanism. This is not consistent with the recognition of PPR as a global good requiring fair and collective financing among all states.
- The proposal does not describe how the FIF could broaden the funding base for PPR and/or access alternative sources to ensure it is additional/complementary and non-competitive. Nor does the proposal describe how it would address the risk that the FIF would consume resources committed for other health and development needs or replace existing funding streams for recipient organizations.
- Depending on the replenishment model, there is a risk that the proposed FIF leads to less flexibility, sustainability, and predictability, and further “bilateralizes” financing for PPR. Financing of PPR would remain at the mercy of political and economic cycles, which is concerning considering the highly volatile global economy and a growing number of global challenges and crises.

Disbursements

- The GPMB supports the proposal for the FIF to function as a pooling mechanism to channel resources to existing funding mechanisms. As a ‘fund of funds’ the FIF would be able to bring greater coherence to the financing of PPR, by aligning resources with international and national priorities and funding gaps, and would avoid creating greater fragmentation and competition in the global PPR ecosystem.
- Based on the model outlined, it is likely that the FIF fundraising would compete with fundraising efforts by the recipient entities (“implementing agencies”) as well as other non-recipient organizations involved in PPR. The proposal identifies a limited set of recipient entities based on WB policies (MDBs (including Regional Development Banks), the IMF and UN agencies). Other international financing mechanisms that play an important role in PPR, such as GAVI, the Global Fund and CEPI are not listed. Failure to include these organizations would perpetuate competition for resources and limit the opportunity for ensuring greater alignment of international funds for preparedness. If multiple agencies support the same country for capacity building, it would be important that the country could submit a single proposal for funding from the FIF, rather than multiple proposals through different agencies.
- The proposal does not yet include details on how it would incentivize domestic financing, especially beyond lower-income countries.
- It is critical that that a results framework is developed early ideally before disbursements are made. Without the ability to report on results, the sustainability of the FIF would be in doubt.

Governance

- The governance and decision-making processes of the FIF should be inclusive, objective, transparent, and simple.
- The proposed governance structure would be limited to donors and some recipient countries, therefore potentially excluding many countries and stakeholders from decision-making around PPR. Priority setting and allocations of funds would be concentrated in the hands of a relatively small number of wealthy nations and partners and would be neither inclusive nor equitable.
- The Secretariat appears to be fully integrated in the WB, not working closely with WHO. The strategic, policy and technical role of WHO appears to be limited to providing experts to serve on expert advisory bodies and does not reflect the described intentions for WHO engagement.
- The proposal lacks an independent monitoring mechanism, which would be essential for ensuring accountability for financial commitments made by contributors, validation of results achieved, and assessment of efficiency of funding streams. This independent monitoring mechanism should be in addition to the oversight and accountability mechanisms of the recipient organizations.

GPMB, 1 June 2022