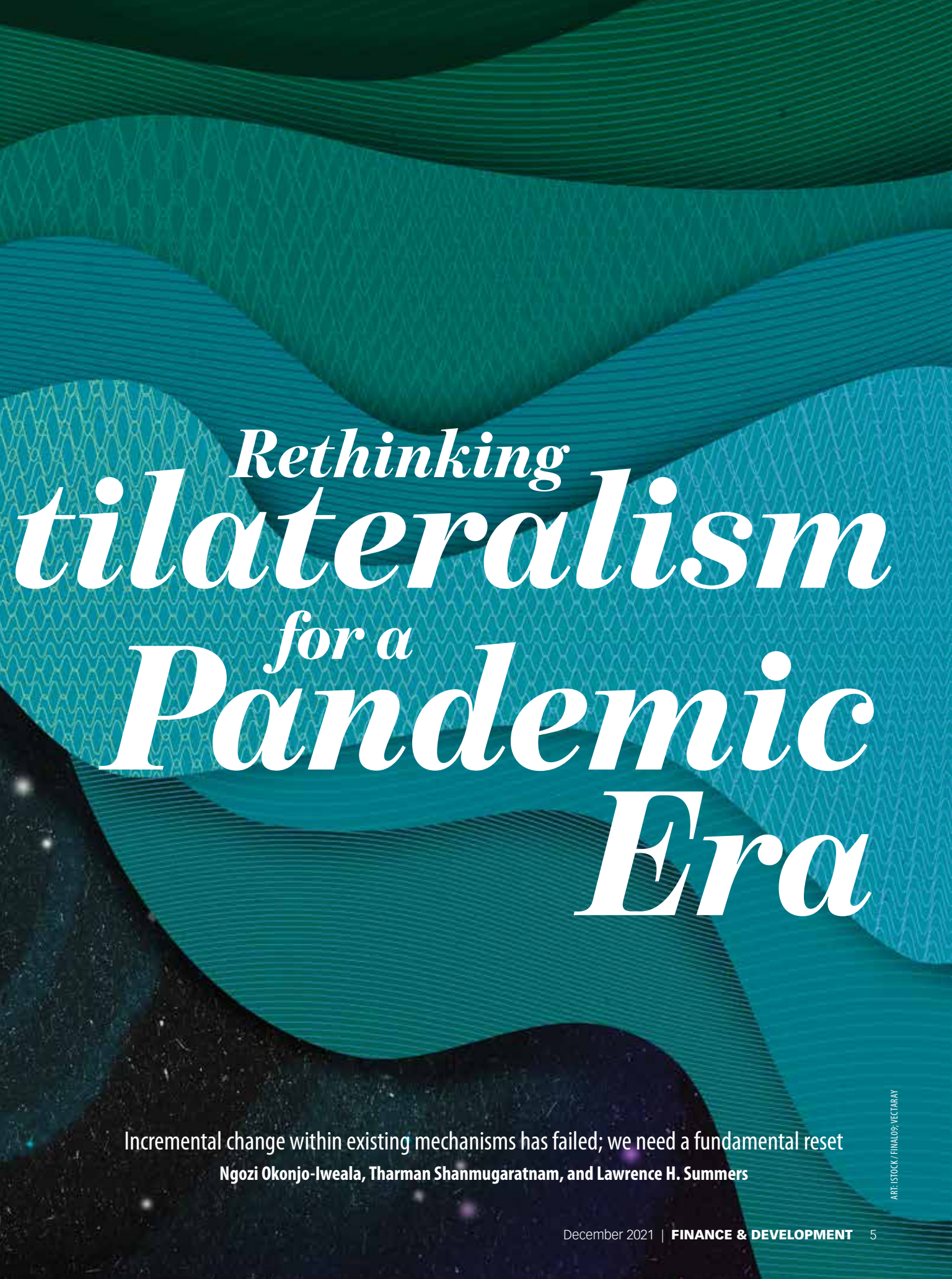


The illustration features a woman's profile in shades of teal and blue, facing left. She is holding a globe of the Earth in her arms. The globe is rendered with a grid pattern and green foliage sprouting from its base. The woman's hair is styled in large, flowing waves with various patterns, including a diamond mesh and a wavy texture. The background is a dark, starry space with a subtle grid pattern. The word 'Mul' is written in a white, elegant serif font on the right side of the image.

# *Mul*





*Rethinking*  
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Incremental change within existing mechanisms has failed; we need a fundamental reset

**Ngozi Okonjo-Iweala, Tharman Shanmugaratnam, and Lawrence H. Summers**

ART: ISTOCK / FINILO9 / VECTARAY



# W

e are nowhere near the end of the pandemic. Delta will not be the last highly transmissible variant. Large unvaccinated groups and the unchecked spread of

the virus around the world raise the prospect of further mutations, possibly evading today's vaccines, that will create new waves everywhere.

Yet COVID-19 is also a forerunner of more, and possibly worse, pandemics to come. Scientists have repeatedly warned that without greatly strengthened proactive strategies, global health threats will emerge more often, spread more rapidly, and take more lives. Together with the world's dwindling biodiversity and climate crisis, to which they are inextricably linked, infectious disease threats represent the primary international challenge of our times.

Recognizing this new reality of a pandemic era is not fearmongering but rather prudent public policy and responsible politics. We must organize ourselves on a whole-of-society basis within nations and rethink how we collaborate internationally to mitigate its profound consequences for livelihoods, social cohesion, and global order.

COVID-19's only benefit has been to put the case beyond doubt. Our collective failure to heed scientific advice and invest in pandemic prevention and preparedness has inflicted a catastrophic toll. Official data put the number of deaths at over 5 million; credible unofficial estimates are a multiple of that number. Many more people have survived serious illness, with long-term consequences for their well-being and nations' human capital that have yet to be determined. The world has experienced the deepest economic contraction since World War II and a significant rollback in progress in education, poverty eradication, and inclusive development for a large swath of its population. The IMF has projected large cumulative losses in global GDP by 2025, with particular impact on the developing world.

## From aid to strategic investment

Overcoming today's pandemic remains the immediate task. Rich nations must make good

on pledges to donate their projected substantial surplus vaccines, along with grants to bridge the \$23 billion shortfall needed to get jabs into arms and provide test kits and other medical supplies. All that is a very small price to shorten the pandemic everywhere.

But we also need a more fundamental reset to avoid blundering into pandemics again and again with enormous human and economic costs. The current system of global health security is not fit for purpose. It is too fragmented, overly dependent on discretionary bilateral aid, and dangerously underfunded. We must repair the system with urgency. The next pandemic could strike at any time, whether from a deadly influenza strain or another pathogen that jumps from animals to humans. It may even strike while the world continues to struggle with COVID-19.

We cannot avoid outbreaks altogether. But we can sharply reduce the risk that they will blow up into pandemics. The world has the scientific and technological capabilities and the financial resources to do so. However, to mobilize these resources, we need a new way of thinking about international cooperation.

Rather than financing global health security under the mantle of "aid for other nations," we must treat it as a strategic investment in global public goods that benefit every nation—rich or poor.

The Group of 20 major advanced and developing economies (G20) established a high-level independent panel (HLIP) to conduct a full review of the gaps in global public goods. It was aided by extensive consultation with experts, the global health organizations, and the Global Preparedness Monitoring Board, an independent group established by the World Health Organization (WHO) and World Bank. The gaps the HLIP identified are large.

We need a massively scaled-up network of genomic surveillance, integrating national, regional, and global capabilities. Such a network is critical to detecting and instantly sharing information on pathogens that could cause infectious disease outbreaks, identifying their genome sequences, and accelerating the development of medical countermeasures.



We must also close long-standing gaps in core healthcare capacities within nations to thwart both emerging and endemic infectious diseases and mitigate comorbidities. These capacities benefit individual nations in normal times but are also critical to pandemic prevention and preparedness globally. They therefore require both domestic and international financing. This, coupled with a broader strengthening of public health systems, will require many developing economies to spend an additional 1 percent of GDP, at least over the next five years. The additional spending must be complemented by enhanced external grant support for investments in lower-income countries that are in the nature of global public goods.

### Global supply capacity

Crucial too is building the global capacity needed to radically speed up supplies of vaccines and other vital materials to avoid prolonging a pandemic and repeating the staggering inequalities of access that COVID-19 has revealed. We need a globally distributed development, manufacturing, and delivery ecosystem that is kept in use in normal times and can pivot swiftly to provide the medical countermeasures specific to each pandemic.

In the absence of a larger global supply capacity ready early in a pandemic, producing nations will remain prone to prioritize the needs of their own populations over global needs. The private sector currently has little incentive to invest in this ever-warm supply capacity on the scale required ahead of a pandemic, even if there is scope for dual uses to meet ongoing needs in normal times.

We can therefore build the necessary supply ecosystem only through a major public-private investment initiative. That will require a tightly coordinated network of global health organizations and national and regional agencies—such as the Biomedical Advanced Research and Development Authority (BARDA) in the United States, the Health Emergency Preparedness and Response Authority (HERA) in Europe, and the African Vaccine Alliance—collaborating closely with the private sector. Equally, we need clear global rules to keep supply chains open in a pandemic

and ensure that export restrictions and trade bottlenecks are tackled quickly.

To plug these key gaps in global public goods, we must invest collectively on a scale much larger than we have been willing to in the past. Using the best cost estimates by the WHO, McKinsey & Co., and other sources, the G20 HLIP estimated that the world needs, at an absolute minimum, additional international investments of \$15 billion a year in these global public goods to avoid future pandemics. This is a doubling of current levels, but COVID-19 demonstrates that the costs of a pandemic are several hundred times greater. The expected social returns on these collective investments are immense.

**To plug these key gaps in global public goods, we must invest collectively on a scale much larger than we have been willing to in the past.**

However, to succeed in averting the next pandemic, we must strengthen multilateralism. That cannot be achieved with incremental changes to existing mechanisms, which have failed to prevent and respond decisively to the current pandemic. We need major renovation and replenishment of both individual institutions and the global health architecture. The G20 panel has advocated three strategic shifts to enable proper and proactive financing of global health security.

*First, we must put the finances of the WHO on a more secure multilateral footing and empower it to perform its core roles more effectively.* There is no solution to pandemic security that does not involve a reformed and strengthened WHO at its center.

It plays the lead role in the surveillance of global health emergencies and in identifying gaps in the national core capacities set out in the International Health Regulations. It is also integral to the international coalition of health partners that must develop a globally distributed, end-to-end supply ecosystem for medical countermeasures.

*Second, we must repurpose the international financial institutions (IFIs) for a new era.* The IMF and World Bank were created at the end of World War II to assist countries with economic reconstruction or when they ran into financial difficulties of their own. The World Bank's success led to the establishment of the other regionally based multilateral development banks. Collectively, the IFIs are unique international institutions with the ability to multiply the impact of finance in ways that will be critical in the decades ahead. They leverage the resources of their shareholders in the capital markets, induce domestic funding and policy reforms by governments, and help catalyze private sector investments.

Yet the mandates of the Bretton Woods institutions must be updated for an era when the largest challenges facing countries lie in threats to the global commons, even as poverty alleviation and inclusive growth remain critical priorities. The IMF and World Bank must work closely with regional development banks and other international players, including global health organizations, to incentivize lower-income countries and regions to invest in the public goods needed to address these threats.

The business models of the World Bank and other multilateral development banks must also pivot toward mitigating risk rather than direct lending, so as to mobilize private capital and transform global savings into development finance. The potential for doing so has long been recognized, given the banks' triple-A credit ratings and scope for using risk guarantees and other credit-enhancement tools and that most developing economies now have access to capital markets to finance infrastructure. However, progress in moving away from a lending-based model has been slow. A bolder move is now required to use their

resources more optimally to support investments in global public goods.

The IFIs must also play lead roles in international financing of the response to pandemics. The IMF and World Bank have designed programs and streamlined processes during COVID-19 to enable more flexible disbursement of funds. Following the recent \$650 billion general allocation of Special Drawing Rights (SDRs) among its members, the IMF is also actively working with wealthier countries to channel excess SDRs to those that are more vulnerable via the Poverty Reduction and Growth Trust, among other ways. However, the whole process for an SDR allocation to be approved, and subsequently deployed to countries most in need, takes time. Several other mechanisms were also developed or enhanced in the midst of the pandemic. The IFIs must now improve and formalize them as part of their crisis-response toolkits so they can deploy resources at a much larger scale and more swiftly when necessary.

The shareholders of these key institutions must themselves adapt to the challenges of a new era. They must make timely replenishments of the grants and capital needed by the IFIs and ensure that the greater focus on global public goods does not come at the expense of spending on education, social protections, and other development priorities. They must also enable the IFIs to put out much more money in a pandemic, much faster and with less elaborate conditions, just as their treasuries and central banks became major lenders and investors of first resort in their own countries.

Shareholders should also support a new capital adequacy framework for the multilateral development banks, one that recognizes their preferred creditor status and very low default experience and enables enhanced leverage without compromising their triple-A ratings. Recommendations for doing so were made by an earlier G20 eminent persons group. The recent review initiated by the Italian G20 presidency is an important step in the right direction.

### **Overcoming fragmentation**

*Third, besides strengthening the WHO and repurposing the IFIs, we must establish a new multilateral financing mechanism for global health security.* Currently, fundraising for this purpose is fragmented, based on the different mandates of the various global health organizations, and largely dependent on discretionary bilateral and

philanthropic aid. The result is a nonsystem of complex, unpredictable, and greatly inadequate funding for global public goods.

The G20 HLIP has therefore proposed establishing a multilateral financing mechanism aimed at mobilizing at least \$10 billion a year from the international community. It would be most practical for this to take the form of a financial intermediary fund hosted at the World Bank, which would act as trustee. At two-thirds of total additional international financing needed for global health security, the new mechanism would provide a much-needed layer of multilateral support on top of today's siloed landscape.

However, it is critical that resources mobilized for this new financing mechanism add to, and not substitute for, existing official development aid for global public health and other priorities. It should also be designed to catalyze funding from private, philanthropic, and bilateral sources. Importantly too, the new mechanism should not be an implementation agency on the ground. It should instead fund existing institutions and networks and prioritize or reprioritize allocations across the system based on the most pressing needs of the time. This will enable it to serve as an integrator rather than become a new silo that only furthers fragmentation.

Funding for this multilateral mechanism should be based on pre-agreed contributions from all countries, similar to the way nations periodically provide fresh funds to the International Development Association. When spread across a large number of countries on a fair and equitable basis, the contributions translate to barely 0.02 percent of the GDP of most countries, or less than 0.1 percent of annual government budgets. This is entirely affordable.

Greater and more sustained funding also requires better governance. Governance of global health itself rests with the WHO and its decision-making body, the World Health Assembly. What is missing is a mechanism that brings finance and health decision-makers together to govern and mobilize funding of global health security. We believe that a board that brings health and finance ministers together within an inclusive G20-plus group will fill that need most effectively. It should have adequate representation from developing economies, especially the inclusion of the African Union. The WHO, World Bank, IMF, and World Trade

Organization should be included in an ex officio capacity. A permanent, independent secretariat hosted by the WHO and drawing on the expert resources of the major international organizations should support the board.

### Narrow window

Rethinking multilateralism has never been more urgent. The window for action is narrow. As the experience of earlier crises shows, the impetus to make bold change will fade once we are past the worst of the pandemic in the richest countries.

We must also act urgently to repair the deep and growing distrust of the global system in developing regions that have had little access to lifesaving supplies. Failure to reverse this trust deficit will have lasting consequences. It will make it very difficult to address climate change, future pandemics, and other problems in a dangerous world.

## Rethinking multilateralism has never been more urgent. The window for action is narrow.

The Joint Finance-Health Task Force initiated by G20 Leaders on October 31, 2021, should be the first step toward establishing the new multilateral financing mechanism and the board required for effective coordination and stewardship of funding for global health security. The task force should seek to bridge differences pragmatically and achieve consensus by early 2022.

The collective actions we propose are critical to future human security everywhere. They will also help avert the much larger costs that nations will incur in future global health crises. It would be both economically and politically myopic, and morally indefensible, to wait for the next pandemic to overwhelm us. **FD**

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**NGOZI OKONJO-IWEALA** is director-general of the World Trade Organization. **THARMAN SHANMUGARATNAM** is senior minister in Singapore and chair of the Group of Thirty. **LAWRENCE H. SUMMERS** is the Charles W. Eliot University Professor at Harvard University and a former US Treasury secretary. They cochaired the G20's High Level Independent Panel on Financing the Global Commons for Pandemic Preparedness and Response.