

THE PANDEMIC PREVENTION, PREPAREDNESS AND RESPONSE FINANCIAL INTERMEDIARY FUND

A GFAN BACKGROUNDER

The shortcomings of the world's collective response to COVID-19 has highlighted the need to improve the global health infrastructure to ensure that adequate investments in pandemic prevention, preparedness, and response (PPPR) would be made.

In May 2021, the [Independent Panel on Pandemic Preparedness and Response](#) published [its first report](#) calling for the creation of a structure capable of raising funds for pandemic preparedness and provide “rapid surge financing” to respond to pandemics. The idea gained significant traction following the G20 Rome Communiqué in October 2021, where a Joint Finance-Health Task Force was established¹, and in April 20th, 2022 the G20 reached an agreement. The new financial mechanism would take the form of a Financial Intermediary Fund (FIF), hosted by the World Bank, tasked with addressing the financing gap for PPPR. Then, at the Second Global COVID-19 Summit in May, the US, the European Union, Germany and the Wellcome Trust pledged to fund the proposed PPPR FIF. Finally, on May 17th 2022, the World Bank issued a [White Paper](#) that detailed what the proposed PPPR FIF would look like.

This brief provides key information on the proposed PPPR FIF, including its governance structure, the role of the World Bank² and the FIF's proposed focus areas for financing; this brief will also discuss the implications that the creation of the PPPR FIF would have for the Global Fund.

WHAT IS A FINANCIAL INTERMEDIARY FUND (FIF)?

¹ G20 Rome Communiqué, October 31st 2021 – Point 6, found [here](#)

² The White Paper details the role of the World Bank in relation to the proposed PPPR FIF as follows: “(i) as trustee, where the Bank would hold and transfers donor funds to external entities based on instruction of the FIF governing body; (ii) secretariat, where the Bank would provide program management and administration services to the FIF and support its governing body; and (iii) implementing partner, where the World Bank Group entities, along with other implementing partners, would appraise and provide implementation support for FIF-financed projects”

Financial Intermediary Funds are structures supported by the World Bank that pool public and private resources and channel them towards specific goals, typically the provision of global public goods. 27 FIFs are currently in operation and invest in issues ranging from climate change mitigation and food security to immunization and women entrepreneurship. Five of the FIFs deal directly with global health, **including the Global Fund to Fight HIV/AIDS, Tuberculosis and Malaria**, which was established as a FIF in 2002.³

FIFs can be set up in a number of ways as there is a lot of flexibility for the World Bank to determine precise arrangements; including governance & accountability of funds. Their key commonality is that they are supported by the World Bank, and that the Bank provides them with financial services such as the receiving, holding and disbursing of funds. The Global Fund, for example, benefits from the World Bank's financial services, but investment decisions are made by the Global Fund's Board.

FINANCING THE PPPR FIF

The World Health Organization (WHO) and the World Bank have estimated the global annual investment need in PPPR is US\$31.1 billion. Considering expected domestic and international financing for PPPR, the G20 Joint Health-Finance Task Force recommended that at least an additional US\$10.5 billion per year in international external financing is needed over the next five years to strengthen the PPPR capacities of low-income and middle-income countries. This amount would be channeled through the PPPR FIF.

The United States Government has announced a contribution of US\$450 million towards the proposed PPPR FIF for the US fiscal year 2022, and it has signaled its intent to channel additional funds in the coming years; the European Commission has announced a contribution of US\$450 million; Germany has announced a contribution of EUR 50 million; and the Wellcome Trust has announced a contribution of GBP 10 million. Several other donors have also signaled their interest; though announced pledges come nowhere near the estimated needed of US\$10.5 billion.

THE WORLD BANK WHITE PAPER: CONCERNS AND OPPORTUNITIES

The World Bank White Paper detailed the proposed PPPR FIF and invited comments by June 1st 2022. It outlined that the new FIF is intended to be a new instrument, funded through additional external financing rather than the diversion of existing global health funding streams. It aims to complement the work of existing global health institutions and agencies by providing incentive to countries to invest more in pandemic prevention, preparedness and response, offer flexibility via a range of implementing partners and promote a more “coordinated and coherent approach to

³ Financial Intermediary Funds – The World Bank
[https://fiftrustee.worldbank.org/en/about/unit/dfi/fiftrustee/overview#:~:text=Financial%20Intermediary%20Funds%20\(FIFs\)%20are,coordinated%20response%20to%20global%20priorities.](https://fiftrustee.worldbank.org/en/about/unit/dfi/fiftrustee/overview#:~:text=Financial%20Intermediary%20Funds%20(FIFs)%20are,coordinated%20response%20to%20global%20priorities.)

PPR [...] by linking financing with existing, country-level planning processes, thereby reducing transaction costs for client countries.”

GFAN has collated various inputs that were sent through for consideration [here](#), including two inputs that GFAN co-wrote. We have a number of concerns with the FIF as it is described in the White Paper:

- 1) The FIF’s governance excludes a number of essential and necessary stakeholders, including implementing countries, affected communities and civil society organizations.
- 2) Communities and Civil Society Organizations are specifically reduced to a role of “observers”, in the name of “efficiency”, disregarding essential lessons of public health that initiatives that do not meaningfully involve those it claims to work for fail.
- 3) The Global Fund and other multilateral actors like CEPI and GAVI who have been central to the COVID-19 response via the Access to COVID Technologies – Accelerator (ACT-A) as initial implementing agencies would not be eligible to receive FIF funding*; which elevates the risk for:
 - a. the diversion of funds away from pre-existing global health programs
 - b. the duplication of existing structures and investments in health system infrastructure, disease prevention, and,
 - c. an increased burden on local and implementing partners and stem the creation of further silos on an issue that is inherently cross-cutting.

However, it is important to note that at the time of writing, news sources were reporting that the Global Fund, Gavi and CEPI would be eligible implementing partners thanks to a waiver – in other words the path for them to be implementing partner may be open but would be complicated.

Other important concerns have been raised in various inputs that include the role of the Private Sector.

There are however, some important opportunities with the FIF as outlined in the White Paper, including:

- 1) The stated objective of additionality – i.e. that any PPPR FIF funding should be additional to existing Official Development Assistance budgets,
- 2) That it would seek to complement the work of and work with existing institutions that provide international financing for PPR – signaling some awareness of the existing global health infrastructure.

CURRENT STATE OF NEGOTIATIONS & NEXT STEPS, AS OF JUNE 22ND 2022

G20

At the first Joint Health & Finance Ministers meeting organised by Indonesia as the G20 President, on June 21st 2022, discussions on the proposed PPPR FIF included representations made by many governments to confirm their positions. In particular, the governments of Canada, the Netherlands and Australia spoke to the need for inclusion of civil society in the governance structure of a PPPR FIF.

On the same day, the news outlet Politico reported that – after pressure from governments such as the United States and Australia – that the Global Fund, Gavi and CEPI would require a waiver to seek money but that the World Bank would do the review process for the waiver ahead of the presumed launch of a PPPR FIF.

WORLD BANK DIRECTORS

The timelines for the consideration and implementation of the PPPR FIF are compressed. On June 8th, the founding donors met with the World Bank to discuss key issues in regards to the White Paper, based on the public comments collected up to June 1st. The revised paper will be circulated to the World Bank executive board and a revised version will be discussed at the joint G20 Finance-Health Task Force.

The Executive Board will consider this revised White Paper on June 30th and vote whether or not to approve the hosting of the new FIF. If approved, this will kickstart the development of the its strategy and governance structure by founding donors and stakeholders. It is unclear when the revised White Paper will be made public or how non-donor stakeholders, particularly implementing countries, affected communities and civil society organizations will be a part of the decision making process.

The goal appears to be that the PPPR FIF be launched by September-October 2022.

WHY DOES THIS MATTER IN THE CONTEXT OF THE GLOBAL FUND AND ITS REPLENISHMENT?

Most GFAN advocates are currently seized with the need for a successful 7th Replenishment of the Global Fund. The Investment Case sets out a clear rationale for an investment of at least US\$18 billion in order for the Global Fund to deliver on its core objective related to HIV, Tuberculosis and malaria and in-line with its strategic objectives.

The Global Fund strategy noted that pandemic preparedness and response would be an evolving objective and would build upon its 20 years of delivering impact in the area of infectious disease pandemic prevention, preparedness and response and most recently, its work as a co-lead of the Access to COVID Technologies – Accelerator (ACT-A). Many lessons have been learned through the work of the ACT-A which support the continued use of the knowledge and expertise built up

by the lead agencies in its pillars in responding to a novel global pandemic. In the case of the Global Fund, the organisations ability to leverage its country-led model and pivot quickly to provide flexibilities for existing funds and raise and operationalise new funds to meet COVID-19 challenges relatively quickly is the proving ground for the additional work the Global Fund could accomplish with additional funding via a PPPR FIF as over 4 billion in additional funding was allocated in 2021 and early 2022.

However, the overarching structure of ACT-A with its lack of early and meaningful inclusion of communities, CSO's and lower and middle income governments participation alongside a lack of governance, transparency, accountability and central resource mobilisation and allocation function should not be emulated. These are areas where improvement is needed in a PPPR FIF and the other instruments (such as a pandemic treaty or the establishment of a global threats council) that are currently being discussed.

Within a PPPR FIF whose structure would be mostly about providing a central priority setting governance body and thereby strictly adhered to its role as a “financial intermediary”, the Global Fund should be a significant implementing partner as its investments have increasingly supported funding resilient systems for health, with over US\$1 billion per year⁴ or total of its current portfolio. The Global Fund is building stronger, more resilient and equitable health systems that better mesh the community-led with the formal health systems strengths and comparative advantages is and should be the bedrock of preventing, preparing and responding to any pandemics.

Including the Global Fund also ensures that it can use its “diplomatic voice” and lead by example within the FIF on the kind of core principles that are behind many GFAN’ers support for the Global Fund: the principle of country-led and country-owned priority setting complemented by strong technical reviews, the equitable inclusion of communities and civil society at the core of its governance structure and an approach to health service delivery that is people, rights and equity centred.

GFAN will continue to monitor the conversations and as needed, reach out through our membership for action to support the types of core principles outlined in the two inputs that GFAN co-authored.

⁴ See the [Global Fund Investment Case for the 7th Replenishment](#), p. 6