



## Five reasons why the EU should use the flexibility instruments for the global COVID response

To date, the COVID-19 pandemic has killed 4.62 million people<sup>i</sup> and changed life as we know it - from the way we work and study, to supply chains and travel, there's no part of society that COVID-19 hasn't touched. COVID-19 recovery is at the top of every political agenda, with many donors - including the European Union (EU) - supporting the [Access to COVID-19 Tools \(ACT\) Accelerator](#), a global collaboration mechanism aiming to accelerate the development, production, and equitable access to COVID-19 tools. But significantly more funding is needed for ACT-A to complete its work. The latest estimates anticipate that it may cost between \$50-66 billion to fully vaccinate the world<sup>ii</sup>, plus additional investments needed to cover the cost of delivery in low-and-middle-income countries (LMICs)<sup>iii</sup>. Meanwhile, ACT-A is still facing a \$16.8 billion funding gap for 2021<sup>iv</sup>, of which we call on the EU to contribute €1.3 billion more to meet their "fair share"<sup>v</sup>.

COVID-19 is one of the worst global health emergencies this world has ever seen, and new variants continue to increase the urgency of quickly minimizing the virus' spread. The EU has blamed an overly strained development budget as a reason not to contribute more financial resources to ACT-A. While we agree that the global COVID-19 fight must not be funded at the detriment of other global health priorities, it is imperative that the EU do their part to fully fund ACT-A as a *bare minimum* response to the COVID-19 pandemic.

To do this, the EU should turn to the budget lines designed for crises exactly like this: the Emerging Challenges and Priorities Cushion (the cushion) and the rapid response pillar within the NDICI/Global Europe instrument. Here are the top five reasons why the EU should use the cushion and rapid response pillar to meet their fair-share to ACT-A and contribute to the wider, long-term and systematic COVID-19 response:

- 1. Because responding to crises like the COVID-19 pandemic is exactly what these budget lines were made for.**
- 2. Because that's where the money is.** The cushion and the rapid response pillar have been allocated €8.49 billion and € 2.83 billion euros respectively for the period of 2021-2027
- 3. Because the thematic budget line for "Global Challenges" is already significantly overstressed.** Global Challenges has only been allocated €3.36 billion for the entire 7 year period, split over four sub-budget lines, of which only one focuses on health.
- 4. Because EU investments for global health in partner countries are insufficient.**
- 5. Because not doing so will actually cost much more.**

## **1. Because responding to crises like the COVID-19 pandemic is exactly what these budget lines were made for**

According to the Global Europe Regulations, the cushion should be used to:

- Ensure an appropriate response of the EU in the event of unforeseen circumstances
- Address new needs linked to crises
- Support new EU-led or international initiatives

We were not well-prepared for COVID-19, and it has in turn become one of the worst health crises of this century. It requires a quick and comprehensive global response. The EU was instrumental in launching ACT-A, and has been a central organiser in nearly all of the global conferences or summits addressing this crisis. Therefore, ACT-A meets the regulation criteria of being a response to an unforeseen crisis in need of EU leadership.

According to the Regulations, the rapid response pillar should be used to:

- Contribute to stability and conflict prevention in situations of urgency
- Contribute to strengthening resilience of states, and to linking humanitarian aid and development action;
- Addressing foreign policy needs and priorities

ACT-A has a pillar dedicated to health systems strengthening, which builds resilience of states. Similarly, building back from COVID-19 is a clear humanitarian and development priority, and also a key foreign policy objective of the EU, so investing in ACT-A would link these different policy objectives. Based on the regulations, it is clear that contributions to ACT-A, and the global COVID-19 response more generally, would not only be appropriate from these two budget lines, but are actually the very reason they were created. *If we don't use them now, then when?*

## **2. Because that's where the money is**

The cushion and the rapid response pillar have been allocated €8.49 billion and €2.83 billion euros respectively for the period of 2021-2027<sup>vi</sup>. This far exceeds the budget line reserved for thematic issues, which was set at only €7 billion to cover a vast array of global problems. In the short term, too, the cushion and rapid response pillar far outstrip the thematic budget line, having €1.46 billion and €484 million commitments available in 2022<sup>vii</sup>. Even if the cuts proposed by the Council on July 14th<sup>viii</sup> are accepted by the Parliament, that still leaves over €1 billion in the cushion, more than enough to allocate a portion in grant funding towards meeting the EU's ACT-A fair share.

## **3. Because the thematic budget line for "Global Challenges" is already significantly overstressed**

Within the thematic budget line, the "Global Challenges" (GC) sub-budget has been developed to reinforce the EU's health and education objectives in partner countries. Unfortunately, GC has only been allocated €3.36 billion for the entire 7 year period<sup>ix</sup>, and only €415.7 million for 2022<sup>x</sup>, split over four sub-budget lines, of which only one (the "people" line) would focus on health. The "People" line has €137.2 million for 2022<sup>xi</sup> - far below what is needed for the EU to meet its fair share to ACT-A, and desperately needed for other global health initiatives. The Commission has since acknowledged in discussions with civil society that the GC is precariously low<sup>xii</sup>. It is therefore clear that funding for ACT-A should not come from this budget line, which should instead be reserved for human development and global health initiatives, like the WHO UHC partnership; the Global Fund to Fight Aids, TB and Malaria; and routine Gavi investments.

#### 4. Because EU investments for global health in partner countries are insufficient.

The budget shifts focus from addressing issues thematically, towards addressing them at the country level. This framework could have prioritised bilateral health programming, but while it appears there will be a marginal increase in the number of partner countries choosing health as a focal area, we have not seen a substantial shift towards long-term health systems strengthening efforts as a foundation of the EU approach. Similarly in the Commission's EU-Africa Strategy proposal, health is neglected. **In the midst of a global pandemic, it is not enough for a few additional countries to focus on health - we need to revamp the entire global health architecture in order to respond to this crisis, prepare for the next, and reach universal health coverage.**

The EU has also launched so-called "Team Europe" initiatives (TEIs) - joint activities by the EU, its member states, and the European development finance institutions focused on specific sectors, meant to improve coordination, target big issues, and raise the visibility of EU development aid. The TEIs, as part of the programming process, are not finalized, but initial analysis done by the Center for Global Development found that, while the TEIs have an even geographical distribution, they are disproportionately focused on green industry projects, with "a striking absence of health and education<sup>xiii</sup>." The Commission has since announced a €1 billion TEI on manufacturing and access to vaccines, medicines and health technologies in Africa<sup>xiv</sup>, of which a portion will go to a manufacturing hub in Senegal<sup>xv</sup>. While these efforts are welcomed, the regional programming for Sub-Saharan Africa preliminary overview makes it clear that "work in this area will be a long-term, with a gradual approach focused on legislative/regulatory aspects<sup>xvi</sup>", and will therefore not be sufficient to address the immediate needs. The TEIs have a role to play in addressing COVID-19 and the wider global health concerns, but ACT-A is the instrument best suited to deliver COVID-19 tools to low-income countries in the short term, and funding from the cushion and the rapid response pillar could be mobilised quickly to make that a reality.

#### 5. Because not doing so will actually cost the EU - and the world - much more.

COVID-19 threatens development gains made in recent years, including progress towards achieving the SDGs. As of September 12, 2021, 4.62 million lives have already been lost, and there are further risks for people living with HIV, malaria, tuberculosis, poliovirus, and other non-communicable diseases. COVID-19 is also a major detriment to progress on RMNCHN and food security. More than ever, human rights and basic needs are under threat. If the international community doesn't act swiftly to help address these rising global crises, the entire world will suffer.

Developing, manufacturing, and delivering COVID-19 tools is expensive - but continuing at the current rate of dysfunction will cost the world so much more. A recent ICC study found that, in 2021 alone, the world risks a global GDP loss of \$9.2 trillion due to the uncoordinated approach to vaccine distribution<sup>xvii</sup>. The study further predicted that up to 49% of this loss would be experienced by high-income countries, regardless of their domestic rate of vaccination. **When \$9.2 trillion is at stake globally, committing €1.3 billion should not be a challenge.**

Beyond the immediate financial concern is the lasting inequalities that the EU - by falling short of its spending obligations - are indirectly supporting. The EU claims that global solidarity is at the center of its approach to the coronavirus, but so far, over 80% of the vaccines available have been distributed to rich countries, and only 1% have reached people in low-come countries<sup>xviii</sup>. Furthermore, the EU has blocked other initiatives that might contribute to global vaccine equity, such as the "TRIPS" waiver proposed at the World Trade Organisation (WTO), allowing governments to temporarily waive specific COVID-19 intellectual property rules to increase production capabilities<sup>xix</sup>. The decisions taken at the political level will have lasting impacts on the relationships between countries and continents, as well as on the level of trust between citizens and those who lead them. The most ethical and cost-effective response is one that fully funds ACT-A and begins working towards a global roadmap for getting the world to herd immunity. Funding from the cushion and rapid response pillar would help with this.

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- <sup>i</sup> WHO Coronavirus dashboard (September 12, 2021). [Available here](#).
- <sup>ii</sup> Two different estimates about the cost of getting the entire world vaccinated have been circulated. The first was 50 billion, released by the IMF in a staff discussion note (source: Ruchir Agarwal and Gita Gopinath (May 2021). A Proposal to End the COVID-19 Pandemic. [Available here](#).) and is supported by the WHO and World Bank. The second was 66 billion, proposed by former British Prime Minister Gordon Brown in an op-ed (source: Financial Times (May 22, 2021), Gordon Brown: G7 must bear the burden of vaccinating the world. [Available here](#)) ahead of the 47th G7 Summit in Cornwall, UK. Both of these estimates are well-supported with evidence, so we can assume that the real cost will fall somewhere in this range.
- <sup>iii</sup> CARE estimates that for every \$1 a country or donor government invests in vaccine doses, they need to invest \$5.00 in delivering the vaccine. Report [available here](#).
- <sup>iv</sup> WHO (August 9, 2021). Access to COVID-19 tools funding commitment tracker. [Available here](#)
- <sup>v</sup> Civil society organisations have put forth a financial ask that the EU commit at least €1.9 billion to the ACT-Accelerator, based on the ACT-A hub's suggestion that 5% of the total needs should come from the European Commission. So far, the EC has pledged a total of 604 million in grants, plus an additional 600 million in loans and guarantees. While the loans and guarantees are appreciated in terms of front-loading, they must be repaid, so they do not reduce the overall needs or contribute to fulfilling the CSO ask. Therefore the EU should contribute €1.3 billion more in grant funding in order to meet their fair share. Source: WHO (August 9, 2021). Access to COVID-19 tools funding commitment tracker. [Available here](#)
- <sup>vi</sup> European Commission. Proposal for a Regulation Of The European Parliament And Of The Council establishing the Neighbourhood, Development and International Cooperation Instrument. [Available here](#).
- <sup>vii</sup> European Commission (June 2021). Statement of Estimates of the European Commission: Preparation of the draft budget 2022. [Available here](#).
- <sup>viii</sup> Council of the European Union (July 14, 2021). Press release: 2022 EU budget: Council agrees its position. [Available here](#).
- <sup>ix</sup> 2.76 billion in the original budget, plus an additional 600 million ring-fenced already in the cushion.
- <sup>x</sup> European Commission (June 2021). Statement of Estimates of the European Commission: Preparation of the draft budget 2022. [Available here](#).
- <sup>xi</sup> Ibid
- <sup>xii</sup> CSO-LA Information Meeting on the EU Multi-annual Indicative Programme on Global Challenges (2021-2027)  
25 June 2021. 13:00h - 15:30h CET
- <sup>xiii</sup> The Center for Global Development (May 12, 2021). Getting to the Bottom of the Team Europe Initiatives. [Available here](#).
- <sup>xiv</sup> European Commission (May 21, 2021). Press Release: €1 billion Team Europe initiative on manufacturing and access to vaccines, medicines and health technologies in Africa. [Available here](#).
- <sup>xv</sup> European Commission (9 July 2021). Republic of Senegal and Team Europe agree to build a manufacturing plant to produce vaccines against COVID-19 and other endemic diseases. [Available here](#).
- <sup>xvi</sup> European Commission (March 23, 2021). CSO/LA Consultation Regional Programming In Sub-saharan Africa 2021-27. [Available here](#).
- <sup>xvii</sup> International Chamber of Commerce (March 15, 2021). The Economic Case For Global Vaccination: An Epidemiological Model with International Production Networks - ICC Summary for Policy Makers. [Available here](#).
- <sup>xviii</sup> Nature (July 5, 2021). COVID-19 vaccines to reach poorest countries in 2023 — despite recent pledges. [Available here](#)
- <sup>xix</sup> World Trade Organisation (2021). Council for Trade-Related Aspects of Intellectual Property Rights. Waiver From Certain Provisions Of The Trips Agreement For The Prevention, Containment And Treatment Of Covid-19. [Available here](#).