



GLOBAL HEALTH CENTRE | DISCUSSION PAPER | 2023

UNDERSTANDING PANDEMIC FINANCING AND LEARNING FROM OTHER EXPERIENCES

Gian Luca Burci, David B. Evans, Suerie Moon, Daniela Morich,
Cristina Nakano, Iulia Slovenski, Adam Strobeyko, Vlassis Tigkarakis

**GENEVA
GRADUATE
INSTITUTE**

**GLOBAL
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TABLE OF CONTENTS

INTRODUCTION	3
I. UNPACKING FINANCING FOR HEALTH AND PANDEMIC PREVENTION, PREPAREDNESS AND RESPONSE (PPPR)	4
OVERVIEW OF FINANCING FOR PANDEMICS (IULIA SLOVENSKI, SUERIE MOON)	4
MACROECONOMIC PROSPECTS: THE CAPACITY OF COUNTRIES TO SPEND ON HEALTH AND ON PANDEMIC PREPAREDNESS AND RESPONSE (PPR) (DAVID EVANS)	11
II. LEARNING FROM OTHER EXPERIENCES	16
FINANCING THE FRAMEWORK CONVENTION FOR TOBACCO CONTROL (FCTC): FROM VOLUNTARY ASSESSED TO ASSESSED CONTRIBUTIONS (GIAN LUCA BURCI)	16
FINANCING MULTILATERAL ENVIRONMENTAL TREATIES: THE GLOBAL ENVIRONMENT FACILITY (GEF) (ADAM STROBEYKO)	18
THE GLOBAL BIODIVERSITY FRAMEWORK FUND (DANIELA MORICH)	21
LESSONS FROM THE GLOBAL FUND'S SUCCESSFUL IMPLEMENTATION OF DEBT SWAPS: THE DEBT2HEALTH PROGRAM (VLASSIS TIGKARAKIS, CRISTINA NAKANO)	23
CONCLUSIONS	27
ANNEX I: COMPILATION OF PROPOSED FINANCIAL PROVISIONS IN DIFFERENT DRAFTS OF THE PANDEMIC ACCORD AND PROPOSED AMENDMENTS TO THE INTERNATIONAL HEALTH REGULATIONS	28
ANNEX II: LEGAL BASIS FOR DESIGNATING THE GEF AS A FINANCIAL MECHANISM FOR SELECTED MULTILATERAL ENVIRONMENTAL AGREEMENTS	36

INTRODUCTION

This discussion paper was crafted in preparation for the workshop titled "Understanding Pandemic Financing and Learning from Other Experiences; Exploring Key Questions for the Intergovernmental Negotiating Body (INB) and Working Group on Amendments to the International Health Regulations (WGIHR)," held on November 22, 2023, at the International Conference Centre of Geneva.

Organized by the Global Health Centre at the Geneva Graduate Institute, the workshop aimed to foster discussions among members of Geneva-based permanent missions and government officials from capitals, providing a platform to explore financing for Pandemic Prevention, Preparedness, and Response (PPPR). Given the vast nature of the topic it was not possible to cover every aspect comprehensively. Therefore, the workshop and this paper were designed to complement other events organized on this theme, including a joint INB and WGIHR briefing on the financing landscape for public health emergencies held on 27 September 2023 at the WHO and online, ensuring that the discussions would add value without duplicating existing efforts.

The paper commences by providing an overview of pandemic financing, addressing challenges associated with the concept of PPPR financing and delving into the complexities of estimating financing needs and gaps. It then explores prospects for countries' spending capacities on health and pandemic preparedness and response, considering the impact of projected macroeconomic trends on their abilities to allocate additional funds from domestic resources. The paper also analyzes examples of financing mechanisms from other global regimes, touching upon arrangements under the Framework Convention on Tobacco Control and Multilateral Environmental Agreements, including the Global Environment Facility and the Global Biodiversity Framework Fund. Finally, it shares lessons learned from the Global Fund's successful implementation of debt swaps through the Debt2Health initiative. For ease of reference, Annex I provides textual excerpts relating directly to financing from the three drafts of the Pandemic Accord released to date, and Member States' proposed amendments to the IHR regarding financing. Annex II provides excerpts from environmental treaties that serve as the legal basis for the Global Environment Facility, for ease of comparison.

I. UNPACKING FINANCING FOR HEALTH AND PANDEMIC PREVENTION, PREPAREDNESS AND RESPONSE (PPPR)

OVERVIEW OF FINANCING FOR PANDEMICS

By Iulia Slovenski and Suerie Moon, Global Health Centre, Geneva Graduate Institute

In the wake of the COVID-19 emergency, significant efforts have been made to:

- a) Clarify the concept of financing for pandemic preparedness, prevention and response (PPPR);
- b) Estimate financing needs and gaps; and
- c) Strengthen national and international financing arrangements.

Each of these has relevance for the rules currently under negotiation in the WHO Working Group on Amendments to the International Health Regulations (2005) (WGIHR) and intergovernmental negotiating body (INB) processes. We briefly address each of these in turn below, then consider the key questions this overview raises for the WGIHR and INB.

A) CLARIFYING THE CONCEPT OF PPPR FINANCING

There is no single definition of what kinds of financing should be included under the umbrella of PPPR. Countries and international funding organizations conceptualize, code and track financing differently, making it difficult to arrive at a single accurate estimate of amounts currently invested in PPPR, or to track changes in financing over time.¹ To illustrate: general investments in human health systems, in animal health, and/or environmental protection, could all be considered as meaningful contributions to PPPR, but would yield much larger figures than a more targeted approach.² To facilitate the assessment of PPR financing needs, WHO developed in 2022 a five-subsystem framework for PPR that takes a more targeted approach:

Table 1. WHO PPPR architecture / subsystems framework (2022)

Nr. Crt.	PPPR framework subsystems	Examples of key functions
1	Surveillance, collaborative intelligence and early warning	<ul style="list-style-type: none">- Discover unknown zoonotic viral threats- Pathogen surveillance, including sequencing- Specialized surveillance programs
2	Prioritized research and equitable access to medical countermeasures and essential supplies	<ul style="list-style-type: none">- Close known vaccine & therapeutics gaps- Scale manufacturing capacity- Address global supply chain issues

1 World Health Organization and World Bank, rep., *Analysis of Pandemic Preparedness and Response (PPR) Architecture, Financing Needs, Gaps and Mechanisms*, February 2022, http://www.g7.utoronto.ca/g20/2022/G20-FHTF-Financing-Gaps-for-PPR-WHOWB-Feb-10_Final.pdf.

2 Suerie Moon and Ria Vaidya, rep., *Investing for a Rainy Day: Challenges in Financing National Preparedness for Outbreaks*, 2018, <https://www.graduateinstitute.ch/library/publications-institute/investing-rainy-day-challenges-financing-national-preparedness>.

Nr. Crt.	PPPR framework subsystems	Examples of key functions
3	Public health and social measures and engaged, resilient communities	- Limit human / wildlife interactions - Communication & messaging to engage community
4	Lifesaving, safe and scalable health interventions and resilient health systems	- Develop national public health institutes - Strengthen pandemic and health security systems
5	PPR strategy, coordination and emergency operations	- Conduct regular simulations & assessments to highlight gaps

Source: WHO & World Bank (2022)³

Preceding the above framework and prior to the Covid-19 crisis, WHO had developed the voluntary Joint External Evaluations (JEE) tool to assess country-level PPPR capacities, grouped into four subsystems: Prevent, Detect, Respond, and Other IHR hazards. In addition, the WHO's Universal health preparedness review (UHPR) that seeks to help nations identify PPPR and other health-related priorities, reviews best practices and challenges across three categories: governance, financing and systems (e.g. UHC). It is not yet settled whether or how these different frameworks should be harmonized to arrive at accurate, shared estimates of PPPR financing needs. Estimates currently rely on various analyses different in scope, methods and assumptions, thus offering a range of numbers.⁴

B) ESTIMATING FINANCING NEEDS AND GAPS

To our knowledge, the most recent authoritative estimates of PPPR financing needs and gaps were published by WHO and the World Bank in 2022.⁵ This report included a systematic review of key studies of financial needs for PPPR, and concluded that a **total of USD 31.1 billion (B) per year** was needed, of which **USD 26.4 B/year for national-level** spending; and **USD 4.7 B/year for global or regional-level spending**. This analysis updated the 2021 estimate of **USD 34 B/year** published by the G20 High-Level Independent Panel.⁶ It included in its estimate of expected sources of financing: domestic resources, multilateral development banks, bilateral development assistance, multilateral development assistance, targeted pool mechanisms with a specific epidemic / pandemic focus (e.g. the Pandemic Fund, Coalition for Epidemic Preparedness Innovations [CEPI]), private sector, and philanthropy and other sources.

The 2022 WHO/WB study estimated that an overall **gap of USD 10.5 B/year** would remain, emphasizing that this is a minimum level of spending and a conservative estimate overall. It excludes response, which we also exclude from the scope of this brief.

Across the five subsystems mentioned above, the yearly financing needs and gaps are calculated and distributed as outlined in Table 2.

³ World Health Organization and World Bank, rep., *Analysis of Pandemic Preparedness and Response (PPR) Architecture, Financing Needs, Gaps and Mechanisms*, February 2022.

⁴ Lorcan Clarke et al., "The Costs of Improving Health Emergency Preparedness: A Systematic Review and Analysis of Multi-Country Studies," *eClinicalMedicine* 4:4 (2022): 101269, <https://doi.org/10.1016/j.eclinm.2021.101269>.

⁵ Ibid.

⁶ G20 High Level Independent Panel on Financing the Global Commons for Pandemic Preparedness and Response, rep., *A Global Deal for Our Pandemic Age*, 2021, <https://pandemic-financing.org/report/foreword/>.

Table 2. Annual PPPR financing needs and gaps

PPPR framework subsystems		Estimated PPPR financing needs (US\$ billion)	Minimum priority PPPR financing gaps (US\$ billion)
1	Surveillance, collaborative intelligence and early warning	13.3	4.1
2	Prioritized research and equitable access to medical countermeasures and essential supplies	3.7	1.8
3	Public health and social measures and engaged, resilient communities	5.5	1.8
4	Lifesaving, safe and scalable health interventions and resilient health systems	6.1	1.9
5	PPPR strategy, coordination and emergency operations	2.5	0.9
Total		31.1	10.5

Source: WHO & World Bank (2022)⁷

The national vs international distribution of the USD 10.5 B/year gap is as follows:

- **USD 7.0 B/year** to cover **national PPPR gaps in LMICs**, assuming that governments are currently spending between 1% and 3% of their health budgets on PPPR.
- **USD 3.5 B/year** would go to meet **global** and regional investment needs.

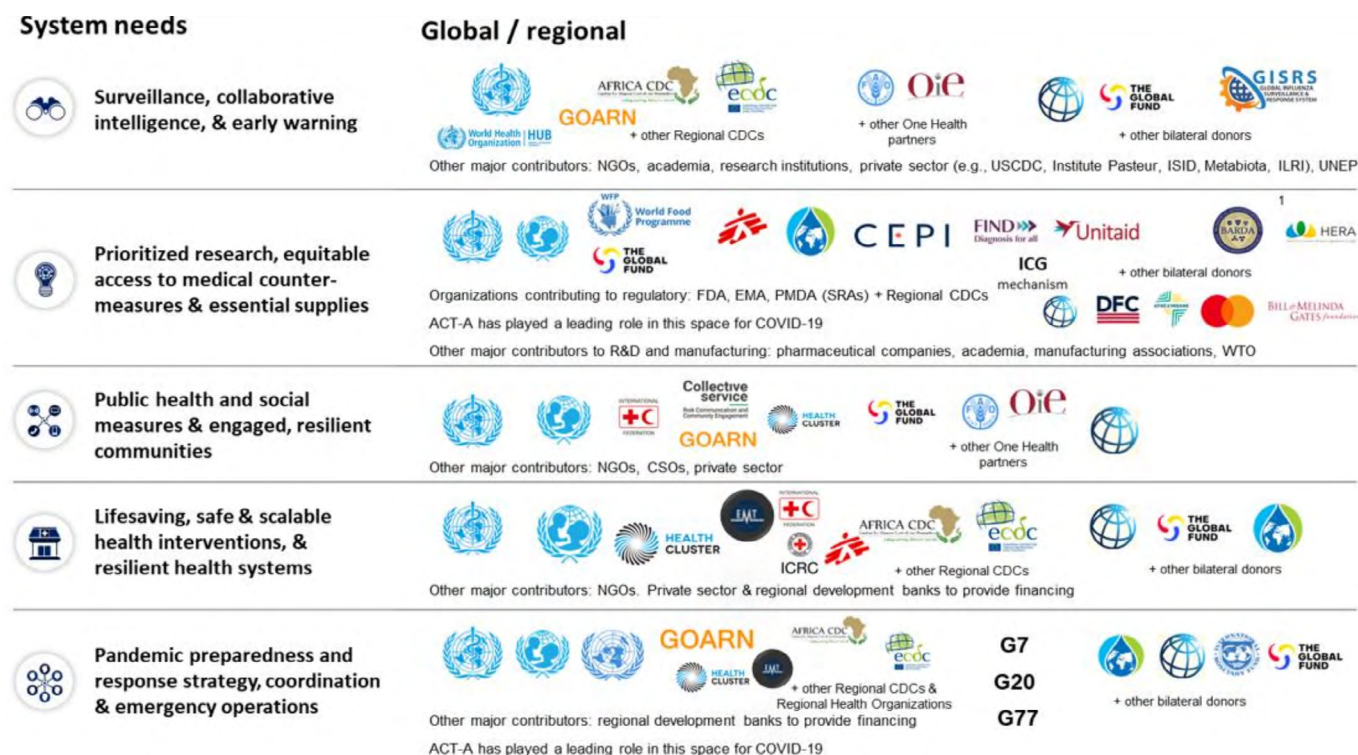
One study⁸ estimated that LMICs would need to spend 9% - 37% of their health budgets on PPPR, which was deemed unrealistic. The authors therefore concluded this amount would need to be covered by international financing to fill the gap (based on an estimate of covering 100% of LICs needs, 60% of LoMIC needs, and 20% of UMIC needs).⁹ These additional resources could come from and/or through the wide range of actors already engaged in PPPR, summarized in Figure 1 below.

⁷ World Health Organization and World Bank, rep., *Analysis of Pandemic Preparedness and Response (PPR) Architecture, Financing Needs, Gaps and Mechanisms*, February 2022.

⁸ University of Leeds, The Center for Policy Impact in Global Health, and Open Consultants, rep., *Is It Feasible to Mobilise US\$ 31 Billion a Year for Pandemic Preparedness and Response?*, April 2023, <https://centerforpolicyimpact.org/wp-content/uploads/sites/18/2023/04/417-Policy-brief-Is-it-feasible-to-mobilise-US-31-billion-a-year-for-PPR95.pdf>.

⁹ World Health Organization and World Bank, rep., *Analysis of Pandemic Preparedness and Response (PPR) Architecture, Financing Needs, Gaps and Mechanisms*, February 2022.

Figure 1. Mapping the PPR ecosystem (non-exhaustive)



Source: WHO & World Bank (2022)¹⁰

Figure 1 illustrates the multiplicity of actors that can act as sources, intermediaries and/or recipients of PPPR financing at the level of each subsystem. In practice, the number of actors contributing or receiving financing is much higher, and the financial flows are numerous, complex, and difficult to track.

The previously-mentioned studies focus on financing prevention and preparedness, but weaknesses have also been identified in financing **response** once a potential pandemic begins. The most recent study by the WHO and World Bank¹¹, prepared for the G20 Joint Finance and Health Task Force, mapped and assessed the functionality of the current financing mechanisms available for pandemic response. A first key instrument is **contingent financing**, which offers quick-disbursing funds right after a crisis begins, exemplified by various products from international financial institutions such as the World Bank. While able to provide relatively fast funding, essential in the early stages of a pandemic, it often focuses on initial needs, remaining limited in scope and flexibility. Secondly, **non-contingent financing** primarily addresses specific early needs with funds already allocated at the country level. Its effectiveness hinges on the flexibility of these funds to be repurposed for pandemic response. However, a major challenge is that much development assistance under this scheme is heavily earmarked, limiting its adaptability for other purposes. Many LMICs especially lack the established domestic mechanisms for quick activation of non-contingent financing in a pandemic scenario.

Additionally, the paper explored **innovative financing approaches**, including at-risk financing models, designed to address market failures and ensure equitable access to scarce resources. A key example is at-risk financing for R&D, manufacturing, and securing volumes of scarce medical countermeasures (MCMs), even before regulatory approval and demand estimates are clear. These proposed innovative mechanisms, including revolving funds and advance market commitments, may address specific needs for speed, magnitude, operational constraints, and risk profile, especially in global and regional contexts.

¹⁰ Ibid.

¹¹ World Health Organization and World Bank, rep., Mapping Pandemic Response Financing Options and Gaps, August 2023.

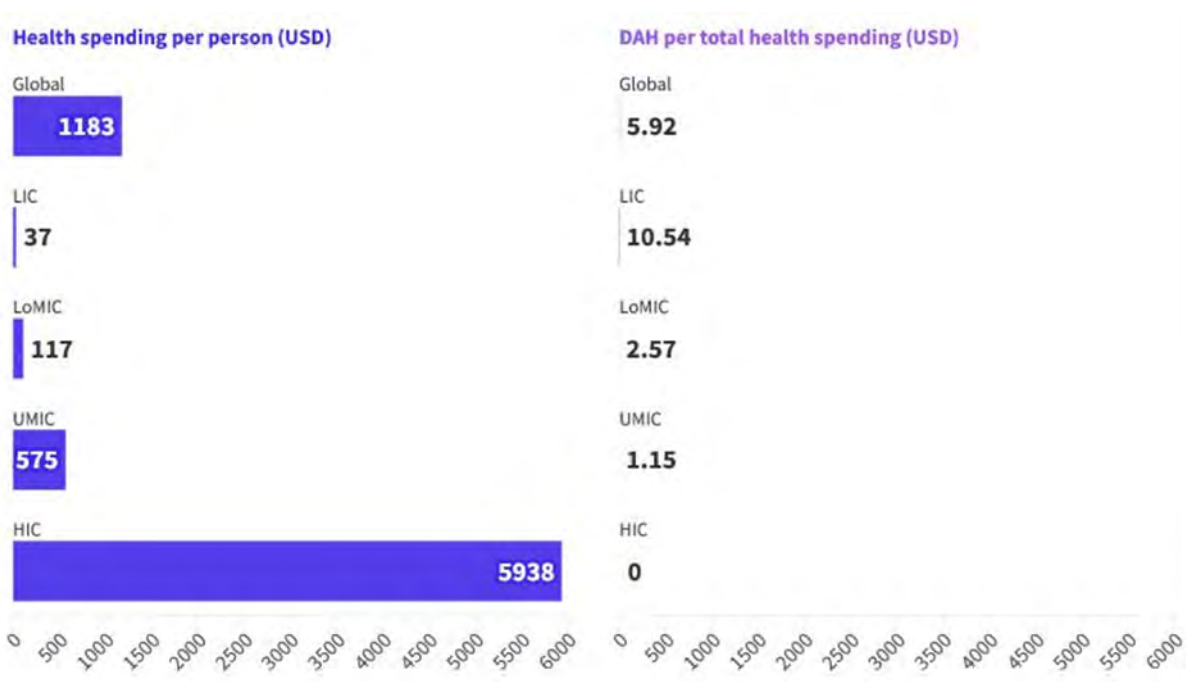
The study underscored that effective global and regional coordination remains challenging across all these mechanisms, compounded by lack of predictability, the need for regular replenishment, and the complexity for countries to manage diverse funding sources with varying conditions and objectives.

C) STRENGTHENING NATIONAL AND INTERNATIONAL FINANCING ARRANGEMENTS

Efforts to strengthen international PPPR financing arrangements in the wake of Covid-19 have thus far centered on the creation of a new entity to mobilize financing: the Pandemic Fund, hosted at the World Bank and with its own dedicated governance structure. It was officially created in September 2022, has attracted USD 2 billion in commitments to date, and approved USD 338 million for projects in 37 countries in its first round of grants.¹²

A key question is whether or how total international PPPR financing, including but not limited to that channeled through the Pandemic Fund, can approach the USD 10.5 billion/year target. Overall, this is a tiny fraction of the economic costs of Covid-19, which one estimate calculated to be over USD 9 trillion. It is also a very small proportion of worldwide health spending, estimated at USD 7.8 trillion prior to Covid-19, and reached a record USD 9 trillion in 2020 in response to the pandemic.¹³ But health spending is highly uneven across countries, as illustrated in Figure 2 below.

Figure 2. Total health spending / person / income group, including DAH contributions



Source of data: IHME, 2023¹⁴

The USD 10.5 billion PPPR spending gap is a much larger proportion of development assistance for health (DAH), which had plateaued at about USD 40 billion/year in the decade prior to the emergence of Covid-19. While DAH spiked up during the Covid-19 emergency, it is expected to

¹² Pandemic Fund Allocates First Grants to Help Countries Be Better Prepared for Future Pandemics, July 2023, World Bank, <https://www.worldbank.org/en/news/press-release/2023/07/20/pandemic-fund-allocates-first-grants-to-help-countries-be-better-prepared-for-future-pandemics>.

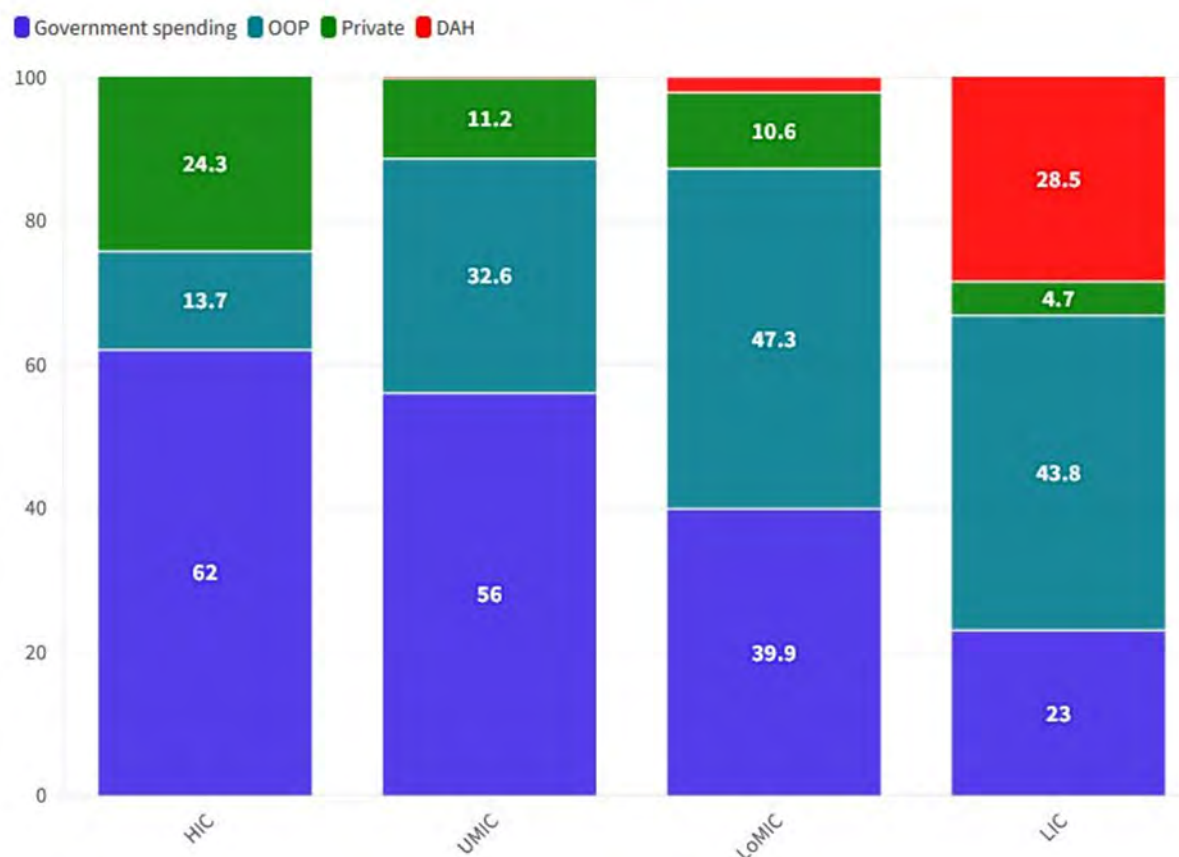
¹³ World Health Organization, Global Health Expenditure Database, accessed November 15, 2023, <https://apps.who.int/nha/database/>.

¹⁴ Institute for Health Metrics and Evaluation (IHME), *Financing Global Health 2021: Global Health Priorities in a Time of Change*, 2023, <https://www.healthdata.org/research-analysis/library/financing-global-health-2021-global-health-priorities-time-change>.

drop back to pre-crisis levels. In other words, a sustained increase of approximately one-fourth of total recent DAH spending would be needed to reach the USD 10.5 billion/year target. DAH growth is difficult to predict, but one (arguably optimistic) estimate projects DAH will grow very slowly from 2020 to 2050.¹⁵

DAH comprises a small proportion of total health spending, but its importance to national health budgets varies widely across LMICs, as shown in Figure 3 below. For LICs who rely on DAH for almost 30% of their total health spending (on average across the group), any decrease or reallocation of financing from existing health priorities to PPPR could jeopardize the provision of essential health services.

Figure 3. Percentage of total health spending by source, by country income group



Source of data: IHME, 2023¹⁶

In addition, sources of DAH are concentrated among a relatively small number of countries: only 24 governments provided 66% of DAH in 2015, for example, and among these, 7 countries accounted for 82% of the total governmental contribution.¹⁷ Competing demands on foreign assistance budgets in the traditional donor countries has grown substantially since 2022 with the Russia-Ukraine war and more recently, with the Israel-Hamas conflict.

¹⁵ Ibid.

¹⁶ Institute for Health Metrics and Evaluation (IHME), rep., *Financing Global Health 2021: Global Health Priorities in a Time of Change*, 2023.

¹⁷ Authors' calculations based on data from IHME.

RELEVANCE FOR THE WGIHR AND INB

A central question is whether or how rules agreed in the amended IHR or Pandemic Accord can raise sufficient, sustainable PPPR financing at both domestic and international levels. (See Annex 1 for text of the financing articles in the Zero Draft, Bureau's Text and Negotiating Texts of the Pandemic Accord, and proposals for financing amendments to the IHR (2005)).

Article 20 of the Pandemic Accord Negotiating Text (Oct 2023) includes provisions for creating two mechanisms for financing. First is a "capacity development fund" to be financed by required and additional voluntary contributions from States Parties, and financing from the pathogen access- and benefit-sharing (PABS) mechanism envisioned in Article 12. How much revenue a PABS system could generate is not possible to estimate until more detailed arrangements are agreed. However, for reference, the Pandemic Influenza Preparedness Framework raised USD 235 million over 10 years and the International Plant Treaty's ABS mechanism raised USD 31 million from 2020-2021. The second channel envisioned in the text is an "endowment" to be financed by voluntary contributions from philanthropic sources and "all relevant sectors that benefit from international work to strengthen" PPPR. The funds would assist Parties, "in particular developing countries," to meet their obligations in the Accord, and fund the Secretariat. Key concepts included across all three texts (i.e. Zero Draft, Bureau's Text, Negotiating Text) include commitments relating to domestic financing, international financing and international cooperation. However, the Zero Draft had included provisions for specific levels of financing commitments, and the Bureau's Text had included provisions for converting debt into PPPR investments, neither of which appear in the Negotiating Text.

Member States have submitted a range of financing-related proposals for amendments to the IHR, which we do not summarize here, but have included in Annex 1.

This brief overview raises several questions for consideration by negotiators at the WGIHR and INB.

- i. First, what rules could increase financial investments in a sustainable manner to at least the minimum necessary levels?
- ii. In light of significant constraints on traditional sources of PPPR financing – that is, domestic health budgets and DAH – what other sources of financing could be tapped? How specific should mention of such other sources be reflected in the IHR/Pandemic Accord text?
- iii. Third, should financing rules be included in the amended IHR, Pandemic Accord, or both? If both, how important is it that such financing rules be consistent or coherent between the two instruments?
- iii. Finally, what is necessary for a governing body (e.g. the World Health Assembly or Conference of Parties), to effectively monitor and ensure compliance with financing commitments, at both domestic and international levels? (Especially in light of the absence of agreement on what should count as PPPR financing, and the many potential sources and channels of PPPR financial flows).

MACROECONOMIC PROSPECTS: THE CAPACITY OF COUNTRIES TO SPEND ON HEALTH AND ON PANDEMIC PREPAREDNESS AND RESPONSE (PPR)

By David B. Evans, Geneva Graduate Institute and World Bank¹⁸

INTRODUCTION

This note explores the possible impact of projected macroeconomic trends on country capacities to spend additional amounts on PPR from domestic resources. This will be determined partly by their capacity to spend more on health. As a side-note, it also raises questions about the capacity and willingness of some bilateral donors to increase development assistance for health to meet the estimated gaps in PPR at both country and global levels.

BACKGROUND

The World Bank's series of publications entitled "From Double Shock to Double Recovery"¹⁹ showed that globally, countries were beginning to recover from the health and economic shocks of COVID-19 by 2022. Despite the additional economic shock subsequent to the war in Ukraine, GDP per capita was still projected to grow steadily over the next five years in all country income groups on average.

However, the average trend hid great variation across countries. Of particular concern was a group of countries that had not recovered from the COVID-19 economic shock: real per capita GDP, government revenues and overall government expenditure had fallen since 2019, and were all expected to remain below pre-COVID-19 levels for the next five years.

The latest World Bank analysis summarized here are based on the most recent IMF macroeconomic forecasts from the October 2023 World Economic Outlook.²⁰ Moving on from COVID-19, it takes a forward-looking approach: starting from the observed situation in 2022, it projects possible scenarios for trends in real per capita government health spending to 2028. This is critical to the capacity of countries to spend more on PPR.

GOVERNMENT EXPENDITURES

The IMF reduced its estimates of global economic growth in the October 2023 forecasts, but still projects real per capita GDP and overall government spending to increase steadily on average in all country income groups – low income (LICs), lower middle-income (LMICs), upper middle-income (UMICs) and high-income countries (HICs) from 2022 to 2028. However, this again hides considerable country heterogeneity in growth prospects.

Projections were possible for 176 countries. While 74 were expected to have relatively strong growth (here called "expansion countries"), at the other end of the spectrum, 44 are expected to see both real per capita GDP and government spending fall below 2022 levels, and remain below 2022 levels through to 2028 ("contraction countries"). Another 58 would see only slow growth in these variables ("stagnation countries"). The number of countries falling into the three categories is shown in Table 1.

¹⁸ The work behind this presentation was undertaken by Christoph Kurowski and Martin Schmidt from the Health Financing Global Solutions Group of the World Bank in collaboration with David Evans, the presenter.

¹⁹ World Bank Group, "From Double Shock to Double Recovery: Health Financing in a Time of Global Shocks," World Bank, August 9, 2023, <https://www.worldbank.org/en/topic/health/publication/from-double-shock-to-double-recovery-health-financing-in-the-time-of-covid-19>.

²⁰ International Monetary Fund, "World Economic Outlook, October 2023: Navigating Global Divergences," IMF, October 10, 2023, <https://www.imf.org/en/Publications/WEO/Issues/2023/10/10/world-economic-outlook-october-2023>.

Table 1. Contraction, stagnation and expansion countries

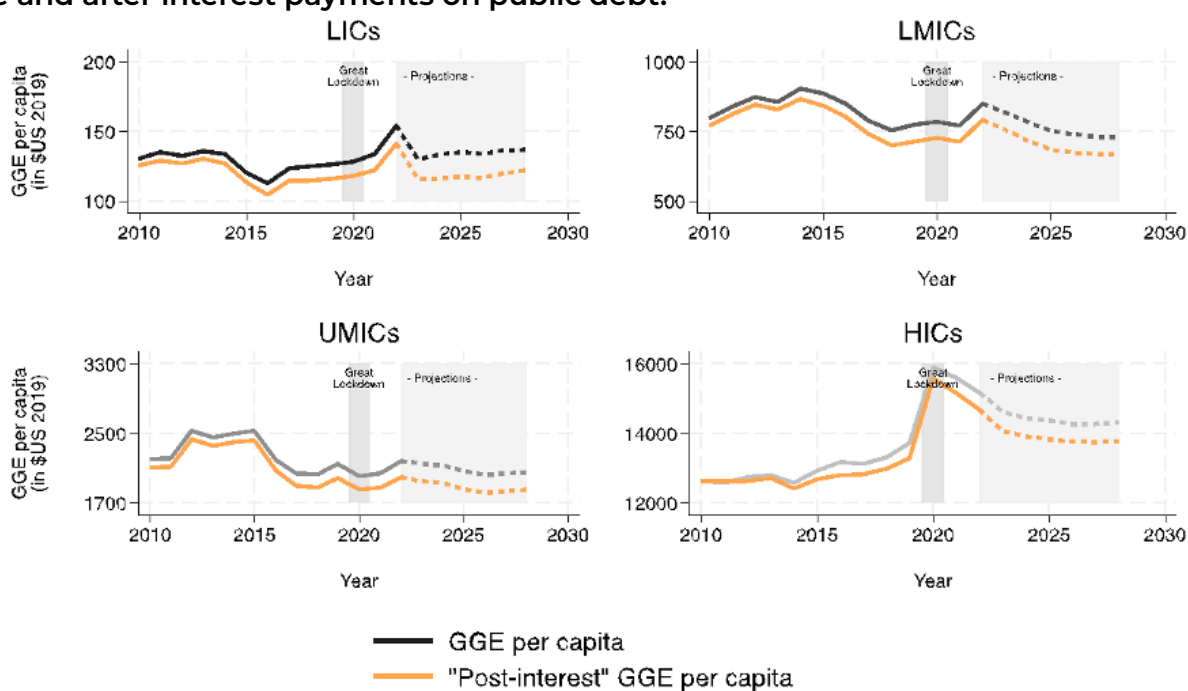
	2022 - 2028			
	Contraction	Stagnation	Expansion	Total
LICs	7	7	6	20
LMICs	15	14	22	51
UMICs	7	23	20	50
HICs	15	14	26	55
All countries	44	58	74	176

INTEREST PAYMENTS ON PUBLIC DEBT

Interest payments on public debt complicate the picture. Sovereign debt was already high before COVID-19 hit, and many countries borrowed further to meet the health and economic shocks of COVID-19.²¹ Higher interest rates linked to subsequent inflation increased interest payments on this debt, while widespread currency depreciations against the US dollar increased the quantities of domestic currency required to meet interest payments of debt denominated in US dollars.

The IMF expects interest payments to increase as a share of government expenditures to 2028 in many countries. Typically, interest payments on sovereign debt are set aside before the remaining government budget is allocated to different sectors, including health. Figure 1 shows, for the contraction countries, the gap between total government spending (the upper line) and the remaining government spending that can be allocated to other needs after interest payments (the lower line). The gap is projected to widen on average between 2022 and 2028, meaning less is available to spend on other priorities including health.

Figure 1. Projected real government expenditure (GGE) per capita, US\$, contraction countries before and after interest payments on public debt.



Source: World Bank calculations based on IMF macroeconomic projections

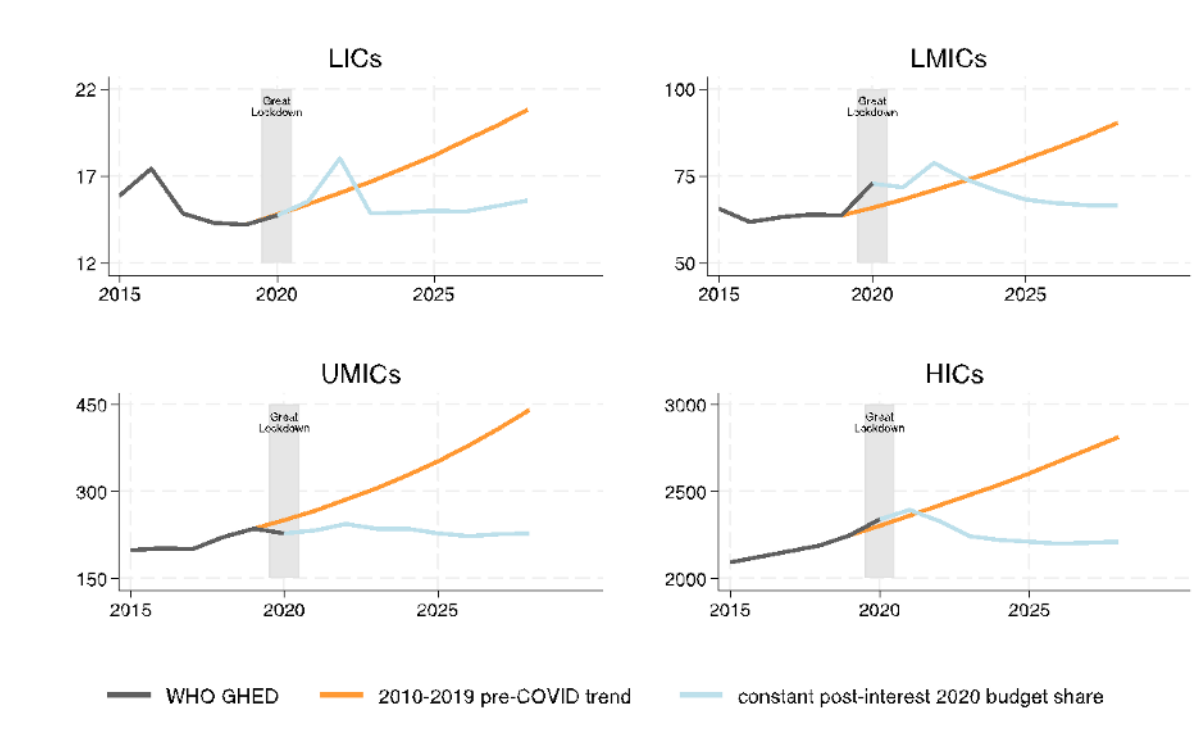
21 Christoph Kurowski et al., tech., *From Double Shock to Double Recovery. Technical Update: "Old Scars, New Wounds"* (World Bank Group, September 2022), <https://openknowledge.worldbank.org/server/api/core/bitstreams/76d5786b-9501-5235-922a-caa71f99f0fc/content>.

GOVERNMENT HEALTH SPENDING

What happens to government health spending is partly determined by trends in overall government spending and partly by decisions countries make about the share going to health. If the share remains constant at 2020 levels in the contraction countries, real government health spending per capita, after interest payments, would fall post 2022, and remain below 2022 levels through 2028. This is shown in Figure 2. The lower lines show projected real per capita government health spending with a constant share of post-interest payments government spending going to health.

In contrast, the upper dotted line projects real per capita government health spending “without COVID-19” – e.g., if spending had followed the expansion path observed before COVID-19. The gap between the lines can be regarded as the COVID-19 scar.

Figure 2. Real per capita government health spending in contraction countries



Source: World Bank calculations based on IMF macroeconomic projections

The situation in the stagnation countries (not shown here) is similar – there would be only slow growth in post-interest payment real government health expenditure per capita between 2022 and 2028 without deliberate decisions to increase the share of overall spending going to health.

An increase in the share allocated to health would, of course, move the lower line closer to the upper line. To reach the upper projection, however, would require increases in the share to rates that have not been seen historically in the respective income groups.

COUNTRY CAPACITY TO INCREASE PPR SPENDING FROM DOMESTIC SOURCES

Allocating the desired share of government health spending to PPR has different implications for the three groups of countries. In the expansion group, real per capita government health spending will increase even if the share allocated to health remains stable. Finding additional funds for PPR is feasible.

At the other extreme, in the contraction countries, if the share allocated to health remains stable or falls, additional funding for PPR would require taking funds from other health spending. Most LICs and LMICs are already off-track to achieve the health SDGs, with health needs greatly exceeding the available funds, so more PPR from domestic resources would require very difficult choices of what to give up.²² This could be alleviated to some extent by increases in the share of the government spending allocated to health, but this also involves difficult trade-offs: when overall spending is falling, which sectors should give up funds to allocate more to health?

The stagnation countries face similar constraints. If government health spending stays more or less stable, allocating funds for PPR requires taking spending from other health activities. Again, this could be alleviated somewhat by increasing the share of government spending going to health, but which sectors should give up their funding to allocate more to health?

Increasing the share of going to health is certainly a decision variable under the control of governments. On average, the share of government spending allocated to health tends to fall when GDP and GGE per capita fall, and rise when those variable increase. It does not have to be the case, as the 2008-9 financial crisis showed: a number of countries protected health spending in the face of declining GDP and GGE. They chose to increase the share going to health in this way.

The most recent World Bank Double Shock to Double Recovery report shows that most LICs and middle-income countries increased the budget share going to health in at least one of the two years post-COVID-19, but the share fell in 2022 pretty much back to pre-COVID-19 levels. While individual countries may well increase the share in the face of declining overall spending, at the moment it does not look as though the majority of countries would do so.

DEVELOPMENT ASSISTANCE FOR HEALTH (DAH)

DAH could compensate for the constraints that the contraction and stagnation LICs and LMICs will have in raising domestic funds for PPR. Disbursements of overall development assistance and DAH declined slightly between 2017 and 2019.²³ Indeed, the share of official development assistance allocated to health also declined.

There were large increases, however, in 2020 and 2021, most of the increase specifically for COVID-19. Now that the immediate needs to control the pandemic have declined, the prospects for even maintaining recent levels of DAH are, at best, uncertain particularly DAH originating from the 15 HICs in the contraction group (Table 1).

However, it would be possible to target DAH, including DAH linked to PPR, more closely to the contraction and stagnation LICs and LMICs on the grounds that the expansion countries have fewer constraints in raising domestic resources.

22 Christoph Kurowski et al., tech., *From Double Shock to Double Recovery. Technical Update: "Old Scars, New Wounds"* (World Bank Group, September 2022).

23 OECD, Creditor Reporting System (CRS), accessed December 4, 2023, <https://stats.oecd.org/Index.aspx?DataSetCode=CRS1>, and IHME, "IHME Data," GHDx, accessed December 4, 2023, https://ghdx.healthdata.org/ihme_data.

INTEREST PAYMENTS ON SOVEREIGN DEBT

As of 21 August 2023, the IMF classified 10 countries as already being in debt distress, unable to make interest payments on sovereign debt, with another 26 at high risk of debt distress.²⁴ And interest payments are projected to account for increasing shares of government spending in the next few years in the contraction LICs and MICs. As Figure 1 shows, some way of ameliorating the debt distress of the low- and middle-income countries among both the contraction and stagnation groups would increase their capacity to spend more on health, and on PPT, shifting the lower line up towards the upper line.

CONCLUSIONS

The capacity of the contraction and stagnation countries to spend more on health and PPR is likely to be constrained in the next few years. While targeting DAH to these countries and steps to relieve the burden of interest payments can contribute, the implications are that discussions about raising domestic funds for PPR will need to be nuanced, varying by the country's capacity to spend more over the next few years.

24 IMF, "List of LIC DSAs for PRGT-Eligible Countries," IMF, August 2023.

II. LEARNING FROM OTHER EXPERIENCES

FINANCING THE FRAMEWORK CONVENTION FOR TOBACCO CONTROL (FCTC): FROM VOLUNTARY ASSESSED TO ASSESSED CONTRIBUTIONS

By Gian Luca Burci, Global Health Centre, Geneva Graduate Institute

This section provides a short and factual overview of the measures taken by the Conference of the Parties to the FCTC to improve the level and timeliness of the financial contributions to be paid by the parties. In brief, when the FCTC was first adopted the financing language was quite general and contributions were considered voluntary; over time, the COP decided to clarify that contributions are mandatory, underscoring that Parties can – and have – made significant changes to financing arrangements after the treaty was agreed. The overview is based on the official documents of the COP.

The FCTC does not prescribe how the functioning of its governance should be financed. Article 23 paragraph 4 just provides that:

The Conference of the Parties shall by consensus adopt financial rules for itself as well as governing the funding of any subsidiary bodies it may establish as well as financial provisions governing the functioning of the Secretariat. At each ordinary session, it shall adopt a budget for the financial period until the next ordinary session.

At its first session in 2006, the Conference of the Parties (COP) adopted the first budget as well as a table allocating the total amount among the parties as “voluntary assessed contributions.”²⁵ The decision also allowed for the receipt of other voluntary contributions, thus making a distinction between the latter (that were entirely up to the donor) and the voluntary assessed contributions for which there was an expectation that each party would pay the amount decided by the COP. The COP also decided to use the WHO’s Financial Regulations and Rules as its Financial Rules.

Starting from its fourth session, the COP started expressing concern at the increasing amount of arrears in the payment of financial contributions. At the fifth session in 2012, the secretariat reported on the financial arrangements adopted by WHO, other UN system organizations as well as multilateral environmental conventions such as CITES and the International Whaling Convention.²⁶ The practice used to encourage compliance consisted of a mix of incentives (e.g. entitlement to receive benefits) as well as penalties (e.g. suspension of voting rights, ineligibility to host meetings or receive funds from the Secretariat to attend meetings). The COP requested the Secretariat to explore the feasibility of changing from voluntary assessed to assessed contributions.²⁷

At the sixth session of the COP in 2014, the Secretariat noted that the prevailing model for financing other multilateral regulatory treaties relied on assessed contributions rather than

25 Conference of the Parties to the WHO Framework Convention on Tobacco Control, “Budget and workplan 2006–2007,” FCTC/COP1(11), February 17, 2006, https://apps.who.int/gb/fctc/PDF/cop1/cop1_06_cd_decisionsdocumentsauxiliaires-en.pdf.

26 Conference of the Parties to the WHO Framework Convention on Tobacco Control, “Arrears in the payment of assessed contributions,” FCTC/COP5/21, August 13, 2012, https://apps.who.int/gb/fctc/PDF/cop5/FCTC_COP5_21-en.pdf.

27 Conference of the Parties to the WHO Framework Convention on Tobacco Control, “Arrears in the payment of assessed contributions,” FCTC/COP5(17), November 17, 2012, [https://apps.who.int/gb/fctc/PDF/cop5/FCTC_COP5\(17\)-en.pdf](https://apps.who.int/gb/fctc/PDF/cop5/FCTC_COP5(17)-en.pdf).

voluntary assessed contributions and that the latter term had simply been adopted in practice by the COP at its first session. Whereas parties had become familiar with voluntary assessed contributions, nothing would prevent the COP from changing that practice so as to be also better aligned with WHO's Financial Regulations and Rules. The legal implications of that change, in particular whether the term "assessed" would mean a shift to compulsory contributions, was not explicitly discussed. However, the report noted a clear expectation that contributions, whatever their label, should be paid in full and on time and that they were organically linked to the implementation of the FCTC workplan. The COP postponed a final decision on this point to its subsequent session, but recognized that *"the voluntary nature of the contributions can constitute a challenge for some countries in fulfilling their financial commitments [...]"*²⁸

The matter was finally decided at the seventh session of the COP in 2016. The draft decision proposed by the Secretariat emphasized *"that the Voluntary Assessed Contribution (VAC) is the mandatory financial contribution of each Party to the WHO FCTC in accordance with the agreed scale of assessment, despite the customary use of the word "voluntary"."*²⁹ The final decision adopted by the COP omitted that sentence but decided that *"for future years, Parties' contributions shall be designated as Assessed Contributions[...]"*³⁰ The decision also introduced a process to encourage pending payments as well as penalties for arrears including ineligibility to become a member of the Bureau and suspension of the right to vote, thus confirming that assessed contributions are compulsory and that the breach of that obligation can lead to sanctions.

In other words, through the work undertaken between the fifth and seventh sessions of the COP, the latter implicitly took the position that the payment of the contributions assessed by it constituted a legal obligation, despite the initial term "voluntary". There was also an implicit recognition that the silence of the FCTC on this point could be interpreted as including an obligation to pay the amount assessed by the COP.

The arrears in the payment of assessed contributions have been considered by the eighth and ninth sessions of the COP and will also be considered by the tenth currently underway. The report by the Secretariat to the ninth session pointed to an improvement in the overall financial situation despite the problems generated by the COVID-19 pandemic. However, still a large number of parties (60 as per the report submitted to the tenth session of the COP) were in arrears or had not yet paid the contributions assessed by the previous COP.³¹ The report in question showed a total of \$ 8 801 093 in assessed contributions approved for the biennium 2022-2023 and an outstanding balance of \$ 2 784 002.

The penalties introduced at the seventh session had not yet been applied since the COP decided at its ninth session to suspend their application in light of the exceptional circumstances generated by the COVID-19 pandemic. In conclusion, while the clarification on the legal status of the financial contributions and the prospect of penalties seem to have generated an improvement, the problem of arrears that affect the full implementation of the agreed work plan still persists.

28 Conference of the Parties to the WHO Framework Convention on Tobacco Control, "Voluntary assessed contributions," FCTC/COP6(21), October 18, 2014, [https://apps.who.int/gb/fctc/PDF/cop6/FCTC_COP6\(21\)-en.pdf](https://apps.who.int/gb/fctc/PDF/cop6/FCTC_COP6(21)-en.pdf).

29 Conference of the Parties to the WHO Framework Convention on Tobacco Control, "Payment of the voluntary assessed contributions and measures to reduce Parties in arrears," FCTC/COP7(24), July 27, 2016, <https://fctc.who.int/publications/m/item/fctc-cop-7-24-payment-of-the-voluntary-assessed-contributions-and-measures-to-reduce-parties-in-arrears>.

30 Conference of the Parties to the WHO Framework Convention on Tobacco Control, "Payment of the voluntary assessed contributions and measures to reduce Parties in arrears," FCTC/COP7(23), November 12, 2016, [https://fctc.who.int/publications/m/item/fctc-cop7\(23\)-payment-of-the-voluntary-assessed-contributions-and-measures-to-reduce-parties-in-arrears](https://fctc.who.int/publications/m/item/fctc-cop7(23)-payment-of-the-voluntary-assessed-contributions-and-measures-to-reduce-parties-in-arrears).

31 Conference of the Parties to the WHO Framework Convention on Tobacco Control, "Payment of Assessed Contributions and measures to reduce Parties in arrears," FCTC/COP/10/19 Rev.1, August 8, 2023, <https://storage.googleapis.com/who-fctc-cop10-source/Main%20documents/fctc-cop10-19rev1-en.pdf>.

FINANCING MULTILATERAL ENVIRONMENTAL TREATIES: THE GLOBAL ENVIRONMENT FACILITY (GEF)

By Adam Strobeyko, Global Health Centre, Geneva Graduate Institute

BACKGROUND

The development of international environmental law has gone hand in hand with the necessity to strengthen state capacity to comply with obligations contained in multilateral environmental agreements (MEAs), including by means of financial assistance. Within this context, the GEF is often presented as the main example of a general purpose environmental fund that is not treaty-specific.³² It covers areas such as biodiversity, climate change, international waters, land degradation, depletion of the ozone layer and persistent organic pollutants.³³

Established in 1991 by 27 countries, including nine developing nations, the Global Environment Facility (GEF) was designated to be managed by the United Nations Development Programme (UNDP), the United Nations Environment Programme (UNEP), and the World Bank. It was initially set up as a 3-year pilot by a resolution of the World Bank's Board. The pilot phase was crucial to the establishment of the GEF and accruing early experience in project design, given the absence of an international consensus on the formal governance structure and strategy of the new entity and general unwillingness to create new bureaucratic structures.³⁴

The GEF subsequently became an independent institution in 1994 to serve 'as a mechanism for international cooperation for the purpose of providing new and additional grant and concessional funding to meet the agreed incremental costs of measures to achieve agreed global environmental benefits.'³⁵

GOVERNANCE STRUCTURE

The GEF is located within the World Bank, with a functionally independent secretariat and its CEO/chairperson accountable to the main executive organ, the GEF Council. The GEF Council is composed of thirty-two members: sixteen from developing countries, fourteen from developed countries and two from transition economies of Central and Eastern Europe and the former Soviet Union. The Council members are appointed by the constituencies of states distributed among geographic regions and approved by the Council, bearing in mind the possibility of mixed (recipient and donor countries) constituencies and allowing for addition of new members and changes of constituency, subject to the approval of the constituency Participants and of the GEF Council.³⁶

The GEF Council wields the decision-making power and meets biannually to develop, evaluate and adopt the operational policies and programs for GEF-financed activities. It also wields decision-making powers regarding the use of GEF resources.³⁷ The Council normally acts by

32 Pierre-Marie Dupuy and Jorge Viñuales, *International Environmental Law*, Second Edition (Cambridge: Cambridge University Press, 2018), 337; Geeta Batra, Juha I. Uitto, and Osvaldo N. Feinstein, eds., *Environmental Evaluation and Global Development Institutions: A Case Study of the Global Environment Facility* (London and New York: Routledge, 2022).

33 GEF, "Instrument for the Establishment of the Restructured Global Environment Facility" ("GEF Instrument"), September 2019, para. 2, https://www.thegef.org/sites/default/files/publications/gef_instrument_establishment_restructured_2019.pdf.

34 Laurence Boisson de Chazournes, "The Global Environment Facility (GEF): A Unique and Crucial Institution," *Review of European, Comparative & International Environmental Law* 14, no. 3 (2005): 193–201.

35 "GEF Instrument," para. 2. The instrument establishing the GEF has since been revised several times, see: "GEF Instrument" (supra note 25) and the amended version adopted by the GEF Global Environment Facility" GEF/A.7/08, 2023, https://www.thegef.org/sites/default/files/documents/2023-07/GEF_A.7_08_Amendments_Instrument_Establishment_Restructured_GEF.pdf.

36 "GEF Instrument," Annex E.

37 *Ibid.*, para. 20(e).

consensus; when consensus is not possible, it makes decisions by a 'double weighted majority' (an affirmative vote representing both a 60 percent majority of the total number of participants and a 60 percent majority of the total contributions).³⁸

The GEF Assembly consists of representatives of all participating states.³⁹ It meets every 4 years. It is responsible for reviewing the general policies and operations of the GEF, evaluating the operation of the GEF, and for approving, by consensus, amendments to the GEF Instrument on the basis of recommendations by the Council. Both the GEF Council and Assembly allow for the participation of observers from civil society in their meetings.⁴⁰

It is also worth mentioning the Scientific and Technical Advisory Panel (STAP), consisting of six experts supported by a global network of institutions, which provides independent scientific and technical support to the GEF on its policies, strategies, programs, and projects.

FUNDING

The GEF funds consist of contributions from participating states to the Trustee, the World Bank, during four year periods of replenishment.⁴¹ Since its inception until 2021, the GEF has invested more than \$21.7 billion in grants, and leveraged an additional \$119 billion in co-financing, for more than 5,000 projects in 170 countries.⁴² The financial assistance provided by the GEF is channeled through the implementing agencies, which include the UNDP, UNEP, the World Bank, Food and Agriculture Organization of the United Nations (FAO), as well as regional development banks and various international funds.⁴³

GEF implementing agencies create project proposals and then manage these projects with executing partners on the ground. By doing so, they help eligible recipient countries, non-governmental organizations (NGOs) and other local entities to develop, implement, and execute their projects. The projects must be aligned with the requirements of the GEF and those of the agencies. The implementing agencies then consider and match these proposals with the GEF operational programme and harmonize them with their project cycles. This also means that each project needs to be approved twice, first by the GEF Council and then by the executing organs of the implementing agencies.⁴⁴ The GEF project cycle has been criticized for being overly complex and cumbersome by requiring expert assistance at all stages, and lengthy decision processes.⁴⁵

RELATIONSHIP WITH MEAS

The GEF also serves as the financial mechanism of several MEAs, such as the Convention on Biological Diversity (CBD), United Nations Framework Convention on Climate Change (UNFCCC), the Stockholm Convention on Persistent Organic Pollutants (POPs), the United Nations Convention to Combat Desertification (UNCCD) and the Minamata Convention on Mercury. As the financial mechanism of different conventions, the GEF's role is to operationalize the guidance approved by the relevant COPs concerning the policy, strategy, programme priorities

38 Ibid., para. 25 (para. 26 in the amended version of the instrument).

39 Ibid., para. 13 & 14.

40 Ibid., para. 25(a) (para. 26(a) in the amended version of the instrument).

41 Ibid., para. 10.

42 GEF Secretariat, "Reflecting on 30 Years of the GEF," 2021, https://www.thegef.org/sites/default/files/2021-12/GEF_Reflecting_30_Years_GEF_2021_12_0.pdf.

43 For the full list of GEF Agencies, see: <https://www.thegef.org/partners/gef-agencies>.

44 Laurence Boisson de Chazournes, "The Global Environment Facility (GEF): A Unique and Crucial Institution," 198.

45 Charlotte Streck, "The Global Environment Facility—a Role Model for International Governance?," *Global Environmental Politics* 1, no. 2 (May 1, 2001): 76.

and eligibility criteria relating to the use of resources of the mechanism in the area covered by the convention.

As a result, the GEF has concluded ‘memoranda of understanding’ with the secretariats of the respective treaties which were subsequently approved by the respective treaty COPs and annexed to their decisions.⁴⁶ The resulting relationships are organized in a broad fashion: the treaty COPs establish policies for the allocation of funds, while the GEF Council makes decisions on specific projects.⁴⁷ **(see Annex II for the text of provisions which served as the legal basis for designating the GEF as a financial mechanism for the aforementioned MEAs)**

With over 30 years of project funding experience, the GEF’s model offers an important case study of inter-institutional and intersectoral coordination and synergies. While the GEF’s network of institutional arrangements has been criticized for its complexity, the GEF’s governance structure provides an example of a pragmatic compromise between the interests of recipient and donor countries. It also testifies to the importance of organic evolution of governance arrangements over time to meet the changing needs and to reflect lessons learned with experience.

46 See, for example, “Memorandum of understanding between the Conference of the Parties to the Convention on Biological Diversity and the Council of the Global Environment Facility” COP 3 Decision III/8, 1996, <https://www.cbd.int/decision/cop/?id=7104>; “Memorandum of Understanding between the Conference of the Parties to the United Nations Framework Convention on Climate Change and the Council of the Global Environment Facility,” FCCC/CP/1996/15/Add.1, <https://unfccc.int/resource/docs/cop2/15a01.pdf>.

47 “GEF Instrument,” para. 6. See: GEF Council, “Strengthening Relations with the Conventions in the GEF Network,” April 21, 2011, GEF/C.40/15, https://www.thegef.org/sites/default/files/council-meeting-documents/C.40.15_Strengthening_Relations_with_Conventions.pdf.

THE GLOBAL BIODIVERSITY FRAMEWORK FUND

By Daniela Morich, Global Health Centre, Geneva Graduate Institute

In 2022, State Parties of the Convention on Biological Diversity requested the GEF to establish the Global Biodiversity Framework Fund to enhance global support in addressing shared challenges such as biodiversity loss and ecosystem preservation. The Fund is notable for its ambitious goals, flexible governance, dedicated funds for Indigenous communities, Small Island Developing States, and Least Developed Countries, and diverse funding sources – possibly including a multilateral benefit-sharing mechanism for digital sequence information on genetic resources, expected in 2024. This piece explores this innovative financing mechanism of global resource mobilization, offering valuable insights for global governance in various areas.

ESTABLISHMENT OF THE FUND

In December 2022, the fifteenth meeting of the Conference of the Parties (COP) of the Convention on Biological Diversity (CBD) adopted the Kunming-Montreal Global Biodiversity Framework (GBF). The GBF outlines a strategic vision and global roadmap for conserving, protecting, restoring, and sustainably managing biodiversity and ecosystems over the next decade.

Recognizing the pressing need for increased biodiversity finance, the COP called on the Global Environment Facility (GEF), the financial arm of the CBD, to establish a special trust fund. The goal of the fund is “to support the implementation of the Kunming-Montreal Global Biodiversity Framework, to complement existing support and scale up financing to ensure its timely implementation, taking into account the need for adequacy, predictability, and the timely flow of funds.”⁴⁸ The GBF set an ambitious target for the fund. It seeks a mobilization, from all sources, of \$200 billion per year by 2030, with an increase in international financial resources to at least \$20 billion per year by 2025 and to at least \$30 billion per year by 2030.⁴⁹ This Fund is now designated as the Global Biodiversity Framework Fund (GBF Fund).

Acting upon this COP decision, in June 2023, the GEF Council approved the arrangements for the establishment of the GBF Fund.⁵⁰ The GEF Assembly endorsed this decision and officially launched the fund in August 2023, outlining governance mechanisms, funding sources, and financial management.⁵¹

GOVERNANCE STRUCTURE

In accordance with article 21 of the CBD, the financial mechanisms of the Convention, including the GEF, “function under the authority and guidance of, and be accountable to, the Conference of the Parties” of the Convention.⁵² The Conference of the Parties determines the policy, strategy, programme priorities and eligibility criteria for access to and utilization of financial resources

48 Conference of the Parties to the Convention on Biological Diversity, “Resource mobilization,” CBD/COP/DEC/15/7, December 19, 2022, <https://www.cbd.int/doc/decisions/cop-15/cop-15-dec-07-en.pdf> and Conference of the Parties to the Convention on Biological Diversity, “Financial mechanism,” CBD/COP/DEC/15/15, December 19, 2022, <https://www.cbd.int/doc/decisions/cop-15/cop-15-dec-15-en.pdf>.

49 Conference of the Parties to the Convention on Biological Diversity, “Kunming-Montreal Global Biodiversity Framework,” CBD/COP/DEC/15/4, December 19, 2022, <https://www.cbd.int/doc/decisions/cop-15/cop-15-dec-04-en.pdf>.

50 The Council is the main governing body of the GEF. The Council meets twice annually. It develops, adopts and evaluates the operational policies and programs for GEF-financed activities. GEF Council Meeting, “Establishment of a New Trust Fund: Global Biodiversity Framework Fund,” GEF/C.64/05/Rev.01, June 29, 2023, https://www.thegef.org/sites/default/files/documents/2023-06/EN_GEF.C.64.05.Rev_01_Global%20Biodiversity_Framework_Fund_Establishment_0.pdf.

51 The GEF Assembly convenes every four years and serves as the primary guiding body for the GEF. It consists of 186 member governments. This assembly serves as a platform for discussions leading to replenishment negotiations and holds the responsibility of reviewing and approving the recommendations put forth by the Council.

52 Convention on Biological Diversity, (1992), Article 21, <https://www.cbd.int/doc/legal/cbd-en.pdf>.

available through the financial mechanism. The GEF, in operating the financial mechanism, finances activities that are in full conformity with the guidance provided to it by the Conference of the Parties.⁵³

For the purpose of the GBF Fund, the GEF Council serves as the GBF Fund Council. It has 32 Members, with a breakdown of 16 from developing countries, 14 from developed countries, and 2 from the countries of central and eastern Europe and the former Soviet Union. Consistent with the CBD COP decision, the fund is specifically earmarked to exclusively facilitate the implementation of the GBF and is not integrated into the GEF Trust Fund throughout its operational period.⁵⁴ Decisions of the GBF Fund Council are to be taken by consensus. The COP included a sunset clause in the GBF Fund, stipulating its operation until 2030, unless the COP decides otherwise. The World Bank assumes the role of Trustee for this fund, as it does for all other GEF trust funds.

SOURCES OF FUNDING

Although GEF funding is contributed by participating donor countries, the COP 15 decision has called upon the GEF to “[...] *advance the necessary institutional and governance arrangements to allow for the Global Biodiversity Framework Fund to receive financing from all sources, in addition to official development assistance.*” These sources include financing from developed country Parties and other parties, which voluntarily assume the obligations of developed country Parties to the Convention; other national and sub-national governments and organizations; the private sector; and philanthropic organizations and other not-for-profit sources.

The sources of contributions for the GBF Fund also includes multilateral mechanisms for benefit-sharing, although this aspect is still under development. COP 15 decided to establish, as part of the Kunming-Montreal Global Biodiversity Framework, a multilateral mechanism for benefit-sharing arising from the utilization of digital sequence information (DSI) on genetic resources. COP 15 further established an *ad hoc open-ended working group* tasked with advancing the development of this multilateral mechanism. At the time of writing, this body is in the process of discussing this matter and is scheduled to provide recommendations to the CBD COP 16 in 2024.⁵⁵

Another notable aspect of this mechanism is that the resource allocation system is designed to actively promote the full and meaningful participation of indigenous peoples and local communities. Consequently, the fund strives to allocate up to 20 percent of its resources to support initiatives led by indigenous communities. Additionally, it will prioritize providing assistance to Small Island Developing States and Least Developed Countries.⁵⁶

53 Memorandum of understanding between the Conference of the Parties to the Convention on Biological Diversity and the Council of the Global Environment Facility, <https://www.cbd.int/decision/cop/?id=7104>.

54 The GEF manages other dedicated funds established by COP decisions that operate separately from the GEF Trust Fund. They include the Least Developed Countries Fund and the Special Climate Change Fund, established by decisions of the United Nations Framework Convention on Climate Change's COP.

55 Conference of the Parties to the Convention on Biological Diversity, “Digital sequence information on genetic resources,” CBD/COP/DEC/15/9, December 19, 2022, <https://www.cbd.int/doc/decisions/cop-15/cop-15-dec-09-en.pdf>.

56 GEF Council Meeting, “Programming Directions for the Global Biodiversity Framework Fund,” GEF/C.64/06/Rev.02, September 25, 2023, https://www.thegef.org/sites/default/files/documents/2023-09/EN_GEF.C.64.06.Rev..02_GBFFund_Programming_Directions.pdf.

LESSONS FROM THE GLOBAL FUND'S SUCCESSFUL IMPLEMENTATION OF DEBT SWAPS: THE DEBT2HEALTH PROGRAM

By Vlassis Tigkarakis and Cristina Nakano, the Global Fund

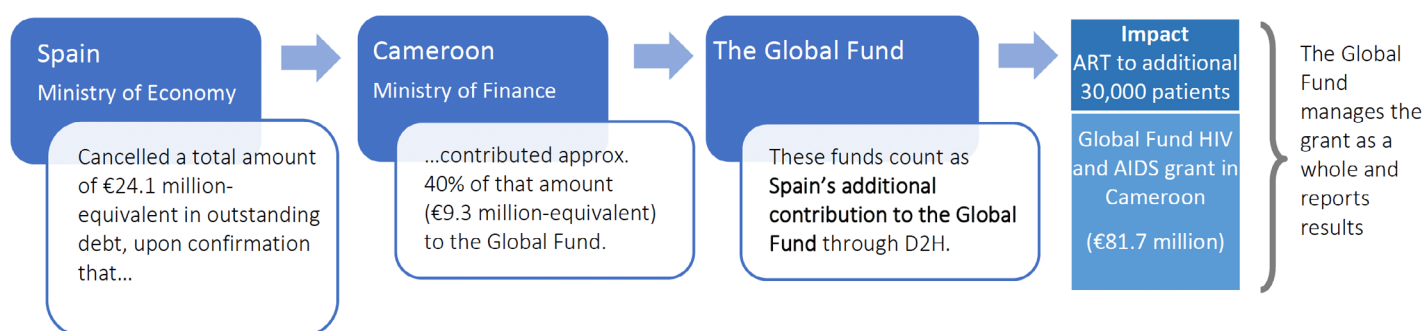
Debt swaps have been used by official creditors since 1990 for claims covered by a restructuring agreement, on a bilateral and voluntary basis for low-income countries. They were used in particular in debt cancellation and are still implemented by official creditors today. Debt Swaps are a bilateral financial mechanism that aims at transforming sovereign debt claims into ODA investments in a developing or emerging country.⁵⁷

DEBT2HEALTH – HOW IT WORKS

Debt2Health (D2H) turns debt repayments into funding for measurable activities with health impact through the Global Fund. In a D2H transaction, Global Fund implementing countries agree to invest in additional programs to fight HIV/AIDS, tuberculosis and malaria, and/or promote resilient and sustainable systems for health and pandemic preparedness. In return, a creditor country cancels (or donates) identified debt claims owed by the implementing debtor country.

The way this works can be illustrated through an example. Consider the Cameroon-Spain D2H transaction:

1. At the request of Spain, the Global Fund proposed and negotiated a debt swap whereby Cameroon would contribute the equivalent of €9.3 million to its own health programs in the country.
2. This investment provided an additional 30,000 people living with HIV with lifesaving antiretroviral therapy (ART), complementing the Global Fund's support for HIV programs in Cameroon. The Global Fund integrated the debt swap proceeds into its grants to implement, monitor, audit and report results.
3. Spain canceled the equivalent of €24.1 million in official development assistance (ODA) owed by Cameroon.



To date, the Global Fund has conducted 12 transactions, generating over USD 226 million in health funding from 10 debtor countries, and USD 373 million in debt canceled through D2H swaps since the program began.

⁵⁷ Global Fund. Rep. Debt Swaps – Lessons Learnt and Way Forward, 2023. <https://nouveau-pactefinancier.org/pdf/debt-swaps-lessons-learnt-and-way-forward.pdf>.

Debt2Health Agreement	Signed	Health Investments	Debt Swap Amount	Benefiting Program
Germany – Indonesia	Sept. 2007	US\$35M	US\$70M	HIV and AIDS
Germany – Pakistan	Nov. 2007	US\$26M	US\$53M	Tuberculosis
Australia – Indonesia	July 2010	US\$35M	US\$71M	Tuberculosis
Germany – Côte d'Ivoire	Sept. 2010	US\$13M	US\$25M	HIV and AIDS
Germany – Egypt	June 2011	US\$5M	US\$10M	Malaria (Ethiopia)
Spain – Cameroon	Nov. 2017	US\$10M	US\$27M	HIV and AIDS
Spain – Democratic Republic of the Congo	Nov. 2017	US\$3M	US\$8M	Malaria
Spain – Ethiopia	Nov. 2017	US\$4M	US\$9M	RSSH
Germany – El Salvador	Feb. 2019	US\$11M	US\$11M	RSSH
Germany – Jordan	Nov. 2020	US\$11M	US\$11M	MER*
Germany – Indonesia	April 2021	US\$56M	US\$56M	Tuberculosis
Germany – Sri Lanka	June 2021	US\$16M	US\$ 16M	RSSH

* Middle East Response: https://www.theglobalfund.org/media/12029/impact_middle-east_report_en.pdf

CHALLENGES AND LESSONS LEARNED – WHAT LIES BEHIND THE SUCCESSFUL IMPLEMENTATION OF DEBT2HEALTH

Several challenges have been associated with debt swap programs. The key element behind the D2H successful track record of transactions is the Global Fund model itself, which addresses most (if not all) of those challenges, thanks to the unique way it operates.

SET UP A MULTILATERAL PLATFORM THAT OVERSEES ONGOING PROJECTS AT SCALE. DEBT SWAP PROCEEDS CAN FLOW TO PRE-DEFINED FUNDING GAPS.

Every three years, as part of the Global Fund's grant-making and grant implementation processes for more than 100 countries that implement our grants, national strategies are aligned with SDGs and "translated" into: a) funding requests that are vetted by experts for their quality and strategic orientation; and thereafter b) grants that support health systems and the fight against AIDS, tuberculosis and malaria. Funding gaps (i.e., over and above what the Global Fund can fund) are registered and, as soon as other funding sources become available, integrated into the grant implementation processes in a cost-efficient manner.

This addresses a major challenge often associated with debt swaps. Very often, proceeds of debt swaps flow into a stand-alone project (insufficiently aligned with broader strategies and long-term planning) with the need to set up a new mechanism to design, assess for quality and strategic orientation, execute, and monitor implementation. This can result in high costs of implementation, especially in transactions where debt swap proceeds are small amounts.

MAKE THIS PLATFORM SET THE STANDARD FOR TRANSPARENCY, INCLUSION, COUNTRY OWNERSHIP, ACCOUNTABILITY AND MEASURABLE OUTCOMES

Concerns have been raised on the exclusion of stakeholders, in particular indigenous populations and local communities, in the implementation of debt-for-nature swaps. Furthermore, critics have noted that in certain conservation-based swap transactions, monitoring and evaluation

tend to privilege fiscal evaluations of protected areas over the direct outcomes of conservation measures. The process of performance assessment and verification needs to involve local stakeholders and to be based on a system of KPIs that everyone concerned (from local parties to international investors) accept as independent, transparent, and accurate.

The Global Fund's leadership and universal acceptance as a platform that ensures transparency, inclusion, country ownership, accountability, and measurable outcomes addresses the above criticisms. Countries submit their funding requests to the Global Fund through national committees that include representatives of all sectors concerned: government, civil society, faith-based organizations, multilateral and bilateral agencies, nongovernmental organizations, people living with the diseases, the private sector and technical agencies. Grant performance assessment is using established and transparent processes producing measurable outcomes.

DECOUPLE THE “PROJECT” FROM THE DEBT SWAP IMPLEMENTATION TIMELINE AND SCHEDULE OF PAYMENTS OF RESULTING PROCEEDS

Entering into any debt swap transaction can be a complex, and lengthy undertaking: from identification of interested countries, to negotiation and signing of the agreement, it can take between a few months to several years. This makes it challenging to know when the debt swap proceeds will be available for a predefined project (e.g. it cannot be seen as source for immediate funding needs). In addition, debt swap proceeds flow into the project in varying amounts, installments, and periods, often spanning several years. As such, the respective supported Projects need to be custom-made to fit this cash flow profile.

The Global Fund solves this problem because it always has a pipeline of health programs awaiting to be funded, should additional funds be available. As explained above, these programs have already been approved by its technical quality and strategic orientation (i.e. aligned to the country's health strategy) and are listed in the Global Fund's Register of Unfunded Quality Demand. As soon as proceeds from debt swaps are generated, they flow to fill in those gaps using the established Global Fund systems.

FOCUS ON INCREMENTAL IMPACT, NOT DEBT RELIEF

Debt swap programs have often been criticized as too small to make a dent in a country's debt burden. Individual debt swap transactions have also been blamed for diverting efforts from multilateral debt-relief initiatives. In addition, individual debt swaps often produce too small amounts in comparison to a country's overall healthcare gaps.

The Global Fund refocuses the primary attention of debt swaps away from debt relief. In fact, debt swaps are not suited to countries with unsustainable debt. In such cases, debt swaps could still be helpful (by converting debt into SDG priorities) but they don't replace a comprehensive debt restructuring program through multilateral debt relief initiatives. The primary purpose of D2H swaps is to mobilize additional resources for health. Their health impact is more important than the debt reduction component. Even when relatively small amounts are treated, these are important if debt swaps are part of a broader strategy that includes the pursuit of a variety of financing alternatives to raise and pool resources for health. For example, the €9.3 million of proceeds of Spain's D2H swap with Cameroon mentioned above provided life-saving treatment for 3 years to 30'000 additional People Living With HIV/AIDS (PLHIV).

COMPLEMENT, DON'T REPLACE

Debt swap arrangements have been criticized as a mechanism that may potentially "crowd out" other resources, either domestic or international, to a state's budget for health, education and social programs. In the Global Fund, a dedicated team of health finance experts work with governments to ensure a progressive increase (not replacement) of domestic resources for health, in tandem with Global Fund support.

IMPACT FOR THE DEBTOR COUNTRY, A HEALTH CONTRIBUTION FOR THE CREDITOR COUNTRY: GERMANY'S LEADERSHIP

The same principle as above ("complement, don't replace") should apply in the incentive mechanism that should be put in place to recognize each creditor country that participates in debt-for-health swaps. In the case of D2H, donor governments can increase (not replace) their conventional (i.e. cash) contributions to the Global Fund by supporting debt swaps. This was the case of Germany's pledge at the Global Fund's Seventh Replenishment Conference,⁵⁸ which consisted of a €1.2 billion core pledge and an additional €100 million D2H pledge, where contributions will be generated from additional debt swap transactions. Germany has been the leading supporter of D2H, both in piloting the concept in 2007 and in supporting the scheme as a creditor in most subsequent transactions.

58 "Der Kampf Gegen Aids, Tuberkulose Und Malaria Kann Gewonnen Werden – Deutschland Erhöht Seinen Beitrag an Den Globalen Fonds." German Federal Ministry for Economic Cooperation and Development. Accessed December 4, 2023. <https://www.bmz.de/de/aktuelles/aktuelle-meldungen/deutschland-erhoeht-beitrag-an-den-globalen-fonds-121064>.

CONCLUSIONS

This discussion paper has sought to compile important elements for consideration in light of the ongoing discussions in the INB and the WGIHR.

In the first part of the paper, Slovenski & Moon highlighted the need to clarify the concept of PPPR financing, estimate financing needs and gaps, and provide an overview of efforts to strengthen international financing arrangements. The authors made references to multiple studies, which estimate the PPPR financing needs and gaps to be in the tens of billions of dollars. While the additional USD 10.5 B/year (figure from the 2022 WHO/WB study) would be a small fraction of worldwide total health spending, it needs to be highlighted that spending is highly uneven across countries. The current spending gap is a much larger proportion of DAH, whose importance to national health budgets varies widely across LMICs. In that context, as noted by David Evans, the PPPR financing capacity of countries whose overall health spending is projected to contract or stagnate for at least the next few years is likely to be constrained. While DAH and steps to relieve the burden of interest payments can make a positive contribution in that regard, the discussions about raising domestic funds from health or development assistance budgets for PPPR need to be nuanced and take into account the country's capacity for PPPR spending.

These constraints raise the need to discuss rules which could increase financial investments and their potential inclusion in the amended IHR, Pandemic Agreement, or both. In light of the absence of an agreed definition of PPPR financing, a related question concerns the effective monitoring and compliance with financing commitments at domestic and international levels.

In the second part of the paper, we have provided examples of how different instruments and international regimes address the issue of financing. Gian Luca Burci provided an overview of the measures taken by the FCTC COP with regard to financing. When the FCTC was first adopted, the financing language was general, with contributions considered voluntary. Over time, the COP decided to clarify the mandatory nature of contributions, underscoring that Parties can make significant changes to financing arrangements after the treaty was agreed. Strobeyko has described the governance structure of the GEF and how it transformed over time to become an independent, non-treaty-specific financing mechanism, while serving several multilateral environmental treaties. This transformation testifies to the fact that financing mechanisms can evolve over time to reflect the changing needs, different governance principles, and insights gained from previous experiences. Morich's analysis underscores the role of a forward-looking approach in global resource mobilization for biodiversity conservation, leading to the establishment of the Global Biodiversity Framework Fund. This innovative fund, committed to advancing the Kunming-Montreal Global Biodiversity Framework, distinguishes itself with its ambitious objectives, adaptable governance, earmarked funds for specific communities—such as indigenous populations—and the prospective introduction, expected in 2024, of a multilateral benefit-sharing mechanism for digital sequence information on genetic resources.

In the annexes attached to this discussion paper, the reader will find a compilation of proposed financial provisions in different drafts of the pandemic accord and proposed amendments to the IHR. The second annex provides the text of provisions which served as the legal basis for designating the GEF as a financial mechanism for multiple MEAs.

ANNEX I: COMPILATION OF PROPOSED FINANCIAL PROVISIONS IN DIFFERENT DRAFTS OF THE PANDEMIC ACCORD AND PROPOSED AMENDMENTS TO THE INTERNATIONAL HEALTH REGULATIONS

Proposal for negotiating text of the WHO Pandemic Agreement (30 October 2023)

Article 20. Financing

1. The Parties commit to sustainable financing for strengthening pandemic prevention, preparedness and response. In this regard, each Party, within the means and resources at its disposal, shall:

(a) cooperate with other Parties, as appropriate, to raise sustainable financial resources for the effective implementation of this Agreement through bilateral and multilateral, regional or subregional funding mechanisms;

(b) plan and provide adequate financial support, in line with national fiscal capacities, for:

- (i) strengthening and sustaining capacities for pandemic prevention, preparedness and response;
- (ii) implementing national plans, programs and priorities; and
- (iii) strengthening health systems and the progressive realization of universal health coverage for pandemic prevention, preparedness and response;

(c) prioritize and increase or maintain, including through greater collaboration between the health, finance and private sectors, as appropriate, domestic funding for pandemic prevention, preparedness and response;

(d) mobilize financial resources for international cooperation and assistance in respect of pandemic prevention, preparedness and response, in accordance with its capacities and based on the principle of solidarity, particularly for developing countries, including through international organizations and existing and new mechanisms; and

(e) provide support and assistance to other Parties, upon request, to facilitate the containment of spill-over at the source.

2. A sustainable funding mechanism shall be established by the Conference of the Parties no later than 31 December 2026. The mechanism shall ensure the provision of adequate, accessible, new and additional and predictable financial resources, and shall include the following:

(a) A capacity development fund that shall be resourced, inter alia, through the following:

- (i) annual monetary contributions from Parties to the WHO Pandemic Agreement;
- (ii) monetary contributions from recipients pursuant to Article 12 herein; and
- (iii) voluntary monetary contributions from Parties to the WHO Pandemic Agreement.

(b) An endowment for pandemic prevention, preparedness and response, resourced, inter alia, through the following:

- (i) voluntary monetary contributions from all relevant sectors that benefit from international work to strengthen pandemic prevention, preparedness and response; and
- (ii) donations from philanthropic organizations and foundations, and other voluntary monetary contributions.

(c) The funding mechanism will provide resources to assist Parties, in particular developing countries, in meeting their obligations under the WHO Pandemic Agreement and related activities for pandemic prevention, preparedness and response. The funding mechanism will contribute to funding support of the Secretariat of the WHO Pandemic Agreement.

(d) For the purposes of this Agreement, the mechanism shall function under the authority of the Conference of the Parties, and shall be accountable thereto. The Conference of the Parties shall further define and provide guidance on overall strategies, policies, programme priorities and eligibility for access to and utilization of financial resources, including in respect of the compensation mechanism(s) referred to in Article 15 herein, and shall also monitor outcomes and address the operation and resourcing of the funding mechanism, with due regard to the avoidance of conflicts of interest.

3. The Parties represented in relevant regional and international intergovernmental organizations and financial and development institutions shall encourage, as appropriate, these entities to provide additional financial assistance for developing country Parties to support them in meeting their obligations under the WHO Pandemic Agreement, without limiting their participation in or membership of these organizations.

Other relevant provisions in the Negotiating Text (30 October 2023)

Article 5. One Health

[...]

7. The Parties shall, in line with Article 16 herein, develop and implement or strengthen, as appropriate, bilateral, regional, subregional and other multilateral channels to enhance financial and technical support, assistance and cooperation, in particular in respect of developing countries, to strengthen surveillance systems and laboratory capacity in respect of promoting and implementing a One Health approach at the national level.

Article 6. Preparedness, readiness and resilience

[...]

3. The Parties shall cooperate, within available means and resources, to provide financial, technical and technological support, assistance, capacity-strengthening and cooperation, in particular in respect of developing countries, in order to strengthen health emergency prevention, preparedness and response and health system recovery, consistent with the goal of universal health coverage.

Article 7. Health and care workforce

[...]

2. The Parties shall commit financial and technical support, assistance and cooperation, in particular in respect of developing countries, in order to strengthen and sustain a skilled and competent public health, health and care workforce at subnational, national and regional levels.

Article 19. Implementation capacities and support

[...]

2. Each Party shall, within the means and resources at their disposal, cooperate to raise financial resources for the effective implementation of the WHO Pandemic Agreement through bilateral and multilateral funding mechanisms.

3. The Parties shall give particular consideration to the specific needs and special circumstances of developing country Parties for financial and technical assistance to support the implementation of this Agreement.

4. The Parties shall, where a Party lacks the necessary capacity to implement specific provision(s) of this Agreement, work together to identify the most relevant partner(s) that can support the development of such capacities, and shall cooperate to ensure that the mechanism(s) identified in Article 20 herein provides the necessary financial resources.

Bureau's text of the WHO convention, agreement or other international instrument on pandemic prevention, preparedness and response (WHO CA+) (2 June 2023)

Article 19. Financing

1. The Parties recognize the important role that sustainable financial resources play in achieving the objective of the WHO CA+ and the primary financial responsibility of national governments in protecting and promoting the health of their populations. In that regard, each Party shall:

(a) cooperate with other Parties, as appropriate and within the means and resources at its disposal, to raise sustainable financial resources for the effective implementation of the WHO CA+ through bilateral and multilateral, regional or subregional funding mechanisms;

(b) plan and provide adequate financial support, in line with its national fiscal capacities, for:

- (i) strengthening and sustaining capacities for pandemic prevention, preparedness, response and recovery of health systems;
- (ii) implementing its national plans, programmes and priorities; and
- (iii) strengthening health systems and the progressive realization of universal health coverage for pandemic prevention, preparedness and response;

(c) prioritize and increase or maintain, including through greater collaboration between the health, finance and private sectors, as appropriate, domestic funding for pandemic prevention, preparedness, response and health systems recovery, notably for improving and sustaining relevant capacities and working to achieve universal health coverage;

(d) mobilize financial resources for international cooperation and assistance on pandemic prevention, preparedness, response and health systems recovery, in accordance with its

respective capacities and based on the principle of solidarity, particularly for developing countries, including through international organizations and existing and new mechanisms; and

(e) provide, within the means and resources at its disposal, support and assistance to other Parties, at their or at WHO's request, in emergencies to facilitate containment at the source.

2. The Parties shall endeavour to ensure, through innovative existing and/or new mechanisms, the sustainable and predictable financing of global, regional and national systems, capacities, tools and global public goods, while avoiding duplication, promoting synergies and enhancing transparent and accountable governance of these mechanisms in order to support the strengthening of pandemic prevention, preparedness, response and recovery of health systems, based on public health risk and need, particularly in developing countries.

3. The Parties agree to establish funding mechanisms to support implementation of this WHO CA+. The mechanisms should avoid duplication and ensure complementarity and coherence among the utilization of the funds within the mechanisms and other existing funds. The mechanisms shall ensure the provision of adequate, accessible, new and additional, and predictable financial resources, and shall include the following:

(a) A fund shall be established that shall be funded, inter alia, through the following sources:

- (i) annual contributions by Parties to the WHO CA+, within their respective means and resources;
- (ii) contributions from pandemic-related product manufacturers; and
- (iii) voluntary contribution by Parties and other stakeholders.

(b) A voluntary fund shall be established for pandemic prevention, preparedness, response and recovery of health systems, with contributions from all relevant sectors that benefit from good public health (travel, trade, tourism, transport).

(c) The aforementioned fund will provide resources to assist Parties, in particular developing countries, in meeting their obligations under the WHO CA+, in particular with regard to capacity-building, the strengthening of health systems and laboratory capacities for pandemic prevention, preparedness response and recovery of health systems, research and development for pandemic related-products, and technology transfer. The fund will also finance the WHO allocation mechanism, as well as the Secretariat of the WHO CA+.

(d) The Parties shall promote, as appropriate, the use of bilateral, regional, subregional and other appropriate and relevant channels to provide funding for the development and strengthening of pandemic prevention, preparedness, response and health system recovery programmes of developing country Parties.

4. The Parties will [mobilize]/[facilitate] additional financial resources, including from international financing facilities, for the affected countries, based on public health risk and need, in order to maintain and restore routine public health functions and other essential health services during and in the aftermath of a pandemic response.

5. The Parties represented in relevant regional and international intergovernmental organizations and financial and development institutions shall encourage, as appropriate, these entities to provide additional financial assistance for developing country Parties to support them in meeting their obligations under the WHO CA+, without limiting their participation in or membership of these organizations.

Two options are presented for paragraph 6 of Article 19.

Option 19.A 6. The Parties agree that the funding models for pandemic prevention, preparedness and response need to take into account national financial capacity and capabilities, and to this extent shall:

(a) establish programmes that convert debt repayment into pandemic prevention, preparedness, response and recovery investments in health, to be attained under individually negotiated “debt swap” agreements; and

(b) commit to expanding partnerships with development finance institutions for providing additional funding to developing countries, through prioritized debt relief, debt restructuring and the provision of grants rather than loans that will guarantee that programmes protect essential health and related spending from encroachment, as well as to take advantage of the economic benefits of frontloading finance for prevention and preparedness or support investments.

Option 19.B: not to include a paragraph.

**Zero draft of the WHO CA+ for the consideration of the Intergovernmental
Negotiating Body at its fourth meeting (1 February 2023)**

Chapter VI. Financing for pandemic prevention, preparedness, response and recovery of health systems

Article 19. Sustainable and predictable financing

1. The Parties recognize the important role that financial resources play in achieving the objective of the WHO CA+ and the primary financial responsibility of national governments in protecting and promoting the health of their populations. In that regard, each Party shall:

(a) cooperate with other Parties, within the means and resources at its disposal, to raise financial resources for effective implementation of the WHO CA+ through bilateral and multilateral funding mechanisms;

(b) plan and provide adequate financial support in line with its national fiscal capacities for:

- (i) strengthening pandemic prevention, preparedness, response and recovery of health systems;
- (ii) implementing its national plans, programmes and priorities; and
- (iii) strengthening health systems and progressive realization of universal health coverage;

(c) commit to prioritize and increase or maintain, including through greater collaboration between the health, finance and private sectors, as appropriate, domestic funding by allocating in its annual budgets not lower than 5% of its current health expenditure to pandemic prevention, preparedness, response and health systems recovery, notably for improving and sustaining relevant capacities and working to achieve universal health coverage; and

(d) commit to allocate, in accordance with its respective capacities, XX% of its gross domestic product for international cooperation and assistance on pandemic prevention, preparedness, response and health systems recovery, particularly for developing countries, including through international organizations and existing and new mechanisms.

2. The Parties shall ensure, through innovative existing and/or new mechanisms, sustainable and predictable financing of global, regional and national systems, capacities, tools and global public goods, while avoiding duplication, promoting synergies and enhancing transparent and accountable governance of these mechanisms, to support strengthening pandemic prevention, preparedness, response and recovery of health systems, based on public health risk and need, particularly in developing countries.

3. The Parties shall promote, as appropriate, the use of bilateral, regional, subregional and other appropriate and relevant channels to provide funding for the development and strengthening of pandemic prevention, preparedness, response and health system recovery programmes of developing country Parties.

4. The Parties will facilitate rapid and effective mobilization of adequate financial resources, including from international financing facilities, to affected countries, based on public health need, to maintain and restore routine public health functions during and in the aftermath of a pandemic response.

5. The Parties represented in relevant regional and international intergovernmental organizations and financial and development institutions shall encourage these entities to provide financial assistance for developing country Parties to support them in meeting their obligations under the WHO CA+, without limiting their participation in or membership of these organizations.

Excerpt from the Article-by-Article compilation of proposed amendments to the International Health Regulations (2005) submitted in accordance with decision WHA75(9) (2022)

LEGEND FOR IHR (2005) PROPOSED AMENDMENTS

~~Strikethrough~~ = delete existing text

Underlined and bold = new text proposed

(...) = existing text in the IHR for which proposals for amendments were not submitted and thus omitted from this compilation

Article 5 Surveillance

1. Each State Party shall develop, strengthen and maintain, as soon as possible but no later than five years from the entry into force of these Regulations for that State Party, the capacity to detect, assess, notify and report events in accordance with these Regulations, as specified in Annex 1. **Developed State Parties and WHO shall offer assistance to developing State Parties depending on the availability of finance, technology and know-how for the full implementation of this article, in pursuance of the Article 44. This capacity will be periodically reviewed through the Universal Health Periodic Review mechanism, in replacement of the Joint External Evaluation that began in 2016. Such review shall / ALT Should such review identify resource constraints and other challenges in attaining these capacities, WHO and its Regional Offices shall, upon the request of a State Party, provide or facilitate technical support and assist in mobilization of financial resources to develop, strengthen and maintain such capacities.**

*Article 12 Determination of a public health emergency of international concern **public health emergency of regional concern, or intermediate health alert***

4bis. The PHEIC declaration is not designed to mobilise funds in the case of an emergency event. The Director-General should use other mechanisms for this purpose.

Article 13 Public health response

3. At the request of a State Party, WHO shall collaborate **articulate clearly defined assistance to a State Party offer assistance to a State Party** in the response to public health risks and other events by providing technical guidance and assistance and by assessing the effectiveness of the control measures in place, including the mobilization of international teams of experts for on-site assistance, when necessary, **and if required cooperate with said Member State in seeking support and international financial assistance to facilitate the containment of the risk at source. The State Party shall accept or reject such an offer of assistance within 48 hours and, in the case of rejection of such an offer, shall provide to WHO its rationale for the rejection, which WHO shall share with other States Parties. The State Party shall accept or reject such an offer of assistance within 48 hours and, in the case of rejection of such an offer, shall provide to WHO its rationale for the rejection, which the WHO shall share with other States Parties. WHO will also share any request for assistance by the affected State party that could not be met by WHO.**

Article 44 Collaboration and assistance

1. States Parties shall ~~undertake to~~ collaborate with **and assist** each other, **in particular developing countries States Parties, upon request**, to the extent possible, in:

(c) the mobilization of financial resources to facilitate implementation of their obligations under these Regulations; and **to establish an international financial mechanism for providing financial assistance to developing countries in the development, strengthening and maintenance of core capacities required under these Regulation sand functioning health systems resilient to the public health emergencies.**

2. WHO shall collaborate with **and promptly assist** States Parties, **in particular developing countries** upon request, to the extent possible, in:

(f)(c) the mobilization of financial resources to support developing countries in building, strengthening and maintaining the capacities provided for in Annex 1 **and Annex 6 through the financial mechanism established under Article 44A and to establish an international financial mechanism for providing financial assistance to developing countries State Parties for the said purpose;**

New Article 44A - Financial Mechanism for Equity in Health Emergency Preparedness and Response

1. A mechanism shall be established for providing the financial resources on a grant or concessional basis to developing countries. Such financial mechanism shall provide the financial assistance to achieve the following purposes:

(i) building, developing, strengthening, and maintaining of core capacities mentioned in Annex 1;

(ii) strengthening of Health Systems including its functioning capacities and resilience;

(iii) building, developing and maintaining research, development, adaptation, production and distribution capacities for health care products and technologies, in the local or regional levels as appropriate.

(iv) addressing the health inequities existing both within and between States Parties such that health emergency preparedness and response is not compromised;

2. The WHA shall make arrangements to implement the above-mentioned provisions, within 24 months of the adoption of this provision, reviewing and taking into existing availability of funds and WHO arrangements for health emergency preparedness and response and whether they shall be maintained. Every four years thereafter, the WHA shall review the financial mechanism and take appropriate measures to improve the functioning of the mechanism. WHA shall also ensure that the financial mechanism functions under the guidance of and be accountable to States Parties, which shall decide

on its policies, programme priorities and eligibility criteria.

Article 53A – Establishment of an Implementation Committee

The State Parties shall establish an Implementation Committee, comprising of all States Parties meeting annually, that shall be responsible for:

(b) Monitoring, advising on, and/or facilitating provision of technical assistance, logistical support and mobilization of financial resources for matters relating to implementation of the regulations with a view to assisting States Parties to comply with obligations under these Regulations, with regards to

(1) development and maintenance of IHR core capacities;

(2) cooperation with WHO and State Parties in responding to outbreaks or events.

Annex 1

a. Core capacity requirements for **disease detection**, surveillance and **health emergency response**

New 1 bis. Developed Countries States parties shall provide financial and technological assistance to the Developing Countries States Parties in order to ensure state-of-the-art facilities in developing countries States Parties, including through international financial mechanism as envisaged in Article 44.

6. At the national level

Public health **preparedness** response. The capacities:

(k) For sustainable financing to develop core capacities and respond to health emergencies. [India]

New 7. Health System Capacities: States shall develop health systems capacities with a view to achieve resilience against health emergency outbreaks, including through

(vii) financing solutions avoiding catastrophic burdens in the households

New 7. Health Systems Capacities: in accordance with principle 2bis, States Parties need to build, develop and maintain health systems capacities resilient to public health emergency of international concern as stated below:

(vi) Financing: health care service delivery during health emergencies shall not result in catastrophic payments, i.e that households shall not spent more than 10% of their total income on health

New 7. At the Global level, WHO shall strengthen capacities to:

g. Ensure sustainable financing for managing health emergencies.

ANNEX II: LEGAL BASIS FOR DESIGNATING THE GEF AS A FINANCIAL MECHANISM FOR SELECTED MULTILATERAL ENVIRONMENTAL AGREEMENTS

Convention	Relevant provisions
<p>Convention on Biological Diversity (CBD)</p>	<p>Art. 21 Financial mechanism:</p> <p>1. There shall be a mechanism for the provision of financial resources to developing country Parties for purposes of this Convention on a grant or concessional basis the essential elements of which are described in this Article. The mechanism shall function under the authority and guidance of, and be accountable to, the Conference of the Parties for purposes of this Convention. The operations of the mechanism shall be carried out by such institutional structure as may be decided upon by the Conference of the Parties at its first meeting. For purposes of this Convention, the Conference of the Parties shall determine the policy, strategy, programme priorities and eligibility criteria relating to the access to and utilization of such resources. The contributions shall be such as to take into account the need for predictability, adequacy and timely flow of funds referred to in Article 20 in accordance with the amount of resources needed to be decided periodically by the Conference of the Parties and the importance of burden-sharing among the contributing Parties included in the list referred to in Article 20, paragraph 2. Voluntary contributions may also be made by the developed country Parties and by other countries and sources. The mechanism shall operate within a democratic and transparent system of governance.</p> <p>2. Pursuant to the objectives of this Convention, the Conference of the Parties shall at its first meeting determine the policy, strategy and programme priorities, as well as detailed criteria and guidelines for eligibility for access to and utilization of the financial resources including monitoring and evaluation on a regular basis of such utilization. The Conference of the Parties shall decide on the arrangements to give effect to paragraph 1 above after consultation with the institutional structure entrusted with the operation of the financial mechanism.</p> <p>[...]</p> <p>Art. 39 Financial interim arrangements</p> <p>Provided that it has been fully restructured in accordance with the requirements of Article 21, the Global Environment Facility of the United Nations Development Programme, the United Nations Environment Programme and the International Bank for Reconstruction and Development shall be the institutional structure referred to in Article 21 on an interim basis, for the period between the entry into force of this Convention and the first meeting of the Conference of the Parties or until the Conference of the Parties decides which institutional structure will be designated in accordance with Article 21.</p>

Convention	Relevant provisions
United Nations Framework Convention on Climate Change (UNFCCC)	<p>Art. 11 Financial mechanism:</p> <p>1. A mechanism for the provision of financial resources on a grant or concessional basis, including for the transfer of technology, is hereby defined. It shall function under the guidance of and be accountable to the Conference of the Parties, which shall decide on its policies, programme priorities and eligibility criteria related to this Convention. Its operation shall be entrusted to one or more existing international entities.</p> <p>2. The financial mechanism shall have an equitable and balanced representation of all Parties within a transparent system of governance.</p> <p>3. The Conference of the Parties and the entity or entities entrusted with the operation of the financial mechanism shall agree upon arrangements to give effect to the above paragraphs, which shall include the following: (a) Modalities to ensure that the funded projects to address climate change are in conformity with the policies, programme priorities and eligibility criteria established by the Conference of the Parties; (b) Modalities by which a particular funding decision may be reconsidered in light of these policies, programme priorities and eligibility criteria; (c) Provision by the entity or entities of regular reports to the Conference of the Parties on its funding operations, which is consistent with the requirement for accountability set out in paragraph 1 above; and (d) Determination in a predictable and identifiable manner of the amount of funding necessary and available for the implementation of this Convention and the conditions under which that amount shall be periodically reviewed.</p> <p>4. The Conference of the Parties shall make arrangements to implement the above-mentioned provisions at its first session, reviewing and taking into account the interim arrangements referred to in Article 21, paragraph 3, and shall decide whether these interim arrangements shall be maintained. Within four years thereafter, the Conference of the Parties shall review the financial mechanism and take appropriate measures.</p> <p>[...]</p> <p>Art. 21 Interim arrangements</p> <p>3. The Global Environment Facility of the United Nations Development Programme, the United Nations Environment Programme and the International Bank for Reconstruction and Development shall be the international entity entrusted with the operation of the financial mechanism referred to in Article 11 on an interim basis. In this connection, the Global Environment Facility should be appropriately restructured and its membership made universal to enable it to fulfil the requirements of Article 11.</p>

Convention	Relevant provisions
<p>Stockholm Convention on Persistent Organic Pollutants (POPs)</p>	<p>Art. 13 Financial resources and mechanisms:</p> <p>1. Each Party undertakes to provide, within its capabilities, financial support and incentives in respect of those national activities that are intended to achieve the objective of this Convention in accordance with its national plans, priorities and programmes.</p> <p>2. The developed country Parties shall provide new and additional financial resources to enable developing country Parties and Parties with economies in transition to meet the agreed full incremental costs of implementing measures which fulfill their obligations under this Convention as agreed between a recipient Party and an entity participating in the mechanism described in paragraph 6. Other Parties may also on a voluntary basis and in accordance with their capabilities provide such financial resources. Contributions from other sources should also be encouraged. The implementation of these commitments shall take into account the need for adequacy, predictability, the timely flow of funds and the importance of burden sharing among the contributing Parties.</p> <p>3. Developed country Parties, and other Parties in accordance with their capabilities and in accordance with their national plans, priorities and programmes, may also provide and developing country Parties and Parties with economies in transition avail themselves of financial resources to assist in their implementation of this Convention through other bilateral, regional and multilateral sources or channels.</p> <p>[...]</p> <p>6. A mechanism for the provision of adequate and sustainable financial resources to developing country Parties and Parties with economies in transition on a grant or concessional basis to assist in their implementation of the Convention is hereby defined. The mechanism shall function under the authority, as appropriate, and guidance of, and be accountable to the Conference of the Parties for the purposes of this Convention. Its operation shall be entrusted to one or more entities, including existing international entities, as may be decided upon by the Conference of the Parties. The mechanism may also include other entities providing multilateral, regional and bilateral financial and technical assistance. Contributions to the mechanism shall be additional to other financial transfers to developing country Parties and Parties with economies in transition as reflected in, and in accordance with, paragraph 2.</p> <p>7. Pursuant to the objectives of this Convention and paragraph 6, the Conference of the Parties shall at its first meeting adopt appropriate guidance to be provided to the mechanism and shall agree with the entity or entities participating in the financial mechanism upon arrangements to give effect thereto. The guidance shall address, inter alia: (a) The determination of the policy, strategy and programme priorities, as well as clear and detailed criteria and guidelines regarding eligibility for access to and utilization of financial resources including monitoring and evaluation on a regular basis of such</p>

Convention	Relevant provisions
	<p>utilization; (b) The provision by the entity or entities of regular reports to the Conference of the Parties on adequacy and sustainability of funding for activities relevant to the implementation of this Convention; (c) The promotion of multiple-source funding approaches, mechanisms and arrangements; (d) The modalities for the determination in a predictable and identifiable manner of the amount of funding necessary and available for the implementation of this Convention, keeping in mind that the phasing out of persistent organic pollutants might require sustained funding, and the conditions under which that amount shall be periodically reviewed; and (e) The modalities for the provision to interested Parties of assistance with needs assessment, information on available sources of funds and on funding patterns in order to facilitate coordination among them.</p> <p>8. The Conference of the Parties shall review, not later than its second meeting and thereafter on a regular basis, the effectiveness of the mechanism established under this Article, its ability to address the changing needs of the developing country Parties and Parties with economies in transition, the criteria and guidance referred to in paragraph 7, the level of funding as well as the effectiveness of the performance of the institutional entities entrusted to operate the financial mechanism. It shall, based on such review, take appropriate action, if necessary, to improve the effectiveness of the mechanism, including by means of recommendations and guidance on measures to ensure adequate and sustainable funding to meet the needs of the Parties.</p> <p>Art. 14 Interim financial arrangements:</p> <p>The institutional structure of the Global Environment Facility, operated in accordance with the Instrument for the Establishment of the Restructured Global Environment Facility, shall, on an interim basis, be the principal entity entrusted with the operations of the financial mechanism referred to in Article 13, for the period between the date of entry into force of this Convention and the first meeting of the Conference of the Parties, or until such time as the Conference of the Parties decides which institutional structure will be designated in accordance with Article 13. The institutional structure of the Global Environment Facility should fulfill this function through operational measures related specifically to persistent organic pollutants taking into account that new arrangements for this area may be needed.</p>
<p>United Nations Convention to Combat Desertification (UNCCD)</p>	<p>Art. 20. Financial resources:</p> <p>2. In this connection, developed country Parties, while giving priority to affected African country Parties without neglecting affected developing country Parties in other regions, in accordance with article 7, undertake to: [...] (b) promote the mobilization of adequate, timely and predictable financial resources, including new and additional funding from the Global Environment Facility of the agreed incremental costs of those activities concerning desertification that relate to its four focal areas, in conformity with the relevant provisions of the Instrument establishing the Global Environment Facility;</p> <p>[...]</p> <p>Art. 21 Financial mechanism:</p> <p>1. The Conference of the Parties shall promote the availability of financial mechanisms and shall encourage such mechanisms to seek to maximize the availability of funding for affected developing country Parties, particularly those in Africa, to implement the Convention. [...]</p>

Convention	Relevant provisions
Minamata Convention on Mercury	<p>Art. 13 Financial resources and mechanism</p> <p>5. A Mechanism for the provision of adequate, predictable, and timely financial resources is hereby defined. The Mechanism is to support developing country Parties and Parties with economies in transition in implementing their obligations under this Convention.</p> <p>6. The Mechanism shall include: (a) The Global Environment Facility Trust Fund; and (b) A specific international Programme to support capacity-building and technical assistance.</p> <p>7. The Global Environment Facility Trust Fund shall provide new, predictable, adequate and timely financial resources to meet costs in support of implementation of this Convention as agreed by the Conference of the Parties. For the purposes of this Convention, the Global Environment Facility Trust Fund shall be operated under the guidance of and be accountable to the Conference of the Parties. The Conference of the Parties shall provide guidance on overall strategies, policies, programme priorities and eligibility for access to and utilization of financial resources. In addition, the Conference of the Parties shall provide guidance on an indicative list of categories of activities that could receive support from the Global Environment Facility Trust Fund. The Global Environment Facility Trust Fund shall provide resources to meet the agreed incremental costs of global environmental benefits and the agreed full costs of some enabling activities.</p> <p>8. In providing resources for an activity, the Global Environment Facility Trust Fund should take into account the potential mercury reductions of a proposed activity relative to its costs.</p> <p>[...]</p> <p>10. The Conference of the Parties and the entities comprising the Mechanism shall agree upon, at the first meeting of the Conference of the Parties, arrangements to give effect to the above paragraphs.</p> <p>11. The Conference of the Parties shall review, no later than at its third meeting, and thereafter on a regular basis, the level of funding, the guidance provided by the Conference of the Parties to the entities entrusted to operationalize the Mechanism established under this Article and their effectiveness, and their ability to address the changing needs of developing country Parties and Parties with economies in transition. It shall, based on such review, take appropriate action to improve the effectiveness of the Mechanism.</p>



**GENEVA
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INSTITUTE**

**GLOBAL
HEALTH
CENTRE**

Global Health Centre
Maison de la paix
Chemin Eugène-Rigot 2A
Case Postale 1672
CH-1211 Genève 1
graduateinstitute.ch/globalhealth

 globalhealth@graduateinstitute.ch

 [@GVAGrad_GHC](https://twitter.com/GVAGrad_GHC)

 [Global Health Centre](https://www.linkedin.com/company/global-health-centre)

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