World Bank pandemic financing scheme serves private sector interests over global health security, analysis suggests

October 18 2019

Credit: CC0 Public Domain

The World Bank's Pandemic Emergency Financing Facility (PEF) – set up to ensure swift funding to countries and agencies responding to pandemic outbreaks of disease—does not deliver on this promise, new research from the London School of Economics and Political Science (LSE) has shown.

The report, Pandemic Emergency Financing Facility: struggling to deliver on its innovative promise, was published in the *British Medical Journal* (*BMJ*) this month. It reveals that PEF, which was established in 2016 to create an innovative market for pandemic risk insurance drawing on funds from the private sector in return for lucrative interest rates, hasn't actually released any funds through its insurance scheme.

PEF was set up after the Ebola outbreak in West Africa in 2014-16 exposed the gap between countries' commitments to dealing with outbreaks and their actual ability to respond, partially due to lack of financing.

PEF is meant to bridge that financing with two payout mechanisms—an insurance window and a cash window. The insurance window is constructed to disburse funds whenever its criteria—such as certain numbers of cases, deaths or affected countries—are met.

However, the report shows not only has PEF's insurance scheme not released any funds since its inception, there are only two occasions since 2006 when it would have been triggered: the outbreak of Rift Valley fever in 2006 and Ebola in 2014-16. This is while other emergency funds (such as the World Health Organisation's Contingency Fund for Emergencies or the United Nations Office for the Coordination of Humanitarian Affairs' Central Emergency Response Fund) have consistently paid out.

The report finds that PEF has, however, paid $114.5m to private investors as coupons, mainly financed through public funders. This has lead the authors to suggest PEF appears to be serving private investor interests more than contributing to global health security.

The authors note: "Our analysis suggests that the criteria for PEF's insurance window are too stringent to mitigate risks posed to global health security. What's more, a recent appraisal of the scheme has shown that more money was paid out to investors than to eligible countries facing disease outbreaks.

"Only $51.4m has been disbursed through the cash window, but $114.5m had been paid out to investors by mid-2019; Australia, Germany, Japan, and the International Development Association have paid $175.6m into the scheme. As such, in its current format, the system seems to favor private sector investors over global health security."

This analysis comes at an important time as discussions and preparations for a second PEF at the World Bank are under way and the Ebola crisis—which crucially needed funding at the beginning of the outbreak—is ongoing.

Study co-author, Dr. Clare Wenham, an Assistant Professor in the Department of Health Policy at LSE, said: "Rather than waiting for an outbreak to reach certain pandemic proportions, the PEF should consider reform of its insurance criteria to make it more aligned with the early prevention, rapid-response mantra of global health security. This might include a more progressive all risk approach to which diseases are covered, or removing the strict requirements of cross border spread of disease."

Commenting on the report, study co-author Bangin Brim, recent MSc graduate from the Department of Health Policy at LSE, said: "Responding immediately to disease outbreaks and humanitarian crises is crucial to mitigate the humanitarian and economic impact; the global health security infrastructure should be shaped accordingly."

More information: Bangin Brim et al. Pandemic Emergency Financing Facility: struggling to deliver on its innovative promise, *BMJ* (2019). DOI: 10.1136/bmj.l5719

Provided by London School of Economics