

UN General Assembly announcements on global health & ODA eligibility of R&D funding for COVID-19 vaccines, treatments and tests

Written evidence memorandum from the Foreign, Commonwealth and Development Office

1. UN General Assembly announcements by the Prime Minister of the United Kingdom

- 1.1. ***World Health Organisation (WHO):** The PM announced support for the WHO at £340 million over the next four years and referred to “an increase of 30 per cent”. Please can the Committee have a note on the elements and schedule for this £340m and an explanation of how the 30% figure has been calculated and what funding elements are included. Please identify any implications for the elements of the £2.9 billion cut to 2020 ODA spending.*

The funding will support the WHO to be more effective. The WHO is critical to the UK’s global health security and development objectives. The Government’s analysis is that one of the blocks to more effective WHO operation is its lack of flexible funding. A large majority of WHO’s funding is heavily earmarked (tied to specific activities). This reduces its ability to be agile.

How the funding increase has been calculated and the objectives for this funding

HMG’s new core voluntary contribution to WHO comprises funding allocations previously channelled through a number of earmarked, voluntary UK-WHO programmes together with our previous (2016-2020) Core Voluntary Contribution (CVC) programme. This funding totalled £260m over four years. A 30% increase leads to a new total of £340m over four years.

The detailed business case for this new £340m CVC programme is currently being prepared. Its core aims will be to allow WHO to (a) respond to recommendations from the COVID-19 reviews (including the Independent Panel for Pandemic Preparedness and Response (IPPR)); (b) to respond to COVID-19 and strengthen global health security; (c) help strengthen health systems in vulnerable countries to end the preventable deaths of mothers, newborns and children; (d) help address the wider determinants of health such as under-nutrition, obesity, and water access in health facilities; and, (e) to accelerate WHO reform.

ODA prioritisation

The first payment for the new CVC programme is scheduled for quarter 4 of the 2020-21 financial year. The ODA prioritisation exercise applied to the 2020 calendar year.

- 1.2. **COVAX:** *The PM announced £571 million for the WHO COVAX initiative and stated that “of this sum, £500 million will be for developing countries to protect themselves”. Please can the Committee have an explanation of to what exactly the two elements - £500 and £71m – are allocated, and over what period the funding is pledged. Please identify any implications for the elements of the £2.9 billion cut to 2020 ODA spending of this allocation.*

The PM announced in his UN General Assembly speech on 26 September non-ODA (£71m) and ODA (£500m) contributions to the COVAX Facility, which is governed by Gavi, the Vaccine Alliance.

The non-ODA allocation

The initial non-ODA commitment of £71m will secure options for the UK to access chosen vaccines from the COVAX portfolio for 20% of the UK population during 2021. UK participation in COVAX gives us the option to purchase vaccines outside of the UK bilateral portfolio on a case by case basis. Purchase will be on terms negotiated by the COVAX facility with manufacturers and based on robust clinical evidence of vaccine effectiveness. Commitment of funds will be subject to business case approval from the Secretary of State for Business, Energy and Industrial Strategy.

The ODA allocation

The ODA commitment of £500m (£250m upfront and up to £250m if matched by other donors) will contribute towards the COVAX Advance Market Commitment (AMC) delivering up to 1 billion doses of life saving COVID-19 vaccines to 92 AMC countries (80 low and lower middle-income economies and 12 IDA eligible economies) during 2021. This commitment is in addition to £48m of repurposed UK aid funding committed to the COVAX AMC at its launch in June 2020. The timely and equitable roll-out of effective and safe vaccines will contribute to ending the COVID-19 pandemic phase of the COVID-19 epidemic in the poorest countries. This will reduce COVID-19 morbidity and deaths and allow less restrictive COVID-19 control measures, reducing indirect health, social and economic impacts and supporting economic recovery in AMC countries.

The ODA commitment represents a UK burden share of around 8% of the total cost for the AMC in 2020 and 2021.

The UK will match every \$4 given by other donors to the COVAX AMC with £1, up to £250m, thereby leveraging an additional \$1bn for the COVAX AMC by the end of 2020. Since the UN General Assembly vaccine side event on 30 September announcements from other donors have totalled \$444m, meaning £111m of our matched funding is already unlocked (as of 13 October 2020).

A binding UK commitment to COVAX at this time reinforces UK leadership on vaccine multilateralism and supports the commitment we have to equitable global access.

The UK contribution to the AMC is intended to be provided through the International Financing Facility for Immunisation (IFFIm). IFFIm is a well-established international financing mechanism (that the UK helped to design) created specifically to support programming by Gavi, the Vaccine Alliance. It raises funds on international capital markets secured against binding future multi-year donor funding commitments. This allows the UK to frontload financing for the COVAX AMC, while spreading costs over a number of years. The business case will set out proposals to structure financing to meet both COVAX AMC and UK ODA objectives effectively.

ODA prioritisation

Due to the urgency of securing AMC funding this year, the Chief Secretary to the Treasury agreed that the ODA commitment could be announced before the outcome of the Spending Review. The ODA commitment is part of the FCDO's Global Health bid for the Spending Review which takes into account the ODA prioritisation exercise earlier this year. Commitment of funds will be subject to business case approval from the Secretary of State for Foreign, Commonwealth and Development Affairs and the Chief Secretary to the Treasury.

- 1.3. ***Global health: The PM announced a 5-point plan to use the UK's G7 presidency to establish a "new global approach to health security" which seems based around: prevention (the global network of hubs); prediction (the early warning system); production (vaccine, etc. manufacturing capacity); preparedness (emergency plans & protocols); and partnership (free trade in pandemic products).***

- 1.3.1. *Please identify the implications, if any, of this plan for UK ODA spending.*

Decisions about long-term funding for UK ODA on global health security will be taken at the upcoming Spending Review, including how we can best further elements of the PM's 5-point plan through ODA investments. The forthcoming Integrated Review of Security, Defence, Development and Foreign Policy (IR) consolidates much of this thinking on using the aid budget as a force for good and in the national interest, including on global health security.

- 1.3.2. *What consideration has been given to the merits of the UK leading the establishment of a broader global health – for the achievement of SDG 3 – of which a pandemic plan, such as announced by the PM on Saturday, would be an important but integrated part.*

The Sustainable Development Goals are the guiding framework for UK Official Development Assistance. The UK has taken a prominent leadership role on Sustainable Development Goal 3 and the health-related Sustainable Development Goals.

The UK has been at the forefront of international action on health in recent months, announcing leading contributions to the World Health Organisation (£340m); COVAX (up to £500m to the Advanced Market Commitment); the Global Fund to Fight AIDS, TB and Malaria (£1.4bn); and hosting the Global Vaccines Summit that mobilised \$US8.8bn in pledges to Gavi, the Vaccine Alliance.

Through our multilateral and bilateral health investments around the world, significant research and development, and our diplomacy to put critical issues such as antimicrobial resistance on the international agenda, the UK has played a critical role in advancing the health-related Sustainable Development Goals.

The five-point plan announced by the Prime Minister is one important element of UK activity and leadership on global health, and the UK's ambition to help shape international thinking on global health security so that the world can respond effectively to COVID-19, and prepare better for future epidemics.

It forms part of the UK's wider commitments to global health. These include: the manifesto commitments to end the preventable deaths of mothers, newborns and children and lead the way on malaria; our support to achieve universal health coverage, strengthen health systems and health security; and our objective to promote healthier lives and environments, including safely managed water and sanitation, healthy diets and sustainable food systems.

2. Eligibility of research and development funding for Coronavirus / COVID-19 vaccines, treatments and tests for classification as official development assistance under OECD / DAC rules

- 2.1. *The DAC statistical working party (WP-STAT) met in June 2020 to discuss the ODA eligibility of COVID-19 related activities. What was the UK's opinion of, and response to, the new Frequently Asked Questions (FAQs) document, setting out the DAC secretariat's interpretation of ODA eligibility based on the DAC Reporting Directives, (a) presented at that meeting (b) published after that meeting?*

The OECD DAC directive sets out a clear requirement that ODA must be administered with the promotion of the economic development and welfare of developing countries as its main objective. In this context, we agree that R&D activities aimed at developing COVID-19 vaccines, treatments and tests only count as ODA when the primary aim of the research is to address problems faced by developing countries and promote their welfare and economic development.

The UK believes the published FAQs are more in line with the existing criteria for assessing ODA eligibility compared with the version shared at the WP-STAT meeting in June. We welcome notably that the guidance reflects the fact funding should be assessed "on a case-by-case basis". Crucially, the latest draft also recognises that specific activities such as those for equitable access for developing countries would be considered ODA.

However, we believe the DAC is over-interpreting the ODA rules in its use of blanket statements such as: "ODA includes medical research only in relation to diseases that disproportionately affect people in developing countries." This blanket statement goes beyond the above principles and existing ODA criteria unanimously agreed by the 30 DAC members.

- 2.2. *Has the UK submitted any specific activities related to R&D or production of COVID-19-related vaccines, treatments and tests for consideration of their ODA eligibility? In particular, has the ODA classification or eligibility of any of the following, or any portion thereof, been submitted?*
- i) Former DFID pledge of up to £230m, and DHSC contribution of £20m, to CEPI in their search for a COVID-19 vaccine.*
 - ii) Former DFID pledge of £40m to COVID-19 Therapeutics Accelerator (CTA or “The Accelerator”) for the development and scale up of a broad range of (including oral and non-oral) therapeutic modalities for COVID-19.*
 - iii) Former DFID pledge of £23m to Foundation for Innovative New Diagnostics (FIND) for research, develop and support the accessibility of new health technologies for COVID-19 activities*
 - iv) Former DFID pledges of £5m and £65m, and a DHSC pledge of £5m to WHO for its COVID-19 Strategic Preparedness and Response Plan (SPRP) to help lead international efforts to stop the spread of COVID-19 and end the pandemic, including: global coordination; planning for country level preparedness and response; global procurement and supply; the science and research and development agenda; and communications.*

We have assessed this spend to be ODA under the OECD DAC Directives. These activities will be submitted along with all UK’s ODA spend for 2020 to the DAC in due course as part of the standard processes and reporting cycle.

In line with the OECD DAC Directives the UK’s ODA spend has as its primary purpose to promote the welfare and economic development of developing countries and address the problems they face due to COVID-19. This includes ensuring both that R&D focused on the development of effective vaccines, diagnostics and treatments have the necessary access agreements, and are adapted to the particular contexts, systems and population needs of people in developing countries, and also that people in ODA-eligible countries have access to them as soon as possible. This will be crucial to mitigate the humanitarian and economic crisis they face from the COVID-19 pandemic.

Disease outbreaks do not respect borders and we need a fully coordinated international response to mitigate the impact of the COVID-19 outbreak in low- and-middle income countries (LMICs). Developing effective vaccines, easy to use diagnostics and low-cost treatments, are critical to tackling COVID-19 in the poorest countries. This is a huge challenge, and the development and distribution of effective vaccines, diagnostics and treatments which are suitable for use in the poorest countries will take the collective effort of governments, academia, industry and healthcare organisations globally. The UK is proud to work with the WHO and international partners to ensure new vaccines, treatments and tests will be accessible as quickly as possible to the world’s poorest countries.

2.3. *Has the UK submitted to the OECD DAC any other funding pledged to the Coronavirus Global Response Initiative for ODA-classification?*

No. We are following the standard processes for reporting UK's ODA to the OECD DAC.

2.4. *How much and what proportion of the allocated expenditure set out in Q2 or in answer to Q3 is the UK estimating will be classified as ODA by the OECD DAC for the purposes of meeting the duty under s1 of the International Development (Official Development Assistance Target) Act for 2020?*

Our assessment of this expenditure, and the vital work it supports, is that it meets the definition of Official Development Assistance. Prior to submitting the UK ODA spend to the OECD DAC each year, FCDO's statisticians carry out quality assurance checks, including ODA eligibility assessments.