

COVAX Needs a Political Future

The financial bolstering and institutional development of the new multilateral COVAX vaccination platform is in the health, economic, and security interests of Western countries.

By Michèle Gemünden and Jan Thiel

The international distribution of vaccines presents a key challenge in the global fight against COVID-19. The high costs of patent-protected vaccines are complicating access for developing countries, and preliminary sales agreements between pharmaceutical companies and rich industrialized nations are exacerbating the global vaccine shortage – meaning that more than 60 per cent of the vaccine doses available for 2021 are reserved for the wealthiest 16 per cent of the world’s population.¹ In light of this grave inequality, the Director-General of the World Health Organization (WHO), Tedros Adhanom Ghebreyesus, recently warned of a “catastrophic moral failure” by the international community in the fight against COVID-19.

In this context, wide-ranging international access to vaccinations is in the health, economic, and security interests of Western states. Rampant infection in other regions of the world is associated with the risk of dangerous variants of the virus that could undo domestic vaccination successes. The Global South needs to be immunized sufficiently in order for the global economy to recover. In addition, broader distribution of vaccines at a

multilateral level would prevent China and Russia from using state-owned vaccines for foreign policy purposes and strengthen transparency in global epidemic control in the long run.

Europe and North America should therefore work to institutionalize the new multilateral procurement mech-

Key Points

- Unilateral preliminary sales agreements are weakening the new multilateral COVAX procurement mechanism, which aims to ensure access to vaccines for all risk groups and medical personnel worldwide, regardless of the purchasing power of their respective states.
- A balanced international distribution of vaccines is in the health, economic, and security interests of Western countries. They should thus advocate for the consolidation of the COVAX mechanism beyond the current crisis.
- Further development of the mechanism is needed to ensure efficient vaccine distribution. In addition to centralized approval procedures and a market-based reform of patent law, flexible purchase options would increase the attractiveness of vaccine procurement via the multilateral platform, particularly also for wealthy states.

What is COVAX?

The WHO, together with the public-private vaccination alliances Global Alliance for Vaccines and Immunisation (GAVI) and Coalition for Epidemic Preparedness Innovations (CEPI) and other partners established a new multilateral procurement mechanism in June 2020 to enable the broad distribution of vaccines against SARS-CoV-2. COVID-19 Vaccines Global Access (COVAX) is part of the Access to COVID-19 Tools Accelerator (ACT-A), which seeks to safeguard global access to tests, treatments, and vaccines.

The aim of COVAX is to ensure the vaccination of the most vulnerable populations and healthcare workers worldwide with approximately two billion doses by the end of 2021, regardless of the purchasing power of their respective countries. More than 140 countries have already ordered vaccines using this mechanism. The poorest 92 countries benefit from subsidized prices, which are financed by state development aid. Just for the year 2021, this will require more than 11 billion USD.

However, the political future of COVAX remains uncertain; the mechanism is limited to the procurement of SARS-CoV-2 vaccines, and no plans are currently in place to institutionalize the platform for the multilateral procurement of vaccines for the next pandemic.

anism COVAX (see info box) beyond the current crisis and also strengthen it financially. However, the mechanism urgently needs to be further developed to ensure efficient distribution of vaccines in future health crises. To this end, better incentives should be created for rich countries to source vaccines through this multilateral platform.

Western Ambivalence Weakens COVAX

Funding gaps are hampering the success of the multilateral vaccination platform. Despite substantial donations, notably from the US, the UK and Germany, COVAX is still more than three billion USD short of the amount required to guarantee subsidized vaccine access for low-income states in 2021.² Another 19 billion USD will be needed to provide subsidized access to tests and treatments for the world's poorest countries under the Access to COVID-19 Tools Accelerator (ACT-A).

The lack of interest of many Western states to purchase vaccines for domestic needs via COVAX further weakens the financial clout of the multilateral platform. While wealthy states can use the mechanism to obtain doses for up to half of the national population, EU countries and the US only purchase vaccines via direct agreements with manufacturers. This guarantees prioritized access, but at much higher costs. Unilateral preliminary sales agreements also act as an industrial policy tool to strengthen vaccine development by domestic pharmaceutical companies and to create sales markets.

This “vaccine nationalism” is at odds with the goals of the multilateral initiative, as COVAX is in direct bidding competition with wealthy industrialized states for scarce vaccines. COVAX also obtains vaccines through its own purchase contracts with the same manufacturers, but due to its limited financial resources, it cannot compete with the high prices that rich countries are willing to pay. The result is late deliveries to COVAX and limited quantities.

Other Western countries, including Switzerland, have therefore opted for a two-fold strategy towards national vaccine procurement. Alongside donating 20 million CHF to enable subsidized vaccine access for poorer countries, Switzerland has ordered vaccines for 20 per cent of its own population via COVAX at an estimated cost of 10 to 30 million CHF. The bulk of the 400 million CHF approved by the Swiss Federal Council will be used to purchase vaccines through direct contracts. As is the case in other countries pursuing a two-fold strategy, including Canada, the UK, Japan, and Australia (see graph), the multilateral

pillar represents only a small part of Swiss procurement policy.

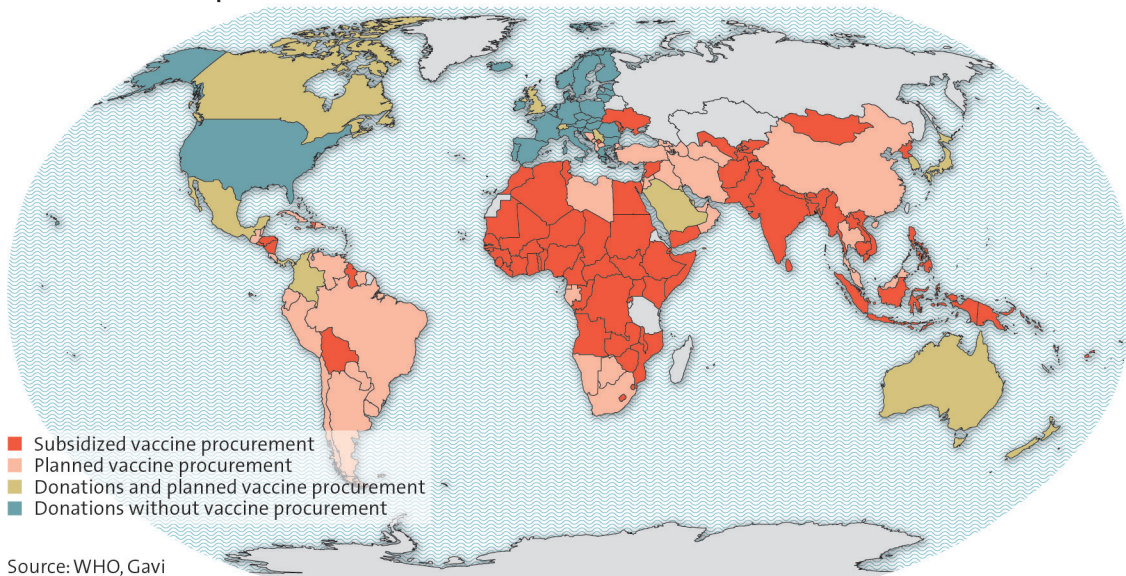
Health Policy Arguments

New variants of the virus could destroy the expensive vaccination successes of Western countries. As long as the coronavirus can circulate freely in other regions of the world and possibly mutates into more dangerous variants, even countries with high vaccination rates are not safe. Every transmission carries the risk of mutations that can make the virus more contagious, more deadly, or more able to evade vaccine protection. For example, initial study findings indicate that the Astra-Zeneca vaccine has limited efficacy against the new South African SARS COV-2 variant.³ Global pandemic control through improved access to vaccination for poorer countries therefore contributes to sustainable protection of herd immunity in wealthier states.

Economic Issues

Fair access to prophylactic vaccinations across the globe is also in the economic interest of Western countries, as they are heavily dependent on the recovery of the global economy. According to projections by the International Monetary Fund (IMF), economic damage from the pandemic will amount to more than 11 trillion USD by the end of 2021.⁴ According to current studies, every single USD invested in vaccine access for middle- and low-income coun-

International Participation in COVAX



tries would reduce the economic loss for high-income countries by up to five USD.⁵ Mutual economic dependence thus leads to international vaccination solidarity being in the economic interest of Western states.

Security Policy Interests

An effective procurement mechanism at a multilateral level would prevent vaccines being used by individual countries for foreign policy purposes. Western preliminary sales agreements and the resulting global vaccine shortage have created a political vacuum in the current pandemic – one that states like Russia and China, in particular – are exploiting strategically by supplying state-owned vaccines. This year alone, the Chinese leadership plans to ship more than half a billion doses, or nearly ten per cent of the global preliminary sales volume, to more than 80 countries. As was the case with the deliveries of medical supplies to states in need at the beginning of the pandemic, Beijing’s current vaccine diplomacy also aims to present China as a more reliable partner in the Global South. Chinese loans to purchase the vaccines are likely to further boost the influence of the emerging superpower, particularly in Africa and Latin America.

A fair distribution of vaccines in the event of a crisis would promote international cooperation in epidemic control in the long term. Due to the highly interconnected nature of global travel, Western countries in particular rely on affected countries reporting and containing new infectious diseases early on, and before these spread internationally. However, unequal access to vaccines has already caused disruptions in global reporting in past health crises.⁶ Consolidating the COVAX mechanism beyond the

current crisis therefore also offers a promising means to strengthen transparency in global epidemic protection and thus the health security of Western countries.

Further Institutional Development Required

In view of the next pandemic, Western countries should have an interest in furthering the institutional development of COVAX according to the following guiding principles.

In future crises, more flexible purchasing options would make vaccine procurement through a multilateral platform more attractive for rich countries. Unilateral preliminary sales agreements are always associated with the residual risk of an ineffective vaccine, as the contracts are usually concluded before the end of the clinical trial phase. The successful development of several highly effective COVID-19 vaccines must be seen as a rare exception. The option to freely choose the type of vaccines to be supplied in return for higher prices would increase the incentives for wealthy states to also purchase vaccines for their domestic needs and to mitigate the residual risk of ineffective vaccines. While such special rights would contradict the egalitarian rationale of multilateral procurement, they would also increase the capitalization of the platform and reduce bidding competition for scarce vaccines thanks to fewer unilateral agreements.

A centralized approval process at WHO-level could further increase the efficiency of global vaccine distribution. In many developing countries, the regulatory capacity and scientific expertise required for rapid approval of urgently needed vaccines are often lacking. WHO’s proven emergency approval process, which supports na-

Further Reading

Marco Hafner et al., *COVID-19 and the cost of vaccine nationalism* (Cambridge: RAND Corporation, 2020).

For wealthy states, investing in global vaccine access pays off many times over as it reduces economic damage.

Oliver Wouters et al., “Challenges in ensuring global access to COVID-19 vaccines: production, affordability, allocation, and deployment,”

The Lancet 397:10278 (2021), pp. 1023–34.

In addition to political issues, global vaccine access must overcome logistical and operational hurdles as well.

David McAdams et al., “Incentivising wealthy nations to participate in the COVID-19 Vaccine Global Access Facility (COVAX): a game theory perspective,” *BMJ Global Health* 5:11 (2020), pp. 1–12.

Game-theory approaches can help incentivize multilateral vaccine procurement by rich countries and increase global production capacity.

tional authorities in a crisis by providing independent assessments of the quality, safety and efficacy of new medicines, could accelerate global approval rates as an integral component of a future vaccine platform. International harmonization of the procedure would also be in the interest of manufacturers, who currently have to apply for approval in each country individually.

However, in the event of a crisis, patent issues remain an important hurdle to exploiting the global production potential for vaccines. A temporary lifting of patent protection, which is currently being called for by many humanitarian actors, would only be part of the solution here, as the short-term development of production capacities in third countries also relies on the transfer of expertise and

technology by pharmaceutical companies. In addition, government intervention in patent protection must not diminish the incentives for manufacturers to continue to invest vast sums in the rapid development of new vaccines during the next crisis. Financial compensation for the costs of license release and technology transfer via a multilateral platform would increase manufacturers’ incentives to turn vaccines into a global public asset. A joint initiative between WHO and the World Trade Organization (WTO) would be ideal to develop such a mechanism. In this way, COVID-19 also presents a political opportunity to strengthen global health security sustainably via a more effective multilateral vaccine platform.

Selected sources

1. Duke Global Health Innovation Center, *Launch and Scale Speedometer*, launchandscalefaster.org/covid-19, 2020.
2. WHO, *Access to COVID-19 tools funding commitment tracker*, www.who.int, 2021.
3. Shabir A. Madhi et al., “Efficacy of the ChAdOx1 nCoV-19 Covid-19 Vaccine against the B.1.351 Variant,” *The New England Journal of Medicine* (2021), pp. 1–14.
4. Gita Gopinath, “A Long, Uneven and Uncertain Ascent,” blogs.imf.org, 13.10.2020.
5. Marco Hafner et al., *COVID-19 and the cost of vaccine nationalism* (Cambridge: RAND Corporation, 2020).
6. Stefan Elbe, “Haggling over viruses: the downside risks of securitizing infectious disease,” *Health Policy and Planning* 25:6 (2010), pp. 476–85.

Dr. Michèle Gemünden and **Dr. Jan Thiel** are Senior Researchers at the Center for Security Studies (CSS) at ETH Zurich.

Policy Perspectives is published by the Center for Security Studies (CSS) at ETH Zürich. The CSS is a center of competence for Swiss and international security policy.

Editor: Boas Lieberherr

Additional language editing: Annabelle Vuille

Layout: Miriam Dahinden-Ganzoni

Feedback welcome: PolicyPerspectives@sipo.gess.ethz.ch

More issues and online subscription:

css.ethz.ch/en/publications/css-policy-perspectives

Most recent editions:

Arms Control Without Treaties (9/3)

Belarus in Upheaval: Three Scenarios (9/2)

Turbulent Trade: Europe and the Biden Challenge (9/1)

Predictive Policing: Proceed, but with Care (8/14)

China’s Rise Can Unite NATO (8/13)

Europe’s Fiery Future: Rethinking Wildfire Policy (8/12)

© 2021 Center for Security Studies (CSS), ETH Zürich

ISSN: 2296-0244; DOI: 10.3929/ethz-b-000477802