

Why Canada Should Be a Top Investor in the Global COVID Response & Recovery

- *Canada should invest 1% of its initial domestic COVID response towards fighting the global pandemic.*
- *This should include Canada's fair share for the Access to COVID-19 Tools Accelerator (ACT-A) to #EndCovidEverywhere, and investments to stop a humanitarian catastrophe that could reverse decades of progress against extreme poverty.*
- *This is not just the right thing to do, but the smart thing. For every \$1 invested in the global pandemic response and a fully funded ACT-A, Canada could get more than \$5.60 back in economic returns.*



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The scale of the COVID crisis is unprecedented, yet the global response is lacking. Canada should be out front and lead.

- Almost 1.5 million deaths worldwide.
- Lower-income countries lack access to life-saving tests and treatments and risk being at the back of the line when vaccines become available.
- The global economy is losing an estimated US\$460 billion each month.
- The number of people suffering from acute hunger is set to double this year.
- Decades of progress against extreme poverty and preventable disease could be lost.

The COVID-19 pandemic is a global crisis demanding a global emergency response — because no one, including Canadians, will be safe and secure until we end COVID everywhere. Yet, world leaders have not responded with the level of ambition required to match the scale of this crisis.

The ACT-A (Access to COVID-19 Tools Accelerator) is the world's best bet for a pandemic 'exit strategy'. It is also severely underfunded. This first-of-its-kind coalition brings together the world's leading global health agencies, such as the Global Fund to Fight AIDS, Tuberculosis and Malaria, GAVI the Vaccine Alliance, and the World Health Organization. It aims to deliver an integrated 'end-to-end' global solution to halt the spread of coronavirus and enable the world to recover better together.

But as of November 10th, only 25% of the US\$38 billion needed had been committed by donors. US\$4.6 billion of this total must be raised by the end of March 2021 to address urgent needs.¹

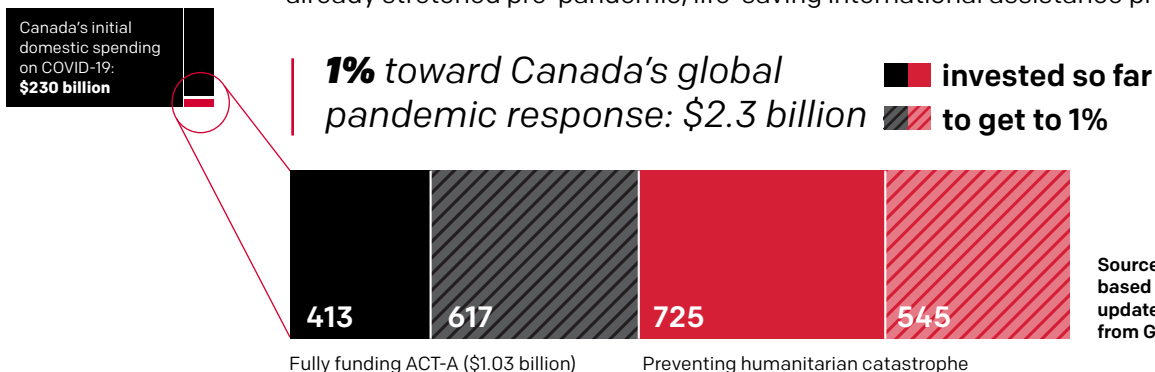
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How quickly fully funding the ACT Accelerator would be paid back in economic returns once the pandemic is brought under control and global mobility and trade are restored.²

Likewise, as of September 25, 2020, the UN COVID-19 Humanitarian Response Plan was only 27% funded.³ Canadian NGOs conducting local humanitarian response programming are also struggling to respond to the new pandemic reality and remain underfunded. Calls by developing countries for comprehensive debt relief and the issuance of IMF Special Drawing Rights — as happened during previous global economic emergencies — have been met with tepid action from richer countries and multilateral institutions.⁴

We can do more: Canada should invest 1% of its initial domestic COVID response towards fighting the global pandemic and its effects.

Close to 100 Canadian international development organizations have called on Canada to invest the equivalent of at least 1% of our initial domestic pandemic expenditure to the global COVID response.⁵ To date the government has stepped up, including by being an early supporter of the ACT Accelerator and its vaccine pillar, the COVAX Facility. As of November 2020, Canada is about halfway to the 1% target, which is \$2.3 billion. To achieve this goal, Canada should commit at least another \$1.2 billion in new and additional ODA, including: (1) \$617 million to ACT-A to reach Canada's fair share target of \$1.03 billion;⁶ and (2) at minimum \$545 million to mitigate the catastrophic humanitarian impacts of the pandemic. Additionality here is critical to ensure that resources are not diverted away from Canada's already stretched pre-pandemic, life-saving international assistance programs.



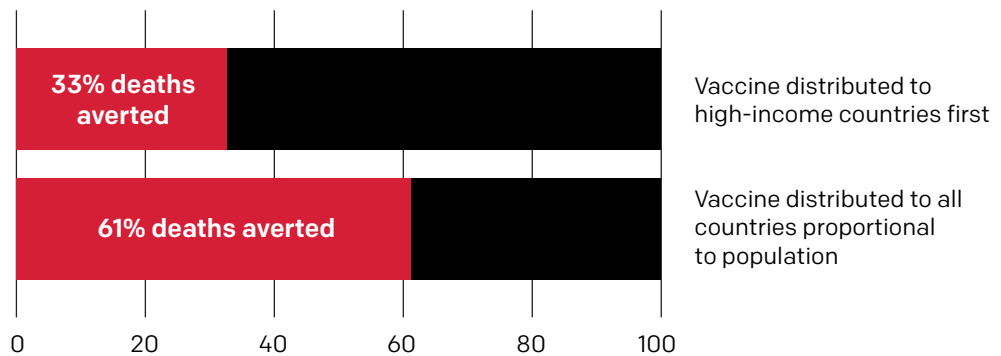
Source: Authors' calculations based on July 2020 Fiscal update and press releases from Global Affairs Canada

We can save millions of lives and restore Canada’s economy by ensuring global equitable access to COVID tests, treatments and vaccines.

Epidemiological modeling suggests that if all countries receive the first 3 billion vaccine doses equitably in proportion to their populations, deaths could be reduced nearly twice as much compared to if the first vaccines are only available in rich countries.⁷

Global equitable distribution of vaccines could save twice as many lives

Source: Bill & Melinda Gates Foundation, 2020
Goalkeeper’s Report, based on Chinazzi et al. 2020



Equitable access to vaccines would also mean gains to the global economy of US\$9 trillion by the end of 2025.⁸ As an export-driven economy that relies on international trading relationships and supply chains, ending the pandemic everywhere is in Canada’s national economic interests.

The direct benefits to Canada of ending the pandemic in the developing world are estimated to be more than \$5.6 billion — a return of over 5 times the cost of its fair share of ACT-A’s funding needs.⁹

This estimated return on investment is based on modelling that factors in the impacts of the global pandemic on the key sectors of tourism, education, manufacturing, financial services, and IT between 2020 and 2025, and compares a scenario where the outbreak continues in the developing world versus one where a vaccine is distributed fairly and widely around the world. If the energy sector is added to the picture, the potential return on investment is 14 times larger versus potential costs to the Canadian economy estimated in the range of almost \$80 billion.

Investing in a fully funded ACT-A: \$5.60 in returns to Canadian economy for every \$1

Source: Eurasia Group, 2020

Cost of continuing pandemic in the developing world on key Canadian economic sectors: **\$5.6 billion**

Canada’s fair share of the ACT-A investment case: **\$1.03 billion**

Two sectors of the Canadian economy in particular could suffer if the 92 countries eligible for the COVAX AMC do not get equitable access to the tools needed to stop the virus.

Education. Students from these countries make up around 44% of Canada's foreign student population. With a continuing pandemic in the developing world, Canada could lose \$4.6 billion in tuition, accommodations, and other purchases over the next 5 years.¹⁰

Tourism. Full recovery of Canada's tourism and transportation sectors will not be possible until global travel can fully resume. An estimated \$560 million could be lost over the next 5 years if travel restrictions continue for countries which, without the help of ACT-A, risk not having access to COVID vaccines, tests, and treatments.¹¹

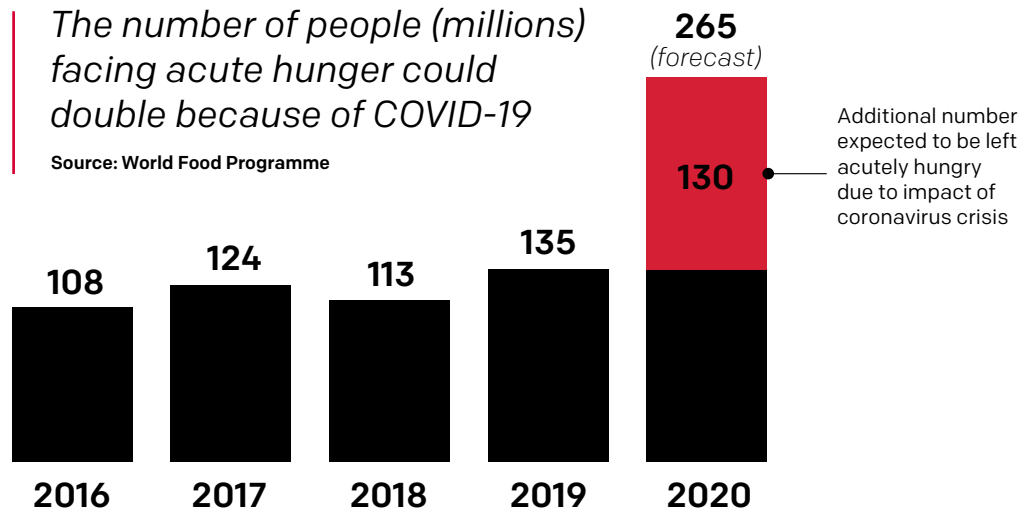
Fully funding COVAX and the ACT Accelerator is squarely in Canada's interest. But because the global supply of vaccines will be limited for at least the first year, the domestic procurement practices of countries like Canada could affect the COVAX Facility's ability to secure enough vaccines for lower income countries. To date, the government has made bilateral deals with 7 pharmaceutical companies promising almost 10 potential doses to each Canadian.¹² To succeed and to end the pandemic sooner, COVAX must be able to secure enough doses to vaccinate at least 20% of participating countries' most vulnerable populations in 2021. Canada can lead by being a champion for the principle that, while global supply is limited, 'it is better to vaccinate some people in all countries rather than all people in some countries.' As a COVAX champion, Canada has the responsibility not to contribute towards monopolizing the first batches of vaccines at the expense of poorer countries who do not have the buying power to sign their own bilateral agreements, and must champion equity at every opportunity.

We must stop the humanitarian catastrophe to protect decades of progress in the fight against extreme poverty.

While developing countries struggle to access tests, treatments and vaccines, the secondary impacts of the pandemic threaten to be even worse than the disease. Because of COVID-19, an estimated 90 million more people are at risk of falling into poverty this year;¹³ twice as many people will face acute hunger compared to last year;¹⁴ over 11 million girls could end up not going back to school at all after COVID;¹⁵ and over 80 million children missed their basic vaccinations against measles, polio, and diphtheria, risking other disease outbreaks.¹⁶

The number of people (millions) facing acute hunger could double because of COVID-19

Source: World Food Programme



These tragic setbacks could erase decades of Canadian investments in international assistance — an unthinkable outcome. A comparatively small investment now in humanitarian aid, food security, nutrition, education, and women and children’s health could not only prevent tremendous suffering as ACT-A continues scaling up, it could ensure that decades of Canadian leadership on these issues on the world stage are not lost.

We can live up to our aspirations of Canada’s role in the world.

Canadian leaders have consistently been visible and vocal on the need for global equitable access to tools to fight COVID-19, and on the need to help countries through this crisis, in everyone’s collective interest. By investing 1% of its initial domestic COVID response towards fighting the global pandemic, Canada will live up to these aspirations and help to leverage other donors, taking Canadian investments even further.

After years of Canadian foreign aid investments stagnating and sitting at historically low levels — much below the average of our OECD peers — an investment of 1% should be viewed as the first step towards sustained annual increases to Canada’s international assistance envelope. For Canada to “be back”, we must be at the forefront of restoring the world’s promise of ending extreme poverty. It is not only the right thing to do, but the smart thing to do.

Endnotes

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16. "At least 80 million children under one at risk of diseases such as diphtheria, measles and polio as COVID-19 disrupts routine vaccination efforts, warn Gavi, WHO and UNICEF", *World Health Organization* (May 22, 2020): <https://www.who.int/news/item/22-05-2020-at-least-80-million-children-under-one-at-risk-of-diseases-such-as-diphtheria-measles-and-polio-as-covid-19-disrupts-routine-vaccination-efforts-warn-gavi-who-and-unicef>.