

How are donor countries responding to COVID-19? Early analyses and trends to watch

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Over the last few months, the Donor Tracker team has been following the rapidly developing international response to the COVID-19 crisis. The implications of this pandemic are far greater than its immediate health effects since it has become clear that the longer-term economic and humanitarian ramifications of the crisis are likely to be just as dire. This is especially true in low- and middle-income countries and for vulnerable populations.

So far, the global community has mobilized billions of dollars to the international effort to mitigate the multi-dimensional impacts of the novel coronavirus pandemic. This Donor Tracker Insights piece examines OECD donor countries' international response to the COVID-19 crisis so far, as well as trends to watch out for in the coming weeks and months. We hope that these insights may inform the work of global development advocates, governments, multilaterals, and other organizations during this unprecedented crisis.

How are donor countries responding to the COVID-19 crisis?

The impacts of the COVID-19 crisis are being felt across many sectors relevant to global development, and as such, donor countries are directing funding toward several different dimensions of the international response. We base this analysis on a three-part breakdown of the donor funding, which we discuss in greater detail below: 1) financing of COVID-19 vaccines, diagnostics, and therapeutics, 2) funding to alleviate the health impacts of COVID-19 in low and middle income countries, and 3) financial support for mitigating the wider economic and social impacts.

1. FINANCING OF COVID-19 VACCINES, DIAGNOSTICS, AND THERAPEUTICS

Multilateral organizations and partnerships are at the forefront of this effort and are major recipients of donor country funding. Several new joint initiatives have been established to accelerate research and development around COVID-19.

- On May 4, 2020, the [global community pledged €7.4 billion \(US\\$8.0 billion\)](#) for the [Coronavirus Global Response Initiative](#), co-convened by the European Union (EU), Canada, France, Germany, Italy, Japan, the Kingdom of Saudi Arabia, Norway, Spain and the United Kingdom (UK). The event aimed to kickstart a longer-term fundraising effort in response to the call from the World Health Organization (WHO) for a global collaboration on new essential health technologies.

- The Coronavirus Global Response Initiative is comprised of three partnerships: 1) test, 2) treat, and 3) prevent, largely through health systems strengthening. Equitable access is a cross-cutting objective. It is fitting, therefore, the initiative was announced at the launch of the [Access to COVID-19 Tools \(ACT\) Accelerator](#), which will also receive some of the funds raised at the May 4 event. Comprehensive tracking of pledges made by donors on 4 May remains difficult, but examples include:

- » **Test (diagnostics):** Diagnostics research and development is being convened by the Foundation for Innovative New Diagnostics (FINN), working jointly with the Global Fund. Commitments to funding COVID-19 testing initiatives include [£23 million \(US\\$29 million\)](#) from the UK and [A\\$7.5 million \(US\\$5 million\)](#) from Australia.
- » **Treat (therapeutics):** At least US\$267 million was raised for the [COVID-19 Therapeutics Accelerator](#), which is working jointly with UNITAID to accelerate the testing and development of old and new drugs that could be used to treat COVID-19. The UK, for example, pledged [£40 million \(US\\$50 million\)](#) for this initiative.
- » **Prevent (vaccine R&D):** Many donors have announced increased support to Coalition for Epidemic Preparedness Innovations (CEPI), including the UK ([£210 million or US\\$261 million](#)), Norway ([NOK 2.2 billion or US\\$211 million](#)), Germany ([€145 million](#)

or US\$171 million), and the Netherlands (€50 million or US\$54 million). CEPI is working in collaboration with global health authorities, research institutions, and vaccine developers around the world to develop a COVID-19 vaccine.

Donors are also contributing to Gavi, the Vaccine Alliance, to support its immediate efforts health system strengthening and eventual role in vaccine distribution.

- Gavi is providing immediate funding for eligible countries to protect health care workers, perform surveillance and training, and purchase diagnostic tests. Many countries have already pledged new support to Gavi for the 2021-2025 funding period and most have been larger than contributions made in previous funding periods. Pledges so far include the UK (£1.7 billion or US\$2.1 billion), Norway (US\$1.0 billion), Canada (CAD600 million or US\$427 million), Italy (€120 million or US\$130 million), Japan (US\$100 million), Spain (€50 million), Ireland (€18 million), and Finland (€2.5 million).
- The UK-hosted 2020 Global Vaccine Summit, the third donor pledging conference for Gavi, is scheduled for June 3-4 and will be held completely online.

There is a strong emphasis on ensuring the equitable distribution of medical developments to diagnose, treat, and prevent COVID-19.

- Both governments and civil society have emphasized the importance of making medical developments accessible and affordable to all.
- Donors including France, Italy, Spain, Canada, and the UK, have backed the ACT Accelerator, which was started in an attempt to speed up the development, production, and equitable access to COVID-19 health technologies. Its central principle is to ensure universal access to COVID-19 technologies.
- 20 countries signed the ‘COV-access agreement’, a UN-led deal also signed by the WHO.

Many donor countries are funding domestic research institutions working on R&D for COVID-19.

- A portion of Canada’s US\$609 million in funding for the international response to COVID-19 is being used to finance treatment and vaccine development efforts by Canadian researchers.

- At the May 4 pledging moment, Australia committed A\$337 million (US\$212 million) in funding for Australian institutions. Both national and state governments have contributed funds to support the work of researchers at the University of Queensland and for the establishment of the Australian Centre for Disease Preparedness.
- Sweden has increased funding to the Swedish Research Council, allocating an additional SEK 100 million (US\$10 million) in 2020 for research and innovation related to COVID-19.
- Germany has announced its intention to spend €750 million (US\$815 million) expanding trial and production capacities in Germany to help with COVID-19 vaccine development.

2. FUNDING TO ALLEVIATE THE HEALTH IMPACTS OF COVID-19 IN LOW- AND MIDDLE- INCOME COUNTRIES

Donor countries are funding new initiatives as well as contributing directly to UN-led funds.

- The UK (US\$107 million), Japan (US\$48 million), Germany (US\$30 million), Korea (US\$3 million), Australia (US\$2 million), Canada (US\$2 million), France (US\$1 million), and Norway (US\$1 million) made contributions to the WHO following its COVID-19 appeal. The WHO has been leading the global fight against this pandemic and — among others — has established a COVID-19 Solidarity Response Fund through which it is receiving funds for this effort.
- Some donors have started contributing to the UN’s Global Humanitarian Response Plan (GHRP) for COVID-19. Launched in March 2020, the GHRP supports humanitarian health and multi-sectoral humanitarian needs of the most vulnerable people in countries already facing a humanitarian or refugee crisis, or with high levels of vulnerability. Its current funding appeal stands at US\$6.7 billion.
- Norway is leading the creation of a new multi-donor fund at the UN, the COVID-19 Response and Recovery Fund (COVID-19 MPTF), contributing NOK 150 million (US\$14 million). The initiative, designed to complement the UN’s Global Humanitarian Response Plan, will assist vulnerable countries with the immediate effects and long-term consequences of COVID-19, and help countries become more resilient to future health crises. Sweden pledged SEK 50 million (US\$5 million) to the fund.

- Spain has launched the ‘[Dialogues to Fight COVID-19](#)’ initiative in partnership with seven Latin American countries, a collaborative effort to identify innovative solutions to the crisis.

Countries are making investments in accordance with their broader priorities for development.

- Australia’s response has largely [focused on the Indo-Pacific](#) as the country continues to target its development efforts in line with its ‘Pacific Step-up’ with particular concern for regional health security.
- In line with its Feminist International Assistance Policy, Canada has highlighted the need to [support women and children](#) in low income countries.
- Sweden has allocated increased funding for women’s [sexual and reproductive health rights](#), its key policy priority, during the pandemic and provided needs-based humanitarian assistance as outlined in its development framework. Sweden has so far allocated [SEK224 million \(US\\$22 million\)](#) in COVID-19 specific support to existing partners, including [SEK121 \(US\\$12 million\)](#) for humanitarian support.
- France launched ‘COVID-19 – Health in Common’ an initiative aimed mitigating the public health crisis caused by the pandemic which it funded with [€1.2 billion \(US\\$1.3 billion\)](#). In line with France’s policy priorities, the initiative is focused on countries on the African continent.

3. FINANCIAL SUPPORT FOR MITIGATING THE WIDER ECONOMIC AND SOCIAL IMPACTS

Donors are directly funding efforts to improve economic stability in low-income countries.

- Many donors are supporting current G20 and International Monetary Fund (IMF) efforts to suspend debt payments to the IMF’s poorest member countries, though it is clear that [more comprehensive debt relief measures](#) will be required going forward.
- Out of a €100 million (US\$109 million) response pledge made by the Netherlands in mid-April, [€50 million \(US\\$54 million\)](#) was allocated to the World Bank, the IMF’s Catastrophe Containment and Relief Trust, and the UN’s Response and Recovery Trust Fund (RRTF) to help maintain and improve the macro-economic stability of the poorest countries.

- Spain has committed to funding [socioeconomic interventions](#) to mitigate the impacts of the pandemic, as one of the three pillars of its support to support low-income countries dealing with COVID-19.

Several donors are beginning to announce more comprehensive international response packages which address multiple dimensions of the COVID-19 crisis.

- The Dutch Advisory Council for International Issues (AIV) has recommended that the Dutch cabinet allocate an additional [€1.0 billion \(US\\$1.1 billion\)](#) for the international COVID-19 response to provide immediate support aimed at slowing the spread of the virus, improving social security provisions in partner countries, reducing or deferring public debt in vulnerable countries, and supporting refugees and displaced peoples. The proposal will be discussed at the end of May.
- The German Development Minister has requested an additional [€3.0 billion \(US\\$3.3 billion\)](#) in funding for a COVID-19 response package with a focus on food and job security and crisis region stabilization.
- On May 9, 2020, United States’ (US) Senate Democrats introduced a bill — the [COVID-19 International Response and Recovery Act, or CIRRA](#) — which calls for immediate restoration of US funding to the WHO. If passed, CIRRA would authorize US\$2.8 billion in payments to the UN system, including US\$500 million for the UN’s COVID-19 Global Humanitarian Response Plan, US\$1 billion for the Global Fund’s COVID-19 Response Mechanism, US\$4.4 billion to address global humanitarian needs, and US\$200 million for CEPI.
- Korea’s International Cooperation Agency (KOICA) outlined a mid- to long-term strategy which includes a plan to support [food, accommodation, and social safety nets](#) in partner countries.
- 23 WTO members have agreed [not to impose export restrictions or trade barriers](#) on key agricultural or agri-food products during the COVID-19 crisis. The [impacts this crisis on food security](#) have been an area of [emerging concern](#).

What are some important trends for advocates to watch?

Given the remarkable dynamism of the COVID-19 crisis —

including the international response to it — and its uneven global impacts, it is impossible to predict medium- and long-term implications for the global development sector.

Based on Donor Tracker's initial analysis of the donor responses so far, here are a few trends we think advocates should watch out for:

A rare window of opportunity for advocates to push for massive increases in global development spending is opening — but may close again once public interest fades again.

Civil society groups around the world (for example in [Spain](#), [Sweden](#), [Germany](#), [Australia](#)) are calling on governments to increase development funding by highlighting the importance of ODA in times of global crisis. And indeed, the urgency and universality of the COVID-19 crisis represents a crucial opportunity for pushing forward efforts to increase ODA funding. The widespread current narrative to rally support for the international COVID-19 response — reflected in slogans such as “[none of us are safe until all of us are safe](#)” or “[we will either beat the pandemic worldwide or not at all](#)” — is a simple and strong rationale for donor countries to massively increase their investments in global development.

To be effective, advocates should take immediate action over the coming weeks and months to leverage the window of opportunity granted by the current political attention to global issues. Citing other early examples of strong donor country response packages backed by fresh funding will be a key strategy to convince governments. For example, the German Development Minister recently requested for an additional €3.0 billion (US\$3.3 billion) for the Ministry for Economic Cooperation and Development (BMZ) in 2020, representing almost 30% of its regular budget. However, time is of the essence: once economic and social lockdowns are lifted in donor countries themselves, political interest in scaling up global development budgets may fade again.

As donors shift priorities towards COVID-19, a ‘zero-sum’ funding competition between individual sectors is likely and will be fierce. This can be mitigated only if global ODA levels grow.

Under the overarching narrative of “none of us are safe until all of us are safe”, many governments and advocates are making the case for increasing allocations to tackle

COVID-19 as a disease as well as future threats to global public health. Others are pointing to the need to invest in areas that mitigate the immediate and direct negative impacts of COVID-19 in low and middle-income countries, such as food security and employment.

Some donors are already shifting budgetary resources accordingly. Germany's BMZ has announced plans to repurpose [€1.2 billion \(US\\$1.0 billion\)](#) of its 2020 budget to COVID-19 response measures. Norway's government is [moving more funds](#) from its 2020 development budget towards health, humanitarian assistance, and Africa, by taking funding from programs that have been delayed or stopped operating or moving. Meanwhile, South Korea has [used its supplementary budget 2020](#) to shift more funding to humanitarian assistance for partner countries affected by COVID-19, among other areas.

Thematic areas whose advocates fail to clearly demonstrate how investments in their sector can contribute to avoiding or mitigating the impact of the next pandemic threat risk losing access to funding if ODA budgets remain flat or decrease. Such a zero-sum situation can only be avoided if advocates in the global development sector jointly and successfully campaign for much higher development budgets which meet or exceed the 0.7% ODA/GNI target in all OECD donor countries.

Controversies over the volume of government budgets to fund global development – including the international COVID-19 response – will be commonplace, particularly in countries that tie ODA to national economic growth.

Forecasts suggest the economic fallout from the COVID-19 crisis will lead to a [contraction of the global economy](#). This will put pressure on national budgets across the entire donor community, including on [budgets dedicated to global development](#). Already, donors including [Germany](#), [Australia](#), and the [EU](#) are drawing on funds from their existing development budgets to finance the international response to COVID-19.

The impact of this economic downturn on global development budgets will be at the center of debate particularly in those donor countries which have structurally tied ODA volumes to gross national income (GNI), such as the [Norway](#), [Sweden](#), and the [UK](#). Unless these ODA budgets are protected, shrinking economies will inevitably lead to ODA decreases in absolute terms even if government [re-affirm](#) their ODA/GNI ratio commitments. However, this pressure on ODA budgets will also be felt in other donor countries which set out to reach more ambitious multi-an-

nual ODA/GNI targets even if these are not legally binding (e.g. [Italy](#), South Korea, Spain, Germany).

Debates over the appropriate budgetary response will continue at least until 2021, but likely much longer.

As governments announce and parliaments discuss amendments to the budgets of the ongoing fiscal year, many budget debates are ongoing. These debates will likely intensify between September and November 2020, when most donor country parliaments will debate national budgets for 2021, including spending on ODA.

Given that a long-term effort will be needed for the development and full deployment of COVID-19 related vaccine(s), treatment, and diagnostics, as well as the mitigation of the likely devastating social and economic impacts of the crisis all over the world, debates over the right approach and adequate ODA funding levels will continue well into 2021, and [likely beyond](#). The global financial crisis of 2007/2008 and ensuing austerity policies influenced debates over cutting or ‘freezing’ global development budgets for many years after the immediate crisis was over — and in some countries to this day. COVID-19 may have a similar long-term effect.

Some key policy reviews and decisions have been put on hold for the foreseeable future.

Donors’ focus on dealing with the immediate impact of the COVID-19 crisis will likely lead to delays in the presentation of revised policies on global development. For example, the UK has postponed its [foreign, development, and defense policy review](#). Some governments (e.g. Australia and Canada) have announced delays to their delivery of their annual budgets due to political disruptions and economic uncertainty caused by the COVID-19 crisis.

Implementers will benefit from more flexibility in use of government funds.

Given the need to rethink and reprioritize current program activities in light of the COVID-19 crisis, many donors and multilateral partnerships like the [Global Fund](#) and [Gavi](#) are allowing for more flexibility in the use of funds by implementers. This means that it is possible in many cases for grant terms to be extended, results frameworks to be adapted or converted, and for calls and proposals already in process to shift accommodate new COVID-19 related ideas and priorities.

The international COVID-19 response will dominate the agendas of key global development fora over the next months, including the EU and G20.

At the EU level, the European Commission has already shown leadership through its convening role around the May 4 pledging moment and suggestions of an EU ‘[White Deal](#)’ to promote better preparedness through measures such as health systems strengthening, broadened supplier networks, and a European pharmaceutical strategy. The COVID-19 crisis will also be a key concern of [Germany’s EU Council Presidency](#) in the second half of 2020.

At the G20 level, calls have already been made for the G20 to assume leadership in coordinating the global COVID-19 response. In early April, more than 160 leaders from around the world, including many prominent former and present heads of state, signed a letter [calling on G20 members to take bold action](#) to strengthen weak health systems in Latin America and Africa. Italy has also revealed that its G20 presidency in 2021 will [focus on sustainable development](#) across the African continent including the need to support health systems.

As the US government largely shirks the coordinated international response to COVID-19, other actors are stepping up to lead – but US funding remains key.

Although there are many encouraging examples of global scale cooperation in the face of COVID-19, the international response has also revealed disharmonies. The absence of the United States (US) — [the world’s largest donor to global health](#) — in current key events, such as the pledging event on May 4, is notable. Despite the US government’s decision to [freeze funding to the WHO](#), other donors have in recent months reiterated their [intention to continue supporting the WHO](#) or announced [increased funding for the organization](#). If the US continues on a unilateral track, more donor countries may step up their support to the multilateral cooperation system in the absence of its leadership. However, it is important not to overestimate the effects of such moves to offset US funding cuts. Given the overall scale and importance of US’ global development programs (the US remains by far the [world’s largest ODA provider at US\\$35.0 billion in 2019](#)), a setback in funding from the US means a setback for the entire global development landscape, as well as a further blow to the already fragile and heavily underfunded 2030 Agenda For Sustainable Development.

To conclude, tracking the donor response to COVID-19 is — and will remain — tricky for advocates due to the complexity of the issue, as well as efforts to 'rebrand' ongoing programs.

Between the current uncertainty around the impact of COVID-19 on particular countries and the funding level required to respond, blurred lines between donors' domestic and international response, and a constantly changing global landscape, it will remain difficult for advocates to track how donors are responding to this global pandemic. Furthermore, to demonstrate their commitments, governments are increasingly 'rebranding' ongoing programs as COVID-19-related. This makes it challenging to identify which funding is additional and which is simply taken from other budget lines. Luckily, a multitude of tracking initiatives are already underway to shed more light on these complexities.

Before embarking on any new COVID-19 related analyses of donors' response, global development advocates should review the existing array of resources to assess how they can best contribute novel insights and angles to the debate, to complement existing projects. Collaboration will be of paramount importance to this effort as sustainable development depends on a concerted and collective push for more and better funding for global development.

US\$ conversions based on constant prices as of May 13, 2020.

Further reading

- Centre for Global Development. [*What Next in the International Financial Response to the COVID-19 crisis?*](#) 6 May 2020.
- Devex. [*COVID-19 Funding Visualization: Analysis of Funding Opportunities*](#), 1 January to 2 May 2020.
- Devex. [*Can innovative financing tools raise funds for the COVID-19 response?*](#) 8 May 2020.
- Flamingo For NGOs. [*COVID-19 Briefing*](#), 14 April 2020
- International Monetary Fund. [*Policy Responses to COVID-19*](#). Updated regularly.
- Canadian International Development Platform. [*Is ODA "recession proof"?: a reality check*](#), 27 April 2020