ACTaccelerator
ACCESS TO COVID-19 TOOLS

Unprecedented international support drove USD 14.6 Bn in funding to the ACT-Accelerator over 2020-21, but a USD 18.5 Bn gap remains for 2021

To meet ACT-A funding requirements, the co-chairs of the ACT-A Facilitation Council—the finance ministries of South Africa and Norway—together with ACT-A Facilitation Council members developed a financing framework for fair-share contributions to ACT-A. Because this initiative is beneficial to all, the **Facilitation Council** recognized that we should collectively share the financial burden. The **Facilitation Council Financial Working Group** explored many financial mechanisms over the past months and proposes the "ACT-Accelerator Sovereign Ask Financing Framework" to determine with fairness and transparency the target expected contribution by country.

Following the alignment reached on the burden sharing approach, ACT A Facilitation Council co-chairs kicked-off a financing campaign by sending a letter in March to ~90 countries, asking for the target contribution determined with the burden-sharing approach. The benchmarks presented here are based on the mid-points from the model outputs, and final Asks may have been adjusted and are confidential. Thanks to the combined efforts of many sovereign donors, an unprecedented international support drove a USD 14.6 Bn contribution to the ACT-Accelerator over 2020 and 2021, with USD 8.6 Bn fundraised since January 1st, 2021.

As of May 11th, Germany, Norway, Canada, and Saudi Arabia have already reached their *"fair share"* and contributed more than 100% of their target ask. Several large economies have also contributed significantly to ACT-A, with Sweden, the United Kingdom, and the United States having already contributed over 50% of their target ask. The "RMWG" is now focusing its efforts on helping the other large economies reach their fair share to bridge the ACT-A 2021 remaining funding gap of USD 18.5 Bn as of May 11th, 2021.

Figure 1 – *Evolution of contributions pledged to ACT-A since January 2021* – in USD Bn

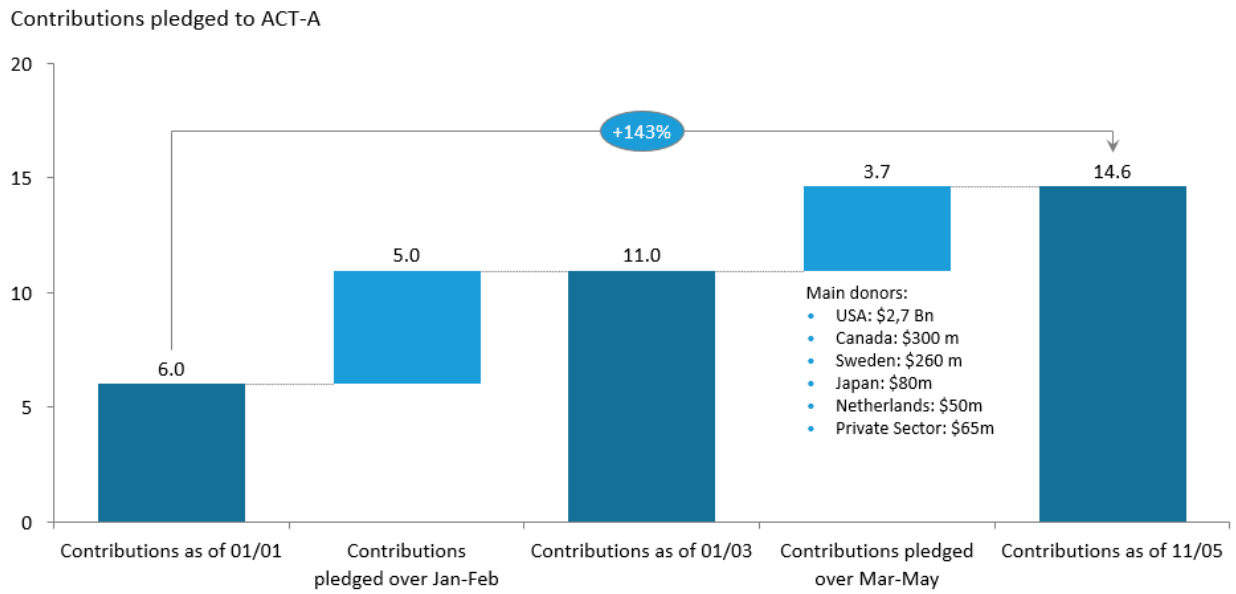

Figure 2 – *Target ask and contribution to date for top 30 donor countries* – in USD Bn

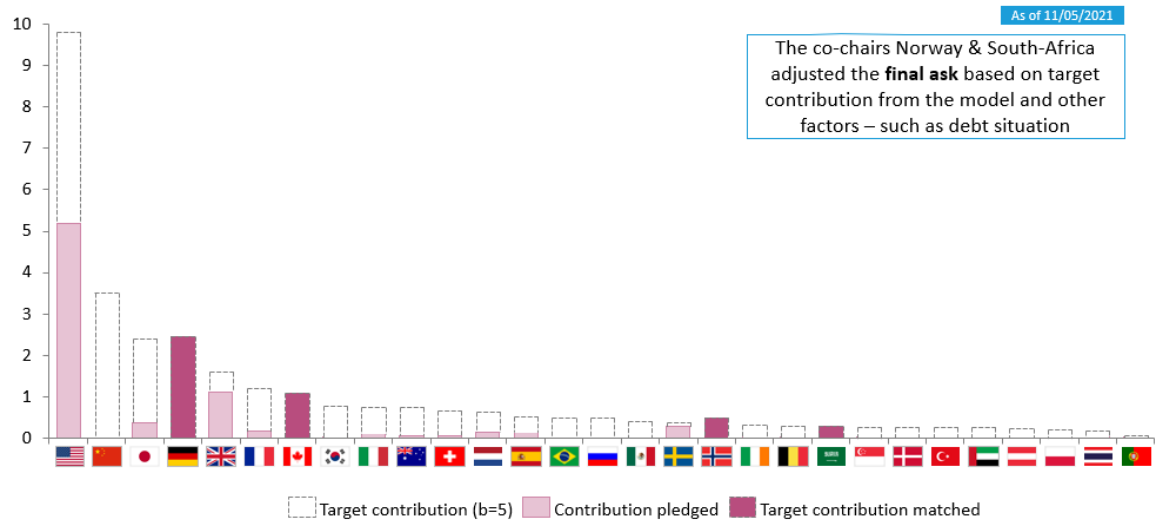

Figure 3 – *Overview of target ask and contribution to date for GHS participants* – in USD Bn[1]

Preliminary – Contributions pledged as of 11/05/2021

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GHS Participants I Germany, Norway, KSA & Canada have already reached their fair share while the US, UK, and Sweden are well on track

GHS Participants (G20 + Guests)	Target Contribution[1] in USD Bn	Contribution pledged[3]	Delta vs. Target	% of Target pledged
United States	9,80	5,20	4,60	53%
European Union	8,35	4,03	4,33	48%
o/w Germany	2,01	2,48	-0,47	124%
o/w France	1,22	0,18	1,04	15%
o/w Italy	0,77	0,12	0,65	15%
o/w Netherlands	0,65	0,16	0,49	25%
o/w Spain	0,52	0,15	0,37	28%
o/w Sweden	0,39	0,29	0,10	75%
o/w Portugal	0,08	0,00	0,08	1%
o/w Others EU[2]	2,71	0,65	2,06	24%
China	3,51	n.a.	3,51	0%
Japan	2,40	0,39	2,02	16%
United Kingdom	1,61	1,13	0,48	70%
Canada	1,01	1,09	-0,08	108%
Korea, Rep.	0,78	0,01	0,76	2%
Australia	0,76	0,07	0,69	9%
Brazil	0,50	n.a.	0,50	0%
Russian Federation	0,50	n.a.	0,50	0%
Mexico	0,41	0,00	0,41	0%
Saudi Arabia	0,30	0,31	-0,02	106%
Turkey	0,28	n.a.	0,28	0%
Argentina	0,15	n.a.	0,15	0%
Switzerland	0,69	0,07	0,62	10%
Norway	0,39	0,50	-0,11	129%
Singapore	0,28	0,01	0,28	2%

1. Ask ith GDP/Capita with b=5 and a 20% risk buffer 2. Including USD ~590M commitment from European Commission
Source: IMF, ACT-Accelerator Facilitation Council, World Bank Indicators

9

[1] Contribution pledged are rounded up.

APPENDIX: A guiding burden sharing model for the financing of ACT-A

A 5-step approach to determine a rational range of contribution by country, modelled after IMF quota formula, adjusted for GDP/capita and finalized with qualitative analysis

The approach combines both:

- A 4-step quantitative and public analysis to determine the target contribution for each country based on consensual data sources (e.g. Market Exchange Rate GDP, IMF's openness indicator, GDP/capita).
- A 5th qualitative step assessing each contributing country's target ask based on confidential per-country assessments and dialogue.

- **Step 1 – Market Exchange Rate GDP (MER GDP):** the financial contribution to ACT-A can be perceived as a tax to fund a common good, which is the global eradication of COVID-19 and the restoration of global economic trades. As a tax, it should be proportioned to each country's wealth, with the GDP at market exchange rate being the consensual starting point to measure each country's wealth/economic strength. To maintain a realistic fundraising process, a minimum threshold of MER GDP was added to reduce the number of potential contributing countries.

- **Step 2 – adjusted MER GDP to account for openness:** it is considered legitimate that countries which will record higher economic benefits from faster restoration of the world economy and global trade should also have a higher contribution to the funding. To do so, the approach leverages the IMF quota formula, which considers several indicators including MER GDP and economic openness. The relative weights between GDP and openness in the IMF formula are replicated in the formula, and to limit outliers' contribution, a threshold on economic openness divided by MER GDP was also included

- **Step 3 – Progressive contribution of GDP/Capita:** it is also perceived legitimate that the richer countries, countries with the highest income per capita levels, bear a higher contribution, as proportion of their GDP, than less advanced economies with lower average income. This is incorporated in the approach by introducing an adjustable weight on GDP/capita in the equation (using a "b" parameter with value spanning from 0 (no progressivity) to 9 (steeper progressivity)) and thus determine a target contribution range. To remove lower- income countries from the list of contributors, a minimum GDP/capita threshold for participating countries was added.

- **Step 4 – Addition of a default risk buffer:** with the aim to secure the total sovereign funding required and anticipate the risk of non-contributing countries, a "Default risk buffer" of 20% was added on top of the contribution range resulting from Step 3.

The outputs of the 4-step analysis will serve as a basis for Step 5, which consists in confidential bilateral negotiations on each country's contribution.

- **Step 5 – Joint assessment of the ask:** a qualitative assessment of each country's estimated range will enable to agree on a target ask and formulate a confidential request to each country