

Eight priorities to strengthen international cooperation against Covid-19

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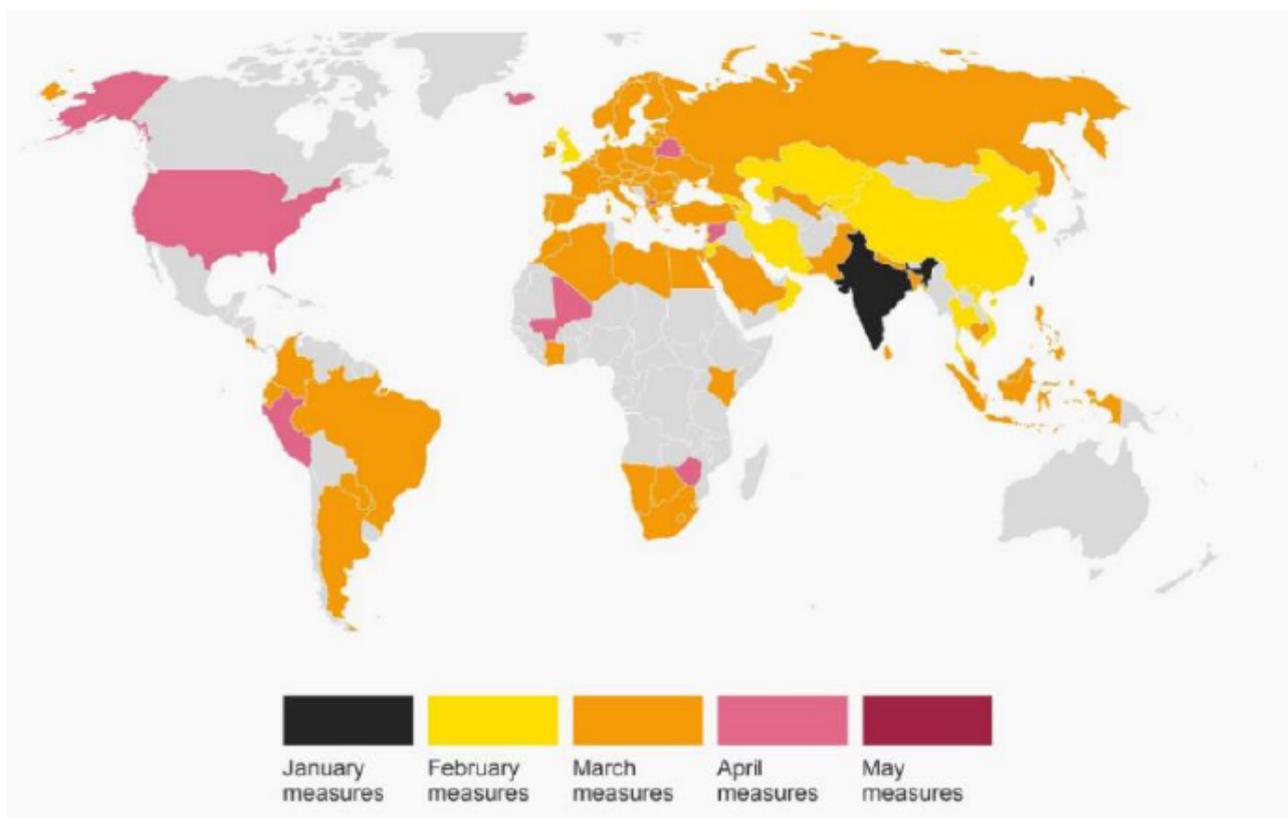
International cooperation amplifies individual countries' efforts; in the fight against the COVID-19 pandemic, international cooperation is not only useful, but indispensable[1]. In the short run, cooperation between governments is needed to **curb the pandemic and expedite exit from the crisis**. In the medium and long run, internationally coordinated policies can **facilitate recovery and the rebuilding of socioeconomic systems** in inclusive and sustainable ways and **help prepare for future risks and pandemics**.

Co-operation for crisis response

Scaling up of medical capacity for treatment and testing: Mobilising health professionals is at the core of the fight against COVID-19. However, it is also critical that these professionals are equipped with sufficient medical supplies, whether for effective and safe patient care (e.g. ventilators, personal protective equipment) or for the implementation of test, track, and trace programs (e.g. swabs, chemical reagents). Yet, the global supply of medical supplies has been insufficient to meet the increased demand, prompting countries to reduce exports and favour domestic use (see Figure 1). Export restrictions on vital goods can hinder global health efforts by delaying trade (which is concerning in times of urgent need) or by putting upward pressure on prices (which can constrain poorer hospitals and countries) (OECD, 2020_[1]). Governments should co-operate to preserve trade openness while

scaling up global medical and testing capacity and enabling access to vital medical goods at affordable prices (OECD, 2020_[2]). The G20 has called against excessive protectionist approaches (G20, 2020_[3]), but it could go further as a coordinating body, for example, by monitoring supplies of certain medical equipment and advocating for the least developed countries to get the materials they need, as it did with food supplies following the global food spikes of 2007-2008 (Bown, 2020_[4]). Moreover, given the large dependence of OECD countries on migrant doctors and nurses, international cooperation is needed to smooth the international mobility and recruitment of migrant health professionals, by easing their arrival and recognition of their qualifications (OECD, 2020_[5]).

Figure 1. Export restrictions on medical supplies since the beginning of 2020

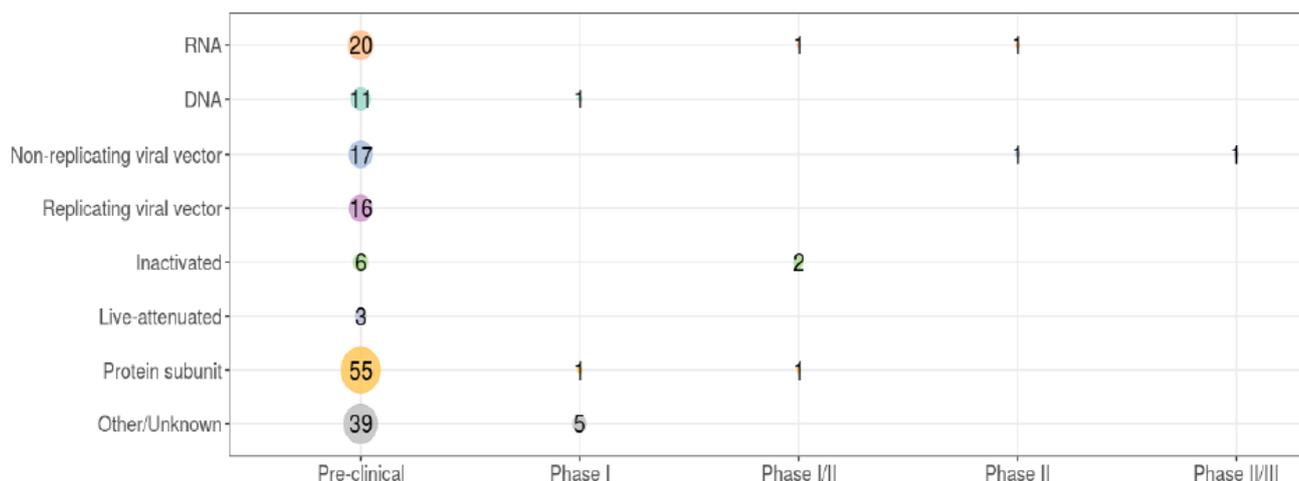


Source: (Global Trade Alert, 2020_[6]), 21st Century Tracking of Pandemic-Era Trade Policies in Food and Medical Products, last updated June 5, 2020.

Effective vaccine development and deployment. A vaccine would be the best route to end the pandemic; currently, 181 candidates are in development (see Figure 2) (London School of

Hygiene and Topical Medicine, 2020_[7]). Because a vaccine will be most effective if it is available cheaply everywhere, cooperation – rather than competition and ‘vaccine nationalism’ – is necessary to expedite its development and distribution. Globally, governments will have to spend tens to hundreds of billions of USD to vaccinate every person on the planet. Although this cost pales in comparison to the number of lives the vaccine could save, the price tag can be reduced significantly and vaccination accelerated if governments cooperate to avoid a bidding war that could drive up prices. Multilateral fundraising efforts for a vaccine are already underway, such as the Coronavirus Global Response pledging event that raised EUR 7.4 billion for universal vaccine access (European Commission, 2020_[8]), the International Finance Facility for Immunisation’s vaccine bonds, and advanced market commitments proposed by GAVI, the vaccine alliance (Schäferhoff and Yamey, 2020_[9]); these should be supported and bolstered. In addition, manufacturing capacity has to be built while R&D is underway, meaning that countries should collaborate to project demand and plan the necessary capacity to produce sufficient quantities of the vaccine (OECD, 2020_[10]). Governments also need to agree upfront on rules for international property rights and procurement (OECD, 2020_[10]) and impose universal standards of evidence for vaccine approval (OECD, 2020_[11]). Finally, an international commitment to a fair allocation system to ensure that the vaccine will be widely available, and that the countries that need it most are not deprived, would be welcome. Such a system could rely on existing instruments and institutions – including global purchasing agents, advance purchase commitments, and financial instruments like concessional loans – and prioritise delivery of vaccines to health-care workers and high-risk populations (Yamey et al., 2020_[12]). Simultaneous support to strengthen the delivery capacities of developing countries is also critical for vaccine access for vulnerable populations.

Figure 2. Vaccine development pipeline by vaccine type and phase of clinical development



Source: (London School of Hygiene and Tropical Medicine, 2020^[7]) COVID-19 vaccine tracker, last updated June 5, 2020.

Continued surveillance to detect re-emergence of the virus:

There is also a need for a collaborative approach to virus reporting and surveillance, including of mutated viruses. Initial efforts to contain the virus were hampered by slow and incomplete reporting of the outbreak (Yuan, 2020^[13]). Efforts to assess the progression of the pandemic will succeed only if the information is continuously, rapidly, widely and freely shared across borders, as reiterated by the World Health Organisation (Moorthy et al., 2020^[14]). However, there are major roadblocks, such as ambiguous criteria for data sharing (Modjarrad et al., 2016^[15]) and a lack of common measurement methodologies (e.g. cross-country differences in counting COVID-19 deaths) (Hirsch and Martuscelli, 2020^[16]). Overcoming these obstacles requires clear guidance and harmonised standards for health data terminology and exchange (OECD, 2020^[11]). Continuous cooperation is also pertinent as countries (e.g. Korea and Israel) start leveraging digital technologies, such as mobile and smartphone data, for disease surveillance and control. The potential of these technologies must be balanced with the concerns of privacy that they provoke, which entails developing appropriate health data governance frameworks, such as secure systems for data exchange (OECD, 2020^[11]). Developing these frameworks would benefit from cross-country sharing of best practices, especially since disease

surveillance is a multilateral exercise (OECD, 2020_[11]).

Continuous and strong support for less developed countries:

The virus has particularly profound implications for developing countries. Their health systems are vulnerable and underfunded, with about 90% of low-income countries facing health-worker shortages, and many continue to suffer from the lingering effects of previous health crises (e.g. Ebola, malaria, HIV) (OECD, 2020_[17]). Mechanisms for knowledge sharing about protocols of screening and treatment could help, especially in countries with stretched health systems. Countries that had a head start in dealing with the pandemic could offer important lessons and share best practices; but, fiscal support will also be needed. In developing countries, containment measures (e.g. school closures, work reduction) are harder to implement, and they have high opportunity costs in terms of poverty and educational-attainment (OECD, 2020_[17]).

These countries also have high levels of informal work, which limits governments' ability to provide social protection for workers and fiscal support for businesses. Moreover, in low and middle-income countries, this crisis comes at a time of rising concern for the sustainability of public debt (OECD, 2020_[17]). Thus, sweeping international efforts are needed to help developing countries weather the storm. The G20 has already agreed on a "debt service standstill" until the end of 2020 from all official bilateral creditors, and called on private investors working through the International Institute for Finance to follow suit (G20, 2020_[18]). The IMF is replenishing its Containment and Relief Trust and is prepared to use its entire USD 1 trillion lending capacity, and the World Bank has set up a fast track facility for emergency support and is ready to deploy up to USD 160 billion over the next 15 months (OECD, 2020_[17]).

Co-operation for inclusive and sustainable recovery

Fiscal policy: To date, countries have individually

implemented significant fiscal measures (OECD, 2020_[19]). As the goal of these measures shifts to recovery, fiscal stimulus coordinated across countries will magnify the benefit for all economies. Stimulus packages have international spillovers through both the trade and investment channels, suggesting an important role for coordination to maximise benefits (OECD, 2019_[20]). In fact, OECD simulations for G20 countries suggest clear gains from collective action, compared to singular country actions (Pain and Salins, Forthcoming_[21]). Recovery from the 2008-2009 crisis has also elucidated the value of fiscal coordination (Kalinina, 2020_[22]). Fiscal coordination can also involve sharing best practices on how to operationalise long-term projects (OECD, 2009_[23]).

Monetary policy: Monetary and financial policy cooperation has been relatively strong. An important act of cooperation has been the activation and establishment of swap lines between major central banks. In theory, there are several avenues through which central banks can further enhance their cooperation. First, major central banks could set up liquidity facilities that allow foreign central banks to exchange sovereign assets for cash without disrupting the securities markets of issuing countries (Collins, Potter and Truman, 2020_[24]). Central banks could also further expand their swap lines to more economies (Collins, Potter and Truman, 2020_[24]).

However, in practice, given the fiscal risks associated with extending swap lines, they remain restricted and only certain emerging economies with deep currency markets are included as recipients (Levy-Yeyati, 2020_[25]).

Trade policy and supply chains: Since the start of 2020, 89 jurisdictions have implemented a total of 154 export controls on medical supplies (Figure 1), and 28 jurisdictions have executed 40 export curbs on agricultural and food products (Global Trade Alert, 2020_[6]). These actions have exacerbated pre-existing trade tensions and protectionist tendencies,

heaping further pressure on global trade. If a second COVID-19 outbreak occurs triggering a return to lockdowns, world trade is forecasted to plummet by 11.4% this year; if a second wave of infections is avoided, global trade is expected to fall by 9.5% in 2020 (OECD, 2020_[19]). Experience with trade restrictions in the food sector shows they increase prices and threaten supply (Gillson and Fouad, 2015_[26]). Supply chains have received particular attention during the COVID-19 crisis due to the perception that that complex and long supply chains have worsened the implications of the pandemic. However, risk management literature suggests that shorter supply chains and domestic self-sufficiency do not necessarily imply reduced vulnerabilities; rather, supplier diversification can help firms maintain production in times of crises (Miroudot, 2020_[27]). Recovery from this crisis, thus, necessitates co-operation to reverse protectionist policies, resist implementing further barriers, and strengthen the robustness and resilience of supply chains.

Improved preparedness for future pandemics and risks: Between 1980 and 2010, the number of annual infectious disease outbreaks has more than tripled (Smith et al., 2014_[28]), and the risk of future epidemics and pandemics is high, as well as those linked to environmental changes (World Economic Forum, 2019_[29]). Better preparedness is crucial to mitigate these risks (Commission on a Global Health Risk Framework for the Future; National Academy of Medicine Secretariat, 2016_[30]). This could include globally co-ordinated mechanisms, such as early warning systems and common protocols for temporary travel and border control restrictions (Derviş and Strauss, 2020_[31]). The international community may also rethink and reinforce global frameworks for emergency preparedness and facilitate research agendas and technology development in domains where market forces are lagging or stagnant (e.g. vaccine research) (OECD, 2020_[32]). An example of this is the Coalition for Epidemic Preparedness Innovations, a global

network of public and private stakeholders created after the Ebola epidemic to fill critical gaps in the vaccine development pipeline, notably by advancing vaccines and keeping investigational stockpiles, funding vaccine development, and coordinating responses to epidemics (CEPI, 2019_[33]). Enhanced efforts to address the global shortage of health workers through initiatives such as the ILO/OECD/WHO Working for Health programme would also be welcome.

COVID-19 is an existential threat that has upended global systems. Without international co-operation, both the exit from the crisis and the recovery is likely to be slow and weak. First, this is true for the health sector, as effective disease surveillance, swift vaccine development and deployment, and preparedness for future epidemics benefit from multilateral action. Second, preserving trade openness and increasing the robustness and resilience of supply chains can not only ensure countries' access to vital medical goods, but also invigorate the post-pandemic economy. Finally, internationally coordinated fiscal and monetary policies, in tandem with support for developing countries, can help the global economy weather the current shock, while preparing it for a sustainable and inclusive recovery.

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[1] To support information exchange and international cooperation, the OECD has launched a policy tracker that provides updates on fiscal, monetary, financial and macro prudential policy actions taken by countries around the world to minimise the economic and social costs of Covid-19 and to promote recovery

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