



Transcript of IMF podcast:

[Ruchir Agarwal with a Proposal to End the Pandemic](#)

Ruchir Agarwal:

Much of what we do at the IMF in terms of economic projections or policy guidance to the countries is very much dependent on how the pandemic is going.

Bruce Edwards:

In this program, the business case for stepping up vaccination programs worldwide.

Ruchir Agarwal:

Ending the pandemic by the first half of 2022 is very much achievable. And the global return for having the pandemic end faster is about nine trillion dollars, while the cost is about 50 billion dollars.

Ruchir Agarwal:

I'm Ruchir Agarwal. I'm an economist at the IMF. And today I'm going to be talking to you about a study jointly done with Gita Gopinath who is the Economic Counsellor at the IMF.

Bruce Edwards:

Welcome to this podcast produced by the International Monetary Fund.

Bruce Edwards:

It's pretty clear by now that there will be no end to the economic crisis until enough people are vaccinated against COVID-19 and its variants to put the health crisis behind us. Ruchir Agarwal and IMF Chief Economist Gita Gopinath joined forces and came up with a plan that could actually make that happen, with a little help from other global institutions.

Bruce Edwards:

So, I think that some people were quite surprised to see this proposal coming out of the IMF and not from a public health organization. What was the motivation there?

Ruchir Agarwal:

Right. So, even before we wrote this Staff Discussion Note with Gita, the IMF was already projecting a divergence in the world economy. So, the advanced countries and China were expected to be vaccinating the populations very quickly and having a very quick recovery on the

expected to be vaccinating the populations very quickly and having a very quick recovery on the economic side, whereas the low and lower middle-income countries where the vaccination speeds were expected to be slow, were likely to have a much slower recovery and much more scarring from the pandemic.

Ruchir Agarwal:

And then, where we come in, in our paper with Gita, is to show that, if delays in vaccinations persist or if there are further things that go wrong, for example, mutation scenarios, or other problems in the supply chain of vaccine production, then this divergence is likely to become worse or more exacerbated. So, that's where we come in, in terms of what is the economic argument for ending the pandemic quicker. And if I may just add, in this context, exactly as you say, much of this work is also in the domain of public health agencies. And so, our work very much builds on the work of WHO, its partners, to the ACT Accelerator, and we've been very closely aligning our numbers, our thinking, and the vision in terms of where the world should be with these agencies. So, we build on their work and our work compliments ongoing work in this area.

Bruce Edwards:

So, what is it that you're proposing exactly?

Ruchir Agarwal:

Okay. So, basically we have three broad targets in our proposal. The first target is that every country in the world should get to at least 40% vaccination rate by the end of this year and at least 60% around this time next year. And then, at the same time, there are many things that can go wrong along the path to this vaccination. So, the world should already put in place insurance scheme to avoid or to be able to handle those downside risks, such as mutations, the need for a booster dose. And then, the third aspect is, while vaccine supplies remains scarce around the world, efforts need to be made to mitigate the health and economic burden of the pandemic by scaling up testing, by scaling up availability of therapeutics and preparing for in-country vaccine deliveries ahead of time.

Bruce Edwards:

So, as you just said there, the key for this proposal to work is to ramp up vaccination programs everywhere, but especially in developing countries where vaccine levels are very low. How do you propose getting them to where they need to be?

Ruchir Agarwal:

Yeah. That's an excellent question. So, we pay a lot of thought to this issue. What's happening is the global vaccine production is ramping up quickly, but it is very much back-loaded. So, the way we think about this is in a two-step process. First is make sure the aggregate vaccine production capacity can expand. So, there's more for everyone. But the second step is to make sure that that available capacity is equitably distributed between countries. So, you don't have this divergence, that I mentioned before, between the low and middle income countries and the higher income countries.

Ruchir Agarwal:

And, in practice concretely, what that means is much of the vaccine production is expected to come online in the fourth quarter of this year and early next year. So, whereas many countries today, for example, in Africa, large parts of Africa, the vaccination rates remain substantially lower than 2% of the population. So, concretely one of the steps that we've identified, the way to handle this timing issue is through what's called dose sharing or donations of surplus vaccines from higher income countries. And what that can do, for example, the U.S. has announced recently that they're going to donate 80 million vaccine doses by the end of June. That allows to smooth the availability of vaccine supply, make it more available upfront. And as long as these donations or dose sharing that's happening upfront, can then be channeled into these countries

donations or dose sharing that's happening upfront, can then be channeled into these countries, which are substantially behind on the vaccination front, then the world will have a good chance to get to the 40% vaccination target at every country level by the end of this year.

Bruce Edwards:

Okay. So, this dose sharing, while a good thing, won't solve all the problems associated with getting more people vaccinated. I mean, countries are still going to have to purchase vaccines and actually administer them, which all costs a lot of money. How does your plan propose that these countries finance these additional expenditures?

Ruchir Agarwal:

Yeah. So, the proposal puts forward a price tag of 50 billion dollars. What that really means is additional financing needs beyond what has already been done. Now, what the world has already set up is an institution called COVAX, which essentially has an aspiration to vaccinate 30% of the 91 low and lower middle income countries in the world.

Bruce Edwards:

Okay.

Ruchir Agarwal:

Right? And already donors have put aside more than nine billion dollars to finance that. So, COVAX should have enough money to get to this 30% vaccination goal. .

Ruchir Agarwal:

Now that leaves some residual needs on the vaccination arm for other countries. So, part of this 50 billion goes for those additional needs. And then, the remaining part of the 50 billion is used for things like scaling up testing, so having more tests per day, having more therapeutics, more personal protective equipment for healthcare workers, and very importantly financing for getting the vaccine deliveries out, so on the ground work on cold chain and cold chain equipment, et cetera.

Bruce Edwards:

And do you actually consider all of the vaccines that are currently available out there as viable options for vaccinations? I mean, does the plan rely on the efficacy of one vaccine over another?

Ruchir Agarwal:

Yeah. That's a great question. So, on the efficacy front, we were guided by public health officials, including the WHO. What we did was we studied country by country, figuring out how many vaccines have they ordered among those that have been already approved.

Ruchir Agarwal:

And so, once you account for that, you identify a residual gap to get to the 60% vaccine coverage that I mentioned before. And so, our financing plan is built on closing that gap. Now, exactly as you say, along the path many things can go wrong. And, for that very reason, what we've done is we put aside one billion additional doses on behalf of developing countries to handle those downside scenarios. So, our financing puts aside about eight billion dollars for that at-risk investment in vaccines where at risk really means it may not be needed to get to the 60%, but in case developing countries need booster doses, or some existing vaccines that they have contracted turn out to have problems in safety or efficacy because of new variants, then you have these additional supplies to handle those scenarios.

Bruce Edwards:

And another key issue that this proposal looks at and one of the keys to solving this pandemic

and others that will likely follow is building up manufacturing capacity everywhere. And especially in the developing world, how do you get this done?

Ruchir Agarwal:

Yeah. So, in a way our proposal is focused very much on the next 12 months. Our focus is, how can we get sufficiently high number of people vaccinated to reopen the global economy. There is a greater challenge, a bigger discussion that's happening about how do we prepare for future pandemics.

Ruchir Agarwal:

Right? So in a way, the whole issue of vaccine access and the developing country production capacity, one way to think about that is, if we were ever again in a new pandemic, how can we make sure that everybody in the world has equitable access to vaccines? So, there are two ways one could design a system to handle that. One is make sure, independent of where the vaccines are being made, there is enough available for everybody. But that would require a lot of at-risk investment upfront. And there may not be enough incentives to that. So, because of that, there is a second line of thinking that is, how can they create more capacity in developing countries that can benefit from sharing of intellectual property to voluntary licensing or other mechanisms to expand the ability of developing countries to increase their domestic manufacturing capacity.

Ruchir Agarwal:

Now, how does that link to our proposal? In our proposal, since we are really focused on the next few months, and at most 12 months, we don't create a large focus on these medium term issues. But, at the same time, we do allocate some funds and ideas for increasing more voluntary tech transfer today, whereby existing capacity, manufacturing capacity, can be repurposed to handle COVID vaccines without necessarily hurting the needs for other diseases.

Bruce Edwards:

So, this proposal comes from you and your colleagues at the IMF, but it quickly gained support, as you said at the beginning there, of other major global institutions, like the World Health Organization, and the World Bank Group, including the IFC, and the World Trade Organization. And only last week, the G7 were actually discussing it. What are the next steps to put this plan into action and get it done by mid 2022, as it says it should?

Ruchir Agarwal:

Yeah. So, in a way, it has been very encouraging to see strong endorsement from the institutions you mentioned and many others. And part of that endorsement comes because when we built this proposal, we did consult very widely to hear and understand existing workflows in place. So, we really build on what's going on out there.

Ruchir Agarwal:

So, that's one reason, I think, it has resonated with a lot of people. In terms of next steps, one important point to make there is COVAX, for example, already has over nine billion dollars today. If COVAX had that money 12 months ago, the world would be in a very different place today because there would be much more vaccines available for developing countries today. So, the richer countries have done their part, at least partially, but some of that action has happened with a delay.

Ruchir Agarwal:

So, from this perspective, a key message of our work is ending the pandemic by the first half of 2022 is very much achievable. And doing so can bring about a return, the global return for having the pandemic end faster is about nine trillion dollars, while the cost, as I mentioned to you before, is about 50 billion dollars. So, that's a return of about 180 times over five years to the world.

Ruchir Agarwal:

However, the window available to the world to realize these large gains is closing very rapidly, which is why we need upfront action on financing, we need upfront action on sharing of doses, and we need upfront action on implementing various aspects of the proposal that we laid out.

Bruce Edwards:

Let's hope that happens. Ruchir Agarwal, senior IMF economist and coauthor, along with IMF chief economist, Gita Gopinath, of a proposal to end the COVID-19 pandemic. Always great to talk to you, Ruchir.

Ruchir Agarwal:

Thank you, Bruce.

Bruce Edwards:

The full study on how to end the pandemic is published on the IMF website. Go to imf.org to check it out. And look for other IMF podcasts wherever you get your podcasts. You can also follow us on Twitter @IMF_podcast. I'm Bruce Edwards. Thanks for listening.

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