

Joint CSO recommendations on ODA-eligibility of Covid-19 vaccine related spending – follow up

We understand there is a general agreement among Development Assistance Committee (DAC) Members to use Official Development Assistance (ODA) budgets to cover expenditures related to Covid-19 vaccines, whether these vaccines were initially purchased for domestic use or not, as well as general support for all Members to use the same methodology when valuing their vaccine donations and ensure comparability of reporting across the DAC membership.

We appreciate the DAC's efforts to consult with civil society organisations (CSOs) on these issues, notably the meeting with the DAC Working Party on Development Finance Statistics (WP-STAT) back in May 2021 and an expert workshop in June 2021. In our previous letter (July 2021) we shared with DAC Members and the OECD-DAC STAT team that in the context of the unfolding pandemic in many developing countries, ODA has a vital and urgent role to play in:

- *providing sufficient Covid-19 vaccines dedicated for developing countries, which maximises the rapid and full vaccination of their populations, including tests and Covid-19 treatments*
- *supporting developing countries to shore up their health systems more generally*
- *supporting developing countries to strengthen their capacity to manufacture vaccines*

To make sure this finance promotes the long-term development of those countries, this support must be provided through new and additional funds. We reminded the DAC community that tapping into existing ODA budgets diverts funds away from other vital humanitarian and development programmes.

As we are aware the discussions are now currently around how to value each vaccine donation, we would like to share some reflections and recommendations on valuing vaccine dose donations. We look forward to further elaborating and exchanging on these points in the weeks to come, as the DAC makes progress in deliberating on these issues.

General message

- **Vaccine inequality:** According to the latest Joint COVAX Statement on Supply Forecast for 2021 and early 2022, the current global picture of access to Covid-19 vaccines is still unacceptable, with only 20 per cent of people in low- and lower-middle-income countries (LMICs) having received a first dose of vaccine (4 per cent in sub-Saharan Africa), compared to 80 per cent in high- and upper-middle-income countries. This vaccine inequality is the result of some of the wealthiest countries failing to make Covid-19 vaccines a global public good – free of charge to the public, fairly distributed and based on the needs of the most vulnerable – and instead hoarding enough doses to vaccinate their own populations several times over. As some of these countries are now planning additional ‘booster’ doses for their populations, it is clear that this issue is unlikely to ease even as DAC Member countries reach full vaccination.
- **This comes at intolerable health and economic cost for developing countries,** where the death toll is on the rise, extreme poverty is skyrocketing for the first time in two decades, and economic and gender inequality are further widening. While development and humanitarian needs are immense and continue to grow, development finance is at risk of collapsing as the Covid-19 crisis unfolds, with all resources available to developing countries – domestic, international, public and private – under major stress. The Organisation for Economic Co-operation and Development (OECD) estimates that as a result of the crisis, the annual Sustainable Development Goals’ (SDG) financing gap could increase from US\$2.5 to \$4.2 trillion.
- **Vaccine dose reallocations are a drop in the ocean compared to needs,** and should not undermine commitments towards sharing patents, confidential information and trade secrets, copyright, and industrial design rights, as well as towards ensuring Partner countries’ access to concessional

resources in line with internationally agreed targets. The global response cannot be treated just as a fundraising exercise where rich countries donate leftover vaccine doses to countries with less wealth or political heft. Governments must do more to regulate the power of pharmaceutical companies to hoard lifesaving intellectual property in the name of profit-seeking. This means unlocking the technology through supporting a World Trade Organization TRIPS (Trade-Related Aspects of Intellectual Property Rights) waiver, sharing the technology and know-how through the Covid-19 Technology Access Pool (C-TAP), and investing now in regional vaccine hubs across the world to defeat this and future pandemics. That is why we are pushing for a People's Vaccine that is free, fairly distributed, and fully accessible to all.

Specific positions on issues of ODA-eligibility discussed at the OECD DAC on vaccine dose valuation

For vaccine doses purchased with the intent of being donated to ODA-eligible countries, **the DAC should develop strict ODA-eligibility criteria on dose valuation and principles for such dose-sharing.**

- **Valuation/pricing:** There is no market to redistribute leftover vaccine doses, which makes it difficult to establish a market price. The DAC should set a reference price that would serve as a cap for the amount per dose that donors can report as ODA. The reference price should be transparent and as low as possible to ensure dose donations are not overvalued, so as to avoid artificially inflating ODA budgets. Using the price at which donors bought the doses should not be an option, as high-income countries overbought to protect their national interests, which raised the prices and worked against the interests of LMICs.

We considered different options on how best to value Covid-19 vaccine donations and agreed the cap should be set at a verifiable production cost, as it would be unfair for developing countries to pay for the difference between the production cost and the purchase cost thereby subsidising profits made by pharmaceutical companies. In a context of very limited transparency on costs, or limited agreement on what can/should be included in cost, and considering the study by Imperial College London which shows that the cost of production of new mRNA vaccines could be between 60 cents and \$2 a dose, we believe DAC members shouldn't go beyond a price of \$3 per dose. This would significantly limit the inflation of ODA but would still give donors some credit for their donations.

- **Reporting that ensures transparency and accountability:** It is critical that there is transparency and accountability in donors' in-kind donations of COVID-19 vaccines, through providing quality and timely publicly available information. This can be supported through the creation of a new Common Reporting Standard (CRS) purpose code, with advice given on reporting, such as on project descriptions and detailed disaggregation, to enable quality and standardised reporting. The OECD should work with DAC members, other reporters and the International Aid Transparency Initiative (IATI) to ensure these updated reporting standards also lead to timely and robust submissions to the IATI platform. In addition, given the likely variability in the quality and types of vaccines counted as ODA, we believe the OECD should produce an annual report, within three months of the calendar year end, where DAC members and other reporters provide additional information, such as breakdowns of the doses shared, type, recipient, cost attributed to them and their expiration date.
- **Shared principles/safeguards:** The DAC should establish shared principles and safeguards for bilateral dose donations to be ODA-eligible, similar to the principles for dose-sharing that apply to COVAX donations.
 - o **Validity/timeliness:** With the pandemic spiralling upwards in many developing countries, dose-sharing needs to happen now to plug the significant vaccine supply gap they face caused by rich countries massively overbuying doses. DAC principles should also:

- prevent donations of near-expired vaccines, with specific guidance on timeframes
 - guarantee supply allows for a timely second shot
 - Safe, effective, appropriate: Prevent donations of poor quality or insufficiently efficacious vaccines – for example, one that is not efficacious to fight a specific Covid-19 variant in the partner country’s context.
 - The DAC could consider a netting-out rule to ensure vaccine donations that are delivered to developing countries but ultimately not used – because they are inappropriate or expired – are not reported as ODA (vaccines donated minus vaccines actually used).
- **The DAC should closely monitor broader concerns related to in-kind aid:** In-kind is often criticised because there has been evidence of this being used as a way to transfer unwanted goods to developing countries, or to tie their aid to the benefit of donor-based companies. If developing countries see their production capacities increase, these donations of vaccines produced in donor countries could be competing with locally produced doses.

Last but not least, provision of vaccine doses is vital, but needs to go hand-in-hand with **broader support to strengthen health systems** and to ensure equitable roll-out of diagnostics and therapeutics.

Endorsing CSOs:

1. ACEP - Associação para a Cooperação Entre os Povos, Portugal
2. Act Church of Sweden, Sweden
3. Aid Watch Canada, Canada
4. AKÜ – Estonian Roundtable for Development Cooperation, Estonia
5. Bond – The International Development Network, the United Kingdom
6. CNC11.11.11 – Centre National de Coopération au Développement, Belgium
7. COMMAT – Commonwealth Medical Trust, the United Kingdom
8. CRAM – Center for Research and Advocacy Manipur, India
9. Crosol – Croatian Platform for International Citizen Solidarity, Croatia
10. EILER – Ecumenical Institute for Labor Education and Research, Philippines
11. Eurodad – European Network on Debt and Development, Europe
12. Global Health Advocates, France / EU
13. Global Responsibility – Austrian Platform, Austria
14. Ibon International, Global
15. JANIC - Japan NGO Center for International Cooperation, Japan
16. KANCO – Kenya AIDS NGOs Consortium, Kenya
17. KOO – Co-ordination Office of the Austrian Bishops’ Conference for International Development and Mission, Austria
18. Kopin, Malta
19. Lithuanian NGDO Platform / Vystomojo Bendradarbiavimo Platforma, Lithuania
20. PIANGO – Pacific Islands Association of Non-Governmental Organisations, Pacific region
21. Reality of Aid, Global
22. Reality of Aid – Asia-Pacific, Asia and the Pacific
23. Results Canada, Canada
24. Results UK, the United Kingdom
25. Wemos, the Netherlands
26. 11.11.11, Belgium



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