



## “No economy can recover fully from the COVID-19 pandemic until we have secured equitable global access to effective vaccines.”

### Key findings and implications of the new study:

#### THE ECONOMIC CASE FOR GLOBAL VACCINATION:

#### An Epidemiological Model with International Production Networks

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The COVID-19 pandemic had a devastating effect on both lives and livelihoods in 2020. The arrival of effective vaccines can be a major game changer in mitigating the economic, social and health consequences of the virus in the year ahead

However, evidence to date suggests that access to these vaccines is likely to be highly uneven across countries. Advanced economies have in recent months pursued a policy of securing the global supply of frontrunner vaccines—as a result severely limiting their availability in emerging markets. Moreover, the Access to COVID-19 Tools (ACT) Accelerator—the proven global platform to enable equitable access to COVID-19 test, treatments and vaccines—remains underfunded by the world’s largest economies, constraining its ability to procure vaccines at scale for the developing world.

A new study highlights the major risks to the global economy inherent in this uncoordinated approach to vaccine access. Using a sophisticated model—that builds upon an earlier [NBER Working Paper](#)—to properly assess the economic toll of a prolonged pandemic, the research shows that no economy can recover fully from the Covid-19 pandemic until vaccines are equally accessible in all countries.

In short, advanced economies that can vaccinate all of their citizens are shown to remain at risk of a sluggish recovery with a drag on GDP if infection continues to spread unabated in emerging markets and developing economies. These losses dwarf the donor finance needed to enable vaccines to be procured for everyone, everywhere—making a clear “investment case” for full capitalization of the ACT Accelerator and a coordinated global approach to distribution.

More specifically, [The Economic Case for Global Vaccinations: An Epidemiological Model with International Production Networks](#),<sup>1</sup> shows that:

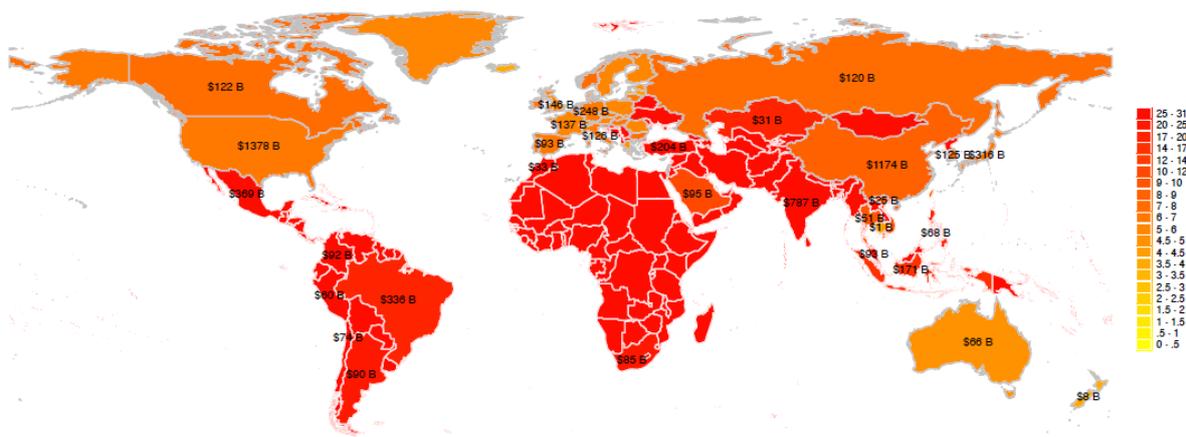
### Key findings:

- 1. No economy is an island.** The trade and economic interdependencies of economies mean that the economic losses of the pandemic can only be mitigated through effective global coordination to ensure equitable access to vaccines, tests and therapeutics.<sup>2</sup> Full consideration of the interlinkages between economies—from both a supply and demand perspective—captures, for the first time, the true economic risks of allowing the supply of vaccines to remain highly constrained in the developing world.

<sup>1</sup> The study was supported by the International Chamber of Commerce Research Foundation—an institution which provides grant support for independent academic research on major global economic issues.

<sup>2</sup> While the focus of the study—and the consequent projections - are confined to vaccination rates, the same logic applies to the other three pillars of the ACT Accelerator: diagnostics, therapeutics, and health systems strengthening.

2. **Should countries continue to pursue an uncoordinated approach to vaccine distribution, the world risks global GDP losses in 2021 alone of as much as US\$ 9.2 trillion** (assuming no vaccination in emerging markets and developing economies)—equivalent to more than 7% of pre-pandemic global GDP.



3. **Even if advanced economies reach optimal vaccination levels by the second quarter of this year, they will incur up to almost half of this cost if the rollout of vaccines in developing economies continues what appears to be its current trajectory.** This means that economic losses borne by wealthy countries **could potentially be high as US\$ 4.5 trillion**—with sectors such as construction, textiles, retail and automobiles highly exposed to the risk of output losses exceeding 5%.
4. **Even in a more optimistic scenario, where developing countries are able to vaccinate half of their populations by the end of the year, total global costs would only go down to US\$ 4.4 trillion**—53% of which would be borne by advanced economies, amounting to US\$ 2.4 trillion in lost GDP.
5. **Advanced economies therefore have a clear economic incentive to speed the distribution of vaccines on a globally coordinated basis—minimizing the potential for supply and demand shocks in third countries to result in economic losses at home.**
6. **In this context, the funding needed to enable equitable vaccine access should be reconsidered as a major investment opportunity—one capable of generating returns on investment of over 166x when compared to the US\$ 27.2 billion currently needed to fully fund the ACT Accelerator.**  
By way of illustration, were the United States to contribute US\$ 10 billion towards full capitalization of the ACT Accelerator, it would safeguard up to US\$ 1.34 trillion in domestic output. Put another way, the US would see a return on its investment of around 134x.
7. **The more open an advanced economy, the greater its potential economic gain from ensuring global availability of vaccines.** Highly open economies—including Belgium, France, Germany, Italy, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, the United Kingdom and the United States—stand to incur GDP losses of over 3.9% relative to a world where all countries are vaccinated, if vaccine distribution remains uncoordinated.

## In focus: reconsidering the ACT Accelerator as an investment vehicle to support local economic growth

In the below table, government donations to the ACT Accelerator made to date by a selection of large, open economies are compared to the economic costs borne by advanced economies in 2021 should the ACT Accelerator remain under-capitalized. When set against the prospective GDP losses highlighted by the new study—the first to fully capture the pass-through effects of supply and demand shocks in the global economy—the potential return on investment from a domestic economic perspective is clearly apparent.

Country	Donations to date (in USD millions)	Prospective GDP savings (in USD millions) if ACT-A fully capitalized
Australia	68	3,761-65,889
Canada	688	3,125-122,214
Japan	227	11,180-315,592
Germany	677	13,846-248,452
Netherlands	100	4,727-66,721
Norway	436	1,411-31,636
United Kingdom	1,081	8,481-145,591
United States	0*	44,877-1,378,365

\*A US\$ 4 billion contribution to Gavi for advanced market commitment countries is pending finalization  
 Figures as at 15 January 2021. Source: [Access to COVID-19 tools funding commitment tracker](#)

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