

COVID-19 Vaccines: The Global Challenge of Equitable Distribution and Access

EU-LAC Policy Brief



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INTRODUCTION

THE EFFECTS OF COVID-19

Forecasted by numerous experts, but anticipated by few institutions, the global COVID-19 pandemic has brought about devastating economic and social impacts. In the second year of the pandemic, the most significant challenge lies in the huge asymmetry between demand and supply of COVID-19 vaccines. The success of the scientific community and laboratories in developing highly efficient and safe COVID-19 vaccines in record time has thus far not been matched by the production and equitable distribution of vaccines by the international community, despite the fact that Member States had committed themselves in April 2020, in UN General Assembly Resolution 74/274, to ensure equitable access to vaccines, medicines and medical equipment to tackle this virus worldwide.

By the end of March 2021, 462,824,374 doses of vaccines have been administered globally. The vast majority of these doses have been produced and distributed in the most developed regions and countries,

including the United States, the European Union (EU), the United Kingdom, Canada and Japan. The slowness of this uneven deployment is due in large part to limited global vaccine production, but also to insufficient funding and coordination of distribution, which questions the limitations of global governance in the face of a crisis of this scale.

With the number of doses that, according to companies' information, could be produced by the end of 2021 (approx. 12.5 billion), around 63% of the world's population could be vaccinated. However, a multitude of bilateral contracts, export bans and other forms of "health nationalisms" have led to a distortion of the market, with the result that a group of developed countries now account for 45.5% of procurement commitments, despite only 12.9% of the world's population, which has already exacerbated global imbalances.

After the first year of the pandemic, Latin America and the Caribbean is the most affected region in the group of developing countries, both in health and economic terms. The region accounted for about 28 per cent of the world's deaths linked to COVID-19 despite the fact that it is home to only 8.4 per cent of the world's population. The reasons for this include the fact that it is a highly urbanised region (81% of the population), and a large part of this population lives in precarious conditions (overcrowding, lack of access to basic services) and relies on informal daily income without social security, thus facing a high risk of contracting the virus. Other risk factors include age, gender, poverty, geographic isolation and lack of medical coverage. Amongst the groups at risk are indigenous and Afro-descendant communities, and it is mainly women who have suffered the impact of the pandemic, as they represent 70% of the health personnel, are mostly in the informal labour sector, and occupy 77% of care jobs where they are often left out of social protection programmes. During the pandemic, violence against women increased and the gender division of labour was magnified, reversing the inclusion of women in the labour market to levels similar to those of a decade ago.

According to ECLAC, in 2020 poverty reached 209 million and extreme poverty 78 million people. And

this is thanks to the significant social transfer measures that governments in the region have activated as emergency measures. It is estimated that the countries have invested around 4.7% of GDP in these transfers or fiscal measures, which increased the fiscal deficit and the level of indebtedness that, in many of the countries, had already been high for years. It is worth noting that, without these transfers, poverty in LAC would have reached 230 million people and extreme poverty would have reached 98 million people nowadays.

Faced with this reality, the COVAX mechanism, which aims to ensure that all countries have effective and affordable access to vaccines, shows how, through concerted efforts between public and private actors, multilateral cooperation can be the key to ending a pandemic that has reached every corner of the planet. Today, it is a good sign that vaccine distribution has begun in Latin America and the Caribbean as well, but the goal of reaching 280 million doses by the end of the year seems ambitious. The involvement of development banks and multilateral actors in COVAX is important, as some states in the region are amongst the subsidised countries (AMC 92), whilst the others participate in the initiative on a self-financing basis. There is also an asymmetry in access to vaccines in the region. As of 16 March, the region accounted for 7.6% of the doses administered in the world, with most contracts concentrated in four countries (Brazil, Argentina, Chile and Mexico). China and Russia, on the other hand, have dedicated a significant number of their respective vaccines for export, so that 76% of the doses imported into LAC so far have come from these two countries.

"LATIN AMERICA AND THE CARIBBEAN IS THE MOST AFFECTED REGION IN THE GROUP OF DEVELOPING COUNTRIES."



THE MAIN CHALLENGES PRODUCTION AND DISTRIBUTION

"THE MAIN CHALLENGE, GLOBALLY, CENTRES ON VACCINE SHORTAGES."

In the second year of the pandemic, the main challenge, globally, centres on vaccine shortages. Apart from having opted for vaccine imports from Chinese and Russian producers, several countries in Latin America and the Caribbean (Colombia, Peru, Guatemala, El Salvador, Honduras, Bolivia, Brazil and Paraguay) have also already benefited from vaccines provided through COVAX. However, it should be noted that by 2021, COVAX has secured vaccines for only 20% of the world's population. As of early March, the region received 37 million doses, and this is enough to vaccinate only 2.8% of the region's population. At the current rate, only four countries will reach immunity by early 2022, another

seven countries by 2022 and the majority by 2023.

Currently, COVID-19 vaccine production is concentrated in a small number of factories around the world. In LAC, three countries - Brazil, Mexico and Argentina - have signed licensing agreements to receive vaccine assets from AstraZeneca or Canino and (re)produce, package and distribute them in the region. Cuba stands out as the first country to develop its own vaccine in the region. Two of the five potential candidates developed in Cuban institutes - Soberana 02 and Abdala - are in the last phase of trials, and intervention studies with health personnel began in Havana in March. In

parallel to the development of the vaccines, this Caribbean country has increased its diagnostic and production capacities in order to vaccinate not only its own population but also to collaborate with other countries that require the vaccine. Despite these important advances, a disparity prevails in the region with respect to scientific, technological and industrial development in the manufacture of medical supplies, and, consequently, a notable dependence on imports of equipment from other regions.

When obtaining vaccine doses, the challenge of "last mile delivery" arises. This challenge includes issues of transportation, storage, continuous maintenance of vaccines in the deep-frozen state, availability of other supplies (e.g. syringes), adequate infrastructure and trained personnel to carry out the vaccination campaign in unprecedented speed and quantities. All these aspects are of utmost importance, as safety and efficacy cannot be compromised at the time of vaccination. Added to this is the fact that in LAC there are peasant and indigenous populations living in regions that are geographically difficult to access, and as this is a very sensitive public health issue, the teams carrying out these campaigns would necessarily have to apply relevant communication and awareness-raising and know how to handle the language that the respective target population can understand.

The pandemic highlighted major weaknesses of the fragmented and underfunded health systems in LAC. One-third of the population in the region has no access to social protection.

Public expenditure on health, which should be 6% of GDP, averages only 2.3%, implying that most hospitals lack sufficient infrastructure, equipment and human resources. The availability of doctors and beds in the region is, on average, half the capacity of Organisation for Economic Co-operation and Development (OECD) countries. The combination of these factors, and the dependence on imports of medical equipment, led several hospitals and health centres to quickly reach the limits of their capacity, leaving medical staff unprotected and a high number of COVID-19 patients without adequate care, who often had to recover - or die - at home. It is these same weaknesses in health systems that also translate into slow progress on vaccination in the region. Those countries with stronger primary health systems - Chile, Costa Rica, Uruguay - have had better vaccination outcomes.

"THE WEAKNESSES IN HEALTH SYSTEMS ALSO TRANSLATE INTO SLOW PROGRESS ON VACCINATION IN THE REGION OF LATIN AMERICA AND THE CARIBBEAN."

INSTRUMENTS AND INITIATIVES TO MEET THE CHALLENGES

COVAX

At the international level, through the joint efforts of the Coalition for Promoting Epidemic Preparedness Innovations (CEPI), the Global Alliance for Vaccines and Immunisation (Gavi), UNICEF, the Pan American Health Organization (PAHO) and the World Health Organization (WHO), the COVAX initiative was established to unify the negotiating and purchasing power of participating countries and ensure that COVID-19 vaccines are available worldwide, both in low- and middle-income and high-income countries. Funding sources are public (mostly high-income countries, but Colombia's contribution deserves particular mention) and private (foundations, non-governmental organisations), and by the end of March 2021, contributions of more than USD 6.3 billion have been secured.

The initiative foresees two participation pathways: self-funded countries - which will pay for their vaccines purchased through the initiative, and low-income countries, according to World Bank criteria and eligible for Advance Market Commitment (AMC). Almost all LAC countries are part of this mechanism: ten countries are direct beneficiaries, i.e., they receive the doses free of charge; 12 Caribbean countries have COVAX subsidised prices; and 13 countries are classified as "self-funded" and have to purchase the doses at market price. In its role as an interlocutor between government demand and manufacturer supply, COVAX facilitates participants to access a diverse portfolio of vaccines to maximise their opportunity to secure doses and not be dependent on a few manufacturers. So far, agreements have been signed with seven

different candidates which, in an optimal scenario, will secure 2.3 billion doses by 2021. In a first round of allocations, COVAX started in March with the distribution of doses of AZ/Oxford vaccine - manufactured by AstraZeneca (AZ) and COVISHIELD and managed by the Serum Institute of India - to 142 participants in the mechanism.

POLICIES OF THE EU AND ITS MEMBER STATES

Since the beginning of the pandemic, the EU has been committed to a multilateral approach that will ensure safe and effective access to vaccines for all people who so wish it. The region has invested €3 billion to pre-finance the development and production of safe and effective vaccines. Pooling their competences, efforts and resources through "Team Europe", the European Commission, its Member States and financial institutions such as the European Investment Bank are coordinating their efforts to bring the pandemic under control and address the multiple consequences in a comprehensive manner. Adding the contributions of some of its Member States, the European Commission is one of the largest contributors to COVAX, with more than EUR 2.2 billion.

The EU has committed to share a portion of the doses reserved by the region and the option of establishing a vaccine exchange mechanism and providing in-kind contributions is currently being

discussed, also at the G7 level. Meanwhile, within the WTO, the EU is actively engaged in dialogue on how to improve global cooperation on vaccine production and on the option of providing voluntary licences to potential manufacturers in countries hitherto dependent on imports from other regions. Alternatively, the option of compulsory licensing remains, on the premise that this is an unprecedented health emergency. Beyond vaccines, humanitarian aid and technical development cooperation, provided by the EU and various European countries, are other ways whereby the region has mobilised resources to assist LAC with diagnostics, therapies, respirators, masks and other health materials.

"THE EUROPEAN UNION HAS INVESTED €3 BILLION TO PRE-FINANCE THE DEVELOPMENT AND PRODUCTION OF SAFE AND EFFECTIVE VACCINES."

In January 2021, the EU implemented a vaccine export control mechanism, whereby vaccine manufacturing companies that have signed a contract with the EU for the supply of vaccines must first obtain authorisation to export their doses outside the continent. On 24 March 2021, the Commission adopted a new regulation that introduces two modifications to this mechanism: On the one hand, reciprocity, in cases where the recipient country of the vaccines restricts the export of doses or raw materials by law or other means. On the other hand, proportionality, if the situation in the destination country is better or worse than in the EU in terms of epidemiology vaccination rate and access to vaccines. It should be noted that these provisions do not affect the supply of vaccines channelled under

humanitarian aid, nor for the 92 low- and middle-income countries grouped under the COVAX mechanism.

The EU and its Member States also understand that now is the time to step up their investments in sustainable development for the next decade, to provide EU partner countries with instruments to strengthen their capacities to deal with the socio-economic impact of the pandemic whilst building resilience to future disasters or pandemics. To this end, the new Single Neighbourhood, Development and International Cooperation Instrument (NDICI) of approximately 79.5 million euros, which is part of the EU's Multiannual Financial Framework 2021-2027, will facilitate the continuation of different avenues of cooperation on this issue with LAC and other regions.

EUROPEAN INVESTMENT BANK (EIB)

As a member of "Team Europe", the EIB has refocused its priorities to respond to the health and socio-economic consequences of COVID-19. In December 2020, the EIB provided EUR 400M to support the participation of 92 low- and middle-income economies in the COVAX AMC and accelerate essential upfront investment to deliver vaccine doses as soon as they become available. The EIB has also played an active role in bilateral negotiations, particularly with regard to "self-funded" COVAX participants, as well as in negotiations through various regional multilateral bodies.

The EIB adjusted its financing lines in the following ways:

- Acceleration of disbursements in existing operations;

- Refinancing and adaptation of eligibilities;
- Investments in the area of public health, including the procurement of vaccines and support to the COVAX initiative;
- Investments in enhanced socio-economic resilience in the recovery process;
- Cooperation for the optimal and efficient use of available resources.

Concrete examples include a new operation with the Caribbean Development Bank, which allows greater flexibility to its member countries in the purchase of vaccines. Agreements were signed with Mexico and Brazil to help micro-enterprises and thus strengthen resilience and economic recovery in these countries.

The EIB is currently in dialogue with Gavi, the Global Vaccine Alliance, to assess increasing its funding to COVAX and expand access to COVID-19 vaccines for high-risk and vulnerable populations in low- and middle-income countries.

"THE EUROPEAN INVESTMENT BANK ADJUSTED ITS FINANCING LINES."

INTER-AMERICAN DEVELOPMENT BANK (IDB)

In the first half of 2020, the IDB mobilised \$1.2 billion to support 15 borrowing countries in the critical pillars of their respective pandemic response plans. It also financed nearly \$3 billion

in income support transfer programmes, particularly for the most vulnerable population.

The IDB also made a very significant contribution to the right functioning of COVAX by establishing a guarantee issuance programme for the financial backing of future payments of those countries that COVAX requires a mandatory guarantee to participate in the mechanism. This financial support facilitates pharmaceutical industries and the COVAX platform itself to enter into contractual relations with these countries.

Since the end of 2020, the IDB has begun to mobilise an additional billion dollars to support countries in three main areas:

- Supporting the financial commitments that countries have with COVAX;
- Financing of bilateral agreements;
- Investment in institutional strengthening and readiness work for deployment and financing of operational costs of vaccine programmes.

In 2021, a collateralisation mechanism was established to cover potential indemnities for the use of the vaccine, which provides partial financial support for countries that may have to pay indemnities in the future under bilateral agreements with pharmaceutical companies or under COVAX itself.

"THE INTER-AMERICAN DEVELOPMENT BANK FINANCED NEARLY \$3 BILLION IN INCOME SUPPORT TRANSFER PROGRAMMES."

HUMANITARIAN ORGANISATIONS

Humanitarian and civil society organisations such as Médecins Sans Frontières and Oxfam play an important role in emergency relief. These are organisations that work on the ground on a day-to-day basis and have first-hand knowledge of the situation in public health systems and vulnerable population groups. Through fundraising from third parties and donations, these organisations have been able to provide assistance to both the health emergency and the socio-economic consequences. Food packages and hygiene kits were provided to millions of people in LAC, local actors were advised on the provision of basic infrastructure and health personnel were trained. The organisations are also helping to disseminate accurate and understandable information about the pandemic, while also addressing the issue of violence

against women, which has increased considerably in the aftermath of the situation.

Last but not least, humanitarian and civil society organisations have played an important role in monitoring and informing the public about the implementation of policies and instruments to respond to the pandemic and the management of vaccines. Many of them, such as Oxfam, joined their voices in platforms such as the People's 'Vaccine Alliance', advocating, for example, for governments to ensure that vaccine science is shared with qualified vaccine companies around the world, rather than remaining the exclusive property of a few pharmaceutical companies, to the detriment of people's lives and health.

"THROUGH FUNDRAISING FROM THIRD PARTIES AND DONATIONS, THESE ORGANISATIONS HAVE BEEN ABLE TO PROVIDE ASSISTANCE TO BOTH THE HEALTH EMERGENCY AND THE SOCIO-ECONOMIC CONSEQUENCES."

RECOMMENDATIONS

POLITICAL, ECONOMIC, AND SOCIAL

The pandemic has highlighted the responsibility of countries to ensure universal access to health. COVID-19 vaccines should be treated as a global public good and all states should increase their efforts to facilitate access and equitable distribution of the required vaccines, therapies and medical equipment to the world's population.

States should strengthen the operational capacity of the World Health Organization (WHO) as a competent institution to manage the international pandemic response, as well as the Pan American Health Organization (PAHO) as a coordinating health agency that has undertaken important efforts to ensure access to vaccines through the COVAX initiative in the LAC region.

These are reserve resources that countries receive without any conditionality and are not considered debt, thus strengthening the financial situation. Moreover, these rights are not subject to negotiations on quota increases or loan agreements. Due to the mechanism of unequal distribution between developed and developing countries, countries that do not need these entitlements could cede them to developing countries. Secondly, it is recommended that debt relief instruments in development banks be expanded, so that debt does not create a renewed crisis in middle-income countries.

There are also numerous voices suggesting intensified dialogue on the most effective option for streamlining production, exports and imports

"COVID-19 VACCINES SHOULD BE TREATED
AS A GLOBAL PUBLIC GOOD."

Through the COVAX Facility, work to ensure that 20% of the world's population is vaccinated by 2021 is being carried. However, herd immunity does not stop there, there is still a long way to go to achieve vaccination of the entire global population, so it is recommended that countries, multilateral banks and private actors increase their financial contributions to this initiative and also consider in-kind support.

In order to increase funding for the COVAX mechanism, several experts suggest, on the one hand, a new issue of the International Monetary Fund (IMF) Special Drawing Rights (SDRs).

of vaccines and other medical equipment, including the issue of voluntary or compulsory licensing of vaccine producers, within the World Trade Organisation (WTO). In this regard, an approach based on the understanding that the exit from a pandemic of this dimension requires greater flexibility in the application of existing international trade regimes and instruments would be desirable.

Given the weaknesses that became evident after the pandemic in public health systems in LAC, it is of utmost urgency to strengthen health systems, invest in infrastructure, medical

equipment, better training and greater protection of health providers, and not to lose sight of the high degree of risk to which they have been exposed since the outbreak of the pandemic and, consequently, the state of fatigue that these people have reached in their daily struggle with precarious remedies for the lives of their fellow citizens.

Whilst the situation of vaccine shortages continues, civil society and humanitarian organisations recommend prioritisation of vaccine beneficiaries in the respective national vaccination plans and ensuring that health workers and at-risk and vulnerable populations (including homeless, displaced, indigenous populations, migrants) are actually vaccinated when vaccination occurs.

It is also important not to lose sight of the secondary consequences of the pandemic in other areas of public health. To give just a few examples: a setback is being observed in case care and escalation of services around TB patients, as well as the mumps vaccination campaign, which has not been continued and may therefore generate severe setbacks to the achievements of the last 15 years.

Following ECLAC's recommendations on fiscal measures to exit the economic crisis exacerbated by the pandemic, middle-income countries in LAC could:

- combat tax evasion, which currently stands at 6.3% of GDP in LAC;
- review tax expenditures, which currently stand at 3.7%;
- review taxes on large companies, especially digital companies, and see that they pay taxes where they have productivity gains;

- sustain public spending (approx. 11.2%) to continue to provide basic emergency income until at least the end of this year (2021).

Given that national or bilateral action tends to deepen the already existing inequalities within the LAC region, it is suggested that regional coordination mechanisms be strengthened to enhance the processes of procurement, production and distribution of vaccines, but also to generate an exchange of experiences with the management of the comprehensive response to the pandemic. With Mexico's leadership, the Community of Latin America and the Caribbean States (CELAC) has played an extremely relevant role in this regard, and it is worth highlighting emblematic examples, such as, for example, Cuba's openness to share experiences and increase its capacity in the production of vaccines developed in its laboratories, and thereafter to offer them to other countries, as well as the commitment made between Argentina and Mexico to produce, package and distribute vaccines licensed with transnational pharmaceutical companies to the region.

Strategically, ECLAC recommends greater regional cooperation in research for the development and production of vaccines. This cooperation could consist of the creation of a regional system or public-private pacts that include research and development centres for vaccine active ingredients, production plants, clinical trial laboratories, a network of service providers, where the pharmaceutical industry, biotechnology institutes, logistics centres and transport services coordinate their actions and generate effective and adequate responses to the region's needs in the face of public health challenges.

Investment in the productive capacity of LAC countries is important for it would help increase the resilience of societies to future crises and pandemics, and reduce weaknesses and dependencies on supply chains beyond their control. Incidentally, a renewed dialogue on technology transfer from industrialised countries to those countries interested in increasing their capacities is desirable, not least the support that multilateral banks such as the IDB and the EIB can provide in these endeavours.

IN ALL THESE RECOMMENDATIONS, CONSENSUAL ACTION IN MULTILATERAL FORA AND IN BI-REGIONAL COOPERATION SPACES BETWEEN THE EUROPEAN UNION AND THE COMMUNITY OF LATIN AMERICA AND THE CARIBBEAN STATES WILL BE FUNDAMENTAL TO BRING THE PANDEMIC UNDER CONTROL AT THE GLOBAL LEVEL, AND TO MOBILISE RESOURCES FOR A BETTER RECONSTRUCTION, ORIENTED TOWARDS ECONOMIC, SOCIAL AND ENVIRONMENTAL SUSTAINABILITY.

FOR FURTHER READING

ARTICLES, STUDIES AND WEBSITES



- [COVAX Facility](#)
- [Economic Commission for Latin America and the Caribbean \(ECLAC\)](#)
- [European Commission \(2021\): "EU global response to COVID-19"](#)
- [European Investment Bank \(2020\): "The EIB in the Latin America and the Caribbean: protecting the environment, fighting climate change"](#)
- [European Investment Bank \(2020\): "Asia and Latin America"](#)
- [Federal Foreign Office, Germany \(2021\): "Fighting COVID-19 together in a spirit of solidarity: Germany is contributing a further 1.5 billion euro to global efforts to fight the pandemic"](#)
- [Gadelha, Carlos; da Costa Braga, Patricia Seixas; Mattoso Montenegro, Karla Bernardo; Bahia Cesário, Bernardo \(2020\): "Access to vaccines in Brazil and the global dynamics of the Health Economic-Industrial Complex"](#)
- [Gadelha, Carlos; Gomes Temporão, José \(2018\): "Development, Innovation and Health: the theoretical and political perspective of the Health Economic-Industrial Complex"](#)
- [Gadelha, Carlos; de Carvalho Nascimento, Marco Aurelio; da Costa Braga, Patricia Seixas; Bahia Cesário, Bernardo \(2018\): "Global technological transformations and asymmetries: development strategy and structural challenges for the Unified Health System"](#)
- [Gadelha, Carlos; Lima, Nísia Trindade \(2021\): "The COVID-19 Pandemic: Global Asymmetries and Challenges for the Future of Health"](#)
- [Ibero-American General Secretariat \(SEGIB\)](#)
- [Institute of Tropical Medicine "Pedro Kouri" \(IPK\)](#)
- [Inter-American Development Bank \(2020\): "IDB Mobilizes \\$1 Billion for COVID-19 Vaccine Financing in Latin America and the Caribbean"](#)
- [Lang, Kristin \(2021\): "Actuaciones del Banco Europeo de Inversiones para la distribución efectiva de vacunas en América Latina y el Caribe"](#)
- [Markham, Áine \(2021\): "MSF & COVID19, VACCINES AND BEYOND"](#)
- [Organisation for Economic Co-operation and Development \(2021\): "Access to COVID-19 vaccines: Global approaches in a global crisis"](#)
- [Organisation for Economic Co-operation and Development \(2021\): "OECD COVID-19 Policy Tracker"](#)
- [OECD et al. \(2020\), Latin American Economic Outlook 2020: Digital Transformation for Building Back Better, OECD Publishing, Paris](#)
- [OXFAM International](#)
- [Presidency Pro Tempore \(PPT\) of the Community of Latin American and Caribbean States \(CELAC\) Mexico](#)
- [World Health Organisation \(2021\): "WHO Coronavirus \(COVID-19\) Dashboard"](#)

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 EU-LAC Foundation
Fundación EU-LAC

EU-LAC Dialogue Sessions:

"Initiatives for the financing and equitable distribution of vaccines against COVID-19 in middle-income countries of Latin America and the Caribbean"

Register Here https://zoom.us/webinar/register/WN_HKjrIawfSCihLkXZomR9Qw

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March

23th & 24th

15:00-17:30 hrs
(CET)

08:00-10:30 hrs
(CDMX)



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More information about the event [here](#).