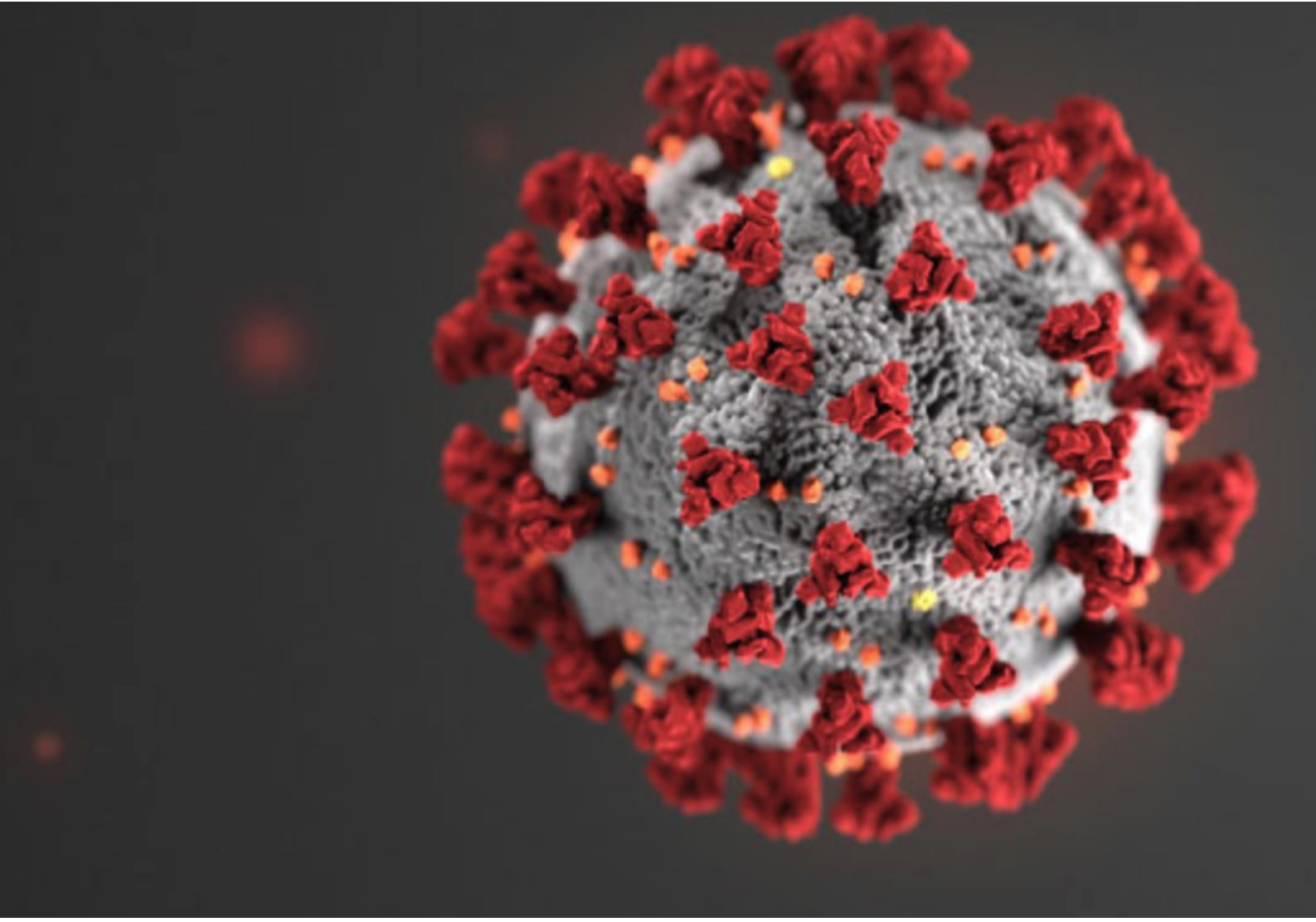

TIME FOR A DECISIVE COORDINATED RESPONSE TO A COSTLY GLOBAL COVID-19 SYSTEMIC CRISIS:

TOWARDS A RESILIENT GLOBAL SYSTEM

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INTRODUCTION

The COVID-19 global pandemic has shown to the world that no governments from either developed or developing nations were equipped and ready to prevent, or to manage, such an abrupt external shock.

COVID-19 disease is a novel coronavirus caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2). It is highly transmissible between people and can lead to severe symptoms progressing into pneumonia, multi-organ failure and death. The virus can live up to 72 hours on hard, shiny surfaces. This makes the virus highly contagious and easily caught, if robust sanitary preventive measures are not taken.

As of 13 April 2020, the pandemic has resulted in 1,872,041 infection cases out of almost 15 Million tested cases (US (19%), Germany (9%), Italy (7%) and Spain (4%)), 116,017 deaths and 434,313 recovered throughout 209 countries and territories. These numbers are increasing every hour[1]. The viral contagion hit China, followed by Europe[2], the United States and carried on to South and East Mediterranean, Africa and other parts of the world.

This policy paper* reviews the process of COVID-19 global contagion, together with the policy responses from leading governments and international organisations. It explains how COVID-19 transformed from an exogenous shock to a global systemic shock and recommends a credible, coordinated collective global response to facing the pandemic and paving the way towards a resilient global system.

* The author acknowledges the research assistance from Sara Ronco and constructive comments from Cinzia Alcidi, Carlo Sessa, George Christopoulos and other EMEA experts and friends.

[1] To track COVID-19 evolution https://www.worldometers.info/coronavirus/, and http://research.euromed-economists.org/covid-19/

[2] To assess the process of contagion in Europe, see https://www.ceps.eu/wp-content/uploads/2020/03/Monitoring_Covid_19_contagion_growth_in_Europe.pdf

THE COVID-19 PANDEMIC: CONTAGION AND POLICY RESPONSES

From the start of the pandemic in China (first case recorded on January 10th), the World Health Organisation (WHO) has been following the outbreak situation via its website[3] and providing regular (daily) updates and recommendations from 21st January to the world's governments, in order for them to prepare for and to mitigate the health crisis. On March 11th, in its 51st report, the WHO Director General declared COVID-19 as a global pandemic and expressed concerns about the alarming levels of severity and governments' inaction. The increasing number of infection cases, of deaths and those who have recovered are known and tracked daily, but less is known about the number of people who have become infected and show no or only moderate symptoms. Largely, there was no widespread testing [4] at the beginning of the pandemic and this lack of testing continued until this date. In developed countries, testing is relatively more accessible and affordable than in developing countries. The lack of widespread testing and the timely full disclosure about the prevalence of the virus make the identification of infected populations[5] less accurate, resulting in policy responses being less effective during the management of the health crisis and the post COVID-19 recovery period.

To contain the viral contagion, governments adopted preventive and complete or partial confinement measures, ranging from awareness campaigns, COVID-19 information disclosure, travel restrictions, mandatory quarantine, lockdown and social distancing. They also opted for progressive virus sample testing of populations and a few considered issuing immunity certificates or COVID-19 passports for the people who recovered from the disease and acquired immunity[6][7]. The prevalence of testing and the timing, implementation and enforcement of the confinement policy decisions were essential to understand and to limit the contagion and to reduce the pressure on national healthcare systems and their effectiveness in saving people's lives. Moreover, the capacity of national healthcare sectors, including the existing infrastructure and its immediate potential extension to face the health crisis, the quick access to and coverage of testing, equipment (such as ventilators), garments (such as masks and medical gloves), medication (based on available agreed medical protocols) and medical staff, the capability to precisely diagnose asymptomatic, moderate or severe cases together with the effectiveness of treatment, are all determinant factors in containing and managing the health crisis.

[3] https://www.who.int/emergencies/diseases/novel-coronavirus-2019
[4] https://www.statista.com/statistics/1104645/covid19-testing-rate-select-countries-worldwide/
[5] In his article Daniel Gros argues for better identifying of the prevalence of the pandemic in Europe. https://voxeu.org/article/standardised-european-sample-tests-uncover-true-spread-coronavirus
[6] Germany is leading in the number of testing world-wide;16 tests per thousand population, followed by Austria (13,7) and Italy (13,6), Data for 08 April 2020 from Statista.
[7] Germany and the UK are looking at issuing respectively immunity certificates and COVID-19 passports . Italy and others are examining these ideas.

In Italy and Spain, the first two epicentres of the pandemic in Europe, policy measures were either partial (in the case of Italy) or decided upon and implemented too late (in the case of Spain). The number of infectious cases and deaths has been increasing daily by thousands since the first cases were recorded in both countries. In the middle of the confinement periods for both countries, the number of infections and deaths continued to increase, whilst the number of active cases continues to be high, putting undue pressure on the two countries' healthcare systems, which were on the brink of collapse. As displayed in Table 1, the number of days from when the first infection was recorded to April 06th ranged between 29 to 74 days respectively in Cyprus and France. This does not take into consideration the first case registered in the world in China on January 10th. The European countries hit later by the viral infection should, in principle, have more time to implement policies that are tested and proved their effectiveness in the countries there were hit first.

Table 1. Covid-19 situation in European countries
(***as of 6th of April 2020***)

Country	Cases (Confirmed)	Recovered(% of confirmed cases)	Deaths (% of confirmed cases)	Still Positive/Active (% of confirmed cases)	Tests per million	Days (from the 1st case)
Cyprus	465	9.68	**1.94**	88.39	9,661	29
France	98,010	17.60	**9.09**	73.31	3,436	74
Germany	102,024	28.13	**1.66**	70.21	10,962*	71
Greece	1,755	15.33	**4.50**	80.17	2,513	41
Italy	132,547	17.23	**12.47**	70.30	11,937*	68
Malta	241	2.07	**0.00**	97.93	24,738	31
Portugal	11,730	1.19	**2.65**	96.16	10,788	36
Spain	135,176	29.91	**9.76**	60.33	7,593	67

***Source**: Author's elaboration with data retrieved from*
https://www.worldometers.info/coronavirus/#countries
*Germany recorded the highest number of tests per million in Europe. On April 06th, Italy increased its tests to slightly overtake Germany. On April 08th, pursuing a strategy of widespread testing, Germany recorded the highest number of tests in Europe.

In the South, East Mediterranean and Africa, the first cases were registered in March, much later than in Europe. The governments in these countries had relatively more time to observe and to learn from the practices of the countries that were hit first. This learning process can serve to better design COVID-19 suppression and mitigation policies that are adapted to the local context and to enforce them. In addition, the African countries particularly have a track record in fighting contagious diseases and, hence, are expected to act promptly and effectively to contain the novel COVID-19 disease from its outset. However, with a very low number of testing due to low access and high cost, the decision to

implement and to enforce strict confinement - including social distancing and strict hygiene measures (that require access to clean water) - may not be straightforward in low-income countries and may turn out not to be feasible and, hence, ineffective.

As of this date, those countries surveyed have recorded increased numbers of cases and deaths, but these figures have remained lower than European countries overall. However, these numbers hide the real infection picture, due to the lack of access to and affordability of testing kits and laboratories. The numbers in Table 2 show the very low number of tests per million in the South and East Mediterranean, except for Israel. Table 3 shows a similarly low level of testing in African countries and an additional general lack of information about testing. Considering the low number of tests, one noticeable feature is the high percentage of recovered cases per confirmed cases - up to 50% in Togo and 36.5% in Jordan within no more than 35 days from the day the first infection case was detected.

Table 2. Covid-19 situation in Southern and Eastern Mediterranean Countries (***as of 6th of April 2020***))

Country	**Cases** (Confirmed)	**Recovered** (% of confirmed cases)	**Deaths** (% of confirmed cases)	**Still Positive/Active** (% of confirmed cases)	**Tests per million**	**Days** (from the 1st case)
Algeria	1,320	6.82	**13.11**	80.08	77	41
Egypt	1,070	24.21	**7.94**	67.85	244	52
Israel	8,430	6.94	**0.68**	92.38	12,677	45
Jordan	345	36.52	**1.74**	61.74	1,666	35
Lebanon	527	11.39	**3.61**	85.01	1,414, 2,059*	45
Morocco	1,021	7.93	**7.84**	84.23	138, 210*	35
Palestine	217	11.52	**0.46**	88.02	2,497, 3,331*	32
Tunisia	553	0.90	**3.98**	95.12	654, 853*	35
Turkey	27,069	4.89	**2.40**	92.71	2,405	27

Source: Author's elaboration with data retrieved from https://www.worldometers.info/coronavirus/#countries (6th of April 2020)
* Test numbers increased as of April 11th, 2020

Table 3. Covid-19 situation in Sub-Sahara African Countries (***as of 6th of April 2020***)
-most affected countries

Country	Cases (Confirmed)	Recovered (% of confirmed)	Deaths (% of confirmed cases)	Still Positive/Active (% of confirmed cases)	Tests per million	Days (from the 1st case)
Burkina Faso	345	26.09	0.05	68.99	Na	28
Cameroon	650	2.62	0.01	96.00	Na	31
Cote d'Ivoire	261	15.71	0.01	83.14	Na	26
DRC	154	3.25	0.12	85.06	Na	27
Ethiopia	43	9.30	0.05	86.05	16	24
Ghana	214	14.49	0.02	83.18	Na, 1,204*	25
Kenya	142	2.82	0.04	92.96	80, 115*	24
Mauritius	227	3.08	0.03	93.83	3,863, 5,292*	19
Nigeria	232	15.09	0.02	82.76	24	38
Rwanda	104	3.85	0.00	96.15	Na, 62*	23
Senegal	222	41.44	0.01	57.66	Na	35
South Africa	1,655	5.74	0.01	93.53	980	32
Togo	44	50.00	0.07	43.18	Na,250*	31

Source: Author's elaboration with data retrieved from https://www.worldometers.info/coronavirus/#countries and https://www.ecdc.europa.eu/ (6th of April 2020)
* Test numbers available as of April 11th, 2020 for information.

The uncertainty surrounding the virus and its suppression, the undefined timeframe potentially needed (12-18 months) to deliver effective treatments[8] and vaccines and the consequences of the extensions of the period of lockdown and confinement (increased by up to three times in Italy and Spain, for instance) and the absence of a clear strategy on the return to "normality" post lockdown without risking entering another infectious wave, together with the global nature of the COVID-19 pandemic have put undue pressure on economies and financial markets world-wide.

Deep pocketed governments, such as in Germany, the US, France and others have mobilised robust financial resources: from hundreds of billions to a few trillion USD to manage the economic and social consequences of the COVID-19 health crisis in their respective countries. In their meeting of March 26th, the G20 leaders pledged to inject USD 5 trillion (as part of targeted fiscal policy, economic measures and guarantee schemes) into the global economy. Soon after, the International Monetary

[8] A number of medical protocols (e.g. the anti-malaria drug Hydroxychloroquine) have been used despite little evidence regarding their effectiveness.

Fund (IMF) beefed up its lending capacity to USD 1 Trillion and is placing this at the service of its members. It has also doubled access to its emergency facilities in order to meet the expected demand of USD 100 Billion. Lending programmes have been approved for the Kyrgyz Republic, Rwanda, Madagascar, Togo and Tunisia. In addition, the Central Banks of the developed and developing countries cut interest rates, increased liquidity provision and relaxed the application of banking regulations. Financially weak and indebted countries, such as Spain and Italy, hit particularly hard by COVID- 19 contagion, have hoped for and expected more timely solidarity measures[9] from the European Union (EU), to withstand the health crisis and to be able to manage the socio-economic hardship down the road[10]. However, European solidarity lacks courageous and bold applications such as the move towards common fiscal policy[11]. In a declaration broadcasted by Agence France Presse (AFP), Jacques Delors, the former President of the European Commission (1985-1995), warned that the lack of solidarity between European Member States would leave the European Union facing the danger of death[12]. On April 6th, 1800 economists co-signed an open letter[13][14] addressed to the EU and national leaders to launch the "European Renaissance Bond" to support EU countries in the health and economic crises.

Countries in the South and East Mediterranean, Africa and other low-income and developing countries are in more challenging situations. Difficulties range from political instability to persistent financial and socio-economic hardship, lack of basic services such as available clean water and electricity, and comprehensive safety net programmes. Inherently across the region, national healthcare systems are in a weak condition and there is an absence of structured national and regional solidarity mechanisms. The health crisis caused by COVID-19 will add to the collection of challenges facing these countries. A European Union (EU) global response was published on April 8th to support partner countries' effort to fight the pandemic. The EU committed to secure EUR 15.6 billion from existing external action resources. From this, EUR 3.25 billion will be channelled to Africa including EUR 1.19 billion for North African Neighbourhood countries and EUR 3.07 billion for the whole Neighbourhood with EUR 2.1 billion being mobilised to the South. Additionally EUR 1.42 billion in guarantees for Africa and the Neighbourhood is being mobilised from the European Fund for Sustainable Development. The funds

[9] https://voxeu.org/article/corona-transfers-instead-coronabonds

[10] On 09 April 2020, the Eurogroup provided what it called "comprehensive" response to the Covid-19 outbreak,, a step in the right direction https://www.consilium.europa.eu/en/press/press-releases/2020/04/09/report-on-the-comprehensive-economic-policy-response-to-the-covid-19-pandemic/

[11] In his article Bini Smaghi outlines the challenges facing to finance the socio-economic consequences of COVID-19 in the EU https://voxeu.org/article/corona-bonds-great-idea-complicated-reality

[12] Translation of « Le manque de solidarité fait "courir un danger mortel à l'Union européenne". "Le climat qui semble régner entre les chefs d'État et de gouvernement et le manque de solidarité européenne font courir un danger mortel à l'Union européenne", "Le microbe est de retour".
https://institutdelors.eu/derniers-passages-medias/le-manque-de-solidarite-danger-mortel-pour-leurope-selon-jacques-delors/

[13] In an article published on April 05th, Daniel Gros calls for EU solidarity to respond to Covid-19 crisis https://voxeurop.eu/en/2020/open-letter-eu-and-european-leaders-5124553?r=RSS-all

[14] https://europeanrenaissance.altervista.org/signatories/

will support emergency actions, and research, health and water systems and will address economic and social consequences of the pandemic. An open letter[15] published on April 09th, co-signed by political figures and addressed to the leaders of the G20, called for targeted actions to support low-income and developing countries, including those in Africa. Another letter[16] dated April 09th by the Institute of International Finance (IIF) and addressed to the IMF, World Bank Group (WBG), OECD and Paris Club, warned of the unsustainable level of debt in low-income and developing countries and the risk of not servicing and managing debt pile obligations by the end of 2020. The IIF called for public and public sector initiatives to address the "inevitable build-up in arrears and requests for deferment". An article[17] in the Financial Times on April 12th, announced that the G20 nations are about to close a deal for poor countries – to freeze on sovereign debt repayments for six months and possibly through to 2021. On April 13th, the IMF approved immediate debt service relief to 25 of the IMF's member countries under the IMF's revamped Catastrophe Containment and Relief Trust (CCRT), in a form of grants to cover their debt obligation for an initial period of 6 months. The CCRT currently has USD 500 millions (including contributions from the UK and Japan) and will be replenished by the contributions of other countries going forward. The countries[18] that will benefit from this arrangement are predominantly from Africa. On April 15th, at a meeting of the G20 Finance Ministers and Central Bank Governors, the G20 agreed a debt relief for low-income countries for up to USD 20 billion, in a form of freezing of government bilateral loan repayments effective from May 1st, until the end of the year. This agreement is applicable to 76 member countries eligible to receive assistance from the WB's International Development Association and nations defined as "least developed nations" by the United Nations (UN). There was also a call on private creditors to participate in the initiative on comparable terms, on a voluntary basis, and a request to the IMF and WBG to explore further options to suspend debt service payments over the suspension period.

In light of this overview, the G20, the IMF, the WBG, the UN and the World Health Organisation (WHO) are well placed to step-up their interventions to support these countries, when the pandemic accelerates and mitigation and recovery measures become necessary to prevent massive defaults, hunger and humanitarian crises, social unrest and the proliferation of terrorism and criminality.

It remains to be seen whether the measures already taken and yet to be taken are effective in preventing the global economy from entering a great depression and its subsequent consequences (as was predicted by Nuriel Rubini in his article[19] on 24th March).

[15] http://c19globalaction.com/
[16] https://www.iif.com/Publications/ID/3849/IIF-letter-to-IMF-World-Bank-OECD-and-Paris-Club-on-Debt-of-LICs
[17] https://www.ft.com/content/30321fc4-e77c-4688-8d87-ef344108ed6b
[18] Afghanistan, Benin, Burkina Faso, Central African Republic, Chad, Comoros, Congo D.R., Gambia, Guinea, Guinea Bissau, Haiti, Liberia, Madagascar, Malawi, Mali, Mozambique, Nepal, Niger, Rwanda, Sao Tomé and Principe, Sierra Leone, Solomon Islands, Tajikistan, Togo and Yemen.
[19] https://www.project-syndicate.org/commentary/coronavirus-greater-great-depression-by-nouriel-roubini-2020-03

FROM AN EXOGENOUS SHOCK TO A GLOBAL SYSTEMIC CRISIS

COVID-19 transformed from an exogenous health shock, with a powerful, speedy and contagious dynamic, into a systemic global shock that shook healthcare systems, political and economic models and societal values.

The systemic characteristics and consequences of COVID-19 are complex. We highlight a few:

1) The uncertainty surrounding this novel disease - including the process of infection, its global nature, the speed and spread of the contagion, its channels of entry, the unknown health consequences on the most vulnerable targets, the process and timing of recovery, the availability and effectiveness of testing kits and ventilators, the absence of targeted medication and vaccines – is all fed by the lack of knowledge about the virus, the unknown consequences on people's health and the timing (between 15-18 months) of living with the virus until a vaccine becomes available and accessible;
2) To save people's lives from rapid contagion, containment policy responses were at a national level, uncoordinated and unsynchronised. These policies included travel and mobility restrictions, lockdowns, shutting down of "non essential" economic activities and social distancing. They have led to a major contraction of economic activity resulting into a global recession, according to the IMF[20], as well as the loss of millions of jobs globally, according to the ILO in their March 2020 updates;
3) There is no straightforward, one size-fits-all policy recipe for when and how to lift the containment measures without risking other COVID-19 and coronavirus waves. There are major trade-offs to carefully assess when lifting the containment measures: 1) How to deal with privacy matters when health information about infections and immunity becomes available and used for surveillance to reduce the risk of another wave of propagation, 2) How to deal with the destruction of economic value, massive job losses and increased poverty and hunger after lifting containment measures;
4) The uncertainty and the grim economic outlook, due to the sustained economic contraction, loss of economic value and jobs, have had a negative impact on global financial markets, global trade through the disruptions of Global Value Chains (GVC) and poverty and inequality;
5) The severity of the disease and its rapid propagation, alongside the global demand and supply shock has negatively impacted the budgets of highly indebted low-income and developing countries. These countries, hit by the pandemic, may find there is no other alternative than to engage in a dangerous spiral of defaults and restructurings.

[20] https://www.imf.org/en/Publications/WEO/Issues/2020/04/14/weo-april-2020

This shock has proved to be challenging and costly to contain and to manage with uncoordinated and poorly synchronised national policies. Indeed, containing the disease with draconian lockdowns and restrictions on mobility measures have been the preferred options for saving lives - but at a high financial and socio-economic cost and seemingly without considering the global nature of this crisis.

If these policies had been different, would they have been more effective in saving lives and less costly economically? Should policies have been coordinated and synchronised globally to leverage on the experiences of countries that were hit first? Possibly, but certainly with more global/regional/national preparedness and coordination, in terms of information systems, widespread, effective and speedy testing capabilities (critical for information reliability and effectiveness of policy measures), availability and affordability of medical equipment and medication, research and development and more knowledge about viral infections, their behaviours, treatment and vaccines to better predict and manage global pandemics.

TOWARDS A GLOBAL RESILIENT SYSTEM TO CREDIBLY AND COLLECTIVELY FACE THE COVID-19 PANDEMIC

The global pandemic of COVID-19 has seriously tested the capacity and resilience of our systems to respond to high-impact shocks and to adapt to emerging transitions. Were countries across the globe prepared to face up to the COVID-19 systemic shock? The answer is simply not.

Resilience, rooted in the Latin word *resilire* (which means "jump back", "rebound"), is the capacity of a system to recover from adversity - from temporary shocks or from continuous threats/slow-burn processes – returning to its original state or moving to a new steady state. The two main dimensions of shocks that determine how the system responds to them are **intensity and persistence**. These variables determine the intensity of the response needed for the system to bounce back: to absorb the change (when the shock is limited), to adapt to the change (when the shock is significant but not disruptive) and to transform the system itself (when the shock is disruptive).

In a study[21] published recently by Ayadi and Sessa (2020), the authors advocate the application of a strategic foresight-thinking framework to better respond to external shocks in order to enhance the resilience of our systems. This framework is embedded in scenario analysis (to test the determinants of external shocks and to assess the capability of the systems to withstand them) and stimulated by a **Transparent, Responsible, Inclusive and Sustainable - TRIS Development Model**. **Transparent**

[21] https://euromed-economists.org/download/blue-transition-policy-roadmap-towards-transparent-responsible-inclusive-and-sustainable-tris-development-in-the-mediterranean/

governance builds on transparency and disclosure: to develop trust between governments, between governments and their citizens and between citizens. In the case of global pandemics, such as COVID-19, timely information transparency and disclosure (via early warnings based on data and process monitoring and widespread testing) - globally, regionally and nationally - limits uncertainty, mistrust and the propagation of fake news and makes policy responses more effective; **Responsible living** is when information about the infectious cases is available via transparent testing, trusted and understood by citizens without breaching privacy, then every citizen can choose to act responsibly. If social distancing is the policy solution to save lives and to reduce the burden on a countries' finances, then governments don't need to mobilise security forces and infringe privacy in order to enforce the rules; **Inclusive economy**: health services, health equipment and medication must be universally accessible to every country and available to every citizen who needs it at an affordable cost (regardless of age, gender, religion and race). Safety net schemes must also be in place as a pillar of resilience, to ensure that the vulnerable, the poor and whoever needs social protection aren't hit by the shock; **Sustainable energy and environment**: must be embedded in our daily decisions. Pollution, increasing carbon-dioxide emissions, biodiversity loss, water scarcity and basic sanitation increase the lethal power of viruses and vulnerability to their spread.

This framework could improve the policy response at global, regional and national levels, to enhance the resilience of our socio-economic systems to the emerging transitions and to respond to external global shocks that prove systemic, such as the COVID-19 global pandemic.

The intensity of the COVID-19 shock is surely significant, but it is still uncertain how long it will persist and how the health emergency can be managed until an effective vaccine is found that is accessible to all – which will be the only point at which the COVID-19 shock will definitively be controlled. The "Post-COVID 19" state of the world will, however, remain uncertain: the longer this situation persists, the more disruptive the changes will be, with systems not simply showing "absorbing" or "adaptive" responses, but truly "transformative" and "disruptive" ones. It is also important to consider the great potential arising from the collateral benefits of adaptation and transformation occurring amidst the health crisis. They were part of the response of the system that was having to adapt and transform in order to remain resilient. These benefits will remain and will evolve after the vaccine is found, for instance: agile teleworking will reduce unnecessary mobility and enable a more substantial - and much needed - reduction in transport emissions; e-learning, e-conferencing, e-meetings, e-commerce, e-finance/payment platforms will all be strengthened and new applications such as e-health, e- testing for future viruses and e-safety net schemes will emerge to enhance digital solutions for our basic needs in both normal and disruptive times; hygiene and disinfection practices in public places will be systematized to reduce the propagation of microbes and viruses and new and/or adapted business models will emerge….

Today, the COVID-19 pandemic is a global health crisis, which has led to a global economic crisis because of the unpreparedness and the absence of decisive and coordinated collective actions.

Decisive actions must be bold and embedded in **global solidarity** to succeed in defeating this deadly, globally transmitted virus in a synchronized way and to return the global economy to a resilient path.

The magnitude of the COVID-19 global pandemic and the crisis it has caused has resulted in a difficult trade-off between the health and protection of lives against socio-economic survival and the respect of privacy. This trade-off can be managed with policy measures ranging from prevention, management and recovery but at a very high cost. Countries (all developed countries) that have developed health infrastructure and technology, science, research and development, advanced safety net systems, robust financial capacity and respectable democratic institutions and rule of law – all components of a resilient system – are able to minimise the negative consequences for themselves. Others that have little of the previous advances in place will either succumb and/or lose control of the viral contagion, which will result in disastrous political and socio-economic consequences. It is critical to emphasise that COVID-19 spreads in waves, it is highly contagious, it does not recognise borders and spares no one. Countries that do not succeed in finding, in good time, the optimal recipe of prevention, management and recovery, whilst mobilising financial resources, will extend the risk to themselves, their neighbours and the entire globe. This will risk undermining global systemic resilience.

Therefore, to minimise the risk to countries, regions and the world, and to pave the way towards a systemically resilient global path, **a globally coordinated response**, embedded in the **principle of solidarity**, is the way forward – until an effective affordable treatment and/or a vaccine is available and widely accessible. Solidarity must be devised and understood as a collaboration and contribution between governments, to design optimal public policies, with the participation of the private sector (e.g. banks, investment funds, insurance companies, pension funds and others…) to support a decisive global response that is credible, effective and lasting. Since this is a systemic global crisis, existent international organisations are best equipped to manage the underlying risks.

We, therefore, recommend a mutually interactive three-pillar system to contribute to enhancing systemic global resilience in order to fight global pandemics that degenerate into a systemic crisis.

For prevention and enhancing global preparedness, the lesson learnt is thus: there should be a **Global Early Warning System (GEWS)** built on a globally coordinated policy approach, with:

1) full information transparency, disclosure from all countries members of the GEWS and independent monitoring and verification of information;
2) reliable risk matrices to measure and to evaluate with certainty the global nature of the health risk and the response functions of the countries which were hit first by the shock to provide better assessment and containment for those countries which were hit later;
3) a global review of healthcare capabilities and intensive programmes to ensure better preparedness in the case of future global pandemics;

4) strengthened and coordinated science, research and development, greater testing and manufacturing capability and reliance on Artificial Intelligence digital platforms that are accessible and affordable to all to respond in a short time span and reduce the health risk propagation.

All countries that are part of GEWS must be committed to full transparency, disclosure, subject to independent monitoring and sharing of their practices.

The World Health Organisation (WHO) played an important role within its mandate. It raised awareness about the viral infection, reported on the daily evolution of the disease from the first days of contagion and supported countries. But it was only in its 51st report that its officials declared COVID-19 a global pandemic. What was the trigger for this decision? Based on what information collected? Was the information on the viral infection verified on time? What was the process of data confirmation and actions of governments? What should governments do when a global pandemic is declared? These all remain unanswered questions.

Notwithstanding these unanswered questions, the WHO is the best-equipped international organisation to lead the GEWS and to be accountable to all member countries globally[22].

For management, there should be a **Global Crisis Management System (GCMS)** that is built on the GEWS and activates a global policy response to mitigate the systemic shock in the short-term. Such a response includes:

1) a clear rule, based on a collective global agreement, to regulate the global supply chain of medical equipment, garments, testing kits, medication and any other essential material and equipment necessary to manage the short-term impacts of the crisis[23];
2) to have a global agreement on the measures needed to support economic activities hit by the pandemic, to shield the vulnerable and to enforce orderly debt restructuring and clearly defined debt relief measures for low income countries unable to honour their financial obligations because of the pandemic. The agreement on the later should be achieved in close collaboration with the private sector[24]; and

[22] On April 15th, the US decided to suspend its funding to the WHO until a review is conducted to assess WHO's role in "severely mismanaging and covering up the spread of the coronavirus". In https://www.ft.com/content/08e530df-bd84-4280-89ca-0041bb0a8feb

[23] This agreement should override national legal responses to ban exports of medical equipment, medication, testing kits…

[24] The private sector involvement must be on a case- by – case and on a voluntary basis, for countries (e.g. those that had access to the financial markets) to quickly regain market-funding access at a fair cost. Therefore strict debt relief guiding principles must be agreed globally and implemented to reduce uncertainty and further market volatility.

3) to activate a **Global Crisis Management Fund** (or to coordinate existing funds) to manage the emergency financial needs of countries in terms of medical equipment, testing capabilities, medication and vaccines in the event of global pandemics.

All countries should have unconditional access to this fund, provided the funds are used to mitigate the health crisis, monitored and audited. The IMF has such a fund, and it is functioning - but it must be flexibly beefed up depending on the persistence of the shock - and access to it should be provided under crisis management circumstances, respecting the proportionality principle and ensuring that it is carefully monitored and the amounts and usage are transparently reported to the public.

For recovery, depending on the intensity, persistence of the crisis and the magnitude of the economic and social impacts, there should be a **Global Crisis Recovery System (GCRS)** that is activated systematically to accelerate economic recovery for all regions and countries hit by the pandemic. The GCRS must include:

1) large investment plans to strengthen health systems, including developing globally-linked e-health systems, built on blockchain technologies and Artificial Intelligence, to make health services accessible to all across the globe[25]. The investment plans for strengthening healthcare systems could be accessible to contributions and co-financing from the private sector;
2) funding for research and development mobilised by both public and private sectors;
3) targeted support mechanisms to sectors and population (e.g. vulnerable, poor and disabled) and low-income countries badly hit by the pandemic (e.g. debt relief measures extension);
4) **a Global Crisis Recovery Fund or Financing Plan** in which the private sector contributes with a firm written commitment to provide affordable liquidity within a period of time. This fund/financing plan[26] could take the form of a partial guarantee (between 40% and 60%) issued by the IMF/WBG or a newly set-up fund by the G20 supported by the IMF/WB[27] to help countries issue a long-term maturity (up to 50 years) COVID-19 Recovery Bond (CR Bond), with low interest rates (no more than 1% based on current rate levels on the USD) to finance their recovery plans post COVID-19. These guarantees will enable the IMF/WB to leverage their financial capabilities via the SDR system and to monitor the issuance and the use of the raised funds at this unprecedented time. The countries issuing the CR Bonds must be part of GEWS and GCMS and must justify they were badly hit by the pandemic. They must be committed to full transparency, not only regarding the prevalence of the pandemic (under GEWS) but also on the use of proceeds (only to be allocated to post COVID-19 recovery) from this bond and this will have to be monitored, audited by the IMF and WB and reported to the public.

[25] Universal health service is the basis of this recommendation. Countries that do not subscribe to this recommendation can opt out, but will not benefit from the coverage at a later stage.
[26] The same concept can also be used in political/economic regions such as the European Union. See footnote 14.
[27] The set-up of a new fund and the negotiation of its design, co-founders and funding will take more time.

The management of the GEWS, GCMS and GCRS must be entrusted to international organisations. The WHO, IMF, WBG can play this role in close collaboration and strict coordination, whilst having the powers to fully disclose information promptly, to the public without submitting to any specific political agendas.

A global systemic crisis cannot be managed with the current uncoordinated policy measures and individualistic conducts that conflict, compete and reinforce uncertainty and future risks that are detrimental to the path towards global system resilience. There should a strategic, collective vision followed by decisive common action, in order for humanity to regain health, safety, economic stability and prosperity.

ABOUT EMEA

The Euro-Mediterranean Economists Association (EMEA) is a Barcelona-based regional think-tank established in 2012 that serves as a leading independent and innovative policy research institution; a forum for debate on the political and socio-economic reforms in Mediterranean and Africa; and promoter of actions and initiatives that fulfill objectives of sustainability, inclusiveness, regional integration and prosperity. It strives to contribute to the rethinking of the Euro-Mediterranean and Africa partnerships in view of the new dynamics of an emerging multi-polar world.

EMEA has a large network of economists, high-level experts and institutional partners (research institutes, think tanks and universities) in the Euro-Mediterranean and Africa. EMEA builds on the collaborative research network MEDPRO (funded by the EU's Seventh Framework Programme (2009-13) and provides forward-looking thinking and political and socio-economic integrated analyses on the Euro-Mediterranean region. EMEA is also the promoter and co-funder of the Euro-Mediterranean Network for Economic Studies (EMNES), co-funded by the European Commission (DG NEAR) between 2015 and 2019. EMNES is a regional network composed of 30 institutions and more than 100 experts and researchers in the Mediterranean region.

From January 2020, EMEA coordinates The Euro-Mediterranean Network for Economic Studies (EMNES). EMNES, aims to provide a renewed vision for socio-economic development in the Mediterranean region, mainly focusing on employment creation, social inclusion, sustainable development and regional integration. It performs economic and policy research exploring the pillars of inclusive and sustainable economic models in the Euro-Mediterranean region.

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