



How Much Will Vaccine Inequity Cost?

Agathe Demarais, Global Forecasting Director, The Economist Intelligence Unit

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Only around 18 months after the coronavirus (Covid-19) pandemic began, vaccination campaigns are in full swing in advanced economies. As at late September, around 70% of the population of higher-income countries had received at least one dose of coronavirus vaccine (full vaccination generally requires two doses).

By contrast, vaccination campaigns are progressing at a glacial pace in lower-income economies. At the same point, only 2% of poorer populations had received at least one dose of a vaccine. To put this in context, rich countries have administered 100 times as many vaccines as have poorer states.

Delayed vaccination timelines will cost the global economy US\$2.3trn in 2022-25

Beyond ethical concerns, delays in vaccinating the global population will come at a high cost. The Economist Intelligence Unit has developed a model that indicates that those countries that will vaccinate less than 60% of their population by mid-2022 will register GDP losses totalling US\$2.3trn in 2022-25 (roughly equivalent to the annual GDP of France). Emerging countries will shoulder around two-thirds of these losses, further delaying their economic convergence with more developed countries.

In absolute terms, Asia will be by far the

most severely affected continent (with cumulative projected losses of US\$1.7bn). As a share of GDP, countries in sub-Saharan Africa will register the highest losses (totalling 3% of the region's forecast GDP in 2022-25). These estimates are striking but they only partially capture missed economic opportunities, especially in the long term. For instance, our model does not account for the impact of lockdowns on schooling—there is often no such thing as remote learning in developing economies.

The rich-poor divide over access to vaccines may well widen

There is little chance that the divide over access to vaccines will ever be bridged. COVAX, the WHO-sponsored initiative to ship vaccines to emerging economies, has failed to live up to (modest) expectations. The programme was supposed to deliver 1.9bn vaccine doses to developed economies this year. It has, to date, shipped only around 300m doses (sufficient to inoculate only about 20% of the population of lower-income economies). Some developed economies, notably the UK and Canada, chose to order jabs from COVAX, compounding COVAX's woes; in late June the UK received 539,000 doses of vaccine from COVAX (this was more than double the amount of vaccines that COVAX sent to Africa in that month).

Despite flattering press releases and generous promises, donations from rich countries have also covered only a fraction of requirements—and, often, they are not even delivered. To date, the UK has delivered only around 10% of the 100m

doses it has promised to donate to developing countries by mid-2022. Finally, the focus in developed economies is gradually shifting towards vaccinating children and administering booster doses to the general population, which will compound shortages of raw materials and production bottlenecks.

Vaccine inequity will reshape the global political and social landscape

Vaccine inequity will have serious long-term consequences. The most obvious is related to the economic impact of the lack of access to vaccines in poorer states. Our forecasts show that timelines for economic recovery will be longer in poorer economies than in advanced ones. This is due, in part, to our expectation that social-distancing measures will sometimes need to be re-imposed in countries where vaccination rates remain low.

Tourism flows could also be re-routed. Unvaccinated people are often barred from entering vaccinated countries or are forced to quarantine for long periods of time upon arrival. Conversely, travellers from vaccinated countries may prove reluctant to visit unvaccinated (and often poorer) destinations in the future. A third set of consequences will be political: resentment in emerging countries, both against local governments (which are seen as unable to provide much-needed vaccines) and richer states (which are perceived to be hoarding vaccines) is running high. Bouts of social unrest are highly likely in the coming months and years.

China is busy sending jabs to developing states, but this comes

with risks

Vaccine inequity is also fuelling vaccine diplomacy. Since the start of 2021, China and Russia have sent hundreds of millions of coronavirus jabs to emerging countries as part of a “vaccine diplomacy” operation. Eight months after they started, the results of these operations have been mixed. Despite aggressive media campaigns highlighting Russia’s commitment to coming to the rescue of developing countries, Russia’s vaccine diplomacy has, to date, been a failure. By contrast, China’s vaccine diplomacy has been a success. Despite its huge population, the country has managed to vaccinate more than 70% of its residents at a fast pace, while becoming the world’s largest exporter of vaccines.

However, this impressive feat comes with a warning for those countries that depend on Chinese vaccines: some of these shots appear to offer lower levels of protection than Western jabs. The Seychelles, which had vaccinated the majority of its population with China’s Sinopharm vaccine, had to re-impose a lockdown in June. The lower efficacy rate of Chinese vaccines poses two risks. The first is that the countries that relied on Chinese shots may need to administer boosters (a strategy that Chile, which mostly used China’s Sinovac vaccine, is currently implementing) or mix different brands of vaccines (as Thailand is doing). For these countries, the total vaccine bill may prove higher than expected—and in some cases unaffordable. The second has to do with vaccine passports; most Western countries do not recognise inoculation with Chinese jabs. This will hinder travel, further widening the divide between richer and poorer economies.

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