

# Scaling up Financing for Global Access to Health

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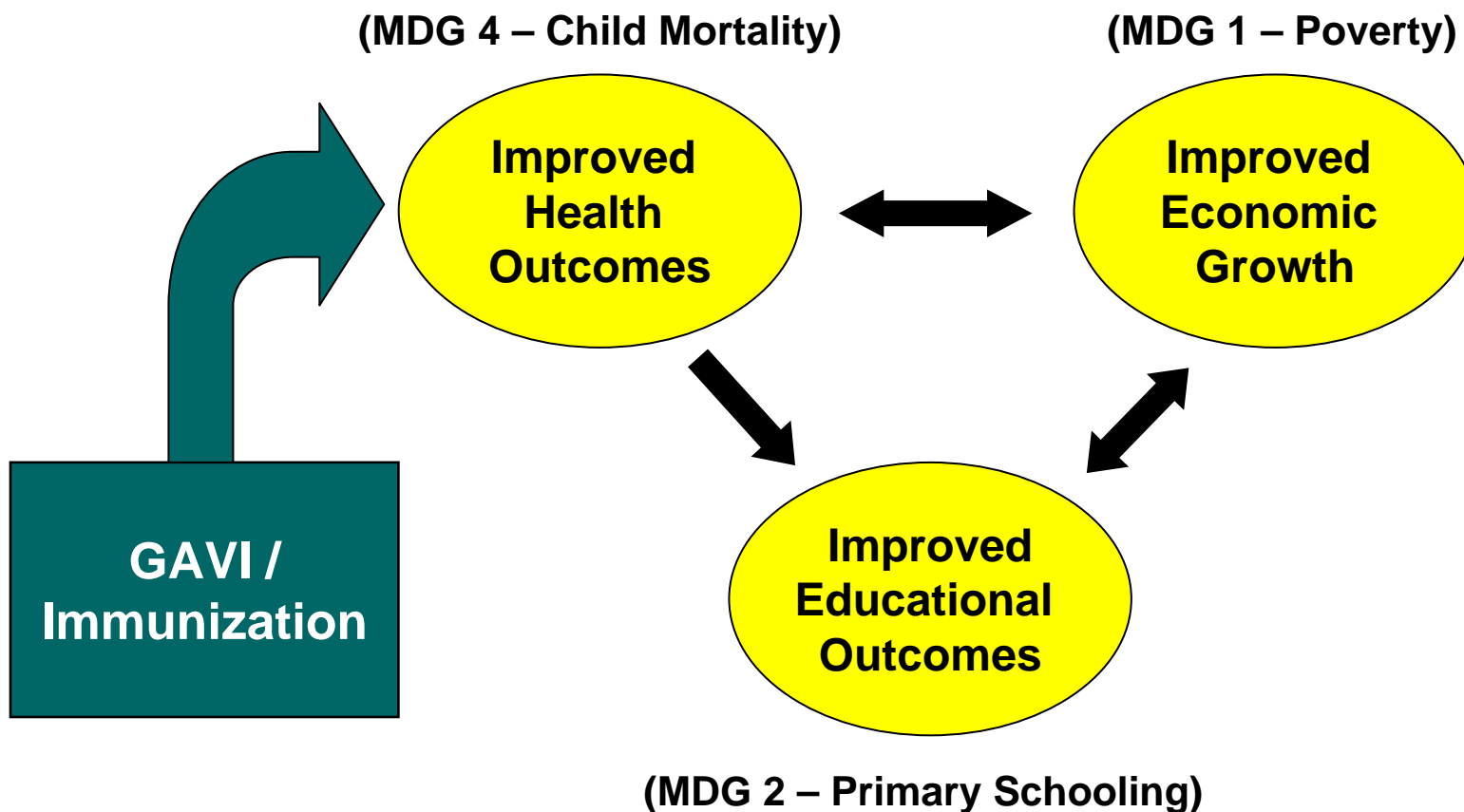
# State of the world: The immunization gap

- Each year, approximately 27 million children miss out on immunization.
- As a result 2.4 million children die from vaccine preventable diseases, out of which 1.4 million children from basic vaccine-preventable diseases and 1 million children from pneumococcal disease, meningococcal disease and rota virus diarrhoea

# The Millennium Development Goals

The international community is not on track to achieve the MDGs by 2015, and current trends suggest sub-Saharan Africa would not meet the MDGs as a whole until 2165

# Health, Economic Growth & The Millennium Development Goals



# GAVI: The original promise

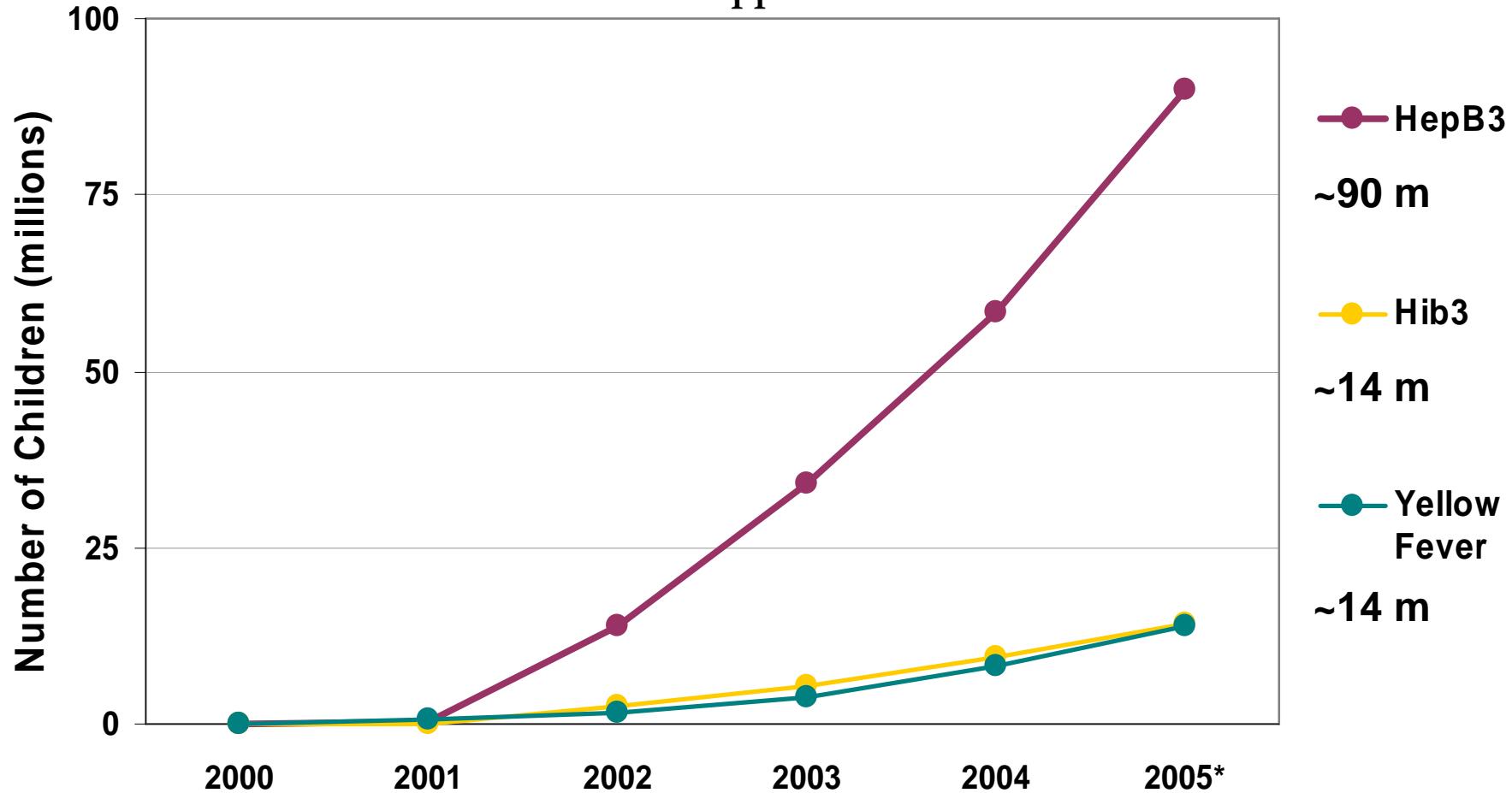
Goals – to address three gaps:

1. The number of children who do not have access to any vaccines
2. The number of vaccines used in the rich world compared to those provided in the poor countries
3. Investment in research and development for those diseases that are prevalent in the poor countries, but for which no market exists in the industrialized world

# Results: Reaching More Children

Cumulative Number of Children (<one year old)

Reached in GAVI-Supported Countries



\*projected

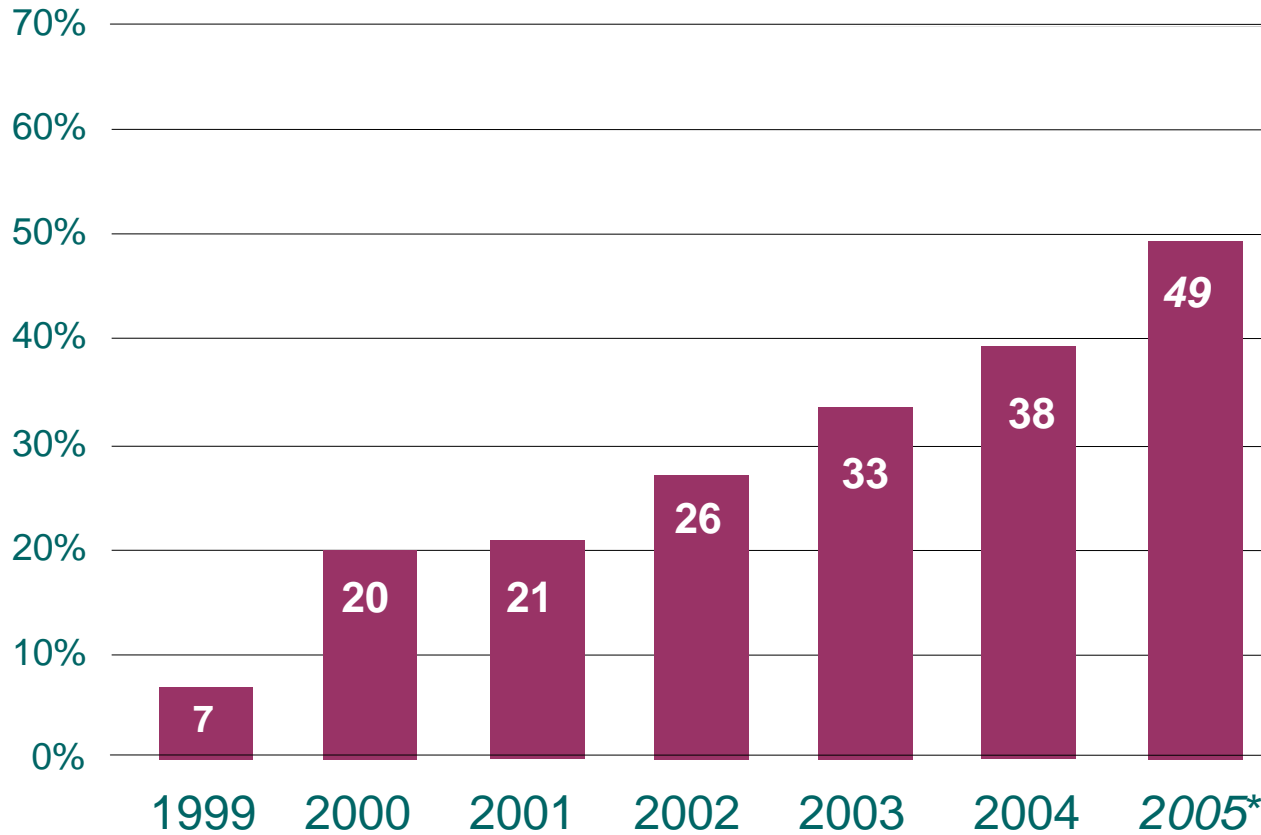
Source: WHO/UNICEF

Geneva Health Forum, 31 August 2006



# Results: HepB coverage

HepB3 children (<one year old) coverage in the 75 GAVI-eligible countries



*\*Projections*

# Achievements: Summary

## Projected results by end 2005:

- **1.7 million** future deaths averted
- **15 million** more children reached with basic vaccines\*
- **99 million** more children reached with new vaccines\*
- **1.2 billion** auto-disable syringes delivered\*

\*SOURCE: WHO Department of Immunization, Vaccines and Biologicals (IVB) Estimates

Geneva Health Forum, 31 August 2006



# The challenge: Funding the gap

## Global Immunization Vision & Strategy

- GIVS estimates \$3.7 billion is needed for new vaccine introduction
- GAVI faces a **gap of at least \$1.7 billion** even with current donor commitments
- Bridging this gap will require new sources of financing in order to **accelerate progress** to meet MDG4

# Innovative Financing

*New financing tools offer specific additional benefits  
to countries & donors*

1. International Finance Facility for Immunization (IFFIm)
2. Advanced Market Commitments (AMCs)

# 1. The International Finance Facility for Immunisation (IFFIm)

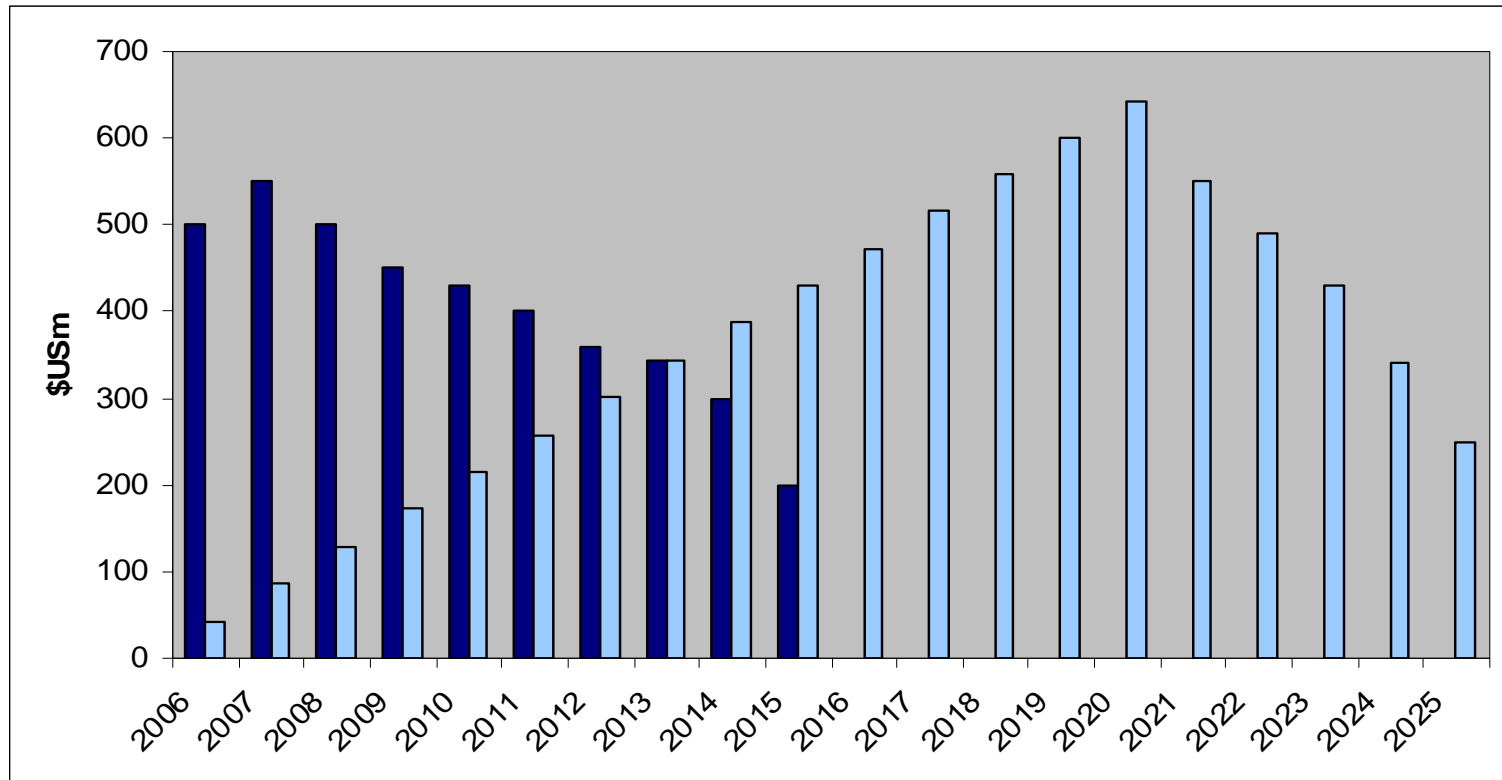
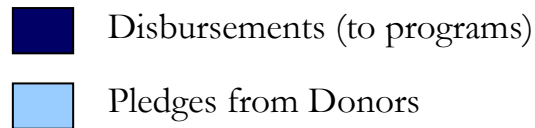
- An IFF for immunization (IFFIm) has been proposed as a pilot for the IFF mechanism
  - The IFF has been conceived as a large-scale US\$50 billion per year mechanism to double global aid and help meet the MDGs
  - On September 9<sup>th</sup> 2005, the IFFIm was launched in London with the five donors - UK, France, Italy, Spain, and Sweden: now Norway, Brazil and South Africa have announced contribution as well
  - Estimated disbursable of \$3.2 billion before 2015
  - Ongoing effort to secure resources from additional donors to reach \$4 billion resource goal
- First bond will be issued in the capital market before end 2006

# Components of the IFFIm

- Donors enter into 20 year legally binding commitments
- These commitments are leveraged in the bond market
- Resources distributed to countries and nominally split 50/50 health systems and vaccines

# The IFF: Donor Pledges

Long term commitments generate near term resources



# Implications of the IFFIm

- Influencing the market
  - Long-term predictable commitments allow longer-term planning for supply strategy
  - More flexibility for contracts with manufacturers with a potential to negotiate a lower price or accelerate supply through strategic use of long-term contracting
- Better planning and sustainability for countries
  - Commitments can be made to countries over longer-term allowing for better integration within national planning cycles

# Benefits detailed

- Key benefits are 5.3 million additional children's lives saved over 10 years (Africa 3.1 million, Asia 2.1 million and others 0.1 million)
- A further 5 million adult lives saved through HepB
- Estimated “financial cost” of IFFIm at 3.5% against IRR of accelerated benefits of 18%

# 2. Advanced Market Commitments (AMCs)

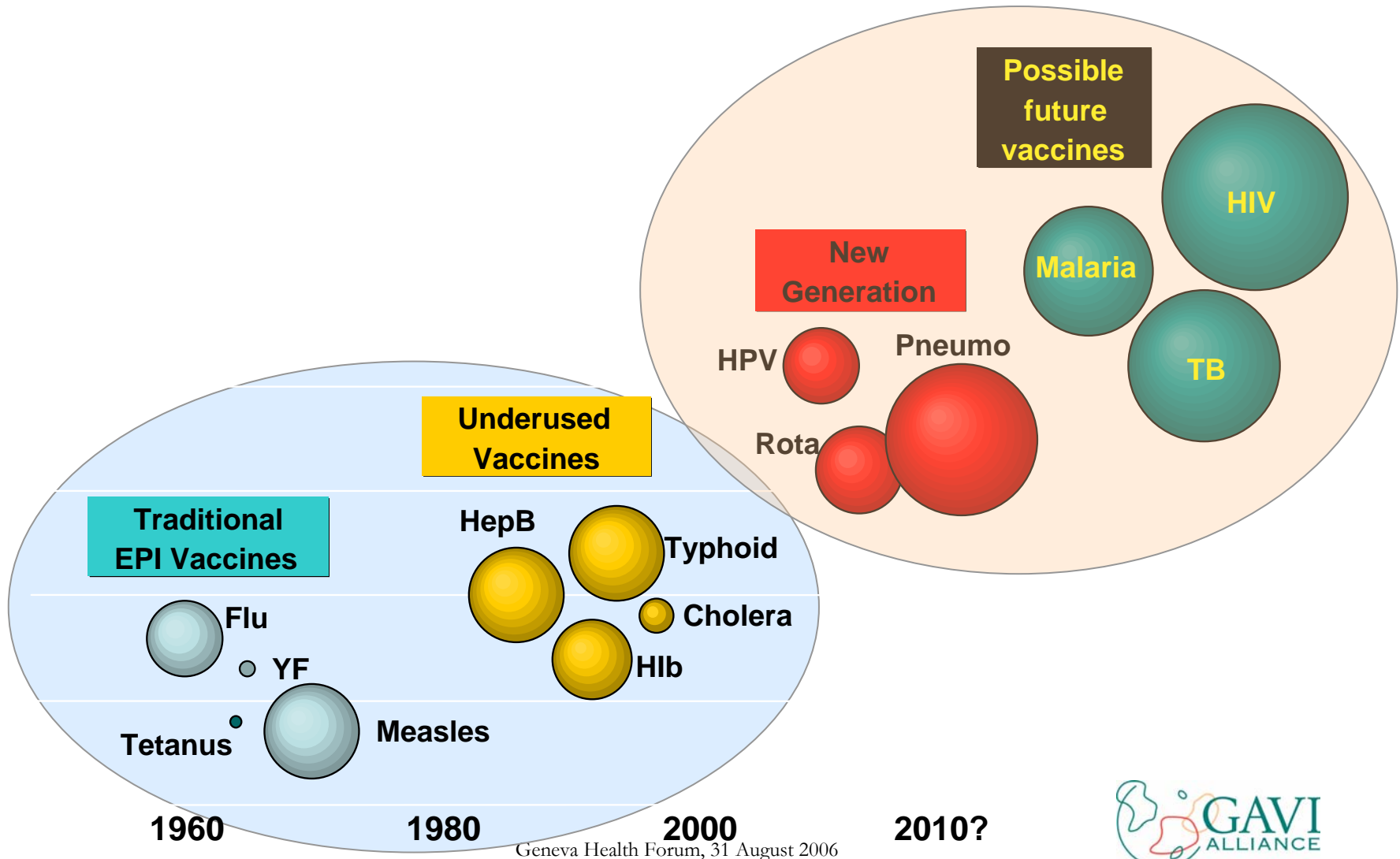
## **Problem:**

- Small, risky and unpredictable markets lead to underinvestment in vaccines of importance to the developing world

## **Proposed AMC Solution:**

- Motivate additional private investment
- Focus on (and pay for) results

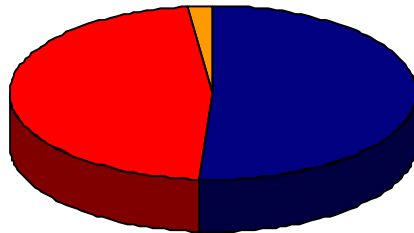
# The Vaccine Challenge



# Funding the Pipeline

Funding unbalance between North and South

Health R&D  
for **affluent**  
countries:  
\$106 billion



Health R&D  
for **poor**  
countries:  
\$8 billion



# AMCs, a market-based incentive

AMCs are designed to provide an adequate return on manufacturer investment in target vaccines.

AMC process:

- Donors commit to fund AMC for target vaccine.
- Target vaccine specifications (effectiveness, public health impact), AMC market size and price are established.
- An Independent Assessment Committee determines if a vaccine meets the target specifications.

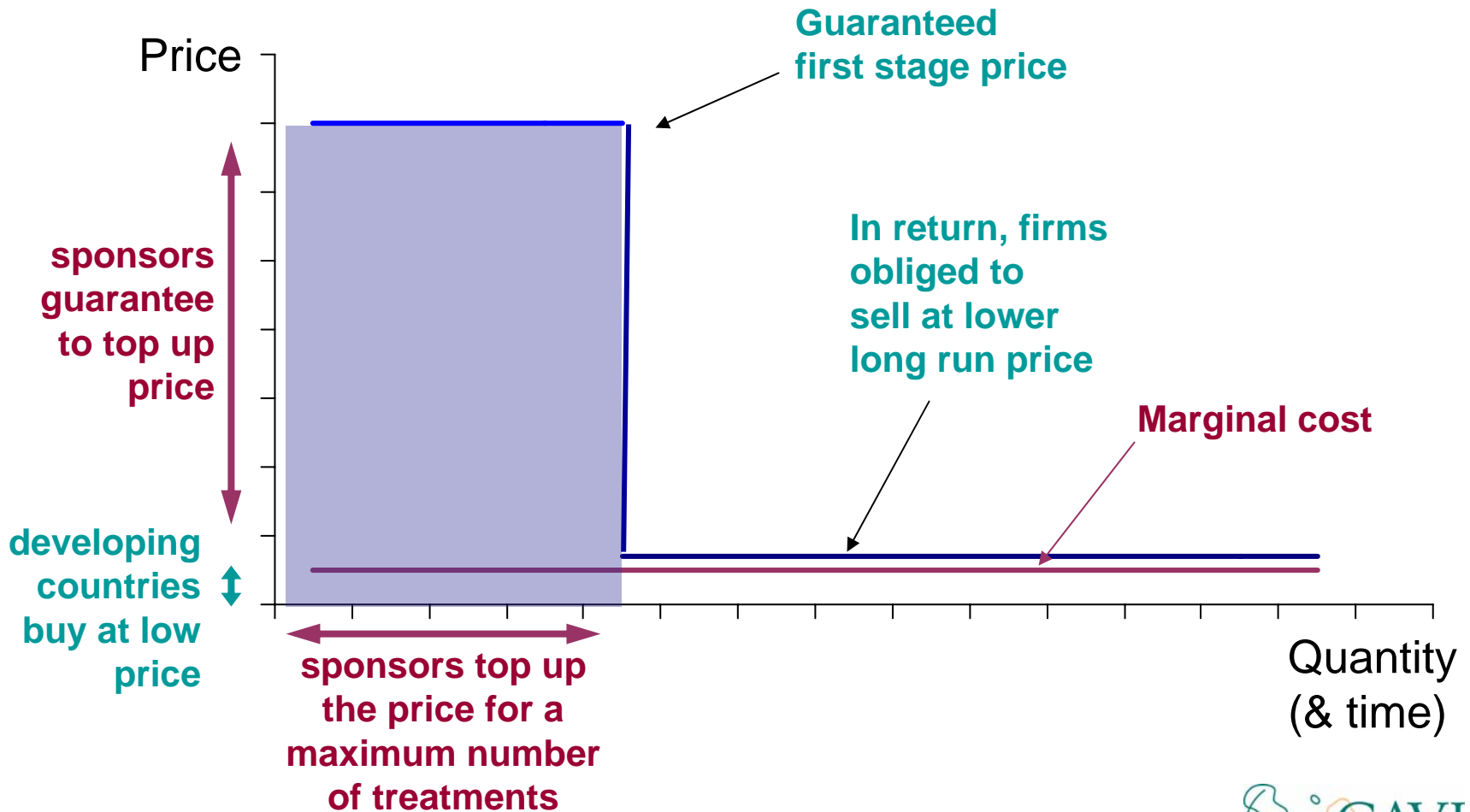
# AMCs, a market-based incentive

## AMC process (cont):

- Once a vaccine meets the specifications and countries are interested in introducing the vaccine, donors pay subsidy and recipient countries provide co-payment.
- When AMC funding is over, manufacturer is obligated to continue to provide the vaccine at a relatively low price.

AMC complements direct R&D funding as well as efforts to strengthen current immunization programmes and systems.

# Two Stage Pricing



# Progress

- GAVI and the World Bank were asked by the G7 Finance Ministers to prepare a paper on how an AMC pilot should be developed and the prioritised list of vaccine-preventable diseases for the pilot.
- Further technical work is underway.

# Thank you

