

# Pricing and Affordability of New Vaccines in Middle Income Countries (MICs)

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# Overview

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1. The issue of new vaccine pricing in MICs
2. The role of the Harvard Global Health Institute
3. Emerging principles for progress
4. Possible strategies towards progress
5. Next steps

# 1. New Vaccine Pricing in MICs

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- LMIC: \$1045-\$4125 GNIpc & UMIC: \$4125-\$12,746 GNIpc
- Gavi eligibility: <\$1580 GNIpc (2014)
- MICs:
  - Less financial & technical assistance from global health initiatives
  - More resources, more attractive markets
  - Less developed institutions for procurement than HICs
- Newer vaccines: 1-2 suppliers (monopoly/oligopoly)
  - Pneumococcal diseases (PCV); Rotavirus (RV); Human papilloma virus (HPV); Inactivated polio (IPV); Pandemic flu
  - In development: Dengue, Tuberculosis, Malaria, others

# 1. New Vaccine Pricing in MICs

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Affordable pricing: necessary though not sufficient

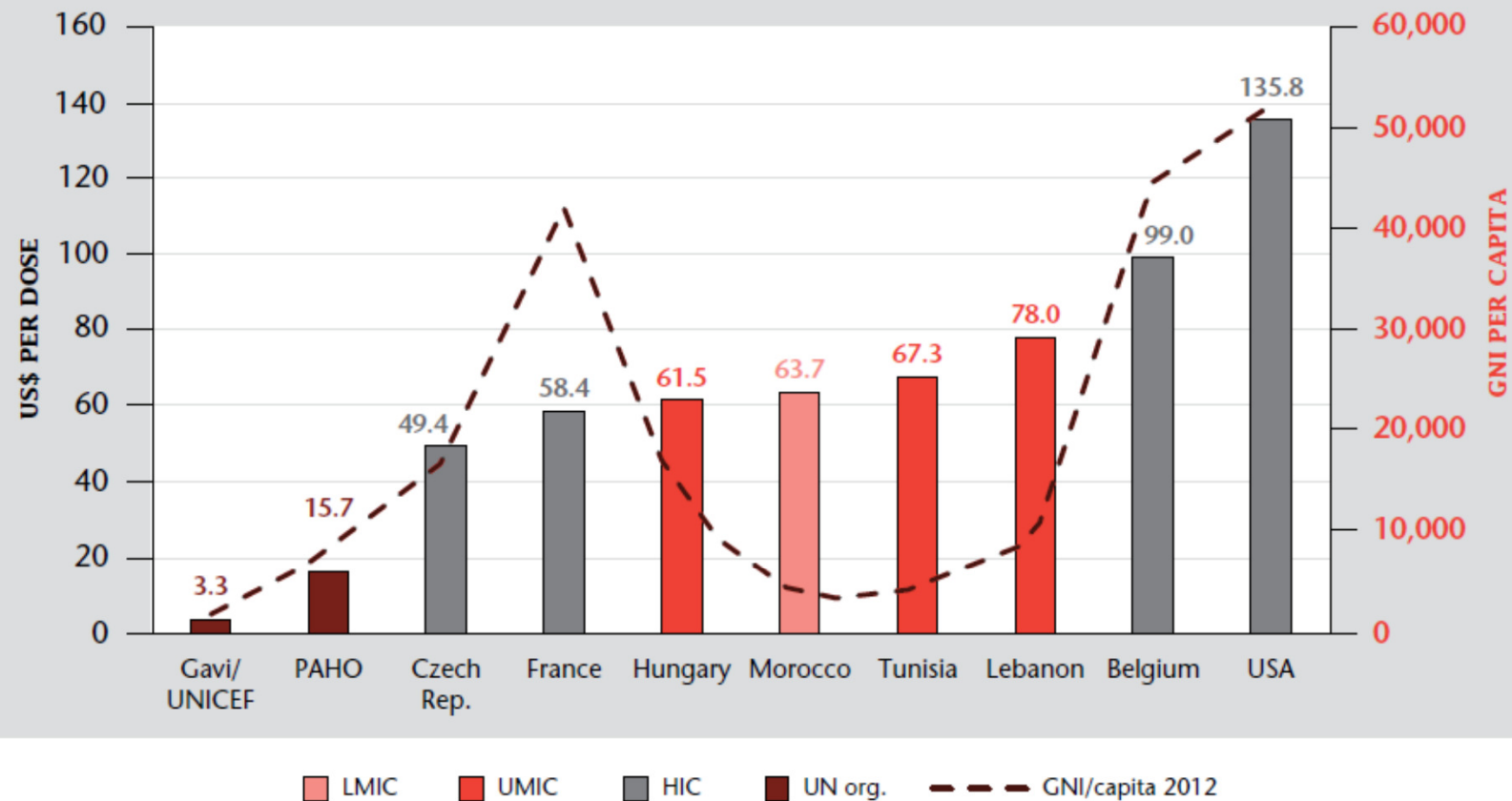
- World Health Assembly 2014: 20 countries expressed concern
- World Health Assembly 2015: Draft Resolution on GVAP (19 May)
  - “Concerned that **inequities** between Member States are growing due to the **increased financial burden** of new vaccines...and that mechanisms which **lower the price of vaccines are not accessible** to developing and **middle-income** Member States”
  - “Concerned that many developing countries are not able to access life-saving new vaccines particularly because of the **cost** related to procurement and introduction of these vaccines, and concerned of the **increase of costs of overall immunization programmes** because of increase in price of the WHO recommended vaccines”
  - “Recalling many Member States’ interventions on the WHA immunization agenda item each year expressing concern over the **unaffordable cost** of new vaccines and appealing for the global community to support **strategies that will reduce prices**”

# 1. New Vaccine Pricing in MICs

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1. Group 1: Gavi graduated/-ing countries
  - Continued access to lowest world prices
  - Beyond 2020?
2. Group 2: PAHO, UNICEF (non-Gavi)
  - Prices: Gavi < PAHO, UNICEF (non-Gavi) < Group 3 & HICs
  - Fair basis for price differential? → no clear norms or principles
3. Group 3: Self-procuring (~30-50 countries)
  - High or irregular prices relative to income

**Graph 5: Pfizer's Pneumococcal Conjugate Vaccine (PCV13) price per dose for countries by GNI per capita, 2014**



**Sources:** World Bank,<sup>45,97</sup> Gavi,<sup>14</sup> country price analysis (see Annex A for details on methodology and sources)

Source: MSF. 2015. The Right Shot: Bringing down barriers to affordable and adapted vaccines. 2<sup>nd</sup> edition.

## 2. Role of HGHI

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- Forum on Global Governance for Health @ HGHI
  - Co-Chairs: Julio Frenk & Suerie Moon
  - Research, Analysis, Education, Strategic Convening on issues at the nexus of global governance & health
  - University:
    - Neutral space for reflection & dialogue on complex public challenges
    - Relevant research & analysis
  - Independent funding (Office of Harvard President)

## 2. Role of HGHI

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- Strategic convening:
  - Multistakeholder: govts, IGO, civil society, industry, foundation, academia
  - March 2014: Workshop
    - Shared commitment to the overall goal (the “what”) yet little agreement on the “how”.
  - July 2014: Workshop:
    - Discussed various “hows”, but many disagreements
  - Sept-June 2015: Technical Working Group
    - Clarifying problems, examining data, analyzing strategies
    - White paper



## 3. Emerging principles for progress

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- Affordable
- Lowest sustainable price (efficiency)
- Public health-driven (i.e. not GNIpc/economic criteria alone)
- Compatible with pre-existing arrangements, i.e. PAHO Revolving Fund, Gavi Alliance, UNICEF
- Policies based on objective criteria
- Accountability through transparency & monitoring
- Improvement through evaluation

## 4. Possible strategies toward progress

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Short- to medium-term strategies and proposals (3-5 years):

- Pooled or coordinated procurement
- Volume and payment guarantees
- Transition pricing for GAVI “graduating” countries
- Price data transparency
- Cost-effectiveness analysis
- Affordability analysis
- Global tiered pricing

## 4. Possible strategies toward progress

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Medium- to long-term strategies and proposals (6-10 years):

- Technology transfer for local production, such as new manufacturers
- Tiered royalties and outlicensing
- Subsidized R&D – shared risk with the private sector
- Non-profit R&D – public or philanthropic financing
- New innovation models incorporating de-linkage

## 5. Next steps

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### Governance and Process

1. Harvard Working Group: June meeting on white paper
2. Need more MICs government engagement
3. Need legitimate, inclusive and credible global process involving relevant stakeholders to agree on goals and strategies

# Thank you

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