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Vaccine Procurement  
Practitioners Network

Webinar Series  
2018-19

# Thematic discussion 3 Price

27 February 2019

# VPPN 2018-19 Webinar Series

1. Planning / Forecasting
2. Budgeting / Financing
- 3. Price**
4. Regulatory Systems Strengthening (RSS)
5. Supply Chain Strengthening
6. Strategic Procurement
7. Human Resources
8. Governance
9. Sourcing Products



***Speaking now***

**Moderator: Leslie Paas**  
*VPPN Community of  
Practice Manager*

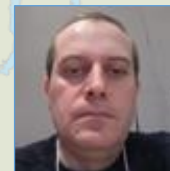
# Today's panelists/presenters

**UNICEF SD Invited Expert:  
Heather Deehan**



**Chief  
Vaccine Centre  
Copenhagen, Denmark**

**National Government:  
Vladimer Getia**



**Department Head  
National Centre for Disease Control and Public Health  
Tsbili, Georgia**

**Partner: Frederic Debellut**

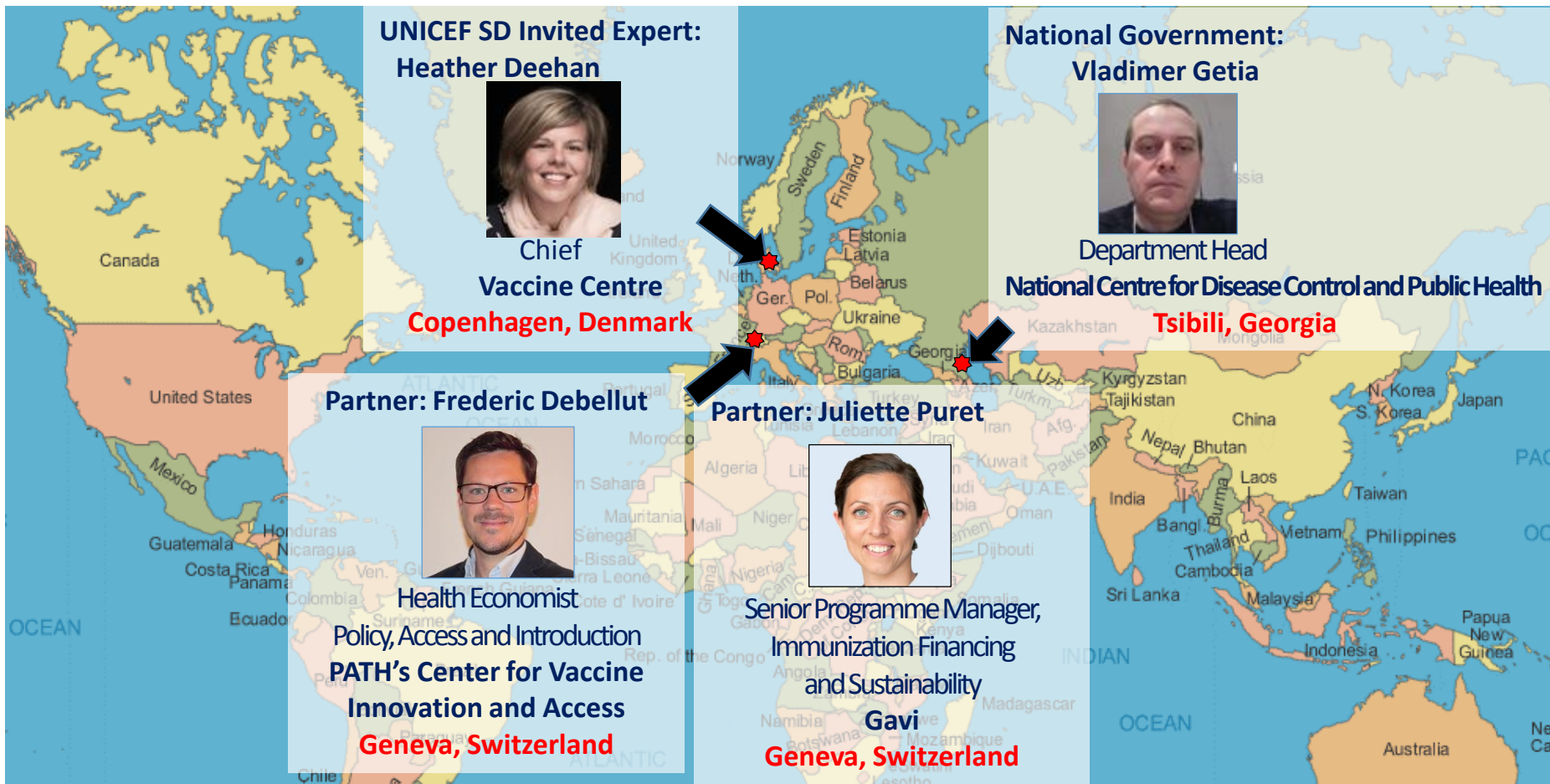


**Health Economist  
Policy, Access and Introduction  
PATH's Center for Vaccine  
Innovation and Access  
Geneva, Switzerland**

**Partner: Juliette Puret**

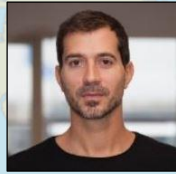


**Senior Programme Manager,  
Immunization Financing  
and Sustainability  
Gavi  
Geneva, Switzerland**



# Today's moderators and participants

**Loic Sanchez**

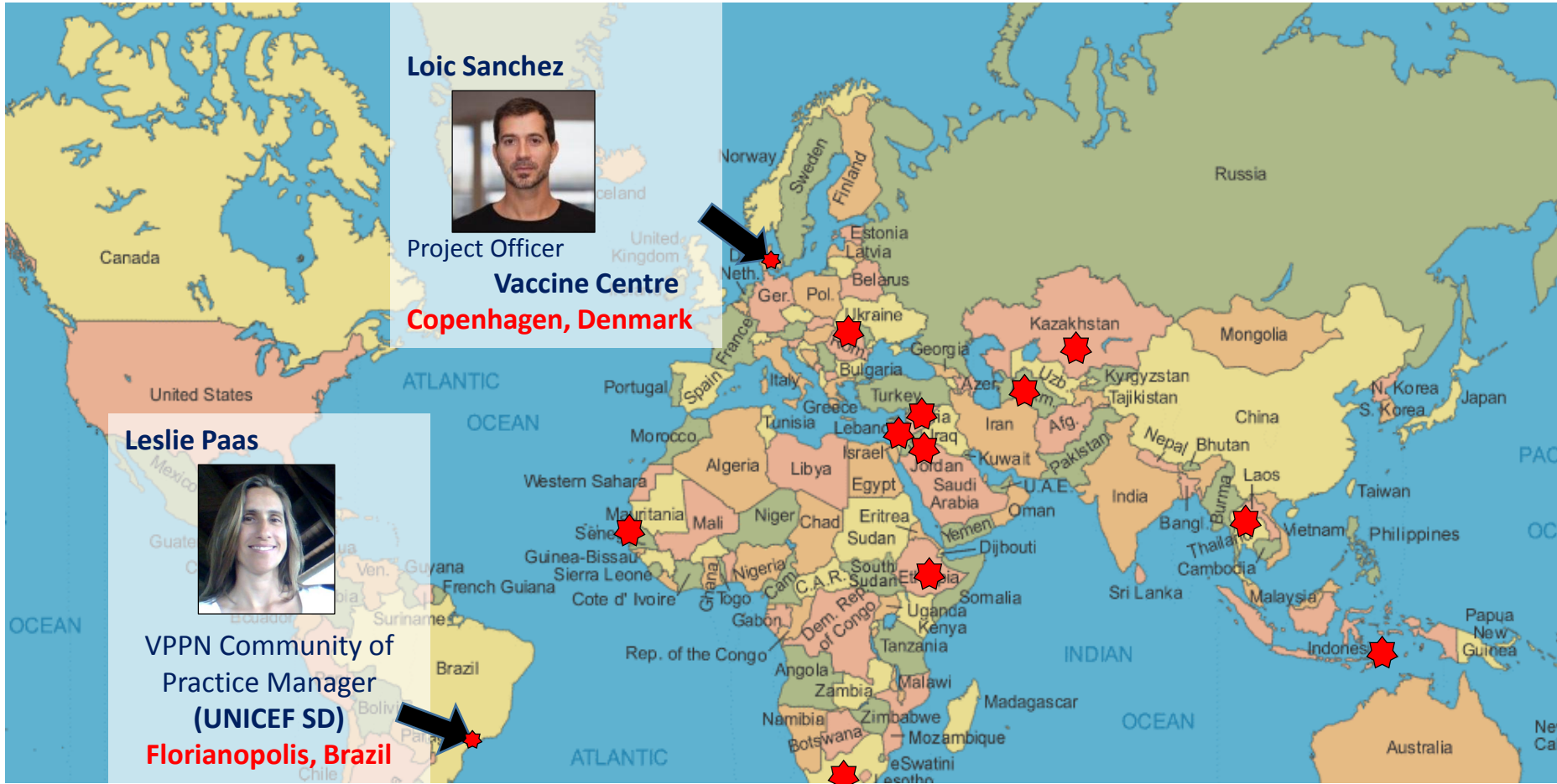


Project Officer  
**Vaccine Centre**  
**Copenhagen, Denmark**

**Leslie Paas**



VPPN Community of  
Practice Manager  
**(UNICEF SD)**  
**Florianopolis, Brazil**

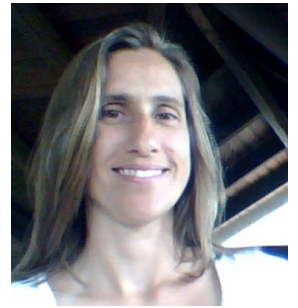




# Webinar format: country presentations followed by panel-style discussion

1 hour webinar:

- Introduction (3 minutes)
- Price Review & Update by UNICEF SD & Gavi (15 min)
  - *Question/comments session (10 min)*
- Georgia presentation (15 minutes)
  - *Invited Expert & Participant reactions (15 min)*
- Summary & Wrap-up (2 minutes)



**Moderator: Leslie Paas**  
*VPPN Community of Practice Manager*



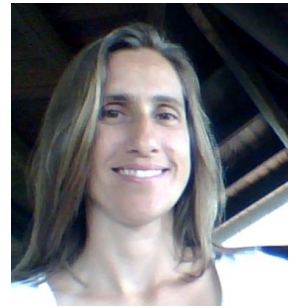
# Price – key points discussed during last webinar (01/18)

## **UNICEF Invited Expert main points:**

- ***UNICEF's Procurement Principles & Focus on Vaccine Security***
- ***Price Factors:***
  - Market intelligence/procurement strategy
  - Volume of doses procured
  - Product presentation
  - Product registration requirements
  - Contracting:
    - Duration of contract
    - Special contracting including any special terms and conditions
  - Donations should be considered carefully; they are not always a good thing

## **Participants: Main discussion points**

- How to ensure financial sustainability of immunization, especially in light of the high prices of new vaccines?
- Importance of prioritizing immunization financing in light of competing health financing needs.



**Moderator: Leslie Paas**  
VPPN Community of  
Practice Manager

# Examples of items countries listed in their Action Plans that may impact prices they pay



**Moderator: Leslie Paas**  
VPPN Community of  
Practice Manager

- Advocacy to partners (WHO, UNICEF, Gavi) to reduce prices
- Explore procurement options through international organisations
- Strengthen **self procurement mechanisms**;
- Get assistance from the UNICEF Country office in developing **direct procurement processes**; gain more access to the vaccine global market
- Investigate the funds request and release process across EPI, GHS, MoH and MoF; **Implement the VII plan**
- **Multiyear budgeting** for vaccine supplies & equipment; include budget line for vaccines in the national budget
- Establish new **long term agreements** for vaccine purchases
- Work on the financial **regulation** of the new vaccines **to facilitate budget availability** (e. g. HPV)

# Presentation 1: How to achieve affordable vaccines

Presenter:

**Heather Deehan**



**Chief, Vaccine Centre,**  
UNICEF Supply Division  
Copenhagen, Denmark





# How to achieve affordable vaccines: Forecasting

The **forecast process** is an integrated part of Immunisation Programmes in country and an essential step for the effective vaccine management.

Forecasting is the foundation for all elements of Vaccine Security:

- Basis for production at manufacturers
- Basis for funding needs

The outcome of the forecast is a key input for a number of processes:

- Aligning annual country government budgeting and planning for health sector
- Securing better pricing and availability with industry
- Planning and implementation of vaccine procurement and delivery activities on timely manner in coordination with partners
- A mechanism to foster on-going information and knowledge sharing
- Supply planning by industry; inaccurate demand forecasting can create supply disruption



*Speaking now:*  
*Heather Deehan*  
*Chief, Vaccine Centre*  
**UNICEF SD**

# How to achieve affordable vaccines: Pricing Models

## Cost-plus pricing strategies

- Price is mainly **fixed on costs** (e.g. costs of production)
- Emerging manufacturers often do not apply differential pricing strategies, selling their vaccines at similar prices to all countries, with **price variation** mainly attributable to differences in **Incoterms, transportation costs, regulatory costs, etc.**
- Allows manufacturers to **compete on price** and use their low cost structure and ability to reduce costs to sell vaccines at a much lower price than other manufacturers

## Value-based & differential pricing strategies

- Price is fixed on the basis of **what buyers are willing/able to pay**
- Especially used in **non-competitive markets** (e.g. for newer vaccines) where manufacturers do not have to compete on price
- The price of the product is not evidently linked to costs; the manufacturer seeks the best price that the buyer is willing to pay, even if it means applying different prices to different buyers. This differential pricing or market segmentation strategy is often referred to as **'tiered-pricing'**



*Speaking now:*  
*Heather Deehan*  
*Chief, Vaccine Centre*  
**UNICEF SD**

# How to achieve affordable vaccines: Contracting

## *Strategy development*

- Product-specific procurement strategies, based on analysis and experience
- Informed by industry and partner consultations and alignment of objectives

## *Tender process*

- RFPs for strategic products – flexibility for manufacturers to shape the offer to highlight how they can bring best value
- Multi-year tender & award period – provides planning horizon and more certainty to manufacturers
- Wide invitee-list; all manufacturers are invited to participate (including pipeline)

## *Awards*

- Long Term Arrangements (LTA): contracting for more than one year will impact savings; higher level of visibility for suppliers to plan production
- Multiple suppliers (pending demand) increase vaccine security in the event of production disruptions or failures (alternative products)



*Speaking now:*  
*Heather Deehan*  
*Chief, Vaccine Centre*  
**UNICEF SD**

# Vaccine prices for countries after Gavi transition: Overview of manufacturers' commitments



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VPPN Webinar 27 February 2019

**Juliette Puret**

Senior Programme Manager

Immunisation Financing and Sustainability

Gavi



Market shaping and Immunisation  
Financing & Sustainability Gavi teams

Reach every child

[www.gavi.org](http://www.gavi.org)

# 1.

What  
are the vaccine  
manufacturers'  
commitments to  
maintain prices similar  
to those paid by Gavi?



*Speaking now:*  
**Juliette Puret**  
*Senior Programme  
Manager,  
Immunization  
Financing  
and Sustainability  
Gavi*



# The value of the price commitments

- Consider, what will your rent be in 10 years?
- Is it possible to know?

**NO!**



- Unique situation for Gavi transitioned countries:
  - **There are no price commitments that ‘guarantee’ prices over time in any industry** (with maybe exception of long-term legally binding contracts as seen in the army or aviation industry’s 20 year contracts).
  - **There are no price commitments for any other health commodities.**
- Valuable for Gavi transitioned countries:
  - The “manufacturer price commitments” are **valuable as they at least provide clarity** to help transitioning countries planning and estimating future vaccine budgets.

**A counterfactual would be that we have nothing!**



Speaking now:  
**Juliette Puret**  
Senior Programme  
Manager,  
Immunization  
Financing  
and Sustainability  
**Gavi**

# Overview of manufacturer price commitments for fully self-financing Gavi countries

Vaccine	Manufacturer	Commitment Duration	Commitment characteristics	Max Price info <sup>4</sup>
Rota-virus	GSK	10 years <sup>1</sup>	Country introduced with Gavi support <sup>3</sup> Country already using GSK product Procurement through UNICEF/PAHO	Price freeze
	<b>Merck*</b> No supply available	Till end of 2025	Country GNI per capita ≤ US\$ 3,200 in 2013 Procurement through UNICEF/PAHO	Fixed price (US\$ 3.5 per dose)
Human Papillo-mavirus	GSK	10 years <sup>1</sup>	Country introduced with Gavi support Country already using GSK product Procurement through UNICEF/PAHO	Price freeze
	Merck	Till end of 2025	Country GNI per capita ≤ US\$ 3,200 in 2013 Procurement through UNICEF/PAHO	Fixed price (US\$ 4.5 per dose)
Pneumo-coccal	GSK	10 years <sup>1</sup>	Country introduced with Gavi support Country already using GSK product Procurement through UNICEF/PAHO	Price freeze
	Pfizer	Till end of 2025	Procurement through UNICEF	Fixed price US\$: 3.30 (1-dose pres <sup>o</sup> ) 3.05 (4-dose pres <sup>o</sup> )
Pentava-lent	Biological E	Till end of 2019 <sup>2</sup>	Country introduced with Gavi support Procurement through UNICEF	Price freeze
	Panacea	5 years <sup>1</sup>	Country introduced with Gavi support Procurement through UNICEF/PAHO	Price freeze

1. From date of transition to fully self-financing, when the country receives no Gavi support anymore
2. Commitment valid for 5 years from 1 January 2015, till end of year 5 or 2019, whichever is earlier
3. Gavi support = when vaccines are co-financed by the country and by Gavi for most of manufacturers
4. Price freeze or fixed price are per specific presentation of the manufacturer vaccine: *for instance, a price freeze can be that the price paid the last year of transition is maintained after transition.*



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**Gavi**

# Current UNICEF pentavalent tender award prices apply to all countries, regardless their Gavi eligibility status

- Manufacturers have made commitments for Gavi-transitioning countries for pentavalent vaccines.
- However, as of 2017, all UNICEF suppliers of pentavalent vaccine are offering the same price to all countries buying through UNICEF, irrespective of their Gavi support eligibility status.
- Information on pentavalent prices is available from UNICEF at: <https://www.unicef.org/supply/files/DTP-HepB-Hib.pdf>



*Speaking now:*  
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# Key aspects to note on manufacturer price commitments for Gavi fully self-financing countries

- Procurement through UNICEF/PAHO is mandatory, unless otherwise specified.
- New presentations of the same vaccines or new vaccines will be evaluated for inclusion in the commitment as they become available.
- Commitments were not negotiated by Gavi, they were offered by manufacturers. There is no process for renewal or extension of current commitment terms. If manufacturers approach Gavi regarding renewal or extension, the information will be communicated appropriately.
- More details can be found in the manufacturer price commitment FAQs in summary PDF on Gavi's website:

<http://www.gavi.org/library/gavidocuments/supply-procurement/vaccine-price-commitments-from-manufacturers/>



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# 2.

How  

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can countries get  
more information on  
their eligibility to  
these commitments?



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# Proposed way of communication: who to contact from which partner

For additional information [regarding the pricing commitments](#), countries have three possible lines of direct contact



\* Prior to contacting UNICEF SD, countries should first consult available resources at UNICEF Country Offices. If countries decide to contact UNICEF SD for **pricing related questions**, **UNICEF CO should be copied in the correspondences**.

\*\* Manufacturer contact information can be found within the Price Commitment FAQs:

<https://www.gavi.org/library/gavi-documents/supply-procurement/>

Available on line

Brief overview of all manufacturers' commitments	19 August 2016 <a href="#">Vaccine price commitments for countries transitioning out of Gavi's financial support</a> Vaccine price commitments from manufacturers.
Each commitment is detailed under a "FAQ" document	31 July 2016 <a href="#">FAQ: GlaxoSmithKline pricing commitments for countries transitioning out of Gavi's financial support</a> Vaccine price commitments from GlaxoSmithKline. <span style="float: right; color: red;">example</span>



*Speaking now:*  
**Juliette Puret**  
*Senior Programme Manager, Immunization Financing and Sustainability*  
**Gavi**



# 3.

How  
can countries get  
more information on  
vaccine prices?



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*Senior Programme  
Manager,  
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# Existing vaccine information, tools and publications available for countries

- Tools
- Publications



Speaking now:  
**Juliette Puret**  
 Senior Programme  
 Manager,  
 Immunization  
 Financing  
 and Sustainability  
**Gavi**

Country	Product	Year	Price	Notes
...	...	...	...	...

**Detailed Product Profile**

1. What is the Merck pricing commitment for accelerated transition and fully self-financing countries?  
 For GARDASIL, the commitment applies through 2025 to the following countries, as follows:

Country situation	Start the commitment date	End date of commitment	Comments or specific points to note
Lower countries with a GDP per capita < USD 200 in 2019 (World Bank) that meet the criteria for GARDASIL, or to continue an existing GARDASIL procurement program	2020	Through 2025	Applies only to Countries in Gavi's accelerated transition or fully self-financing phases, in order to be eligible for Merck's commitment. UNICEF's PAVCD procurement is required.
Lower countries with a GDP per capita < USD 200 that meet Gavi's Conditional Opportunity criteria in 2019, for introduction by end 2019	2020	Through 2025	Applies only to Countries in Gavi's accelerated transition or fully self-financing phases, in order to be eligible for Merck's commitment. UNICEF's PAVCD procurement is required. PAVCD procurement is required.

**Manufacturer FAQs**

Product	Year	Price	Notes
...	...	...	...

**Product Menu for Gavi-Supported Vaccines**

Product	Year	Price	Notes
...	...	...	...

**Tender Award Prices**

Product	Year	Price	Notes
...	...	...	...

**Transparency Awards**

**Pentavalent vaccine (DTwP-HepB-Hib): Market & Supply Update**

UNICEF Supply Division  
 May 2017

**V3P/MI4A**

**Fact Sheet on Vaccine Pricing**

**The Right Shot 2<sup>nd</sup> Ed.**

Market Notes

# Several ongoing initiatives to strengthen capacity on vaccine pricing and procurement

- Knowledge and understanding of vaccine pricing requires time and capacity building at global, regional and national levels.
- Transition and post-transition engagement includes support on vaccine procurement capacity building.
- The Gavi Alliance partners have initiated the following (partly funded by Gavi sustainability SFA funding):

**LNCT – Learning Network for Countries in Transition**

<https://lnct.global/> (focus on vaccine procurement in 2018 – webinar on prices and procurement)

**VPPN - Vaccine Procurement Practitioner Network (UNICEF)**

<http://www.vppnetwork.org/>

**Targeted technical assistance  
(Partners)**

Development of a vaccine procurement assessment tool (UNICEF)

Development of 16 Gavi transitioning country fact-sheets on vaccine prices (WHO)

Development of an e-module on vaccine procurement (UNICEF)



*Speaking now:*  
**Juliette Puret**  
*Senior Programme  
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Gavi*

Thank you





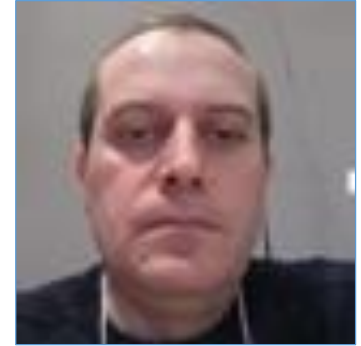
# Questions/Comments?



**Moderator: Leslie Paas**  
*VPPN Community of  
Practice Manager*

- Download the question and answer transcript on the VPPN platform:  
<https://www.vppnetwork.org/resources/download/file.html?fid=56.416>

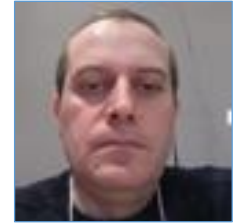
# Presentation #2 Vaccine Price in Georgia



**Speaking now:**  
**Vladimir Getia,**  
Department Head,  
National Centre for  
Disease Control &  
Public Health  
**Georgia**

- **World Bank Income Group: Lower-middle-income**
- **Gavi Co-financing Status: Fully self-financing; Graduated in 2018**
- **Population = 3.718 million | Birth rate (per 1000 persons) = 15.2 | Live births = 53,293**

# Georgia's procurement model /mechanism



***Speaking now:  
Vladimir Getia,  
Department Head,  
National Centre for  
Disease Control &  
Public Health  
Georgia***

Vaccines and injections (syringes and safes) are procured through the United Nations Children's Fund (UNICEF) through the direct procurement mechanism, Obligation defined by the Budget Law of Georgia;

All other vaccines, specific serums, immunoglobulins are procured in accordance with the requirements of the Law of Georgia on State Procurement through Electronic Tenders.

Vaccines and injections that cannot be delivered by the United Nations Children's Fund (UNICEF) are also carried out through electronic tenders in accordance with the Law of Georgia on State Procurement.

Any distributor / manufacturer from any country registered in the electronic e-procurement system will be able to participate in the e-tender at <http://procurement.gov.ge/>;

The Unified Electronic System of State Procurement is the official portal for State Procurement in Georgia, which ensures open, transparent and competitive environment for any person participating in state procurement procedures. The System operation is ensured by the State Procurement Agency (hereinafter the "SPA"). The System can be used by any interested person under the status of a Procuring Entity, Supplier and Guest; The registration in the System is mandatory only for Procuring Entities and Suppliers;

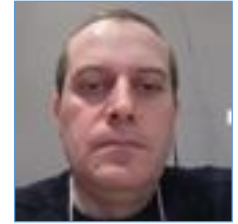
For participation in the tender of foreign companies: 1. Competitive documentation is provided in Georgian and English.  
2. Delivery terms are announced as CIP INCOTERMS-2010;

Neither potential bidders, nor the buyer can see each other and tender offers until the end of the tender transaction;

The winner in the tender is determined by the price, if the tender offer meets other conditions

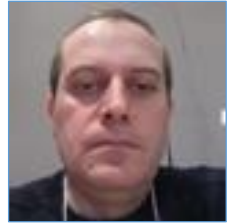
# Effective purchase of vaccines and supplies: problems and solutions

Problems	Ways to solve these problems
Small volumes of purchases	UNICEF Unified Procurement Mechanism; Increase in quantity through multi-year purchases
The small number of registered vaccines in the country	The use of the mechanism to eliminate the need for registration of vaccines that are already registered in countries with a high level of control, and that are also prequalified by WHO
Deficiency of some vaccines in the world market (due to unbalanced supply and demand)	Legislation that provides opportunities to ensure transparent and free competitive environment, through an electronic system of international procurement



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***Vladimir Getia,***  
*Department Head,*  
*National Centre for*  
*Disease Control &*  
*Public Health*  
***Georgia***

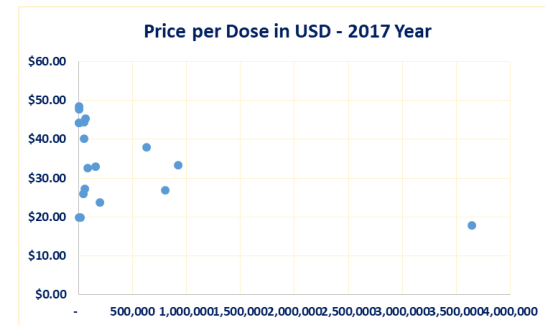
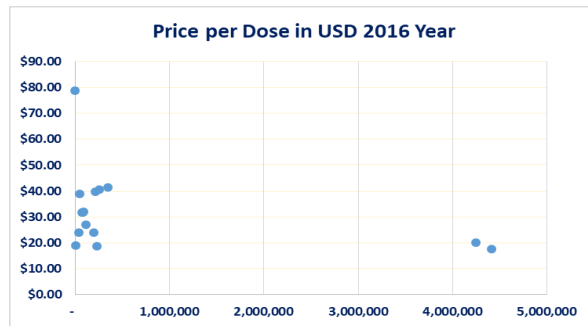
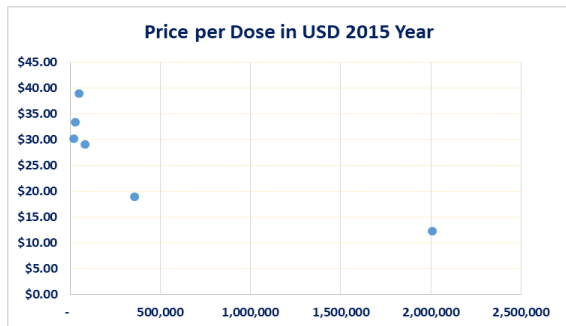
# Devaluation of Georgia's currency exchange rate against USD and Euro: problems and solutions



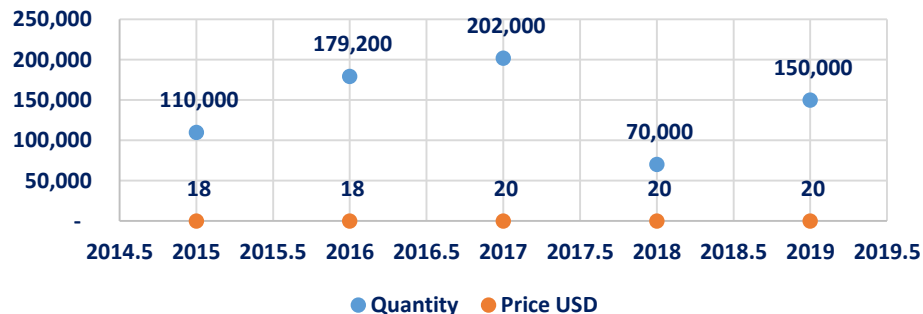
***Speaking now:***  
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*Department Head,*  
*National Centre for*  
*Disease Control &*  
*Public Health*  
***Georgia***

Problems	Ways to solve these problems
Lack of financial resources for the purchase of vaccines and supplies	Allocation of financial resources from other financial sources
Suppliers may refuse to fulfill the vaccine supply obligations taken	Increase supplies
For risk insurance, suppliers increase procurement prices for vaccines	Introduction of pre-purchase practice

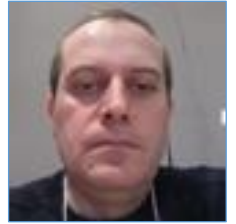
# Specific example: Price oh Hexa Vaccine produced by sanofi (Data base MI4A / V3P)



## Price per Dose in USD by multiyear tender in Georgia - 2015-2019 Years



Thank You for attention!



***Vladimir Getia,***  
*Department Head,*  
*National Centre for*  
*Disease Control &*  
*Public Health*  
***Georgia***

# Panel Discussion/Questions



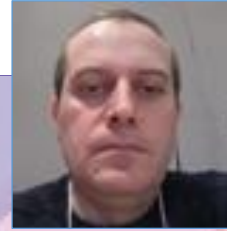
**Heather Deehan**  
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**Frederic Debellut**  
Health Economist  
Policy, Access and  
Introduction  
**PATH's Center for  
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**Moderator: Leslie Paas**  
VPPN Manager

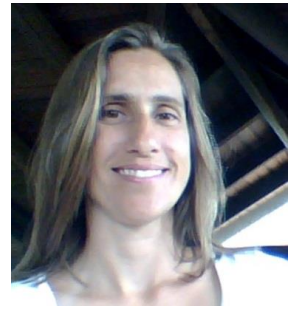


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## Next steps

- The **Price e-discussion** will be ongoing on the VPPN platform
- Other ongoing discussions:
  - Financing/Budgeting
  - LMIS
  - Market Intelligence



**Moderator: Leslie Paas**  
*VPPN Community of  
Practice Manager*

**THANK YOU**

*Take note: March's VPPN theme:  
**Regulatory Systems Strengthening.**  
The webinar will be on Mar. 27<sup>th</sup>*