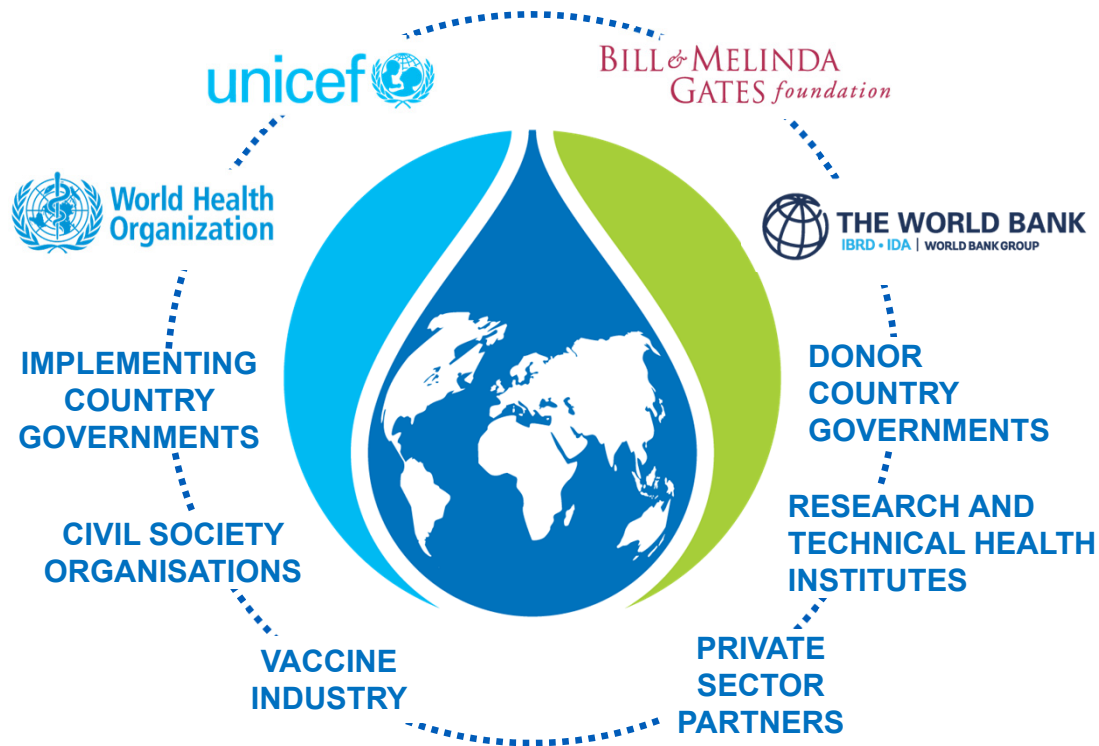




**M&SOM Journal Seminar on Practice Problems**  
*The architecture for procurement of global health products:  
Key research questions emerging from practice*

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Managing Director, COVAX Facility  
04 May 2022

# Vaccine Alliance partners



# Healthy communities, healthy economies

Gavi-supported countries, 2000–2020



keep people healthy

**>888**  
million

children vaccinated



vaccines save lives

**>15**  
million

future deaths  
prevented



stronger economies

**>230**  
billion US\$

generated in  
economic benefits  
(2000–2020)

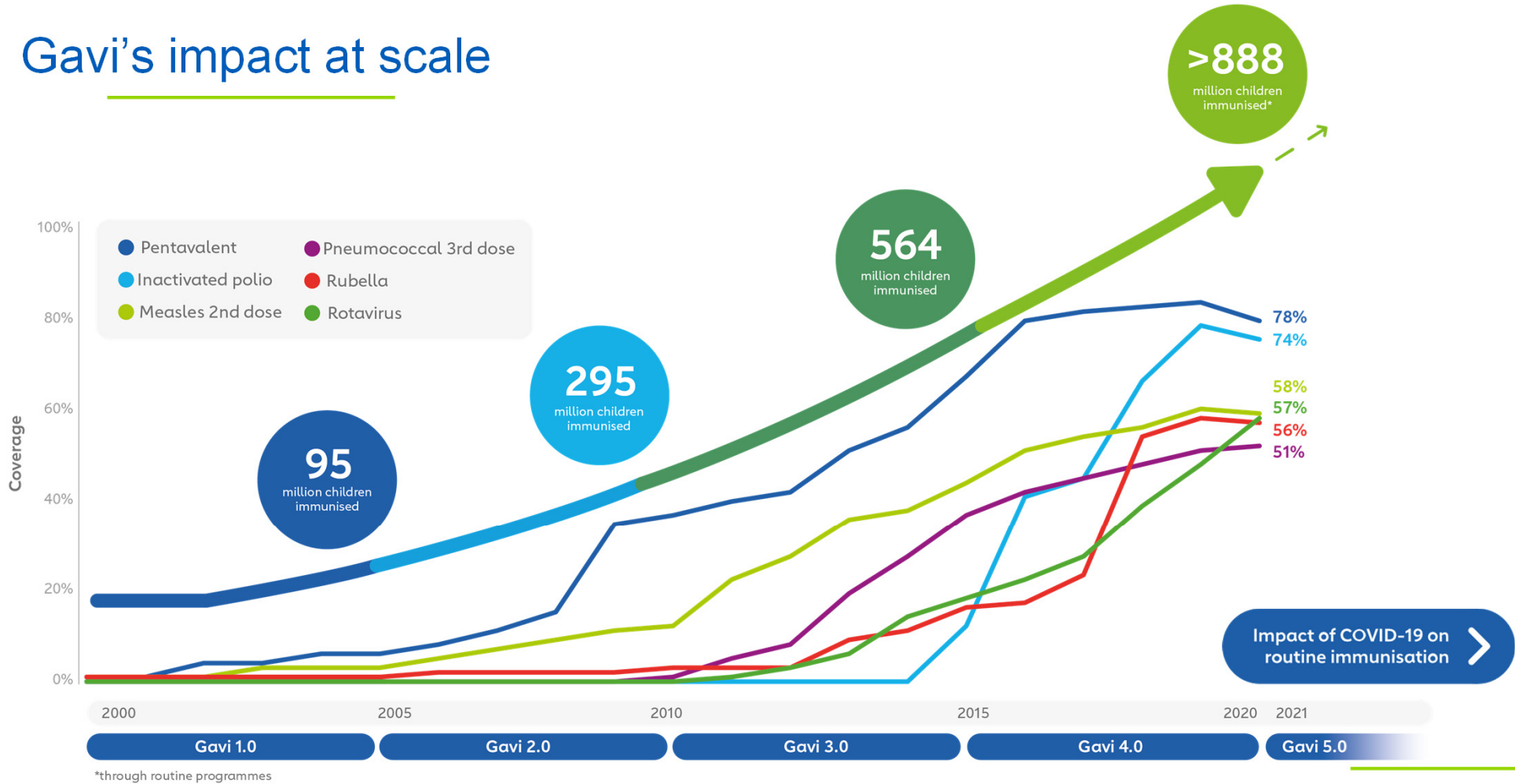


sustainable future

**16**  
countries

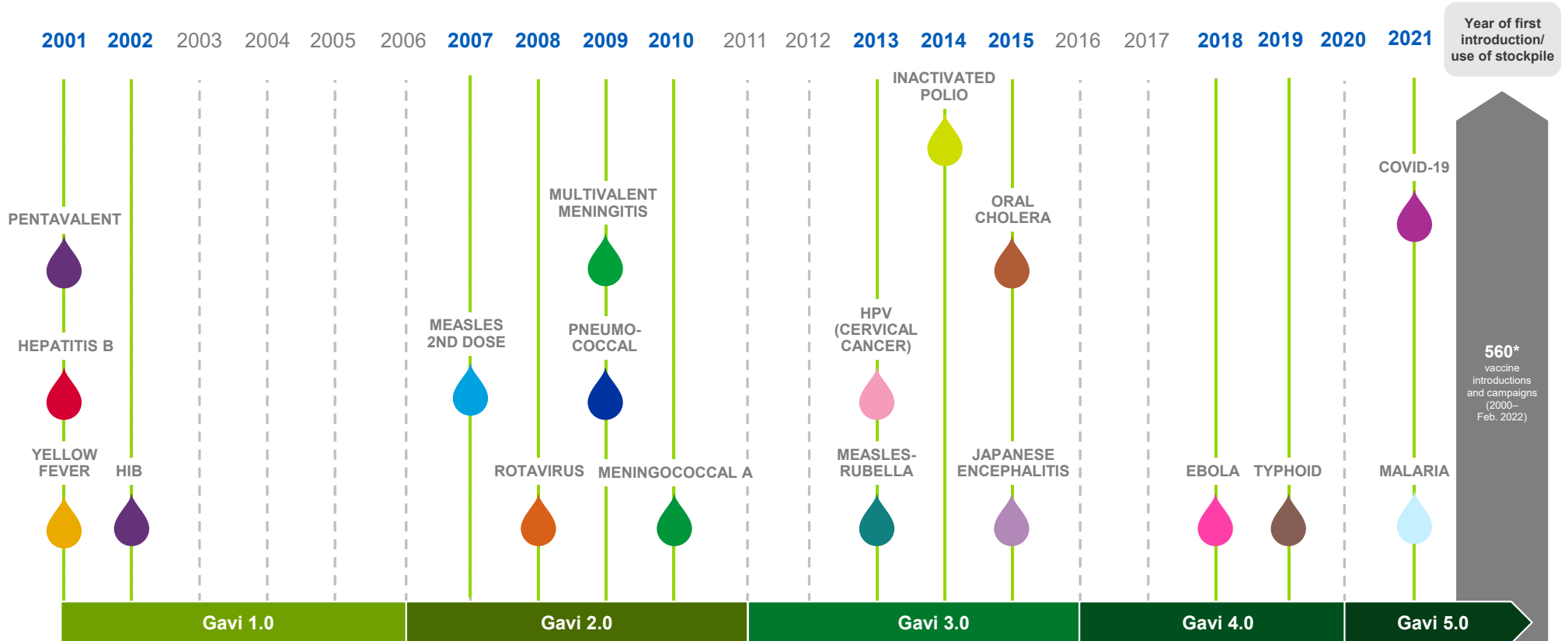
transitioned out  
of Gavi support

# Gavi's impact at scale



Source: WHO/UNICEF Estimates of National Immunization Coverage, 2021

# Accelerating access: a large vaccine portfolio



Year of first introduction/  
use of stockpile

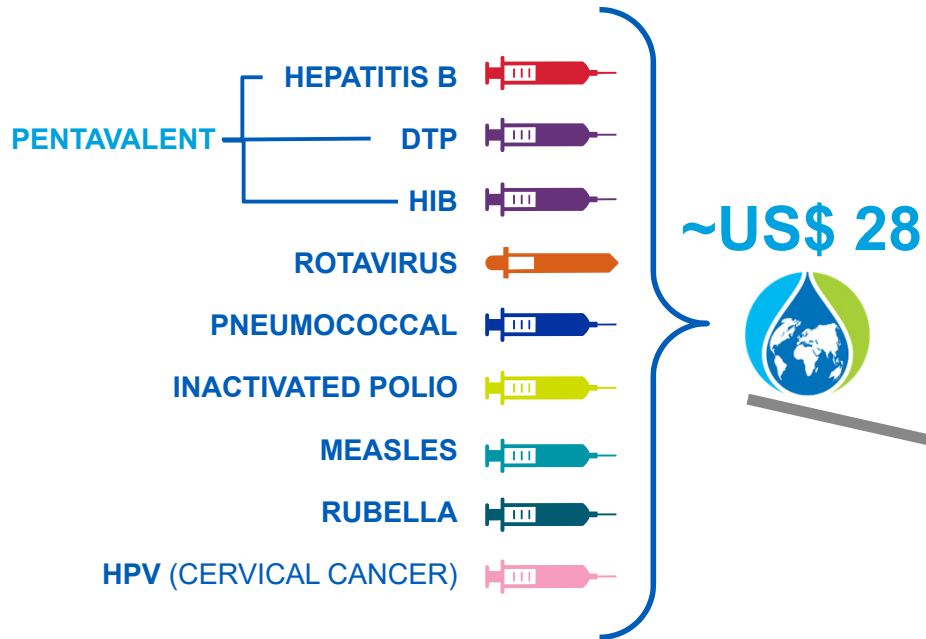
560\*  
vaccine  
introductions  
and campaigns  
(2000–  
Feb. 2022)

\*Excludes COVID-19 vaccine campaigns

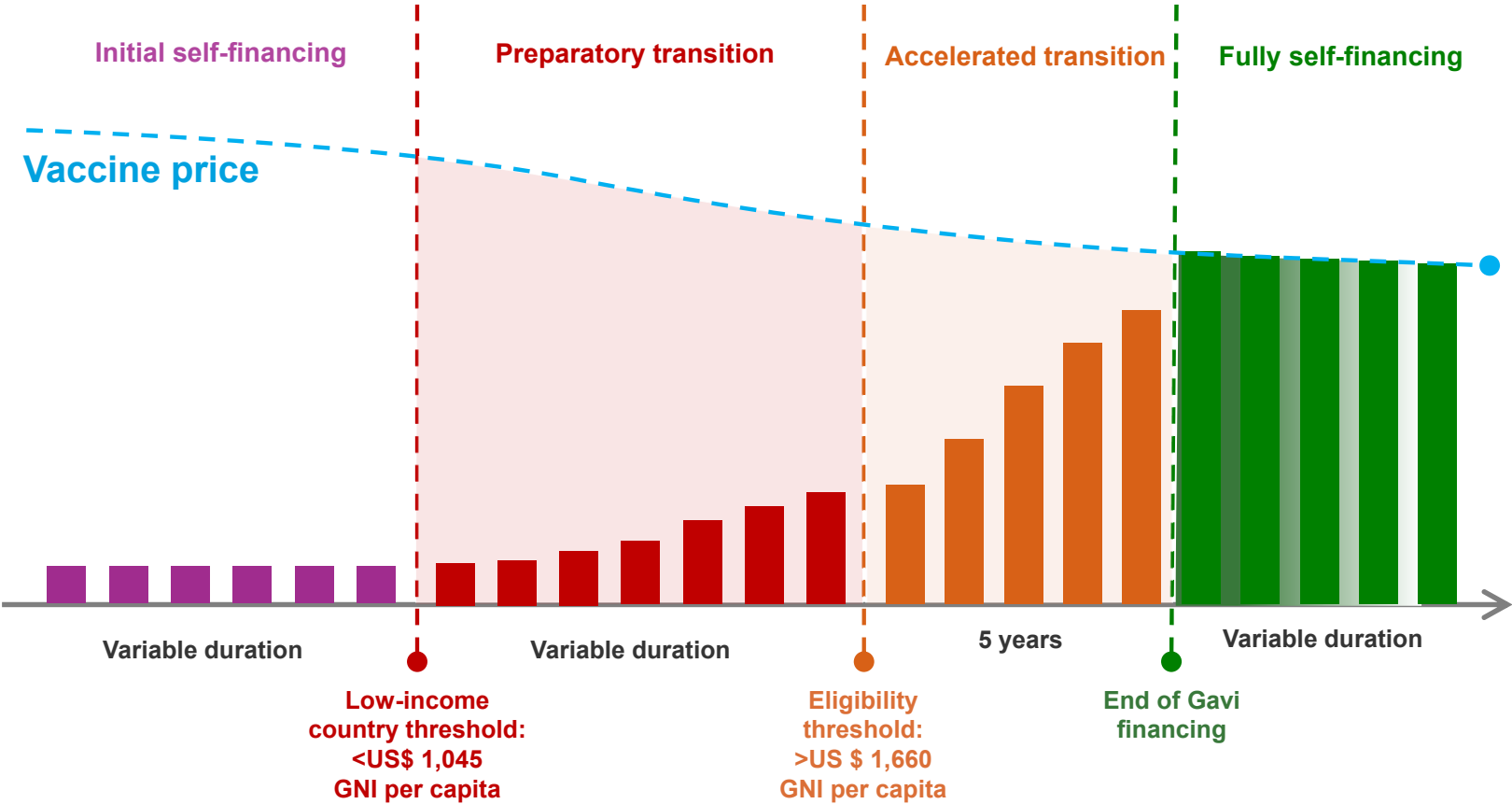


# Affordable and sustainable vaccine prices

Cost to immunise a child with a full course of:



# Gavi's co-financing model has yielded successful outcomes



Source: Gavi, the Vaccine Alliance, 2021

Where suitable products don't exist for LICs, Gavi model provides predictability to stimulate market

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*Countries encouraged to take ownership of vaccine programmes for increased demand-side sustainability*

Gavi helps to bridge this gap by enabling greater certainty of supply and demand as well as pull incentives

## Pooled procurement relies on base of large and predictable volumes

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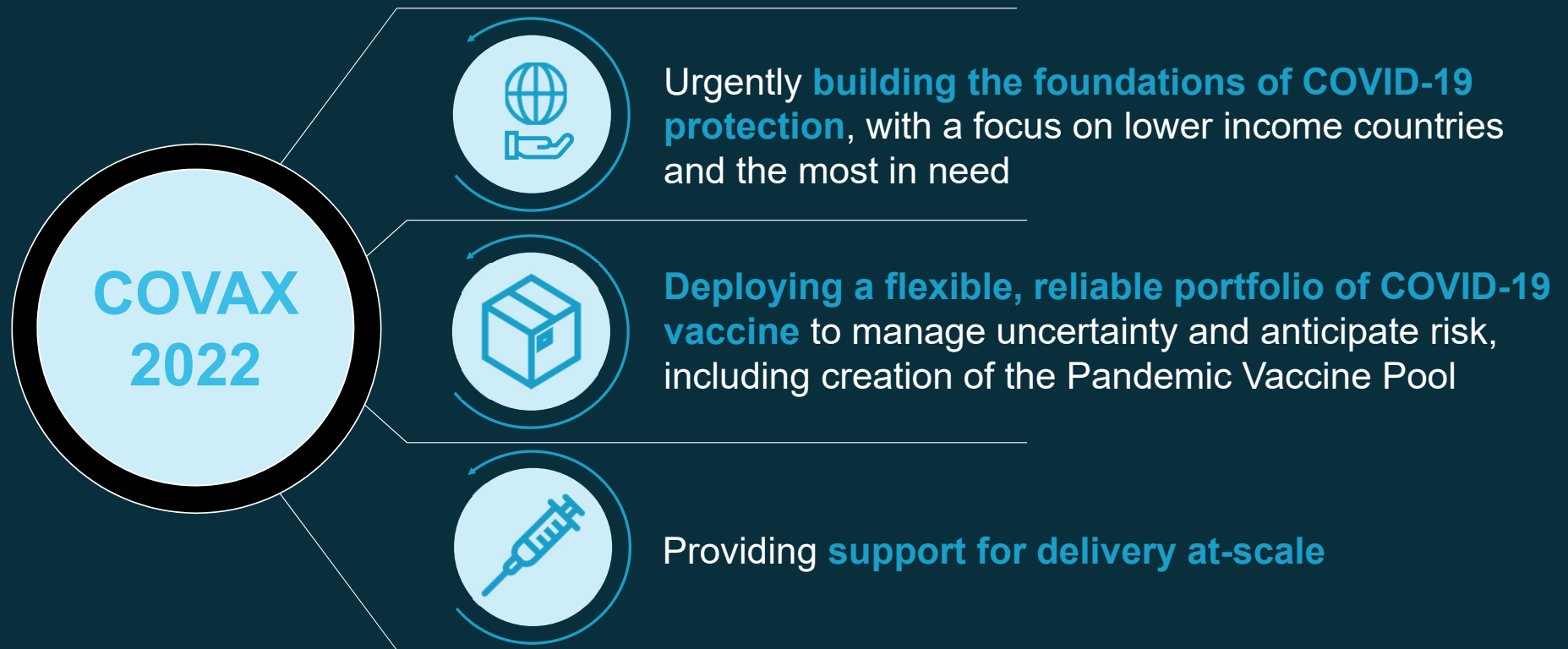


*Stability of pool relies on having sufficient critical mass of large participating countries*

Top 10 Gavi countries  
(excluding India) account for  
61% of overall population out  
of 57 eligible countries

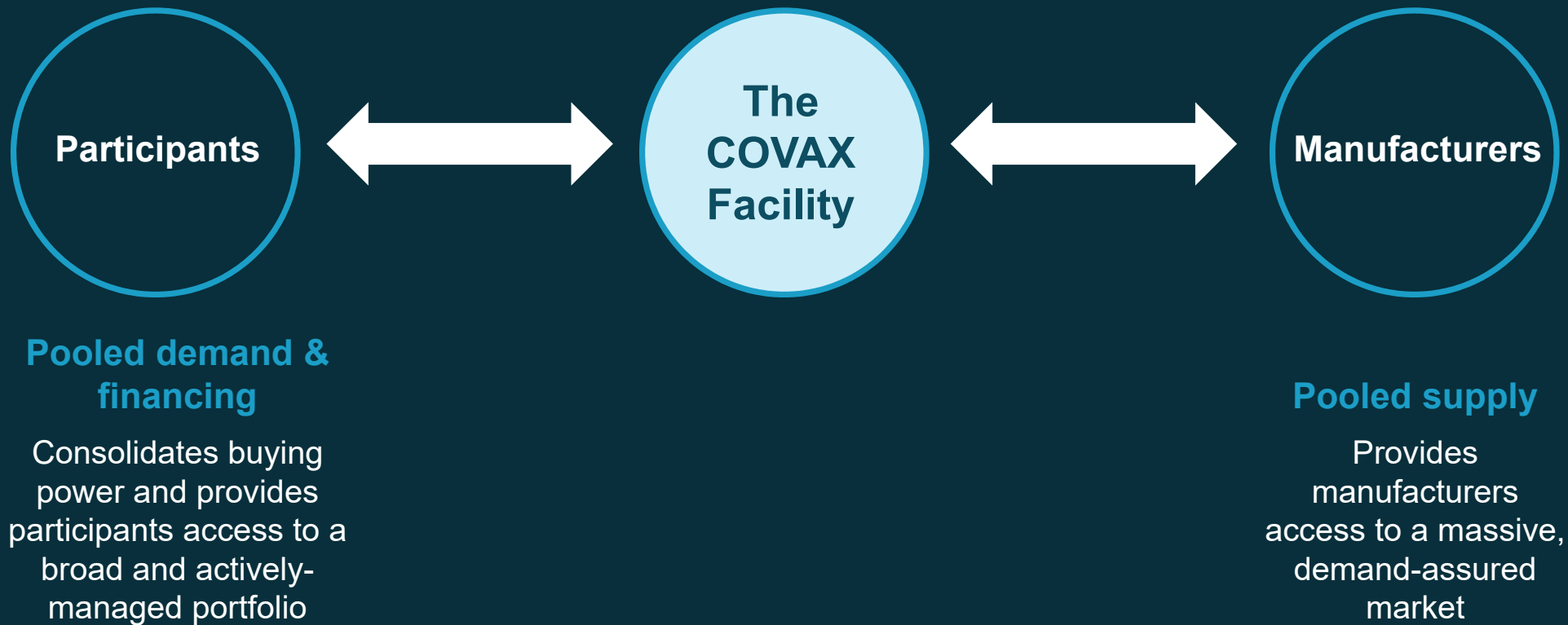
## Gavi's 2022 COVID-19 Strategy has three priorities

In its COVID-19 response, Gavi will continue to **support countries' needs and ambitions to control the disease and reopen society in 2022 and beyond**

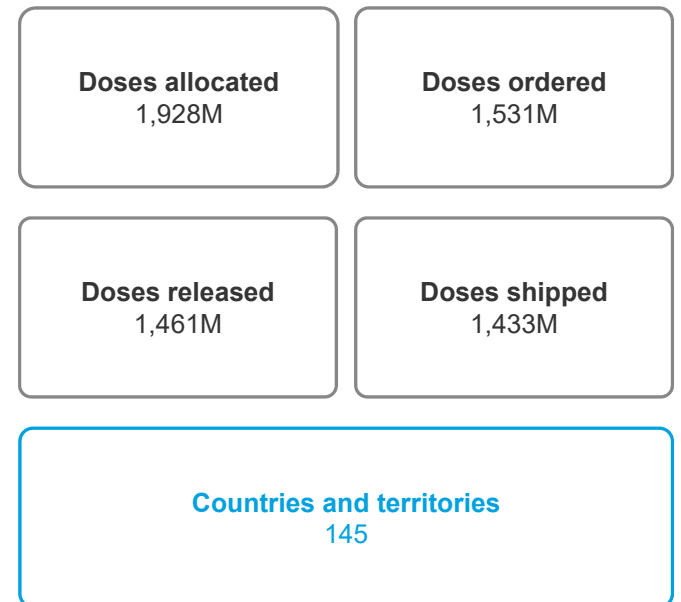
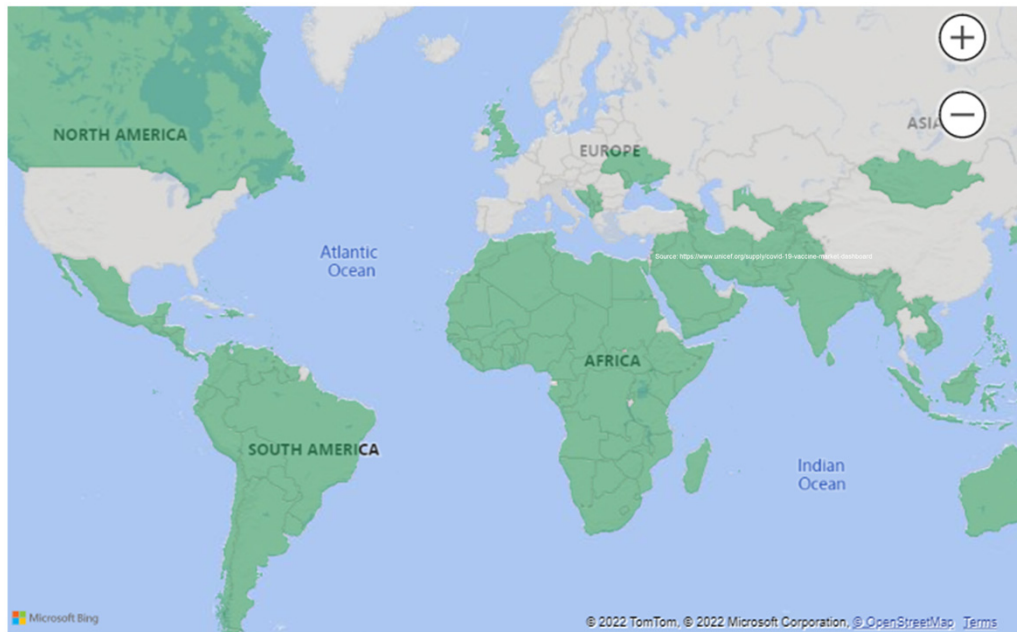


# The Facility connects a pool of demand to a pool of supply

Bold ideas and brilliant innovation for the worst global health crisis in 100 years



# Globally, COVAX has allocated >1.9bn doses and shipped >1.4bn doses

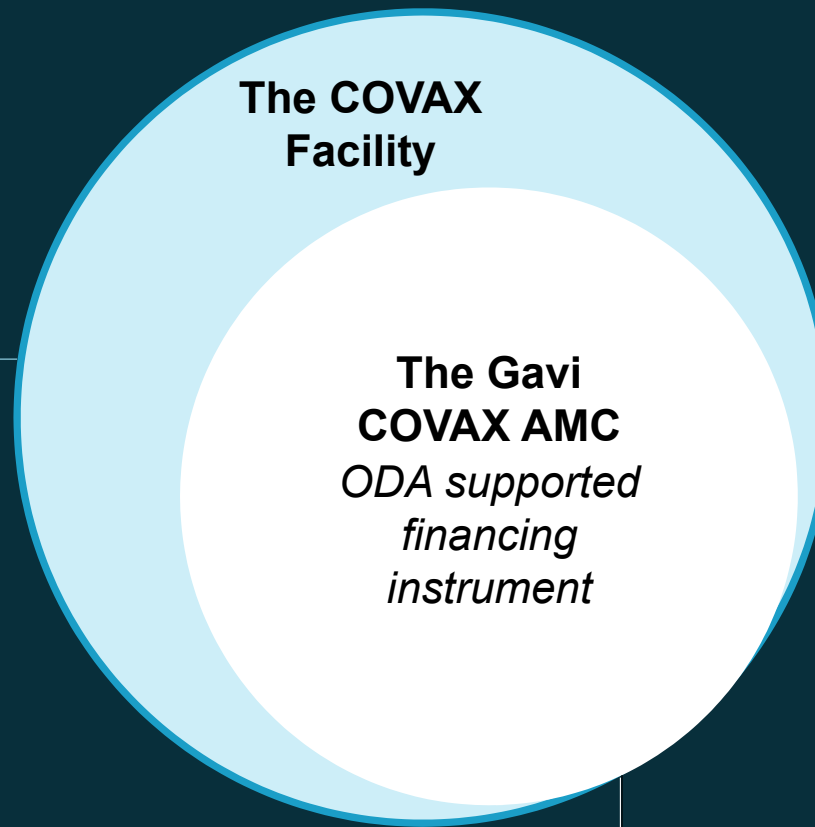


Source: <https://www.unicef.org/supply/covid-19-vaccine-market-dashboard>

# The COVAX Facility serves all participants

The Gavi COVAX AMC is an instrument for ODA-eligible economies

For Self Financing participants



For ODA-eligible participants

## AMC Participants

- LIC and LMIC Countries
- Benefit from COVAX portfolio
- Receive donor funded doses
- Negotiated Liability and indemnity terms
- Access to no-fault compensation scheme
- Access to Technical Assistance and Cold Chain Equipment support
- Delivery via UNICEF/PAHO

## Self-Financing Participants 2021

- UMIC and HIC Countries
- Benefit from COVAX portfolio
- Benefit from COVAX negotiated price
- Two Participation models (Committed and Optional)
- Select between 10 – 50% coverage
- Encouraged to use procurement mechanisms (UNICEF/ PAHO) but can self-procure

## Self Financing participants had the option to select between two different participation arrangements upon joining the COVAX Facility

### Optional Purchase Arrangement

- Higher upfront payment
- Options to decide on purchasing doses
- Small risk-sharing guarantee

### Committed Purchase Arrangement

- Lower down-payment
- Financial commitment / guarantee to purchase doses

# Research question

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Drivers incentivising participation in pooled procurement and weights – predictive modelling

What are the drivers that would incentivise participation of participants using their own financing in future pooled procurement models for pandemic vaccines?

e.g.

- Timing of delivery compared to other procurers
- Price
- Visibility of other participants in the pool
- Timing of commitment
- Size of upfront payments
- Exclusivity of source (i.e only buy from COVAX)
- Other conditions?

Which would you most heavily weight and why?

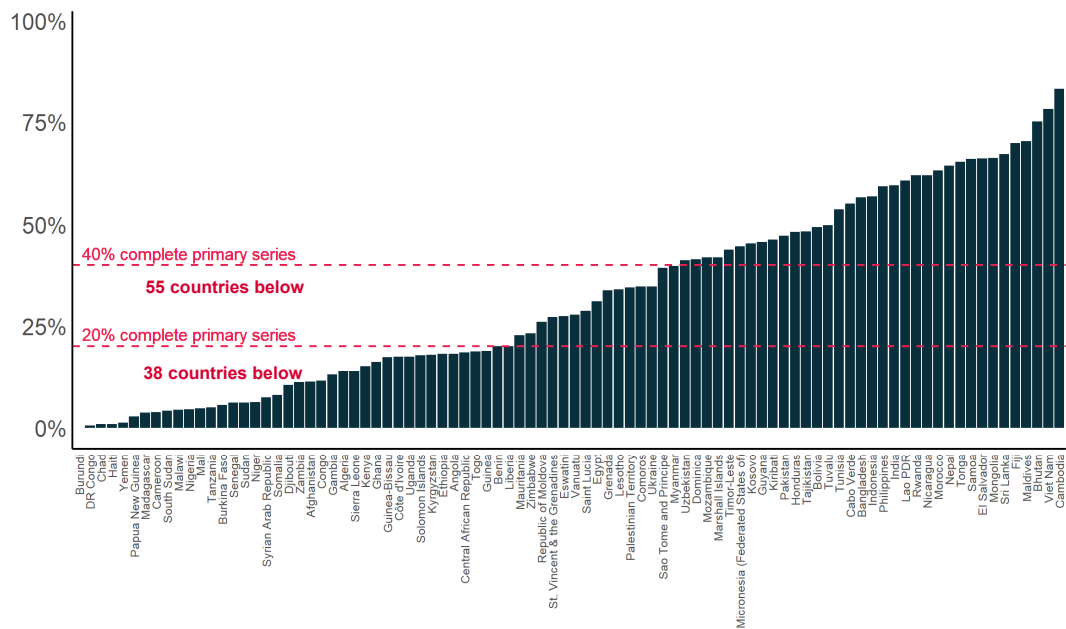
Once participants have joined, how do the drivers change over time? How will the variation in the weights of the drivers affect the stability of the pool?



**Thank you  
and  
Questions?**

# Inequities in COVID-19 vaccinations

Coverage among AMC participants\*



## Making progress but inequities remain:

- 19 AMC participants have vaccinated less than 10% of the population (compared to 34 in January 2022)
- Now at 42% coverage with complete primary series in AMC92
  - Difference between LMICs and LICs, with the latter at approximately 12% coverage with two doses, on average

**Priority in helping countries address bottlenecks, while acknowledging competing priorities on health resources**



\*as % vaccinated with complete primary series, AMC92  
 Sources: WHO COVID-19 Vaccine Dashboard, 27 March 2022. Two AMC participants are not vaccinating (Eritrea, DRP Korea)

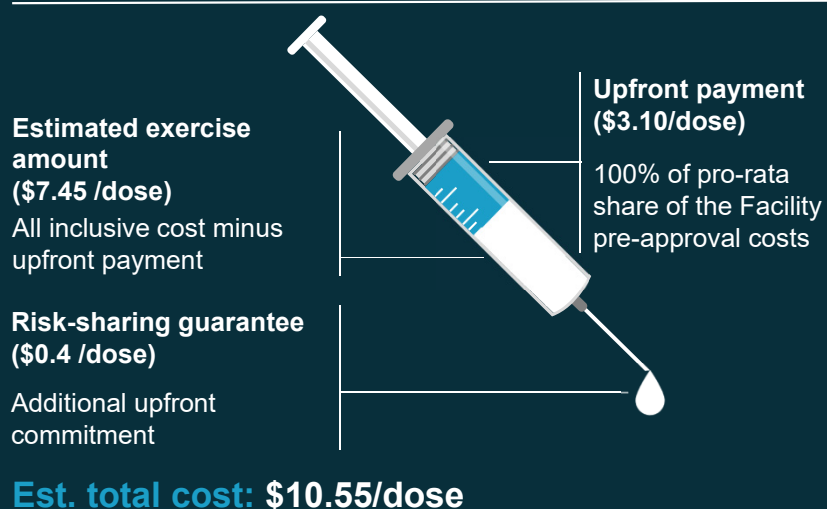
## Self-financing participants were offered different advantages depending on the arrangement selected

	Optional Purchase Arrangement	Committed Purchase Arrangement
Access to a broad, diversified portfolio of vaccine candidates	✓	✓
Participation in COVAX Facility governance including full cost transparency	✓	✓
Facility negotiated prices	✓	✓
Flexibility to trade doses through a proposed COVAX Exchange	✓	✓
Relatively low upfront cost with less funding at-risk; remaining payments directly tied to doses		✓
Low financial guarantee	✓	
Ability to decide on certain candidates	✓	
Ability to opt out of purchasing high priced vaccine upon joining the Facility		✓

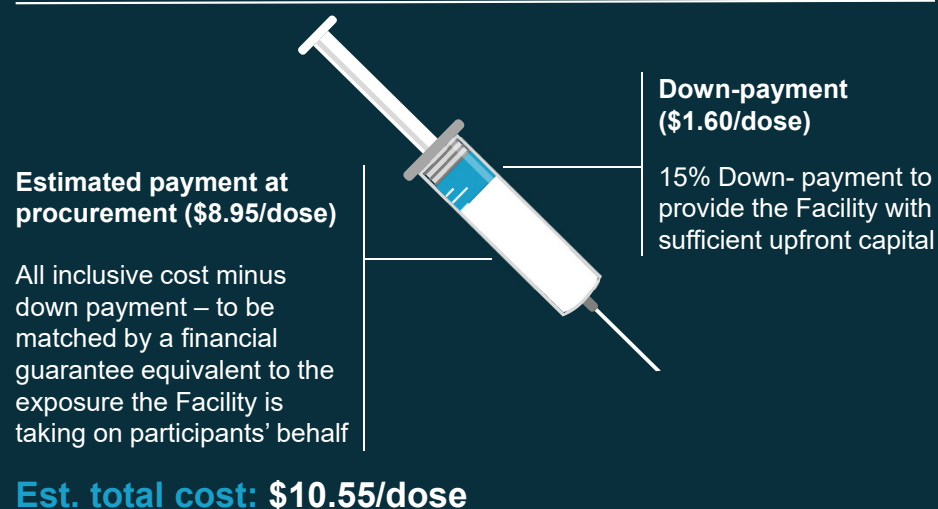
# The key difference between the two arrangements was the timing of payments

■ Upfront ■ On procurement

## Optional Purchase Arrangement



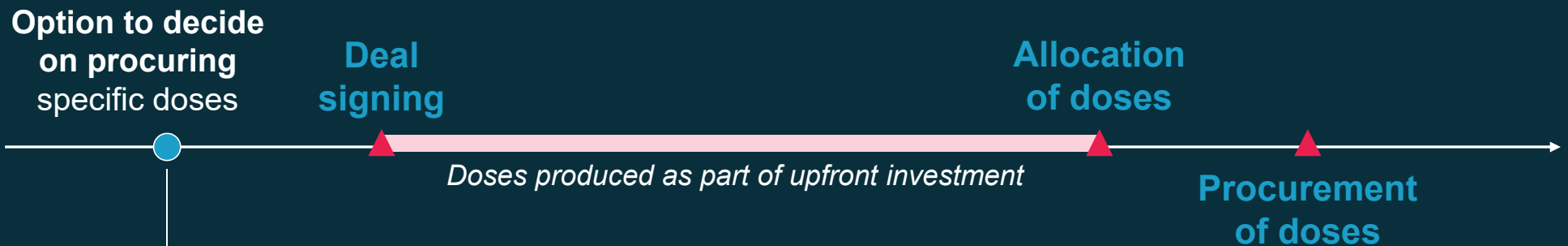
## Committed Purchase Arrangement



In both arrangements, payments at procurement will differ from upfront expectations as actual ex-factory costs are passed through to participants

1. Includes \$2.50 for down payments to manufacturers + \$0.35 for tech transfers + \$0.25 per dose for Facility operating costs

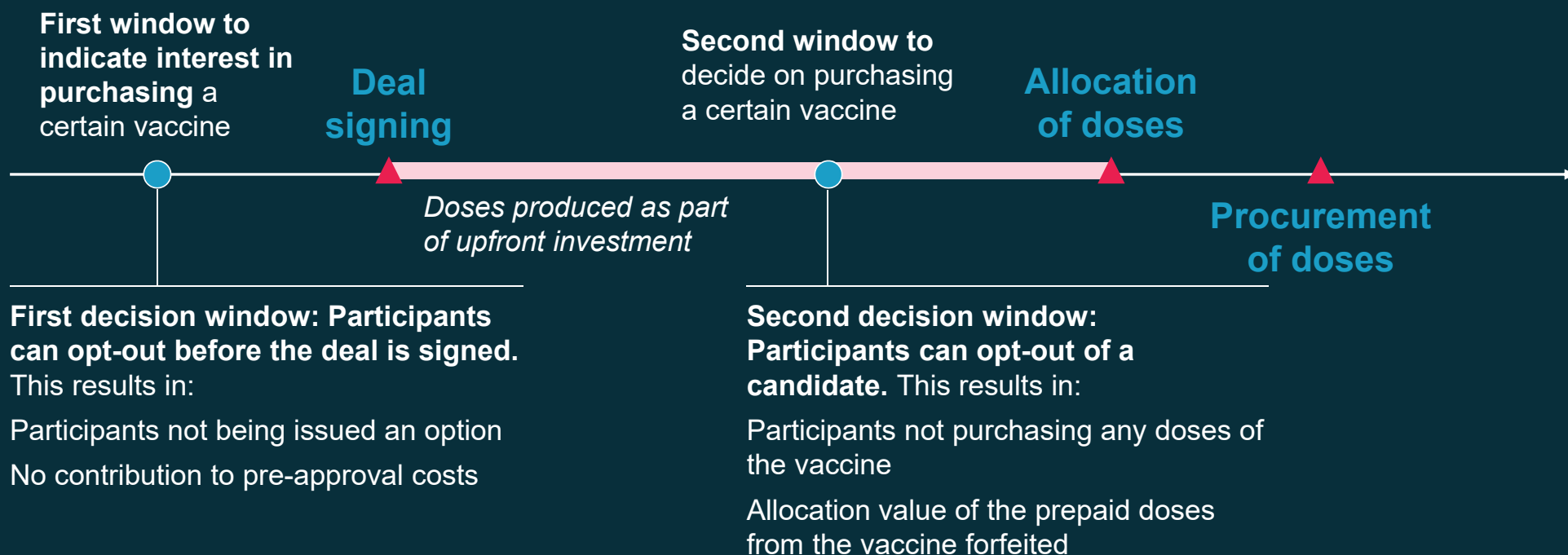
## Self-financing participants with committed purchase arrangement could opt out of purchasing vaccines costing twice the estimated price



Participants are given the opportunity to state upfront that they do not want to procure doses that cost more than twice the estimated weighted average price (\$21.1 /dose). This results in:

- Participants not being part of the deal
- No contribution to pre-approval costs
- No future committed purchase

## Optional Purchasers had two deadlines to decide on procuring doses



# SFP2.0

# The new SFP engagement model, SFP2.0, is now operational

## The revised SFP 2.0 model consists of several different elements



### Optional Procurement Offer

- SFPs do not need to procure doses in order to participate in the Facility in 2022
- Revised terms and conditions with no down payment for doses and a decision window to choose to opt-into specific deals



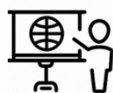
### Participation in COVAX mechanisms

- Ability to dose-share and access to any potential new mechanisms under consideration (e.g., reselling)



### Governance role

- Existing governance arrangements to continue until the end of 2021



### Access to briefings and workshops

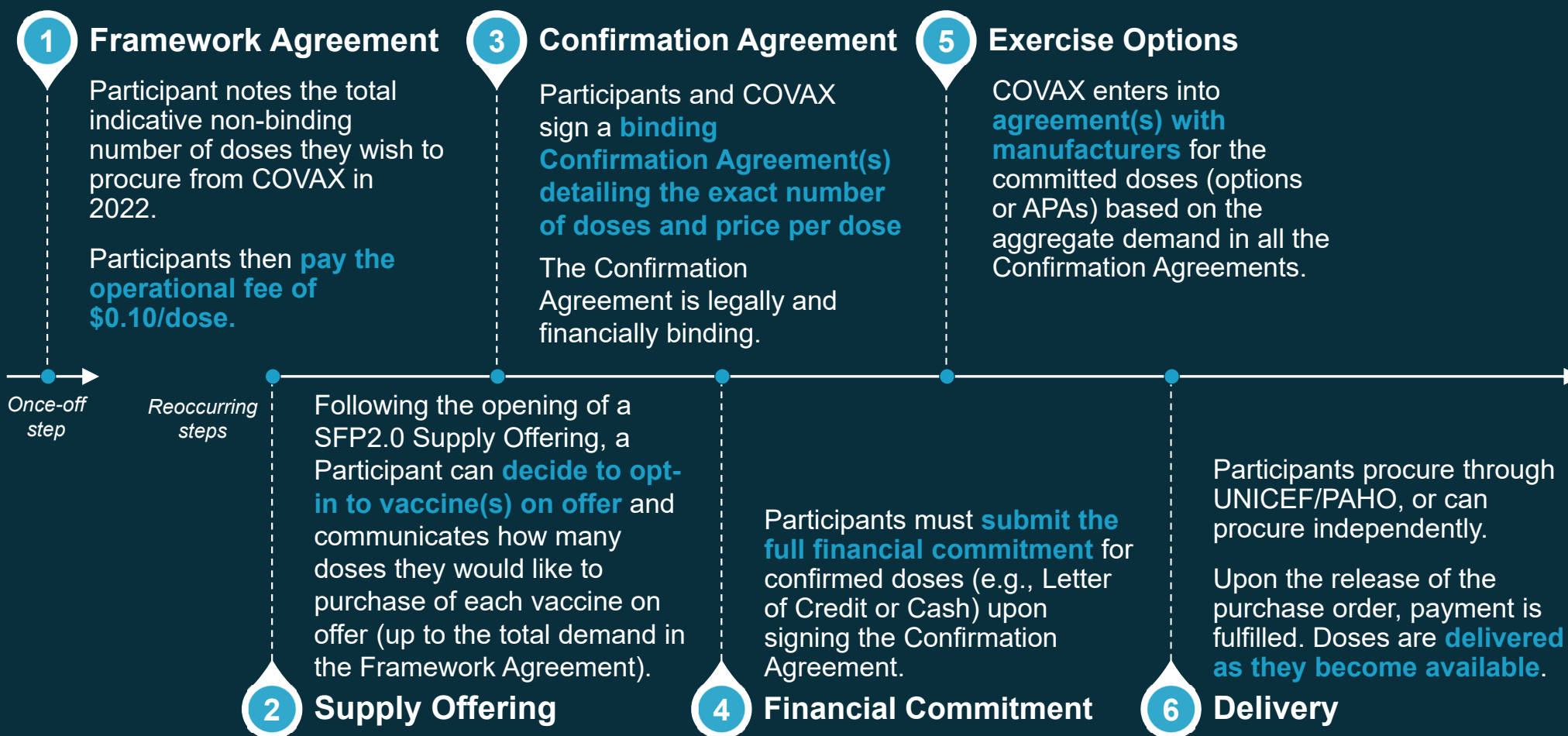
- Regular updates, dialogue, idea generation, and best practices at subject-specific workshops

## Principles of SFP2.0

In June 2021, the Gavi Board tasked the Facility with designing a new model for SFP engagement in 2022 based on the following principles:

- **Simplifying the operations** of the Facility
- **Mitigating the financial risk** to Gavi
- **Inclusivity**

## There are 6 steps to procurement under the SFP2.0 model



## Differences between the SFP 1.0 and the SFP 2.0 Procurement Offers

### SFP 1.0

- Two purchase models - Committed and Optional Purchasers
- Down Payment required
- Minimum and maximum percentage of coverage that can be requested by participants
- Opt-out model for deals for optional purchasers
- 2 decision windows in the Optional Purchase model
- Full payment at Window 2 for optional purchasers

### SFP 2.0

- Single purchase model for procuring participants
- No down payment required, only the fulfillment of the operational fee for procuring participants
- No minimum or maximum number of doses required
- Switch to opt-in model
- 1 decision window
- Full payment at opt-in (after signing the Confirmation Agreement)