

Shaping vaccine markets

Ensuring life-saving vaccines reach developing countries

The GAVI Alliance’s success in saving children’s lives and protecting people’s health depends on healthy vaccine markets. As a result, GAVI has a strategic goal to shape markets to make sure a sufficient supply of high-quality and appropriate vaccines is available to developing countries at low and sustainable prices.

Market shaping through public-private partnership

A pro-active market shaping strategy is necessary because too often market forces alone do not ensure the most favourable conditions for low income countries. For example, manufacturing of vaccines is complex and requires greater time and investment in research and development than generic medicines. This may result in fewer producers, high barriers for new entrants, poor supply reliability and slow price decreases.

Through its public-private partnership, the GAVI Alliance plays a strategic role in addressing some of these market failures by increasing the certainty of demand and applying market shaping tools to the benefit of developing countries. The aim is to ensure

that a sustainable quantity of appropriate quality vaccines is available through a diverse supplier base at an affordable price.

Adding value by increasing market certainty

GAVI’s market shaping activity is guided by a vaccine supply and procurement strategy which includes a tailored approach for each vaccine. The aim is to accelerate efforts to stimulate security of supply, competition and the entry of new manufacturers, and to foster an environment for quality and innovation.

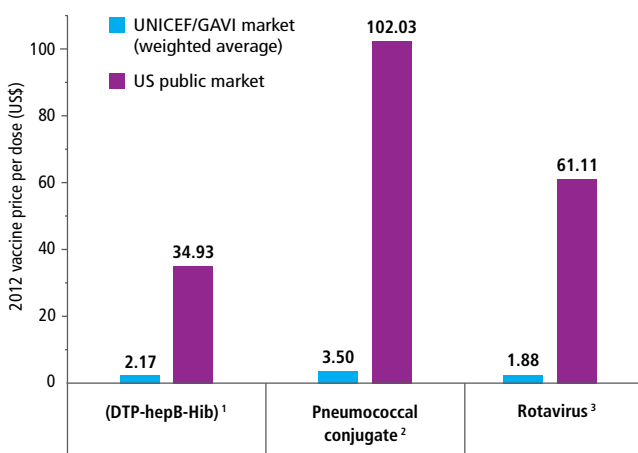
The Alliance and its partners, particularly UNICEF which manages most of the vaccine procurement, have been increasing market certainty since 2000. By pooling demand from eligible countries, GAVI support has provided a reliable market for low cost vaccines, sped up the delivery of life-saving vaccines to developing countries, and attracted new manufacturers, including several from emerging markets.

GAVI also employs procurement tactics such as contracting for multi-year periods, stockpiling vaccines or providing demand guarantees. This provides manufacturers with incentives to lower prices and helps to reduce the risk of supply shortages. GAVI and its partners are also actively engaged in a range of push and pull funding mechanisms¹ to ensure that new manufacturers, including from developing countries, will enter the market in the medium to long-term.

As well, through the creation of a strategic demand forecasting platform and sharing of timely, transparent and accurate information, eligible countries are able to make more informed decisions about vaccines, and manufacturers are able to plan production more effectively.

GAVI has managed to positively influence the market. However, experience has shown that significant results can only be expected in the medium to long-term as bringing a vaccine to market is a complex, time- and resource-intensive process.

Tiered pricing: vaccine prices in different markets



¹ The UNICEF/GAVI price is the weighted average across suppliers and presentations of pentavalent vaccine and reflects the cost of whole-cell pertussis vaccine; the US public market price is the lowest total price per dose for separate DTP, hepB and Hib vaccines and reflects the cost of acellular pertussis vaccine.

² The UNICEF/GAVI price is the tail price under the Advanced Market Commitment (AMC); the US public market price is for 13-valent vaccine.

¹ “Push” funding mechanisms provide funding for research and development up-front, while “pull” mechanisms create incentives by ensuring market demand for a product.



Together, we are creating a market that provides the poorest nations with the lowest prices... a market that better matches supply and demand and assures greater supply security.

Anthony Lake, Executive Director, UNICEF

Sustaining the gains

In order to sustain immunisation programmes in countries that graduate from GAVI support, it is important to provide continued access to low vaccine prices. GAVI has secured commitments from manufacturers to provide access to low pricing for graduated countries for key vaccines supported by GAVI.

GAVI Alliance partners will continue efforts to ensure affordable prices for graduating countries and are also exploring ways to facilitate access to more affordable vaccines among other lower middle income countries.

Links:

GAVI's market shaping goal:
[www.gavialliance.org/about/strategy/phase-iii-\(2011-15\)/market-shaping-goal/](http://www.gavialliance.org/about/strategy/phase-iii-(2011-15)/market-shaping-goal/)

UNICEF supplies and logistics for immunisation:
www.unicef.org/supply/index_immunization.html

Lower vaccine prices for low income countries

GAVI and its partners have secured significant price reductions in life-saving vaccines for countries eligible for funding:

- *Cost of fully immunising a child with pentavalent, pneumococcal and rotavirus vaccines:* decreased from US\$ 35.19 in 2010 to US\$ 22.63 in 2012;
- *Pentavalent vaccine DTP-hepB-Hib:* down 40% from US\$ 3.56 per dose in 2003 to US\$ 2.17 in 2012;
- *Pneumococcal vaccines:* through the innovative AMC, no more than US\$ 3.50 per dose, a more than 90% reduction compared with the public price in the United States;
- *HPV vaccine:* as a result of a GAVI call to action in 2011, one manufacturer offered US\$ 5 per dose, a 64% price reduction on the lowest public price at the time.

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