SUPPLY & PROCUREMENT STRATEGY 2016-2020

BOARD MEETING
Aurélia Nguyen
22-23 June 2016, Geneva
Supply and Procurement Strategy review process

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- Ran **retrospective review** of outcomes of 2011-15 Supply & Procurement Strategy
- Collected **stakeholder input** on improvement areas in consultations
- **Developed new strategy**
2016-20 aspirations build on a strong foundation

Market-shaping outcomes in 2011-15

- 25 vaccines offered
- 43% reduction in WAP\(^1\)
- Improvements in product suitability and quality

Strong market-shaping processes developed

- Individual product strategies (‘roadmaps’) align market-shaping objectives
- Refined demand forecast methodology
- Procurement strategies support roadmaps

Aspirations for 2016-20 (Gavi 4.0)

6 vaccine markets have moderate or high healthy market dynamics

- 11 vaccine markets with sufficient supply
- Reduced WAP\(^1\)
- 10 products with improved characteristics

\(^1\)weighted average price per course to fully immunise a child with pentavalent, pneumococcal and rotavirus vaccines
Strategic shifts evolve market-shaping needs and expand the scope for 2016-20

- Implications from Gavi’s new strategic directions
- Vaccine market landscape has evolved since 2011
- Emerging diseases and outbreaks rising in importance
In 2016-20, three strategic priorities drive a more ambitious agenda

Delivering on healthy markets
Move beyond singular objectives to advance the overall healthy market dynamics of its vaccine markets

Taking a long-term view of markets
Shape markets with a view to longer-term impact and the role of countries as increasingly independent financiers of immunisation programmes

Driving innovation to better meet country needs
Pursue a common agenda on product innovation to inform product choices and support Alliance goals on immunisation coverage and equity

Board meeting
22-23 June 2016
Improving the health of vaccine markets

**Unhealthy Vaccine Markets**
Inadequate access to life-saving vaccines
- Limited supply
- Unpredictable demand
- High prices, inappropriate products

**Healthy Vaccine Markets**
The right vaccine reaching communities
- Sufficient supply
- Healthy competition
- Low and sustainable prices, appropriate products

Board meeting
22-23 June 2016
Expanding our view of market time horizons and impact

Market-shaping has short- and long-term impact beyond Gavi countries, including **19 countries transitioning from Gavi support by 2020**

**Potential positive externalities**
- Improved competition dynamics
- Greater supply sufficiency
- Lower prices globally

**Potential negative externalities**
- Innovation disincentivised
- Increased cost of new products
- Crowding out other purchasers
Aligning product innovation priorities

1. Common definitions
2. Shared priorities
3. Principles for valuing innovation
4. Tools to evaluate cost and value dimensions
5. Platform to convene experts

Driving product innovation through the Alliance

Board meeting
22-23 June 2016
Critical enablers to execute strategy

- Generate new market analyses and tools to tailor market-shaping interventions and to increase capacity to shape markets with higher uncertainty and risk.

- Pursue and strengthen the provision of timely and transparent information to partners, manufacturers, and countries.

- Enhance engagement with industry in a deliberate and partnership-minded way, striving for early and regular communication.

- Strengthen collaboration with an expanded landscape of market-shaping intermediaries to support informed country-level decision-making.
Supply and Procurement Strategy 2016-20

Scope
- Gavi countries (including transitioning)
- Vaccine products for Board-approved antigens
- Other immunisation products (focus on cold chain equipment)

S&P objectives
- Adequate and secure supply
- Appropriate and sustainable prices
- Suitable and quality products

Outcomes
- 11 vaccine markets have sufficient and uninterrupted supply
- WAP per child to fully immunise with penta, pneumo, and rota vaccines decreases
- 10 products with improved characteristics

6 vaccine markets have moderate or high healthy market dynamics

Enablers
- Tools
  - Demand forecasting
  - Product portfolio management
  - Financial incentives
  - Procurement mechanisms

- Actors
  - INDUSTRY
  - MARKET SHAPING INTERMEDIARIES
  - COUNTRIES AS CUSTOMERS

Monitoring and Evaluation
- Outcome indicators
- Process indicators
- Evaluations
The Board is requested to:

Approve the **Supply and Procurement Strategy 2016-20** attached as Annex A and the Strategy Annexes attached as Annex B to Doc. 06 to the PPC.
Reach every child

THANK YOU