Developing a strategy to support new vaccine introduction in Middle Income Countries
SAGE meeting, 6-8 November 2012

Background

UNICEF is launching a procurement strategy to support Middle Income Countries (MICs) to accelerate the adoption of and improve access to newly developed vaccines. Although, in the past, UNICEF has predominately focused on geographies within the Low Income Countries (LICs) band, the significant shifts in economic demography over the last two decades are demanding increased attention to the disparity in access to immunization between MICs and the poorest countries. Presently, 2/3 of the world’s children (aged 0-14) and nearly 75% of the world’s poor are living in MICs. Pricing has been identified as one of the barriers for introduction of new vaccines in MICs, as individual countries are either paying extremely high prices for new vaccines or foregoing procurement due to lack of affordable options, despite desires otherwise. While LICs receive significant international backing to introduce new vaccines into their immunization programs through GAVI, most MICs do not have comparable external support. This dynamic has given rise to an exigent equity challenge, whereby children in MICs are at risk of falling behind the rest of the world in their protection from vaccine-preventable diseases.

Consistent with its inequity-fighting mandate and agenda, and based on continued engagement with partners at the global, regional and country level, UNICEF has elaborated a procurement strategy that aims at addressing the inequitable access to new vaccines through supporting sustained supply and improved pricing. To support this, UNICEF will be providing aggregated demand forecasts to industry, availability and product information to countries, pooling procurement and trying to establish reference pricing. The intention is that this be a temporary intervention with the aim of countries incorporating these vaccines in their regular vaccine procurement within a few years. At its initial stage, the strategy focuses on supporting the adoption of three comparatively new vaccines in national immunization schedules: human papillomavirus, pneumococcal and rotavirus vaccines.

Hybrid Strategy

- **Reference price ceilings**: approaching vaccine manufacturers and pre-negotiating price ceilings which can then be readily accessed by those countries already self-procuring or used as a reference point in future bilateral negotiations. Through this strategy UNICEF aims to respect the country-level presence that individual manufacturers may have and also expects to cause minimal interference with countries who wish to continue to self-procure, allowing flexibility of product procurement. It is UNICEF’s expectation that the actual utilisation of a price ceiling may come with specific terms from individual manufacturers.

- **Pooled procurement**: a multi-stage tendering process of assessing specific country-level interest based on indicative prices before proceeding with formal tender awards for each product. This strategy would help formalize the relationship and benefits of procurement through UNICEF for those countries that already do so through ad hoc tenders and would be an aggregation of significant current or potential demand, particularly of markets where manufacturers do not currently have a presence. UNICEF will first solicit countries’ interest to build an indicative list of countries and related consolidated demand forecast to present to manufacturers through a formal tender process. Once manufacturers have submitted offers indicating price ranges, countries will have the opportunity to formally subscribe for definite volumes, before the final tender award. This strategy is a time-limited intervention to

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1 Source: Institute for Development Studies, Global Poverty and the New Bottom Billion: Three Quarters of the World’s Poor Live in Middle Income Countries, found at http://www.ids.ac.uk/index.cfm?objectid=D840B908-E38D-82BD-A66A89123C11311F
accelerate introduction of new vaccines, with the intention these vaccines will eventually be incorporated into country procurement processes.

Sizing the Demand

Fifty-four countries are currently classified as Lower Middle Income under the World Bank criteria. Thirty-three of these countries have a GNI per capita exceeding $1,520 and are therefore either graduating from or not eligible for GAVI support, as are all of the fifty-four countries that are classified as Upper Middle Income. These 87 countries, that are currently not accessing the same level of technical and financial support available to the poorest countries, have a combined birth cohort of 48.3 million infants per year. Even when taking into account that certain regions (the Americas) and individual countries (China, Indonesia, Iran, Russian Federation, Thailand) are likely to continue favoring their current procurement channels over a UNICEF-managed mechanism, the remaining addressable birth cohort is made up by some 14 million infants per year.

Early Country Indications on Strategy Preferences

So far, nineteen countries have expressed their interest in benefitting from at least one of the proposed strategies. These countries alone have a combined birth cohort of 7.2 million infants per year, which makes up over half of the identified addressable birth cohort. The vast majority (13) has expressed interest in introducing all three vaccines covered by this strategy, although plans and scheduled timing of introduction vary significantly from country to country. While these expressions of interest are still indicative and non-binding, they point to a strong interest among MICs in a comprehensive procurement strategy to support new vaccine adoption.

Timeline

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<th>Quarter</th>
<th>Events</th>
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<tr>
<td>Q4 2012</td>
<td>Issuance of tender with general assessment of country participation estimated by UNICEF</td>
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<tr>
<td>Q1 2013</td>
<td>Countries formally subscribe for volumes once initial pricing results are available</td>
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<td>UNICEF compiles country-specific data and preferences in consultation with partners</td>
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<td>Tender awards</td>
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<td>Q2 2013</td>
<td>Countries can start submitting requests for cost estimates according to the allocated quantities for deliveries in 2013</td>
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Key Dependencies

- Collaborative development of country demand forecasts for desired vaccines (including quantity, preferences and timing)
- Countries to consider various sources of funding for new vaccine introduction
- Consistent alignment with partners critical for supporting MICs
- Continued engagement with industry to develop sustainable models to support vaccine introduction