MARKET UPDATE: ROUTINE VACCINE INTRODUCTIONS

PCV

Vaccine Industry Consultation
Copenhagen, 17 September, 2019
Background

• The Advance Market Commitments (AMC) for pneumococcal conjugate vaccines (PCV) ends in 2020. 60 out of 73 AMC-eligible countries have introduced the vaccine. The tail price of PCV through the AMC is now USD 2.90 – 3.3 per dose, a 17% drop from the initial USD 3.5 per dose. The PCV procured through the AMC has an increasingly significant reach and impact and is projected to prevent more than seven million childhood deaths by 2030.

• There remains a gap, over half of global surviving infants are unvaccinated with PCV.

• In support of UNICEF Strategic Plan goal that every child survives and thrives, UNICEF mandate and focus over the next period is to ensure every child has access to immunization regardless of geography and income.

• Key areas of focus over the next strategic period include: Availability of supply at affordable prices for MICs (e.g. PCV introductions in MICs to bridge the gap in PCV access).

Source: IVAC 2018
Gavi-73, PCV supply evolution

In 2020 demand is expected to fall due to stock accumulation in some countries and rebound in the following years.

Next AMC tender requires a trigger of Demand increase >10M doses, cumulatively over the next 5 years.

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Gavi-73, PCV Supply Outlook

- Whereas the objective of bringing forward PCV development and scale up has been achieved (2010 to date), the supplier base has not increased in the past 10 years.
- Subsidy for supply commitments sunsets in 2020, and current balance of $265 million can support a last Call for Supply Offers.
- There remains uncontracted doses in 2021 and beyond as well as new demand starting in 2020 that presents an opportunity for a last AMC tender (subject to an AMC trigger of >10mds increase in demand) and/or a non-AMC tender and expectation of new PCV manufacturers from 2020 onwards.
- A number of countries will be transitioning out of Gavi support and are likely to become more price-sensitive.
- UNICEF calls on industry to be supportive and responsive to the needs of the market as UNICEF seeks to improve the market health by:
  - Securing affordable, long-term and sustainable prices for countries
  - Expanding supplier base to ensure supply security in the long term

**AMC - Fund allocation**

- AMC Balance of USD 265M
- Sufficient to subsidize 35M doses per annum by the current terms and conditions
- A 5th Call for Supply Offers is subject to a trigger of new introductions or scale up in countries with partial introductions
## MICs, PCV market evolution

- UNICEF procures a wide range of vaccines for Self-financing Middle Income Countries (MICs) through a variety of procurement modalities depending on the vaccines and market situations.
- Whereas LTA's are in place for several traditional vaccines with **price parity** between Gavi countries and MICs, PCV pricing is tiered based on manufacturer’s pricing policies.

<table>
<thead>
<tr>
<th>Year</th>
<th>Description</th>
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<tbody>
<tr>
<td>2012</td>
<td>The first MIC's tender issued in 2012 did not yield expected results. The challenges highlighted by industry included low visibility on long term demand amongst other market complexities.</td>
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<td>2013-2017</td>
<td>Following this, ad hoc tenders were done to fulfill country specific PCV supply for MICs on annual basis without long term demand and budget commitments. UNICEF has been working with MICs to develop long-term demand commitments.</td>
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<td>2018</td>
<td>UNICEF considered several contractual modalities with flexibility to improve and unlock affordable PCV access in MICs. The key components included Tiered pricing, Volume commitments, Multi-year demand quantification and Financial backing.</td>
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<td>2019</td>
<td>For MICs that had already introduced PCV prior to 2019, UNICEF has established LTA's. Contractual frameworks and new financing mechanisms specifically developed for MICs are near completion for PCV-naïve MICs to facilitate introduction.</td>
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<td>2020+</td>
<td>To expand the MICs contractual framework to facilitate access to other vaccines (HPV and Rota). UNICEF anticipates price parity for PCV and other new vaccines which will improve overall market health for MICs.</td>
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To support Gavi eligible countries that are pending PCV introduction to overcome the challenges e.g.

- Funding
- Coverage
- Policy barriers
- Competing priorities

UNICEF will support additional MICs to gain access to PCV for introduction through the MICs contractual framework.

- Use existing platforms VPPF/VPPN
- Multi-year demand forecasts
- Financing mechanisms

UNICEF will issue

- An AMC-tender in 2020
  If a trigger occurs in 2019/2020
- A non-AMC tender in 2021
  To bridge the uncontracted supply gap
Thank You