

The Private Sector and Gavi, the Vaccine Alliance

A Story of Continuous Evolution

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12.1 INTRODUCTION

In studying the relationship between international organizations and the private sector, Gavi, the Vaccine Alliance's (hereinafter Gavi or the Alliance) ever evolving engagement with the private sector provides interesting examples. Gavi receives funding from private foundations and companies, it operates on markets for vaccines and related commodities and affects private actors. As a Swiss foundation, Gavi is not formally an intergovernmental organization but rather a 'quasi international organization' which has privileges and immunities in its host state (Switzerland).¹ As an alliance of partners, Gavi's founding partners, including UNICEF, the World Bank and the World Health Organization (WHO), play essential roles in many of Gavi's activities relating to the private sector. Studying Gavi's engagement with the private sector, therefore, also provides insight into the interactions of these partners with the private sector.

This contribution looks at the practical operation of those interactions with the private sector and what lessons can be drawn from them. It starts with a brief overview of how Gavi's origins were influenced by private sector-related considerations and the role of the private sector in Gavi's governance. Section 12.3 addresses the vaccine procurement model and

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¹ For a more detailed description of Gavi and how it operates, see, e.g. E. Szabó, 'Gavi, the Vaccine Alliance: A Unique Case Study in Partnership' (2016) 13 *International Organizations Law Review* 149; and K. Klock, 'International Public Private Partnerships as Part of the Solution to Infectious Disease Threats: Operational, Legal, and Governance Considerations', in S. Halabi et al. (eds.), *Global Management of Infectious Disease after Ebola* (Oxford University Press, 2016), 157.

Gavi and its partners' approach to 'shaping' the vaccine market. Thirdly, the relationship with the private sector other than vaccine manufacturers is described. Before some concluding remarks, the last part is dedicated to a mechanism put in place in which Gavi funds partners – international organizations and the private sector – to support countries with their immunization programmes.

12.2 ENGAGEMENT WITH THE PRIVATE SECTOR: GAVI'S HISTORY AND GOVERNANCE

12.2.1 *Gavi's Origins and Establishment Process*

Gavi's origins date back to the late 1990s – a period during which there was a growing sense that the private sector could offer solutions for, or at least contribute to, development and public health challenges. The progress of international childhood immunization programmes was stalling. This was particularly affecting children in the poorest countries who were often not fully vaccinated against deadly diseases or even went without any immunization at all. At the same time, children in richer countries were protected by expensive new vaccines but lower-income countries could not afford most of these vaccines. This 'market failure' is at the heart of Gavi's establishment.

In March 1998, the World Bank convened a summit bringing together international organizations, the CEOs (chief executive officers) of vaccine manufacturing pharmaceutical companies, foundations and non-governmental organizations to discuss how to address the stagnation in vaccine delivery and the possibilities of developing new vaccines.² Lidén reports that the International Federation of Pharmaceutical Manufacturers & Associations (IFPMA) representative at the summit asked '[w]hy would you expect us to invest hundreds of millions of dollars in a new AIDS vaccine when there isn't anyone even buying existing vaccines for use in developing countries?'³ The summit concluded that the most effective way to address these 'market failures' would be to stimulate the use of new and largely unused vaccines that were either too expensive or not a priority for countries struggling to immunize children against basic childhood infections.

² For a comprehensive account of Gavi's (and other health partnerships') history, see J. Lidén, 'The Grand Decade for Global Health: 1998–2008' (Chatham House Working Group on Governance Paper 2, April 2013), at chathamhouse.org/sites/default/files/public/Research/Global%20Health/0413_who.pdf, visited 25 January 2023.

³ Ibid., 22–23.

Task forces – including the Rockefeller Foundation, WHO, UNICEF and the World Bank – were established to design solutions for this and, at a meeting in March 1999, a global vaccine alliance was proposed. At the same time, Bill and Melinda Gates had started to become interested in investing in development through the Bill and Melinda Gates Foundation (hereinafter Gates Foundation). They were intrigued by vaccines and the impact they could achieve on saving lives. However, looking at this through a ‘private sector lens’ they would want to ensure that their investment would be measurable and yield tangible results and would not come to replace government funding.⁴

Nevertheless, the Gates Foundation conveyed that it might make the unprecedented amount of \$750 million available to a potential alliance and invited the partners engaged in its set up to a ‘proto board’ meeting in July 1999. The first formal Alliance Board meeting was held in October 1999 which included – beyond representatives from ‘founding partners’ WHO, UNICEF, the World Bank, and the Gates Foundation – donor governments, developing countries, the pharmaceutical industry, research and technical agencies and the Rockefeller Foundation.⁵ A month later, the Gates Foundation signed a grant agreement guaranteeing funding to Gavi of \$750 million for a period of five years.

The Alliance was set up as an unincorporated partnership with a representative Board and a small Secretariat that was hosted by UNICEF. The Gates Foundation grant was made to a United States charity (a 501(c)(3) not-for-profit organization initially called the Global Fund for Children’s Vaccines) that was established to receive tax-exempt donations from private donors based in the United States as well as other grants, and fund the procurement of vaccines and other Gavi-supported activities. The US-based Gavi charity had a separate Board and its own staff as well. From 2009, the US charity and the Alliance Board ‘merged’ into one Board that governed a Swiss Foundation with privileges and immunities that also became the employer of Gavi Secretariat staff previously under the UNICEF contract.

12.2.2 *Gavi’s Current Governance and Conflicts of Interest Approach*

Turning to Gavi’s current governance, it has already been mentioned that vaccine manufacturers had a seat on the Alliance Board from the first

⁴ Ibid., 24.

⁵ Global Alliance for Vaccines and Immunization, First Board Meeting (GAVI/99.02), at https://www.who.int/iris/bitstream/handle/10665/66204/GAVI_99.02.pdf;jsessionid=8D9B8CBD1AB538761F15548BEB78201F?sequence=1, visited 25 January 2023.

meeting. Over time, one seat was allocated to manufacturers from industrialized countries and one for industry from developing countries. Civil society organizations and the Bill and Melinda Gates Foundation represent other private sector interests on the Gavi Board. Donor governments and implementing country governments each have five seats which are organized by constituencies. The three founding intergovernmental organizations (UNICEF, the World Bank and the WHO) each have a voting seat on the Board. The Gavi Board of today is completed by one seat for research and technical institutes, nine people sitting in their private capacity and the CEO in a non-voting capacity.

This brief historical overview reveals how much engagement with the private sector is engrained in Gavi's DNA, giving meaning to its popular characterization of 'public-private partnership'. Pharmaceutical companies provided their views on solutions to the 'market failures' that were identified, they were involved in Gavi's establishment process, and remain well represented on Gavi's Board. The Rockefeller and Gates Foundations were collaborating closely with intergovernmental organizations to establish the new alliance. And, crucially, the previously unimaginable sum in the context of global health of \$750 million came from one single private source of funding – the Gates Foundation.

Even if all of Gavi's stakeholders are committed to its goal of protecting more children with vaccines that are available and recommended by the WHO, their interests in the governance and activities of a multi-stakeholder partnership are wide-ranging. Moreover, the representatives from the public and private sector tend to have different perspectives and approaches to topics. As Liliana Andonova observed, partnerships like Gavi 'became platforms through which more dynamic collaboration with industry, funders and all relevant communities could be tested'.⁶ One tool for ensuring the transparency and integrity of the decision-making processes of such partnerships is through the adoption of a conflict of interests policy.

In its early years, the Alliance board provided strategic and programmatic direction whereas funding decisions were made by the board of the Gavi Fund (the US-based Gavi charity holding its funds) which was a separate and independent board of people sitting in their private capacity. Given that there were no direct financial implications for stakeholders in the Alliance Board's decisions, this meant that conflicts of interests within the Alliance Board were relatively rare. After the creation of the Swiss Foundation in 2009 when the

⁶ L. B. Andonova, *Governance Entrepreneurs, International Organizations and the Rise of Global Public-Private Partnerships* (Cambridge University Press, 2017).

Alliance and the charity holding the funds were merged, management of conflicts of interests took on more prominence.

As would be expected, different views on how this should be managed, in particular regarding constituencies' own interests, existed. Then Legal Counsel of the WHO Gian Luca Burci described in 2009 that the 'reliance on corporate concepts of conflict of interests had occasionally to be reconciled with the approach taken by international organizations, which are reluctant to accept that the pursuit of their constitutional mandates through their participation in partnerships may be equated to a corporate interest to be disclosed and managed'.⁷ Among international organization stakeholders a view that appeared common was that they considered that only if an entity would stand to generate a 'profit' could a conflict of interests arise. Funding the intergovernmental partners of the Alliance will be further discussed in Section 12.4.

Perhaps in line with the already discussed outlook on the private sector, in a Board meeting in 2011 Board members and other members of the delegations of industrialized- and developing country vaccine manufacturers were asked to leave the room prior to the discussion on whether Gavi would be extending its funding to vaccines against diseases not previously in its portfolio and as such also did not participate in the decisions.⁸ Manufacturers considered this approach unduly harsh as their contributions, for example in relation to the lead time for production, could be helpful to the discussion and they would not have been the only stakeholder group interested in whether Gavi decides to extend its funding to other vaccines.⁹ There are financial implications in such decisions that may affect donors, implementing countries that may benefit from Gavi support for additional life-saving vaccines and partners may be required to provide additional assistance. When similar discussions were held in subsequent years, manufacturers would be permitted to stay in the room, make a statement and answer questions but not vote on a decision.

Over time, an approach to conflicts of interest evolved in that any organization or constituency that would receive or would have the possibility of receiving funding as a result of a Board decision would be allowed to attend the discussion and make a statement or answer questions. However, such organizations or constituencies would not be permitted to vote on decisions

⁷ G. L. Burci, 'Public/Private Partnerships in the Public Health Sector' (2009) 6 *International Organizations Law Review* 359, 372.

⁸ GAVI Alliance Board Meeting, 16–17 November 2011, gavi.org/sites/default/files/board/minutes/2011/Board-2011-Mtg-03%20-%20Minutes.pdf, visited 25 January 2023.

⁹ 'Board members representing the developing and industrialised vaccine manufacturers expressed some dissatisfaction with not being able to fully participate in the earlier discussion regarding the new vaccine windows'; *ibid.*

affecting them and this would be registered in the meeting minutes. This approach aims to build on the open nature of the Alliance with different and interests viewpoints that will be important to inform decisions while being disciplined about stakeholders not being seen as voting on decisions that may affect their budget.

Engagement with the private sector is part of Gavi's founding history. Also, its approach to managing conflicts of interests in the Alliance's governance evolved from excluding the private sector from participating in discussions that may have an impact on them to allowing all governance stakeholders that may have a financial interest in a matter to participate in the discussion but not in the decision.

12.3 VACCINE SUPPLY AND 'MARKET SHAPING'

12.3.1 *Gavi's Operating Model and Initial Approach to Influence the Vaccine Market*

Gavi's mission is 'to save lives and protect people's health by increasing equitable and sustainable use of vaccines'.¹⁰ The main tenet of Gavi delivering on its mission is that it provides funding for the purchase of vaccines that eligible countries wish to add to their immunization program. To do so, countries request Gavi to fund the addition of a vaccine to its routine immunization program. If an independent committee of experts determines that the requesting country has the requisite capacity to manage this new vaccine along with its existing portfolio, Gavi will fund the costs of procuring the vaccine and shipping it to the country. With Gavi's funding commitment, the country could use domestic procurement channels to purchase vaccines but in practice nearly all countries request UNICEF to buy vaccines on their behalf that Gavi pays for. UNICEF will only buy vaccines that meet applicable WHO quality standards.

The limited availability of funds and uncertainty of demand in low- and middle-income countries resulted in vaccine manufacturers not being sufficiently incentivized to supply vaccines to that market and, thus, children not being immunized in those countries. By aggregating the demand of all Gavi-supported countries, UNICEF – as the procurement agent of Gavi-eligible countries – with funding from Gavi leveraged larger purchasing power than countries would have been able to generate if they would need to buy their

¹⁰ Gavi, the Vaccine Alliance Strategy 2021–2025 (updated version for 2023–2025), at www.gavi.org/sites/default/files/2022-12/Gavi-5-1-one-pager-2023-2025.pdf, visited 25 January 2023.

own vaccines. This ‘bulk’ approach, which also assists in providing better forecasts of future needs, aimed to create more predictability for manufacturers and to help in driving prices down, especially when comparing it to a situation where countries would have to make their own procurement arrangements. Through this centralized approach, the Alliance tried to influence the vaccine market to enable access to vaccines for the poorest children.

A first foray into bringing Alliance partners together with the goal of accelerating the development of a pneumococcal conjugate vaccine (‘PCV’) was the advanced market commitment pilot for PCV. The PCV advanced market commitment pilot was also aimed at incentivizing the development of PCV vaccines that meet developing country needs and bringing forward the availability of PCV vaccines for those countries. Designed from 2006 to 2008, the PCV pilot was launched in 2009 when the Governments of Italy, the United Kingdom, Canada, the Russian Federation and Norway, together with the Gates Foundation, collectively committed a total of \$1.5 billion specifically for the PCV advanced market commitment pilot. Gavi was still in its early years and ‘the private sector was less well recognized as a major player in international development, and there was less experience with public–private partnerships in health’.¹¹ These factors made the pilot very innovative for its time but also contributed to a relatively cumbersome legal structure and governance model. However, it still serves as an excellent template for public–private collaboration to achieve a health and development outcome. Different Alliance partners contributed to the arrangement. Donors provided long-term funding security. Manufacturers producing a PCV vaccine meeting specific criteria would be eligible to participate in the advanced market commitment pilot and produce life-saving vaccines. The WHO would assess whether the vaccines meet quality and safety standards. Manufacturers would need to sign 10-year contracts in which they committed to selling their vaccines at a price not exceeding \$3.50 per dose. In addition, they would receive a ‘top-up’ payment of \$3.50 per dose for the first approximately 20 per cent of doses they would supply under the 10-year contract. UNICEF managed the procurement aspects and entered into the long-term contracts (with funding from Gavi). The World Bank held donor contributions in trust and transferred funds when required as well as providing a further guarantee of donor funding by putting the donor pledges on its balance sheet.

¹¹ Dalberg, *Gavi PCV AMC pilot: 2nd Outcomes and Impact Evaluation* (15 October 2021), at gavi.org/sites/default/files/evaluations/Gavi-PCV-AMC-pilot-2nd-Outcomes-and-impact-evaluation-Final-report.pdf, visited 25 January 2023, 17.

12.3.2 A More Active 'Market Shaping' Approach

Apart from the PCV advanced market commitment pilot, in the first 10 years of its existence Gavi mainly relied on the 'natural market forces' of having bundled demand with little to no additional interventions. As a result, Gavi did not have the impact on reducing vaccine prices that might have been expected and hoped for. The vaccine industry and others fed back that Gavi 'could have done much more' in this area.¹² Taking this feedback into account, Gavi adopted a Supply and Procurement Strategy for 2011–2015. Through accumulated experience and a better understanding of market characteristics, the new supply and procurement strategy established priorities on supply, costs and innovation, supported by increased transparency. Tools like risk sharing agreements and volume guarantees were also introduced as part of the more active 'market shaping' agenda under the Supply and Procurement Strategy.

Some initial examples of volume guarantees that were entered into provide an interesting insight into the complementary roles of the different Alliance partners and any constraints they may have in interacting with the market. As indicated in Section 12.3.1, UNICEF conducts competitive tender processes for most Gavi-supported countries.

In April 2012, supply agreements were signed with two rotavirus manufacturers that resulted in a price reduction of two-thirds compared to before. As the Alliance's procurement agency, UNICEF entered into these agreements under which a portion of the supply was prepaid (allowing manufacturers to recoup their investments earlier and thus offer a more competitive price) and the deal period was extended to five years (giving manufacturers increased visibility which also served as an incentive to lower prices).

A year later, agreements were reached with an Indian manufacturer which agreed to making a pentavalent vaccine available at a price of almost one dollar per dose less than the average price in the year before – that is, \$1.19 compared to the average price of \$2.17.¹³ The Gates Foundation funded technical support to the manufacturer which helped it enter the market and provide additional supply.¹⁴ The significantly lower price-point was

¹² CEPA LLP, *Gavi Second Evaluation Report* (13 September 2010), at gavi.org/sites/default/files/document/evaluations/GAVI_Second_Evaluation_Report_2010.pdf, visited 25 January 2023, 11.

¹³ 'Indian Manufacturer Cuts Price of Childhood Vaccine by 30 Percent', at gavi.org/pentavaient-vaccine-30-percent-price-drop, visited 25 January 2023.

¹⁴ M. Malhame et al., 'Shaping Markets to Benefit Global Health – A 15-year History and Lessons Learned from the Pentavalent Market' (2019) *Vaccine X* 2 100033, 5, at

established through a volume guarantee that Gavi executed in parallel to the supply agreement that UNICEF entered into based on a tender process.¹⁵

The roles and responsibilities of the Alliance partners involved in these initial ‘market-shaping’ transactions took some time and practice to crystallize. As the longstanding procurement agent for countries’ vaccine programs, UNICEF might have considered that it would be the natural fit to be the vaccine ‘market shaper’. However, one aspect of UNICEF’s financial rules emerged that limited its ability to conclude longer term procurement contracts or purchase guarantees which could help bring prices down. To mitigate financial risks to UNICEF, it cannot enter into such long-term contracts or volume guarantees unless the funds are in UNICEF’s bank account – in cash or cash-equivalent in UNICEF’s determination – at the time the contract is signed. This would mean that Gavi-provided funds would be tied up for the duration of the contract or guarantee which would not be an efficient use of available resources. For Gavi to provide a guarantee (and thus assume the payment responsibility on its books) to UNICEF associated with long-term contracts, it would have needed to be accompanied by a lien on Gavi’s investment, which in turn put constraints on its ability to freely manage parts of its investment portfolio.¹⁶ Gavi then explored whether the Gavi balance sheet could be used to guarantee such orders directly to manufacturers.¹⁷

While over time these types of long-term commitments may not have been the most-used interventions to help ensure availability of vaccines to developing countries at reasonable prices, they do show how different types of organizations can work together on a common goal in a manner that plays to their strengths and that each alone would not be able to achieve. UNICEF’s tender processes give credibility to the selection process. Gavi’s balance sheet allows for additional tools to help ‘market shaping’ goals. The Gates Foundation engages with manufacturers aiming to enter a vaccine market to ensure they receive continued funding for product development activities. Publicly-funded organizations might not be able to offer such product development support.

In 2016, the concept of ‘healthy markets’ became the overarching principle of the market shaping activities of the Alliance. Under this label, the Alliance works on balancing all the elements necessary to ensure sustainable and

mmglobalhealth.org/publications/shaping-markets-to-benefit-global-health-a-15-year-history-and-lessons-learned-from-the-pentavalent-vaccine-market/, visited 27 June 2023.

¹⁵ Ibid.

¹⁶ GAVI Alliance Board Meeting, *Final Minutes* (12–13 June 2012), at gavi.org/sites/default/files/board/minutes/2012/Board-2012-Mtg-02%20-%20Minutes.pdf, visited 25 January 2023, 9.

¹⁷ Ibid.

healthy market dynamics for vaccines and immunization-related products, focusing on reliable, consistent, and affordable supply as an overarching objective. These factors somewhat pull in different directions and vary per vaccine. The activities that UNICEF, Gavi and the Gates Foundation take together on this are getting more and more sophisticated. Advanced market commitments and volume guarantees also played an important role in the response to COVID-19 as part of the COVAX facility and the COVAX advance market commitment that Gavi played a coordinating role in.¹⁸

12.4 PRIVATE SECTOR PARTNERSHIPS

The previous sections explained how Gavi's history, mission, operating model and activities are inextricably linked to the private sector – principally vaccine manufacturers – and that its establishment was only made possible by a very large donation from a private foundation. This part addresses Gavi's evolution of engaging with the private sector other than vaccine manufacturers. Before going into the details of this evolution, a few words on the role of the Gates Foundation in Gavi and its governance.

12.4.1 *Initial Years and the Gates Foundation Role*

The Gates Foundation propelled Gavi into existence with its \$750 million starting grant, which inspired others to join. As of 30 June 2022, the Gates Foundation has made commitments to Gavi for a total amount of \$4.1 billion and has remained one of Gavi's largest donors.¹⁹ As one of the founding partners of the Alliance, the Gates Foundation had and continues to have a permanent seat on the Gavi Board. This is different from, for example, the Global Fund to Fight AIDS, Tuberculosis and Malaria where private foundations are allocated one seat on the board, the occupation of which is organized through a constituency process.

More generally, the Gates Foundation is a large donor to global health and is considered to have a major footprint on the approaches decided on in global health. Much has been written about the Gates Foundation driving the agenda of global health and its organizations with an apparent preference

¹⁸ The author worked for Gavi until the end of August 2019, i.e. before the COVID-19 pandemic and the arrangements responding to that are beyond the scope of this chapter.

¹⁹ Donor profiles, *The Bill & Melinda Gates Foundation*, at gavi.org/investing-gavi/funding/donor-profiles/bill-melinda-gates-foundation, visited 25 January 2023.

for technological solutions and a business-oriented approach.²⁰ A detailed analysis of that influence goes well beyond the scope of this contribution. However, the fact that the Gates Foundation is part of Gavi's governance provides a transparency on its positions and views – and the possibility for other stakeholders to influence or disagree with those – that is perhaps lacking in relation to its contributions to intergovernmental organizations such as the WHO (of which it is also one of the largest funders). In other words, in a public–private partnership like Gavi, the Gates Foundation and other private funders, as relevant, contribute to a pool of funds that they govern and make decisions on together with other stakeholders, including sovereign donors and implementing countries. On the other hand, grant contributions that private funders make to intergovernmental organizations risk undermining the established governance processes of the intergovernmental organizations.²¹

In the first 10 years of Gavi's existence, there was only one private sector donor other than the Gates Foundation: the La Caixa Foundation started funding Gavi in 2008. The La Caixa Foundation is the international cooperation programme of CaixaBank, a Spanish bank that is one of the largest in the Eurozone. Since 2008, the La Caixa Foundation has continued to raise funds for Gavi through public, employee, and business donations.

12.4.2 A 'Matching Fund' to Entice Private Sector Donations

In June 2011, Gavi had its first ever 'pledging' or 'replenishment' conference in London. Such conferences are used for donors to commit funding for an upcoming strategic period to create more certainty on funding to be expected during that period. The investment case associated with the upcoming strategy allows donors to track results with their funding for a given timeframe. As such, the model of a pledging conference draws from private sector logic of investing for results.

In the wake of the global financial crisis, in the run up to the 2011 pledging conference there was uncertainty whether the funding targets could be met relying only on the traditional sovereign donors and the Gates Foundation. Extending and diversifying the donor base therefore became an important

²⁰ See, e.g. G. Blunt, 'The Gates Foundation, Global Health and Domination: A Republican Critique of Transnational Philanthropy' (2022) 98 *International Affairs* 2039; S. Harman, 'The Bill and Melinda Gates Foundation and Legitimacy in Global Health Governance' (2016) 22 *Global Governance* 349; L. O. Gostin, *Global Health Law* (Harvard University Press, 2014), 164–166; and K. T. Storeng, 'The GAVI Alliance and the "Gates Approach" to Health System Strengthening' (2014) 9 *Global Public Health* 865.

²¹ K. Daugirdas and G. L. Burci, 'Financing the World Health Organization: What Lessons for Multilateralism' (2019) 16 *International Organizations Law Review* 299, 302.

objective of the pledging conference. Together with the United Kingdom government and the Gates Foundation, Gavi launched a mechanism called the ‘Matching Fund’ to incentivize private donors to contribute to Gavi.²² The UK government and the Gates Foundation together made available approximately \$110 million which would be used to ‘double up’ eligible private sector donations to Gavi in the 2011–2015 period. Under this Matching Fund arrangement, when a private sector partner contributes an amount to Gavi, the Matching Fund – using funds made available by the UK government and the Gates Foundation – donates the same amount to Gavi. This way private sector donations generated by a company and/or its employees, customers or other partners are doubled.

The Matching Fund aimed to utilize private sector resources and know-how to broaden the support base for the immunization and increase awareness of the Gavi brand as well as to leverage consumer and employee donations to Gavi. For the private sector, the model of the Matching Fund constituted a welcome boost in increasing their contribution. Sovereign donors contribute hundreds of millions or even billions of dollars to Gavi. Private sector contributions are generally more modest even if those donations are a considerable amount for the company making them. This has been reported as a barrier for private sector donors to contribute to organizations like Gavi. The Matching Fund allows them to double their contribution which is attractive in this context. From the matching donor’s perspective, it allows them to hold back some funds that are only provided if Gavi secures private sector donations creating incentives for Gavi to actively fundraise from the private sector and diversify its funding base.

12.4.3 *An Evolving Private Sector Engagement Approach*

In the initial phase of the Matching Fund, private sector contributions were mostly in cash rather than in kind. The private sector engagement approach considerably evolved in Gavi’s 2016–20 strategic period. In this period, Gavi aimed to move beyond cash contributions to leverage private sector expertise and innovation for the benefit of improved immunization programming at scale. This ambition was aligned to the goals and objectives of Gavi’s strategy in that period which focused more on improving vaccine coverage, health systems strengthening, sustainability and market shaping. Moreover, Gavi’s expanded focus on private sector engagement was consistent with a changing global context. With the adoption of the Sustainable Development Goals (SDGs) in 2015, there was increasing recognition that all sectors have an important role to

²² The government of the Netherlands joined the Matching Fund in 2016 and the governments of Japan and Norway made modest contributions to the programme for the 2021–2025 period.

play in advancing inclusive, sustainable development. This prompted a growing interest in how the private sector can bring solutions to development challenges.

Alongside this, there was progressive thinking in the business world about how companies can create and deliver value across different economic, social and cultural contexts. The concept of ‘creating shared value’ was especially influential.²³ Shared value approaches built on the principles of corporate social responsibility to highlight the interdependencies between successful businesses and ‘healthy communities’. ‘Inclusive business models’ and ‘bottom of the pyramid’ approaches went further to argue that poorer, under-served populations offer large, untapped markets for growing businesses. In recent years, there has also been a focus on ‘environmental and social impact and governance’ as a strategy for attracting employees that wish to contribute to society and improving staff motivation and productivity.

Against this background, Gavi’s evolving private sector engagement approach was implemented through three distinct modalities. First, the financial contributions modality remained as an important aspect of the approach. These financial contributions from the private sector (other than the Gates Foundation) however continue to be relatively small at about 2 per cent of Gavi’s total resources before being matched. Private sector funders range from companies to foundations. Some, such as Comic Relief, which conducted televised resource mobilization campaigns in the United Kingdom, yield brand recognition for Gavi and help bring the message of the importance of immunization to the health of the poorest children while for others the value to Gavi is predominantly or even exclusively in the cash contribution. The COVID-19 pandemic and the COVAX facility that Gavi is the host of have seen a new influx of private sector financial donations including from a number of large global corporations.

A second engagement model with the private sector is referred to as the ‘leveraged’, ‘operational’ or ‘expertise based’ partnerships. These types of partnerships combine financial support with a mix of awareness-building campaigns and market expertise to generate demand for health services or to overcome barriers to immunization. In this model, support for immunization is often combined with other development priorities such as education, gender equality or handwashing with soap. Operational partnerships go beyond fundraising and draw on private sector expertise to advance health and development objectives such as in Gavi’s case increased access to immunization. This is generally referred to as a ‘shared value’ approach.

²³ Mott MacDonald, *Evaluation of Gavi’s Private Sector Engagement Approach 2016–2020* (15 July 2021), at www.gavi.org/sites/default/files/evaluations/Evaluation-Gavi-PSEA-Final-Report.pdf, visited 11 July 2023, 18.

An early operational partnership that attracted a lot of attention is that with the UPS Foundation and Zipline. Zipline is a company that uses drone technology to support supply chain logistics. In its initial phase, Zipline transported blood supplies for transfusions and rabies vaccines in Rwanda. The activities were extended to Ghana later. Blood transfusions and rabies vaccines were not part of Gavi's mandate. However, the potential of drone technology for last-mile vaccine delivery made it an attractive proposition for Gavi to participate in. Furthermore, like with other partnerships of this nature, the UPS Foundation contribution for the purpose of the partnership was matched through Matching Fund donations.

An operational partnership with Unilever aimed to build awareness and drive behaviour change among parents by stressing the importance of handwashing with soap and immunization to tackle the biggest child killers – pneumonia and diarrhoea. Unilever invested Euro 2.9 million and Gavi matched that so that the promotion material could be doubled and twice as many parents could be reached by the combined messaging. This raises an interesting question regarding these types of partnerships in that Gavi would be unlikely to have invested these funds in the promotion material but for the partnership with Unilever. However, given that the number of parents reached with an immunization message under this joint approach with Unilever would be much higher than Gavi would be able to achieve on its own it may be considered a worthwhile investment, especially at a time when Gavi started to become more involved in 'generating demand' to help ensure that all children are immunized.

Other operational partnerships include a project with telecommunications provider Orange in Ivory Coast that aims to increase immunization coverage through a mobile phone application that uses text and voice messages to provide vaccination information and remind parents of appointments in local languages. A partnership with Mastercard operates by storing child immunization data on a secure patient-retained digital card. These patient data are then uploaded to an electronic health information system where it replaces paper-based vaccination cards, registers and reports. The digital card could also be used for other purposes such as accessing other health information or cash transfers and other financial benefits. This project is piloted in Mauritania and Ethiopia and other countries that are eligible to receive Gavi support²⁴ can express an interest to join. These are

²⁴ Gavi focuses its support on the world's poorest countries and bases eligibility for its support on national income at an established threshold of gross national income per capita based on World Bank data, Gavi Application Process Guidelines, www.gavi.org/sites/default/files/support/ApplicationProcess_Guidelines.pdf, visited 10 July 2023, at 24.

some examples of operational partnerships and new ones keep being developed as Gavi scopes the market.

The third and final method for engaging the private sector is through ‘innovation partnerships’. These partnerships are sourced through the ‘Innovation through Uptake, Scale and Equity’ (INFUSE) mechanism, which was launched at the World Economic Forum in 2016. INFUSE aims to create an innovation ecosystem that can assist new ideas and technologies that can radically change immunization delivery and help Gavi countries accelerate the introduction of new technology to enhance their health outcomes. Each year an INFUSE theme is chosen where technology could improve vaccine delivery. Gavi then issues a call for innovations around the theme. A panel (that includes intergovernmental partner organizations and implementing country governments) selects a number of businesses and innovators to collaborate as part of the INFUSE community on ways to improve, align and integrate their innovations. From the INFUSE community the panel selects a few of the most promising approaches – the so-called INFUSE Pacesetters. These selected businesses are connected to Vaccine Alliance partners to help take their solutions to scale. In January 2023, Gavi launched the second iteration of INFUSE – INFUSE 2.0 – which features a digital platform to simplify connections between the INFUSE community and by 2030 expects to secure more than \$500 million in private investments to promote access to vaccines and immunization innovations.

A notable Gavi collaboration that emanated from the INFUSE process is with the Asia Africa Investment and Consulting (AAIC) – a Japanese growth equity fund. Under the partnership, AAIC provides up to \$3 million to invest in INFUSE Pacesetters. The idea of INFUSE has always been that Gavi links selected Pacesetters to investors. There are, however, some risks with an approach where Gavi selects investment opportunities and suggests the investor to the Pacesetter. It is therefore important to set boundaries on mutual expectations and Gavi made it very clear in that context that it will not take part in investment deals and is not responsible for the outcomes of negotiations or the performance of any investment.²⁵ Such a ‘matchmaking’ approach would seem to be unusual in the realm of international organizations – even if there are no real costs to the organization and legal risks could be mitigated it seems most international organizations would still not be in a position or wish to be promoting a particular innovation including by

²⁵ ‘Gavi and Japanese Growth Equity Fund Collaborate to Support Innovative Startups for Immunisation’, at gavi.org/news/media-room/gavi-and-japanese-growth-equity-fund-collaborate-support-innovative-startups, visited 25 January 2023.

recommending investors to invest. It is notable that the AAIC investment does not appear to have been matched by the Matching Fund and AAIC does not appear on Gavi's 'donor' overview, which may be due to the fact that the investments are into the Pacesetters rather than Gavi or its countries.

Other INFUSE partnerships include a digital medical passport for children in the form of a necklace or health card operated by a not-for-profit digital health provider called Khushi Baby which allows for medical records to be always and more easily accessible to health workers. Nexleaf Analytics is another not-for-profit organization that was selected as an INFUSE Pacesetter. The Nexleaf partnership aims to create and implement a software solution that would allow Gavi and Gavi-supported countries to monitor cold chain equipment performance through wireless remote temperature monitoring. Three organizations provided funding to Nexleaf, at least one of which was matched through the Matching Fund and the project built on initiatives in Kenya, Mozambique and Tanzania.

INFUSE partners indicate that partnership with Gavi can help to raise their profile on the international stage, provide opportunities for further testing and adaptations and may facilitate entry into new product markets.²⁶ This may be a positive development, especially for those companies and organizations selected. However, the engagement with the private sector is a means to an end – increasing access to immunization in resource poor settings – and not an end in itself. There is limited visibility on the views from governments and partner international organizations involved in these projects and on impact data to assess whether they have a positive influence on immunization rates in those countries. One could imagine that it might be interesting for countries to have access to and be able to use cutting edge technology and innovations but the critical measure of success will be more children immunized. It may be too early to draw meaningful conclusions on these aspects.

12.4.4 *General Considerations on Private Sector Partnerships*

During the initial strategic period of the private sector engagement approach between 2016 and 2020, Gavi established 20 distinct private partnerships that leveraged private sector expertise, including new technologies. At the time of writing this contribution, Gavi's website on partnering with business had more than 30 'core partners' and close to 20 'COVAX partners' that are different

²⁶ Mott Macdonald, *Evaluation of Gavi's Private Sector Engagement Approach*, 13.

from the core ones.²⁷ When considering the time-consuming process of putting each deal in place this large number of projects is impressive. It appears that some of the projects in place have also helped in addressing some issues thrown up by the COVID-19 pandemic. However, there may be a paradox in that the large number is attractive from a resource mobilization and diversification point of view, but the significant technical and management resources involved might suggest that there may be an argument for operating a smaller portfolio with targeted interventions. To date, there appears to be insufficient impact data and country feedback to assess the impact of the operational, leveraged and innovation partnerships on Gavi's core mandate. In addition, scaling interventions up to other countries is not without challenges and can be time-consuming, especially considering the limited (human) resources available for implementation of such projects in countries. This emphasizes the importance of selecting projects that clearly address country needs.

Another aspect of private sector partnerships for Gavi and other organizations engaging with the private sector in this way is the potential for more visibility of the organization and as such increase resource commitments from sovereign donors. According to the Evaluation of Gavi's Private Sector Engagement Approach (PSEA) 2016–2022 '[t]here is some evidence to suggest the PSEA and associated partnerships may contribute to Gavi's general brand identity as a creative, innovative organization'.²⁸ Whether this translates into new donors becoming interested and existing donors increasing their pledges remains to be seen. Nonetheless, the available resources for international development are limited, with many organizations vying for them. In such a 'competitive field', having a reputation for being creative and innovative may well have a positive impact on generating donor (sovereign and private) interest.

Another noteworthy aspect of the INFUSE and some of the leveraged or operational partnerships already alluded to in the context of the AAIC partnership relates to the grey zone between providing a grant to a private sector entity (whether for profit or not) and providing or facilitating investments into companies. Gavi would not play the role of an investor in the sense that it would expect a monetary return on its investment. On the other hand, in some projects Gavi funds an organization's capital costs, which is different from funding the operational costs of a particular project in that arguably the

²⁷ 'Partnering with Business', at gavi.org/investing-gavi/partnering-business#types, visited 31 May 2023.

²⁸ *Ibid.*, 34.

company could use the investments made with Gavi's contributions for other (and/or additional) purposes than immunization.

Similarly, the exposure that partnerships with Gavi provides to some organizations could really help them in growing their business. This also brings up the concept of how valuable an international organization's brand is and what the implications of that would be. In presenting its case for collaboration with the private sector, Gavi raises several benefits for private sector organizations to engage with it, but the value of its brand is not mentioned in that context.²⁹ The concept of brand value is also an element in assessing which organization benefits most from the partnership. It could be argued that these are win-win partnerships given that they have a positive developmental impact as well as provide a benefit to the company beyond just recovering its operational costs. But if association with Gavi or other international organizations enhances an entity's brand and name recognition there may be scope for international organizations to assess how to leverage their positive brand equity in furtherance of their mission.

The above considerations illustrate that, in situations where the private sector contributes its expertise, this can affect companies' bottom line rather than simply being corporate social responsibility which may be involved in private sector donations. These considerations in turn raise the question of why Gavi would enter into a partnership with one organization and not another and highlight the importance of running open and transparent selection processes such as those for the INFUSE programme.

12.5 PARTNER ENGAGEMENT FRAMEWORK

As mentioned in Section 12.2, Gavi's origins go back to a group of organizations aiming to increase access to immunization – including UNICEF, WHO and the World Bank. From Gavi's inception, the role of those intergovernmental partners was to support operationalization of the Alliance strategic plans at country and global levels. In large part, those partners' support for Gavi's strategic plans was an expansion of their ongoing, core organization specific immunization mandate and efforts both at the country and global level. At the country level, the partners would provide support to governments in implementing their routine immunization programmes; such country level support is generally referred to as 'technical assistance'. Under these initial arrangements, partners would, subject to availability of funds, largely receive

²⁹ 'Partnering with Business', at gavi.org/investing-gavi/partnering-business, visited 25 January 2023.

the amount they would request – as those were the ones they considered as required to meet the strategy.

In 2010, a new approach for supporting the 2011–2015 Gavi Strategy was introduced that was referred to as the ‘Business Plan’. Under this Business Plan, multilateral partners – primarily WHO and UNICEF (and from 2014 the World Bank also implemented activities again) – would receive Gavi funding for certain deliverables that had to align with the overall programmatic direction of Gavi’s strategy. As the ‘steward of donor resources’, the Gavi Secretariat would oversee the multilateral partners’ implementation of the business plan activities.³⁰ To enable progress against deliverables to be accurately measured, there was a recognition that this might require a change in the ‘contractual relationships with multilateral partners’.³¹

While deliverables were key, as implemented, the Business Plan approach allowed for a great deal of flexibility and discretion in how funds allocated to (intergovernmental) partners were spent. While still accountable for the agreed-upon deliverables, this flexibility allowed partners to modify the activities to better respond to emerging or changing needs and priorities.³² Partners at the headquarters level considered this as an important feature of supporting the overall success of the strategy and especially in supporting new vaccine applications and introductions. On the other hand, the partners’ regional and country-based teams as well as other stakeholders such as national governments and the Gavi Secretariat had less visibility on what Business Plan funds were used for and how much was being provided for activities. This lack of transparency resulted in stakeholders querying how effective the accountability arrangements were under the Business Plan. With a lack of understanding of which partners were funding which activities or positions, there was a general inability to effectively monitor results and hold stakeholders accountable to milestones and deliverables.³³ In addition, substantial parts of funding to partners like WHO and UNICEF under the Business Plan ended up being used at global or regional levels.

With these considerations in mind, and at the start of a new 2016–2020 strategy that focused on dramatically improving immunization coverage and

³⁰ ‘GAVI Alliance Strategy 2011–2015’ (GAVI Alliance Board Meeting, 16–17 June 2010, Doc. 3), at gavi.org/sites/default/files/board/minutes/2010/16-june/3.GAVI%20Alliance%20Strategy%202011-2015.pdf, visited 25 January 2023.

³¹ *Ibid.*

³² Deloitte, *Baseline Assessment Report: Evaluation of the Technical Assistance Provided through the Gavi Partners’ Engagement Framework* (July 2017), at www.gavi.org/sites/default/files/document/tca-evaluation-baseline-assessment-reportpdf.pdf, visited 11 July 2023, 10.

³³ *Ibid.*, 12.

equity, the Alliance identified the need and opportunity to use a more bottom-up, country-driven and country focused approach for planning technical assistance to countries' immunization programmes. In 2016, the Gavi Board adopted a new approach for supporting countries and the implementation of Gavi's strategy named the Partner Engagement Framework. This new Framework for supporting countries with their technical needs was built around three principles: country-ownership, accountability and transparency. With respect to country-ownership, the new model adopted a bottom-up approach, with countries determining their needs and a substantially higher percentage of funds being spent in countries. The idea was also to increase transparency in this new model to ensure that both partners and countries would know exactly who is doing what, how much funding is allocated to each partner, what the expected deliverables are and how they are progressing. To assist in this aspect, for each component of technical assistance funded under the Partner Engagement Framework there are specific milestones that are developed in consultation with a country and for which progress is carefully monitored. This gives a country a better understanding of who is receiving what and for what purpose and their ability to hold every partner to account for outcomes that are promised and expected are enhanced.

Another aspect that was introduced in the Partner Engagement Framework was the broader range of partners available to countries to provide support. In the past such support was largely provided by the traditional partners – WHO and UNICEF in particular. The new Framework includes 'expanded' partners which can include civil society organizations, national (research) institutions or consulting service providers. Generally, these 'expanded' partners are pre-selected in accordance with Gavi's procurement rules and they can then be identified to provide specific services in a country.

The Partner Engagement Framework's aim is that the 'expanded' partners are complementing the services provided by the 'core' partners: WHO, UNICEF, the World Bank and a few others. However, the new approach does represent a shift in the dynamics of this type of funding compared to previous arrangements. Prior to the new Framework, all technical support to countries was almost exclusively provided through Gavi's traditional intergovernmental partners. Under the new Framework, countries can choose other types of institutions, including civil society organizations, research institutes or consulting service providers, to assist them. The assessment of the comparative advantage of each of the partners has in some sense resulted in the value of the contributions of intergovernmental organizations being compared to those of different types of entities. Most intergovernmental organizations do not participate in requests for proposals which would mean that their offerings would

be compared to commercial or other types of service providers. While the Partner Engagement Framework does not go so far as to ask all partners to bid for certain programs, it does mean a level of comparison between the contributions of intergovernmental partners and the service offerings of other entities that may not be very common outside the Gavi context.

In addition, the principles of transparency and accountability in the Partner Engagement Framework entail that both partners and countries know exactly who is doing what and how much funding is allocated to each partner. The expected deliverables and progress towards those are also clear to all. This level of public transparency on the activities that intergovernmental organizations are conducting and the extent to which their performance against performance standards can influence the allocation of future funding in comparison to other entities is also not very common and has not always been appreciated at the headquarters of intergovernmental partners. For example, at the World Health Summit in Berlin in October 2021 in the context of challenges to WHO's coordination function the then-Chief of Staff of the WHO referred to the fact that '[WHO] is in some ways a contractor to Gavi' and that it is 'a recipient of highly earmarked funding from [the Global Fund and Gavi]'.³⁴

The evolution of Gavi funding for technical assistance support to countries has slowly resulted in both private entities and intergovernmental partners being held to similar transparency and accountability standards, in particular in relation to programmatic delivery. Funders appreciate this in that it is clear what is being supported with their contributions and it helps ensure that organizations are treated in the same way regardless of their legal status. On the other hand, having public private partnerships like Gavi apply private sector performance metrics to intergovernmental organizations may not help the cohesion of the global governance system for health, as the WHO Chief of Staff alluded to in her remarks.

12.6 CONCLUSION

This contribution aimed to look at the different elements that make up the 'private' aspect of Gavi's 'public-private partnership'. Gavi's very origins lie in a 'market failure' that could only be addressed by engaging constructively with vaccine manufacturers which played a considerable role in its establishment. Moreover, not only were private funders deeply involved in the deliberations on creating Gavi, the Alliance would not have been established but for the

³⁴ World Health Summit, *Global Health Governance Post-Covid 19*, at [youtube.com/watch?v=m9-Bh8cHIRw](https://www.youtube.com/watch?v=m9-Bh8cHIRw), visited 11 July 2023 at 1:00:15.

unprecedentedly large amount of ‘seed funding’ that the Gates Foundation invested. After some initial hesitation from different partners, Gavi’s approach to conflicts of interest now appears to be accepted by all.

In Gavi’s core business of making vaccines available to resource-constrained countries, the Alliance partners – including intergovernmental organizations – play complementary roles in trying to make as many vaccines as possible available with a given budget. Gavi and the Gates Foundation enter into transactions that might be more difficult for intergovernmental organizations or would otherwise be less efficient for the available resources if conducted by the intergovernmental partners. This shows the value of working through partnerships, in which partners have complementary roles playing to their strengths.

Gavi was initiated with private funding but its engagement with the private sector beyond vaccine manufacturers has considerably evolved. Financial contributions from private sources are now supplemented by partnerships or transactions in which private sector partners contribute to solutions to overcoming barriers to immunization in Gavi-eligible countries. These take many different forms.

A final element of Gavi’s engagement with the private sector is that its funding for technical support to countries has moved from being almost exclusively intergovernmental organizations to also including private sector entities – whether for profit or with a charitable mission. In this context, the different types of partners are treated in the same way in terms of transparency and accountability and are funded from the same available resources.

Finally, it is perhaps Gavi’s private sector influence that explains the prominence of the concepts of ‘value for money’ and ‘return on investment’. This has made Gavi very effective in mobilizing resources, but the narrow approach has its detractors and may pose complexities for the balance in the international governance of global health.