

Project information

Global health

More funds to enable the development of medicines that combat poverty-related diseases

Only a small number of pharmaceutical companies develop medicines to combat illnesses that primarily occur in developing countries because there is a lack of well-funded demand. The Adjuvant Global Health Technology Fund is one of several funds promoting global health; KfW is a key participant, acting on behalf of the German Federal Government. It supports the development of medicines, vaccines and diagnostic products for poverty-related diseases to the point of market launch. KfW has invested EUR 20 million in the Adjuvant fund. In total, it has been possible to raise USD 300 million for this fund alone. The fund closes a gap in the market between purely publicly and purely privately financed development of healthcare innovations.

Context

The coronavirus pandemic has shown how closely the health of people all around the world is interlinked. It has made the importance of innovations in the healthcare space only too clear. However, in many countries COVID-19 is just one pathogen among many.

Malaria and tuberculosis, diarrhoeal diseases like cholera, and even malnutrition claim many lives in developing countries and emerging economies. Furthermore, the risks in childbirth to both mother and baby remain very high, especially in developing countries. These illnesses and deficiencies are responsible for 90 per cent of deaths among children aged under five, with half of those children living in Africa.

This high mortality rate is mainly due to the fact that there are often no medicines available, or those that are available are not affordable. Research into medicines and vaccines against diseases that primarily affect poorer people does not receive enough funding. Only four of the world's 25 largest pharmaceutical companies are still conducting any research into new antibiotics. Only five per cent of global expenditure on health-related research and development relates to the needs of developing countries and emerging economies. There is a lack of financial incentives for privately-funded research.

To improve the availability of suitable medicines and vaccines, diagnostic tools and medical equipment for those diseases typically found in developing countries and emerging economies, non-profit organisations known as product development partnerships started to be established in the late 1990's, to drive research and development in relation to neglected and poverty-related diseases for which there is













almost no market in Europe and North America. These include tuberculosis and malaria, but also lesser-known tropical diseases such as river blindness and Ebola. They are almost exclusively supported through donations and grants from investors like the Gates Foundation and bilateral and multilateral donors.

On the other side is almost entirely private funded research focusing on medicines that are solely aimed at affluent markets, such as treatments for autoimmune diseases or cancer. Between these two "extremes", however, sit numerous healthcare issues and types of disease that are of interest to both developing countries and emerging economies and to affluent markets. This is referred to as dual market potential. The sector is catered to by start-ups and small and medium-sized enterprises and organisations, but they often lack financing for product development to the point of market launch (missing middle). This is where the Adjuvant Global Health Technology Fund (Adjuvant GHTF) comes in.

Project title	Global Health Investment Programme – Adjuvant GHTF
Commissioned by	Federal Ministry for Economic Cooperation and Development (BMZ)
Country/region	Global
Project partner	Global Health Investment Corporation (GHIC) and Adjuvant GHTF



A specialist from a research company evaluates a gene database in Nigeria.
Source: KfW Group/54gene

Interventions		Categories of disease	
Medicines		Neglected tropical diseases	
Vaccines		Communicable diseases	
Diagnostic products		Sexual, reproductive and maternal & child health	
Equipment		Pandemics and AMR	
Supply chains		Non-communicable diseases	
Local production		Nutrition	

Overview of types of disease and intervention methods that can be financed via Adjuvant GHTF. Source: KfW Group

Project approach

Adjuvant GHTF follows in the footsteps of the Global Health Investment Fund (GHIF), which was established in 2012 as one of the first social impact funds specialising in global health research. Having raised USD 108 million in funds, it was able to invest in twelve products with dual market potential, including a cholera vaccine and a device to staunch postpartum bleeding. The GHIF was set up by the Bill & Melinda Gates Foundation. KfW, acting on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ), was among its main investors. Like its predecessor GHIF, Adjuvant GHTF concentrates on three objectives:

- mobilisation of additional private sector funds (gearing) by offering opportunities to invest in a lower-risk tranche of the fund (structuring)
- investment in the development of around 30 products with dual market potential and measurable outcomes for vulnerable population groups in developing countries and emerging economies
- financing of product development to the point of market launch to generate a moderate return on investment.

Adjuvant GHTF is run by an experienced fund manager who rigorously pursues these objectives. The investors monitor the management and performance of the fund via various committees and they have veto rights when it comes to selecting investments according to development policy-related criteria. As well as key investors who were already participating in the GHIF like the Bill & Melinda Gates Foundation, World Bank subsidiary the IFC, the British organisation Children Investment Fund Foundation and the BMZ through KfW, Adjuvant GHTF also includes financiers from the private sector such as Novartis, Merck and investment funds.

Investors had committed to 15 investments by mid-2021, equivalent to around half of the intended total. These include development of a herpes vaccine and a coating for pills that protects their active ingredients against high temperatures. This means that they can be used in regions where cold chains have limited efficacy. In Bangladesh, the fund is financing the optimisation of food supplements that can give undernourished children and pregnant women important vitamins and minerals.

Adjuvant GHTF is investing in an African gene database in Nigeria that helps to make medicines more effective in people from the African continent. The fund is also promoting a company that is backing mobile and decentralised vaccine production. The development of COVID-19 test kits is already market-ready.

The products that are developed with the fund's assistance can be obtained via procurement mechanisms promoted by the BMZ and made available to developing countries. The procurement mechanisms include German participation in the global vaccine alliance GAVI, the Global Fund to Fight AIDS, Tuberculosis and Malaria (GFATM), UN organisations like UNICEF and, not least, bilateral programmes to strengthen healthcare systems.

Impact

Health products focusing on neglected and poverty-related diseases and on maternal and child health are high-impact in order to improve health in developing countries and emerging economies. Adjuvant GHTF has been able to raise USD 300 million, meaning that it is already three times the size of its predecessor GHIF.

The coronavirus pandemic is causing a huge increase in healthcare costs worldwide. Structured funds like Adjuvant GHTF offer a model for using public funds to achieve a gearing effect, mobilising private funding and thus reducing the burden on the public purse. They are an important component in the architecture of global healthcare financing.

Adjuvant GHTF has already reacted quickly and has tested previously promoted diagnostic methods and vaccines for effectiveness against COVID-19. Adjuvant GHTF is one of several international health funds in which KfW participates on behalf of the German Federal Government and which covers the entire development chain, from research into the efficacy of an individual module to the medicine that is ready for market launch. The intention is to launch an innovative mother and child fund next. Adjuvant GHTF directly contributes towards seven of the 17 United Nations Sustainable Development Goals (SDGs), especially good health and well-being, and gender equality, plus innovation and increased partnerships with the private sector.

<https://adjuvantcapital.com>

<http://www.ghif.com/>

<https://ghicfunds.org/>

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