Financial Innovation Will Buy Vaccine To Help Eradicate Polio Worldwide

Rising number of global cases increases pressure to eradicate polio—international community challenged to fill funding gap

WASHINGTON -- An innovative financing program to help eradicate polio (poliomyelitis) worldwide by 2005 was launched today when the World Bank approved a US$28 million no-interest loan for the purchase of oral polio vaccine (OPV) in Nigeria, Africa’s most polio endemic country. The World Bank, the Bill & Melinda Gates Foundation, Rotary International, and the United Nations Foundation, which together comprise the Investment Partnership for Polio, said they would move swiftly over the coming months to fund the immunization of children in other polio endemic countries. A US$20 million loan for eradicating polio in Pakistan is scheduled to be approved in mid-May.

The loans will be funded through the International Development Association (IDA)—the World Bank’s soft-loan arm for the poorest countries. In a new approach to development aid, the partnership will "buy down" a country’s IDA loans upon successful completion of that country’s polio eradication program. Because of the generous loan terms, each grant dollar unlocks US$2.50-3.00 for affected countries to fight polio. To fund the buy-downs, the partnership has established a trust fund with US$25 million from the Gates Foundation and $25 million from Rotary International/UN Foundation. This US$50 million investment will buy down US$120-140 million in World Bank IDA loans. In this way, developing countries can mobilize what ultimately becomes grant funding to eradicate polio, and thus contribute beyond their national borders to the global campaign to eliminate polio transmission worldwide.

This innovative financing mechanism comes at a critical time for global efforts to eradicate polio. While The Investment Partnership for Polio brings large amounts of welcome new money to eradicate polio, the global initiative is still short roughly US$275 million, a gap which threatens immunization campaigns and surveillance activities in the period 2003 to 2005.

Consequently the Partnership is calling on the wider international community to meet the funding gap, and therefore help to deliver a polio-free world by 2005.
“This financial initiative shows the power of civil society to help produce solutions to pressing global problems such as polio, and is an exciting mechanism to unite the World Bank and public and private partners in a common cause,” says World Bank President, James. D. Wolfensohn. “The partnership to buy-down loans to grants on the basis of good performance is an example of the innovative thinking occurring in the private sector and the World Bank about how to increase finances for the fight against global diseases. This financial innovation is bringing the goal of a polio-free world one large step closer to becoming reality.”

IDA provides very long-term, zero-interest loans which are highly concessional, including for health projects. But these IDA loans must cover a whole range of a poor country's pressing development needs—of which polio immunization may be just one. Since eradication of polio from the remaining endemic countries is so important for the world as a whole, it makes sense to ensure that this "global public good" is recognized in the financing provided to countries undertaking this final eradication effort. The buy-down mechanism therefore allows governments to borrow on concessional terms from the World Bank to address specific development problems and see these loans turn into grants upon successful achievement of results.

This builds on the long term commitment of the polio partners. Since 1985, Rotary International’s main philanthropic goal has been the fight against polio. To date, the humanitarian service organization has committed over US$500 million and countless volunteer hours to immunize more than 2 billion children in 122 countries. In addition, Rotary is in the midst of a major drive to raise another US$80 million by June 2003.

“This innovative investment partnership is vital to fighting polio in the remaining endemic countries,” said Jonathan Majiyagbe, President-elect of Rotary International. “In my homeland of Nigeria, 201 children were infected by this disease last year, alone. No child today should ever have to suffer from this crippling disease, as an effective vaccine has made polio totally preventable. We must all continue our efforts to ensure that every child is vaccinated, and protect our investment in a polio-free world by 2005.”

Polio gone by 2005 with greater investment

The polio virus invades the nervous system through the mouth, and can cause total paralysis in a matter of hours. One in 200 infections leads to irreversible paralysis (usually in the legs). Amongst those paralyzed, 5-10 percent die when their breathing muscles become immobilized.

In 1988, polio was endemic in more than 125 countries, paralyzing over 350,000 children every year. In 2002, polio was endemic in only seven countries, and 1,919 global cases were reported (as of April 2003). However, in January 2003, a child was paralyzed by polio in Lebanon, the first case seen in that country in nearly 10 years. Genetic sequencing of the virus confirmed it to be an importation from India. Such risks will remain unless polio is eradicated everywhere.

The worldwide eradication campaign is now in its final stages. Once it is successful, polio would be only the second disease ever to be eradicated. Last year, more than 500 million children under five years of age were vaccinated in 100 countries as part of the global campaign against polio. However, achieving the objective is severely threatened by the remaining funding shortfall.

“With polio eradication within reach, it’s critical to increase funding now to ensure that we finish the job we’ve started,” said Patty Stonesifer, Co-Chair and President of the Bill & Melinda Gates Foundation. “Eliminating polio will help not just those countries facing the disease, but also the entire world, which will never again have to fear a polio resurgence.”
The remaining polio-endemic countries include India, Nigeria, Pakistan, Egypt, Somalia, Afghanistan, and Niger. The World Bank will be working closely with partners such as the WHO, the U.S. Centers for Disease Control, UNICEF, Rotary International, and others to prepare and carry out the immunization programs at the local level in these countries.

Beyond polio—initiative could cover other diseases

According to Timothy Wirth, the President of the UN Foundation—founded by Ted Turner to support the UN and its agencies—the Investment Partnership for Polio could well be a model for pioneering new work in global public health going forward:

“The new World Bank plan to support polio eradication proves that large institutions can be very innovative in promoting global public goods. The private sector partners in the plan are also demonstrating unusual flexibility as well as typical generosity. I believe this new mechanism which the Bank has created will be valuable in many spheres for years to come. I hope the unique partnership represented here in the World Bank plan—like the WHO- UNICEF- CDC-Rotary partnership carrying out the polio eradication initiative on the ground—will be a model for many others,” he said.

The major communicable diseases (AIDS, malaria, tuberculosis, and childhood communicable diseases (measles, and acute respiratory and diarrhoeal diseases) disproportionately affect poor countries and, within poor countries, the poorest families. Communicable diseases are the main cause of death among children worldwide and account for almost 80 percent of the mortality gap between rich and poor countries.

However many developing countries under-invest in communicable disease control because they do not take into account the cross-border or global benefits and costs of their actions. The under-investment has tremendous costs to the region and the world. For example, efforts to control HIV/AIDS in Sub-Saharan African countries is compromised when neighboring countries do not invest in effective strategies. Similarly, poorly-implemented plans to control tuberculosis within several countries has resulted in antibiotic resistant strains of TB being spread around the world. Controlling these diseases requires large, cross-border solutions, with cooperation and financial backing from the regional or global community.

Some national governments would invest more in the control of communicable diseases if there were added incentives such as cheaper access to money. As a result, IDA buy-downs will not only ensure critical funding reaches governments striving to eradicate polio, but may become an important tool to support investments in other global health priorities as well. In the coming months, the World Bank, the Bill & Melinda Gates Foundation and other innovative development partners will explore how best to expand use of these performance-oriented IDA buy-downs.