



May 6, 2014

Committee Secretary, Joint Standing Committee on Foreign Affairs, Defence and Trade, House of Representatives, PO Box 6021, Parliament House, Canberra ACT 2600

Re: Inquiry into the role of the private sector in promoting economic growth and reducing poverty in the Indo-Pacific region

Dear Members of the Joint Standing Committee on Foreign Affairs, Defence and Trade:

Here at the Sabin Vaccine Institute (Sabin), a U.S.-based non-profit organization of scientists, researchers, and advocates dedicated to reducing needless human suffering caused by vaccine preventable and neglected tropical diseases (NTDs), we welcome the Australian government's inquiry into the role of the private sector in promoting economic growth and reducing poverty in the Indo-Pacific region. We would like to strongly recommend that the Joint Standing Committee on Foreign Affairs, Defence and Trade support further investment in, and expansion in scope of, the *AusAID Medical Research Strategy, 2012* to use Product Development Partnerships (PDPs) to draw in private sector partners to accelerate the development of products specifically designed to promote health among the poorest populations and reduce poverty in the Indo-Pacific region.

I lead one of Sabin's core programs, the Sabin Vaccine Institute Product Development Partnership (Sabin PDP). The Sabin PDP is an internationally recognized PDP focused on creating safe, effective, low-cost vaccines for tropical infections in developing countries. The Sabin PDP collaborates with partners from across the globe, including James Cook University in Australia, to develop new, low-cost vaccines that have essentially no commercial market for diseases that primarily impact the world's poorest populations. These are often referred to as "anti-poverty" vaccines. Through development of vaccines for diseases such as human hookworm infection and schistosomiasis, the Sabin PDP's work directly seeks to promote economic growth and reduce poverty through improved health in the Indo-Pacific region and around the world.

PDPs are, by design, innovative multi-sectoral collaborations. PDPs have a substantial capacity to facilitate the involvement of the private sector in promoting economic growth and reducing poverty in the Indo-Pacific region. For instance, at the Sabin PDP, we hold memorandums of understanding, manufacturing transfer agreements, and sub-grant partnership agreements with private sector partners in the pharmaceutical and biotechnology industries to leverage private sector expertise to accelerate research and development for anti-poverty vaccines. PDPs draw in private sector support for initiatives that would otherwise fall victim to market failure due to lack of financial incentive for traditional commercial investment.

Other donors have recognized the key brokerage role that PDPs can play in creating public-private partnerships and leveraging private sector expertise for development aims. The European Commission, through the Seventh Framework Programme (FP7), has funded PDPs with private-sector small and medium enterprise partners to promote development of health products, especially those for application in sub-Saharan Africa. Additionally, the Global Health Innovative Technology Fund (GHIT Fund), supported in part by the Japanese Government, funds PDPs that partner with Japanese private sector organizations to advance Japan's wealth of health technology innovation for the development of new technologies for developing world patients and populations affected by infectious disease. While a number of donors offer funding for PDP initiatives, only the Australian

government currently prioritizes funding for products that would cater specifically to the needs of the Indo-Pacific region.

The Australian government, in the *AusAID Medical Research Strategy, 2012*, recognizes the critical role that PDPs can play in undertaking research that will make a difference for poor people in the Australian government's priority health areas. Building on this foundation, we strongly encourage the use of PDPs as partners that the Australian government could use to enhance the role of the private sector in development in the Indo-Pacific region. By increasing funding to operationalize the *AusAID Medical Research Strategy, 2012* and expanding the prioritization of disease and health issue priorities to include neglected tropical diseases (NTDs), the Australian government could target funding to PDPs that have proven track records in leveraging the private sector's expertise to address health issues at the root of poverty in the Indo-Pacific region.

The Indo-Pacific region accounts for a significant burden of global poverty and disease, and NTDs are common amongst the region's poorest populations. There are an estimated 5.5 million cases of hookworm in the Oceania region alone.ⁱ Australia's Aboriginal population also suffers from disproportionately high rates of NTDs, including strongyloidiasis, leprosy, trachoma, and scabies, and possibly hookworm infection.ⁱⁱ These infections trap people in poverty through their adverse effects on worker productivity, pregnancy outcomes, and child cognition and development. While the exact economic impact of NTDs is difficult to quantify, retrospective studies of the effects of hookworm control and treatment in the United States demonstrated that children cured of hookworm were more likely to attend school and on average earned 45% higher incomes as adults as compared to children who grew up with hookworm.ⁱⁱⁱ Through their chronic and disabling effects, NTDs represent an important contribution to poverty among the poorest populations of the world.

We are now at an historic turning point in global health. We have had more than a decade of unprecedented public and private funding and commitment to fighting diseases of poverty, but more work remains to be done. The private sector has the expertise, but not the consistent incentive to promote economic growth and reduce poverty through product development for health. We applaud the Australian government's interest in the private sector's role and strongly recommend the Joint Standing Committee on Foreign Affairs, Defence and Trade support further investment in, and expansion in scope of, the *AusAID Medical Research Strategy, 2012* to use PDPs' public-private partnership structure to accelerate development and, ultimately, reduce poverty.

Thank you for the opportunity to respond to this inquiry.

Sincerely,

Peter J. Hotez, MD, PhD, FASTMH, FAAP
President

ⁱ Kline K, McCarthy JS, Pearson M, Loukas A, Hotez PJ (2013) Neglected Tropical Diseases of Oceania: Review of Their Prevalence, Distribution, and Opportunities for Control. *PLoS Negl Trop Dis* 7(1): e1755. doi:10.1371/journal.pntd.0001755

ⁱⁱ Hotez PJ (2014) Aboriginal Populations and Their Neglected Tropical Diseases. *PLoS Negl Trop Dis* 8(1): e2286. doi:10.1371/journal.pntd.0002286

ⁱⁱⁱ WHO (2010) First WHO report on neglected tropical diseases 2010: working to overcome the global impact of neglected tropical diseases.