

Protecting investment in TB vaccine R&D and health systems amid debt distress and reform

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Background: IMF analysis reveals 51 countries with moderate-to-high risk of sovereign debt distress and 9 countries in debt distress: unable to fulfill financial obligations to lenders. For many high-TB-burden countries, yearly debt servicing now exceeds domestic revenue – forcing countries to cut expenditure on health. Based on a literature review and engagement with World Bank/IMF, this abstract presents a policy analysis of the implications of sovereign debt distress on TB vaccine readiness and proposes debt relief and reform as innovative financial tools for creating fiscal space for government investment in vaccine R&D and implementation.

Analysis: Current sovereign debt practices prioritize lender returns over expenditure on health, influencing TB vaccines in two primary ways: a) restricted liquidity to invest in R&D and vaccination; and b) cuts to public expenditure on health.

21 of 49 (43%) high-TB-burden countries are at risk of debt distress, and 11 will face Gavi ineligibility as new TB vaccines hit the market in 5+ years. In the absence of debt solutions, countries have limited financial space to invest in R&D, develop local vaccine manufacturing capacity, or procure TB vaccines at demand.

Lender-pushed austerity measures force indebted nations to cut public expenditure, leading to reduced health services. This restricts the ability of indebted high-TB-burden countries to invest in health system strengthening in preparation for future TB vaccines.

Conclusion: Sovereign debt is a detrimental and unsustainable financing mechanism that limits domestic investment in TB research and services and creates barriers to the rollout of new TB tools – especially TB vaccines. This talk will outline policy solutions to address debt (e.g., debt-for-health swaps, concessional loans, etc.) and discuss principles to ensure that any method is implemented in a way to generate the fiscal space and security necessary to investment in TB vaccine R&D and access.

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Conflicts of Interest

None

