



## Peggy Tse - Hong Kong

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Good afternoon all. Today in this room it is all about innovations. But, when we speak about innovation in the context of global health, we often limit ourselves in inventing something tangible, like a new device, a new medicine or a new procedure. What about a new institution that can completely change government, corporations, patients and the currently broken pharmaceutical research and design (R&D) system? We, the Health Impact Fund, look to make a change. Two pieces of evidence illustrating the problem we are facing now: 1) We have way too expensive drugs, which would take an average person months of salary to afford. And, interestingly, these drug prices can drop 50 times cheaper post patents, after their generics come into the market; 2) The issue is access, one in three people globally lacks access to critical drugs in this day and age of abundance. And, in some developing countries, this rises to one in two. So a fundamental reason behind this phenomenon can be explained by simple economics. Medicine, as a normal good, can be viewed in two metrics: profitability and effectiveness. Pharmaceutical companies who are very commercial and sensitive to their bottom lines look to maximise the financial gains per drug they produce. Therefore, they are in the bottom right of the quadrant you see here on the slide. Governments, on the other hand, who are making public health decisions, look to maximise health gains and social gains out of each dollar they spend. So, that is why they are in the top left of the quadrant. For us, the Health Impact Fund looks into the blue ocean by realigning incentives between these two parties. In fact, we are not the only ones doing so: the UK National Health Service and the US Medicare have experimented different ways to resolve the same issue and we need to be ahead of the game.

So, how does the Health Impact Fund really work? We have three components here. First, we measure the actual health gains of a new pharmaceutical product globally, we leverage data analytics to assess the medical effectiveness in the unit of quality-adjusted life year (QALY) and take into account the factor of access (i.e. the number of patients who took and benefitted from the medicine). Second, we pull together money from the public sector, governments, and foundations and then allocate the sum in proportion to the drug effectiveness achieved by the products, to reimburse the pharmaceutical companies. This is a smart capital allocation method that brings transparency, fairness and accountability to all these public organisations. And, last but not least, we require the pharmaceutical companies to price their drugs at cost globally, in exchange for this reward pool to ensure affordable and accessible medicines to all.

Given this unique model of Health Impact Fund that reinvents the financing of pharmaceutical R&D, we are able to achieve Sustainable Development Goal (SDG) number 1 (no poverty); 3 (good health); 10 (reduce inequalities); and 17 (partnerships). We incorporate financial sustainability and scalability into global health, while ending the neglect of diseases of the poor and alleviating the last mile problem.

The Health Impact Fund is not just an ideal, we have already gained traction with many partners worldwide. We have a pilot program against Tuberculosis in Mumbai, India, endorsement from German and Indian governments, partnership with the Institute of Health Metrics and Evaluation as our technical advisor of the measurement framework, agreement with pharmaceutical companies like J&J, Gillette and GSK to put their drugs on our platform. And, more encouragingly, this year we were selected by the UN High-Level Panel on Access to Medicines and we helped contribute to their report. And now we are looking to expand our operations in China against Hepatitis C.

So, behind all of this, I just want to quickly introduce my team of three dedicated individuals who share the same goal towards global health. We come from very different backgrounds, where each of us contribute to the organisation in very different ways. We have Professor Aidan Hollis, health economist from University of Calgary, myself, two-time entrepreneur, with an investment background and Karen, our pharmacist, who knows the inside out of the industry.

Health Impact Fund is an innovation by all definitions, we completely change the mind-sets of how pharmaceutical companies would invent their drugs and get their incentives. They will no longer be thinking about where the richest patients are, but instead they would think about where the greatest health impact is. And, on a final note, I just want to share with you one important thing that my banking career taught me: long-term greed, that is the desire to have as many good things as possible for as long as possible. To me good things are social justice and economic efficiency. The value of mine is reflected in the model of Health Impact Fund and I trust this solution can be replicated to other areas of social injustice, like renewable energy and food security. So, as all of us here who work hard on the Sustainable Development Solutions, let us be very greedy when it comes to creating more good things for our world. And, if you are interested in Health Impact

Fund, we always welcome collaboration with lawyers, policy makers, financiers and, of course, public health experts from all around the world. Thank you very much.