MINISTRY OF FOREIGN AFFAIRS OF DENMARK

DANIDA | INTERNATIONAL DEVELOPMENT COOPERATION

Danish Organisation Strategy

for

International Partnership for Microbicides (IPM)

2014-2018

August 2014

1. Objective

1.1. Objective of strategy

This strategy for the cooperation between Denmark and the International Partnership for Microbicides (IPM) forms the basis for the Danish contributions to IPM and is the central platform for dialogue and partnership with the organisation. It follows the guidelines for short organisation strategies for organisations receiving less than DKK 35 million in annual contribution from Denmark. It follows the timeline of and outlines the Danish priorities for IPM's performance within the framework established by IPM's own strategy for 2014-2018.

Objectives of the organisation

Established in 2002, IPM is a leading partner in the global HIV and AIDS response.. The organisation provides leadership within the field of research in and development of microbicides. IPM works on a rights based global health agenda to prevent HIV transmission by addressing the need for safe, affordable and effective HIV prevention technologies which can be controlled independently by women in developing countries.

2. The organisation

2.1. Organisational background facts and management structure

Organisational background facts	
Established	2002
Headquarters	Silver Spring, MD, USA
Office in charge of global clinical trials	Paarl, Western Cape, South Africa
No of field offices	7 research centre partners (in 2 countries)
CEO	Dr. Zeda Rosenberg
Human resources	71 posted in the US, UK and in South Africa
Previous Danish funding	2002: 2 M DKK 2003: 3 M DKK 2004: 5 M DKK 2005-07: 27.5 M DKK 2008-10: 30.0 M DKK 2011-13: 15.0 M DKK 2013: 7.5 M DKK

IPM is a non-profit product development partnership (PDP) which at the time of its establishment was a relatively novel approach to the invention of technologies, medicines and vaccines of public health relevance. PDPs are non-profit organisations which generate resources and forge partnerships across public, private and philanthropic sectors to accelerate the development of new health tools and technologies. PDPs address a mismatch in global health between the need for technologies to respond to diseases most prevalent in developing countries and the reluctance of the commercial pharmaceutical industry to invest in the required research and development in medicines and technologies which can address these diseases, due to perceived lack of return on investment.

IPM works with four different types of partners: i) civil society organisations, for example faith-based organisations, business forums, NGOs, local communities and labour organisations; ii) other PDPs such as external contract research organisations and scientific laboratories; iii) five pharmaceutical company partners; and iv) clinical research centre partners. By combining the expertise and capacities of these four types of partners, IPM stimulates private investments and brings together public and private organisations with experts from academia with an ambition to develop critically needed, but often not profitable, medical products for resource-poor communities.

What are microbicides?

Microbicides are medicines being developed to protect healthy people from becoming infected with HIV during sex. Recent research results show that the same types of antiretroviral (ARV) drugs already being used successfully to *treat* AIDS may also offer *protection* against HIV. This scientific break-through forms the basis for new product development within the field of microbicide research. Some are being designed for women as a silicone ring, a gel or a film to be inserted in the vagina. Others are being designed as rectal products which can be used by men and women. The products release ARV that protects against HIV. Protection against other sexually transmitted infections and pregnancy can be added to the product.

The overall governance of IPM is the responsibility of the Board of Directors and the Scientific Advisory Board, respectively. The responsibility for the organisation's strategic planning, finances and operations is placed with the members of the Board of Directors who are recruited based on their competences within the field of public health, HIV science, economic development, pharmaceutical science, health care finances, and representing experiences from developed and developing countries. Given the fact that pharmaceutical product development and the delivery of those products to the end users is a multidisciplinary enterprise, the diversity of academic and geographical expertise is central to the quality of the guidance offered by the Board. The Scientific Advisory Board provides on-going, high-level scientific advice to staff and Board members. The members are recruited based on academic merit within the fields of drug development, HIV and AIDS, clinical evaluation, delivery systems and regulatory affairs. The members are divided into two sub-committees and make their decisions based on a set of written decision-making criteria.

IPM has its headquarters in Silver Spring, Maryland (USA), and an office in Paarl, Western Cape (South Africa), which leads global clinical trial implementation. The executive leadership which is responsible for the overall management and administration of the organisation is comprised of department heads in Clinical Affairs, Product Development, Regulatory Affairs/Quality Assurance, and Finance, managing a staff of approximately 70 across the globe. The majority of programme staff is subject matter experts who comprise IPM's cross-functional Product Teams. Product Teams manage the prioritisation of microbicide product concepts as well as operational development activities, working in close collaboration with the Executive Team. Product Teams are responsible for meeting the deliverables and having risk mitigation plans in place to assure success. IPM's finance and administrative staff support the organisation's programmatic work by managing donor and partner relations, and by assuring that the approximately USD 35–40 million annual budgets are accounted for and reported upon appropriately.

2.2. Mission and mandate

The overall mission of IPM is founded on a rights based approach to global health efforts and to work towards the development of microbicides which can help women to protect their own health. IPM has a triple mandate:

- to develop antiretroviral (ARV)-based, safe, effective and affordable microbicides which can be used by women to protect themselves against HIV infection;
- to make these products available as soon as possible where the need is the most urgent; and
- to advocate for awareness about microbicides as a key to control the spread of HIV.

Recognising women's broader sexual and reproductive health needs, there is an increased focus on the need for devices that protect against HIV only *as well as* against both HIV infection and other sexually transmitted diseases and/or pregnancy at the same time. The former is particularly relevant for women in a sero-discordant relationship (one partner is HIV positive, the other is not) with a desire to become pregnant and who are therefore prevented from using condoms as means of protection against HIV infection. The latter is relevant when wanting to protect oneself against both HIV *and* other sexually transmitted diseases or pregnancy. In conjunction with its efforts at developing female controlled HIV protective technologies (including products which can also be used rectally by men and women), IPM therefore works on the development of multipurpose prevention technologies (MPTs). That is pharmaceutical products (chemicals) with multiple preventive purposes that can protect against more than one undesired health outcome, e.g. against both HIV and unwanted pregnancy. Therefore a ring which also releases hormonal contraceptives to prevent pregnancy as well as drugs which protect against sexually transmitted infections is under development.

IPM's mission is to make microbicides available as quickly and affordably as possible in areas most impacted by HIV and AIDS, yet it is no secret that investing in scientific discovery is a long-haul endeavour where successes interchange with set-backs. Microbicide research is particularly challenging because of socio-behavioural factors affecting adherence to product use, but lessons learned from recent studies give room for optimism.

The work of IPM is guided by its *Strategic Framework 2014-2018*.

2.3. Achievements and mode of operation

IPM has contributed to substantial progress in the field of microbicide research and development. It has a recognised scientific record, documented in a number of peer reviewed articles. In addition, IPM has succeeded in fulfilling its mandate as a catalyst between academia, pharmaceutical and biotech companies, thus stimulating private investment in the development of critically needed, but often not profitable, medical products for resource-poor settings. This is demonstrated by the fact that since 2004, IPM has obtained six non-exclusive royalty-free licenses from pharmaceutical companies to develop ARV compounds as microbicides for use in developing countries; agreements giving IPM full rights to distribute microbicides at no or low cost to women in developing countries.

IPM's primary mode of operation is in partnership across sectors with selected organisations having expertise in either scientific research, product development or feasibility studies and through a step-by-step approach. First step in product development is to conduct a series of scientific studies that help identify and prioritise

promising compounds and product formulations. The goal of product prioritisation is to identify products that are most promising to help achieve, in the most efficient way possible. Next step is to initiate clinical studies with pharmaceutical companies followed by adherence studies to ensure that the product is acceptable and used as directed by the target group.

2.4. Effectiveness of the organisation

The work of IPM has been subject to several external evaluations and assessments. The most recent being the *Irish Aid Review of Support to Product Development Partnerships* and the *Review of Denmark's Support to the Response to HIV/AIDS* (both 2011) both confirmed that IPM remains a highly relevant partner for Denmark in the endeavour to address the HIV/AIDS pandemic based on a public health approach and of promoting women's rights.

The Irish review concluded that the latest clinical trials have provided "…*proof of concept that a microbicide can reduce a woman's risk of HIV….There is now real potential for IPM in delivering a safe, efficacious microbicide in the near future with continued support from its donors*". The Danish review was in line with the support to future investments in multiple preventive technologies to equip women with discrete HIV preventive methods and noted that IPM is a strategic partner for Denmark.

Previous evaluations have favourably assessed IPM's contribution to the HIV prevention field and the effectiveness, efficiency, relevance and impact of IPM and its work. On behalf of the *Evaluation Management Group of the IPM Donors*, IPM was evaluated in 2008. The evaluation concluded that "*IPM has recorded impressive accomplishments and has positioned itself well to reach its goals of developing safe and effective microbicides to prevent HIV*". The Bill and Melinda Gates Foundation conducted a review in 2010 in which it was found that IPM would need to adapt a leaner operating model (i.e. to reduce infrastructure and number of staff by partnering with other clinical trial networks with adequate capacity on the ground). The financial review concluded that the appropriate controls were in place to expend and account for donor funds. In line with the recommendations, the number of staff was reduced and a scaling-down in work plans regarding pipeline and access based on the funding available or anticipated was done.

Based on the above review and caused by a situation of general economic downturn and of shrinking financial donor contributions, IPM has adopted a leaner operating model by reducing infrastructure and number of staff and by partnering with other clinical trial networks with adequate capacity on the ground. The organisation reduced its expenditures from USD 56.9 million in 2010 to USD 38.2 million 2014 and reduced the number of full-time staff from 164 to the current 71. As a result of the required downsizing, IPM adopted an outsource model to implement much of the organisational work plan, whereby work that had previously been conducted by IPM staff at IPM facilities was shifted to consultants and contract organisations. In other cases, IPM reduced the scope of the organisational work plan in order to meet the funding constraints. This downsizing was not without its organisational and technical challenges, but IPM was able to successfully respond to the required changes by transitioning to the new model in place today. IPM has successfully overcome these challenges and continues to be on track to fulfil its mission. Although IPM still faces capacity issues that require a focused work plan and occasionally lead to operational delays, lessons learned from the recent past have enabled IPM to

transition again as the dapivirine ring licensure programme progresses and pipeline development regains momentum.

IPM stands out as a learning, responsive and adaptive organisation which strives to build on lessons learned and to adapt and refine its strategic approach accordingly. It is recognised by its donors as a reliable partner, and as a consequence IPM currently receives about 10-20% of funding allocated to microbicide research and development at a global level.

3. Key strategic challenges and opportunities

In its strategic framework covering the years from 2014 to 2018, IPM places emphasis on its lead microbicide candidate: the ARV-based dapivirine ring. Three focus areas are outlined in the IPM strategy:

1. Complete the licensure programme for the dapivirine ring;
2. Establish pathways to access for dapivirine ring;
3. Continue to advance a robust pipeline of microbicides and multipurpose prevention technologies.

In order to fulfil these ambitions, the organisation is confronted with some strategic challenges. The overriding strategic challenge for IPM – and one that the organisation shares with its 'sister organisation' The International AIDS Vaccine Initiative and other organisations involved in the long-endeavour work in research and product development – is to convince its partners of the need to invest in discovery of potentially life-saving new technologies rather than improving access to already existing, less effective technologies and products. At a policy level, it remains a challenge – despite exciting recent scientific results – to convincingly communicate the need for spending scarce funds on a pharmaceutical product that few lay people, development specialists or public health decision makers have heard of or understand.

Another challenge lies with respect to future demand and access by end-users. In anticipation of a positive outcome of the Phase III clinical trial of the dapivirine silicone ring, production capacity must be scaled up already at this stage, as it takes two years to have a fully functional production line. This is necessary in order to be able to meet the expected demand and be able to roll-out upon approval. These investments have to be made prior to knowing the results of the efficacy trials (expected by 2016) and approval by authorities (expected by 2017/2018), and thus come with some risk. However, if production scale-up is only done upon completion of trials, a two year delay in being able to roll-out the product will result. These discussions form part of the annual donor consultations. In view of the positive trial indications so far, the donors have supported IPM in making the necessary production investments possible within its resource envelop in order to be able to meet the expected demand in a timely manner.

The strategic opportunity that IPM must and can grasp is the fact that its products, not least the dapivirine ring, offer unique and novel ways of HIV protection. Furthermore, the fact that the results with this ring are being used as a platform to leverage the technology required to develop other products is a strong 'selling point'. Products in the pipeline include technologies which can protect the woman against HIV and other sexually transmitted infections but allowing conception or that can be used rectally by men and women alike.

The successful development and introduction of a range of female-initiated HIV prevention tools and MPTs would dramatically impact the societal and economic costs of HIV and maternal mortality, particularly in sub-Saharan Africa and other regions disproportionately impacted by these challenges, and this opportunity must be communicated effectively to decision makers as well as lay people. Making microbicides and MPTs available in areas of highest need will contribute to progress on all of the Millennium Development Goals, most notably on combating HIV/AIDS and other diseases (Goal 6); improving maternal health (Goal 5); reducing child mortality (Goal 4) and poverty (Goal 1); and promoting gender equality (Goal 3).

4. Priority results to be achieved

The priority results defined for Denmark's assistance to IPM are determined by *The Right to a Better Life: Strategy for Denmark's Development Cooperation* (2012) as well as in *Strategy for Denmark's Support to the International Fight against HIV/AIDS* (2005). The strategy for development cooperation emphasises that Denmark's principal aim in international development cooperation is to reduce poverty and to promote human rights, including women's human rights. Denmark's assistance to IPM will be part of the overall ambition of controlling the HIV/AIDS pandemic based on a human rights approach.

Denmark will support IPM in its mission to '*accelerate the development and accessibility of safe, effective and user-friendly microbicides and (of) MPTs'* for use by women in developing countries. Furthermore, Denmark will remain a partner in IPM's efforts at staying efficient and effective in a situation of financial and operational changing requirements.

The three Danish priority areas for IPM are:

- **Support to the promotion of women's sexual and reproductive health through the development of safe microbicides and other HIV preventive technologies**. The objectives include efforts to advance the development of safe, accessible and user-friendly microbicides and MPTs; to ensure that focus is on the needs of women, particularly those most vulnerable, in developing countries and where women's possibility to protect own health and physical integrity is most at risk; and to enhance the passage from research results to products at the lowest possible cost.
- **Continued efficiency and effectiveness of IPM including institutional reform** .The objectives include efforts to promote IPM's capacity to respond timely to and to continue to work in partnerships with industry, civil society and academia.
- **Sustained effort to combat corruption and misuse of funds.** The objectives include support to IPM's work with optimising operational procedures to ensure that grant and donor reporting is accurate, transparent and timely; and efforts to ensure that funds are appropriately utilised for their defined purposes.

5. Budget

The budget for the Danish contribution to IPM for the coming five years is shown in the table below:

	2014	2015	2016	2017[1]	2018
Commitment in DKK millions	15			15	
Annual releases in DKK millions	5	5	5	5	5

Denmark's support to IPM is provided as core, un-earmarked funding. Currently IPM has a strong and diversified donor base, but most of the donors offer earmarked funding. IPM receives approximately 60% of its income as earmarked and 40% as un-earmarked, core support. It is the core support which enables IPM to make prompt decisions and to follow science in new directions, and to maintain the infrastructure needed to achieve its mission.

6. Summary results matrix

The below framework based on IPM's own monitoring and evaluation system forms the basis of monitoring of Denmark's support to IPM. The support will be monitored through the annual PDP Funders report and annual audited accounts submitted to the donors by IPM. In addition, the annual donor meeting enables dialogue with IPM management and with other donors to the organisation.

[1] The numbers for 2017/18 are preliminary and subject to parliamentary approval.

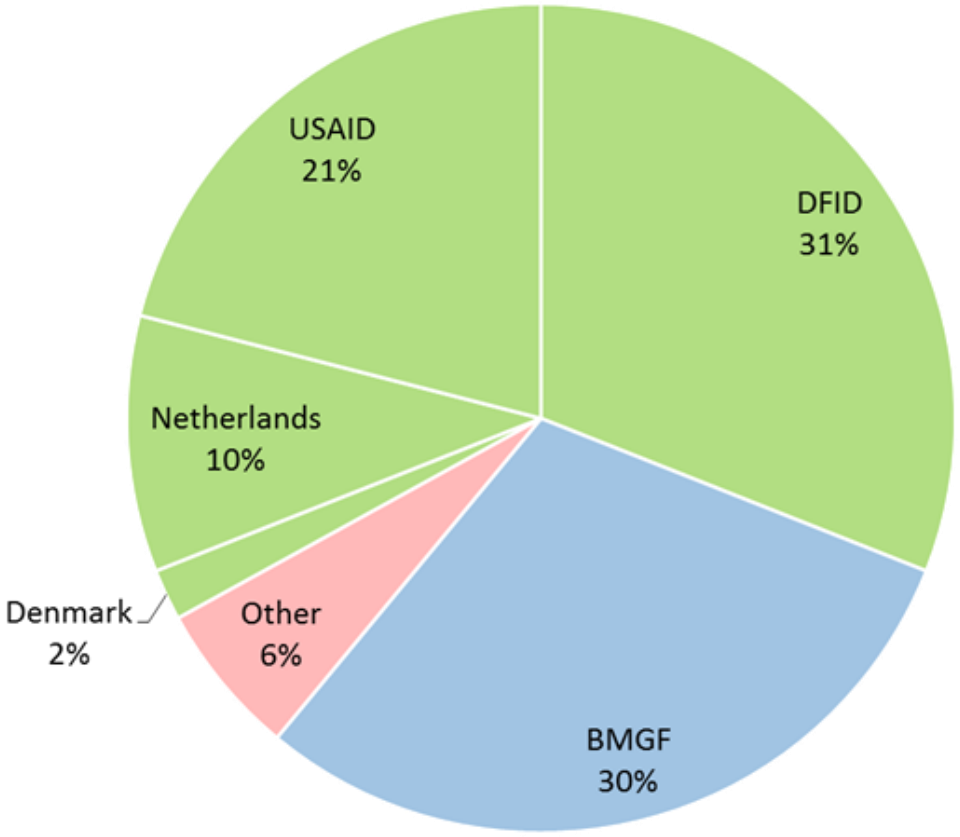
	Intended Results (selected from IPM's own monitoring framework)	**Indicators** (selected from IPM's own monitoring framework)	**Baseline** (selected from IPM's own monitoring framework)
Impact	Improve women's health by reducing rates of HIV infection and maternal mortality in sub-Saharan Africa and other high-burden regions	1) Availability of safe, effective women-controlled prevention methods for HIV prevention and advancement of MPTs for dual protection against both HIV and pregnancy in target countries; 2) HIV incidence and rates of maternal mortality in target countries	1) Female condom (2014) 2) HIV incidence among women in South Africa ages 15–49* was 2.28% (2012, South African National HIV Survey) 500 maternal deaths occurred per 100,000 live births in sub-Saharan Africa (2010, WHO) **Due to poor measures and reporting systems for recording new HIV infections in much of sub-Saharan Africa, decreases in HIV incidence among women in South Africa will be a marker for the impact of this project in target countries throughout the region.*
Priority Area 1: Promote women's sexual and reproductive health through the development of safe microbicides and other preventive technologies (MTPs)			
Objective 1: Contribute to advancing the development of safe and user-friendly microbicides and MTPs	Microbicides and MPTs are made available as quickly and affordably as possible to women in developing countries where the need is most urgent	1) Dossiers submitted to at least 6 target countries to obtain regulatory approval for the dapivirine ring; 2) Number and status of microbicide and MPT candidates in the pipeline	1) Zero; dossier filing strategy planning underway (2014) 2) IPM has 3 candidates (1 MPT; 2 microbicides) in preclinical stages, and 2 candidates (microbicides) in clinical stages of development (2014)

	Intended Results (selected from IPM's own monitoring framework)	**Indicators** (selected from IPM's own monitoring framework)	**Baseline** (selected from IPM's own monitoring framework)
Objective 2: Ensure that focus is on the needs of women in developing countries where the need is most urgent and where their possibility for protecting own health and physical integrity is most at risk	Establish partnerships and pathways to access to ensure products reach women in need as quickly and affordably as possible	1) Establish strategic partnerships to ensure medical education, consumer education, commercial infrastructure, and supply chains required for successful introduction and scale up; 2) Identify a suitable regulatory pathway with European (EMA), American (FDA) and South African regulators, and at least 6 other African national regulatory authorities (NRAs)	1) Access strategy planning underway (2014) 2) Regulatory strategy planning underway (2014*)*
Objective 3: Enhance the passage from research results to product at the lowest possible cost	Advance a robust pipeline of microbicide and MPT candidates in novel formulations with different mechanisms of action, to increase the availability of future HIV and multi-purpose prevention options for women	1) MPT microbicide-contraceptive vaginal ring advanced to clinical trials; 2) At least one of the following advanced to clinical trials: DS003 tablet/ring and/or dual-ARV ring	1) Preclinical MPT ring studies underway (2014) 2) Preclinical DS003 tablet activities underway (2014)
Priority Area 2: Efficiency and effectiveness of IPM including institution reform process			
Objective 4: To be able to adapt the organisation to a changing financial situation	In a situation of global economic downturn, IPM must pursue paths to alternative funding sources	1) Proportion of funding emanating from 'old' donor portfolio; 2) Alternative fundraising strategies developed	1) 100% (2014) 2) Fundraising diversification strategy planning underway (2014)

	Intended Results (selected from IPM's own monitoring framework)	**Indicators** (selected from IPM's own monitoring framework)	**Baseline** (selected from IPM's own monitoring framework)
Objective 5: To be able to retain key personnel with an adequate professional expertise and organisational profile	To ensure that IPM has the appropriate internal expertise/staffing levels. As appropriate, IPM engages consultants as well as partner organisations	1) Cross-functional training to mitigate against loss of staff	1) Cross-functional training procedures underway (2014)
Priority Area 3: Effort to combat corruption and misuse of funds			
Objective 6: Continued improvement with regards to preventing financial fraud and to ensure that funds are appropriately utilised for their defined purposes	To enhance visibility and reporting of financial metrics through the consistent implementation of the Enterprise Resource Planning system	1) Results of internal controls conducted; 2) Results of the monthly and quarterly reviews of research centre spending and on-site audits by IPM's financial monitors; 3) Results of annual financial audits	These processes are all underway (2014)

Annex 1: IPM estimated funding base divided by donor, 2014

The proportion of the budget per donor changes every year depending on funding available and the application of funds to actual expenses that occur during that year. The percentages below represent estimates for 2014.



BMGF: Bill & Melinda Gates Foundation
"Other" includes: Norad, Irish Aid, the OPEC Fund for International Development (OFID) and the Magee-Women's Research Institute and Foundation (MWRI).

Annex 2: IPM financial overview: projected spending 2013-16

IPM Projected Spending 2013-16

	2013	2014	2015	2016	Total	% of Total
			($ millions)			
IPM 027	$ 15.8	$ 17.9	$ 13.8	$ 11.6	$ 59.1	43.6%
Other Clinical Studies	2.5	1.2	2.6	-	$ 6.4	4.7%
Other Licensure Costs	2.6	3.2	2.4	2.7	$ 10.9	8.1%
Phase 3b/Access	0.2	1.1	0.4	0.8	$ 2.4	1.8%
Pipeline	3.0	4.9	3.8	3.5	$ 15.2	11.2%
External Relations	2.2	2.2	2.3	2.4	$ 9.0	6.7%
Shared and Indirect	8.4	7.6	8.0	8.4	$ 32.5	23.9%
TOTAL	$ 34.6	$ 38.2	$ 33.4	$ 29.4	$ 135.6	100.0%

- Note: above expense analysis excludes the following access-related activities (at risk):
  - $5M in 2014 for the ramp-up of launch manufacturing in anticipation of meeting Year 1 ring demand (post-approval)
  - $5-7M in 2015 for the addition of 1-2 manufacturing streams

The shared and indirect costs include: rent and facilities, legal, information technology (IT), communications, finance and accounting, executive office, strategic planning, risk management, fundraising, and human resources. Due to the nature of its business, IPM has two offices (US headquarters and Paarl South Africa) and both require these expenses. IPM uses a conservative methodology in its allocation of expenses to shared and indirect vs. direct projects. Hence, some of the expenses included in the “shared and indirect” category could also be treated as direct project expenses.