

15 Minutes

Seth Berkley

President and CEO of International
AIDS Vaccine Initiative

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The president and CEO of International AIDS Vaccine Initiative talks about winning allies, getting beyond egos, and tackling an enormous social problem

As a Rockefeller Foundation health specialist in the early 1990s, Dr. Seth Berkley was increasingly concerned by the lack of progress in developing an AIDS vaccine. The vast majority of research efforts at the time were focused on treatments for HIV / AIDS, and even now, only 2 percent to 3 percent of the \$20 billion the world spends annually on fighting the virus is devoted to finding an effective vaccine.

In 1996, at Berkley's urging, Rockefeller established the International AIDS Vaccine Initiative (IAVI). Headed by Berkley, IAVI was set up outside the foundation as an independent nonprofit.

Since its creation, IAVI has raised \$350 million from governments, foundations, and other donors around the world. IAVI and its global network of nonprofit, government, and for-profit corporate partners have advanced five vaccine candidates to clinical trials in eight countries. And an independent evaluation last year concluded that the initiative had "met or exceeded most of its key goals and has been a very effective and positive force in the development of an AIDS vaccine."

How did you get consensus within the Rockefeller Foundation to launch IAVI?

There wasn't consensus. In fact, there was a lot of concern. Initially, everybody understood that business needed to be engaged in solving some of these big problems. But people got really nervous about the legal issues of foundations working with for-profit institutions.

How did that get ironed out?

I give then-Rockefeller president Peter Goldmark credit because although he kept losing his nerve, he always came back to the importance of the problem and supported it. And I'm very pushy and stubborn, so we kept working through it and we eventually took it to the board. It was a really wonderful board meeting because the woman who defended it

from the trustees' point of view was David Rockefeller's daughter Peggy Dulany. She talked about why it was important for foundations to get involved in big problems like this.

What did the Rockefeller Foundation do to help launch IAVI?

The concept of public-private partnerships in the health area really hadn't gone very far by the early '90s. The foundation really believed having a private sector point of view was critical to what they were doing. Veteran biotech venture capitalist Paul Klingenstein was working with the foundation then

because they were trying to bring in private-sector people to think about how that might intersect with what was going on.

But it was clear with this particular problem that one needed to bring the public and private sectors together to solve it, so we began the process of trying to think through that. The foundation was supportive of it as a big concept, but also was quite concerned and cautious about doing it

because it was a new area. So we did a very thorough workup of the issues around it – holding meetings, putting out reports, getting consensus from a large number of people – before we finally launched it. And the founda-



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tion’s role in all of this was to be the convener and to finance this. That allowed two things: the flexibility to do it, and the credibility that allowed it to happen. If I had been convening this as Seth Berkley, I would not have been able to do it, but convening it as the Rockefeller Foundation, I was able to bring people to the table.

Tell me about the big research meeting in 1994 at Rockefeller’s Bellagio Study and Conference Center in northern Italy.

That meeting was described by *Science* magazine as the most important and diverse meeting that had ever been held on AIDS vaccines, but it was more than researchers. We brought in U.N. agencies and the World Bank. We also brought some biotech companies and government officials. We tried to bring in a broad cross-section of stakeholders and ask whether there was a problem. And the answer was yes.

The scientists thought a vaccine was possible but that we were going about it the wrong way. Later, there were meetings on structure and financing, intellectual property, and, most interestingly, meetings of the AIDS community and the developing-country leaders because they were threatened by the idea of some new initiative. Was this going to be taking away from treatment? Was it going to take away from other activism?

How big a stumbling block was the AIDS community’s opposition?

“Opposition” is too strong. The AIDS community in the North at that time was dominated by those who were HIV-positive. And they were pushing hard – rightfully so – to get treatment to be the issue; a preventive vaccine was not their highest priority at the

time. So one issue was convincing them that this wasn’t going to take away from the critical effort that was going on to develop treatments.

Did you have a business plan when you began?

We did. We had five different reports that put together a vision of what the organization should look like, what its output should be, what the science program should be, how it should be structured and financed. When we did the business and finance stuff, we brought people together from finance, industry, investment banks. With the intellectual property report, we brought lawyers and IP groups together.

How did you come up with a business plan for such a risky, long-term project?

Initially, it didn’t look like a business plan that you’d be familiar with because we had to do it in stages. What we basically did was sit down and ask how we would capitalize such a thing. What type of mechanism and successes would we have to have to be able to get there? And when we went back and looked at the plans, they were pretty damn close to what we ended up doing.

At first, we advocated for vaccines, got them on the agenda, and began to get a number of foundations that weren’t involved in the AIDS field to give founding grants. Then we put public-private partnerships together and did some science projects together that would show the world how vaccine development could be done with speed. Once we did that, we marched to the governmental donors and said, “We understand this is risky, but we’ve already got some track record and it’s really important

and you ought to support it.”

We started with European governments instead of the U.S. because we knew we would never get Europe if it were a Rockefeller operation with a loudmouth American president operating out of New York. So we started with the U.K. and then the Netherlands, Ireland, and Canada. We built up support outside of the U.S., which then allowed the U.S. to join a set of countries that were already out there and have it feel like a really international effort.

Who was involved in drafting the business plan?

We’ve had an active board, and initially the board was much more operational than it is now. It was very much like the kitchen cabinet that got things done. We also had outside advisers who helped us. One person who was very critical was Paul Klingenstein. At that point he was an adviser, but recently he has joined our board. He helped us with a lot of ideas and that’s why IAVI had a venture capital feel to it when it started.

Our first chair was former Levi Strauss International president Lee Smith, who had worked in the AIDS area. His whole career was on the business side and that was very helpful in terms of creating the business case. Phil Russell, former chief of the U.S. Army Medical Research and Development Command and a vaccinologist, was also a founding board member, as was Peter Piot, the head of UNAIDS.

What is the upside – and downside – of partnering with for-profit drug companies?

The most important thing is getting the incentives right. And making sure you have the same language and the

same understanding of what's going on. When we first started, there was not a lot of this type activity going on in this field, and the concept of a public-private partnership was foreign. There was skepticism about whether it made sense. There was a sense that those in the nonprofit sector were good doers, but couldn't be hard-nosed and get things accomplished, and business people were hard-nosed, but wouldn't work if there weren't the right incentives in place. We've become more sophisticated as we've gotten bigger and put in a fair amount of business-development experience into IAVI. And companies have become more comfortable with the concept of structuring partnerships together.

It's still a little hard getting the incentive structure right, because a company's goal is to maximize profit while our goal is to maximize the speed and availability of a vaccine for the poor. So we use different tools to try to get them to work with us and it's a matter of trying to figure out how to best do that.

When the polio vaccine was developed, Jonas Salk gave it away. If an AIDS vaccine does get formulated, who decides how to price it for the developing countries where it's needed most?

We have varying intellectual property agreements. Some have language that talks about direct pricing – that is, we don't know what the price will be, but it'll be a market price for private sector and cost-plus for the public sector of the developing world. We've got other agreements that allow us to look for alternate manufacturers and if they can make it at a cheaper cost, then the company either has to use that manufacturer for the developing

world, or reduce their price to that level.

We've got other ones where we actually hold the IP and we'll control how it's being done. But in every one of our agreements, access is there and that's the most important component to us.

I take it nobody is going to be giving this vaccine away?

No. In fact, I am against this type of charity as it is not a sustainable model. Most people feel that they're not going to make much money in the

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public sector and the developing world. However, if they produce the vaccine in large enough quantities to reach economies of scale, that will then reduce the cost of each individual dose and therefore increase profit in the developed world.

Did the Rockefeller Foundation take a seat on your board?

No. We made a decision early on that a funder should not be on the board. I think that was quite a smart decision because we were able to grow the funding from a very few foundations to very large numbers of groups. We kept the IAVI board as an independent governance structure. We went for funding to foundations that weren't working in AIDS

because we didn't want to rob Peter to pay Paul.

Of your \$75 million annual operating budget, about 80 percent comes from governments. Why don't you get more from foundations?

It's been a tragedy. Most funders have gotten out of the international health area. One of the reasons is because the U.S. National Institutes of Health is such a huge funding source. When Rockefeller started in health early in the 1900s, there was no NIH. Now the NIH's budget is \$28 billion a year. So a lot of foundations have said, "We don't really want to be in that space."

Why is that?

If you go to most foundations, and you have a new area, it's out of their guidelines. When we started IAVI, AIDS vaccines were outside the guidelines for 100 percent of foundations. Nobody had ever done it. It wasn't being funded. We were able to convince some but then other foundations would say: "You've got all the support from Rockefeller or the Gates Foundation or governments or whatever, so we don't need to be there. We want something that we can have our name on or be most identified with." So it's been very hard to get new foundations. And I think that's really unfortunate because this is such a big problem.

And if you really want to change the world, you've got to take on big problems. If you do, you need a lot of different groups helping you and a lot of support. A lot of foundations will look at that and say, "Well, I can make a real splash in this other field."

But if we could find an AIDS vaccine, wouldn't that make more of a difference in the world than whatever that other field is? □