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Giving as “De-Risking”: Philanthropy, Impact Investment and the Pandemic Response

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Abstract

This article examines the role played by philanthrocapitalist foundations in impact investing for international development, focusing on the COVID-19 Vaccines Global Access Initiative (COVAX) as a response to the current pandemic. Philanthrocapitalists and development institutions are increasingly turning to “blended finance” and “social bonds” to address the gaps in funding required to meet global development agendas, particularly in the arena of global health. These impact investing mechanisms deploy public or philanthropic money to leverage for-profit investment in development, by “de-risking” (providing guarantees for) interventions that might otherwise put private capital at risk. Via COVAX, the Bill and Melinda Gates Foundation has platformed a pandemic response centred on this approach, resisting alternative responses – such as the proposal for a temporary waiver to pharmaceutical patent rights – that seek to challenge the prevailing trade architecture. The global policy response to COVID-19 thus accelerates the “financialization” of development and cements the role of philanthropy in “de-risking” for-profit impact investment.

Keywords

TRIPS, Patents and the Pandemic Response

On 9th June 2021, the World Trade Organisation (WTO) Council agreed to move to text-based negotiations on a proposed temporary waiver of the Trade-Related Aspects of Intellectual Property Rights (TRIPS) agreement. The waiver was called for by India and South Africa on 2nd October 2020, in light of unprecedented demand for global access to vaccines, medical devices and therapeutics created by the COVID-19 pandemic. Proponents of the TRIPS waiver argue that only a suspension of the intellectual property rights (copyright, industrial designs, patents and protection of undisclosed information) that block the production of generic versions of coronavirus vaccines can meet the objective of rapid and widespread immunity to COVID-19, and bring down the soaring death rates still ravaging countries across the global South. This objective will not be met, they claim, by continuing to place faith in the COVID-19 Vaccines Global Access Initiative (COVAX), the floundering multilateral vaccine facility set up by the World Health Organisation (WHO), the Global Alliance for Vaccines and Immunization (Gavi) and a consortium of state, private and philanthropic actors in April 2020.

In this article, we argue that COVAX represents a pandemic response grounded in the claim that solutions for combating COVID-19 and ameliorating its effects on the world’s poorest need not pose a risk to the accumulation of corporate and financial wealth. We show how COVAX in fact validates existing mechanisms for wealth accumulation among pharmaceutical companies (by failing to challenge the global trade architecture upholding these mechanisms), while simultaneously opening up new opportunities (in the form of vaccine bonds) for profiteering among private investors. Crucially, we also demonstrate how philanthropy has been central to COVAX, and to the delegitimization of alternative approaches to vaccine distribution such as that seen in the call for an emergency TRIPS waiver. In doing so, we argue that contemporary philanthrocapitalism is central to wider financialising processes in international development – in and beyond the realm of global health – in which philanthropy performs the key function of “de-risking” (or underwriting) the encroachment of business and private finance into development. The visible

entanglement of philanthrocapitalism with the broader set of “de-risking” strategies deployed by private investors is not coincidental, but speaks to the considerable overlap between key proponents of global health philanthrocapitalism, and the industries and organizations which have driven the emergence of TRIPS and the “assetization” of patents. Drawing on Kumar and Brooks’ discussion of how philanthropy works through mechanisms of “bridging” and “platforming” to exert influence over policy agendas in the sphere of international development, we thus highlight philanthropy’s role in the events and controversies surrounding coronavirus vaccine financing and rollout since the emergence of the global pandemic in early 2020.

While patents are at the centre of disputes around vaccine financing, the TRIPS waiver and the role of philanthrocapitalism, they have also been a significant concern in anthropology. Anthropological work on patents and patenting has foregrounded the particular “Euro-American” understandings of property and personhood that allow claims to be made about the exclusive rights that might follow from individual acts of ingenuity which ostensibly abstract “inventions” from nature. Focusing specifically on pharmaceutical patents and drug development, a significant body of anthropological work has also engaged with the transformations of knowledge, and identification of “beneficiaries”, that accompany the abstraction of patentable molecules from indigenous plant use. Kaushik Sunder Rajan’s work on the adjudication of patent disputes in Indian courts is particularly relevant for our purposes, since it highlights how “rights are reframed in the context of emergent co-production between law and the life sciences”.\(^\text{8}\) Rajan reveals how the Madras High Court grappled with precisely what constitutes an “innovative” molecule worthy of

patent protection for Novartis, as well as the degree to which the spirit of India’s TRIPS compliant Patent Act (2005) could be found in protecting patentability at all costs – or making space for exceptions to patentability in a bid to protect public health. It is precisely the manner in which philanthropic platforms have organized around protecting patentability, and participated in transfers from the public sector to “de-risk” the private sector, that we examine in relation to COVID-19 vaccine funding.

While much work on patents has focused on their place in ideologies of innovation, their capacity to enact certain property relations, and the temporary monopolies that arise from patenting, Hyo Yoon Kang highlights the degree to which patents are increasingly valued as speculative financial assets. That is, “[w]hat is valued are not the potential licenses and market size for the patented invention but the future return expected on the intellectual property right.”9 The derivative market in patents is now the primary market, exceeding the value and size of markets in commercial innovations supposedly underwritten by these patents.10 This assetization of patents, or transformation of patents into saleable rights to future revenue streams, partakes in an economy of de-risking. This “de-risking economy” is the locus for the pursuit of many new forms of capital accumulation. Here, the risk inherent to investment in innovation is displaced via the use of legal and financial devices for guaranteeing future revenue, and providing backstops to the interruption of those future revenue flows. Legal instruments like TRIPS provide such a backstop, guaranteeing royalties are paid even when states overturn patents for purposes of responding to national emergencies. We argue in this article that philanthrocapitalist platforms further de-risk pharmaceutical patent capital, underwriting future revenue flows to patent holders.

By referring to the risk inherent to investment, we do not claim that risks are simply given, or that investment risks have an ontological status outside attempts to measure them. As anthropologists like Aneil Tripathy have shown, “risks” are rendered calculable, as things to be managed and priced, through a process of complex acts of knowledge translation.11 What we aim to highlight instead are the temporal dynamics of (speculative) investment with which

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10 That is, patents are traded as assets in and of themselves, the value of which is understood in purely revenue-generating terms, rather than in terms of the underlying innovation from which their value is putatively derived. Patents are thus valued as part of diversified, financial portfolios of patent assets, rather than as guarantors of the right to profit from the specific innovations they are supposed to “protect”.
patent capitalists must contend, and which exceed any processes of knowledge translation or calculation through which risks might be rendered manageable. Assets (including patents) become valuable because of the future revenue that they might deliver to their owners. But that value cannot truly be calculated. While techniques for pricing risk and accounting for the likelihood of future profitability exist, such techniques “rather than doing what they claim to do – that is, to calculate an unknown future – should be understood as instruments used to support the credibility of fictional expectations.” Various calculative arrangements might be deployed by investors to make decisions on the basis of “risk”, but the fundamental unknowability of the future creates a gap that no amount of knowledge work or translation can close. Insofar as investors “never succeed in reducing all uncertainty to calculable risk, they are always and everywhere speculators.” But where Appadurai sees speculators as “explorers of the uncertain and the unknown” driven by an “ecstatic confidence,” we highlight instead the economy of de-risking through which patent capitalists justify their confidences by seeking to remove likely impediments to their future earning potential.

Written in response to, and during, the COVID-19 pandemic, this article has been subject to obvious methodological constraints. While not based on new fieldwork, and drawing primarily on analyses of texts produced by Gavi, COVAX, the WTO and its member states, it is nonetheless shaped by our long-term ethnographic engagements with philanthrocapitalism and impact investing, with the encounters between speculative financiers and international investment law, and with the implications that studying in elite spaces has

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for anthropological research. The article proceeds by first introducing the historical moment under consideration, namely the “philanthrocapitalist epoch” and the manner in which philanthrocapitalism has contributed to the broader financialization of development. By philanthrocapitalism, we refer to a set of philanthropic approaches which draw from business management and emphasize results-based measurement and the promotion of market-based solutions. Key to philanthrocapitalism has also been a shift away from grant-making towards a series of for-profit “impact investment” strategies, which has fundamentally altered the remit of philanthropy while also challenging the tenet of inherent conflict between public welfare and the private pursuit of profit, which has long underpinned Euro-American legal theory.

Through these processes, McGoey et al. have argued that philanthropies such as the Bill and Melinda Gates Foundation (hereafter referred to as the Gates Foundation) have been instrumental in conferring moral legitimacy on corporate activity – and pro-corporate government regulation – that leads directly to the worsening of economic inequalities. In parallel, we understand financialization broadly as a process in which corporate organization is led not by “productivity” or “innovation”, but by strategies for enhancing the financial value of a given firm. This is linked in our usage to an understanding of assetization as a related form of valuation and value creation that depends upon creating saleable rights to assets (e.g. patents, or securitized loan bundles) whose value depends upon their future revenue-generating potential.

The article’s second section goes on to examine the specific arrangements (particularly blended finance initiatives and social bonds) through which philanthrocapitalists have built platforms that enrol states in “de-risking” private capital, and where philanthropists play a bridging role between the

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“de-risking state” and private sector players, who seek to do development by creating and holding assets (from financial inclusion products to patents) that guarantee a healthy return on investment. We then move to examine in more detail the role that philanthrocapitalists have played in creating these platforms in the arena of global health. In the final section, we detail the philanthrocapitalist foundations of COVAX – which are both enabled by and emblematic of these prior interventions – and examine the claims made by opponents of the TRIPS waiver that COVAX and various “compulsory licensing” provisions render the waiver unnecessary. Here we return to the question of philanthrocapitalist entanglements with intellectual property protections that underwrite and de-risk the forms of “patent capital” through which major philanthrocapitalists ensure the reproduction of their own wealth.

Financialized Development in the Philanthrocapitalist Epoch

Critical development scholars have charted the growing financialization of international development since the mid-2000s. Predicated on a narrative of financial scarcity in a context of dwindling public aid budgets and the rising costs of a revamped international development agenda in the form of the UN's 2015 Sustainable Development Goals (SDGs), the turn to the private sector has been billed as the only feasible way of accessing the “trillions” (no longer “billions”) now required to bring about development on a global scale. Traditional donors (including nation states and multilateral development agencies) have subsequently turned their attention to rolling out the red carpet for mainstream finance’s entrance into the sector, through a variety of public-private partnerships (PPPs) and new financing mechanisms (aka investment “opportunities”) packaged into “impact investment” portfolios.

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A growing body of literature has begun to highlight the key role played by philanthropy in these processes. Philanthropy’s entanglement with the financialization of development is consistent with its influence over shifting development agendas since the post-war era, seen most clearly in the work of large, North American foundations. In the current era (charted broadly since the turn of the millennium), Mitchell and Sparke characterise philanthropy’s role as a form of “market foster care,” designed to compensate for the failures of both market and state to drive development through the Washington Consensus. Throwing its weight behind a new slate of market-based development interventions and “public-private-philanthropy partnerships”, philanthropy now showcases an approach to development based on “reliance on financialized investment rationalities, elaborate cost-effectiveness algorithms, and the integration of individuals into the subjective logic of entrepreneurial capitalism.”

Taking their cue from both earlier proponents and critics of philanthropy’s changing identity in the new millennium, Kumar and Brooks label the current conjuncture “the philanthrocapitalism epoch.” They note that during this epoch, and “trading on its role as broker of ppps, US philanthropy – with its new centre of gravity in Silicon Valley and the West Coast – was able to normalize the concept of blended finance; providing a bridge to the

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35 Kumar and Brooks (2021: 328).

36 The use of public or philanthropic funds to “catalyse” private investment in international development. As we discuss later in this article, this is frequently less a matter of “catalysing” and more a case of “de-risking.” The distinction here is a matter of temporal orientation. Framing the use of public or philanthropic funds as “catalysis” implies (as industry insiders would have it) that such funds are merely making good projects happen that would not otherwise happen. We emphasise “de-risking” instead, because this highlights the extent to
institutionalization of [an] overtly profit–oriented model of philanthropy as impact investing.” In this article, we use the term impact investing to refer to a broad set of recent philanthropic strategies that seek to collapse the boundary between private profiteering and public welfare, and that posit the future of development financing on this pursuit. Following Kumar and Brooks (above), we also note that the explicit profit orientation of the philanthrocapitalism epoch has seen the reshaping of philanthropy in different forms. On one hand, philanthropy now offers itself up as a direct source of impact investment capital, replacing its own grant-making models with new for-profit investment schemes across the development landscape. On the other, philanthropy has assumed a pivotal role as a broker of wider impact investment initiatives.

How then, does philanthropy enact these new roles across the development landscape? In their analysis of philanthropy’s transition through three historical periods since the mid-twentieth century, Kumar and Brooks draw on a series of metaphors to explore the institutional mechanisms deployed by North American philanthropic foundations. We are particularly concerned here with two of these: “bridging” and “platforming.” In their use of the “bridging” metaphor, Kumar and Brooks “refer to philanthropic foundations' bridge building in terms of joining and making connections, crossing over or spanning [...] developmental geographies, histories, imaginaries and institutions”. In parallel, they suggest that “platforms” are useful in “theorizing philanthropy’s distinctive ability to build foundations or bases from which doctrines, principles and plans of action can be disseminated.”37 Extending the analysis provided by these authors, we argue that in the context of COVID-19, the convening by foundations of PPP coalitions has been a strategic means for the philanthropic “platforming” of an impact investment-based response to the pandemic, while the brokering within these coalitions of impact investing initiatives has in parallel become a key site for philanthropy to pursue a “bridge-building” role between the state and the private sector. Before turning to our analysis of these processes, however, we first explore how philanthropy has historically employed platforming and bridging mechanisms to promote development’s growing private financing agenda.

which such initiatives are – from the perspective of patent capitalists – less about nudging into existence projects which investors are otherwise too timid to entertain, and more about subsidising returns to capital.

37 Kumar and Brooks (2021: 327).
Histories of Bridging & Platforming

Bridge-building and platforming strategies have diverse precedents in philanthropic engagement with international development throughout the twentieth century. Philanthropy scholars such as Michael Moran for example, have detailed how, long before the advent of the philanthrocapitalism epoch, philanthropies such as the Rockefeller Foundation were already playing a key role in the building of institutional frameworks for privatised forms of global health governance, and helping to generate political legitimacy for these models.38 Moran explores how, building on its earlier work, the Rockefeller Foundation was instrumental to the design and institutional platforming of the product development partnership (PDP) model in global health, particularly through its facilitation of the International AIDS Vaccine Initiative (IAVI). PDPs were a key forerunner to the public-private partnership (PPP) model dominant across the global health sector today, and championed by the Gates Foundation, as discussed in the latter part of this article.

In parallel, philanthropy has historically supported the various stages of global agri-business’s growing dominance across the global South.39 Beginning with the Green Revolution and its technological transformation of small-scale agriculture, philanthropic intervention has evolved through more recent efforts to expand the reach of financialized agri-food chains, rendering small farmers evermore dependent on the whims of global food markets. Key to the latter has been the G7 New Alliance for Food Security and Nutrition, which has its origins in – among other initiatives – the Gates and Rockefeller Foundation funded Alliance for a Green Revolution in Africa (AGRA), launched in 2006.40 Criticisms of AGRA abound, not least because the “Green Revolution did not ‘bypass’ Africa. It failed,” and AGRA’s model misrepresented the causes and consequences of these past failures – including the intensification of inequalities and ecological degradation as a function of introducing expensive hybrid seed packages.41 Of particular relevance to our argument in this paper,

however, is the degree to which the AGRA model relied upon enclosing genetic seed resources held in common as newly-bred “private property” without benefit sharing for farmers who bred the original seeds. Despite countries of the South refusing to accept agricultural patents in WTO/TRIPS negotiations, “AGRA-financed projects act[ed] as if patenting of seed is international law.”  The dependence of philanthrocapitalist models on maintaining TRIPS, and the active support provided by leading philanthrocapitalists for exclusionary patent protection, is something we see once again in relation to COVID-19 vaccine development (see below).

Another key site in which philanthropy has drawn on both bridging and platforming strategies to promote a pro-market (and more recently, an impact-investing) approach to development intervention is in the expanding arena of financial inclusion. The Alliance for Financial Inclusion (a sprawling coalition of central banks, financial regulatory institutions, development agencies and private sector partners) and the UN-based Better than Cash Alliance (comprised of 77 members including governments in the global South, private companies and NGOs) are both at the heart of what Gabor and Brooks have called the “fintech-philanthropy-development complex,” and have been funded by philanthropic and corporate foundations including the Gates Foundation, the Mastercard Foundation and the Omidyar Network.  Philanthrocapitalists such as eBay founder Pierre Omidyar, however, are keenly aware that attracting private finance to the field of financial inclusion – or any area of development for that matter – requires the promise of secure returns on investment (ROI) for financiers. Mitchell and Sparke, drawing on an article on Omidyar, note that “the eBay founder’s main concern is that most investors are ‘too risk-averse’ and thus miss the potential – for profit and for social betterment – of working with the so-called bottom billion, the very poorest populations around the world.”

This concern has prompted the emergence of a series of financing mechanisms in which philanthropy helps bridge the gap between


private finance and new development initiatives – and between private finance and new frontiers of profit-making – by helping to “de-risk” investment in development.

Preeminent among these are blended finance initiatives. As discussed above, these have been described as a way of channelling “catalytic capital” for development, in “an effective risk-sharing arrangement whereby public or philanthropic capital […] is used to shrink the distance between real and perceived risks, making it possible to crowd in commercial investors.”

Blended finance arrangements thus see philanthropists and state agencies co-investing alongside private investors in for-profit development initiatives, but on unequal terms under which the former provide “first loss” capital and other forms of guarantee to reduce the risk of mainstream investors not achieving expected levels of ROI. Convergence, the “global network for blended finance”, reports that “blended finance has mobilized approximately $152 billion in capital towards sustainable development in developing countries to-date.”

Here, prominent foundations including the Omidyar Network, the Rockefeller Foundation, the Gates Foundation and the Shell Foundation excel in performing philanthropy’s bridging role, helping private sector actors step into the development arena by de-risking their investments (see, for example, Rockefeller’s Zero Gap Fund, and the Shell Foundation’s provision of first loss capital to the GroFin Africa Fund to support small businesses in Africa and the Middle East).

Also gaining popularity within the impact investing market are a series of new debt instruments, variously termed “social bonds,” “sustainability bonds,” “green bonds” or “development impact bonds” in financial market literature. These build on earlier social impact bonds (SIB) trialled by governments to help finance the delivery of public services in the global North. Moody’s Investors Service reports that “global issuance of green, social and sustainability bonds – or sustainable bonds, collectively – totalled a record $231 billion in the first quarter of 2021” and are likely to account for eight to ten percent of

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These new bond offerings vary considerably. Development impact bonds (DIBs), designed specifically to raise finance for development intervention in the global South, work on the basis of a “payment by results” or “payment for success” model. This sees a “social investor” (a private or philanthropic investor) pay funds upfront to an implementing partner (usually an NGO) for delivery of a development intervention. If the intervention is successful in producing expected results, an “outcome funder” (either a public sector, multi-lateral or philanthropic funder) repays the contribution of the social investor, with interest. If the initiative fails to produce results, the social investor suffers a loss.

“Vaccine bonds,” a further bond offering designed specifically to support the rollout of vaccinations in the global South, have so far worked rather differently. Not related to a payment by results model, these have seen immunisation programmes frontloaded with private capital, which is repaid (with interest) through long-term commitments from donor states. The principal role of philanthropy here, both prior to and during the COVID-19 pandemic, has been to platform vaccine bonds as a response to crises in global health, and to form the bridges between different private and public sector partners necessary to pursue this approach. Alongside DIBs and vaccine bonds, the coronavirus pandemic has given rise to a further innovation in this field. Over the last 18 months, several North American philanthropic foundations have found their grant-making budgets insufficient to meet the immediate and escalating needs created (at home and abroad) by the pandemic and its social and economic fallout. Loath to spend down capital from their endowments, philanthropies including the Ford, MacArthur, Bush, Kellogg, Mellon and Rockefeller foundations have all turned to the bond market, issuing bonds to private investors in order to raise extra capital for pandemic-related grant-making. These foundation-issued bonds have no public funding component, representing instead direct private sector loans to philanthropic foundations.

These blended finance initiatives and diverse bond offerings are thus characterised by different configurations and assemblages of private, public and philanthropic actors. But they all share the common aim of leveraging capital from

the private sector to frontload financing for development. The need, however, to provide competitive ROI to attract investors to these new financing mechanisms adds an expensive premium to the costs of development intervention, the burden of which falls on the public sector funders or philanthropists ultimately responsible for paying out on the capital and returns associated with these bonds, and for bearing the financial brunt in blended finance arrangements through first loss commitments and other de-risking guarantees.

The dependence on public funds of these ostensibly “private” financing mechanisms mirrors the ways in which historical claims surrounding private sector innovation have obscured the contributions of the state. Linsey McGoey argues that many historical “breakthroughs” (especially in areas such as health and technology) credited to private sector innovation actually have their roots in government-funded research, and points to the claim by economists Lazonick and Mazzucato that this trend has intensified due to the recent growth of financialization, which has rendered investment in research and development less profitable than investment in financial markets. With a specific focus on pharmaceutical innovation, Demirel and Mazzucato show that for large pharmaceutical firms, Research & Development (R&D or “innovation”) does not drive an increase in sales or growth for these firms. Hence, perhaps, the widespread closure of pharmaceutical R&D centres in Europe by companies including those central to COVID-19 vaccine development (Pfizer and AstraZeneca) during the early 2010s. This is a near-paradigmatic example of financialization, where firm growth and wealth concentration is driven by increased share price not linked to economic “productivity.” Crucially, much of the defence of TRIPS, and pharmaceutical organizations’ opposition to the India/South Africa waiver proposal (as discussed below), comes from the claim that patents both provoke and reward innovation, a claim that ought to be harder to defend when confronted by financialized pharmaceutical firms whose profits are increasingly decoupled from innovation. Like McGoey, Mazzucato also highlights the significant role that public investment plays in

54 McGoey (2014).
“de-risking” the riskiest early phase of drug development, to the tune of $40bn a year in the USA.57

McGoey sees similar processes at play in state and philanthropic subsidising (and de-risking) of early forms of for-profit development intervention.58 She notes, for example, that the microfinance sector was the recipient of around US$20 billion in government and philanthropic subsidies before microfinance markets became sufficiently established to enable private investors to turn a profit. Proponents of for-profit development financing models claim that these de-risking subsidies are necessary to attract private investment to development. Yet as Cohen et al. note in their discussion of blended finance, “de-risking does not eliminate risk, but shifts it in whole or part from the private sector to governments, donors, and, ultimately, taxpayers in the Global South and North.”59 If philanthropy acted as a form of “market foster care” to compensate for market and state failures under the aegis of the Washington Consensus, as Mitchell and Sparke60 have argued (see above), then these new philanthropic movements contribute directly to what Gabor refers to as the “Wall Street Consensus,”61 whereby states in the global South are asked to take the risk of private investment (i.e., the risks that “users” of vital infrastructure cannot pay) onto their balance sheets in order to “crowd in” said investment.

Within the burgeoning impact investing market discussed above, the arena of global health has offered particularly fertile ground for new development financing collaborations between private sector, public and philanthropic actors.62 Preeminent amongst these is the Global Alliance for Vaccines and Immunization (Gavi), which has pioneered the use of “vaccine bonds” through its International Finance Facility for Immunisation (IFFIm). Over the last eighteen months, Gavi and the IFFIm have been central to the building of COVAX, the multilateral vaccine facility designed to support global access to COVID-19 vaccines in response to the pandemic. Philanthropists have played central bridging and platforming roles in building these initiatives. The Gates Foundation has been key to getting the right (private and state) actors into

60 Mitchell and Sparke (2016).
the right places to bring Gavi and the IFFIm into existence and to the strategic application of philanthropic capital to leverage and de-risk their operations. In the recent context of the pandemic response, the rapid emergence of COVAX has only been possible due to Gavi’s earlier trialling of impact investment (in the form of vaccine bonds) as a source of financing for health interventions in the global South, and to the persistent efforts of the Gates Foundation to showcase (and legitimise) this strategy.

Above, we have discussed the ways in which diverse philanthropic foundations have pursued bridging and platforming strategies to shape development intervention, across areas including agriculture, financial inclusion, global health and beyond. In the current context, the Gates Foundation’s shaping of an international pandemic response in the form of Gavi and COVAX brings these strategies and their influence into focus with urgent clarity. Below, we briefly discuss critical responses to Gavi and the role of philanthropy in its design, before exploring the influence of COVAX in the battle over access to vaccines during the COVID-19 pandemic.

**Philanthropy, Global Health and the Rise of the Vaccine Bond**

Recent decades have seen the ascendency of private finance across the field of global health. Hunter and Murray have identified this as a defining feature of shifting approaches to healthcare, arguing that “the interaction between healthcare and a financialization–development nexus helps us to distinguish the distinctive nature of the latest emerging phase of health system change – that of the transformation of healthcare into saleable and tradeable assets for global investors.”63 The financialization of global health has gone hand in hand with shifts in the architecture of global trade, which have fortified the interests of multinational pharmaceutical companies against encroaching claims to just access to healthcare. TRIPS has thus ensured the protection of pharmaceutical patents, enabling companies to control price setting on the distribution of medicines, diagnostics and healthcare services across the world.64

More than mere beneficiaries, pharmaceutical companies (particularly large US-based pharmaceutical firms) were key *architects* of TRIPS. As Susan Sell shows, “[i]n effect, twelve corporations made public law for the world” when a group of software, agri-biotech and pharmaceutical firms – most notably Pfizer

63 Hunter and Murray (2019: 1264).
and IBM – organized as the Intellectual Property Committee (IPC) – devoted resources to lobbying the US government to address IP “violators” outside of the USA. What started as a proposal submitted by this industry coalition to GATT (the precursor to the WTO) in 1986 came to be TRIPS in 1994. Support for what would become TRIPS was assured across Europe and in Japan through a “snowball” approach to lobbying, with US corporate representatives working on industry bodies to persuade their respective governments to support the proposal. The degree to which TRIPS intentionally enacted a North/South division is perhaps manifested in the way that IPC delegates asked their counterparts in Europe questions such as “Don’t you have problems with Brazil too?”

This evolving trade architecture and the financialization of global health markets have had widespread implications for healthcare in the global South. The growing emphasis on market-based provision (and accompanying investment opportunities) has seen a rise in quick-fix, technical solutions to specific medical problems and diseases. This, in turn, has signified a move away from a focus on the strengthening of public health systems, and their ability to address a broader, integrated remit of health conditions, diagnostics and prevention. Development policy on global health has duly shifted away from strategies to support comprehensive primary healthcare provision (as outlined in earlier development agendas, most notably in the 1978 Alma-Ata Declaration), and towards the fostering of public-private initiatives for isolated interventions to tackle specific diseases and conditions.

Philanthropy has played a key role in driving these trends. Building on a historic tradition of philanthropic intervention in global health (spearheaded by institutions such as the Rockefeller Foundation), the Gates Foundation has emerged as by far the most influential philanthropic player in this field over the last two decades. The Gates Foundation has been central to the platforming of a technical, disease-specific approach to global health and a hostility to “wasteful” public health spending. The significant funds at its disposal have certainly provided it with the financial clout to pursue this agenda (the Gates

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Foundation is currently the second biggest donor to the WHO),\(^{70}\) giving it a level of influence that has seen the current consensus in global health labelled the “Gates approach.”\(^{71}\)

While the Gates Foundation has pursued this approach through diverse interventions, from data-driven systems for the eradication of malaria\(^ {72}\) to mobile health technologies for maternal and child health,\(^ {73}\) one area in which it has been particularly influential is that of the development of vaccines and their distribution across the global South. The central mechanism through which the Gates Foundation has intervened in this field is the Global Alliance for Vaccines and Immunization (Gavi).\(^ {74}\) Founded in 1999 with funding to the tune of US$750 million from Gates, Gavi is a public-private partnership made up (alongside the Gates Foundation) of UNICEF, the WHO, the World Bank and a coalition of donor and implementing country governments, pharmaceutical industry representatives and civil society organisations.\(^ {75}\) While the Gates Foundation is only one among these diverse stakeholders, it has been instrumental (both financially and politically) in bringing all of these actors to the table to promote Gavi’s approach to vaccine distribution, and Bill Gates himself wields enormous power over Gavi’s activities.\(^ {76}\)

A key component of Gavi has been its trialling of innovative financing mechanisms for immunisation, in countries where the prohibitive costs of vaccines produced by Northern pharmaceutical companies have often prevented their distribution, or seen vaccines come to market many years after they become available in wealthier countries. One of these is the “advanced market commitment” (AMC) model, in which donors commit to the future purchase of a specified number of vaccines at a set price. AMCs provide a sales guarantee to pharmaceutical companies, with donors (a mixture of Northern governments and the Gates Foundation, with a small contribution from governments in the global South) required to follow through on their purchasing

\(^{70}\) See http://open.who.int/2020–21/contributors/contributor.

\(^{71}\) Storeng (2014: 871).


\(^{74}\) While the Gates Foundation is the driving philanthropic force behind Gavi, Kumar and Brooks (2021: 334) note that the Rockefeller Foundation played a key convening role in the lead up to Gavi’s creation, and was also an early philanthropic supporter of forerunners such as the aforementioned International AIDS Vaccine Initiative.


\(^{76}\) Storeng (2014: 875).
commitment once the vaccines are produced. Although AMCs designed 
through Gavi have negotiated access to vaccines at prices below those seen in 
Northern markets, they nonetheless take as given the existing trade architec-
ture that prioritises private sector interests over development objectives. In 
addition, decision-making processes around price-setting have been shrouded 
in secrecy, making it impossible to assess the extent to which vaccine AMCs 
have still been a source of profit-making for pharmaceutical firms.77

A further Gavi financing initiative is the International Finance Facility for 
Immunisation (IFFIm), which has pioneered the issuing of vaccine bonds to 
raise funds upfront and at scale for immunisation programmes. IFFIm issues 
its vaccine bonds on mainstream financial markets, where they are repaid 
with interest through long-term commitments by donor governments in the 
global North, who have collectively pledged US$6.8 billion to IFFIm for bond 
repayments over 32 years.78 As in several of the other impact investing mod-
dels discussed earlier in this article, vaccine bonds see governments subsidising 
capital markets, through payment of the development “premium” involved in 
attracting private finance to the arena of global health. IFFIm’s website stresses 
the benefits of vaccine bonds for investors, noting that vaccines are “one of the 
best buys in health.”79 Indeed, as Hughes-McLure and Mawdsley have shown 
in their forensic analysis of IFFIm’s financial model, IFFIm has so far paid out 
US$879m in interest to vaccine bond holders, while another US$50m at least 
has been spent on the services of a host of financial and legal intermediaries 
for the management of bond issuance and associated costs. Their analysis has 
led these authors to conclude that, despite claims to the contrary, “there is no 
aid additionality in IFFIm’s financing model. Fundamentally, donor govern-
ment grants are the ultimate source of payments to Gavi, and the other part 
of these grants is channelled to the private sector in the form of interest costs 
of borrowing from capital markets and fees – the opposite of the “catalysing” 
narrative.”80

In Gavi we see philanthropy once again bridging the space between public 
and private sector actors, and platforming an approach to development that 
integrates the expansion of financial markets directly into its design. Through 
its work with Gavi, the Gates Foundation has also helped to silence and delegit-
imise alternative approaches to global healthcare.81 While Gates is clearly not

78 See https://www.gavi.org/investing-gavi/innovative-financing/iffim.
79 https://iffim.org/funding-immunisation.
driving these trends alone, diverse public health professionals interviewed by critical development scholar Katerini Storeng describe the significant influence yielded by the Gates Foundation in shaping this debate, and helping to bring earlier – mostly European – advocates of a more integrated, state-centred approach to global health onside. Storeng argues that together with supporters in multilateral agencies such as the WHO and donor governments including those of Britain and Norway, the Gates Foundation has helped cause “an erasure of the long-established Atlantic fault-line in thinking on health systems in favour of an ideological convergence,” which champions the primacy of a disease-specific and financialized approach to global health.

Those still resisting the growing dominance of this approach also seek to challenge the global trade architecture protecting pharmaceutical patents, and preventing the production of cheap, generic vaccines and medicines by countries in the global South. The production of generics has many successful precedents. Birn and Lexchin point to the successes of public, parastatal companies pursuing vaccine research in countries such as Brazil, Cuba and India, and producing vaccines at vastly reduced prices compared to multinational companies in the global North. Yet as these authors note, pharmaceutical industry partners in Gavi have opposed technology transfer arrangements, “claiming that vaccines were too complex for public research institutes and local production in developing countries.” As we will explore below, similar arguments have been made by global leaders currently opposed to the TRIPS waiver on COVID-19 vaccine patents.

In the final section of this article, we explore how the role played by philanthropy in responding to the urgent need for global roll-out of COVID-19 vaccines is both enabled by and emblematic of earlier philanthropic interventions in global health since the turn of the millennium, such as those charted above. In doing so, we demonstrate how philanthropy is now central to the encroaching financialization of development, and efforts to align development outcomes with the opening of new frontiers for accumulation in global capital markets.

82 Hughes-McLure and Mawdsley (forthcoming 2022), for example, chart the central role played by Gordon Brown, then UK Chancellor of the Exchequer, in seeding the idea for Gavi’s IFFIm.
COVAX and Resistance to the TRIPS Waiver Proposal

COVAX is the vaccines arm of the Access to COVID-19 Tools (ACT) Accelerator, a global partnership for the development, production and distribution of COVID-19 diagnostics, vaccines and treatments. A public-private coalition led by Gavi, CEPI (the Coalition for Epidemic Preparedness Innovations), UNICEF and the WHO, and incorporating 180 country partners alongside representatives from the pharmaceutical sector, COVAX’s stated aim is to ensure equitable access to COVID-19 vaccines. While COVAX brings together a series of partners, Gavi (over which the Gates Foundation holds considerable sway, as discussed above) serves as the partnership’s legal administrator, responsible for signing contracts with both vaccine manufacturers and purchasers. As a public-private partnership, COVAX has been able to draw up its legal status through private law-based contracts, shielding it from certain transparency and accountability requirements.85

COVAX uses collective purchasing power to stimulate the production of COVID-19 vaccines at scale, ostensibly to ensure that once approved, vaccines will be available to poor and wealthy nations alike. It does this by pooling funds upfront to guarantee future purchase of a portfolio of vaccine candidates, if and when these come to market. COVAX comprises two separate funding mechanisms, relating to the procurement of vaccines for “self-financing” (wealthy) states and “funded” (ODA-recipient) states respectively. In the first of these, called the COVAX Facility, wealthy “self-financing” countries contribute funds to COVAX to secure future purchase of a specified number of vaccine doses, at an upper limit of sufficient doses to vaccinate 50 percent of their populations. In the second, the Gavi COVAX Advance Market Commitment (AMC), contributions to COVAX to secure future vaccines for “funded nations” are paid for using official development assistance (ODA), and through grants from the Gates Foundation and other donors. Through the Gavi AMC, COVAX originally aimed to provide “funded nations” with enough doses to vaccinate 20 per cent of their populations, ideally by the end of 2021.86 To boost donor contributions to the Gavi COVAX AMC and attempt to meet the funds necessary to secure

these doses for “funded states,” IFFIm (Gavi’s bond financing mechanism, discussed above) has also issued new vaccine bonds to the value of US$1.13 billion, to be repaid through long-term commitments from the governments of Australia, Norway, Spain, Sweden and the UK.87

Proponents claim that COVAX represents an agile and morally commendable response to COVID-19, as well as recognition that in a pandemic with little respect for state borders, vaccine nationalism (the prioritising by governments of the immunisation of their own populations) is an inherently flawed strategy for return to normality.88 Yet deep national inequalities are built into the design of COVAX and the context in which it operates, not least because, in parallel to their participation in COVAX, most “self-financing” countries have secured bilateral Advanced Purchase Agreements (APAs) with vaccine manufacturers, in some cases for enough doses to vaccinate their entire populations several times over.89 For these countries, COVAX serves as an “insurance policy,” a parallel route to securing vaccines should doses promised through these APAs not materialise. Unlike self-financing countries, however, most “funded nations” do not have the resources to secure independent vaccine APAs, rendering them much more dependent on COVAX than their partner states. With COVAX promising doses sufficient for only 20 per cent of their populations, it is also unclear how these nations are expected to secure the further vaccines necessary for comprehensive immunisation.

COVAX’s objectives have proved wildly over optimistic. COVAX was launched in April 2020 with the aim of securing two billion COVID-19 vaccine doses by the end of 2021. By September 2021, however, less than 15 per cent of doses promised to low-income countries had actually been donated. Meanwhile, while nearly 90 per cent of high-income countries had at this time met targets to vaccinate 10 per cent of their populations, and over 70 per cent had reached targets to vaccinate 40 per cent, neither target had been met in any low-income country.90 By limiting the potential scaling up of vaccine availability to the production capacity of patent-holding manufacturers – the same pool of manufacturers with whom “self-financing” nations are, in parallel, scrambling to secure vaccine APAs – COVAX has stymied the possibility of meeting its own aims. The TRIPS waiver proposal put forward by India and South Africa

89 Balaji (2021).
thus speaks to the incapacity of COVAX to meet its (already limited) objectives for ensuring access to COVID-19 vaccines across the global South. Supporters of the waiver – including the governments of over 100 countries – argue that the scaling up of vaccine production, access and distribution to the levels necessary to stem the spread of the pandemic will only be possible through a temporary waiver of the intellectual property protections governing pharmaceutical manufacture and trade. As of October 2021 however, a year after the waiver proposal was originally tabled, negotiations were ongoing with a handful of WTO members, including the European Union, the UK, Norway and Switzerland, unrelenting in their opposition.

It is not only access to COVID-19 vaccines that has been compromised by the intellectual property regime; the manufacture and distribution of personal protective equipment (PPE), diagnostics and therapeutics for COVID-19 have all been subject to similar restrictions. In their resistance to the current TRIPS waiver proposal, defendants of the prevailing trade architecture have argued that compulsory licensing provisions within TRIPS – which ostensibly allow governments to override intellectual property rules by issuing licences for generic pharmaceutical production during a national emergency – offer sufficient possibilities for accessing vaccines and therapeutics during the current pandemic. Legal scholars Thambisetty et al. however, argue that a range of legal and procedural barriers surrounding the use of compulsory licensing flexibilities – alongside resistance from the pharmaceutical industry – make these woefully insufficient as a route to just and widespread access to COVID-19 vaccines and therapeutics.

Indeed, recent attempts by Russia and Hungary to issue compulsory licenses for the manufacture of COVID-19 drug remdesivir resulted, respectively, in intense industry lobbying against the Hungarian government and a lawsuit from pharmaceutical company Gilead against the Russian government.

Many of those who have not come forward in support of the TRIPS waiver proposal (including the UK and the European Commission) lay claim to the argument that the financial rewards guaranteed through patents, trade secrets

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92 Thambisetty et al. (2021: 26–29).
and other forms of intellectual property rights are well earned fruits of the pharmaceutical industry’s own relentless drive to invent COVID-19 vaccines and therapeutics. UK prime minister Boris Johnson recently made precisely this claim, when he declared bluntly that the UK has “greed and capitalism” to thank for the success of its vaccine rollout.94 The reality surrounding funding for R&D in the pharmaceutical industry which we have already explored above, however, has been no different in the case of COVID-19 vaccines. A recent paper from medical researchers in the UK and the Netherlands reports that the Oxford-AstraZeneca vaccine was made possible through over 20 years of prior research at the University of Oxford, responsible for the Chimpanzee adenovirus-vectored vaccine (ChAdOx) technology on which this vaccine is based. Cross et al. reveal that between 97.1 and 99.0 percent of this research was paid for by public funding or philanthropy.95

While the Gates Foundation and industry partners have been busy platforming COVAX as the best approach to vaccine equity,96 both have broadly ignored the efforts of c-TAP, the WHO’s COVID-19 Technology Access Pool. c-TAP is designed to promote voluntary technology and data sharing around COVID-19 therapeutics, with the aim of strengthening the ability of national health systems and local pharmaceutical industries to respond to the pandemic. Those resisting the TRIPS waiver proposal claim loudly that removing patent restrictions will have little utility in countries lacking the necessary infrastructure and expertise for local manufacture of COVID-19 vaccines and therapeutics. Despite numerous historical precedents of the successful production of generics at scale by Southern countries, former German chancellor Angela Merkel, for example, has claimed publicly that low production capacities and difficulties in meeting quality standards – not patent restrictions – represent the main hurdle to greater vaccine production within countries in the global South.97 Meanwhile, silence reins around the fact that “to date, the EU has not brought


96 The language of vaccine “equity” and “equitable vaccine access” is deployed by COVAX and the WHO, and the Gates Foundation likewise tends to refer to health “equity” (fairness) rather than “equality” (sameness), which perhaps reflects resistance to redistributive solutions and political-economic considerations of health inequality.

97 See Chazan, G. et al. (2021) Angela Merkel Rejects US Move to Waive Patents on Vaccines. Financial Times, May 6. https://www.ft.com/content/76a05a85-b83c-4e36-b34d-7f44f63e57b3
any major pharmaceutical company operating within the EU to join [c-tap].”98 In attempts from diverse quarters to protect the current global trade architecture, the production and platforming of legitimacy relies not only on the dissemination of the “right kinds” of alternative solutions, but also of the “right kinds” of falsehoods.99

Through its key convening and “de-risking” role at the heart of Gavi and COVAX, the Gates Foundation thus works to legitimise a vaccine trading system based in TRIPS and its intellectual property protections. In doing so, it also diverts attention from the urgent need for reform of this global trade architecture, to prevent the mutation of public and philanthropic investment into capital accumulation amongst players in the financial marketplace. As one critical commentator has argued, “the narrative that COVAX is an effective redistributive tool has a potentially critical role to play: it offers cover for those who profit from pharmaceutical patents […] while still conveying a nebulous sense of benevolence.”100 As successful vaccine rollout progresses across many parts of the global North, and several countries in the global South see little end in sight to the ravages brought by the pandemic, COVAX reveals how philanthrocapitalism supports the mechanisms of financial accumulation and control embedded across the deeply unequal development landscape.

**Conclusion**

In this article we have examined the role that philanthropic foundations have played during the most acute global health emergency the “philanthrocapitalism epoch” has witnessed. We have shown that COVAX, one of the primary platforms for a global pandemic response, constitutes an extension of established patterns of using philanthropic funds to “de-risk” private capital in international development. By “bridging” public and private investment in vaccine production, philanthropy thus steers vaccine access platforms towards

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99 We are grateful to one of the anonymous peer reviewers of this article for raising this important point.
100 Balaji (2021).
a model that protects pharmaceutical patent capital.101 In closing, we reflect further on the entanglement of philanthrocapitalist foundations and commitments to patent capital in particular, and on the potential for continuity and disruption in the philanthrocapitalism epoch more broadly.

The WTO’s initial response to the India/South Africa TRIPS waiver proposal was dismissive, precisely because COVAX and “compulsory licensing” provisions already existed. The WTO stressed the degree to which the “global IP system provides a framework in which urgently needed innovation in relation to COVID-19 can be encouraged, shared and disseminated”,102 and emphasized the existence of COVAX, of the 2001 Doha recommitment to compulsory licensing under conditions of national emergency,103 and of the potential for technology pools (despite the widely acknowledged failure of C-TAP, discussed above). Like the WTO, US pharmaceutical industry body PhRMA also argued that patent protection was good for vaccine access, and that this good arose from promoting and protecting innovation.104 We have seen above, however, how these claims do not hold up in the face of evidence that financialized pharmaceutical firms attempt to “de-risk” their revenue streams by investing less in R&D, and more in patent holding. Still, we should not be surprised by a convergence between WTO and PhRMA perspectives on providing protection for patent capital, given the aggressive use of TRIPS dispute resolution by PhRMA105 and its role in lobbying against extensive “compulsory licensing” permissions at Doha. Bill Gates’ fortune and philanthropic clout is likewise derived from a “suite of IP monopolies,”106 and further Microsoft executives are also at the centre of processes through which patents come to be protected as speculative assets rather than proprietary rights over innovative production processes.107 As Kilby notes, there is a certain “homophily” or group-think drawing together the US West Coast technocratic elite which dominates foundations like Gates.108 A commitment to protecting patent capital, and to configuring philanthropic funds – and states – to “de-risk” private capital, seems to be a central axis along which this homophily coheres.

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103 For an overview, see Jawara and Kwa (2004).
Yet, as Kilby also notes, change may be afoot. Alongside other philanthropy scholars, Kilby has observed that new geographical centres of philanthrocapitalism are emerging in regions including China and the Middle East, and the uncertainty and deep recession following COVID-19 may also be reworking the coordinates of the philanthrocapitalist epoch. Indeed, in a sudden volte face on his staunch pro-TRIPS position, Bill Gates bowed to public pressure in early May 2021 and – following US President Biden’s lead – gave his public endorsement to the proposal for a TRIPS waiver on COVID-19 vaccines and therapeutics.109 It remains to be seen, however, how far new philanthrocapitalists or global pressures in the wake of COVID-19 will serve the reproduction or diversion of trends set in motion from Silicon Valley. Certainly, it seems unlikely that either the appearance of new philanthrocapitalist players – or Gates’ payment of lip service to a rapidly swelling global movement in favour of COVID-19 vaccine access – will displace the de-risking platforms and protections for patent capital, which underwrite philanthrocapitalism’s role in the wider turn towards the “Wall Street Consensus” in international development.