

An innovative way to protect children

Vaccines save lives. Every year, millions of people die from infectious diseases and most of these deaths are in the poorest countries of the world. Immunisation is a proven tool against infectious diseases and is estimated to prevent over 2 million deaths globally each year. Many more lives could be saved if vaccines that are currently in development could be made available in developing countries.

Advance Market Commitments (AMCs) are a new approach to public health funding designed to stimulate the development and manufacture of vaccines for developing countries. Donors commit money to guarantee the price of vaccines once they have been developed, thus creating the potential for a viable future market. Decisions regarding which diseases to target, criteria for effectiveness, price and long-term availability are made in advance. The donor commitments provide vaccine makers with the incentive they need to invest the considerable sums required to conduct research, train staff and build manufacturing facilities.

As part of the AMC, participating companies also make binding commitments to supply the vaccines at lower and sustainable prices after the donor funds made available for the AMC subsidy are used up. Ultimately, developing country governments are able to budget and plan for immunisation programmes, knowing that vaccines will be available in sufficient quantity, at a price they can afford, for the long term.

An Advance Market Commitment is a promise to children around the world that we will work together to protect them from diseases that currently threaten their lives and cut short their hopes for the future.



Making vaccines available

There are many reasons why children in developing countries are not being vaccinated. Sometimes, it is because vaccines against certain diseases have not been developed. In other cases, even though vaccines exist, they are either too expensive, or manufacturers do not have the capacity to produce them in the vast numbers needed.

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In the past, there has often been a delay of 15 to 20 years from the time a vaccine is introduced in industrialised countries to the time it becomes widely available in developing countries. Clearly, a new approach to making vaccines available in developing countries is urgently needed. An AMC is an innovative way to give children in poor countries some of the same advantages as children in richer nations. It is a way to ensure that children in the developing world get:

- The RIGHT vaccine
- At the RIGHT price
- In the RIGHT quantity
- At the RIGHT time.

The right vaccines

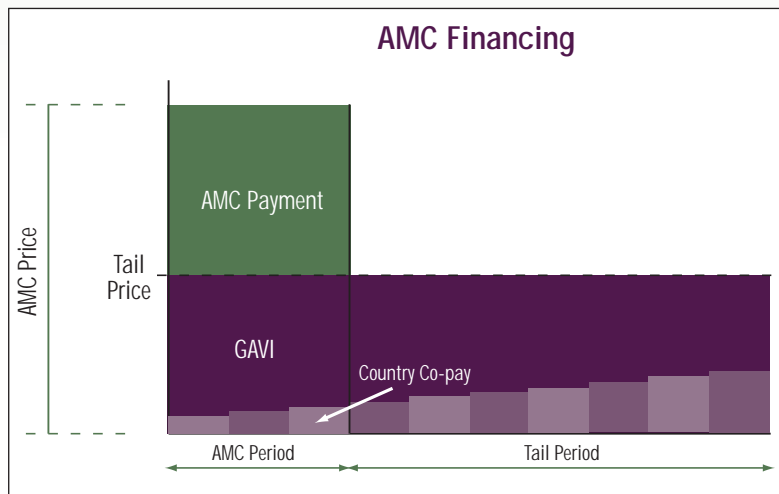
Many safe and effective vaccines already exist, but some of these need to be tailored for developing countries. For example, they may need to be adapted to protect against

a particular disease strain that is common in a given region. In other cases, new vaccines are needed for diseases such as AIDS, tuberculosis and malaria. AMCs incentivise companies to invest in manufacturing and supplying new vaccines, and in developing future vaccines. But the donor subsidy is only paid if the companies produce an effective vaccine at an affordable price, and if developing countries want to buy the vaccine. Governments in developing countries will ultimately decide on the product that is right for them.

The right price

A key objective of an AMC is to ensure that governments in developing countries are able to afford vaccines – not just in the short term, but in the decades to come. Manufacturers that take part in an AMC will sign legally-binding commitments to supply their vaccine for 10 years at a predetermined low price. In return, companies will receive a higher “AMC price” during the initial years of their commitment.

An AMC acknowledges that vaccine production costs millions of dollars and that it is both reasonable and necessary for companies to recoup these costs. The AMC price companies receive during the initial years of the AMC is designed to provide sufficient incentives for the manufacturer to make and recoup the initial investment in developing and manufacturing the vaccine.



The AMC price will also include a “co-pay” component to be paid by the government in the developing country that is using the vaccine, and by multilateral agencies such as GAVI and UNICEF, who traditionally assist with vaccine purchase. The country portion of this co-pay will gradually increase over the course of the AMC.



The right quantity

Countries in the developing world currently suffer from regular shortages of existing vaccines, and global manufacturing capacity is insufficient to meet the future need for new vaccines. The AMC addresses this by incentivising companies to enter into long term and binding supply commitments.

The AMC resources will be made available in line with developing country demand. As long as the market is not fully served, AMC funds will remain available.

The right time

An AMC will accelerate the development of new vaccines for developing countries. Many companies have vaccines in various stages of development, but under the current system, it will take years for these vaccines to reach developing countries. Once a new vaccine becomes available in rich countries, developing countries often have to wait as long as 20 years before getting widespread access to the same vaccine. An AMC will spur companies to develop new vaccines by creating a long term market for these vaccines once they are ready. It will also guarantee affordable pricing for developing countries so vaccines can reach those most in need.

A sustainable solution

An AMC creates the market conditions that make vaccine development and production for developing countries a worthwhile proposition. Once reliable markets are assured, and manufacturing capacity developed, market forces can be expected to sustain the system: bringing significant benefits to the health of children and adults in the world’s poorest countries.

A safe investment

An important and unique feature of an Advanced Market Commitment is that the money committed will only be used if the vaccines meet strict criteria set by an independent expert group. Vaccines are only purchased if countries demand them. An AMC will only pay for success.

An Advance Market Commitment in action

Until now, an Advance Market Commitment was just an innovative idea. However, in February, 2007, five governments and the Bill & Melinda Gates Foundation agreed to establish a pilot AMC to accelerate the development and availability of vaccines that are now expected to save 900,000 lives by 2015 and more than 7 million lives by 2030. US\$1.5 billion has been pledged for the first AMC by six donors: Italy (\$635 million), the UK (\$485 million), Canada (\$200 million), Russia (\$80 million), Norway (\$50 million), and the Bill & Melinda Gates Foundation (\$50 million). This pilot will target pneumococcal diseases, such as pneumonia and meningitis, which kill 1.6 million people, including 800,000 children, each year.

These vaccines will save lives and help address unacceptable inequities between rich and poor nations. Donors know, however, that the details of how to put an AMC into practice need to be tested and that the practical and legal challenges of such a novel venture need to be addressed. The lessons learned from the pilot AMC for pneumococcal vaccine will guide decision-making about potential AMC commitments for other diseases, such as malaria, tuberculosis and HIV/AIDS.

For detailed information on the pilot AMC for pneumococcal vaccines visit www.vaccineamc.org.



World Bank Group