



**ADVANCE
MARKET
COMMITMENTS**
for vaccines



Speeding up access to new and affordable vaccines for developing countries

Vaccines are a proven tool to prevent infectious diseases, and childhood immunisation is one of the great success stories in global health. Vaccines save lives.

Although many diseases are under control thanks to vaccination, there are still some deadly diseases, which primarily affect poor countries, for which vaccines are not optimal or do not exist yet. And there is little incentive for pharmaceutical companies to develop them. Moreover, many existing vaccines are not available in the right quantities to meet the large demand from developing countries.

Challenges in developing and manufacturing vaccines for low-income countries

Developing and producing a new vaccine poses huge scientific challenges, can take up to twenty years, and requires a series of large investments. These risks and costs are normally recouped through vaccine sales. However, in the case of vaccines for developing countries, industry fears sales will be too small in value to recoup investment costs. This is because demand is often unpredictable due to institutional and administrative factors and because poor countries have limited ability to pay.

Advance Market Commitments

Advance Market Commitments (AMCs) aim to address these challenges by stimulating the development and manufacture of affordable vaccines tailored to the needs of developing countries. In an AMC, donors commit funds to guarantee the price of vaccines once they have been developed. These financial commitments provide vaccine manufacturers



GAVI/09/INDRIAS GETACHEW

with the incentive they need to invest in vaccine research and development, and expand manufacturing capacity. In exchange, companies sign a legally binding commitment to provide the vaccines at a price affordable to developing countries in the long term.

Decisions regarding which diseases to target, criteria for effectiveness, price and long-term availability are made in advance by independent advisory groups.

An AMC allows developing country governments to budget and plan for their immunisation programmes knowing that vaccines will be available in sufficient quantity and at a price they can afford over the long term.

“The AMC is an important step towards reducing health inequities between the rich and poor, and a way to protect the lives of the world’s poorest children.”

Dr. Julian Lob-Levyt, GAVI CEO

The Pneumococcal AMC: putting concept into practice

The bacteria *Streptococcus pneumoniae* causes a broad range of infections in all populations around the world. Severe pneumococcal disease – primarily pneumonia and meningitis – is the number one vaccine-preventable cause of death in children under five. Nearly one million young children die each year from pneumococcal infection – more than 90% of these deaths occur in developing countries.

While a vaccine for pneumococcal disease is widely used in Europe and the United States, it is not optimal for developing countries. This is because there are many different strains of pneumococcal bacteria, known as serotypes. In developing countries other serotypes are common, so a vaccine providing broader protection is needed.

In June 2009, the governments of Italy, the United Kingdom, Canada, the Russian Federation, Norway and the Bill & Melinda Gates Foundation launched the pilot AMC against pneumococcal disease with a collective US\$1.5 billion commitment. In addition, GAVI endorsed a budget of up to US\$ 1.3 billion for the period 2010-2015 to help fund the cost of vaccines.

Thanks to these financial commitments, pharmaceutical companies participating in the Pneumococcal AMC will have an incentive to develop and produce the appropriate vaccines needed in developing countries.

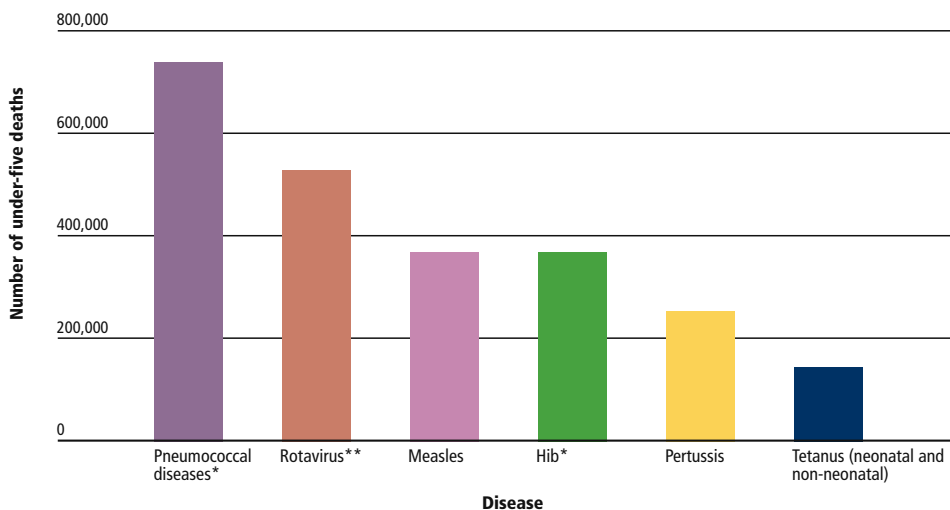
In exchange, these same firms sign legally-binding agreements to supply their vaccines at a price no higher than \$3.50 for 10 years. The \$3.50 price represents a 95% reduction from the current pricing in industrialised countries.¹

GAVI and GAVI eligible countries will pay the long term price of the vaccines.

As the AMC pilot encourages production from multiple manufacturers, it is expected that competition will drive the price even lower over time.

¹ Centers for Disease Control, CDC website, Vaccine Price List last updated on 8 July 2009 www.cdc.gov/vaccines/programs/vfc/cdc_vac_price_list.htm

Leading causes of vaccine-preventable deaths in children under 5 years old



Source/credits: The Global Burden of Disease: 2004 update.
 * WHO/IVB estimates based on GBD estimates, deaths for 2000.
 ** WHO/IVB estimates based on GBD estimates, 2004 update.



GAVI-09-DAN THOMAS

Held by her grandmother, a baby grimaces during a routine vaccination session at Son Lôi commune health clinic in Vin Phuc Province, Vietnam.

Which pneumococcal vaccine does the AMC target?

GAVI, through the AMC, will fund pneumococcal vaccines that meet the AMC criteria set by a Target Product Profile (TPP), a specification standard developed by the World Health Organization (WHO).

In order to be eligible to participate in the AMC, firms must provide vaccines that cover at least 60% of the prevalent disease strains in the target region and must include serotypes 1, 5 and 14 – those that are the most frequent in GAVI eligible countries.

What does this mean for GAVI-eligible countries?

■ Tangible Results

GAVI-eligible countries will benefit directly from the Pneumococcal AMC by having access to the right pneumococcal vaccine, in the right quantity to cover their demand, and at a price they can afford for the long term.

The Pneumococcal AMC has the potential to reduce pneumococcal diseases by introducing effective and affordable vaccines in developing countries.

It is estimated that the pilot could save approximately 900,000 lives by 2015 and up to 7 million lives by 2030.

“It’s a great example of how innovation and technology together can produce life-saving advances and make them available to people who need them around the world.”

Bill Gates, co-chair of the Bill & Melinda Gates Foundation

■ **How do countries apply?**

The Pneumococcal AMC does not change any of the GAVI standard procedures for countries. It is a financing mechanism to introduce pneumococcal vaccines sooner and not a separate channel of support for which to apply. Countries will benefit from the Pneumococcal AMC by applying to GAVI for support in the usual way.

Several countries have already applied for pneumococcal vaccines and demand is growing dramatically.

■ **Co-financing**

All countries are expected to co-finance the introduction of new vaccines. Co-financing means that countries share the cost of GAVI-supported vaccines by procuring some of

the required vaccine doses with non-GAVI funds. Co-financing is intended to gradually increase a country's share of the vaccine cost, thus facilitating the sustainability of the country's immunisation programmes and enhancing its own evidence-based decision making. The Pneumococcal AMC will not entail a different co-financing level or mechanism by recipient countries.

■ **The procurement process and demand**

Procurement for pneumococcal vaccines will be managed by UNICEF. Unlike the current flexibility available for receiving other new vaccines, countries will not be able to procure pneumococcal vaccine themselves.



WHO/JIM HOLMES

More information on the pneumococcal AMC is available at:
www.vaccineamc.org



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