



Preventing Pneumococcal Diseases: An Advance Market Commitment for New Vaccines

Pneumococcal diseases, which cause meningitis and pneumonia, currently kill more than 1.6 million people worldwide each year, including at least 800,000 children. More than 90% of these deaths occur in the world's poorest countries. The most effective way to prevent these deaths would be to ensure that all children have access to a safe, affordable vaccine. The Advance Market Commitment (AMC) for pneumococcal diseases has been developed to make appropriate vaccines available to developing countries sooner and to encourage these countries to set up pneumococcal immunisation programmes. This AMC is a pilot, and, if successful, will pave the way for other possible AMCs to address diseases like malaria, tuberculosis and HIV/AIDS.

What is an AMC?

An Advance Market Commitment is 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 manufacturers with the incentive they need to invest the considerable sums required to conduct research, train staff and build manufacturing facilities. Developing country governments are thus 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.

By making vaccines available to poor countries more quickly, AMCs will protect children and save lives.



Making vaccines available sooner

While vaccines against pneumococcal disease exist, they are not optimal for developing countries. Current vaccines have been designed to protect against the types of infection that are most common in Europe and the United States. In developing countries, other strains of the disease are more common and suitable vaccines need to be developed.

*An AMC is a promise
to children that their
lives will be protected.*

There are a number of improved pneumococcal vaccines at various stages of development. The challenge is to speed up the process of making these vaccines available in developing countries. Experience has shown that, on average, it takes around 15 to 20 years for this to happen. The pilot AMC aims to reduce this timeframe, and the first vaccines may be available as early as 2010.

An affordable price

A major concern of the pilot AMC is to provide the vaccine at an affordable price. For the pneumococcal pilot AMC, extensive analyses were conducted to determine the terms of the pilot AMC, including the price. In addition, a number of global health experts, economists, vaccine manufacturers and developing country experts have made recommendations to AMC donors regarding how best to design the pilot so the public health benefits are maximised and funding is utilised as efficiently as possible.



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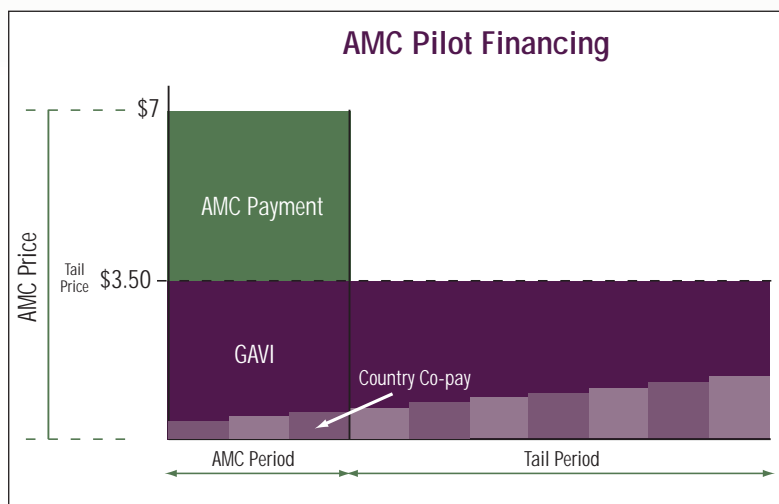
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AMCs are designed to ensure that vaccines are available and affordable for developing countries over the long term. A careful balance must be struck. The initial price of the vaccine must provide an incentive to companies to spend the considerable amounts of money needed to finalise the vaccines and build up sufficient manufacturing capacity to meet the future needs of developing countries. However, the price must also represent good value for the purchasers – the developing countries and donors who will buy the vaccines. The vaccines must also be affordable in the long term.

Manufacturers that take part in an AMC will sign legally-binding commitments to supply their vaccine for 10 years at a price no higher than \$3.50 per dose. In return, companies will receive an additional payment averaging \$3.50 per dose for about 20% of the doses they provide.

This additional payment is designed to incentivise manufacturers to make the initial investment in building extra manufacturing capacity to supply the vaccines.

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.



Protecting every child

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 through supply commitments.

Supply commitments are a quantity of vaccines that manufacturers commit to make available annually during the AMC period. Supply commitments create a direct link between spending of the AMC funds and achievement of the AMC goals of early access to vaccines and stable supply at sustainable prices.

Tangible results

The goal of the pilot Advance Market Commitment (AMC) is to reduce pneumococcal diseases by introducing effective and affordable vaccines in developing countries. It is estimated that this pilot will save approximately 900,000 lives by 2015 and over 7 million lives by 2030.

The objectives of the pilot AMC are:

1. To accelerate the development of pneumococcal vaccines that meet developing country needs (e.g. serotype composition and vaccine presentation) as specified in the Target Product Profile.
2. To bring forward the availability of effective pneumococcal vaccines for developing countries by guaranteeing the initial purchase price, for a limited quantity of the new vaccines, that represents value for money and incentivises manufacturers to invest in scaling-up production capacity to meet developing country vaccine demand.

3. To accelerate vaccine uptake by ensuring predictable vaccine pricing for countries and manufacturers, including binding commitments by participating companies to supply the vaccines at low, long-term and sustainable prices after the AMC finance are depleted.
4. To pilot test the effectiveness of the AMC mechanism as an incentive for needed vaccines and to learn lessons for possible future AMCs.

Worldwide support

The pilot AMC for pneumococcal vaccines was announced in February, 2007. Governments from Italy, the United Kingdom, Canada, Russia and Norway as well as the Bill & Melinda Gates Foundation are the initial donors and have pledged US \$1.5 billion to purchase vaccines when, and if, manufacturers develop products that meet the AMC criteria.

International health and development groups are working together to make the pilot AMC happen. The GAVI Alliance and the World Bank are providing financial and programmatic support. The World Health Organization is setting the criteria for vaccine safety and efficacy and UNICEF will be responsible for procurement and distribution of vaccines.

Part of a broader effort

The pilot AMC complements existing efforts to increase immunisation in developing countries and to address pneumococcal disease. It is a “pull mechanism” to bring extra private-sector resources to the aid of public health. Other public and philanthropic efforts will continue, such as the direct purchase of vaccines for developing countries, efforts to strengthen health systems and research and development for new vaccines and treatments.

More information on the pilot AMC for pneumococcal vaccines is available at www.vaccineamc.org.



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