



Making Markets for Vaccines

A practical plan to spark innovations for global health

This brief summarizes the conclusions of a Working Group convened by the Center for Global Development's Global Health Policy Research Network, with the support of the Bill & Melinda Gates Foundation, to examine a proposal to accelerate development of new vaccines for developing countries. The proposal is that donors would make a legally binding commitment, in advance, to contribute most of the cost of buying a vaccine, at a guaranteed price, if it were developed. This would create a market of sufficient size and certainty to create an incentive for firms to invest in the development of vaccines for neglected diseases. The Working Group was established to consider whether such a scheme would be legally feasible and whether it would work in practice. It consulted experts from industry, governments and international institutions, as well as experts in law and economics. It concluded that a contract could be designed based on generally accepted legal practice, which would meet the interests of all the stakeholders and create

To accelerate the development of vaccines for neglected diseases in developing countries, sponsors could make a binding commitment that they would be willing to pay for a vaccine once it is developed. Firms would then be able to invest in finding a vaccine with confidence that there would be a market if they succeed.

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Which diseases would it cover?

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How much would it cost?

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An outline of an AdvancedMarkets commitment in practice

ADVANCEDMARKETS PRINCIPLE	ILLUSTRATIVE EXAMPLE FOR MALARIA VACCINE
Legally binding contracts, Sponsors guarantee a price that offers a reasonable return to the developer Price guarantee applies to a maximum number of treatments Guaranteed price is for treatments sold in eligible countries	Offer made by a group of sponsors enforceable by law \$15 per treatment at first First 200 million treatments bought at \$15 Vaccine Fund recipients
In return, the developer guarantees to sell subsequent treatments at a low price Recipient country makes a co-payment for the vaccines they buy, or a donor makes the payment on its behalf First developer gets the guaranteed price, unless and until superior product invented	\$1.00 per treatment in the long run \$1.50 paid by recipient (or donor) \$13.50 paid by sponsors
Independent Adjudication Committee established to oversee the arrangement.	

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Working Group members serve in a personal capacity, and this report does not necessarily represent the view of the organization to which they are affiliated.