



**ADVANCE  
MARKET  
COMMITMENTS**  
*for vaccines*



Preventing Pneumococcal Diseases:

# An innovative way to make vaccines available for children

Vaccines save lives. Every year, millions of people die from infectious diseases and most of these deaths are in the world's poorest countries. Immunisation is a proven tool against infectious disease and is estimated to prevent over two 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.

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.

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 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.**



## What is an AMC?

An Advance Market Commitment (AMC) 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.

An AMC is an innovative way to give children in developing 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
- In the RIGHT quantity
- At the RIGHT price
- 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.

### **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.

---

**The AMC is an important step towards reducing the health inequities between rich and poor.**

### **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 accelerates 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. An AMC spurs companies to develop new vaccines by creating a long term market for these vaccines once they are ready. It also guarantees 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.

### **A safe investment**

An important and unique feature of an AMC is that donor funding is only paid if a company produces an effective vaccine at an affordable price and if it meets strict criteria set by an independent expert group. Most importantly, the vaccines are only purchased if countries demand them. Governments in developing countries will ultimately decide on the product that is right for them. An AMC will only pay for success.



## The Pneumococcal AMC

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 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.

### Tangible results

The overarching goal of the Pneumococcal AMC is to reduce morbidity and mortality from pneumococcal disease by introducing effective and affordable vaccines in developing countries.

It is estimated that introduction of pneumococcal vaccine through the AMC will save approximately 900,000 lives by 2015 and over 7 million lives by 2030.

**Through the AMC, developing countries will have access to life-saving pneumococcal vaccines at least 10 years sooner.**

*The objectives of the pilot AMC are:*

- **Bring forward the availability** of effective pneumococcal vaccines – through scaling up of production capacity.
- **Accelerate vaccine uptake** – through predictable vaccine pricing for countries and manufacturers.
- **Test the AMC concept** for potential future applications.
- **Accelerate development** of new vaccines that meet developing country needs.

### Vaccine Price

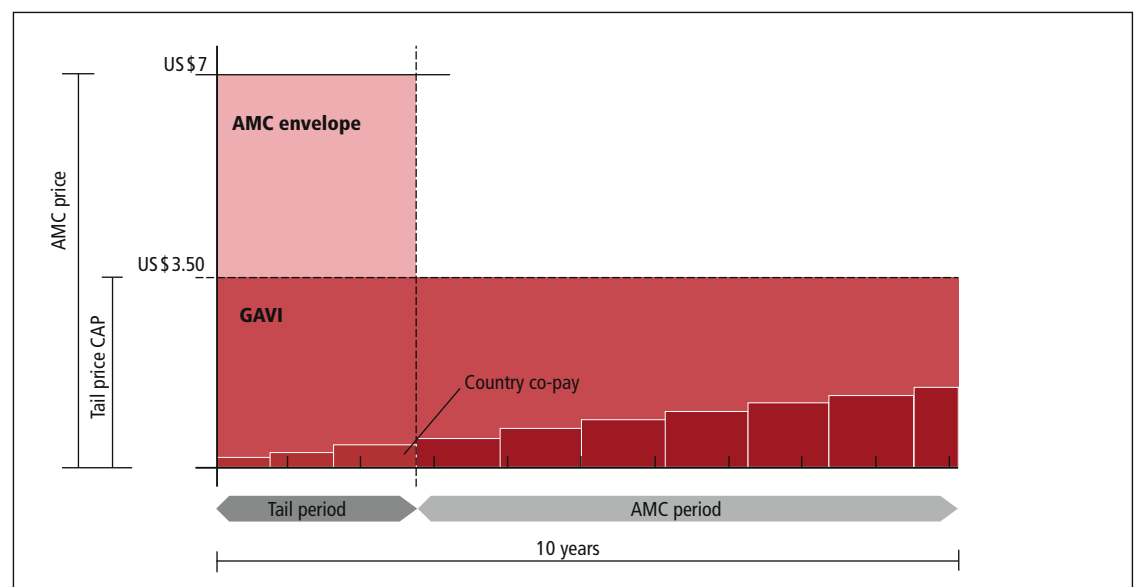
The vaccines made available under the pilot AMC will cost only a fraction of the price currently paid in developed countries. This will most likely produce an unprecedented savings of approximately 90% on average.

Manufacturers that take part in the AMC 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 UNICEF, who traditionally assist with vaccine purchase. The country portion of this co-pay will gradually increase over the course of the AMC.

### AMC price



### A Global Partnership

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 committed US\$ 1.5 billion to purchase vaccines when, and if, manufacturers develop products that meet the AMC criteria. In addition, the GAVI Alliance committed to raising \$ 1.3 billion for the period 2010-2015 to also help fund the long term price of the vaccine.

### 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.

### Stakeholders in the Pilot

The AMC donors provide legally binding financial commitments.

- **The GAVI Alliance Secretariat** provides operational, administrative and financial support to the AMC.
- **The International Bank for Reconstruction and Development (IBRD)** provides financial and fiduciary support managing donor commitments.
- **UNICEF** acts as procurement agent for the pilot AMC.
- **WHO** has played a lead role in defining the technical criteria for a suitable pneumococcal vaccine. WHO will also lead the pre-qualification of vaccines submitted through the pilot and provide technical assistance as needed.
- **Industry** is an important partner in the pilot to develop and produce the target vaccines and commit to supplying them for 10 years at a predetermined low price.
- **Countries** make evidence-based decision making on introduction of the vaccine and co-finance the purchase of vaccines. If there is no demand from countries, no vaccine will be bought.

More information on the pneumococcal AMC is available at

[www.vaccineamc.org](http://www.vaccineamc.org)



**ADVANCE  
MARKET  
COMMITMENTS**  
*for vaccines*

2 Chemin des Mines  
1202 Geneva  
Switzerland

Tel. +41 22 909 6531  
Fax +41 22 909 6555

[www.gavialliance.org](http://www.gavialliance.org)

