

INFORMATION UPDATE ON PILOT ADVANCE MARKET COMMITMENT

Issue

1. Information update on the pilot Advance Market Commitment (AMC) for pneumococcal vaccines. No decision requested.

Background

2. In February 2007, donors announced US\$1.5 billion financing for a pilot AMC for pneumococcal vaccines. The UK contribution is US\$485m (nominal). The other donors are Italy (US\$635m), Canada (US\$200m), Russia (US\$80m), Norway (US\$50m) and the Gates Foundation (US\$50m). The donors are working with GAVI and the World Bank to finalise the Framework Agreement (the official offer to industry) by end-2007.
3. A vaccine AMC is a commitment to purchase vaccines that are not yet available, if these are produced by companies and demanded by developing countries. It creates financial incentives for the vaccine industry to develop and produce specific vaccines that are urgently needed in developing countries. Companies are also required to supply the vaccines at a sustainable price once the AMC finances are exhausted.
4. Pneumococcal disease was selected for the pilot AMC by an Expert Committee. It is a leading cause of developing country pneumonia and meningitis. It kills more than 1.6 million people each year and it is estimated that the pilot AMC could prevent over 5 million deaths by 2030.

Progress following Launch Event in February 2007

5. Governance Structure. GAVI is now hosting a small secretariat for the AMC, the World Bank is designing the financial structures, a group of experts is advising on vaccine pricing and competition and a Donor Committee is providing oversight of the process. Vaccine companies are inputting to AMC design through structured industry consultations and we are developing a communications plan to build NGO support. We have also established an Independent Assessment Committee (IAC) which will (a) approve the Target Product Profile (the technical specifications that vaccines will need to meet) which is currently being designed by WHO; and (b) decide whether candidate vaccines (expected to become available from 2010) meet these specifications and are eligible for AMC support.
6. Financial Structure. The donor contributions will be scheduled in annual payments to the World Bank up to 2020. []

7. Future AMCs. On 5 July, DFID hosted a meeting for donors interested in AMCs. The participants agreed to ask the Expert Committee to reconvene by end-2007. []
8. The team working on the AMC at DFID is [] (Head of GFDD), [] (Programme Manager), [] (Programme Officer) and [] (Economic Adviser). We are working in close partnership with HMT ([]) on all aspects of the AMC.

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Global Funds and Development Finance Institutions Department