



9 February 2007

Launch of the first advance market commitment for new vaccines

Today, at a ceremony in Rome attended by the Chancellor of the Exchequer Gordon Brown, Her Majesty Queen Rania Al-Abdullah of Jordan, President Wolfowitz of the World Bank and Ministers from Italy, Canada, Russia, Norway, Malawi and Ghana, the first step was taken to accelerate the development of new vaccines for diseases that afflict the poorest countries with the launch of the Advanced Market Commitment.

The Advance Market Commitment (AMC) is an innovative, market-based mechanism with the potential to save millions of lives by accelerating access to vaccines in the world's poorest countries, vaccines that would not otherwise be available for many years. The first AMC will target pneumococcal disease, bringing potentially life-saving vaccines more quickly to 100 million children and preventing over 5 million deaths by 2030.

Speaking at the launch of the AMC, the Chancellor said:

"We have come together in a unique and historic global alliance to put innovative finance fully at the service of innovative medicine and to save millions of lives. The advanced market mechanism we launch today means that - instead of high costs, low volume drug production as in the past - we can have high volume, low cost production of drugs in the future and ensure that the many will not be denied the medical advances available to the few."

The AMC for pneumococcal disease will provide \$1.5 billion in future financial commitments to the poorest countries, giving them the purchasing power to buy a suitable vaccine at discounted prices when one becomes available. By creating a market for vaccines in the poorest countries, the AMC creates incentives for the pharmaceutical companies to invest in research, development and production capacity for new vaccines that serve the poor.

Commitments to the pneumococcal AMC have so far been made by Italy, Britain, Russia, Canada and Norway and the Gates Foundation.

Notes to editors

1. Worldwide, more than 10 million children under five die every year, that is nearly 29,000 children who die every day; one every 3 seconds. A quarter of these deaths are caused by diseases that are, or soon will be, vaccine preventable, including measles, polio, diphtheria and hepatitis. But around 7 million children also die every year from diseases such as pneumonia, malaria, tuberculosis and AIDS for which effective vaccines are not yet available.

2. Only 10% of the more than US\$100 billion spent globally each year on health research is devoted to diseases responsible for 90% of health problems. Only 16 of the 1,400 new medicines developed between 1975 and 1999 were for these neglected diseases.

3. Vaccine development can be a long, expensive and uncertain process. In developed countries the costs incurred at each stage are recovered once the vaccine is sold. However, in the poorest countries, the markets are small and risky - governments may not be able to afford prices sufficient to cover investment costs and vaccine demand can be unpredictable.

4. But by establishing a credible market in the poorest countries, an AMC creates incentives for investment in vaccines tailored to their needs. Available evidence suggests that the prospect of a valuable market should increase investment in new vaccines. In this way, an AMC will mobilise additional private resources to fight poverty and global disease.

5. The value of commitments made today are:

- Britain - \$485 million (£249 million at current exchange rate)
- Italy - \$635 million
- Canada - \$200 million
- Russia - \$80 million
- Norway - \$50 million
- Gates Foundation - \$50 million

6. Pneumonia is the leading infectious cause of child mortality worldwide, causing an estimated 1.9 million child deaths each year, almost 20% of all child deaths. Pneumococcal disease is the leading cause of these child pneumonia deaths, as well as the second leading cause of childhood meningitis deaths. It kills more than 1.6 million people including nearly 1 million children under age 5 every year. HIV/AIDS is increasing the rate of infections, with HIV-infected children 20 to 40 times more likely to get pneumococcal diseases.

7. The AMC for Pneumococcal disease will:

- Dramatically reduce the 15-20 year time-lag between the introduction of a vaccine in ~ developed countries and its wide availability in the poorest countries;
- immunise 100 million children;
- Prevent over 5 million deaths by 2030;
- Lead to further AMCs for Neglected Diseases, including for a Malaria Vaccine.

8. Today's announcement is part of the solution to addressing disease and poor health outcomes in developing countries. Weak health systems and insufficient doctors and nurses remain among the main obstacles to access to basic healthcare. The UK supports German leadership in their G8 presidency on support for health systems.

9. Media enquiries should be directed to the Treasury Press Office on 020 7270 5238.

10. Non-media enquiries should be addressed to the Treasury's Correspondence and Enquiry Unit on 020 7270 4558, or by **e-mail**

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