

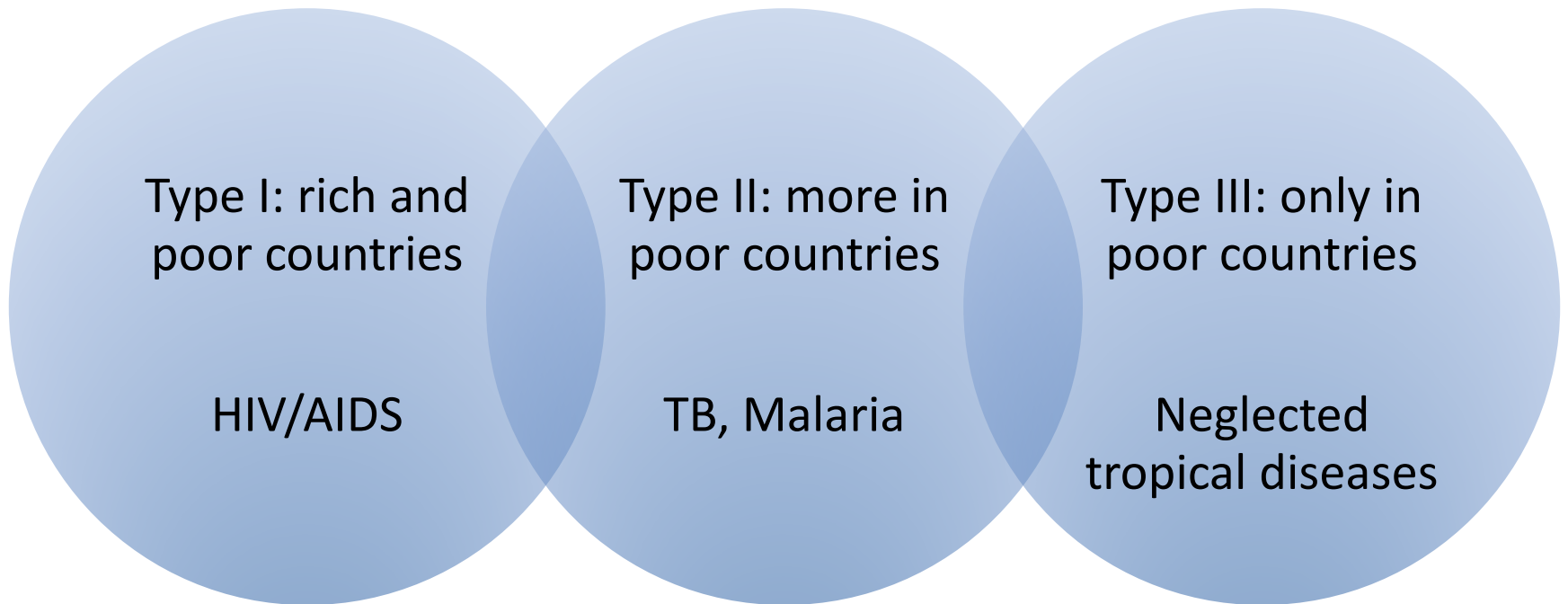
# Incentives and Financing Mechanisms to promote R&D for HIV/AIDS, Tuberculosis, Malaria and Neglected Tropical Diseases

Viviana Munoz Tellez

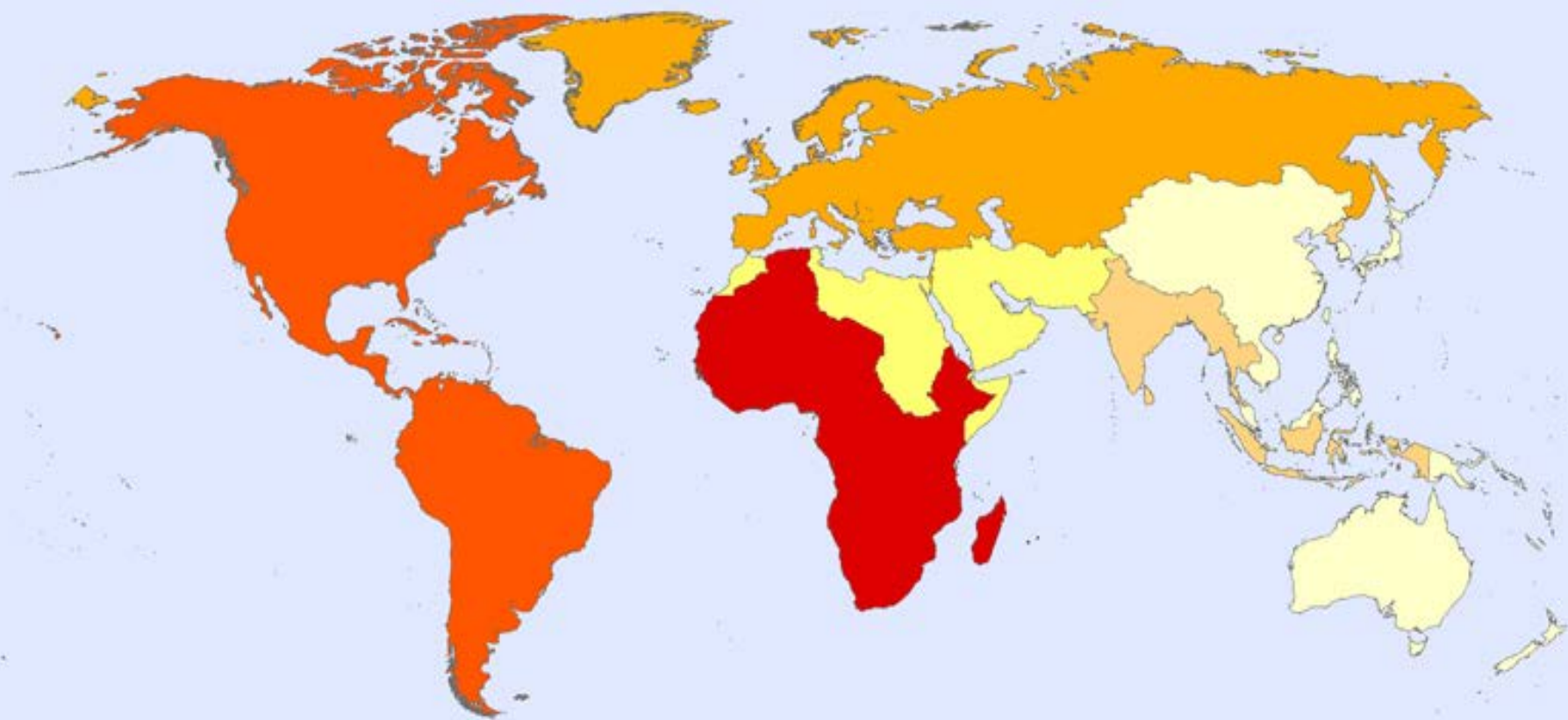
Manager, IAKP

South Centre

# Disease categories



## Adult HIV prevalence (15-49 years), 2012 By WHO region



### Prevalence (%) by WHO region

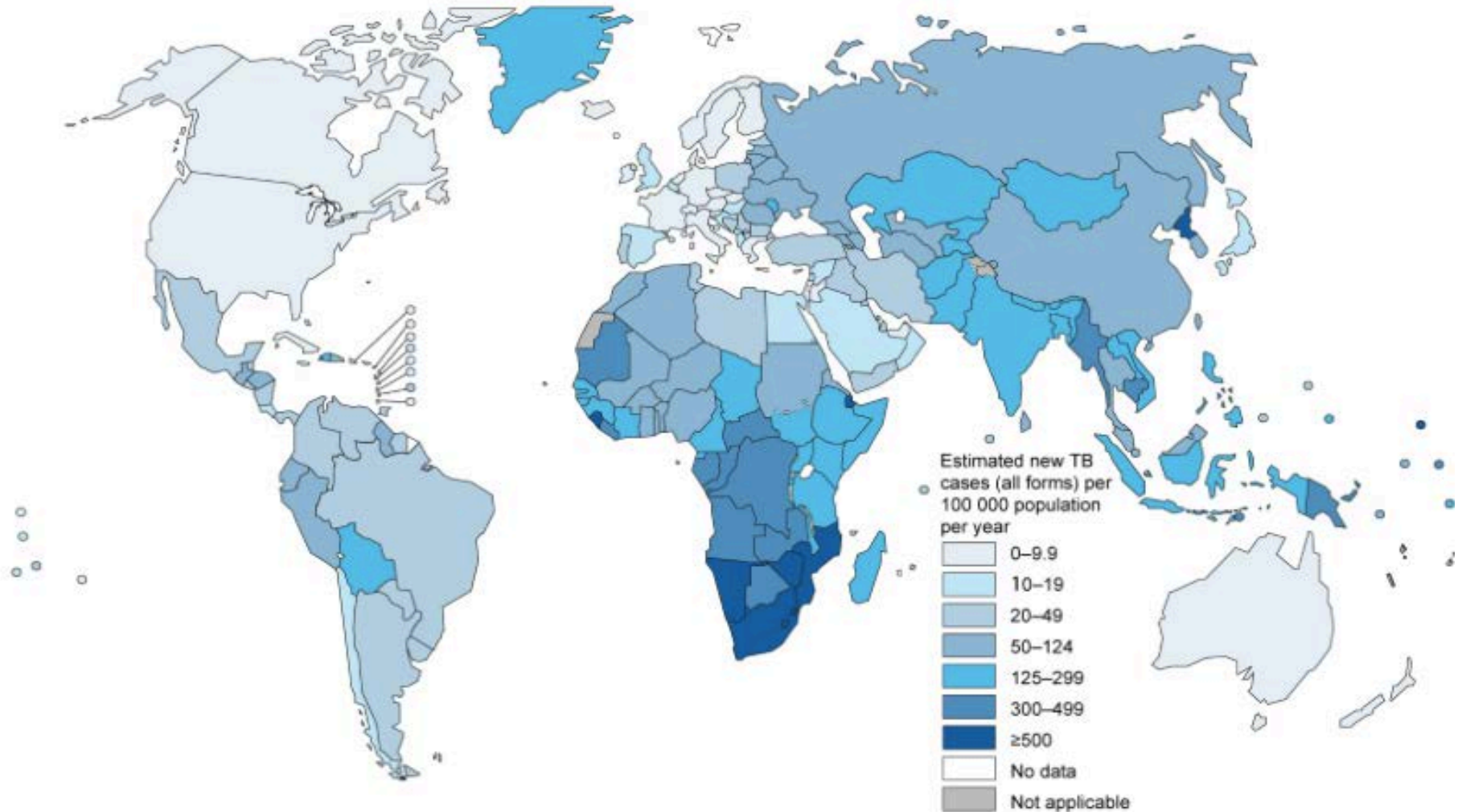
Western Pacific: 0.1 [ $<0.1-0.2$ ]	Europe: 0.4 [ $0.3-0.5$ ]
Eastern Mediterranean: 0.2 [ $0.1-0.2$ ]	Americas: 0.5 [ $0.4-0.6$ ]
South-East Asia: 0.3 [ $0.3-0.4$ ]	Africa: 4.5 [ $4.2-4.8$ ]

**Global prevalence: 0.8% [ $0.7-0.9$ ]**

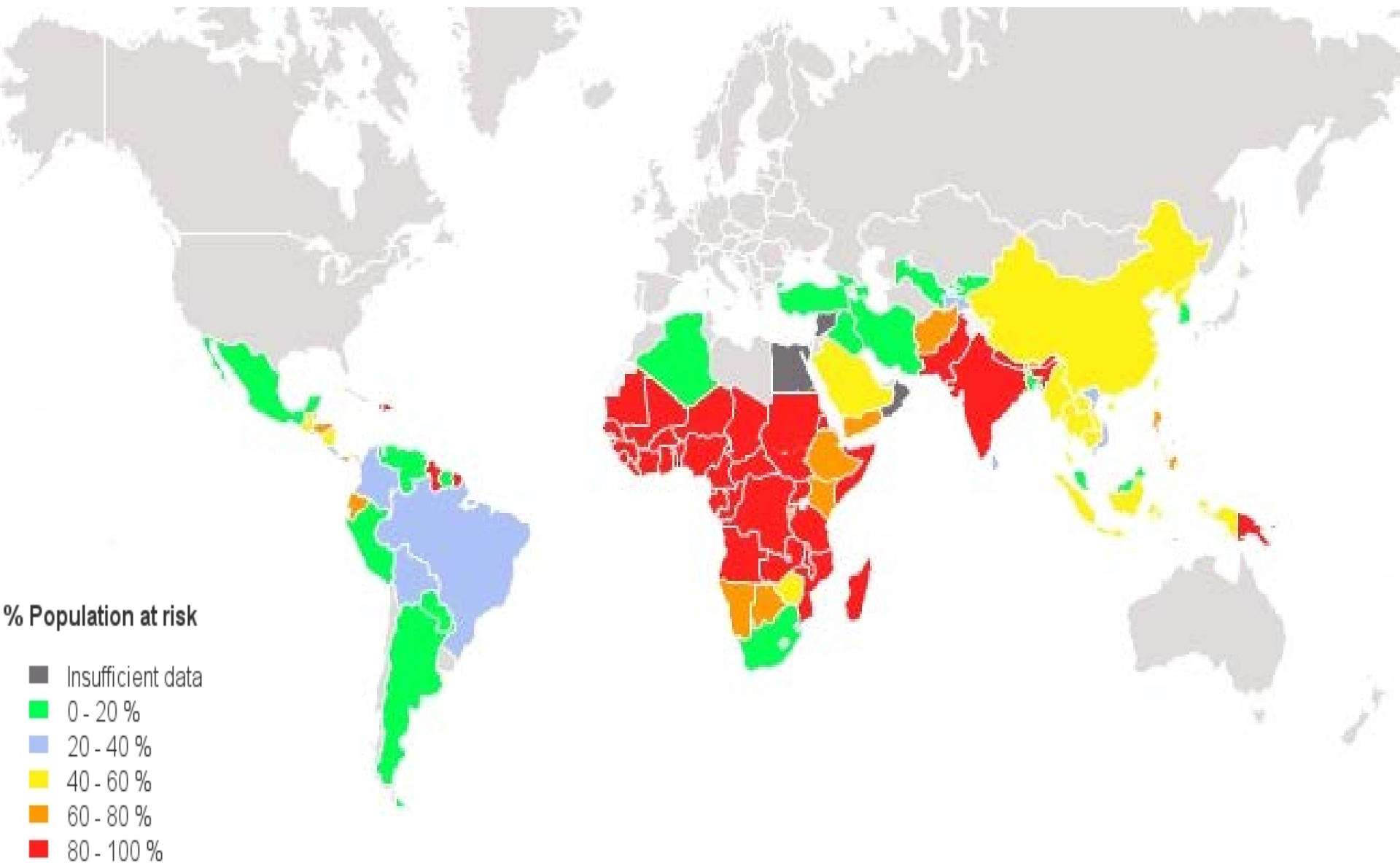
0 875 1,750 3,500 KM

# Tuberculosis

**Estimated TB incidence rates, 2012**

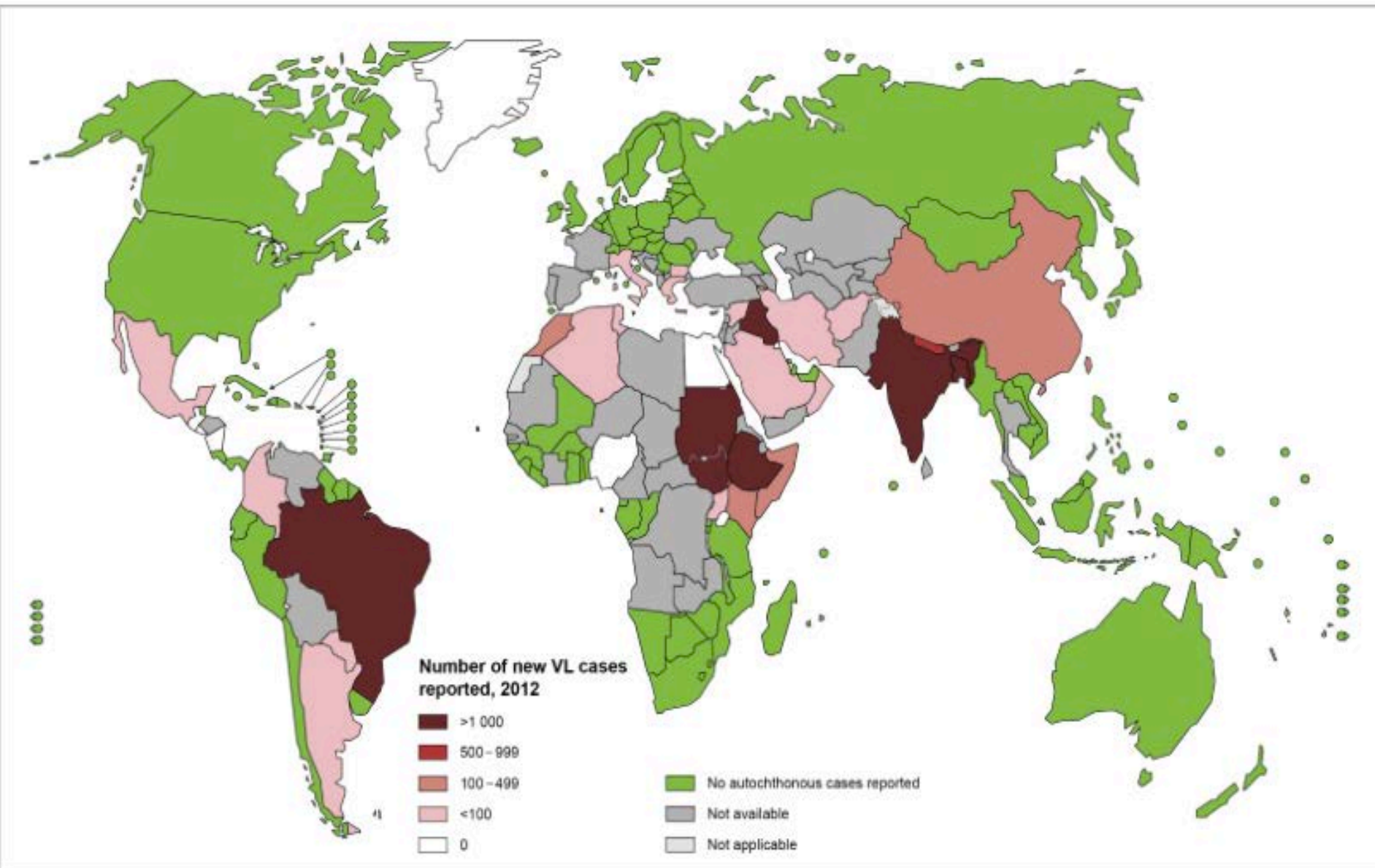


# Malaria

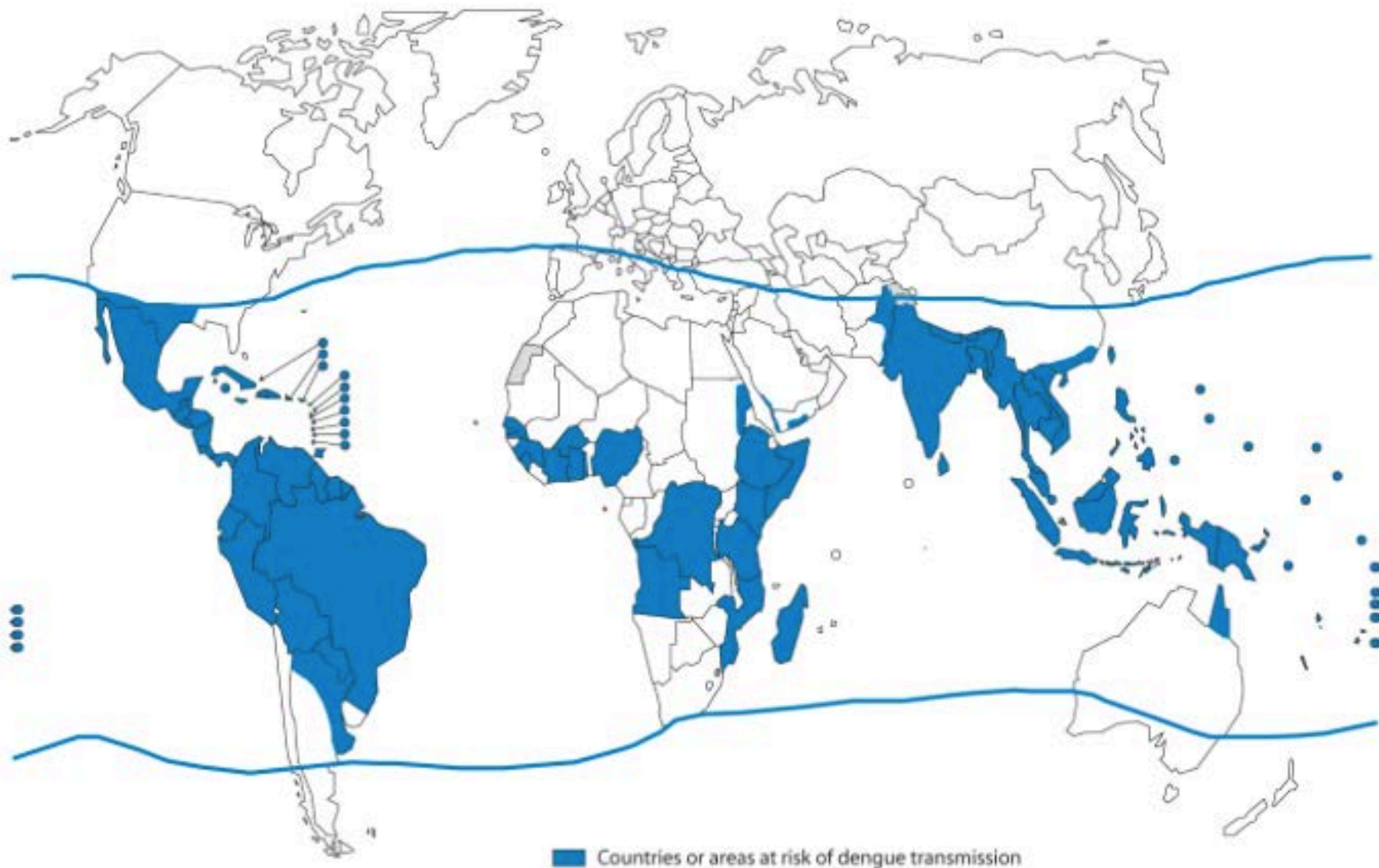




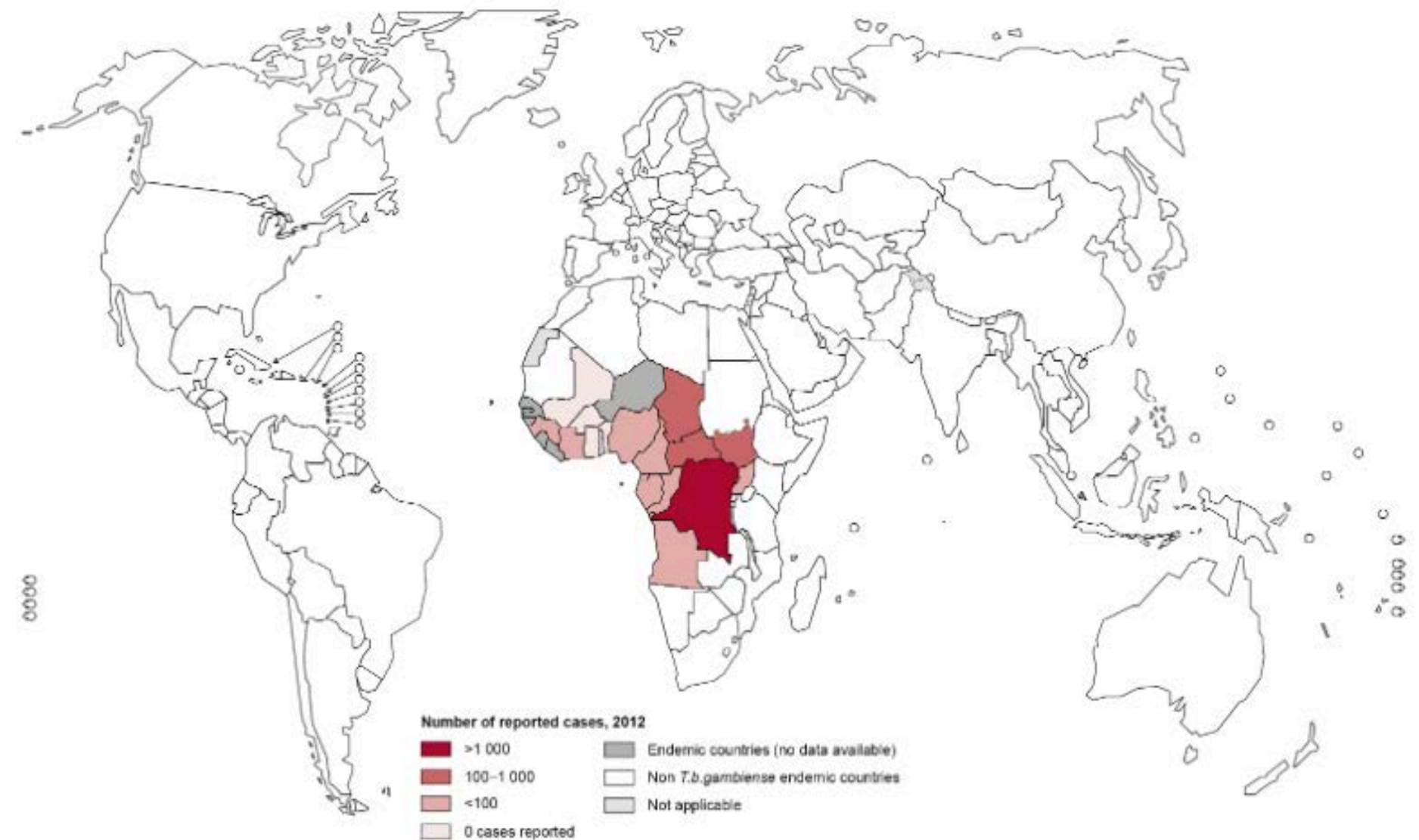
Status of endemicity of visceral leishmaniasis, worldwide, 2012



## Distribution of countries or areas at risk of dengue transmission, worldwide, 2008

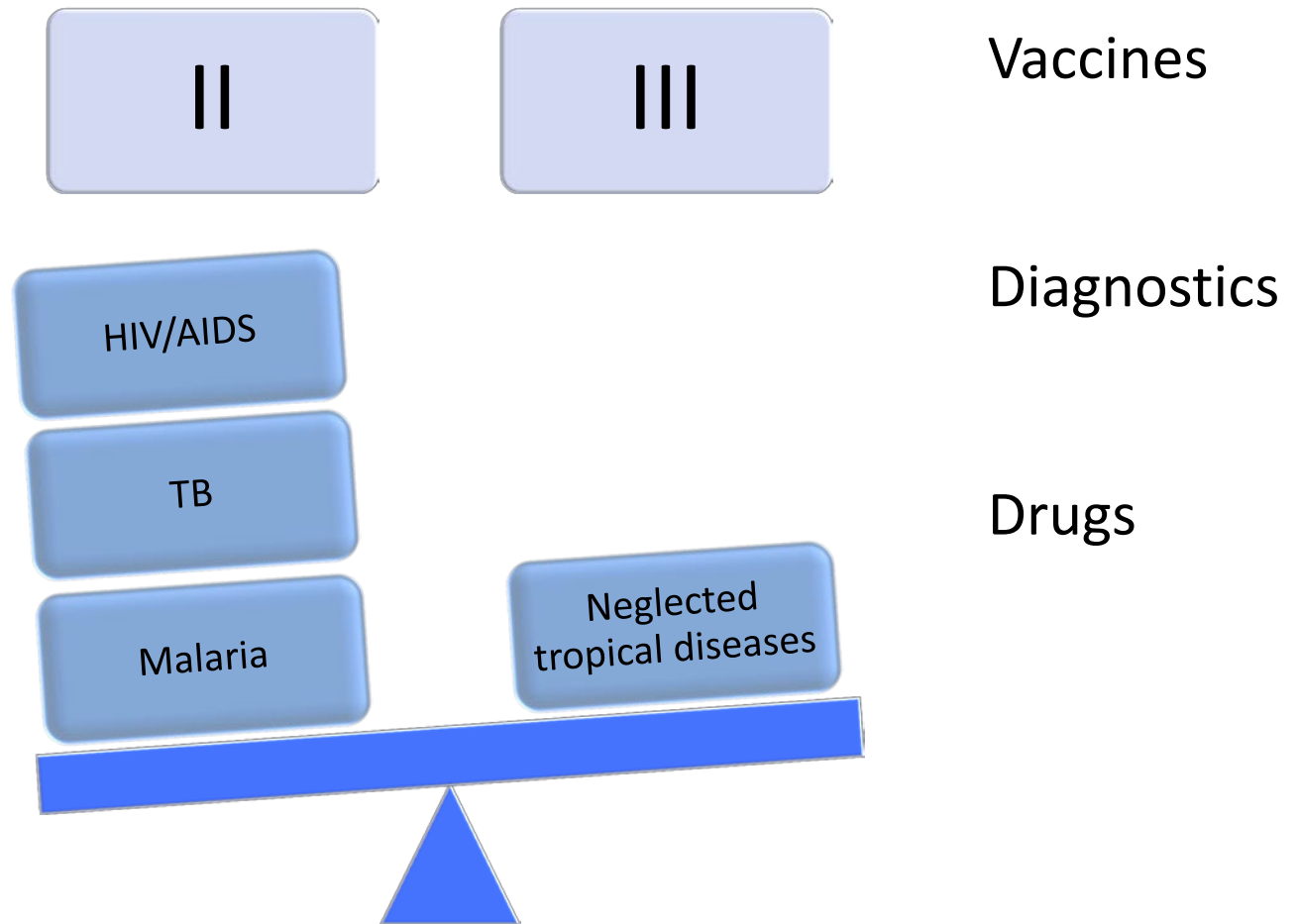


## Distribution of human African trypanosomiasis (*T.b.gambiense*), worldwide, 2012





# Trend in Product development



# Why are few new medical products available for neglected diseases?

Not enough investment in research and development



# Why low investment in R&D?

- Private sector:
  - R&D Costs and risks
  - Investment not likely to be recouped through sales
  - Demand is high but low individual purchasing power

# Why low investment in R&D?

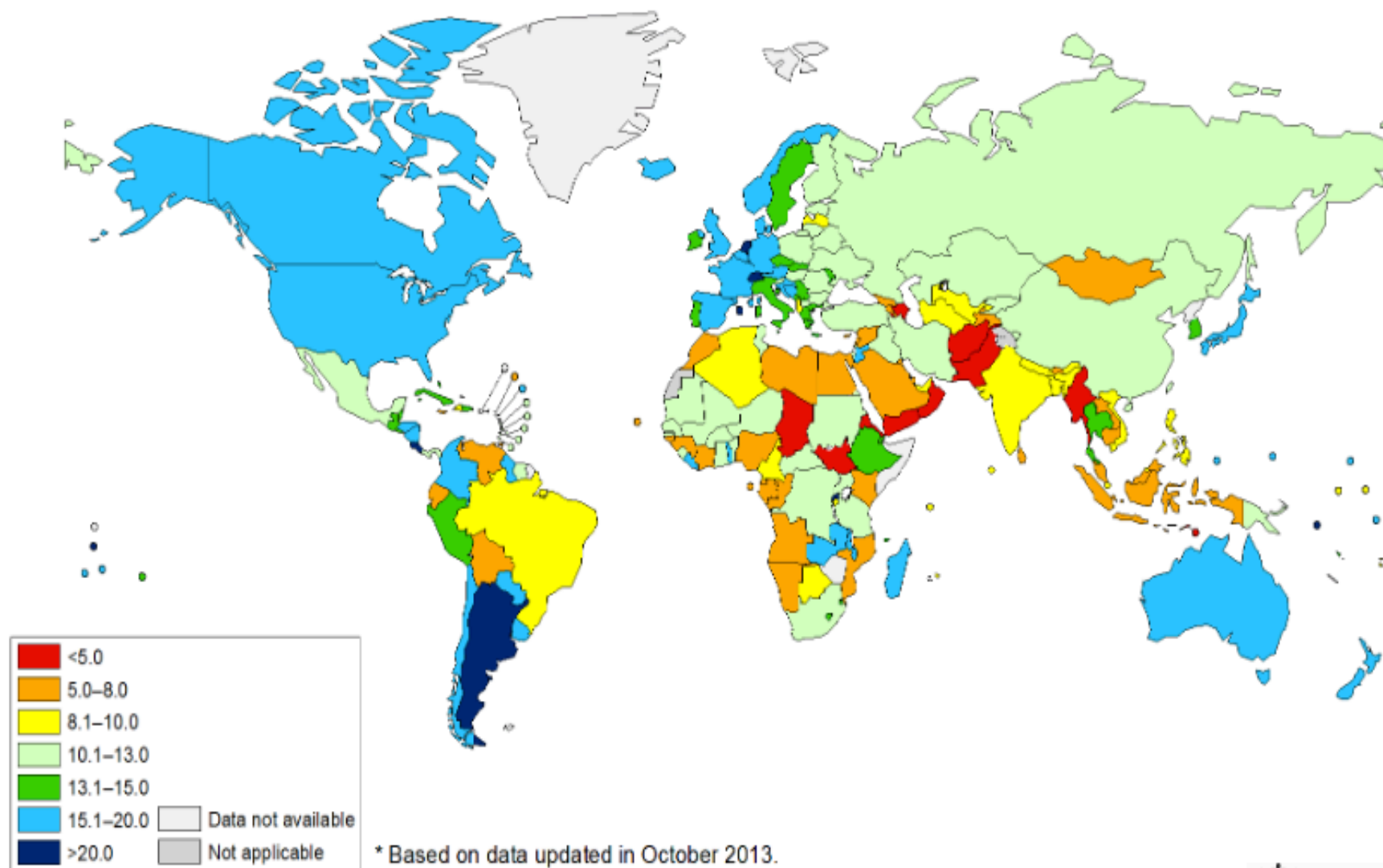
- Public sector:
  - Policy choice: intellectual property incentive will not drive private R&D
  - Budget restriction
  - Priority setting
  - Mismatched – focus on basic research, time lags



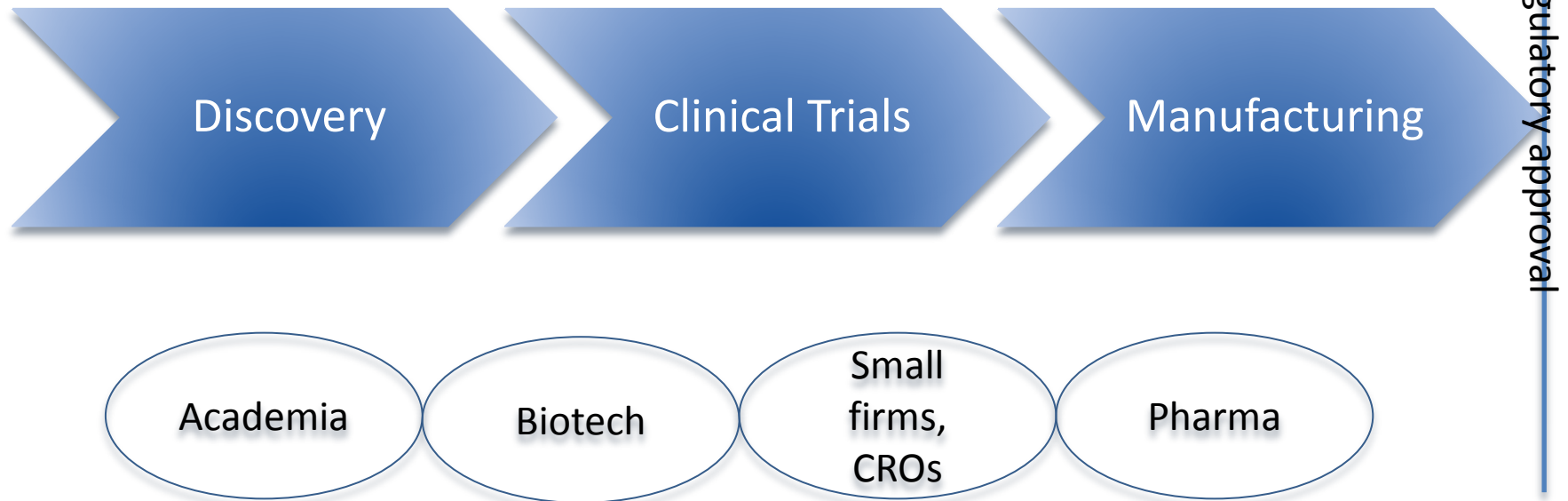
# Who should pay for R&D in neglected diseases?

- Public sector
- Donors
- Private sector

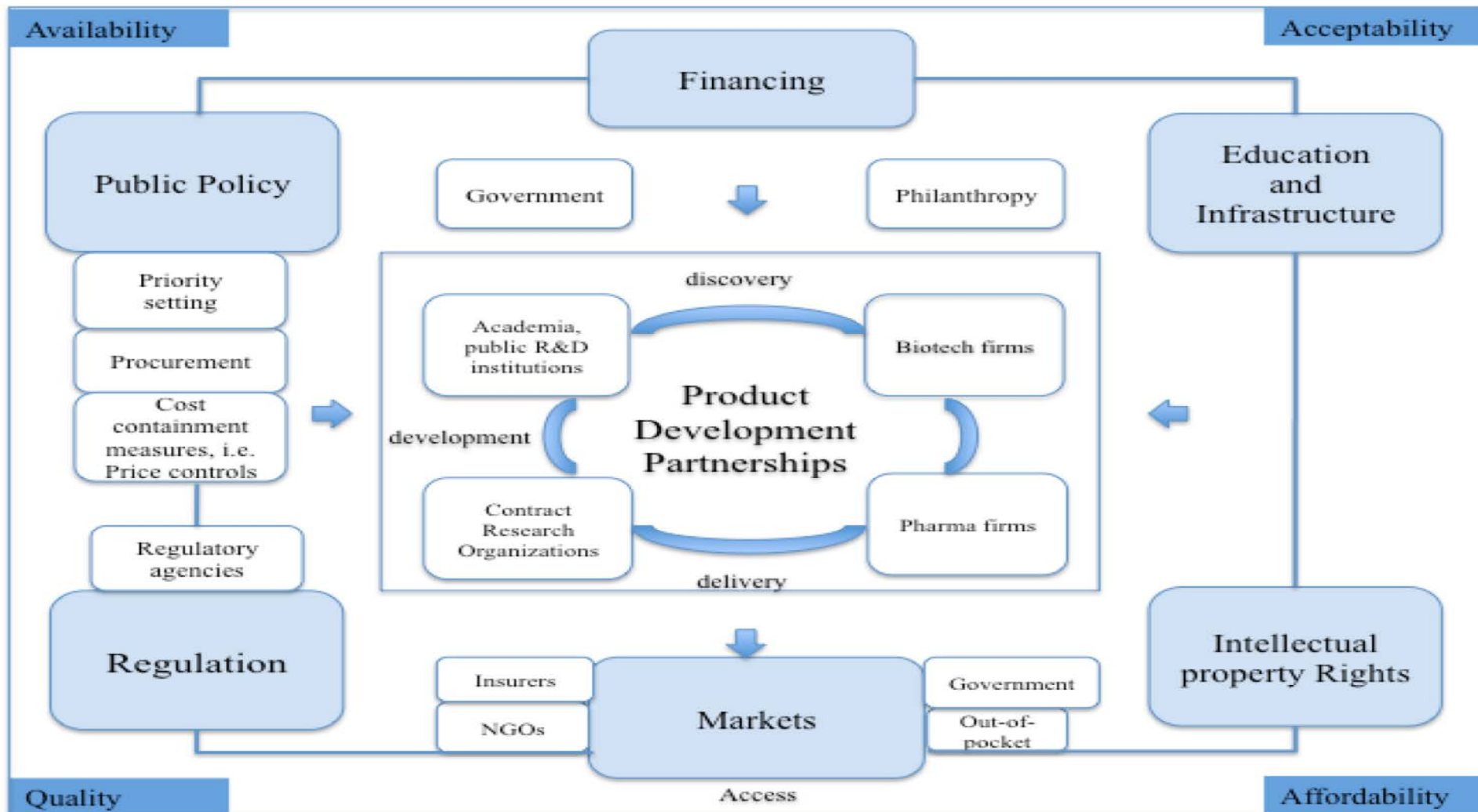
## General government expenditure on health as a percentage of total government expenditure (in US\$), 2011 \*



# How should resources be allocated?



# Health R&D Ecosystem



Source: Morel 2005, WHO 2006





# **More financing and other incentives**

**what are the options?**

# CEWG criteria for assessment

- Public health impact
- Efficiency/ cost-effectiveness
- Technical feasibility
- Financial feasibility
- Intellectual property
- Delinking R&D cost from price
- Access
- Governance, accountability, transparency
- Capacity-building and technology transfer for developing countries

# More financing and other incentives: what are the options?

- **“Push” by reducing cost of R&D**
- **Pay upfront**
  - Pooled funds, to whom to allocate?
  - Direct grants to selected stakeholder
  - Fund clinical trials in developing countries

# More financing and other incentives: what are the options?

- **“Push” by reducing cost of R&D**
  - **Indirect**
    - Open approaches to innovation: Open drug discovery, open-access publishing
    - Mandate equitable licensing for public funded projects
    - Pre-competitive R&D platforms
    - Patent pools
    - Priority review voucher
    - Transferable intellectual property rights
    - Fast track regulatory review
    - Regulatory harmonization
    - R&D tax breaks



# More financing and other incentives: what are the options?

- **“Pull” by paying for R&D outputs**
  - **Create attractive market = how big to set the incentive?**
  - **More ideas than experience**
    - Purchase and procurement agreements, i.e. Advanced purchasing commitments
    - Milestone prizes and end prizes
    - Funds to make end-payments (Health Impact Fund)



# How to mobilize more funding?

- Increase country contributions
  - Taxation
- Increase donor funds

# Can developing countries implement or support these mechanisms?

- Global, regional or national application
- Variance of costs among mechanisms
- Financial (resources that may be allocated) and R&D capacity (to participate in R&D activities)

# Why do we need a more coordinated approach to implementation of mechanisms?

- Pooled financing for cost efficiency
- Long term sustainability /viability of R&D
- Avoid duplication and competition for funds
- Requires:
- Concerted priority setting and mechanism selection
- Agree on common principles



# How to coordinate?

- Global R&D observatory
- Global agreement under WHO