

WORKING DOCUMENT - BARBADOS AND BOLIVIA

PROPOSAL 3

Priority Medicines and Vaccines Prize Fund (PMV/pf)

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The Problem

There are areas where existing market incentives do not work well and therefore existing levels of R&D investment are insufficient.

The Basic Proposal – a Prize Fund for Priority Medicines and Vaccines

A large and sustainable prize fund should be set up to address the need to stimulate R&D in areas of medical priority, including specifically the development of medicines and vaccines in the following areas:

1. Type II Diseases
2. Type III Diseases
3. New Antibiotics
4. Emerging Public Health Threats

The fund will be named the Priority Medicines and Vaccines Prize Fund (PMV/pf). There will be minimum allocations for each of the four categories above.

The PMV/pf will utilize separate prize mechanisms, each providing different incentives. They include:

Final Product Prizes (FPPs)

Eighty percent of the annual budget for the PMV/pf will be spent on the final product prizes (FPPs). The FPPs are large cash rewards for the development of new medicines or vaccines. To qualify, the product must be approved for marketing by one or more leading national regulatory drug approval agencies or by the WHO, be used by patients, and have a positive impact on healthcare outcomes.

The prize awards will be divided among competitors on the basis of the relative impact of the products on health outcomes.

Upstream Prizes

Twenty percent of the PMV/pf money will be allocated to three or more institutions that run prize competitions to reward earlier stages of product development. These will include smaller technical challenges, and also rewards for the successful development of early benchmarks in drug development, such as the completion of phase I/II clinical trials.

Innovation inducement prizes that focus on solving small technical challenges are similar to the type of prize competitions now being offered by the Lilly-launched start-up company, InnoCentive, or non-profit organizations such as the X-Prize Foundation. These prize competitions could be outsourced to firms or non-profit organizations with expertise in managing such innovation prizes.

The early benchmark prizes are similar to those used by venture capital funds or big pharma companies to reward success in upstream product development.

The competing institutions that run the upstream prizes will be evaluated periodically to determine how successful they were in investing in products that were successful. The upstream prize managers who invest in products that are successful and improve outcomes will also be rewarded by earning “points” that will entitle them to shares in the final product prizes. Upstream prize managers that do poorly will face reduced allocations or termination.

Developing Country Researcher Set-Asides

The PMV/pf upstream prize fund managers will have set-asides for research teams working in developing countries.

Intellectual Property Rights

A licensing pool would be created under the name Priority Medicines and Vaccines Licensing Agency (PMV/LA) in order to acquire and manage the needed rights for the relevant patents, data and know-how for the new medicines or vaccines. In order to make claims on the prizes, the winners must grant licenses to all patents, data and know-how needed for competitive supply of the final products, and ensure access to knowledge for upstream prizes.

Incentives for Collaboration and Access to Knowledge

In order to ensure there are incentives for openness and sharing among researchers, the Final Product Prize money would be divided as follows. The winning entrant would get 90 percent of the prize money. The remaining 10 percent of the prize money would be given to unaffiliated and uncompensated (by the winning entrant) scientists and engineers that *openly* published and shared research, data materials and technology, in the basis of who provided the most useful external contributions to achieving the end result. This would include research, data, materials and technology that were either placed in the public domain, or subject to open, non-remunerated licenses.

To qualify, published research findings would have to be freely available on the Internet in full text. As an incentive to journals to make articles available to the public for free, 10 percent of

the “best contributions” prize given for a published article would be available to a peer-reviewed journal that published the article, on the condition that the journal made the article available for free immediately upon publication.

WHO Meeting on this Proposal

The WHO should hold a meeting in March of 2009 to consider a proposal for a Prize Fund for Priority Medicines and Vaccines. This proposal is responsive to resolution WHA 60.30