

IFPMA Overview of EWG Comparative analysis

The EWG evaluated the different proposals using the following criteria:

- ❖ Developing country impact
- ❖ Financial aspects
- ❖ Operational efficiencies and feasibility.

These criteria formed a list of 11 viable proposals divided in three categories:

- ❖ 4 financing mechanisms that will triple available funds for R&D for neglected diseases of the developing world;
- ❖ 5 funding allocation mechanisms that the EWG believes will optimally allocate both existing funds and new funds raised by the four proposed financing mechanisms
- ❖ 2 efficiency proposals aimed at cutting R&D costs across the board.

Details are included in the slides.

As far as the methodology is concerned, Mary Moran, the coordinator of the proposals review process has grouped the proposals in six broad categories and matched their performance against the above indicated criteria and acceptability to target groups. The six broad categories she identified are:

1. Fundraising
2. R&D capacity building in developing countries
3. Basic Research and product discovery
4. Product Development
5. Manufacturing and Distribution
6. Efficiencies

For each of the categories she drew conclusions and identified which are the proposals that best and worst scored. There are two areas of concerns:

- ❖ In the category “fundraising”, the Brazilian proposal of a Tax on pharmaceutical profits is judged as one of the possible solution for increased funding. However, this would require efforts to sustain political commitment to the mechanism and would incur start up costs to be operationalised. The amount of money generated by this proposal would be not excessively sustainable as it is estimated in 160 million. Also, we are not sure whether this proposal is acceptable by all partners as the tax should be imposed on the whole pharmaceutical sector, generic included. This proposal places the burden of the R&D for DDW exclusively on industry and reinforces the negative image of pharmaceutical profits. It would be very difficult to implement, as most countries would have to change their investment laws and bilateral treaties. Moreover, operationalising this proposal may lead to companies increasing prices to compensate which would be counter-productive
- ❖ The UNITAID patent pool scored well under the category “efficiencies”. As highlighted previously through submissions to the EWG, the UNITAID Patent

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Pool appears to be a “product pool” for medicines, since it aims to license products that are already available for manufacture and sale to companies that have not contributed to the pool. It is our understanding that the non-profit entity administering the pool would set criteria for a royalty payment by the “equitable royalty” method based on the therapeutic benefits of the medicines and the affordability of royalties in particular countries. This does not follow past or current patent pool structures. Voluntary participation of entities contributing to the patent pool should be considered an essential prerequisite for this or any pooling mechanism.

Also, in the category “efficiencies”, there is a reference to open source system. While these are evaluated positively the report highlights how uncertain is the appeal of this approach for many developers. As the score is quite low, we should not be concerned but rather vigilant.

Across the document, there are many references to the importance of intellectual property, as well as quote from interviewees that reiterate how important IP is to achieve further innovation. As well, there are fair and real figures on the cost of drug and vaccine developments. The draft is absolutely fair towards the industry.

We fully share the same concern emerging in the report that proposals such as the Biomedical R&D treaty, large prizes such as the one in the Bolivia-Barbados proposals, and the Removal of Data Exclusivity should not be identified as viable as they did not score well under several performance criteria, including acceptability and feasibility.

Here some of the examples:

- ❖ In the category “basic research and product discovery”, the report says that the least effective proposals are the Health Impact Fund (only promising and non extremely controversial for the industry), the Economic Prize System, the specific prize models (Bolivia-Barbados-Suriname) on Cancer, and some aspect of the TB and chagas prize, and the R&D Treaty
- ❖ In the category “product development”, amongst the least effective proposals there are the R&D Treaty, large endstage prizes (including cancer), economic prize systems and Neglected Diseases tax.
- ❖ In the category “efficiencies”, the proposal of removing data exclusivity scored as inapplicable.