

### Bridging Innovation and Access: Policy's Contribution to Global Health

**W**ith the addition of new funding and incentives for global health product development in recent years, the landscape of industry involvement in global health has grown. But more must be done to tap the innovative resources of the biotechnology industry. This panel explored various methods for overcoming the market and funding challenges to biotechnology industry entry into global health, including both push (funding to get projects going) and pull (enhancing the market) mechanisms.

"We have to think about what is feasible to do inside a small biotech company where 99 percent of the work is unprofitable and they have less than 100 employees," said moderator Gregory Weinhoff, partner at CHL Medical Partners.

According to Robert Chess, chairman of Nektar Therapeutics, there is an information gap. The typical small company doesn't have market resources or regulatory expertise; and it doesn't know markets or distribution mechanisms.

Chess discussed the challenge of linking the interest of donors with industry and developing countries. "The reward is great but there is a lack of incentive", he said. "How do we lower the cost of capital and investment and strike the right balance for donors and companies?"

One group that is working to strike this balance is the GAVI Alliance. Alice Albright, GAVI's chief investment and financial officer, provided background on GAVI's new funding mechanisms for vaccines. With a balance sheet of \$6 billion, GAVI has made "incredible strides in being a consistent funder", she said. "We command an estimated 40 to 50 percent of the market share in each vaccine area in which we work."

The GAVI Alliance is currently implementing the first Advance Market Commitment (AMC) pilot. Albright sees this mechanism as a way to address market concerns and meet public health needs. "Prices have to be lower than elsewhere, but we also recognize there has to be a healthy market to get the products we need."

Several panelists praised the new mechanism. "Innovators need to understand the rules of the

game ahead of when the game will be played. The AMC has done this," said Chess.

As important as the market is for industry investment, panelists also emphasized the critical need for funding at the early stages of development. According to Weinhoff, "It's great to talk about markets, but capital markets are broken for biopharmaceuticals. Accessing the public market and taking products through commercialization does not enter into a venture capitalist's planning."

The Bill & Melinda Gates Foundation has been making grants toward improving health for the poor for over 10 years. One favored mechanism has been to provide grants to public-private partnerships. "Our work is growing and evolving and we are learning by doing," said Hannah Kettler, program officer for global health initiatives at the Bill & Melinda Gates Foundation. "We are trying to get more sophisticated to use our grant dollars to bring the right players to develop and deliver technologies."

Another major funder of global health is the UK Department for International Development (DFID). DFID supplies a large portion of health-care spending of developing countries. "Investing in R&D for new technologies is still relatively new for most bilateral donors," said Saul Walker, senior access to medicines policy advisor for the health services team at DFID. "Donors are just getting comfortable with the idea that a product probably won't make it to market, and this is very hard to sell politically. But we are beginning to understand the need to bear risks to produce better products that will serve our health objectives."

Several industry panelists suggested an alternative mechanism that could meet biotech needs – milestone-based payments that provide smaller companies a reward for interim success. Such payments could allow smaller companies to have a reward along the way.

Regardless of the mechanism, panelists agreed that there is likely no single solution, and that some combination of approaches will be needed to draw biotechnology companies into global health product development.

#### **MODERATOR:**

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#### **PANELISTS:**

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