

Submission to the WHO Committee on Public Health, Innovation and Intellectual Property (Section 1)

Incentives for Global Health

Executive Summary

Billions of poor people cannot afford patented medicines and are underserved with pharmaceutical research and basic health care. Foundations and NGOs have made extraordinary efforts to combat these problems, but their efforts have not yielded a systemic solution.

Our proposal, Track2, aims to reward patent holders in proportion to the global health impact of their interventions via treaty-backed payments. In exchange, innovators would allow the open manufacture, distribution and sale of their products.

With this option in place, diseases that do great harm mainly among the poor become profitable targets of R&D. In choosing this option for a specific medicine, innovators make it immediately available for competitive manufacture, which reduces the medicine's price to near marginal cost of production. In addition, the patent holder has incentives to collaborate with generic producers and to help upgrade health services in poor areas.

In contrast to prizes, which rely on planners and experts to set the direction of R&D, our plan is a market solution that leaves it to potential innovators — better informed and better motivated than planners — to decide how they can make the most cost-effective contributions to global health. There is no need to specify an award, or detailed conditions a sought medicine must meet. Whatever works is rewarded, according to how well it works in reducing the global burden of disease. And funding of the scheme is not dependent on political moods or grantor preferences, but built into the global trade and health regimes.

Our plan recognizes that structural reform will happen either *with* the pharmaceutical companies or not at all. By working in parallel with the existing system, it allows these firms to choose the patent option that best suits their interests. Track2 thus expands the existing patent regime with a practical, market-driven complement that better aligns industry interests with global public health imperatives.

By reducing the prices of medicines, the plan would partly pay for itself — quite apart from the reductions it would cause in the vast economic burdens from disease. It would be funded by a treaty-backed payment stream, structured so to spread costs fairly across countries in rough proportion to their GNI. To discourage free-riding, firms in non-participating countries would be excluded from the exchange option, though the benefits of cheaper advanced medicines would extend to patients everywhere.

With collaborators on three continents and initial grants from the Australian Research Council and the UK-based BUPA Foundation, we are working on the technical elaboration of Track2 and planning a pilot project to test core elements of the proposal. Incentives for Global Health (IGH), the non-profit organization that supports our work in the United States, seeks to engage representatives of industry, investors, academics (law, economics, and medicine), NGOs, and the public health community in building awareness of the Track2 concept. To learn more about IGH and how to support our efforts, please visit www.incentivesforglobalhealth.org.