

## **An assessment of the economic and political feasibility of a global R&D treaty Summary**

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In the past few years, billions of dollars have been committed by philanthropists and governments to the development of new drugs for the diseases of poverty. Nevertheless, some WHO Member States still argue that too little is being spent on the development of such medicines and have called for radical changes to be made to the global system of R&D.

The latest suggestion is for a binding, 'Kyoto-style' international Medical Research and Development Treaty (MRDT), through which R&D would be centrally directed towards perceived health priorities.

This proposal has gained a great deal of political traction, and a variant of the treaty is currently under discussion at the WHO Intergovernmental Working Group on Public Health, Innovation and Intellectual Property. in Geneva. However, a close scrutiny of the literature issued in support of the treaty reveals it to be full of contradictions and questionable assumptions.

The MRDT, if ratified, would face all kinds of implementation challenges, few of which have been addressed by its proponents. In particular, the efficiency of the MRDT relies heavily on a credit trading mechanism, with credits earned from spending on a wide variety of types of R&D. The thinking is borrowed from the literature on carbon dioxide emissions trading, but the MRDT ignores all the differences between R&D and CO2 emissions, and all of the problems experienced by Kyoto.

Neither is it clear how the MRDT would assign true value for medical inventions, or how self-interested gaming and free-riding could be avoided. It is not clear how the level of a country's spending obligations would be set and evaluated, making it extremely difficult to police and enforce the MRDT.

These, and other shortcomings, mean that the MRDT could have the opposite effect to that intended resulting in more risk, less efficiency and less innovation. Worse, the complexity of the MRDT is likely to divert resources and attention from more simple solutions that actually stand a chance of improving the health of the poor immediately, instead of at an unspecified time in the far-distant future.

This submission is a summary of the working paper "A Global Medical Research and Development Treaty: An answer to global health needs? ", available for download at [http://www.policynetwork.net/uploaded/pdf/Global\\_Medical\\_Research\\_web.pdf](http://www.policynetwork.net/uploaded/pdf/Global_Medical_Research_web.pdf)