

Global Health Tailored Solution Example

Financial Implications and Risk Model

Working closely with the World Bank, Applied Strategies Technology has designed a powerful tool to explore the implications of using Advance Market Commitments (AMC) as a mechanism to encourage the private sector to develop and supply vaccines for diseases prevalent in the developing world. By removing some of the uncertainties associated with the public health market, AMCs create financial incentives for vaccine suppliers to serve that market and provide life-saving vaccines to the world's poorest countries.

The Applied Strategies Technology AMC Financial Implications and Risk Model (AMC-FIRM) serves as a common analysis platform for potential AMC participants such as funding agencies, vaccine suppliers, and country vaccine programs. AMC-FIRM provides insights on how various AMC parameters will affect:

- The effectiveness of an AMC contract at creating and maintaining the desired market for a given vaccine program
- The level of investment required of donors and countries given specified AMC contract terms
- The health impact, in lives saved, of AMC funding
- The potential financial return to suppliers serving developing country markets

By constructing an AMC scenario (i.e., suppliers and the products they are bringing to market, country adoption data, and AMC contract terms), analysts are able to examine the results of a scenario in a variety of ways including:

- Vaccine need and potential market forecasts
- Vaccine demand forecasts
- Capacity and supply forecasts
- Financial reports for suppliers, donors, and countries
- Health impact reports

Analysts use AMC-FIRM to quickly explore alternative AMC contract terms and assess the impact those terms have on the creation of the desired vaccine market. Funding agencies can use the results of AMC-FIRM to begin a dialogue with potential AMC suppliers to construct a set of contract terms that benefit all, providing sufficient return on investment for suppliers and desired health impact for donors and countries. If the proposed terms are not sufficiently attractive, AMC-FIRM can be used collaboratively to find a scenario that wins the approval of all constituencies.