**Analysis of the procurement and pricing architecture for new vaccines**

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**ABSTRACT:**

Vaccines are one of the most cost effective public health interventions. A well designed vaccine procurement and pricing architecture can ensure more equitable vaccine prices and result in greater access to new vaccines globally.  Pooled procurement enables countries to achieve lower vaccine prices, reduces procurement related transaction costs for both countries and vaccine manufacturers.   Using stylized theoretical models for new vaccines with limited supply competition this paper compares the pricing and welfare effects of geographical proximity-based purchasing pools with homogeneous income purchasing pools.  Analysis reveals that homogeneous income purchasing pools are beneficial to low income countries, vaccine manufacturers, and for overall societal welfare. When procurement pools are heterogeneous, the composition of the procurement pool affects the benefits of pooled procurement and in some instances could even disadvantage certain countries buying from that pool.  Although price is of critical importance, a focus on lowered prices alone can lead to unhealthy markets. Therefore pooled procurement methods also need to consider long-term market outcomes and reliability of supply.