



Brussels, 18.6.2020  
C(2020) 4192 final

ANNEX

**ANNEX**

*to the*

**Commission Decision**

**on approving the agreement with Member States on procuring Covid-19 vaccines on  
behalf of the Member States and related procedures**

## Agreement

### Preamble

Having regard to Article 4(5)(b) of Council regulation (EU) 2016/369 on the provision of emergency support within the Union<sup>1</sup> as amended by Council regulation (EU) 2020/521 of 14 April 2020 activating the emergency support under regulation (EU) 2016/369, and amending its provisions taking into account the COVID-19 outbreak (hereinafter “ESI” or “ESI regulation”);

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The European Commission (“the Commission”)

and

The following Member States: (XXX), hereinafter referred to as “the Participating Member States”

Together referred to as “the Parties”

Agree on the Following:

#### Article 1: Objective and mandate of the Commission

On the basis of the present agreement, the Commission is mandated to conclude, on behalf of the Participating Member States, Advance Purchase Agreements (“APA”) with vaccine manufacturers with the objective to procure vaccines for the purposes of combatting the COVID 19 pandemic at Union level.

The Annex to this agreement sets out the negotiating directives for this purpose.

#### Article 2: Acquisition of vaccine doses

It is the Participating Member States, and not the Commission, that shall acquire vaccine doses from the manufacturers on the basis of the APAs unless otherwise agreed. All relevant vaccination policies shall therefore remain matters for the Participating Member States.

#### Article 3: APAs containing a right to acquire vaccine doses

Where the Commission concludes an APA in conformity with the present agreement that provides the right for the Participating Member States to acquire vaccine doses, the use of such a right shall take place by means of the conclusion of contracts between the Participating Member States and the vaccine manufacturers. There shall be no obligation

for any Participating Member State to conclude such a contract on the basis of the APA. The APA shall contain a clause to this end.

#### Article 4: APAs containing an obligation to acquire vaccine doses

Where the Commission intends to conclude, in conformity with the present agreement, an APA containing an obligation to acquire vaccine doses, it shall inform the Participating Member States of such intention and the detailed terms. In case a Participating Member State does not agree with the conclusion of an APA containing an obligation to acquire vaccine doses or its terms, it has the right to opt out by explicit notification to the Commission within 5 working days after the Commission has communicated its intention to conclude the APA. All Participating Member States not having opted out within the period of 5 working days are deemed to have authorised the Commission to negotiate and conclude the APA with the vaccine manufacturer in their name and on their behalf.

#### Article 5: The legally binding nature of APAs

Once concluded, the terms of the APA shall be legally binding on the Participating Member States, except for those who have exercised their right to opt out.

#### Article 6: Responsibility and liability

The present Agreement regulates only the division of potential liability and indemnification between the Commission and the Participating Member States. It does not regulate the extent to or the conditions under which potential liability of the vaccine manufacturer may be taken over or indemnified under the APAs.

The Commission shall be exclusively responsible for the procurement process and the conclusion of APAs including any liability arising out of the conduct of the negotiations.

Participating Member States acquiring a vaccine shall be responsible for the deployment and use of the vaccines under their national vaccination strategies, and shall bear any liability associated with such use and deployment. This shall extend to and include any indemnification of vaccine manufacturers under the terms and conditions of the relevant APA for liability related to the use and deployment of vaccines normally borne by such manufacturer.

#### Article 7: Obligation not to negotiate separately

By signing the present Agreement, the Participating Member States confirm their participation in the procedure and agree not to launch their own procedures for advance purchase of that vaccine with the same manufacturers.

In case an APA containing an obligation to acquire vaccine doses has been concluded with a specific manufacturer, the Member States having made use of the opt-out provided under the present Agreement can enter into separate negotiations with the same manufacturer after the APA under the present Agreement has been signed.

### **Annex**

## **Initial considerations**

A permanent solution to the COVID-19 crisis is most likely to be brought about by the development and deployment of a safe and effective vaccine against the virus. Every month gained in the deployment of a vaccine will save many lives, many jobs and billions of euros.

Therefore, it is the objective of the present Agreement that the EU takes steps to secure sufficient supplies of a safe and effective vaccine for Member States.

## **Structure and purpose of the procurement**

Work on a COVID-19 vaccine is challenging for many reasons: the shortened development timeframe, the large upfront costs for manufacturers, the high failure rate during clinical trials. If vaccine producers follow their usual practice of making investments in production capacity only when they are sure of a viable product, this will result in considerably longer waiting times for a vaccine. Investments need to be made now in order to ensure that vaccines are being produced at the scale required as early as possible.

Under the present agreement, this challenge will be addressed through concluding EU-level Advance Purchase Agreements (“APA”) with vaccine manufacturers when necessary, to secure access to vaccine candidates where they are successful, including up-front EU financing to de-risk essential investments to increase the speed and scale of manufacturing successful vaccines. Funding for the up-front payments will come from the Emergency Support Instrument (ESI).

The Parties understand that developing a safe and effective vaccine is a highly complex process and the risk of failure in any such venture is very high. Therefore, the aim is to put in place APAs with a number of manufacturers of leading vaccine candidates, to maximise the chances of having access to at least one successful vaccine.

The Commission will invite all vaccine manufacturers to manifest interest. In general, the Commission will give priority to negotiating specific APAs with those manufacturers that (a) have entered or have firm plans to enter clinical trials still in 2020, (b) have the capacity to develop a successful vaccine and (c) have a proven capacity to produce at scale already in 2021.

## **Process and governance**

In order to run the procurement centrally and efficiently, the European Commission will set up a steering board for the process subject to Article 6 of the present Agreement. It will be co-chaired by the European Commission and a Participating Member State with experience in the negotiations and production capacities for vaccines. The steering board will include senior officials from all Participating Member States to assist and provide guidance throughout the evaluation process.

The co-chairs of the steering board will propose a team of a limited number of experts with relevant experience for the ongoing negotiations from six Participating Member States with production capacities for vaccines. These experts will join with the European Commission in a negotiation team (“joint negotiation team”), which will work on a continuous basis as one unit. That joint negotiation team will start work immediately building on previous contacts with individual companies by the European Commission

and Participating Member States. In order to launch negotiations with a specific manufacturer, there needs to be support from at least four Participating Member States. The joint negotiation team will make its best effort to take the advice of the steering board into account in the negotiations and will report back to the steering board on a regular basis on the progress made in negotiating with individual companies.

For compliance with the applicable rules, all members of the steering board and the joint negotiation team will obtain the status of experts associated to the procurement process as provided in the Financial Regulation. Given their access to highly sensitive business information, all those members will be required to sign strict confidentiality and no-conflict-of-interest agreements.

Assisted by the steering board, the European Commission will then decide which of the resulting APAs should be concluded, in particular if financing under ESI is insufficient to finance all relevant packages. The Commission will only consider those APAs for financing where at least four Participating Member States have expressed agreement. Before making any final decisions, the Commission will seek independent scientific advice on the state of progress and the available data on quality, safety and efficacy for the vaccine candidate in question.

Should financing under ESI be insufficient, Participating Member States can decide to top up ESI funding to make up the gap to finance all packages. In such a case where there are opportunities to conclude further APAs but money from ESI is no longer sufficient, Participating Member States will have the opportunity to express their interest in such opportunities. If at least four Participating Member States express interest, those Participating Member States will make use of the possibility of a voluntary contribution to ESI to the required amount allowing the Commission to proceed with signing the APA only on behalf of those Member States that have expressed interest and contributed the funds to ESI.

For full transparency, the European Commission will report to the IPCR at least once every two weeks on overall progress more generally.

### **Advanced Purchase Agreements and conditions**

To conclude APAs, the joint negotiating team will negotiate funding packages with individual vaccine producers in return for the right to buy a specific number of vaccine doses in a given timeframe and at a certain price.

As outlined in the present Agreement, the European Commission also has the possibility to conclude APAs including an obligation to procure the vaccine if it becomes available, where the conditions (notably the pricing) of those APAs make this worthwhile and in line with the conditions in the present Agreement. If in such a case the distinction between upfront payments and purchase price is difficult to draw, the Commission will share the total cost related to the vaccine purchase but will in any case contribute no more than 50% of the total cost.

Funding provided up front will be considered as an advance payment for any eventual purchase by Member States, thus reducing the amount that Member States will have to pay when eventually purchasing that vaccine.

The up-front payments under the APAs shall be used by manufacturers to de-risk the necessary investments related to both vaccine development and clinical trials, and the

preparation of the at-scale production capacity along the entire vaccine production value chain in the EU required for a rapid deployment of millions of doses of an eventual vaccine. The relevant payments should be structured according to the need of the manufacturer, but subject to the state of the vaccine development, in particular relying on transparency of the associated clinical data and its assessment, at the time of payment. This is in order to avoid obligations to pay in situations where the development work has shown a vaccine candidate likely to be unsuccessful.

The purchase price of the vaccine, as well as the amount of funding provided up front will take into account a transparent estimation of production costs (supported by independent audits where available), as well as the resources already granted from other public sources. Under the APA, the manufacturer can be asked to provide ex post proof supported by independent audits concerning the activities financed by these payments.

The aim of the negotiation is to conclude APAs with individual companies under the best possible conditions. These APAs should specify details with respect to:

- a) Payments to be made, such as payment amounts, payment schedules, type of payments requested and the use of those payments related to de-risk investment, financing clinical trials, providing working capital and scaling-up production capacity;
- b) Delivery details of the vaccine if successful, such as price per person immunised (or alternatively, number of doses required per person immunised and price per dose), quantity of doses to be delivered and delivery timeline following approval; and
- c) Any other relevant conditions, such as production capacity built or used in the EU or liability arrangements.

For liability arrangements, the joint negotiation team will make its best effort to limit what is required by individual companies for the purpose of indemnification to be included in the terms and conditions of the APA.

The APAs will contain provisions to clarify the law applicable to both the APA and resulting purchase orders as well as the competent courts. The Participating Member States agree that each APA negotiated by the Commission on their behalf with a vaccine manufacturer will have the same applicable law for all Participating Member States, and that the courts corresponding to that applicable law will be competent to hear disputes arising from that APA.

When taking a decision to finance individual APAs, the European Commission, in consultation with the steering board, will take into account the following elements: any available data on quality, safety and efficacy of the vaccine at time of negotiation of the contract, speed of delivery at scale, cost, risk-sharing, diversification of technologies, capacity to supply through development of production capacity within the EU, possible flexible future use of any capacity funded, engagement at an early stage with EU regulators with the intention to apply for an EU marketing authorisation for the candidate vaccine(s), commitment to supply vulnerable countries.

The procedure outlined above complies with the ESI Regulation and the Financial Regulation. The latter is aligned to the European procurement Directives, which also provide the basis for national procurement rules. Participating Member States may rely

on the procedure run by the European Commission to directly purchase vaccines from the manufacturers as and when any of the vaccines becomes available based on the conditions laid down in the APA. Access to vaccine doses will be allocated to Participating Member States according to the population distribution key.

In the negotiations with the pharmaceutical industry under the present Agreement, the Commission will promote a Covid-19 vaccine as a global public good. This promotion will include access for low and middle income countries to these vaccines in sufficient quantity and at low prices. The Commission will seek to promote related questions with the pharmaceutical industry regarding intellectual property sharing, especially when such IP has been developed with public support, in order to these objectives. Any vaccines available for purchase under the APAs concluded but not needed and purchased by Participating Member States can be made available to the global solidarity effort.