

11th International Anti-Corruption Conference: Workshop 9.4

Presentation Abstract

1. Panelist Name: James Cercone

2. Workshop Title: The interface between the pharmaceutical industry and the health sector

3. Title of case-study or paper: Transparency in the pharmaceutical system: Strengthening institutions to help improve drug access

Pharmaceuticals and pharmaceutical services are vital for health systems. They can prevent or delay health conditions that require more costly care and they can substitute for less cost-effective interventions. Pharmaceuticals are a critical complement to other types of health care services to reduce morbidity and mortality rates and enhance quality of life. Pharmaceutical expenditure management has become a focus of most OECD governments for two main reasons. First, pharmaceutical expenditures are large and growing. During the 1990s, the Organization for Economic Cooperation and Development (OECD) reported that pharmaceutical expenditure comprised anywhere from 10% to 15% of total health care budgets in OECD countries and has steadily increased as a proportion of GDP since 1970.¹ In developing countries, pharmaceutical expenditure is a constant concern of governments, as it is typically the second highest line item in a health budget after human resources. Second, problems with the timely access to pharmaceuticals pose a significant health problem to individuals in all countries and untreated illness, in areas such as HIV/AIDS and Tuberculosis (TB) pose a significant cross-border threat.

Transparent and institutionally strong pharmaceutical systems can contribute towards improving access of the population to pharmaceuticals. But, the pharmaceutical supply and distribution systems in developing countries often are not fully transparent and/or have weak institutions that can lead to corrupt practices. Pharmaceutical companies often exploit the weak systems and weak institutions to increase profits. This paper will highlight how and where these opportunities develop in pharmaceutical systems and what actions can be taken to mitigate the efforts by pharmaceutical companies to corrupt the system. Examples will be discussed to highlight of how structural weaknesses lead to exclusions in registration, poor selection, increased prices, substitution of branded for generic drugs, provision of inferior quality and inducement of physician prescribing practices. Evidence from a situation analysis of the Costa Rican pharmaceutical system will be discussed.

The overarching framework presented is part of a diagnostic framework and methodology which allows policymakers to identify key decision points in the pharmaceutical supply and distribution system (registration, selection, procurement, distribution, service delivery and use); assess the extent to which a country's current policies and practices at each of these key decision points make the system vulnerable to corruption; and understand the range of options that could reduce this vulnerability. To avoid public health losses associated with practices such as these, pharmaceutical supply and distribution systems need to be transparent and strengthened institutionally, and positive incentives for ethical behaviour must be implemented for government officials in order to counteract potential gains from corruption.

3. Title of case-study or paper: The Business Principles for Countering Bribery - An Initiative of Transparency International and Social Accountability International

¹ Stephane Jacobzone, "Pharmaceutical Policies in OECD Countries: Reconciling Social and Industrial Goals," Labour Market and Social Policy – Occasional Papers No. 40, OECD (2000)