

**OPTIONS FOR HOW THE  
REPRODUCTIVE HEALTH SUPPLIES COALITION  
CAN ENGAGE WITH MANUFACTURERS OF  
REPRODUCTIVE HEALTH COMMODITIES**

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## PURPOSE

The purpose of this paper is to develop options summarizing how the Reproductive Supplies Coalition (RHSC) can more effectively engage with commercial manufacturers of reproductive health (RH) commodities in contributing to achieving RH commodity security. As per the Coalition's initial focus on contraceptives, including condoms, manufacturers of these products are the first priority.

The following underlying beliefs underpin the recommendations made in this paper:

- The RHSC should honor the pledge of the ICPD Program of Action to engage the private sector as stakeholders in RH commodity security deliberations
- The private sector can contribute to social development *even if* governed by business objectives
- Any development initiatives from the private sector will be sustainable and scalable *only if* it makes business sense

This paper also acknowledges that the RHSC has not fully articulated the intended outcomes of strengthened engagement with the manufacturing sector. The Coalition is now developing its strategic plan, including work plans for specific goals and objectives. Once determined, these may prompt some re-consideration of why and how the RHSC engages with industry.

There appears to be, though, a minimum expectation within the RHSC to increase and strengthen communication with the manufacturing sector. Currently, manufacturers, although a key constituency and set of partners for RH commodity security, are not represented in the RHSC and have at best only a vague notion of the RHSC, while the Coalition has no established means to hear from manufacturers their perspectives on the issues before it.

## BACKGROUND

The role of industry in broadening access to medicines in the developing world, and its potential contribution to achieving the MDGs for improving health and reducing poverty, is receiving growing attention. In recent years there have been multiple international studies, conferences, recommendations and global initiatives to engage the private sector in healthcare-related development objectives: Cairo's ICPD Program of Action (Chapter 15); The Jakarta Declaration on Leading Health Promotion into the 21<sup>st</sup> Century; The Rockefeller Foundation and UNFPA Bellagio-related efforts to engage the private sector in creating commercial markets for hormonal contraceptives in the developing world; various USAID-supported initiatives; the UN Global Compact; the Prince of Wales International Business Leaders Forum (The Role of Business in Health Promotion and the Challenge of Partnership); the Overseas Development Institute (Optimizing the Development Performance of Corporate Investment); the Global Alliance for Vaccines

and Immunization (GAVI), the Global Alliance for Improved Nutrition (GAIN), and others too numerous to mention.

In early 2003 a draft framework for a Reproductive Health Supplies Facility (RHSF) was developed. The RHSF framework was modeled in part after the Global Drug Fund (GDF) and GAVI. The RHSF proposed to obtain new and additional resources to finance RH commodities through performance-based partnerships with developing country governments and private sector providers. In late 2003 and early 2004, at the request of the RHSF Task Team, USAID commissioned a consultancy to solicit, document, and synthesize the views of hormonal contraceptive manufacturers to the RHSF concept. Manufacturers from both OECD and non-OECD countries were presented with the RHSF concept to determine whether they considered it an appropriate, feasible, cost-effective response for mobilizing new and additional resources for contraceptive supply to developing countries, and whether they would be interested in partnering with the RHSF. While management was interested in the potential of the RHSF, it was clear that each company's strategic intent and motivation to potentially partner with the RHSF was unique. Furthermore, it was also clear from management that, in their opinion, the RHSF did not yet have a clearly defined entity nor substantive projects or programs, critical mass, clarity on funding and resources, and identification of priority target countries. The RHSF concept also required more detail on a range of implementation issues.

In the report, Responses from Contraceptive Manufacturers and Regional Development Banks to the Concept of a Reproductive Health Supplies Facility, the writer suggested several recommendations and action items for facilitating engagement of the manufacturing sector:

- Improve communications between RHSF and manufacturers.
- Develop alternative suppliers.
- Non-OECD companies should have ability to negotiate with tied-aid funding entities.
- Clarify the definition of the RHSF as an entity.
- Country-specific, or regional-specific, partnership opportunities would be desirable for manufacturers.
- The RHSF needs to recognize that established commercial markets in its chosen target countries should not be cannibalized, weakened or otherwise threatened.
- Mechanisms need to be established to provide for quality of both manufacturers suppliers and suppliers of raw material to manufacturers.
- Follow up is needed with companies and organizations contacted as part of RHSF outreach.
- Explore RHSF collaboration with the manufacturing sector as a means of adding value to existing national government contraceptive security plans.
- Identify and recruit new manufacturers as RHSF partners.
- Conduct feasibility study for donor contracting with RH manufacturers for long-term supply contracts.
- Establish the position of private sector liaison, or ombudsman.

Though the RHSF concept has gone somewhat quiescent, the Task Team that developed it has since evolved and enlarged into the RHSC. Many of the above recommendations pertain thus to the RHSC as well.

## **Options for Engaging with Manufacturers**

In the past year, the RHSC has made progress in establishing itself as an entity with sufficient critical mass, and identity of mission, to engage industry as potential collaborating or resource partners. However, more decisive action should be taken by the RHSC to demonstrate its leadership as an entity capable of seriously engaging this sector in RH commodity security issues and initiatives. Three options are here discussed. Two others were earlier considered by the RHSC:

- Direct representatives of specific firms attend RHSC meetings to “represent” the manufacturing sector. This is fraught with conflict of interest concerns as well as difficult to execute without the appearance of playing favorites among OECD, non-OECD, generic, and R&D-based manufacturers.
- Direct representatives from industry associations “represent” the manufacturing sector in the RHSC. This was also found cumbersome to execute. While there is a major industry association for R&D-based manufacturers (PhRMA), there is no comparable organization for generic or non-OECD manufacturers except on a country-by-country basis.

### **Option 1: Status Quo – *business as usual***

Continue business as usual within the RHSC, i.e., continue rhetoric on the need to engage manufacturers, while minimizing actions and substantive steps to promote dialogue and provide a platform for the direct engagement of them as stakeholders in RH commodity security. While there may be a relatively high level of comfort by certain members of the RHSC with this strategy, this approach is not recommended for the following reasons: it does not promote open and transparent relations, it does not promote cross sector partnerships, it reinforces mutual suspicions between institutional and private sector stakeholders, and limits the process by which the private sector and the international donor, institutional, national government and NGO communities, who see different aspects of the problem, can constructively explore their differences and search for solutions that go beyond their own limited vision of what is possible.

### **Option 2: New Global Initiative**

Establish a new public and private funding facility for broadening access to RH commodities. Organizationally, this new RH commodities access financing facility would be similar to GAVI, the Global Drug Fund (GDF), or the Global Alliance for Improved Nutrition (GAIN) health access facility initiatives. GAVI, as one example, is making a critical contribution: resources delivered to countries by the end of 2004 amounted to \$447 million, of which \$299 million were for vaccines, \$92 million for

strengthening immunization services, and \$56 million for injection safety. Other public-private partnerships focus on polio, river blindness, trachoma, malaria, TB, and AIDS. Strategic alliances between business, government and civil society are a growing feature of both developed and emerging economies. Such multi-sector and public-private sector partnerships are both positive and necessary. It is increasingly clear that no one sector, or stakeholder, has the resources or technology to solve the complexities of sustainable development on its own. The challenges to the success of these new global initiatives include the need to integrate additional funds with national plans to strengthen health systems and services for the poor.

The nascent state of the RHSC, its current dynamics, the difficulty to date in balancing the interests of OECD, non-OECD, R&D-based pharmaceutical companies, and generic manufacturers, conflict of interest concerns held by RHSC members, and alleged donor “fatigue” for new international partnerships all suggest that a GAVI or GDF model for a new access facility for RH commodities is not a practical step in the near term for engaging with the manufacturing sector. **However, while a separate entity may not be feasible at this moment, the approaches and ways of doing business embraced by GAVI or GDF warrant close examination for developing more effective use of resources for RH commodities.**

### **Option 3: Private Sector Liaison**

Establish the position of a private sector liaison or ombudsman. Working on behalf of the RHSC, this individual would bridge the RHSC with contraceptive manufacturers as the first priority, including generic manufacturers from OECD and non-OECD countries, as well as research and development-based pharmaceutical companies. This position can facilitate and promote communication between the RHSC and these stakeholders. The approaches and methods used would balance concerns of transparency, fairness, accuracy, completeness, and minimizing the potential for conflicts of interest. A mix of email, web-site, and in-person communications can be used to ensure manufacturers are appropriately informed about the RHSC, while the RHSC is informed about their perspectives and interests vis-à-vis issues before it. There can be targeted dissemination of RHSC notes, a newsletter specifically tailored to inform manufacturers, and/or special meetings organized by the RHSC for manufacturers, to name a few possibilities. Following the models of other global health partnerships, the functions of this position should be institutionalized within the RHSC as much as possible. They could be housed within the Secretariat, with external assistance as needed.

Based on RHSC needs, a private sector liaison could also act as an impartial and independent adviser for creating new partnerships between a diverse manufacturing sector and the RHSC and its members. Where third-party brokering comes into its own is with complex multi-sector partnerships where these are constructed as voluntary collaborative efforts to promote sustainable development based on the efficient allocation of complementary resources across business, government, multi- and bi-lateral donor, and NGO lines. In other words, where the parties pool their competencies and share the risks and benefits. This will require an altogether different method of negotiation than

has previously been required. By moving away from the institutional and bureaucratic approach to one that is more nimble, entrepreneurial and innovative, the RHSC will, in effect, achieve a much needed paradigm shift in its approach to date in engaging manufacturers.

### **Recommendation to RHSC: Option 3**

The objective should be to transform mistrust, improve transparency, address prior biases and misconceptions that the parties are adversaries and establish a climate for open discussion based on mutual trust and outcomes derived from enhanced collaboration and achieving the mutual goals of broadening access to affordable quality RH commodities. The most effective option to facilitate this depends upon the structural fit to the needs and concerns of both the manufacturing sector and RHSC members, to the level of associative organization among manufacturers, and where the RHSC currently is in its development. **The recommended option for how the RHSC can most effectively engage, at least for the near-term, with manufacturers is Option 3.**

### **The Bottom Line**

One could argue that the RHSC is not reaching its potential. The RHSC needs to overcome its inertia of getting started with the task of reaching out to the manufacturing sector to communicate and establish partnerships or collaborative relationships. To reap the full benefits the RHSC should err on *over-communicating*. In the past, inadequate effort has been put forth to engage manufacturers in RH commodity security discussions. The members of the RHSC need to ask themselves why is there a prevailing “silo” mentality with respect to constructively engaging this sector? By first increasing and strengthening communication to and from the manufacturing sector, the RHSC can create a basis to establish partnerships seeking not to *shift* responsibility and risk from one party to another, but to *share* risks and *leverage* resources. The RHSC can modify, refine, and adapt past success stories for partnership and collaborative initiatives to establish new and innovative partnerships. The bottom line for the RHSC will be that it will have taken decisive action for engaging the private sector to achieve its mission to “protect people’s health and improve livelihoods by ensuring sustained access to a choice of quality reproductive health supplies.” *Carpe Diem*.