World Health Organization

Good Governance for Medicines

Curbing Corruption in Medicines Regulation and Supply

Theft, extortion, abuse... the US$ 3 trillion spent worldwide on health services each year is a powerful magnet for corruption. In fact experts estimate that 10 – 25% of global spending on public procurement of medicines is lost to corruption. Millions of people – in some of the poorest countries – are being robbed of their health as life-saving resources for essential medicines and for the recruitment of medical professionals are siphoned off.

In an attempt to curb this corruption and guided by WHO's Medicines Strategy 2004-2007,[1] WHO initiated the Good Governance for Medicines programme in 2004. The programme's goal is to reduce corruption in pharmaceutical sector systems through the application of transparent, accountable administrative procedures and the promotion of ethical practices among health professionals.

The World Bank has identified corruption as the single greatest obstacle to economic and social development. The Good Governance for Medicines programme will build momentum to curb this abuse, as more and more public health colleagues in ministries of health and national medicines regulatory authorities rise to the challenge.

Why is good governance essential in the pharmaceutical public sector?

The value of the global pharmaceutical market is estimated at over US$600 billion. Transparency International claims that in some countries up to two thirds of hospital medicines supplies are lost to corruption and fraud. The impact is three-fold:

↗ **health** — loss of government capacity to provide access to good-quality essential medicines. More unsafe medical products are on the market due to counterfeiting and/or bribery of officials;

↗ **economic** — low-income countries are hardest hit. Pharmaceutical expenditure may represent up to 50% of national health care costs, so corruption losses are extremely detrimental;

↗ **image and trust** — abuse and lack of transparency reduce the credibility of public institutions and erode public/donor confidence in governments.

In addition, corruption within the public sector undermines the efforts of the donor community in providing vital aid for global public health (e.g. the Global Fund to Fight AIDS, Tuberculosis and Malaria, the Bill & Melinda Gates Foundation, the PEPFAR). Ultimately, successful implementation of such funds will depend on good governance.

Implementing Good Governance for Medicines at the country level – three key phases

Overcoming corruption in the pharmaceutical sector requires a dynamic long-term strategy and the implementation of good governance. Experience has shown that its impact will depend on the coordinated application of the following two basic strategies:

- Discipline-based strategy – establishing anti-corruption laws; legislation and regulation for the practice of pharmacy. Foreseeing adequate sanctions for violations of the law.
- Values-based strategy – building institutional integrity through the promotion of moral and ethical practices.

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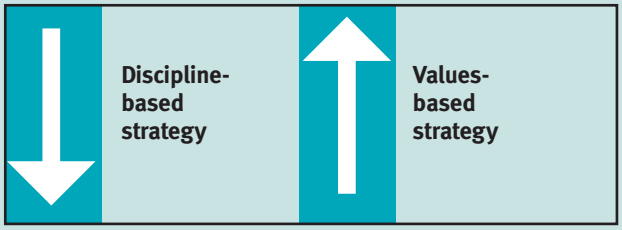
Figure 1



WHO has identified a three-step approach

1 **Phase I: National assessment of transparency and potential vulnerability to corruption**

The assessment will be carried out using the WHO standardized assessment instrument[2] which focuses on the following central functions of the pharmaceutical sector:

- registration of medicines and control of their promotion
- inspection and licensing of establishments
- selection, procurement and distribution of essential medicines
- control of clinical trials

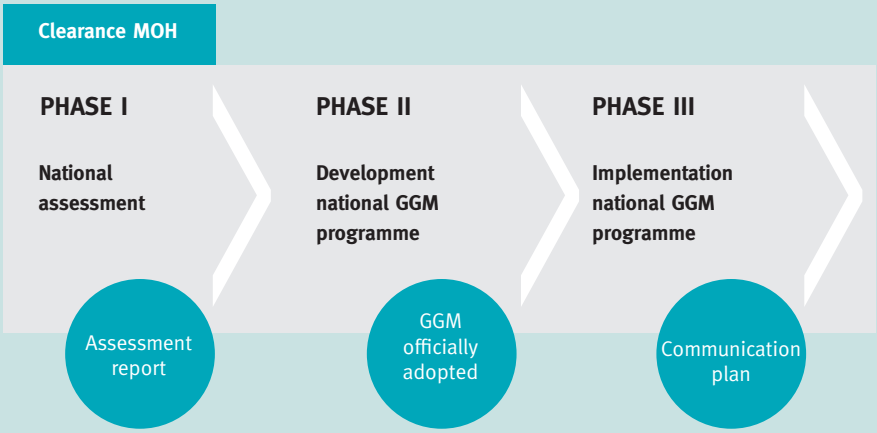
2 **Phase II: Development of a national programme on Good Governance for Medicines**

Assessing transparency and the potential vulnerability to corruption is not an end in itself. Following the national assessment, the basic components of the GGM programme will be defined through a nationwide consultation process with key stakeholders. These components include: an ethical framework and code of conduct, regulations and administrative procedures, collaboration mechanisms with other good governance and anti-corruption initiatives, whistle-blowing mechanisms, sanctions for reprehensible acts and a GGM implementing task force.

3 **Phase III: Implementing the national Good Governance for Medicines programme**

At the heart of establishing and promoting a national Good Governance for Medicines programme is a fully-integrated institutional learning process in the application of new administrative procedures for increased transparency/accountability and the development of leadership capabilities.

Figure 2



Progress in the implementation of the programme

The programme operates in ten countries – eight in Asia-Pacific, one in Latin America and one in Africa. The focus is on consolidating on-going efforts in these countries, and on adding new ones, including those from other regions. Selection of new countries and activities is based upon requests from governments, in collaboration with WHO Regional Offices.

Additional information:
http://www.who.int/medicines/areas/policy/goodgovernance/home/en/index.html
Or contact: Dr Guitelle Baghdadi-Sabeti – Email: psminfo@who.int
Department of Medicines Policy and Standards, Health Technology and Pharmaceuticals.

1 WHO Medicines Strategy 2004-2007: countries at the core. Geneva, World Health Organization, 2004.
2 World Health Organization. Measuring transparency to improve good governance in the public pharmaceutical sector. Working document, January 2007.