TRANSPARENCY INTERNATIONAL
the global coalition against corruption

CORRUPTION IN THE PHARMACEUTICALS & HEALTHCARE SECTOR

INTERNATIONAL PHARMA CONGRESS – 10 MAY 2016

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CPI 2015

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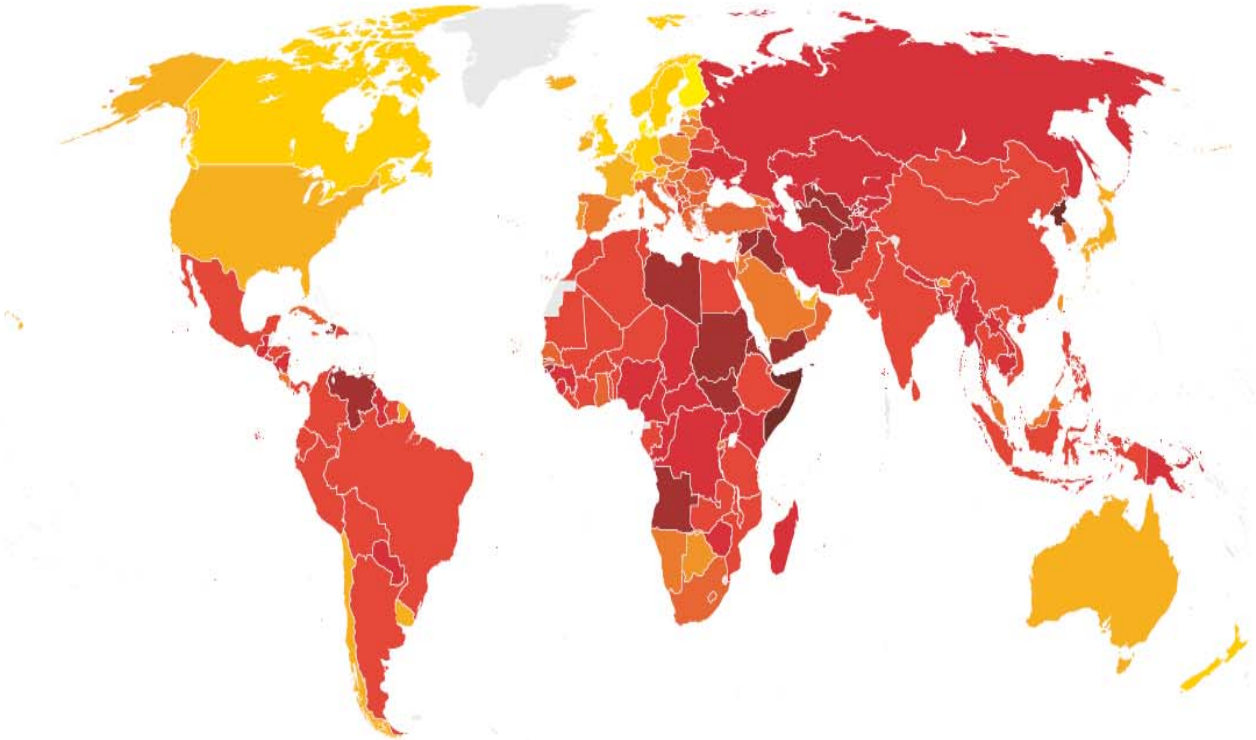
CORRUPTION PERCEPTIONS INDEX 2015

The perceived levels of public sector corruption in 168 countries/territories around the world.



SCORE

Highly Corrupt — Very Clean

0-9 10-19 20-29 30-39 40-49 50-59 60-69 70-79 80-89 90-100

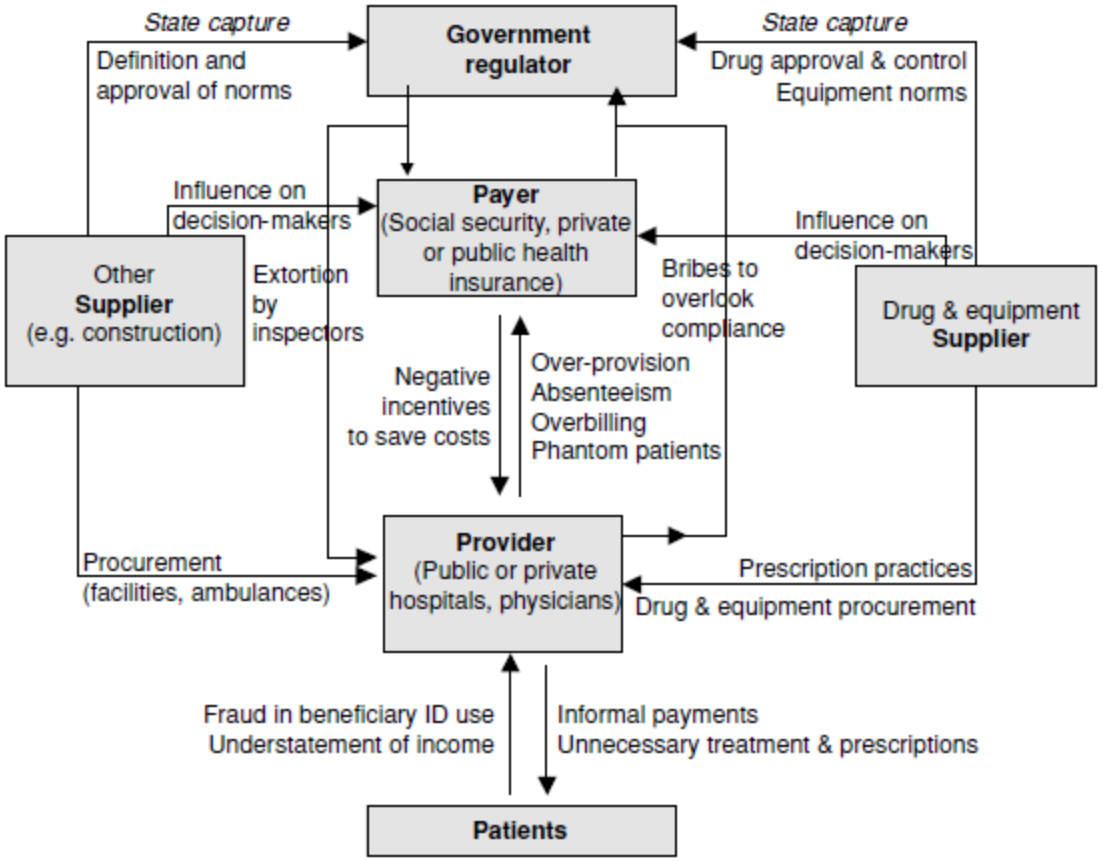
#cpi2015

www.transparency.org/cpi

GUIDANCE FOR COMPANIES

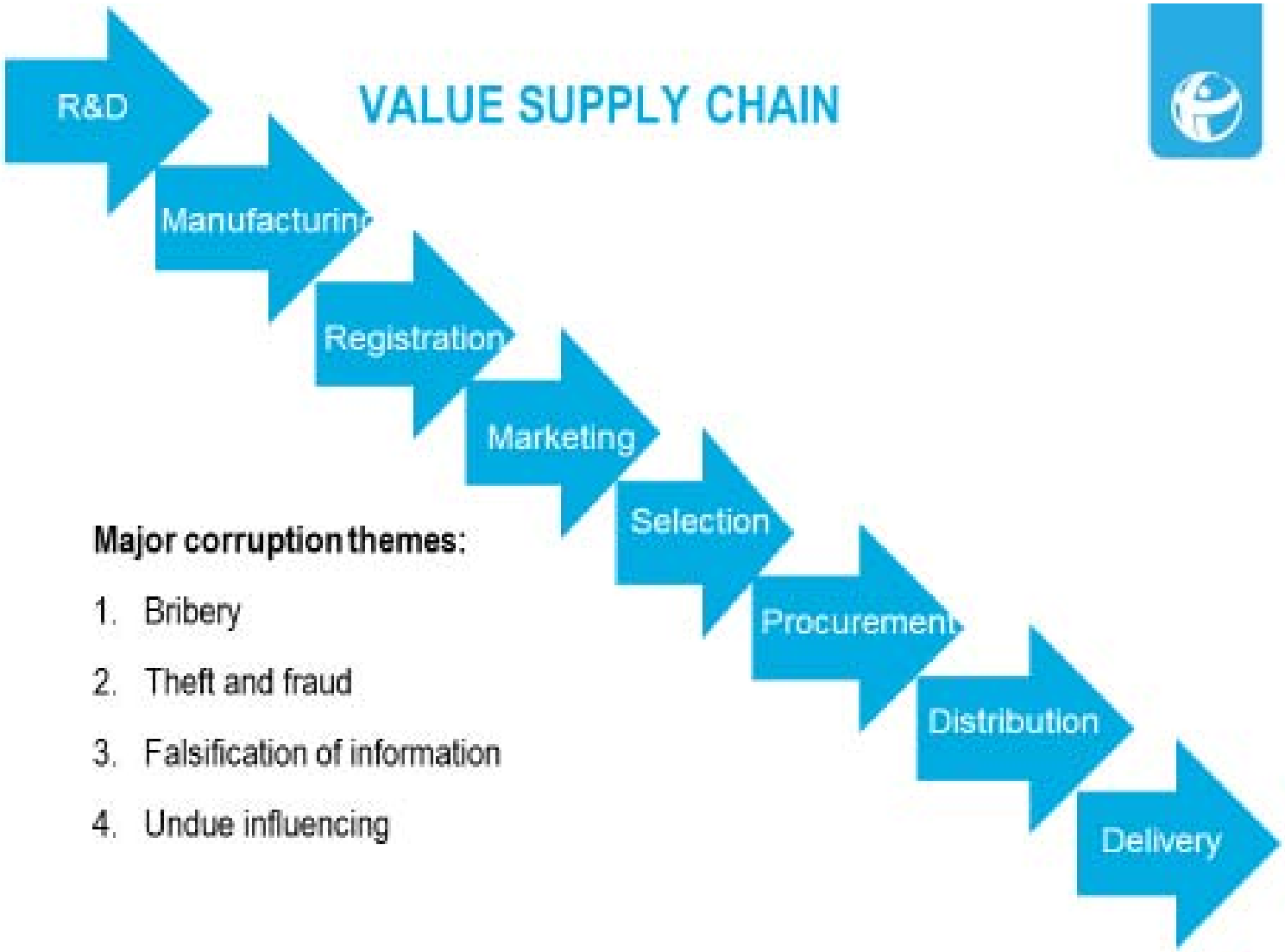
PHARMACEUTICAL & HEALTHCARE SECTOR

CORRUPTION IN THE HC SECTOR



Source: Savedoff, W.D. and Hussmann, K. (2006): Why are health systems prone to corruption? In: Transparency International (ed.) Global Corruption Report 2006.

VALUE SUPPLY CHAIN



Major corruption themes:

1. Bribery
2. Theft and fraud
3. Falsification of information
4. Undue influencing

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CORRUPTION ABUSES

Research and development

Incomplete disclosure of scientific evidence and unethical clinical trial practices.

Patents and registration

Patent ever-greening and bribing/withholding of information to obtain licences.

Political and regulatory

Healthcare legislation and controls being compromised by corruption.

Product quality

Counterfeit, falsified and substandard products.

Promotion

Mis-marketing and unethical promotion driven by incentivised sales targets.

Expenditure fraud risk

The risk of diversion of public resources and abuse in the expenditure of large healthcare delivery budgets.

Procurement

Conflicts of interest, including the selection of essential medicines.

Health service delivery

Demand side corruption leading to reduced access to healthcare.

A GLOBAL PROBLEM

- $7 trillion annual global spend
- 17% of people worldwide stated they had paid a bribe when dealing with the medical sector Global Corruption Barometer, 2013
- Estimate 10-25% public procurement funds lost to corruption
- Pharmaceutical & healthcare sector supply chains are global, long and complex

OUR GOAL

ACHIEVING GENUINE CHANGE IN THE PHARMACEUTICAL AND HEALTHCARE SECTOR BY REDUCING CORRUPTION AND PROMOTING TRANSPARENCY, INTEGRITY AND ACCOUNTABILITY

Why are we doing it?

- **Economic impact** – when large amounts of public funds are wasted
- **Health impact** – the waste of public resources reduces the government's capacity to provide good quality services and products; patients may turn to unsafe medical products available on the market instead of seeking health services, leading to poor health outcomes for the population
- **Government trust impact –** inefficiency and lack of transparency reduces public institutions' credibility. This not only erodes the trust of citizens but can also decreases foreign investment in the health sector and levels of health aid

What change are we seeking?

- Purpose: to achieve genuine change in the pharmaceutical & healthcare sector through reducing corruption and promoting transparency, integrity and accountability

- Which means…
  - Greater understanding of corruption in the sector
  - Acknowledgment of the problems
  - Development and acceptance of solutions
  - Greater transparency and accountability
  - Reduced levels of corruption
  - Better outcomes for patients

TRANSPARENCY INTERNATIONAL UK
Pharmaceuticals & Healthcare Programme

TRANSPARENCY INTERNATIONAL'S PHARMACEUTICALS & HEALTHCARE PROGRAMME

FOCUS AREAS

1

GLOBAL POLICY & STRUCTURAL CHANGE

The Programme will identify and address policy issues that need to be understood and tackled at the global level and will lead to structural change in the sector. This will be done by working with key stakeholders to identify where corruption affects healthcare provision and outcomes at the supra-national level and developing a response.

2

MULTI-COUNTRY COMPARISONS & COLLECTIVE SOLUTIONS

The Programme will identify common themes from different countries that can be analysed at an aggregated level and with the intention of developing solutions that are appropriate to multiple countries. To facilitate this, we aim to develop a common assessment tool of transparency, accountability and anti-corruption mechanisms within national healthcare systems that can be used in many countries simultaneously in order to provide a comparative analysis.

3

NATIONAL LEVEL PROJECTS

The Programme will support nationally-relevant research and advocacy projects identifying and responding to corruption vulnerabilities and weaknesses in local health systems in areas that are in line with the Programme's five priority areas.

THE PROGRAMME WILL WORK TOWARDS THESE LONG TERM RESULTS

RESEARCH & DEVELOPMENT

Research & Development are undertaken in a manner that is transparent, avoids conflicts of interest, and places the best healthcare outcomes at the heart of decision making

REGISTRATION & LICENCING

Public regulatory authorities adopt and enforce best practices in transparent, accountable and corruption-free registration and licencing processes

MANUFACTURING

Significant progress is made towards eliminating corruption from healthcare and pharmaceutical manufacturing whether by multi-national, national or state-owned companies or by countering the enabling environment for counterfeit manufacturing

PROCUREMENT & DISTRIBUTION

Adoption and enforcement of transparent and accountable health-related procurement and distribution policies and practices at the local, national and global level

MARKETING PRACTICES

Multi-national, national and state-owned pharmaceutical & healthcare companies adopt and enforce best practice marketing approaches to prevent undue influence over healthcare professionals, public health institutions, regulators and legislators; and the demand-side is appropriately regulated with effective compliance

FOR FURTHER INFORMATION PLEASE CONTACT

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What is the problem?

Five key areas identified

- Research & Development
- Manufacturing, including counterfeits
- Marketing practices
- Registration processes
- Procurement and distribution

How will we bring about change?

- Advocacy and policy analysis
  - Research
  - Standard-setting
  - Multi-stakeholder dialogue
  - Advocacy to companies, governments, regulators, global health community
- In practical terms
  - Publishing typologies, indices and trends
  - Illustrative research into key areas
  - Producing good practice guidance

ANTI-CORRUPTION SUMMIT
LONDON 12 MAY 2016

ANTI-CORRUPTION SUMMIT

Corruption has a corrosive impact on prosperity, growth, health and the fight against extreme poverty.

Transparency International believes the London Anti-Corruption Summit provides a unique opportunity for global leaders to signal intent at the highest level for tackling corruption head-on through concrete, ambitious commitments that can be implemented over the next five years.

The London Anti-Corruption Summit should generate time-bound commitments that will:

- **Prevent corruption**
- **End Impunity**
- **Empower and support citizens to seek justice**

TI'S SUMMIT VISION:
1. PREVENT CORRUPTION

Champion full transparency of company ownership and control information

oclear timelines for establishing central, public registries containing beneficial ownership information.

osupport the adoption of a multi-stakeholder-led Global Public Beneficial Ownership Registry.

End the use of secret companies to bid for public contracts and purchase real estate

orequire that any company bidding for a public contract or purchasing and selling property disclose its beneficial ownership information.

Prosecute and de-license professional enablers.

oestablish more effective administrative sanctions by encouraging professional bodies to withdraw professional licenses from those implicated in such cases.

2. END IMPUNITY FOR CORRUPTION

Strengthen law enforcement cooperation and information sharing between jurisdictions

oimprove the mechanisms by which intelligence is shared between law enforcement agencies in different jurisdictions.

Close the door to the corrupt individuals

odevelop commonly agreed “integrity” criteria for investor programmes and require strong due diligence processes prior to issuing residency permits or visas.

ocommit to develop a transparent visa denial-of-entry regime – which has human rights and due diligence safeguards.

Debarment

oestablish a common debarment system that adopts and applies administrative sanctions.

3. EMPOWER/ SUPPORT CITIZENS TO REPORT CORRUPTION AND SECURE JUSTICE

Provide safe spaces to report corruption and seek redress

oissue a London Declaration of support to protect the space and safety of civil society organisations, anti-corruption activists and whistle blowers.

osupport protective measures for activists and whistleblowers

Improve asset recovery frameworks

ocommit to return stolen assets securely through a process that has openness and accountability at its heart.

oimplement the UN Convention Against Corruption article on illicit enrichment criminal offences

Open up government data to help increase citizen engagement and move from promoting transparency to promoting accountability.

osign up/adhere to the Open Contracting Global Principles and associated Data Standard to better use government driven data**.**

TOOLS AND IMPLEMENTATION

Support company transparency and accountability

oestablish and champion high standards in anti-corruption and transparency in companies e.g. use procurement conditions to incentivise the disclosure of beneficial ownership information and anti-corruption programmes.

Promote data literacy and engagement on corruption

opromote open data literacy by supporting the collaborative development of guides, documents, training that can increase the effectiveness and use of open data across government, civil society and business sectors.

Develop 3-5 year action plans

oto sustain momentum in the aftermath of the Summit, develop action plans on implementing their commitments, and/or integrate their commitments into other mechanisms e.g. Open Government Partnership National Action Plans and their delivery of national strategies to implement the Sustainable Development Goals.

ocommitment to time-bound deliverables and regular collective check-ins

MANIFESTO

We will launch a dedicated web portal for the manifesto statements on 11 May, with mainstream media and social media profiling activity

www.anticorruption-manifesto.org

#anticorruption

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