Corporate Responsibilities for Access to Medicines

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Corporate responsibility excellence

Good management practices

Corporate philanthropy and pro bono work

Live up to the spirit of international norms

Make profits and comply with applicable laws and regulations

Desirable (can)

Expected (ought to)

Essentials (must)
The societal return on pharmaceutical core competence

US life expectancy

Females

Males

Years at birth

US pop. > 65 with disability

26.2% 19.7%

1982 1999

Drop in death rates 1990-2000 among US pop. 45-64

Heart Disease -27%
Cancer -19%
Stroke -15%
All causes -14%

Pharmaceutical Innovation helps to save health care costs

Economic impact of selected diseases in the US
USD billions

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1 Direct costs of medical treatment (e.g., hospital, outpatient care, drug costs)
2 Loss of productivity and lost working days
The hierarchy of corporate responsibilities: The “ought to” - Dimension

- Essentials (must)
  - Code of Conduct, Corporate Citizenship guidelines for sensitive areas (UNGC) and management procedures, e.g.
    - Fair working conditions
    - Bribery, gifts and entertainment
    - Human rights and engagement in society
    - Third party management
    - Health, Safety and Environment

- Expected (ought to)
  - In addition a corporate Business Practices Office is available for consultation and reporting of cases of misconduct.

- Desirable (can)
Fighting poverty:
A call for action to all responsible citizens

About 2.5 billion people live on less than USD 2 a day;

The richest 20% of the world’s population receive 85% of the global income, the poorest 20% only 1.4%

Average life expectancy in the poorest countries of Africa is less than 45 years

Every year more than 500,000 women die in pregnancy and childbirth – one every minute

14 million children die every year due to preventable diseases
Poverty and Health: A Vicious Circle

- Individual and Collective Poverty
- Save drinking water and good personal and food hygiene
- Appropriate habitat incl. good sanitation
- Save and adequate food
- Basic Education for health awareness and appropriate health seeking behavior
- Life style choices and risk taking (e.g. food) habitats, sexual behavior, smoking
- Freedom from discrimination, violence and harmful traditional practices
- Good Governance, incl. appropriate allocation and funds for health and good health policy
- Sufficient health infrastructure for preventive and curative care
- Access to diagnosis and medical care (treatment and prevention)

State of Health

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Determinants of Access to Treatment: A Multicausal Affair

- "Affordability" (individual and collective poverty)
- "Acceptability" (Cultural "mindset", health seeking behavior, quality of care)
- Allocation of funds for health interventions (incl. Drugs)
- Rational use of drugs and patients' compliance
- Effective diagnosis and acceptance by patient
- Accessability (cultural, geographical, logistical)
- "Availability" (Supply and Quality of Health Management etc.)
- Access to Treatment

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Issues for Corporate Reflection

- What is a fair and sustainable corporate contribution to improvements of the access to medicines under conditions of market failure?

- Under which conditions can companies do what for whom until when?

- What are “essentials”, what are “desirables”, where are the limits?

- Which stakeholders can become member of „solution-teams“ for specific problems?
Corporate Responsibility Tools to improve „Access to Medicine“ under conditions of market failure

✓ Differential Pricing;
✓ Licensing for market failure;
✓ Corporate Philanthropy incl. Donations;
✓ Pro Bono Research;
✓ Screening of Patent Library;
✓ Program Co-operation with Development Institutions
✓ Management Support (Human Resources, Logistics, etc.)
✓ Other innovative and creative private sector skills and methods.
The hierarchy of corporate responsibilities: The “can” - Dimension

- Novartis Foundation for Sustainable Development
- Novartis Institute for Tropical Diseases
- Novartis Vaccines Institute for Global Health
- Glivec® International Patient Assistance Program
- Free treatment for all leprosy patients throughout the world until elimination
- Malaria control program with Coartem®
- Donation of 500,000 tuberculosis fixed dose combination (DOTS)

In 2008: we supported
- 74 m patients
- with programs and research valued at USD 1.26 bn

1) at approx. Market Value i.e. 3% of net sales
Poly-contextural issues necessitate „multi-stakeholder-solution teams“

And yet: The „Human Factor“ in NGOs and UN agencies seems not exactly to favor cooperation with the private sector:

✓ Resistance of staff members caused by underlying fears and “serious and distinct negative” (1) stereotypes about the business community;

✓ Belief that „business community cannot share the same values“ - 95% of staff qualified the UN as ethical, respectful and honest – the same traits were ascribed to business by only 10% of respondents (2);

✓ Prejudice that „Engagement with the UN is „to improve image and for PR reasons“ (2) (as if that would matter if poor people are made better off…)

✓ Fears about status, loss of power, loss of control or independence (2);

✓ Emphasis on and hiding behind bureaucratic rules instead of focus on results and concrete solutions.

**Achievement of Millennium Development Goals necessitates systemic partnerships of all responsible actors which again need a changed mindset**

Sources: (1) Laufer Green Isaac (2004) Hidden Agendas: Stereotypes and Cultural Barriers to Corporate-Community Partnerships;

“Us versus them” attitudes causes harm to the world’s poor

✓ Only if all “access to safe and quality health care”- stakeholders cooperate in a constructive and efficient way, can innovative, effective and sustainable solutions be found;

✓ National governments, the international community, medical professionals, civil society, patients and companies must create functioning networks for innovative joint ventures (proof of concept and blueprint for up-scaling);

✓ Robin Hood versus Sheriff of Nottingham attitudes prevent enlightened coalitions for the benefit of the poor;
Why deal with Access to Medicines issues beyond market demand?

Because it is the right thing to do:

You cannot have a first class economic performance and be perceived not to care about preventable mortality and morbidity.
Plausible arguments for a “Business Case”

Applied Corporate Responsibility for Access to Medicines is likely to

✓ Save Lives and prevent morbidity by providing innovative solutions;
✓ Be “part of the solution” of one of the most difficult social issues;
✓ Engender employees’ motivation and identification;
✓ Enhance the attraction of the corporation as a partner for cooperation, ethical investment, excellent people, and critical customers).