Treating Health and Pharmaceutical Corruption: The Need for a Multistakeholder U.N. Partnership

Professor Jillian Clare Kohler, University of Toronto
Professor Timothy Mackey, University of California, San Diego

There is now clear recognition by policy makers within and outside the health sector that corruption negatively impacts health services and outcomes. As Transparency International underscored in a 2016 policy paper, corruption events, such as the embezzlement of public health budgets and biased procurement processes can result in the financial overpayment of limited health budgets for goods and services. Furthermore, corruption threatens a country’s ability to provide universal health coverage (UHC) for its population and ensure equitable access to health care services. Of equal note, corruption cuts into public trust in governments and public services, reduces the morale of healthcare professionals (HCPs), and patients’ willingness to make use of health services. Corruption is a veritable threat to human development and, its reach is wide and borderless.

In this regard, corruption can be understood as a global wicked problem. A wicked problem has been described as one that, “…has innumerable causes, is tough to describe, and doesn’t have a right answer…. Not only do conventional processes fail to tackle wicked problems, but they may exacerbate situations by generating undesirable consequences.” In other words, we need to think creatively about how to tackle corruption and not limit ourselves to sector-specific solutions.

The global development agenda is now being shaped by the Sustainable Development Goals (SDGs), adopted in September 2015, that promotes a comprehensive approach to development goals that includes making gains in the health sector (SDG 3). What is most promising about the SDGs is that it explicitly notes the need to tackle corruption and bribery in all their forms (SDG 16.5). This holds promise for the health sector given its susceptibility to corruption.

In the health sector, corruption can take place in many of its spheres: product procurement, government regulation, service provision, to name but a few. One of the salient areas where corruption takes place can be found in the health sector is with the transnational sale and distribution of SSFFC (i.e., falsified, substandard, counterfeit) medicines. What is most unfortunate as we seek to achieve global health gains, is that medicines used to treat some of the most prevalent diseases of the world (such as malaria, tuberculosis, and bacterial infections) are the most commonly compromised. In developing countries where the rate of infectious diseases is high, SSFFC medicines also run the risk of producing drug resistant pathogens and raising immense economic concerns for the region.

The global market for pharmaceutical-related crime is continuing to grow with no indications of
slowing down. The Pharmaceutical Security Institute (PSI) reported 3,002 incidents of pharmaceutical crime during 2015. This represented “an all-time annual high.” It also reported that from 2011 to 2015, incidents have increased by as much as fifty-one percent. These trends will remain vibrant unless relevant political and administrative institutions at the national and international levels are prepared or compelled to cooperate in full and that the issue is addressed as one that is not limited to the health sector but has reach across sectors, such as customs and the judiciary.

The global market for pharmaceutical-related crime is continuing to grow with no indications of slowing down. The Pharmaceutical Security Institute (PSI) reported 3,002 incidents of pharmaceutical crime during 2015.

The manufacturing of falsified medicines continues to grow as a profitable business for a number of reasons. It is due in part to a perpetually high demand to supply ratio of medicines. When the demand for medicines exceeds its supply, this favors entry of counterfeit medicines into the supply chain, especially when production costs are low. Also, when the prices for medicines are exceedingly high, or in countries where the normal supply chain does not reach certain communities, such as rural areas, it fosters a growing market for counterfeit drugs. The lack, or absence, of laws and regulations which hinder SSFFC drug production and insufficient legal sanctions for those who make bad medicines acts as an incentive for individuals to produce SSFFC drugs at the expense of patients worldwide.

While regulations may exist in many countries, whether these regulations are in fact enforced depends greatly on the human and financial resources available for enforcement. Too often, regulatory agencies in developing and least developing countries are poorly staffed and resourced so that even regulatory control is lax. Further complicating regulatory and enforcement efforts are unregulated transactions occurring in the drug supply and distribution chain, including illegally selling medicines on the Internet and in the informal economy, which increases the probability of SSFFC medicines leaking into the pharmaceutical system. Furthermore, the expansion of trade, with mega trade agreements such as the Trans-Pacific Partnership and accompanying deregulation and impact on access may also present more opportunities for the introduction of fake drugs into the medicines distribution system. Technology has also worked to the benefit of counterfeiters by allowing for the nearly identical reproduction in physical appearance of the drug and packaging being counterfeited. Entrepreneurship is clearly not limited to those who work within the boundaries of the law.

Hence, the transnational trade of SSFFC medicines is a prototypical example of the dangers posed to human health by corruption that crosses borders and often operates outside the jurisdiction of
national regulators and law enforcement officials. In fact, many forms of health-related corruption are multinational and demand multi-sectoral anti-corruption approaches. Fortunately, this is a strategy envisioned by SDG goal 17, which explicitly calls for multi-stakeholder partnerships to support the SDGs under the UN umbrella.

In response, we feel that SDG17 should be used as a foreign policy vehicle to catalyze international efforts under a shared framework to combat corruption in health and also in support of SDG goals 3 and 16.5. Several international actors are already active in this space, including Transparency International and the U.N. Development Programme, but clearly meaningful coordination and collective action are needed amongst key stakeholders. In order to ensure that the SDG theme of “transforming our world” is achieved, health corruption needs to be specifically prioritized on the international global health agenda and treated as a priority global health disease.

Jillian Clare Kohler is an Associate Professor at the Leslie Dan Faculty of Pharmacy, the Dalla Lana School of Public Health and the Munk School of Global Affairs, University of Toronto. She is also the Founding Director of the WHO Collaborating Centre for Governance, Transparency and Accountability in the Pharmaceutical Sector. Her research and teaching are focused on global pharmaceutical policies related to improving fair access of those in need to critical medicines. Prior to joining the University of Toronto, she worked exclusively on global pharmaceutical policy for a number of UN organizations including UNICEF, the World Bank and the WHO. She continues to work with global institutions, such as the WHO, and NGOs, such as Transparency International, on global pharmaceutical policy issues such as anti-corruption strategies and good governance in the pharmaceutical sector. Dr. Kohler is the author of numerous policy papers, journal articles and book chapters on pharmaceutical policy and a co-editor of *The Power of Pills: Social, Ethical and Legal Issues in Drug Development, Marketing and Pricing Policies* (2006) and *Access to Medicines as a Human Right: Implications for Pharmaceutical Industry Responsibility* (2012).