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Session II - The Role of Financing in Ensuring Access to Essential Drugs

External assistance and pharmaceutical financing

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1. A more substantial and longer term commitment of resources by governments and international agencies;

2. A recognition of the need to ensure that developing country partners are fully included in decisions regarding how these resources are allocated and invested;

3. A recognition of the importance of investing in activities at international level that complement and augment investments at national level (such as research and development of public goods, purchase of essential drugs and vaccines, addressing licensing/trade inequalities relating to pharmaceuticals);

4. A demonstration of strong political commitment to national development, with the formulation of nationally defined/owned development and poverty reduction strategies and a recognition of the

delivered on an adequate scale through existing modalities, which often lead to significant hold up of funds in donor and government systems.

Following the G8 2000 discussions a working group consisting of the Commission, the UK, US and Canada, was tasked to explore opportunities to increase and accelerate resource flows, reduce transaction costs for donors and recipient countries and to work in ways that strengthen health strategies and provide better health outcomes through a comprehensive approach. The result is an initial proposal to establish a truly Global Health Partnership. A number of subsequent meetings took place and will continue to take place on the topic.

The Commission is a serious partner in these discussions. Within the Union and at the level of the G8 we have mobilised a strong momentum with an ambitious Programme for Action to accelerate the response to communicable diseases[1]. I will not go into presenting our Programme for Action to you today. Most of you have read the document or were somehow involved or consulted.

The main part of EC financial support for the Programme for Action, and for Health in general, is through country programming, sector and budget support. We have spent more than Euro 4.2 billion on health, AIDS and population programmes for developing countries during the past 10 years, and we will remain committed to increasing the focus on this area. In fact, health and education in developing countries, has become one of the key priorities for the Commission for the year 2002 and we need to find modalities for refocusing resources from areas which may be less relevant for poverty reduction.

The Commission is currently heavily involved in the programming process of financial allocations for the 9th EDF Fund for all African, Caribbean and Pacific countries. There are several routes to take for the EC to increase and improve the part of the development budget devoted to health and education. One is additional debt relief, another is related to increased ODA for health.

A number of the 49 LDCs have been deemed eligible for greater debt relief from the World Bank and IMF, under revised HIPC 2 criteria. As said earlier, countries need to develop a PRSP to qualify for debt relief. To the extend that debt relief frees up government funds to be used for non-debt payment purposes, it creates the potential for additional spending on the social sectors, including health. Under the HIPC initiative we are talking about USD 34 billion. Within the G8 some partners are proposing to increase the share of ODA and commercial debt that can be cancelled by 67% to 90% or more. Discussions on these initiatives are ongoing and results will be presented at the next G8 Summit in Genova.

Now back to the discussions on a Global Health Partnership. For such a partnership to be effective we always felt that the resources -money, commodities and technical assistance-, once they become available, need to be delivered through faster track, transparent and accountable procedures with decision-making at the country level. Resources must be clearly linked to results and to performance. We also believe that an effective response to the major communicable diseases needs action beyond public services.

In our view global partnerships are not *the* solution but only an essential part of a number of solutions to health crises in developing countries. In our thinking following the policy statements made by our Commissioners, we are now clearer on our conditions for possible success.

First, an efficient and co-ordinated financing mechanism at country level (budget support, SWAp, others) needs to be in place, or at least the political commitment to work on such basis needs to be given by the developing countries' authorities.

Second, a real commitment from the industry to a market based tiered pricing system is an absolute must. It seems that we are not very far from such a system, giving the decreased pricing of pharmaceuticals currently announced. Third, we would like to see a coherent and secure global financing system in place. Lastly, we want to further work towards progress with all partners and stakeholders around the framework set during the High Level Round Table in September 2000. We feel that this event was a major step in the

[1] COM (2001) 96 Programme for Action: accelerated action on HIV/AIDS, malaria and tuberculosis in the context of poverty reduction.