

## ***WHO-WTO workshop on pricing and financing of essential drugs***

***Hosbjar, Norway***

### ***Equity Access to Life-saving Products***

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#### **Introduction**

I have been asked to talk about UNICEF experience in procurement of essential drugs and I will, in the next 10 minutes, try to link this to the topic for discussion during this meeting.

Since the middle of the 1980s, international prices of generic drugs have steadily decreased. This is partly as a result of individual government's increased interest in cost-containment and related interventions for decreasing national drug expenditure, parallel import, and partly as a result of a successful implementation of the Essential Drugs Strategy developed by the UN agencies through which more rational and effective procurement strategies have been promoted.

UNICEF was in the '80s the major international supplier of generic essential drugs and has played an important role in gaining acceptance of the essential drugs concept and the use of generic drugs. One can say the UNICEF Supply Division has paved the way for the present international wholesalers. UNICEF has largely relied on off-patent generic products acquired through open public competitive bidding inviting prequalified pharmaceutical manufacturers.

In the 90'ties UNICEF have focussed on essential supplies needed for national programmes supported by UNICEF. However, it has been clear that UNICEF Supply Division can play a role in making new essential drugs more accessible.



than vaccines. Drugs are seen to have a direct effect. Therefore their power and subsequently their value is different.

### **Differential marketing.**

One of the important questions for the pharmaceutical industry is how one avoids leakage into other markets with higher price. Here one could consider differential marketing as a tool. The manufacturers in creating the price differences existing in different markets already use this.

We have experience with differential marketing in relation to donation of drugs to UNICEF intended for certain countries. The product can differ in terms of marks on the tablet from compression, labeling and packaging. The visual physical difference in the tablet or capsule is the most important as re-packaging always is a possibility for middlemen or counterfeiting.

Perhaps one should consider further if differential marketing is a way forward to introduce differential pricing for products which have a well establish market in the North but also are needed in the South.

### **Voluntary licensing.**

Other mechanisms for increasing access include the voluntary licensing already mentioned by several speakers. Voluntary licensing is specifically relevant for countries with strong local pharmaceutical manufacturing capacity.

We believe we would have to make use of a mix of mutually supportive strategies to address the needs of the very different countries coming forward for assistance on the access issues. Furthermore, to ensure that there will continue to be new products for tropical diseases.

### **Incentives to industry.**

There can be many incentives to pharmaceutical manufacturers for engaging in differential pricing or straightforward price reductions. However I would mention only two.

- Gaining access to markets not considered by companies when preparing their marketing strategy because these were considered to be poor markets

For products which are well established in affluent countries and the cost of R&D therefore is covered gaining access to additional markets can be an incentive. Developing-country markets are considered relatively small at the moment. With the potential of additional funds for communicable diseases this may change.