social environmental context

Stakeholder dialogue session
London, 22 May 2007

Improving access to HIV/AIDS medicines

Context facilitated a workshop in May 2006 to seek stakeholder views on GSK's approach to preferential pricing and voluntary licensing for HIV medicines. This was the first in a series of stakeholder workshops covering different aspects of access to medicine in the developing world.

These dialogue sessions enable stakeholders to raise their views in an open and frank way. It is useful for GSK to hear different perspectives when developing policies, even if the company does not always agree with them. Participants attend the meeting on the understanding that they should not expect GSK to incorporate all the divergent views in its policies.

Attendees

Guests:
Rachel Baggaley, Head of HIV/AIDS, Christian Aid
David Hillman, Director, Stamp Out Poverty
Paul Hunt, University of Essex and UN Rapporteur on the Right to Health
Peter Mason, Editor, Ethical Performance Magazine
Ken Shadlen, Senior Lecturer in Development Studies, London School of Economics

From GlaxoSmithKline:
Julia King, Vice President Corporate Responsibility, GlaxoSmithKline
Jon Pender, Director of Government Affairs, GlaxoSmithKline

From Context:
Beckie Herbert, Senior Consultant, Context
Simon Propper, Managing Director, Context (facilitator)

Agenda

Stakeholders were asked to give their views in three areas:

1. Is GSK's approach to preferential pricing and voluntary licensing appropriate?
2. What more could GSK reasonably be expected to do to make HIV medicines more affordable?
3. What role (if any) should GSK play in addressing other factors that prevent patients in developing countries receiving HIV/AIDS treatments?

Key discussion areas

What is the role of the pharmaceutical sector in increasing access to medicine?

Participants felt that pharmaceutical companies have a responsibility, over and above that of companies in most other sectors, to make their products accessible to the poor. It was asserted that the right to health is enshrined in international law and that access to medicines is an essential component of this.

Governments have the primary responsibility for the right to health but companies also have human rights responsibilities, within their sphere of influence. These responsibilities have become more significant because many governments are failing to provide adequate healthcare for their citizens.

It can be difficult for companies to know how much they should and can do. One solution suggested is to appoint an external panel to review their access programmes. This would help increase transparency and credibility.

'There is such a great emphasis on the role of business in solving social problems because governments have negated their responsibilities. It is difficult for companies to establish where the boundaries are. They may feel that they shouldn't be in this role but who else will do it?'

'The global community has elevated access to health since 1948, because it is integral to human wellbeing and dignity. This is captured in binding international human rights law. The primary responsibility for delivering the human right to health lies with states and there is no doubting that many of them screw up badly. But companies have some human rights responsibilities too within their sphere of influence. These shouldn't be exaggerated but they are there.'

'It's good that GSK is transparent on this issue but there is more you should do. Monitoring and accountability are absolutely integral. An independent unit that monitors your performance on access to health would be a major step forward. It would help to establish whether your programmes are resonant with the human rights agreements and values agreed by the international community. If you had such a unit it would benefit the company too because I suspect GSK would come out pretty well.'

How is GSK doing?
A few participants made comments on GSK's overall performance on access to medicine.

'GSK is no worse than others in their industry.'

'GSK's approach is appropriate. GSK is as good as other companies and are often rated more highly by the ratings agencies. Their partnership model seems innovative. I don't get the sense that prevention is a core part of your approach, there is probably more you could do in this area'.

'GSK is doing much better than a number of other companies and I commend their CR report'.

Not-for-profit pricing
One participant spoke about the difficulties they had experienced trying to negotiate preferentially priced drugs from pharmaceutical companies, including GSK.

There was scepticism about the value of not-for-profit (nfp) and preferential pricing schemes, since these are often more expensive than generic equivalents.

NGOs would like pharmaceutical companies to work together to increase access and to use existing mechanisms such as the Global Fund to fight AIDS, Tuberculosis and Malaria.

'It is a bit disingenuous to have these preferential pricing schemes since they still work out more difficult and expensive than generic medicines. My experience of trying to negotiate preferentially priced drugs from GSK for Belarus was very difficult. We got the nfp price after much negotiation but it still worked out significantly higher than the generic price. It was a lot of effort for very little result. These preferential pricing schemes aren't helping anyone because generics are cheaper.'

'The only business benefits of nfp pricing are reputational, since all you do is recoup your expenses. So having decided to go down this route why not spend a bit more money and really solve the problem?'

'A big frustration for NGOs is that the companies all want to go it alone – they won't use the systems that are already there. When the Global Fund was launched there were high hopes that it would be a mechanism for everyone to work together and make it much easier for countries to source medicines. But the private sector has been very weak in taking up this opportunity.'

'Working with other companies is something you should explore'.

'People are sceptical about voluntary licences and preferential pricing on their own because they are unilateral – you could take them away.'

Voluntary licensing and intellectual property
It was suggested that generic medicines are the best way to get drugs to poor people. However there were concerns that the pharmaceutical sector was preventing widespread availability of generics.

GSK could increase transparency around its voluntary licences by publishing the terms and conditions that apply to these licences.

It was felt that the pharmaceutical industry seeks to undermine countries wanting to make use of the flexibilities within the TRIPS agreement.

'VLs are negotiated not granted. A valid discussion of VLs has to look at the negotiation process and the terms and conditions that apply to the licence. You should publish these.'

'People are dying for the lack of $200. The industry should allow generics to come through. At the moment the sector is blocking generics and this is causing people to die.'

'The pharma industry shouldn't get so upset! Whenever a country does something to facilitate access within TRIPS there is a huge outcry about the threat to innovation. Most countries are playing by the rules that you helped establish, so this uproar is highly inappropriate. GSK should publicly distance themselves from pharma companies that seek to undermine countries making use of TRIPS – not support them like you have with Abbott in Thailand. I fear the sector hasn't learnt the lessons of South Africa in the 90s.'

Middle-income countries
Some participants felt that GSK could and should do more to help the poor in middle-income countries. One suggested solution was to extend nfp prices to these countries.

There was a discussion about whether this would be the 'thin end of the wedge' that could undermine GSK's business in developed country markets. It was suggested that one way to avoid this would be to offer nfp prices to all countries outside the OECD.

It was felt that the term 'middle-income' can be misleading. Although these countries are wealthier than the very poorest states, they are still poor in comparison with developed countries. Often these countries have large populations of very poor people who are not getting the help they need.

GSK explained that some of its fastest growing markets are in middle-income countries and that it is looking at ways to help the poor in these countries without undermining its commercial markets. GSK explained that it is only able to offer nfp prices to the world's poorest countries if wealthier markets pay relatively more.

Participants noted that there are also external obstacles to increasing access in middle-income countries such as trade agreements.

‘The term “middle-income” is misleading and dangerous. They are only “middle” in a relative sense – they are still poor countries. The per capita income in Brazil is just $3,500 per year. I fundamentally disagree that nfp prices can’t be made available to countries like Brazil. They should pay the same for ARVs as Burkino Faso does. We should be rewarding governments, like the Brazilians, that have provided universal access to ARVs for their people.’

‘In middle-income countries trade agreements can be a big obstacle and it is often not the company’s fault. But they should do more to make nfp prices available in these countries.’

Community investment
It was suggested that GSK should give its community investment budget to the Global Fund, rather than supporting a larger number of smaller projects.

‘You should give that £300 million to the Global Fund. That would allow for economies of scale, and give governments and civil society the freedom to improve infrastructure. That would be better than doing these little bitty things.’

‘You’d really shine if you gave a percentage of your profits to the Global Fund.’