

CORRUPTION IN THE PHARMACEUTICALS & HEALTHCARE SECTOR

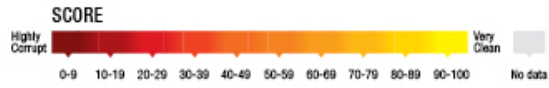
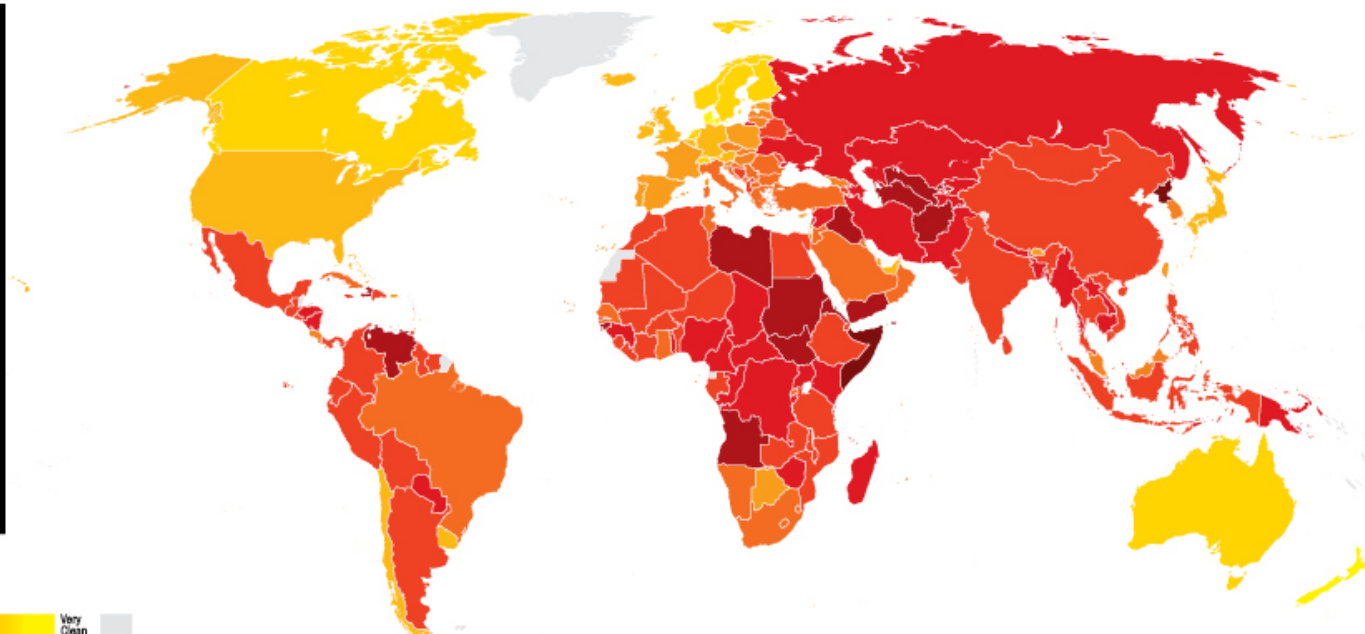
SIXTEENTH PHARMACEUTICAL REGULATORY AND COMPLIANCE CONGRESS

OCTOBER 22 2015

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Executive Director, Transparency International UK

CORRUPTION PERCEPTIONS INDEX 2014

The perceived levels of public sector corruption in 175 countries/territories around the world.



RANK	COUNTRY/TERRITORY	SCORE	RANK	COUNTRY/TERRITORY	SCORE	RANK	COUNTRY/TERRITORY	SCORE	RANK	COUNTRY/TERRITORY	SCORE	RANK	COUNTRY/TERRITORY	SCORE	RANK	COUNTRY/TERRITORY	SCORE	
1	Denmark	92	21	Chile	73	61	Croatia	48	100	Algeria	36	136	Nigeria	27	156	Zimbabwe	21	
2	New Zealand	91	23	Uruguay	73	61	Ghana	48	100	China	36	136	Russia	27	156	Burundi	20	
3	Finland	89	24	Austria	72	42	Cape Verde	57	80	Suriname	36	119	Sierra Leone	31	142	Syria	20	
4	Sweden	87	25	Bahamas	71	43	Korea (South)	55	80	Bolivia	35	119	Tanzania	31	142	Uganda	26	
5	Norway	86	26	United Arab Emirates	70	43	Latvia	55	80	Mexico	35	119	Vietnam	31	142	Ukraine	26	
5	Switzerland	86	26	Estonia	69	43	Malta	55	80	Morocco	30	103	Moldova	35	124	Guyana	30	
7	Singapore	84	26	France	69	43	Seychelles	55	85	Burkina Faso	36	103	Niger	35	124	Mauritania	30	
8	Netherlands	83	26	Qatar	69	47	Costa Rica	54	85	India	36	107	Argentina	34	126	Azerbaijan	29	
9	Luxembourg	82	29	Saint Vincent and the Grenadines	67	47	Hungary	54	85	Jamaica	36	107	Gambia	29	145	Laos	25	
10	Canada	81	30	Mauritius	67	47	Brazil	54	85	Peru	36	107	Honduras	29	145	Papua New Guinea	25	
11	Australia	80	31	Bhutan	65	47	Georgia	52	85	Philippines	36	107	Kazakhstan	29	145	Kenya	25	
12	Germany	79	31	Botswana	65	49	Malaysia	52	85	Sri Lanka	36	110	Uzbekistan	29	145	Yemen	19	
12	Iceland	79	31	Cyprus	63	50	Italy	52	85	Thailand	36	110	Ethiopia	29	145	Eritrea	18	
14	United Kingdom	78	31	Portugal	63	50	Poland	52	85	Timor-Leste	36	110	Albania	33	126	Libya	18	
15	Belgium	76	35	Puerto Rico	63	53	Czech Republic	51	85	Zambia	36	110	Nepal	29	126	Uzbekistan	18	
15	Japan	76	35	Slovakia	63	53	Denmark	51	85	Armenia	37	110	Pakistan	29	126	Paraguay	24	
17	Barbados	74	37	Slovenia	63	53	Bulgaria	50	85	Colombia	37	110	Togo	29	126	Congo Republic	23	
17	Hong Kong	74	37	Bahrain	61	55	Romania	49	84	Trinidad and Tobago	36	110	Tajikistan	23	150	Tajikistan	23	
17	Ireland	74	39	Jordan	49	76	Switzerland	49	84	Malawi	33	133	Nicaragua	28	152	Chad	22	
17	United States	74	39	Lesotho	49	76	Montenegro	42	84	Cote d'Ivoire	32	133	Timor-Leste	28	154	Dominican Republic of the Congo	22	
				Spain	60	55	Sao Tome and Principe	42	84	Egypt	37	133	Cameroon	27	154	Iran	27	
				Dominica	58	55	Serbia	41	84	Gabon	37	136	Kyrgyzstan	27	156	Myanmar	21	
				Lithuania	58	55	Tunisia	40	84	Liberia	37	136	Lebanon	27				
				Saudi Arabia	49	56	Benin	39	84	Panama	37	119						

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TI's new Pharmaceuticals & Healthcare Programme



- Why are we doing it?
- What change are we seeking?
- What is the problem?
- What will we do?
- What have we learnt so far?
- How is it relevant?



A GLOBAL PROBLEM

- \$7 trillion annual global spend
- 17% of people worldwide stated they had paid a bribe when dealing with the medical sector Global Corruption Barometer, 2013
- Estimate 10-25% public procurement funds lost to corruption
- Pharmaceutical & healthcare sector supply chains are global, long and complex

Why are we doing it?

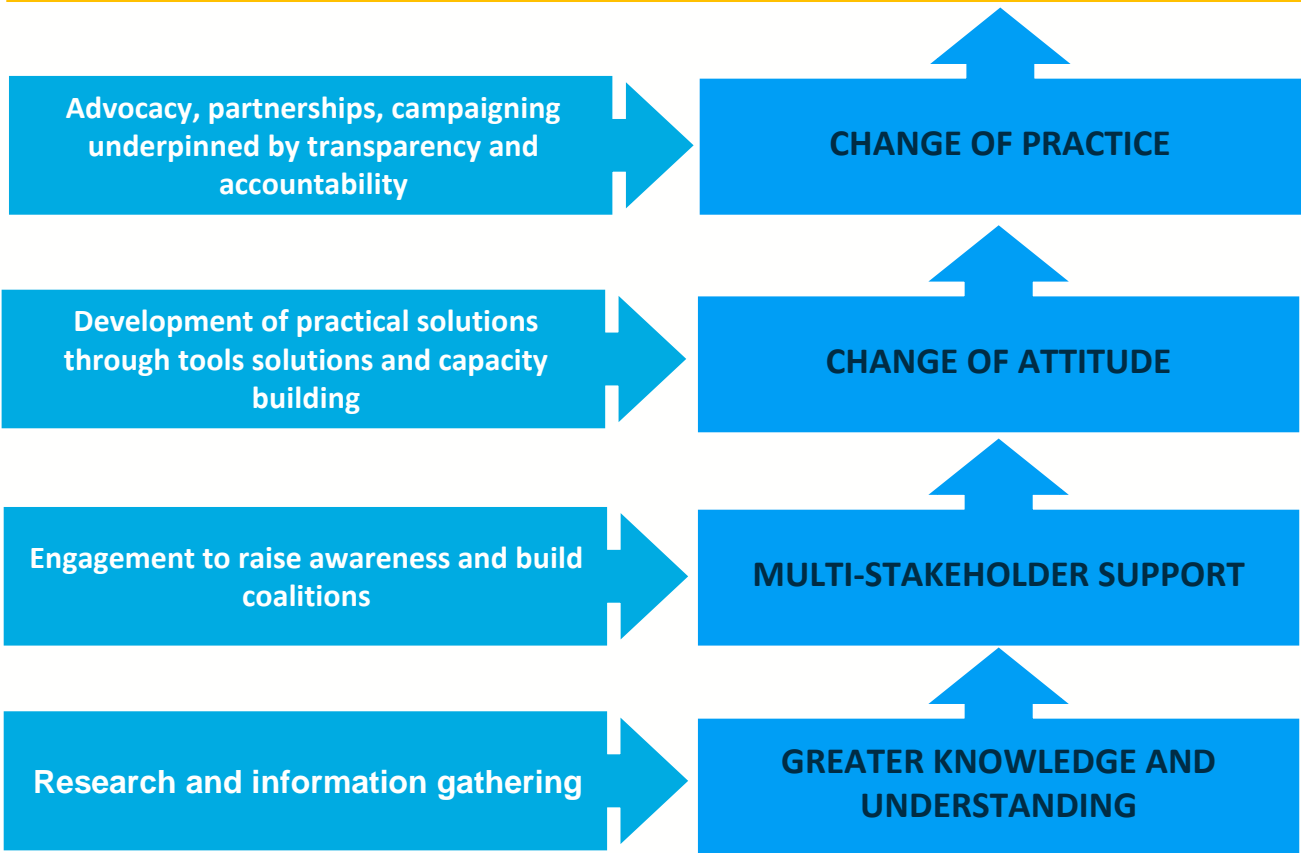


- Impact on lives of ordinary people
- Known levels of corruption
- Views of stakeholders
- Support from TI chapters globally

THEORY OF CHANGE



IMPROVING GLOBAL HEALTH AND HEALTHCARE OUTCOMES FOR THE BENEFIT OF ALL PEOPLE OF ALL AGES.





What change are we seeking?

- Purpose: to achieve genuine change in the pharmaceutical & healthcare sector through reducing corruption and promoting transparency, integrity and accountability
- Which means...
 - Greater understanding of corruption in the sector
 - Acknowledgment of the problems
 - Development and acceptance of solutions
 - Greater transparency and accountability
 - Reduced levels of corruption
 - Better outcomes for patients



What is the problem?

Five key areas identified

- Procurement and distribution
- Marketing practices
- Manufacturing, including counterfeits
- Registration processes.
- Research & Development



PRIORITISING IN THE PHARMACEUTICAL & HEALTHCARE VALUE CHAIN

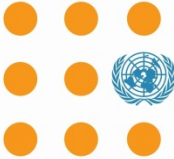




STAKEHOLDER ENGAGEMENT



Department for International Development



LONDON SCHOOL of HYGIENE & TROPICAL MEDICINE

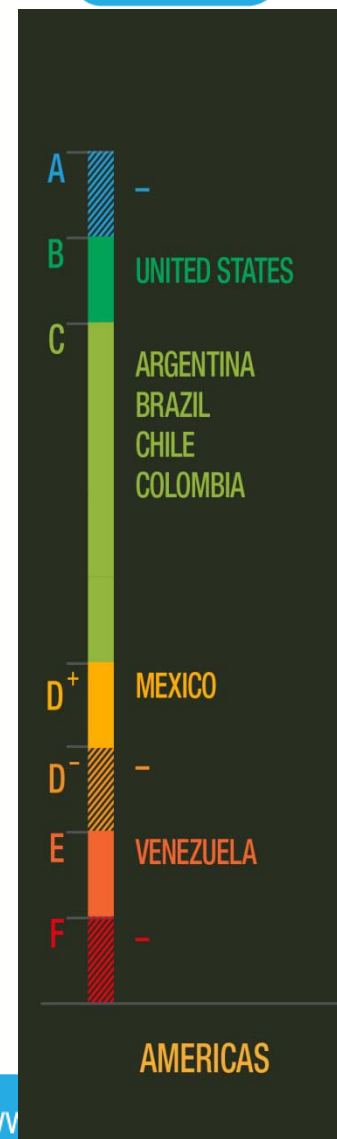
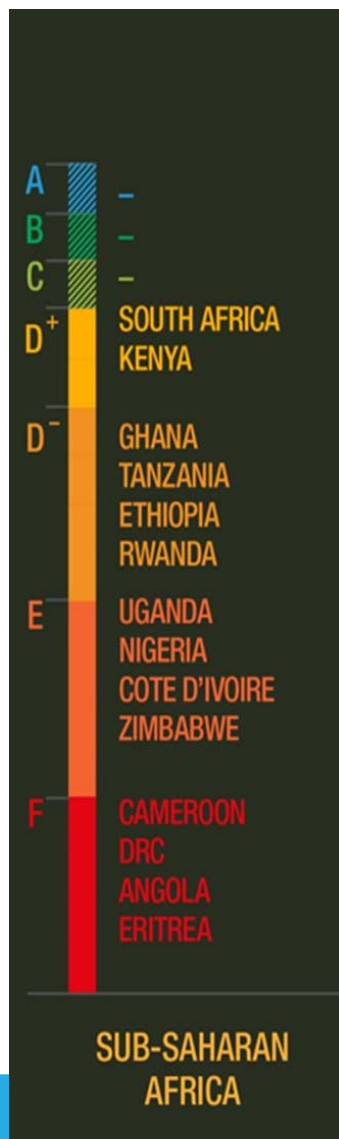
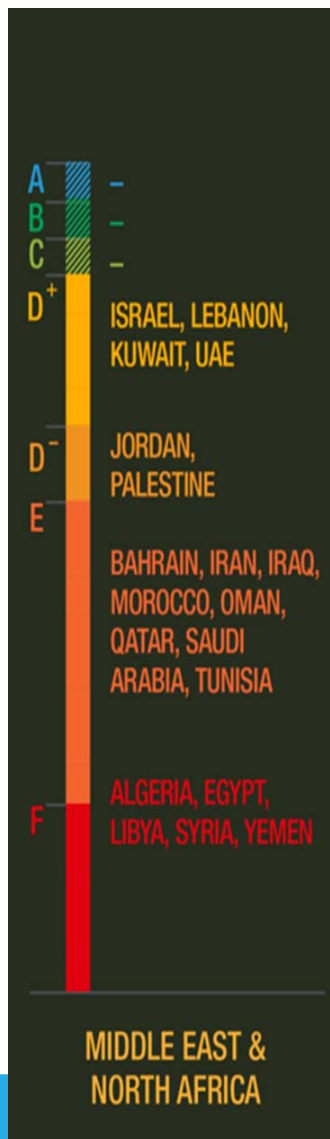




What will we do?

- In theory
 - Research
 - Standard-setting
 - Multi-stakeholder dialogue
- In practical terms
 - Publishing typologies and trends
 - Illustrative research into key areas eg Ebola
 - Developing and publishing indices
 - Producing good practice guidance
 - Advocacy to companies, governments, regulators, global health community

TI'S GOVERNMENT DEFENCE ANTI-CORRUPTION INDEX



TI'S DEFENCE COMPANIES ANTI-CORRUPTION INDEX



RESULTS

BASED ON PUBLIC INFORMATION

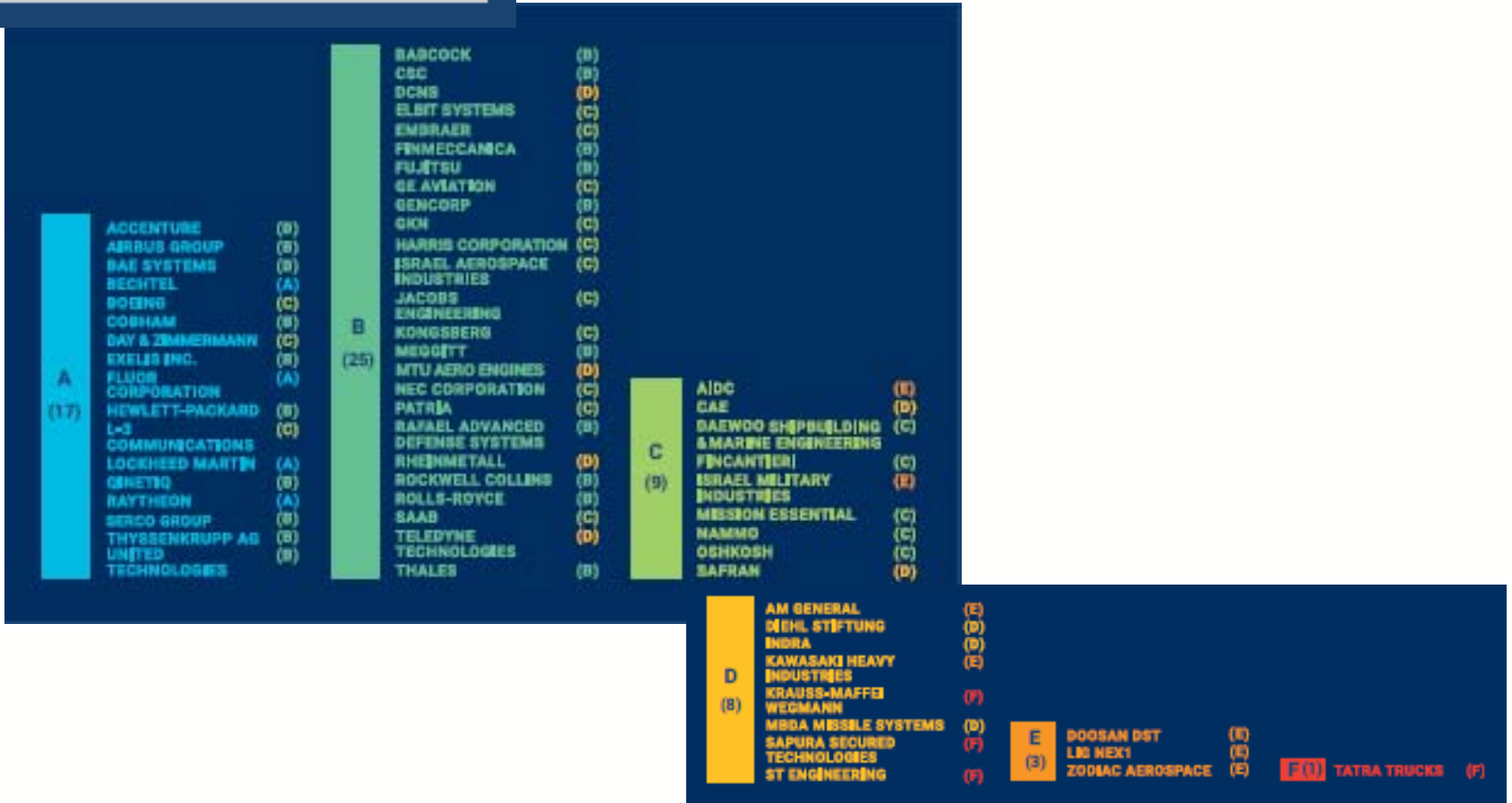
Grade	Count	Companies
A	(4)	BECHTEL LOCKHEED MARTIN FLUOR CORPORATION RAYTHEON
B	(23)	ACCENTURE BARBOCK COBHAM EXELIS INC. FUJITSU HEWLETT-PACKARD MEDIATEK QINETIQ ROCKWELL COLLINS SERCO GROUP THYSSENKRUPP AG UNITED TECHNOLOGIES AIRBUS GROUP BAE SYSTEMS CSC FENMECCANICA GENCORP KBR NORTHROP GRUMMAN RAFAEL ADVANCED DEFENSE SYSTEMS ROLLS-ROYCE THALES ULTRA ELECTRONICS
C	(29)	ATK BOOZ ALLEN HAMILTON DAEWOO SHIPBUILDING & MARINE ENGINEERING ELBIT SYSTEMS FMCANTECH GENERAL DYNAMICS HARRIS CORPORATION ISRAEL AEROSPACE INDUSTRIES KONGSBERG LEIDOS NAMMO OSHKOSH SAAB TEXTRON BOEING CHEMMING DAY & ZIMMERMANN DYNACORP INTERNATIONAL EMBRAER GE AVIATION GKN HONEYWELL JACOBS ENGINEERING L-3 COMMUNICATIONS MISSION ESSENTIAL NEC CORPORATION PATRIA SAIC URS
D	(31)	ALION SCIENCE AND TECHNOLOGY AVIO CACI CUBIC DCHS DEHL STIFTUNG FLIR SYSTEMS HUNTINGTON INGALLS INDUSTRIES MANTECH MITSUBISHI ELECTRIC MTU AERO ENGINES OTOKAR RHEINMETALL SAMSUNG TECHWIN TOSHIBA VSE AVIBRAS INDUSTRIA AEROSPACIAL BALL AEROSPACE & TECHNOLOGIES CORP CAE CURTISS-WRIGHT CORPORATION DENEL ESTERLINE TECHNOLOGIES HINDUSTAN AERONAUTICS INDRA MODA MISSILE SYSTEMS MITSUBISHI HEAVY INDUSTRIES NAVISTAR PRECISION CASTPARTS CORP SAFRAN TELETYPE TECHNOLOGIES TRIUMPH GROUP

Grade	Count	Companies
E	(19)	AAR AEC ASELSAN BHARAT ELECTRONICS LIMITED GORKY AUTOMOBILE PLANT ITOCHU L3H3 NEXI NAVANTIA RUAG ZODIAC AEROSPACE THE AEROSPACE CORPORATION AM GENERAL BHARAT EARTH MOVERS LIMITED DOOSAN DST ISRAEL MILITARY INDUSTRIES KAWASAKI HEAVY INDUSTRIES MOOG RTI SYSTEMS SUMITOMO CORPORATION
F	(57)	AAL ADVANCED ELECTRONICS COMPANY ANTONOV ARSENAL ABC BATTELLE BELTECHEXPORT COMPANY CEA TECHNOLOGIES DAMEN SCHELDE NAVAL SHIPBUILDING FADEA HEAVY INDUSTRIES TAXLA HERTENBERGER GROUP INDIAN ORDNANCE FACTORIES ISKUT CORPORATION KBP INSTRUMENT DESIGN BUREAU KING ABDULLAH II DESIGN AND DEVELOPMENT BUREAU KRAUSS-MAFFEI WEGMANN THE METRE CORPORATION NORINCO POLISH DEFENCE HOLDING PT BERGANTARA INDONESIA RUSSIAN HELICOPTERS SATUMA SRA INTERNATIONAL ST ENGINEERING TATRA TRUCKS TOPAZ TURKISH AEROSPACE INDUSTRIES URAVAGONZAVOD ZASTAVA ARMS ABU DHABI SHIP BUILDING ALMAZ-ANTEY ARAB ORGANIZATION FOR INDUSTRIALIZATION AVIATION INDUSTRY CORPORATION OF CHINA BOUSTEAD NAVAL SHIPYARD CHINA SHIPBUILDING INDUSTRY CORPORATION DASSAULT AVIATION GENERAL ATOMICS HERSTAL GROUP ISMAN D.D. KONJIC IRAN ELECTRONICS INDUSTRIES JAPAN MARINE UNITED KHARKOV STATE AIRCRAFT MANUFACTURING COMPANY KOREA AEROSPACE INDUSTRIES M.C. DEAN MEXTER GROUP PAKISTAN ORDNANCE FACTORIES POONGSAN CORPORATION RSK MIO SAPURA SECURED TECHNOLOGIES SC UZINA MECANICA CUBER SA SRC, INC SUKHOI TERMA TACTICAL MISSILES CORPORATION UNITED ENGINE CORPORATION WYLE

TI'S DEFENCE COMPANIES ANTI-CORRUPTION INDEX



RESULTS BASED ON
INTERNAL INFORMATION





What have we learnt so far?

- Challenging to TI as an NGO
- Huge interest among TI's 100 national chapters
- Entrenched practices and positions
- Need to look at entire chain
 - *Pharma and Healthcare*
- Need to look at governments, companies, regulators and health authorities
- Citizens (patients) are angry
- Transparency is a game-changer
- Pharma companies can lead change



How is it relevant to pharma compliance?

- If we are successful
 - Greater scrutiny
 - Emerging global standards
 - and level playing field
 - Reward for good practice – transparency dividend
 - Potentially disruptive
 - to long-established practices
- If we fail
 - It may happen anyway
 - Through imposition not through dialogue

GOAL



**IMPROVING GLOBAL HEALTH AND
HEALTHCARE OUTCOMES
FOR THE BENEFIT OF
ALL PEOPLE OF ALL AGES**

www.transparency.org.uk/pharma