

# TRANSPARENCY AND THE CHALLENGES OF MEASURING CORRUPTION IN HEALTHCARE

THIRTEENTH INTERNATIONAL PHARMACEUTICAL AND MEDICAL DEVICE  
COMPLIANCE CONGRESS

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# OVERVIEW

- Introduction
  - What are we talking about and why
- Measuring corruption
  - CPI (and others)
- Corporate Political Engagement Index
  - Political contributions
  - Revolving door
- Future trends in transparency

# CORRUPTION & ETHICS

**Corruption:** the abuse of entrusted power for private gain

**Ethics:** moral principles that govern a person's behaviour or the conducting of an activity

# CORRUPTION IS A UNIVERSAL PROBLEM

- US \$7.3 trillion annual global health spend
- Estimate 7% spend is lost to corruption – US \$500b annually vs WHO's estimate \$370b needed to achieve Universal Health Coverage by 2030.
- 10-25% public procurement funds lost to corruption
- 17% of people worldwide stated they had paid a bribe when interacting with the healthcare sector

# CORRUPTION IS BAD FOR BUSINESS

- Corruption adds 10% to the total cost of doing business.
- High levels of corruption is the equivalent of a 20% tax on foreign business.
- Corruption adds 25% to the cost of procurement contracts.
- Anti-corruption programmes and ethical guidelines lead to 50% fewer incidents of corruption, and businesses less likely to lose business opportunities.

# MEASURING CORRUPTION

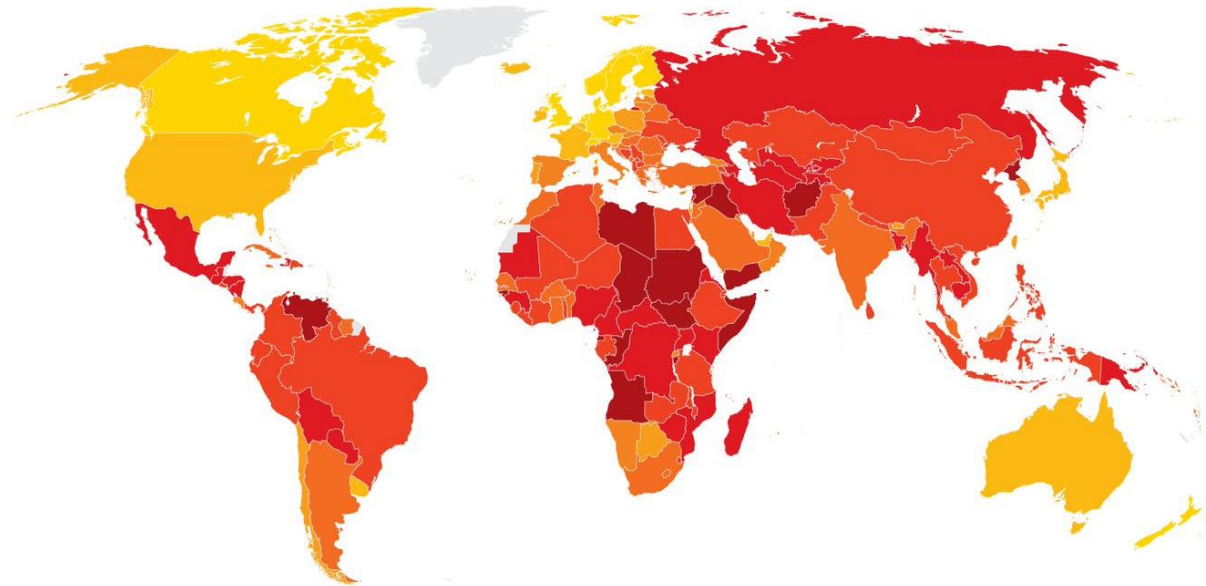
# MEASURING CORRUPTION IN HEALTH

- Access to Medicine Index
- Access to Vaccines Index
- AllTrials Transparency Index
- Good Governance for Medicine
- European Union Study on Corruption in Health
- Measuring Transparency in the Pharmaceutical Sector
- Special Eurobarometer Report on Corruption – Corruption in Healthcare.



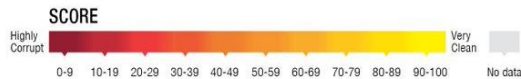
## CORRUPTION PERCEPTIONS INDEX 2018

The perceived levels of public sector corruption in 180 countries/territories around the world.



#cpi2018

[www.transparency.org/cpi](http://www.transparency.org/cpi)



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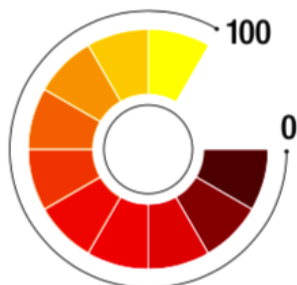


# READING THE TABLE

## IN A NUTSHELL

**180** COUNTRIES  
SCORED

The CPI scores **180 countries and territories** by their **perceived** levels of public sector corruption, according to experts and businesspeople.



THE CPI USES A SCALE  
FROM **0 TO 100**

100 is **very clean** and  
0 is **highly corrupt**

MORE THAN **2/3** OF  
COUNTRIES SCORE BELOW

**50**<sub>/100</sub>

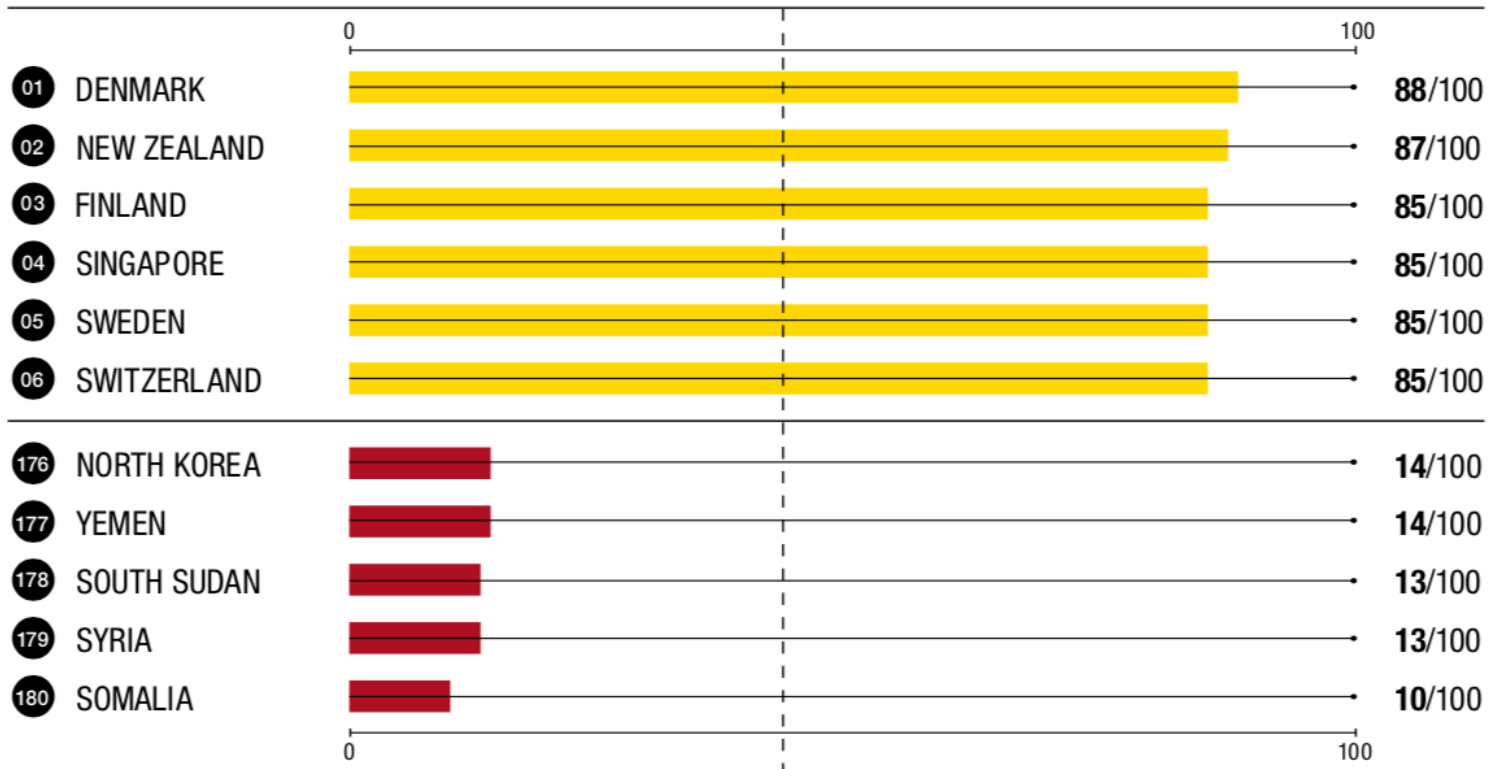
THE **AVERAGE**  
COUNTRY SCORE IS

**43**<sub>/100</sub>

# SUMMARY



## ▲ TOP COUNTRIES



## ▼ BOTTOM COUNTRIES

GLOBAL AVERAGE



# CPI TRENDS

WITHIN THE LAST 7 YEARS:

20<sup>▲</sup>

COUNTRIES IMPROVED\*

Including:

ARGENTINA



Since 2015

CÔTE D'IVOIRE



Since 2013

GUYANA



Since 2012

16<sup>▼</sup>

COUNTRIES DECREASED\*

Including:

HUNGARY



Since 2012

MEXICO



Since 2013

MALTA



Since 2015

# CORPORATE POLITICAL ENGAGEMENT INDEX (CPEI)

**104** Companies:

**37** Companies of the FTSE 100

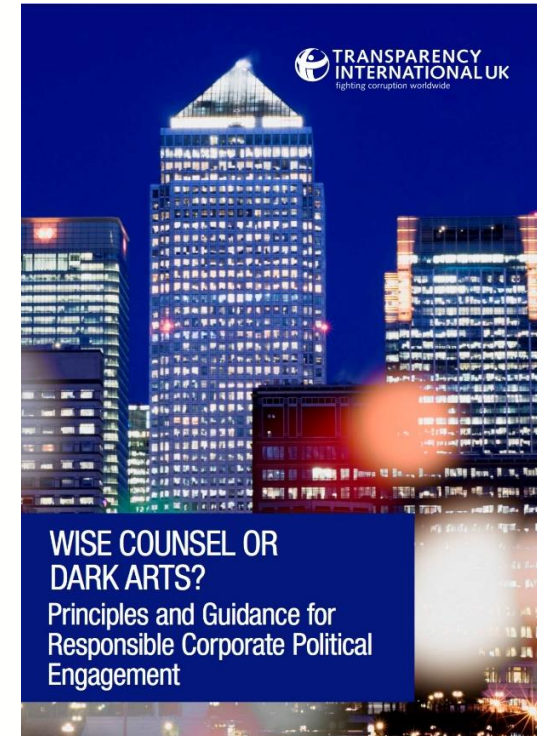
**80** Companies in the UK Government's  
Strategic Relations Management Programme

**4** Leading accounting and consultancy firms

**8** Pharma companies

# METHODOLOGY

1. Question-set based on TI principles for responsible political engagement.
2. Multiple opportunities for company engagement (though pharmaceutical company participants engaged less).
3. Assessment of companies' global approach.
4. 20 questions based in 5 themes:
  - control environment,
  - **political contributions,**
  - responsible lobbying,
  - **revolving door,**
  - transparency reporting.



# PURPOSE OF THE INDEX



1. Identifies strengths/weaknesses of current approach to political engagement.
2. Comparative tool within/across sectors and stakeholders (eg. investors, governments).
3. Raises standards and demonstrates commitment to ethical conduct and promotes good practice in preventing ***political corruption***.
4. Increases transparency in reporting of corporate political engagement.
5. Helps mitigate risks of bribery and corruption, conflicts of interest and reputational damage.

# FINDINGS

Average pharmaceuticals rank D but skewed by one company's A ranking



## Political Contributions

Companies with a policy and procedure prohibiting or limiting political contributions whether made directly or indirectly

64% All      50% Pharma

**WORSE**

Companies that publish details of all political contributions or made a statement that the business had made none

57% All      13% Pharma

**WORSE**

## Revolving door

Companies with controls in place to manage the 'revolving door'

33% All      25% Pharma

**WORSE**

Companies that publish partial or full details of secondments to or from the public sector, or published that they prohibit secondments

6% All      0% Pharma

**WORSE**

# FUTURE TRANSPARENCY TRENDS

- ❖ HCP engagements
- ❖ HCP training (level the playing field and burden of responsibility)
- ❖ Scrutiny of membership/engagements (facilitated by open government, digitalisation, hackathons)
- ❖ Triangle of engagement (government, civil society, private sector)



# NEVER FORGET ...THE TONE FROM THE TOP

*“...the purpose of this firm is not to create shareholder value”*

- Emmanuel Faber, CEO Danone (09 August 2018)



THANK YOU



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