



Annual Report

2007

HEALTH ACTION INTERNATIONAL

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Health Action International Comes of Age!

In 2006, Health Action International (HAI) celebrated its 25th anniversary with a spectacular conference in Amsterdam, its spiritual home. But in spite of the jubilations, congratulations, warm wishes and smiling faces of supporters old and new, there was a huge undercurrent of uncertainty. Those who stayed for the business meetings that followed the anniversary conference knew the truth that HAI had been stripped of its central funding and had failed in its bid for funds to expand its global operation. Whilst not facing closure, HAI was very close to a retraction from the global platform which it had fought so hard to build and for which it had become renowned.

However, the Dutch Ministry of Foreign Affairs generously listened and worked with HAI to save the day, and in 2007 funding in excess of €5.2 million was awarded to the HAI global network. So, thanks to our Dutch partners, if HAI turned 25 in 2006, in 2007 it has come of age!

HAI now has the resources to fulfil the promise of its global reputation and build a world class team in Amsterdam and around the world to challenge the injustice of inequitable access to essential medicines and improve their rational use.

This report also marks a departure from the way in which reports have been produced in the past. It contains details of our organisational structure, our capacity building programme, the thematic priorities of the Global Programme, selected financial information and a brief outlook for 2008. It is my pleasure to commend it to you.

With kind regards to all members of the HAI Global Network and, of course, to our donors and supporters without whom our work would be impossible.

Atze Sybrandy
Chair, Global Board

Goal, Vision and Mission

Goal: Health Action International (HAI) is working towards a world where all people, especially the poor and disadvantaged, are able to exercise their human right to health. HAI's goal is to achieve universal and equitable access to affordable essential medicines of assured quality and that those medicines are used rationally throughout the world.

Vision: HAI and its global partners recognise that poverty and social injustice are the greatest barriers to health and sustainable development. Partners are working for just societies where people can participate equitably in all decision making that affects their health and well being, including the allocation of resources. HAI recognises that it is only when societies enjoy sustainable levels of good health that citizens can take a full and active part in development – for development to succeed citizens need to enjoy sustainable and predictable health and well-being.

Mission: HAI promotes rational and economic medicines policy, therapy and use in low- and middle-income countries and fosters justice in health care worldwide by improving access to essential medicines and promoting the rational use of medicines.

Operational Activities:

HAI's unique strength is to empower patients, consumers, health care providers, public interest Non-Government Organisations (NGOs) and policy makers to collaborate, based on mutual interests and common positions and to mobilise advocacy for policy changes that result in improved health for all.

Partners work together to respond rapidly to priority issues by sharing information and expertise. Collaboration creates a broad base of support and ensures that the concerns of diverse communities promote the World Health Organisation (WHO) essential medicines concept, i.e. that fewer than 350 medicines are necessary to treat more than 90% of health problems requiring pharmaceutical intervention.

HAI Global Network:

HAI is a not-for-profit *stichting* (foundation in Dutch law) based in Amsterdam, and is governed by a Global Foundation Board representing global capacities and regional representation. The Global Foundation Board is the legal recipient of funds donated to Stichting HAI.

Day-to-day administration and co-ordination of the HAI global network is assigned to a secretariat, **HAI Global** (Overtoom 60/III, 1054 HK, Amsterdam), which also houses content orientated work of a global nature (for example work conducted in partnership with the World Health Organisation - WHO).

Beyond HAI Global, the network comprises four regional co-ordinating offices:

HAI Africa: P.O. Box 73860 00200, Nairobi, Kenya

HAI Asia Pacific: Level 2, Apt.4, 37 Sagara Road, Colombo 4, Sri Lanka

HAI Europe: Overtoom 60/II 1054 HK, Amsterdam, The Netherlands

HAI Latin America: Calle Mario Florian Mz 3 Lote 22, Urb, Javier Prado, Lima 41
Aptdo. 41-128, Lima, Perú

HAI Global Programme:

HAI works to a priority programme cycle (the Global Programme) which embodies the three core components of our mission:

- Increased **Access to Essential Medicines** by ensuring that they are available at affordable prices when treatment is needed, especially for the poor
- Promotion of the **Rational Use of Medicines** concept: that all medicines marketed should meet real medical needs, have therapeutic advantages, be acceptably safe and offer value for money and be used rationally
- Greater **Democracy and Transparency** in all aspects of decision making around pharmaceuticals, for example, by reducing industry secrecy and control over important clinical data, and the inclusion of civil society in the medicines policy process

Reflecting the international political economy of the pharmaceutical markets, these core pillars of HAI's work inform and guide the HAI Global Programme:

Theme I: Access to Essential Medicines

Theme II Rational Use of Medicines

Theme III Democratisation of Medicines Policy

Organisational Capacity

Overall Organisation (Organigramme p.8)

We are pleased to report that HAI has undergone a massive governance upheaval during 2007 and is now emerging from a transition that has restructured both the Foundation Board (now the Global Board) and the management structure within the network with the creation of a fifth HAI office – HAI Global.

From Foundation Board to Global Board

During 2007, HAI's constitution was changed to establish a Foundation that was both representational of all the regions in which HAI has operations, and comprised a range of capacities and expertise at a global level. To this end, the now eight-strong Global Board (maximum nine members) draws representation from Africa, Asia Pacific, Europe and Latin America. The Board meets in person, by teleconference, by video link or through a combination of methods at least four times a year.

Members of the Global Board 2007/8



Atze Sybrandy (Chair): Atze has worked as an international HR advisor with Oxfam Novib, Cordaid and Care Netherlands. Atze has also worked in the field with Oxfam GB and SNV.



Catherine Hodgkin: Catherine is Director of Development Policy and Practice at the Royal Tropical Institute, Amsterdam with more than 20 years experience in international public health and has been involved with HAI since 1986.



Eva Ombaka: Eva is from Tanzania and is the coordinator of the Ecumenical Pharmaceutical Network (EPN). Her career has spanned academia, the generic pharmaceutical industry and policy development & advocacy. She is a founder member of HAI Africa.



Gerrie Breukers (GB Treasurer): Gerrie is the Regional Program Manager for Oxfam Novib in Kenya. She has 15 years experience of INGOs in West and Central Africa and the Netherlands in emergency, rehabilitation and development.



Francisco Rossi: Francisco is the director of the IFARMA Foundation, Colombia, an NGO working on public health and essential drugs. He has worked with the WHO–PAHO and UNDP and also with the Colombian MOH on pharmaceutical policy and on Intellectual Property and medicines.



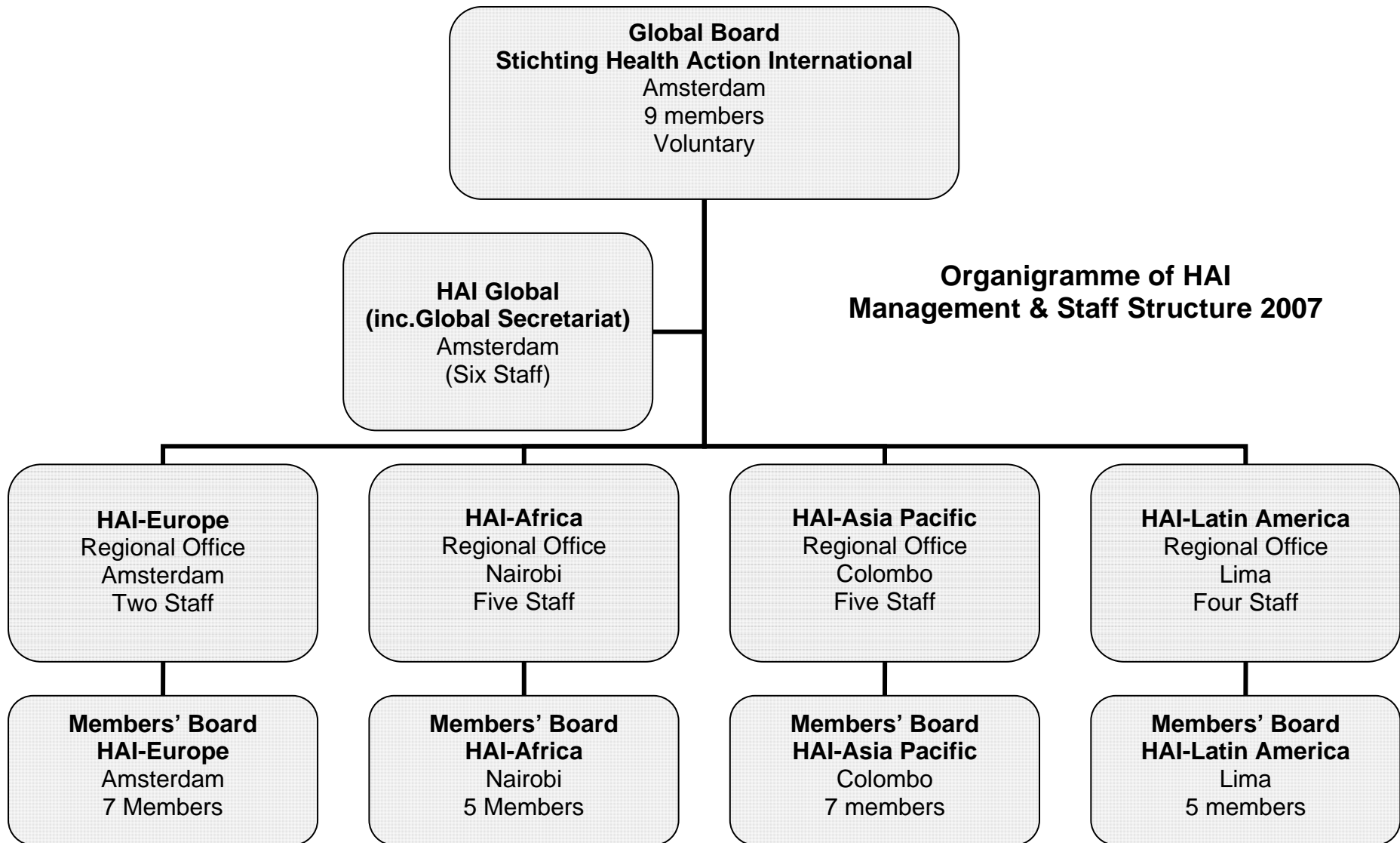
Prem Chandran John: Prem is a public health physician with long experience of promoting primary health care in Asia through the Asian Community Health Action Network. He is currently Chair of the Global People’s Health Movement. He has been associated with HAI since its inception.



Pascale Brudon (GB Secretary): Pascale, from France, was a founder of HAI in 1981, and worked in the WHO Drug Action Programme for 15 years. She was then WHO Representative in Vietnam dealing with public health issues such as SARS, avian flu and intellectual property and its impact on public health. Now retired, Pascale is interested in health, migration and human rights.



Harriet Birungi: Harriet is a Ugandan working in Kenya on reproductive health issues and sexuality. She has extensive experience of project steering, monitoring and evaluation in the African context and has acted as coordinator for project proposals to major international donors.



A New Regional Office - HAI Global

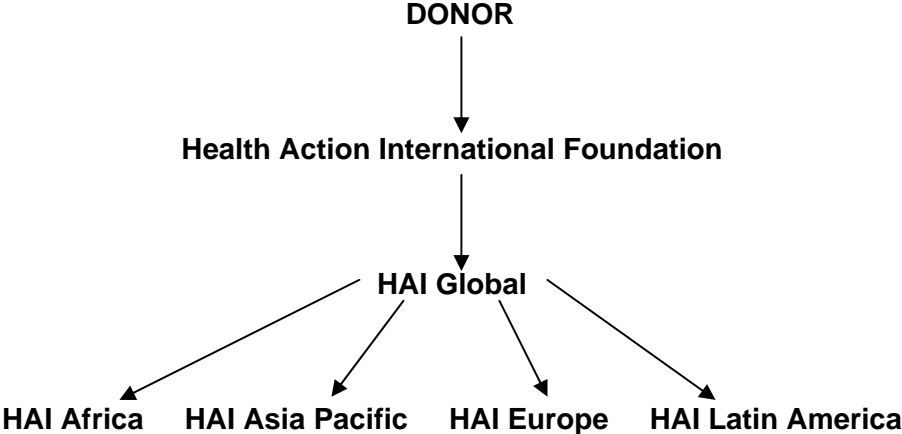
At the same time as the governance structure has been adjusted to reflect our global reach, a new international office has been created in Amsterdam to complement the regional offices, coordinate global projects and provide a secretariat to the Global Board and Programme.

The Global Board now passes day-to-day responsibility for the management of the foundation to the Global Secretariat, within HAI Global, based in Amsterdam. The Global Secretariat staff comprises a global director with overall responsibility for the global programme, and a secretary and a financial director. In addition, single projects of a global nature, such as *medicines price availability and affordability*, *medicines price advocacy*, the *Rational Use of Medicine* and *global communications*, are coordinated from the same HAI Global office.

Accountability

As a result of the governance restructure, we are now able to see more clearly the accountability chain in the HAI Global Programme. As mentioned above, the Global Board is the legal recipient of funds donated to the Global Programme. This is dispersed through HAI Global to regional offices and projects.

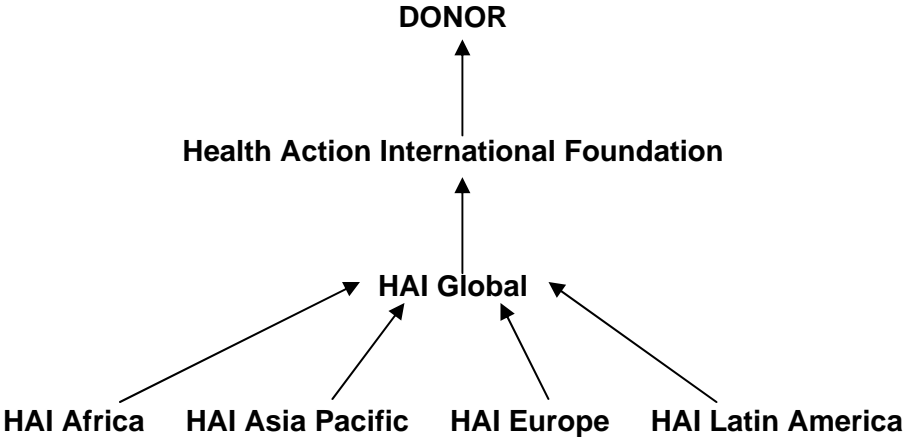
Donor Cash Flow



A donor makes a donation to the Global Programme or the global network more generally to the HAI Foundation, for it is the foundation, in the form of the Global Board that is accountable for the funds (this model excludes donations to specific regional projects that are made to the regional offices). As the secretariat for the Global Board, HAI Global distributes the funds to the regions according to the budgets negotiated with the individual HAI offices.

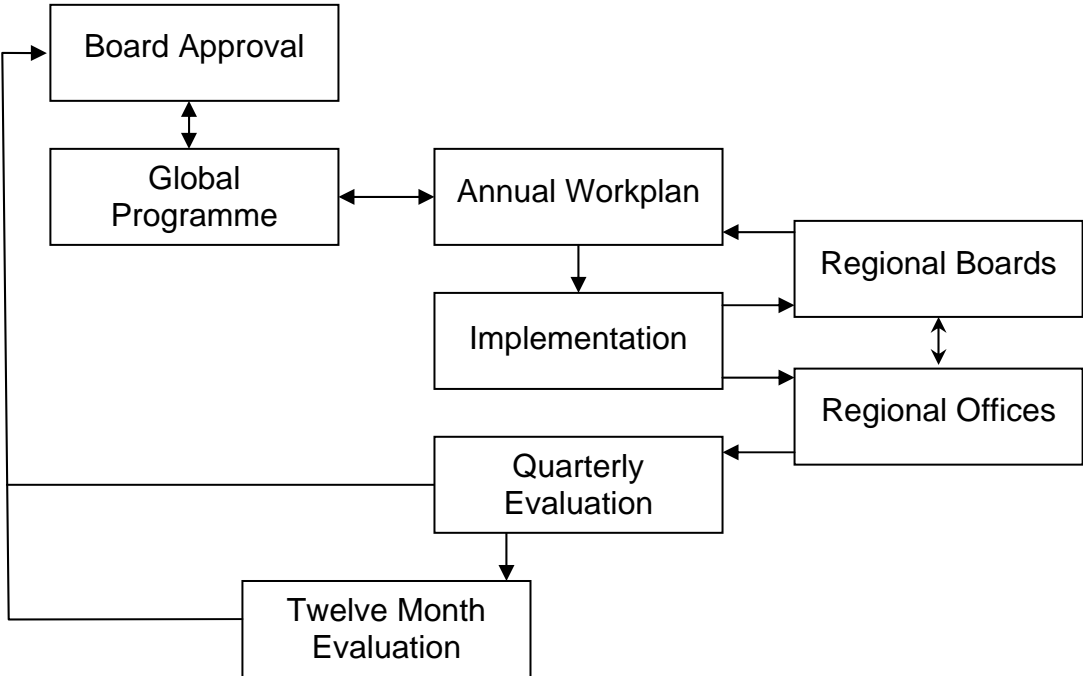
Accountability to donors is therefore easy to trace, for it is back up through the same distribution chain:

Accountability



Strategic Planning:

The Global Programme is renewed every four years in consultation with the regional networks, their advisory regional boards and single-project coordinators. This is then collated into a single strategic plan for global activities and for funding purposes by the Global Secretariat. It is then approved by the Global Foundation Board.



The Global Programme is operationalised through annual plans, again constructed in consultation with regional boards and offices, and approved by the global board. Monitoring of the annual work plan is conducted quarterly and adjusted annually by the Global Board.

Goal:

As a contribution to direct poverty reduction and global development, HAI envisions a world where all people, especially the poor and disadvantaged are able to exercise their human right to health, and global equity of access to health services and medicines.

Mission:

HAI works to increase **access** to essential medicines and improve the **rational use of medicines (RUM)** and involve all citizens in a **democratisation** of the medicines policy process

Outcomes:		
I. Access	II. RUM	III. Democratisation
<p>1. Medicines are available at affordable prices</p> <p>2. Generic Medicines Policies are accepted by patients, consumers, health professionals and governments</p> <p>3. International Intellectual Property (IP) rights legislation reflect public health priorities over commercial interests</p> <p>4. R&D is remodelled and refocused on neglected diseases</p> <p>5. Reimbursement systems provide equitable and universal access to essential medicines</p> <p>6. Free Trade Agreements (FTAs) reflect an improvement in access to medicines</p>	<p>1. Patients, Healthcare professionals, patients and consumers are educated specifically about medicines promotion activities that result in the irrational use of medicines</p> <p>2. Governments are aware of the causal relationship between commercial promotional activities and health outcomes</p> <p>3. The <i>Health Literacy</i> of patients and consumers that includes the Rational Use of Medicines is improved</p> <p>4. Healthcare Professionals are educated about the Rational Use of Medicines</p> <p>5. Documentation on unethical promotion of medicines in the public domain is enhanced and updated</p> <p>6. Awareness of <i>Disease Mongering</i></p>	<p>1. Increased voice of Civil Society on a global medicines policy platform</p> <p>2. Increased voice of Civil Society on a national and regional medicines policy platform</p> <p>3. Civil Society are recognised as legitimate partners in medicine policy debates</p> <p>4. Civil Society capacity is enabled to analyse and contextualise medicine policy options</p> <p>5. Civil Society is enabled to identify their own engagement in medicine policy debate</p>

Background

Approximately 350 medicines are needed to treat 90% of the global disease burden (WHO 2004). Not only are these 'essential medicines' known and available, many have a long therapeutic history and are manufactured as cheap generic products. However, the appalling fact is that 2.1 billion people are denied access to these few essential medicines (WHO 2004). This is not because essential medicines are unavailable on the global market, but is due to barriers such as high prices, poor availability and a lack of affordability. Moreover, the global pharmaceutical industry fails to reconcile the conflicting interests of capital returns and the interests of public health, thereby, systematically denying the rights of access to essential medicines to consumers and patients. It is a shame of the modern world that we have within our grasp the means to provide essential medicines to the world's poor and yet fails to do so because of poor governance and accountability.

HAI believes that access to the medicines people need should be universal, equitable and sustainable; that medicines should be safe, effective, and of good quality; appropriately prescribed and used rationally. However, the decisions that affect people's access to medicines are often made in a condition of opacity, and without any input from Civil Society. For progress on the right to access to essential medicines, Civil Society needs to be directly involved in the processes that bring about equitable policy solutions. HAI's expertise in the facilitation of Civil Society advocacy and capacity building groups to engage in debates that surround access to essential medicines at a country, regional and global level can bring this about (DFID, 2004, *Increasing access to essential medicines in the developing world*).

Increasingly, the debate that surrounds access to essential medicines has refocused on the lack of any real innovation or R&D into 'neglected diseases'. Primarily characterised as diseases of poverty and underdevelopment, neglected diseases include Leishmaniasis, Sleeping Sickness, Chagas disease and Buruli Ulcer which are responsible for enormous suffering and death every year (DNDi, 2006; WHO 2004) and for which little or no research is being conducted into effective treatments. Moreover, on a global scale, the increasing prevalence of HIV, Malaria and multi-resistant TB in the Newly Independent States and western advanced economies may become pandemic health challenges to all national governments unless R&D is enacted for these diseases. Again, Civil Society needs to mobilise support for governments to press for innovative methods of R&D funding for these diseases.

Access to Essential Medicines: 2007 Highlights

Of huge significance to the WHO/HAI Global *Price, Availability and Affordability of Essential Medicines project* has been the re-writing of the methodology manual and workbook, thereby completing the second edition, ready for publication in 2008. This workbook now provides detailed instructions for the collection and manipulation of data when making adjustments when undertaking international comparisons for surveys in different years. In addition, price data collection training workshops were held in Oman, Bahrain, Libya, Iran, and the Ukraine.

On-line technical support, data quality assurance and/or reports reviews have also been conducted for survey teams in the United Arab Emirates, Sudan (3 provincial surveys), El Salvador, Cook Islands, Brazil, Ukraine, El Salvador, China Shanghai Province, Ethiopia, Nigeria, Tunisia, Yemen

The goal that the third phase of the medicine prices project was to focus on advocacy and converting what we have learned from over 50 pricing surveys worldwide became a reality in 2007 with a pricing project advocacy programme. So far, advocacy training workshops have been held in Kenya (HAI Africa), Jordan, Kyrgystan, Philippines and Peru (HAI Latin America).

Another example of converting what we know into activities that impact on people's lives comes from a workshop held with the Jordanian Food and Drug Administration entitled *Toward Equitable and Affordable Medicine Prices Policies in Jordan* at the Dead Sea, 4-5th December 2007. Approximately 90 participants from the Ministry of Health and government agencies, pharmacist and physician associations, Civil Society Organisations, academia, industry and other stakeholders met to discuss ways to make medicines more easily available and affordable in Jordan. The Jordanian survey findings were discussed and policies and programmes identified to improve, in particular, the availability of medicines in the public sector and the affordability of medicines in the private sector.

HAI Africa conducted monitoring of medicine prices and availability (MMPA) in four countries. This activity began in Ghana in 2007, following the development of a proposal and training of data collectors. Data collection continues on a quarterly basis and advocacy based on the findings is expected to begin in 2008. MMPA continued successfully in Kenya, Uganda and Tanzania throughout 2007, and preparations began for MMPA to begin in Zimbabwe, Zambia and Malawi in early 2008.

In November HAI Africa conducted a rapid qualitative survey to collect consumer testimonies on availability and affordability of essential medicines in Kenya. The survey was conducted in three different districts of the country. The consumer testimonies provide evidence to corroborate the findings of the on-going monitoring of medicine prices and availability (MMPA) surveys mentioned above. HAI Africa is using the findings of the qualitative survey to develop a documentary and booklet. These two outputs will be completed in 2008 and will be used in activities aimed at advocating for increased access and affordability of essential medicines.

In Kenya, HAI Africa and its partners had the opportunity for collaborative advocacy and lobbying against proposed amendments to Kenya's IP Act, which, if passed, would have undermined Kenya's efforts to access more affordable generic medicines. The Kenyan CSO Coalition submitted a letter to parliament in protest of these amendments. The MOH supported the efforts through official channels of discussion and debate about the amendments. The amendments were eventually rejected.

HAI Africa and its partners also followed the first medicines-related case at the Industrial Property Tribunal (IPT), in which Pfizer is suing a local medicines importer for alleged patent infringement. HAI Africa and its partners have offered to assist the MOH to submit an *amicus curiae* testimony at the case, which is ongoing.

HAI Africa led the effort to bring together African trade/health CSOs to debate the ongoing WHO *intergovernmental working group (IGWG) on public health, innovation and intellectual property*. A regional CSO meeting was organized and hosted by HAI Africa in August 2007 in Nairobi, during which a coalition of civil society was formed, and a position paper was developed. The paper was presented at the official WHO AFRO consultative meeting for member states in Brazzaville and again at the official 'IGWG2' meeting in Geneva in November.

In 2007, **HAI Asia Pacific** hosted a regional consultation on the General Agreements on Trade in Services (GATS) and Public health to capacity build health activists' knowledge on GATS issues and its impact on access to medicines. A report on the proceedings was uploaded on the webpage and has been circulated among the members. HAI news carried an article on the meeting and the proceedings. As a follow up to the meeting University Sains Malaysia hosted a meeting on GATS and Public Health for professionals to oppose forces of privatization of health in Malaysia. The issues raised at the consultation and the information related to GATS and public health was presented at the Annual General Meeting of Nepal Pharmaceutical Association.

HAI Latin America was also engaged in medicine price data collection and provided a methodological instrument to partners of the region to allow medicine prices for high cost illnesses to be measured in-country. The methodology was adapted from the WHO/HAI methodology (see above) and for training purposes, it was decided to apply this tool only in the capital city of the countries involved.

By the end of 2007, HAI Latin America had accumulated results on medicine prices from five different countries, and this data will be published within the first few months of 2008.

Also in the Latin America region, HAI conducted a survey to evaluate the economic impact brought about by the treatment of diseases that require high cost medication. For study purposes, two psychiatric illnesses and established treatments were selected and the corresponding pharmacological treatment that could be found in any drug store open to the public, were chosen. The results corresponded to Venezuela (public sector) and Peru (public and private sector), and these will be processed and published in 2008.

HAI Global Programme Theme II: Medicines Policy Engenders Rational Safe and Appropriate Use of Medicines

Background

HAI strives to bring about universal **Rational Use of Medicines**, especially among the world's poor and disadvantaged populations by ensuring therapeutically sound and cost-effective use of medicines by health professionals and consumers because improving the use of medicines is crucial both to reducing morbidity and mortality from communicable and non-communicable diseases, and to containing drug expenditure.

WHO (2004) estimates that more than half of all medicines consumed by patients are prescribed, dispensed or sold inappropriately and that half of all patients fail to take them correctly. Such a pattern of irrational use of medicines is costly to both the individual who pays the full price for his or her medication, and to government health programmes. Moreover, it can also be physically harmful both to the individual and the population as a whole: adverse drug reactions (ADRs) rank among the top 10 causes of death in the USA (a country for which data exists) and are estimated to cost up to \$130 billion each year (WHO, 2004); growing resistance to antimicrobial medicines is becoming a challenge in countries at all stages of development.

Civil Society must engage in campaigning for transparency in determinants that lead to irrational medicines use, such as poor health literacy, pharmaceutical promotions, paucity of therapeutic guidelines, the promotion of fictitious diseases (disease mongering) and inappropriate antibiotic use.

HAI was crucially engaged in the preparation and promotion of the WHO Rational Use of Medicines resolution (WHA 60.16) and, through advocacy activities, assisted in its safe passage at the World Health Assembly in May 2007. The resolution calls for a cross-cutting inter-sectoral approach to RUM, and specifically demands the involvement of Civil Society. There is then a need to stimulate the involvement of Civil Society in the area of RUM to contribute to the debate at a global level.

HAI has long fought against direct-to-consumer advertising (DTCA) for prescription-only medicines. HAI Europe believes that promotional messages should play no part in people's decisions about treatment options. Patients must be confident that the information they are given is geared towards helping them choose the best treatment, not to maximise sales.

In a major campaign success, EU pharmaceutical legislation passed in April 2004 maintained the ban on the DTCA of prescription-only drugs. But the campaign continues to ensure that the information consumers receive (often as a result of Public Private Partnerships between governments and the pharmaceutical industry) is not simply advertising in disguise. It should be noted that whilst this particular campaign focused on EU legislation, it is fair to say that governments in developing countries often follow closely legislative amendments in the advanced economies of the North. If the ban on DTCA had been repealed in Europe, DTCA in developing countries would soon follow, with disastrous results for the rational use of medicines.

Unethical drug promotion targeted at health professionals includes misleading presentations by medical representatives, inappropriate inducements and gifts, and promotional activities disguised as educational symposia and clinical trials. Health personnel often have insufficient training to see promotion for what it is and to critically appraise it.

Together with the World Health Organisation (WHO), HAI has produced a database of how prescribers and others are influenced by Medicines promotion and is involved in the production of a manual on education initiatives to teach medical and pharmacy students skills in appraising promotional approaches by drugs companies (www.drugpromo.info). HAI's latest contribution to the rational use of medicines debate has been on patients' reporting of adverse reactions (ADRs). Pressure to allow patients to report details of adverse reactions directly to the relevant authorities has developed following a number of cases where the response to users' evidence of harm had been slow and inadequate. As a result, patients' reporting systems have recently been established in several European countries. It is imperative that these positive steps in ADR reporting are transposed into the legislation of developing countries.

Rational Use of Medicines: 2007 Highlights

HAI Global's major contribution to the Rational Use of Medicines theme of the Global Programme was the further development of the 'Promotions Manual'. Aimed at medical and pharmacy students, and written by HAI in collaboration with the WHO, the manual provides a complete course in how to avoid the pitfalls of pharmaceutical company promotional activities, and how to identify when promotional activity is affecting prescribing habits. The manual will be field-tested in English and Spanish during 2008.

In the **Asia Pacific** region during the last twelve months there has also been widespread regional support for a project to survey the availability of a selected number of harmful pharmaceuticals. There are still a number of harmful drugs that have been banned in high-income countries which are still available in countries in the Asia Pacific region. Therefore a project was launched to provide a comprehensive scientific tool for HAI national partners to initiate campaigns to ban these products from the market and to campaign for stricter warnings on packages and product information leaflets and restricting indications where appropriate.

Fifty-one harmful drugs from HAI member countries were identified, based on the UN *Consolidated List of Products* (Eighth issue) 'Whose Consumption and/or Sale Have Been Banned, Withdrawn, Severely Restricted or not Approved by Governments'. Eight countries including Bangladesh, India, Korea, Malaysia, Nepal, Philippines, Sri Lanka, and Thailand have sent in the registration status of the 51 drugs in their country.

The HAI Asia Pacific secretariat is preparing a paper on the *Harmful Drugs* project and the findings, which will be published in 2008. In particular, Nepal and Thailand are conducting availability studies of the harmful drugs, as some drugs are still available even though they have been deregistered. A report on their findings will be uploaded to the website and published on HAI news and widely disseminated among key stake holders and interested parties in 2008.

A new publication by HAI Asia Pacific, *Where there is no Pharmacist*, to be published in 2008 will serve to improve rational and safe use of medicines by providing a user-friendly resource tool to create awareness and knowledge about medicines and medical treatment that are currently available and prescribed. This publication will mark a significant step forward in establishing rational use in remote and poor-resource settings.

During 2007 **HAI Europe** was engaged in debate at the highest level in the European Union, the EU Commission and European Medicines Evaluation Agency, to halt the proposal for the reintroduction of Direct-to-Consumer Advertising of prescription medicines to patients. In

pursuit of this goal HAI Europe engaged in coalition building, raising awareness in the media such as the BMJ, The Lancet, Canadian Medical Journal, The Guardian, El Global, Politiken, Which?, BBC, KRO (Dutch National TV), Irish TV, Pharmaceutical Journal, Esta (Dutch Magazine). As this campaign moves to its next phase, HAI Europe will focus its attention on the conflict of interest inherent in allowing 'information to patients' and 'disease awareness campaigns' to be conducted by the pharmaceutical industry.

HAI Europe also has a seat at the European Medicine Evaluation Agency (EMA) and is regularly consulted for input on position papers, draft proposals (Generics and Biosimilars, publication of paediatric trial details,), and Patient information leaflets,

In the HAI Latin America region, the Coordinating Office formulated a protocol for evaluating forms of medicines promotion against existing regulations governing such promotional activities in countries in the region. Participating countries included Argentina, Bolivia, Brazil, Colombia, Ecuador, Nicaragua, and Peru and the results will be published in 2008.

HAI Global Programme Theme III: Medicines Policies are Developed through Democratic Processes

By 2010 the contribution to poverty reduction, society building and policy change of HAI and its partner network will be that there are visible and tangible health benefits brought about by the **democratic inclusion of civil society** in the development of medicines policy. Medicines will reflect the real needs of patients and consumers who are included in the policy process and it will be a process with a breadth and depth of representation across all sections of society. The process of policy development, and the interests of those involved, will be transparent.

By 2010, through the **democratisation of medicine policy**, and representation of civil society at key national and international fora HAI will contribute to the maintenance of public sector health care provision. In this context, HAI will promote inclusive healthcare provisions, which differentially affects the poor to bring about health equity,

One of the most significant hurdles in the successful completion of the strategic aims of themes 1 and 2 above is that civil society is generally excluded from participation in the medicines policy decision-making process. This is in part due to the secrecy that surrounds medicines regulation, primarily in place to protect the commercial interests of the pharmaceutical industry.

But the exclusion of civil society from the process is also more subtle than simply the fear of the discovery of trade secrets. The pharmaceutical industry is intrinsically linked to the perceived scientific and technological resource base of a country and/or region. Hence, in the EU for example, the regulation and control of the medicines 'market', for that is what it is, is under the direction of DG Enterprise, not DG SANCO (Health) as one might expect. For this reason, many governments do not want the intervention of civil society representatives who might undermine the industrial and commercial focus of medicines policies.

In developing countries this discord between commerce and health is even more exaggerated. The transnational pharmaceutical industry often has a stranglehold on developing country governments who are powerless in the face of relentless pressure from open markets. The result is often an inappropriate reliance on non-essential drugs and irrational prescribing, a waste of limited health resources and a less than optimal contribution to health and development.

In both the key objectives of the global programme outlined above (themes 1&2) the activities of civil society organisations, empowered to lobby governments for rational medicines policies, are crucial. Transparency of the decision making process, inclusion of patients who have new insights into treatment options, and civil society organisations can all contribute to the construction of medicines policies that really respond to health needs and promote health and development.

HAI is uniquely positioned to identify key decision-making bodies at a national, regional and global level and demand that their decisions reflect input by independent civil society groups. Moreover, with its extraordinary wealth of experience and expertise, HAI can offer help and advice to civil society organizations and capacity-build patients' and consumers' organisations in developing countries to press for inclusion at national, regional and international fora.

Finally, HAI has identified an increasing trend towards the ‘privatisation of health’, which suggests increasing incidents of corporate strategies of corporate influence - for example paying the costs of hospital staff, funding patient groups, entering into partnerships with government authorities to provide ‘patient information’. Of course, the interests of the pharmaceutical industry and patients can, and often does, coincide. However, when those interests are not coincidental, it can lead to poor access to essential medicines, R&D focused on lucrative ‘western’ ailments at the expense of neglected diseases and inappropriate prescribing of superfluous medications. It is therefore essential that civil society brings balance to the medicines debate, to prevent further hijacking by commercial interests and ensure patients’ interests are served.

Democratisation: 2007 Highlights

Clearly, the integrated thematic Global Programme is closely linked to the extent to which the network operates as a democratised organ by which change can be attained. In other words, the impact of projects around access to essential medicines and their rational use all depend on the involvement of Civil Society in the policy-making process, be that HAI directly or partners who are influenced by HAI’s activity.

For example, at the World Health Assembly (WHA) HAI Africa and its partners developed a document and sent it to the delegates, stating their support for the RUM Resolution. The document highlighted the benefits of strengthening the resolution and gave specific areas in need of input from the member states.

Another area of communication that contributed to democratisation is that **HAI Africa** and its partners continued to facilitate the production of Nanasi Newsletter in 2007. The readership, composed mainly of HIV programme health workers in East Africa, increased by 37% in 2007. HAI Africa also continued with the production of *Practical Pharmacy for Developing Countries*, And the *HAI Africa newsletter* on a quarterly basis.

HAI Asia Pacific publishes the quarterly newsletter on behalf of the global network. The news letter contains a lead article which examines a particular issue of interest to HAI members drawn from current affairs in health and pharmaceuticals. The newsletter includes a section on network news in which contributions from Global HAI members and partners’ projects, campaigns, events and activities are featured.

Selected Financial Information

During the financial year 2007, Stichting Health Action International spent €721.000 (2006: €676.300) of which €411.600 (2006: €436.700) was comprised of direct project expenses and €309.400 (2006: €239.600) staff expenses that were allocated to projects.

Of the total income in 2007 of €1.274.800, an amount of €61.100 (2006: €53.600) was transferred to the regional co-ordinating offices. It should be noted however, that the amounts allocated to HAI global projects is generally also spent in the pursuit of access to essential medicines and their rational use within low and middle income countries.

The breakdown of the reported income of € 1.274.800 is as follows:

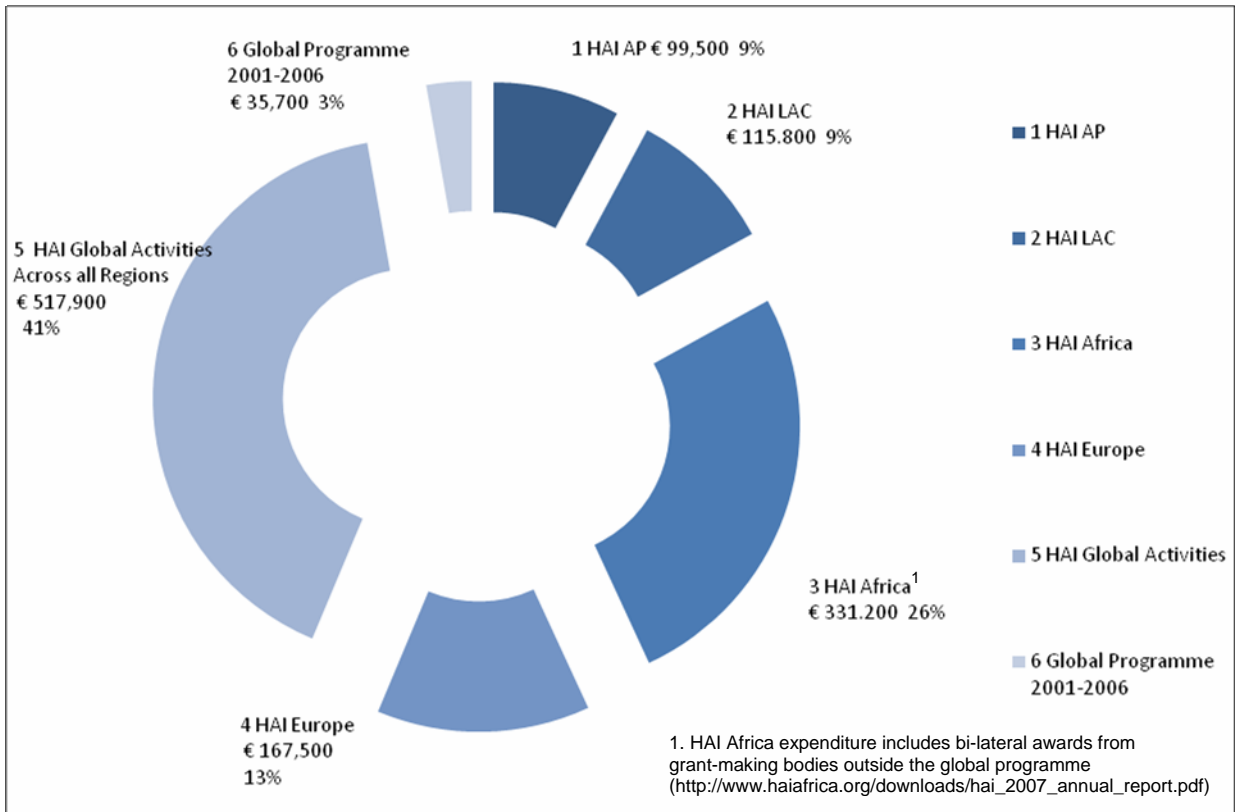
Donor income	<u>EURO</u>	<u>EURO</u>	<u>%</u>	<u>%</u>
- Ministry of Foreign Affairs, the Netherlands		868,200		68.2
- Ministry of Foreign Affairs, Finland		58,800		4.6
- Ministry of Foreign Affairs, Sweden		126,700		9.9
- Ministry of Foreign Affairs, Denmark		23,400		1.8
- Open Society Institute		152,600		12.0
- World Health Organisation		<u>13,100</u>		<u>1.0</u>
		1,242,800		97.5
 Other Income				
- Membership HAI Europe	7,300		0.6	
- Interest and miscellaneous	<u>24,700</u>		1.9	
		<u>32,000</u>		<u>2.5</u>
Total Income		<u><u>1,274,800</u></u>		<u><u>100.0</u></u>

The donor income of the Dutch Ministry of Foreign Affairs reflects the successful negotiation with the ministry during 2007, resulting in a total MFS (Dutch Government co-funding system) allocation of €5.298.126 for the years 2007 – 2010.

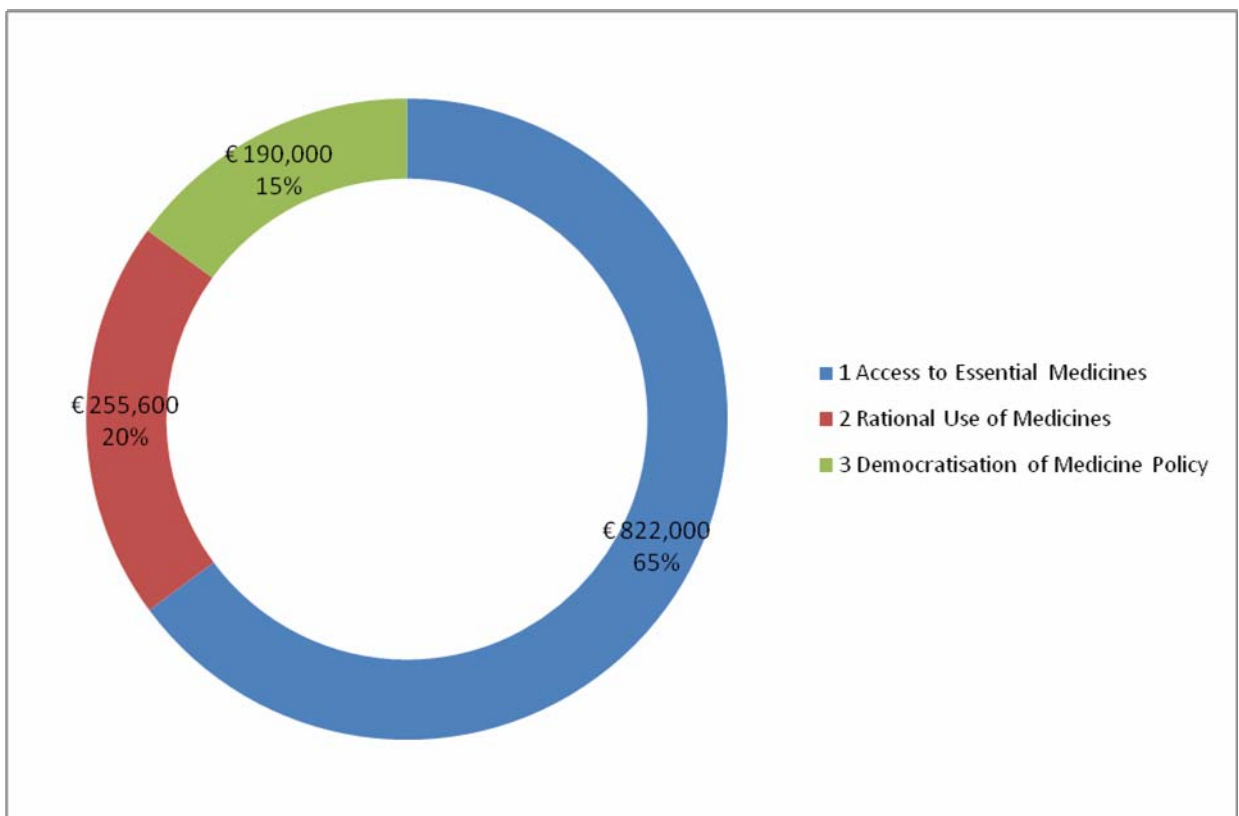
Programme Expenses by Geographic Region

Total programme expenses 2007

Euro 1.267.600



Project Expenses by Objective



1 BALANCE SHEET

ASSETS

	<u>31/12/2007</u>		<u>31/12/2006</u>	
	€	€	€	€
Fixed assets				
Tangible fixed assets		2,970		-
Current assets				
Debtors	3,499		1,370	
Prepaid expenses and other receivables	9,236		6,212	
Other assets	1,694		1,688	
		<u>14,429</u>		<u>9,270</u>
Cash and cash equivalents		927,022		720,193
Total assets		<u><u>944,421</u></u>		<u><u>729,463</u></u>

LIABILITIES

	<u>31/12/2007</u>		<u>31/12/2006</u>	
	€	€	€	€
Retained earnings		149,353		131,096
Grants to be spent		568,840		264,143
Current liabilities				
Creditors	21,306		21,359	
Taxes and social security premiums	12,702		11,719	
Accounts payable	52,750		53,241	
Grants received in advance	0		218,804	
Transfers to other regions	139,470		29,101	
		<u>226,228</u>		<u>334,224</u>
Total liabilities		<u><u>944,421</u></u>		<u><u>729,463</u></u>

2 STATEMENT OF INCOME AND EXPENDITURE

	2007		2006	
	€	€	€	€
Income				
Grants	1,242,818		1,173,276	
Other income	31,933		26,054	
		1,274,751		1,199,330
Transfers to other regions		-393,671		-353,596
		881,080		845,734
Expenses				
<i>Office costs</i>				
Staffing	362,451		318,624	
Other office costs	88,750		80,049	
		451,200		398,673
<i>Project expenses</i>		411,622		436,662
Result		18,258		10,399

3 NOTES TO THE FINANCIAL STATEMENTS

PRINCIPLES OF VALUATION AND DETERMINING OF RESULT

Accrual basis of accounting The financial statements of the Foundation have been prepared using the accrual basis of accounting

Historical cost The financial statements are prepared on the basis of the historical cost concept. Unless indicated otherwise, assets and liabilities are stated at nominal value less necessary provisions.

Foreign currencies Payables and receivables in foreign currencies are translated into Euros at the exchange rates of the balance sheet date. Transactions and cash flows in foreign currencies are converted at rates from the date the transaction was performed.

The following exchange rates against the euro has been used:

Currency per € 1	31/12/2007	2007 average
USD	1.47184	1.39557

Income The grants HAI receives belong to a certain financial year, although it is allowed to have a left-over at the end of the year: carry-over.

The income of a financial year exists of the carry-over from last year plus the receivings of the current year minus the carry-over to the next year.

Tangible fixed assets Tangible are stated at purchase price less accumulated depreciation based on economic lifetime of the respective asset.

Carry-over Part of the Global programme funding is transferred to one or more of our Regional Offices. Carry-overs of these transfers do not appear in this financial report. The Regional Offices have their own audited financial reports in which carry-over is separately disclosed.

Project expenses Some of the time HAI staff spends on specific projects are directly allocated to these projects.

GRANTS TO BE SPENT 2007

	Carry-over 2006	Received 2007	Allocated 2007	Carry-over 2008
	€	€	€	€
Global programme 2007-2010				
DGIS	-	1,082,869	815,308	267,561
Finland (GP 2006)	58,802	-	58,802	-
Sweden (SIDA - 2006)	52,031	-	52,031	-
Drug Pricing Project phase II				
DGIS	-	-	-	-
Rockefeller Foundation	-	-	-	-
DFID	-	-	-	-
Sida	74,666	-	74,666	-
WHO	42,089	-	-	42,089
OSI	-	114,122	71,108	43,014
HAI Europe				
DGIS	-	241,662	52,858	188,804
Public private partnerships				
Danida	23,435	-	23,435	-
Other funds				
VWS/Essential innovations	-	-	-	-
OSI/IGWG meeting	-	49,512	22,140	27,372
MSF/NGO officer	-	-	-	-
OSI/Essential innovation	-	59,350	59,350	-
WHO/Drug promotion project	13,120	-	13,120	-
Total	264,143	1,547,515	1,242,818	568,840

Organisation Strengthening

In 2007 HAI started a ground-up overhaul of the entire network – governance, administration and content. This work enables HAI to move forward with confidence into the next phase of organisation strengthening and already, as you read this, HAI has moved its global headquarters into new premises in Amsterdam. And there is very good reason behind the move because it provides enough space to build the capacity of the Global team with senior technical support on the medicine pricing project, a Global Projects Coordinator and Projects Officer to work exclusively on the Rational Use of Medicines with WHO, and a new Communications Officer. Our aim is to build a World class team at HAI Global that can make a real difference to the regional offices, projects and outputs.

Organisational Governance

The Global Board will continue to fulfil the promise of global governance invested in it by the network. The Board aims to take a real lead in the construction of a reformed global identity by investing in innovative communication tools such a video-link and a common webspace (DGroups).

Learning & linking

HAI has a clear ambition to be a learning organisation, particularly as its capacity grows and staff numbers increase. As a result throughout the global network, all regional offices will adopt new ways of working which will include training, increased cooperation and capacity building and ongoing integration between staff and regions. A new programme to be piloted in 2008 is of staff exchange between regions. The aim is to introduce staff members from different regions to the contextualised political economy of medicines on a Global scale. The first exchanges, between HAI Europe and HAI Asia Pacific and HAI Latin America will take place in the summer of 2008.

Staff Capacity Building

At the same time as bringing in new staff, existing staff are being encouraged to look for educational opportunities which will enhance their skills within the HAI network. Short courses on lobbying in health issues, security training, language courses and support for a PhD are already underway. HAI members and students are also being encouraged to develop within the HAI network. 2007 saw the second WHO/HAI intern from the university of Utrecht resident in Amsterdam before moving to Geneva for three months. This programme will be expanded in 2008, with an intern from Rotterdam University. HAI is also introducing staff reviews, annual planning and personal development into its work practice.

Donor Diversification

HAI is aware of its reliance on DGIS, the Dutch Ministry of Foreign Affairs, and has strategies in place to disperse its funding base. This includes applications for funding from DFID, The European Union and North European Governments.

Project Development

Over and above the comprehensive programme of activities in the HAI Global work programme (2008) agreed with DGIS, the most exciting development in the strategy for 2008 are developments to fund short term, high impact projects at country level in Latin America. These are planned to include a multi-stakeholder roundtable discussion on access and RUM in Nicaragua, an independent drug bulletin in Ecuador, and capacity building in Colombia.

2008 will see the roll-out of an ambitious project to build global consciousness in respect of the Rational Use of Medicines (RUM). Whilst HAI has a well deserved reputation for its work on medicine prices, availability and affordability, our RUM programme has not achieved the same level of exposure. In 2008, HAI will employ two new members of staff specifically dedicated to RUM, who will coordinate activities in the regions and partner the WHO as it also builds regional capacity in parallel to HAI to institutionalise aspects of RUM throughout the world.

Contributions to Monitoring and Evaluation measurement during 2007.

See following pages in Green/Red

Mission: Increased Access to Essential Medicines, Improved Rational Use of Medicines and Democratisation of Medicines Policy Mapping SOVs in 2007		Contribution to DGIS Priority Areas: Direct Poverty Reduction; Promote development through health Society Development; equitable medicines pricing policies, R&D in neglected diseases, Civil Society mobilisation, Policy Development; governments introduce equitable medicines pricing policies, governments encourage R&D into neglected diseases, prescribers and consumers to accept generic substitution, compulsory licensing and parallel importing policies, reimbursement systems are analysed.				Contribution to Millennium Goals: MDG 1. Eradicate Extreme Poverty and Hunger MDG 4. Reduce Child Mortality MDG 5. Improve Maternal Health MDG 6. Combat HIV/AIDS, Malaria and other Diseases MDG 8. Develop a global partnership for development					
Outcome: Universal and Equitable Access to Essential Medicines		Indicator: WHO Access to Medicines statistics		S.O.V WHO [World Medicines Situation]							
Output: Pricing is not a barrier to Access		Output: Generic Policies are accepted		Output: Intellectual Property Rights reflect health needs		Output: R&D is remodelled to neglected diseases		Output: Areas in which Reimbursement systems are inequitable are identified		Output: Exceptions to FTAs promote access	
Ind: Pricing Surveys conducted in 6 countries	S.O.V. UAE, Sudan, El Salvador, Shanghai, Nigeria, Tunisia, Yemen	Ind: Generic policy literature is distributed in 4 countries	S.O.V. Briefing Papers are posted on website	Ind: HAI is involved in IP discussion at WHO	S.O.V. HAI Attended IGWG and ancillary meetings, official recognition by WHO	Ind: HAI promotes R&D into neglected diseases at WHO	S.O.V. New/amended guidelines for R&D placed on website	Ind: HAI develops a reimbursement system analysis methodology	S.O.V. Reimbursement system analysis methodology is published	Ind: HAI will monitor the effect of FTAs in Latin America in 4 countries	S.O.V. Results from Peru available on website
Ind: Advocacy workshops/campaigns in 4 countries	S.O.V. Workshop materials for Jordan published on website	Ind: Advocacy workshops & campaigns in 4 states	S.O.V.: Workshop materials are posted on HAI website	Ind: WHO IGWG makes proposals for IP alignment	S.O.V. Texts of policy reflect health needs	Ind: HAI presses for for a neglected disease treatment	S.O.V. DNDi launch drug for Malaria	Ind: Reimbursement surveys are conducted in six countries	S.O.V. Results of surveys are published on HAI website	Ind: HAI produce Policy recommendations are based on monitoring in 4 countries	S.O.V. HAI Latin America
Ind: Pricing policies are adopted by gov'ts in 4 countries	S.O.V. Legislative documents are published on the HAI website	Ind: Generic policies are adopted by gov'ts in 4 countries	S.O.V.: legislative documents posted on the HAI website	Ind: TRIPS flexibilities are used in 4 countries to promote health needs	S.O.V. Thailand and Brazil	Ind: Workshop on the future of R&D in Europe	S.O.V. Workshop outputs are posted on the HAI website	Ind: Guidelines reflect equitable reimbursement in 4 countries	S.O.V. Legislation is made public and is posted on the HAI website	Ind: HAI forms a regional coalition with CSOs to combat the negative effects of FTAs	S.O.V. HAI Latin America

Mission: Increased Access to Essential Medicines, Improved Rational Use of Medicines and Democratisation of Medicines Policy Mapping SOVs in 2007		Contribution to DGIS Priority Areas: Direct Poverty Reduction; Promote development through health Society Development; equitable medicines pricing policies, R&D in neglected diseases, Civil Society mobilisation, Policy Development; governments introduce equitable medicines pricing policies, governments encourage R&D into neglected diseases, prescribers and consumers to accept generic substitution, compulsory licensing and parallel importing policies, reimbursement systems are analysed.				Contribution to Millennium Goals: MDG 1. Eradicate Extreme Poverty and Hunger MDG 4. Reduce Child Mortality MDG 5. Improve Maternal Health MDG 6. Combat HIV/AIDS, Malaria and other Diseases MDG 8. Develop a global partnership for development					
Outcome: Universal Rational use of Medicines, especially in poor countries		Indicator: WHO Rational Use of Medicine Indicators		S.O.V WHO department of Medicine Policy & Standards (WHA 60.16)							
Output: Patients, consumers, healthcare professionals are aware of medicines promotions		Output: Governments are aware of ill-effect of medicines promotion		Output: Health literacy is improved around RUM		Output: Awareness about RUM amongst healthcare professionals		Output: Database if unethical promotion is enhanced and updated		Output: Patients, consumers, Healthcare professionals are aware of disease mongering	
Ind: workshops / seminars held in 6 countries	S.O.V. Workshop materials published on website	Ind: Medicine promotion literature distributed 4 countries	S.O.V. Briefing Papers are posted on website	Ind: HAI is involved in discussion at WHO on RUM	S.O.V. HAI Global speaks at WHA resolution passed	Ind: HAI promotes RUM to Healthcare professionals	S.O.V. New/amended guidelines for RUM placed on 3 websites	Ind: HAI develops promo website www.drugpromo.info	S.O.V. website developed beyond existing holding	Ind: awareness of disease mongering improves	S.O.V. articles in journals and media increase.
Ind: Advocacy workshops/ campaigns in 4 countries	S.O.V. Workshop materials are published on website	Ind: Advocacy workshops & campaigns in 4 countries	S.O.V.: Workshop materials are posted on HAI website	Ind: literature is freely available in 3 target countries	S.O.V. Texts of literature is available from HAI Website	Ind: HAI presses for professional guidelines in 2 countries	S.O.V. guidelines are published in 2 countries	Ind: Visits to promo website increase	S.O.V. logged website statistics	Ind: HAI produce policy recommendations are based on monitoring in 3 countries	S.O.V. policy recommendations are posted on HAI website
Ind: RUM policies are adopted by gov'ts in 2 countries	S.O.V. Legislative documents published on the HAI website	Ind: Promo policies are adopted by gov'ts in 2 countries	S.O.V.: legislative documents posted on the HAI website	Ind: education on HIV RUM medicines enhanced	S.O.V. information developed with VSO published	Ind: Workshop on RUM and WHO	S.O.V. Workshop outputs are posted on the HAI website	Ind: contributions from third parties	S.O.V. Number of articles held increases http://www.drugpromo.info/	Ind: HAI contributes to development of WHO resolution WHA 60.16	S.O.V. Joint statements, policy briefings, and outputs are posted on the HAI LA website

Mission: Increased Access to Essential Medicines, Improved Rational Use of Medicines and Democratisation of Medicines Policy Mapping SOVs in 2007		Contribution to DGIS Priority Areas: Direct Poverty Reduction; Promote development through health Society Development; equitable medicines pricing policies, R&D in neglected diseases, Civil Society mobilisation, Policy Development; governments introduce equitable medicines pricing policies, governments encourage R&D into neglected diseases, prescribers and consumers to accept generic substitution, compulsory licensing and parallel importing policies, reimbursement systems are analysed.				Contribution to Millennium Goals: MDG 1. Eradicate Extreme Poverty and Hunger MDG 4. Reduce Child Mortality MDG 5. Improve Maternal Health MDG 6. Combat HIV/AIDS, Malaria and other Diseases MDG 8. Develop a global partnership for development			
Outcome: Increased ownership and engagement of Civil Society in medicines policy		Indicator: Visible presence of Civil Society in national, regional and global fora		S.O.V Minutes of meetings, reports, articles and website citations					
Output: Increased voice of Civil Society on a global medicines policy platform		Output: Increased voice of Civil Society at national/regional medicines policy platform		Output: Civil Society is recognised as legitimate partner in medicine policy debates					
Ind: engagement of civil society at WHA	S.O.V. HAI give technical briefing (1)	Ind: HAI-A participates in meetings of the African Union	S.O.V. Papers are posted on website	Ind: Government agencies invite civil society view	S.O.V. Invitations to comment on policy	Ind: Expert capacity in Medicines Policy is built	S.O.V. workshops in policy analysis (4) completed	Ind: Expansion of HAI network engaged in medicine policy debate	S.O.V. number of new members in all HAI regions
Ind: Engagement of HAI in medicine policy debate	S.O.V. Interventions in WHA on 1 occasion and attends 1 meetings with DG	Ind: Civil Society organisations invited to medical policy formation meetings	S.O.V.: Invitations participate in 10 meetings worldwide	Ind: capacity of Civil Society is recognised	S.O.V. Invitations to comment on policy	Ind: Local expertise in Medicine policy is identified and engaged	S.O.V. Seminars in policy analysis (4) are completed	Ind: new areas of CS engagement in medicine policy are identified	S.O.V. debates are moved forward at local/regional and global levels
Ind: HAI achieve official recognition by WHO	S.O.V. HAI is invited into official relations by WHO executive	Ind: medicines data is transparent and accessible	S.O.V. medicines data is posted on national websites	Ind: Civil Society is independent of commercial interests	S.O.V. conflicts of interest exposed				

