



## POSITION STATEMENT

### **Health Action International to the Global Fund: Say NO to medicines donations!!**

Health Action International has sent the following letter to the Global Fund secretariat, with copies to board members and members of key committees.

15 July 2003

Dear Mr. Thompson and Dr. Feachem:

We are writing to you in advance of the upcoming International Meeting to Support the Global Fund being held on 16 July in Paris, where we understand that the issue of accepting in-kind donations of goods and services, including medicines, will be discussed.

Health Action International (HAI) partners have had a long experience with the many problems with medicines donations. Based on this experience and expertise, we would ask the Global Fund board to decide that the donations of medicines should not be pursued by the fund directly nor through third party administrative mechanisms. Nor should medicines donations be sanctioned at country level as a means for implementing Fund-financed treatment programmes.

The treatment needs being addressed by the Global Fund require long-term, sustainable, equitable and cost-effective solutions. Medicines donations, however appealing they may seem at first glance, offer none of these advantages.

The idea put forward at the June meeting of the Portfolio Management and Procurement Committee and Resource Mobilisation Committee is that donations, presumed to be free, would allow those "savings" to be used elsewhere in a project.

The problem is that donations are not free. In fact, studies have shown that donations actually are more costly to donor countries (because of tax breaks given the donating company) and to recipient countries that bear the higher administrative and other transaction costs of implementing a separate donations programme. And restrictions often required by companies add unnecessary hurdles for recipient countries. For example, companies restrict where the medicine can be used, limit treatment indications, time and quantity and add reporting requirements that further diminish the value of the donation and drive up actual costs.<sup>1</sup>

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Providing “free” medicines destroys the market needed to nurture market-based solutions. Donations are driven by company interests. Procurement based on Fund principles of lowest cost and good quality will reflect the interests of the people in need of treatment. And given the sheer scale of medicines required, no donation programme could provide the quantities required, nor be sustainable over time.

Currently, one of the most cost-effective ways to access affordable essential medicines is by buying generics. The significant size of Global Fund support provides an invaluable and essential impetus for promoting competition among generic producers, particularly those in developing countries. With these economies of scale and the fact that marketing expenses are not incurred, generic prices will drop further.

Therefore, it is imperative that the Global Fund continue to take decisions that promote the use and the wide availability of high-quality, lower priced generic medicines. The money saved from procuring them would be real and those savings could be allocated elsewhere.

The international meeting on 16 July rightfully should be focussing on how all sectors, public and private, can make urgently needed contributions to our collective global challenge to fight HIV/AIDS, TB and malaria effectively and quickly. Based on the longstanding and clear evidence, medicines donations are not the way to go within the Global Fund—globally or at country level. In the short term, systematic equitable pricing is preferable. And the longer term goal and efforts should be to increase the availability of generics and promote price competition as a means of making medicines more affordable.

Thank you in advance for your serious consideration of our position.

Sincerely yours,

Ms. Beryl Leach  
Health Action International

cc: Members of the PMPC and Resource Mobilisation Committees  
Global Fund Board Members

Health Action International (HAI) is a non-profit, growing, global network of some 160 consumers, public interest NGOs, health care providers, academics, media and individuals in more than 70 countries. HAI promotes increased access to essential medicines, the essential medicines concept and the rational use of medicines. HAI has regional network coordinating offices in Amsterdam (HAI Europe and North America), Colombo (HAI Asia/Pacific), Lima (HAI Latin America) and Nairobi (HAI Africa).

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<sup>1</sup> Guilloux, A. and S. Moon. “Hidden Price Tags: Disease-Specific Drug Donations: Costs and Alternatives,” Médecins Sans Frontières, Drugs for Neglected Diseases working Group. (MSF: Geneva. February 2001)  
WHO/EDM/PAR. “First-Year Experiences with the Interagency Guidelines for Drug Donations”. (WHO: Geneva. 2001)