



Backgrounder and Facts for launch of the United Nations report *Delivering on the Global Partnerships for Achieving the Millennium Development Goals*

The eight Millennium Development Goals (MDGs), endorsed in September 2000 by 189 countries, represent commitments to reduce poverty and hunger, and to tackle ill-health, gender inequality, lack of education, lack of access to clean water and environmental degradation. Several of the goals are concerned explicitly with health, while others may have broader aims, of which improving health is one component.

Some of WHO's work is tied directly to one goal, while other work touches not one specific goal but several at the same time, for example, WHO's work on strengthening health systems. Increasing access to affordable essential medicines is integral to the cross-cutting work to strengthen health systems.

Millennium Development Goal 8: *Develop a global partnership for development*

One of the targets of Goal 8 is: *In cooperation with pharmaceutical companies, provide access to affordable essential drugs in developing countries* (Target 8.E).¹

Target 8.E is measured by the following indicator: 8.13. Proportion of population with access to affordable, essential drugs on a sustainable basis. Given its complexity, an overall picture of the degree of access to essential medicines can only be generated using a range of indicators that provide data on medicine availability and price, in both public and private sectors, in combination with key policy indicators. The following nine indicators have been proposed by WHO for measuring access to medicines:

- Access to essential medicines/technologies as part of the fulfilment of the right to health, recognized in the constitution or national legislation.
- Existence and year of last update of a published national medicines policy.
- Existence and year of last update of a published national list of essential medicines.
- Legal provisions to allow/encourage generic substitution in the private sector.
- Public and private per capita expenditure on medicines.
- Percentage of population covered by health insurance.
- Average availability of 30 selected essential medicines in public and private health facilities
- Median consumer price ratio of 30 selected essential medicines in public and private health facilities
- Margin or mark-up (in per cent) between producer and consumer price

¹ In response to a request from the Development Policy and Analysis Division, U.N. Dept. of Economic and Social Affairs, WHO produced a report on Target 8.E. This work was undertaken as part of a broader report of the MDG Gap Task Force, to be used as background information for the preparation of the UN high-level meeting on MDGs in September 2008. A summary of the Target 8.E report will also be included in the MDG annual report.

Recognition of essential medicines/technologies in national constitutions

Health is a fundamental human right recognized in at least 135 national constitutions. Access to health care, including access to essential medicines, is a prerequisite for realizing that right. Only five countries specifically recognize access to essential medicines/technologies as part of the fulfilment of the right to health.

Recently updated National Medicines Policies

A national medicines policy is important for defining the national goals and objectives for the pharmaceutical sector, and for identifying the strategies needed to meet them. Worldwide, 71% of countries have a published national medicines policy. However, only 48% of developing countries have updated their policy in the past five years, compared to 86% of developed countries.

Recently updated National Essential Medicines List (EML)

Nearly all (95%) developing countries have a published national EML, and of these 86% have been updated in the past five years. Given the importance of updating medicines selections to reflect new therapeutic options and changing therapeutic needs, all countries should ensure that their EML is updated regularly.

Generic substitution policies

In the majority of cases where generically equivalent products are priced substantially lower than the originator brand, increasing generic use can improve medicine affordability. A range of policy options are available to promote the use of generics, including allowing pharmacists to dispense a generically equivalent product in place of the originator brand listed on the prescription. About 72% of developing countries have legal provisions to allow/encourage such generic substitution in the private sector.

Public expenditure on medicines

Low public sector availability of medicines can be caused by several factors, including inadequate financing and/or under-budgeting. There is wide variation in national per capita spending on medicines by the public sector, ranging from US \$0.04 to \$187.30 among developing countries.

Population with health insurance that covers medicines

Comprehensive health insurance that covers the cost of medicines is the most equitable system of financing. Only 2.8% of populations in low-income countries have general health insurance; the proportion with insurance that covers medicines will be less.

Availability of essential medicines

In the 27 developing countries for which data are available, average public sector availability was only 34.9%. Public sector availability of medicines is low in all developing-country regions, and is consistently lower than in the private sector where average availability was 63.2%

Price of essential medicines

In the 33 developing countries for which data are available, lowest-priced generic medicines cost 6.4 times international reference prices (IRPs) in the private sector. For originator brand medicines, costs are generally much higher. On average, public sector procurement prices were 40% above IRPs for generic medicines, with over 40% of countries achieving prices lower than IRPs. In public sectors in which patients pay for medicines, lowest-priced generics cost about 2.5 times more than IRPs.

Mark-ups between producer and consumer price

Limited data are available on the add-on costs, such as mark-ups and taxes, applied to medicines as they move through the supply and distribution chain. Data from some countries show that add-on costs can more than double medicine prices in the private sector. Public sector mark-ups can also be substantial (e.g. over 80% in Ethiopia and Mali).

For more information: <http://www.who.int/medicines/mdg/en/index.html>