

*In the Name of God, the Compassionate, the Merciful*

**Address by**

**DR HUSSEIN A. GEZAIRY**

**REGIONAL DIRECTOR**

**WHO EASTERN MEDITERRANEAN REGION**

**to the**

**CONSULTATION ON DRUG ECONOMICS AND**

**DRUG FINANCING SYSTEMS**

**Cairo, Egypt, 23–26 June 1996**

Distinguished Participants, Ladies and Gentlemen, Dear Colleagues,

It is with great pleasure that I welcome such an august gathering of participants to this important consultation on drug economics and drug financing systems. I would like to thank the Government of the Arab Republic of Egypt for hosting this consultation.

The regional programme on essential drugs has established, during the last several years, a clear approach for developing the pharmaceutical services at country,

regional and global levels. This approach is based on the formulation of sound national drug policies and the development of comprehensive national masterplans for policy implementation. One of the main objectives of a national drug policy is to meet the citizens' need for safe, effective, high quality drugs, in sufficient quantities, regularly supplied and at the lowest possible cost.

In collaboration with Member States, the regional essential drugs programme has expended considerable efforts to ensure the safety, efficacy and quality of drugs. However, little has been done with regard to affordability, and this includes drug financing and economic issues. As a result of ongoing health sector reforms, and with the new global push for market economies, free trade and a greater role for the private sector, the whole issue of health care financing, including drug financing, is gaining in importance. Almost all Member States in the Region are reassessing their national systems of health care financing. The issue of appropriate prices for drugs, for example, has been raised in several forums.

This consultation has, therefore, been organized with the main objectives of reviewing the various experiences in the Region on drug economics and drug financing systems; and to discuss principles of drug economics and appropriate drug pricing.

One of the main areas to be discussed in this consultation is drug expenditure and how we might evaluate whether current expenditure is sufficient and what constitutes adequate national expenditure. This analysis should also include the ratio of private to public spending, as well as how much we spend on vital, essential and non-essential drugs, and how much we spend at the various health care levels. I am sure that the representatives of the Member States will provide the necessary data for such analysis.

The second main issue for consideration in your discussions relates to drug pricing. Is it justified for prices of generic, branded generic and branded drugs preparations of the same active constitution to vary by up to five times within the same country, and by even more than that between countries? Might it be possible, for

example, to have a set of base global prices for essential generic drugs? These prices could then be used as a basis for establishing a national price in each country, in accordance with local socioeconomic conditions. You may wish to direct your attention to reviewing pricing policy in the Member States represented in this meeting, as well as the experiences of the other expert representatives. I very much hope you will come up with some guidelines for the Member States of the Region on how to develop an appropriate national policy for drug pricing.

The price of raw materials is another important aspect in drug economics. It is also important to ensure the availability of reliable information on raw material prices to local drug industries, as well as to national drug regulatory authorities. Such information can be used to constitute a basis for an appropriate drug pricing mechanism. The WHO initiative in this respect should be discussed, together with regional experiences.

In relation to drug pricing, several meetings have been conducted in the Region to study the possible effects on the local drug industry and drug economics of the General Agreement on Tariffs and Trade, known as GATT, and the Trade-Related Aspects of Intellectual Property, known as TRIPS. You may wish to discuss this issue and advise on how we, in the Regional Office, might support Member States in developing national approaches to dealing successfully with these agreements.

Finally, I would like to refer to some recent experiences in rationalizing drug costs through promotion of the rational use of drugs. It is worth discussing, in your meeting, the various approaches that can be used to reduce drug costs and to reduce to a minimum the waste that results from unused or expired drug products, as well as the use of unnecessary or improperly prescribed drugs.

I am sure that, with your collective experience, this consultation will come up with sound recommendations and clear approaches which can be used to achieve the objectives of national drug policies in producing essential drugs at a cost that is affordable for individuals as well as national health care systems.

I look forward to the outcome of your deliberations and assure you of the support of the Eastern Mediterranean Regional Office for strengthening national and regional activities in the area of drug economics and drug financing.

Finally, I would like to reiterate our thanks to the Government of the Republic of Egypt and to you for all the preparatory work you have done for this consultation. I wish you a successful and productive outcome and a pleasant stay in Cairo.