

OECD FORUM 2005

FUELLING THE FUTURE: Security, Stability, Development

Health and Development

Per Wold-Olsen – President, Human Health, Europe, Middle East & Africa Merck & Co., Inc.

I'm pleased to join you this morning to discuss the critical issue of the links between health and economic development, and how we can apply that understanding to help developing countries meet the Millennium Development Goals.

There are two key messages I'd like you to take away from my remarks this morning. First, the private sector does have an important role to play in developing solutions to global health problems. As a representative of a pharmaceutical company, I feel we have an even more important role to play. On one hand, we discover and develop new medicines and vaccines to treat unmet health needs. Second, as with any other multinational enterprise, we make contributions to investments in health and development by building robust public/private partnerships to address the challenges that face developing countries. Working together on this agenda, we can achieve more than any single organization or country can do on its own.

Critics of the pharmaceutical industry, or of multinational enterprise generally, will often allege that we are not doing enough to address questions of health and development. But let me tell you what we have done. For decades, Merck has tried to play a role by bringing our skills to bear, together with other stakeholders, in strengthening health systems, building human resource capacity, and trying to improve access to lifesaving medicines in less-developed countries. For example:

- Since 1987, we have donated MECTIZAN, a medicine that helps to prevent river blindness, to millions in some of the poorest countries in the world where this disease is endemic. Through a global network including the affected communities themselves, the World Bank, the WHO, dozens of national health ministries and dozens of NGOs who help to deliver the drug to the remote areas where it is most needed, last year more than 40 million people in 34 countries received free treatments through community-directed programs. Another 20 million people received donated MECTIZAN to treat lymphatic filariasis in 8 countries where the two diseases are co-endemic. The economic and social consequences of these programs have been impressive - in addition to helping to eliminate one of the major causes of preventable blindness in the world, there have been significant and sustained benefits in terms of economic productivity (by improving the ability of people to work and of villages to return land near rivers to productive use).
- Since 2001, Merck has provided CRIVAN and STOCRIN, our two medicines to treat HIV infection, at prices at which we do not profit in the poorest countries and those hardest hit by the epidemic. At the end of 2004, more than 230,000 people living with HIV in 76 developing countries were being treated with combination therapy using our medicines.

- And Merck isn't alone among pharmaceutical companies in making such commitments. Six other companies - Abbott, Boehringer Ingelheim, Bristol-Myers Squibb, Gilead, GlaxoSmithKline, and Roche - joined with us and five UN agencies to create the Accelerating Access Initiative to improve access to HIV treatment in developing countries. Novartis is providing antimalarials at significant discounts to developing countries, as is Lilly with TB medications. GlaxoSmithKline is donating albendazole for the treatment of lymphatic filariasis.

So our industry has done a lot in recent years to invest in health for development. When you hear that medicines aren't being developed for the poor, it's not a function of the lack of willingness to help, but more often a lack of the necessary science to understand just how to develop a needed medicine. And even if the medicines are available, the problem is often as not a lack of resources devoted to the necessary delivery systems at the national and local levels.

Let me give you one example from my own company's experience. Just a few weeks ago, we were sad to note the passing of Dr. Maurice Hilleman at the age of 85. Dr. Hilleman was a renowned scientist who worked at Merck for nearly fifty years. During his career in science, he and his team dedicated themselves to developing an unparalleled number of vaccines to protect children and adults worldwide from infectious diseases you will all relate to, since you and your children have been vaccinated against mumps, measles, rubella, chickenpox - and perhaps also pneumonia, meningitis, hepatitis A, hepatitis B and haemophilus influenzae type B. This is all thanks to the work of Dr. Hilleman and his colleagues, a remarkable series of accomplishments.

What we found over the years was that the price of vaccines came to be only a tiny factor in ensuring that they reached the people who needed them. For example, according to the WHO, UNICEF and the World Bank, in 2001, less than half the children in sub-Saharan Africa under the age of one were immunized against measles, yet the vaccine cost only 26 cents per dose including the cost of safe injection equipment - 26 cents per dose for life-long immunization. So prices for vaccines in the developing world aren't prohibitive in any way, and there are incredibly good products available, yet immunization rates remained unacceptably low. (In Mali, for example, only 68% of children are being vaccinated against measles, and in Kenya, only 72%, and worldwide more than 500,000 children still die of measles every year.)

In recent years, the Global Alliance for Vaccines and Immunization, together with the Vaccine Fund, has provided significant new resources for financing national immunization programs. But it also remains important to work on the other elements of access - the health system infrastructure and trained healthcare workers in particular - to assure improved levels of immunization. That's why Merck felt we could do something more to help, which led us to begin a new initiative in 2003, called the Merck Vaccine Network - Africa (MVN-A), designed to contribute to improving the immunization infrastructure in Africa.

The multi-year program will fund the establishment of a network of vaccination training centers at academic institutions in Kenya and Mali to provide a sustainable source of skilled healthcare workers in those countries and across the region. This model will support a vaccination delivery and management infrastructure in areas where there remains a shortage of basic healthcare. Merck has chosen to focus its efforts on Africa

because the continent bears the highest per capita burden of vaccine-preventable disease in the world.

Let me turn briefly to the other major point that I wanted to make, namely, the importance of public/private partnerships in addressing the MDGs. Kofi Annan once observed that the world faces an increasing number of "problems without passports," which will require all of our efforts to solve. In an increasingly globalizing world, health is everybody's business.

Given these challenges, it is important to find common ground in defining and working together on sustainable solutions. Even if I develop great products for the developing world, without the right health system infrastructure or trained doctors and nurses to deliver care and treatment, those medicines and vaccines can't do their job. With our knowledge base as a profit-making organization, there are ways in which we can apply our skills within public/private partnerships to help developing countries achieve results.

The most ambitious public/private partnership in which Merck participates is the African Comprehensive HIV/AIDS Partnership in Botswana, a collaboration among the Government of Botswana, the Bill & Melinda Gates Foundation and Merck designed to help Botswana transform their approach to the HIV epidemic across the spectrum of prevention, care, treatment and support. Merck and the Gates Foundation have each committed \$50 million over five years to help Botswana implement its comprehensive national HIV/AIDS strategy. In addition, Merck is donating its HIV medicines, CRIVAN and STOCRIN for the duration of the project. This project, begun in mid-2000, is making remarkable progress, in a country that has one of the highest adult HIV prevalence rates in the world. As President Festus Mogae has pointed out, Botswana's very survival depends on its ability to successfully meet its AIDS crisis.

We decided to run this collaboration just as we would run a subsidiary – a business model – with clearly defined objectives and performance plans. (In fact, the first Project Leader had been the head of the Merck subsidiary in South Africa.) The results have been impressive to date. To give you just one example, the government's MASA treatment program already reaches more than 36,000 patients, half of those in need of treatment - and we are adding close to 2000 patients every month! This makes it the largest treatment program in Africa. And according to the WHO, this places Botswana at the top of the league table among countries in Africa.

Finally, let me turn to some of the lessons learned from our experience in global health partnerships. Companies are responding to pressing social needs in ways that reinforce the efforts of governments and civil society. Public/private partnerships offer an important mechanism to contribute more. As the examples I've cited - MECTIZAN, vaccines, Botswana - show, it is possible to achieve tremendous success by bringing the complementary expertise and resources of the public and private sectors together.

Another example would be the work that Anglo-American, Coca-Cola, Daimler Chrysler, Exxon Mobil, Heineken and other multinationals are doing in Africa to try to extend their workplace programs on HIV/AIDS to surrounding communities. The towns in which these companies have their plants often have better healthcare infrastructure than others in the region. The private sector understands that investing in the health of their workers makes good economic sense. Now the Global Fund to Fight AIDS, TB and Malaria is pursuing a

new agenda of "co-investment," building on the capabilities of private sector companies to bring healthcare to a far broader population base.

What I'm trying to say is that the private sector has an important role to play in addressing these issues. As a pharmaceutical company, our role includes both partnerships and continued efforts to discover and develop new medicines and vaccines. (At Merck, we have a nearly 20-year commitment to find a safe and effective HIV vaccine, and earlier this year we began phase II trials of a promising candidate.)

And in terms of partnerships, each and every company can use its business model and skill sets in project management, or logistics, or information management, etc., to help educate developing country partners on how to make a major difference in improving health for development.

Earlier I noted Kofi Annan's observation about "problems without passports." He went on to say that to solve them we need "blueprints without borders." We need to find the best solutions and scale them up across borders, across sectors, and through collaboration and cooperation among all stakeholders. Progress is possible - and there have been encouraging developments in recent years with respect to dealing effectively with HIV/AIDS and other critical health issues in the developing world. Continued partnerships allow us to build on this momentum, a point to which President Mogae of Botswana alluded when he observed that "the reason the eyes of the world are on Botswana ... has to do with hope and not despair." As he suggests, finding ways to work together, drawing on the ingenuity and commitment of all stakeholders, offers the best hope for those living with HIV/AIDS and other infectious diseases and a sure path toward meeting the ambitious targets of the Millennium Development Goals.