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Bringing generic medicine production to Afghanistan: The Business Humanitarian Forum's cooperative project with the European Generic medicines Association

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Abstract The Business Humanitarian Forum (BHF), an international non-profit association based in Geneva, has collaborated with the European Generic medicines Association (EGA) and several companies to donate the machinery needed for the establishment of an Afghan-owned private sector generic medicines factory in Kabul. The new facility will supply much-needed medicines for the Afghan health system, which has been decimated by 20 years of war and mismanagement under Taliban rule.

The project is a good example of how the private sector can contribute to postconflict reconstruction or economic development in poor countries, by supplying expertise, surplus equipment and management assistance to local entrepreneurs. This effort can be especially useful when it aims to meet a recognised humanitarian need in the country concerned.

Keywords: *generic medicines, postconflict reconstruction, Afghanistan, Business Humanitarian Forum, private sector reconstruction, public-private cooperation*

INTRODUCTION

The Business Humanitarian Forum (BHF), an international Geneva-based, non-profit association, has developed a model for public - private cooperation on specific development projects which can make an important contribution to restarting the economies of postconflict societies. Based on this model, the BHF joined with the European Generic medicines Association (EGA) in 2001 to sponsor the creation of a locally-owned generic medicines production company in Afghanistan. Other partners in this venture include the United Nations Development Programme (UNDP) and DHL, the express delivery company. The Afghan entrepreneur who will head the new company is Dr Karim Baz, a medical doctor resident in Kabul.

The project is fully in line with the UN's objective to 'jump start the private sector', as a key element of postconflict reconstruction.¹ When completed, the new factory outside of Kabul will employ ten to 15 trained Afghan technicians plus another 50 Afghan workers and will produce 300 million to 400 million direct-compression tablets per year for the seriously undersupplied medicines market in and around Kabul. Initially, it will produce widely used basic medicines such as analgesics, antibiotics and antituberculosis drugs. The product range will later be expanded up to a range of 16 medicines identified as essential by the World Health Organization (WHO).²

Projects developed on the BHF model identify urgent humanitarian needs in postconflict situations or in very poor countries, take advantage of corporate philanthropy and interest in social responsibility, recruit local investors to establish sustainable local ownership and make use of the credibility of UN organisations and the interest of local authorities to see early economic regeneration.

The BHF model draws particularly on the technical expertise and specialised resources of the business sector, and brings them to bear where they are needed most. The BHF itself adds a lot of hard work - finding, selecting and recruiting private sector contributors; putting together project proposals; negotiating partnering agreements and other necessary documentation; finding necessary funding; stimulating interest and providing a continuing catalyst for success; and managing the overall development of the project.

The BHF works in harmony with the UN's Global Compact. The results of its projects are sustainable local jobs, local ownership, badly needed locally produced goods, local economic regeneration, local models of corporate responsibility and perhaps most important of all - hope that a better future is possible, in places where that hope has not previously existed.

The BHF was established in 1999, at a round-table discussion in Geneva among a group of senior business and humanitarian leaders, including Sadako Ogata, Cornelio Sommaruga, John Whitehead, George Russell, Peter Bell and Robert Zoellick. UN Secretary General Kofi Annan encouraged the group to pursue the matter, since 'expanding markets and human security and well-being go hand in hand'. The organisation has for several years been calling attention to the need for greater business involvement in humanitarian work and the positive potential of partnerships between businesses and international organisations.

The support of the private sector is important for humanitarian work because the world's humanitarian problems are growing, while the public resources for dealing with them are declining - a trend which is likely to continue.³ At the same time, the private sector has vast resources, energy and creativity, and can make a significant difference in addressing these problems. Making this happen is one of the great challenges of the 21st century, and requires dynamic and innovative approaches.⁴

Business already plays an important role in humanitarian work, through corporate philanthropy donations, direct support for specific humanitarian programmes and the many foundations which fund humanitarian work and which have been established by successful business people. So the challenge of attracting business support for humanitarian work is not so much a matter of convincing businesses that they need to play a role, but rather of encouraging greater involvement; guiding this involvement in the most constructive directions; demonstrating alignment with business objectives; and perhaps most importantly - facilitating the support so that it is not difficult or risky for companies. The aim must be to make humanitarian support very simple for a company, so that it can do something which is clearly worthwhile, aligned with the company's business objectives, limited in scope and easy to do.

Observing the situation in postconflict Kosovo, the BHF concluded that a great deal of effort had to be put into attracting businesses to invest in specific commercial projects as early as possible after the end of a conflict. Such investment is the key to getting economic life stirring again and to providing jobs and income, as well as some measure of hope that life will improve.⁵ Early investment of this kind can reduce the overall expense of emergency assistance and help to ensure a sustainable peace. Indeed, allocating some funding for the development of investment projects would probably bring about economies in overall spending for postconflict recovery.

But businesses are hesitant to invest immediately after conflicts because of the uncertainties inherent in postconflict situations - general instability; a lack of security; absence of many normal services such as banking, communications and insurance; and the

prospective difficulties in earning a fair profit. The BHF concept of cooperative projects reduces the risks for companies while drawing on their resources and expertise.

The international community seeks to improve postconflict situations by assisting the country concerned to re-establish framework conditions in which business and other aspects of economic life can function normally. This, of course, is extremely important as a general basis for individual business operations. But entrepreneurs focus above all on specific business opportunities that fit their business model, and unless they find, and are attracted to, such opportunities, they will not invest. They can be engaged in projects within their scope of activity and that are aligned with their general business interests, however, if there is some motivation and some assistance.

With this background in mind, the BHF has sought to bring together business representatives and specific challenges which may interest them. After the Afghan conflict, in late 2001, the BHF gathered its informal contact group of representatives from humanitarian organisations - both international and nongovernmental - to ask how it could help them to face the task of postconflict reconstruction in Afghanistan. The unanimous answer of the humanitarian organisations was that they would benefit from informal dialogue sessions with representatives from business sectors that could contribute to the reconstruction effort. The reasoning, objectives and considerations of business people are quite different from the logic followed by international civil servants, and dialogue between the two groups can be very fruitful.

Since that time, the BHF has brought individual representatives of the pharmaceutical, medical, building, electricity, water and flour milling business sectors to Geneva for focused, off the record brainstorming meetings on the problems of regenerating activities in these sectors in the current Afghan context. These business representatives have been from small, medium and large companies, both from Afghanistan and from industrialised countries, some with prior commercial interests in the area, others without. From almost every one of these sessions, the BHF has developed a specific public - private economic development project concept.

At one of the first of these meetings, the BHF invited the WHO to make a presentation on the availability of medicines in Afghanistan. A WHO staff doctor who had just returned from Afghanistan gave a presentation, including pictures of the empty central warehouse in Kabul where medical supplies were stored for dispersal throughout the country.⁶ In view of the remote nature of much of Afghanistan, the central government maintains dispensaries in many rural areas and supplies medicines for use in local communities.

The WHO presentation on this occasion was particularly striking; there were simply no stocks of medicines available for the medical dispensary system in Afghanistan. Years of inactivity, and the general deterioration of the medical supply system under Taliban rule, had left the system in virtual abandonment. The BHF set out to interest the pharmaceutical industry in this problem.

The BHF's contacts in the pharmaceutical industry all identified the Afghanistan problem as one requiring supplies of generic medicines. These were being brought in by international aid agencies, which were using them in their own facilities in the country. But the BHF perceived the problem more as one of enabling Afghans to deal with the shortage on their own, rather than simply one of supply. The Afghans needed to have the capacity to produce their own generic medicines, in Afghanistan.

On the suggestion of several of BHF's regular contacts, the organisation invited Rory O'Riordan - CEO of Clonmel, an Irish generic medicines company, and then-Chairman of the EGA, which groups together all generic medicines production companies doing business in Europe - to Geneva.⁷ The EGA is based in Brussels and had recently started a programme entitled 'Access to Medicines', the objectives of which fit well with what the BHF had in mind.

During informal brainstorming at the time of his visit to Geneva in 2002, O'Riordan indicated that many generic medicines companies had recently replaced their production machinery with computer-controlled machines, and that the replaced machinery was still in good condition and in storage. The idea of using this machinery as the central donation to make possible the creation of an Afghan production facility was hatched.

The EGA later confirmed its offer to donate surplus manufacturing equipment for the Afghanistan project, and added that it would train Afghan technicians in European generic medicines plants at no cost, so that they would be able to operate the equipment effectively. Surplus machinery is usually kept in storage, requiring the owner to pay ongoing warehousing costs, so using it as a charitable donation has advantages also for the owner. The EGA will also supply the ingredients for the most-needed medicines, free of charge, for a year. Later, the EGA volunteered to supply some medicine stocks even before completion of the manufacturing plant, in order to develop supply patterns.

The BHF asked the Afghan Ministry of Health to identify a number of Afghans who were medical professionals, had impeccable backgrounds and who would be interested in leading a project of this kind. After considerable research, BHF identified Dr Karim Baz as the central investor/ entrepreneur for this purpose. Dr Baz, a respected figure with a medical practice of his own, would make a substantial personal investment in the project. The factory was to be built by a local Afghan construction company.

A central problem was to locate and purchase land for the project, but this was accomplished with the understanding and support of the Mayor of Kabul, who met with BHF in Geneva to receive a briefing on the project. The cornerstone of the building was laid on 7th June, 2004, with the participation of the Afghan Minister of Health, Dr Suheila Siddiq, one of the few women in the Afghan government.

Another problem was how to manage the delivery of the manufacturing equipment to Kabul. The equipment was located in a warehouse in New Jersey, and needed to be transported from the East Coast of the USA by ship to the United Arab Emirates, to be stored until it could be sent by giant Antonov cargo planes to Kabul. Delivery had to be timed so that it would arrive in Kabul only when the factory building was complete and ready to receive the machinery. BHF approached its contacts at DHL, the express delivery company owned by Deutsche Post, asking if they would undertake responsibility for the delivery. DHL responded positively, although the challenges inherent in such an undertaking are considerable, especially in view of the size and weight of the donated equipment. Deutsche Post actively engaged in an effort to obtain the funds needed to pay for such a substantial shipment.

At the time of writing this paper, the medicines factory was under construction in Kabul, and the equipment was being packed for shipment from the USA for delivery to Kabul at a later date.

Following the initiation of the generic medicines project, which has received considerable favourable publicity, the BHF was approached for a number of similar development concepts. Each of these is on its own track, and, as is normal in business, is

being shaped according to its own specific factors.

The development pipeline is now full of such projects, but BHF continues to identify new possibilities. The recognised pilot project, however, remains the generic medicines facility. It is likely to be the first to actually reach the production stage, and will play an important role in fulfilling the country's desperate need for medicines of all kinds.

As these projects have developed, BHF has found itself loaded with more project development work than it can handle. The organisation was not conceived with the idea that it would do the work of identifying and bringing together business partners, negotiating agreements among them, writing business plans, concluding multipartner agreements and lobbying host governments for support, but these, and many related functions, are what the BHF has found itself doing as this type of activity has caught on. The organisation is seeking additional funding and personnel to deal with the increased workload occasioned by these initiatives.

A factor in the development of these projects has been that the international system cannot easily react quickly to such innovative efforts. Since these projects do not fit existing patterns of development assistance, they meet bureaucratic resistance, procedural obstacles and competing priorities. Success in business demands sharply focused interest, decisiveness and quick action, but international organisations and governments work in generalities, take the broad view of development and have ponderous decision-making structures. Also, unless funding was foreseen in the previous year, there is normally no money in an organisation's budget for something new.

The BHF in particular could rapidly expand its operations and, therefore, the number of projects it can handle, if it had access to additional funding. The BHF model can be replicated anywhere, provided that there are companies willing to make a contribution; local entrepreneurs and investors; international organisations present on the ground and willing to cooperate; and supportive local authorities. BHF is currently discussing possibilities for projects in Africa, the Balkans and elsewhere.

The BHF has also offered to provide training - brief courses or training modules which can be fitted into existing courses - to orientate civil servants and business people toward more effective cooperation. Such training could be inserted into a number of institutions and courses that currently deal with related issues, and could help to overcome attitudinal obstacles to public - private cooperation. There has been a great deal of interest in these possibilities, as there has been in the innovative BHF model for business contributions to reconstruction.

With the UN turning increasingly toward the concept of public - private cooperation to harness the resources, energy and creativity of the private sector, the BHF concept comes at an opportune time. If it is applied broadly, creatively and effectively, it can help to ensure rapid postconflict reconstruction that is less expensive and more stable.

In May 2004, the first annual Business Humanitarian Award was presented to Rory O'Riordan in Geneva, in recognition of his leading effort in putting together the Afghan generic medicines project. More information on BHF is available at www.bhforum.org.

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