



Case Study - MeTA Philippines

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<p>Title: RECOGNIZING BEST PRACTICES IN TRANSPARENCY AND GOVERNANCE THROUGH THE NATIONAL AWARDS FOR GOOD GOVERNANCE IN MEDICINES (GGM) IN THE PHILIPPINES</p>	<p>Date: JANUARY 2010</p>
<p>Personnel involved: WORLD HEALTH ORGANIZATION (WHO) DEPARTMENT OF HEALTH (DOH) MeTA COUNCIL – PHILIPPINES</p>	<p>Location: PHILIPPINES</p>

Country context:

Republic Act No. 7160 (otherwise known as the Local Government Code of the Philippines) has devolved the delivery of health services to local government units (LGUs), with each of the estimated 80 provinces, 1500 municipalities, and 42,000 *barangays* managing its own medicines supply chain from selection, procurement, distribution and use. While LGU spending is continuously increasing and more than half of budgets spent on public health programs, the cost-effectiveness of such expenditures must be assessed and further improved.

A study commissioned by the WHO in 2006 revealed that, of the total health budget, the allocation for medicines is very minimal, ranging from .08% in the case of one 6th class municipality to 10% for a major city. The procurement cycle is anywhere from 2 to 18 months, raising concerns about the evident lack of essential medicines when they are needed.

Prices of medicines in the Philippines, according to a 2006 conducted by Health Action International in conjunction with the WHO, are anywhere from 3.4 to 184 times higher than international reference prices. The availability of core essential medicines is only 11.5% in the public sector, and 15% in the private sector.

Problem identification:

Experts estimate that 10-25% of global spending on public procurement of medicines is lost to corruption. Transparency International claims that, in some countries, up to 2/3 of medicine supplies are vulnerable to fraud.

In the Philippines, the devolution of health services and decentralized procurement have led many to raise concerns about high transaction costs resulting from inefficient volumes and a disorganized demand sector. At the LGU level, and in private health facilities as well, the challenge is to institutionalize transparency, accountability and good governance in the medicines supply chain in terms of selection, rational use, allocation and financing. Funds misappropriation and poor management have compromised access to medicines.

The problems were largely attributed to systemic inefficiencies. Therefore, there was need for a

sustained program that would build a system of governance that will reduce vulnerability to corruption, set up processes and structures that will be implemented and replicated where appropriate, and translate these initiatives into tangible outcomes such as improved access to medicines.

MeTA's intervention:

The Philippines, through the Department of Health (DOH), is one among several countries that has progressed the implementation of a *Good Governance in Medicines (GGM) Program*, in collaboration with the WHO.

The primary goal of the GGM program is to “*reduce corruption and improve the system of governance along the medicines supply chain, primarily through the application of transparent, accountable, administrative procedures and the promotion of ethical practices among health professionals.*” The GGM program also aims to reduce the proliferation of counterfeit and substandard medicines, as well as improve the transparency, trust and credibility of institutions involved in the entire supply chain.

A key program component is the *National Good Governance in Medicines (GGM) Awards*, an innovation introduced in the Philippines, to positively influence procuring entities to work towards improving governance.

MeTA Philippines actively supported the WHO and DOH in launching the 1st National GGM Awards in January 2010, with then Vice Chairman Roberto M. Pagdanganan heading the Technical Working Group (TWG) which included other MeTA Council members (Ms. Normita D. Leyesa, Ms. Cecilia C. Sison) and Country Program Coordinator, Dr. Erwin D. Abueva. The Board of Judges, chaired by then MeTA Chairman Alberto G. Romualdez, Jr., was likewise composed of members of the MeTA Council namely Dr. Soe Nyunt-U (WHO Country Office), Dr. Rey Melchor Santos (Philippine Medical Association), and Sec. Roberto M. Pagdanganan (who represented MeTA and the TWG).

The GGM Awards are a means to (1) promote systems and develop structures for transparency; (2) develop tools to measure transparency, (3) recognize best practices in governance, (4) provide incentives, and (5) build models to duplicate.

The Awards were given in three (3) categories: (a) local government units, (b) national health facilities including hospitals retained by the DOH, any specialized publicly-run hospitals, and government agencies, (c) privately operated outlets, CSOs or NGOs.

Outputs:

The Awards were open to three (3) categories of health providers: (a) local government units, (b) national health facilities including hospitals retained by the DOH, any specialized publicly-run hospitals, and government agencies, (c) privately operated outlets, CSOs or NGOs.

A total of twelve (12) finalists underwent a rigorous assessment process, and were evaluated on the basis of a set of criteria and indicators that are identified in the WHO GGM Assessment Tool. The Evaluation Team looked at whether minimum structural and system requirements were in place, and to assessed how compliant the finalists were with acceptable standards in every step of the supply chain, ensuring better health outcomes for its constituents.

The Evaluation Team visited each of the contestants over a span of many months to collate information on current practices and systems. Through the “*socialization approach*”, contestants benefited from the recommendations made by the Evaluation Team to further improve existing systems, and then allowed to actualize these recommendations before a second evaluation was made.

The top cash prizes for the GGM Awards were not given to any of the qualified candidates. The

TWG, together with the Board of Judges, determined that the minimum standards identified in the *WHO Assessment Tool* were not fully met by any of the contestants, and therefore decided that none of the organizations vying for the awards deserved the top prizes.

This decision, however, did not diminish the significance of the Awards. There was recognition of best practices among LGUs and DOH hospitals that could be replicated in other health facilities, and used as models upon which to design programs for good governance and management of medicine supply chains.

Impact and significance:

The GGM Awards were given for the first time in the Philippines to recognize best practices in transparency and good governance along the registration, regulation, selection and use, procurement and over-all management of medicines supply in the public and private sector. Through the Awards, it was intended for models to be identified through which to improve and sustain access to medicines.

Through a system of incentives, public and private health facilities will be encouraged to institutionalize good governance practices and transparency in the medicines supply chain. While more attention has been directed towards improving procurement and distribution in the public sector, it is recognized that efforts must also be focused on assisting privately-owned and operated health facilities in replicating models that ensure improved access to quality medicines that are reasonably priced and within the reach of patients and consumers.

The WHO Assessment Tool identifies standards in several core areas, namely (1) minimum structural and systems requirements, (2) transparency and good governance indicators, (3) criteria for medicines selection, (4) procurement, (5) regulation, (6) financing, (7) quality, (8) rational use, and (9) ethical promotions and practices especially for the private sector. By using the said assessment tool which requires compliance with all minimum standards in the core areas, health facilities will recognize the need for good management over the entire supply chain, not merely in selected areas to the detriment of others.

What lessons can be drawn from this experience?

Some significant lessons can be drawn from implementation of the program. These include the following:

1. There is an evident need to curb corruption and improve the system of governance along the supply chain, primarily through the application of transparent procedures and the promotion of ethical practices among health professionals.
2. It is important to improve the trust and credibility of health institutions. This can be achieved by ensuring compliance with transparency, accountability and governance standards and indicators.
3. Many governance problems are the result of systemic inefficiencies. There is a need, therefore, to work on building processes and structures that will allow the health facilities to sustain efforts over the long term, not mere stop-gap measures, that will address these systemic problems.
4. There are good practices and innovative programs that can be replicated to improve access to medicines especially at the LGU level.
5. To improve overall access to medicines, it will not be enough to comply with minimum standards in some of the core areas. It will be necessary to address the full range of issues and concerns if long-term solutions to the access to medicines problem are to be implemented.

[Links to useful publications/websites/contact details of key people involved etc.](#)

Study on the Impact of Decentralization on the Access of Essential Medicines, Social Development Research Center, De La Salle University, 2006

Batangan, D., The Prices People Have to Pay for Medicines in the Philippines, WHO/HAI, 2006

The First Philippines National Awards for Good Governance in Medicines Primer