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The Search for M&A Fair Value

Auto Industry • Intelligent Transport • Battling Disease



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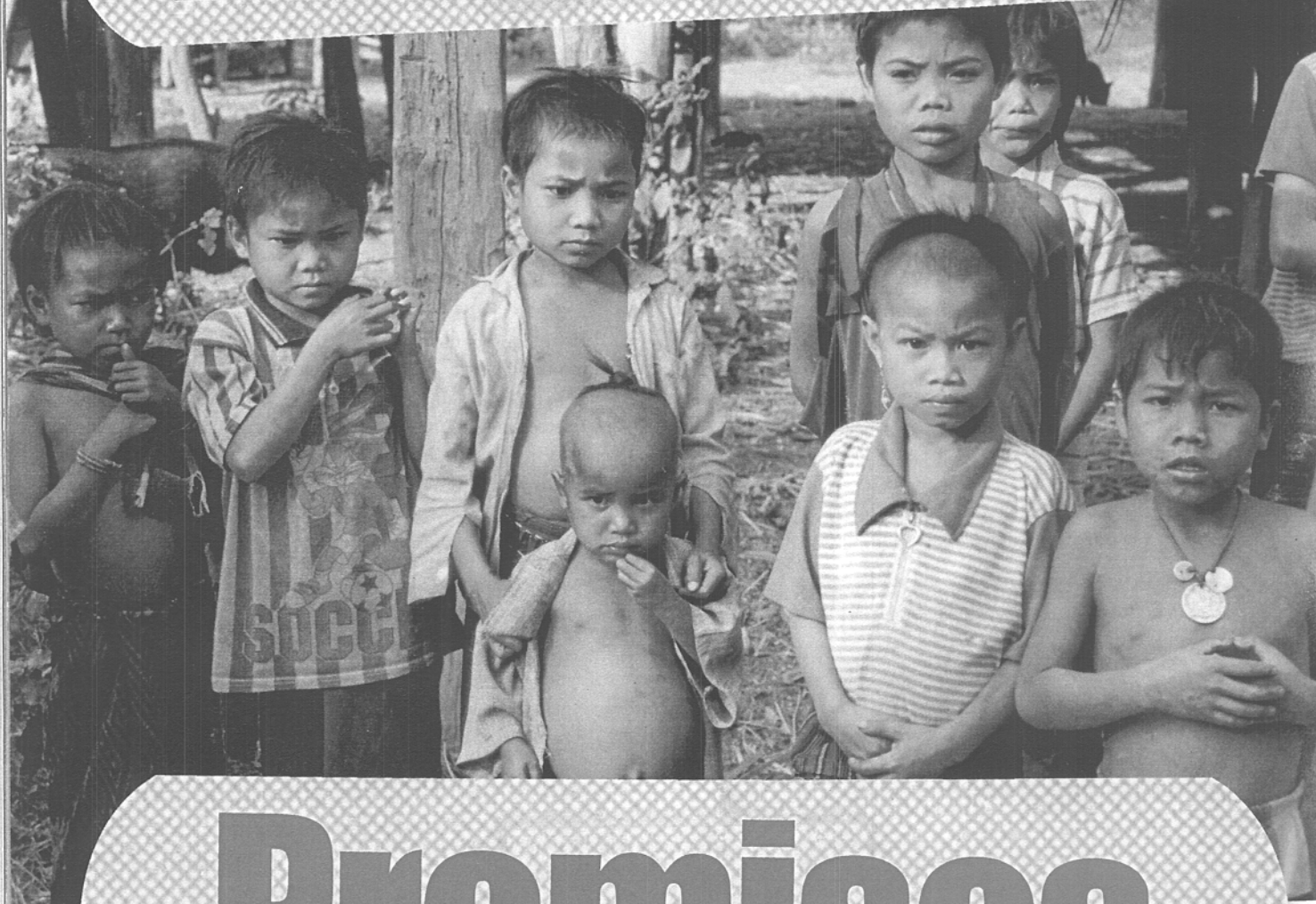
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Promises,



Promises

From pledges to action: Will the rich nations fulfill their commitments to invest in infectious-disease control?

By Myles F. Elledge

Che Nguyen is a bedridden malaria patient, in a dreary ward filled with 15 other malaria patients, at a district hospital in Vietnam's central highlands. "Health is

number one because if you are ill you cannot work or care for family," she remarks sadly.

Multiply that by hundreds of millions. Among the leading infectious-disease problems, malaria remains a significant threat to

the livelihood of 40% of the world's population. It is truly a problem of global proportions. But it is only one of them.

Infectious diseases like malaria are back in the headlines. In December of last year,

leaders from the G8 industrialized nations affirmed programmatic support to address this issue at the Okinawa International Conference on Infectious Diseases. This high-level political forum on such key challenges in the health sector followed closely the July 2000 G8 Summit in Okinawa, where leaders of the eight major industrialized democracies had pledged support for a number of priority issues facing international development policymakers. Italy, as host for the Genoa G8 Summit from July 20 through 22 of this year, will also have overseen further discussions on the Okinawa Infectious Disease Initiative (IDI).

IDI focuses on combating HIV/AIDS, tuberculosis (TB), malaria and related parasitic diseases, as well as polio. This partnership agreement marks a renewed recognition of the importance and threat of infectious diseases. It aims to facilitate action for poverty reduction and human security through better control of infectious disease, and by reducing the illness and premature mortality suffered by the poorest around the world. In particular, G8 leaders identified quantitative targets on infectious diseases:

- Reduce the number of HIV/AIDS infected young people by 25% by 2010.
- Reduce TB deaths and prevalence of the disease by 50% by 2010.
- Reduce the burden of disease associated with malaria by 50% by 2010.

Communicable diseases are responsible for 60% of the total disease burden in developing countries. Infectious and parasitic diseases are a matter not only of health, but also of economic development, particularly for the world's lowest-income countries. Prevention and treatment programs are central to breaking the cycle of poor health and poverty for individuals and their communities.

The Okinawa IDI focuses primarily on the three largest concerns (i.e., HIV/AIDS, TB and malaria). These diseases have a clear social as well as economic impact. In countries where 10% of the population is affected by HIV/AIDS, an estimated 1% of gross domestic product (GDP) per year will be lost. Malaria, too, continues to undermine economic performance, diminishing potential annual growth by up to 1%. The economic costs related to TB could add up to more than \$12 billion annually.

Infectious and parasitic diseases are now the world's major killers of children and young

adults, causing more than 13 million deaths a year. The following statistics spell out the alarming numbers for the three major diseases:

HIV/AIDS. According to UNAIDS (Joint United Nations Programme on HIV/AIDS), the number of people living with HIV/AIDS worldwide is estimated at 40 million as of last year. An estimated 19 million people have died of AIDS. The majority of AIDS cases are in developing countries, notably in Africa.

Tuberculosis. TB is the world's most common re-emerging infectious disease. One-third of the global population is infected with TB, with the majority of the population in Asia and other developing countries. Twenty-two countries together account for 80% of the global TB burden. According to WHO (World Health Organization), eight million people develop active TB every year. TB is taking the lives of more than two million people annually.

Malaria. WHO reports that almost 300 million clinical cases of malaria occur worldwide each year, and more than one million people die. Most of these deaths are concentrated in Africa. Thousands of days of productive work are lost each year due to malaria in Asia, Africa and Latin America.

Together, the human and economic costs are tremendous.

In 2000, the U.S. intelligence community completed a major study on AIDS and infectious disease for the Clinton administration. The study's leaders emphasized that HIV/AIDS is the most serious health threat in recorded history and that infectious diseases may have a massive impact on economic development and social stability in many countries. This will undoubtedly lead to serious foreign-policy consequences for the U.S. (Inter Press Service, May 2001).

Following the July 2000 Okinawa meetings, WHO Director General Dr. Gro Harlem Brundtland noted that HIV/AIDS, malaria and TB are major causes of poverty. Dr. Brundtland also declared that "the success or failure of our collective response to these threats holds the key to the economic security not just of individuals and communities, but also of nations and continents" (*Reuters Health*, 2000).

Measuring the Burden

The Global Burden of Disease (GBD) study in 1990 was a major landmark in the development and analysis of summary measures of population health. The GBD study group developed a new system to assess fatal and nonfatal health outcomes—the disability-adjusted life-year (DALY)—making it possible to estimate the burden of major diseases, injuries, and risk factors in eight regions of the world, and in many counties and county clusters in the U.S.

The DALY measures the gap between the actual health of a population and a hypothetical norm: namely, a life expectancy of 82.5 years for women and 80 years for men. DALYs for a disease or health condition are calculated as the sum of the years of life lost due to premature mortality in the population and the years of life lost due to disability.

The DALY measure has been used by WHO, which publishes regular updates on the GBD as a statistical annex to the World Health Report; and several countries, including the U.S., have developed national burden of disease estimates. These global, regional and national assessments are useful for comparing the distribution of the burden of disease, quantifying the impact of major risk factors on health and making projections about future disease burdens. They also provide the denominator for comparisons of cost-effectiveness of a wide array of preventive, palliative and curative health interventions, and for setting priorities for health research.

Source: *The Journal of the American Medical Association*, February 7, 2001



Collective international leadership has rallied around the need to battle infectious disease and has defined a series of disease reduction goals for 2010. A number of organizations will be involved in addition to WHO and the UN, and there will be multilateral support from Canada, France, Germany, Italy, Japan, Russia, the UK and the U.S., as well as the European Commission.

Funding targets

Japan took a leadership role at the July 2000 G8 Okinawa Summit by pledging \$3 billion to IDI over the next five years. This commitment led directly to Japan hosting the infectious disease meeting in Okinawa the following December.

These important steps bring global recognition to Japan's ODA (official development assistance) program and contribute to Japanese efforts to retain a visible human face on the world's largest bilateral assistance program. If translated into programmatic steps, Japanese aid and contribution to trust funds at international organizations like the UN and the World Bank will see rapid increases in the next three years.

"This is an important initiative," says Dr. Constance Carrino, counselor for development cooperation with the U.S. Agency for International Development (USAID) in Tokyo. "There will likely be opportunities for U.S. firms and non-governmental organizations (NGOs) through trust fund programs that will emerge from infectious disease initiatives from Japan, the U.S. and other international partners." Dr. Carrino points out that, although the

agreement is global, the tracking opportunities will call for organizations to focus on country-level activities.

The Okinawa IDI is more comprehensive than previous Japanese ODA health initiatives. Japan's 1999-2000 population, health and nutrition programming budget has been at approximately \$400 million per year. Okinawa IDI, on the other hand, is global and multifaceted in potential avenues for funding. Tim Meinke, USAID advisor to the U.S.-Japan Common Agenda, notes that "this agreement may repre-

Communicable diseases are responsible for 60% of the total disease burden in developing countries.

sent to some degree a policy shift, as well as an increase in Japan's commitment to the health sector."

As a global leader in population and health-sector development programs, the U.S. also plays a key role as an international donor. The Clinton administration late last year passed the Global AIDS and Tuberculosis Relief Act, which authorizes new prevention and treatment programs. President George W. Bush has committed further to a global fund to fight infectious disease. He has slated \$200 million or more in grants for prevention, treatment and care.

These commitments by Japan and the U.S. alone represent significant new funding for HIV/AIDS, TB and malaria program interventions. The European Union, as well as other donors from G8 member countries, are also being asked to come forward with

new commitments. UN Secretary-General Kofi Annan has suggested that the global fund to fight HIV/AIDS and other infectious diseases will need between \$7 billion and \$10 billion annually to mount a comprehensive assault.

Supporting new global partnerships

The underuse of antibiotics in the developing world and their overuse in the developed world are resulting in strains of viruses that are resistant to standard antibiotics. A recent WHO report indicated that "almost all infectious diseases are slowly but surely becoming resistant to existing medicines." Thus, an important dimension of the Okinawa initiative is to support such public-private partnerships as the Global Alliance for Vaccine and

Immunization (GAVI) and the International AIDS Vaccine Initiative (IAVI). As one Japanese aid official suggested, "Getting Japan more involved in these international public-private partnerships may be one very visible benefit of the Okinawa IDI."

At the global level, partnerships between research institutions, industry and academia are required for the development of new infectious-disease prevention strategies, for improving the affordability of drugs and for enhancing international commitment.

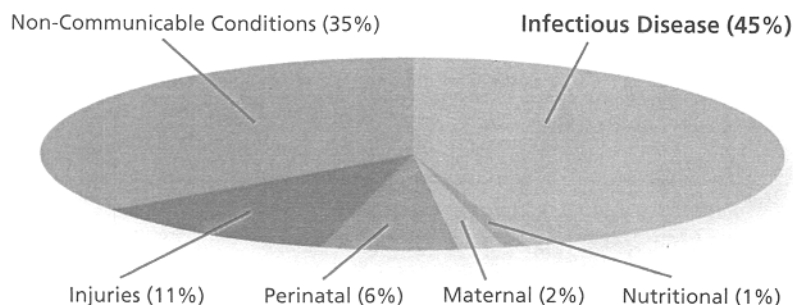
An encouraging sign at the Okinawa meetings was the presence of private-sector members of the pharmaceutical industry—such as Merck & Co., the International Federation of Pharmaceutical Manufacturers Associations (IFPMA) and Japan's Pharmaceutical Manufacturers Association (JPMA).

Dr. Harvey Bale, director general of the IFPMA, commented on the striking level of consensus among parties to the agreement. He noted that the global health community is expecting industry to continue efforts to finding new cures and vaccines against leading global diseases, particularly those afflicting people in developing countries. He emphasized the new substantial role of joint public-private partnerships, such as GAVI and the Medicines for Malaria Venture (MMV), to meet the cost of disease burdens.

Proponents of action on infectious diseases seek to highlight the fact that research and development in regard to the developing

Ravaged by Disease

Main Causes of Death in Low-Income Countries in Southeast Asia and Africa



Source: World Health Organization

world is at a standstill. While public-private partnerships seeking new drugs for TB and malaria may yield results one day, the current level of activity needs to be greatly accelerated. Of the 1,223 new drugs brought to market from 1975 to 1997, for example, only 13 are for the treatment of tropical diseases. In a time when the private sector has shifted resources to more lucrative "lifestyle" problems, such as baldness and obesity, governments need to fill the void and more aggressively mobilize public-private support. The international community, through such initiatives as the Okinawa IDI, must continue to push for public-sector research on diseases that the multinational drug industry has abandoned.

Awaiting action

To strengthen the efforts to achieve Japan's Okinawa IDI funding target, the Ministry of Foreign Affairs (MOFA) has asked the Ministry of Finance to establish a new grant-aid budget specifically allocated to infectious diseases, as one of the priority areas in the FY2001 budget. A general slowness in ODA planning, combined with Japanese domestic political uncertainty, has resulted in little noticeable action since Okinawa.

Nevertheless, there is some development in terms of small-scale programs. Japan has implemented infectious disease control

projects, which amount to about \$10 million, through the Trust Fund for Human Security, established by the UN to strengthen its support for NGO activities. Also, the network of NGOs that began consultations with MOFA under the Global Issues Initiative (GII) on Population & AIDS

Of the 1,223 new drugs brought to market from 1975 to 1997, only 13 are for the treatment of tropical diseases.

(FY1994-FY2000) has been expanded to include the infectious-disease interests. This forum is an important development in Japanese ODA programming, but NGOs remain minor players in overall development programming.

Osamu Kido, director general of JPMA, also participated in the Okinawa conference. One of his projects, in collaboration with the Ministry of Health, Labor and Welfare and WHO, is to develop new anti-malarial drugs—another example of the collaboration required to fulfill the promises of the Okinawa initiative. Enlarging the scale of this type of project and ramping up the international linkages to such initiatives, however, remain major challenges for Japan's aid policymakers.

The U.S. also has problems. Key agencies such as the State Department,

USAID, the Centers for Disease Control and Prevention, and the National Institute of Health are still wrestling with plans to fulfill the pledges made in Okinawa. A key State Department official involved in G8 programming states confidently that the process is moving well; priority countries of focus have emerged. However, it is clear that the definition of country-level activities is just beginning to move forward, as is the contracting of implementing partners.

In the Bush Administration's May announcement on infectious-disease programs, there is also a clear call for private-sector involvement in developing these new forums for shared research and development. The administration is appealing to corporations such as Northwest Airlines, ExxonMobil and others for direct contributions to the proposed global fund. It remains to be seen how much effort the Bush administration will invest and how effective it will be at gaining private commitments for infectious-disease initiatives.

A number of civil society organizations have also been vocal in pushing the policy-makers and pharmaceutical companies of developed nations to fund drug treatments (such as AIDS "cocktail" drugs) and to make drugs more affordable to health systems and patients in low-income countries. More broadly, a number of advocacy groups—such as Médecins Sans Frontières (MSF), the anti-AIDS group ACT UP and Africa Action—have been critical of WHO initiatives and G8-member action on infectious diseases. They have argued that the bar for monetary commitments has been set too low and that actions are far too slow in getting underway.

Meanwhile, unaware of G8 leadership pledges, Che Nguyen, the malaria patient in Vietnam, waits for help, along with her community, in meeting the daily challenges of infectious diseases. **I**

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Smiles in the Sahel, Africa: what the Infectious Disease Initiative is all about.