Corporate social responsibility strategies aimed at the developing world: perspectives from bioscience companies in the industrialised world

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Abstract: Bioscience companies have started to implement Corporate Social Responsibility (CSR) mechanisms aimed at the developing world because many companies feel they have a moral responsibility to give back to society instead of only focusing on profits. This research team went to the source and interviewed over 100 managers and executives of bioscience companies to uncover what ethical issues they face and what mechanisms they are using to address these issues. This paper reports on six CSR mechanisms that the companies studied are using to address global health problems in the developing world: (1) Drug Donation Programmes, (2) Pricing Strategies, (3) Building Local Health Capacity, (4) Public–Private Partnerships (PPPs), (5) Benefit Sharing and (6) Charitable Foundations. Each mechanism is described in detail with examples from the companies studied followed by a preliminary analysis of some cautions that should be considered before each mechanism is implemented. These empirically based mechanisms offer ideas and models from which other companies can learn.

Keywords: Corporate Social Responsibility (CSR); pharmaceutical/biotechnology/bioscience industries and companies; developing countries; ethical decision making; bioindustry ethics.

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1 Introduction

Suspicions around the actions and motives of western multinationals in the developing world are based on prolific examples of corporate scandals. For example, there is the well-known case of Royal Dutch/Shell that was allegedly involved with the Nigerian government in the killings of nine Ogoni activists who were protesting the oil company’s spoiling of their land (The Economist, 1995). The bioscience industry has not escaped this criticism either and pharmaceutical companies, in particular, are arguably one of the most targeted industries in the media today. According to the Harris Poll reported in the New York Times in 2004, “[n]o industry has fallen as far or as fast in the public esteem in recent years as the pharmaceutical industry” (Harris, 2004). Criticisms of pharmaceutical companies are often centred on their high profit margins, their unethical conduct in achieving their profits and their successful legal manoeuvrings and powerful lobbying to ensure long-lasting patent protection – a tactic to stifle competition and the potential for cheaper, more accessible and innovative advancements in patient care.

In early 2001, 40 pharmaceutical companies took the South African government to court to stop the government from enacting legislation that would allow the parallel importation of cheaper generic drugs (Sidley, 2001). In the wake of the HIV/AIDS crisis, the companies who were involved were highly criticised in the press and by activists and agencies for denying access to affordable Anti-Retrovirals (ARVs) and other related drugs to those in dire need. Biotechnology companies have also been the subject of negative press around their vigorous patenting strategies (Regalado, 2001) and how they collect biological samples from countries of the developing world (Scott, 2003).

According to the International Millennium Poll on Corporate Social Responsibility (CSR) performed by Environics (1999), many citizens worldwide now feel that companies should not only focus on profits, providing jobs and obeying the laws, but also on setting a high ethical standard and contributing to social initiatives. One approach to abate societal criticisms and contribute to social initiatives has been through CSR. Some companies are now implementing CSR mechanisms because the individuals managing these companies feel they have a moral responsibility to give back to the society in addition to running a profitable company.
The purpose of this paper is to characterise CSR mechanisms directed towards the developing world from the perspective of bioscience companies themselves. To our knowledge this is the first empirically based study that aims to develop taxonomies of mechanisms that companies are using to address ethical issues that they face. This analysis resulted in six CSR mechanisms directed towards the developing world (Box 1). These results will be of particular interest to managers in bioscience companies who can review their own practices against the mechanisms highlighted below. This paper begins with a brief review of the relevant literature on CSR, followed by the empirical descriptions of the CSR mechanisms we found in this study, and we conclude with a preliminary analysis describing some of the cautions and considerations that we feel should be taken into account before companies implement each mechanism.

Box 1 CSR mechanisms

1. Drug Donation Programmes
2. Pricing Strategies
3. Building Local Health Capacity
4. Public Private Partnerships
5. Benefit Sharing

2 Corporate social responsibility

CSR can be defined as the “extent to which companies should promote human rights, democracy, community improvement and sustainable development objectives throughout the world” (Hemingway and Maclagon, 2004). Using Smith (2003) as an example, much of the recent literature on CSR has focused on how to align a company’s strategy with its CSR approaches. An extension of this philosophy in the context of the developing world has been advanced by Prahalad and Hammond (2003). Although much of their discussion is centred on expanding a company’s business to the developing world (and not expanding CSR initiatives to the developing world), they are making the general argument that corporations are well suited to be solving big problems and that alleviating the world’s poverty is one of the biggest.

Outside the business literature, many organisations have written about CSR and have developed general guidelines for companies. Through the Global Compact and its ‘Ten Principles’, for example, the UN has been encouraging corporations to work together with government officials and civil society leaders to meet socio-economic needs of people around the world. Recently, the World Economic Forum (2005) has produced a report that calls for a greater role for business in the fight against poverty in the context of Public–Private Partnerships (PPPs). Some of these reports and initiatives are produced in consultation with companies, but what has been missing from the literature is a report on CSR approaches focused on the developing world that are based on in-depth discussions with companies.
2.1 Methods

The results in this paper are from a three-year, multicentre research project that set out to understand ethical decision making in the bioscience industry. Using qualitative research and the case study method (Stake, 2000), we have performed over 100 in-depth, face-to-face interviews with top managers and executives at 13 bioscience companies to understand the ways in which they address ethics. These companies were based in the USA, Canada and Europe and ranged from small biotechnology start-ups to large pharmaceutical multinationals. The individual company case studies were published as a book, *BioIndustry Ethics* (Finegold et al., 2005), where each case examined the company’s story in the context of their ethical issues and their approaches to addressing these ethical issues.

What was not covered in the book were the results from the cross-case comparison we performed that identified and compared the mechanisms being used by the bioscience companies to address their ethical issues (Mackie et al., 2006). A finding from this analysis is that several of the companies, particularly the larger ones, have invested time and money in a variety of CSR mechanisms to address global health problems in the developing world. Interviewees from these companies identified the growing disparities in health between industrialised and developing countries as an ethical issue they face. They explained that as a profitable pharmaceutical or biotechnology company, they have an obligation to help address these issues. Five of the thirteen companies we interviewed have adopted CSR mechanisms aimed at the developing world: Novo Nordisk – a Scandinavian pharmaceutical company focused on diabetes care, Merck – a large US pharmaceutical company, Diversa – a medium-sized biotechnology firm focused on bioprospecting, Monsanto – an agricultural technology company and Genzyme – a medium-sized company concentrating on orphan diseases.

3 CSR mechanisms

The following is a description of six non-mutually exclusive CSR mechanisms that have been used by these five companies to address the health challenges of the developing world.

3.1 Drug donation programmes

Donating drugs to countries in need is one of the most traditional strategies that pharmaceutical companies have used to contribute to the countries of the developing world. In response to this strategy, the World Health Organization (WHO) has established guidelines that companies ought to follow when donating drugs to ensure that the drugs are of high quality, are desired by the recipient country and that the donations do not result in additional burdens to the recipient country.

One of the oldest and largest drug donation programmes within a developing country is Merck’s Mectizan® Donation Program (MDP). In 1987, Merck decided to donate Mectizan in perpetuity to eliminate river blindness, a major public health problem in Africa and Latin America. Since the beginning of the programme, Merck has provided
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over 1 billion tablets of Mectizan targeting over 40 million people a year in 34 countries. In addition to providing the drug, Merck has developed and implemented a drug delivery infrastructure to ensure the drug is appropriately distributed down to the community level.7

Genzyme, a much younger company than Merck, also has a drug donation programme in several developing countries around the world. Because many of Genzyme’s drugs are for ultra-orphan diseases targeting small patient populations (fewer than 10,000 worldwide), their drugs are some of the most costly in the market. To recover high R&D costs from these small patient markets, Genzyme’s orphan drugs cost $150,000–200,000 a year per patient. Genzyme’s first objective is to get the drug reimbursed by the domestic government or a local health insurance system. Often this takes time so while this is occurring, Genzyme has teamed up with Project HOPE,8 a non-profit health education and humanitarian assistance organisation, to supply the drugs for free to patients around the world who do not have coverage. Genzyme then works with local funding agencies and governments to develop a sustainable payment plan for the country that at the same time satisfies their long-term profit needs.

3.2 Differential pricing strategies

Establishing a reduced pricing level rather than giving the drugs away for free is one way to encourage the recipients to value the drugs as they still must pay for them. Additionally, it is more likely that companies would be able to maintain a reduced pricing level for a longer time because the unit costs are still covered – unlike donations where the company pays for everything.

One of Novo Nordisk’s strategies to assist developing world countries is through their reduced pricing strategy. For the 50 Least Developed Countries (LDCs) as defined by the UN, Novo Nordisk offers to sell insulin at less than 20% of the price they charge in the developed countries. The company’s VP of Global Health Strategy and Innovation explained the importance of not simply giving the product away:

“We don’t give it away – if we did it would not have any value, and it would be against the sustainability principle. And it doesn’t respect the employees of this company who work hard to develop these products. But these poor people shouldn’t have to pay for part of new drugs [future R&D], but they should pay for the cost of that drug” (Finegold et al., 2005).

In 2004, Novo Nordisk sold insulin using this reduced pricing scheme to 33 LDCs. The company explained that in several cases the government has not responded to their offer because either there is no private wholesaler or other partner with whom Novo Nordisk can collaborate or because political or civil unrest make it unfeasible (Novo Nordisk Annual Report, 2004). The company realises that the price at which they sell the insulin to these countries may not be reflected in the price found on the shelves of pharmacies to be sold to the end consumer. Interviewees said that they try to work with governments to encourage the use of tenders, which they feel will increase the chance of the reduced price benefiting those who need it.

Reduced pricing policy is another mechanism that Merck has adopted to improve access to medicines in the developing world. Merck charges different amounts to different countries. For example, in 2001, the company decided to sell their two
HIV/AIDS medicines to the poorest developing countries that have been the most affected by the HIV pandemic at a non-profit level. The company plans to offer this pricing strategy not only to governments, but also to NGOs and charitable organisations in these countries.

3.3 Building local health capacity

Several of the companies we studied have gone beyond just donating drugs to investing in local health capacity in developing countries. To do so, companies work with a recipient country or local organisation to assess the need for increased infrastructure through several donation mechanisms. These include cash donations, donations of equipment and supplies, building health infrastructure and the training of health professionals in the developing world. The companies we interviewed describe this strategy as encouraging sustainable development rather than only giving the country drugs on which they can become dependant.

The primary focus of Novo Nordisk’s National Diabetes Programme is to help develop diabetes healthcare capacity and strategies in countries around the world. Before the programme got into full swing, Novo Nordisk studied the way in which diabetes is handled in eight developing and emerging countries – Bangladesh, Malaysia, Tanzania, Zambia, El Salvador, Costa Rica, India and China. Company representatives went to these countries to talk to the government, healthcare providers and other authorities to understand what was being done and what was needed. After the data were collected and guided by sustainable donation recommendations of the WHO, Novo Nordisk management decided that as these countries need capacity and not just drugs, that they would develop the National Diabetes Programme.

Dr. Mapoko Ilondo is the project manager for the National Diabetes Programme in developing countries and explains what he did when he first visited each country:

“I first went to talk to local diabetes federations, to talk to hospitals, and officials – just to have an idea of what is going on. We talked with affiliates about what resources are in the country... We signed partnerships with selected partners in these countries that will last for three years. They developed a list of priorities, we discuss these with them. We make decisions together. We provide them with funding. We provide them with experts too if they need them” (Finegold et. al., 2005).

In Tanzania, for example, Novo Nordisk learned that it would not help to provide access to insulin alone because they were clearly in need of infrastructure, education and training on how to deliver diabetic care. Ilondo explained that he felt that Tanzania’s healthcare system functions relatively well but that it was only geared towards infectious diseases. This meant that when a patient presents with symptoms of diabetes, the nurses and doctors are likely miss the diagnosis of diabetes. That is why they decided collectively to begin by training doctors and nurses in diabetes care by paying expenses and travel for doctors and nurses to attend training sessions. Novo Nordisk also renovated space (or donated container like rooms), furniture and the necessary equipment to set up four diabetes clinics in Tanzania.

As part of their benefit-sharing partnerships explained below, Diversa helps to build local capacity in a developing country in return for collecting biological samples.
Diversa’s Chief Technology Officer explained the importance of encouraging sustainable capacity building with their partners in the local country:

“The key… is to focus on capacity building. We train our partners to be able to do their own science and build their own companies. We do not train in proprietary technology that will make them dependent on us, but we give them the basic microbiology and molecular biology tools to do their own research. It’s like the old adage that it is better to teach a person to fish than to just give them a fish. This is fundamental to any real biodiversity collaboration” (Finegold et al., 2005).

Helping to build local capacity is one of the sustainable CSR strategies used by these companies.

3.4 Public–Private Partnerships

A method for building local capacity is through PPPs between the bioscience companies in the developed world and organisations in both the developed and developing world. Local governments and NGOs are also often involved in these partnerships. According to Jamali (2004), a PPP can be defined broadly as “an institutionalized form of cooperation of public and private actors, which, on the basis of their own indigenous objectives, work together towards a joint target”. PPPs exist in many sectors and were traditionally seen as an innovative policy tool for traditional public service delivery (Jamali, 2004).

In a business PPP, the private partner is seeking to make a reasonable profit from a product and develop opportunities for future business interests. In a CSR PPP discussed in this section, the private partner donates their time, money, expertise and/or products and their focus is not on making a direct profit. These PPPs are seen as a part of the company’s CSR initiatives. This is not to say, however, that the companies may not hope for future returns in the form of brand loyalty, public relations and access to new markets.

Merck’s primary strategy for assisting the developing world is by engaging in PPPs. Their MDP has been called one of the most successful PPPs in health (Peters and Phillips, 2004). Merck created the MDP to ensure that their drug donation of Mectizan was done in line with good medical practice and that monitoring for adverse reactions also occurred. In 1987, Merck assembled a committee of experts that would oversee the donation and distribution programme through partnerships. The MDP is in fact the bringing together of previously existing regional partnership organisations that were already on the ground to help deliver the drug. These partners include the African Program for Onchocerciasis Control (APOCH) and the Onchocerciasis Eradication Program of the Americas (OEPA). Several case studies and papers have been written about the MDP and one study which interviewed individuals from the partner organisations concluded that the programme’s successes are attributable to factors such as good governance and management, the building of good will and trust and the performance of regular outcome-oriented evaluations (Peters and Phillips, 2004).

The African Comprehensive HIV/AIDS Partnerships (ACHAP) is a partnership between the Bill and Melinda Gates Foundation, the Republic of Botswana and Merck (the company and the foundation). The programme began operation in Botswana in early 2000. Both foundations (Gates and Merck’s foundation) committed $50 million towards a variety of interventions in the areas of HIV/AIDS prevention, care, treatment and
support. The goal of ACHAP was to build institutional capacity for Botswana to respond to their HIV/AIDS epidemic by strengthening their healthcare system. To date, the programme has built 32 HIV/AIDS clinics, established six HIV/AIDS health resource centres, helped support 17 counselling and coping centres, funded 100 community-based projects such as orphan and day care centres, trained more than 1900 healthcare workers and built laboratory capacity and teacher capacity in over 500 schools.

The Accelerating Access Initiative (AAI)\(^\text{11}\) is another PPP in which Merck is involved and is a joint endeavour between The Joint United Nations Programme on HIV/AIDS (UNAIDS), the WHO, the United Nations Population Fund, the World Bank and seven research-based pharmaceutical companies.\(^\text{12}\) As part of this initiative, these companies have committed to working with local governments and international organisations to provide affordable, safe and effective drugs for HIV/AIDS-related diseases. A press release in January 2005 reported that the number of HIV patients in the developing world receiving ARV treatment supplied by the seven companies involved in AAI reached more than 333,000 patients by September 2004.\(^\text{13}\)

Novo Nordisk also engages in partnerships as part of their health capacity building initiatives. The CEO of Novo Nordisk had this to say about the importance of finding a local partner for these projects:

“There are lots of pharma who want to do partnerships but what we do, which I think is different, is that we find a good partner, and then we ask them what they think we should do. We do not go in with a concept. We don’t pretend to know the conditions and needs of these countries. But, it is a difficult balance for companies to find” (Finegold et al., 2005).

Employees from both Merck and Novo Nordisk expressed the importance of finding a good local partner and then listening to, and acting on, the local partner’s input.

3.5 Benefit sharing

Benefit sharing is a specific type of partnership that was mentioned by companies as a CSR mechanism directed towards the developing world. These partnerships are different from CSR PPPs because they are not simply about the companies donating money or drugs but rather a mechanism that exchanges royalties, payments and capacity building for access to biological materials specific to the country. One of the first and well-known benefit-sharing partnerships was between Merck and the National Institute of Biodiversity of Costa Rica (INBio) (Eberlee, 2000). A two-year agreement was signed in 1991 between Merck and INBio and has since been renewed twice. Under the agreement, Merck paid INBio $1 million over the two years and provided equipment and training in exchange for the right to collect and investigate biological samples taken from conservation areas in Costa Rica. As a result of this partnership and others, INBio has now developed its own research capacity and knowledge about conservation and shares this knowledge with the public through educational activities. Merck continues to work with INBio and in 2001 provided them an additional grant to raise awareness about bioprospecting.\(^\text{14}\)

Diversa is another example of a company that has implemented benefit-sharing partnerships with local partners in developing countries. Diversa uses several criteria in seeking a location to collect material and a corresponding partner in the location of interest. A partner can be a government agency, an academic research institute or a non-
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profit organisation. To find a suitable partner, Diversa first contacts the National Focal Point for the Convention on Biological Diversity (CBD) in the country they are targeting. This contact gives Diversa guidance on the relevant laws and regulations in the country and they often provide recommendations for possible partners.

Diversa now requires written proof that its partner has legal powers to authorise a biodiversity benefit-sharing partnership with them. In Ghana, for example, there are no specific laws governing bioprospecting and so Diversa asked the University of Ghana to approach the Ministry of Environment, Science and Technology to seek support and authorisation for a partnership between the Ministry and Diversa. Within a month, the Chief Director of the Ministry, E.O. Nsenkyire, authorised the collaboration and confirmed their support for the partnership.

Another example of such a partnership is in Kenya. Diversa’s partners in Kenya are the Kenya Wildlife Service (KWS) – a government body mandated to conserve and manage all forms of wildlife in Kenya, and the International Centre for Insect and Physiology and Ecology (ICIPE) – a non-profit organisation headquartered in Nairobi with a mission to help alleviate poverty, ensure food security and improve the overall health status of people and the environment through research, development and capacity building. Under this benefit-sharing agreement, ICIPE provides the resources for the technical aspects of the programme, KWS arranges permits, and ICIPE and KWS carry out sample collection and processing before shipping them to Diversa. In return, Diversa funds the collection and processing of samples, pays for personnel, including some overhead costs for both ICIPE and KWS and provides training and equipment to researchers involved in the project. Additionally, doctoral candidates trained at ICIPE use Diversa’s cutting edge technology to do work on their own projects to advance their formal education. The leader of the Applied Bioprospecting Programme at ICIPE, Dr. Wilber Lwande, has used their arrangement with Diversa as a model and replicated it for other projects to generate income for local communities. Lwande is very positive about his Institute’s partnership with Diversa, but he said that it remains to be seen if any discoveries (and thus royalties) will result from it, which will be necessary to prove to doubters that such an arrangement can really benefit his country.

3.6 Charitable foundations

Philanthropy is the traditional form of CSR. Corporate donations to support Little League baseball teams and to fund the construction of local art galleries have been the most visible and common forms of CSR in the past. The business literature discusses a shift in CSR strategies that combine corporate strategy with large CSR projects that affect real change in people’s lives (Smith, 2003). Some of the companies in this study have created separate foundations to manage their philanthropic spending to areas that are directly tied to their company’s business mandate of promoting health and nutrition. The foundations are either mostly or entirely funded by company profits but are a separate entity. The foundations accept applications from charities and organisations for donations. The projects that are funded are often screened and monitored by the foundation to ensure the money will be used in a sustainable manner and in a manner that will actually have an impact on the recipient population or community.

The World Diabetes Foundation (WDF), for example, is structurally independent of Novo Nordisk but the CEO sits on the board of the foundation and the company donates money to it. The foundation also seeks funding from other avenues to support its
projects. The WDF supports 39 projects with a current portfolio of US $35.4 million of which 14.8 million was donated by the foundation. The CEO of Novo Nordisk explained that the Foundation accepts applications from countries for projects that are related to diabetes healthcare capacity. Criteria for the projects include: there must be a local organisation involved, the funding must be linked into existing infrastructure and the proposed project must be sustainable so that it continues after the funding from the WDF has ended. The majority of the projects are for educating nurses and doctors and establishing diabetes clinics in Africa, the Middle East, Asia and Latin America.

The Merck Company Foundation was established in 1957 and is fully funded by the company. A significant portion of the foundation’s contribution is devoted to access to medicines and health initiatives in the developing world. Over 80% of Merck’s annual charitable spending comes from the Foundation’s endowment, supplemented with cash contributions from Merck operating funds. One example of a project from the fund started in 1999, when it donated $1 million to create a network of seven AIDS treatment centres in Romania. These centres now provide care to over 6000 children who are infected with HIV.

The Monsanto Fund was established in 1964 and the focus of this fund is to support causes that fall within the following four areas: nutritional well-being through agriculture, the environment, science education and community improvement. Some of the grants that the fund awards come from profits generated through the US and global facilities. Some donations are also the result of contributions made by company employees that the fund then matches dollar for dollar. The fund accepts applications from NGOs, registered charities, public and private schools, hospitals and villages. The applicant’s project must fit in one of the focus areas of the fund. Recent fund recipients include the Foundation for International Community Assistance (FINCA)\textsuperscript{16} that operates village-banking programmes around the world to provide small business owners loans. The Monsanto Fund has given FINCA a grant for its micro-credit programme in Malawi to provide capital for smallholder farmers to give them the opportunity to expand their crops and start new micro-enterprises. Another example is Monsanto’s support of INMED Partnerships for Children programme in Brazil that treated 23,000 children for diseases and nutritional deficiencies and also provides educational programmes around hygiene and nutrition behaviour. These types of programmes are in line with Monsanto’s business focus and corporate strategy.

4 Analysis of mechanisms

The six CSR mechanisms described above represent an innovative look at what bioscience companies are doing to address global inequities in developing countries. By going to the source and obtaining insight from the individuals who have implemented these mechanisms and are thus closest to the phenomenon, these descriptions represent practical solutions and empirically based examples from which other bioscience companies can learn. It is our hope that managers from other bioscience companies will recognise the impact they can have by directing their CSR strategies to help global health problems in the developing world.

Beyond the descriptions given by the companies, we felt it was important to briefly discuss some of the cautions and considerations that companies ought to take into account before thinking about implementing one of the above CSR mechanisms. The
following is a brief discussion of issues that we feel should be addressed before a company can expect to have a successful CSR programme with one or more of these CSR mechanisms.

4.1 Drug donation programmes

Donating drugs is always important during times of emergency and during sudden outbreaks due to natural disasters, but a concern with non-emergency donations, as emphasised in the WHO guidelines for Drug Donations, is that unless they are specifically requested by the recipient, drug donations can result in the recipient being forced to spend effort and money on the clearance, transport and storage of unwanted items. As a result, recipients may not need or value a donation as much as they would a drug they requested and paid for. Another concern with drug donations is that they are not a sustainable solution unless the company agrees to donate the drug in perpetuity (as with Merck’s Mectizan program) or the drug is donated until a new funding source is found (as with Genzyme’s strategy).

4.2 Pricing strategies

Differential pricing strategies are also not without their problems. As employees of Novo Nordisk mentioned, it is difficult to ensure that the lower price level of drugs sold to the recipient government or organisation will be reflected in the ultimate price at which it is sold to front-line patients. There are also concerns that the drugs could be re-imported to the developed world illegally to be sold at a higher price level. This will negatively affect the company’s profits in developed markets and does not help the recipient patients in developing countries who will be without access. Another problem is how to assess which country should receive differential pricing and whether the prices should be tiered depending on the prevalence of the disease and how poor the country is. These are decisions companies need to make carefully. An important strategy to mitigate these concerns is for companies to work closely with recipient governments to develop and enforce policies that encourage the drugs to stay in the country and to be sold at a lower price.

4.3 Building local health capacity

Helping to build local health capacity is a very sustainable approach to CSR in the developing world. There are several considerations, however, that need to be addressed appropriately by donor companies before they consider this mechanism. Companies should get advice from a local organisation so that a representative from the recipient country can influence where and how the money is spent. Companies must be aware of and sensitive to cultural differences when helping to build local capacity. Also, companies need to ensure that when they are developing health capacity in their company’s area of focus, such as diabetes with Novo Nordisk, that they are not taking capacity away from other health areas. Additionally, the donor company should be upfront with what they are willing to give and for how long, so that the recipient country or organisation can plan accordingly.
4.4 Public–Private Partnerships

PPPs can also be a very successful method for companies to contribute to developing countries in a sustainable manner. However, partnerships between public and private actors from different countries require substantial effort and can result in complex issues. A company thinking of engaging in a CSR PPP must perform due diligence in finding an appropriate partner, take the time to develop trust and understanding with the partner and be prepared to act on the partner’s recommendations.

In April 2000, a small workshop, co-sponsored by the Harvard School of Public Health and the Global Health Council, examined PPPs in public health and a commentary by Reich (2000) highlights some of the key questions and issues that were discussed at this meeting. Some of the issues included questions such as: How should these partnerships be evaluated and who sets the criteria? What kind of accountability and transparency criteria should be included in these partnerships? Should the recipients participate in the design, operation and supervision of the PPP? And if so, how? Reich argued that even though PPPs, such as the ones described in this paper, can be a very successful model for addressing global health problems, they do involve complex ethical considerations that need to be addressed by all the parties involved; including the intended beneficiaries (Reich, 2000). The recent report produced by the World Economic Forum (2005) also examines many of these questions and reports on lessons learned from a variety of PPP initiatives.

4.5 Benefit sharing

Benefit-sharing partnerships also require a lot of time and energy to cultivate a trusting relationship between the partners. An additional concern with benefit sharing is that companies could unfairly exert their power and create an unbalanced partnership. For example, the Bioamazonia–Novartis benefit-sharing partnership signed in 2000 has been widely criticised and some have labelled it as biopiracy (Scott, 2003). Bioamazonia is an organisation set up by the Brazilian government to manage the country’s natural genetic resources. Academics who studied the contract felt that the agreement resulted in “disparities in rights, obligations and benefits” so that “one party would gain from the transaction without reason” (Pena-Neira et al., 2002). Other stakeholders, such as indigenous communities and NGOs criticised the contract for being unfair, particularly with respect to the payment and compensation structure. One Brazilian NGO expressed concerns that the contract left the possibility open for “uncontrolled biological exploration and utilisation of natural genetic resources” (Pena-Neira et al., 2002). The Brazilian government and Novartis have since suspended the agreement.

4.6 Charitable foundations

Philanthropy can be a less-involved method of contributing to important initiatives in developing countries. As a more ‘hands-off’ approach, it is possible that the company foundation may not have as much control over the projects they fund and thus be less accountable for the results and impact. The companies in this study, however, were involved in the projects they funded by ensuring that the money was spent on agreed projects that were sustainable and that the money was put towards needed projects that
were requested by the recipients. To ensure that charitable donations have the desired impact, companies should consider evaluating the projects as they progress by assessing project milestones and desired outcomes.

4.7 How to improve the CSR regime

An empirical examination of the CSR approaches from the perspective of companies themselves is a useful first step in identifying and analysing the mechanisms of bioscience companies in the developing world. This examination will provide insight and act as an impetus to other companies who either do not have CSR regimes or whose CSR regimes have not yet considered developing world challenges. As outlined in the analysis above, there are many important considerations that need to be addressed to ensure that a company’s CSR approach is implemented thoughtfully and proactively to keep in mind the needs of the recipients of the CSR endeavours. Initiatives such as the Global Compact and the recent report by the World Economic Forum will also help to increase the profile of such approaches by providing a forum to discuss the successes and failures of recent initiatives.

5 Limitations

The objective of this paper is to highlight specific CSR mechanisms used by companies to address global health issues. We recognise that the views of senior management of bioscience companies are not the only relevant perspectives on these issues. With this empirically based list of mechanisms, the next step would be to engage the opinions of all key players involved such as non-governmental organisations, governments, academics, consumers and the beneficiaries of these CSR approaches. Other limitations of this study are that we only interviewed a small selection of bioscience companies and thus there may be other mechanisms currently being used by companies not discussed in this paper. Additionally, this research took a ‘snap shot’ look at what these companies were doing at the time of the interviews and their approaches may since have changed.

Another limitation of a study such as this is the risk of social desirability bias. This occurs when the research participant expresses a viewpoint that he/she thinks the interviewer wants to hear rather than what he/she truly believes. Although management opinions were provided in this study, the mechanisms described in this paper are not opinions but rather a description of mechanisms being used by the companies and we verified these descriptions through the company’s websites and in many cases, documents external to the company. We recognise these limitations but feel that because the people we have interviewed are closest to the phenomenon, they represent a legitimate viewpoint and a logical entry point for empirical research into CSR mechanisms aimed at the developing world.

6 Conclusion

CSR strategies aimed at addressing global health problems is a strategy bioscience companies can use to give back to society. Drug Donations, Differential Pricing Strategies, Building Local Health Capacity, PPPs, Benefit Sharing and Charitable
Foundations are six mechanisms used by the companies in this study to contribute to global health problems. A brief analysis of these mechanisms highlights some of the considerations for companies to take into account when implementing one of these CSR mechanisms. These empirically based mechanisms represent possible models and ideas from which other bioscience companies can learn.

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Competing interests

Researchers on the project team have had relationships with some of the companies studied: the Canadian Program on Genomics and Global Health at the University of Toronto Joint Centre for Bioethics has received research support from Merck and Co, and from the Oxford Health Alliance (of which Novo Nordisk is a founding member). Peter Singer has received consulting funds from Merck Frosst and, subsequent to this study, from Genzyme Canada.

References


Notes

2See, for example, the Business for Social Responsibility Organization, Available at http://www.bsr.org and the Biotechnology Industry Organization (BIO), Available at http://www.bio.org.
4This project was a joint effort between the Canadian Program on Genomics and Global Health (CPGGH) at the Joint Centre for Bioethics at the University of Toronto and the Keck Graduate Institute of Applied Life Sciences, in Claremont California.
5We use the term ‘bioscience’ because the companies were pharmaceutical, biotechnology and agricultural biotechnology companies and one Contract Research Organization (CRO).
7Source: www.mectizan.org.
8Source: http://www.projecthope.org/.
9The ‘sustainability principle’ referred to here by an interviewee at Novo Nordisk refers to a general philosophy of encouraging sustainable solutions to international development and assistance.
10Source: www.achap.org.
Participating companies: Abbott Laboratories, Boehringer Ingelheim, Bristol-Myers Squibb, GlaxoSmithKline, Gilead Sciences, F. Hoffmann–La Roche and Merck & Co., Inc.

For information on the methodology employed to collected figure, please see Annex 3 (pp.23–27) of Accelerating Access Initiative: Widening Access to Care and Support for People Living with HIV/AIDS.


Contact information for the National Focal Points for the Convention on Biological Diversity in each country is available at: http://www.biodiv.org/world/default.asp.

Source: http://www.villagebanking.org/.