WHO PREQUALIFICATION TEAM

World Health Organization

Public Consultation on Proposed Financing Model for WHO Prequalification

Summary of responses received

Respondents

The consultation period ran from 10 April to 10 May 2015. Most responses were received via Datacol questionnaire, but a small number as formal written communication, and some of these after 10 May 2015. Ninety responses were received in total:

- 20 from diagnostics manufacturers or diagnostics manufacturers associations
- 20 from medicines manufacturers or manufacturers associations
- 3 from prequalified medicines laboratories
- 19 from vaccines manufacturers
- 6 from national regulatory authorities (NRAs)
- 7 from other organizations, including civil society, international nongovernmental and procurement organizations
- 15 from unknown sources.

The principal manufacturers associations represented among the responses were: AdvaMedDx, BIO (Biotechnology Industry Organization), DCVMN (Developing Countries Vaccine Manufacturers Network), GMTA (Global Medical Technology Alliance) and IFPMA (International Federation of Pharmaceutical Manufacturers and Associations).

Few participants clearly identified themselves beyond their organization's name.

Survey questions

No respondent questioned the need to generate sustainable funding for prequalification (PQ) and many respondents made a general statement as to the value of PQ: "We acknowledge that…[PQ] is an important part of the global quality system for medicines and vaccines and that it complements other existing regulatory systems and organizations."

The Datacol questionnaire consisted of four questions. This summary of the responses received has been structured accordingly.

Question 1: What aspects of WHO prequalification are the most important for public health in your opinion, and should be given a greater priority? Why?

Respondents highlighted that:

- **PQ benefits public health** because it:
  - provides assurance of quality and/or increases competition, which reduces prices and provides value for health expenditure ("The quality, efficacy and stability of the WHO-prequalified generic medicines are equivalent to those of the innovators. The prices of generic medicines are significantly lower than innovators' which saves substantial public health expenses.")
  - generates savings by eliminating the need for other agencies/organizations, primarily those involved in international procurement, to carry out their own quality assessments

- speeds up access to new products (including by facilitating "a clear regulatory pathway… to incentivize innovation for global health")
- provides ongoing oversight of quality, through requalification, pharmacovigilance and post-market surveillance ("the continuous character — not a one-off type seal of approval").

- **PQ is of value especially in resource-limited settings** where regulatory capacity is often limited. Indeed, PQ is seen as an example for up-and-coming national regulatory authorities (NRAs) to follow: "…in our opinion, it is the secure way to grow up in a middle term to a sustainable pharmaceutical regulatory system".

- **PQ's general technical activities, such as regulatory capacity building, harmonization of regulatory requirements and processes, assistance to manufacturers, prequalification of quality control laboratories, and aspects of its procedure (such as dossier development and submission, and manufacturing and trial site inspections),** serve to improve quality management systems, and the quality of manufacture (not only of products submitted for prequalification, but of all products produced by the manufacturer in question), with the implication that this benefits public health.

- **PQ's collaborative procedure for accelerated registration** increases access to products by reducing duplicative efforts and shortening national registration timelines.

- **PQ complements WHO's normative work and outputs** as evidenced by the fact that it has "breathed life into the WHO Technical Report Series [which includes WHO norms and standards]. While the TRS remained theoretical, participation in the PQ assessment sessions makes evaluators receive practical exposure to interpretation and application of WHO TRS norms and standards."

- **PQ's expertise, knowledge and independence, as well as its accessibility,** are of value to all its partners. "WHO is the available and quality organization in several knowledge"…"PQ is the only independent body which takes into consideration quality assurance challenges and risks related to the health products most needed by populations lacking sufficient access to health care services or living in low-resource settings…No other institution is providing public information that is available to all types of purchasers…The PQ team was the only body gathering the required technical expertise by convening representatives from [stringent regulatory authorities] SRAs and other [national medicines regulatory authorities] NMRAs in affected countries to reach consensual decisions on the evaluation of Ebola health product candidates for trials."

Few respondents explained why any of the above should be given greater priority. But the following were mentioned:

- given the poor regulatory capacity of resource-limited countries, manufacturers in those countries should be prioritized for provision of technical advice and guidance

- acceptance of products that have already received stringent regulatory approval, in order to eliminate redundancy of PQ procedures

- broader product performance evaluation since this would have a direct impact on public health areas of unmet medical need.

Question 2. What are the most significant benefits that you derive from WHO PQ?

Perhaps not surprisingly some overlap is observable in the responses to Questions 1 and 2: what some respondents consider to be of most importance to public health is mentioned by other respondents as a benefit that they derive from PQ. For example, the collaborative procedure and joint assessments are well appreciated by NRAs, countries and manufacturers and seen as a true benefit in terms of reducing the burden on resource-constrained agencies and speeding up access to medicines by enabling manufacturers to get their products onto national markets more quickly. Similarly, harmonization of regulatory standards and regulatory capacity building were each mentioned as both a priority and benefit. For example, one respondent stated: "It has hugely impacted on capacity building of the regulatory and scientific staff members of the agency where I work. It has facilitated a much improved pharmaceutical environment and improved the performance of the pharmaceutical manufacturing sector of the Nigerian and West African economy through increase in the capacity utilization of existing manufacturing plants and even their expansion." PQ's independence is also seen as a benefit by one respondent: "The high quality of the PQ conducted by WHO. Independence and integrity and the philosophy of the WHO compared to other less market independent organization."

The most commonly cited **benefits** were:

- **access to markets** through tenders with international organizations and procurement agencies that require prequalification (or stringent regulatory approval) as a condition for procurement ("PQ is an efficient way to introduce our vaccines to international market…")

- **proof of quality, increasing visibility** and enhancing the image of the product in the market

- **continuous improvement of production sites and product quality** ("Having a prequalified product helps manufacturers and distributors re-assess their own internal quality measures and systems, and re-engineer products on a continual basis.")

- **enhanced skills of regulatory and manufacturer employees**; for example, one respondent referred to "increased regulatory consciousness, standards and practice in the developing world by training dossier assessors from resource limited settings…" and stated that "Manufacturers that participate in…PQ…tend to have high regulatory awareness, better dossiers than their counterparts that have never submitted dossier to PQ."

Some respondents mentioned that they had (as yet) not received any benefits from WHO PQ. Within the context of their responses to the other questions, this generally appeared to mean that these respondents had not benefited from increased sales of their products.

Some respondents indicated that for manufacturers who have attained stringent regulatory approval for products, PQ offers few benefits, other than in terms of marketing.

Some manufacturers complained about the cost of seeking prequalification but one respondent mentioned that "Support from the PQ team helps minimize cost of having product/s prequalified…"

Question 3. What are the changes, if any, that you would like to see made to the performance of the PQ programme? Please list in order of priority.

Reduction of PQ timelines and elimination of duplication were two recurrent themes. Manufacturers and partners would like to see timelines to PQ reduced (particularly for products already approved by stringent regulatory authorities) and a less administratively cumbersome system. ("PQ process should be optimized, simplified, and transparent for all stakeholders.") One respondent mentioned that, "if the procedure can be time-bound, then it will help to plan manufacturing capacities" and another requested "a fair timeline… for facilities, methodologies and processes adequacies".

Re-assessment (by PQ) of products already approved by stringent regulatory authorities appeared to be a concern for many respondents, resulting in increased timelines for deployment of products. (But no mention was made of, for example, the abbreviated procedure for assessment of stringently approved medicines.) In terms of eliminating duplication it was suggested that greater emphasis be placed on regulatory reliance (i.e. using the outputs of other agencies in evaluating products) and reducing "the redundant testing and inspection protocol currently in force by WHO".

Many respondents called for **expansion of the scope of PQ** in terms of therapeutic areas covered and types of products assessed, and for expansion of the collaborative procedure to facilitate local registration.

Greater alignment between WHO programmes/WHO guidance/procurer needs, and WHO prioritization of assessments was also requested: "to ensure optimal consistency between treatment and diagnostic guidelines and PQ assessments."

Some respondents requested **greater emphasis on capacity building and training at country level**, for NRAs and manufacturers, that training be rotated, oversight of the safety of quality of products performed, and the number "qualified experts" increased "to cover a greater quantity of PQ requests from manufacturers".

Some respondents did not make suggestions for improvement but rather commented, for instance that, "PQ is performing very well" and "Les principaux objectifs du programme sont adaptés aux besoins du moment" (i.e. The main objectives of the programme are adapted to current needs…).

With respect to **communications and outreach**:

- A few respondents requested that manufacturers be (regularly) informed of the status of the review of their application.

- A few respondents indicated that communications between the prequalification team and applicants could be improved. For example: "We would like to see a closer, two-way communication during the process in order to ensure that compliance can be achieved." One respondent indicated that resolution of differences could be improved too.

- One respondent requested "Prioritization using clear and transparent indicators for each of the three products".

Question 4. Do you have any suggestions for increasing the fairness, sustainability, effectiveness or independence of the new financing model? If so, please indicate what these are and what features of the model that your proposed modifications would enhance.

Key areas of concern expressed in responses to Question 4 are summarized in the table below.

	Diagnostics	Medicines, incl. QCLs	Vaccines	Partners	Unknown	Total
Perceived as a tax	●●●	●	●●	●●●		●●
Disincentive for manufacturers	●●●	●●	●	●●●	●	●●
Lack of transparency	●●	●	●	●●●	●	●●
Suggest alternative model based on flat fees	●●	●	●	●		●
Suggest alternative model including other stakeholders	●●	●	●	●●●	●	●

●	20% or less
●●	between 20% and 40%
●●●	40% or more
NRA	National regulatory authority
QCL	Quality control laboratory

Comments:
The diagnostics, medicines and vaccines categories includes manufacturer associations, therefore representing many manufacturers via only one questionnaire
The partners category includes procurement agacies and other organizations that represent the interest of various stakeholders

Of note: NRA representatives did not offer responses to question 4.

No respondent queried the statement that PQ should have a sustainable source of financing. But only three responses — none of which came from a manufacturer — supported the proposed model without changes.

Objections to the model included the "manner in which it was developed". Many respondents regretted that the **lack of consultation** meant that they did not have a true understanding of "what problem this initiative is intending to resolve, what other options were examined..."

Questions were raised as to how WHO will enforce payment (especially given the honour-based nature of the model) and what action it will take in the event of refusal to pay. ("Will this essential therapeutic product be withdrawn from the PQ list for business reasons?")

Many respondents requested that the consultation period be extended: "to listen to all stakeholders, allow a better assessment of options and create real consensus around the issue of sustainability of supply of essential health products".

The most frequent comments regarding the model can be summarized as follows:

- **The new financing model should be transparent:** Many respondents emphasized that explanation of PQ's costs had not (yet) been provided, and that if the model is implemented, regular reporting of costs, income and expenditure would be needed. Additionally, performance metrics would be essential, in order to improve WHO accountability. It was suggested by some respondents that WHO currently lacks the ability to effectively implement such a model.

- **The proposed 1% annual financial contribution could be perceived as a financial obligation linked to sales:** Manufacturers were worried that there was an assumption that the benefit of prequalification resides only with the manufacturers. Respondents wanted to be reassured that the contribution would not result in WHO recovering more than the real cost of prequalifying medical technologies and that WHO would not generate financial benefits over and above PQ and PQ-associated costs.

- **Conflict of interest would need careful management:** PQ's independence and neutrality are valued highly. Some respondents were concerned that PQ might become "more influenced by income potential than by public health priority and regulatory and programmatic suitability and quality."

- **"Nature" of the funds collected:** Some manufacturers mentioned that WHO receives two types of fund: unspecified funding from WHO Member States and voluntary contributions. They thought that the proposed model might not conform to either of these.

- **Predictability of the new financing model for manufacturers:** Manufacturers were concerned that, since they cannot predict future sales, they might not be able to anticipate the size of their financial contribution. This would be an obstacle to accurate costing of their prequalified product(s).

- **The new financing model might constitute a barrier to entering low- or middle-income markets:** Many respondents, especially manufacturers, were concerned that the new financing model might constitute a disincentive for investment in R&D for products to be used in resource-limited countries. "As our [product] will be delivered only to developing countries, the cost will not be subsidized by sales in high-income countries. The proposed PQ financing model therefore means that we will either need to add the fee of 1% of sales to the product price, or take it from the 5% margin that was intended to be reinvested in further research to meet unmet medical needs in developing countries."

- **The new model might result in more expensive products:** Some manufacturers commented that the increased cost of attaining prequalification would need to be passed on to those purchasing the products.

- **Tracking sales of prequalified products might add administrative burden to manufacturers.**

Finally, respondents proposed three alternative routes for generating sustainable income for PQ:

Stakeholders other than manufacturers should be responsible for financing PQ: Some manufacturers proposed that stakeholders who use WHO lists of prequalified products should share, if not completely bear, the burden of supporting a sustainable financial mechanism for PQ. ("…[The availability of] high-quality generic medicines has forced the innovators to cut down their medicines' prices…we suggest the donors, international agencies, UN agencies and other organizations take a certain percentage from the money saved to support sustainability of WHO PQ.") It was also suggested that "countries" contribute funding to PQ.

Predictable, higher (if needed) upfront fees should be collected by PQ: Several manufacturers proposed higher upfront fees, making it possible for them to predict the real cost of having a product prequalified. Some even proposed doing so on a cost-recovery basis.

Public funds should finance PQ: Some respondents suggested that all PQ activities should be financed through WHO's core budget.

NEXT STEPS:

In coming months, the WHO Secretariat will convene discussions with stakeholders including manufacturers' associations and procurers, to refine the new financing model based on feedback received, with a planned target implementation date of 1 January 2016.

2 June 2015