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# EFFICIENCY GAINS FROM ANTI-CORRUPTION IN PHARMACEUTICAL PROCUREMENT

## KEY FINDINGS

**New research led by the Government Transparency Institute, with support from Transparency International Global Health, examines the influence of corruption on pharmaceutical procurement and analyses the potential for significant cost savings.**

This document highlights key findings including statistics and policy implications.

- Find the full research [here](#)
- Access our dashboard [here](#)

Drawing on an extensive dataset, our research spans \$12 billion spent on pharmaceutical procurements over 18 years, across 3 continents and encompasses 9 countries:

- Mexico
- Armenia
- Ukraine
- Brazil
- Chile
- Russia
- Kazakhstan
- Dominican Republic
- Uruguay

This covers an extensive range of approximately 1,300 pharmaceutical types and 131,000 contracts.

The Corruption Risk Index (CRI) was employed as a main indicator of corruption risk. The CRI is a tool that assesses the risk of corruption in public procurement by combining various red flags, such as one bidder when many could have participated, direct contracting without competition, and other factors. The CRI provides a more comprehensive view of corruption risk than any single indicator, and it can be used to compare contracts globally.

## KEY FINDINGS

### 1. The Cost of Corruption

**If corruption risk was fully eliminated, we estimate a potential reduction in pharmaceutical spending by 33.5 per cent.** Given the total value of our database, this could hypothetically translate to near \$4 billion in savings. These funds could be redirected towards improving health services and outcomes.

### 2. The Cost of Individual Non-Open Practices

Individual 'red flags' of corruption also significantly impacted prices. For instance, **tenders receiving only one bid were associated with a 59 per cent higher unit price** compared to those receiving multiple bids.

### 3. Corruption Risk and Price Variability in Standard Products

**Substantial price variations were identified**, with certain countries paying on average several times more than others for products like ibuprofen.

Additionally, standardised and commonly purchased products seem particularly vulnerable to corruption. When a tender for these is deemed to have the highest risk of corruption, compared to one with the lowest risk, **the predicted prices increase dramatically by 257%**



### 3. Realistic Policy Scenarios and Associated Price Reductions

Our research presents two realistic policy scenarios demonstrating potential savings from reducing corruption risk:

Moderate Scenario: **Decreasing corruption risk by one-third could lead to a 14 per cent reduction in total pharmaceutical prices** – or \$1.6bn for this dataset. This scenario is realistic, considering the variety of policy and behaviour changes that can feasibly lower the likelihood of corruption.

Ambitious Scenario: A more ambitious **reduction of two-thirds of corruption risk could decrease total pharmaceutical prices by 25 per cent** – or \$2.9bn for this dataset. Although more challenging, this scenario is still achievable with sustained anti-corruption measures.

## CONCLUSION

These findings underscore the enormous cost of corruption in pharmaceutical procurement and the transformative potential of reducing corruption risk. The hypothetical savings from fully eliminating corruption could dramatically improve health services by enabling better value investments.

Further, it could expand access to essential medications by making them more affordable, addressing health inequities. The results also underline the need for vigilance and transparency, even in the procurement of standardised, widely purchased pharmaceuticals, to ensure value for public funds.

Advocacy, therefore, should focus on promoting realistic, achievable anti-corruption measures that yield significant savings and contribute to improved health outcomes and increased access to healthcare services.