AfCFTA a Game Changer:
Realizing the Pharmaceutical Manufacturing Plan for Africa (PMPA)

Stephen Karingi,
Director,
Regional Integration and Trade Division

21 November 2019
Addis Ababa, Ethiopia
Jointly with AUC and other partners, the AfCFTA-anchored pharmaceutical project aims to:

- address *access to safe, affordable medicines and other related socio-economic* challenges faced by several African countries, including budget pressures

- while promoting *sustainable social and economic growth* through the realization of the Pharmaceutical Plan for Africa (PMPA).
25% of global disease burden is in Africa while <2% of consumed medicines are manufactured on the continent....

~ 2 billion people, many who reside in low- or middle-income countries, still lack access to medicines that could prevent unnecessary illness and death

AFRICA IS AT A CROSS ROAD.....Unless we do something differently, the mismatch and gap will keep on growing....
The demand for essential medicines and others will continue to increase due to a myriad of factors such as demographic growth & epidemiologic transition on the demand side but also other supply side constraints that hinder a sustainable supply....
The Current Landscape….

Socio-demographic profile, health burden, pharma regulatory vary across countries but the challenges faced and the gap between demand and supply is increasing..

**Rising Government Costs/Debts**
Medicines consume 45-60% of nation’s healthcare budget – >70% of budget is spent on medicine imports

**Poor Quality Medicines**
- Up to 70% of medicines available to save lives of young mothers are sub-standard.
- ~45% of Africans have seen falsified drugs

**Supply insecurity – stock outs, expiry**
- 83% of LMICs had 1-9 stockouts in past year
- 41% of surveyed has 1+ shortages of critical antibiotic for Syphilis among pregnant women

**Lost Productivity**
- WHO est. 97 million lives will be saved by reaching SDG goals
- Nearly 50% of Africans went without medical care in the past year

**Devastating out of pocket spending**
~70-90% of household spending was on purchase of medicines/products

**Smaller African Economies..**
Pay premium prices to source their medicines due to weakened bargaining position...
Supply Market Constraints

Market forces limit access
- Manufacturers (mainly Generic) consolidating
- Global Pharma less and less able to respond to LMIC and MICS

Unattractive market for Generic production
- Generics often have low profit margins
- Have a smaller overall market
- Industries face increasing labor costs; shrinking price

Global pharma focusing on NCD and other
- Trend to stay away from neglected tropical diseases
- More recently no new antibiotics for Infectious Diseases – increased AMR

Disincentives for smaller manufacturers
- Procurement policies; regulation of medicines (WHO pre qualifications as prerequisite for all) – exclude many capable local players
- In donor supported countries, cannot compete with the prices..

This calls for the need to do things differently and engage private sector for innovative approaches. Better understand how to support local companies, etc.
Proposed Framework – “Game Changer”

Address Both Demand and Supply Side Constraints

Private Sector; Partnerships; Cross-Country Data and Information; Enabling Policies, etc.

MARKET DEMAND Intervention

AfCFTA

Pooled market-55 countries

1.3 billion people

Combined GDP USD 2.5 Trillion

MARKET SUPPLY Intervention

PMPA

Economies of scale

Localized Production

Regionalization

Harmonized policies

Sustainability

Quality

Fiscal Space

Address Both Demand and Supply Side Constraints
The Initiative’s Intended Impacts

**SOCIAL IMPACTS**

- Availability
- Access to medicines
- Affordability
- Quality

**ECONOMIC IMPACTS**

- Investments
- Productivity
- Job creation
- Trade/market
- Cost Savings
- Saved lives
- Economic growth and productivity
- Stronger manufacturing base
- Supply Chain efficiencies

**SDG 3** – Good Health

**SDG 1** – No Poverty

**SDG 17** – Partnerships

Affordable path to UHC

Sustainable Medicine supply

Supply Chain efficiencies

 goede gezondheid en welzijn

Groot weer voor menselijk ontwikkelings

Partnerships for the goals

Ideastioaction

www.uneca.org
The Pilot Project – “Test and Scale”

- **Countries of interest**: Seychelles, Madagascar, Djibouti, Comoros, Eritrea, and Mauritius, Rwanda, and Intergovernmental Authority on Development - IGAD anchored by Kenya and Ethiopia

- **Products of interest**: Maternal, Neonatal and Child Health (MNCH); Amoxicillin and Oxytocin injection and commodities (as part of WHO essential medicines).

- Horn of Africa Forum – Political Will and Interest
- Ready frameworks/programs that can be leveraged upon: EAC; SADC, AU (PMPA), WHO SIDS assessment
- Seek simplicity of start for testing initiative then scale

- MNCH remains a burden in Africa – Loss of lives/productivity
- Standard of treatment not too different across countries
- Fragmented supply chain and significant counterfeits
- Economic potential for empowering women
The Three Objectives

- Pooled Procurement – (Demand)
- Local Production – (Supply)
- Quality Standards
Operationalizing the Initiative

The road ahead requires long-term top-level leadership and commitment and investment - today our 1st engagement

Phase 1 - Stakeholder Identification
Phase 2 – Best Practices and Case Studies
Phase 3 - Engagement, Dialogue and Agreed roadmap
Phase 4+ - In Market Assessment (demand & supply)

Where we are today
Phase 1 - State of Play

The State of Play for this Initiative is a complex myriad of stakeholders, frameworks, programs

Donor/Development Partners
- BMGF, DFID, EU,
- World Bank Group

African Governments
- Health, Trade, Finance, Agencies

Regional Economic Communities
- EAC, SADC, ECOWAS,
- IGAD, etc.

Continental Organizations
- AUC, AUDA/NEPAD, CDC, AMA

Private Sector
- NGOs, CSOs
- Manufacturing Ass.
- Procurement agents
- Logistics

Financing Agencies
- AfDB, Afreximbank TDB, etc.

UN Agencies
- WHO, UNIDO
- UNCTAD, UNICEF
- UNFPA, UNAIDS, etc.

1. Identify and map stakeholders
2. Assess stakeholders influence and importance
3. Construct a matrix
4. Monitor and manage stakeholder relationships
Phase 2 – Frameworks/Models

Ongoing review of global, regional frameworks/models that can be leveraged for this initiative...

The 3 Project Objectives

- Pooled Procurement – (Demand)
- Local Production – (Supply)
- Quality Standards

Who is doing this today in this space (Across the three objectives)?

How can we engage and strengthen?
Obj. 1 - Pooled Procurement

Overarching Framework

AfCFTA

- Global: Caribbean
- Regional: SADC, EAC
- PPP models: GAVI, PEPFAR, Global Fund
- Country- Level
  Best Practices: Crown Agency (Zimbabwe), Others..

Key parameters for consideration

- Leadership commitment
- Policy and regulation
- Transparency and Trust
- Procurement Framework
- Financing
- Data sharing

Global: Caribbean
Regional: SADC, EAC
PPP models: GAVI, PEPFAR, Global Fund
Country- Level
Best Practices: Crown Agency (Zimbabwe), Others..
Obj. 2- Local Manufacturing/Quality

Overarching framework

PMPA

- AU; AUDA/NEPAD: *PMPA Business Plan; AMRH; AMA; AIDA*
- WHO – GMP
- RECs: ECOWAS, EAC, SADC
- Countries: Ghana, Morocco, Kenya, Ethiopia
- PSE: Tanzania, Kenya, Uganda

Key parameters for consideration

- Policy and regulation
- Infrastructure
- Standards
- Manufacturer capacity
- Skills/Expertise
- Investment/financing
Phase 3 – Engagement/Dialogue

This is the first of many dialogues and engagements to be conducted in operationalizing this AfCFTA-anchored pilot project.

- The agreement is not self-executing - must develop strategies and initiatives to unlock benefits from the AfCFTA;
- Create an environment in which businesses thrive, build regionally and globally competitive firms;
- Develop initiatives to expand markets;
- Build the capacity of trade and investment support institutions;

Private sector is the key driver of Agreement – they are the producers.

There is more to be done:
- New approaches
- Investment
- Coordinated actions
Phase 3 – Engagement/Dialogue

Phase 3 -
Engagement, Dialogue and Agreed roadmap

WHAT WE NEED FROM YOU TODAY...

- **LISTEN** and **ENGAGE** key stakeholders in understanding this initiative better
- **IDENTIFY** and **SHARE** information that may have been missed that are relevant to the country or region you represent – opportunities or risks
- The political will and endurance to support this long term journey
- A commitment to put in place and participate in the governance of this initiative
- Commitment and support for NEXT PHASE activities and engagement in follow up discussion to align on detailed roadmap

There is more to be done:
- **Facilitation**
- **Advocacy**
- **Harmonization**
Phase 4 - Next Steps

1. Countries Scoping Missions – gap analysis
2. Regional Meetings
3. Technical capacity building
4. Piloting of pooled mechanism
5. Evaluation and roll out
THANK YOU!