



United Nations
Economic Commission for Africa

Leveraging the AfCFTA and AMA to complement pooled procurement and Local Production of healthcare products for reducing healthcare costs and poverty eradication

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**DECADE
OF
ACTION**

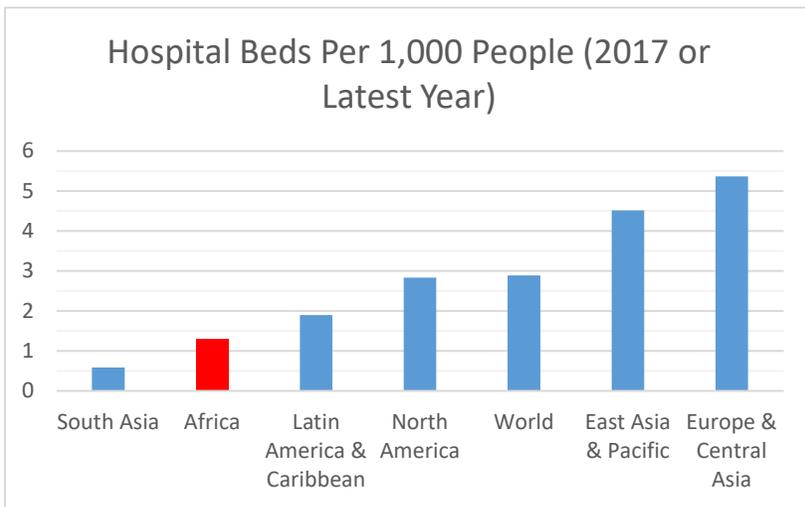
Health indicators are getting better – but some very slowly

- Africa off-track for SDG3; all 54 countries tracked are facing significant or major challenges
- For example, in 2007, maternal mortality ratio was 542 per 100,000 live births – almost three times global average and significantly higher than SDG 3.1 of reducing maternal mortality in all countries to below 140 per 100,000 live births by 2030
- In the same year, under-5 mortality was 2.8 million, a near-30-percent drop from 1990 but still approx. 52 percent of global total

Indicators	Unit	2000	2015	2050 (p)
Life expectancy at birth	years	54.4	62.8	
Total fertility rate**	births per woman	5.2	4.4	
Infant Mortality Rate	per 1,000 live births	78.4	44.1 (2017)	
Under-5 Mortality Rate	per 1,000 live births	126.7	62.8 (2017)	
Maternal Mortality Ratio	per 100,000 live births	561	421	
Prevalence of stunting, height for age*	% of children under 5	38.3	31.2	
Disease-Adjusted Life Years (DALYs)	per 1,000 population	927	556	
Share of CDs in Total DALYs	%	65.4	52.9	
Share of NCDs in Total DALYs	%	26.2	36.7	
Share of Injuries in Total DALYs	%	8.4	10.4	
Current Health Expenditure (CHE)	As % of GDP	5	6.2	
Domestic government health expenditure	as % of CHE	36.7	34.7	
Out-of-pocket expenditure	as % of CHE	45.4	36.1	
External health expenditure	% of current health expenditure	10.3	22.3	
External health expenditure per capita	Current US\$	2.5	13.5	
External health expenditure per capita	Current international US\$, PPP	7.8	32.6	
Prepaid private expenditure	per total health spending (%)	6.2	6.9	
Domestic private health expenditure	% of current health expenditure	53.5	42.6	
Urban population	% of total population	26.7 (1980)	40.4	55.9
Urban population living in slums	% of urban population	62.3	56.3 (2014)	

Challenge #1: Low levels of health system inputs

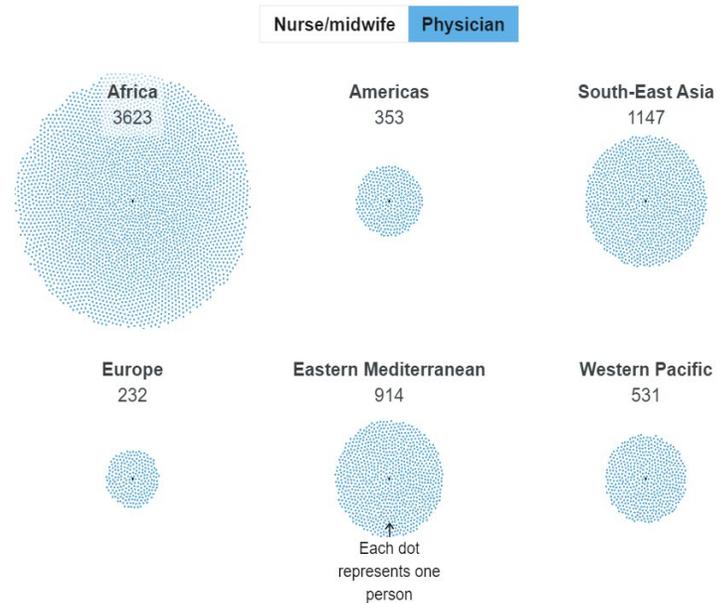
Access



Source: Calculation based on World Bank WDI

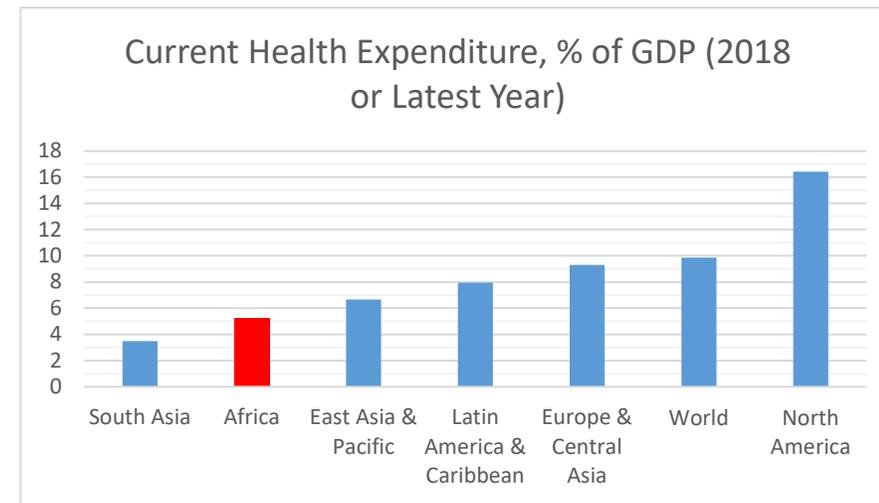
Workforce

Number of people for every single...



Source: Reproduced from WHO Global Health Observatory

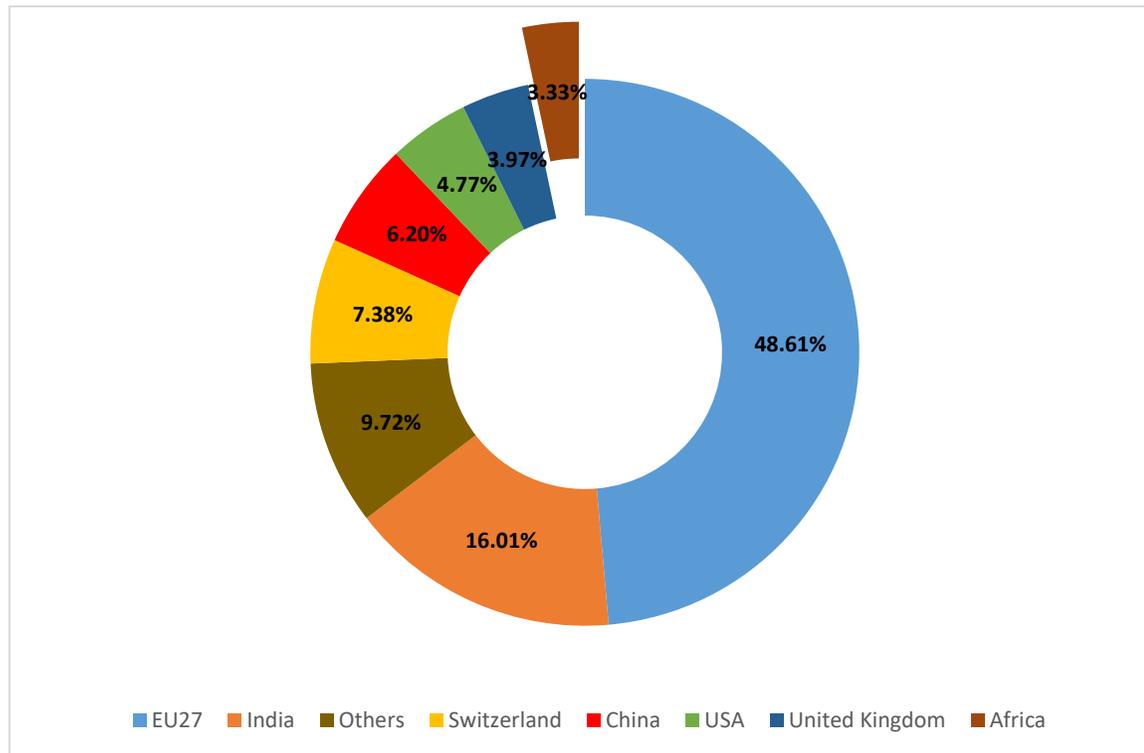
Financing



Source: Calculation based on World Bank WDI

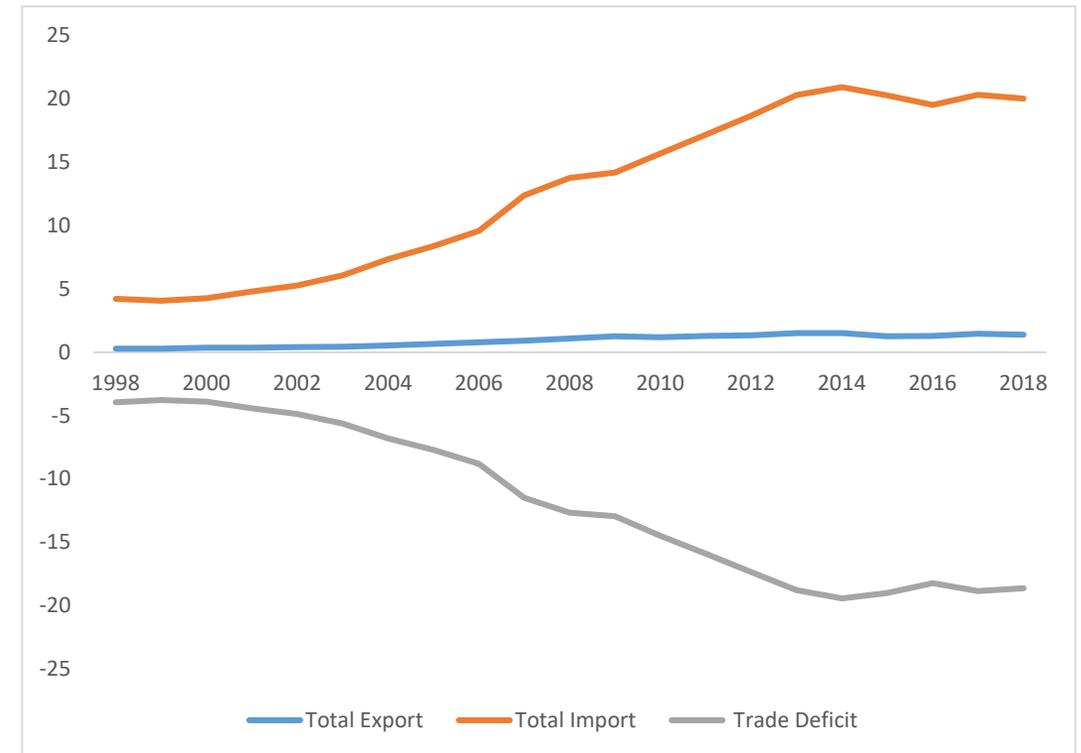
Challenge #2: Dependence on imported medicines and equipment

Top sources of Africa's imports of pharmaceutical products (average 2016–2018)



Source: Calculation based on CEPII-BACI

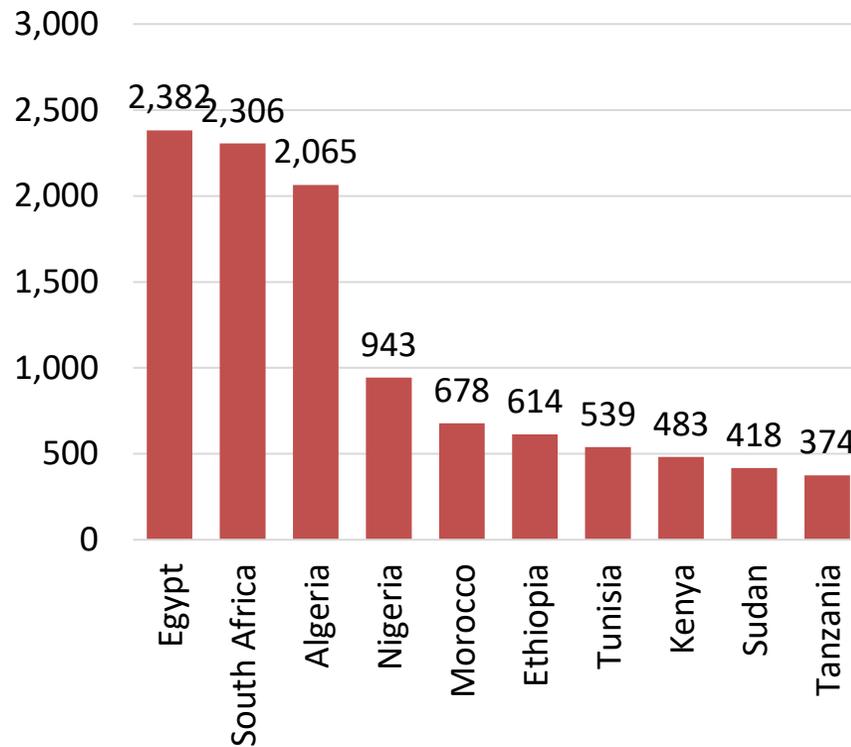
Africa's pharmaceuticals (medicine and equipment) trade, 1998-2018 (USD billion)



Source: Calculation based on CEPII-BACI

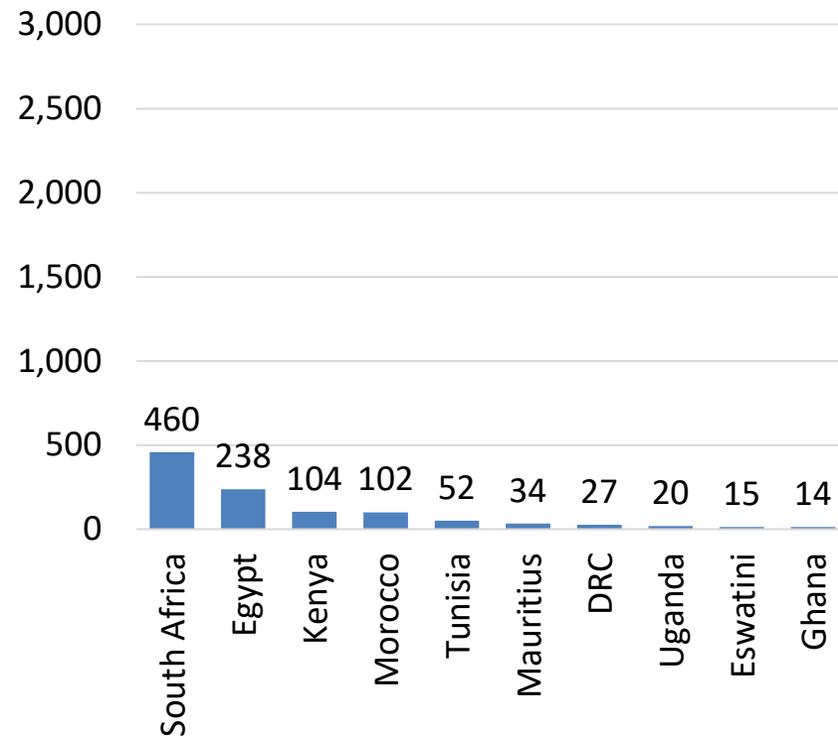
Today, 94% of Africa's Pharmaceuticals are imported....

Top 10 African importers of medicinal and pharma products (US\$ mn, 2016-18)



Source: ECA based on UNCTAD Stat

Top 10 African exporters of medicinal and pharma products (US\$ mn, 2016-18)



Source: ECA based on UNCTAD Stat

- **All African countries** are net importers of medicinal and pharmaceutical products
- **94% of Africa's pharmaceuticals** are imported

Challenge #3: Even when available, medicine affordability an issue

Essential Medicines for MNCH and Hypertension: Prices in African Countries vs. Global Median Prices

Oxytocin 10-IU dose (\$/ml)



DRC: 0.0710
South Africa: 0.3949
Sudan: 0.1884

Global: 0.1664

Hydrochlorothiazide 25 mg (\$/tablet)



South Africa: 0.0077
Sudan: 0.0859

Global: 0.0237

Misoprostol 200 mcg (\$/tab-cap)



South Africa: 0.3150

Global: 0.1664

Hydralazine 20 mg (\$/ampoule)



Sudan: 2.9262

Global: 2.2290

Amoxicillin 500 mg (\$/tablet)



DRC: 0.0206
South Africa: 0.0343

Global: 0.0299

Captopril 25 mg (\$/tablet)



South Africa: 0.0090
Sudan: 0.0388

Global: 0.0076

Oral Rehydration Solution (\$/packet)



Nigeria: 0.1200

Global: 0.1664

Losartan 50 mg (\$/tablet)



South Africa: 0.0194

Global: 0.0181

Opportunity #1: A common market for health products to unlock larger investments in the health supply chains

African Continental Free Trade Agreement (AfCFTA)

African Medicines Agency (AMA) and other efforts for regulatory harmonization

AU led pooled procurement initiatives & the African Medical Supply Management Platform (AMSP)

African Common Market for Medicines and Health Products

A stronger and well-resourced end-end health product supply chain (both Pan African & for individual countries)

But need to augment technical and managerial capacity & stronger coordination across agencies towards a common goal

More global generic manufacturers setup manufacturing plants in Africa

Higher sustainability of regional manufacturers

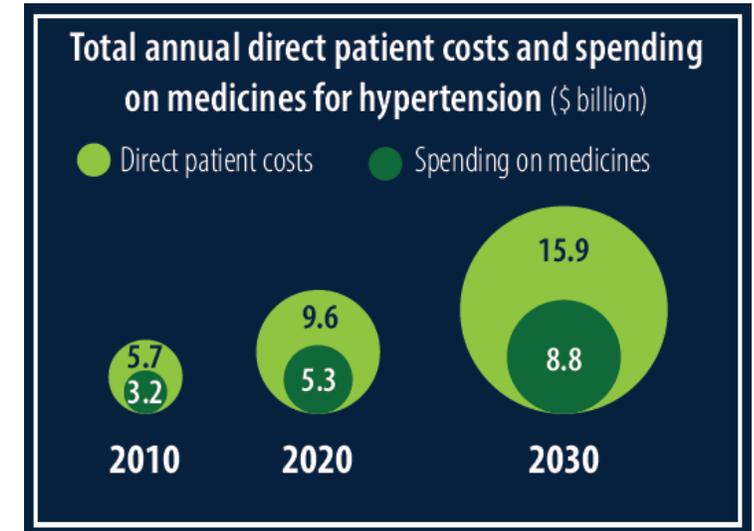
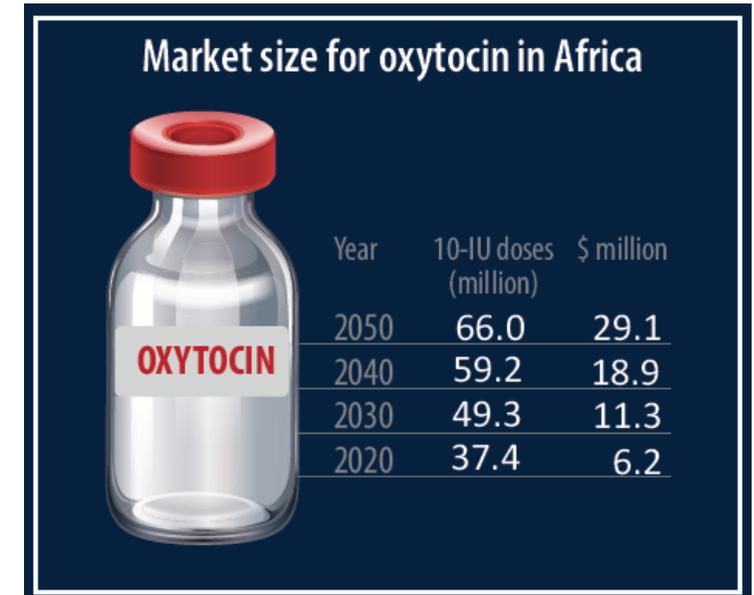
Better prices and delivery terms for products purchased from global suppliers

Lowered transaction costs, better demand forecasts and payment terms for global and regional suppliers

Higher quality as compared to fragmented

Opportunity #2: A role for the private sector

- Most medicines consumed in Africa are produced elsewhere: Imports of medicines and medical equipment rose from **\$4.2 billion** in 1998 to **\$20 billion** in 2018 (CAGR **18.8 percent**)
- This presents a huge business opportunity for Africa-based manufacturers
- Trying to estimate the sizes of the MNCH and hypertension markets in Africa, our analysis found that:
 1. Market size of **oxytocin**:
 - Base case: **\$6.2m** in 2020, rising to **\$29.1m** in 2050
 - Ideal scenario: **\$11.7m** in 2020, rising to **\$41.3m** in 2050
 2. Spending on **antihypertensive medicines**:
 - Base case: **\$5.3b** in 2020, rising to **\$8.8b** in 2030
 - Ideal scenario: **\$31.4b** in 2020, rising to **\$52.3b** in 2030



AfCFTA-anchored Pharmaceutical Initiative

AfCFTA-anchored Pharma Initiative



Pooled Procurement

Aggregated demand can increase availability & access to medicines and create fiscal space for African countries.



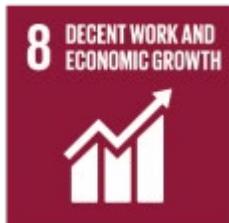
Local manufacturing

Reduced import dependency, economies of scale, job creation, industrialization and creation of regional value chains and structural transformation of Africa economies.



Harmonized Regulatory Standards & Quality Framework

Improved access to safe, efficacious, quality and affordable medicines.



Concluding thoughts: Some concrete steps going forward

1
Leveraging the AfCFTA to boost intra-African pharmaceuticals trade

Include pharmaceuticals and medical supplies as priority sector for liberalization under trade in goods negotiations

2
Opportunities in making generics

Build healthy generics industry and use it as platform to develop manufacturing experience and train work force for increasingly more complex products

3
Setting regulatory standards

Common set of continental regulations and standards for medicines and medical equipment can have positive impact on both quality and availability

4
Sequencing pharmaceutical manufacturing

Prioritize steps in pharmaceutical value chains that will have most immediate impact on cost, time, and capacity – and add other dimensions over time



THANK YOU!

Ideas
to
Action