



AfCFTA:
Opportunities for pooled procurement
of essential drugs and products
and local pharmaceutical production
for the continent



United Nations
Economic Commission for Africa





BACKGROUND

As part of its mandate to deliver on Agenda 2063, the SDGs and operationalization of the African Continental Free Area (AfCFTA) by translating ideas into action and in line with its commitment that private sector and public sector dialogue yields tangible outcomes, the Commission and its partners IGAD and selected Small Islands States represented by Seychelles, are facilitating an AfCFTA-anchored Pharmaceutical Project. It aims to address economic-related challenges facing African member countries relating to high costs of medicines and promote the creation of fiscal space to the African Governments given the emerging trend of rising government debts. The AfCFTA-anchored Pharmaceutical Project will take on a three strand approach: facilitation and advocacy of local production of maternal and child care medicines and products; pooled procurement of the same in Small Islands States and countries that include Seychelles, Madagascar, Comoros, Mauritius, Djibouti, Eritrea, Rwanda and IGAD anchored by Ethiopia and Kenya; and ensuring quality standards of medicines and products with the support of the AUC Agencies.

With the advent of the African Continental Free Area (AfCFTA), its coming into force effectively on 30 May 2019 and entering into an operational phase on 7 July 2019, at an African Union (AU) Summit in Niger, marks momentous milestone for economic integration of Africa. The AfCFTA brings onboard a market of 1.3 billion people, a gross domestic product (GDP) of \$2.5 trillion, across 55 member states of the AU. The AfCFTA-anchored African single market changes the economics on the ground and makes the case for significant investment in manufacturing across the continent in particular the health sector as an input to inclusive and sustainable development, promotion of value addition and income generation, job

creation to cater for the youth bulge, technological and knowledge spillovers. The AfCFTA, by virtue of the expanded market opportunities it offers and the potential to create manufacturing hubs, can be a game changer in the fight against life threatening diseases, especially given the continent's high disease burden and concerns of rising governments debts. By pooling countries demand together, the Agreement can facilitate the bringing down of cost of medicines to African consumers.

The Agreement provides an appropriate sectoral approach to advocate for healthcare and wellness sectors, and more specifically the pharmaceutical sector. The healthcare and wellness sector, which is projected to be worth \$259 billion by 2030 is said to have a potential to create 16 million jobs and is a ready market to operationalize the AfCFTA. If we single out the pharmaceuticals sub-sector alone, the industry is one of the world's fastest growing. In the past ten years, the market has exploded to US\$ 21 billion and is estimated to be US\$60 billion by the end of 2020.

Urbanization, increase in discretionary incomes, expansion of healthcare and governments incentives, increase in prescription and generic medicine and medical devices have primarily driven growth in this sector. This growth can be optimized if challenges such as policy and regulation incoherence, shortage of specialists, weak quality regulatory agencies and fragmented markets are addressed. Presently, Africa manufactures less than 2 per cent of the medicines it consumes while it imports about 70 per cent of its needs from outside the continent at an annual cost of \$14.5 billion. Worse still, is that several African countries import sub-standard or poor quality medicines and some of the smaller Africa economies pay premium prices to source their pharmaceuticals

owing to their weakened bargaining position with large, well-resourced and dominant international pharmaceutical companies.

The Pharmaceutical Manufacturing Plan for Africa (PMPA) that was adopted by the AU Assembly back in 2007 observed: “a market size that would ensure sustainability as well as technical and financial viability was considered imperative.” Thanks to the AfCFTA, Africa is now in a position to say market size is no longer an issue for pharmaceutical manufacturers to engage in areas such as the local production of generic medicines on the continent or pooled procurement of medicines.



OBJECTIVES

The overall objective of this AfCFTA-anchored Pharmaceutical Initiative High-Level Stakeholders Meeting is to seek the buy-in and political will of the Ministers of Finance and Ministers of Health of the targeted countries. Furthermore, the High-Level Stakeholders Meeting aims at facilitating a platform for concrete actions that will improve access to affordable essential medicines utilizing pooled procurement frameworks as well as catalyze local production in Africa by harnessing high-level political commitment and workable solutions. Additionally, the Meeting further seeks to provide an opportunity to share lessons learned from other regions, share knowledge, actively engage and network with intra-African actors within the health sector for the successful implementation of the Project for the attainment of SDGs and Agenda 2063 aspirations.

More specifically, the Stakeholder Meetings is expected to:

With the AfCFTA as an instrument for promotion of inclusive and sustainable growth and structural transformation of African countries, the case for the pooled procurement of pharmaceuticals and local pharmaceutical production (LPP) for promotion of value addition and income generation can be appropriately validated. In addition to addressing the continent's high disease burden, LPP can service the expanding markets brought about by the AfCFTA, growing population and the advancement of non-communicable diseases in Africa. Additionally, it can be a step toward sustainability of treatment programs leading to health and economic security.

- Harness high-level political commitment and workable solutions for AfCFTA-anchored Pharmaceutical Initiative;
- Strengthen collaborations and networking among relevant policy makers, regulators, industry, scientific community for successful implementation of the Project;
- Consider a broad range of related issues for pooled procurement of drugs and local pharmaceutical production within the continent;
- Seek guidance on how to facilitate and advocate from the policy angle leveraging on the AfCFTA, pooled procurement and local production of selected and identified pharmaceutical drugs and products;
- Ensure quality standards of identified medicines and products for pooled procurement and local production;

- Consider the Roadmap for implementation of the recommendations emanating from the meeting;
 - Facilitate and forge public and private sector dialogues and partnerships to ensure tangible outcomes; and
 - Share ideas, lessons and best practices on how to improve the AfCFTA-anchored Pharma Initiative
- The deliberations at the meeting will build on available reports, analysis, think pieces, research papers and statistics.



PARTICIPATION

The Meeting will be attended by Ministers of Finance and Ministers of Health from selected countries and key relevant stakeholders.



FORMAT

The High-Level Stakeholders Meeting will be divided in two parts. Part one will convene the Ministers of Finance and Ministers of Health of the targeted countries with the aim of seeking their buy-in on the AfCFTA-anchored Pharma Initiative. Part two will thereafter take the shape of a broader dialogue with a range of relevant private sector actors and stakeholders, with the aim of encouraging a vibrant discussion between the public sector and private sector on the way forward to ensure that the AfCFTA-anchored Pharma Initiative becomes a reality and truly contributes to Africa's socio-economic development.

