Africa Pharmaceutical Sector: Opportunities and Challenges

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The New Africa

Economy – Africa Rising:

• Continuous growth in past decades
• From 2001-2010, six of the world’s ten fastest-growing economies were in sub-Saharan Africa.
• The economic outlook of Africa is promising and will be a bright spot in global economy.

Population – Demographic Dividend:

• Africa’s greatest asset: 1 billion people in Africa today and 2.3 billion people projected for 2050. After Asia, Africa is the world's largest and most populous continent and accounts for about 15% of the world's population.
• Africa is also the youngest region in the world. As of mid-2011, the top 10 countries with the youngest population were in Africa.
African Context

- Sub-Saharan Africa:
  - 12% of the world population
  - 49% of maternal mortality
  - 50% of mortality of children under 5 years
  - 67% of HIV/AIDS cases
Challenges of the African pharmaceutical sector

In SSA, on average only 38% of essential drugs are available in public facilities

- Current weaknesses of the pharmaceutical sector
  - Limited local production
  - Inadequate supply chain
  - Weak procurement systems
  - Counterfeited or sub-standard pharmaceutical products
• **Size of African pharmaceutical market**
  
  – SSA: 0.6% of the global market or US$ 3.8 billion USD (IFC, 2007)
  
  – Recent estimates for the continent’s market: US$ 8 to 10 Billion
    
    • Nigeria market: US$ 2.5 Billion in 2011 (IMS Health)
    
    • South Africa market US$ 4 Billion (IMS Health).
Political Commitment

- Pharmaceutical Manufacturing Plan for Africa (PMPA) and it’s Business Plan endorsed by Heads of States during AU Summit
- SSA countries are committed to PMPA;
- AUC, UNIDO, AfDB and other partners are working together to start implementing PMPA
Opportunities for pharmaceutical industry’s growth in Africa

Economic factors:
- 1.3 billion population by 2020
- A combined GDP of 2.9 trillion USD
- Healthcare expenditure of around 200 billion USD
- A pharmaceutical market valued at an estimated 23 billion USD,
- 50 percent of households will have a disposable income of more than 20 USD per day;
- Investments in healthcare reforms

Medical factors:
- The patent expiries of many leading medicines
- The growth of the pandemics and increasing numbers of people on treatment
- An improving health insurance and coverage environment, and a consequent increase in the number of people with access to healthcare
- An ageing population and a consequent increase in lifestyle diseases
Reshape the system

Challenges for investing in pharmaceutical industry in Africa

- Poor infrastructure
- Lack of skills and qualified work force
- Lack of raw materials
- Inefficient systems (e.g., customs service)
- Corruptions
- Tax burdens

Reform to create a conducive environment

- Provide incentives particularly during start-up phase
- Mitigate risks
- Facilitate B-to-B collaboration
- Build on successful PPP cases
The AfDB at a glance

- Africa’s premier development institution owned and trusted by member states
- Strong implementation systems and country presence (decentralized structure)
- Clean records and good reputation (AAA rating)
- Investment portfolio-$3 billion annually (6% of development aid)
- The infrastructure sector (power supply, water, sanitation, transport and communications ) has received the largest share of AfDB lending

Instruments
- Lending: Loans/grants
- Non-lending: Analytical work; TA
The AfDB and the pharmaceutical sector

• The Bank is working with the private sector and governments to build the pharmaceutical industry and associated services:
  – Ensure affordable medicines
  – Make the sector an engine for economic growth and job creation.

• Examples of Bank’s activities in the sector:
  – Invest in the pharmaceutical sector: A possible region project to vitalize Africa’s pharmaceutical sector
  – Conduct assessment and analysis and build regular b-to-b platform
  – Facilitate South-South exchange and produce knowledge products
  – Partner with other agencies in key areas of the pharmaceutical reform.
Thank you for your attention