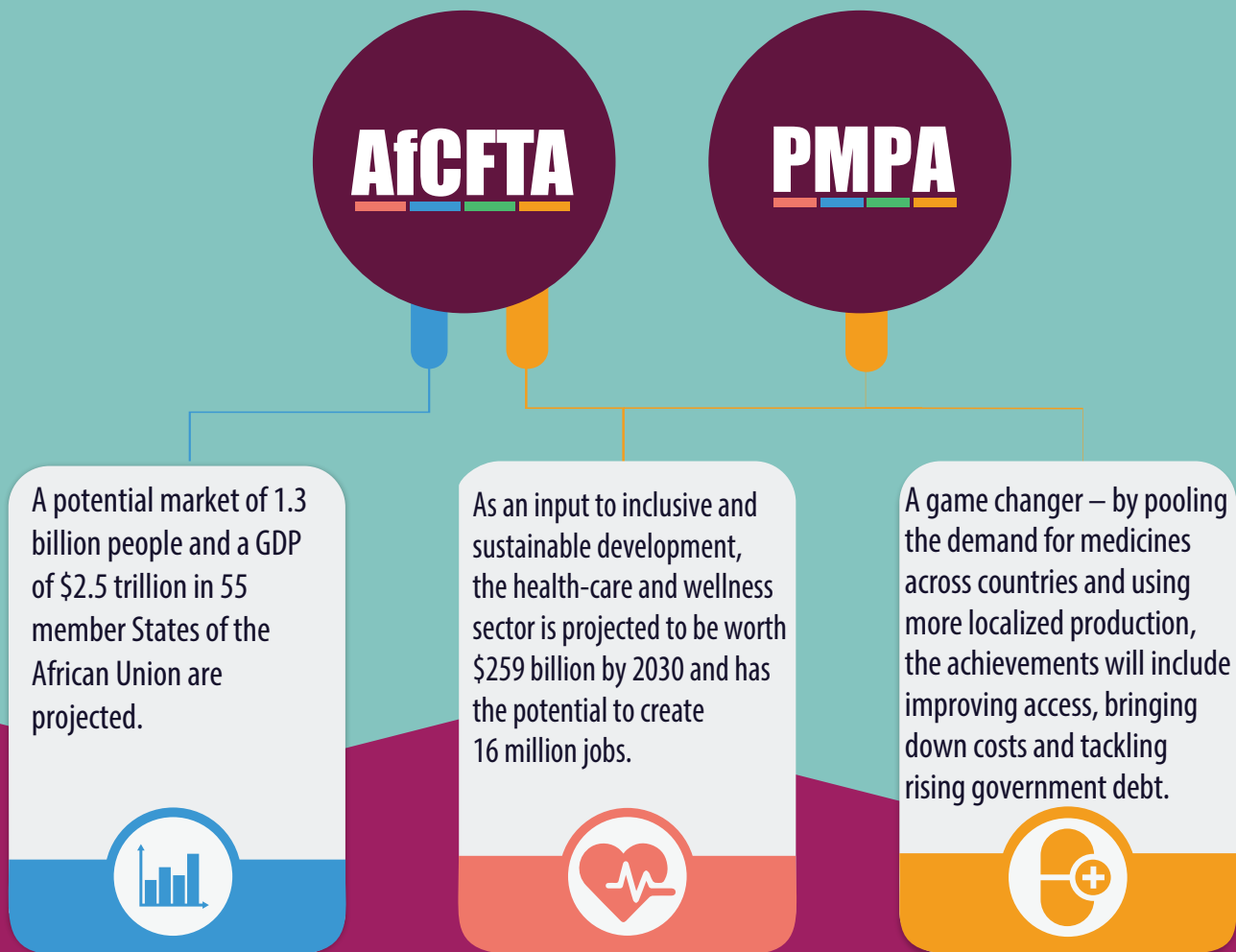


AfCFTA - A GAME CHANGER

Realizing the Pharmaceuticals Manufacturing Plan



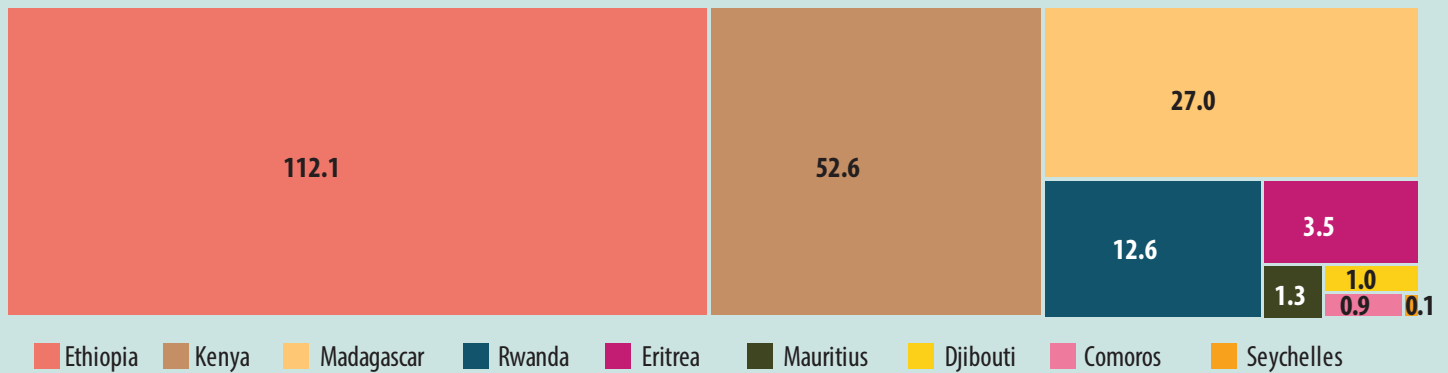
AfCFTA is a game changer: the agreement establishing it and the process that is under way are critical components in the development of a scalable and sustainable reproductive pharmaceutical framework of action.

This AfCFTA-anchored pharmaceutical project is a pilot health and economic initiative. It contributes to improved and economically sustainable access to safe medicines and the realization of the Pharmaceuticals Manufacturing Plan for Africa through localized manufacturing and pooled procurement. The pilot initiative proposes localized production, pooled procurement, and a harmonized regulatory and quality framework. Participating countries include the Comoros, Djibouti, Eritrea, Ethiopia, Kenya, Madagascar, Mauritius, Rwanda, Seychelles, and the Sudan, with the involvement of IGAD.

Maternal and child health burdens remain relatively high in the region – and access to reproductive health products is a key consideration. By year 2, it is expected to increase intra-African trade in pharmaceuticals with a decrease of 25 per cent in imports. By year 3, more affordable medicines with an estimated drop in price of 25 per cent are expected. The intended macro improvements are complemented by social gains with significant job creation and increases in women's productivity. Linking this health initiative to AfCFTA represents great opportunities to change lives, reduce poverty and contribute to inclusive and sustainable economic development.

SOCIOECONOMIC PROFILE

Total population (million) - 2019



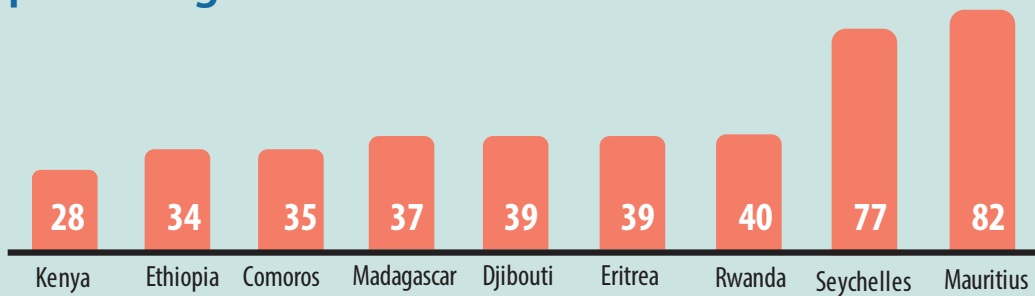
Percentage growth rate of real GDP – 2017

Ethiopia	Kenya	Madagascar	Rwanda	Eritrea	Mauritius	Djibouti	Comoros	Seychelles
10.2	4.8	1.2	6.1	5.0	3.9	4.1	2.5	6.3

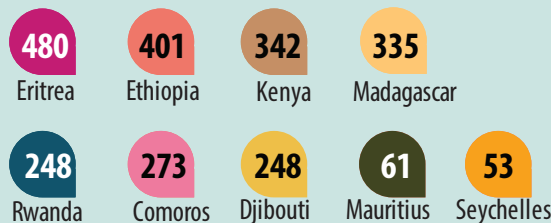
Country-level variations on key demographic, economic and health parameters provide a strong rationale for this AfCFTA-anchored initiative.

HEALTH PROFILE

Share of non-communicable diseases as a percentage of total health burden



Maternal mortality ratio per 100,000 live births



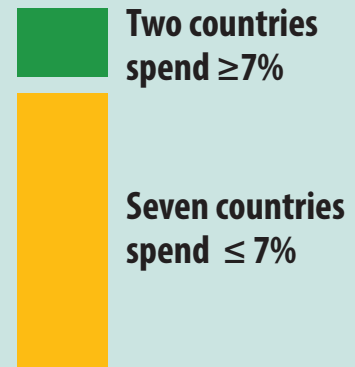
The maternal mortality ratio varies across selected countries, but negative health and economic impacts, examples of which are lack of productivity and systemic inequities, remain wide-ranging concerns in regard to access to safe and affordable maternal and reproductive health commodities.

Intended social impact of the initiative (end of year 3) Sustainable Development Goal 3: Good health and well-being



Total health expenditure as a percentage of GDP

Financing for health remains within the range of 4–5 per cent GDP for most of the countries selected. Only two countries spend 7 per cent or more. In both cases, and mainly for those that spend less than 7 per cent, it remains a challenge to achieve UHC.



Household spending on health

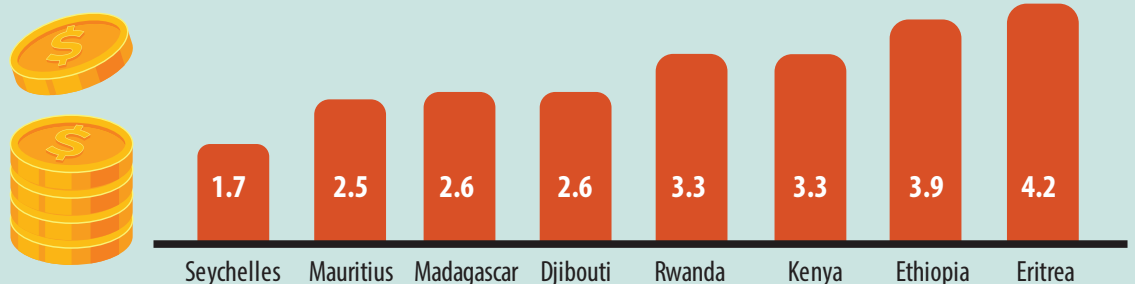
Direct financial burdens on households have implications on access to care and financial protection. Household expenditure in the selected countries averages 40 per cent of the total amount spent on health, which is significantly higher than the average 20 per cent in OECD countries. The highest proportion of Out of Pocket Expenditure (OOP) on medicines is in Africa. This represents a significant economic burden to the individual and makes the achievement of UHC a distant target.



Life expectancy at birth - 2019



Health financing gap as a percentage of GDP



The extent of this financial burden to the household and to the government is significant – ranging from 1.7 to 4.2 per cent of GDP in selected countries, as calculated by ECA.

Intended economic impact of the initiative (end of year 3)

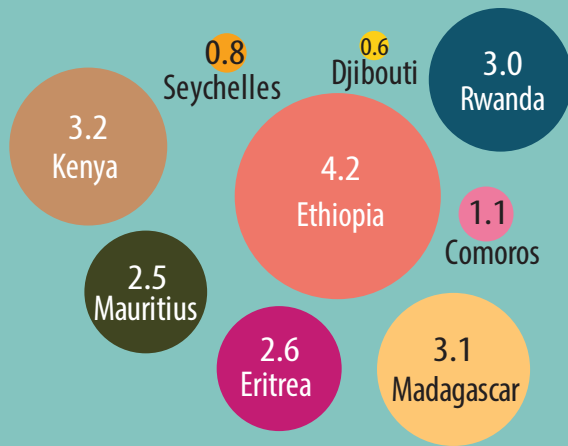
Sustainable Development Goal 1: Poverty

Sustainable Development Goal 3 target 4: Universal health coverage



PHARMACEUTICAL PROFILE

Size of the pharmaceutical market – imports (as a percentage of GDP)



Key influencers of equitable availability and affordability of essential medicines in the region include the following: health sector financing; policy issues on legislation relating to medicines; price regulation; procurement laws; and investment and intellectual property laws.

The perceived cost benefits of generic medicines versus originator medicines are distorted by a number of factors, including market supply chain inefficiencies.

Total health spending as a percentage of GDP ranges from 4 to 8 per cent in these countries, and more than 70 per cent of it is allocated to pharmaceutical imports. Imports vary significantly across countries, with Ethiopia and Kenya spending 3 to 4 per cent of GDP, which is a significant amount.

Out of pocket health expenses exceed public expenditure for health in Africa. To make matters worse, there is a vast difference between the public and private spheres, in availability and affordability of generic medicines versus originator medicines, thus making the case for an initiative that is aimed at building equity in access across all facilities and ensuring availability of generic medicine.

Availability: While 68 per cent of generic medicines are available in public facilities, 56 per cent are available in private facilities. For originator medicines, none are available in public facilities (public only procures generics) while 55 per cent are accessible in private facilities.

Affordability: the median price of generic medicines is 6 times more than the international price in the private sector, compared with the price of originator medicines, which is 19 times more than the international price.

Mauritius

While the affordability of generic medicines is better than that of originator medicines in public facilities, the median price of generic medicines is 3.3 times more than international reference prices in public facilities, compared with the price of originator medicines, which is 18 times more than the price in public facilities.

Kenya

REGULATORY PROFILE

Country	Centralized procurement model	Decentralized procurement model	Medicines policy	Medical regulatory authority
Seychelles	✓			✓
Comoros	✓			✓
Madagascar	✓	✓	✓	✓
Mauritius	✓			✓
Djibouti				
Eritrea	✓			✓
Rwanda		✓	✓	✓
Kenya	✓	✓	✓	✓
Ethiopia		✓	✓	✓

Intended impact of the initiative on governance and partnership
Sustainable Development Goal 17: Partnerships for the goals

Source:
ECAstats and WHO

Partnerships

15% ↑

Policy reforms

5% ↑
in the Doing
business
indicator

Local
production

10% ↑

Digitization
and data

15% ↑
in information