



African
Union



United Nations
Economic Commission for Africa



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

JUSTIFICATION

In an effort to maximize the opportunity arising from the African Continental Free Trade Area (AfCFTA), and in order to realize the objectives of the Pharmaceutical Manufacturing Plan for Africa, a pharmaceutical project is being commissioned in select African countries, to include the Comoros, Djibouti, Eritrea, Madagascar, Mauritius, Rwanda, Seychelles and the Sudan anchored by Ethiopia and Kenya, and with the involvement of the Intergovernmental Authority on Development (IGAD). The objective of the project is to **bring ideas into action** through the successful launching of a pilot project using select pharmaceutical products for the improvement of reproductive and child health. Ultimately, the aim is for the initiative to embrace the entire continent.

The country selection for this initiative emanated from a recent business forum on the

pharmaceutical industry in the Horn of Africa. The AfCFTA Regional Trade Forum took place in Addis Ababa on 28 and 29 June 2019 and focused on the theme “AfCFTA implementation: breaking down geographical, logistical and regulatory barriers to trade and investment in the Horn to boost industrialization: a focus on the pharmaceutical industry”. Policy recommendations from the Forum supported the selection of those countries mentioned – which includes small island States – to participate in the pilot, in order to showcase the African Continental Free Trade Area, with the aim of elevating the initiative to the continental level once a track record has been established. IGAD was selected to participate as the regional economic community, in view of one of its health initiatives, which complements the proposed pilot project.

The decision to focus on maternal and child health-care products was informed by the high maternal and infant mortality ratio in Africa. The maternal and child health burden remains relatively high in the selected region. Across the continent, the challenges relating to maternal and infant mortality persist, particularly in respect of achieving targets of key indicators. In connection to that, there is a huge unmet need for family planning and other reproductive health commodities. This compounds other existing difficulties such as the lack of preventive immunization measures and vaccines.

Women constitute over 50 per cent of the population of African. Investing in women's health is therefore a key component of inclusive economic development, namely, human capital accumulation and health enhancement of future generations. In that regard, investments in maternal and child health-care services are cost-effective and show enormously successful results. It is estimated, for example, that family planning alone could reduce maternal mortality by as much as 40 per cent. Therefore, the necessity and efficacy of investments in initiatives that address women's health, such as the establishment of women's health centres, are in fact investments in the overall better health of the population, resulting in general economic well-being through enhanced productivity and earnings for generations to come.

In developing this scalable and sustainable reproductive pharmaceutical framework of action, the African Continental Free Trade Area is a potential game changer. The pilot initiative proposes to focus on localized production, pooled procurement and a harmonized regulatory and quality framework. The initiative, anchored in AfCFTA principles, is expected to contribute to improved and economically sustainable access to safe and affordable medicines through localized manufacturing and pooled procurement.

The predicted positive impact will be reflected in an increased intra-African trade in pharmaceuticals with a decrease of 25 per cent in imports by year two, and more affordable medicines with an estimated cost drop of 25 per cent by year three, creating the needed fiscal space in an era of rising government debts. The intended macro improvements are complemented by social gains in significant job creation and increases in women's productivity. This health initiative, which maximizes the benefits brought about by the African Continental Free Trade Area, embodies great opportunities to change lives, reduce poverty and contribute to inclusive and sustainable economic development.

