



International
Trade
Centre



MADE BY AFRICA

CREATING VALUE THROUGH INTEGRATION

PHARMACEUTICALS



Value chain overview: Pharmaceuticals



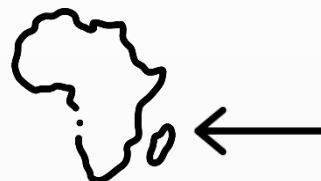
Africa imports 57% of pharma and chemical **inputs from Asia**; **intra-regional** imports account for only **3%**



Africa runs a **-\$16.1 bn trade deficit for pharmaceuticals**



Africa imports 57% of medicines from Europe; **intra-regional** imports account for only **3.5%**



Africa's import demand for medicine stands at \$17.3 bn, **projected increase to \$28.9 bn by 2027**



..... an opportunity to make **Africa self-sufficient in essential drugs** and more **resilient to external shocks**

African healthcare budgets and markets are rapidly expanding



Global pharma companies are increasingly interested in investing in Africa

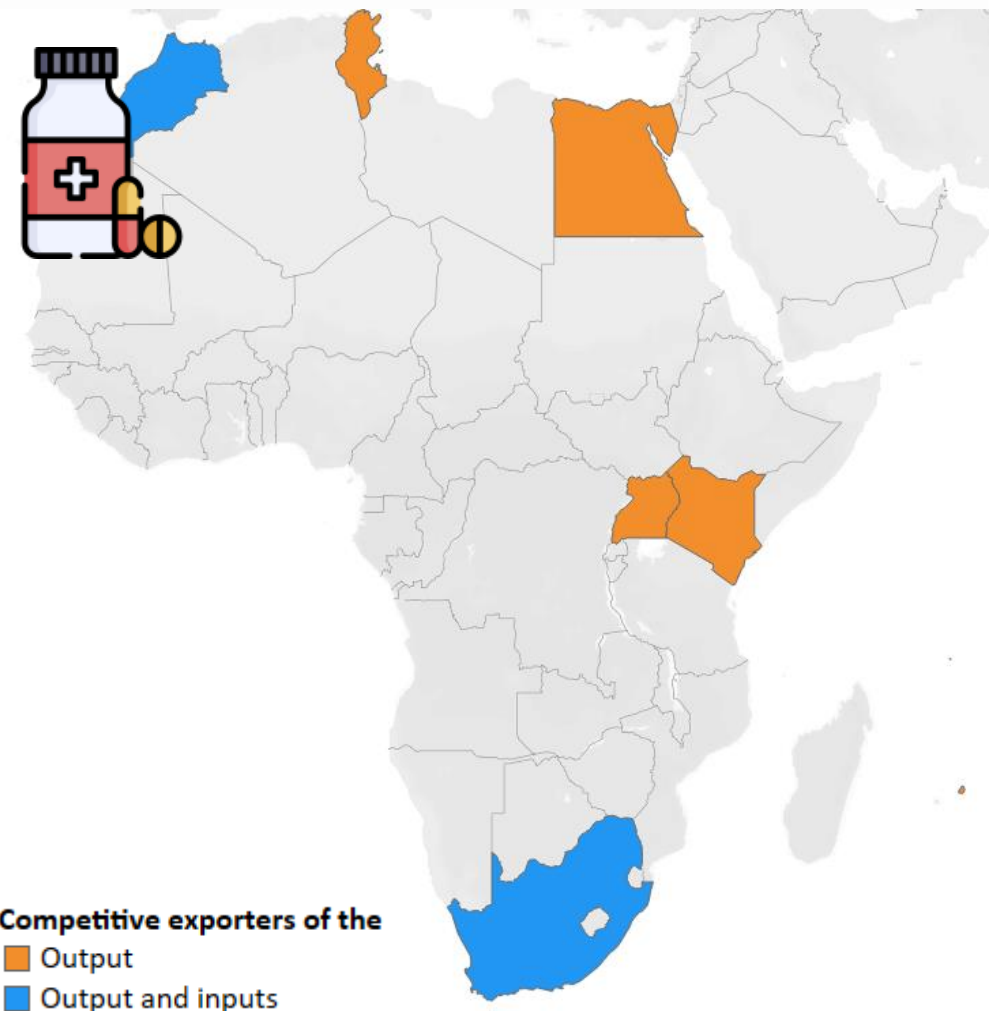
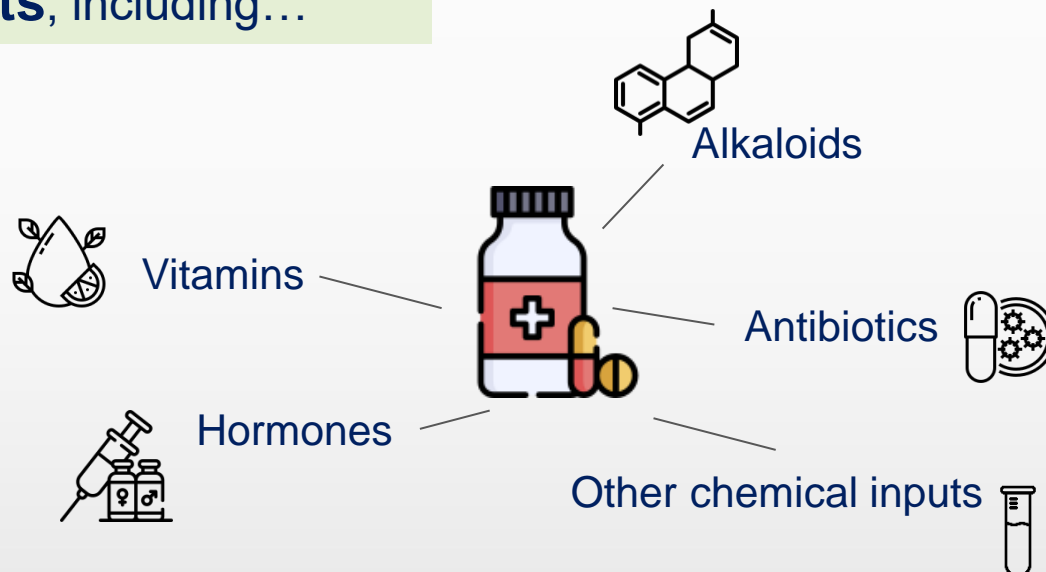
Mapping the **pharmaceuticals** value chain

The pharmaceutical value chain brings together...

- ✓ **3** sub-regions with potential
- ✓ **7** competitive exporters of the output, among them 1 LDCs
- ✓ **2** competitive exporters of the inputs

...and encompasses

- ✓ **125 inputs**, including...

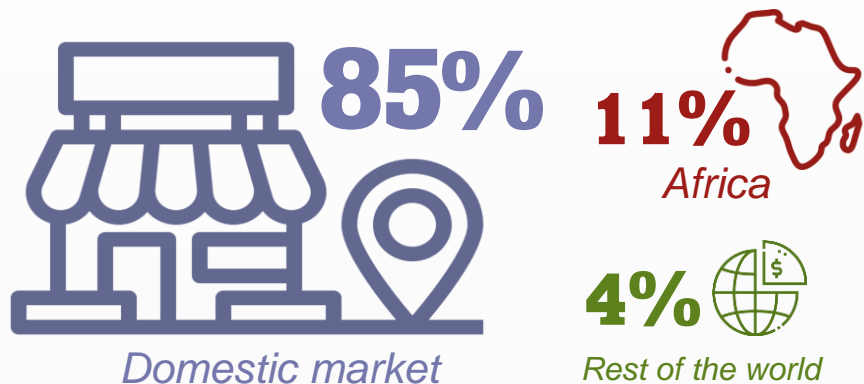




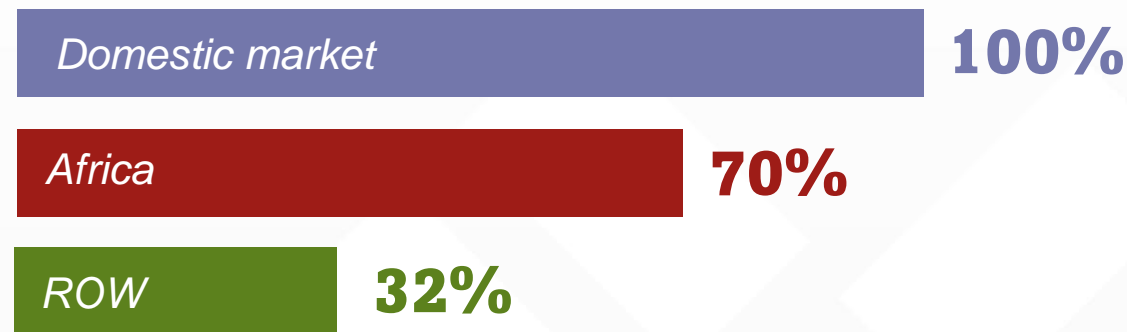
Pharmaceuticals

Selected insights from the survey of value chain participants in Africa

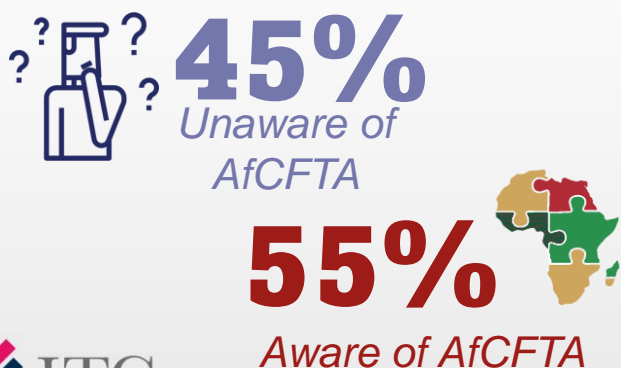
Most of the company's sales are in the domestic market



All companies sell at their domestic markets, most also export to Africa



Majority of the companies are aware of AfCFTA



Only a fraction of companies have participated in AfCFTA related consultations



Large majority expect benefits from the continental trade agreement





Pharmaceuticals

Selected insights from the survey of value chain participants in Africa

A third of the companies have foreign presence



35%

Companies with foreign affiliates or production plants

65% are entirely domestic based

Half of the companies plan to expand production in African countries



50%

Companies planning to expand production in other African countries

Most firms are fully locally owned, but significant number of firms with foreign ownership

Fully locally owned

58%

9%

Up to 50% owned by foreign partner(s)

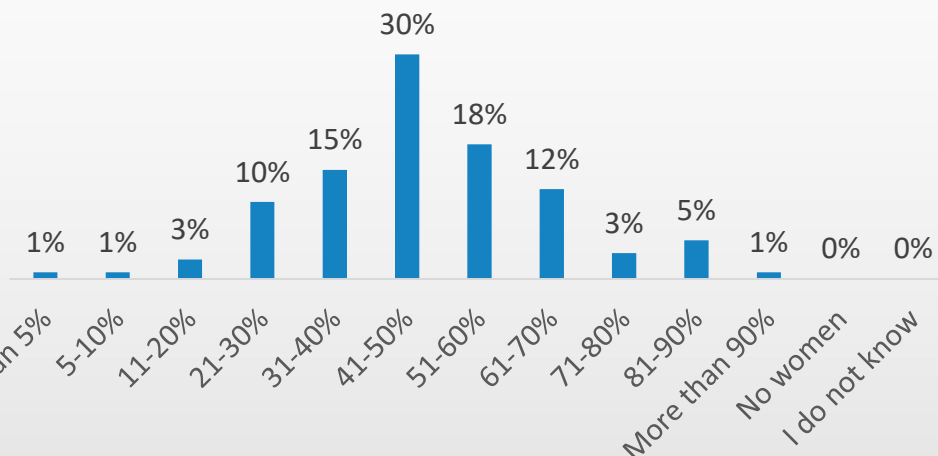
23%

Full foreign ownership

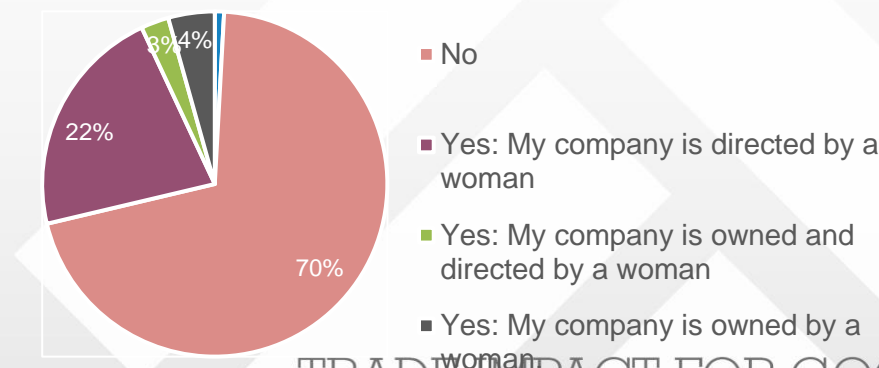
6%

More than 50% but not full ownership by foreign partner(s)

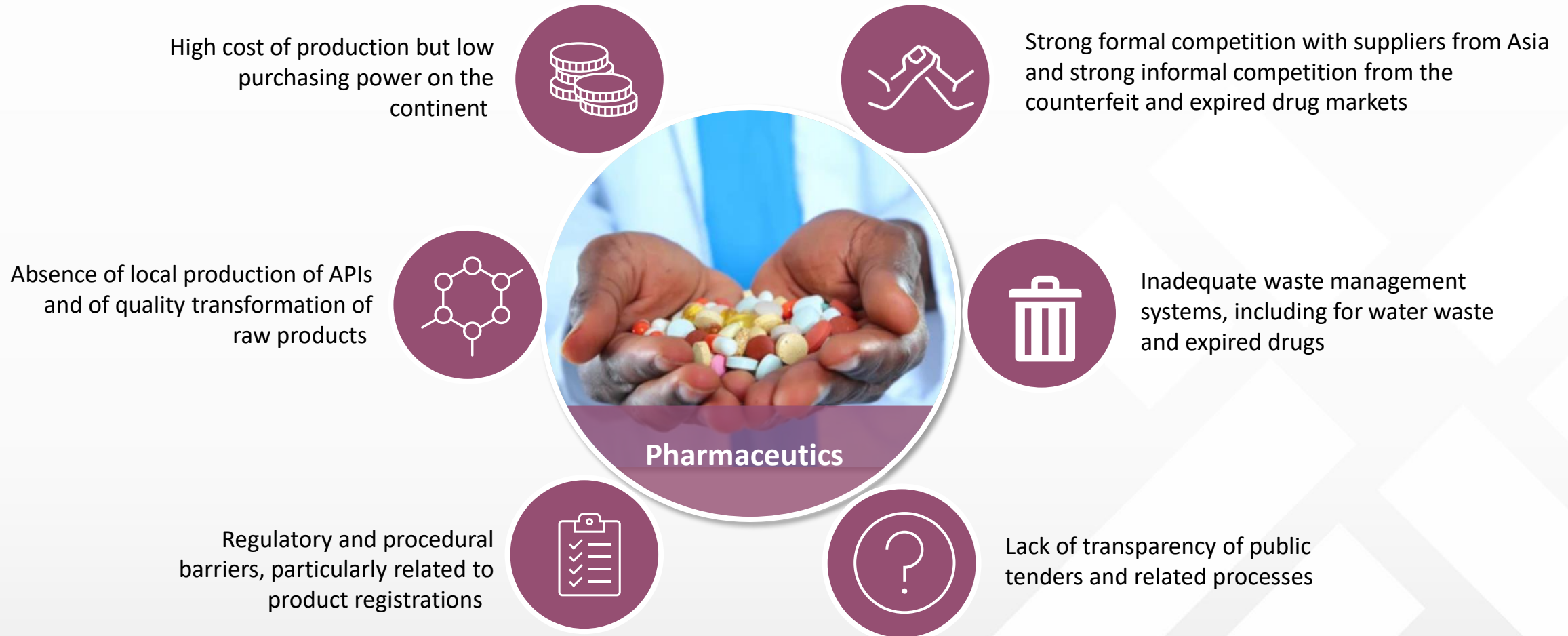
Employment in the sector is fairly gender balanced (compared to other sectors)



Less than a third of business are women-led



Pharmaceuticals – Value chain-specific challenges*



Pharmaceuticals – selected key challenges



The main challenge in Africa is infiltration of counterfeit and substandard products. If this is not addressed and harmonized across the continent, it will be difficult to achieve self-reliance in raw material production.



Strong formal competition with suppliers from Asia and strong informal competition from the counterfeit and expired drug markets.



Inadequate waste management systems, including for water waste and expired drugs.

Firms are concerned about the lack of clarity of regulations on how to deal with contaminated and hazardous waste and the often inadequate systems to treat such waste so that it does not harm the environment or human health.



Pharmaceuticals VC – what needs to change?

Selected value chain specific recommendations*

Reformulate a vision and strategy, building on the lessons learnt from implementing the Pharmaceutical Manufacturing Plan for Africa:

- Develop a specific strategy for investment priorities to support **local production of APIs and essential medicines**, and to **develop new treatments based on traditional medicines** and the **unique medicinal plants in Africa**

Step up investments in **research on traditional medicines**

Improve the **transparency of public tenders**

Ensure a strong mandate and role for the African Medicines Agency in driving regulatory convergence and strengthening the financial, technical and human resources available to national medicines regulatory agencies

Enforce regulatory oversight of counterfeit and expired drugs

Review taxation systems and related incentives, notably the cost and benefits of value-added tax (VAT) levied on inputs for pharmaceutical production.