



United Nations
Economic Commission for Africa



CONCEPT NOTE

LAUNCH OF THE AfCFTA-ANCHORED PHARMACEUTICAL INITIATIVE'S

CENTRALISED POOLED PROCUREMENT MECHANISM

FOR

SELECT MATERNAL, NEONATAL CHILD HEALTHCARE PHARMACEUTICALS & PPE PRODUCTS

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Background

The COVID-19 pandemic has demonstrated how pharmaceuticals, including vaccines, are crucial in securing our economies, livelihoods and saving lives. The AfCFTA-anchored Pharmaceutical Initiative (Pharma Initiative) leverages on the Africa Continental Free Trade Area (AfCFTA) and the Africa Medicines Agency (AMA) to provide an integrated platform approach for appropriate, effective, and sustainable regional pooled procurement mechanism on the continent. The development, scaling up and sustenance of this Pharma Initiative is premised on levels of free trade and investments, including through public-private partnerships along the procurement and supply chains of essential medicines that eliminate market distortions.

The beginning of trading in January 2021 under the AfCFTA, practically makes Africa the largest integrated trading area in the world. The AfCFTA allows access of good and services without tariffs to a forecasted market of 1.7 billion by 2030. This has significant importance to public health and safety. Africa's pharmaceutical industry exhibits several market distortions (such as undersupply of quality medication, overpricing and tendencies towards dominance among some producers) which affect the adequate supply of medicines and pharmaceutical products on the continent. The economic and social justification for demonstrating the operationalization of the AfCFTA and AMA in the healthcare sector and especially in the pharmaceutical sector is well-established. Aggregating the continent into one trade space-pulling together demand and market factors- provides multiple opportunities to address the pharmaceutical challenges and market distortions.

The AfCFTA-Pharmaceutical Initiative was initially launched in November 2019 by ECA, alongside the Government of Seychelles (representing select Small Island Developing States (SIDS)), the Intergovernmental Authority on Development (IGAD), the African Union Commission (AUC), the African Union Development Agency- New Partnership for Africa's Development (AUDA-NEPAD), in collaboration with UN Family entities, WHO, UNFPA, UNDOCO and UNAIDS. The initiative first commissioned in select 10 pilot African countries which include Seychelles, Madagascar, Comoros, Mauritius, Djibouti, Eritrea, Rwanda, and Sudan, as well as Kenya and Ethiopia as anchor states. The Pharma Initiative is a contribution towards the achievement of the Sustainable Development Goals (SDGs) of the 2030 Global Development Agenda; the African Union's Agenda 2063 aspirations and operationalization of the African Continental Free Trade Area (AfCFTA) and the Pharmaceuticals Manufacturing Plan for Africa (PMPA) by ensuring that private sector and public sector collaboration yield tangible results and contribute to the Africa We Want leaving Noone Behind.

The Pharma Initiative's specific objectives are:

- a) To address socio-economic-related challenges facing African member countries relating to access to equitable, safe, and affordable medicines and the creation of fiscal space to the African Governments given the emerging trend of rising government debts;
- b) To showcase the operationalization of the AfCFTA and AMA within its three-pillars: localized pharmaceutical production, pharmaceutical pooled procurement, and a harmonized regulatory and quality standards framework;
- c) To increase intra-African trade of goods and services in health and health-related sectors which is key input to inclusive and sustainable development of Africa.

As part of the Pharma Initiative Work Program, two studies were successfully conducted and validated: Assessing the Situational Analysis and Feasibility of the AfCFTA - anchored Pharmaceutical Pilot Project focused on Reproductive, Maternal and Child Health Products (RMNCH); and a Framework for implementing a Centralized Pooled Procurement Mechanism (CPPM) in 10 Pilot Countries. As a follow up to key recommendations, ECA in collaboration with its partners and stakeholders are launching the CPPM and its work program. This Virtual Meeting aims at seeking the buy in of all stakeholders and agree on common approaches to deliver on the mechanism.

Drawing lessons from other pooled procurement models and best practices, the AfCFTA-Pharma Initiative envisages leveraging on the single economic space of the AfCFTA and AMA to ensure more secured environment for procurement, logistics and distribution. A regional pooled procurement arrangement can also help with the infrastructure and logistics needs of the continent and once addressed, it will provide for the safety, security and quality of products procured and distributed in Africa and beyond. According to WHO, successfully implemented pooled procurement mechanisms can help countries access sustainable supply of quality drugs, achieve greater demand predictability, reduce transaction costs, and (sometimes) reduce the total price paid for drugs and related products.

Objectives

The overall objectives of this Pharma Initiative's CPPM launch is to seek and secure the buy in of pilot countries on proposed mechanism and its work program, time frames and expected outcomes/results as well as the necessary institutional arrangements (secretariat and national levels) to achieve set results. Furthermore, it will showcase healthcare investments opportunities, prospects for job creation, expected cost savings and productivity gains and its market readiness to leverage on the AfCFTA and AMA for sustainable and inclusive development in Africa.

More specifically, discussions during the CPPM Launch event will focus on:

- **Phase 1–Institutional arrangements and mechanisms start up:** This phase may be understated, but it is significant in identifying stakeholders' interest, assuring governments' commitments, and concretizing partnership engagement to collectively bring to bear the Initiative's Objectives;
- **Phase 2–Operational arrangements, Coordinated information methodology, sharing and transparency:** This phase includes creation of a uniform information and data methodology and creation of a shared platform to enable players gather and share intelligence. Coordinated information methodology, sharing and transparency include conducting joint market intelligence activities, evaluating performance across different buyers, identifying quality issues occurring with other partners, and lowering price per product while improving product quality and safety,
- **Phase 3–Negotiating group contracting and consolidated volume demand creation:** this stage uses information shared to create consolidated high volume demand across participating countries. A high volume/lower prices scheme can be realized through pooled procurement if volume demands are accurately quantified and shared with the appropriate suppliers/manufacturers;

- **Phase 4–Operational arrangement:** Creation of Centralized Procurement Governance (Secretariat or Agency): This establishes the governance structure of the Procurement and Supply Agency, delineating terms of reference; legal and regulatory backing; as well as technical, management, and financial acumen to lead regional pooled procurement;
- **Phase 5: Galvanising private sector investment** in CPPM across the continent in short-medium term and local production of medicines and products to improve health outcomes in Africa;
- **Phase 6: Showcase the contribution of the AfCFTA-anchored Pharma Initiative** as on the platform that can be utilized to address ongoing health and economic emergencies and social-economic challenges facing African countries in relation to high costs of medicines and the creation of fiscal space in the era of COVID-19. In addition, the Pharma Initiative also led to the establishment of the African Medical Supply Platform (AMSP) and other offshoots in response to COVID-19 Pandemic. AMSP is a consolidated online marketplace that facilitates the provision of COVID-19-related medical products and vaccines by addressing supply chain issues such as shortages and delays in manufacturing and distribution of supplies as well as accessibility and affordability issues created within the context of the challenges and opportunities of COVID-19.

Stakeholders

The event will bring together representatives of UN entities, AUC, AUDA-NEPAD, IGAD, Pilot Countries Focal Persons, State and Non-State Actors, Private Sector, Academia and Development Partners to share technical experiences and solutions in furthering knowledge on CPPM in order to improve access to affordable and safe pharmaceuticals and COVID – 19 pandemic related commodities.

Format of the Virtual CPPM Launch Meeting

The virtual event will feature opening remarks followed by proposed CPPM Institutional Arrangements, its Work Program and lessons learnt presentation from the AfCFTA-anchored Pharmaceutical Initiative’s 10 pilot countries’ Feasibility Study. Thereafter, a dialogue will ensue among distinguished panellists followed by key outcome emanating from the discussions and Way forward.