



AHBS 1st Webinar series
Partnerships for COVID-19 in Africa

Session report

Manufacturing and supply chain



24th July 2020



This webinar is brought to you by Africa Health Business (AHB)

AHB is a pan-African advisory, consulting and investment firm that focuses on innovative partnerships to transform health in Africa. AHB promotes the growth of the private health sector in Africa to generate affordable, accessible, and quality healthcare for all.



MODERATOR

Dr. Githinji Gitahi
CEO
Amref Health Africa



KEYNOTE

Dr. Matshidiso Moeti
Regional Director Africa
WHO



PANELIST

Mr. Karim Bendahou
Head Africa Bureau
MERCK



PANELIST

Mr. Samba Bathily
CEO & Founder
ADS Group



PANELIST

Mr. Geoffrey Nyaga
Chief Operations Officer
Astral Aerial Solutions

Event Partners



PHARMACCESSGROUP





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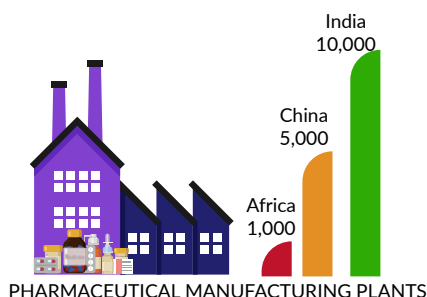
COVID-19 has greatly disrupted our supply chains. The measures to contain the pandemic have triggered unprecedented measures by national governments that have caused local and global trade disruptions. This has threatened our supply chain not only for the management of COVID-19 itself, but also for all the other essential commodities that we need to maintain the health of our populations. In low and middle income countries, where these supply chains are already fragile at the best of times, this disruption has made a bad situation even worse. This has led to shortages and price hikes, and could also trigger an epidemic of counterfeit medicines. Our speakers today will address these issues and report on what is already being done and what action is needed as we move forward.



KEYNOTE

Dr. Matshidiso Moeti
Regional Director Africa
WHO

In recent months, the global supply chain has been disrupted in a huge way, drawing attention to the need for strong and more equitable systems coupled with an increase in local manufacturing capacities in the African region. We need the public sector to create an enabling environment and the private sector to invest in local manufacturing. Africa has generally relied on international procurement, often with support from partners. In most SubSaharan African countries, between 70-90% of medicines are imported. From the start of the pandemic, there has been growing awareness of the need for more coordinated, reliable, and fairer global supply systems. Countries and partners began procuring supplies in silos, which led to duplications in requests, as well as inflated demand, which resulted in price hikes and shortages.



2350%
increase in price
from \$0.10 to \$2.25

With national supply, we have seen those countries with manufacturing capacities put pressure on the manufacturers to limit the supply to domestic markets and some have imposed restrictions on exports of key items. The border closures and transport limitations, while put in place for good public health reasons, has had a profoundly negative affect on supply chains. There has been a race for supplies, and the advantage often goes to the governments and entities that have the volume and money to pay. Many lowincome countries have missed out. This is shown in that it is the lowincome countries that have the very lowest testing rates, with the lowest number of test kits. Middleincome countries initially did fairly well, but today it's difficult for any country to have access to these tests. Therefore, the WHO has needed to pool the procurement process. They have established at the global level a UN consortium for COVID19 supplies to take advantage of economies of scale and donor money coming in to secure supplies together. This can improve access and balance inequities in the market. Although this is a new initiative in response to the pandemic, it builds upon work that WHO has been doing for a number of years.

African industries, governments, and private sector need to continue forming and strengthening partnerships. Public and private partners need to build on the current momentum to solve existing problems, such as lengthy

bureaucracy and corruption. This needs to be addressed openly, with transparency when it comes to both domestic and international trade. This requires international collaboration and partnerships between government and private sector.

Another barrier to local manufacturing is the high cost of production due to a deficit of structural investment. For example, a pharmaceutical factory in Senegal closed earlier this year because of lack of profitability due to power outages and electricity costs. When we're talking about political commitment, the government needs to invest in infrastructure in order to create a conducive environment for successful local manufacturing.

A strong regulatory system will provide the foundation for not only establishing norms and standards, but also helping to build trust and demand for quality products. This is another way political commitment is necessary. There needs to be confidence in the products that are produced on the continent. The WHO has identified the private sector as a key player in advocating for governments to harmonize regulatory rules and requirements so that the continent can be more efficient in both setting standards as well as making it easier to trade between countries without adding bureaucracy and, therefore, costs.

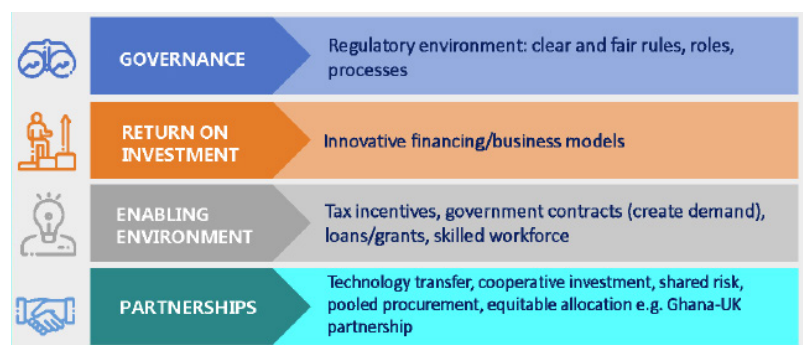
The return on investment needs to be front and center if private sector investors are going to put their money into local production. Innovative financing and business models that succeed in attracting investment, mobilizing resources and generating demand need to be explored.

In one country, a plant was built to manufacture IV solutions locally (a very basic medical supply and one that is easy to produce). A main supplier of this product overseas, when they learned of this development, dropped their price dramatically so that even the government of the country where this production was happening continued to buy from the international partner rather than from the local manufacturer. This points to the need for policies that support and protect local manufacturers.

So how can governments play a role in doing this? Tax incentives and other innovative solutions have proven effective. As an example of the current problem, several countries have higher taxes on the importation of active pharmaceutical ingredients than on the finished product. This does not encourage investment in the local production capacity. Governments need to look differently at some of these factors. Additionally, skilled workers need to be available to work in production facilities so that capable and wellremunerated people are where they are needed most.

Partnership, coordination and collaboration across borders is absolutely essential. Policies are needed to encourage the transfer of technology from multinational companies to local manufacturers. For example,, with the support of the UK Pharmaceutical Partnership for COVID19, Ghana is receiving infrastructure, expertise, industry data, and new and inkind funding to support progress toward COVID19 vaccine development and advocacy efforts. It takes partnership between local manufacturing companies, governments, multinational companies, and the international community to pull it all together.

KEY INCENTIVES & STRATEGIES



The WHO has been very encouraged by the willingness of the private sector to play a part in addressing this pandemic. COVID19 has provided an opportunity for further collaboration between private and public sectors and we need to continue building on this.

At the continental level, we have regional and collaborative approaches that can yield faster results. For example, we need to leverage the regional economic communities. We need to work with the AU to enable trade and business collaboration within the continent. Governments have to ensure that the legal and policy frameworks function well to support publicprivate partnerships and invest in regulations for quality assurance. They also need to support financing and provide a conducive environment for investing in local manufacturing.



PANELIST

Mr. Karim Bendahou
Head Africa Bureau
MERCK



Disruptions are happening at every level of the supply chain. So how do we find a silver lining in this pandemic by taking advantage of the opportunities that disruptions can provide?

There are two primary issues with supply chain that have been highlighted during this pandemic. Both of them can be addressed effectively with a pragmatic approach.

First of all, the African continent needs to ask itself a key question: What will happen when we discover a vaccine against COVID-19? Any pharmaceutical company that discovers the vaccine will be able to produce a large amount, but the bottleneck will be in the field where the vaccine is controlled and distributed. We need to prepare now so that we can immediately supply the vaccine to as many people as possible in an equitable manner. The price will not be the main issue—it will be the availability. It is our responsibility to invest now in the distribution of the future vaccine. It is possible to do this in 18 months. Merck has this capacity and wants to continue to establish partnerships to carry this out.

Secondly, because passenger aircrafts have been grounded across the continent, life-saving supplies have not been able to come in. This is an unnecessary bottleneck. Supplies should not be dependent on passenger planes. We have more than 750 airports in Africa. Three or four of them should serve their region as a supply hub for essential products. They can then distribute resources as needed to their region. The business case is strong—very profitable for those who invest and also quite simple to implement. We cannot accept a reality where buffer/safety stock of essential supplies is not available in the case of supply chain disruptions. This is something that we can establish in six months. We cannot afford not to do this.

At the end of the day, we need to stop just discussing and move to actually solving the complexities of these two challenges. These solutions are possible and affordable.



PANELIST

Mr. Samba Bathily
CEO & Founder
ADS Group



How do we get the capital to solve the challenges that the continent faces, and how do we make our solutions equitable?

If there is political will, the financing will come. We just need to make sure projects are bankable. In the area of healthcare, there is a lot of money that is spent in the wrong way. The expenditure of most of our governments in the healthcare sector shows significant misuse of the money because most of the time there are bids, organizations supply equipment, and then every two or three years we start again. That approach needs to change. In other sectors, public-private partnerships are very efficient and the same thing could be applied to the health sector. Money is not the issue if we structure things properly. ADS worked on a successful partnership in Burkina Faso that is a great example of this.

Whenever there is a challenge, there is an opportunity. One thing that COVID-19 has shown us is that Africa must rely on itself. We need to think regionally, as countries don't need to provide every type of healthcare on their own. Each country can have their specialty based on what they have to offer. And this also requires partnership between public and private sector. There is enough funding in the world. If there is political will and a good structure with a sustainable and innovative approach, money is not an issue.

Designing how the funding is done depends on the specific situation at hand. There are certain aspects of healthcare that are not commercially viable—this is where governments and donors come in. However, other areas of healthcare offer great business potential, and this is where the private sector should bring their expertise. This already happens in many other sectors and can happen in the health sector as well.



PANELIST



Mr. Geoffrey Nyaga
Chief Operations Officer
Astral Aerial Solutions

Thinking about the last mile of supply chain delivery, how do you see drone technology shortening the journey of supplies to the final user (for COVID-19, but also for other essential health commodities)?

We are in a very unique time where we are being asked to rethink the ways we've traditionally done things. The last mile delivery is one of the primary things we need to focus on, especially when it comes to delivery of the COVID-19 vaccine.

About 3.5 years ago, Astral Aerial started investing in unmanned aircrafts (drones) in order to deliver products to remote locations. Last-mile delivery of health and humanitarian cargo to rural areas in Africa is usually affected by barriers such as: land isolation, breakdown or lack of a basic transport system and connectivity, lack of secure storage and warehouse facilities and an inefficient distribution process and supply chain resulting in high wastage

Drones offer a way to overcome these barriers, allowing for delivery to every area of the country regardless of road infrastructure and other transportation challenges.

As we talk about COVID-19, we also need to look at historical lessons and what we've learned about previous outbreaks. During the ebola crisis, it could take up to 10 days to deliver life-saving medications. COVID-19 may be even more significant because of the higher volume of people being affected. We need to come together and form partnerships to ensure last-mile delivery that can be successful regardless of bad infrastructure, rough terrain, etc. in order to access the patients where they already are.

Astral Aerial has a drone that is able to cover up to 100 kilometers in 20-40 minutes. A healthcare worker in a remote village or hospital can order a product, Astral Aerial receives and fills the order (including all necessary government compliance checks), and the drone is then sent with the product to where it is needed. This speeds the delivery time of life-saving products from days to hours.

Astral Aerial operates with a hub and spoke model, with hubs around the country with the medication needed and deliveries being dispatched from the closest location.

In Africa, innovation is not a choice, but an absolute necessity. It is only through partnerships that we can bounce forward rather than bouncing backwards during this pandemic. We can then solve our current problems, but also prevent future problems that will affect the generations to come.

Moderator Question: How much of this technology is currently available in Africa?

The newest drone has been successfully flown many times in Tanzania, Ethiopia and Malawi. It's now being brought into Kenya, but this is just a follow-up from what other countries are doing. Most importantly, Astral Aerial has a training program where local people at the grassroots level are being trained on this technology, opening up the possibility of future employment opportunities in these highly-skilled jobs.

Moderator Question: Is there the possibility of cross-border drone movement? Or are they limited nationally?

Drones have the technical abilities to move across borders, with some of them able to travel as far as 1,200 kilometers. However, at the moment because regulatory frameworks are at different levels in different countries, it can be difficult. Astral Aerial is currently lobbying with CASOA to harmonize regulation across the region so that we can transport across borders.





Questions & Answers

Q: What do you see as the role of civil society in addressing COVID-19? Could you comment on the WHO initiatives for ensuring equitable distribution of treatment and the future vaccine for COVID-19?

Dr. Moeti: The WHO has a multi-partner, multi-stakeholder initiative called the Accelerator Initiative to drive equitable access to various tools and technologies around the COVID-19 pandemic response. This includes the vaccine we are waiting for, but also diagnostics and therapeutics. There has been a coming together across sectors (government, NGO, private sector, philanthropic) to work on the development, discovery, production, and distribution of these key tools in an equitable way. One of the offshoots is a mechanism called COVEX, which is led by GAVI to work on preparing for the vaccine, making sure countries that have challenges in terms of paying on the open market can pool their funding to secure some of the supply that is going to be produced. It's a way to include those countries that are often pushed to the back of the queue.

There are some civil society organizations already involved and more are very welcome to join this partnership and see what they can do to contribute in areas of their particular expertise in order to build up momentum and get people engaged in the process.

Q: There are some essential products that are not generally provided by global initiatives that are at a high risk of being disrupted—what is the status of these products in the African supply chain currently? How can we cut the lead time of forming public-private partnerships? When it comes to establishing hubs across the continent for stocking up essential medication and supplies, which regulatory bodies should be involved?

Dr. Bendahou: It will be essential for these hubs to adhere to the most stringent of international standards. Then they are guaranteed to be automatically accepted in any country. We cannot currently ensure full and proper cold chain transportation across the African continent. We need to have air cargo freight capacity that is in Africa and that is serving Africa. There is enough of a business opportunity here to establish a sustainable business model. This could be in the form of a public-private partnership, but if that takes too long, then we need to make it a fully private investment. We need this to happen, so whatever is the most effective and efficient way to invest should be carried out. There will be future waves of COVID-19 and we need to be prepared.

Q: When we discuss funding of different projects and the possibility of blended financing between various industries, there is the issue of trust. In order for people to be confident in these partnerships, trust has to be built. Have you seen areas where you have developed these relationships with effective checks and balances to ensure that citizens' interests were actually taken care of? Is there an example you can give?

Mr. Bathily: Citizens care most about impact, efficiency, and cost-effectiveness. The model ADS is building makes it cheaper for the citizen, efficient for the government and the patient, so that it is a win-win situation for everyone. The challenge is how to bring in a new approach that disrupts an established way of doing things. Different players are often resistant to change and are used to having more control and power. But ADS brings efficiency, transparency and cost-effectiveness, which benefits everyone.

Question: Have you seen resistance in the adoption of your innovation in this sector?

Mr. Nyaga: It is natural that every new technology has to prove itself. Especially in the humanitarian and health sectors, trust is very important. Our clients need to be able to trust that we are delivering quality products. We have taken it upon ourselves to prove to the sector that what we offer works—and we are now seeing more interest.

CLOSING REMARKS FROM THE MODERATOR

We have seen that money is not actually the problem. It is issues of systems, governance, regulation, innovation, transparency, trust, and partnerships that can build a successful supply chain across the African health sector.



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