



African Pharmaceutical
Distribution Association

Newsletter

APDA

Published on:
August, 2019

INTERVIEW

WITH A NOTABLE PERSON



George Bray, Head of
Steering Committee APDA

Can you tell us about yourself?

I joined the International Federation of Pharmaceutical Wholesalers (IFPW) almost 3 years ago after a long career with a large pharmaceutical distributor in the U.S. With a desire to travel internationally, the opportunity to continue my career in pharmaceutical distribution with IFPW fit nicely into my long-term goals. I am married with 3 children and 5 stepchildren and enjoy traveling just about anywhere. I have been an active bicyclist my entire life and recently rode 500 miles (800kilometers) in 7 days across the state of Iowa in the U.S.

How did you find yourself in the pharmaceutical distribution space?

My grandfather and father preceded me in a private pharma distribution company. I was provided the opportunity to learn the business at a very early age (16) and after college returned to the company full time. The private company was later sold to a larger player, but I was able to forge a career as a result.

What aspects of the field did you enjoy?

I began my career in sales and sales management and therefore have always enjoyed communicating value to potential customers and as someone with a deep competitive spirit I have always enjoyed the competitive aspects of business; winning and losing (winning is a lot more fun). Later in my career I enjoyed leading others to achieve their full potential. I managed and motivated large groups of people finally becoming an executive coach which allowed me to work one on one with others in helping them make improvements in their skills and reach their full potential. I found that Leadership is most critical to success.

What were the challenging aspects of pharmaceutical distribution?

The most challenging aspect of pharmaceutical distribution is doing more with less, balancing the need to control expenses against resource needs, both human and financial. In order to compete a wholesaler must provide very high service levels to customers at a very competitive price and there is always pressure to manage expenses downward.

What are your perspectives on the African Pharmaceutical Distribution market?

The African pharmaceutical distribution market is in its infancy. In African countries improved health care is a top priority and pharmaceuticals will play a key role. Pharmaceutical sales are expanding and stronger wholesalers are becoming stronger and manufacturers are picking partners. Distributors today should lay out their plans for growth and ensure that they have the right team in place. Business acumen is imperative in this expanding industry so players should insure they are continually learning about new ways to drive sales and take out unnecessary costs.

What is/are your role with the International Federation of Pharmaceutical Wholesalers (IFPW)?

My role with IFPW, which was founded in 1977, is Vice President of Member Engagement as I help ensure that our members are fully aware of the services we provide and engaged as much as possible. In addition, we are expanding our membership of wholesalers, manufacturers, and associate members and therefore I am involved in the recruitment of

these potential new members. I am also VP of Programs and Services for the IFPW Foundation, founded in 2012. Our foundation is very involved in promoting the benefits of pharma distribution in the Global Health Arena.

Can you summarize the work/accomplishment of the IFPW in Pharmaceutical Distribution globally?

IFPW convenes pharma distribution and manufacturer members from all over the world through meetings. Our members came together in Washington, D.C. last October, London, England this past May, and we will meet in New York City this coming Spring and Tokyo, Japan in the fall of 2020. These meetings promote pharma distribution at its very highest levels and discuss future trends and opportunities. Members derive great benefits from associating with others who are like minded and looking for ways to improve.

As the head of the steering committee of the African Pharmaceutical Distribution Association (APDA), what is your vision for the association?

My vision for APDA is that they be recognized as a vehicle to promote and grow pharma distribution on the African continent. Patients cannot access medicines without strong supply chains and APDA can provide the forum for making much needed improvements. As the saying goes, "you can lead a horse to water, but you can't make him drink". APDA will provide the mechanism for companies and associations representing companies, who want to become stronger, and who want to be winners in the ever-changing African economy. Companies have to opportunity to improve but they will only get out of APDA what they put into it.

How will you ensure the vision of the association can be actualized under your advisement as the head of the steering committee?

IFPW's goal is to be the stimulus for the formation of APDA. An African association must be run by Africans. However, as an international association in business since 1977, IFPW has much experience to help get APDA off the ground and running. Forming the association, seating a board of directors, electing a chairman of the board, and hiring an association executive are all critical steps. IFPW will continue to provide guidance and support as needed and as we are capable of as long as it is valued. In the end we are excited about eventually having APDA as an IFPW member representing Africa, one of the most rapidly expanding pharmaceutical markets in the world.

Can you highlight potentials you can recognize in the African pharma market and how the association can come through to aid her members harness such potentials?

The African Pharmaceutical market has much potential. Partnering with multinational pharma companies, as well as the young but expanding local pharmaceutical companies are very important to firms with growth initiatives. Also, there will be significant potential for companies to partner with governments through ministries of health and provide supply chain services. The private sector can be much more efficient than the public sector but there needs to be much work done to build trust. In short, the stronger companies will become stringer and the weaker will become weaker. APDA will provide the forum for those companies who want to be winners.

What are your final words to members and prospective members of the association?

Everything I learned about improving my career and my company I learned at trade association meetings. I attended consistently and the learning I brought back were the basis for which I made changes for the better. I ask that those who may be reading this first, make sure that there is an association representing pharma distributors in your country. It is best to begin the conversation among your peers, and yes, your competitors. Secondly, I would urge both pharma distribution companies and associations to join APDA for at least one year. Give the association the opportunity to prove to you what the value of your membership will be. There are many dedicated individuals from the U.S., Europe, and Africa working on this initiative with experience in this sector and in associations. All APDA needs is enough members to get off the ground and the rest will take care of itself.

SAVE THE DATE!!

The 3rd constituent meeting of the of the African Pharmaceutical Distribution Association (APDA) will be taking place in Casablanca, Morocco from 9th-11th October, 2019.

The meeting will be hosted by the Chairman and the association members of the Groupement Professionnel de la Distribution Pharmaceutique (GPDP).

All members and prospective members of the African Pharmaceutical Distribution Association (APDA) are invited to this meeting.

For more information on the association and meeting, kindly contact the Head of Steering Committee, George Bray at george.bray@ifpw.com.

RISING CHALLENGES OF THE UNIVERSAL HEALTH COVERAGE IN AFRICA



According to the World Health Organization, Universal health coverage (UHC) means that all people and communities can use the promotive, preventive, curative, rehabilitative and palliative health services they need, of sufficient quality to be effective, while also ensuring that the use of these services does not expose the user to financial hardship. From this definition, it can be easily deduced that the UHC focuses on equity in access to quality healthcare at affordable cost. The goal of the World Health Organization is to ensure that by 2030 all WHO countries have achieved the objectives of the UHC. In line with WHO, many countries' healthcare policies are now geared towards ensuring UHC objectives are achieved, African countries inclusive.

Even though efforts are being made towards providing UHC by Africa, a lot of her countries have little successes recorded. They seem to be faced with challenges affecting the success rates of this health policy. An issue is the exponential growth rate of the population. Africa has the highest fertility rate round the world, it is believed that by 2050, Sub-Saharan Africa will be three times bigger than Europe. The increasing population keeps overburdening and limiting the resources of the public health care system. The limited resources include manpower, equipment, drugs and infrastructure. For example, Nigeria has a population of over 200 million hence, healthcare resources are thinned out. Due to lack of adequate resources, countries in Africa are one epidemic away from collapse, for example, the Ebola outbreak was declared by WHO as a global public health emergency due to its concerning geographic spread.

A large number of the population is living in extreme poverty and many more will be pushed into extreme poverty yearly. People living in extreme poverty cannot afford healthcare, and unaffordability defeats the objective of the UHC. Health financing for the entire populace is an aspect of healthcare overlooked by governments. The public health system is underfunded, the insurance market is not favourable to the poor who cannot afford to pay out-of-pocket for healthcare and the health insurance pool is quite limited making it hard for those in the rural areas to easily access healthcare.

A lot of initiatives targeted at promoting UHC are not properly backed by strong policies, hence failure of these initiatives. A country like Nigeria dedicating only less than 4% of its GDP to healthcare is quite unfavourable for her people.

If all these problem areas are not being looked into, it might be almost non-achievable for Africa to achieve Universal Health Coverage by 2030. In order not to keep following the erred path, some changes can help. Curbing overpopulation by rolling out innovative family planning programmes as an aspect of UHC can be a start. The % of GDP spent by governments in Africa should be increased enough to meet the healthcare needs of the growing population. This will allow healthcare become equally affordable for the rich and poor. Funding healthcare will ultimately improve the efficiency of the public health care system, provided that cost-benefit evaluations are made before initiatives are approved and efforts are driven to improving primary health care.

GROWTH OF THE AFRICAN PHARMACEUTICAL MARKET AND EXISTING OPPORTUNITIES FOR WHOLESALERS AND DISTRIBUTORS

The pharmaceutical market in Africa is now a fast growing space. With the estimated increase in population, emergence and rise in number of non-communicable diseases and other factors, further growth can be envisaged. Other continents like Europe and North America, due to digitalization, investment in primary healthcare which focuses on prevention, family planning and access to free or subsidized healthcare have reached a plateau in the pharmaceutical market. Africa, on the other hand, has not gotten so much ahead, hence, the need for medicines for treatment and management of diseases.

The pharma market in Africa as at six years ago was over \$20billion, and growth has been continuous. Growth is predicted to climb to about \$65billion by 2020, according to a McKinsey report on Africa's pharmaceutical market. Currently access to medicines is still a challenge the continent is facing, though not as severe as years passed, growth will ensure that accessibility of medicines is continually enhanced.

Some factors driving growth in the market include:

- Increasing population: fertility rate of Africa is much higher than Europe, and with lax policies on birth control, the population will keep increasing. In the 1950 sub-Saharan Africa had 180million people, this number is expected to rise to 2.2billion by 2050, three times as many as the population of Europe. A larger population translate to a larger need for healthcare.
- Rises in the number of urban centres: by 2025, two-fifth of the economic growth will come from 30 cities of 2 million people or more. Cities offer better logistics infrastructure and healthcare capabilities and a higher purchasing power.
- Increased healthcare needs: the increased population, stress and pollution from urbanization, increased unhealthy lifestyle and diet, poverty rate and many other factors not mentioned are all contributing to the rise in non-communicable diseases and infectious diseases in Africa. Most of all these require the use of medicines, contributing to the boom of the pharmaceutical market.
- Favourable policies: Governments in Africa are now creating a more supportive environment for businesses to thrive. In pharma, pharmacy chains are consolidating, and local manufacturing, wholesale and distribution are expanding.

With the above factors, it is clear that pharmaceutical distributors and wholesalers need to further embrace opportunities available to their businesses.



LOGISTICS

While logistics has been a challenge in Africa, opportunities have arisen from them. Pharmaceutical distribution is logistics oriented and should be treated as such. Due to issues of infrastructures, there is a large disconnect between the realities of most rural and urban communities. While most urban communities have better access to medicines, most rural communities do not. An opportunity here is to find a way to ensure medicines of good quality reach all population of a country. A suitable example is a startup, Zipline, with operations in Rwanda and Ghana providing up to 13million people with instant access to medicines and biologics. Drone fly from distribution points to even remote areas over rivers, mountains and washed out roads.

Logistics deals with physical movement of medicines from manufacturer to the last mile. It includes transportation, warehousing, inventory management and other functions. An example of a distribution company making headway in the pharma sector in Nigeria is Worldwide Commercial Ventures Limited (WWCVL) owned by Imperial Logistics. Multinationals and local manufacturers outsource the logistics end of the value chain to WWCVL and with this, they are able to own over 25% of the Nigerian market.

Across the world, the pharmaceutical logistics market has grown from \$70.2billion in 2013 to \$79.9billion in 2017, a growth of up to \$96.9billion is expected by 2021. The major pharmaceutical distribution company in Nigeria made up to \$200million in revenue in 2018, imagine the number all over Africa.



GROUP PURCHASING

Usually there have been competition between pharmaceutical wholesalers/distributors and group purchasing organizations but there is no reason why both systems cannot co-exist and be mutual partners.

In the US, it is hard to find a retail pharmacy or hospital that does not belong to a group purchasing organization. A GPO allows a small business buy goods and services at better prices by leveraging on the combined buying power of itself and other members of the GPO and negotiating discounts with manufacturers, wholesalers and distributors.

As a wholesaler or distributor, partnership with a GPO provides you with a large market, expands your market reach to the total number of pharmacies and other healthcare centres under the GPO. Apart from increased sales, benefits from partnership includes market knowledge and analytics at little or no cost, and eliminating redundancy in the supply chain.

BRIEF INSIGHT INTO THE PHARMACEUTICAL SECTOR OF ALGERIA AS PROVIDED BY ASSOCIATION DES DISTRIBUTEURS PHARMACEUTIQUE ALGERIENS

Algeria is the largest and fastest growing market in North Africa and still represents a sizeable opportunity in the MENA (Middle East and North Africa) region.

Algeria has a population of 42.08million people, of which 2.7millions are geriatrics. Life expectancy in Algeria is 76 years. The country has a GDP of \$170billion and 7.6% of GPD is diverted into healthcare. Health expenditure per person is \$289.

As at 2018, Algeria's pharmaceutical is \$3.14billion, making it the second largest market in MENA and the third largest in the MENA region. The market is estimated to grow to \$4.1billion in 2021. Like other countries in Africa, factors contributing to the growth of her pharma market include the growing incidence of non-communicable diseases (now account for more than three in every four deaths), growing population of the aged people, strong reimbursement and co-payment systems for chronic disease medications, emergence of new middle class ready to spend on their health and government policy to encourage local production.

Socio-Economic Indicators

Demography: **42,08** Million

Life expectancy: **76** Years

Middle age: **27,5** Years

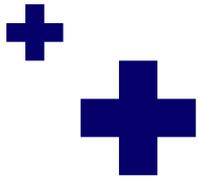
Population over +65: **2,7** Million

Gross Domestic Product (GDP): **170** Billion \$

Gross Domestic Product (GDP) per citizen: **4123** Dollars

Healthcare expenditure₍₂₀₁₆₎: **7,6%** of GDP





GLOBAL HEALTH IMPACTS OF PHARMACEUTICAL SUPPLY CHAIN

Supply chains are the backbone of a health system. Improving supply chains for health products is fundamental to the success of any health program. Supply chain management for drugs, devices, diagnostics, and equipment has received increasing attention and significant investment in the last decade. Over the last 20 years, best practices in supply chain design have changed dramatically- from relying on centralized planning to a relentless focus on agility, responsiveness, and flexibility. Private sector supply chains have been quick to imbibe these changes, but public sector supply chains continue to operate with decades-old design.



Providing patients with high-quality medicines in a timely and cost-effective manner requires effective supply chains.

However, in many low- and lower-middle-income countries (LMICs) where disease burdens are highest, health supply chains function poorly, resulting in frequent stock-outs and a high prevalence of substandard and even falsified medications.

For this reason, there is a growing interest in the global health community in the Pharmaceutical supply chain. The Holy Grail of healthcare is Better Access, Improved Clinical Outcomes, and Lower Cost.

A supply chain is a system of organizations, people, and activities that support the movement of a product or service from supplier to the customer by facilitating the flow of material, information, and financial resources.

The core functions of a supply chain are carried out in three phases: manufacturing, procurement, and distribution. This article focuses on the latter two, and particularly on how digital data can improve the flow of information between and within them.



Unlike in rich countries, where health supply chains are managed almost entirely by the private sector, in Low to Middle-Income Countries (LMICs) “public, private, and nongovernmental organizations (NGOs) coexist as channels of distribution for medicines, with various interconnected flows between the three channels.

Of the three, the public sector—which here refers to domestic governments working in coordination with health initiatives like GAVI, the Global Fund, and PEPFAR—plays the dominant role. However, the private sector is playing an increasingly important role in LMICs and this trend will continue as incomes rise.

OPPORTUNITIES FOR DATA USE IN PHARMACEUTICAL SUPPLY CHAIN



Unreliable and inefficient data management in the Pharmaceutical supply chain may impact patient safety and results in increased costs for manufacturers, distributors and Healthcare Providers. Instead, each system generally uses its database. As a result, there is no method for ensuring that the information about products and supply chain partners being used in one system is the same as the information being used in another.

Unfortunately, this approach to data management undermines the reliability of the information being used and it comes at a high cost for both patient safety and supply chain management. The use of inaccurate supply chain information costs the healthcare industry billions annually.

THE COSTS OF INACCURATE SUPPLY CHAIN DATA IN THE HEALTHCARE INDUSTRY

For example, consider the following in the US:

The healthcare supply chain spends 24% to 30% of administration time every day on data cleansing and reconciliation – Costing the healthcare industry \$2 to \$5 billion each year due to supply chain inefficiencies.

- Although hospital product information is constantly being updated, 30% of buyers' systems are inaccurate. As a result, many Healthcare buyers are sourcing products using Old information – and each of the resulting erroneous transactions costs \$60 to \$80 to correct.

- Erroneous data increases the supply costs by 3% to 5% of 46 in the past five years to 54 through 2023

MAKING TRACEABILITY WORK IN LOW-INCOME COUNTRIES: ONGOING INITIATIVES

The same year, USAID notified its suppliers that they would have to identify and label products using GS1 standards by end-2018. USAID has also played a lead role in developing a master product list for global health commodities. Using the GS1's Global Data Synchronization Network (GDSN), which allows manufacturers to share product master data in near-real-time, the project aims to provide a "single source of truth" for product attributes that are accessible to all supply chain actors. Other organizations, including the Global Fund and the United Nations Population Fund (UNFPA), have already agreed to work off this list and USAID is encouraging its partner countries to use the list as the basis for their product directories. South Africa announced in 2017 that it would require its vendors to use global data standards aligned with USAID's requirements. Finally, USAID is also taking the lead working with governments to improve in-country supply chains. Through the GHSC-PSM project, the organization is currently working with Ethiopia, Ghana, Lesotho, Malawi, Pakistan, Uganda, and Tanzania. Other organizations working to encourage the use of traceability in LMICs include the Global Steering Committee (GSC) for Quality Assurance of Health Products, a voluntary coalition of global health initiatives, national governments, NGOs, and drug companies focused on improving supply chain integrity, and the industry group RxGPS, which works with national regulators to promote traceability. These advocacy efforts have made a difference. The growing interest of LMIC governments in traceability was on display at the first African GS1 Healthcare conference held in Addis Ababa, Ethiopia in May 2018, which was attended by representatives from 38 countries, 19 regulatory bodies, and 23 humanitarian organizations. The next African GS1 Healthcare conference will take place in Nigeria in September 2019.

HEALTH IMPACTS OF PHARMACEUTICAL SUPPLY CHAIN

The complexity and opacity of LMIC health supply systems create inefficiencies and make them vulnerable to corruption and product diversion. Without effective monitoring, each handoff on a supply chain represents an opportunity for diversion, and there are often many intermediaries on the path between a CMS and a local health center. For example, in Kenya medicines can change hands “five to seven times” before reaching local clinics., which can reduce the availability of drugs.

There is also a strong incentive for theft since medicines are often expensive and willingness to pay is high.



The risks presented by dysfunctional supply chains have become more apparent as the number of medicines flowing through LMICs has increased: between 2000 and 2015,



Product diversion is a key driver of the high frequency of stock-outs in LMICs, along with poor demand forecasting.

In a recent WHO survey, 36 percent of surveyed antiretroviral therapy (ARV) clinics in 35 countries reported at least one ARV stock-out in a 12-month reporting period.

The problem is even worse in Africa. For example, a recent survey in South Africa found that one-fourth of facilities had at least one ARV/TB stock-out within three months and a similar survey in Tanzania found that 29 percent of participating facilities were out of stock of ACT for the entire 15-month period under study. These stock-outs can be deadly because they force patients to interrupt treatment (or prevent them from beginning treatment in the first place), raising the likelihood of illness and the antimicrobial resistance.

global antibiotic consumption grew by 65 percent, driven largely by rising consumption in LMICs. Much of this consumption was funded by global health initiatives. These initiatives have historically taken different approaches to work with in-country supply chains. For example, PEPFAR has worked closely with local staff to strengthen national supply chains since its inception.

Using Track and trace with GSI standards will propel efforts to improve procurement and supply chains for pharmaceuticals, vaccines and other health products can achieve cost savings and improve drug availability in LMICs

An efficient Pharmaceutical supply chain impacts access to Quality medicines, which forms a bedrock of optimal Healthcare.

PHARMA NEWS AROUND THE WORLD

Zipline Now Valued at \$1.2 Billion.

· Zipline is a startup that employs drone technology to deliver medical supplies and vaccine to rural areas in Ghana and Rwanda is number thirty-nine on CNBC list of 50 Disruptors' List and is now valued at \$1.2 billion.

<https://www.cnn.com/2019/05/17/zipline-medical-delivery-drone-start-up-now-valued-at-1point2-billion.html>

Canada to Ease On the Efforts Importation of Drugs to The United States

· The United States of America, under the Trump Administration is in talks with the Canadian Government to allow legal importation of drugs from Canada to the USA to make the prices of prescription drugs cheaper for Americans. However, the Canadian government is not eager to go into this transaction as it may deplete Canada's supply, ultimately driving up the cost of drugs for Canadian citizens.

To continue reading, click here: https://www.washingtonpost.com/world/the_american/trump-and-sanders-want-to-ease-imports-of-drugs-from-canada-canada-says-not-so-fast/2019/08/01/1f0f91a6-b463-11e9-acc8-1d847bacc73_story.html?noredirect=on&utm_term=.e4907d9ad773

GlaxoSmithKline Has Announced Completion of Transaction with Pfizer to Combine Their Consumer Healthcare Businesses into A World-Leading Joint Venture.

· The Joint Venture brings together two highly complementary portfolios of trusted consumer health brands, including GSK's Sensodyne, Voltaren and Panadol and Pfizer's Advil, Centrum and Caltrate. Underpinned by science-based innovation, it is the global leader in OTC products and has number 1 or 2 market share positions in all key geographies, including the US and China.

To read full article, click here: <https://www.gsk.com/en-gb/media/press-releases/gsk-completes-transaction-with-pfizer-to-form-new-world-leading-consumer-healthcare-joint-venture/>

Pfizer's Upjohn and Mylan – Together Creating a New Champion for Global Health

· Pfizer Inc. and Mylan are poised to shake up the world of generics with their announcement that Mylan will merge with Pfizer's Upjohn off-patent branded and generic medicines business. The merger will establish the top generic drug company in the world based on consolidated revenues (ahead of the current leader Teva Pharmaceuticals), with expected 2020 pro forma revenues of US\$19 billion to US\$20 billion.

To continue reading, click here: <https://www.ifpw.com/PDF/FOCUS2019/Focus080819.pdf>

LET'S FIGHT #FAKEMEDS TO EMPOWER #HEALTHFORALL, CLICK HERE!!!

· http://www.tracit.org/uploads/1/0/2/2/102238034/tracit_sdg_july2019_highres.pdf

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PICTURES OF THE LAST APDA EVENT IN ACCRA, GHANA

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