

“Local Production from the Wholesalers’ Perspective”

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Key Issues Highlighted.

- Availability of quality-assured medicines and their origin.
- Constraints in supply chain management
- Demand for locally produced vs. imported medicines -
Chances and challenges for developing countries.
- Experience of CHANMedi-Pharm concerning
cooperation with local manufacturers (“contract
manufacturing”)

Who is a Wholesaler?

- An important intermediary in the supply chain that exist to sort out discrepancies of products, quantities, place and possession(ownership).
- They are critical in the success of individual channel success.

Factors that Influence Wholesalers Procurement.

Factors	Nigeria(i)	Tanzania(ii)	Cambodia
Cost			
Credit terms			
Products Quality and credibility			
Service Reliability			
Registration by Regulatory Authority			
Customer Demand			
Reputation of Company			
High profit			
Recommendation by Sellers			
Reputation of manufacturing country			
Others (Sales reps, promotions etc)			

i Interview with 5 wholesales

ii Access to Essential Medicines: Tanzania http://www4.msh.org/seam/reports/CR022304_SEAMWebsite

iii Perceptions and practices of pharmaceutical wholesalers surrounding counterfeit medicines in a developing country: a baseline survey.

Khan MH, Akazawa M, Dararath E, Kiet HB, Sovannarith T, Nivanna N, Yoshida N, Kimura K. [BMC Health Serv Res.](#) 2011 Nov 11;11:306. doi: 10.1186/1472-6963-11-306

How available are quality-assured medicines and what is their origin?

A quality assured medicine is a duly registered/or authorized unregistered product that meets documented pharmacopeia specification & manufactured using prescribed national or international GMP guidelines. Such a product is stored and distributed in a manner that ensures that the safety, and efficacy is guaranteed.

How available are quality-assured medicines and what is their origin?

Physical availability, defined by the relationship between the type and quantity of product and service needed and the type and quantity of product and service available. ii

ii) Access to Essential Medicines: Tanzania http://www4.msh.org/seam/reports/CR022304_SEAMWebsite



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Availability of Medicines in the Health Sector Globally. v

Private sector availability of generic medicines is higher than that in the public sector in all regions. Nevertheless, median availability is still less than 60% in Africa, South-East Asia and the Western Pacific.

V Source: Based on results of surveys of medicine prices and availability conducted using the WHO/HAI standard methodology and collated by HAI www.accesstomedicineindex.org/.



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Availability of Medicines in the Health Sector.

vii Nigeria -**Availability**

- Generic medicines were generally more available in all outlets.
- The availability of the basket of 34 medicines was low in all sectors but moreso in the public and private health clinics

viii Uganda –**Availability**

- Only 11 of the 45 medicines surveyed were available in the private pharmacies as Innovator Brands while 38 of the 45 medicines were available as generics.
- The median availability of all the 45 medicines in generic form, which contained 28 medicines on the Essential Drug List of Uganda, in all the public health sector facilities, private pharmacies and NGOs was 55% and 80% respectively

Vii Medicine Prices in Nigeria A comparative study of Public, Private and Mission sector medicine Prices by WHO/HAI www.edm.mps.nigeria .

Viii Medicine Prices in Uganda A comparative study of Public, Private and Mission sector medicine prices.' by WHO/HAI www.edm.mps.uganda

Availability of Medicines in the Health Sector of some African countries.

- **VI** Ghana-There was higher availability in Private Retail Pharmacy than in Public and Mission sectors.
- Availability was calculated for 39 medicines and it was found that for most (27 medicines), availability was less than 50% in the Public sector. Availability for 23 medicines was less than 50% in the Mission sector, while availability for 6 medicine was less than 50% in the Retail Pharmacy sector.

VI 'Medicine Prices in Ghana: A comparative study of Public, Private and Mission sector medicine prices.' by WHO/HAI www.edm.mps.ghana



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Sources of Medicines in ECOWAS Countries

Many African countries still depend hugely on importation due to low number of pharmaceutical manufactures and manufacturers low capacity utilization.

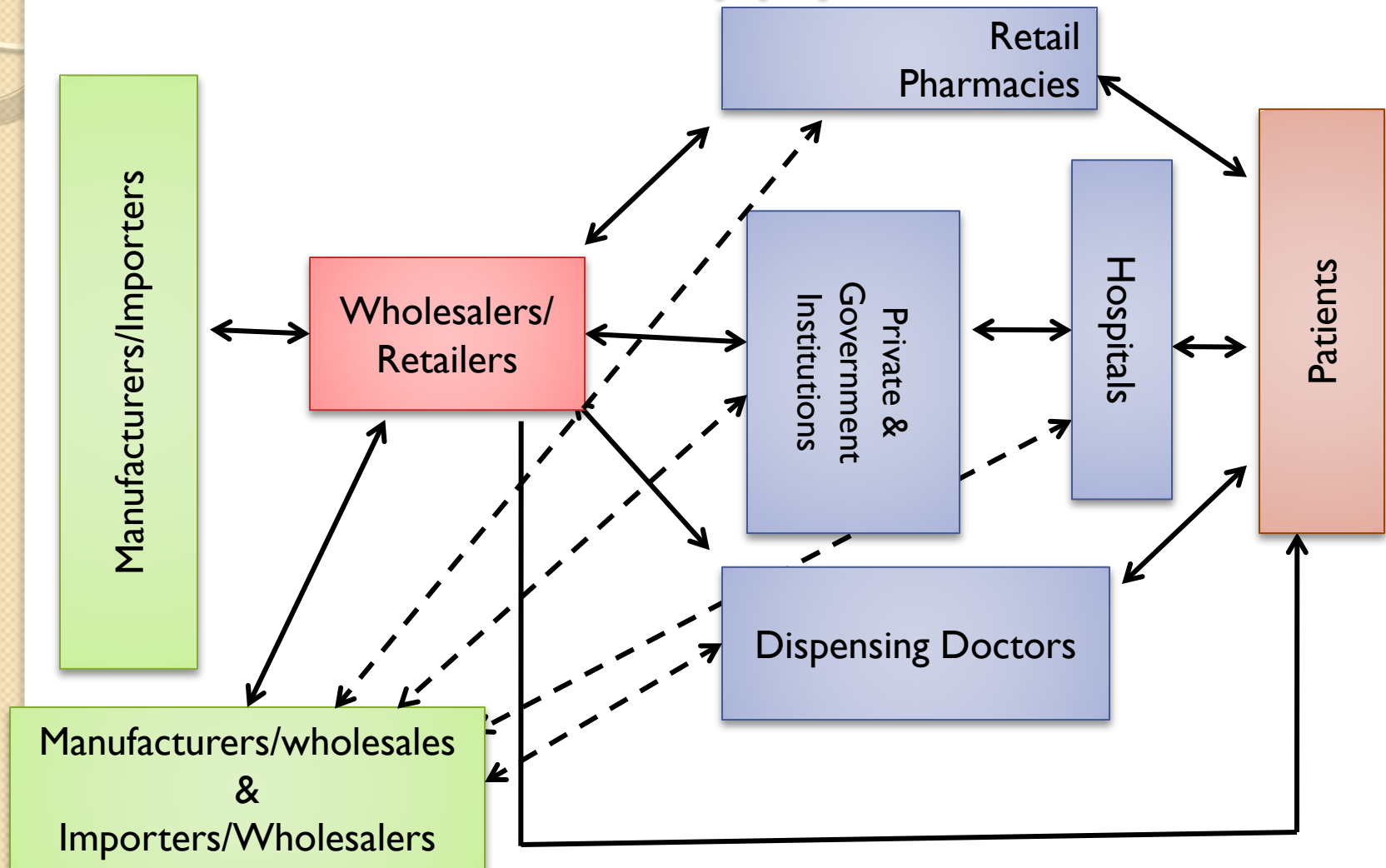
Sources of Medicine in Some African countries.

Country	% Contribution of Source of Medicines ^{ix,x,xi}	
	Local	Imported
Mali	0	100
Malawi	5	95
Nigeria	25	75
Cote D' Ivoire	4	96
Ghana	30	70
Uganda	10	90

% Distribution by Source of Quality Assured Medicines by therapeutic group in Nigeria 6

		Nigeria	
	Products by therapeutic Group	Local	Imported
1	Analgesics/anti rheumatic/antipyretics	25	75
2	Antibiotics + antibacterial	15	85
3	Multivitamins + haematinics	15	85
4	Antimalarials medicines	15	85
5	Antihypertensive	14	86
6	Cough and cold preparations	8	92
7	Antiretroviral medicines	5	95
8	External/topical preparations	6	94
9	Anti TB medicines	5	95
10	Others	4	96

Schematic representation of typical Pharmaceutical Supply Chain.



Supply Chain Management Constrains faced by Wholesalers.

Supply chain inefficiencies on the part of manufacturers causes;

Shortages,

Growth of the informal sector,

Stock out and wastages

Products deterioration

Inaccessibility.

All these translates to poor health outcomes.

Supply Chain Challenges faced by Wholesalers for locally manufactured products

Challenges can be attributed to:

Manufacturing constrains such as

Regulatory issues- Drug Regulatory, Financial institutions or customs issues.

Raw material issues- scarcity, increased supply lead times due to transportation delays, sudden price increase in international market

Manufacturing problem-slowdowns/shutdowns due to unavailability of packaging materials, machine breakdown, or product discontinuation for economic reasons.

Supply Chain Challenges faced by Wholesales for locally manufactured products

Distribution constrains such as

Few number of reliable haulage firm- This leads to Oligopoly- causing high cost of distribution and inability to plan cost effective deliveries.

Product Consideration- Certain products such as cool chain products need special transport means which may not be readily available when needed.

Poor transport infrastructure- bad roads and lack of roads makes supplying hard to reach area challenging. It also increases supply lead time.

Socials Instability- Wars, civil unrest, terrorism- This can prevent the distribution of products affected areas.

Supply Chain Challenges faced by Wholesales for locally manufactured products

Storage constrains such as

Lack or small warehouse space- This would limit the volume of product that can be produced in a given time.

Storage conditions- Many warehouses are not zone 3 /4 compliant. Therefore products stored these condition can deteriorate leading to reduction in shelf life. This causes shortage as affected products are removed from stock.

Supply Chain Challenges faced by Wholesales for locally manufactured products

To mitigate these challenges,

- Wholesales tend to over stock; especially for products in good demand by patient. This ties up the already thin working capital.
- Wholesales have invested in warehousing to allow for more volume purchase from manufacturers.
- Manufacturers can improve storage and distribution practices by supporting the creation of specialist pharmaceutical delivery companies or using shared private product delivery platforms. E.g MDS in Nigeria

What is the demand level for locally manufactured products?

The demand for locally manufactured products is on the increase especially for those companies that are perceived to have high quality standard and in countries with functional drug regulatory agencies.

Turnover of Nigeria Local Manufacturers

<i>Rank</i>	<i>Company</i>	<i>Estimated annual revenue (US\$ million)</i>
1	GlaxoSmithKline Nigeria	80
2	May & Baker Nigeria Plc	40
3	Fidson Healthcare Plc	40
4	Emzor Pharmaceutical Industries Ltd	40
5	Juhel Nigeria Ltd	40
6	Evans Medical Plc	30
7	Swiss Pharma Nigeria Limited (SWIPHA)	25
8	Nigerian-German Chemicals Plc (NGC Plc)	25
9	Ranbaxy Nigeria Limited	25
10	Vitabiotics (Nig) Ltd	20
11	Neimeth International Pharmaceuticals Plc	15
12	Afrab-Chem Limited	15
13	Tuyil Pharmaceutical	15
14	Pharma-Deko Plc	15
15	Bentos Pharmaceutical Products Ltd	15
16	Mopson Pharmaceutical Industries Ltd	15

Nigerian Manufacturer the Export to ECOWAS countries.

- PZ Cussons Plc
- May & Baker Nigeria Plc
- Fidson Healthcare Plc
- Evans Medical Plc
- Neimeth International Pharmaceuticals
- GlaxoSmithKline Nigeria
- Mopson Pharmaceutical Industries Ltd
- Emzor Pharmaceutical Industries Ltd
- Drugfield Pharmaceuticals Ltd

Opportunities for Local manufacturers.

1. Local manufacturers should focus on churning out good quality products that are well packed. Packaging of pharmaceutical play a critical role in patients acceptance.
2. Local manufacturers that invest in attaining international standard like WHO certification have a good opportunity to re-coup their investment and they can participate in international competitive bidding and export since many countries in Africa are still dependent on importation.

Opportunities for Local manufacturers.

- Opportunities exist for local manufactures to diversify into API and excipients production.
- Manufactures with robust supply chain network especially for in-country pipeline would increase the availability and accessibility of their products.

Challenges of Local Manufactures

- Access to Funds. Especially foreign exchange
- Poor in infrastructures-roads, communications.
- Lack of local source of input materials-APIs, excipients
- Expensive utilities-water, electricity.
- Skilled labour
- Competition from growing informal sector
- Chaotic supply chain
- Low customers perception of products quality.

Experience of CHANMedi-Pharm in contract manufacturing with local manufacturers

- CHAN Medi-Pharm(CMP) is an registered pharmaceutical NGO; whose parent body is Christian Health Association of Nigeria(CHAN)
- Our Mission is to ensure access to quality health care products and service globally while creating value and delighting all stake holders. This is why CMP is into the active promotion of Access-2-Medicines

Our reason for being

- **To assist mission hospitals (member institutes) in reaching more people especially the “unreached” with health services that are of good quality, affordable and patient friendly.**
- **To facilitate co-operation between Member Institutes**
- **To build their capacities to better serve the health needs of Nigerians**

Our business focus

To fulfil our mandate, we engage in importation and wholesales of **Essential Medicines & Supplies**

- IDA
- Own brands through contract manufacturing
- Distribution of other companies' products

We provide Supply Chain Management Services

- Procurement Services
- Logistics & Distribution

We are into Programme & Advocacy

- Grants
- Training & Capacity Enhancement

INSTALLED CAPACITY OF LOCAL MANUFACTURERS

According to PMG-MAN current capacity utilization is only about 40 per cent for local companies.

Installed Capacity of Nigeria Companies

	<i>Products</i>	<i>Installed capacity/year</i>
1	<i>Analgesics</i>	
	Tablets	40 billion
	Syrup/suspension	70 million litres
	Ointments/Balms	700 million tubes
2	<i>Antimalarials</i>	
	Tablets	8 billion
	Capsules	5 billion
	Syrups	50 million litres
3	<i>Antibiotics</i>	
	Tablets	20 billion
	Capsules	20 billion
	Syrups	40 million litres
4	<i>Antiretrovirals</i>	
	Tablets	20 billion
	Syrups	30 million litres
5	<i>Vitamins</i>	
	Tablets	50 billion
	Capsules	40 billion
	Syrups	80 million litres
6	<i>Antitussive syrups</i>	45 million litres
7	<i>Infusions</i>	500 million litres
8	<i>Antacids</i>	
	Tablets	30 billion
	Syrups	50 million litres
9	<i>Antiseptics / Disinfectants</i>	60 million litres
10	<i>Injectables</i>	400 million vials

Experience of CHANMedi-Pharm in contract manufacturing with local manufacturers

Contract Manufacturing In Nigeria.

Advantages

1. Shorter production and delivery lead time
2. Payment in local currency
3. Products registration cost is lower than for imported companies.
4. No customs or clearing cost involved

Experience of CHANMedi-Pharm in contract manufacturing with local manufacturers

Contract Manufacturing In Nigeria.

Disadvantages

1. Few companies are active in business of contract manufacturing.
2. High cost of production is transferred to products which makes it expensive.
3. Input materials still have to be sourced abroad which contributes to production delays.

Experience of CHANMedi-Pharm in contract manufacturing with local manufacturers

Contract Manufacturing In Nigeria.

Disadvantages

1. Manufacturers see you as competition and offers prices that are above their own market selling price.
2. Service level is very poor as many of them believe them believe they are doing you a favour.
3. Low technological capabilities limits products offering – eg. cephalosporins, anti hypertensives, tocolytics, aneashtaic agents and zinc tablets are not manufactured locally

Summary

In conclusion, it can be said that availability of quality assured medicines is poor globally and this trend is worse in Africa. Many Africa countries still rely heavily on imported sources for their medicines despite having local manufacturing companies.

Evidence also points to the fact that locally manufactured products from reputable manufactures in Africa are in high demand, however the challenges manufacturers prevent them from performing in full capacity to harness the opportunities the region offer.

Summary

The chaotic and unregulated pharmaceutical supply chain system in many developing countries creates opportunities for growth of informal sector due to poor accessibility of available products.

From CHAN Medi-Pharm's experience regarding contract manufacturing with local manufacturers our experience has not been very satisfactory especially in the areas of

- final cost products,
- customer service level,
- number of service providers and
- range of products options.

Conclusion

From a wholesalers perspective, I want to conclude by saying we are optimistic about the future of local manufacturing in African.

And that what we experience now are the teething problems of charting a new course.

As the market develop and regulatory bodies become strengthen, more players would invest in this sector and service level would improve tremendously leading to increase Access-2.Medicines.

References

- xi Private Sector Pharmaceutical Supply and Distribution Channels in Africa A Focus on Ghana, Malawi and Mali** by Ariane McCabe, Andreas Seiter, Aissatou Diack, Christopher H. Herbst, Sheila Dutta, Karima Saleh.
- x Pharmaceutical Sector Profile: Nigeria Global UNIDO Project: Strengthening the local** production of essential generic drugs in least developed and developing countries
- xi UGANDA MEDICINE PRICING SURVEY REPORT April 2004- Pharmaceutical Sector Profile: Uganda Global UNIDO Project: Strengthening the local** production of essential generic drugs in the least developed and developing countries