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US Congress failure to authorize renewal of PEPFAR emphasizes critical need to prioritize expansion of pharmaceutical manufacturing in SA

Reports have confirmed that the United States Congress has failed to reauthorize a five-year budget for the world's largest aid programme for global health, the US President's Emergency Plan for AIDS Relief (PEPFAR), by its 30 September deadline. While it may still be renewed in weeks to come, it must be noted that without PEPFAR, a number of African countries will lose funding for the testing, diagnosis, prevention and dispensing of antiretroviral (ARV) medicines.

This bears significant consequence in Africa, where the availability of healthcare products (including vaccines, medicine and diagnostics) remains in short supply, due to the region's reliance on foreign imports. The African Union has, on multiple occasions, confirmed that countries in Africa import over 99% of their vaccines and over 80% of their healthcare products. Sadly, a number of developments have emphasized the danger of this reliance over the last few weeks.

Decreasing Africa's reliance on foreign pharmaceutical imports

The start-up costs for any manufacturing plant are significant, to simply set-up a respectable tablet or capsule manufacturing facility could cost upwards of R50+ million. For vaccines, that number balloons in excess of R600m+. Research and development, intellectual property rights, clinical trials and the registration of products will immediately add to these figures. The actual manufacture, distribution and education associated with the product only compounds the final amount.

These circumstances have influenced government officials to outsource costly manufacturing processes. Unfortunately this leaves the African continent, and the people who live here, without access to improved vaccine and medicine supply security in the long-term. If PEPFAR is not renewed for another 5-year term, this will compound an already dangerous situation, and could cause a severe regression in the fight against HIV at the global epicenter of the virus.

These developments emphasize the critical need to prioritize the expansion of pharmaceutical manufacturing in

our country, for Africa.

Improving standards of healthcare

Thankfully, the Partnerships for African Vaccine Manufacturing Framework For Action (PAVM FFA) aims to improve the continent's capacity to manufacture vaccines specifically, and aims to ensure that 60% of Africa's vaccine demand is supplied by its own vaccine-manufacturing industry by 2040. The world-renowned Afrigen Biologics mRNA hub in Cape Town is playing a leading role in supporting this endeavor, by working on the development of new vaccines for diseases that are rampant in lower and middle-income countries today.

Support from Government: critical

If we want the PAVM and Afrigen to succeed in their ambitious undertaking, support from local government structures will remain critical to improve our healthcare systems with an expanded capacity to manufacture our own medicine and vaccines. The public sector must offer preferential treatment to local manufacturers in their public contracts and tenders, and should consider duties on imports - perhaps restricting them altogether.

National government should also consider offering exclusive rights to local manufacturers, based on the economic multiplier effect. This is a long-term plan, which cannot be implemented if we get stuck on the costs in the short-term. Price preference must be weighed equally against the opportunity for job creation, skills development, improved health outcomes, investment and overall economic growth.

Our national government must also support local manufacturers with subsidies and sound offtake agreements, in an environment that is defined by a stable political economy to create the right climate for continued investment. Providing private sector players with equity in exchange for their years of expertise and business acumen would contribute significantly to improving the operating environment of any healthcare manufacturer in Africa as well.

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Note to the Editors: Kindly attribute quotes to Michael Mynhardt, Co-Founder & CEO at MMH & Partners (Pty) Ltd.