



**AIDS  
DEPENDENCY  
CRISIS**  
**SOURCING  
AFRICAN  
SOLUTIONS**



*“If you want to go quickly, go alone.  
If you want to go far, go together.”*

African Proverb



## KEY MESSAGES

- Getting to zero new HIV infections, zero discrimination, and zero AIDS-related deaths will require African solutions—innovative and responsive to the needs of the African people. Building on initiatives underway, solutions include: 1) exploring more diversified funding sources for AIDS; 2) creating an African Medicines Regulatory Agency for faster roll-out of drugs and stronger quality assurance; and 3) catalyzing local production of medicines.
- African dependency on external sources is destabilizing the AIDS response. Two-thirds of all AIDS expenditures in Africa come from external sources. International investments for AIDS dropped by 13% from 2009 to 2010.
- Africa can negotiate a new and balanced “shared ownership-shared responsibility” agenda with international partners.
- All high-income countries should invest more in the AIDS response. There is a 139-fold difference in the share of international HIV assistance between the most and least generous.
- Africa can bridge the resource gap with strong political leadership, leveraging the strong economic growth, and by adopting innovative funding opportunities. These include meeting the Abuja target of investing 15% of government resources in health, allocating resources to the AIDS response based on disease burden, exploring the wider availability of ‘soft loans’ from the African Development Bank and tapping new sources of revenue such as taxing alcohol and tobacco consumption and the use of mobile telephones, as well as taxing financial institutions for commissions made on international money transfers.
- Reducing African dependency on imports of pharmaceuticals and developing a common drug regulatory authority will ensure sustained access to quality life saving medicines. Investing in local manufacturing and simplifying market access to drugs across the Continent will boost the economy, reduce costs and ultimately save lives and money.

*“There is no doubt in my mind that those of us in the developing world have to do more and better to take charge of our destiny...I know that this is easier said than implemented all the more so because much of the external assistance we get has in practice been predicated on us towing the line of the donor community...The fact remains, however, there is no possibility of us keeping our promise to our people unless we do more and better to take charge of our destiny and depend on our own resources as the primary means of achieving the MDGs.”*

**Meles Zenawi**

*Prime Minister of Ethiopia*

# INTRODUCTION

The past decade has seen a remarkable transformation across the African Continent—an expression of hard-earned progress and promise even in the midst of a global financial crisis. This is an era of unprecedented economic growth, socially sustainable gains and strong African leadership. And today almost every country in Africa has a success story to tell, a story of lives saved through stopping new HIV infections and preventing AIDS-related deaths.

## Africa is on the move

Africa's GDP is expected to grow by nearly 6% in 2012, about the same as Asia's.<sup>i</sup> Africa's economic growth surge is widespread across countries and sectors and is being fuelled not only by the global commodity boom but also by pro-business policy reforms and a marked improvement in peace and security. More than half of all countries in Africa have improved overall governance quality with a majority of countries improving in areas of economic and human development.<sup>ii</sup> With a growing middle class, Africa is creating new opportunities for both African and foreign businesses. Together, these shifts have enabled the beginning of a dynamic cycle of domestic growth.

Growth and stability has lifted millions of Africans out of poverty over the last 10 years. The decade also witnessed a decline in child mortality rates, an increase in primary school enrolment, and increased access to clean water.

Through growing unity, the voice of Africa is being heard. African leaders are advancing a continental vision for integration and accountability that includes enhancing trade and transportation and promoting stronger collaboration among Africa's Regional Economic Communities.

## Partner paradigm shift

This changing landscape offers a new paradigm of what collaboration can mean. China became Africa's number-one trading partner in 2009 and other emerging economies such as Brazil and India now account for 37% of Africa's trade.<sup>iii</sup>

Aid dependency is decreasing across the Continent as growth strengthens domestic revenues. Currently, at least one-third of African countries receive aid that is equivalent to less than 10% of their tax revenue. Aid exceeds taxes in only 12 extremely poor countries.<sup>iv</sup>

Traditional development cooperation, however, has not kept pace with the accelerated changes in Africa. As the international community surveys the implications of a rapidly transforming world, there is a universal sense of frustration with the fundamental failure to translate aid into sustainable outcomes within a culture of country ownership and accountability.

The proceedings of the Fourth Summit on Aid Effectiveness in Busan, South Korea in late 2011, gave voice to this frustration. Busan was a catalytic moment for initiating a new development cooperation paradigm. Now is the time to build recipient ownership of development finance, strengthening existing country resources and capacities and utilizing aid in a way that contributes to the end of aid dependency for Africa. Now is the time to change the parameters of partnership—with Africa setting the agenda.

*“I do believe that a new Africa is unfolding before our eyes. The African Renaissance is now at hand. It is within reach. It is embedded within the honest and seeking minds of the young, the professionals, the activists, the believers in our continent.”*

**Ellen Johnson Sirleaf**  
*President of Liberia*

### **AIDS dependency crisis: Threat and opportunity**

Overall, Africa’s prospects have never looked brighter. The Continent is realising its potential and improving the lives of its people.

However, the AIDS response presents a less certain picture. The current global economic downturn and the AIDS funding crisis expose the unsustainable nature of the present model and the dependence of most responses on a small number of international donors. This major resource shortfall comes at a time when Member States at the United Nations 2011 General Assembly High-Level Meeting on AIDS committed to ambitious HIV prevention targets, including placing 15 million people on HIV treatment and eliminating new infections in children by 2015.

Yet developments on the Continent also present an enormous opportunity. Enhancing African ownership of the AIDS response will further the health gains made in the past decade and will also further enhance economic growth. Africa imports the vast majority of antiretroviral drugs it needs—meaning that the jobs and added value stemming from their production accrue outside the Continent. The story is similar in many other areas in the health sector—products, equipment and even the delivery of many high-end services come from external sources.

At the same time, the increasingly stable and promising investment environment in Africa means investments in AIDS can go further—making the AIDS response an even more attractive opportunity.

### **Treatment gap in Africa is wide and growing**

Today almost every country in Africa has success stories to tell: stories of lives saved through stopping new HIV infections and preventing AIDS-related deaths. In 22 African countries the number of annual new HIV infections declined by more than 25% between 2001 and 2009. This includes some of the world’s largest epidemics in Ethiopia, Nigeria, South Africa, Zambia and Zimbabwe. In 2010, more than 5 million people in sub-Saharan Africa were receiving antiretroviral therapy—up from just 50 000 in 2002.

Despite such progress, sub-Saharan Africa remains the most heavily affected region in the world. The Continent is home to two out of three people living with HIV but only 10% of the world’s population. AIDS has claimed at least 1 million African lives every year since 1998. Today, only half of Africans living with HIV who are eligible for treatment are able to access it.



*“Young people must take the leadership of the AIDS response, and they must be given the space to lead.”*

**Amadou Toumani Touré**  
*President of Mali*

## **Sourcing African solutions**

This issues brief presents African sourced solutions to reduce external dependency in the HIV response, including:

- 1.** Strengthening African ownership of development investments through utilizing more diversified funding sources;
- 2.** Creating an African Medicines Regulatory Agency for faster roll out of drugs and stronger quality assurance; and
- 3.** Catalysing local production of medicines in partnership with the BRICS group of countries and other emerging economies.

Now is the perfect time to address these issues. Africa’s expanding strength—economically, socially and geopolitically—provides a solid footing to begin to diffuse the dependency crisis and set a more socially sustainable continental and international agenda for AIDS.

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## **Building on existing African processes and initiatives**

Several African landmark agreements and initiatives lay the foundation for the solutions herein proposed and also provide political momentum, recommendations, guidance and partners to accelerate actions. These include:

- The 2011 African Consensus and Position on Development Effectiveness, Africa’s first-ever common position on development effectiveness, which acknowledges the critical role of aid, but stresses the need for Africa to mobilise domestic resources and build capacity to reduce external dependency.
  - The Resolution of the 2011 Fourth Joint Annual Meeting of the African Union Conference of Ministers of Economy and Finance and United Nations Economic Commission for Africa Conference of Ministers of Finance, Planning and Economic development which calls for an increase in health financing and improved health outcomes for Africa.
  - The on-going collaboration among the Harmonization for Health in Africa, the African Union the United Nations Economic Commission for Africa and the African Development Bank to achieve better value for money and accountability in the financing of health in Africa as a key factor for economic growth and sustainable development.
  - The African Union Africa Health Strategy 2007-2015 which provides strategic direction to Africa’s efforts in creating better health for all.
  - The Pharmaceutical Manufacturing Plan for Africa, adopted by the Summit of the African Union in 2007, which is the basis for a more coordinated approach to local medicines production – based on countries’ needs.
  - The Abuja Call for Accelerated Action towards Universal Access to HIV and AIDS, Tuberculosis and Malaria Services in Africa, 2006.
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# AFRICAN SOLUTIONS

The following analysis highlights the benefits of continent-wide common positions and approaches to addressing the unsustainably high levels of dependency of the AIDS response. There are a number of solutions to this challenge.

*“Africa’s leaders must be in a position to define clearly what they want from this new South-South relationship. It certainly cannot be a replica of the traditional North-South relationship – and that is for African leaders to decide- not China, Brazil, India or Malaysia. African leaders must take a long-term view, which can form a basis for engaging those partners.”*

**Donald Kaberuka**  
*President, African Development Bank*

# OPTION 1.

## STRENGTHEN AFRICAN OWNERSHIP OF DEVELOPMENT INVESTMENTS THROUGH EXPLOITING MORE DIVERSIFIED FUNDING SOURCES

### SITUATION ANALYSIS

#### Aid dependency in the AIDS response: An unsustainable and potentially volatile situation.

Estimates suggest that US\$ 11-12 billion will be needed annually by 2015 to prevent new HIV infections and scale up treatment in Africa, if important gains in efficiency and smart investments in effective programmes are made simultaneously. While “more health for the money” is critical, investment needs are US\$ 3-4 billion more than the current expenditure.

African governments invest less on AIDS than would be expected. For the Continent as a whole, approximately 5% of health budgets are allocated to AIDS, despite AIDS causing a median of more than 7% of the overall burden of disease across countries.

External assistance dominates HIV investment in most countries in Africa—to a much greater extent than for the health sector as a whole. More than two-thirds of overall health expenditure in Africa comes from domestic sources, whereas international sources account for two-thirds of AIDS investments.

The procurement of antiretroviral drugs is highly dependent on external funding. In 27 countries for which accurate data is available, 84% of expenditures for antiretroviral therapy in sub-Saharan Africa originated from international sources.

figure 1

#### Reliance higher for AIDS than health

Source: Country Progress Reports; WHO.

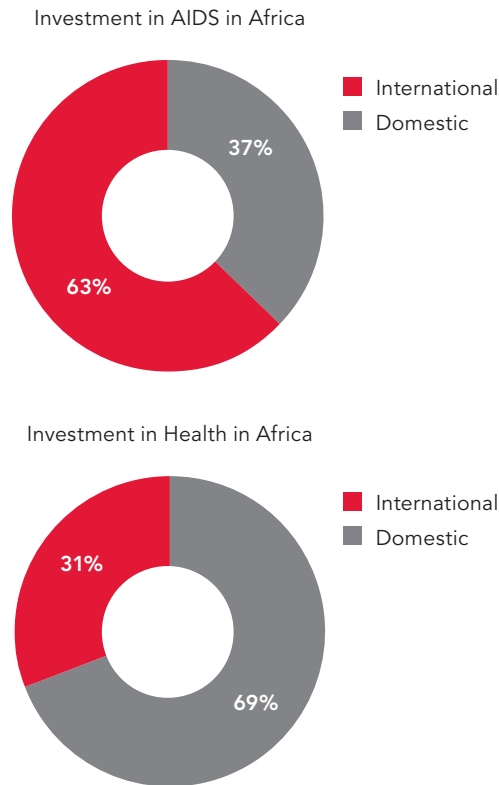
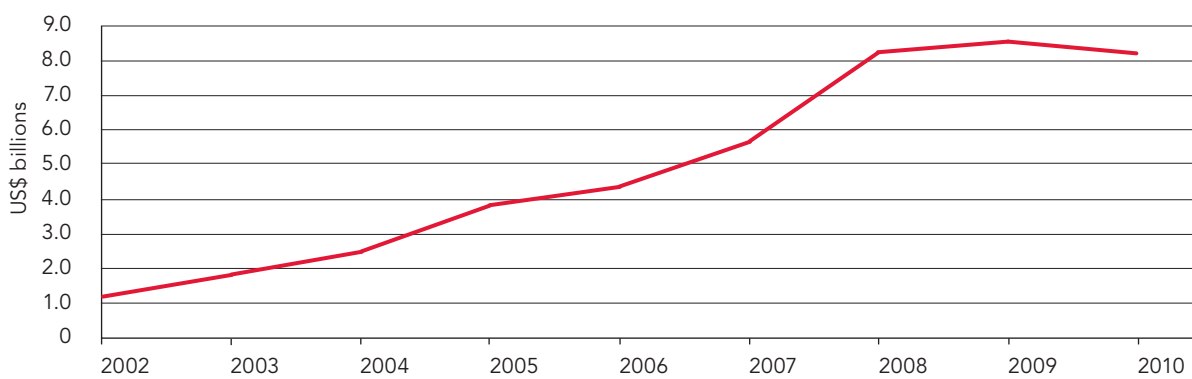




figure 3

**Resources available for HIV in sub-Saharan Africa, 2002-2010 (US\$ billions)**

Source: UNAIDS.



The lion's share of international financing for AIDS treatment comes from just two sources: the United States' President's Emergency Plan for AIDS Relief (PEPFAR) and the Global Fund to Fight AIDS, Tuberculosis and Malaria (Global Fund). In 2011, the Global Fund cancelled its next round of new funding proposals due to financial constraints arising largely from the failure of donors to meet their financial commitments to the Global Fund.

The current funding decline may result in an increase in new infections, due both to downturns in effective prevention programming and a stagnation or decline

in treatment access. An increase in new infections and decrease in treatment access has grave implications for maternal and child mortality as well. At present, AIDS is the leading cause of death and disease among women aged 15 to 44 worldwide. In six hyper-endemic African countries, AIDS is responsible for more than 40% of child deaths.

*“It is a critical time in the AIDS response and more important than ever that we put the focus back on HIV... I am ready to open the debate on AIDS dependency with colleagues to find local solutions.”*

**Ali Bongo Ondimba**  
*President of Gabon*

## SOLUTIONS

### **Africa can gain greater autonomy through the pursuit of a more balanced partnership with international partners in the AIDS response.**

Such a balance could be achieved by negotiating long-term, predictable investments from international partners while decreasing dependency by growing African investments and innovative financing.

### **Negotiate long-term, predictable investments from international partners**

Given these uncertain times, transparency around financial commitments is more important than ever. African countries can negotiate more multi-year visibility into funding flows from international partners to be able to plan effective and sustainable programs.

High-income countries can invest more in the AIDS response: in 2009, among 14 of the wealthiest nations,

there was a 139-fold difference in the share of national resources devoted to international HIV assistance between the most and least generous. If all high-income countries had met the 0.7% ODA/GDP target with government revenue, the total value of ODA would have more than doubled, from about US\$ 127 billion to almost US\$ 280 billion in 2010, and the HIV funding gap could have been filled.

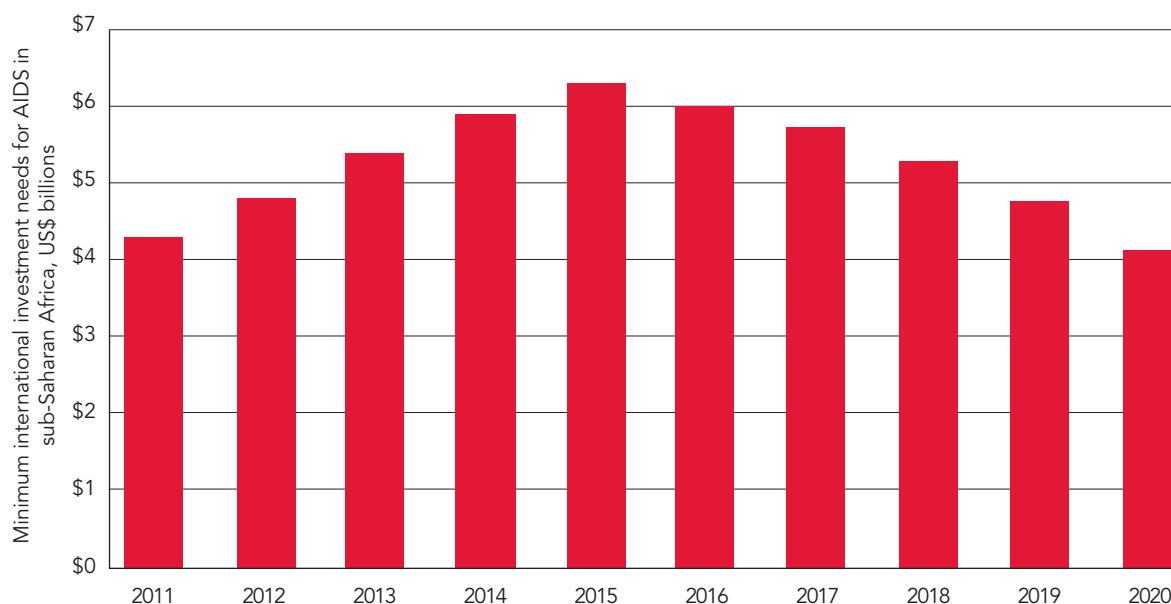
More sustainable, long-term health financing could also come from tapping innovative sources. There is considerable potential in a proposed tax on financial transactions. If this was adopted by the world's largest economies, and 50% of the new revenue was allocated to development, some estimates indicate that it could more than double ODA globally. The HIV funding gap could be filled with a small fraction of these revenues. A number of African leaders have backed this tax; a common position would amplify the call.

*figure 4*

### **International investments for AIDS in Africa**

Significant and sustained international investments for AIDS in Africa will be required even if African countries meet the Abuja target of allocating 15% of government revenue to health, and if allocation to AIDS is proportionate to disease burden.

Source: UNAIDS.





## Decrease dependency by growing African investments

Recent years have seen an increase in domestic investment in AIDS in many countries, albeit often starting from a low base. South Africa, for example, dramatically ramped up its domestic funding of AIDS over the past two years—to over US\$ 1 billion annually. Building on these trends, as well as prospects for sustained African economic growth, countries have a number of options to assert greater financial control over their national AIDS programmes. These options are not mutually exclusive, and cumulatively they can considerably close the investment gap in many countries over the medium term.

Specifically, if government spending on health in Africa were to increase at the same rate as economic growth, an additional US\$ 5 billion in public funds would be available annually for health by 2015. A portion of these new monies could be allocated to AIDS budgets, thereby significantly reducing dependency on external sources.

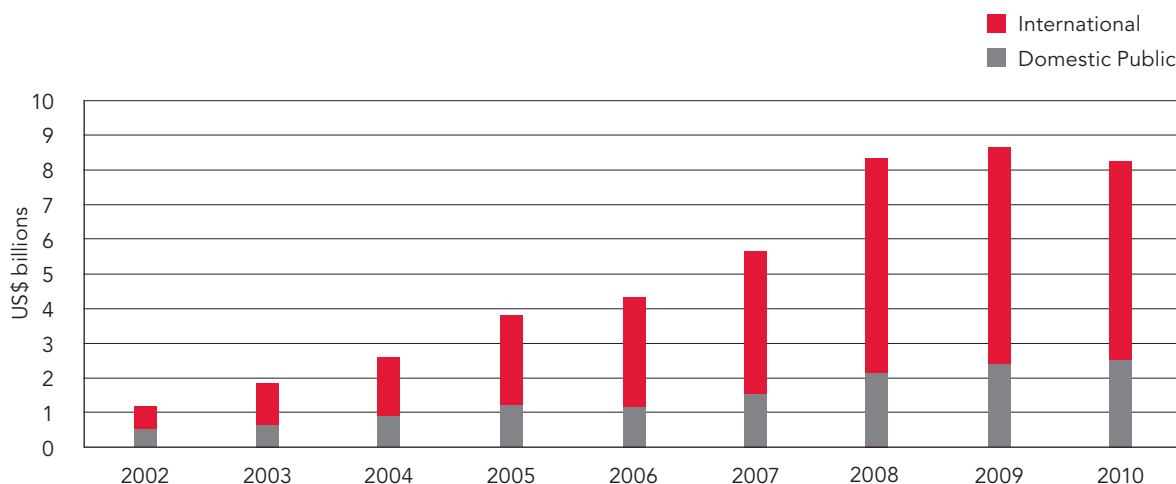
Three different additive scenarios for increasing domestic public funds for HIV are presented below:

1. If African budgets for HIV increased at the same rate as projected economic growth in Africa, one could expect an increase from US\$ 2.5 billion today to US\$ 3.2 billion in 2015.
2. If all governments of African countries also increased health spending to match the Abuja targets and maintained the share of health spending allocated to AIDS, public funds could rise further, to US\$ 3.9 billion in 2015.
3. If African governments also raised the share of the health budget devoted to AIDS to reflect the relative burden of disease caused by AIDS compared with other diseases, public funds to address HIV could reach US\$ 4.7 billion by 2015.

figure 5

### Domestic resources for AIDS in Africa: Steady but slow increase

Source: UNAIDS.



*“The amount of resources dedicated to HIV prevention, treatment and care has increased with each successive year. But it is not enough. Much more needs to be done...We have no choice but to deploy every effort, mobilise every resource, and utilise every skill that our nation possesses, to ensure that we prevail in this struggle for the health and prosperity of our nation.”*

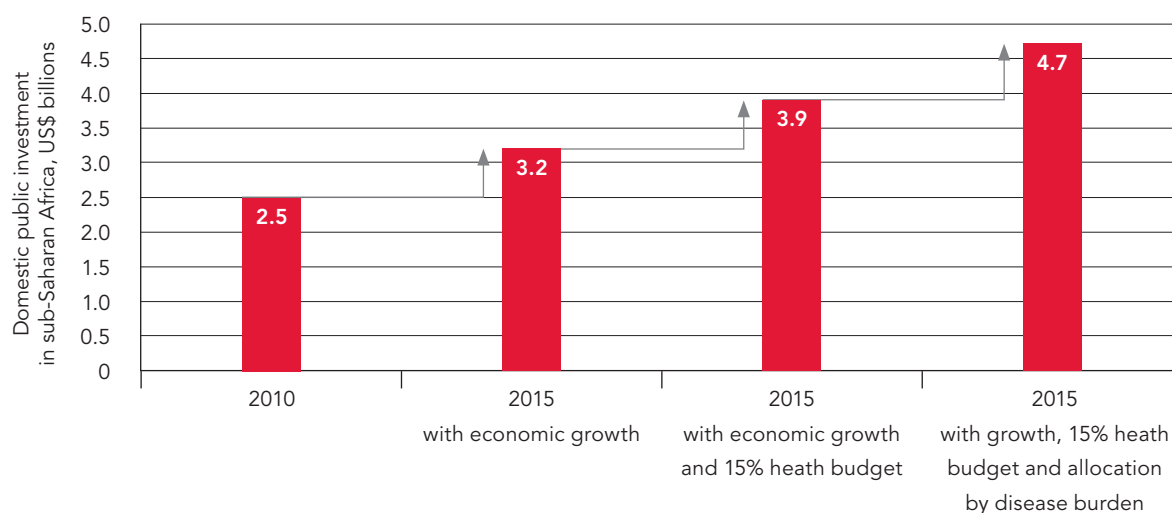
**Jacob Zuma**

*President of the Republic of South Africa*

figure 6

### Three options for increasing domestic public HIV investment in Africa

Source: UNAIDS.



In aggregate, changes in fiscal policies could come close to meeting the HIV investment needs on the Continent. However, the degree to which individual countries can assume responsibility of their AIDS responses depends upon their economic circumstances and the severity of their epidemic. Very low-income countries might not realistically be expected to assume an investment share higher than 5% before 2015.

### A compact for shared but differentiated responsibilities

As part of a global compact on shared responsibility, countries could agree on target levels for domestic investment in the AIDS response that are specifically adapted to the projected level of government revenue and the size of the disease burden caused by AIDS. In return for verifiable progress towards meeting these financing goals within a five-year period, a consortium of donor organizations could provide an assurance to fund the remaining financing gap in line with an agreed investment envelope that aims to meet the outcome targets specified in the 2011 Political Declaration on HIV/AIDS.

## **Explore sustainable, innovative funding sources**

Given the increasing wealth on the Continent there are a host of funding options that could be explored.

One potential source is the African Development Bank, which puts a range of instruments at government disposal. A united African approach could bring about wider availability of “soft loans” that could begin to reverse the external dependence of the AIDS response as such resources are included in government budgets.

Leaders might also explore making use of the large remittance flows from Africa’s diaspora. This could involve a tax on financial and money transfer institutions or by issuing bonds to the diaspora.

Another source derives from Africa’s new personal and corporate wealth and the creation of public-private partnerships to leverage private sector resources. There are rich philanthropic opportunities to be explored with the growth in African high-income households and from Africa’s increasingly powerful companies. Currently, 20 African companies have annual revenues in excess of US\$ 3 billion.

There are additional options to tap emerging African wealth to allow Africans to address African problems. Many are already in practice. These include taxes on tobacco and alcohol, levies on existing income or value-added taxes and taxation reform to minimize evasion. Some of these could be further extended, such as the tax on airline flights and similar levies on mobile telephone contracts.

Emerging development partners are becoming an increasingly important source of funds. As countries like India, China and Brazil have moved comfortably into the middle-income space, they have begun to explore how they can invest in international development. South Africa is doing the same and other countries in Africa may follow.

## **Enhance equity, self-reliance and sustainability through insurance innovations**

Health insurance provides a mechanism to channel health spending more efficiently and equitably. Only 3% of Africans currently enjoy health insurance coverage. Expanding access to health insurance in Africa can reduce high, and at times catastrophic, out-of-pocket expenses that especially impact poor and marginalized households. Rwanda introduced national health insurance 11 years ago. Now, more than 90% of Rwandans are covered, paying just US\$ 2 annual premiums.

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### **Extending health insurance**

The PharmAccess Foundation, together with the Health Insurance Fund—an initiative of a number of Dutch insurance companies and Dutch multinationals with large operations in Africa—has developed an insurance model for low-income groups. This initiative is supported by the Dutch Ministry of Development Cooperation with a subsidy of US\$ 100 million for six years.

The Health Insurance Fund concept is based on risk pooling, donor support, co-payments and utilization of public as well as private health care providers. The Fund uses donor money to subsidize insurance premiums for the previously uninsured poor. This is expected to generate an increasing demand for prepaid health schemes. The Fund is operating in Kenya, Nigeria and Tanzania and has plans to expand. The schemes cover basic health care and include treatment of HIV, tuberculosis and malaria.

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## OPTION 2.

# GET QUALITY ASSURED MEDICINES SOONER TO THE PEOPLE WHO NEED THEM—THE BENEFITS OF AN AFRICAN MEDICINES REGULATORY AGENCY

### SITUATION ANALYSIS

**Weak drug regulatory capacity in Africa: Drug lag, quality concerns and lives lost.** In light of existing resource constraints, it is critical to gain greater efficiencies in the use of high cost medicines and to use them as effectively as possible. Africa cannot afford less effective, poor quality and counterfeit drugs—it wastes resources and costs countless lives.

Novel health solutions in Africa suffer from significantly slower uptake and limited coverage compared to the rest of the world. The lengthy regulatory approval cycle—caused by low regulatory capacity and inefficient processes—contributes significantly to this “drug lag.” A typical launch of a new drug in the U.S. requires about eight years and will reach around 90% coverage. In Africa, by contrast, the process is significantly slower, and once approval takes place coverage remains low. In these countries, slow uptake costs millions of lives—unnecessarily.

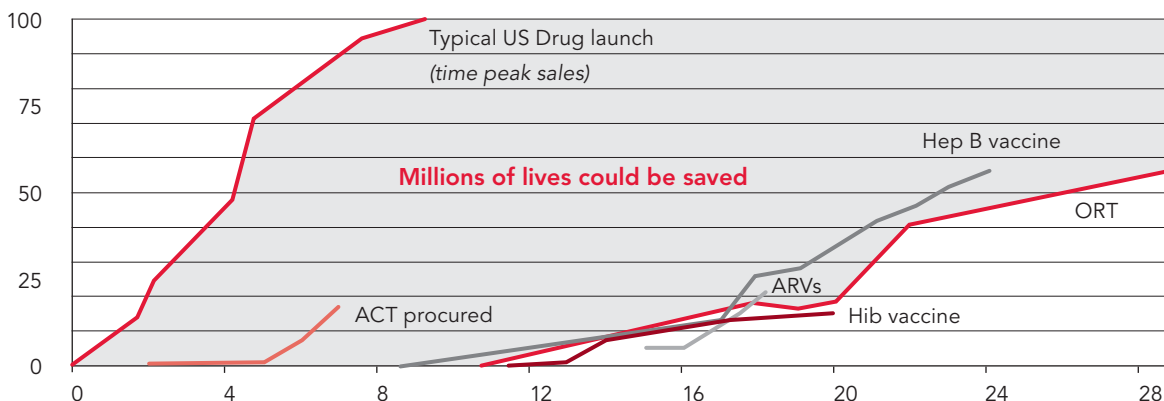
The introduction and scale-up of antiretroviral therapy has created a class of medications that have relatively high cost value. As with the introduction of more expensive anti-malarials, this has led to a greater risk for the introduction of counterfeit versions of these drugs, with limited or no efficacy. Stringent medicines regulatory agencies, such as the European Medicines Agency (EMA) and the US Food and Drug Administration, use pharmacovigilance measures that ensure post-marketing surveillance of drug quality, adverse events, and other concerns. Such regulatory agencies are sufficiently staffed to investigate reports of counterfeit drugs in the market. But in a number of African countries, resources and skills for effective pharmaco-vigilance are lacking.

figure 7

#### Drug Lag: Long regulatory approval cycle contributes to slow product uptake

Source: WHO; UNICEF; BCG analysis.

Percentage of coverage of intervention in low- and middle-income countries





## SOLUTIONS

**There is an urgent need for African countries to adopt measures to ensure drug quality in the response to HIV, and to maintain public confidence in these drugs.** Active surveillance of the market, rapid response to reports of possible counterfeit or tainted drugs and the ability to test suspect medication batches are activities that benefit from a highly specialized and centralized approach. Major economies of scale can be reaped from adopting regional approaches to pharmacovigilance—for example through an African Medicines Regulatory Agency. Similar to the functions that European countries have devolved to the EMEA, a regional or full-continental African Medicines Regulatory Agency could more efficiently take on pharmacovigilance as well as a number of other specialized functions, to complement and support African countries' own drug regulatory agencies.

An African Medicines Regulatory Agency provides a central plank to reduce the dependence of African health on external factors. Further, a single Regulatory Agency, built upon the experience and success of sub-regional entities, will deliver a range of benefits:

- **Faster.** Expedite the introduction of new, quality-assured medicines to African markets by harmonizing and simplifying existing medicines regulatory processes and procedures in all African countries—thereby saving millions of lives and boosting productivity.
- **Cheaper.** Provide a mechanism to pool national resources and generate economies of scale in registering medicines.
- **Fairer.** Promote a level playing field for African and international companies wishing to compete and market their products throughout Africa. It would also remove barriers to entry of quality assured products while yielding important efficiencies for pharmaceutical producers—both African and international.

*“So, we want aid directed at building capacity for development—Africa’s exit from aid dependency hinges on this...We want aid that supports a strong role for citizens, parliaments and entrepreneurs. And we want an inclusive, representative and accountable global system with strong African participation to monitor progress on what has already been agreed by Africa and its partners.”*

**Ibrahim Mayaki**  
Chief Executive Officer, NEPAD

The mobilization of African leadership for the creation of a single African Medicines Regulatory Agency relies on the presentation of a clear vision and roadmap to African Heads of State. Under the aegis of the African Union, an African Medicines Regulatory Agency would bring together regional initiatives and provide a single advocacy, regulatory and coordination platform for availability of quality-assured medicines, including antiretroviral therapy on the African Continent.

AIDS led the debate on patent protection with victories on licensing and parallel imports. AIDS activism led to tiered pricing and patent pooling. The AIDS response can be leveraged to support Africa to develop its own continental medicines agency.

Other regions have enjoyed the benefits of a harmonized approach to generate more efficient and timely access to medicines. Despite considerable national technical capacity, European countries have pooled resources for the EMEA. An African approach could benefit from the experience gained there.

An African Medicines Regulatory Agency could also provide the impetus and nucleus to establish a complementary new African centre of excellence in pharmacological research. Such a platform would provide a mechanism for South-South partnerships as envisioned by the BRICS and G77 and the African Union’s Pharmaceutical Manufacturing Plan for Africa. It could also provide African governments with a platform to develop common positions to negotiate as a bloc on pharmaceutical-related matters.



# OPTION 3. ESTABLISH CENTRES OF EXCELLENCE FOR LOCAL PRODUCTION OF MEDICINES IN AFRICA

## SITUATION ANALYSIS

**Reversals in the AIDS response: Potential risks and the cost of diminished action.** Africa's dependence on foreign investments and foreign-made drugs has put the AIDS response in a risky position. Africa cannot afford to allow commitments to continued progress to waver. The failure to scale up towards African treatment targets (80% of people eligible) by 2015 will result in an additional 2.5 million AIDS-related deaths during the period. The number of AIDS-related deaths, as well as the burden of ill health associated with HIV, will be considerably higher if countries are not able to maintain present levels of treatment coverage. A failure to maintain treatment coverage will also result in a resurgence of tuberculosis incidence and death. Antiretroviral therapy can reduce the risk of TB incidence by up to 90%. Timely access to HIV treatment can reduce TB mortality by 60%.

The vast majority of HIV treatment drugs consumed in Africa are imported from generic manufacturers. Over 80% come from one country: India. The viability of this arrangement should be of grave concern to Africa's

leaders, given the imminent changes to the market incentives and regulations facing Indian manufacturers which will likely result in a reduction in reliable low-cost generic suppliers.

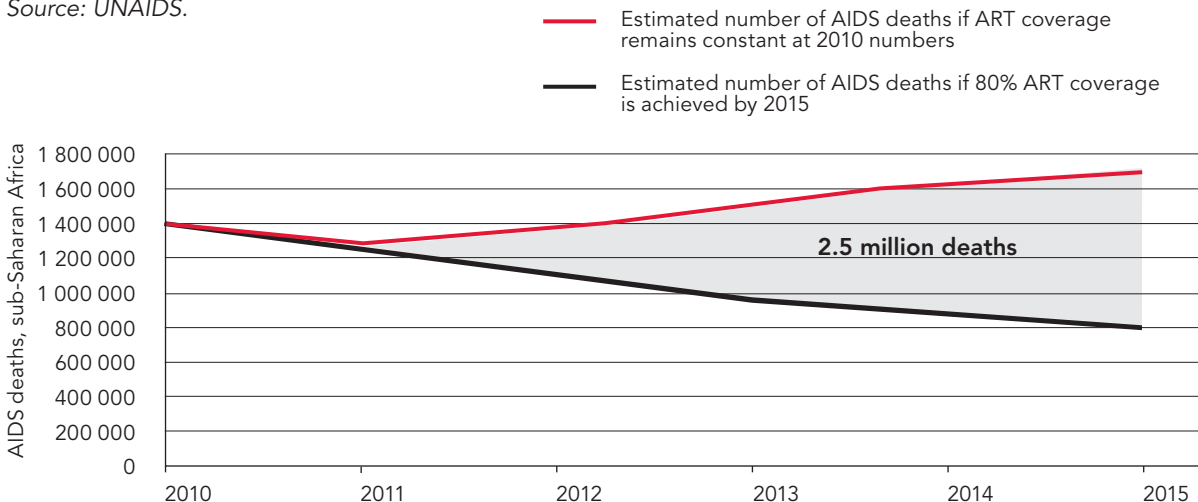
While quantities are still relatively small, the number of African countries with local production of antiretroviral therapy has been growing in the last several years. However only one producer, in South Africa, has met the standards for quality and good manufacturing practices for pharmaceutical production by the WHO Prequalification of Medicines Programme.

Least Developed Countries (LDCs) have received a waiver from the World Trade Organization's Trade Related Aspects of Intellectual Property Rights (TRIPS) Agreement granting an extension of the transition period before pharmaceutical patents need to be enforced in January 2016. Beyond that date, the patenting situation of HIV-related medicines, particularly second- and third-line treatments as well as diagnostics, will be even more complex than it was when the Doha Declaration was adopted.

figure 8

### AIDS deaths in sub-Saharan Africa: The consequences of failure to meet African targets

Source: UNAIDS.



## SOLUTIONS

### **Local production of high-quality pharmaceuticals provides an opportunity to ensure sustainability of the AIDS response and put products nearer to those who need them.**

Local pharmaceutical production both catalyses and relies on building Africa's knowledge-based economy. Local production of high-quality pharmaceutical products will play a major role in not only ensuring long-term access to HIV medicines but in developing an industry manufacturing other medicines particularly suited to the African context.

Joint ventures, technology transfers, and direct investment provide new opportunities for production of both generic and patented medicines. African leaders should be supported to further explore and implement industrial policies that will favour a new industry of local pharmaceutical production. Through a supportive policy environment, governments can incentivize the development of local competencies to produce medicines efficiently including through the promotion of greater collaboration among external pharmaceutical companies and local manufacturers.

Ensuring the extension of the TRIPS Agreement beyond 2016 will further enable favourable market conditions for production of generic antiretroviral therapy and other essential medicines and will provide the necessary window to consolidate production on the African continent.

The region also needs to forge new industrial policies that can support local pharmaceutical industries—policies that address increased technical capacity in production, quality control and intellectual property rights issues. South-South cooperation may be a way to address technical barriers, but the policy barriers need African solutions.

North-South and South-South technology transfer will play a fundamental role in establishing centres of excellence for local production of antiretroviral therapy and other commodities on the Continent. BRICS countries are playing an increasingly pivotal role in delivering solutions for advancing equitable access to public health goods—by significantly expanding scientific cooperation and innovation and creating a market for technology transfer, overcoming trade barriers and advancing innovative financing solutions.



*“In a cynical world we have become an inspiration to many. We signal that good can be achieved amongst human beings who are prepared to trust, prepared to believe in the goodness of people.”*

**Nelson Mandela**

African avenues for collaboration for technology and innovation transfer could include:

- Institutional collaboration (universities and hospitals) including through health staff exchanges.
- Research and development, which has been a proven area for technology transfer in other development areas, such as agriculture, and could be expanded.
- Strategic planning technical assistance / technical cooperation between China and the African Union to support expansion from project-based models to a broader, more sustainable programme-based approach.

As mandated by AU Heads of State in 2005, a business plan is currently under development for implementation of the Pharmaceutical Manufacturing Plan for Africa. Renewed political engagement from the AU is required for continued progress in this area.

## Notes

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- I. World economic outlook: April 2011. Washington DC, International Monetary Fund, 2011.
  - II. 2011 Ibrahim index of African governance. Mo Ibrahim Foundation, 2011.
  - III. African economic outlook 2011. African Development Bank, Development Centre of the Organization for Economic Co-operation and Development, United Nations Development Programme, United Nations Economic Commission for Africa, 2011.
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