



Enhancing Private Sector Participation in the Regional Antiretroviral (ARV) Value Chain

Supported by the Joint Action “Support towards Industrialisation and the Productive Sectors (SIPS) in the SADC region”

Introduction

The Member States of the Southern Africa Development Community (SADC) bear a great proportion of the global HIV/AIDS disease burden. Consequently, the region utilises significant amounts of antiretrovirals (ARVs) for treatment of the condition and these are predominantly donated and imported from outside Africa. In line with SADC’s industrialisation agenda, the Cooperation for the Enhancement of SADC Regional Economic Integration (CESARE) Programme through the Joint Action SIPS is supporting the private sector in SADC Member States (MS) to increase production capacity in the leather, ARV and COVID-19 value chains. The Joint Action is composed of two mutually reinforcing components. Component 1, implemented by SADC, focuses on enhancing the policy, regulatory and business environment within the region for the development of sustainable value chains while Component 2, implemented by GIZ, focuses on enhancing private sector participation in the selected regional value chains (RVCs). The industrial development of a sustainable ARV RVC is important to regional economic integration and improved access to lifelong ARV therapies within the region for patients.

Context

In 2020, approximately 17.3 million people in SADC member states were living with HIV, currently 13.1 million have access to antiretroviral therapy (UNAIDS). The estimated annual expenditure on ARVs in the region is US\$1.7 billion. The majority of

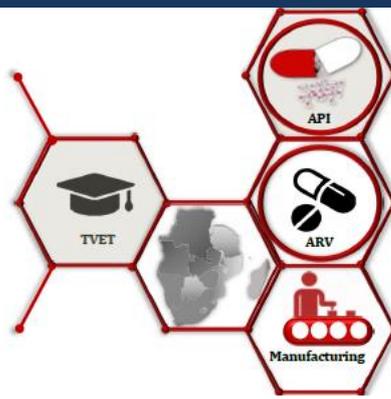
Specific area	Support towards Industrialisation and the Productive Sectors (SIPS) in the SADC region
Objective	To improve the performance and growth of the Regional Anti-Retroviral Value Chain
Financed by	SIPS is a Joint Action funded by the European Union and by the Federal Ministry for Economic Cooperation and Development (BMZ) and managed by SADC Secretariat
Executing Agency	Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ)
Duration	Oct 2019 – Feb 2023

ARVs are currently imported by donor agencies. In addition, SADC Member states are also procuring a sizeable amount directly. Increased ARV production in the region has the potential to shorten ARV procurement lead times for government or donors and create new market opportunities for supporting industries. The ARV value chain therefore offers both a public health and an economic opportunity for the SADC region.

Approach

During the inception phase for SIPS Component 2, a detailed mapping and analysis of the ARV sector in the region was conducted to identify the key stakeholders and establish a situational baseline. Stakeholders were then engaged through interviews and a workshop to validate preliminary findings and give recommendations on key interventions. Three main channels of ARV procurement and financing were identified – public (government tenders), donor-





funded and private insurance or out of pocket purchases. These procurement channels determined the classification of proposed interventions namely, public market-related, donor-market related and cross-cutting interventions.

Public market-related interventions: The project intends to support the improved accessibility of public ARV tender data in a transparent manner for regional ARV manufacturers so they can identify potential markets and plan based on procurement trends. In addition, the involvement of regional business networks and facilitation of private-public sector dialogue regarding industry needs such as coherent procurement and trade policies, lowering of non-tariff barriers, and government purchase commitments is envisioned.

Donor-market-related interventions: Most ARVs in the region are procured by donor agencies on behalf of governments in Member States. There is a need for dialogue with donors to understand their current position regarding SADC ARV manufacturers. Depending on the dialogue, manufacturers can be supported in attaining WHO prequalification for their ARVs which is a pre-requisite for donor agencies.

Cross-cutting interventions: The Joint Action SIPS seeks to evaluate and promote the regional

production of value chain inputs such as Active Pharmaceutical Ingredients (APIs) and packaging material for ARVs and potential projects have already been identified. The project aims to facilitate private sector dialogue with academic/TVET institutions to develop industry relevant programmes. Supporting ARV manufacturers in attaining the international standards of manufacturing (Good Manufacturing Practice - GMP) and business operations efficiency by implementing corrective actions is also envisioned. In addition, the project will facilitate access to suitable, affordable and innovative financial arrangements for viable ARV manufacturing projects advancing the regional value chain.

Impact

The project is expected to enhance the regional production capacity and increase regional competitive advantage over the currently dominant pharmaceutical manufacturers from outside the region. This will lead to job creation and improved inter-regional trade of services and experts. Combined with coherent regional policies such as a regional pooled procurement approach and medicines regulatory harmonization, the expected long-term outcome is a sustainable ARV manufacturing sector and skillset in the region and an increased availability of good quality ARVs.

Published by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH
Registered offices Bonn and Eschborn, Germany

CESARE/SIPS Programme
Private Bag X12 (Village)
Gaborone, Botswana
jan.peter.boettcher@giz.de
www.giz.de/en/

On behalf of Federal Ministry for Economic Cooperation and Development (BMZ)

Addresses of the BMZ offices
BMZ Bonn
Dahlmannstraße 4
53113 Bonn, Germany
T +49 (0)228 99 535-0
F +49 (0)228 99 535-3500
poststelle@bmz.bund.de
www.bmz.de
BMZ Berlin
Stresemannstraße 94
10963 Berlin, Germany
T +49 (0)30 18 535-0
F +49 (0)30 18 535-2501

As at 11/2019

This document was produced with the financial assistance of the European Union (EU) and the German Federal Ministry for Economic Cooperation and Development (BMZ). The content and views expressed herein can in no way be taken to reflect the official views of the EU or BMZ. The programme management team of the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH is responsible for the content of this document.