

Prices and Availability of Locally Produced and Imported Medicines in Ethiopia

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Executive summary

A survey was undertaken in Ethiopia in August 2013 to measure and compare the price and availability of locally produced and imported medicines. The survey used a draft methodology developed by Health Action International (HAI) and the World Health Organization (WHO). Dr. Teferi Gedif from the University of Addis Ababa was the lead investigator of the survey.

Methodology:

Price and availability data was collected for 25 medicines, both locally produced and imported, in a total of 34 public sector outlets, 30 private pharmacies, and 17 outlets in a mixed sector (municipality pharmacies and health facilities of the Red Cross, Family Guidance Association and NGO's) across six areas of the country i.e. the capital Addis Ababa, Oromyya/Adama, Amhara, SNNPR, Harari and Afar. Each medicine was strength- and dosage-form specific. For each medicine, data was collected for all products in stock in each outlet on the day of the survey. Government procurement prices and quantities purchased were collected from the Pharmaceutical Fund and Supply Agency (PFSA). Wholesale procurement prices and selling prices were collected from a single private wholesaler in Addis Ababa.

Key findings:

Government procurement prices and quantities

- More locally produced products were procured than imported products
- Locally produced products were on average 45% higher priced than the imported products
- For some medicines, the government's 25% local preference policy was being needed
- Significant savings would be possible if only imported medicines were procured for a few medicines

Availability and patient prices in the public sector

- Locally produced products had greater mean availability (48%) than imported

products (19%). Overall, availability was sub-optimal at 64%.

- Overall, patient prices of locally produced products were 22% higher priced than imported products
- The government was charging patients 17% more than the procurement price for locally produced products, and 53% more for imported products
- Locally produced branded generics were more available (37%) than imported branded generics (10%) but 23% higher priced. INN generics had lower availability for locally produced products (19%) and imports (9%). For INN generics patient prices were similar for local products and imports. No originator brands were found.

Availability and patient prices in the private sector

- Locally produced products had greater mean availability (54%) than imported products (35%). Overall availability was 73%.
- Overall, patients were paying 193% more for imported products than for locally produced products
- Locally produced branded generics were more available (42%) than imported branded generics (29%). Patients were paying 153% more for imported branded generics than those made in Ethiopia.
- INN generics had low availability for locally produced products (13%) and imports (3%), but similar patient prices. Originator brands were few in number but high in price.

Availability and patient prices in the other sector (Red Cross,FGA,NGO,municipality pharmacies)

- Locally produced products had greater mean availability (55%) than imported products (32%). Overall availability was 76%.
- Overall, patients were paying 63% more for imported products than for locally produced products
- Locally produced branded generics were more available (40%) than imported branded generics (25%). Patients were paying 69% more for imported branded generics than those made locally.
- Mean availability of locally produced and imported INN generics was 16% and 6%, respectively. Locally produced INN generics were 30% lower priced than imports. Few originator brands were found. But where found, they were high priced.

Cross-regional analysis

- In the public and private sectors, in all six survey regions the availability of locally produced products was higher than for imported products

- In the public sector, locally produced products had higher or similar patient prices to imported products in all regions. In private pharmacies, the opposite was seen i.e. patient prices of locally produced products were lower than imported products in all regions.

Country of manufacture

- Fifty-five percent (55%) of the products found were made in Ethiopia. Of these, all but a few were made by Addis Pharmaceuticals Factory, EPHARM and Cadila Pharmaceuticals Ethiopia. Across all sectors, overall patient prices were similar across these three companies.
- The largest number of imported products were from India (17.6% of all products found), Cyprus (7.0%), Germany (5.1%) and France (2.8%).
- Across all sectors, patient prices of branded generics made in Ethiopia were 13% lower priced than Indian products, 60% lower than those from Cyprus, and over 90% lower than German products.

Recommendations:

- Review government procurement prices and practices for all medicines to identify levels of local preference, and ascertain the reasons where they exceed 25%
- Review the local preference policy as savings would result if the level of local preference was reduced or abolished
- Pass on lower government procurement prices for imported medicines to patients buying medicines in public sector outlets
- Abolish import duties on active pharmaceutical ingredients and finished products, and ensure the savings are passed onto patients.
- Investigate price components in the supply chain to ascertain whether the manufacturer's selling prices or the add-on costs (duties, taxes, wholesalers and retailers mark-ups etc.) are making the largest contribution to the final patient price. If it is the add-ons, consideration should be given to regulating mark-ups bearing in mind the possible adverse effects on availability if mark-ups are reduced to a level at which it is no longer profit

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