



SOUTHERN
AFRICA EUROPE
CEO DIALOGUE



The European House
Ambrosetti

SOUTHERN AFRICA EUROPE CEO DIALOGUE

8th Edition

Live at The Capital On The Park - Johannesburg

November 25-26, 2021

PRESENTATION BY DANIELA BIANCO

In cooperation with



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BUILDING PHARMACEUTICAL HUBS ACROSS AFRICA: THE IMPORTANCE OF CROSS-BORDER PARTNERSHIPS

How to strengthen the health sector in Africa with the contribution of *Sistema Italia*

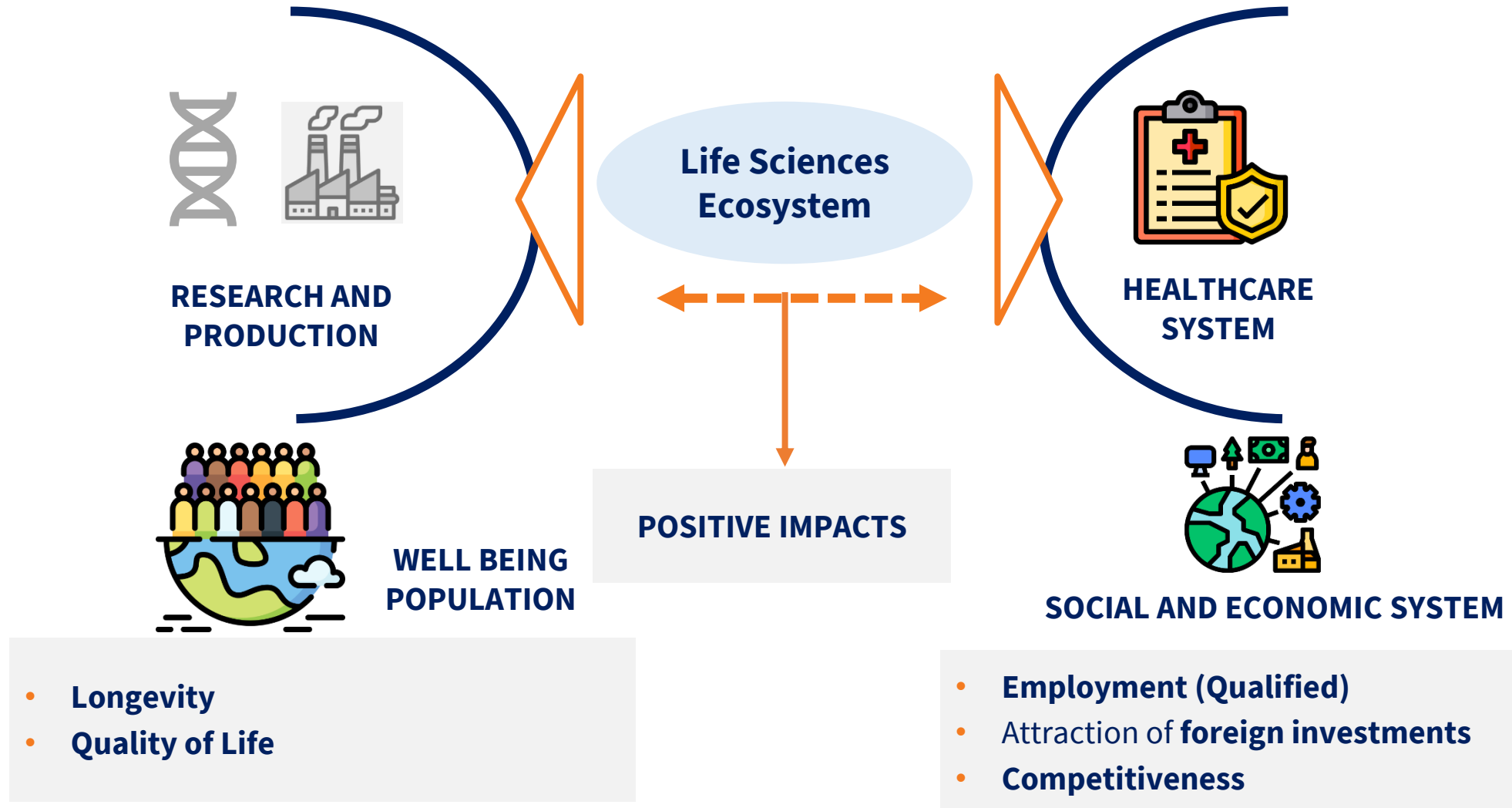
Johannesburg, November 25th, 2021

Daniela Bianco

Partner and Head of Healthcare Practice - The European House - Ambrosetti



From our experience in Life Sciences.....Health as the key driver for socio-economic growth and well being of a Country



Drivers transforming the Life Sciences Ecosystem at global level

The global pharma/MD industry and Health Care Systems are experiencing **important transformative trends** determined by a set of **multidimensional drivers**



SCIENCE, TECHNOLOGY & DIGITAL DRIVERS

- Biopharmaceuticals
- **Advanced therapeutics** and **genomics**
- Digital therapeutics
- **Industry 4.0** and **increased technology integration**
- **Internet of Things (IoT)**

POLICY & REGULATORY DRIVERS

- **Stringent regulations** in terms of quality and transparency
- Pressure on **accessibility**
- **Patient-centered** models
- **Environmental sustainability** importance and low carbon footprint requirements



DRIVERS OF CHANGE LIFE SCIENCES ECOSYSTEM

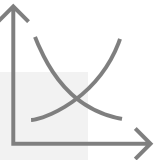


DEMOGRAPHIC & EPIDEMIOLOGICAL DRIVERS

- **Ageing population**
- Changing **lifestyles**
- Increased burden of **chronic and non-communicable** diseases
- Emerging **infectious diseases**

MARKET DRIVERS

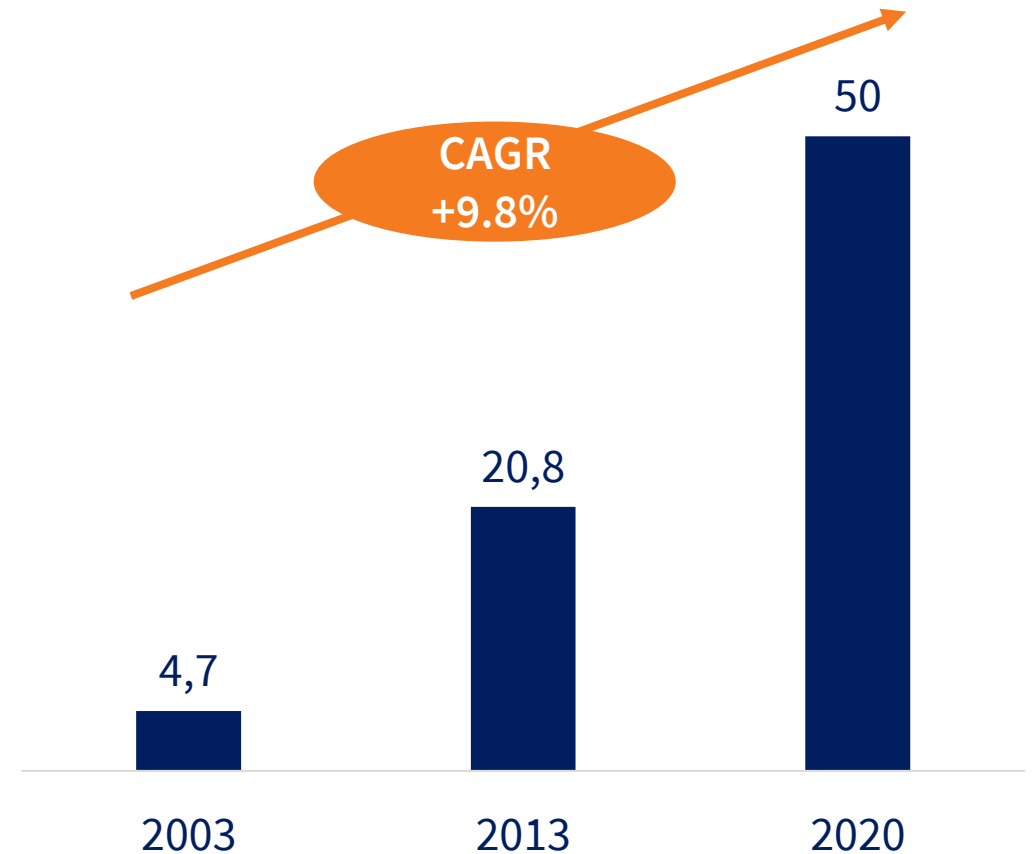
- Growth of **emerging economies**
- **End of blockbuster pharmaceuticals'** patents
- Increased **R&D competition**
- **Increasing value added** of pharma and biotech Hubs
- **New actors** and **partnership models**



Pharmaceutical and healthcare in Sub-Saharan Africa (SSA) is experiencing rapid growth ...

- **Growth of population, 2.8 bln. inhabitants by 2050** (vs. 1.3 bln. in 2020)
- Gradual **ageing** with current **life expectancy of 61 years old** in 2020 (vs. 51 years old in 1999)
- **Urbanization rate** with **44%** of population living in urban areas (vs. 22% in 1970)
- **GDP per capita** of **\$1600** in 2019, increasing by **16.4%** between 2009-2019
- Greater incidence of **non communicable diseases** are expected to **increase by 21%** by 2030, i.e. 28 mln. additional deaths which are projected to exceed deaths due to communicable, maternal and nutritional diseases combined

Value of pharmaceutical market in Africa (US\$ bln.), 2003-2020



... at the same time, the Region relies on import (limited domestic pharmaceutical manufacturing capacity)

- As of today, **90%** of **drugs** and **99%** of **vaccines** in Sub-Saharan Africa are **imported**
- **Local production capacity** satisfies less than below **30%** of internal demand
- Local manufacturing capacity focuses on **generics, over-the-counter** and **basic drugs**
- Over-reliance on pharmaceutical imports negatively affects SSA **trade balance** costing **\$2.1 bln** in 2020
- Less than **0.4%** of GDP is allocated to **R&D** in SSA in 2019, vs global average of 1.7%
- Only **32 patents grants** (0.08% of world total) in pharmaceutical research in 2019, **24** in South Africa

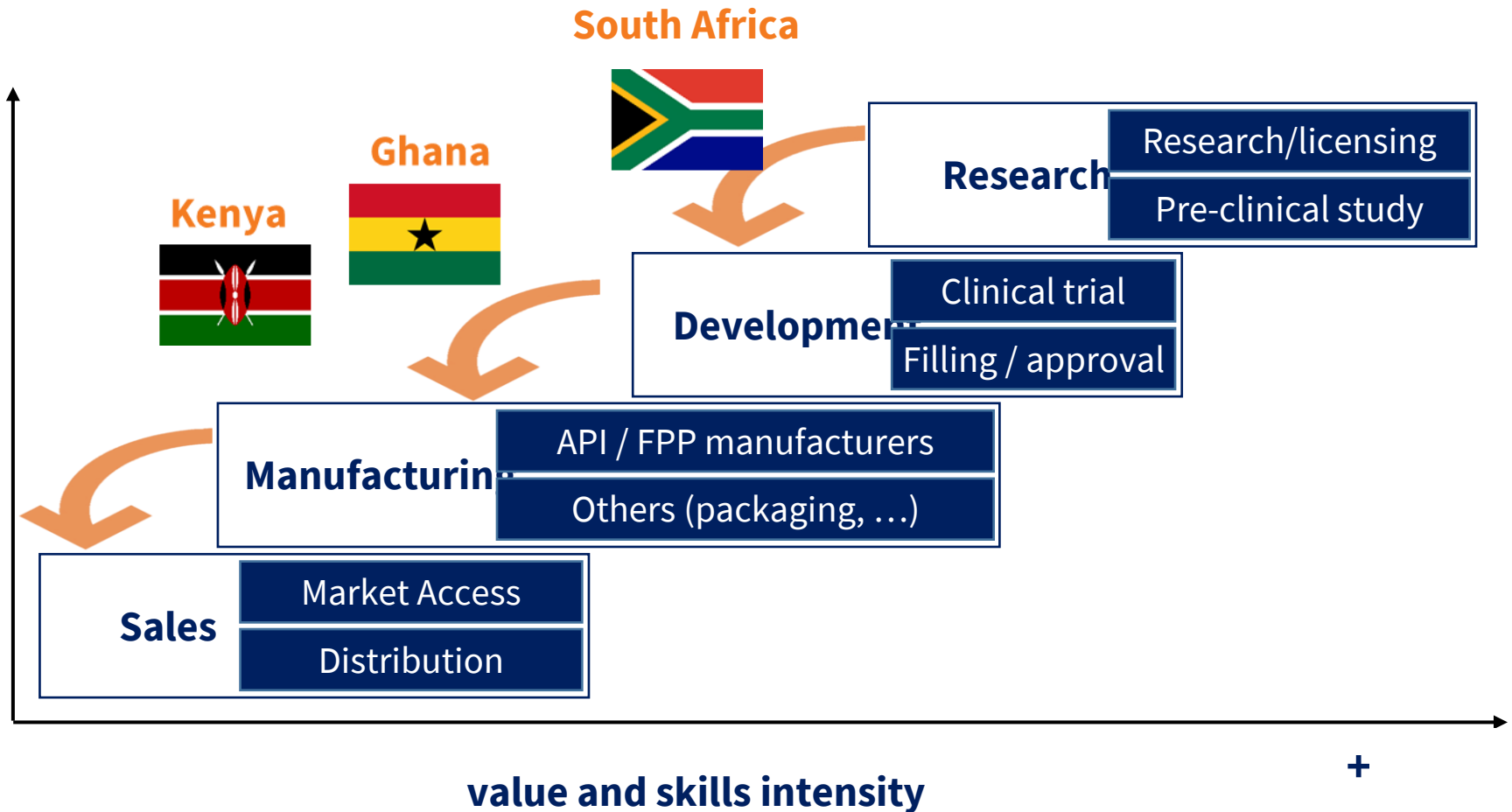


Necessity to build a LS Ecosystem, relying on a strong local production and HC System, becoming more competitive and attractive and reinforcing partnerships

In this context there are great opportunities for growth

Opportunities for developing SSA local pharmaceutical value chain starting from 3 Regional Leaders already experiencing a degree of development of their own domestic value chain

Pharmaceutical Value Chain (illustrative), 2021





Assets of the Life Sciences Ecosystem in Italy



1. Strong and high quality NHS



2. Dynamic and flexible industrial structure (SMEs and multinationals)



3. World-class research quality



4. Strong national competence centers (network of excellence research and care hospitals)



5. High-level clinical research

Key strategic insights from our Paper (1/2)



Covid-19 has taught a **twofold lesson** at global level:

1. **Health** and **socioeconomic wellbeing** are strictly interconnected
2. Countries and Regions must **reinforce domestic value chains** and **reshape supply chains** towards greater independence and resilience, leveraging on **public-private partnerships** and integration



The degree of development and competitiveness of a country's **pharmaceutical industry** has positive spillover effects on the country's **health sector**, and vice versa



As of today, SSA faces **3 main issues** in the development of local pharmaceutical industry:

1. A not enough attractiveness oin **market access** (in terms of tariffs and duties and supply and demand structure favouring imports and donors)
2. Nonperforming **capital market**
3. Lack of technical capabilities and supportive **innovation and regulatory ecosystem**

Key strategic insights from our Paper (2/2)



We envision the **gradual development of SSA pharmaceutical industry** along the entire value chain:

1. Short term **cooperating with international players** in downstream stages of the value chain
2. Short to medium term introducing measures addressing **regulatory framework, capital market and innovation ecosystem** both at **national and regional level**
3. Medium to long term scaling up **international partnerships** in all areas of the value chain



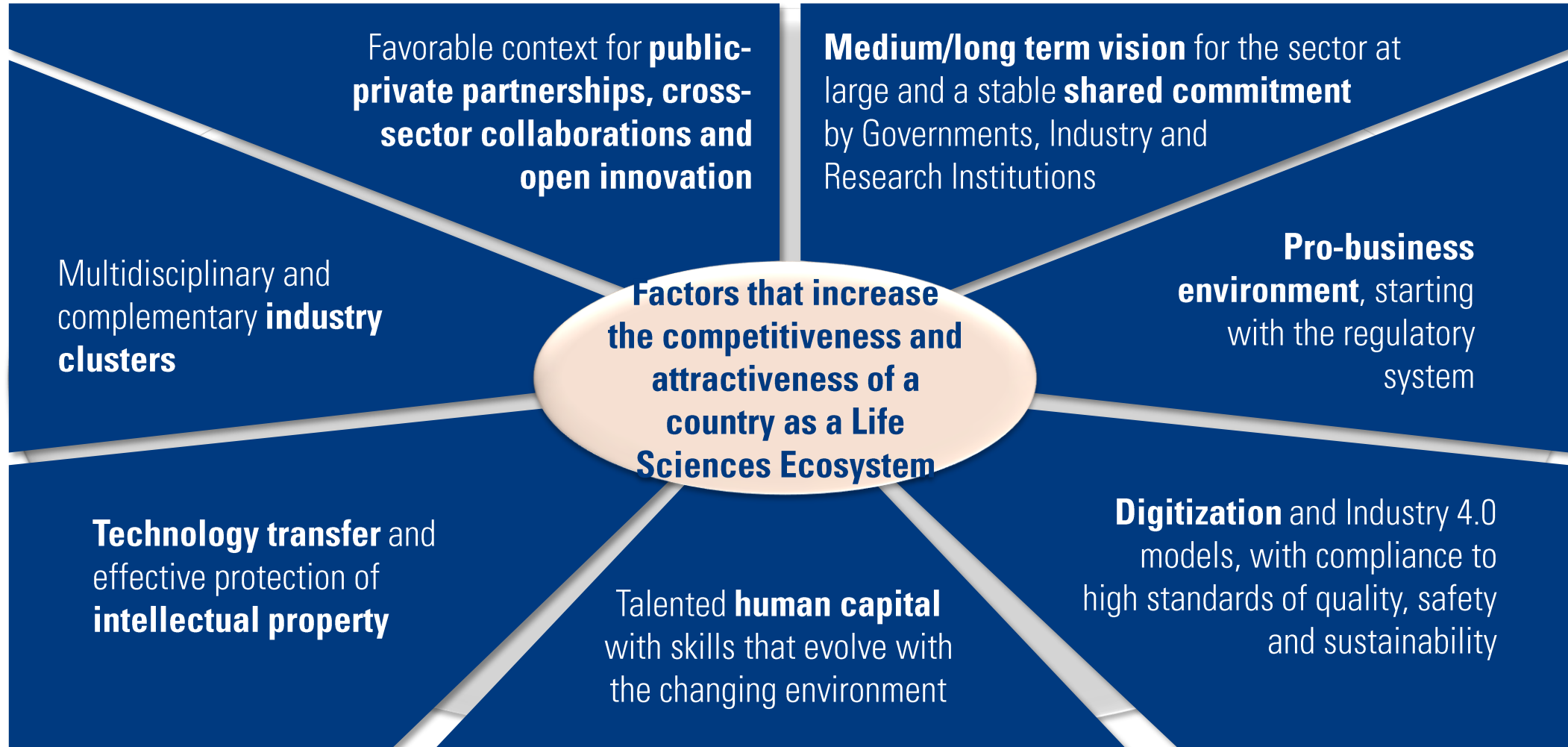
Regional leaders such as **South Africa, Ghana and Kenya** can act as **regional integrators and trailblazers**, through best practices, international public-private partnerships and internationalization of supply chains



Italian players can be strategic partners for SSA companies and Governments, leveraging on the support of partners such as **ITA (Italian Trade Agency)** and:

1. Benefitting from access to a important, **fast-growing market**
2. Providing **best-in-class products, competences and know-how** featuring competitive advantage in **biotech drugs, vaccines, plasma-derived products and APIs** coupled with excellences in **healthcare** and **clinical phase** (e.g. IRCCS network, ...)

For a more attractive and competitive LS Ecosystem in SSA



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*In 2021, for the eighth consecutive year, The European House – Ambrosetti was named – in the category “Best Private Think Tanks” – the **no. 1 think tank in Italy**, the **no. 4 think tank in the European Union** and among the **most respected independents in the world** out of 11,175 on a global level in the latest “Global Go To Think Tanks Report” of the University of Pennsylvania.*

*The European House - Ambrosetti was recognized by Top Employers Institute as **one of the 112 Top Employers 2021** in Italy.*

