

Meet the Multi-Billion Dollar Opportunity To Fight Diseases In Africa

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Africa's problems are a multi-billion dollar opportunity.

It's no surprise the new generation of successful entrepreneurs on the continent are problem solvers. I have found that the bigger the problems you can crack in Africa, the bigger the payoff.

Entrepreneurs across the continent are hard at work to combat hunger, unemployment, inadequate electricity, poor access to education and several other problems facing the continent.

And one of Africa's biggest problems is disease.

Africa is home to just about 15 percent of the world's population, but

carries nearly 24 percent of the global disease burden. The demand for drugs, medicines and other pharmaceutical products required to fight diseases on the continent has given rise to a multi-billion dollar industry.

According to [this McKinsey report](#), the value of Africa's pharmaceutical industry jumped to \$20.8 billion in 2013 from just \$4.7 billion a decade earlier.

And by 2020, our continent's pharmaceutical market could represent a [\\$65 billion](#) opportunity for drug manufacturers.

As a result of the factors we shall explore shortly, Africa is on track to become the fastest growing pharmaceutical market in the world over the next decade.

Technical note: There's always some confusion around the difference between 'drugs' and 'medicines'. Although both terms are used interchangeably throughout this article, we think it's important that you know the difference between them.

According to [Ask.com](#), "a drug is any substance that changes normal body functioning when it is taken whereas a medicine is a chemical substance that is used for treatment of a disease. Generally, a medicine is a drug but a drug is not always a medicine."

4 Reasons the market for drugs and medicines is booming in Africa

Africa has become a key growth market for global pharma brands, and a rising number of drug manufacturing companies in Asia and South America have joined the fray.

What exactly is responsible for the growing demand for drugs and medicines on the continent?

Let's now take a look at the 4 biggest factors driving the demand for pharmaceutical products in Africa.

1) A Disease-Prone Environment

With 25 percent of the world's disease burden, Africa's needs for drugs and medicines are overwhelming.

According to the [WHO](#), the reasons for this sad statistic include poor access to essential medicines and vaccines, low-quality healthcare, malnutrition, poverty and a tropical (warm) climate that favors the breeding of disease vectors (like mosquitoes which cause malaria).

According to a WHO report, infectious diseases are the leading causes of sickness and death in developing regions of the world like Africa.

Of these infectious diseases, malaria, HIV/AIDS, pneumonia, tuberculosis, diarrhea, and measles make up more than 90 percent of over 10 million disease-related deaths that occur in Africa every year. Most of these diseases can be treated with the right drugs.

With the highest birth rates on civilized earth, Africa has the fastest growing population anywhere in the world.

The continent's population is expected to double from its current size of just over 1 billion people to 2.3 billion by 2050. To give you some perspective, Nigeria (the continent's most populated country) adds roughly 11,000 newborns to its population every day, according to [Reuters](#).

With its large population and heavy disease burden, it's clear why the market for pharmaceutical products on the continent will grow significantly over the coming years.

2) An Expanding Urban Population

Because their average incomes are higher, people who live in cities and urban areas are more likely to demand quality health care (and pharmaceutical products) than rural people.

Urban dwellers have better access to healthcare facilities (such as clinics, hospitals and pharmacies) than rural people who often prefer to use cheap and crude herbal remedies.

Currently, roughly 400 million (40 percent) of Africa's one billion people live in cities. This proportion is much higher than India's urbanization rate of 30 percent and comparable to China's 45 percent.

At an average urban migration rate of 3.5 percent projected for the coming years, more than 300 million more Africans will become urban dwellers over the next 20 years. This means more Africans could have better access to health facilities and will be consuming more drugs and medicines.

Africa's large and growing urban population will give a significant push to the volume of pharmaceutical products that will be sold on the continent over the next decade.

3) The Rise of Chronic Diseases

Although malaria and HIV remain the leading causes of sickness and death in Africa, the [WHO estimates](#) that chronic diseases (also known as Non-Communicable Diseases 'NCDs') will become the most common cause of death on our continent by 2030.

According to [a recent Fact sheet](#), Non-Communicable Diseases kill more than 36 million people around the world every year. Of this figure, nearly 80 percent of NCD deaths (29 million) occur in low- and middle-income regions of the world like Africa.

The four main types of NCDs are *cardiovascular diseases* (like heart attacks and stroke), *cancers*, *chronic respiratory diseases* (such as asthma) and *diabetes*.

In many parts of the continent, unhealthy 'Western' diets and lifestyles are contributing to the rising rate of these chronic diseases.

More inorganic and processed foods are now consumed (especially in Africa's urban areas) and fewer [fruits](#) and [vegetables](#) are part of the

average African's daily diet. Other reasons for the growing occurrence of NCDs on the continent include increasing tobacco use and [alcohol](#) consumption.

Chronic diseases are partly responsible for the leap in Africa's pharmaceutical market. Because chronic diseases tend to have a long duration and progress very slowly, people who suffer from these diseases may live but will need to spend a lot of money on healthcare, drugs and medicines.

Unlike [essential drugs](#) (like antimalarial medicines), drugs used for chronic diseases usually don't come free or cheap.

4) Big Spenders Will Be Spending More on Medicines In Africa

Africa's disease burden has been attracting a lot of attention and funding from foreign aid donors, which include Western governments, international charity organisations, NGOs and several other causes that spend billions of dollars every year fighting disease in Africa.

These funds are targeted at providing cheap (or free) drugs to people on the continent who are disease-prone but are unable to afford quality healthcare and medicine.

Apart from funding from abroad, many African governments are investing billions of dollars every year in medical facilities and infrastructure, and providing drugs and medicines to people who need them.

But the truth is, money doesn't cure diseases, drugs and medicines do.

As a result, a very huge chunk of the billions of dollars spent every year on fighting diseases in Africa goes to several drug making (pharmaceutical) companies around the world.

Many of these pharma companies have built a fortune out of the heavy spending on drugs and medicines every year by the big spenders.

What are the biggest opportunities in the African pharma market?

The sad reality is, although the demand for drugs, medicines and other pharmaceutical products is high in Africa, our continent produces very little of them.

More than 70 percent of the medicines consumed in Africa is imported. Apart from a few countries (like Egypt, Algeria, Morocco and South Africa), the rest of Africa is unable to produce enough drugs and medicines to satisfy local demand.

However, there are a number of interesting opportunities for African entrepreneurs to build viable businesses in our continent's huge and lucrative pharmaceutical market.

We shall now take a close look at these opportunities...

Manufacturing Medicines and Other Pharmaceutical Products



For many years, India and China have been Africa's major sources of drugs and medicines.

Due to their low labour costs and large supply of skilled talent, Indian and Chinese drug companies are able to produce generic drugs and medicines that are cheap and affordable for millions of Africans.

This low-cost advantage has made it very difficult for drug manufacturing to really take off in Africa.

Note: [Generic drugs](#) are copies of brand-name drugs that have exactly the same qualities as the original drug. For example, paracetamol is a chemical ingredient found in many brand-name painkillers, but is also sold as a generic drug (not under a brand name).

Because generic drug manufacturers do not spend anything on research and development of these drugs, they are able to sell at very low prices.

However, with the ratification of the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (also known as the '[TRIPS Agreement](#)') which may limit India and China's capacity to continue making generic drugs, African countries now have an [advantage to manufacture low-cost generic drugs and medicines.](#)

As a result, several foreign pharmaceutical companies are now setting up manufacturing plants in Africa.

In Uganda for example, Cipla (the giant Indian generic drug manufacturer) partnered with [Emmanuel Katongole](#), a local pharma entrepreneur to set a drug manufacturing plant in the country. Today, Quality Chemical Industries produces 600 million tablets of antimalarial and antiretroviral drugs every year.

The company is now one of Africa's biggest drug makers and will likely dominate the pharmaceutical market in East Africa.

Of all the ways to enter Africa's pharmaceutical market, setting up a drug manufacturing plant is the most capital intensive due to the heavy investment in machinery, technology and hiring skilled specialists.

However, if you plan to start one, getting a partner who's very experienced in the pharmaceutical industry will be invaluable.

Distribution: Wholesale and Retail

Given the vital role that distribution plays in the drug and medicine supply chain, wholesalers and retailers are central to the success of

Africa's pharmaceutical industry.

These are the guys who import drugs and medicines in large quantities to supply the local markets. Many of them are licensed by pharmaceutical companies overseas to promote and market their products and brands across Africa.

Distributors of pharmaceutical products help to 'push' and market the brands they represent into the farthest corners of our continent. Many of them partner with, and are major suppliers to, pharmacy chains, government health departments and hospitals, and NGOs.

Depending on the scale at which you intend to start this business, you could become a major importer who buys directly from local or overseas manufacturers, or you could buy small chunks from importers and sell smaller chunks to other wholesalers and retailers in the market.

Neighborhood Pharmacies and Drug Stores



More Africans are looking for convenience and quality when it comes to buying medicine.

People don't want to travel too far from their homes to get the drugs they need. They prefer to visit a neighborhood pharmacy where they don't have to stand and wait in long queues.

Due to the growing threat of fake drugs in many parts of Africa, branded pharmacy stores are cashing in on the situation to satisfy the rising

demand for authentic and quality drugs.

To avoid the risk of buying fake medicines, many consumers are more than willing to pay a higher price as long as the quality of the products they buy is assured.

Another growing trend in this space is online pharmacies.

This type of pharmacy removes the need for a physical location and allows consumers to order for drugs and medicines over the internet. As the [mobile phone revolution](#) spreads across Africa and internet access deepens, this will certainly be a very interesting space to watch in the coming years.

3 Things you must consider before you explore business opportunities in the African pharmaceuticals market

Like with any other business, you will need to do your homework if you wish to succeed in this market. We shall explore three key things that must be on your checklist before you start a business in this market...

1. Do you need a license or permit to get started? What does the law of your country say?

Because drugs, medicines and pharmaceutical products generally affect the lives and health of people, the pharmaceutical market is strongly regulated in many countries.

Most countries require that you obtain a permit or license from the government or health department responsible for regulating the industry. Some of these laws may require that only trained pharmacists or health workers operate pharmacies and drug stores.

Importers of pharmaceutical products may also need to register with a government agency and receive a license before they can bring these products into the country. In addition to manufacturing/import permits and licenses, there are also local and international patent laws to be

considered if you intend to start a drug manufacturing plant.

Many of these rules, laws and regulations have become stricter over the years due to the rising volume of fake drugs and medicines in our continent. However, the rules that regulate this market differ from country to country.

It's very important that you identify the responsible government departments and find out the requirements to manufacture, import, distribute medicines or operate a pharmacy in your country.

You could be jailed and your business may be shut down if you operate without the required permits. Save yourself this hassle and comply with the laws.

2. Focus on a niche...

As you may have already guessed, there are loads of pharmaceutical brands in the African market. There are also different classes of drugs for all sorts of ailments and diseases ranging from painkillers for ordinary headaches and stomach aches to anti-malaria pills, and high grade medications for heart diseases, diabetes and tuberculosis.

If you intend to own and operate a pharmacy, you need to know a lot about these drugs/medicines – what they do, the right doses, their side effects and a lot more.

Because it's a common practice in many parts of Africa for people to depend on the advice of pharmacy operators, it's important that you hire someone who's certified and has got a solid medical or pharmacy background and knowledge.

If you plan to be an importer or distributor of pharmaceutical products, make sure to only deal in brands that have a good reputation in the market and are known for their quality and efficacy (the medicines work and cure like they're supposed to).

Across Africa, painkillers, nutritional supplements (vitamins and minerals), antimalarials and antiretrovirals (anti-HIV drugs), needles and syringes are some of the most demanded and fastest moving pharmaceutical products.

3. Don't deal in fake drugs and medicines!



We're sure we've said this before, but we just have to say it again! The trade in fake drugs is now a billion dollar business in Africa. But don't be tempted; fake drugs are leading to more deaths on the continent due to the disease resistance they cause.

The criminals in the fake drug trade are improving their forgery skills so fast that it's becoming very difficult to tell genuine medicines from fake ones. Even an experienced and trained eye could be fooled!

The fake medicine trade is thriving very well in Africa because it's very lucrative.

Often times, corn flour or cassava starch are commonly formed into drug tablets and sold at the price of original products. This just shows how ruthless and insensitive these criminals can be.

To avoid getting caught in the web of fake drug criminality, it's very important that you ensure that the sources of your drugs are credible.

Whether you intend to import your products from overseas or you plan to

run a pharmacy, it's very necessary that you understand and follow the recent tips for identifying fake and expired pharmaceutical products in your country! (photo credit: pulitzercentre.org)

Pharma is on the rise in Africa

Africa's pharmaceutical market is on a path of fast growth.

The biggest winners in this multi-billion dollar market will be the entrepreneurs and businesses that provide quality, convenience, access and affordable remedies to the most common diseases on the continent.

Africa's high disease burden, a large and fast-growing population and the presence of big spenders will continue to stoke the demand for huge volumes of pharmaceutical products that will be consumed in Africa in the coming years.

The next few years will be interesting to watch.

Let's go, Africa!