# REAL SECTOR WATCH

# Nigerian pharmaceutical industry: Big steps, setbacks, prospects

ODINAKA ANUDU

Nigeria's drug makers have made big steps in recent times.

In 2018, an Anambra State-based drug maker, Juhel Nigeria, unveiled a new Oxytocin injection for pregnant women, the first of its kind in Africa.

Juhel's injection, unveiled in Lagos in May, was manufactured in collaboration with the United States Pharmacopeia (USP). It has the capacity to reduce after-birth bleeding and maternal deaths, estimated at 58, 000 each year. The drug was hitherto imported outside Africa but is now locally manufactured in Awka, Anambra State, Ifeanyi Okoye, CEO of Juhel Nigeria Limited, said.

"We have the capacity to produce enough Oxytocin that will serve the rest of sub-Saharan Africa," Okoye said.

Fidson Healthcare is a stand-out performer that no one can afford to ignore in the pharmaceutical space. The drug maker has an ultra-modern plant in Ogun State that matches what is seen in India, Brazil and the United States—countries well-known for drug manufacture.

The new manufacturing facility is one of the five facilities shortlisted for World Health Organisation (WHO) certification in Nigeria. It is an ultra-modern facility with high-tech machinery for manufacturing pharmaceutical products, in compliance with global standards and WHO certification. It is equipped with six production lines - tablets, capsules, liquids, cream and ointments, dry powder and intravenous fluids to meet the needs of the Nigerian and West African markets.

It once partnered United States firms, Immune Therapeutics, GB Pharma and American Hospitals & Resort (AHAR), for the marketing and distribution of Lodonal, a patent-protected product that is indicated for the management of patients with immune-compromising diseases.


L-R: Frank Muonemeh, executive secretary, Pharmaceutical Manufacturers Group (PMGMAN); Abibu Adekunle, financial secretary/chairman publicity committee, Pharma Expo 2019; Fidelis Ayabae, chairman, management board, PMG-MAN; Agboade Degun, member ,PharmaExpo committee 2019 and Jacob Kurian, member, at a press conference on the forthcoming 2019 Nigerian Pharma 2019, 5th edition, in Lagos weekend . Pic by Pius Okeosisi

Fidson today is owned by foreign investors to the tune of 25 percent.

It has pumped between N20 and N25 billion into its facilities in Lagos and Ogun states, said Fidelis Akhagboso Ayebae, founder and chief executive officer, who doubles as chairman of PMG-MAN.

SKG Pharma has locally produced Amino Acid and Vitamins, first in Africa. Moreover, Daily Need Industries has produced Amoxicillin Dispersible Tablets (DT), used for the cure of Pneumonia. May &Baker entered into a joint venture project with Federal Government to produce vaccines locally. Gloria Elemo, director-general and chief executive officer of the Federal Institute of Industrial Research Oshodi (FIIRO), told BusinessDay in 2018 that FIIRO had an understanding with May &Baker for the commercialisation of a sickle cell supplement produced by the institute.

Nigerian manufacturers have invested over N400 billion in the last 20 years in upgrading facilities to acquire the World Health Organisation(WHO)'s prequalification needed for international competition. Many drug makers export to the African market.

But amid these investments and big steps, the industry faces a number of challenges. Due to lack of functional petrochemical industry, most inputs used by the industry are imported. Between 2014 and 2018, cost of importation rose by over 100 percent owing to the weakness of the naira and rising logistics costs.

Like manufacturers in other sectors, drug makers face rising production costs. Energy alone occupies 40 percent of the entire expenditure. Many firms no longer rely on power from energy distribution companies as they run on gas or diesel every day.

Pharma World Magazine said in 2018 that the Indian pharmaceutical market booms owing to low production costs that are significantly lower than those of the United States and Europe (almost by half).

Consequently, the Indian pharmaceutical industry caters to over 50 percent of the global demand for various vaccines, 40 percent of the demand for generics in the United States and 25 percent of all drugs in the United Kingdom.

Nigeria has the capacity to mimic India by supporting local players. This requires removing barriers to manufacturing such as multiple taxes, high energy costs and policy flip flops.

Orimadegun Agboade, chairman and CEO of Orfema Pharmaceutical Industry, said at a press conference in Lagos recently that Nigeria can produce all of its malarial drugs if the right polices are in place and checks on donor agencies apply.

Without doubt, the pharma industry requires cheap loans to grow, but this is hardly available locally.

In 2017, Evans Medicals plc, one of the four companies to obtain the WHO pre-qualification, ran into trouble with Skye Bank and First Bank of Nigeria over loans. The banks on October 20, 2017, served Evans with an ex- parte order of the Federal High Court dated 4th July, 2017, granting them the right to take over the assets used as collateral against facilities granted. No remedy was in sight for Evans. Today, no one hears of Evans— a company that could have been supplying drugs to international agencies with its WHO prequalification.

Currently, there is no sunny side as the government is yet to come up with a policy that will revivify the industry.

Some pharma firms complain that government's executive order which deals with patronage has not been implemented at all since its inception by the ministries, departments and agencies.

Perhaps, except the intervention of the Pharmaceutical Manufacturers Group of the Manufacturers Association of Nigeria (PMG-MAN), a number of things could have gone too bad. Maybe the industry would have died completely, dragging with it over N400 billion investment.

When the Common External Tariff (CET) started, there was an obnoxious clause in it. The CET was aimed at boosting trade in the ECOWAS region by removing barriers to trade.

But the West African treaty placed zero tariff on imported finished drugs but imposed between five and 20 percent duty on imported raw and packaging materials. This happened in the heat of Nigeria's recession, threatening the existence of many drug makers.

"The lack of demand for locally manufactured medicines as a result of cheap imports will lead to idle capacity and will negatively impact previous investments in the sector, worth over N300 billion," Okey Akpa, then chairman of PMG-MAN, said.

It was the PMG-MAN that stopped the continued implementation of the clause through advocacy.

Today, the clause no longer applies.

It was also PMG-MAN that helped stop the Economic Partnership Agreement with Europe, which, if implemented, would have hurt the entire industry, according to industry insiders.

The EPA agreement was not bad as it was meant to open West African doors to the European Union and vice versa. However, it was an agreement of two unequal groups, said PMG-MAN. Today, the EPA is not in implementation.

Another way the group has boosted the industry is the provision of market opportunities to members.

This August, the group will bring drug makers together with buyers, investors and policy makers to negotiate the way forward for the industry.

This will be the 5th expo. It has the theme, 'Strategic Collaboration for Medicine Security, Affordability and National Sufficiency' and will take place on August 28 and 29 in Ikeja, Lagos.

Fidelis Ayabae, president of PMG-MAN, said at a press conference in Lagos recently that this year's event promises to be better than those before. He said the focus is to bring new technology from across the world to expose local manufacturers to revolutions happening so that they can continue to produce efficacious and quality drugs.

"Nigerians will have the benefit of buying made-in-Nigeria products at discounted rates," he said.

He further explained that it will enable local drug makers to have new partnerships with foreign investors.

He disclosed that the Bank of Industry (BoI) and NEM Insurance are key sponsors.

He explained that the Nigerian manufacturing sector is the most challenged due to man-made, not-too-good conducive environment in which firms operate, but added that drug makers are resilient.

"Those of us that have the courage to set up manufacturing plants, produce and create jobs are the ones being punished by the system," he said.

On his part, Frank Muonemeh, executive secretary, PMG-MAN, said, "With strategic collaborations with local and international partners, Nigeria can reverse the trend of 70 percent:30 percent ratio of medicine importation against local manufacturing." Muonemeh explained that the expo will attract 200 international pharma machineries exhibition firms from six countries and nearly 10,000 pharma and related sectors.

He stated that special buyer-seller sessions will happen and will bring together over 500 pharma and allied products manufacturing companies in close business discussions to generate active business relationship.

Speaking further on the benefits of participation, he said participants will meet West and Central African leading market place for pharma machinery, with an opportunity to access N300 billion intervention fund for upgrade and capacity building meant for local drug makers.