

# AMFm, Universal Access & Innovations: What can market intelligence tell us?

**Olusoji Adeyi, MD, DrPH, MBA**  
Director, Affordable Medicines Facility-malaria

# Highlights

---

- Level of subsidy: where in the supply chain?
- Product pricing and demand-side interventions
- Recent research: pilots in Tanzania and Uganda
- Market intelligence on the ACT supply chain
  - How does it work?
  - What can go wrong?
  - What do we need to know?

# Case of AMFm: The Design

- **Negotiations with manufacturers**
  - To reduce price of ACTs
  - Same price to public and private sector 1<sup>st</sup>-line buyers
- **High-level Buyer Co-payments**  
[Increased efficiency compared to multiple subsidies at country level]
  - To further reduce price of ACTs
  - Target price to first-line buyers is approximately \$0.05
- End-user **ACT prices** become similar to those of CQ, SP, and undercut those of AMTs
- **Supporting interventions** to ensure safe and effective scale-up

# Demand-side interventions

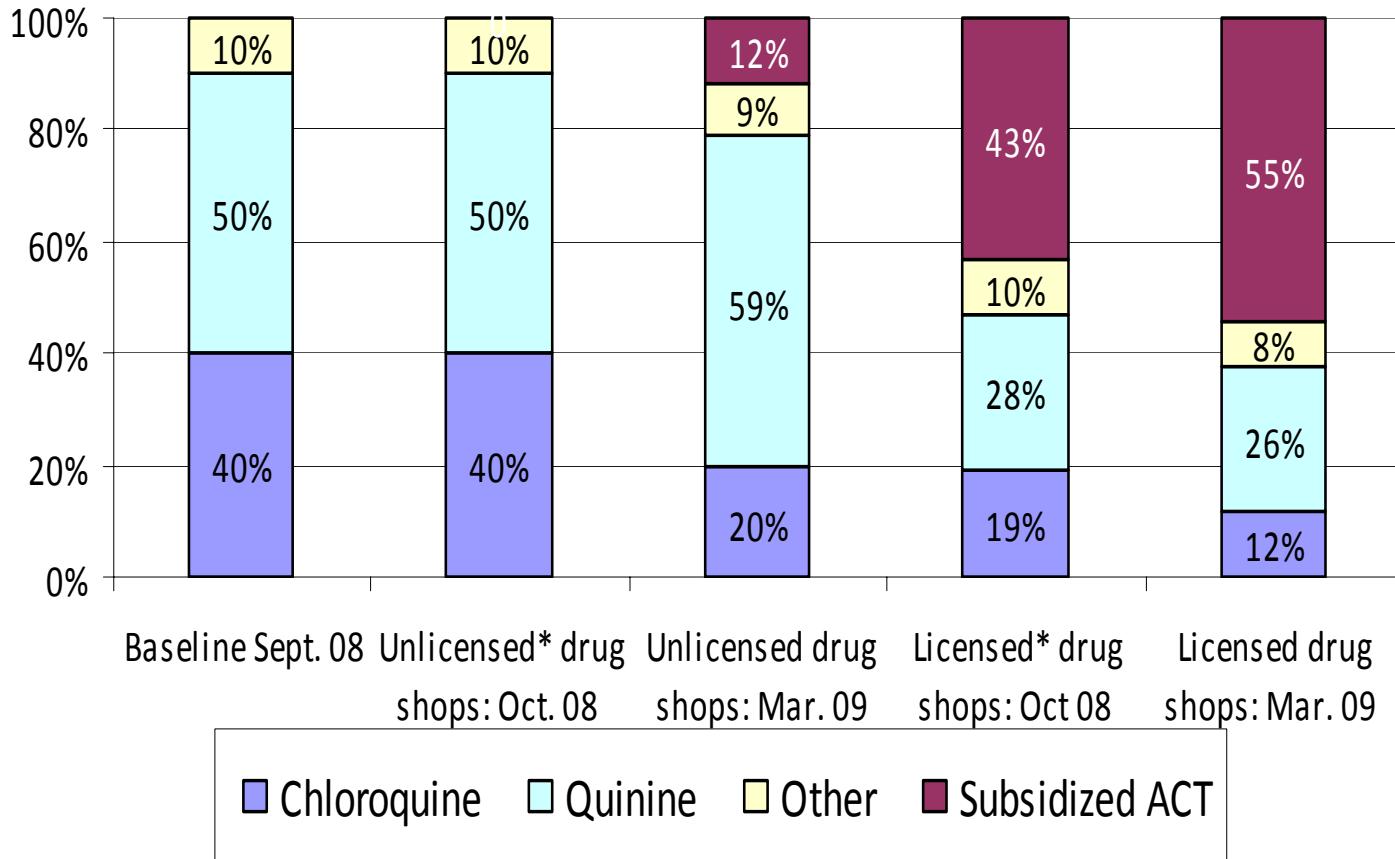
---

- What stimulates demand for ACTs?
  - Treatment-seeking decision
  - Treatment-seeking behavior
  - Supplier-induced demand
  - Accessibility
  - Affordability
- How high can it go?
- What is “appropriate demand”?

# Product pricing: effects of price subsidy on demand for ACTs in Tanzania (Sabot et al, 2009)

- 90% subsidy through normal private supply chain to intervention district drug shops
- Consumers paid a mean price of US\$0.58, about the same as for the most common alternative
- **Intervention districts:** Proportion consumers purchasing ACTs rose from 1% at baseline to 44% one year later
- **Control districts:** No change in ACT usage

# Product pricing: effects of price subsidy on demand for ACTs in Uganda (Talisuna et al, 2009)



# Structure, Scale & the Need for Market Intelligence

---

- How does the supply chain work in each context?
- What can likely go wrong?
- How can market failures be pre-empted, recognized and corrected?

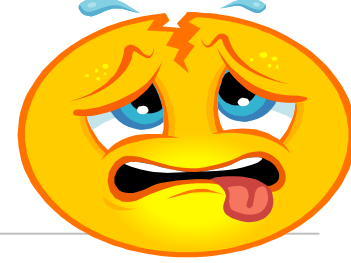
# How does the supply chain work in each context?

---

- Structure, number & distribution of importers, wholesalers and retailers
- Price mark-ups, pre-AMFm
- Product availability in urban slums, and rural areas
- Incentives are there to increase ACT volume through the supply chain



# Innovation and its discontents: what can go wrong?



- Will benefits of the subsidy be passed on to 2<sup>nd</sup>-line buyers and retailers?
- Will subsidized ACTs leak *massively* to non-participating countries?
- Will subsidized ACTs reach the most remote populations?
- Will restrictions on OTC status prevent universal access for all who need ACTs?

# Required Market Intelligence at Country Level (1/2)

---

- Price mark-ups on ACTs co-paid by AMFm:
  - Importers
  - Wholesalers
  - Retailers
  
- Benchmarking mark-ups against pre-AMFm practices
  - What is a “reasonable” mark-up?
  - % mark-up vs. absolute price mark-ups?

# Required Market Intelligence at Country Level (2/2)

- **Availability and prices of ACTs in urban slums and remote rural areas**
- **Availability and prices of ACTs by OTC status**
- **Types and Effects of incentives to:**
  - drive passage of subsidy benefits down the supply chain
  - maintain or establish private sector outlets in under-served areas
- **Leakage of co-paid ACTs across borders**
  - Use of tracers
  - Scale of activity

# “Appropriate demand” and diagnostics

- How can the market be exploited to achieve desired ends of universal access to and rational use of ACTs on a large scale?
- What are the incentives/disincentives for rational use of ACTs among frontline service providers (whether public or private) who rely on drug sales for profit and/or cost-recovery?
- Cost-quality trade-offs: what are the total, average and incremental costs of improving quality in different contexts, where quality is defined as a combination of the rational use of diagnostics, rational prescription of ACTs, and adherence to the correct dose of treatment?

# Understanding the Impact of AMFm on Global ACT Market Dynamics

Assess if the supply of API and ACTs can meet the demands of a potential AMFm global roll out

- Acreage of *Artemisia annua* planted
- Quantity of artemisinin extracted
- API prices
- ACT finished product wholes prices
- ACT production capacity across all firms with qualified products

# “Price governs the choices of the poor”

[Margaret Chan WHO D-G, 2009]

“For me, one of the most encouraging trends in public health is the power of commitment to unleash the best of human ingenuity.

I admire the Affordable Medicines Facility for Malaria initiative as a brilliant innovation. This is the kind of hard-nosed pragmatism that gets results in public health. It looks at the reality of conditions in the developing world, identifies the forces that shape the reality, and then outsmarts them.

If price affects access, make the price of the best products competitive, and thus drive ineffective, substandard or counterfeit products off the market.”

# Thank you

---