

WHY UGANDA

PHARMACEUTICALS

Uganda - An ideal production platform to serve the domestic and regional market

Uganda combines a growing pharma market with access to the EAC market of 175 million people. With relatively high levels of education and skills and an investor-friendly environment, Uganda is a burgeoning pharmaceutical centre

Pharmaceuticals production - Why Uganda

- ✔ Large domestic market with high commitment to health spend.
- ✔ Member of EAC which imports 70% of its pharma products (over \$1.3 billion imports of pharma products per annum).
- ✔ Good availability of skilled and educated employees with 12 colleges and universities providing courses in pharma subjects and 4 specialist research institutes.
- ✔ Stable and investor friendly political and economic environment.
- ✔ Highly competitive labour costs – lowest in the region.
- ✔ Strong recent track record of attracting FDI in the pharmaceutical sector.
- ✔ Great location for key employees – excellent working and living environment.

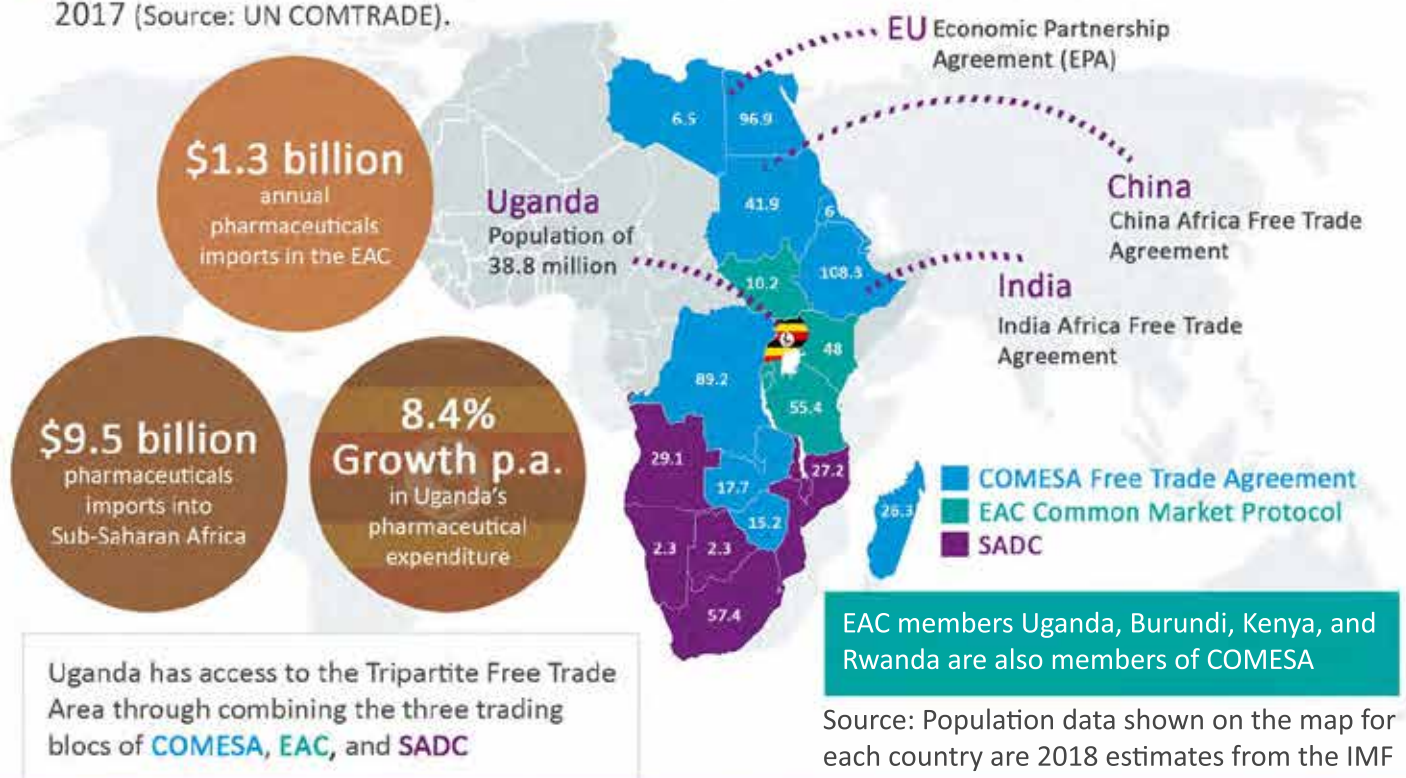
Uganda - Gateway to one of Africa's largest pharmaceuticals market

Domestic Market Opportunity

- The IMF forecasts that Uganda will achieve GDP growth of 6.1% in 2019, much higher than Sub-Saharan Africa (3.5%) and World average growth (3.7%).
- Uganda invests 7.3% of its GDP on healthcare, one of the highest levels in the world (Source: World Health Organisation, 2015 data).
- Uganda's pharmaceutical expenditure is growing at 8.4% a year (in local currency terms) and is expected to reach US\$ 520 million by 2021 (Source: BMI).
- Uganda's healthcare expenditure increased by 6.8% from US\$ 1.68 billion in 2016 to US\$ 1.74 billion in 2017 (Source: BMI).
- The Global Fund for HIV, TB, and Malaria has dispersed over US\$ 1.1 billion to Uganda with US\$ 1.5 billion of investment commitments signed (Source: The Global Fund).
- GAVI has committed US\$ 485 million to Uganda (2011-2023) and has dispersed \$363 million by the end of 2018, averaging US\$ 20 million per annum (Source: GAVI).

Regional Market Opportunity

- Uganda is a member of the East African Community (EAC) with 175 million people and COMESA with a population of 529 million and a GDP in 2017 of \$2.4 trillion (in PPP) (Source: IMF, 2018).
- The EAC remains highly import dependent, with annual pharmaceutical product imports of over US\$ 1.3 billion per year creating large demand for local production.
- Total pharma product imports into Sub-Saharan Africa reached a record of \$9.5 billion in 2017 (Source: UN COMTRADE).



Availability of a Skilled Workforce

Workforce Recruitment, Training and Participation

- Uganda is very highly rated for recruitment potential (availability of people seeking employment), workforce trainability (skills application and on-the-job learning) and labour participation, including engagement of women and young people in the labour market.
- All of these factors are reflected in the WEF Human Capital Index ranking of Uganda 3rd globally in Workforce Deployment (Source: World Economic Forum).



Early-Mover Advantage

- Uganda offers excellent opportunities to access an educated workforce with low competition for labour and little risk of the labour market overheating. In fact, nearly one in six of the unemployed workforce in Uganda have advanced education (bachelors, masters or doctoral degree or equivalent) (Source: World Bank).
- Uganda has the highest adult literacy in the EAC and the literacy rate for young people entering the workforce (people aged 15-24) was almost 90% in 2015 (Source: Knoema).

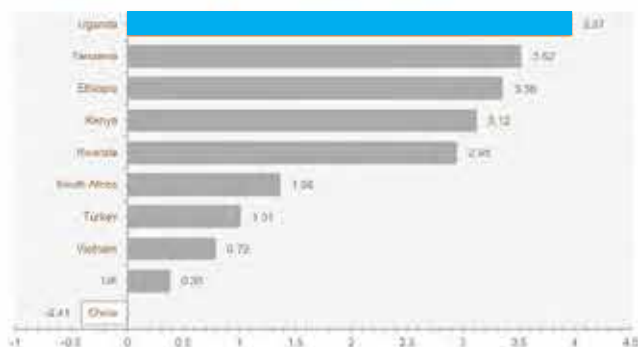
Management & Technical Employees

- There is good availability of skilled managerial labour, including engineering, finance, HR, with no work permit restrictions for staff from EAC, allowing companies to draw on a very

Management & Technical Employees

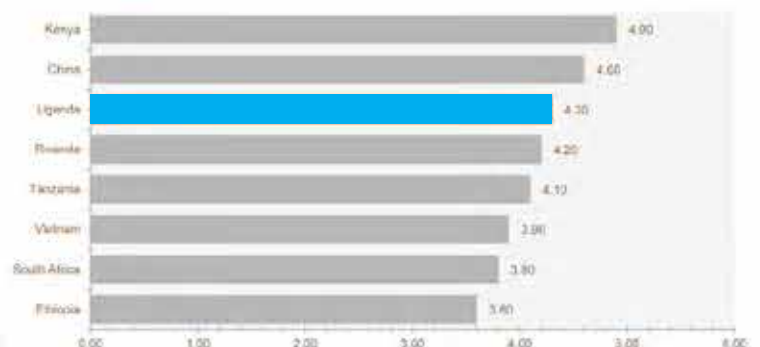
(Source: Global Competitiveness Report, 2017-18).

Labour force increase (average annual growth, 2018-2022)



(Source: fDi Benchmark from Financial Times Limited based on ILOSTAT Database)

Availability of employees (2017)



(Source: Global Competitiveness Report, 2017/18, World Economic Forum, Switzerland, 2017)

Business leaders' perceptions of the degree to which in their country of residence companies on average are able to find the skilled employees they need (1 = worst score, 7 = best score). Uganda, Rwanda, and Tanzania is 2016 data.

Pharma Graduate Courses and Research Institutes

Uganda has 12 colleges and universities providing over 20 courses in pharma related subjects and there are four specialist research institutes.

Pharma related colleges and courses in Uganda (2019)

No	College	Course	URL
1	Uganda Institute of Allied Health and Management Sciences	Diploma in Pharmacy	http://uiahms.ac.ug/pharmacy/
2	Makerere University College of Health Sciences	Bachelor of Pharmacy	http://chs.mak.ac.ug/
3	Mulago School of Dispensing-Pharmacy	Trainings in Pharmacological works	http://www.unche.or.ug/institutions/public-tertiary-institutions/mulago-school-of-dispensing-pharmacy.html
4	Mbarara University of Science And Technology – Faculty of Medicine	Bachelor of Pharmacy Bachelor of Pharmaceutical Sciences Master of Science in Pharmacology	http://med.must.ac.ug/academic-programmes/undergraduate http://med.must.ac.ug/academic-programmes/postgraduate
5	Clarke International University (Uganda)	Diploma in Pharmacy	http://ciu.ac.ug/academics/undergraduate-courses
6	St. Elizabeth Institute of Health Professionals	Diploma in Pharmacy	https://selhep.org/ http://www.ahpc.ug/schools.php https://observer.ug/education/57045-st-elizabeth-s-institute-of-health-professionals-is-a-base-for-quality-training https://www.schoolsuganda.com/st-elizabeths-institute-of-health-professionals-selhep
7	Gulu University	Diploma in Pharmacy Certificate in Pharmaceutical and Health Supplies Management	https://gu.ac.ug/fees-structure/ http://gu.ac.ug/mu/wp-content/uploads/2017/05/Diploma-Entry-Scheme-Admission-Lists.pdf
8	Soroti Pharmaceutical Training College	Diploma in Pharmacy Diploma in Pharmaceutical Technology	https://www.newvision.co.ug/new_vision/news/1303040/govt-skays-pharmaceutical-training-college
9	Soroti University	Bachelor of Pharmacy Diploma in Pharmacy	http://sum.ac.ug/
10	KIU Western Campus	Diploma in Pharmacy Diploma in Clinical Medicine and Community Health Bachelor of Pharmacy Bachelor of Science in Pharmacology	http://kiu-wc.kiu.ac.ug/diploma.html

Pharma related research institutions and research centres in Uganda (2019)

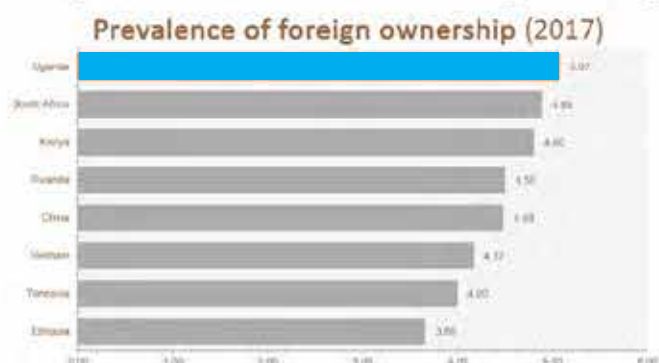
No	Institution or Department	URL
1	Joint Clinical Research Centre (JCRC)	https://www.jcrc.org.ug/
2	Uganda Virus Research Institute	http://www.uvri.go.ug/
3	Kabwohe Clinical Research Center (KCRC)	http://www.kcrc.or.ug/
4	Sanyu Africa Research Institute (SAfRI)	http://safri.ac.ug/

Political and Economic Stability and Security

- Uganda has proven itself to be a highly stable country over the past 20 years: “Under President Museveni, Uganda has experienced relative political stability, democratic progress, and economic growth.” (Source: US Department of Commerce, 2017)
- Uganda has one of the lowest crime rates and the most stable inflation rate in the EAC, averaging 4.89% from 2013-2017. (Source: World Bank)

Investor-Friendly

- Uganda is the most open country in the region to FDI with no restrictions on ownership or capital movements and no foreign exchange restrictions.



Source: World Economic Forum, Global Competitiveness Report 2017/18
(1 – rare and limited foreign ownership in companies, 7 – foreign ownership in companies are prevalent, encouraged)



Source: World Economic Forum, Global Competitiveness Report 2017/18
The extent to which rules governing foreign direct investment (FDI) encourage or discourage it (1 – strongly discourage FDI; 7 – strongly encourage FDI)

Regulatory Environment for the Pharmaceutical Sector

At the National level, National Drug Authority regulates pharmaceuticals in the country, including their manufacture, importation, distribution and licensing. The regulatory environment for the pharma sector is becoming more standardised across East Africa, which will lower the time and cost for companies to serve the regional market:

- An East African Medicines Agency has been established that will provide for central registration of all medicines produced by members and is driving the harmonisation agenda in the region which will reduce registration times (Source: EAC).
- The treaty establishing the African Medicines Agency under NEPAD was ratified in 2018, widening harmonisation efforts across the entire continent (Source: AU.INT).

FDI Track Record

- Uganda has attracted net FDI inflows of nearly \$1 billion a year on average (Source: World Bank).

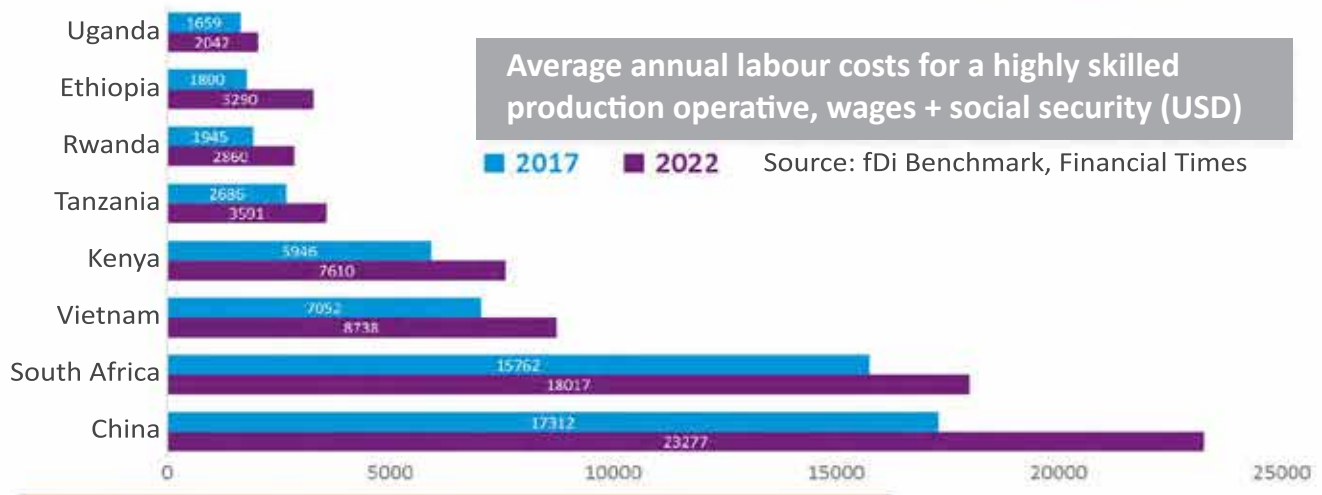


Uganda - Cost Advantages for Pharmaceuticals Investments

Labour Costs

Uganda has the lowest labour costs for skilled and highly skilled production operatives in the region. For a typical 300-person pharmaceutical production plant, labour costs in Uganda in 2017 were 70% lower than in Kenya (Source: fDi Benchmark from the Financial Times Limited)





Electricity Costs

Uganda's electricity costs are competitive at 80% of Kenya's costs (Source: fDi Benchmark from the Financial Times Limited). The average cost per kwh for a large industrial user in 2019 is USD 0.085. (Source: UMEME)



Property Costs

Property costs in Uganda are competitive with industrial shed monthly rents in the range of \$4 - \$6 per sq. m. (Source: Knight Frank, Local Property Agents)

Special Zones and Incentives

- Uganda has a comprehensive package of incentives for Special Economic Zones, Export processing Zones & Industrial parks.
- Investors that set up in SEZs and EPZs where at least 80% is exported outside EAC enjoy the following incentives: 10-year corporate tax holiday; exemption from taxes and duties on all EPZ imported inputs (raw materials, machinery and spare parts).



Tariffs and Local Sourcing Requirements

- The EAC Secretariat has proposed a 25% Common External Tariff (CET) on selected pharma products to promote local manufacturing of pharmaceutical products in the region (Source: EAC, 2018).
- The Regional Pharmaceuticals Manufacturing Action Plan has set a target that at least 50% of purchases by EAC national medicines procurement agencies (NPAs) are sourced from regional manufacturers and at least five (5) companies should produce more advanced pharmaceutical formulations such as delayed release formulations, small volume injectables and double layered tablets (2nd EAC Regional Pharmaceutical Manufacturing Plan Action 2017–2027).



Pharmaceutical products proposed for 25% Common External Tariff (CET) in the EAC

No	Formulation
1	Amoxycillin – Capsules and dry powder for suspension
2	Ampicillin and Cloxacillin - Capsules and dry powder for suspension
3	Co-trimoxazole – tablets and suspension
4	Paracetamol - tablets and suspension
5	Erythromycin - tablets and suspension
6	Metronidazole - tablets and suspension
7	Ibuprofen - tablets and suspension
8	Ciprofloxacin - tablets and suspension
9*	Dextrose 5% (500ml) Dextrose 50% (100ml) – i.v. infusion
10*	Normal saline 0.9% (500ml) i.v. and infusion
11*	Ringers lactate (Hartman's solution) 500 ml i.v. infusion

(Source: 2nd East African Pharmaceutical Manufacturing Plan of Action 2012-2017)

*To be added after validation by the local Regulatory Authorities (RAs).

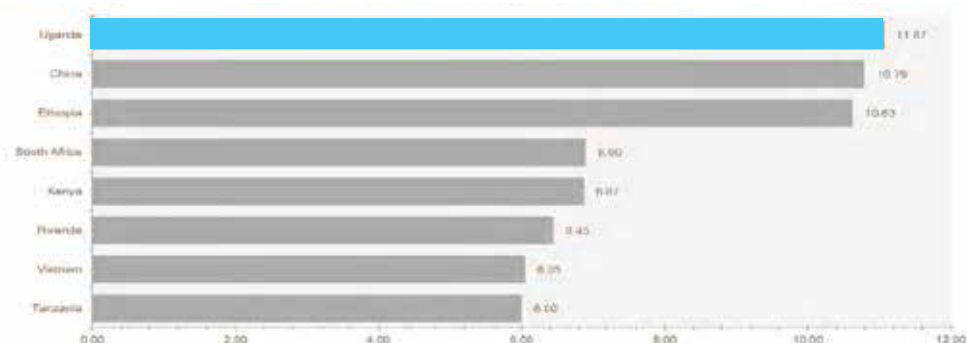
Strength of the Pharmaceutical Industry in Uganda

Pharmaceuticals Sector Size in Uganda

- In 2018, there were over 300 life sciences companies and over 30 pharmaceuticals and medical devices manufacturing companies in Uganda (Source: fDi Benchmark from the Financial Times Limited).
- These companies currently manufacture 173 pharmaceutical products in Uganda (Source: Uganda National Drug Authority).
- Uganda is highly specialised in pharmaceuticals; the chemical sector (which includes pharmaceuticals) accounts for over 10% of Uganda's manufacturing value added – the highest in the region.



Chemicals (includes Pharmaceuticals) as % of manufacturing value added



(Source: World Bank, World Development Indicators, 2017)

Note: data for each country is from 2000-2015 based on data available from the World Bank

Medical Consumables Sector in Uganda

Medical consumables is a rapidly growing segment of Uganda's healthcare sector. In 2017, the import of medical consumables in Uganda grew by over 60% compared to 6% growth in Sub-Saharan Africa as a whole. Total medical consumables imports into EAC are averaging over \$250 million per annum with Uganda the fastest growing market (Source: COMTRADE).

There is strong investment potential to produce cotton-based consumables in Uganda including wadding, gauze, bandages and surgical cotton wool. Raw materials can be sourced locally given Uganda's comparative advantage in cotton production.

There are also opportunities to manufacture medical supplies and instruments which have strong market growth.

Case studies of pharmaceutical operations in Uganda

Cipla

CIPLA India has established a WHO pre-qualified plant in Uganda producing ARVs, anti-malarials and anti-hepatitis medicines with purchase agreements with the Governments of Uganda and Zambia. In 2018, CIPLA Uganda raised US\$ 43.8 million in a local IPO. [Further Information](#)

THE CARLYLE GROUP

The Carlyle Group acquired Ugandan firm Abacus Parenterals in 2018, one of the largest distributors of pharmaceutical products in East Africa and the largest manufacturer of parenterals (IV fluids, ear, eye and nose drops) in Uganda. [Further Information](#)



Alfasan of the Netherlands invested in Uganda via a joint venture with Farm Support, a Ugandan company, to produce vet and human drugs. [Further Information](#)

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