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MINISTRY OF HEALTH
MANAGEMENT SCIENCES FOR HEALTH
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MANAGEMENT TEAM RESPONSE TO MINISTER'S REQUEST
FOR CURRENT COMMENTS ON THE ISSUE OF
IN-COUNTRY DRUG PRODUCTION

FEBRUARY 26, 1975

A NON-PROFIT INSTITUTION
ONE BROADWAY, CAMBRIDGE, MASSACHUSETTS 02142
CABLE: MANSHEALTH (617) 661-9450

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These comments are provided in summarized form and are based on information developed with the MOPH over the last two years. For the sake of brevity, they assume familiarity with the discussions and facts developed over this period, most recently summarized in "Procurement and Use of Medicines in Afghanistan - An Interim Report on Steps taken by GOA/MOPH to Bring Low-Cost, Quality Drugs to the People", dated October, 1974.

These Comments are divided into several sections and one attachment:

1. Present MOPH Goals and Resources
2. Important Characteristics of the Afghan Drug Market
   - 2.1 Considerations of Drug Quality
   - 2.2 Size of Market
3. Important Aspects of Various Production Plans
4. Summary Opinion

Attachment

1. MOPH/GOA Goals and Resources

We understand that:

1.1 The primary goal of MOPH policy at present is to develop an Afghan capability to produce quality drugs at low prices for public health use in hospitals, clinics and rural health programs.

1.2 MOPH/GOA may be planning to invest approximately $1,000,000 to develop a production facility to meet this need and allow for future needs.

1.3 The MOPH/GOA policy on low-cost quality drugs, often referred to as the Generic Drug Policy, which would require a strong action plan to implement has not yet been acted upon.

2. Important Characteristics of the Afghan Drug Market

Two characteristics of the Afghan Drug Market must be reviewed here: the issue of Quality and the issue of Market Size.

2.1 Quality of Drugs

There is a strong concern for drug quality, and there are two sides to the issue that must be recognized:

pharmaceutical quality, the purity and consistency of therapeutic effect of a drug;

perceived quality by the people, often measured by appearance, packaging, prices, advertising and the reputation of the producer.

Any plan must recognize both sides of the issue or it will fail.

2.2 Potential Market Size

Analysis of drug usage in Afghanistan (conducted in the last year by the MOPH and the Management Team) indicates an approximate total market of 4 to 7 million dollars, with only a very small percentage, perhaps 5 to 10% of 200-400,000 dollars being obtained for the public sector.

If the GOA intends to provide a facility only for preparation of drugs for the public sector, a different strategy is called for than if preparation for the entire market, public and private, is considered. This is because drugs for the public sector are such a small amount compared to the total.

If we restrict the discussion to the public sector, there are only three ways in which the government's requirements for

drugs might increase to the point where a different strategy might be required for the public sector. These are:

2.2.1 A very large expansion of government-provided health services with continued supply of "free" drugs. (However, such a policy would be impossibly expensive; if a policy to make health services widely available is seriously considered, drugs will be a major expense which must be born by the people.)

2.2.2 A major expansion of government support for alternative approaches to the delivery of health care in rural areas, where simple effective drugs might be sold by village health workers and shops.

2.2.3. The needs of the civil and the military are combined and to be served by one unified national procurement program.

3. Important Aspects of Possible Production Plans

The above statement about present GOA goals, resources, and the characteristics of the Afghan Drug Market should be carefully considered in an examination of the four general types of possible production plans sketched in the attached figure:

1. production from raw materials
2. production from intermediate materials such as powders, granules, etc.
3. production from bulk finished products
4. import of completely finished, packaged drugs

When evaluated against their particular manufacturing requirements and the realities of Afghanistan today, only two alternatives are suitable and #3, production from bulk finished products, is the only alternative which is characterized by low cost and gradually developing quality control, technology and manufacturing experience.

SUMMARY OF FEATURES FOR PRODUCTION FACILITY

Production Alternatives	Manufacturing Characteristics	Estimated Suitability for GOA
1. from raw materials state	-highly expensive -large scale manufacturers -high technology and skilled workers	Not Suitable - costs too much - market not big enough - technology and skilled workers unavailable
2 from intermediate materials (powders, granules, etc.)	-expensive -high quality control skills -technology & skilled workers	Not Suitable at this time - high cost - quality control, technology & skilled workers required. - probability of high wastage and net higher costs
3. from bulk finished products	-less expensive -simple technology -less complex quality control	Suitable - reasonable cost - equipment, technology and quality control experience necessary first step for any future plan
4. Complete import of finished packaged drugs	-no manufacture required -quality checking still important	Suitable -no production problems, but not useful to increase Afghan self-sufficiency and skills - packaging, labeling inappropriate to local needs - more expense

4. Summary Opinion of the Management Team as of February 1975

4.1 If the GOA's primary goal is to provide quality drugs at low prices for an increasingly large percentage of the population, then the most significant effects will be gained by continued pursuit of earlier MOPH efforts to:

1) limit the drugs available to the smallest number of drugs necessary in each class such as in the New National Formulary.
2) require that drugs be contracted for on a bid basis specified by generic name
3) obtain international assistances, such as from WHO, in a program of interim drug procurement while Afghan quality control and in-country production is initiated.

4.2 Unless the GOA makes a major change in policy and institutes a system of charges for drugs in public programs (or a fee on drugs imported by the private sector to subsidize public drugs), there is little chance that the government budget will pay for increased amounts of drugs. Therefore, the most appropriate production alternative, considering the size of the market and the present level of technical capacity, is to concentrate on building quality control and technical experience in a program working from bulk finished products and packaging them appropriately

4.3 The Ministry is aware that, in response to Ministry requests, International Agencies such as WHO have become interested in providing assistances to implement a balanced, comprehensive plan. Whatever combination of technical assistance the Ministry

selects, it is clear that at least two tasks must be executed prior to project design and serious consideration of such issues as buildings and equipment.

1. Establishment of a Continuous Monitoring System for Drug Imports - The MOPH must know on a current and continuous basis what drugs are being imported and sold in the country. In the last year MOPH/GMD and the Management Team did this on a one-time study for the initial MOPH information.

   It is necessary to set up a system to do this on a continuous basis in the MOPH and will require full cooperation of the GMD. The Management Team has prepared draft materials to be discussed should the Minister decide to proceed.

2. A Feasibility Study to determine in sufficient detail the practical implications and requirements of such a program. This will require consideration of issues including:
   - economic and financial planning
   - project management
   - technical training, construction and equipment.

   We would assume that it should be carried out under the leadership of a very senior and respected MOPH or government official, in consultation with appropriate Ministries.

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