

BCG



MIT ZARAGOZA  
International Logistics Program



TOGETHER TO HEAL



## Global ACT Market

## Demand Forecast

Nairobi, January 15th, 2013

THE BOSTON CONSULTING GROUP

# Goals for this session

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## **Introduce our consortium and describe our forecasting methodologies**

- Global demand for pre-qualified ACTs and artemisinin

## **Share our consortium's forecast of ACT demand for 2012 and 2013**

- Discuss some of the key dynamics we see in the market

## **Share some preliminary views on 2014**

- Key uncertainties and potential demand ranges

## **Answer any questions you may have and incorporate your feedback**

# Context on the ACT Demand Forecasting Consortium

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**The consortium originated from the work of the AMFm Ad Hoc Committee who wanted a global forecast for QAACT procurement to understand the impact of the AMFm**

**Previously, several groups had produced different forecasts with differing methods and conflicting results**

- Differences in forecasts may have served to confuse the field

**The consortium consists of BCG, CHAI and MIT-Zaragoza, three groups who work together to produce a single quarterly forecast of global QAACT demand**

**UNITAID finances and manages the studies, in collaboration with RBM and other groups who serve on our Steering Committee (WHO, GFATM, MMV)**

**The data presented here incorporates information from a number of different sources and institutions; we are very grateful for their assistance**

# Context for this analysis

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**This analysis is the sixth in a periodic series of forecasts**

**The goal of this analysis is to provide a high-level summary of the global QAACT demand and supply situation**

- As we understand it at this point given data limitations and other constraints

**A few specific caveats**

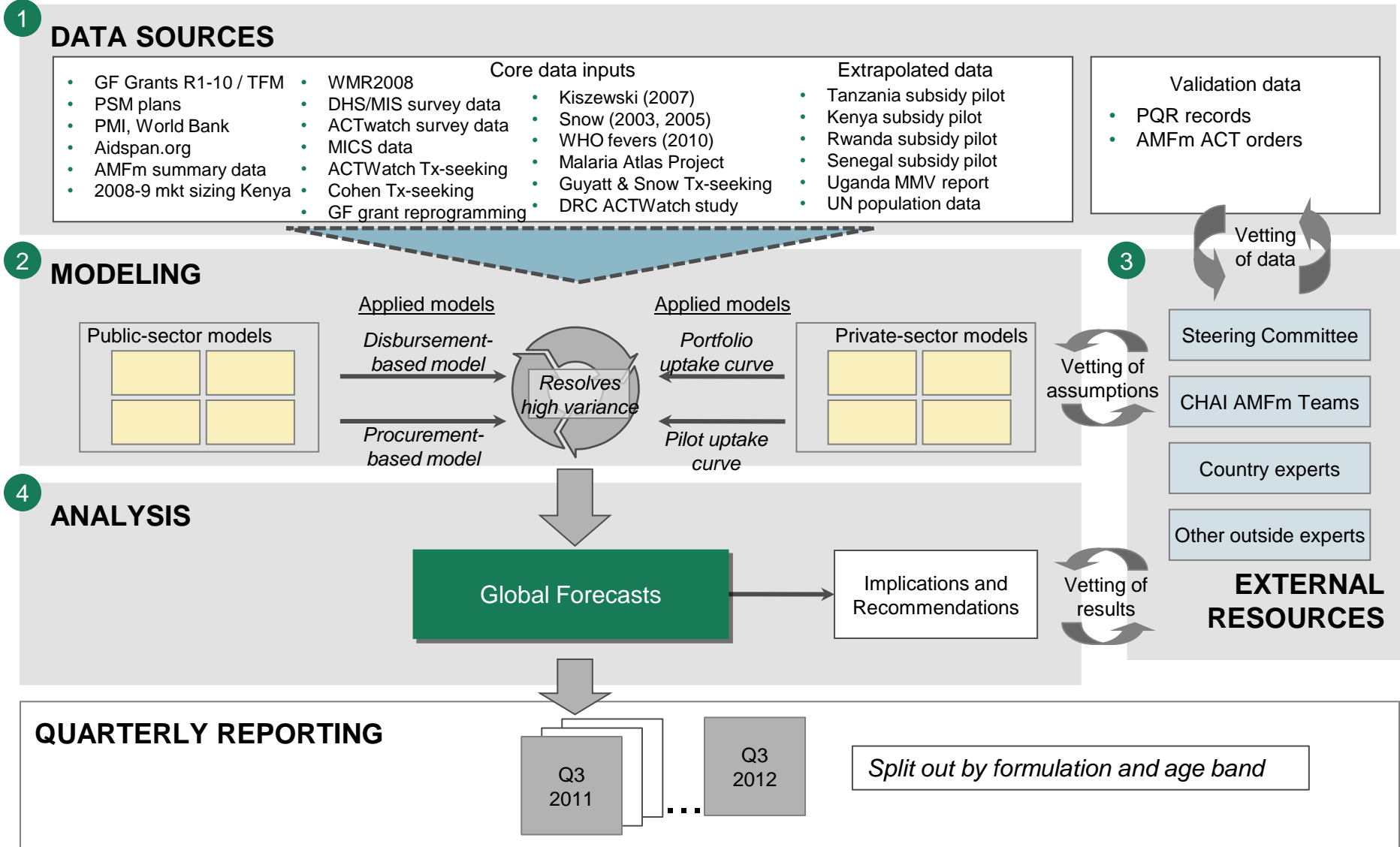
- Our analysis is a snapshot in a very dynamic and evolving market
- It combines modeled results along based on market information and data-based assumptions, and is only as good as the sources and available underlying data
- Our focus is very much at the global level, and circumstances in specific local geographies may be quite different than the global story

# Agenda

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## Methodology and definition of terms

# Forecast relies on integration of multiple sources



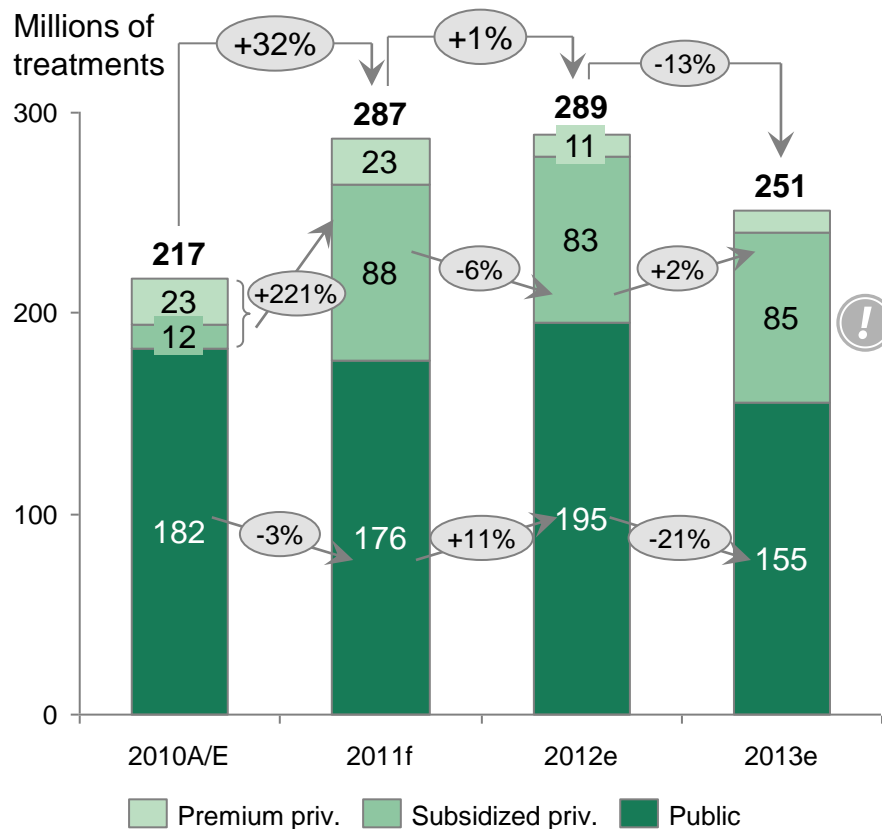
# Agenda

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## Demand forecasts

# Forecast update: Modeled consumer demand estimated at 289M treatments in 2012 and 251M in 2013

## Global pre-qualified ACT consumer demand, 2010-2012



## ACT market projections

**Rapid growth in global demand from 2010 to 2011, driven mainly by surge in AMFm-subsidized treatments**

**Growth in 2012 demand slowed as subsidized market reached steady state across Phase 1 countries**

**AMFm steady state (2012-2013) assumes AMFm fully funded (not secured to date)**

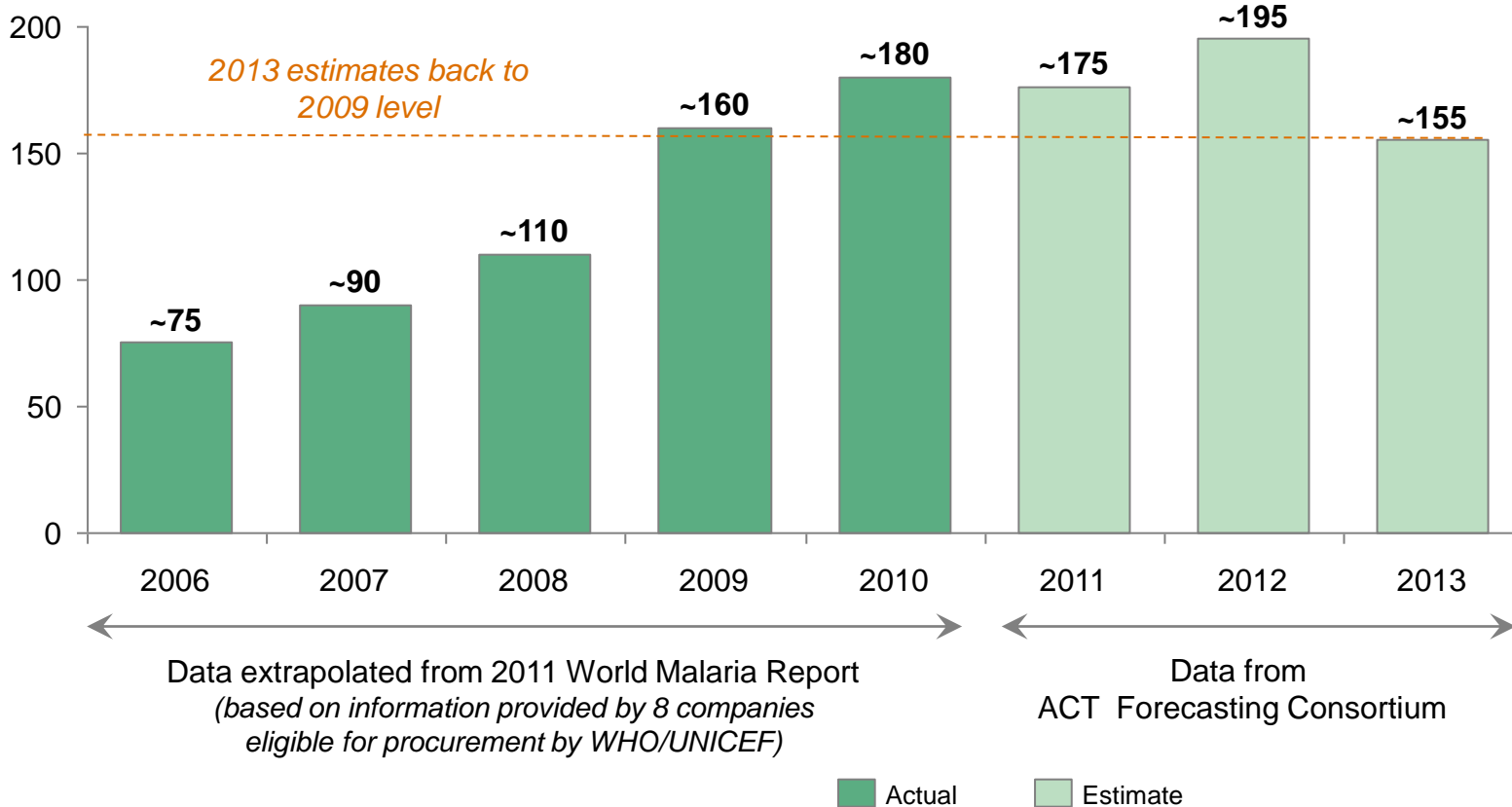
**Decline between 2012 and 2013 driven by changes in public channels, due to reduction in donors commitments**

**Public channel remains largest segment for ACTs, representing 62% of global market**



# Current public sector estimates for 2013: back to 2009 level

ACT treatment courses procured in the public channel (M)

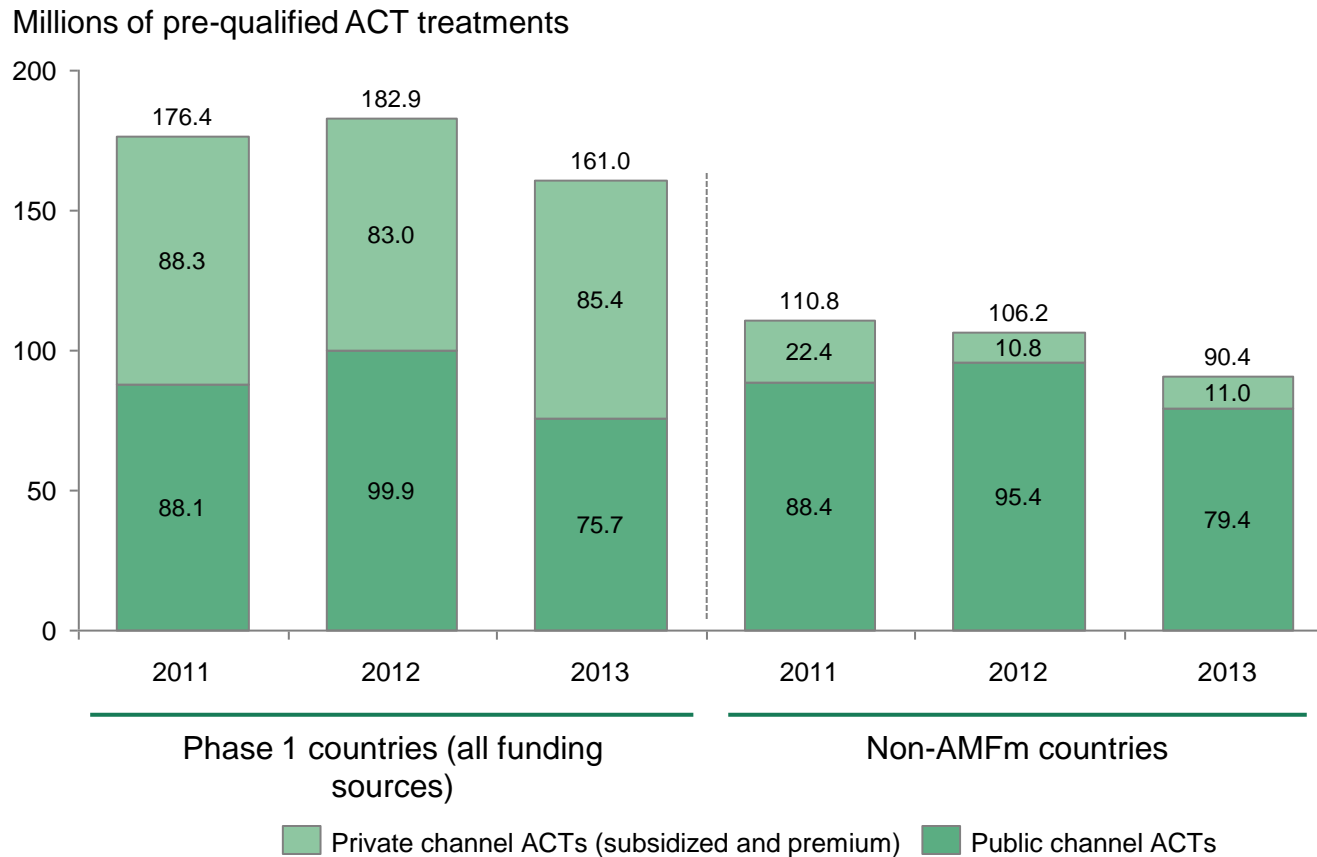


Note: Data for 2006 to 2010 was extrapolated from Fig 6.10 in the 2011 World Malaria Report

Source: World Malaria Report 2011 (data provided by eight companies eligible for procurement by WHO/UNICEF), ACT Forecasting Consortium

# AMFm and non-AMFm countries are equally impacted by the decline in projected ACT orders in 2013

## Demand mix across countries



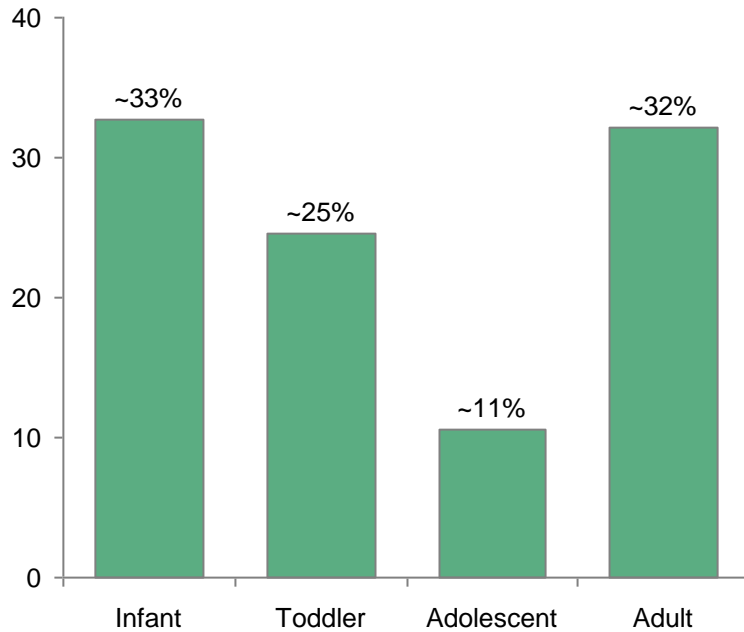
Source: ACT Forecasting Consortium

Nairobi meeting demand forecast presentation.pptx

# Forecast indicates greatest demand for child doses and AL formulation

In 2012, non-adult doses forecast to comprise ~68% of treatments . . .

Percentage of pre-qualified ACT treatments

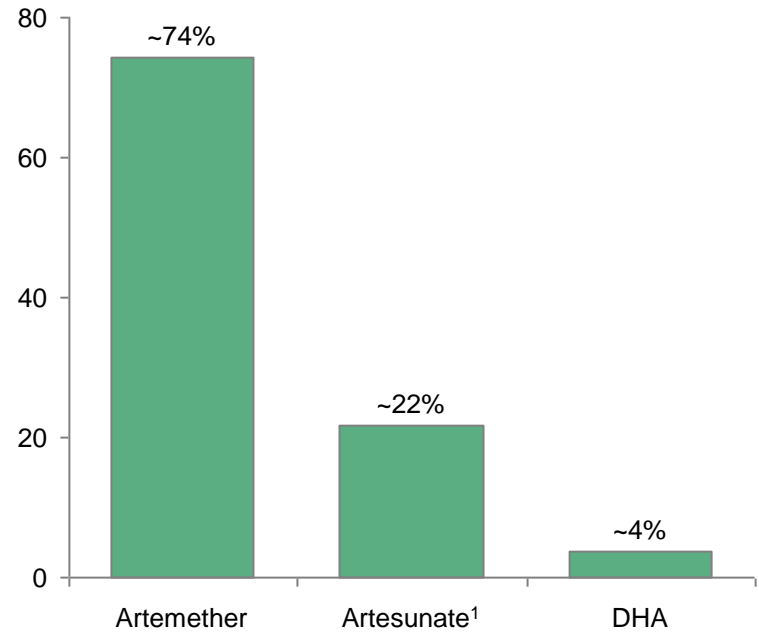


Change from Q2



. . . while artemether-lumefantrine remains the largest product

Percentage of pre-qualified ACT treatments



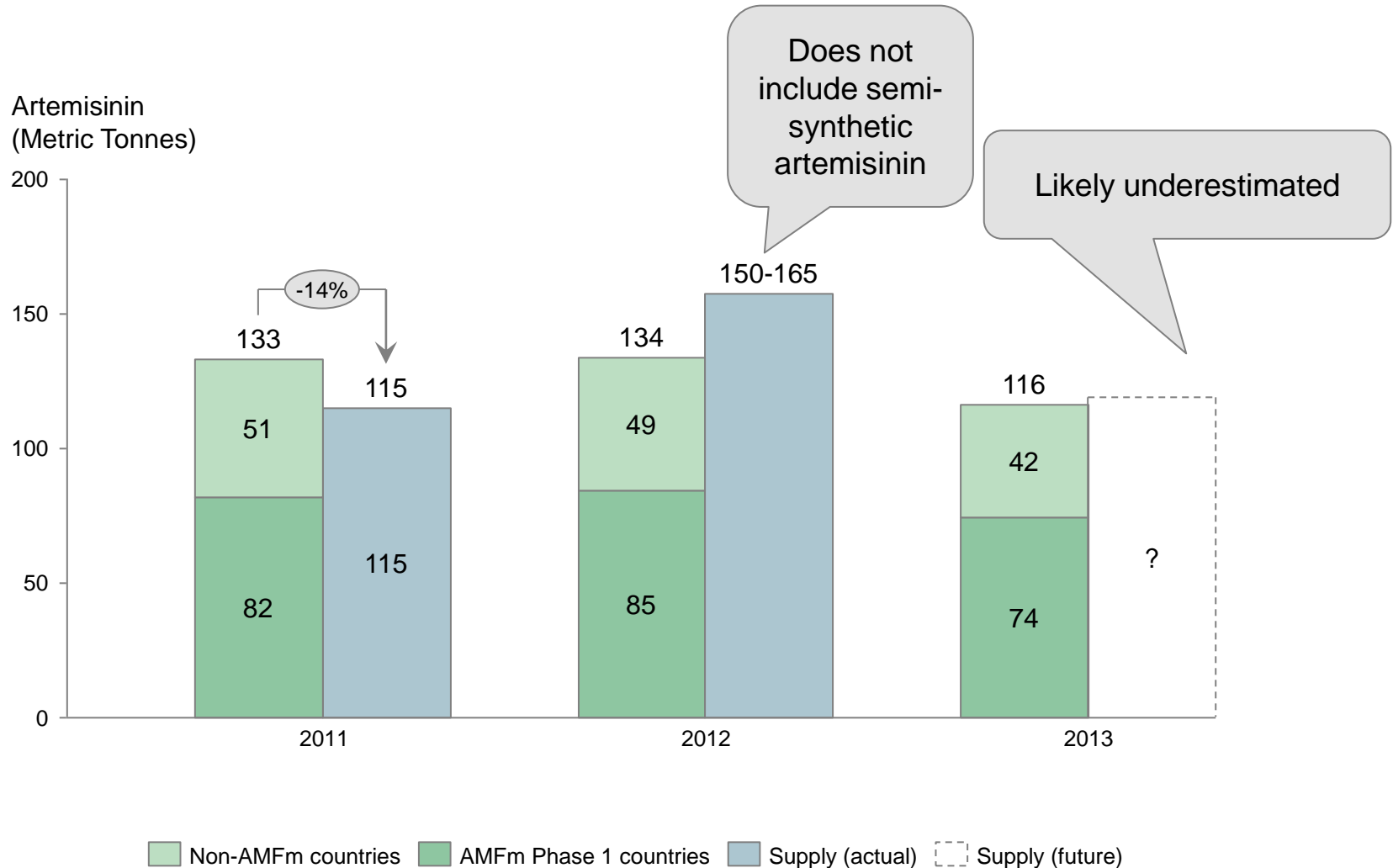
Change from Q2



1. Includes ASAQ, ASSP, ASMQ, and ASPY

Source: Clinton Health Access Initiative

# Artemisinin requirements revised down to meet lower 2012 and 2013 pre-qualified ACT demand estimates



# Agenda

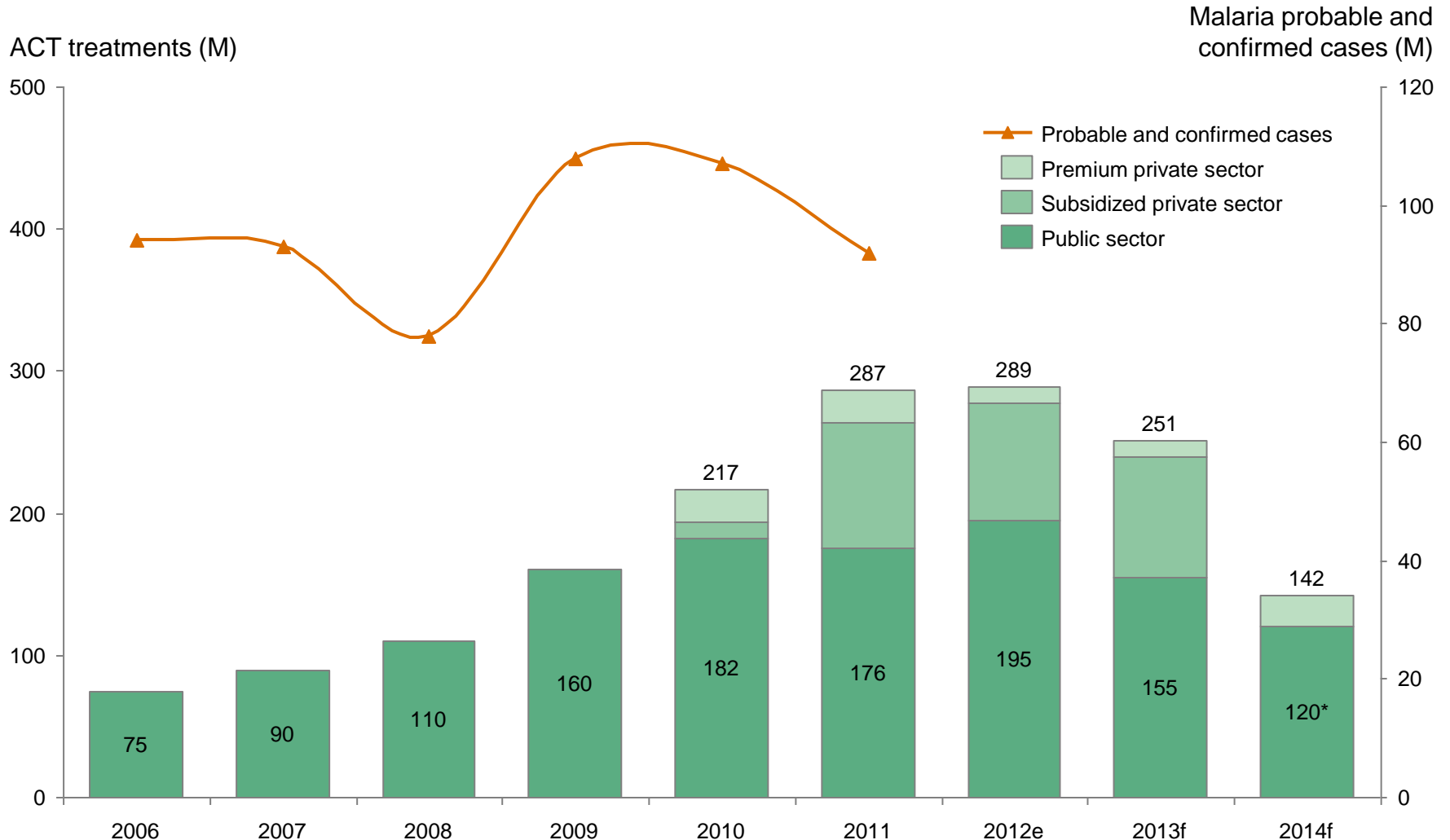
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## Perspectives on 2014 demand

# Several major uncertainties cloud 2014 predictions

	Key issues	Potential impact
<b>AMFM</b>	<b>2013 is a transition year</b> <ul style="list-style-type: none"><li>• Funding for 2013 not fully secured</li><li>• Implication of new model for 2014 still to be defined</li></ul>	<b>2013 likely to look like 2012</b> <ul style="list-style-type: none"><li>• Assuming funding available</li></ul> <b>Unclear impact for 2014</b> <ul style="list-style-type: none"><li>• cf. GF</li></ul>
<b>Global Fund</b>	<b>New Funding Model and next replenishment still under progress</b>	<b>Unlikely to affect demand before Q4 2014</b>
	<b>Transition (a.k.a. pilots or early funding opportunity) still work in progress</b>	<b>Unclear impact, more information in the coming months</b>
<b>Other Funders</b>	<b>Still huge fiscal challenges</b> <ul style="list-style-type: none"><li>• Will funders sustain their commitment to malaria?</li></ul>	<b>Unclear impact</b>

# Current available information would suggest a significant drop in 2014, not fully consistent with epidemiology...

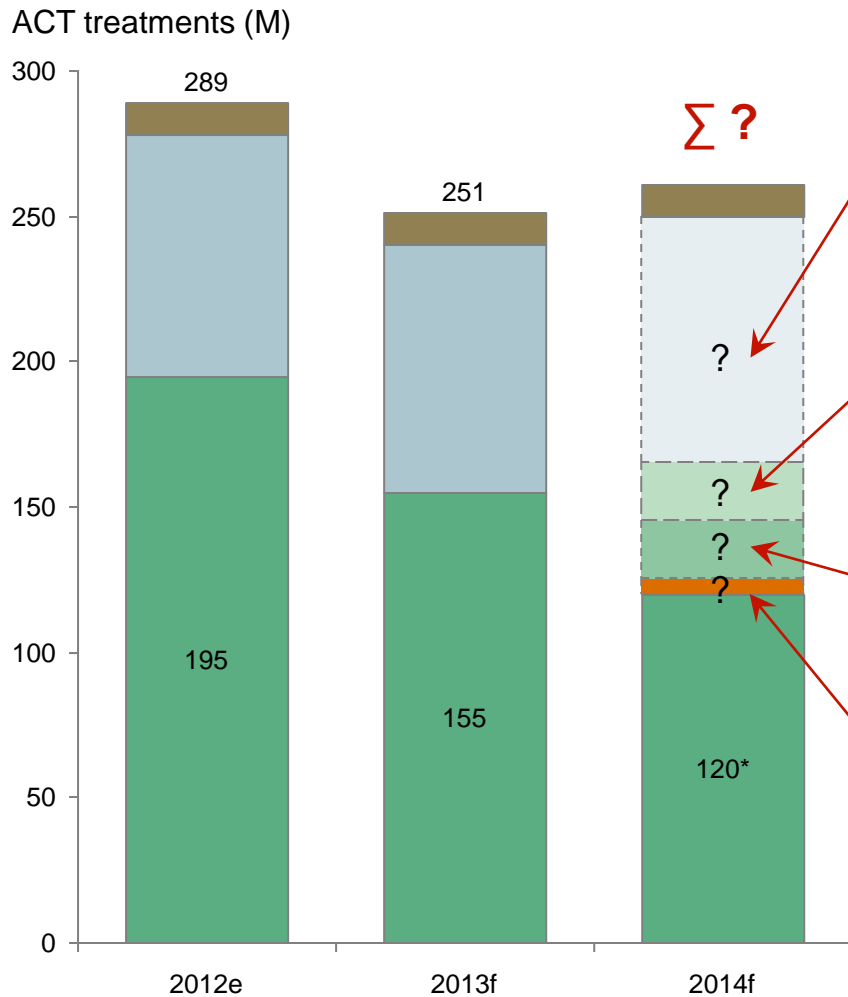


(\* ) 2013 public sector forecast uses a different methodology from previous years and is based on donors disbursement model and does not include procurement model yet

Note: public sector only for 2006-2009 ACT demand

Source: WMR 2012 for malaria probable an confirmed cases and 2006-2009 ACT public sector demand – ACT consortium forecast for 2010-2014 ACT demand

# We believe the "gap" could be (at least partly) bridged



- Details of **future funding for Private Sector procurement** still to be developed, but the AMFm pilot has shown the existence of private sector role and demand. Subsidized private sector should continue to complement public sector (thanks to countries demand or GF *investment frameworks*)
- First disbursements from **GF next replenishment** should happen late 2014. Total amount and ACT share still to be defined, but expected to have a positive impact on ACT demand
- **GF Transition** money will kick in late 2013 and in 2014. Total amount and malaria & ACT share still to be defined, but expected to have a positive impact on ACT demand
- **Existing / new donors** could step-in, in particular if none of the above works



(\* ) 2013 public sector forecast uses a different methodology from previous years and is based on donors disbursement model and does not include procurement model yet



# Agenda

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## Questions and answers