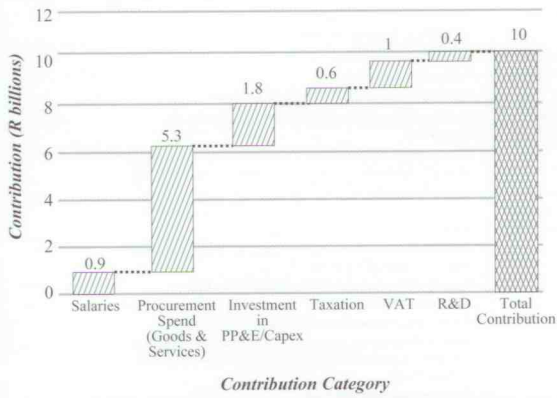


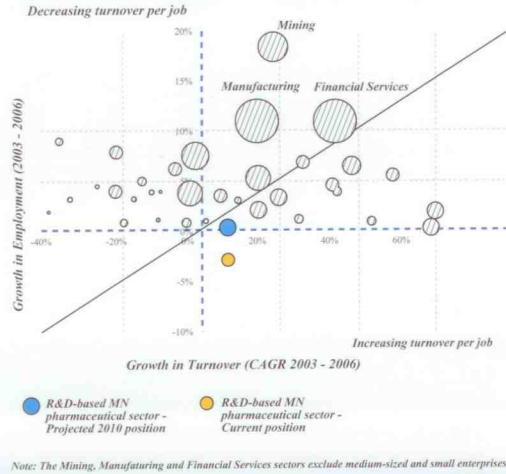
Sector fact sheet

Key facts about the R&D-based MNC pharmaceutical sector

Direct economic benefits of the R&D-based MN pharmaceutical sector to South Africa (2006)

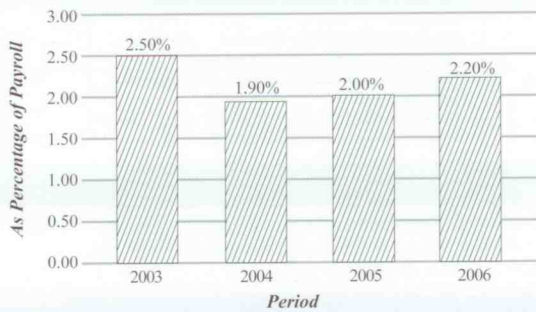


Growth-growth matrix current and projected 'as-is' position (2006)

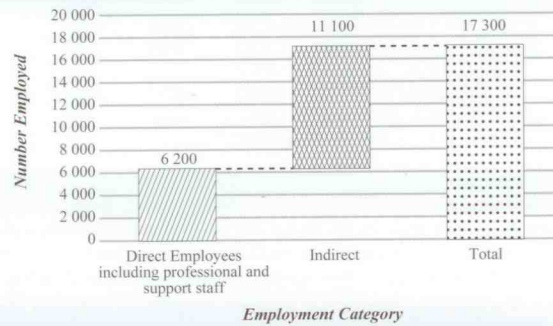


Note: The Mining, Manufacturing and Financial Services sectors exclude medium-sized and small enterprises

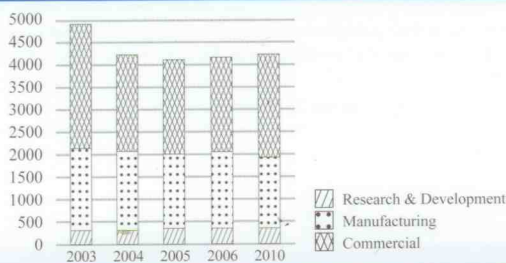
Internal skills development as percentage of payroll



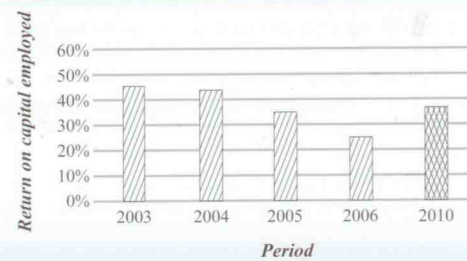
The job creation effect of total employment created by the sector (use of multiplier effect as an assumption)



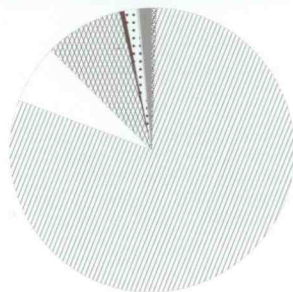
Direct employment of professionals in the sector



Return on capital employed for the R&D-based MN pharmaceutical sector



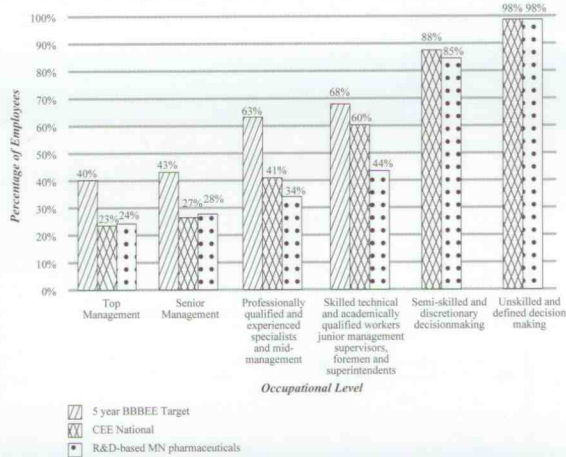
Breakdown of cluster spend (2006)



- Manufacturing (COS) - 79,44%
- Operations (Distribution) - 7,07%
- Marketing - 9,44%
- Human Resources - 0,54%
- Audit and Other Professional Fees - 1,34%
- Legal - 0,06% and IT - 0,33%
- Finance - 1,39%
- Research - 0,39%

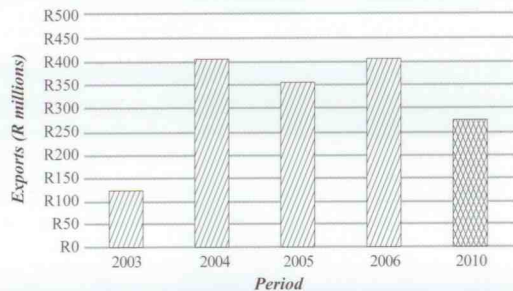
Comparison of performance of R&D-based pharmaceutical sector with national averages and BEE targets (foreign nationals excluded)

A selection of examples illustrating CSI initiatives per category from the participating companies



Category	CSI initiative examples	No. of companies involved (out of 10 participating in research)
Provision of medicines	<ul style="list-style-type: none"> Public private partnerships to provide access to innovative medicines Partnerships with NGOs to provide access to medicines and treatment 	10
Primary healthcare	<ul style="list-style-type: none"> Contributions to facilitate improvements in the delivery of care to patients in community hospitals, providing back-up and support for primary healthcare initiatives 	10
Social development	<ul style="list-style-type: none"> Supporting SOS children's homes Immunisation projects Building of clinics and healthcare infrastructure 	8
Enterprise development	<ul style="list-style-type: none"> Assisting in the creation of a black-owned security and courier firm Assisting in the development of operational & financial capacity of small enterprises, for example cafeteria & carwash facilities 	2
Education & educational infrastructure	<ul style="list-style-type: none"> Vehicle provided to Rhodes University to transport students to previously disadvantaged communities for training in the use of pharmaceutical products and compliance Opportunity for 20 final year SA chemistry students to spend a week at a research site in the UK 4 equity individuals received a scholarship to study an international MBA Dinner and award to Pharmacy Student of the Year Medical bursaries for medicine and allied medical professions for equity students (MESAB & Manto Tshabalala-Msimang Bursary Fund) Computer and book donations Book donations of international standard manuals 	10
Burden of disease	<ul style="list-style-type: none"> TB FREE supports the Department of Health's National TB Control Programme (NTCP) by training health TB patient supporters and implementing TB mobilisation and awareness initiatives HIV projects in partnership with NGOs and different clinics Contribution to facilitate studies into depression related to pregnancy Annual grant given to Diabetes Association Trained nurses on diabetes care and management 	8
Training	<ul style="list-style-type: none"> Providing on-the-job training for equity candidates busy with health-related studies HIV home based care training Training to healthcare workers on diabetes, cancer etc 	8

Exports by the R&D-based MN pharmaceutical sector



Recommendations

Agree the growth path for the sector and champion this growth path; R&D (clinical trials) and access focused, manufacturing focused or a hybrid model (the middle ground). Based on the analyses, we believe a middle ground option is feasible and the following recommendations support this option. All recommendations listings are done to bolster this growth path.

- Expand the current R&D incentive programme and tailor the regulation for pharmaceuticals and particularly clinical trials. Clinical trials have been growing much faster in India and China despite South Africa having a lead just 5 years ago.
- Incentives should be created to encourage the export of medicines and the investment to build manufacturing facilities for the niche areas identified. Much has already been done here.
- Implement existing recommendations and reduce delays in the approvals process.
- Expand the focus on medicines prices (as the key route to increased access) across reimbursement and bringing across members of the emerging classes into a low cost medical schemes covered by subsidised innovative medicines. This could drive the growth of the sector without increased medicines pricing.
- Continue the concerted effort to develop new life-sciences graduates and retain those in the healthcare system.

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