

# **NAVIGATING THE AFTERMATH: STRATEGIC RESPONSES TO PHARMACEUTICAL WITHDRAWALS AND DRUG SHORTAGES IN NIGERIA**



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## **ACKNOWLEDGMENTS**

Our gratitude extends to the pharmacists and pharmacies participating in this study, whose insights were invaluable.



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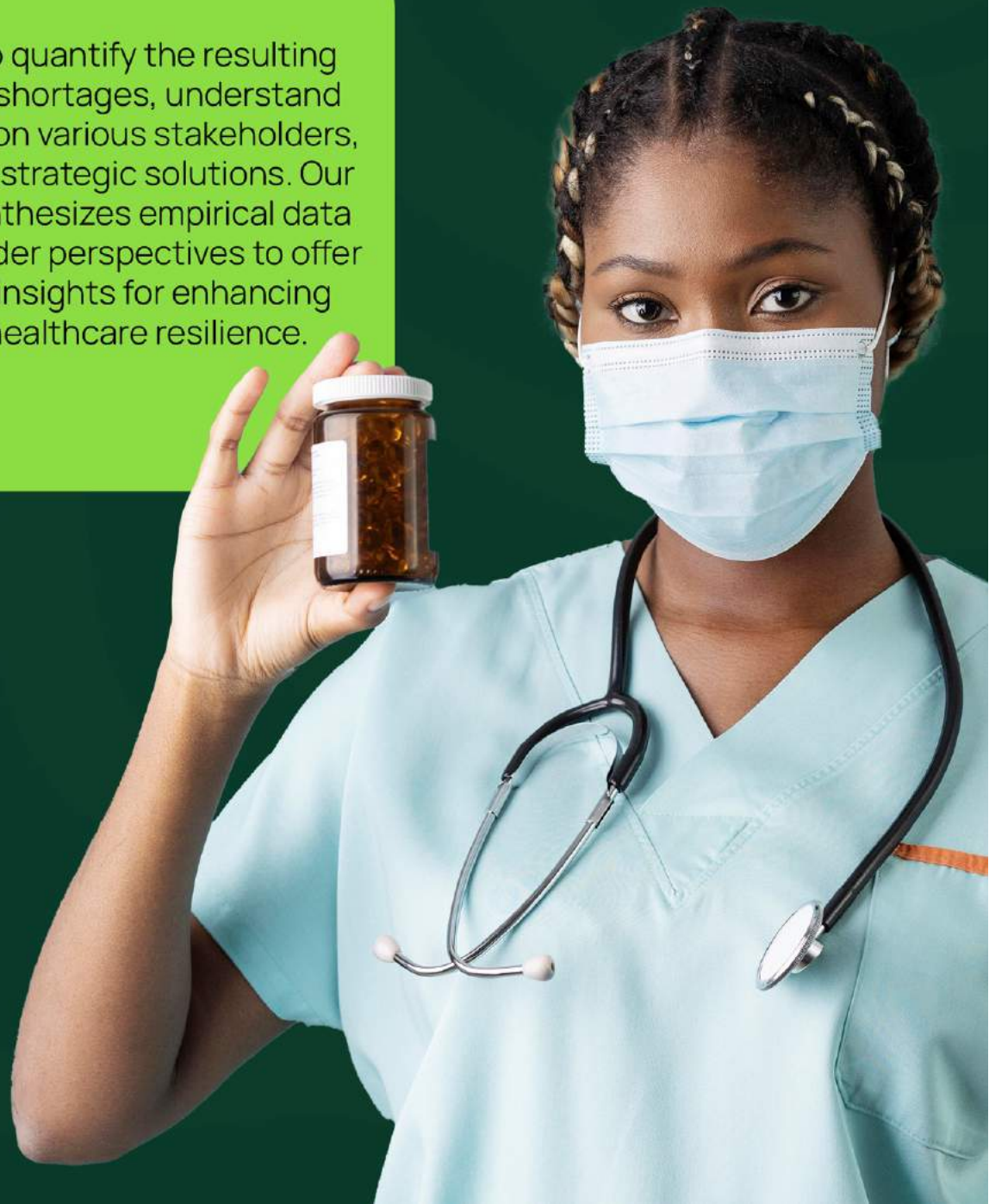
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# Abstract

This white paper investigates the significant ramifications of major pharmaceutical companies, including GlaxoSmithKline (GSK) and Sanofi, exiting the Nigerian market. This trend threatens the stability of medication supply chains, potentially compromising healthcare quality and patient outcomes nationwide.

We aim to quantify the resulting medication shortages, understand their effects on various stakeholders, and propose strategic solutions. Our research synthesizes empirical data and stakeholder perspectives to offer actionable insights for enhancing Nigeria's healthcare resilience.



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1. Strengthen Local Pharmaceutical Production
  2. Regulatory Oversight and Quality Control
  3. Foster Public-Private Partnerships
  4. Community Engagement and Awareness

# EXECUTIVE SUMMARY



## INTRODUCTION

The global pharmaceutical industry's dynamics are shaped by complex market forces and regulatory environments. Recently, the withdrawal of pharmaceutical giants from various markets, including Nigeria, has spotlighted the vulnerabilities in healthcare access and drug availability. This paper examines the causes, consequences, and possible responses to these withdrawals, emphasizing the critical need for robust, localized healthcare solutions.

## PROBLEM STATEMENT

The exit of key pharmaceutical players from Nigeria has exacerbated drug shortages, disrupting healthcare delivery and patient care.

## METHODOLOGY

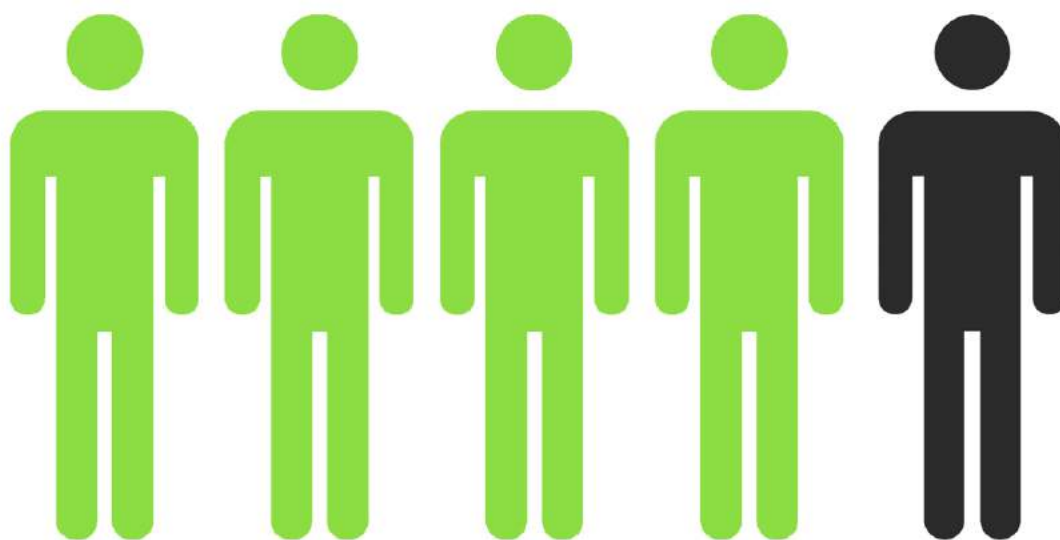
Adopting a mixed-methods approach, we combined qualitative interviews with healthcare professionals and quantitative surveys with patients and pharmacies. This comprehensive analysis aims to articulate the impact of pharmaceutical withdrawals on drug availability and healthcare outcomes.

## OBJECTIVES

To assess the impact of these exits on drug shortages, evaluate their effects on patient health, and explore strategies for mitigating these challenges.

## DATA ANALYSIS

Analysis of interviews and surveys reveals a consensus on the detrimental impact of pharmaceutical exits on drug availability and patient care.



Over 90% of respondents report adverse effects on patient health due to medication shortages. The data also highlight the critical role of local pharmaceutical production in addressing these shortages and ensuring sustainable healthcare delivery.

## FINDINGS AND RECOMMENDATIONS

### 1. Strengthen Local Pharmaceutical Production

**Production :** Enhancing local manufacturing capacities is essential for reducing dependency on imports and stabilizing the drug supply chain.

### 2. Regulatory Oversight and Quality Control:

Implementing stringent regulatory measures and quality standards can ensure the availability and affordability of essential medications.

### 3. Foster Public-Private Partnerships:

Collaboration between government, pharmaceutical companies, and healthcare providers is crucial for developing innovative solutions to drug shortages.

### 4. Community Engagement and Awareness:

Collaboration between government, pharmaceutical companies, and healthcare providers is crucial for developing innovative solutions to drug shortages.

## CONCLUSION

The departure of multinational pharmaceutical companies from Nigeria presents significant challenges and opportunities for reforming and strengthening the nation's healthcare system. By prioritizing local production, enhancing regulatory frameworks, and fostering collaborative initiatives, Nigeria can mitigate the impact of these exits and ensure access to essential healthcare services for all citizens.



Introduction  
Nigeria Focus: A Nation at the Crossroads

# 01 INTRODUCTION

The global pharmaceutical landscape is an ever-evolving terrain, shaped by a complex interplay of market forces, regulatory frameworks, and economic considerations. In recent times, a noteworthy trend has emerged - the departure of pharmaceutical companies from various markets, redefining the dynamics of healthcare access worldwide. This research endeavours to scrutinize this phenomenon, with a focus on Nigeria, where the exit of pharmaceutical giants raises crucial questions about drug shortages and the consequential impact on patients and healthcare institutions.

A glance at global pharmaceutical records reveals a landscape marked by intense competition, regulatory intricacies, and strategic GUI recalibrations by industry players. According to reports from international pharmaceutical bodies, the last decade has witnessed a notable uptick in the trend of companies exiting certain markets. The motivations behind these exits are diverse, from the pursuit of more profitable ventures to grappling with stringent regulatory environments.

In the early 2000s, Ireland faced a significant loss when several major pharmaceutical companies, including Pfizer and Merck, closed their manufacturing facilities in the country, leading to job losses and concerns about the impact on the economy and healthcare sector.

However, Ireland responded to this challenge by implementing strategic measures to diversify its pharmaceutical industry and attract new investment. The government invested in research and development, innovation, and education to create a supportive environment for pharmaceutical companies. Additionally, Ireland actively pursued partnerships with biotechnology firms and other emerging sectors within the life sciences industry.

As a result of these efforts, Ireland successfully transformed its pharmaceutical sector and emerged as a global leader in biopharmaceutical manufacturing and innovation. The country attracted new pharmaceutical companies and expanded its workforce in the life sciences sector. Today, Ireland is home to a thriving pharmaceutical industry, with a strong ecosystem of research institutions, skilled talent, and supportive government policies.

The World Health Organization (WHO) has highlighted the global implications of such exits, emphasizing the potential disruptions to healthcare access, especially in regions heavily reliant on multinational pharmaceutical corporations. The intricate dance between global market dynamics and local challenges forms the backdrop against which we delve into the specific case of pharmaceutical exits in Africa.

Africa has witnessed substantial shifts in its healthcare landscape. WHO reports indicate that Africa faces unique challenges, including but not limited to regulatory hurdles, economic fluctuations, and infrastructure gaps. These challenges, coupled with the global trends of pharmaceutical exits, have led to increased scrutiny of the resilience of healthcare systems across the continent.





Empirical studies in African nations have highlighted instances where pharmaceutical companies, both local and international, have altered their presence, impacting the availability of essential medicines. The continent is at a crossroads, grappling with the need for sustained healthcare access amidst a changing pharmaceutical ecosystem.

### **NIGERIA FOCUS: A NATION AT THE CROSSROADS**

In Nigeria, the exit of pharmaceutical companies presents a unique set of challenges that demand meticulous examination. Regulatory challenges, economic pressures, and market dynamics have converged to create an environment where companies are reconsidering their presence. National records reveal a trend that necessitates urgent attention to safeguard the health and well-being of the population.

The year 2023 was a dynamic year for Nigeria, as with every election year, it came with its twists and turns. As is typical during general elections, investors tend to approach the period with caution, uncertain about the outcomes and policy directions of the incoming administration, leading to a reluctance to make long-term investment decisions. To compound matters, the business landscape faced an early hurdle with an artificial cash scarcity at the start of the year which halted the activities of organizations.

As the economy rebounded in the second quarter, then came the twin reforms of fuel subsidy removal and the unification of the foreign exchange market which pushed inflation on an upward spiral and the naira losing over 50% of its value. This coupled with other macroeconomic malaise plaguing the nation in the past years resulted in a significant number of businesses exiting from the Nigeria scene in 2023. The health sector faced the biggest threat in 2023 with top pharmaceutical companies such as GSK and Sanofi exiting the country due to various reasons that will be highlighted later in this report.

In August 2023, **GlaxoSmithKline Consumer Nigeria (GSK)** UK Group announced its intention to cease commercialisation of its prescription medicines and vaccines in Nigeria through the GSK local operating companies and transition to a third-party direct distribution mode. The company had earlier complained that challenges accessing forex were disrupting its operations in Nigeria. In surrendering to defeat, the company had to pivot to a third-party distribution model for its pharmaceutical products.

In November of the same year, the Nigerian arm of the multinational pharmaceutical company **Sanofi** announced its ceasing operations in Nigeria and pivoting into a third-party distribution business model in a letter sent to its partners.

In early December 2023, **Procter & Gamble (P&G)**, announced the dissolution of ground operations in Nigeria and reverted to an import-only business model for its Nigerian market. In a similar fashion to GSK and P&G, the company noted that Nigeria's macroeconomic problems and foreign exchange (FX) challenges, as evidenced by the unpredictable fluctuations in the FX rate over the last two years, are responsible for its decision since it is difficult to operate as a dollar-denominated entity.

## FX EXCHANGE RATE BETWEEN MAY 2022 TO JANUARY 2024

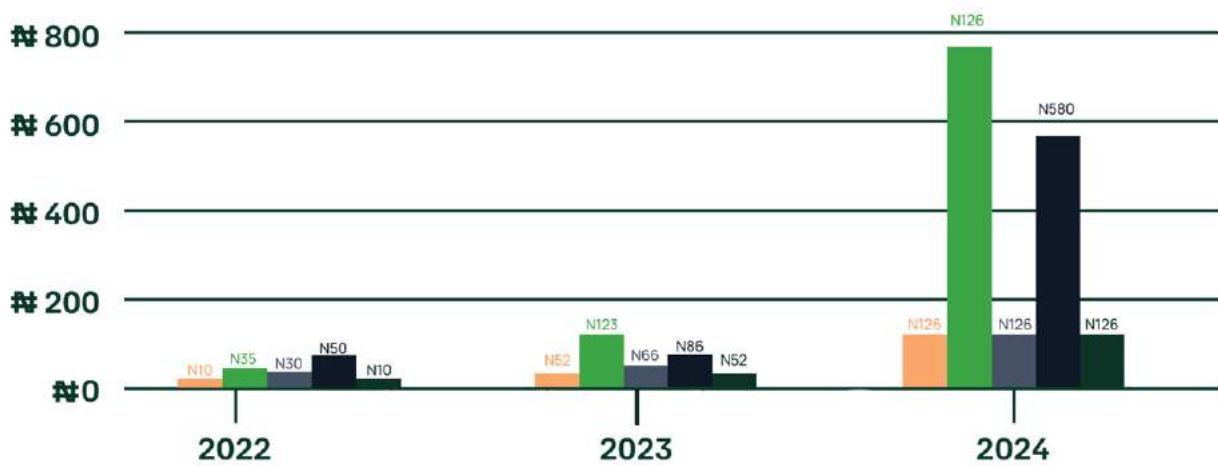
The chart below highlights the volatile nature of the FX market, making it challenging for businesses to plan and price effectively.

For instance, P&G commissioned a \$300 million state-of-the-art plant in Agbara, Ogun state in June 2017 but just a year after, there were reports the plant had shut down over economic issues as it had difficulty breaking even.



While the exit of these companies came as a shock to many, it wasn't necessarily a surprise to stakeholders within the sector due to the increasing price of medications over the last couple of years. Year-on-year analysis of medication costs at our pharmacy, like many others across Nigeria, reveals a significant rise in medication prices.





**METRONIDAZOLE 400MG**

**CIPROFLOXACIN 500MG X 10**

**OMEPRAZOLE 20MG**

**METRONIDAZOLE 400MG**

**AMOXICILLIN 500MG CAP X 10**

This analysis of the price of OneHealth's Pharmacy top 5 medications above deeply reflects the impact of these pharmaceutical companies' exit and the subsequent import reliance on a volatile FX market. As showcased in the chart, the cost of essential medications has risen steadily over the past two years.

Problem Statement  
Research Objectives  
Research Questions  
Population of Study

# 02

# RESEARCH DESIGN



### PROBLEM STATEMENT:

The exit of pharmaceutical companies from the Nigerian market has triggered a series of challenges within the healthcare sector, particularly concerning the availability of essential medications. This departure has led to a notable increase in drug shortages, disrupting patient care and placing additional burdens on healthcare institutions. As a result, understanding the specific implications of these exits on drug availability, patient outcomes, and healthcare operations is crucial to developing informed strategies and policies that can address the emerging healthcare challenges in Nigeria.

### RESEARCH DESIGN

This research employs a mixed-methods approach, combining qualitative and quantitative methods.

- Interviews with healthcare professionals and pharmacist,
- Questionnaire surveys with patients and pharmacy owners

A comprehensive review of relevant data will be conducted. Statistical analysis will be applied to quantify the scale of drug shortages and their correlation with the departure of pharmaceutical companies.

### RESEARCH OBJECTIVES:

To assess the impact of pharmaceutical companies exits on pharmacies in Nigeria.

To analyze the extent and nature of drug shortages resulting from the departure of pharmaceutical companies.

To understand how the scarcity of medications affects the health outcomes and well-being of patients.

To investigate the challenges faced by healthcare institutions in procuring necessary drugs after the exit of pharmaceutical companies.

### RESEARCH QUESTIONS:

- What are the direct consequences of pharmaceutical companies exiting the Nigerian market on the availability of medications?
- To what extent have drug shortages increased following the departure of pharmaceutical companies?
- How does the drug shortage impact the health outcomes and treatment of patients in Nigeria?
- What challenges do healthcare institutions face in procuring necessary medications after the exit of pharmaceutical companies?

### POPULATION OF STUDY

Using a survey, this research examined 50 pharmacies across the six geopolitical zones in Nigeria.



Key Takeaways:  
Solutions and Recommendations

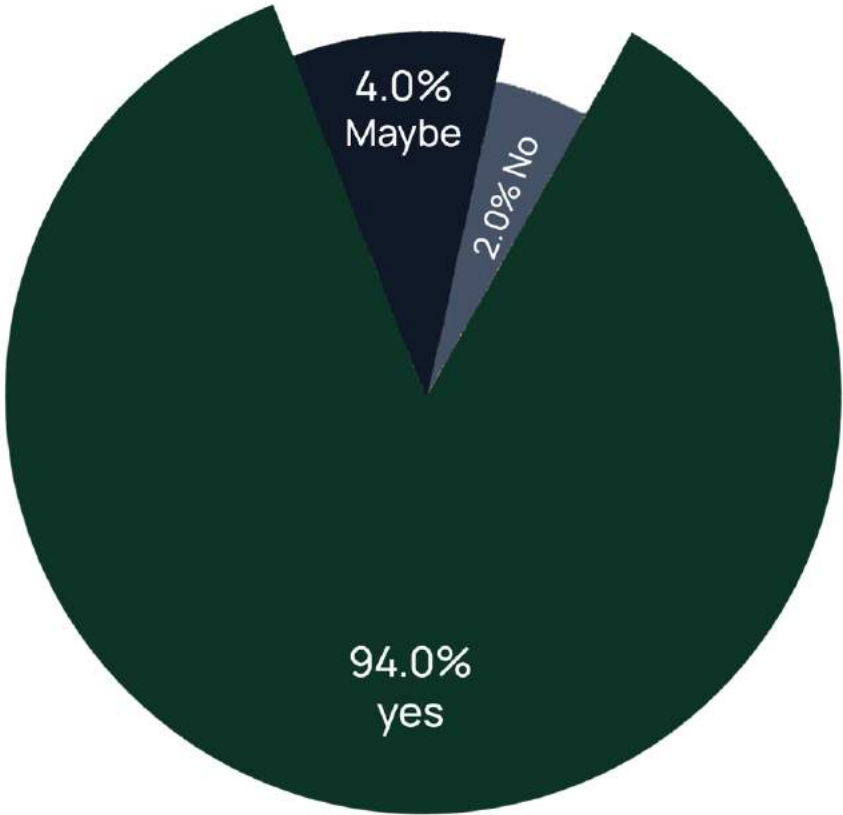
# 03 DATA ANALYSIS

This section analyzes data from two sources: in-depth interview with representatives from a leading Nigerian chain pharmacy and questionnaire surveys completed by 50 pharmacists, as well as questionnaire surveys conducted among 50 pharmacists across Nigeria. Our aim is to deeply understand the impact of pharmaceutical companies' withdrawal from Nigeria on drug shortages and its implications for patients and healthcare institutions.

Through this interview and questionnaire survey, we gain a broader perspective on the live experience of those directly affected by shortages as well as insights into the frontline repercussions of medication shortages. This includes understanding how shortages affect patient care, healthcare operations, and professional practices

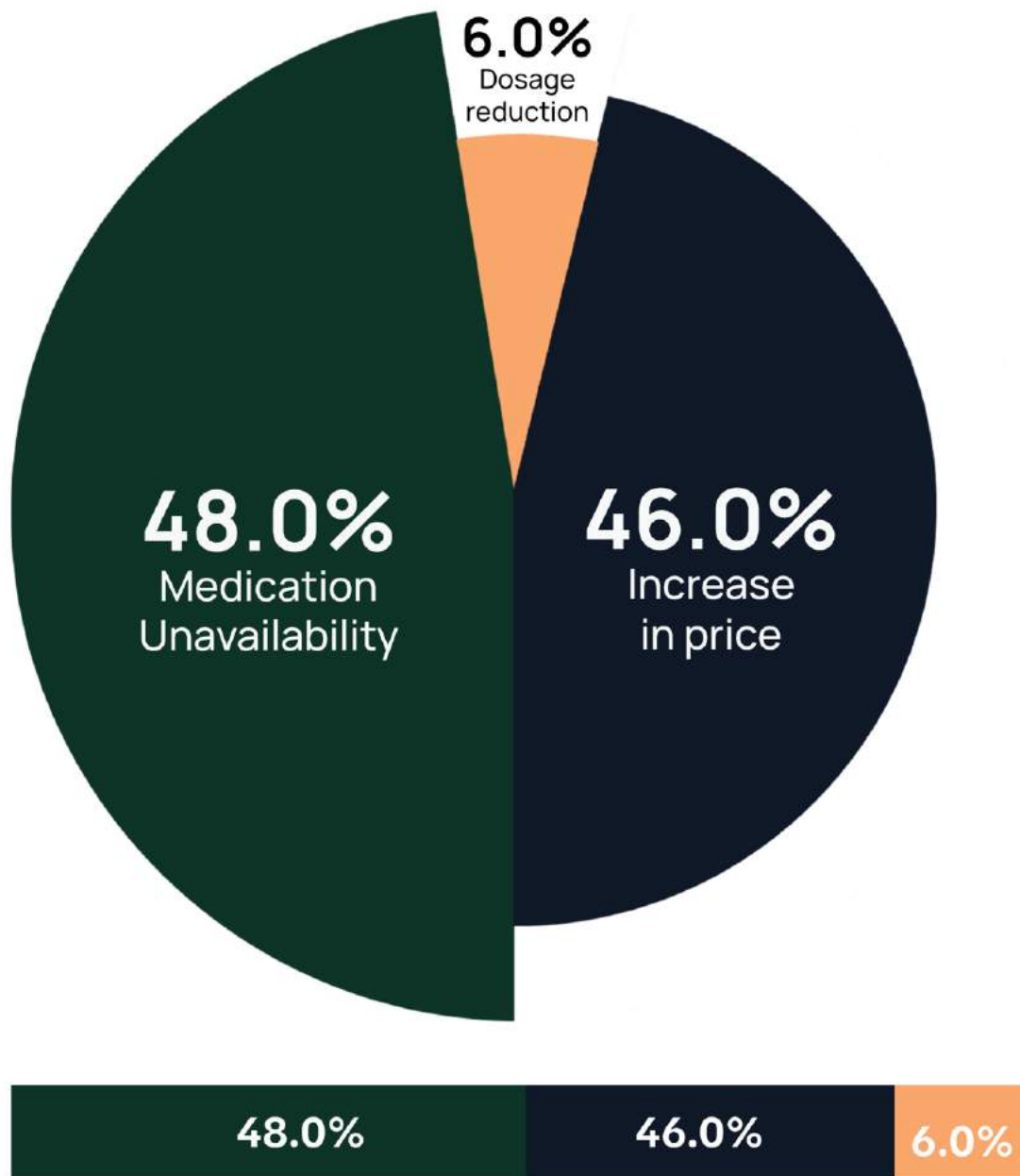
Our data analysis employs systematic methods to identify key themes, patterns, and trends in the dataset. We use both qualitative and quantitative techniques to ensure a comprehensive understanding of the research topic. Furthermore, cross-analysis techniques enable us to explore relationships between variables such as pharmacy location, medication pricing, and medication availability, offering deeper insights into the factors influencing shortages and their effects.

**Do you believe that drug shortage have had a direct impact on the health outcome on parents in Nigeria ?**



A staggering 94% of respondents believe that drug shortages resulting from the exit of top pharmaceutical companies have directly impacted the health outcomes of patients in Nigeria. This overwhelming consensus underscores the critical nature of the issue and its implications for patient well-being. The interview further corroborates this, with the Head of Pharmaceuticals at Nett Pharmacy describing situations where patients are unable to access vital medications, leading to dire consequences for their health.

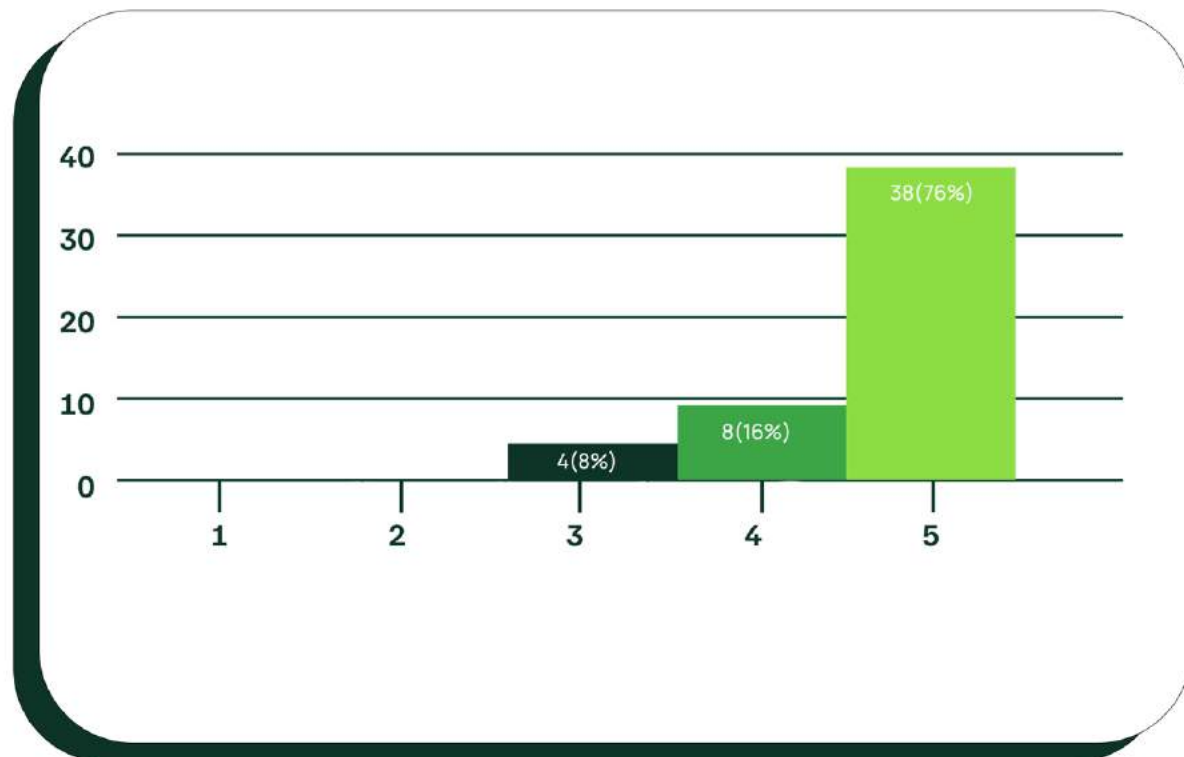
WHAT ARE SOME OF THE IMPACT OF PHARMACEUTICAL EXIT  
HAVE HAD ON CHRONIC MEDICATION ?



Regarding specific chronic medications, 48% of respondents cited medication unavailability as a major challenge, while 46% reported facing increased prices. Additionally, 6% mentioned having to contend with dosage reduction due to unavailability.

These challenges highlight the multifaceted nature of medication shortages and their adverse effects on patient access to essential treatments. The interview emphasizes the real-world impact of these challenges, with patients often unable to obtain critical medications despite extensive efforts by healthcare providers and pharmacists.

On a scale of 1-5, with one being the lowest and 5 being the highest; To what extent do you think the exit of pharmaceutical companies has influenced the affordability of medications for patients?



When asked about the extent pharmaceutical exit have had on the affordability of medication in Nigeria, **76%** of the respondents indicated that it has significantly affected medication availability, while **16%** reported a moderate impact. This data underscores the widespread perception among stakeholders regarding the adverse impact of pharmaceutical companies' withdrawal on medication affordability.

When asked to describe specific instances areas they have faced difficulties in obtaining medications after the exit of pharmaceutical companies, some of them had this to say:



Purchasing Seretide was very difficult to source for at a time and it was even more difficult watch patients suffer because they couldn't afford the next alternative (Symbicort)

Needed the branded augmentin for an indication, the price wasn't friendly

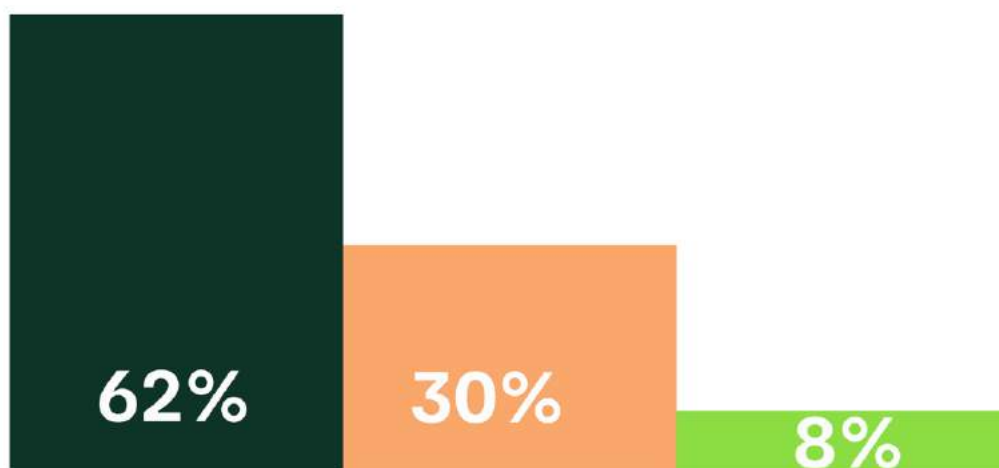
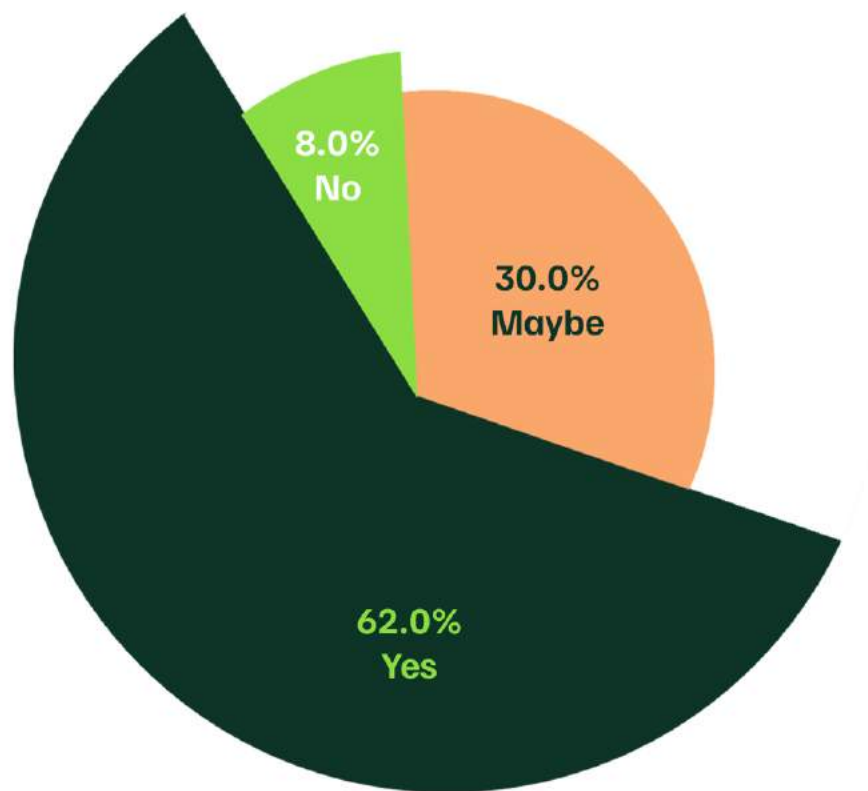


The Antibiotics Amoxicillin-clavulanic acid (Augmentin), was a drug I could easily purchase in the past but now the price hike has led to increased scarcity and production of fake drugs.

"I needed Augmentin 1g which was around 6500 naira before GSK left. After they left it became very scarce and the available ones were around 27,000 naira"

I wanted to obtain ventolin inhaler for an asthmatic patient but most of the pharmacy premises I went to didn't have and the one I saw was times five the price it was before

**Will increasing local pharmaceutical production be a viable solution to addressing drug shortages in the long term?**



Respondents overwhelmingly support the idea of increasing local pharmaceutical production as a viable solution to address drug shortages in the long run, with **62%** expressing this sentiment. This underscores the importance of enhancing domestic pharmaceutical manufacturing capabilities to mitigate reliance on imported medications and ensure a more resilient supply chain.

## KEY TAKEAWAYS

Pharmaceutical companies' withdrawal from Nigeria has resulted in significant drug shortages, impacting patients' access to essential medications and healthcare institutions' ability to provide adequate care.

Challenges faced by patients include medication unavailability, price increases, and dosage reductions, exacerbating health outcomes and increasing financial burden.



Healthcare institutions struggle to maintain quality care amidst medication shortages, leading to increased workload and compromised patient care.

There is consensus among stakeholders that increasing local pharmaceutical production could be a viable long-term solution to address drug shortages and enhance medication accessibility and affordability in Nigeria.

## SOLUTIONS AND RECOMMENDATIONS

### **ENHANCE LOCAL PHARMACEUTICAL PRODUCTION:**

Invest in infrastructure and regulatory frameworks to support the expansion of local pharmaceutical manufacturing capabilities, reducing reliance on imported medications and enhancing supply chain resilience.



### **REGULATORY OVERSIGHT:**

Strengthen regulatory oversight to monitor medication availability, enforce quality standards, and ensure equitable distribution of medications across regions.

### **PUBLIC-PRIVATE PARTNERSHIPS:**

Foster collaboration between government agencies, pharmaceutical companies, and healthcare providers to develop sustainable strategies for addressing drug shortages and improving healthcare delivery.

### **COMMUNITY ENGAGEMENT:**

Raise awareness among patients and healthcare professionals about the impact of pharmaceutical companies' withdrawal on medication access and advocate for policy reforms to address systemic challenges.

### **RESEARCH AND INNOVATION:**

Encourage research and innovation in healthcare delivery and pharmaceutical manufacturing to develop cost-effective solutions for addressing drug shortages and enhancing patient care.



## CONCLUSION:

In summation, the withdrawal of pharmaceutical companies from Nigeria has catalyzed a cascade of challenges, profoundly affecting drug availability, patient care, and healthcare institutions nationwide. The data gleaned from interviews with healthcare professionals, pharmacists, patients, and pharmacy owners paints a stark picture of the tangible consequences of this withdrawal. Drug shortages, exacerbated by the exit of major pharmaceutical players, have created a ripple effect across the healthcare landscape, straining resources, compromising patient outcomes, and amplifying economic burdens.

The findings underscore the urgent imperative for multifaceted interventions to mitigate the impact of pharmaceutical companies' withdrawal. Firstly, enhancing local pharmaceutical production emerges as a central pillar in bolstering Nigeria's healthcare resilience. By investing in domestic manufacturing capabilities and fostering innovation, Nigeria can diminish reliance on imported medications, fortify supply chains, and ensure a steady stream of essential drugs. This not only alleviates the vulnerability to external market dynamics but also catalyzes economic growth and job creation within the pharmaceutical sector.

Furthermore, robust regulatory oversight is paramount to safeguarding medication quality, accessibility, and affordability. Strengthening regulatory frameworks will bolster monitoring mechanisms, enforce stringent quality standards, and enhance transparency in pharmaceutical operations. Collaborative initiatives between public and private sectors, underpinned by effective regulatory governance, can engender sustainable solutions to address drug shortages, foster equitable distribution, and optimize healthcare delivery. Additionally, community engagement efforts should prioritize raising awareness, empowering patients, and mobilizing grassroots advocacy to galvanize support for policy reforms and foster a culture of health literacy and proactive healthcare-seeking behaviors.

In essence, the path forward demands concerted efforts, bold initiatives, and unwavering commitment from stakeholders across sectors. By harnessing the collective expertise, resources, and resolve of government agencies, pharmaceutical firms, healthcare providers, and civil society, Nigeria can transcend the challenges posed by pharmaceutical companies' withdrawal and chart a course towards a resilient, inclusive, and sustainable healthcare system. It is through collaborative action, guided by evidence-based strategies and grounded in a shared commitment to health equity, that Nigeria can navigate the complexities of the pharmaceutical landscape and ensure that no patient is left behind in their pursuit of optimal health and well-being.



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