



Overview of New ACT Pricing for CHAI Procurement Consortium

On July 17, 2008, President Clinton announced that the Clinton Foundation HIV/AIDS Initiative (CHAI) had reached agreements with six suppliers to stabilize and reduce the price of the leading treatment of malaria, artemisinin-based combination therapies, called “ACTs”. These agreements take effect immediately and the prices offered by suppliers are available to countries in CHAI’s Procurement Consortium.

What is the impact of the agreements reached by CHAI?

The agreements have the most immediate impact on countries by establishing ceilings for the prices of two key ACTs, (1) artemether–lumefantrine (AL) and (2) artesunate + amodiaquine (AS+AQ), by the manufacturers Ipca Laboratories Ltd and Cipla. These ceiling prices, shown below, represent a more than 30% reduction in the price of AS+AQ and the same prices offered by Novartis for AL.

<u>Artesunate-amodiaquine co-blister</u>		<u>Artemether-lumefantrine</u>	
<u>Pack size</u>	<u>Price per pack (US\$)</u>	<u>Pack size</u>	<u>Price per pack (US\$)</u>
3x3	0.24	6x1	0.37
6x6	0.42	6x2	0.74
12x12	0.78	6x3	1.11
		6x4	1.40

These agreements also set a price ceiling for the key raw ingredient of ACTs, called artemisinin. This price agreement will help to ensure that the price of ACTs does not increase in the future and that supply is sufficient to meet the growing future demand globally.

The prices of AS+AQ and AL listed above are tied to the current price ceiling for artemisinin. Since the actual price of artemisinin today is below the ceiling set by CHAI, the prices that countries can procure AS+AQ and AL from Ipca and Cipla will be even lower than what is stated in the table above.

Countries should contact CHAI (procurement@clintonfoundation.org) for information about short-term pricing or to verify price quotes or bids in tenders.

How can countries benefit and gain access to the prices agreed by CHAI?

To access the terms of these agreements, a country must be a member of CHAI’s Procurement Consortium and have signed a memorandum of understanding that encompasses malaria as well as HIV/AIDS. Countries should reference their status as consortium member when issuing tenders for relevant ACT formulations and notify CHAI if they are offered a price above the agreed ceiling by one of the partner suppliers.

To learn more about joining the Procurement Consortium, please email procurement@clintonfoundation.org.

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How will these agreements benefit countries other than through reduced prices?

- Suppliers that have signed these agreements have also agreed to meet certain minimum requirements for packaging, and to further improve packaging based on evidence generated from CHAI-sponsored studies. Improved packaging will ensure greater levels of patient comprehension and adherence.
- Suppliers have also agreed not to sell oral artemisinin monotherapies, except for purposes of co-administration or co-packaging by widely recognized public health organizations. Artemisinin monotherapies have been banned by the WHO since they may induce or accelerate the development of resistance to artemisinin-based drugs.
- Suppliers have agreed to source artemisinin using standards intended to reduce the variation of artemisinin quality and thereby reduce volatility while also sharing data with CHAI to help monitor demand and develop more accurate global forecasts of demand to reduce the likelihood of shortages and excessive overproduction that would (and has) led to unused drugs.

How else can CHAI support countries in expanding access to ACTs?

CHAI is committed to providing malaria endemic countries with core management support for scaling-up access to ACTs. To date, it has provided detailed assistance to several countries in designing and implementing new models for distributing ACTs at subsidized prices through the private sector. It is also working with partners to develop tools to help countries improve the quantification of ACT needs and more accurately place orders. Countries interested in exploring support of this kind from CHAI should email malaria@clintonfoundation.org.