



ARTICLE

South Africa To Create A Fund To Protect Pharmaceutical Companies From Covid- 19 Vaccine Liabilities

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Key View

- Creation of the Covid-19 Vaccine Injury No-Fault Compensation Scheme will make South Africa a more attractive destination for vaccine deals.
- South Africa's vaccine rollout continues to be met with challenges.
- The country's mass inoculation scheme remains in line with our three-speed vaccine rollout scenario.

On April 15 2021, South Africa published draft regulations to establish a new fund that will protect pharmaceutical companies from all liability arising from the use of coronavirus vaccines, addressing a key demand made by Covid-19 vaccine suppliers. The regulations are outlined in the Covid-19 Vaccine Injury No-Fault Compensation Scheme, published by the Department of Health. The scheme proposes the establishment of a panel led by a retired judge and other experts to adjudicate vaccine-related claims. The finance minister

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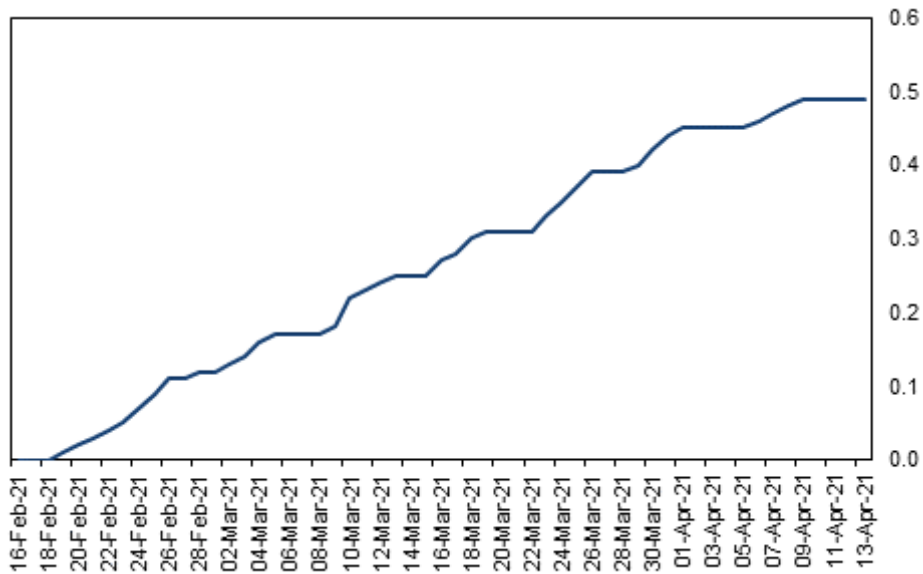
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will issue regulations setting out how much compensation will be paid. Claims may not be filed in court until they have been processed by the panel, however, its rulings may be appealed.

South Africa's vaccine rollout continues to be met with challenges. South Africa has more than 1.5 million confirmed cases of Covid-19, including at least 53,000 deaths, representing more than 30.0% of all the confirmed cases in Sub Saharan Africa (SSA). The country has ordered 30.0mn doses of the **Johnson & Johnson (J&J)** vaccine as well as 30.0mn doses of the **Pfizer** vaccine. So far, it has only inoculated 290,00 health care workers, all with the J&J vaccine. However, in early April, South Africa suspended the use of the J&J vaccine due to preliminary [reports of rare blood clots](#) despite no cases of blood clots reported in the country. It is likely that South African health officials will be able to resume use of the J&J vaccines soon, however, an exact date has not been set. A disruption in the mass inoculation plan could contribute to vaccine hesitancy. Any potential problems with the J&J vaccine could affect all of SSA, as the African Union [recently secured orders for 220.0mn](#) doses of the vaccine to be used across the region.

Vaccine Rollout Remains Slow

South Africa - Covid-19 Vaccinations Administered Per 100



Source: Ourworldindata.org, Fitch Solutions

The country also previously changed vaccine strategy in February 2021, stopping its plans to give the **AstraZeneca** vaccine to its health care workers because a small, preliminary test showed that it gave minimal protection against mild to moderate cases of Covid-19 caused by the variant dominant in South Africa, B.1.351. Instead, South Africa pivoted to the use of the J&J vaccine. The country had already participated in an international clinical trial of the vaccine without any problems and has been found to have good efficacy against the B.1.351 variant dominant in South Africa.

Creation of the fund will help to speed up vaccine acquisitions.

South Africa’s plans to begin large-

scale vaccinations next month are dependent upon deliveries of millions of doses of the J&J and the Pfizer-BioNTech vaccines. The government has said it expects to vaccinate 40mn of the nation's 60mn people by February 2022, this is in line with our [three-speed vaccine rollout scenario](#) which sees priority groups vaccinated by September 2021. However, there have been delays in confirming acquisition deals. According to Health Minister Zweli Mkhize, the delays were partly attributable to manufacturers making 'unreasonable demands' on the government to ensure their interests were safeguarded. For example, Pfizer initially wanted 'sole discretion to determine additional terms and guarantees for the country to fulfil indemnity obligations'. Secondly, J&J is waiting for a letter from the trade minister expressing support for its investment in local pharmaceutical company **Aspen**, which will be making J&J doses under licence. South Africa's creation of the no-fault compensation fund is in response to these claims in order to indemnify the manufacturers against third-party claims. This move will help to make South Africa an attractive destination for international Covid-19 vaccine manufacturers.

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South Africa Coronavirus

