



WTO Aid for Trade Stocktaking Event

Zambia-UNIDO Webinar Session “Mobilizing resources to build resilient local pharmaceutical manufacturing industries in Developing Countries - Challenges and Opportunities”

23 March, 9:30-11:00 CET

Full event programme: https://www.wto.org/english/tratop_e/devel_e/a4t_e/gr21_e/gr21_e.htm

Concept Note

Introduction

Less than a year after the pandemic was declared, new COVID19 vaccines provide a chance of ending the crisis that has so far cost at least 2.5 million lives worldwide (WHO, 2021). The future progression of the pandemic remains uncertain, and relief at the remarkable speed at which new vaccines have been developed is tempered by the delays that are being seen in the global roll-out. This is in part due to the limitations in manufacturing capacity for the vaccines. Despite the unprecedented COVAX initiative and developed countries redirecting surplus supplies, large scale-vaccination coverage in the developing world may well lag behind the developed world (EIU, 2020).

Furthermore, the pandemic has caused industrial shutdowns, disruption to global trade, and has led to export bans for some priority products including medicines and vaccines. These shocks to supply chains have resulted in shortages of essential medicines in many developing parts of the world. For example, WHO reported that in July 2020 73 countries were at risk of stock-out for first line anti-retroviral (ARV) therapy for HIV. 24 of these countries (representing 33% of patients on ARVs globally) were critically low or experiencing a disruption in supply of these products (UNICEF, 2020).

Essential medicine and vaccine supply chain challenges in Africa

Africa bears a disproportionate burden of disease, and imports between 70-90% of its essential medicine needs (McKinsey and Company, 2019). Virtually all active pharmaceutical ingredients (APIs) and other inputs used in the local production of finished formulations are imported. Hence, many countries in the region have been particularly vulnerable to shocks to global value chains for medicines.

No large-scale manufacturing of COVID19 vaccines currently occurs in Africa but imported vaccines have begun to arrive. The first 600,000 doses of Astra Zeneca’s vaccine, manufactured under license by Serum Institute of India, were delivered to Ghana on 24 February (WHO, 2021). Current projections suggest that the efforts of the African Union’s vaccine acquisition task force and COVAX could see 670 million doses delivered to Africa in 2021 (WHO, 2021). However, this is far short of the roughly 1.5

billion doses needed to achieve 60% coverage, the minimum expected requirement for herd immunity (Nkengasong, 2020).

Strengthening pharmaceutical industry capacity in Africa

Increased security of supply in essential medicines and vaccines could be facilitated through strengthening the pharmaceutical industry and building regional value chains. African leaders have already identified the strategic imperative of developing the pharmaceutical sector on the continent. At the African Union Summit in Accra in 2007 the African Union Heads of State and Government endorsed the Pharmaceutical Manufacturing Plan for Africa (PMPA) (AUDA-NEPAD, 2020). Regional Economic Communities (RECs) including the Economic Community of West African States (ECOWAS) and the East African Community (EAC) are implementing strategies to support the development of the industry, and it is a priority sector for many countries including Algeria, Cote D'Ivoire, Ethiopia, Ghana, Kenya, Nigeria, Senegal, Zambia and others.

Strengthening the industry so that it can be a reliable source of safe, effective, quality essential medicines and vaccines is a complex task that requires systemic change. Regulatory oversight, access to affordable finance, defragmented markets, time limited incentives and access to technology are some of the key issues to address.

Significant progress has been made since the Accra Summit. For example, the African Medicines Regulatory Harmonisation initiative (AMRH) has escorted regulatory capacity building and closer cooperation within the RECs. The advent of the African Medicines Agency (AMA) and the African Continental Free Trade Area (AfCFTA) will provide further foundations on which the industry can develop. However, the high cost of capital, a lack of policy coherence and incentives, and a market context where investment in technology and quality does not necessarily equate to commercial success continue to hamper the industry's development.

The PMPA Business Plan identifies the need to strengthen and expand vaccine manufacturing in Africa (AUC, 2012). The 2017 Vaccine Manufacturing and Procurement in Africa study (VMPA) conducted by the African Vaccine Manufacturers Initiative (AVMI), UNIDO and WHO found that there were only eight active vaccine manufacturing facilities in Africa. Only two of these facilities were producing bulk active and only one was producing a WHO prequalified vaccine (AVMI, 2017). A recent McKinsey study sponsored by the United Kingdom has laid out the technical and economic complexities in expanding vaccine manufacturing capacity in Africa but points to the substantial benefits that would be realised (McKinsey and Company, 2021).

International Assistance

African development agencies and representative institutions are leading efforts to support the continent's pharmaceutical sector, and the international community has provided support to these endeavours. The African Union Development Agency (AUDA) is a main partner in the AMRH along with WHO, The World Bank and The Bill and Melinda Gates Foundation. Germany has invested in a number of technical assistance and capacity building initiatives such as funding much of UNIDO's long-standing engagement for the agenda including its support for implementing the PMPA, as well as UNCTAD's work on policy coherence for the sector. WHO has provided direct technical and policy support to governments and the industry. UNAIDS has been a strong advocate for local production and for example supported the West African Health Organisation (WAHO) in the development of the ECOWAS Regional Pharmaceutical Plan (WAHO, 2014). WAHO is leading the application of the AMRH in West Africa and has engaged UNIDO as a technical partner for its programme to support development of the region's pharmaceutical industry. The Global Fund has identified the need to support the industry and is implementing a strategy that includes increased procurement from African manufacturers (The

Global Fund, 2017). The United States Pharmacopeia (USP) with funding from USAID is a significant provider of technical assistance and capacity building support through its Promoting the Quality of Medicine programme (PQM) (USP, 2021). The European Investment Bank (EIB) has launched a new \$50m facility targeted at supporting investments in API production capacity (EIB, 2020).

Hence, there has been significant international involvement in this agenda but increased and sustained funding would enable more impactful progress to be made. In the light of the COVID19 pandemic, should the international community increase its support to strengthening Africa's pharmaceutical manufacturing capacity? How can progress to date be built on and greater resilience of medicine supply chains achieved? How can the cost of capital be made more affordable for pharmaceutical investments? How can voluntary licences and technology transfer to Africa be facilitated? How can donors, multilateral agencies, development finance institutions and others contribute to accelerated progress?

The panel

H.E. Mrs. Martha Lungu MWITUMWA, Ambassador, Permanent Representative of Zambia to UNIDO and to the UN and other International Organizations in Geneva will moderate the session with the following panelists:

Dr Günter Nooke – Personal Representative of the German Chancellor for Africa (TBC)

Prof Stanley Okolo – Director General, West African Health Organisation

Prof Christianah Mojisola Adeyeye – Director General, NAFDAC, Nigeria

Dr Adbu Muktar – Director for Industrial and Trade Development, AfDB

Dr Bernardo Calzadilla-Sarmiento – Managing Director, UNIDO

The session will consider issues, including:

- Challenges hampering progression of the pharmaceutical industry in Africa;
- Opportunities for accelerated industrial development of the pharmaceutical sector to i.a. better prepare the continent for future pandemics and crises;
- Voluntary licensing and technology transfer as a means to increase access to innovative medicines and vaccines;
- Targeted official development assistance and other official flows to accelerate transformational change of the pharmaceutical sector;
- The role that the international pharmaceutical industry could play in supporting the development of the sector in Africa.

Finally, the panel will consider how international interest in pharmaceutical industry development in Africa can be harnessed to build and sustain momentum for the long-term benefit of all.

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