

Localization of manufacturing of health products in developing countries

Chairs' Summary (IFC/WHO) - April 24, 2024

IFC & WHO dialogue with manufacturers and key health stakeholders.

During the **World Bank Group Spring Meetings 2024**, IFC and WHO co-organized a private Roundtable for health product manufacturers, policymakers, international organizations and multilateral finance institutions. The Roundtable built on previous partnership engagements with manufacturers co-facilitated by IFC and WHO in the Hague during the 2nd World Local Production Forum (November 2023) and Nairobi during the Africa Vaccine Manufacturing Supply Chain Forum (February 2024), both focused on strengthening local manufacturing of health products.

Below are highlights - in the form of a summary from the Chairs (IFC and WHO) - of actions required to further predictability and visibility around the global challenges of localizing manufacturing of health products in developing countries. The on-going dialogue serves to **engage with stakeholders to inform their strategic planning for local, including regional, manufacturing of health products.**

This Roundtable builds on the recognition that strong collaboration at all levels is needed to build more resilient health systems and strong local supply chains, especially for the vulnerable during times of crisis. Another key observation is that **no single model will work for local manufacturing in every country, region or market.** Approaches must be country and region specific and tailored to specific contexts. The same fundamental principle will always apply - solutions need to draw on the strengths of different partners and strong partnerships in the health ecosystem. Continued action-oriented dialogue is essential for success - and it is vital to focus on the multifaceted aspects of solutions required to ensure sustainability that can build stronger preparedness for next pandemics.

Several key elements have been identified (see below) during the discussions in the Hague, Nairobi and Washington DC that can constitute the foundation for action from public and private sector stakeholders **to enhance Local Manufacturing of Health Products** targeted at contributing to building resilience in managing future health crises. The identified key elements recognize the need for adjusting and scaling action comprehensively for all actors on an ongoing basis.

Actions required to facilitate private sector investment and solutions, include:

- **Ensuring a conducive ecosystem and a strong regulatory framework:** establishing a conducive ecosystem and a clear and efficient regulatory framework are essential for local manufacturing. A holistic approach is required to address the ecosystem in which

manufacturing projects are embedded: quality, a strong regulatory system, intellectual property rights, access to health data, local content in tenders etc. International organizations can share best in class practice practices and provide support to governments in their road towards adaptation, while facilitating the dialogues with private sector to ensure alignment.

- **Enhancing capacity building and human capital development:** Knowledge is key when building capacities and new skills. International organizations can provide firsthand visibility on markets, trends, and weak links, through mapping and knowledge sharing. These efforts should inform the capacity building by UN agencies, international organizations, public and private stakeholders. Specialized technical assistance can be provided to manufacturers to build capacity to absorb technologies and comply with national and international regulatory standards. International organizations can also support human resources initiatives, public or private, to address the capabilities and capacities in the regions. The qualified human resources will ensure proper compliance with regulatory and quality best standards. Capacity building with strong commitments to ethics, integrity and compliance are key for success.
- **Ensuring a supportive infrastructure development:** Constant dialogue between stakeholders can inform Governments on the infrastructure requirements to create the supporting ecosystem, such as reliable power supply, logistics capacities and transportation networks. Private public partnership could alleviate the effort and ensure quicker take off.
- **Promoting regional integration and cooperation:** An effective Roadmap should build on the recognition that regional integration and cooperation through initiatives that facilitate trade, harmonize regulatory framework, pool demand, and create regional value chain will be a leeway to improving access to health products, and as such is a key enabler,
- **Facilitating R&D efforts:** Governments can incentivize collaboration between manufacturers, research institutions or universities and international actors. Such efforts can facilitate technology transfer, knowledge sharing and capacity building.
- **Improving access to financing:** Improved access to affordable capital, incentive schemes, and financial investments is required for scaling up of production capacities and capabilities, procurement, and the equitable distribution of medicines and other health technologies. Development Finance Institutions should continue to play a key role in financing innovative efforts in low-income settings.
- **De-risking markets:** Financial or tax incentives to attract local manufacturing is often an initial thought, but more effectively governments can also provide visibility on their procurement policies on a mid-term rolling-basis. That will inform the financial community on the long-term sustainability of the manufacturing project and therefore unlock appropriate financing that are required to support local manufacturing. In addition, appropriate guarantee mechanisms from Multilateral Development Banks and

Agencies can offer the private sector the risk-mitigation it requires to work in new environments and with the public sector.

- **Supporting country and regional engagements and strategies** which can lead to creation of centers of excellence that can attract human and investment capital through the concentration of resources. Many studies indicate that regional approaches can drive superior economic returns over national approaches, while ensuring health security within regions.
- **Fostering Partnerships.** In an effective Roadmap, a strong focus is required on promoting innovative partnerships and collaboration between public actors and private businesses, Development Finance Institutions, UN Agencies, Private Foundations, Academia and other stakeholders. Close collaboration and dialogue will make the sum larger than its parts and enhance development impact while avoiding potential adverse fragmentation and redundancies. It is key that partnerships consistently focus on what will be required to be better prepared for dealing with future pandemics.

With continued efforts in strengthening local production, all actors **need to stay engaged to build resilience to future pandemics and health crises.** In many countries and regions, not all elements are sufficiently present in their ecosystems. Regional production will only be viable if these gaps are closed.

Increased coordination and cooperation between stakeholders are key to success and development impact. Expected benefits depend on a strong governance among all stakeholders – and sustainable impact can only be achieved through strong governance, regulatory and quality compliance.