

**Global Public Health - High-Quality, Low-Cost Pharmaceutical  
Production in Developing Countries**

UNCTAD – WHO – UNIDO - ICTSD Ministerial Breakfast Roundtable at  
the  
ECOSOC High Level Segment

Geneva, 7 July 2009, 8:00 – 9:25 am  
Delegates' Dining Room, Palais des Nations

**Intellectual Property and Technology Transfer  
for the Local Production of Pharmaceuticals in the Developing World:  
What We Know and Don't Know**

Ambassador Fisseha Yimer, Permanent Representative of Ethiopia to  
the United Nations in Geneva

Excellencies,  
Distinguished participants,  
Ladies and gentlemen

It is a pleasure to take part in this ministerial roundtable on the challenges of building and enhancing local capacity in developing countries to produce low-cost and high quality pharmaceutical products. Allow me to thank the co-organisers, for providing what promises to be an excellent opportunity to reflect on such a timely and pertinent theme.

The issue we are addressing today is very complex and touches upon multifaceted issues such as trade, intellectual property, technological capacity, finance and human rights. It is important to underline the links of a rather specific sector with broad policy aims and social objectives, and in the context of achieving the millennium development goals.

The severity of the problem is compounded by the disease burden of least developed countries such as Ethiopia and the lack of investment on the development of diagnostic tools and medicine on diseases that disproportionately affect the developing world. In recent years, the world has slowly awakened to this challenge. We welcome the World Health Organisation's global strategy and plan of action on public health, innovation and intellectual property. The increased availability of resources to support

efforts of countries on the treatment of people with HIV/AIDS is also noticeable. In Ethiopia now, we have more than 150, 000 people on ARV drugs, a dramatic leap in numbers from where they were just few years ago. In the long run, this can only be sustainable if medicines start being produced at affordable prices locally.

Currently in Ethiopia, there is a heavy reliance on import for the supply of medicine. Until 2005 local pharmaceutical manufacturers had a very difficult time. Since then two new factories have opened. Currently there are seven private and one state owned companies in Ethiopia producing medicines for human use. One private company and one state owned company produces veterinary medicines. The share of local producers supplying the local market for pharmaceuticals has grown from 15 per cent in 2005 to around 25 percent. In the private sector, there is a high share of foreign direct investments and joint ventures between local and foreign companies.

These developments are due to the holistic and development oriented policy advanced by the government in spurring local development and manufacturing of medicines. As part of its national reform programme, the Government of Ethiopia has embarked upon an important health sector reform. The reform includes, among others: health infrastructure expansion and rehabilitation, financial resource mobilization, research and technology transfer, and pharmaceutical fund and supply management.

The implementation of the Pharmaceutical Fund and Supply Management process, aims to ensure the availability of quality drugs as well as the local production of various medicine and vaccines. The government has also identified the sector as a priority for attracting foreign investment. It attaches significant importance to upgrading the capacity for research and technology transfer.

The local manufacturing of pharmaceuticals faces numerous challenges in Ethiopia. There is a marked reliance on imports of raw material which leads to high cost of production of final products. Almost all local production of medicine in Ethiopia is limited to secondary manufacturing- that involves combination of various active ingredients, and processing of bulk medicines into dosage forms using imported materials. On top of that the acquisition and absorption of pharmaceutical technology is costly and requires a long period of time for effective adaptation. The production of 'essential medicines' is limited to treatment of malaria. There is, however, a good chance to producing ARVs in Ethiopia.

This picture is true for much of the rest of the African region. Ethiopia is an active participant within the African Union to design continent-wide policies and strategies to address this challenge. Regional bio-equivalence center is planned in Addis through regional cooperation. It also enjoys wide range of support from its development partners to ensuring access to medicine and health services.

In May of this year, the Sino-Ethiopian Associate private limited company, established by Chinese and Ethiopian investors received official international Good Manufacturing Practices (GMP) certification. This achievement of one joint venture can tell us a lot. The company received the certification following technical support from the Engineering Capacity Building Programme of the government of Ethiopia with the support of the German government. As part of this activity, a number of German senior experts in the field provided on the job training and consultation to the local company to upgrade its standards. This kind of collaboration involving investors of developing countries and technical expertise and support by advanced nations should be taken as one workable model to advance local manufacturing of pharmaceuticals in poor countries. Ethiopia can benefit a lot from further assistance for technological upgrading and local manufacturing of pharmaceuticals. This year we expect another two-to-three companies to be inspected and have a good chance to get certified as GMP compliant.

In conclusion, I should note that this is not a problem to be addressed solely by governments and multilateral institutions. It requires a concerted effort which involves the private sector, both at the national and international level, as a critical partner in these initiatives.

Thank you.