



# TRIANGULATE HEALTH

SCIENCE • POLICY • ECONOMICS

## **Strengthening Africa's pharmaceutical industry – new opportunities to meet the continent's objectives**

An article written by Alastair West, in collaboration with Triangulate Health

Date: 30<sup>th</sup> July 2025

# Strengthening Africa's pharmaceutical industry: key considerations

## 1. Context: Renewed momentum meets changing global dynamics

The COVID-19 crisis prompted many development partners to prioritise strengthening Africa's pharmaceutical industry. However, this renewed attention has emerged alongside major shifts in global development cooperation, including a significant reduction in aid budgets. These changes raise questions about how the sector can move forward sustainably, particularly when the conditions for long-term development — such as for vaccine manufacturing — remain underdeveloped despite numerous studies, meetings, and reports.

## 2. Why it matters: public health and socio-economic development

A robust African pharmaceutical industry is not only central to improving public health outcomes but also represents a strategic driver of broader socio-economic development. Beyond healthcare, the sector intersects with industrial policy and international trade, offering opportunities for inclusive growth, job creation, and economic resilience.

## 3. Foundations and opportunities for action

At the regional level, initiatives such as the African Medicines Regulatory Harmonisation (AMRH) and efforts by Regional Economic Communities (RECs) have laid important groundwork. Yet, to fully realise potential, bottom-up structuring of regional markets is essential.

## 4. Navigating complexity: tools for smart policy and investment

The complexity of the pharmaceutical landscape — with its varied sectors, overlapping mandates, and evolving political economy — demands new tools:

- Economic analysis to quantify the benefits of different development pathways.
- Information systems and intelligence platforms to clarify trade-offs and guide strategy.
- And critical policy questions, such as:
  - What will the reduction in aid budgets mean for health product markets?
  - Where are the points of synergy across pharma subsectors?
  - How can market structures balance coordination with adaptability?

## 5. Political will and policy coherence as catalysts

Ultimately, developing Africa's pharmaceutical sector is a political undertaking. It requires coordination across many actors — donors, governments, private sector, civil society —



and whole-of-government approaches at the national level. With the right incentives and governance, domestic resources and intra-African collaboration could increasingly drive the sector's growth.

## **Introduction – a post pandemic priority subject to major recent changes in development**

The importance of strengthening Africa's pharmaceutical industry was highlighted during the pandemic and vaccine inequity and constrained supply of essential health products has driven interest in the sector. The COVID19 crisis saw many development partners prioritise the pharma agenda, and over the last five years it has been the subject of many meetings, studies and reports.

There have been major recent changes in the world of development cooperation. It has seen the pandemic treaty successfully agreed (WHO, 2025); the start of the Trump administration and dramatic changes to the USA's approach to development (CGD, 2025); and aid budgets being cut by industrialised countries including the UK, Germany, Canada and France (CNN, 2025). The focus of the development industry has shifted towards internal matters and the restructuring required as result of these changes. Geneva based bureaucracies have had to make major adjustments (Health Policy Watch, 2025), and the pressures faced by the international pharmaceutical industry has shifted towards delivering value for money in developed markets (BBC, 2025).

Given these changes, what is the future for Africa's pharmaceutical industry and does strengthening it still make sense? How can industrial development be realised when development cooperation resources are under so much pressure and the international political emphasis is on matters that are much closer to home?

## **Strengthening Africa's pharma industry – an objective that continues to make sense**

There is no doubt that a strong pharmaceutical industry in Africa can deliver many important benefits for the continent (IFC, 2021) (UNCTAD, 2025). It can lead to improved pandemic preparedness, accelerate access to health innovation and reduce the prevalence of sub-standard and falsified medicines. It can also deliver broader economic development benefits through, inter alia, high value job creation and import substitution.

A number of recent developments bode well for the continent's industry including the appointment of Dr. Delese Mimi Darko as Director General of the African Medicines Agency (AMA). Africa CDC continues to lead the Platform for Harmonised African Health Product Manufacturing (PHAHM) (Health Times, 2023), and integration of the pharmaceutical sector into the Africa Continental Free Trade Area (AfCFTA) is ongoing (AfCFTA, 2025).

Furthermore, the reduction in aid budgets and the immediate impact on access and availability of medicines is highlighting the importance of Africa achieving strategic



autonomy in the supply of essential health products. But what can be done given the new international context and how can the industry be developed despite the reduction in resources available for development cooperation?

## **Pharmaceutical industry development – a complex agenda that has yet to be realised**

Recent unpublished research suggests that despite the interest of development partners over the last five years, the conditions for the development of vaccine manufacturing in Africa have yet to be realised (West, 2025). For example, since the height of the pandemic Development Finance Institutions (DFIs) have been actively looking for viable investment opportunities. There are at least twenty five new vaccine manufacturing initiatives across fourteen AU Member States, yet DFI investments have been limited to a handful of deals with a few established manufacturers (DFC, 2021) (IFC, 2024). The research has revealed that one of the challenges standing in the way of more DFI investments in the sector is the lack of technology transfer agreements that have been put in place. As one participant put it, *‘with tech transfer in place there is a viable investment, until there is such an agreement there is no investment’*.

Amongst development partners there has been a lot of discussion on developing Africa’s vaccine manufacturing capabilities, so why aren’t there more opportunities for technology transfer and why has progress been so limited? What initiatives would create the context in which African vaccine manufacturers can access more deals and what about the broader pharmaceutical industry?

Development of the broader pharmaceutical industry faces different issues compared to vaccine manufacturing given the size of investments which tend to be an order of magnitude smaller, where product portfolios tend to be much more extensive, and where technology transfer is a less pivotal issue. The continent also has a stronger history in pharmaceutical manufacturing with at least 600 manufacturers in Africa. As with vaccines, access to affordable investment is one of the main barriers to progress. What can be done to enable manufacturers to mobilise funding where investments fall below DFI thresholds? What other sources of finance can be mobilised? How can the market be structured to support investment in the pharma sector? What else is required to promote the international quality standards and the sustainable development of the industry?

## **Trade, quality and regulatory harmonisation – structuring regional and national markets**

Recent developments have shocked the world of development cooperation, but they could also allow African stakeholders to focus on what is required for development of the continent’s pharma industry. The agenda transcends public health, industrial development and international trade, and future success will be achieved through collaboration amongst AU Member States. There are already REC level industrial development strategies (East African Community, 2019), and the AMRH has made huge strides towards regulatory





harmonisation (AMRH, 2025). How can these be built on to create a defragmented regional market based on mutual self-interest of a diverse range of countries?

At the national level there is a need for many stakeholders to buy-in. Industrial policy, national procurement, essential medicines lists, trading relations and regulatory oversight all need to be aligned towards development of the sector. Ministries of Health, Finance, Trade, Industry, Foreign Affairs, and Justice as well as NMRAs, National Revenue Authorities and Investment Promotion Agencies need to be engaged. What value can this broad range of stakeholders realise? Can locally manufactured products compete with imports? Can a premium price for locally produced medicines be justified? as part of the health budget? How can national industries compete in the regional market and what incentives can be funded from other government budgets? What is the appropriate balance between harnessing market forces versus a more prescriptive 'market shaping' approach?

## **Economic analysis – integrating public health and industrial development domains**

The new reality facing development cooperation and the complexity of the challenge require that received wisdom is tailored for the African context. When considering the cost/benefit relationship for development of the pharmaceutical industry, the broader economic benefits need to be quantified and taken into account. When considering industry competitiveness the issue of economies of scale needs to be considered alongside the issues of economies of scope and of capacity utilisation (BDO Kroll, 2023) (UNIZIMA, 2023) (Chaudhuri, 2014). Detailed economic analysis is required to ensure that the differences between industry sectors are properly considered. Within the same sector there is also the need to consider product specific issues and how these vary at different stages in the product lifecycle.

In industrialised countries a range of economic analysis tools have been developed to inform decision making within the healthcare sector and these can be modified to consider health and pharma industry development in the African context. For example, value-based procurement of medicines is increasingly taking a range of issues into account. Health Technology Assessments (HTA) routinely consider burden of disease and end-of-life care, along with broader value domains such as scientific spill-over and productivity. Such tools could be modified to reflect the African context and include government priorities such as supply chain stability, reduced import reliance and stimulation of national economies.

## **Informed decision making – new information solutions required**

Strengthening Africa's pharmaceutical industry is an agenda that requires information solutions to support stakeholders to determine how to move forward. Some of the key strategic questions that need to be answered include:

1. What impact will the reduction in development assistance budgets have on health product markets? How can this sudden change be turned into an opportunity for African stakeholders?



2. What should be included in national strategies and how can local stakeholders be brought together? How can different national strategies be integrated as part of a regional approach?
3. How do the issues faced by the different sectors of the pharma industry vary and where are the opportunities for symbiosis? What are the implications for policy and for applying a strategic approach to pharmaceutical industry strengthening?
4. How can international standards be encouraged in the broader pharma space? How can the market be structured to support industry to meet these and what returns does industry need to believe in to justify the requisite investments?
5. How can companies navigate the many different procurement and reimbursement systems, and what insights do private sector investors need to inform their decisions?
6. What do national value assessments that accommodate local manufacturing look like – which value domains are appropriate and how can they be quantified? How can these reflect opportunities within the regional market and include procurement from manufacturers in partner countries?

## **Conclusion – bottom-up structuring of the market the way to go**

Developing the pharmaceutical industry in Africa is first and foremost a political challenge given the many different stakeholders involved and a revised political vision is required to guide the development of the industry. Further to that, strengthening Africa's pharmaceutical industry makes even more sense in light of recent changes in development cooperation which have underscored the need for Africa to reach strategic autonomy in supply of priority health products.

Locally owned initiatives can promote collaboration amongst many different stakeholders at national and regional levels. Economic analysis can provide important insights towards sustainable development of the industry and its contribution to improved public health and can also help the private sector adjust to this new reality.

Sustainable development of the pharma industry will benefit from the recent appointment of a highly respected DG at AMA and ongoing integration of the pharma sector under the AFCFTA. All-of-government initiatives at the national level and collaboration at the REC level can see local budgets drive industrial development of the pharma sector. Within this revised context, progress will benefit from a bottom-up approach to structuring the market, and new information solutions are required to help resolve the complex challenges involved.



## References

- AfCFTA. (2025, May ). *In Africa's free trade area, investment in pharmaceuticals means impact and profit*. Retrieved from <https://au-afcfta.org/2023/04/in-africas-free-trade-area-investment-in-pharmaceuticals-means-impact-and-profit/>
- AMRH. (2025). Retrieved from AMRH: <https://amrh.nepad.org/>
- BBC. (2025, May). *Trump's order on US drug prices: What's in it, and will it work?* Retrieved from <https://www.bbc.com/news/articles/c93l7k3x5dpo>
- BDO Kroll. (2023, June). *FACTORS CONTRIBUTING TO COST-COMPETITIVENESS IN*. Retrieved from [https://www.avmi-africa.org/wp-content/uploads/2023/07/BDO-Kroll-Africa-Analysis-Slides\\_3July2023-1.pdf](https://www.avmi-africa.org/wp-content/uploads/2023/07/BDO-Kroll-Africa-Analysis-Slides_3July2023-1.pdf)
- CGD. (2025, Mar). *USAID Cuts: New Estimates at the Country Level*. Retrieved from <https://www.cgdev.org/blog/usaids-cuts-new-estimates-country-level>
- Chaudhuri, S. a. (2014). Can local producers compete with low-cost imports? A simulation study of pharmaceutical industry in low-income Africa. *Innovation and Development*, 5(1):1-16.
- CNN. (2025, June). *The UK, Germany and Canada have slashed foreign aid this year, deepening damage done by US cuts, analysis shows*. Retrieved from <https://edition.cnn.com/2025/06/12/europe/foreign-aid-cuts-uk-germany-canada-intl>
- DFC. (2021, June). *DFC, IFC, Proparco, and DEG Support South African COVID-19 Vaccine Maker, Aspen*. Retrieved from <https://www.dfc.gov/media/press-releases/dfc-ifc-proparco-and-deg-support-south-african-covid-19-vaccine-maker-aspen>
- East African Community. (2019, August). *2nd EAC Regional Pharmaceutical Manufacturing Plan of Action 2017–2027*. Retrieved from <https://www.eahealth.org/policy-publications/2nd-eac-regional-pharmaceutical-manufacturing-plan-of-action-2017%E2%80%932027>
- Health Policy Watch. (2025, April). *WHO To Shrink its Geneva Headquarters Down to Just Four Programme Divisions – With Health Systems a Key Pillar*. Retrieved from <https://healthpolicy-watch.news/who-to-shrink-its-geneva-headquarters-down-to-just-four-divisions-with-health-systems-a-key-pillar/>
- Health Times. (2023, December). *Africa CDC Establishes Platform To Boost Manufacturing Of Vaccines, Therapeutics and Diagnostics in Africa*. Retrieved from <https://healthtimes.co.zw/2023/12/01/africa-cdc-establishes-platform-to-boost-manufacturing-of-vaccines-therapeutics-and-diagnostics-in-africa/>
- IFC. (2021, June). *Africa's Shot at Local Pharma Production*. Retrieved from <https://www.ifc.org/en/stories/2021/africa-local-pharma-production#:~:text=The%20potential%20benefits%20of%20Africa-based%20pharma%20production%20have,local%20pharmaceutical%20production%20and%20improve%20public%20health%20outcomes>
- IFC. (2024, December). *IFC and Partners Support Institut Pasteur de Dakar to Boost Vaccine Manufacturing for Africa*. Retrieved from <https://www.ifc.org/en/pressroom/2024/ifc-and-partners-support-institut-pasteur-de-dakar-to-boost-vaccine-manufacturing-for-africa>

- UNCTAD. (2025, April). *Building the case for investment in local pharmaceutical production in Africa*. Retrieved from <https://unctad.org/publication/building-case-investment-local-pharmaceutical-production-africa>
- UNIZIMA. (2023, June). *Sustainable Vaccines Manufacturing in Africa*. Retrieved from <https://www.avmi-africa.org/wp-content/uploads/2023/07/Unizima-Presentation-GIZ-Sustainable-Vaccine-FF-.pdf>
- West, A. (2025). *Conidtions required for development of Africa's pharmaceutical industry*. unpublished.
- WHO. (2025, May). *World Health Assembly adopts historic Pandemic Agreement to make the world more equitable and safer from future pandemics*. Retrieved from <https://www.who.int/news/item/20-05-2025-world-health-assembly-adopts-historic-pandemic-agreement-to-make-the-world-more-equitable-and-safer-from-future-pandemics>

