

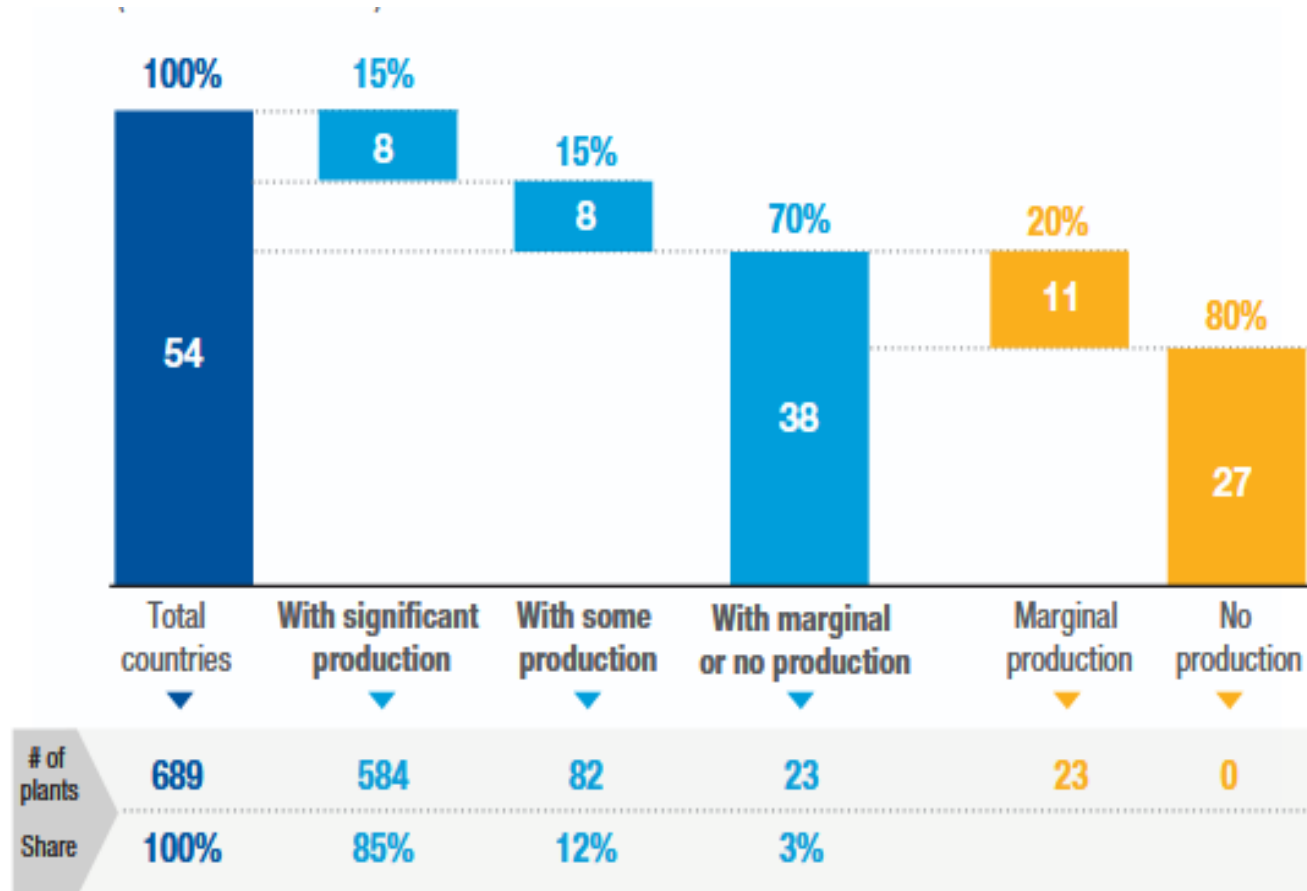


Attracting pharmaceutical manufacturing to African Special Economic Zones

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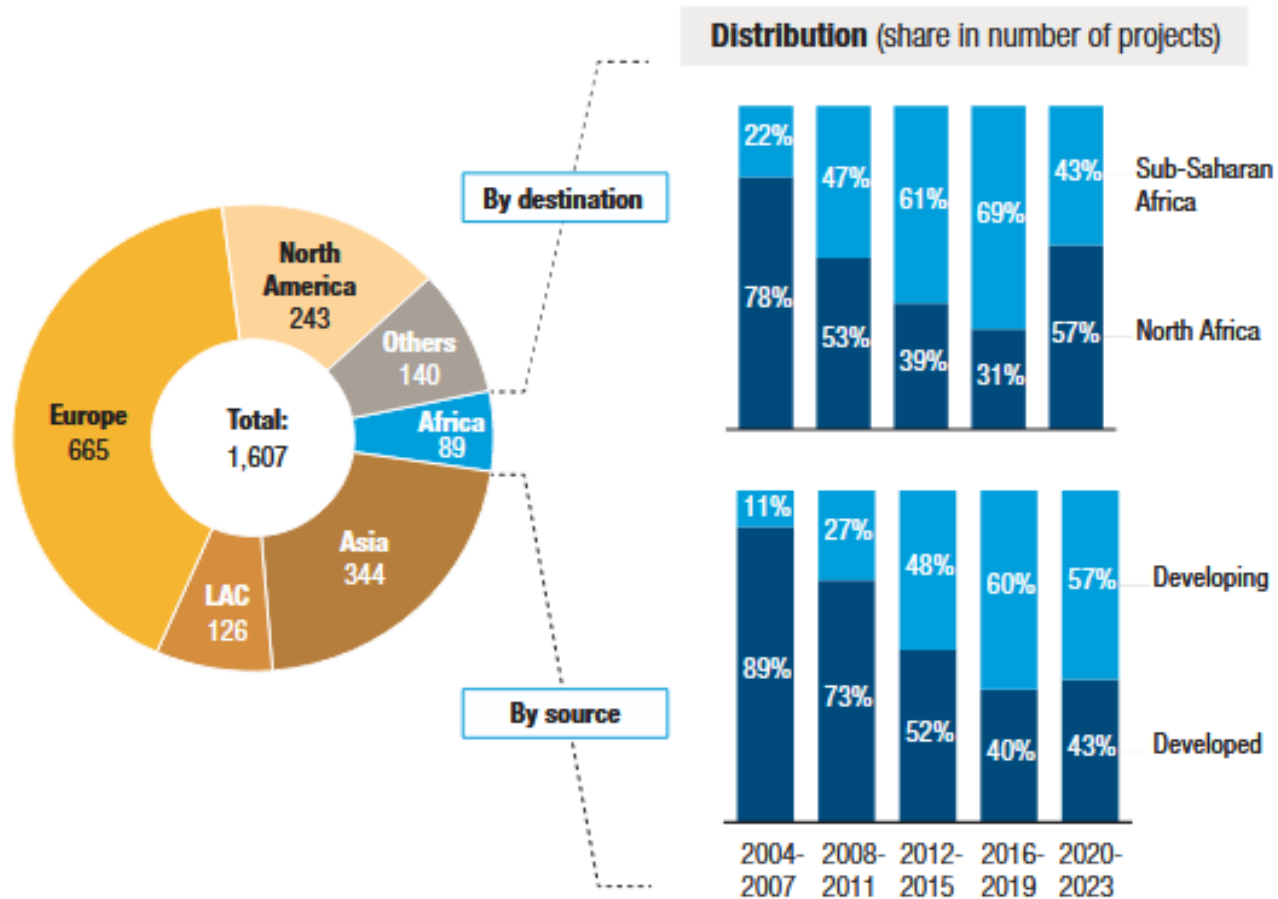
Around 70% of African countries have little or no local production footprint in pharmaceuticals



Source: UNCTAD Secretariat elaboration based on Banda et al. (2022).

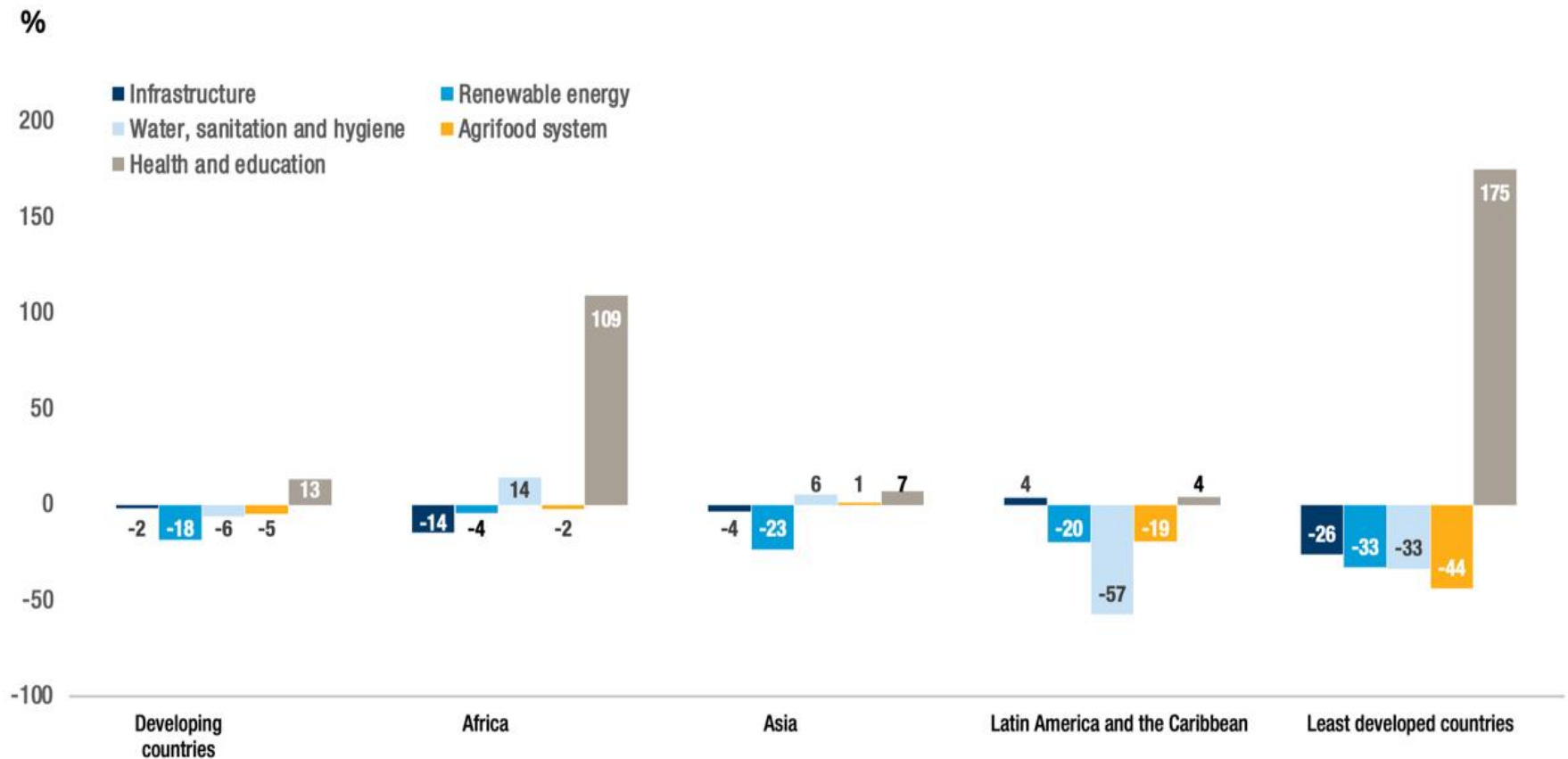
FDI presence in African pharmaceutical production is very limited

Number of cross-border greenfield announcements



Yet, investment in health is the fastest growing SDG investment across Africa

Investment in sectors relevant to the SDGs; growth rate, number of project, per cent



Benefits of pharmaceutical local production for African countries span three key dimensions



From a **health perspective**, expanding the pharmaceutical industry can improve access to essential medicines including antibiotics, addressing inequalities and leading to significant health benefits for the wider population.



Strategically, localizing pharmaceutical production reduces dependency on imports, safeguarding supply during crises like the Covid-19 pandemic. Despite the concentration of API production in China and India, building local formulation capacities remains a significant step towards self-sufficiency.



Economically, industrial localization can boost job creation in skill-based occupations, advancing Africa's shift towards more knowledge-intensive industries, although value added in the formulation stage remains relatively limited.

SEZs support the four main drivers of feasibility of local production

Advantages of SEZs

1 VOLUMES



- ▶ Concentration of capacity
- ▶ Operational efficiency (utilization)
- ▶ Market expansion

2 LINKS WITH MNEs



- ▶ FDI attraction
- ▶ Clustering
- ▶ Regional value chains

3 INFRASTRUCTURE



- ▶ Physical infrastructure
- ▶ Skilled labor force
- ▶ Business climate

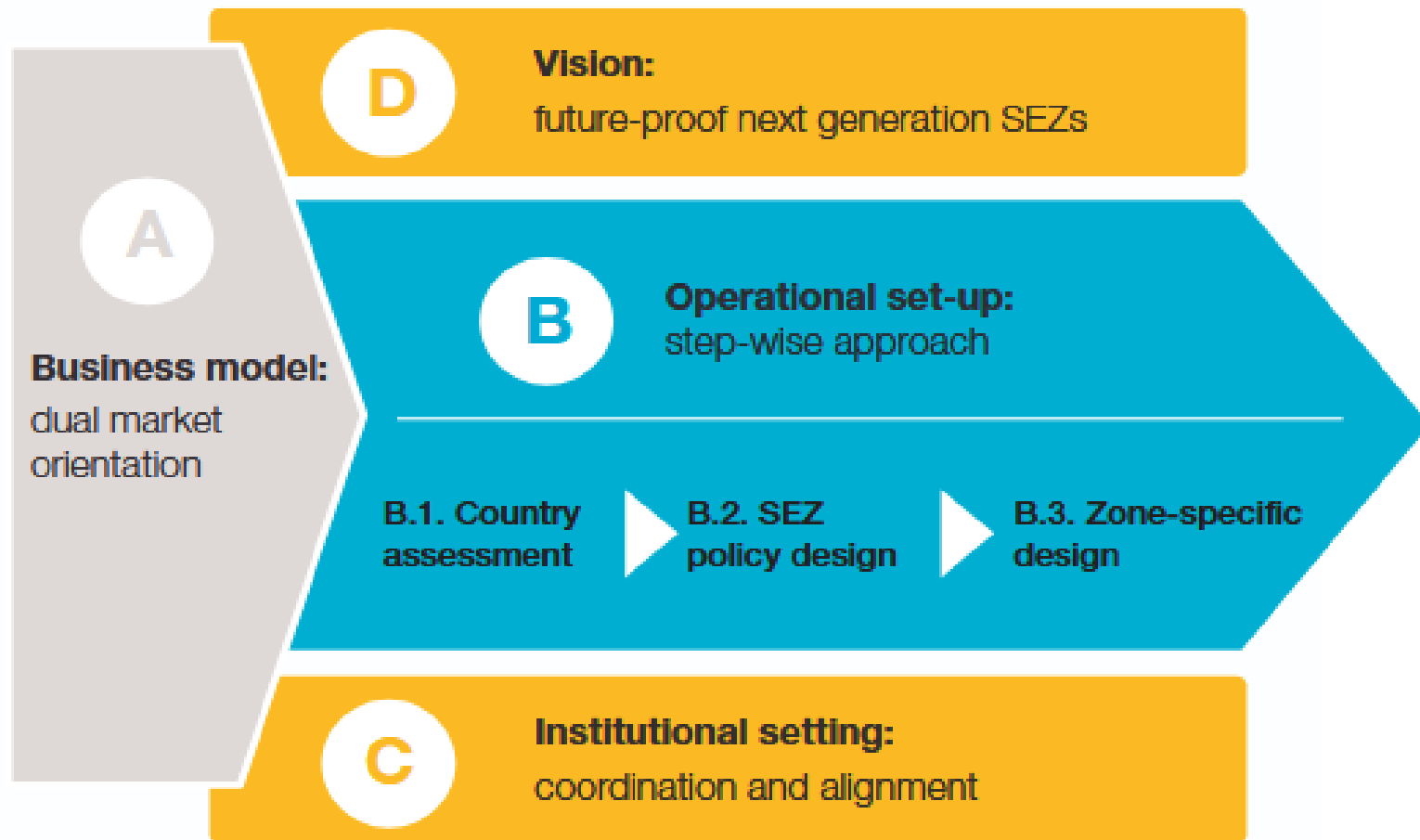
4 REGULATION



- ▶ Quality standards
- ▶ Procurement
- ▶ Regional integration

Source: UNCTAD Secretariat.

A policy package for pharmaceutical investment in SEZs



Source: UNCTAD Secretariat.