Geneva, 4 November 2016 - The $5 billion East African pharmaceutical market is expected to grow by more than 12% per year for the next five years, as lifestyle changes in the region lead to higher rates of non-communicable diseases such as diabetes.

Such high growth offers significant opportunity, but so far the region's 65 manufacturers have only been able to satisfy about 30% of market demand, leaving the other 70% to be captured by imports.

"The biggest challenge facing local producers is the lack of capital they need to invest in improving product quality," says Christoph Spennemann, in charge of UNCTAD's programme on intellectual property rights and development
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"Local companies need to invest in new and better production and research facilities, but conventional banks see them as too risky and are reluctant to finance their projects," he adds, during a 2-4 November meeting in Nairobi on boosting pharmaceutical production in the East African Community (EAC).

Boosting this production requires foreign investors, Mr. Spennemann says, but many investors want to see further harmonization of national drug regulations in the region, which includes Burundi, Kenya, Rwanda, Tanzania and Uganda.

"It's all about economies of scale," he says. "Investors are more interested in a regional market of 140 million people than individual countries."

“Before they invest, they want to be sure that a drug approved in one country can be sold in all five,” he says.

Right now this is not guaranteed because too many differences still exist between national regulations, Mr. Spennemann says, adding that the region is currently testing the feasibility of a joint approval from all five countries' drug regulatory agencies.

Boosting local pharmaceutical production is hot on the political agenda for EAC governments, looking to reduce medical costs for families and to increase access to essential medicines, especially in rural areas.

In addition to regional policy harmonization, local pharmaceutical industries need a supportive domestic policy environment, including on tax, research and development, and trade policies. Get one of these policies wrong and local producers are at a disadvantage, Mr. Spennemann says.

At the Nairobi meeting, UNCTAD is supporting the EAC secretariat to look at proposals from the Federation of East African Pharmaceutical Manufacturers for boosting investment into the region's pharmaceutical industry.