I. Background

1. The global health agenda is a crucial component of transformative change for socio-economic development and of critical importance particularly to vulnerable populations. Inclusive and sustainable industrialization has a key role to play in aligning private sector value creation and innovation with public health considerations in developing countries. This relates to health implications of productive activities themselves, and of the goods and services produced for the promotion of wellbeing and the prevention, diagnosis and treatment of diseases.

2. Promoting global public health should therefore go hand-in-hand with a health industry development agenda. For many years, UNIDO Member States, regional bodies and academic research have therefore emphasized the importance of local production of and equitable access to medicines and other health technologies, especially in low- and middle-income countries. Apart from improved outreach to vulnerable and geographically remote populations, supporting local production can help reduce the dependency on international supply chains and donations, curb the influx of sub-standard medicines, and strengthen compliance with international production standards. Health industry development and local production of health products thus contribute directly to people’s health, as well as to ISID.

3. The COVID-19 pandemic has accentuated the consequences of the persistent lack of local and regional value chains to meet the health needs of populations in developing countries. Whereas local manufacturing has proven vital in tackling the COVID-19 pandemic by, inter alia, repurposing industrial facilities towards essential...
health products, global manufacturing capacity has proven insufficient to meet global demand. The concentration of production in a few countries has contributed to the uneven rollout of vaccines, personal protective equipment (PPE), and other essential medicines and health products.

4. Local health industry development is crucial for increased and equitable access to quality health goods and services such as essential medicines, biologics and vaccines, traditional and herbal medicines, and medical devices and equipment, particularly for the most vulnerable populations.

5. Localizing production and enhanced geographic diversification of manufacturing is an opportunity also for multinational firms, which seek to reduce global supply chain risks and to increase proximity between production of health-related goods and their markets at country and regional levels. This presents an opportunity and underpins a narrative of local health industry establishment not only from a developmental standpoint, but also a business standpoint. Recognizing this trend and the need to prepare for potential disruptions of vital supply chains for essential medicines and other health products, the 74th World Health Assembly (WHA) passed a landmark resolution urging Member States to strengthen their leadership, commitment and support in promoting quality and sustainable local production of medicines and other health technologies.

6. The adoption of a treaty on pandemic preparedness and response has been prioritized by the 74th WHA in order to strengthen national, regional and global capacities and resilience to future pandemics.

7. The G20 Global Health Summit in May 2021 confirmed the need for global partnerships in order to fight the pandemic, create an enabling environment to further support local manufacturing and access to vaccines, medicines and health technologies, and tackle barriers on both supply and demand sides.

8. Climate change will strongly affect global health. Changing climate conditions will have direct health impacts including, for example, an increased burden of diseases caused by heat waves, or health damages due to natural disasters. Indirect effects involving natural systems such as increases in food-, water- or vector-borne diseases due to temperature rise, or related to socio-economic systems including a rise in food and water insecurity, will increase vulnerabilities particularly in unadapted environments.

9. During the 26th Conference of the Parties to the United Nations Framework Convention on Climate Change in November 2021, countries called for a health programme which aims at transformational change in health systems by building climate-resilient health systems that protect people while at the same time building sustainable low carbon health systems.

10. UNIDO’s comprehensive track record and expertise to strengthen local pharmaceutical production resonates well with the renewed global commitment for advancing health industry development in the context of the COVID-19 pandemic. Since 2006, UNIDO has been working with a wide range of public and private sector partners at global, regional, national and local levels to improve the operational environment and technical capacities of local manufacturers. UNIDO, at the same time, supported the African Union (AU) in operationalizing its Pharmaceutical Manufacturing Plan for Africa (PMPA) “mainstreaming” local pharmaceutical production as a priority theme of the health development agenda. Based on its in-depth and long-term experience as a leading organization on local manufacturing of health products, UNIDO is uniquely positioned to contribute to scaling up and transforming health industry capacities with a focus on contributing to Sustainable Development Goals 3 and 9.
II. Global role and strategic framework

A. UNIDO’s global role to promote health industry development

11. As the United Nations specialized agency with a mandate to promote ISID, UNIDO is well-placed to assist Member States in improving their public health services through inclusive and sustainable health industry development. To this effect, UNIDO can leverage its technical cooperation, policy analysis and advisory services, normative function, and convening and partnerships role.

12. To further enhance its support to Member States, UNIDO is developing a strategic framework to guide a UNIDO-wide joint effort for health industry development which will permit the Organization to strengthen its position as a global leader in this area and produce results by:

a) Advocating health industry development as integral part of global health agenda-setting;

b) Systematically and strategically convening multi-stakeholder partnerships on topics pertaining to health industry development in order to promote synergies with other United Nations agencies and development partners, regulators, national, regional and multilateral development banks and the business sector at country, regional and international levels; including by integrating a health industry contribution into UNIDO’s partnerships and programmes, including through the Programmes for Country Partnerships and country programmes;

c) Developing results-oriented approaches, programmes and tailored interventions that advance health industry development in Member States whilst considering regional perspectives;

d) Attracting additional funding to scale up solutions that address health industry development priorities in Member States as well as increasing the visibility of UNIDO’s activities and better showcasing the potential of its project pipeline;

e) Integrating different health-related UNIDO services in order to provide comprehensive support relating to research and policy advice, quality and standards compliance, investment and technology transfer, innovation, digitalization, new technologies and 4IR, waste management, and through leveraging related platforms such as the network of Investment and Technology Promotion Offices, the Learning and Knowledge Development Facility, and the Resource Efficiency and Cleaner Production Centres, with a focus on gender-balanced interventions and on maximizing the role and potential of young people in health industry development while addressing their specific vulnerabilities.

13. The lessons from the COVID-19 pandemic, and a notable increase in demand from Member States and other partners for UNIDO’s support in strengthening the local production of and access to health products and services like essential medicines, vaccines, medical equipment and supplies, provide renewed impetus for UNIDO to use its expertise and mandate to perform a lead role in the development of health-related industries in low- and middle income countries. In response to the pandemic, UNIDO has already further expanded its support to health industry development and repurposing of industries, including through the provision of technical assistance to manufacturing PPE and other medical devices.

14. Health industry development as an organizational priority will enable UNIDO to contribute to transformational change in line with the vision and objectives of the MTPF 2022–2025 by ensuring availability and timely access to safe and affordable essential health products, as well as sustainable health-related industrial and institutional capacities as the foundations of global health.
B. Overall goal and strategic results

15. By 2030, the UNIDO strategic framework for health industry development aims to have assisted Member States in increasing the contribution of inclusive and sustainable industrial development policies and practices to good health and well-being for all, in line with SDG 3 on healthy lives and well-being and SDG 9 on infrastructure, inclusive and sustainable industrialization and innovation. The framework also will support Member States in adapting their local production strategies to new environmental health challenges such as those resulting from climate change.

16. The theory of change of the strategic framework (see annex) aims at realizing this overall goal by achieving three transformative long-term strategic results: (i) common vision and agenda for health industry development established and broadly accepted; (ii) availability of locally produced quality health goods and services increased; (iii) use of locally produced quality health goods and services improved.

17. The envisaged results and contributing interventions of the strategic framework are fully aligned with the key programming principles of the 2030 Agenda.

C. Key conditions

18. Developing health industries to promote healthy lives and well-being relies on an integrated package of key conditions which mutually reinforce each other to achieve transformational change. Over many years, UNIDO has provided required experience and expertise to support these interdependent conditions and resolve the multiple challenges that they reflect.

19. The key conditions influenced by UNIDO’s assistance to inclusive and sustainable health industry development include: 1) Expanded product portfolios, 2) Enhanced access to production inputs, 3) Enhanced technology transfer and innovation systems, 4) Upgraded manufacturing capacities, practices and skills, 5) Reduced ecological footprint, 6) Increased investment and access to finance, 7) Enhanced market access and integration, 8) Clustered production capacities with common facilities and services, 9) Enhanced market intelligence and foresight services, 10) Enhanced technical and support institutions, 11) Improved policies, legal frameworks and incentives, and 12) Strengthened regulatory oversight. The key conditions will also integrate cross-cutting enablers like good governance, 4IR and new technologies, digital transformation, skills development, strengthened linkages between industry and academia, gender mainstreaming and others.

20. A holistic approach will be used in supporting and linking the different conditions to maximize synergies and complementarities throughout their implementation. The interventions will be tailored for different segments of health industry products and services like essential medicines, biologics and vaccines, medical equipment and supplies, traditional medicines and others. The interventions within the strategic framework will also be differentiated at global, regional, sub-regional and national levels, and will take into account the special circumstances arising from the development stages of Member States. The strategic framework will also encourage the strengthening of centres of excellence for specific health industry segments to facilitate South-South and triangular cooperation.
D. UNIDO core functions

21. To adequately support and implement each of the key conditions of the strategic framework listed above, UNIDO will bring to bear its four core functions as follows:

a) Agenda-setting, policy analysis and advice:

Under this service line, UNIDO will support Member States in positioning health industry development as integral part of the global health agenda and in particular to advocate for its inclusion in the envisaged international treaty on pandemic preparedness and response. UNIDO will continue to provide policy advice to regional entities and national governments in formulating health sector-related policies, strategies and attendant roadmaps and plans of action in support to programmes covering various health industry segments including essential and traditional medicines, biologics and vaccines, medical equipment, supplies and others.

b) Norms and standards:

UNIDO will support accelerated harmonization of regulatory frameworks to advance market integration and facilitation of intra- and inter-regional trade. The Good Manufacturing Practices Roadmap approach will be leveraged for compliance with international standards. UNIDO will also support the development and harmonization of related quality and conformity assessment services.

c) Convening partnerships:

UNIDO will leverage its long-standing experience and strategic position as a convener of high-level global multi-stakeholder fora to establish and strengthen partnerships on health industry development with Regional Economic Commissions, national governments, regulatory bodies, the private sector, international financial institutions and development finance institutions, multilateral and bilateral development partners, philanthropic foundations and others.

This will strengthen awareness and buy-in for health industry development as a central development priority in the post-pandemic era, and will serve to boost support for relevant policies and programmes. In line with the Abu Dhabi Declaration of the eighteenth session of the General Conference, partnerships will also target private sector manufacturers in the health industry.

d) Technical cooperation:

Technical cooperation capacities will be strengthened to meet partners’ requirements and Member States’ requests to respond effectively to the COVID-19 pandemic and at the same time support Member States in promoting resilient, sustainable local production of essential health products and services. Technical cooperation will focus on capacity-building and advisory services in areas such as essential medicines and generics, biologics and vaccines, traditional and herbal formulations, as well as medical devices and equipment. It will also relate to improving the overall quality, efficiency, and sustainability of the health industry by taking advantage of cross-cutting contributions pertaining to digital transformation, new technologies, 4IR, circular economy, skills development and others.
Annex: UNIDO theory of change for health industry development 2022-2030