

# Global health vs. global wealth: Looming choice for health firms in developing countries

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The lure of greater profits elsewhere in the world may divert biopharmaceutical firms in developing countries from the creation and distribution of affordable drugs, vaccines and diagnostics for illnesses of local concern, undermining the health prospects of millions of poor people, experts warn.

And they call for a series of measures to bolster international support for continuing the success of firms finding homegrown solutions to immediate [health](#) concerns in developing countries.

In a commentary published by the journal [Nature Biotechnology](#), researchers Rahim Rezaie and Peter A. Singer at Canada's McLaughlin Rotman Centre for Global Health say biotech companies in China, India, South Africa and Brazil are making important, innovative contributions to address health problems in the south.

Biotech firms in emerging economies are putting into the hands of countless people affordable products to prevent, diagnose and remedy illnesses of local concern.

Most famously, perhaps, a [hepatitis B](#) vaccine developed by Shantha Biotechnics of Hyderabad, India, helped cause a domestic price reduction from about \$15 for a comparable imported product to roughly \$0.25 today. Experts credit Shantha's innovative, efficient

manufacturing process and well as subsequent local competition.

Process and other innovations have allowed Shantha to bring 11 products to market so far. Beginning with just \$1.2 million in "angel" investor funded, Shantha was purchased last year by Sanofi-Aventis of Paris for €571 (\$784 million) .

(In a separate *Nature Biotechnology* article, “India's billion dollar biotech”, published last month, MRC researchers Justin Chakma, Hassan Masum, Kumar Perampaladas, Jennifer Heys and Peter A. Singer captured lessons from Shantha Biotechnics’s success at making health products more affordable for poor people in India and elsewhere. Shantha “shows developing world biotech innovators can maintain a balance between local [health impact](#) and financial returns”.)

## **Other examples:**

Process innovations by India's Biocon (Bangalore) helped reduce the cost of insulin in the Indian market by over 40%.

Brazil's Katal Biotecnológica, based in Belo Horizonte, and Labtest Diagnóstica, of Lagoa Santa, produce diagnostic kits suitable for small laboratories and rural settings in Brazil, a market usually neglected by large companies.

Earlier MRC research documented 78 companies in China, India, Brazil and South Africa that have marketed 69 drugs, diagnostics, and vaccines with an additional 54 in the pipeline for HIV, TB, malaria, and neglected tropical diseases.

Roughly 1 billion people worldwide are killed or sickened by "neglected tropical diseases" (NTDs). More than 30 such diseases, caused by worms, protozoa, bacteria, fungi or viruses, afflict the poorest people in

the poorest countries.

"Developing country companies are innovating close to the 'coalface' of global health problems, making appropriateness, translation, uptake and affordability of the resulting solutions more likely." says Dr. Peter Singer, Director of the McLaughlin-Rotman Centre for Global Health.

But, as these firms rise in financial strength and expertise, with growing links to large multi-national [biotech firms](#), concerns are rising in tandem that local health priorities will take second place to the pursuit of products for more lucrative market segments -- both in the North and at home.

"These trends may, over time, shift the focus of domestic health biotech sectors in emerging economies towards the needs of more lucrative global markets and reflect the priorities of pharmaceutical multi-national corporations," the authors warn.

"As enterprises in the emerging markets take on more costly innovative projects, would they be compelled to choose between global health and global wealth?"

The authors say developing country firms can pursue both if support mechanisms are instituted to enable product development for the poorest market segments "for which a purely entrepreneurial model may not be suitable."

## **A call to action**

The authors describe a suite of tactics to support continued health product innovation by firms in developing countries.

These include ensuring that existing instruments to stimulate global

health innovation such as public-private partnerships, advance market commitments, prizes, patent pools, and priority review vouchers are attractive to emerging economy firms.

The authors also emphasize the need for initiatives and proposals targeted specifically at emerging economy firms that can help engage more emerging economy firms in global health. These include:

- A Global Health Accelerator mechanism proposed by MRC to help health entrepreneurs in emerging economies assess international markets and regulatory requirements, identify commercialization partners and distribution channels, and facilitate access to financing. It would also offer a global health prize to recognize excellent examples of Southern innovation against diseases of the poor.
- Adoption of orphan drug-like legislation, modeled on the US orphan drug statute, by the emerging market governments, aimed at encouraging entrepreneurial involvement in neglected and locally-relevant disease areas.

New financing sources and mechanisms targeted at emerging market entrepreneurs and researchers, examples of which include:

- A partnership between the Wellcome Trust (London, UK) and India's Department of Biotechnology called "R&D for Affordable Healthcare";
- A program assisted by PATH (Seattle) that transfers funds and technology to Indian companies;
- A grant-making mechanism for small and medium enterprises modeled on the US SBIR program proposed by Charles Gardner

of the Global Forum for Health Research

- A scheme proposed by David Stevens and his colleagues at the Results for Development Institute, which proposes "planned issuance of local currency-denominated 15-year bonds to finance SMEs in the developing world".

Finally, they say there are valuable lessons to be drawn from the success of venture capital (VC) firms such as the Acumen Fund (New York), APIDC-Ventureeast Biotechnology Venture Fund (Hyderabad, India), Bioveda China Fund (Shanghai), and Bioventures (Cape Town, South Africa).

"The window of opportunity for action will not remain open for long," the authors say. Taking steps now will "ensure that innovative capacity is tapped not only in the industrialized countries but also in the emerging economies so that the health needs of the poor can be more fully addressed."

"Global health or global wealth? If we act we can have both," concluded Dr. Singer.

Provided by McLaughlin-Rotman Centre for Global Health

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