



United Nations Conference on Trade and Development

Ad Hoc Expert Group Meeting New Investment Models in Health-related R&D – the Case of Antibiotic Resistance

**Thursday, 5 October 2017
Palais des Nations, Geneva, Switzerland**

Opening Remarks

James Zhan

Director, Investment and Enterprise, UNCTAD

Ladies and Gentlemen,

I am pleased to welcome you to this Ad Hoc Expert Group Meeting on “New Investment Models in Health-Related R&D – the Case of Antibiotic Resistance”.

As you may know, UNCTAD was a member of the Expert Advisory Group to the UN Secretary General’s High-Level Panel on Access to Medicines. The High-Level Panel in its 2016 report recommended that UN member State governments increase their current levels of investment in health technology innovation. It called upon governments, the biomedical industry, institutional funders of healthcare and civil society to test and implement new and additional models for financing and rewarding public health research and development. The Panel also recommended that the United Nations General Assembly should convene a Special Session on health technology innovation and access no later than 2018. Being part of the United Nations Secretariat, UNCTAD at the March 2017 session of the Human Rights Council expressed its commitment to share its expertise in investment policy making to facilitate multi-stakeholder dialogue on new investment models for innovative health technologies. We consider such dialogue an important contribution to the realization of the United Nations Agenda 2030, in particular Sustainable Development Goal 3 on health. As UNCTAD, we wish to specifically emphasize the

developing country needs in this debate. It is important to promote innovation in health technologies, but at the same time we need to bear in mind the limited resources in developing countries. Any innovation needs to be affordable for developing countries, and we hope that this concern about access will be well reflected throughout today's discussion.

Ladies and Gentlemen,

Based on our work on intellectual property rights and pharmaceuticals, we are well aware of the controversies surrounding the role of the intellectual property-based business model for access to medicines and pharmaceutical innovation. It is not the objective of today's meeting to review that debate. Rather, we wish to promote dialogue in a specific area of health innovation, where pragmatic approaches are urgently needed to avoid serious consequences in developed and developing countries. I am referring to the case of antibiotic resistance. Numerous high-level reports and declarations have in recent years emphasized the lack of investment in the development of antibiotic medicines, based on the concern that necessary restrictions in the use of antibiotics to avoid resistance will limit the private sector's return on investment.

All stakeholders agree in principle that due to the nature of antibiotic medicines, public funding has to play a greater role in the R&D process. A range of ideas has been proposed on how the public and private sector should cooperate under new investment models, in public-private development partnerships. These may be based on "push incentives" such as financial grants made available to a product developer to take a product through the costly R&D and clinical trials phases. We will have the privilege of hearing more about one of these projects, the *Global Antibiotic R&D Partnership*. New investment models may also consist of "pull incentives" that promise rewards to a product developer for successful market entry. These reward payments could be structured in a way that makes the product developer independent of the volume of its sales and the price charged. More work needs to be done in this regard to promote agreement among stakeholders to what extent the costs of product development can be delinked from the volume of sales and the price of the products. Civil society and the R&D-based industry will share their views

on this with us today. In this context, I am particularly pleased to see that some government delegates are present today. Governments play a major role in this discussion, as they are the ones deciding how to design investment incentives, and under what conditions public funding should be made available under market entry rewards. From UNCTAD's perspective, it is of particular importance in this debate to take into account the needs of developing countries.

Ladies and Gentlemen,

It is clear from what I said before that the theme of today's discussion cuts across a number of policy areas, such as investment, health, innovation, technology and intellectual property. At UNCTAD, we see our particular strength in the integrated treatment of these policy areas, with a focus on the investment and development perspective. We rely on UN sister agencies such as the WHO and WIPO for specific inputs related to health and intellectual property, and appreciate cooperating with the South Centre to address development concerns in this context. I am pleased to see that these organizations have responded positively to our invitation to participate in our event today.

Let me close my welcome remarks by encouraging all of you to share your views in this discussion. UNCTAD ad-hoc expert group meetings are subject to Chatham House rules, which mean that we will not be attributing any expressed views to any individuals or organizations. There will be no official UNCTAD record of the debate. The Intellectual Property Unit will produce an unofficial meeting report for in-house purposes that we will be happy to share with participants for comments. The objective of an EAGM is to promote the free exchange of ideas. We would like to provide a platform for discussion and exchange to help facilitate agreement in other fora. In these terms, I wish you a stimulating and thought-provoking debate.