The Next Growth Curve:
How Biopharma Can Win in Developing Markets

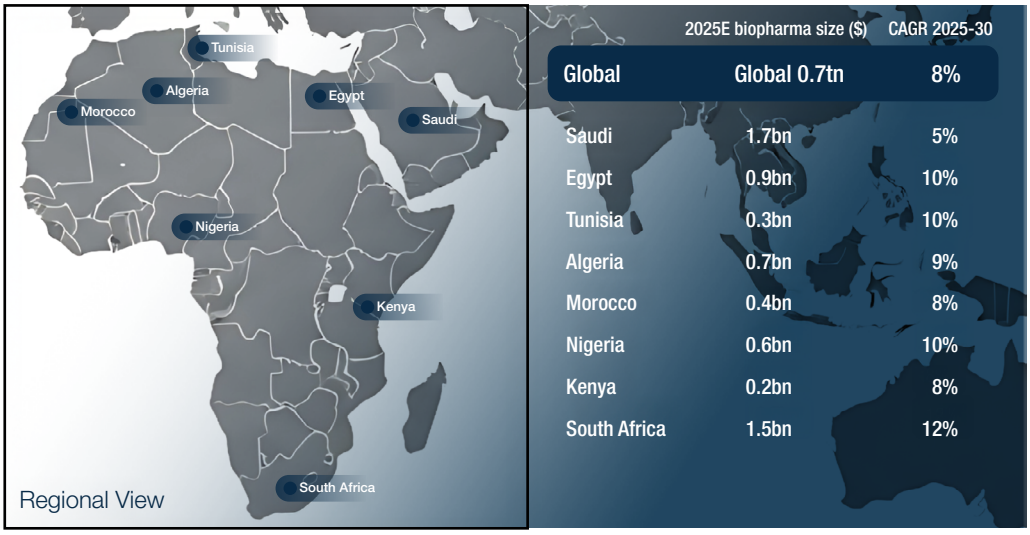
Biopharmaceutical companies are operating in an increasingly fragmented environment, with global dynamics shifting rapidly. Developed markets that for long offered predictable growth are now slowing, reflecting not only the stabilisation typical of mature healthcare systems but also mounting pricing and budgetary pressures.

In established markets like the US and Western Europe, healthcare spend as a share of GDP is reaching the limits of affordability, requiring payers to seek savings across drug budgets to **create headroom for increasingly expensive next-generation biologics** and cell and gene therapies.

Meanwhile, countries across the Middle East and Africa are expanding faster than the global average, with distinct dynamics across sub-regions. In the Gulf, state-led reforms are transforming healthcare systems, including through expanded **insurance coverage and digitalisation**. In North Africa, healthcare access is improving as countries such as Egypt and Tunisia advance pharmaceutical manufacturing and export ambitions.

Across regions, demand is underpinned by broader structural forces such as population growth, higher burdens of communicable diseases and the rising prevalence of chronic and lifestyle-related conditions. Indeed, the biggest expansion in 2025 among pharma markets globally was seen in the Middle East and Africa, with IQVIA noting that countries such as Saudi Arabia helped drive 18% year-on-year growth across the region.[1]

Through 2030, medicine spending by so-called “pharmerging” markets will grow by $121 billion, slightly higher than the $118 billion in the past five years, IQVIA data shows.[2] According to our analysis, markets such as South Africa, Egypt, Nigeria and Tunisia are set to grow faster than the global average through 2030.



	2025E biopharma size ($)	CAGR 2025-30
Global	Global 0.7tn	8%
Saudi	1.7bn	5%
Egypt	0.9bn	10%
Tunisia	0.3bn	10%
Algeria	0.7bn	9%
Morocco	0.4bn	8%
Nigeria	0.6bn	10%
Kenya	0.2bn	8%
South Africa	1.5bn	12%

Source: A&M analysis based on secondary data sources

[1] https://www.iqvia.com/blogs/2026/03/iqvia-early-bird-2025-revealed

[2] Pharmerging markets are defined as countries with per capita GDP by purchasing power parity (PPP) <$50,000/year and forecasted 5-year aggregate pharma sales growth >$2bn (absolute) in at least two forecasts. These countries are Argentina, Brazil, China, Colombia, Egypt, Greece, India, Indonesia, Mexico, Pakistan, Romania, Russia, Thailand, Turkiye and Vietnam. See: https://www.iqvia.com/insights/the-iqvia-institute/reports-and-publications/reports/global-medicine-use-trends-2026

Challenges in Patient Access

While developing markets offer the promise of faster growth, realising this opportunity requires a careful strategy that takes into consideration affordability and other access and infrastructure challenges.

Overall, many of these systems are still highly fragmented. In parts of MENA (Middle East and North Africa), treatment penetration is increasing from a low base, and large segments of the population remain undiagnosed or undertreated due to **limited referral pathways and affordability issues.**

By contrast, other ecosystems are maturing quickly. In Gulf countries, the story is increasingly about funding efficiency, reimbursement design and value-based allocation rather than pure budget constraints. Treatment journeys are also changing rapidly, with recent reforms in countries like the United Arab Emirates and Qatar accelerating the use of telemedicine and other digital health services, and expanding the points at which patients can be diagnosed and treated.[3]

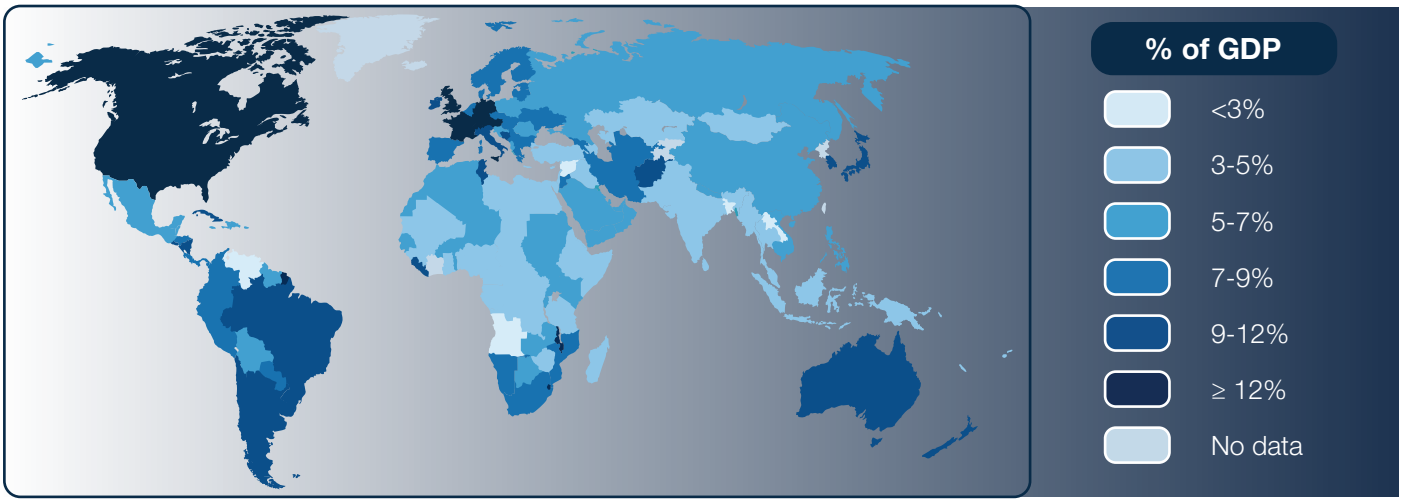
Another aspect is the concentration of **clinical infrastructure in major urban areas.** A World Bank analysis shows that urban residents in 43 of 47 African countries can reach a health facility in less than one hour, compared to just 20 of 47 countries for rural populations.[4] In Saudi Arabia, despite progress in healthcare coverage nationwide, access remains uneven in practice due to significant gaps in rural clinic infrastructure and human resources.[5]

For biopharma companies, these dynamics have important implications for portfolio and launch strategies. Cost-efficient therapies that can be deployed across heterogenous hospital settings are more likely to scale beyond large centres; they are also better positioned to benefit from centralised tenders.

Supply reliability presents another barrier to market access. Limitations in local infrastructure, including treatment facilities, storage, cold-chain logistics and transportation, can compromise product availability and safety, undermining patient trust over time. In many low- and middle-income countries, gaps in supply and distribution systems contribute to higher levels of falsified medicines, with an estimated 1 in 10 medical products in these markets considered substandard or counterfeit.[6]

Innovation vs. Affordability

Despite improvements in access, health spending in emerging markets remains well below levels seen in developed economies. Governments in Saudi Arabia, Egypt and Pakistan allocate roughly 5%-6% of GDP to healthcare, compared with 16.7% in the US and 11% in the UK, according to OECD data.



Source: OECD

[3] https://www.weforum.org/stories/2025/11/abu-dhabi-digital-healthcare/
[4] https://documents1.worldbank.org/curated/en/099120224111019577/pdf/P1801331a5a3da078196f21d2de48074b16.pdf
[5] https://ecronicon.net/assets/ecnh/pdf/ECNH-07-00415.pdf
[6] https://www.who.int/news/item/28-11-2017-1-in-10-medical-products-in-developing-countries-is-substandard-or-falsified

This reality limits the ability of health systems to fund high-cost, high-reimbursement therapies. Specialty biologics, gene therapies, and other advanced treatments will struggle to scale and reach new patient populations unless paired with new **funding mechanisms or innovative pricing models.**

In this context, pharmaceutical companies seeking to address unmet clinical needs in developing markets should **prioritise cost-effective, scalable solutions.** More specifically, we recommend focusing on:

Portfolios anchored around low-cost biosimilars, supported by targeted diagnostics for communicable disease types and the provision of affordable vaccines. Biosimilars also offer a viable route for populations with non-communicable and chronic diseases, who represent a growing share of patients entering formal healthcare systems in major urban centres.

Selective deployment of high-cost specialist drugs such as cell and gene therapies. These will likely remain viable only in settings where healthcare funding can sustainably support them, such as private hospitals or publicly funded programmes with dedicated reimbursement pathways.

Localisation as a Competitive Advantage

Governments across emerging markets have invested heavily in domestic manufacturing capabilities in the past decade as a way to **strengthen their healthcare resilience, reduce exposure to supply shocks and advance national industrial agendas.**

Across parts of MENA, **locally made medicines benefit from preference on public tenders** and expedited regulatory approvals. Several governments have introduced incentives for multinational companies partnering with local manufacturers. A recent A&M survey with MENA third-party biopharma manufacturers found that, beyond cost efficiencies, market access and pricing are the key motivations for manufacturers to invest locally.

Localisation has therefore become a core pillar of global pharma's strategy in these markets. Many global corporations have partnered with local Saudi pharmaceutical firms for localised manufacturing, technology transfer, and secondary packaging for multiple innovative drug products.[7]

These efforts have also accelerated following advances in modular, single use and advanced manufacturing technologies, which have collectively reduced the complexity and the capital required to localise biologics production.[8]

Modular biomanufacturing allows flexibility to phase construction by splitting facilities into standardised, interchangeable units that can be reconfigured for multiple products. "Factory in a box" systems, for example, can be built off-site, shipped, and assembled quickly with minimal on-site construction, reducing construction timeline, capex and regulatory validation complexity compared to greenfield facilities.

Disposable systems/single-use bioreactors (SUBs) reduce or eliminate various cleaning, sterilisation and validation processes, resulting in much lower costs compared to stainless steel manufacturing. As well as more cost-efficient, lower set-up times make SUBs a more flexible and scalable option for localised manufacturing, leading to faster speed to market.

Distribution is also evolving toward local and regional hubs. In Saudi Arabia, for example, pharmaceutical warehousing is being clustered near industrial cities, away from the import-via-Riyadh and Jeddah model. In North Africa, Egypt is positioning itself as a regional distribution gateway, with **localised hubs handling distribution** into West/East African countries via Cairo (see other examples in the next page).

[7] https://www.iqvia.com/-/media/iqvia/pdfs/mea/white-paper/localization-of-pharmaceutical-manufacturing-in-middle-east-and-north-africa-region.pdf
[8] https://www.alvarezandmarsal.com/sites/default/files/2025-11/Pharma%E2%80%99s%20Supply%20Chain%20Reset.pdf

Localisation initiatives

	Last 5 years	Next 5 years	Distribution implications
 Saudi Arabia	▪ Local production covers ~30% of pharma volume	▪ Vision 2030 aims for ~70% of drug expenditure to be met by local manufacturers	▪ Shift from import-led distribution via Riyadh and Jeddah to clustered pharma warehousing ▪ Growth of regional hubs and larger, tech-enabled pharmacy chains
 Egypt	▪ 90% of domestic demand met by local production	▪ Ambition to become regional hub, increasing annual medical exports by $3bn by 2030	▪ Fitch sees pharma exports growing ~40% between 2025-2029 ▪ Localised hubs handling Africa distribution (West, East, Horn) via Cairo
 North Africa	▪ Domestic production in Algeria meets 80% of national demand ▪ ~70% of Moroccan sales volume produced locally	▪ Policy push toward biosimilars and specialty drugs, moving beyond generics into higher-value local manufacturing and exports	▪ Tenders increasingly include local-content requirements ▪ Serialisation, digital stock control and stricter quality documentation for biologics ▪ Expansion of cold chain capability with real-time temperature and location tracking

Source: A&M analysis of secondary sources

Strategically, success in these markets requires rethinking the product mix, pricing strategies, and access models. Companies that align their portfolios with the affordability realities of emerging economies, while leveraging innovations in delivery and manufacturing will be able to participate in the rapid growth of these markets without relying on the same pricing power that fuels revenue streams in developed economies.

Five actions to shape the next five years

To tap into the next phase of growth unfolding across emerging markets, global biopharma companies will have to adapt their portfolios and access strategies to the realities on the ground. The five actions below summarise where to focus:

Cost-effective innovation: Build portfolios around biosimilars, prevention, and affordable long-term treatments, with only selective use of high-cost specialty drugs.

Localise to compete: Invest in in-country manufacturing steps (such as modular biomanufacturing and disposable systems) and align quality systems with domestic requirements.

Upgrade specialty distribution: Develop strong tracking, cold-chain, and real-time supply-chain monitoring to reliably handle complex therapies.

Use digital channels to simplify access: Expand e-prescribing, e-pharmacy, and direct-to-pharmacy models to make access easier and improve patient adherence.

Build regional hubs: Position manufacturing and distribution assets in countries that are already ahead of the curve in local pharmaceutical production and logistics, creating scalable hubs that can reliably supply demand across neighbouring markets and strengthen regional supply chain resilience.

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