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(Mainstreaming Social Justice In Public Life)

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Press Release

MATTERS ARISING FROM THE LOCAL VACCINE PRODUCTION JOINT VENTURE AGREEMENT BETWEEN THE FEDERAL GOVERNMENT AND MAY AND BAKER

We recall the recent announcement that the Federal Government of Nigeria (FGN) through the Federal Ministry of Health has entered a joint venture agreement for the local production of vaccines through a company called Bio-vaccines Ltd which will be jointly owned by FGN and May and Baker Plc. May and Baker would make an equity contribution N1.3 billion while the FGN would contribute N1.2 billion amounting to an equity share of 51% and 49% respectively. It is stated that the company between 2017 and 2021 will produce basic vaccines that is needed in Nigeria. It was further announced that FGN will be using the existing facility at the Federal Vaccine Production Laboratory in Lagos as its equity contribution and this has been costed by the Federal Ministry of Works and Housing at about N1.27 billion.

While we will welcome any reasonable steps to be taken by the FGN or any other stakeholder for the local production of vaccines which will help to save the lives of Nigerians, especially children and mothers, create local jobs, reduce the demand for foreign exchange and improve local value added, we are worried that the current move by FGN is a wrong step fraught with a lot of challenges that may likely frustrate the realisation of the overall project objectives. Our reasons for this position are as follows:

(1) The sum of N2.5 billion proposed for the startup of the joint venture and the production of vaccines is not only grossly inadequate but cannot scratch the surface for the establishment of such a facility. Thus, the Minister is yet to brief Nigerians on the sources of funding and or arrange for the sources of funding required for the successful local production of vaccines.

(2) Selecting a joint venture partner where public resources will be invested should have been the product of an open competitive bidding process that will be open to all pharmaceutical companies that have the capacity to produce vaccines. The terms and basis for the selection of the winner would have been in the public domain under the rules of open contracting and sound public procurement or public private partnership rules which guarantees the best value for money, fitness of purpose and sustainable production of vaccines for the Nigerian people.

(3) Simply selecting May and Baker in a secret process that shuts out other pharmaceutical companies is not only against extant laws and policies but is an act in bad faith when it is considered that there are other pharmaceutical companies who have shown interest in the local

production of vaccines in Nigeria and have even participated in meetings for the development of a vaccine policy and roadmap for sustainable local production of vaccines.

(4) What is even more confounding is that the selected joint venture partner May and Baker Nigeria Ltd, on a simple web search is not listed as a vaccine production company in any part of the world and seems to lack the capacity to fulfill its part of the joint venture agreement. Nigerian children, mothers and families cannot afford to become experimental guinea pigs for a company which is just starting its learning curve. The unfortunate incidents that led to deaths and undue harm in Kano State some years ago is too recent in our mind to allow a repetition.

(5) Valuing the Federal Vaccine Production Laboratory in Lagos at a paltry sum of N1.27billion begs the question and seems to be a gross undervaluation of the Federal Government asset. The Laboratory including the land, machinery and other appurtenances should have been properly valued and there is no doubt that the value will exceed the present rating.

(6) Committing Nigeria to investing in vaccine production at a time when the Economic Recovery and Growth Plan of the FGN is geared towards private sector leadership and attracting private sector funds for such investment is not only a contradiction in terms but laying the foundation for the future failure of the enterprise. FGN should keep to its mandate and allow the private sector to deliver on manufacturing and related services.

(7) The National Assembly has been kept in the dark in a transaction involving public finances and that will involve the expenditure of public resources in future. Considering the paltry amount budgeted for the project, the Ministry of Health will still need to come back to ask for more resources from the National Assembly. At that future date, the legislature would have been faced with a *fait accompli* considering that resources had earlier been committed which would ideally not be allowed to waste.

(8) The Honourable Minister of Health who sponsored the memorandum at the Federal Executive Council is aware that Nigeria has no Vaccine Policy that regulates sustainable local production of vaccines and he is also aware of the efforts being made in the direction of developing one. What policy framework did the Minister use for the purpose of this venture? The entire local vaccine production process requires a policy anchor that will ensure its sustainability, so that it does not go the way of previous efforts at local production. Nigeria needs to learn from the failures of its past efforts so that those failures would not have been in vain.

(9) Committing the FGN to spend money on local vaccine production at a time UNICEF has agreed, to the knowledge of the Honourable Minister, to develop a local vaccine production policy begs the question and seems to put the cart before the horse.

In the light of the foregoing, we demand the following:

- FGN should cancel or put on hold the implementation of the current joint venture partnership agreement because it was procured in violation of extant laws.
- Lay the foundation for the private sector to restart the domestic production of vaccines through appropriate incentives.

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- In the event FGN still insists on finding a partner to work with for the local production of vaccines, the procurement process should be open and transparent and provide equal opportunities for all interested pharmaceutical companies to bid and to be considered based on earlier identified criteria.
- Properly value the Federal Vaccine Production Laboratory in Lagos before using it as an equity contribution or before its privatization or disposal.
- Keep the National Assembly in the know of immediate needs for the expenditure of public resources or such a demand that may shortly be made to enable the legislature have a proper understanding of the proceedings.
- Quicken the development of the local vaccine production policy and completion of the business case for local vaccine production.
- Put in the public domain through the website of the Federal Ministry of Health the terms of the joint venture agreement entered with May and Baker to enable Nigerians fully determine where the public interest lies.

Eze Onyekpere

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