

Mehdi Zaghloul - Country President, Novartis Morocco



16.04.2015

Tags: [Novartis](#), [investment](#), [R&D](#)

The country president and general director of Novartis Morocco discusses the impact of the price cuts on the pharma market, the need to change the health culture in the country and the importance of Morocco as a hub.

As well as being the country president of Novartis Morocco, you recently stepped down from your position as president as of *Maroc Innovation et Santé* (MIS). What were the main achievements during your term as president?

The main achievement was to help the industry overcome a very tough period that began with the implementation of a new price law in Morocco. The first step was dealing with the impact that the announcement had on the market in January 2014. The market shrank by around 4.5 percent, which is significant for an emerging market like Morocco. Our biggest challenge was to avoid stock-outs and continue to address distribution issues while restoring confidence across all channels. The second step was maintaining an open dialogue with the health authorities and ensuring that the price cut would be linked to a regular reimbursement situation. For the last three years, all reimbursements were completely frozen in the country, the official reason being to re-assess prices in order to manage costs at the insurance level. The authorities faced a situation where prices had increased across the board for consumers, from gas to bread and milk, forcing them to introduce an initiative to reduce the prices of basic necessities. Reducing the price of drugs was arguably the easiest way of achieving this. This was painful, but at the end of the day, reduced prices means

improved access, which means that ultimately, the benefits will be felt by the wider population. After three years, the authorities have agreed to reimburse products according to European and international standards.

In 2010, a new methodology for drug pricing was introduced by the Moroccan Ministry of Health based on seven selected countries (France, Belgium, Spain, Portugal, Greece, Turkey and Saudi Arabia). The idea was that the set price for any drug in Morocco would be lower than in those countries. We persuaded the authorities that while this would be acceptable for newly registered products, for generics it would not. Knowing the size of our market, more cost cutting would spell the end of the Moroccan pharma market. We finally convinced the authorities to reduce the local price based on a price average.

Another element was persuading companies interested in investing in Morocco to go through a local partner, as according to Moroccan law you need to be hosted by a local pharma organization. The difficulty was that the margin required for the access costs was around 15-20 percent: it was not viable to use the lowest price from a basket of seven countries and additionally face extra costs of 20 percent. We lobbied to reduce the import tariffs to 10 percent, which was reflected in the decree published in December 2013.

Last year, we spent at least two days per week at the Ministry of Health, discussing with all stakeholders, and overcame the challenges of restoring growth in the market through access to tenders, such as those issued as part of RAMED (*Regime d'Assistance Medicale*), which is still being implemented.

What have been the major implementation challenges of AMO and RAMED?

The authorities are managing RAMED without a full complement of essential drugs due to a lack of funding. Although the budget dedicated for drugs has increased, it has focused on volumes without diversifying drugs and consequently we still do not cover all diseases.

RAMED covers all employees officially declared, which represent 30 percent of the population. This is a great achievement. However, during the last three years, the introduction of new products to reimbursements was frozen: the reimbursement decision for 39 products still pending. One commission per month is supposed to take place, but for the last four months only one has been organized. Thanks to Lalla Salma foundation, led by the wife of the king and focused on the prevention and treatment of cancers, we are now able to cover cancer efficiently, but we still cannot cover diseases such as multiple sclerosis.

The other point is that today in Morocco we have a new law covering intellectual property, which was announced on January 15th, 2015. We are, as a result, the first non-European country to have signed a memorandum with the European Patent Office (EPO).

How does Novartis see the investment environment in Morocco and the region?

Novartis is considering Morocco as a potential country for investment. Novartis Oncology has just completed the acquisition of the GSK oncology portfolio, a landmark achievement in our mission to help improve the lives of cancer patients. Morocco will become a hub for oncology in North Africa.

In 2012, we were the first company in Morocco to sign a memorandum of understanding with health authorities and the Ministry of General Affairs. There were three pillars to this agreement. The first was to provide the country with innovative access programs in order to allow all Moroccans to benefit from innovation. The second was related to building training capabilities, helping to create new local centers of excellence. The third element, as demonstrated with oncology in Morocco, is working closely with the WHO and health authorities to build up our level of expertise. Today, the treatment of thalassemia is fully supported by Novartis in Morocco, firstly in terms of building capabilities and also regarding the support we provide towards local funding for drugs.

By 2020, where do you think Morocco will be and where do you think we will see Novartis in Morocco?

By 2020, we will hopefully see the emergence of a bigger chronic disease market in Morocco. As for patent protection, mutual recognition in terms of registration could be a major challenge to overcome. For Novartis, we aspire to be part of the list of countries that launch innovative products at the same time in developing countries; we are working to set up innovative program access for the future, to ensure that the Moroccan patient will benefit from new molecules. And finally, we will be building strong partnerships to extend the MOU signed in 2012.

[To read more articles and interviews from Morocco, and to download the latest free report on the country, click here.](#)

[See more interviews](#)