Interview: Moez Lidinallah Mokaddem – Chairman and CEO, Central Pharmacy of Tunisia (PCT)



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Moez Lidinallah Mokaddem, ENA graduate and CEO of the Central Pharmacy of Tunisia (PCT), introduces the institution he works for and the central role it plays in the import of drugs to the country, as it holds an absolute monopole on said imports. He also provides us with an insight into some concrete measures he wishes to see implemented for the amelioration of the performance of the Tunisian healthcare system.

The PCT plays a central role in the Tunisian healthcare system. Can you please explain its principal characteristics, its operations as well as its link to the other players within the system to our readers?

The system in Tunisia is based on a very atypical model, that differs greatly from that of other countries. The PCT is a 100 percent public company working under the umbrella of the ministry of health. It holds the monopole for any drug import into the country and likewise is the sole responsible for any supply of imported or locally manufactured drugs to the hospitals in the country. The local manufacturing of drugs for pharmacies alone are not under our supervision. Numerous advantages are born from this system, such as a continuous supply in medication for the Tunisian people and the effective control of counterfeit drugs.

For the public tender reimbursements, we work with the CNAM (National Health Insurance Agency). It goes without saying that we need to work very closely with the other players. Unlike the case in

other sectors, we cannot simply stop the supply if an invoice is not paid for in a timely manner, as the one having to bear the consequences in the end is the patient.

While the system has long been seen as a model guaranteeing access to medication at a low price the PCT has been facing new challenges with major budget issues and supply bottlenecks of late. How can you counter these challenges?

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First of all, it is very important to underline that the PCT is not facing a budget deficit. On the contrary, it is the public sector that is in deficit towards the PCT. Nevertheless, the PCT tries its hardest to maintain the normal pace of supply as well as the partnerships we already established with our suppliers and clients. The challenges we are currently facing have various origins such as the devaluation of the dinar and the increased debts the public sector owes us. All of these difficulties started to raise during the second term of 2016.

The task of the PCT is to import drugs for the pharmacy industry at a price set by the ministry of trade. This renders the PCT highly vulnerable to any change in the price at which it buys the product when importing it: if the price is raised, because of a change in exchange rates for instance, the PCT has to absorb the difference with the fixed price at which it sells to its clients. The so-called compensation the PCT has to absorb was of 100 million Tunisian dinars in 2016 alone.

Today, we can estimate ourselves happy that our suppliers are aware of the fact that all of these difficulties are purely conjunctural and not due to unaddressed structural issues. In order to counter the looming deficit threat, we try to rationalise the use of medication with our clients, as they occupy a very important space in Tunisia’s overall health expenditures, some 28 percent. We hope that we will be able to lower the consumption of imported drugs, promoting local production over import products when quality and efficiency are the same. Finally, we demanded to gain insight into the stock management of the public infrastructures.

An upcoming government plan providing investment in the social security funds will also be a relief for our finances. Furthermore, the government has decided to modify the way subscriptions are incorporated. In the future, they will go directly to the CNAM and not to the two social security funds who were receiving them until now. Thus, the CNAM will not be dependent on the two highly indebted funds anymore, and be able to pay the PCT.

There is one more challenge we are facing in Tunisia, the smuggling of drugs. As the compensation system allows for drugs to be bought at sometimes ridiculously low prices compared to their real

value, it occurs that they are being resold illegally in some of our neighbouring countries, mainly in Libya. Not only does this cause us to lose more money, but it brings with it a shortage in strategically decisive drugs such as insulin in Tunisia. We have therefore implemented electronic invoicing at the beginning of this year to fight this issue.

A coming trend in developing countries is the multiplication of chronical non-communicable diseases, that will be sure to raise healthcare expenditures drastically in the coming years. How does the PCT prepare for this trend today?

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Indeed, Tunisia is no exception to the global trend already well in place in developed countries. Diseases such as hypertension and diabetes are weighting more and more in the total balance.

In order to fight that trend, the PCT invests in specific programmes targeted on these diseases. Those programmes have specially allocated budgets and this leads us to manage two stocks: one for the usual tender products, and one for these programmes. The ministry of health has a list of all the patients suffering from diabetes, hypertension and hepatitis so as to be able to have an accurate estimate of our needs in medication.

The availability of stocks can be a major issue for an institution such as the PCT. How do you manage unforeseen demand?

The PCT is obliged to a constant readiness of three months of strategic stock for all drugs. Naturally, some drugs are on a just-in-time basis even in their originating countries. Nonetheless, some drugs are so important that we keep a constant stock of five to six rather than three months, drugs for diabetes for instance. As of today, we have never had a stock issue because of missing payments, however, we have encountered shortages because of a production delay in a supplying country.

It has also happened before that the drug is available in our stocks, but that it fails to reach the patients. This is a situation that prompted us to request a right of inspection of the hospital stocks, to avoid shortages caused by someone forgetting to pass an order to the PCT in time.

Another point that still holds potential for amelioration is how we manage regional demand in the country. We have a central warehouse in Tunis and five more in different regions. I aim for a process that will guarantee constant availability in the whole of Tunisia of any drug available in one

warehouse. We hence need the means to transport the product form one spot to another, and will work on our internal information system to ensure this.

During a recent round-table we organised with your Algerian neighbours we touched upon the subject of pharmaco-economy and its impact on pricing policies. Tunisia was named, with Algeria and South Africa, as a pioneer in the matter. What place do public private partnerships hold in Tunisia today?

The PCT belongs to a group active in public private dialogues, during which we touch upon subjects such as pricing and the links with between the PCT and its foreign and local suppliers. These talks are proving successful, and we already agreed on the creation of a unique pricing committee, which will greatly simplify the current process. The latter is very complex and requires up to three negotiations for the settlement on one price between a technical committee, the PCT and the CNAM.

It is very rewarding to see our combined efforts lead to compromises and transparency in the system. However, the progress made—although already substantial—is still far from meeting international standards in terms of pricing, time to market and so on.

Tunisia covers 50 percent of its own drug consumption with local manufacturing and has the ambition to raise that share to 80 percent. How feasible is such an undertaking and what role can the PCT play to see it become reality?

Tunisia has both, laboratories of innovative MNCs operating in the country as well as local production, solely composed of generics. There is no local research and development. Thus, we aim to maintain our attractiveness for foreign laboratories working on new therapies while also driving local manufacturing. Indeed, only 14 from the 100 million of dinars of compensation the PCT absorbed in 2016 are the result of imports that have a similar produced locally.

In order to ensure the fulfilment of Tunisia’s ambition, The PCT created an investment fund to foster the capacity of local manufacturing and enhance the competitiveness of our national manufactures in exporting, to Africa for instance. The current situation on the other hand divulges not only a financing issue, but a lack of coordination between the PCT and its investors.

I personally see that the PCT can and has to play in these projects, were it only by helping Tunisia to reclaim the place it rightfully earned on the international scene. In addition, we do have all the right arguments speaking for us: a still somewhat virgin market with the promising potential of high revenues!

Where do you wish to see the PCT in four or five years from now?

In four to five years I want to have assured the PCT a stable financial situation. Of course, this will only be possible if the finances of the CNAM and other players are back to good health as well.

Hoping for 80% coverage of the local demand by local production on a four years horizon is somewhat over-ambitious, however, I believe that a five to ten percent increase in the share of local production is feasible.

Finally, I focus on the strategic axe of ameliorating our procurement and distribution networks, and the administration of the PCT. I am convinced that much will be resolved once we render our internal procedures more efficient.

What would be your final message for our international readers and future investors in Tunisia?

Come and invest in Tunisia! The health sector holds a lot of potential and very high added value outcomes. Moreover, the registration process is clear, there are no smuggling or black-market issues. And all along the way, the PCT will be present to help convert those opportunities in a successful investment project for you.

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