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Ashraf Elkhouly, executive director of the Egyptian Society for Pharmaceutical Research, discusses how recent healthcare reforms will help to attract more investment to Egypt and the importance of public-private partnerships for improving the country's healthcare system.

Can you highlight to our international audience the main dynamics and trends, that have been shaping the Egyptian pharma market in the last three years?

The government has been very active lately, which certainly will benefit the industry and the population in the future. I would like to highlight the four main reform plans that have been prioritized by the government.

For the multinational companies, we have seen drug prices increasing by 20 percent for some products, however not the whole portfolio. In collaboration with the government, we started to look into possibilities on how to guarantee patient access to innovative products, which are relatively highly-priced. The recent raising of the drug prices and the value-based pricing approach have shown that the government is serious about giving Egyptians access to modern medicine, while also keeping up the positive economic trend we are currently perceiving in the industry.

The second big reform by the government is the law that suggests an own entity responsible for pharmaceuticals, the Supreme Council for Medicine and Medical Technology. The council will have two sub-entities, with one of them being responsible for registration, pricing and industry strategies and the second one having the task of purchasing pharmaceuticals on behalf of public institutions. These include the army, police, universities, public hospitals and, of course, health insurance institutions. This new council will help with regulating the price and facilitating market access, while taking some of the weight off the shoulders of the Ministry of Health, which has many other responsibilities.

What are the two other main reforms?

The third reform has been the implementation of the health insurance, which will take a longer period of time. Here the key reform has been the development of three entities that are responsible for different tasks; one Control and Accreditation Authority (“governance”), one for Health Insurance Authority (“financing”) and one Health Care Authority (“service provider”), all reporting to the Ministry of Health and the Prime Minister, so this really shows the importance of this project to the government. It also benefits the companies, as it reassures the industry that there will be reimbursement, which helps them in their planning efforts.

The parliament is also discussing a clinical trial law, which will be a big step forward for all stakeholders, as it will help the industry moving on from just producing generics towards R&D; a feature that is missing in the whole region at this point. Laying out ground rules for clinical trials will, therefore, open many doors for Egypt, to attract companies to conduct their trials here. The country is the only one in the region able to carry out this task, as we have a strong academic network and investigators, a large population and very low costs. Trials are mainly focused on Phase IV, however, there are also plans to start again with Phase III trials after approving the clinical trial law. The main barrier at the moment is the approval time of new clinical trials, which exceed 500 days in Egypt, which is far too long. With the new law, we will be able to significantly reduce the approval time.

What have been the main priorities of the society recently?

Our priorities are mainly streamlined with the activities of the government. Our main goal is obviously the continuous attraction of investment to the country while helping the government

achieve its goals, as this will also help the industry. Our partnership projects with the government are a good example of this. In relation to the Track & Trace standard, we are working with the MOH on upgrading the capabilities to eradicate and how to eradicate counterfeited medicine. This also includes the presentation of systems used in other countries to learn from best practices.

Another priority for us is to work on the clinical trial law together with the government. Our role here is to give our expertise and experience to the people responsible drafting this law, attending hearing sessions and also speaking in front of the parliament, to make everyone is aware of the gaps we see as an industry. Our goal is to have at least three percent of all global clinical trials in Egypt, hence why it is important to have the right legislative framework.

When we have met you the last time in 2015, you highlighted the need for GS1 standards in the Egyptian pharma industry to fight counterfeits. What progress has been made in this area?

Unfortunately, the Track & Trace system is not fully implemented, but since December 2018 we have been testing with pilot products. The agreement that has been made with the Ministry of Health states that by the end of the year the implementation will be finalized. It has to be noted that it is not only Egypt, who is experiencing delays, but many other countries have had the same issues with the EU finalizing the process in 2019 and countries like Brazil even later in 2023. There has been a strong push by both the government and the industry to implement this system as soon as possible.

The government highlighted the need for the private industry to play a leading role in its plan transforming Egypt’s healthcare system. How might these public-private partnerships (PPPs) look?

PPPs play a big role in the government’s plan and one concrete example is the formation of the company We-can, which is formed of MNCs, local private companies and the government. The company will be distributing 41 oncology products, which have been provided by the companies forming this partnership. We-can will have market authorization, not only for the Egyptian market but also for other African countries. The market authorization for foreign countries will be exclusive, so we strengthen the Egyptian pharma export industry as a whole, rather than competing with each other. This is a great agreement, as it is a partnership we have not seen yet in this way in

Egypt. It goes along with the government's policy of prioritizing exports, especially to new markets such as sub-Saharan states. More similar PPPs with the goal of technology transfer are on the way, but I cannot talk about them as of now, as they have not been finalized.

PPPs and technology transfer in the oncology and vaccines field are also encouraged by the government, which will benefit the Egyptian patients. However, this will also help the industry to grow as it can move on from the simple production of chemical products towards biological or oncology products.

How would you rate the attractiveness of the Egyptian pharma market for investors?

Egypt is still a very young market for pharmaceuticals, as the current spending per capita on pharmaceuticals in the country is only around USD 30. This implies a huge potential, as in the future the spending will go up without a doubt. We are not talking about Eastern European figures, which are around USD 600, but more of a spending around USD 50 to USD 60, to double the current numbers. Additionally, the Egyptian pharma market has always posted very high growth rates of around twelve and 15 percent per year in volume and 29 percent in value, which outstanding compared to the region. While it has always been a very promising market in terms of sales, regulation has always been lacking behind; however, this has changed in the last few months with the reform efforts by the government. Overall, I am therefore very positive that the Egyptian market will be very attractive for multinational and local investors if we can keep up this momentum.

You have been working in the industry for many years now, acting as a facilitator between companies and the government. What is your personal motivation?

I am Egyptian, which is a fact that comes before all my roles and position. The development of the market will benefit both the Egyptian people and industry as they are tied together. Good regulations will help to attract more investment which in turn will improve the healthcare system. Helping to facilitate the cooperation between all stakeholders is my motivation as it ultimately will help Egypt grow.

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