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Senior director and general manager for North, East & West Africa at IQVIA Hocine Mahdi discusses the positive aspects of Morocco’s healthcare landscape and the challenges that remain for multinational companies looking to enter the market, particularly within the context of HTA. Moreover, he outlines the firm’s strategy across African markets, including its focus on digital transformation.

Can you begin by giving our readers an introduction to the key characteristics of the Moroccan healthcare landscape as well as some of the macro trends present in the region as you see it?

The Moroccan healthcare landscape is currently one of the most dynamic in Africa. While established markets like Algeria, Tunisia, and Egypt plus South Africa do exist, true dynamism is seen in the Middle African and sub-Saharan regions. Morocco’s transformation can largely be attributed to the government’s new strategy of universal healthcare, which aims to include the entire population, thereby increasing drug consumption. This strategic shift is expected to sustain the dynamism of the healthcare market.

In terms of market growth, Morocco has a growth rate of around five percent, a promising figure. In comparison, other North African countries are experiencing slower growth, or macroeconomic

challenges. However, Morocco's solid macroeconomic fundamentals, despite the ongoing recovery from the post-COVID period, position it favorably for the future.

Looking ahead, the sustainability of this growth becomes a key consideration. The government's focus on sovereignty, particularly in local drug production, aims to reduce costs compared to imports. Additionally, improving access to innovative projects is a priority. The creation of a biotech production unit in Benslimane is a significant step in this direction, creating an ecosystem that could attract investors and multinational companies. Morocco's expertise in complex productions like aeronautics further strengthens its potential in the biotech sector.

Morocco's emergence as a hub in biotechnology could also have a ripple effect across Africa. As other African countries seek to reduce their dependence on external sources, Morocco's advanced position can support this shift. Moroccan involvement in West Africa is already evident, and there is potential for expansion. Egypt is also looking to play a role in East Africa. By pursuing a win-win approach, Morocco can not only drive growth in its own healthcare market but also strengthen its influence in healthcare systems across Africa.

As IQVIA works closely with its multinational clients, can you describe some of the most relevant challenges that these companies face while operating in the Moroccan market?

One of the significant challenges for multinational companies is the size of the market itself when compared to larger European markets. This size difference can make it challenging to negotiate prices effectively. In larger markets, companies can often afford to lower their prices due to higher sales volumes. However, this dynamic becomes more complex in a smaller market.

Another challenge arises from the need to justify prices to the government, particularly in the context of healthcare technology assessment (HTA). Morocco is in the process of creating an independent agency that will oversee HTAs. Multinational companies will need to present robust dossiers explaining why the government should invest a certain amount of money in their products. These dossiers will likely consider factors like return on investment. The establishment of this agency is expected to facilitate discussions between multinational companies and the reimbursement system.

Furthermore, negotiations with the authorities will increasingly involve independent agencies that assess the global impact of healthcare spending, rather than just the drug spending itself. This broader evaluation includes considerations like return on investment. Multinational companies may also need to commit to delivering specific results as part of these negotiations. To ensure that the state receives a worthwhile return on its investment, various tactics and initiatives can be employed. The objective is to create a structured and transparent framework for negotiations between industry players and government authorities.

You mentioned an ambition to create local vaccine manufacturing to promote the government's goal of sovereignty. To what extent is it possible to produce top notch innovation in a country like Morocco which has historically been known for generic medicines?

Yes, indeed, this endeavor is going to create an entire shift in Morocco. As per an official announcement by 2M Morocco, the level of investment involved is staggering, even by European standards, at USD 500 million. It is a significant sum, and the details of how this investment will be structured, whether progressively or in a single pay out, are not clear. However, knowing how things

are managed when they are under the direction of the Moroccan government, especially with royal backing, indicates that they are likely taking a best-in-class approach.

This massive investment in biotechnology holds the potential for substantial impact. While the Moroccan market alone might not be sufficient to fully accumulate this investment, the broader vision extends beyond Morocco to Africa and even Europe. The goal is to create a top-tier biotechnology capacity, capable of producing high-quality products and competing on a global scale. This growth will facilitate better penetration of African markets, ultimately contributing to healthcare sovereignty not just in Morocco but across the entire African continent.

There are two main aspects to consider. First, there will likely be a strong focus on R&D to create highly innovative and potentially expensive products targeting wealthier nations. Simultaneously, there will be a commitment to biotech projects that prioritise producing biosimilars without excessive profit margins. This dual approach will help tap into the African market with products that are both high-quality and affordable, meeting the region's unique healthcare needs.

Compared to countries in North Africa such as Egypt, which is a much larger market, what makes Morocco a competitive location for attracting foreign investments?

Morocco has become increasingly attractive, especially for mergers and acquisitions. Sovereign funds are showing strong interest in investing in local units, signaling trust in the market's growth potential. Morocco's local market itself is already appealing for investment, but the rise of local players is noteworthy. These local players are steadily expanding their presence in the market thanks to their cutting-edge manufacturing capabilities.

However, it is worth noting that there is not a unified Moroccan approach for companies looking to expand beyond Morocco's borders. This process can be complex and costly. To address this, there's a concept of creating consortiums for market entry, allowing companies to pool resources and penetrate new markets together. This approach not only leverages Morocco's strong diplomatic and political relationships in many African countries but also ensures that local production can meet quality standards required for global markets.

Morocco has successfully extended its influence into African markets through its banking and other industries. If the country can further enhance the quality of its products to meet European and FDA requirements, it could potentially become a producer for the European market. The close proximity of Morocco to Europe being just 15 kilometers away makes logistics highly efficient, especially in times of disruption like the recent challenges posed by the COVID-19 pandemic.

The key here is to differentiate between business models for different markets. For Europe, the focus should be on delivering top-quality products, meeting stringent standards for multinational clients. In contrast, for African markets, the emphasis should be on maintaining quality while offering competitive pricing, and even building a Moroccan brand presence in the region. This dual approach can help Moroccan companies thrive both locally and globally and hence increase the potential of attracting investment.

Globally, IQVIA has added a healthcare component to its traditional life sciences and pharma offering in recent years. Where does IQVIA stand today in the Moroccan healthcare landscape and what business areas are you prioritising?

IQVIA is a leading global provider of advanced analytics, technology solutions, and clinical research services to the life sciences industry and the broader healthcare ecosystem. We have developed our own CRM and a digital quality system to ensure compliance. With these competencies, we extended our services to encompass classical market research, analytics, and management consulting, targeting both top-level executives and local markets. We also have extensive expertise with clinical research, real world data and patients support programs.

Today, our growth areas align with the African market's needs. We are heavily involved in public health, working with NGOs, donors, and governments to implement healthcare strategies and disease-specific projects. Our contributions have a global reach, collaborating with various donor organisations.

Another significant pillar is the payer-provider group. We assist countries in establishing coherent digital healthcare systems, ensuring smooth reimbursement processes, and optimising digital health information systems within hospitals. Our advisory services and proprietary solutions are making a substantial impact, not only in Morocco but across various countries. Moreover, we are continually expanding our presence in Africa, with plans for Sub-Saharan Africa and other regions. Our aim is to contribute to better global health outcomes by leveraging our expertise and technology.

Digital transformation seems to be a core facet of this strategy but digitalisation is still in its early phases here in Morocco. How do you see this capability developing at a national scale in the near future?

Digital transformation is indeed a central element of our strategy, but it is important to understand the dynamics at play in Morocco's digitalisation journey. Historically, smaller African nations with less established banking systems embraced digital payment systems earlier than larger, more developed countries like those in Europe and the US. Similarly, in healthcare, countries like Morocco, with relatively well-structured healthcare systems, might not have an immediate need for rapid digital transformation. Despite this, in Sub-Saharan African countries and India, where healthcare infrastructure may be less established, the appetite for digitalisation is stronger. There is a vibrant ecosystem of startups and a greater need for rapid digital solutions. These nations are often at the forefront of healthcare digitisation.

In Morocco, while there are digital health players, the transformation is proceeding cautiously due to the complexity of managing an established healthcare system. This measured approach is necessary to ensure that digitalisation aligns with the existing system and does not disrupt it. The COVID-19 pandemic accelerated some digital healthcare practices, such as telemedicine and remote consultations. However, clear regulations regarding reimbursement for these services are still lacking. The country is taking steps in the right direction, but progress is steady rather than rapid.

As for IQVIA, we are monitoring the digital transformation landscape closely. While we see opportunities, our ability to actively participate in digitalisation efforts depends on the market's size and readiness. Currently, we are following developments and, when appropriate opportunities arise, we will invest in projects that align with our expertise and can provide a clear return on investment. We remain committed to being advisors in this evolving digital healthcare landscape.

Looking forward, what do you expect to see in terms of growth for Morocco's healthcare ecosystem in the coming three years or so?

I foresee two distinct facets of growth in Morocco's healthcare ecosystem. Firstly, Morocco has a history of setting precedents when it commits to a particular endeavor. Just as Morocco has become a significant player in the automotive industry and aeronautics for Africa, healthcare is poised for a similar transformation. When Moroccans focus on a sector, they tend to innovate and excel. For instance, Morocco has already become a regional hub for the banking sector. Therefore, I believe that in healthcare, Morocco will lead by example and become a reference point for other African countries to emulate.

One important aspect is benchmarking. As Morocco progresses in healthcare, it will set the standard for others to follow. Other African nations will look at Morocco and think, "If Morocco can do it, so can we." Morocco's strategic position in Africa, as well as its expertise in the banking sector, can be leveraged to export not only pharmaceuticals but also healthcare know-how to other countries. The return on investment in healthcare is clear; a healthier population positively impacts GDP, as demonstrated by numerous studies. In particular, I expect significant progress in the next three years regarding Morocco's drug manufacturing capabilities, given the urgency of drug production. The move towards universal healthcare, unifying payer and reimbursement entities under a single entity, is another development that will enhance efficiency in the healthcare system.

Overall, I believe that we will witness a substantial transformation in Morocco's healthcare system. This transformation will not only benefit the country but also serve as a benchmark for other African nations. Additionally, I anticipate that public-private collaborations will play a crucial role in this transformation, just as they do in other sectors.

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