



Sectorial PPDs in Tunisia

Experiences and lessons learned

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What are we trying to do and how. A framework to think about development policy and interventions

Horizontal

Vertical

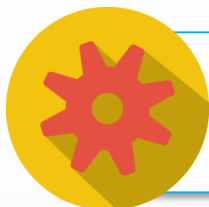
Public Inputs
("my problem")



Market Interventions
("your problem")



A project methodology based on a global consensus and a participatory approach



OBJECTIVE : **Identify and enhance the growth of pilot clusters in Tunisia**, based on fact-based cross-sectorial diagnostics and extensive public-private dialogue (PPD)

Short list of 4 pilot sectors



- ▶ Diagnostics & PPD approach to be **extended and replicated** on as many sectors /clusters as needed

Timeline: 3 phases organized, and based on a participatory approach



- ▶ The project design was **refined and adjusted** through dialogues with the governments.
- ▶ Works in pilot delayed along the phases due to **5 consecutive government reshuffles**

STATUS AND ACHIEVEMENTS – PHASE 1 → completed

✓ Sectorial analysis, priorities & reports

Phase 1 has been implemented largely as planned, and 8 reports (two on each sectorial PPD) have been finalized and disseminated to all participants.



✓ Policy recommendations

A synthesis of all 4 outputs were presented to the government and approved. Policy recommendations were included in the government's "Vision 2030" at the time.

TUNISIA VISION
2030

✓ Howard award for « resilience »

The project pioneered the PPD process in Tunisia, and has co-won the 8th Howard award (shared with the Nobel Peace Prize winners in 2015)



✓ Digital communication materials

Communication material included 2 short-films: one portraying some of the PPD workshops, the other capturing the diagnostics of one of the four sectors in a 3 minutes animation.



STATUS AND ACHIEVEMENTS – PHASE 2 & 3 & BEYOND

Advisory and financial support

Multiple Public-Private working groups have been formed in order to coordinate the refinement or implementation of solutions/actions :



- **Garment:** did not advance much, although a coordination group was created including all donors and Public-Private Actors active in the sector



- **IT Services:** advisory and support provided to “Smart Tunisia” – new investment promotion agency for offshoring services in (towards) Tunisia



- **Electronics:** advisory support provided to electronics firms to establish a competitiveness focused cluster **association building on “Elentica”**



- **Pharma:** advisory and financial support on reforms of the Marketing Authorization process, Pricing process, Export development strategy, Medicine subsidy programs and clinical trials with a decree.



+55
PPD
meetings

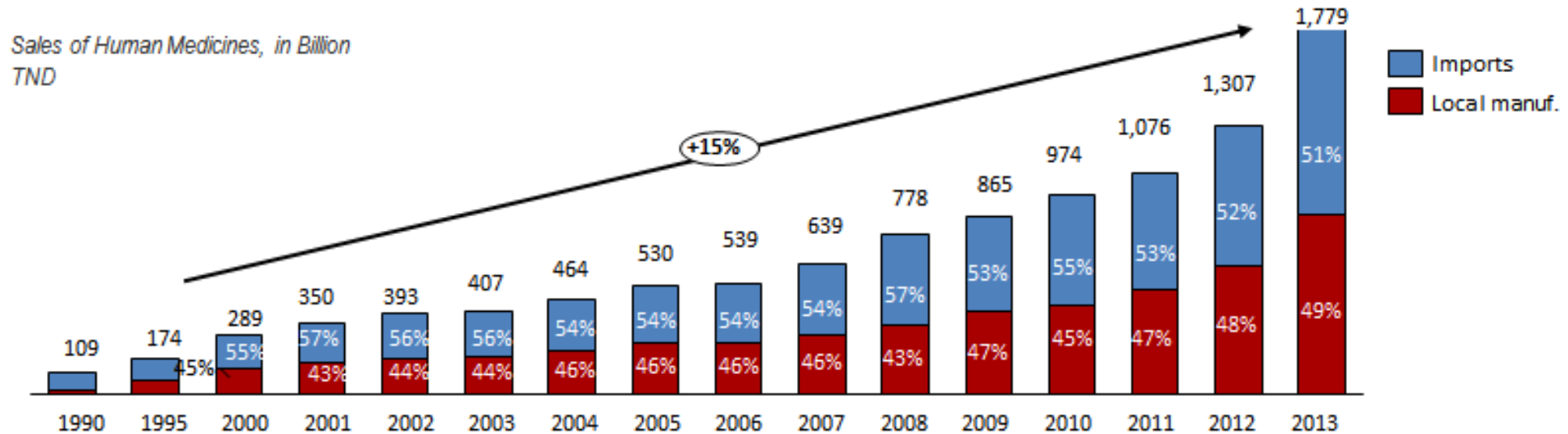


THE PHARMACEUTICALS SECTOR

Overview of the pharmaceutical sector before PPD start in Tunisia: **Local Market**

Human medicine in Tunisia represent a market of 1.78 billion dinars, with an average growth of 15% per year. Local manufacturing accounted for 49% of the total market in 2013

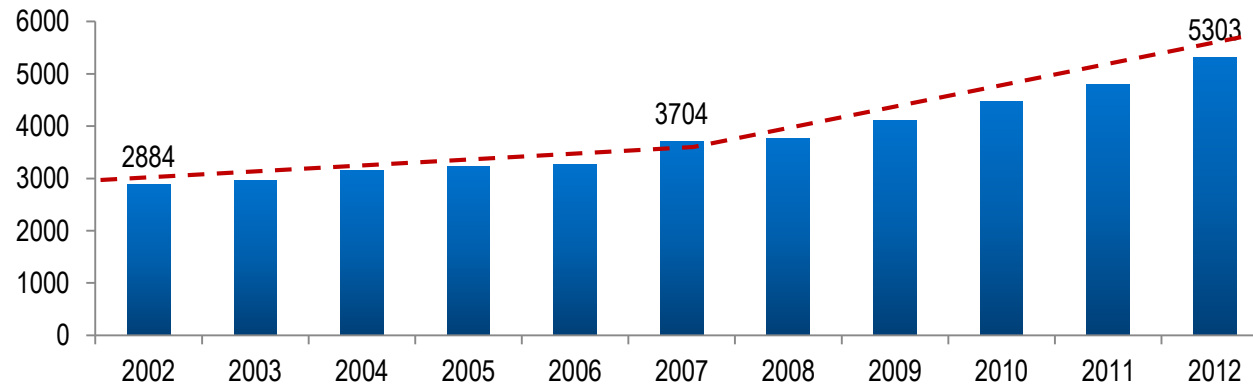
The medicine market has witnessed a steady growth by an average of 15% since 2000



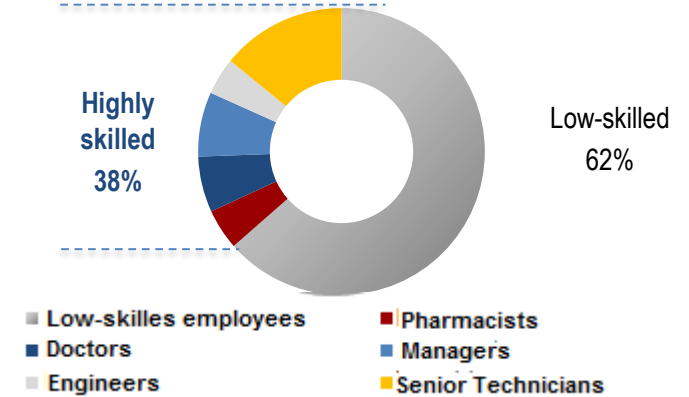
Overview of the pharmaceutical sector in Tunisia: **Export & Employment**

The number of jobs created by the pharmaceutical industry remains limited,
But it meets the market demand for highly skilled jobs

Number of employees in the pharmaceuticals sector

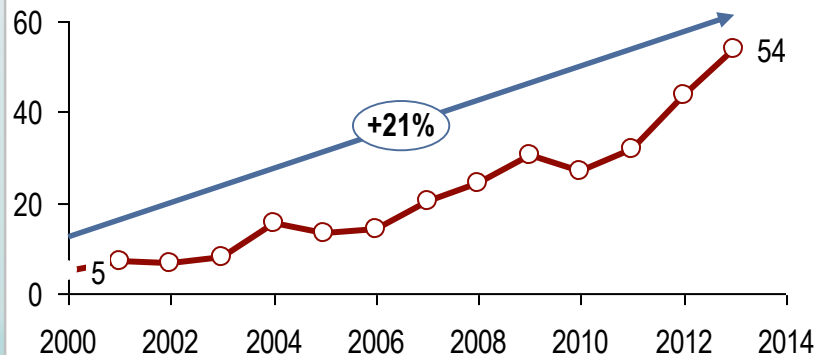


Proportion of qualified employment, 2011

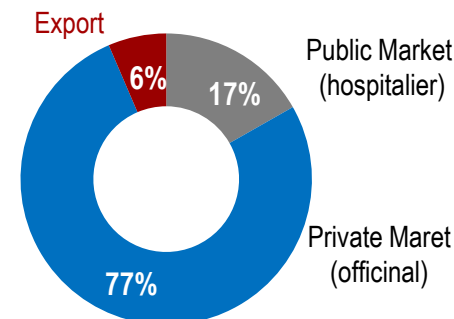


Tunisian exports make an average growth of 21% each year and
represent only 6% of production, highly below the potential of the target markets

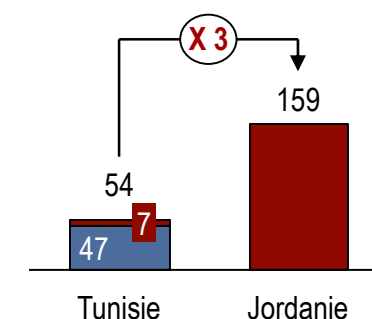
Exports of Pharma Products M\$



Share of Exports in the production of Human Medicine - 2011

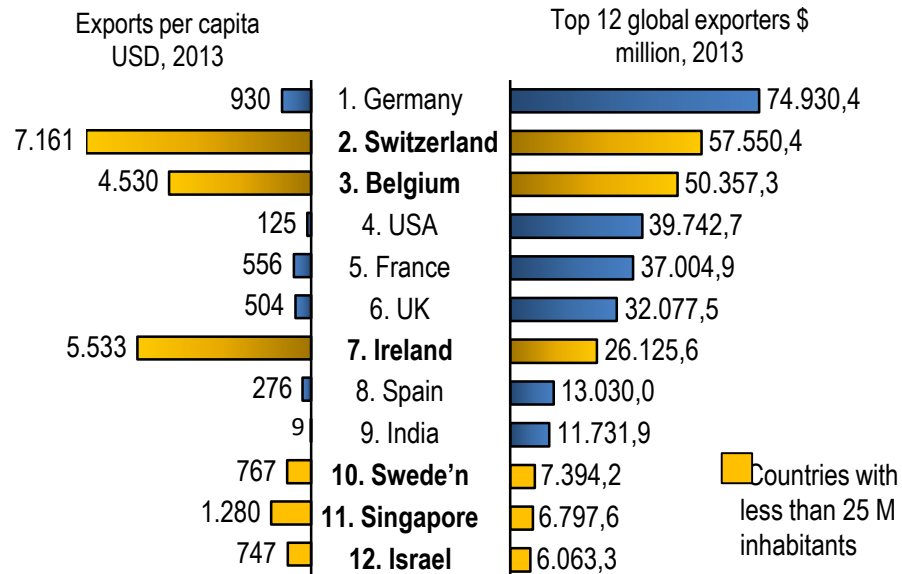


Ex: Exports of Human medicine to Algeria (M\$, 2012)

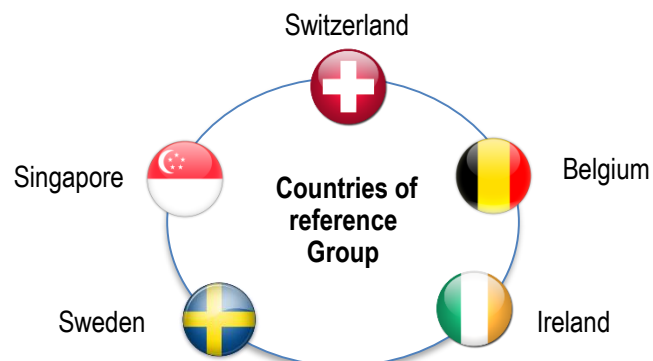
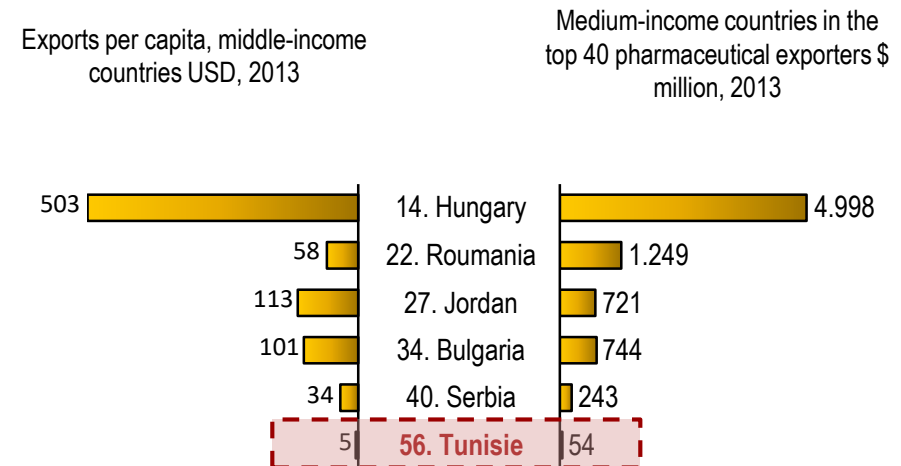


Overview of the pharmaceutical sector in Tunisia: Benchmarking

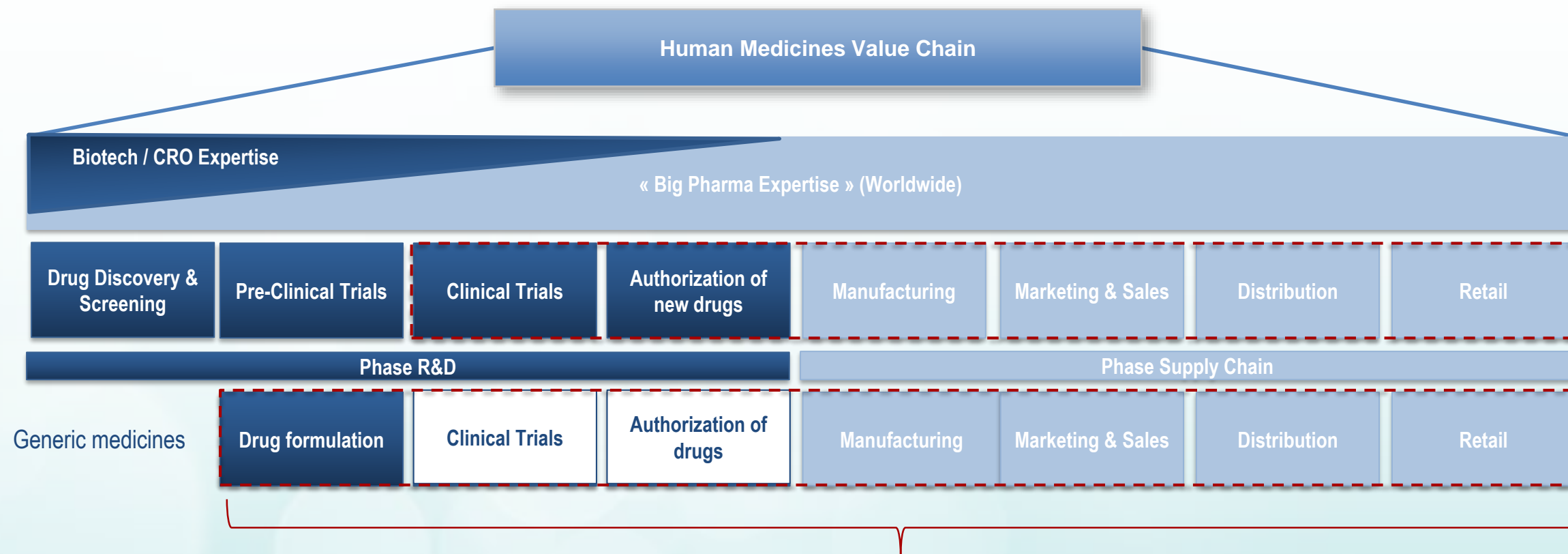
6 of the 12 largest exporters of pharmaceutical products have a population of less than 25 million inhabitants



5 countries, with a population of less than 25 million and medium-income, are among the top 40 global exporters



Overview of the pharmaceutical sector in Tunisia: **Value chain**



Cluster of the Pharmaceutical Industry of Human Medicines (Princeps and Generics) in Tunisia



UPGRADING SCENARIOS

The Transformation of the Pharmaceutical Industry in the World

A cost driven market

Plain generics will be supplied from China and India

	 UK	 Germany	 The Netherlands
Product	Simvastatin	Omeprazol	AMLODIPINE
Presentation	20 mg x 28 tabs	20 mg x 100 caps	10 mg x 30 tabs
Ex factory price	€ 0.24	€ 1.13	€ 0.55
Sales / annual therapy	€ 2.88	€ 2.83	€ 3.35

OR 1 cup



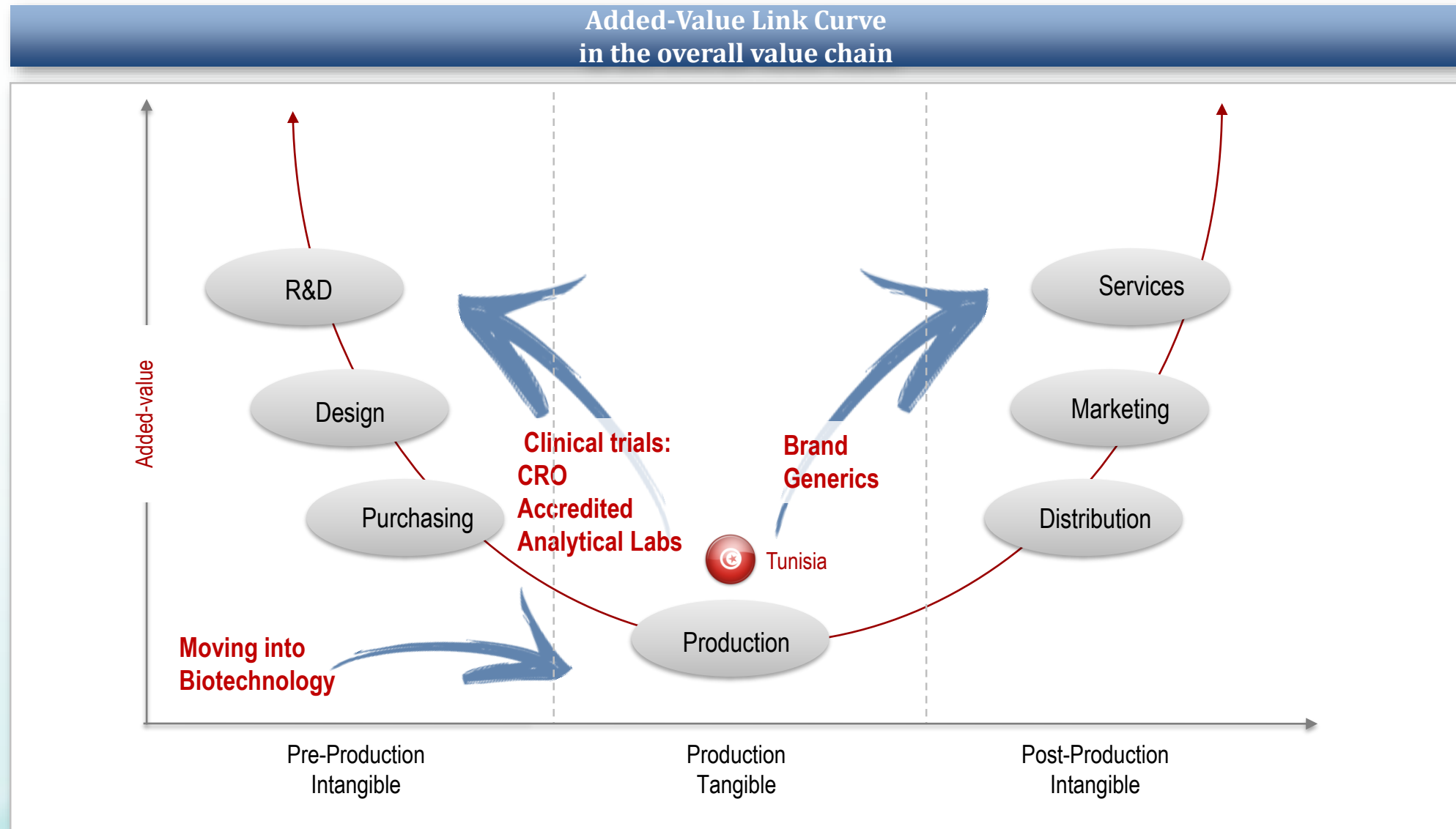
OR 1 pair of

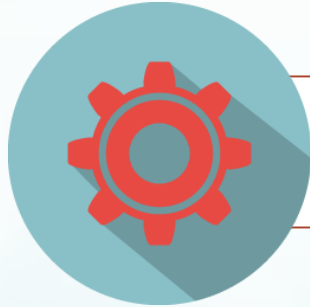


OR 1 Ice Cream



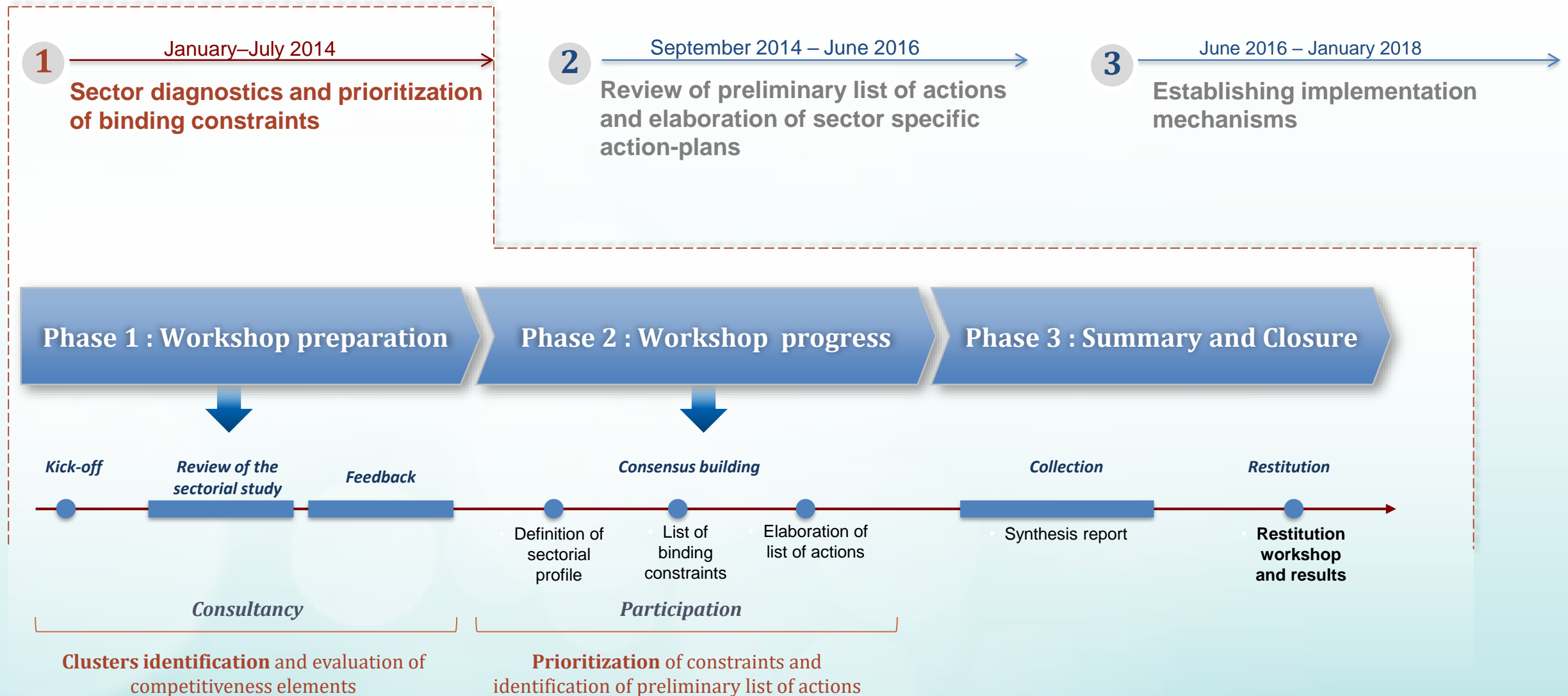
Several planned growth paths in the pharmaceutical sector



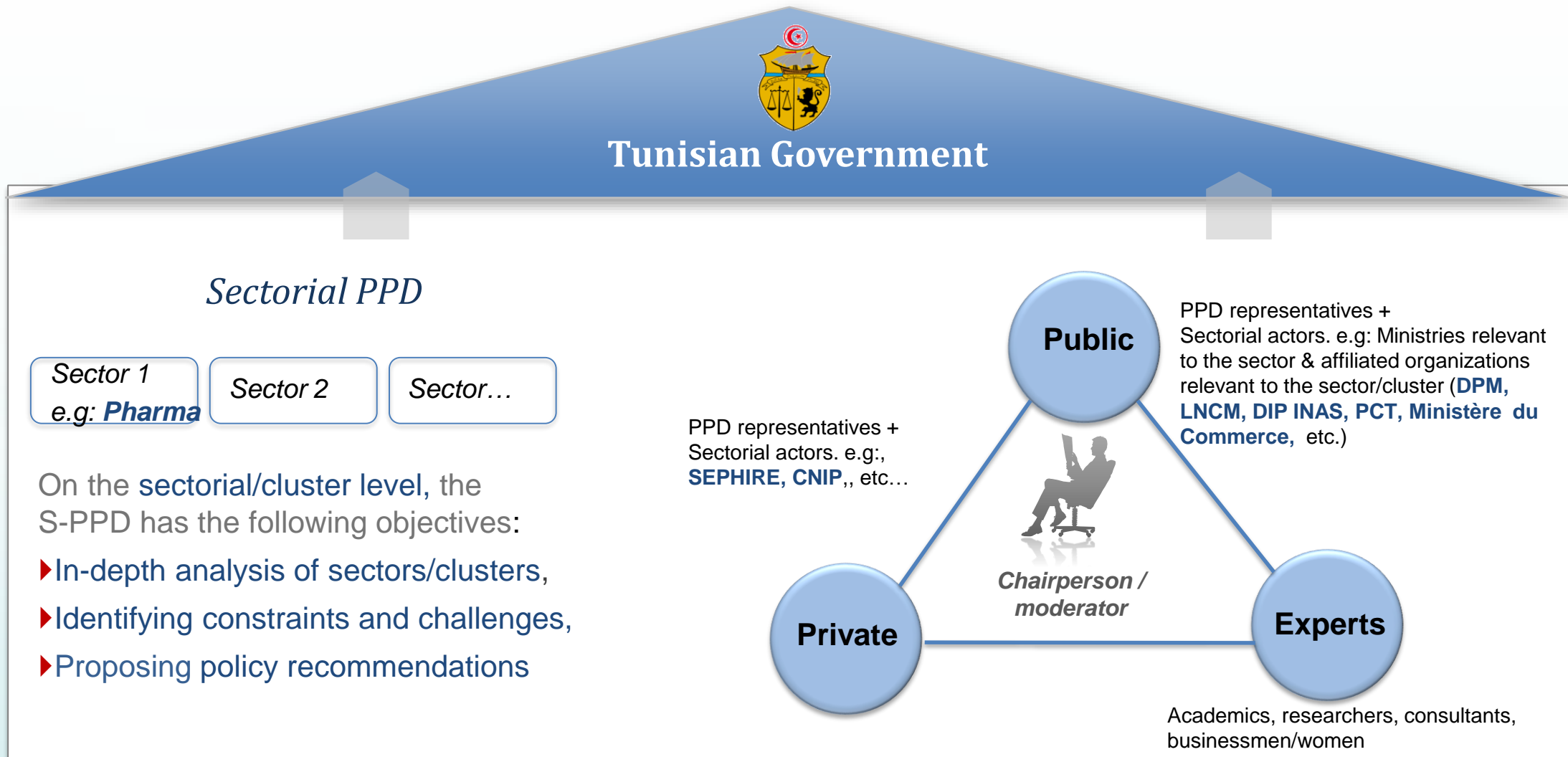


THE SECTORIAL PPD PROCESS

Project organized in 3 phases, and based on a participatory approach



Public Private Dialogue Mechanism

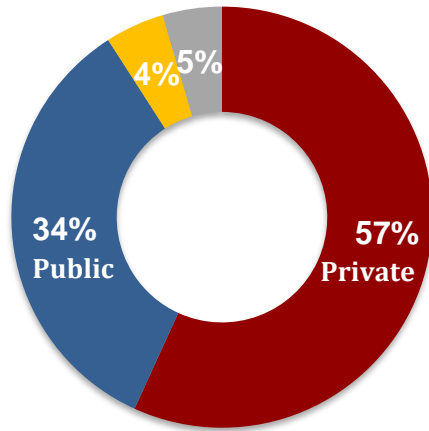


Overview of Public Private Dialogue

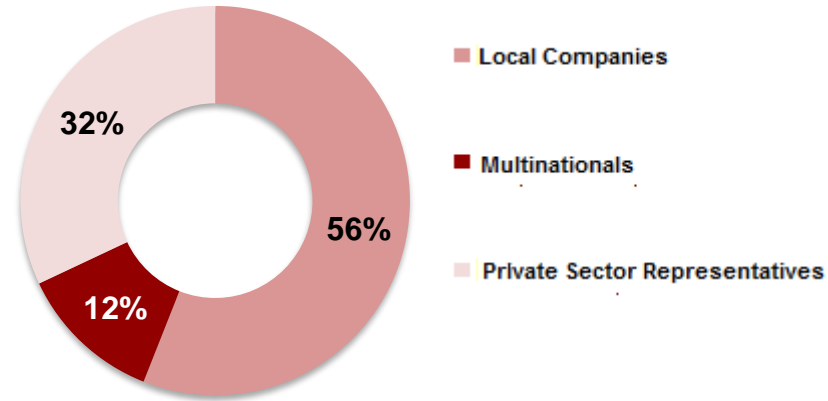


The workshops involved various stakeholders with a balanced public and private participation

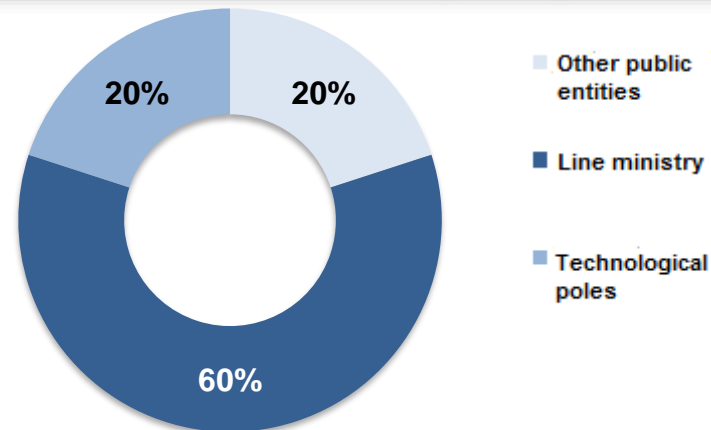
Balanced public and private sector participation



Private sector participants



Public sector participants



Ambition 2030

1

A country that exports at least as much as it imports

- A country that exports more chemical drugs, including generics
- A country that exports products derived from biotechnology, including bio-similar products
- A country that also exports clinical research services (clinical trials, including bioequivalence, etc.)



Imagining the sector in 2030

2

A platform for MENA ZONE and Africa

- A country that attracts multinationals to manufacture in Tunisia and export elsewhere
- A country where national leading companies have turned into multinationals
- Harmonization of the Maghreb countries: mutual recognition of marketing authorizations, collaboration between laboratories
- A well-connected country with the rest of Africa and the MENA zone

5

A country where the human medicines cluster is an industry locomotive

- A cluster that creates highly skilled jobs, particularly in the regions
- A cluster that develops in an ethical climate (sectoral development charter)
- An industry that integrates social, environmental and economic concerns

4

A country with a clear strategic vision where the public and the private sector mutually commit

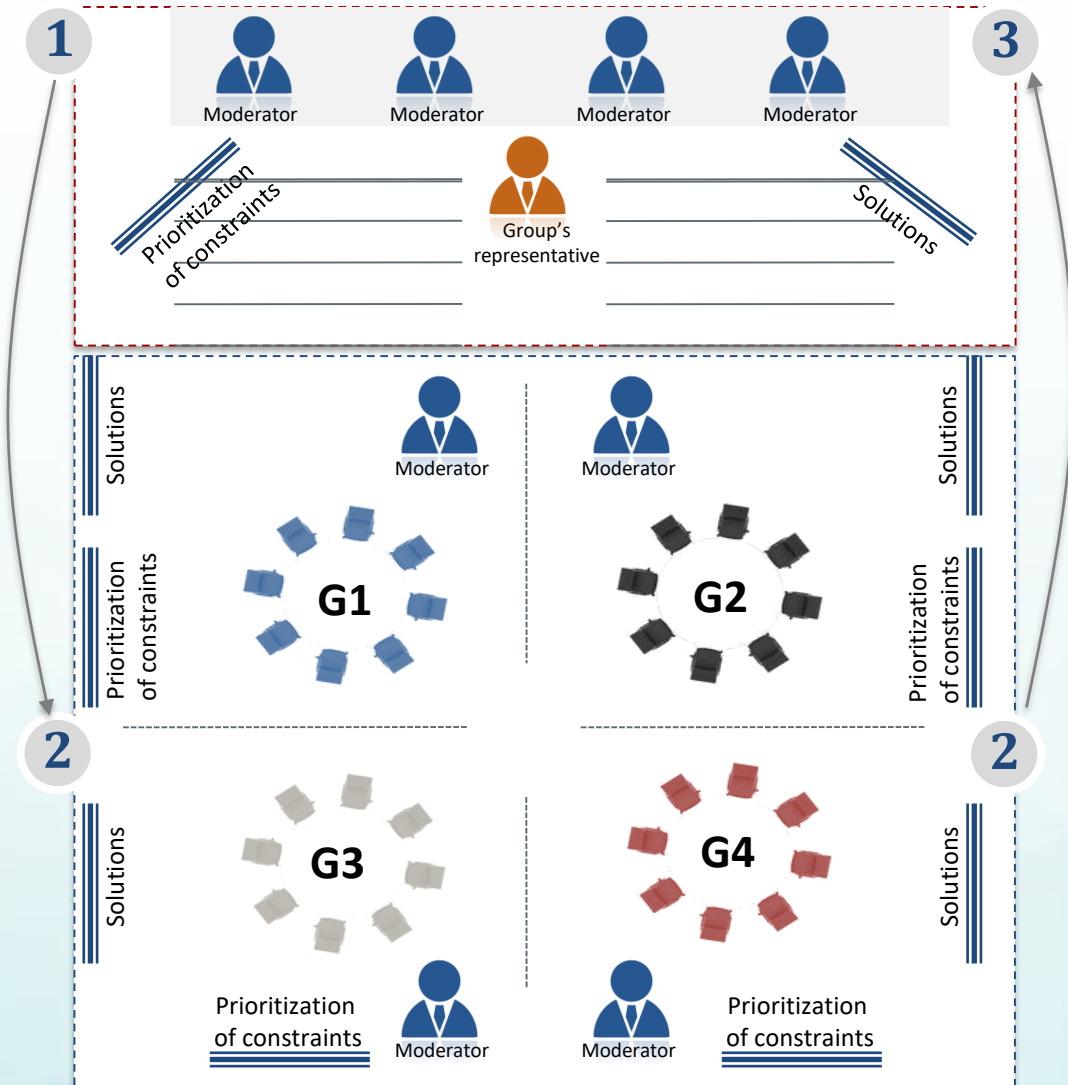
- A public sector with a drug agency and a more structured private sector, with specialized committees involved in defining the country's strategic orientations
- A country that has communication and coordination channels between public and private sectors; and between companies and universities
- A country where the private sector is less fragmented

3

A country at the forefront of R & D and Technology

- A country that has become a center of excellence for clinical research
- A leading country on advanced technologies, which ensures the transfer of its knowledge to other countries
- A country that provides continuous technical monitoring of medicines (especially those that will fall into the public domain)

PPD Workshop methodology



Methodology

- 1. Introduction session :**
 - ▶ Highlight of the diagnostic document
 - ▶ Key figures
 - ▶ Main topics to be discussed
- 2. Working groups (10 to 15 people)**
 - ▶ Identify constraints
 - ▶ Prioritize constraints
 - ▶ Identify list of actions
 - ▶ Consolidation and summary
- 3. Plenary presentation:**
 - ▶ Restitution and results
 - ▶ Prioritization
 - ▶ List of actions proposed

15 min.

1h15 min.

1h

Prioritization of most binding constraints on competitiveness

	Short term (6 months to 1 year)	Mid / Long term (more than 1 year)
Very Important	<p>« Quick wins » Easy to implement with a great impact</p>	<p>« Structural transformation » Long term commitment with a great impact which should not be delayed</p>
Important	<p>« Low hanging fruits » Easy to implement but with no large impact</p>	<p>« Laundry list » No big interest in terms of resource and time to be allocated</p>

Pharmaceutical - prioritization of most binding constraints

	Short term (6 months to 1 year)	Mid / Long term (more than 1 year)
Very Important	<ol style="list-style-type: none">1. Tunisian drug pricing procedures are hindering exports2. Extremely long delays (up to 2.5 years) in delivering marketing authorizations3. The administrative body regulating this sector is fragmented, and in need of restructuring (a Drug Agency should be created)4. The current procurement procedures of the Pharmacie Centrale de la Tunisie (monopoly of imports and procurement of medicine by public health) introduces strong market distortions	<ol style="list-style-type: none">1. Outdated restrictions on Clinical Trials and specialized Contract Research Organizations (CRO)2. Regulatory constraints on outsourcing in this sector (at maximum 20%, imposed by the Ministry of Health)3. Suboptimal collaboration between the two professional associations in the sector (SEPHIRE and CNIP)
Important	« Low hanging fruits »	« Laundry list »

Today, public-private dialogue is continuing in order to set up action plans

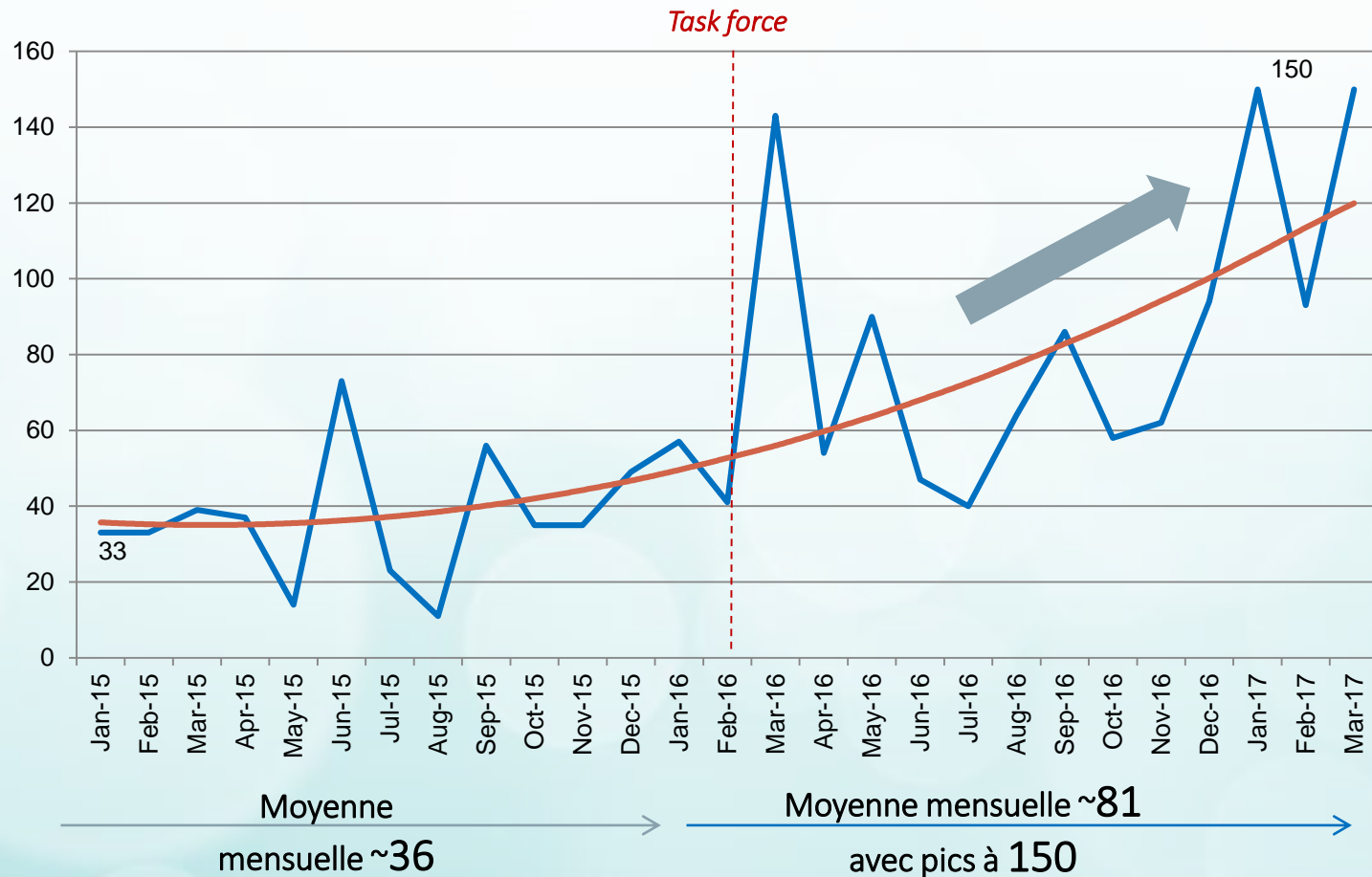


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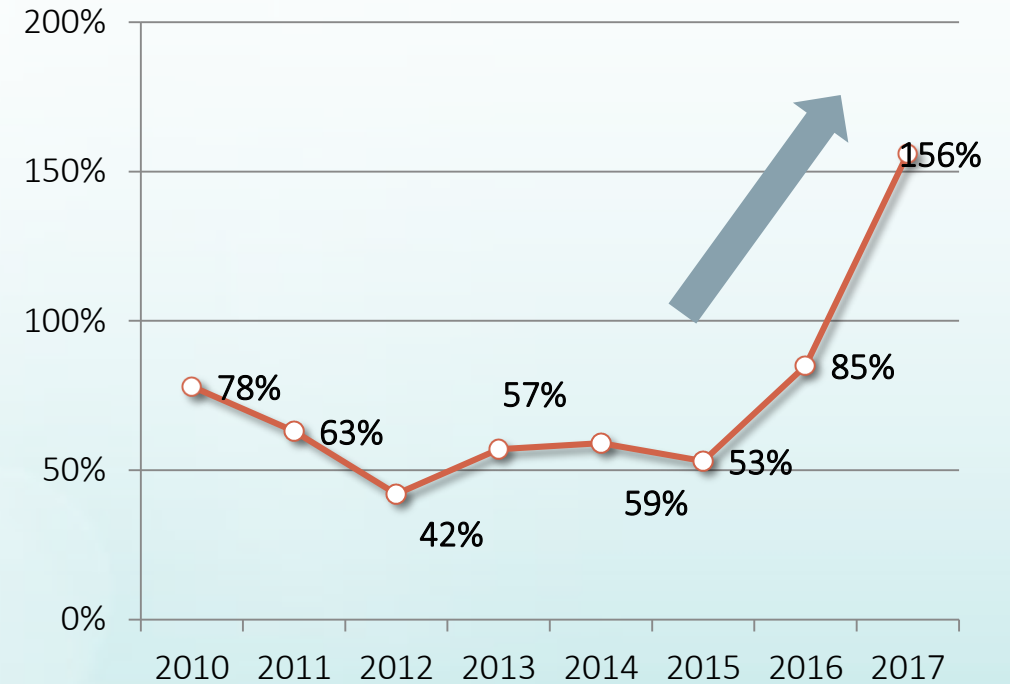


Example of results (1/2) : acceleration of Marketing Authorization process

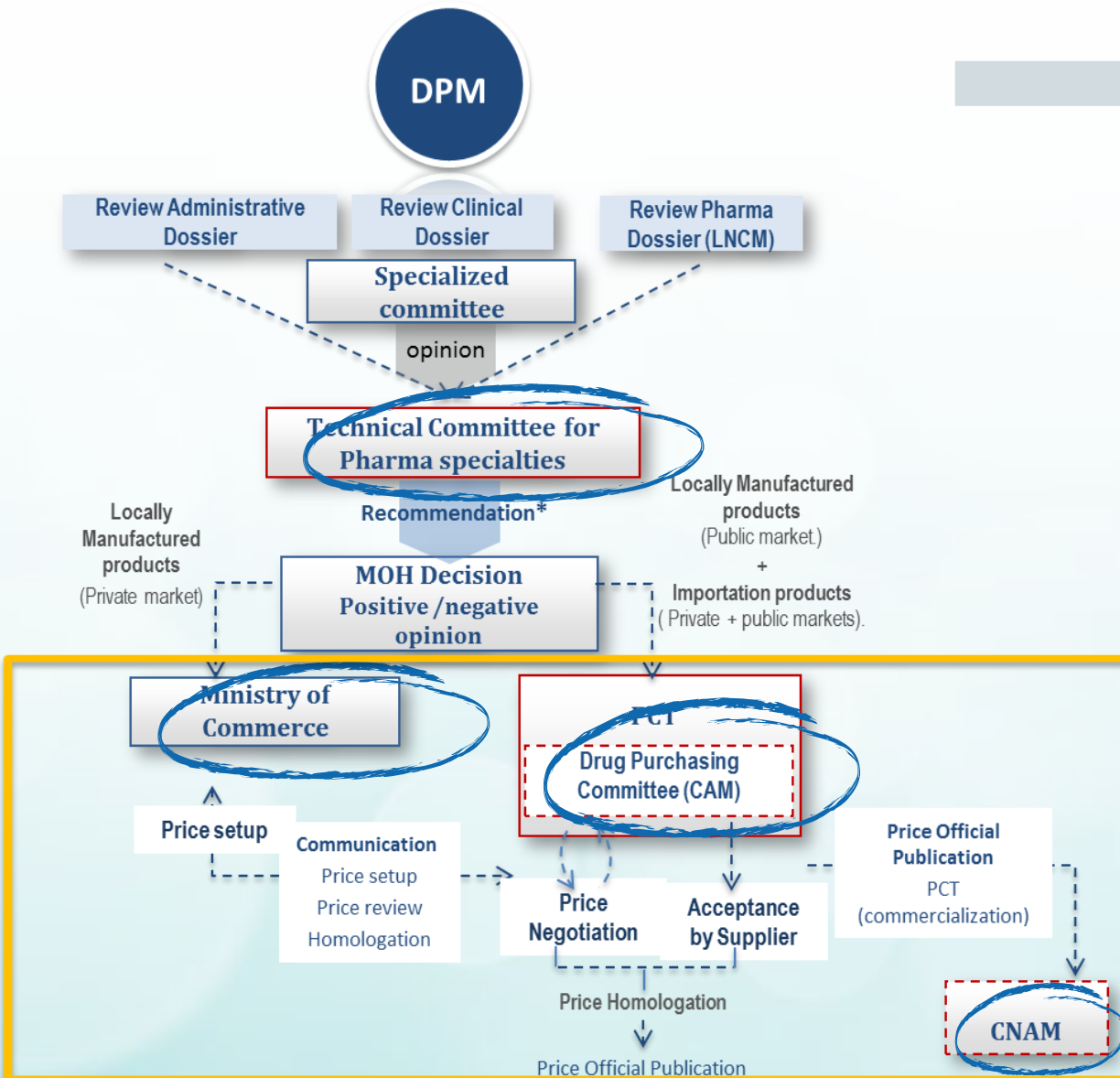
MONTHLY PERFORMANCE ON PHARMACEUTICAL APPRAISAL DOSSIERS



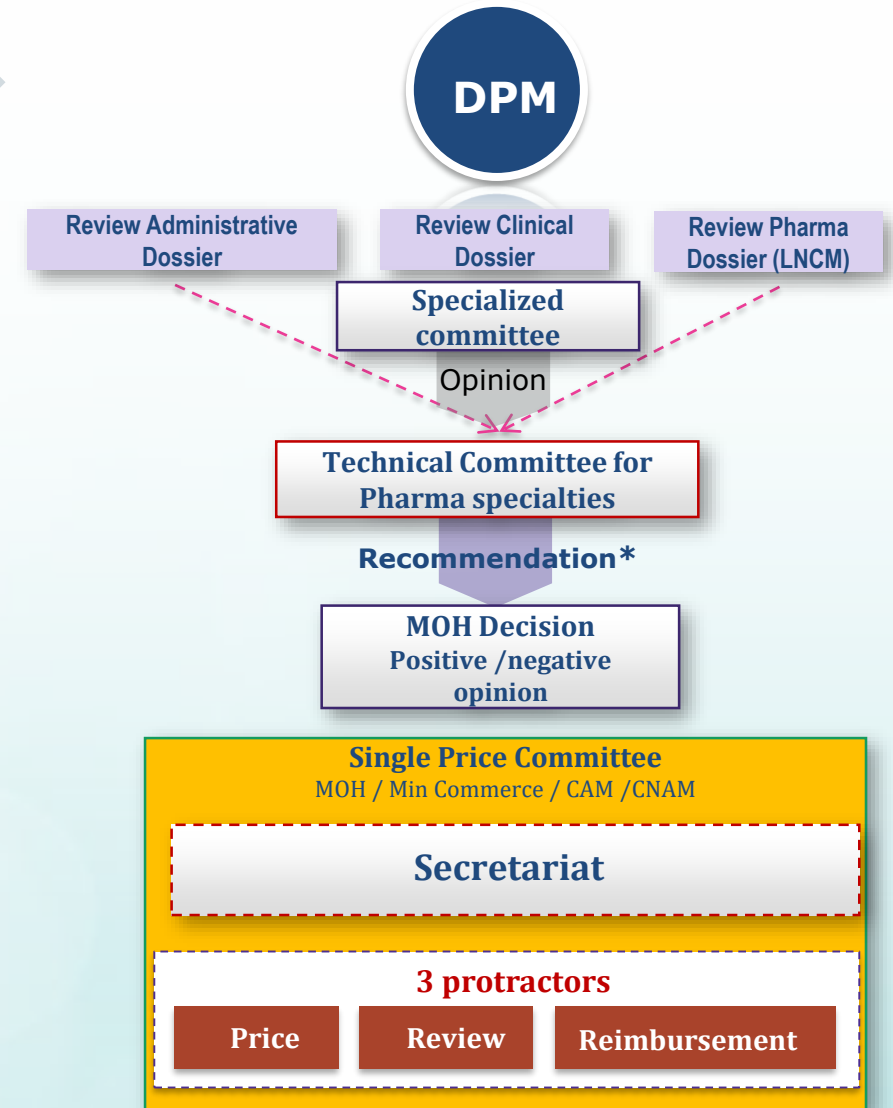
PERFORMANCE - % MA



Example of results (2/2): consensus on the reform of the pricing procedure



Today



Tomorrow



MAIN LESSONS LEARNED

Main challenges to overcome

Avoid **misconceptions**

Focus on **general interest** and avoid talking about personal cases / situations

Good **communication** to ensure buy-in without paying attention to ego

Tolerance and **mutual respect** of the participants

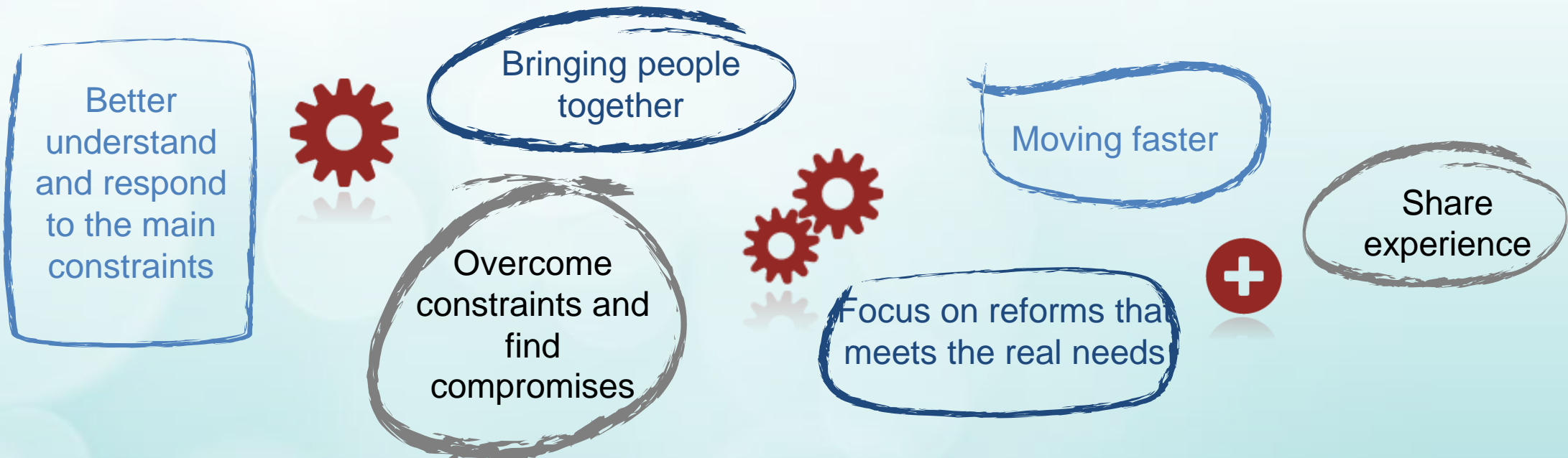
Set and respect **deadlines**

Agree on a good **moderator**

Stay **constructively** engaged



Take-away: a Public-Private Win-Win situation



Key takeaways and success factors

- ✓ PPDs are **better organized around clusters** and/or value chains (e.g:Human Pharma Products Industry rather Chemical Industry)
- ✓ Carefully **weaving fact-based analysis with participatory processes** to avoid readymade conclusions while using field experts and rely on champions of change
- ✓ Getting things done through PPD requires narrowing down on **concrete issues** : priority of constraints (5 in pharma) and work with small groups of representatives (less than 10 persons per group)
- ✓ Leveraging a **convening power** (World Bank in pharma) to build trust is key when PPDs are being pioneered
- ✓ **Dispose of funds along the process** to ensure proper facilitation
- ✓ To mitigate (political) risks (changes in government and structures) **Flexibility** with regard to project implementation and **Implication** of the private sector are essential



Key
takeaways
& success
factors



SECTORIAL PPD CONCLUSION

The prioritized binding constraints on sector/cluster competitiveness could be **classified into 3 categories**

8 Economy-wide or « horizontal » constraints

1. Access to finance
2. Low implementation capacity of the government and administration
3. Low level of soft, cognitive, and behavioral skills
4. Onshore/Offshore regime
5. Rades Port Bottlenecks
6. Declining productivity and reliability of the labor force
7. increasing burden of outdated administrative regulations

A

4 Common « vertical » constraints

1. Access to needed talent
2. Access to information on markets
3. Poor local demand conditions
4. Absence of channels for meaningful and productive policy dialogue to improve regulations and business climate

B

30 Cluster / sector specific constraints

Pharmaceuticals

- Tunisian drug pricing procedures are limiting for exports
- Long delays in delivery of marketing authorization ...

Electronic components

- Absence / inaccessibility of data on the local market
- Insufficient coordination among private sector firms...

Textile & Garments

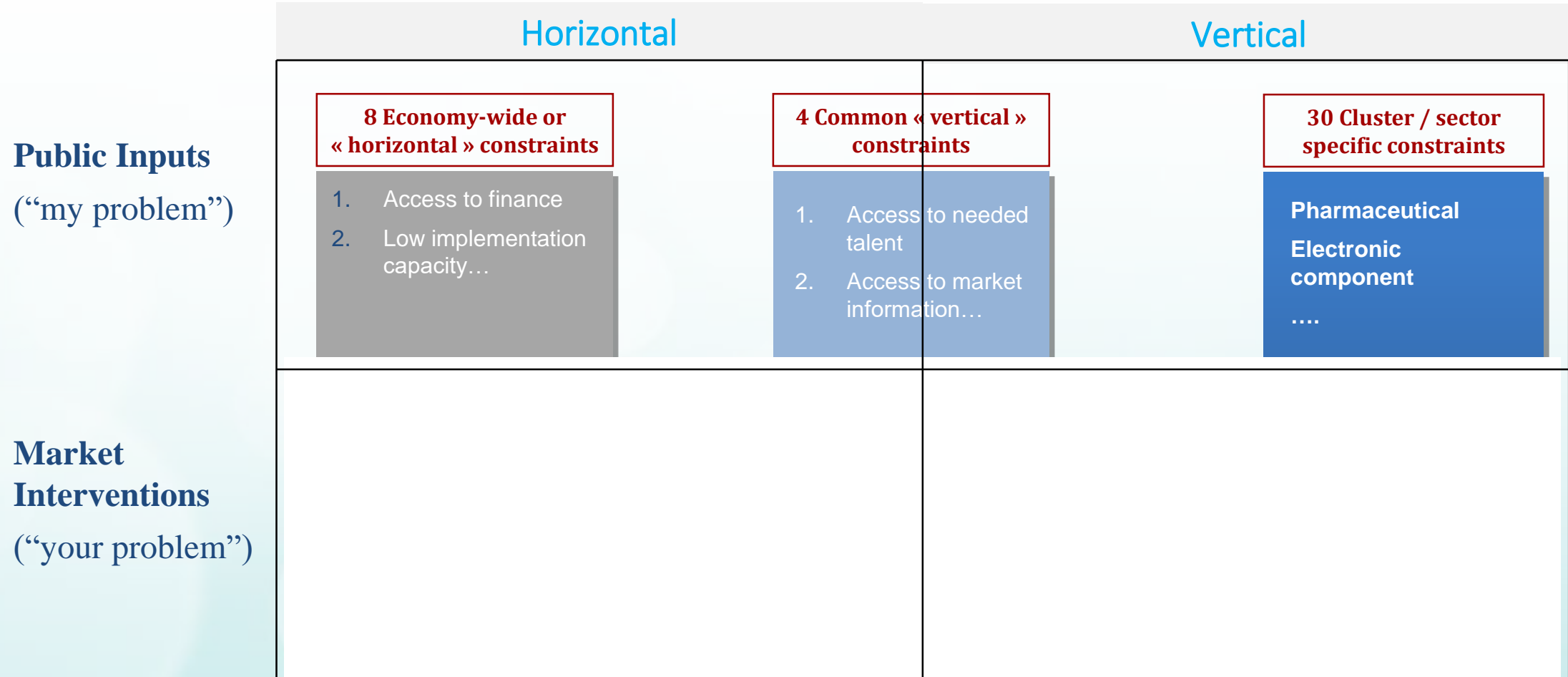
- Access to finance, particularly working capital
- Inadequate vocational and continued education...

IT Service

- Burden some regulations and customs controls on hardware samples...

C

Framework to think about development policy and interventions



Multiple follow-up activities to this project are either implemented or currently being implemented



The **Ministry of Health** requested the extension of the approach to all value chains in the health sector



The **African Development Bank** will replicate the project and expand the work to 4 new sectors



The **World Bank Group** extended its engagement in cluster and value chain development through additional funding by the Let's Work Program



The **Government** decided to incorporate the project's piloted sector / value chain / cluster specific PPD approach in four World Bank financed investment operations



VALUE CHAIN DEVELOPMENT IN TUNISIA

Four operations incorporating value chain / cluster PPD approach, overlapping in the north west and center west lagging regions



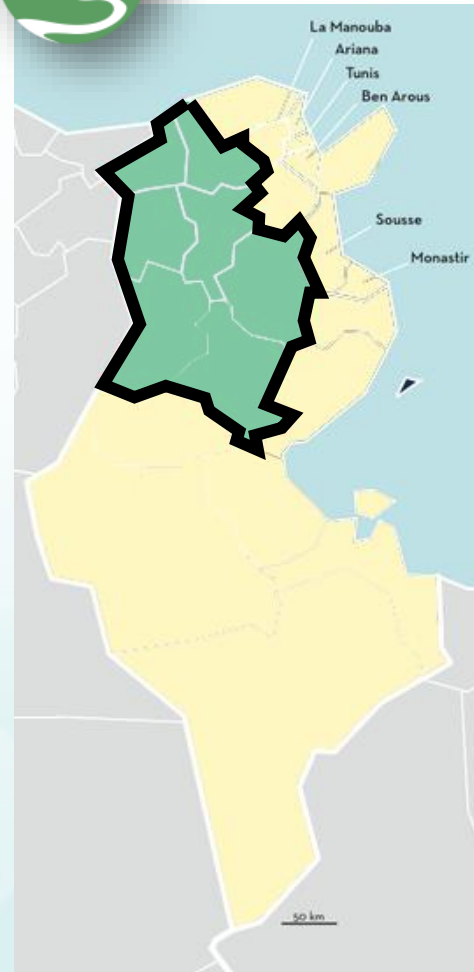
EDP3



**Tunisia Export
Development Project**



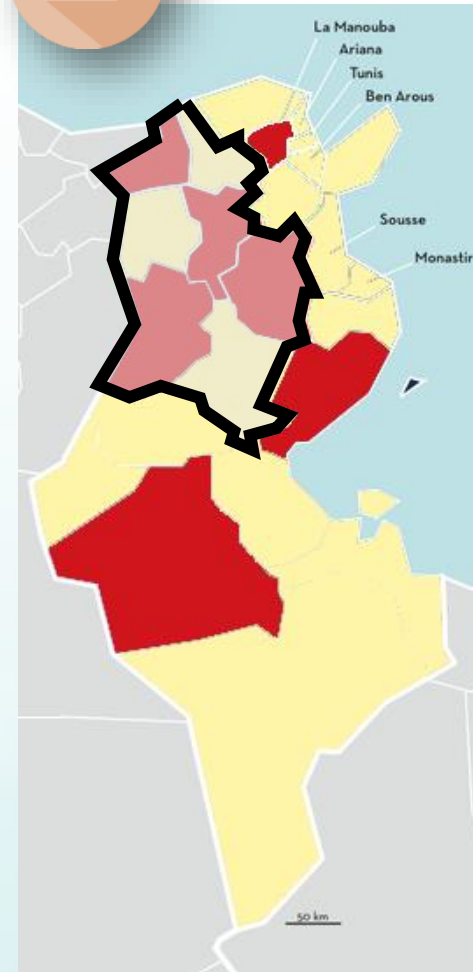
ILDP



**Integrated Landscape
Management Project**



EIP



**Productive Inclusion
Opportunities for young
women and men project**

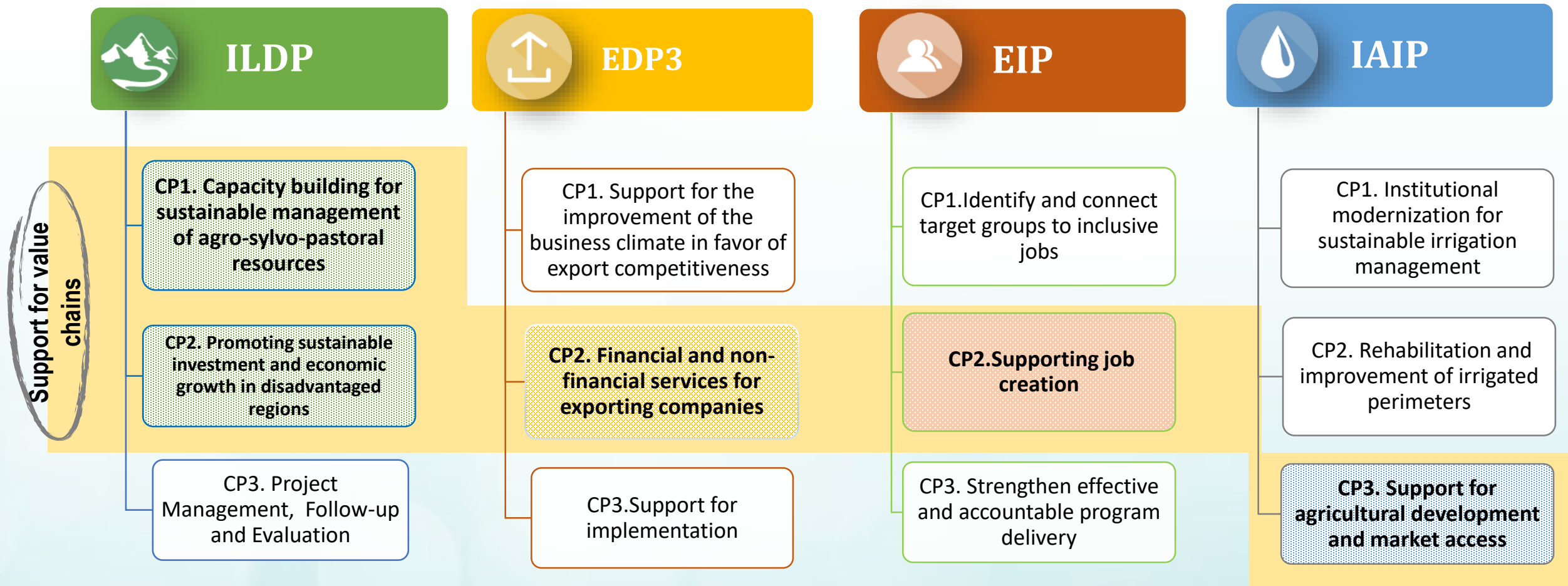


IAIP



**Irrigated Agriculture
Intensification Project**

Private sector development activities **focusing on value chains**; Coordination at the methodological level is necessary



The inter-ministrial meeting of December 20, 2016 : **decision to create a common Platform** for value chain development to operate across projects and ministries, piloted by MSME support agencies



1/ ILDP (Forests' Project)



2/ IAIP (irrigation)

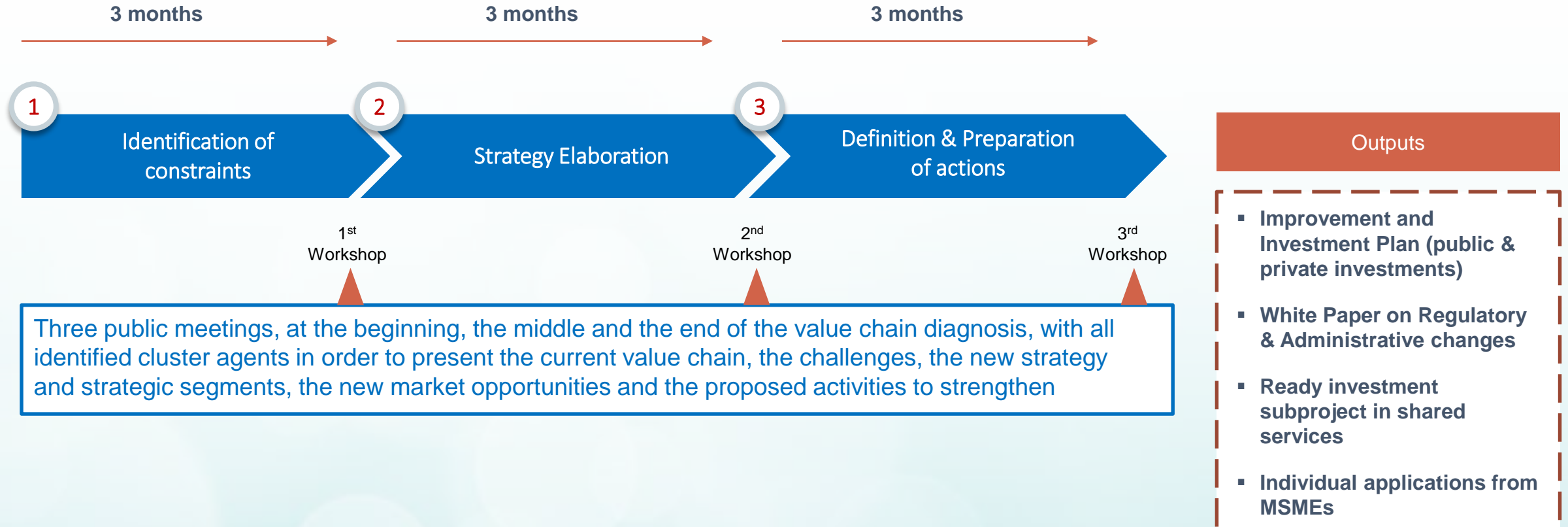


3/ EIP (Youth Employment)



4/ EDP-3 (exports)

Methodology inspired by pilot: analytically underpinned and market-oriented Public-Private Dialogues, to identify optimal value chains and the common services needed to develop them



Overview of operational process: how each project uses the common platform to serve the development of value chains it targets

