Sectorial PPDs in Tunisia
Experiences and lessons learned

– Pr Ag. Inès Fradi, Head of Drug & Pharmacy Unit, Ministry of Health
– Sara Masmoudi, General Manager Teriak & Coordinator of the Pharmaceuticals Private sector
What are we trying to do and how. A framework to think about development policy and interventions

**Horizontal**

**Public Inputs**
(“my problem”)

- Ex: One-stop shop for business registration

**Market Interventions**
(“your problem”)

- Ex: R&D subsidies

**Vertical**

- Ex: Phytosanitary control

- Ex: tax exemptions for tourism
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**
- IT Services
- Electronic components
- Pharma / Human medicine
- Textile et Garments

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

1. **January–July 2014**
   - Cluster diagnostics and prioritization of binding constraints

2. **September 2014 – January 2016**
   - Elaboration of sector specific action-plans

3. **September 2014 – 2017**
   - Establishing implementation mechanisms

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

**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

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

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

Proportion of qualified employment, 2011

- Highly skilled: 38%
- Low-skilled: 62%

Number of employees in the pharmaceuticals sector

Exports of Pharma Products M$

Share of Exports in the production of Human Medicine - 2011

- Public Market (hospitalier): 6%
- Private Market (officinal): 77%
- Export: 17%

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

- Tunisie: 54
- Jordanie: 159
  - X3
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

<table>
<thead>
<tr>
<th>Country</th>
<th>Exports per capita USD, 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Germany</td>
<td>74.930,4</td>
</tr>
<tr>
<td>2. Switzerland</td>
<td>57.550,4</td>
</tr>
<tr>
<td>3. Belgium</td>
<td>50.357,3</td>
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<tr>
<td>4. USA</td>
<td>39.742,7</td>
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<tr>
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<tr>
<td>12. Israel</td>
<td>6.063,3</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Country</th>
<th>Exports per capita, middle-income countries USD, 2013</th>
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</thead>
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<td>12. Israel</td>
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</table>

Countries with less than 25 M inhabitants

Groups of reference:
- Switzerland
- Belgium
- Ireland
- Singapore
- Sweden

Groups of comparable countries:
- Hungary
- Romania
- Serbia
- Bulgaria
- Jordan

Exports per capita, middle-income countries USD, 2013
Overview of the pharmaceutical sector in Tunisia: Value chain

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

A cost driven market

Plain generics will be supplied from China and India

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

OR 1 cup OR 1 pair of OR 1 Ice Cream

Quoted from “pharmaceutical pricing systems”, Dr. Mondher Toumi
Several planned growth paths in the pharmaceutical sector

Added-Value Link Curve in the overall value chain

- **Pre-Production Intangible**
  - R&D
  - Design
  - Purchasing

- **Production Tangible**
  - Clinical trials: CRO Accredited Analytical Labs
  - Production

- **Post-Production Intangible**
  - Brand Generics
  - Marketing
  - Services

Moving into Biotechnology

Source: International trade Center, WB T&C GP Team Analysis
THE SECTORIAL PPD PROCESS
Project organized in 3 phases, and based on a participatory approach

Phase 1: Workshop preparation
- Kick-off
- Review of the sectorial study
- Consultancy
- Clusters identification and evaluation of competitiveness elements
- Participation

Phase 2: Workshop progress
- Consensus building
- List of binding constraints
- Elaboration of list of actions

Phase 3: Summary and Closure
- Collection
- Synthesis report
- Restitution workshop and results

   - Sector diagnostics and prioritization of binding constraints

   - Review of preliminary list of actions and elaboration of sector specific action-plans

3. June 2016 – January 2018
   - Establishing implementation mechanisms
Public Private Dialogue Mechanism

Tunisian Government

**Sectorial PPD**

On the sectorial/cluster level, the S-PPD has the following objectives:

- In-depth analysis of sectors/clusters,
- Identifying constraints and challenges,
- Proposing policy recommendations

**Public**

PPD representatives + Sectorial actors. e.g.: Ministries relevant to the sector & affiliated organizations relevant to the sector/cluster (DPM, LNCM, DIP INAS, PCT, Ministère du Commerce, etc.)

**Private**

Chairperson / moderator

**Experts**

Academics, researchers, consultants, businessmen/women

- Sector 1
  - *e.g.: Pharma*
- Sector 2
- Sector…

PPD representatives + Sectorial actors. e.g.; SEPHIRE, CNIP, etc…

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Overview of Public Private Dialogue
The workshops involved various stakeholders with a balanced public and private participation.

**Balanced public and private sector participation**

- **Public**: 34%
- **Private**: 57%
- **Other**: 5%

**Private sector participants**

- **Local Companies**: 32%
- **Multinationals**: 12%
- **Private Sector Representatives**: 56%

**Public sector participants**

- **Other public entities**: 20%
- **Line ministry**: 20%
- **Technological poles**: 60%

Source: Analysis of the World Bank team, Tunisia 2014.
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.)

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

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)

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

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

Imagining the sector in 2030
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.
1 h 15 min.
1 h
<table>
<thead>
<tr>
<th>Prioritization of most binding constraints on competitiveness</th>
</tr>
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<tbody>
<tr>
<td><img src="chart.jpg" alt="Table and Diagram" /></td>
</tr>
</tbody>
</table>

- **Very Important**
  - **Quick wins**
    - Easy to implement with a great impact
  - **Structural transformation**
    - Long term commitment with a great impact which should not be delayed

- **Important**
  - **Low hanging fruits**
    - Easy to implement but with no large impact
  - **Laundry list**
    - No big interest in terms of resource and time to be allocated
Pharmaceutical - prioritization of most binding constraints

**Very Important**

**Short term (6 months to 1 year)**

1. Tunisian drug pricing procedures are hindering exports
2. Extremely long delays (up to 2.5 years) in delivering marketing authorizations
3. 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

**Mid / Long term (more than 1 year)**

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

1. Sector diagnostics and prioritization of binding constraints
   - January–July 2014

2. Studying the identified priorities and development of short-term and long-term action plans
   - September 2014 – June 2016

3. Establishing implementation mechanisms
   - June 2016 – January 2018

- Optimization of marketing authorization procedures
- Modernization of pharmaceutical-economic governance
- Effectiveness of the medicines supply system
- Development of clinical and pre-clinical research
- Promotion of foreign demand: export by 2030

5 specialized working groups
Today, public-private dialogue is continuing in order to set up action plans

Starting date

May 2015: Starting date of the working groups

Key stakeholders:
- DPM
- LCNM
- Technical Committee
- DIP
- PCT
- Min. of Commerce
- CNAM
- CNIP
- SEPHIRE
- CNOPT

Organization

- +45 PPD Meetings
- 7 meetings with the Ministry of Health
- 4 PPD Workshops on the establishment of actions plans

Outcomes

- A decree updating the regulatory framework of clinical trials
- Shortening of the MA procedure by 50%
- Medicine registration guideline updated
- Participation of the Ministry of Health in the World Economic Forum to promote investment in clinical trials
- Advisory on export development strategy and objective by 2030
Example of results (1/2): acceleration of Marketing Authorization process
Example of results (2/2): consensus on the reform of the pricing procedure
Main lessons learned
Main challenges to overcome

- Focus on **general interest** and avoid talking about personal cases / situations
- Tolerance and **mutual respect** of the participants
- Agree on a good **moderator**
- Good **communication** to ensure buy-in without paying attention to ego
- Set and respect **deadlines**
- Stay **constructively** engaged

Avoid **misconceptions**
Take-away: a Public-Private Win-Win situation

Better understand and respond to the main constraints

Bringing people together

Overcome constraints and find compromises

Moving faster

Focus on reforms that meet the real needs

Share experience

Public

Private
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.
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

### 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

### 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

### 3 « Common » constraints

1. Access to needed talent
2. Access to information on markets
3. Poor local demand conditions

### 4 « Common » 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
## Framework to think about development policy and interventions

<table>
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<tr>
<th>Public Inputs (&quot;my problem&quot;)</th>
<th>8 Economy-wide or «horizontal» constraints</th>
<th>4 Common «vertical» constraints</th>
<th>30 Cluster / sector specific constraints</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>1. Access to finance</td>
<td>1. Access to needed talent</td>
<td>Pharmaceutical Electronic component</td>
</tr>
<tr>
<td></td>
<td>2. Low implementation capacity...</td>
<td>2. Access to market information...</td>
<td></td>
</tr>
<tr>
<td>Market Interventions (&quot;your problem&quot;)</td>
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</table>
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.
**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.

1. **Identification of constraints**
2. **Strategy Elaboration**
3. **Definition & Preparation of actions**

Three public meetings, at the beginning, the middle and the end of the value chain diagnosis, with all identified cluster agents in order to present the current value chain, the challenges, the new strategy and strategic segments, the new market opportunities and the proposed activities to strengthen.

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**Outputs**

- Improvement and Investment Plan (public & private investments)
- White Paper on Regulatory & Administrative changes
- Ready investment subproject in shared services
- Individual applications from MSMEs
Overview of operational process: how each project uses the common platform to serve the development of value chains it targets

Diagnosis + PPD and orientation of the beneficiaries to the appropriate fund

1- Export fund (Tasdir +)
   + 2- Pilot on Value Chain development

1- Support for Entrepreneurship
   + 2- Support fund "skills"

1- Support for contract-based farming
   + 2- Support fund "irrigation"

STEERING COMMITTEE
MDIC + AGRICULTURE + INDUSTRY & TRADE + EMPLOYMENT

ILDP (Min. Agri)
Implementation Agency
Value Chain Platform (Diagnosis + PPD)

EDP 3 (Min. Ind & Com)
Implementation Agency

EIP (Min. Employment)
Implementation Agency

IAIP (Min. Agri)
Implementation Agency