Driss Chaoui – CEO, Afric-Phar, Morocco



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Dr Driss Chaoui, CEO of Afric-Phar, one of the leading domestic companies in Moroccan pharma, provides insight into the major developments that have taken place at the company since we last interviewed him in 2015. These include the opening of an R&D laboratory, new partnerships established with MNCs to distribute their products in Morocco and Africa, and a continued focus on rare diseases.

Dr Chaoui, we first met you 2015 when you introduced us to Afric-Phar. What major developments for the group have occurred over the last five years?

We've been working on expanding on several fronts; one of the most significant advancements was the opening of an R&D unit three years ago, focused on developing the formulas of our own generics. We are currently the first and only laboratory in Morocco to locally manufacture a fixed-dose combination (FDC), a triple therapy combination of three active drugs in a single dosage form for the treatment of high blood pressure. We have also developed other medications from our R&D lab that are being registered.

Secondly, we continue to represent multinational pharmaceutical companies and in-license their products. The last partnership we signed was with Gilead for the distribution of Hepatitis B & C drugs, HIV products, and fungal diseases medicine, with, of course, prices adapted to the Moroccan market.

Thirdly, we have continued to grow our activity around rare diseases and orphan drugs, as Afric-Phar's prime duty is to help all patients, including those with rare diseases – we are talking of around ten patients only in Morocco for some cases.

Lastly, we created Pharmis, a subsidiary pharma lab of Afric-Phar. This affiliate rents a production unit to the Indian laboratory Sun Pharmaceuticals and offers them distribution and contract manufacturing services. This partnership with Sun Pharma dates back to the license we initially had with Ranbaxy. At a point in time, Ranbaxy decided to strengthen its presence in Morocco, and Afric-Phar accompanied them along the way, as they successively got acquired by Daiichi Sankyo and then Sun Pharmaceuticals.

Could you tell us more about the investment you made in this R&D laboratory and the scope of its work?

The R&D lab acts autonomously. We have a small production unit where we produce pilot batches, develop formulations along with validated analytical methods, and run stability studies. We have invested EUR 1.5 million in this fully dedicated R&D lab, and we now realize an average of three formulations per year.

As a leading Moroccan generics player, it was essential for us to have such a lab. In the past, we only sought for formulas overseas and had supply agreements with our international partners for the provision of raw materials or finished products. They remained the owners of the product and made it available to us to distribute it in the Moroccan market. Today, we are independent and self-reliant since we can register our in-house products and out-license them to other pharma companies for additional marketing authorizations.

There are also many fertile areas, and we are regularly looking for ways to produce missing treatments that meet Moroccan patients' needs.

It is interesting to see that you define Afric-Phar as a generic player; yet you have a partnership with innovative frontrunner Gilead and have a noticeable activity in the field of rare diseases. Isn't there some sort of a contradiction here?

We cannot put innovators and generic players in opposition as they are entirely complementary, with each one having a precise role to play. Gilead is a typical example of a research-driven

company that has clearly understood this: they focus on R&D to develop highly innovative drugs, and they have out-licensed some of them to generics firms, as we've seen with the hepatitis drugs that were granted to ten Indian pharma companies.

When a patent falls into the public domain, the owner should not cling to its 'cash cow' products and prevent the generic version from being developed and marketed; the role of pharma innovators is to create ground-breaking solutions that save and improve lives. We understand that the industry maintains the 20 years of patent protection policy to help finance and sustain the pace of innovation. But in some instances – or after that time, generic companies come into play to expand access to these new drugs, which has an extraordinarily positive impact on the health and wellness of millions of people.

Afric-Phar recognizes the importance of our complimentary strategic roles. We firmly believe in the value of these partnerships and the potential of the breakthrough innovations they lead. This is even more important in times of health crises like the COVID-19 pandemic we are currently enduring. Having a partner such as Gilead, whose experimental drug remdesivir may be the first effective coronavirus treatment, could bring the opportunity to offer the latest treatments to Moroccan patients.

We look forward to continuing to nourish and leverage these external collaborations.

What was the rationale behind entering the rare diseases field?

We are incredibly proud of our current and past partnerships in the rare disease field. We started ten years ago by introducing Genzyme's products in Morocco, but after its acquisition by Sanofi, we had to transfer the portfolio back. We were also the first company in Morocco to register Actelion's products, but again, following its acquisition by J&J, we lost the rights to market these products.

Today, we are partnering with Orphan Europe, SOBI and Nutricia. We are also focusing on other niches such as organ preservation products for kidney transplantations with IGL Group.

Even though our rare disease activity only represents five to seven percent of our revenues, Afric-Phar has really discovered a passion for helping those impacted.

Working in rare diseases implies having a different approach compared to what we do in generics; we collaborate with many associations and know the patients and their medical teams. We are rendering valuable medical service to them. Moreover, our purpose aligns with patient-centricity;

it’s a powerful instrument that drives what we are all about and what we do at Afric-Phar.

Rare diseases in Morocco pose the problem of the funding of these drugs which often come with a hefty price tag. How are the local authorities valuing rare diseases considering their budget pressures?

For the past ten years, the authorities have been vigilant in the rare diseases field. There is currently a plan to fund orphan diseases, although it still requires arbitrations between the Ministry of Health and the reimbursement agencies. We are also trying to develop generic forms for these costly drugs, and we are currently collaborating with a lab on this front to provide more affordable medications.

The main business of Afric-Phar remains the in-licensing activity for multinational pharma companies. How do you foresee this activity developing in the future?

The multinational pharmaceutical companies we represent in Morocco are focused on innovations rather than generics. In this latter area, we seek to develop our own portfolio, except for biosimilars (which require a technicality that we do not possess yet) and for the generic forms of rare diseases drugs (for which we seek partnerships with multinational generics companies).

Developing our own portfolio is key for the future sustainability of Afric-Phar as we don’t want to have all our eggs in one same basket. Having too much dependence on multinationals creates high risks, especially given the M&As they go through. Over the years, we have lost partners such as Genzyme, Hospira and Actelion due to their acquisition. Today, we want to reach autonomy and independence by developing our own portfolio of generics, while continuing to partner with MNCs on innovative products. For example, we recently developed peritoneal dialysis with Baxter that might constitute a viable solution for the 15,000 Moroccans suffering from chronic kidney failures.

Why is Afric-Phar the healthcare partner of choice in Morocco?

MNCs today seek quality distributors and trustworthy partners who respect professional working ethics, notably in terms of compliance and pharmacovigilance. We are proud to align ourselves with these stringent selection criteria thanks to our integrity, the respect we display for our profession, as well as the very high level of professionalism amongst our teams.

We are GMP and HSE certified, and we are regularly audited by the relevant authorities or by the MNCs themselves. We hence boast years of continued accreditation, which has positively served our excellent reputation amongst our peers. One of the peculiarities in Morocco is that the MNC needs to transfer its marketing authorizations to its local partner, and this could potentially be a source of challenge for international firms. There must be a high level of business integrity and trust between the parties. We are pleased to say that today, we are sought after by our partners who recognize our value.

On the export front, what are your target markets and international vision?

We are already present in many countries in Africa and wish to solidify our presence by registering our own generic products. We have also managed export efforts for MNCs, offering them the option to extend marketing authorizations to other African markets, which is a win-win situation for both parties. The MNC exports to these countries through Afric-Phar, and we handle everything else: registrations in those markets on behalf of the partner, preparation of the export dossiers, market distribution and so forth. MNCs sometimes lack the time and necessary resources to handle such markets directly, which tend to imply small batches and volumes that we can handle. We supervise all the processes from Morocco and include a territorial extension in our distribution contracts. This increased export activity has significantly strengthened our export revenues.

There are over 26 Moroccan pharma companies, and many predict a consolidation trend in the coming decade. Would you agree?

Unquestionably, consolidation is an eventuality to be reckoned with in planning for the next decade; Morocco will ultimately follow the path of European countries.

Historically, the national generic labs grew in line with the Moroccan market alongside MNCs, who were mainly focused on brand name drugs. Over the past years, big generics MNCs such as Mylan, Sun Pharma, and Hikma have been setting up a direct presence in the country. Their footprint was such that they were able to shake the marketplace and redefine the rules, waning the clear distinction we used to have between MNCs and local generic players.

This new market dynamic led many national companies, who used to treasure their independence, to consider collaborating with their competitors, primarily motivated by cost optimizations and operational gains. Likewise, some labs are actively looking into various scenarios to realign their

portfolios or bolster their competitive advantage – through additional marketing authorizations from other national peers, for example.

In sum, it won’t surprise us to see some of these collaborations evolve into a merger or an acquisition. It’s also worth mentioning that the arrival of the second generation of managers in Moroccan labs, following the retirements of the founding patriarchs, will also, in my opinion, prompt more local alliances.

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