



2019 Healthcare Market Insights: East Africa

Report by Medic East Africa

Medic East Africa 

By Informa Markets

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Market synopsis

According to the International Finance Corporation (IFC), Sub-Saharan Africa has about 11 % of the world's people, but it carries 24 % of the global disease burden in human and financial costs. Almost half the world's deaths of children under five take place in Africa.

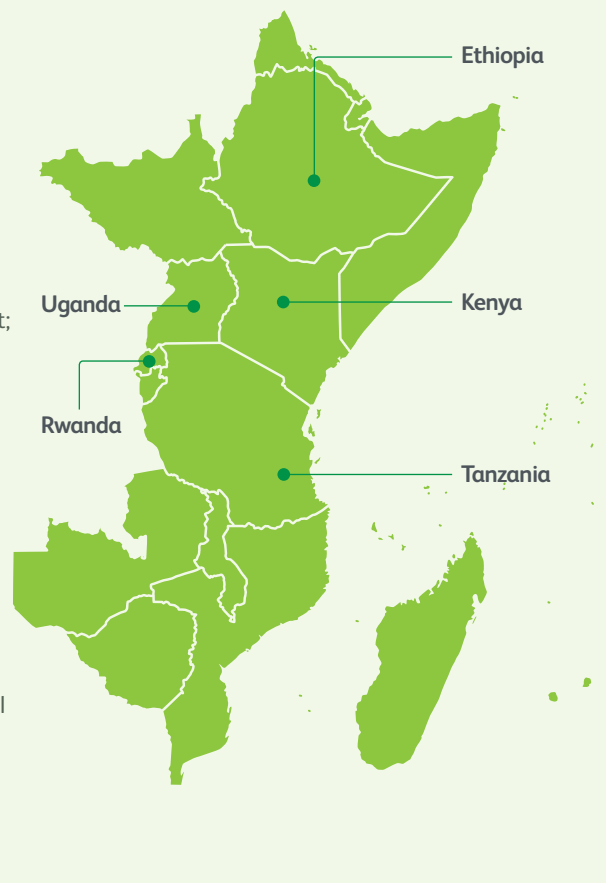
This challenge is significant but not insurmountable. There is a tremendous opportunity to leverage the private sector in ways that improve access and increase the financing and quality of

healthcare goods and services throughout Africa. In a region where public resources are limited, the private sector is already a significant player. Around 60 % of healthcare financing in Africa comes from private sources, and about 50 % of total health expenditure goes to private providers.

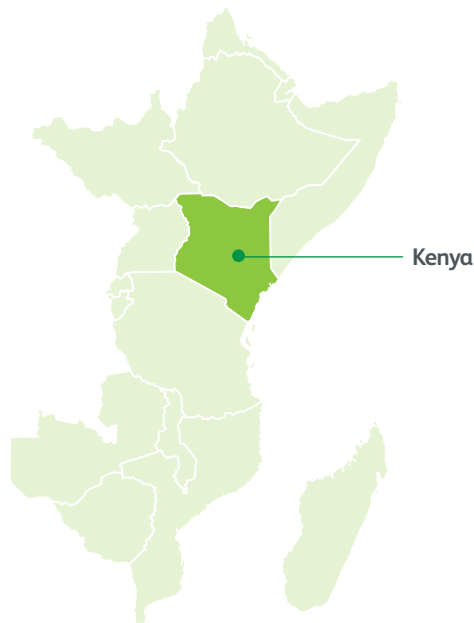
Sub-Saharan Africa's improving economic performance means that the demand among all sectors of society for healthcare is poised to increase still further, says the IFC.

15 Reasons to invest in East Africa

- Market access to more than 145.5 million people;
- Combined GDP size of about US\$ 147.5 billion;
- The world's fastest reforming region in terms of business regulation;
- Simplified investment procedures and one-stop centre facility provided by national investment promotion agencies;
- Generous incentives offered;
- Vibrant and upcoming capital and securities market;
- High level of intra-regional trade and cross-border investments;
- Numerous investment opportunities traversing all sectors;
- Abundant labour force - educated, trained, mobile, skilled and enterprising;
- English is widely spoken; it is one of or the only official language in at least four of the five Partner States;
- Insurance against non-commercial risk by Multilateral Investment Guarantee Agency and Africa Trade Insurance Agency;
- Sanctity of private property guaranteed by national constitutions;
- Stable political environment and high level of governance and democracy;
- Consumer loyalty; and
- A warm and hospitable people



Key forecasts by country



Top line healthcare stats



49,700,000
Population



US\$1,640
Per capita income



65/60yrs
Life expectancy at birth
women/men



39/1,000 live births
Infant mortality rate

Kenya

Having established itself as an East African business hub and a key pharmaceutical market, Kenya is already a host to many multinationals, mostly through local representative offices or distributors, according to a report by Fitch Solutions.

Authorities are also investing in regulatory improvement initiatives, which will complement their efforts to achieve universal healthcare coverage. On the other hand, some foreign players may remain wary of committing to the market due to the prevalence of counterfeit medicines, low per capital purchasing power and the uncertain funding base.

Kenya has made significant progress in tackling long-standing issues, such as high child and maternal mortality rates. However, the fact that a substantial proportion of the population lives in rural areas

continues to present challenges in relation to access and quality of care. Authors of the report remain optimistic regarding the trajectory of Kenya's healthcare system, though adequate and sustained financing may be difficult to secure.

Health expenditure

According to Fitch Solutions, spending on healthcare was valued at KES394.68bn (US\$3.98bn) in 2017. Per capita healthcare expenditure reached US\$80, of which as much as 61 % was sourced from the private sector. Generally speaking, healthcare remains unaffordable to many, also due to the lacking infrastructure in rural areas. I

In 2017, total healthcare spending accounted for around 4.8 % of the country's GDP, with the figure gradually falling in recent years from over 5.7 % in as recently as 2014.





Healthcare infrastructure

In October 2018, local authorities reported that the construction of a new 2,000-bed secondary and tertiary care hospital on the outskirts of Eldoret (western Kenya), which aims to relieve stress on the Moi Teaching and Referral Hospital is scheduled to start by the end of the year.

Private hospitals in Kenya have rolled out multi-billion shilling expansion projects in order to meet the current and expected growth in demand for quality healthcare services as the country's middle class population grows. The Aga Khan University Hospital, Nairobi Hospital, Avenue Group, Coptic Hospital, Kenyatta University and AAR Health Services have all launched major development schemes that will see new branches opened and services broadened. Similarly, in August 2016, India-based Grant Medical Foundation's Ruby Hall Clinic launched a 400-bed facility in Kenya, with a focus on cardiology and oncology.

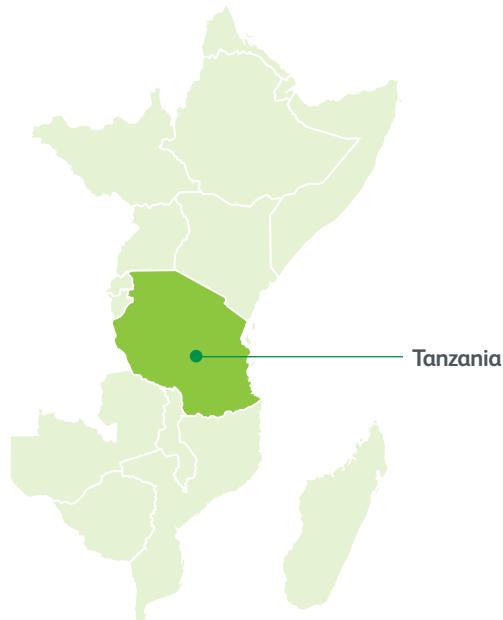
Medical devices

Fitch Solutions suggest that the Kenyan medical device market will record double-digit growth in

local currency terms over the 2017-2022 period, and weaker growth in US dollar terms due to the depreciation of the Kenyan shilling, according to Fitch Solutions. The market will remain heavily reliant on imports due to domestic manufacturers focusing on basic consumables. The Equitable Division of Revenue Bill and ambitions of achieving universal healthcare coverage will benefit medical device manufacturers.

Health insurance

In early 2017, WHO figures showed that almost every four out of five Kenyans had no access to medical insurance, which precluded them from being able to reach necessary healthcare services. In order to expand affordable healthcare coverage in Kenya, President Uhuru Muigai Kenyatta has vowed to increase cooperation between the NHIF and private insurance providers, as well as to change laws regarding such providers. The authorities are targeting 100% coverage in 2022, up from 56% currently, or around 25.7 million population.



Top line healthcare stats



57,500,000
Population



US\$2.740
Per capita income



W 67/M 63
Life expectancy at birth
women/men



47/1,000 live births
Infant mortality rate

Tanzania

Tanzania exemplifies the developing world's struggle to achieve 'middle-income' country status while confronting widespread poverty and substantial health challenges-such as persistently high child and maternal mortality, human immunodeficiency virus/acquired immune deficiency syndrome (HIV/AIDS), tuberculosis (TB), and malaria, according to latest research by Export.gov.

Tanzania has made a number of important public health achievements in recent years, including a decline in childhood deaths. Between 2003 and

2012, HIV prevalence fell from 7.0 to 5.1 %, while the number of patients receiving life-saving HIV treatment has nearly tripled over the last five years.

While Tanzania has made progress in reducing under-five mortality, maternal, newborn, and child health can still be improved. Tanzania must also continue to battle HIV/AIDS and other health issues such as tuberculosis, malaria, respiratory infections, and diarrhea. These issues are exacerbated by underlying food insecurity and nutritional deficiencies. Tanzania also has some of the lowest coverage rates of health personnel in the world.



Source: Population Reference Bureau 2017: Tanzania

Source: <https://www.pharmaccess.org/wp-content/uploads/2018/01/The-healthcare-system-in-Tanzania.pdf>



Health expenditure

According to figures from Unicef, the health sector was allocated Tanzanian Shillings (TSh) 2.22 trillion in Fiscal Year (FY) 2017/2018. This represents a 34% nominal increase on FY 2016/2017 or a 28% increase once adjusting for inflation. The health budget accounts for 7% of the national budget and 1.8% of gross domestic product (GDP).

Meanwhile, Export.gov has reported that for 2018/2019, the Ministry of Health has planned to spend US\$246.2 million as part of its development budget, which will help the government to implement its health-improving initiatives. This year's development projects budget is 29% less than previous year, contribution from development partners has decreased by 59% while local contribution has increased by 12% from previous year.

The government has called upon investors to establish pharmaceutical factories within the country. Health supplies, commodities and equipment comprise a significant portion of the pharmaceutical domestic development budget. However, firms operating locally will face several challenges such as need for skilled human resources, availability of modern technology and the ability to reach sufficient scale to compete with international suppliers.

Healthcare infrastructure

According to Export.gov, the Tanzanian government has shown commitment to building new healthcare facilities, but many public healthcare facilities already are understaffed and therefore unable to service

patients as required. Inadequate maintenance of infrastructure and equipment acerbates the problem.

Health insurance

Unicef has reported that health insurance coverage in Tanzania has been growing steadily. A single national health insurance holds the hope of increasing the resources available for health and providing basic universal health coverage.

Furthermore, according to Unicef, health insurance coverage has grown in recent years although coverage of special groups (those requiring a government subsidy to access care) dropped in FY 2016/2017. Health insurance holds the hope of increasing the resources available for health and providing basic universal health coverage. The number of people covered by the National Health Insurance Fund increased by 13% from FY 2016/2017 to March 2018. The number of registered health providers has expanded rapidly. Membership of Community Health Funds expanded by 9% from FY 2016/2017 to March 2018.

Medical devices

Medical devices are regulated by the Tanzanian Food and Drugs Authority (FDA) and devices are classified according to risk into Classes A, B, C, and D. Once an application has been accepted and paid for, the evaluation process will take up to 270 days and licenses issued in Tanzania are valid for five years. An authorised representative is required in order to register a medical device in Tanzania.

Health insurance

16.1% Types of insurance / saving products (estimation of beneficiaries as % of the population)

5.6% National Health Insurance Fund (Public): benefit package includes basic lab tests, outpatient services, in-patient and specialist care; open to formal public and other sector employees and specific groups (e.g. students, children below 18 yrs & registered economic activities groups), 6% payroll tax apply for those in formal sector.

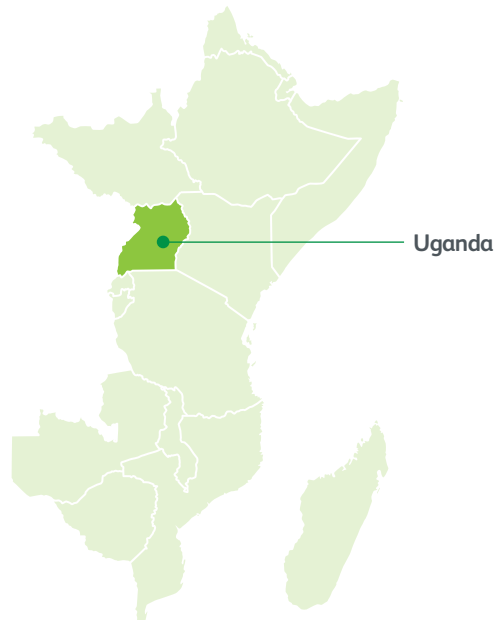
0.1% Social Health Insurance Benefits of National Social Security Fund (NSSF-SHIB) (public); benefit package for members of National Social Security Fund, open to formal and informal sector. No premium charged after contributing 10% income as pension saving.

8.4% CHF / TibaKwaKadi (TIKA) (public): basis healthcare coverage to low-income households informal sector; fixed premium rates

1.0% Private Health Insurance (PHI); various packages and various fixed premiums

1.0% Community Based Health Insurance / Micro Insurance; (private) covers primary and hospital care; informal sector; various fixed premiums

Source: based on Bultman, Mushi (2013), *Options for Health Insurance Market Structuring and interviews local experts*



Top line healthcare stats



42,800,000
Population



US\$1,820
Per capita income



W 64/M 62
Life expectancy at birth
women/men



43/1,000 live births
Infant mortality rate

Uganda

Across Uganda, both public and private sub-sector players provide health services to the people of Uganda. According to the Ministry of Health, the government contributes about 66 % of the service delivery outlets. These include national and regional hospitals including a tiered system of health centers, which handle a range of services.

Private health providers comprise Private Not-for-profit organisations (PNFPs), private-for-profit health care providers (PFPs) also known as commercial health care providers, and traditional and complementary medicine practitioners (TCMPs). Nearly 70 % of the facility-based PNFP organisations exist under umbrella organisations; the Uganda Catholic Medical Bureau (UCMB) and the Uganda Protestant Medical Bureau (UPMB). The Uganda Orthodox Medical Bureau (UOMB) and the Uganda Muslim Medical Bureau (UMMB) represent more than 5 % of the health providers.

Healthcare expenditure

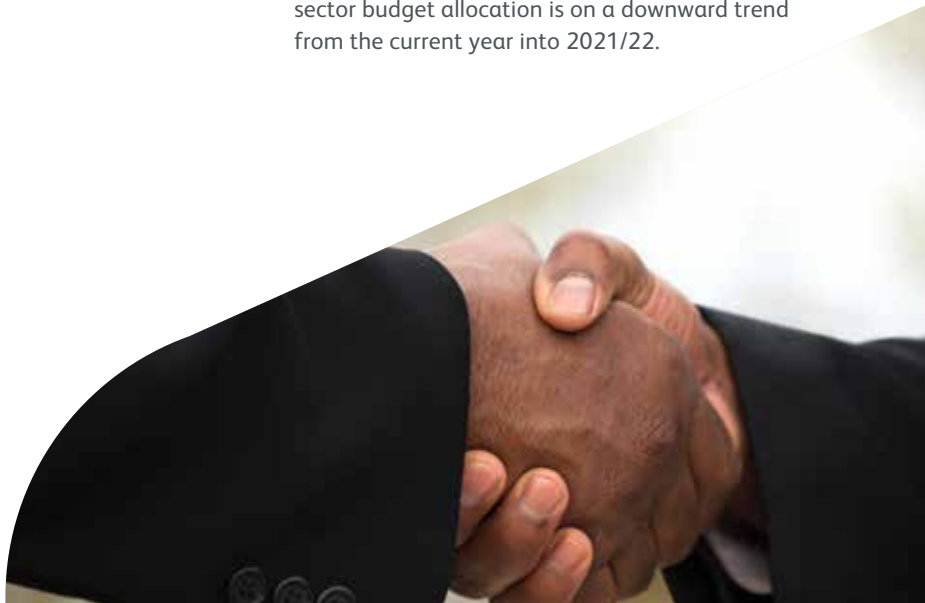
Like any other country in the world, Uganda is under enormous financial pressure to increase resources for healthcare, according to the African Health Observatory. The cost of healthcare service provision has gone up inter alia because of the expansion

of services, increasing demand due to population growth, the adoption of new medical technologies, and changes in patients' choices and expectations.

Meanwhile, research by Devinit.org suggests that the government's target of attaining universal health coverage has been supported with increasing resource allocations to the health sector. The increments are majorly on account of the rising wage bill and the on-going development-partner supported projects in the sector.

Government resource allocation for health as a percentage of the total government budget has averaged at about 8 % from 2010/11 to 2015/16, which is 1.8 % short of the Health Sector Development Plan target of 9.8 %. However, Uganda's per capita health expenditure at an average of US\$56 is low compared with neighbours like Kenya (US\$77) and Sudan (US\$129). It is also far below the five-year Health Sector Development Plan-recommended minimum of US\$73 per capita in 2015/16.

The health sector was allocated UGX 1,824 billion for 2017/18, which is 0.2 % less than the 2016/17 allocation. Analysis of long-term financing projections by Devinit.org also shows that health sector budget allocation is on a downward trend from the current year into 2021/22.





Medical devices

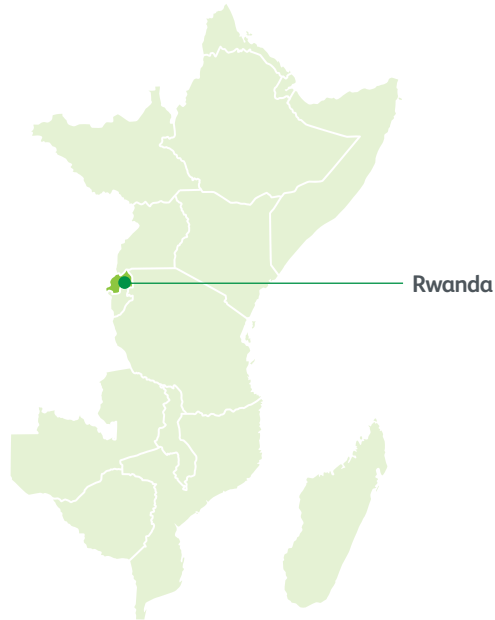
According to Export.gov, the leading sub-sectors in medical equipment in Uganda include record management equipment and systems; ultrasound; electrocardiographs; Dopplers for obstetrics; pulse oximeters; ventilators; cardiac echo machines; treadmill stress machines; and lab equipment (including equipment needed for microbiology, hematology, chemistry, and histopathology).

With Uganda's lack of medical infrastructure and large influx of donor support for health programs, demand for medical equipment continues to rise. The regulatory landscape for medical devices and diagnostics in Uganda has been found to be weak and inefficient and there is a need for better standards to suit the local market.

Pharmaceuticals

In 2017, pharmaceutical expenditure in Uganda reached a value of US\$414 million. According to Pharmexcil.com, 76% of this value is met by private sector (out of Pocket). In 2018, estimates are that market may reach US\$434 million and by 2022, the market will be valued at US\$519 million, experiencing a five-year CAGR of 4.7%.

In 2017, per capita drug expenditure was US\$10 - which is extremely low by international standards. Additionally, in 2017, pharmaceutical spending is estimated to have accounted for 21.9% of total healthcare expenditure. Nevertheless, in comparison with many other African markets, Uganda offers greater commercial promise and a more stable overall business environment.



Top line healthcare stats



11,331,300
Population



US\$1,530
Per capita income



W 66/M 63
Life expectancy at birth
women/men

Rwanda

In the last two decades, Rwanda's health sector has known tremendous improvements. Major breakthroughs in medical technology have been achieved, community-based health care was enhanced, and people's mindsets towards healthcare issues were significantly altered for the better.

Healthcare expenditure

Unicef has reported that the Government of Rwanda allocated FRW 200.8 billion to the health sector in 2018/19, up from FRW 197.4 billion in 2017/18. Though this constitutes a nominal increase of 1.8%, when inflation is taken into consideration, the health

budget shows a decrease of -3.2% compared to the 2017/18 budget. This suggests that there is a need for indexing the health budget with inflation during the budget planning phase.

Despite the average nominal health budget increase of 6.1% over the past three years, the health budget as a share of national budget continued to decline from 9.7% in 2016/17 to 8.2% 2018/19. The health budget for 2018/19 is strongly aligned with the new Health Sector Strategy (HSSP 4) priorities, with a notable increase in budget allocated to administrative and support service (a fourfold increase) and health sector planning and information (a sixfold increase).

Source: Population Reference Bureau 2015: Rwanda

Source: Rwanda Ministry of Health

mediceafrica.com





Health insurance

Rwanda is the country with the highest enrolment in health insurance in Sub-Saharan Africa. Pivotal in setting Rwanda on the path to universal health coverage (UHC) is the community-based health insurance (CBHI), which covers more than three-quarters of the population.

The scheme has evolved from a pure form of voluntary CBHI to one based on obligatory enrolment and subsidies from the formal sector, thus paving the way to a national health insurance model. Before the scheme became compulsory in 2006, it was already recognised as one of the rare successes of wide CBHI coverage in Sub-Saharan Africa.

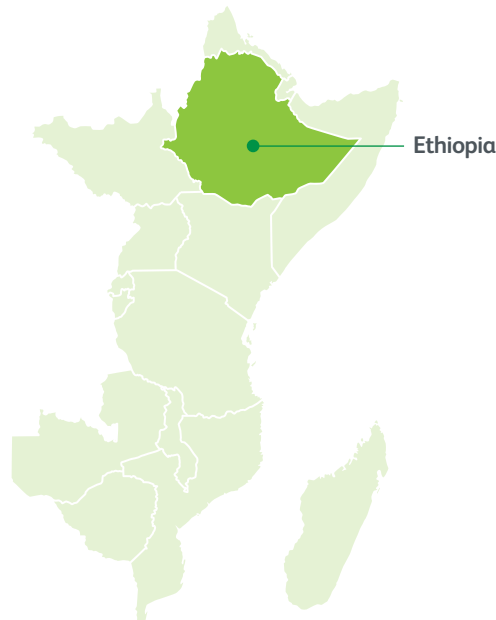
Medical devices

According to US Government agency Export.gov, current demand is dominated by equipment to diagnose and products to treat diseases such as malaria, pneumonia, respiratory infections, gynecological problems, fever and physical trauma. Demand is aligned with the prime causes of morbidity and mortality in Rwanda.

There is currently no local production of medical products and equipment in Rwanda. Local distribution is done by MPPD (Medical Procurement and Production Division) for government-owned medical facilities, BUFMAR for faith-based hospitals and centers. Both MPPD and BUFMAR use international exporters/importers to fill their warehouses through international tenders.

Key facts on Rwanda's health sector

- Rwanda is among a few countries that have already achieved the MDG 4 and 5
- Community Based Health Insurance 'Mutuelle de Sante' coverage increased from 44 % in 2005 to 81.6 % in 2015
- Infant mortality rate dropped from 152/1000 in 2000 to 32/1000 in 2015
- Maternal Mortality ratio has dropped steadily from 476 per 100,000 live births in 2010 to 210 per 100,000 live births in 2015 reaching hence MDG 5
- 80 % of Rwandan households have at least one insecticide-treated mosquito net
- Rwanda has over 45,516 Community Health Workers (CHWs) treating different diseases in Community and following up on pregnant women
- 900,000 people were seen by CHWs in 2015
- 99 % of women with a live birth receives at least one antenatal care from a skilled health provider
- Vaccination Coverage averages 93 % nationwide
- Over 80 % of HIV+ adults and children have access to antiretroviral therapy



Top line healthcare stats



98,148,000
Population



US\$1,500
Per capita income



W 65/M 62
Life expectancy at birth
women/men



49/1,000 live births
Infant mortality rate

Ethiopia

According to Export.gov, the Government of Ethiopia is working to strengthen the healthcare system to align it with the Millennium Development Goals and it has made significant investments in the public health sector which have led to improvements in the health outcomes. Nevertheless, communicable diseases like HIV/AIDS, TB, malaria, respiratory infection, and diarrhea remain a serious challenge in Ethiopia. High fertility rates, and low contraceptive prevalence continue to drive a rapidly increasing population in Ethiopia. With a growing middle class, the GOE is facing an increase in non-infectious diseases such as cancer, diabetes, heart diseases, hepatitis B&C and high blood pressure.

Under the second Growth and Transformation Plan (GTP II) and Health System Transformation Plan, the Ministry of Health (MOH) is implementing changes to various aspects of the healthcare system. For better management, the government has increasingly decentralised management of its public health system to the Regional Health Bureau levels. The MOH is also committed to reform agencies such as the Food, Medicine and Health Care

Administration and Control Authority (FMHACA) and the Pharmaceutical Fund and Supply Agency (PFSA).

Healthcare infrastructure

The Ethiopian Food, Medicine and Health Care Administration and Control Authority has reported that there are currently more than 16,600 healthcare centers deliver health services in Ethiopia. The government encourages private sector participation in the area of quality of care and quality of service.

The government is also working with the private sector to build advanced tertiary care hospitals to meet domestic demand that would otherwise be met through outbound medical tourism, and ultimately to attract medical tourism to Ethiopia.

The Ethio-American Hospital, which began construction in April 2017 and plans to begin operations by December 2019, is an example of the government's commitment to developing major new healthcare facilities. This project also demonstrates the government's commitment to encouraging foreign investment in the sector through public private partnership (PPP) arrangements, according to Export.gov.

Source: Population Reference Bureau 2017: Ethiopia

Source: Export.gov

mediceafrica.com





Health insurance

Export.gov also highlighted that the government seeks to address high out of pocket costs for health services through the introduction of community-based health insurance (CBHI) and social health insurance (SHI) for the informal and formal segments of society, respectively.

The Ethiopian Health Insurance Agency (EHIA) has already been established and is undertaking the necessary steps to offer SHI. The agency is working to automate the social health insurance membership registration and follow up process, and the task of developing a management information system software and implementation manual of the

scheme. In addition, various social health insurance implementation manuals and guidelines were drafted and are ready for testing.

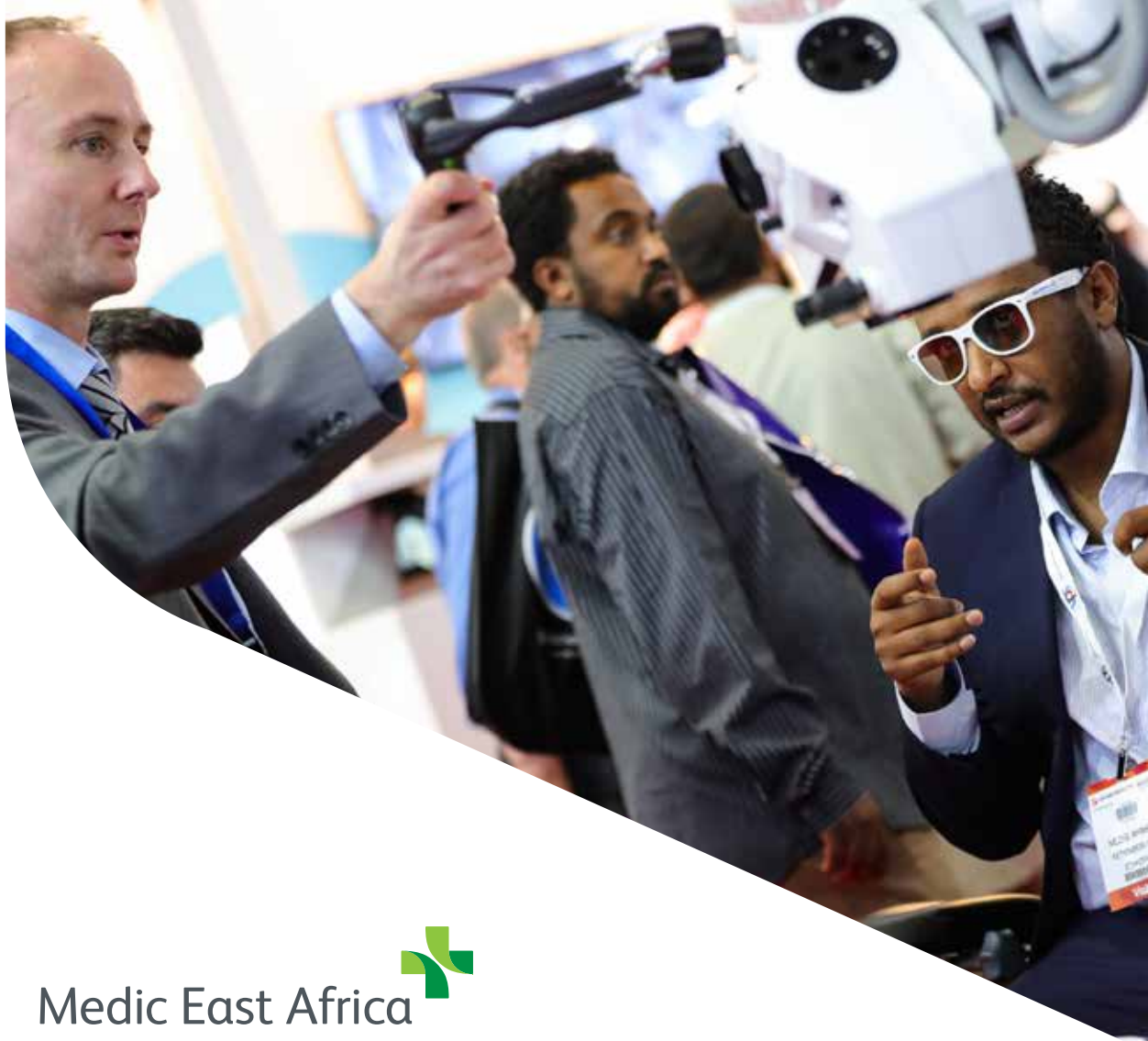
Medical devices

The Food, Medicine and Healthcare Administration and Control Authority of Ethiopia (FMHACA) is responsible for medical device regulation in Ethiopia. Medical Devices and IVDs are subject to registration procedure.

A Local Representative, representing the manufacturer to the Regulatory Authority, should be appointed. In general, it takes about 3 to 6 months to get approval for new registrations and the registration is valid for 4 years.

2020 impact-level targets for the Health System Transformation Plan (HSTP):

- Reduce infant and neonatal mortality rates.
- Decrease HIV contraction by at least 60 % and achieve zero new infections among children.
- Lessen the number of TB deaths and incidence rate by 35 % and 20 % respectively. Diminish malaria case incidence and mortality rate by at least 40 % .



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For 6 years Medic East Africa has brought you the latest innovations in healthcare. From state-of-the-art imaging equipment to the most cost-effective disposables; developments in surgery to advances in prosthetics, Medic East Africa brings the East African healthcare community together.

The 2019 edition of the show will take place from **24-26 September 2019** and will welcome 170+ exhibiting companies to showcase their latest innovations to 3,430+ healthcare and trade professionals.

Accompanying the exhibition is a number of business, leadership and Continuing Medical Education (CME) conferences and workshops providing the very latest updates and insights into cutting edge procedures, techniques and skills.

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