

Amref Health Africa

Private sector and post-Covid19 recovery- an investors perspective

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Outline of the presentation


1. Introduction

2. The Impact of covid 19 on the health sector and lessons learnt

3. The Post-Covid Recovery: opportunities and challenges




Amref Health Africa AT A GLANCE

A faint, grey illustration of a propeller airplane in flight, positioned behind the text.

Founded in
1957 and
began as
Flying Doctors
of East Africa

A faint, grey illustration of a city skyline with several buildings, positioned behind the text.

International
Headquarters
Nairobi,
Kenya

A faint, grey illustration of a person's head and shoulders, positioned behind the text.

Programmes
reach more than
10 million people
in Africa per year

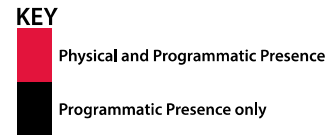
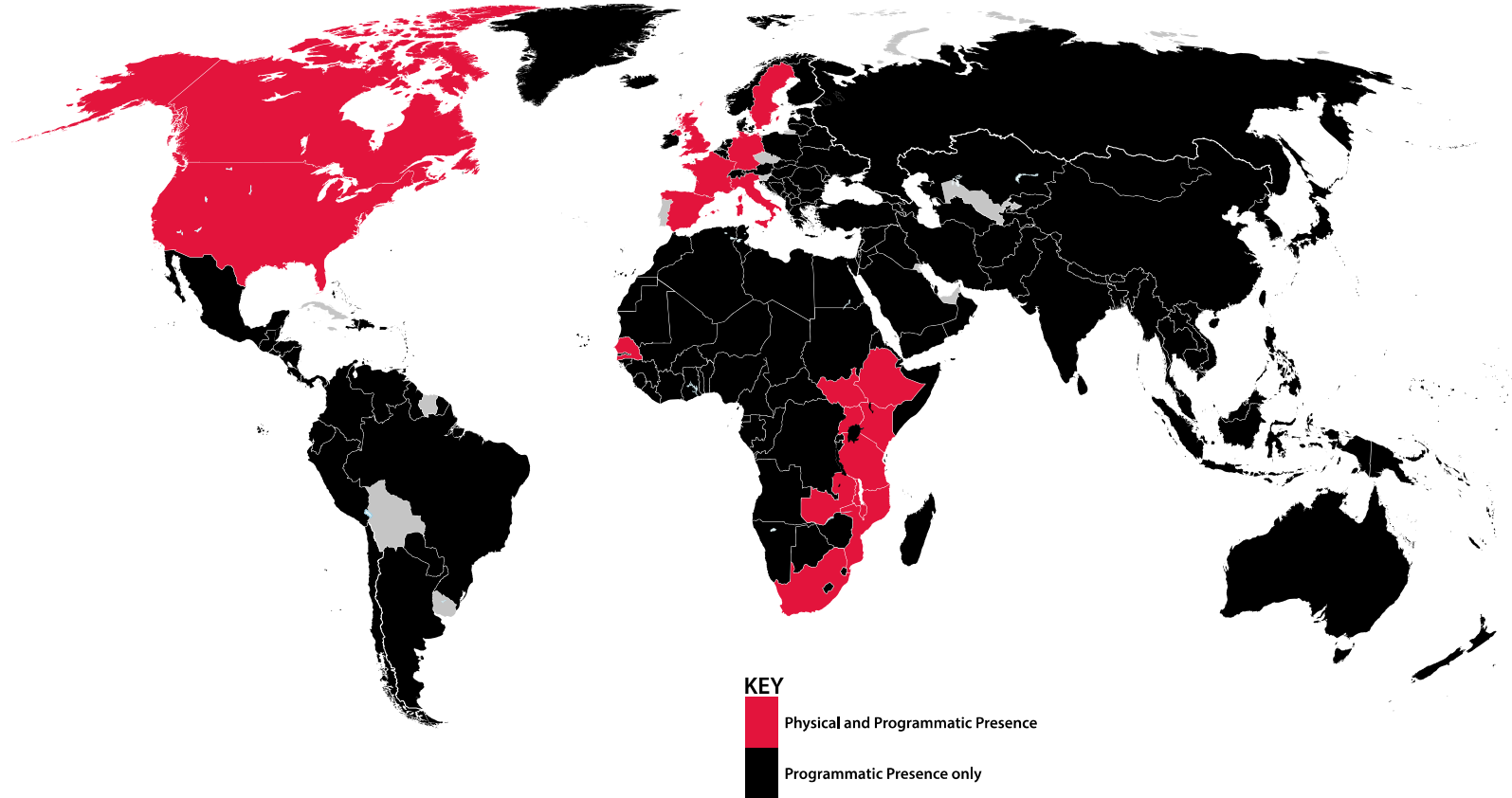
A faint, grey illustration of the African continent, positioned behind the text.

Reach into
35 countries
in Africa, 11
countries in
Europe and
North America

International Recognition
The Bill and Melinda Gates
Award for Global Health

The Conrad N. Hilton
Humanitarian Prize

Amref Health Africa GLOBAL PRESENCE



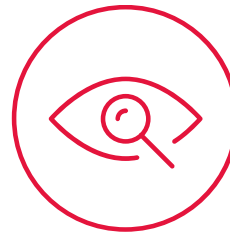
Amref Health Africa

MISSION & VISION



VISION

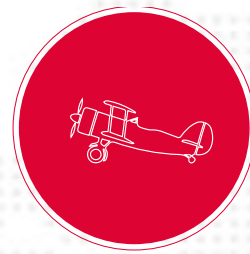
Lasting **health change** in Africa



MISSION

Our mission is to **increase sustainable health access** to communities in Africa through **solutions in human resources for health**, health services delivery and investments in health.

Amref Health Africa TODAY



WIDE-SCALE ACTIVITIES

Programme development and implementation, fundraising, partnership, advocacy, research, monitoring and evaluation

LARGE COVERAGE IN AFRICA

35 countries in Africa where programmes are being run

FUNDRAISING OFFICES

In Europe and North America

AMREF FLYING DOCTORS

The leading provider of air ambulance services in Africa – operating from Wilson Airport in Nairobi, Kenya.

AMREF ENTERPRISES LIMITED (AEL)

A social enterprise that is responsible for delivering sustainable social impact through incubation and scaling of innovative solutions.

AMREF INTERNATIONAL UNIVERSITY (AMIU)

An accredited institution of higher learning focused in training undergraduate and post graduate degrees in health sciences.

1. Introduction

Africa's Health Economy Outlook



Africa is home to.....	16% of world's population
yet bears	23% of world's disease burden
spends.....	1% of global health expenditure
and is served by.....	3% of world's health workers

“Africa bears a disproportionately high burden of disease making healthcare a sector with potential double bottom line (i.e. potential to invest while creating impact)”

Key health indicators across the East African countries

Indicator	Kenya	Uganda	Tanzania	Rwanda
Population (millions)	52	44	58	12
Life expectancy at birth (2019)	66	63	64	68
Infant mortality rates (per 1,000 live births)	39	43	47	32
Income per capita in \$ (2019)	1,710	643	1,050	773
Per capita health expenditure in \$	105	52	52	70
Health expenditure as a % of the total government expenditure	6.7%	8%	7%	9.7%
Health expenditure as a % of GDP	9.2%	6.1%	4.1%	11.2%

There isn't enough investment in the health ecosystem in comparison of investments coming into other sectors (such as energy, fin-tech and e commerce).

*

The Triple Burden of Disease

74%

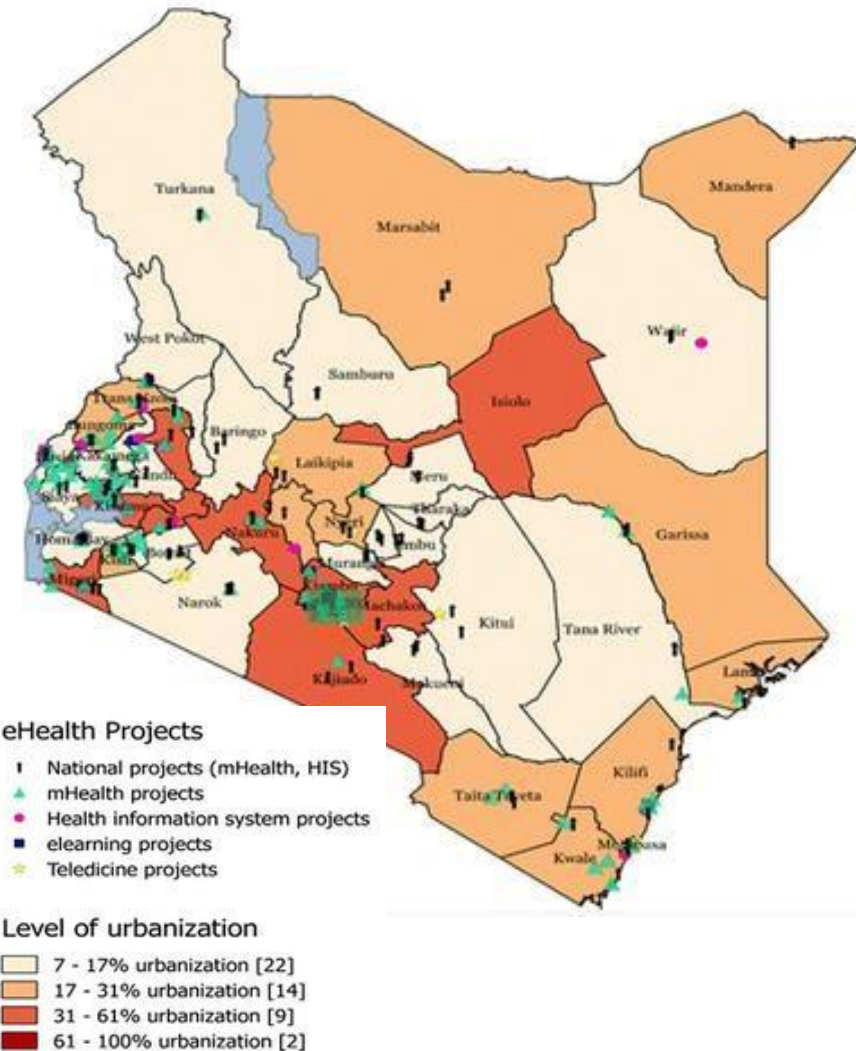
Percent reduction in HIV infection over last decade. The proportion of mortality attributable to communicable diseases has generally gone down.

27%

Proportion of mortality attributable to NCDs. While the proportion of mortality that was attributable to NCDs in 2000 was 15.8 percent, this proportion almost doubled to stand at 27.1 percent.

- Proportion of healthcare provision by private provider segment .
- The market is heavily dependent on the private providers, and affordability remains a primary restraint, together with low reimbursement rates.

48%



"Ideas Executed"

Health Financing in Kenya

Critical question related to health financing



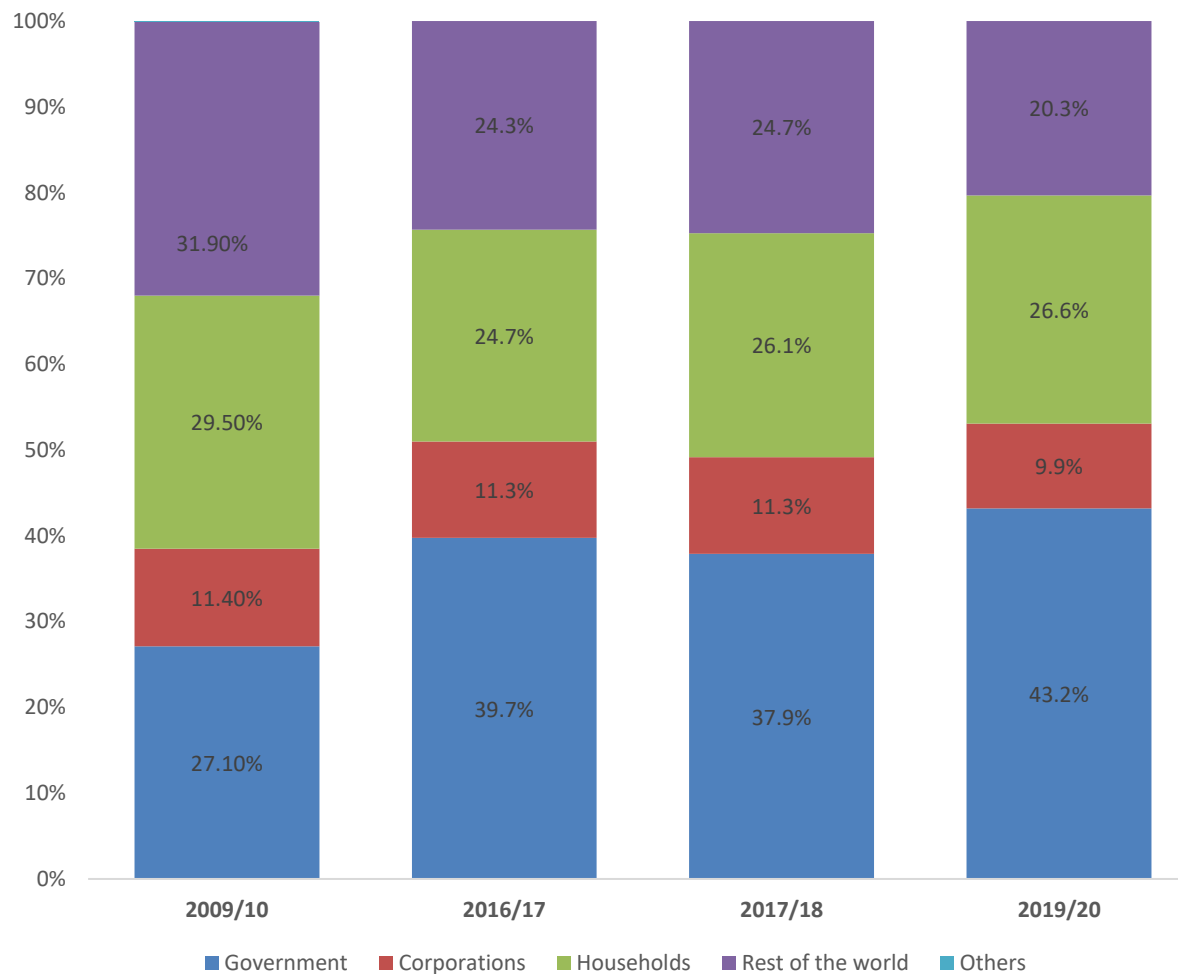
- where does the money come from?
- who manages and organizes the funds?
- where did the money go?
- what type of service was produced?

Where does the money come from? (Source)



- The government is the major financier of health contributing 43.2%
- The household contribution to CHE was 26.6 percent
- Donor contribution was 22.2 percent of CHE in 2019/20

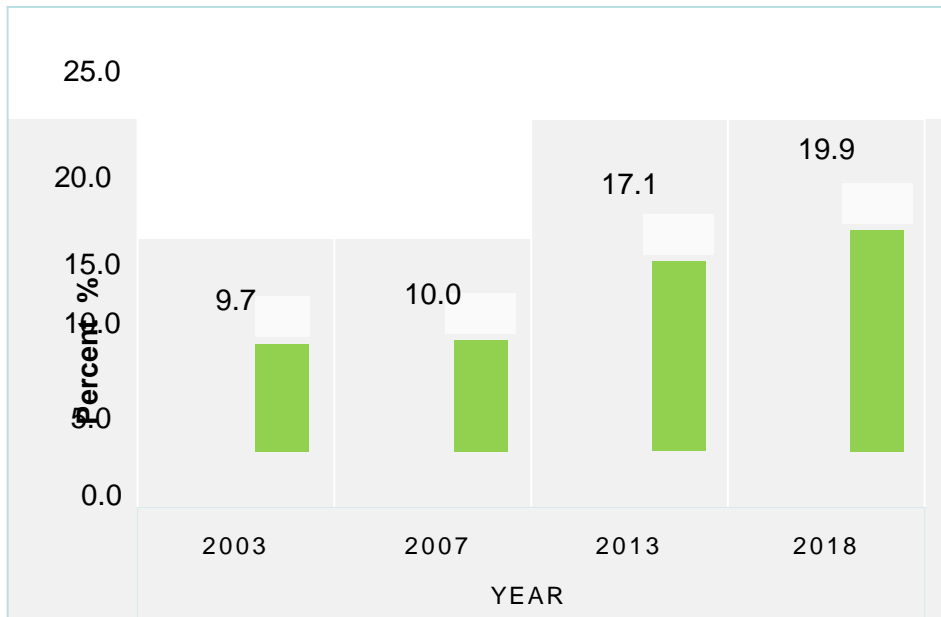
Distribution of CHE by source of revenue



Health Financing: Health Insurance trends

Trends in health insurance coverage

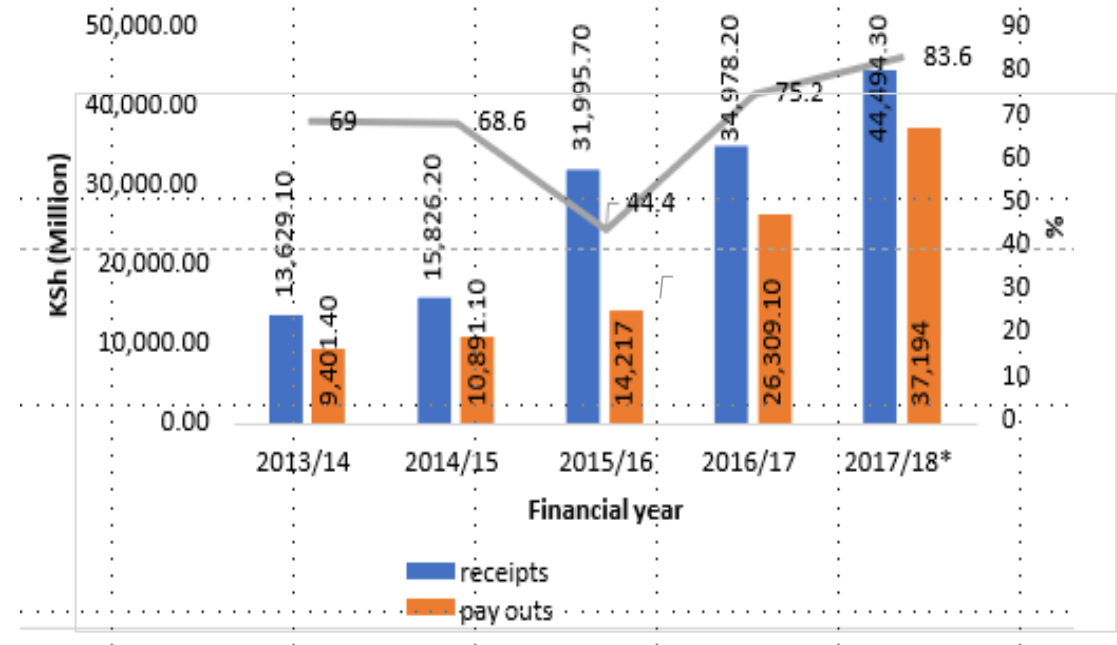
- Growth in last 15 years; 9.7% to 19.9%
- NHIF is the biggest health insurance covering 89.5% and approx. 10 million dependents



Trends in Health Insurance Coverage, (2003, 2007, 2013 and 2018), KHHEUS, 2018

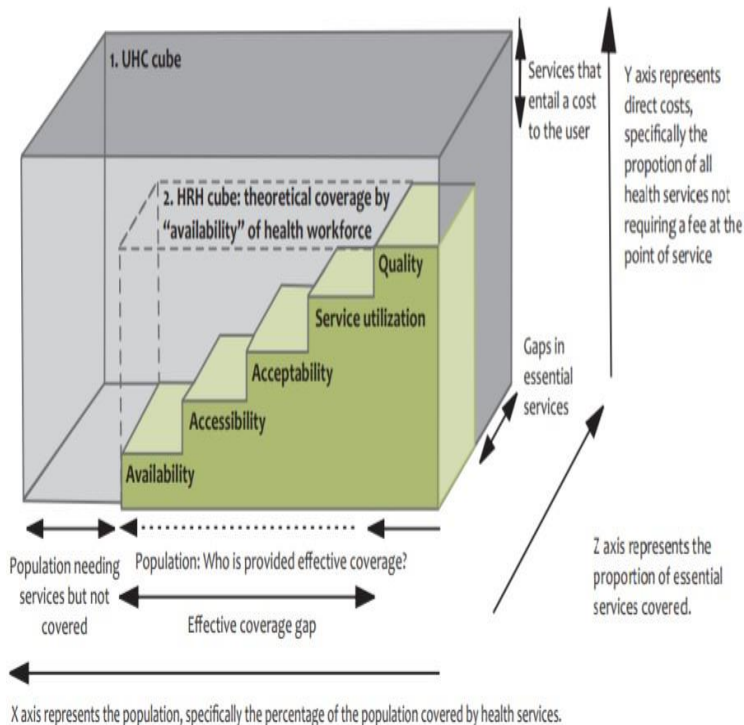
Trends in NHIF income and expenditure

- NHIF revenue has grown considerably from Ksh 13.6 Billion in 2013/14 to Ksh 44.5 billion in 2017/18
- The ratio of claims to revenue for NHIF is high at 83.6%, which is unsustainable



Universal Health Coverage – Kenya Outlook

UHC Framework



UHC Challenges

1

Over reliance on the public sector as the vehicle for UHC e.g. 48% of the Kenya seek services in the private sectors

2

Focus of on high-cost interventions (Renal unit, ICU etc) than on PHC services

3

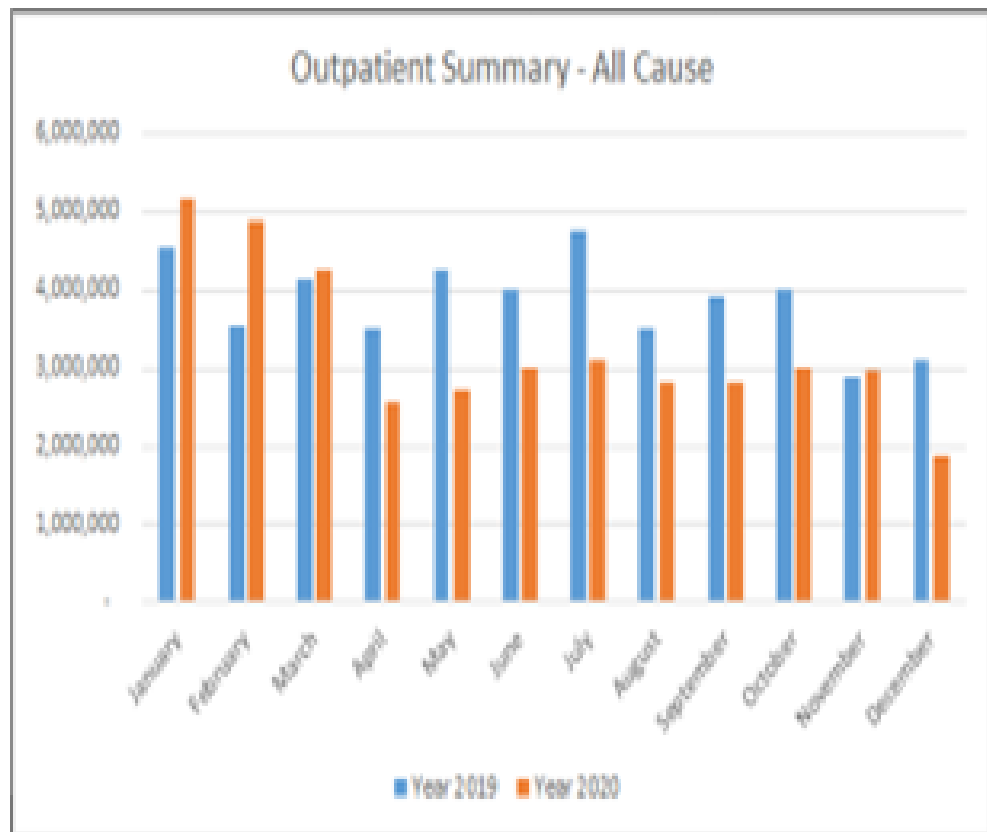
Quality is not yet a regulatory requirement; with poor enforcement, and minimal information on quality of care in private sector

4

Fragmentation of the health financing options which do not optimize health investment e.g. OOP is at 26.6% for THE

2. The Impact of covid 19 on the health sector and lessons learnt

Impact of COVID-19 on Health services



- Utilization of many essential and routine health services dropped considerably, including outpatient services for the general population
- Challenges facing HCWs as a result of C19 include interrupted access to PPEs, diverted to manage C19 isolation centres, long working hours, increased workload, psychological stress
- Inadequate critical care capacity, low bed capacity, fragmented procurement of oxygen and low production capacity.
- The disruption of the supply chain during COVID-19 leading to sub-optimal supply essential commodities

What worked?



The investments of on the health systems especially in the laboratory resulted in quick expansion of testing capacity

The setting up and emergence of regional tools: The Access to COVID-19 Tools (ACT) Accelerator and covax facility

The private sector is critical player in covid response; Robust Public and private engagement in the response

What didn't work?

The Human Resources for Health continue to face long working hours, high workload, psychological stress. Inadequacy of certain skills e.g. critical care and biomedical engineers

Funding is critical and yet health sector remains underfunded.

Disruption of supply chain; Poor management procurement in an emergency setting and low capacity to deliver on time.

Navigating donor and in-country regulation

Changing Donor Regulation

Push for international pool procurement instead of local procurement

Greater scrutiny of local procurement; introduction of stringent requirements e.g. conformity to stringent regulatory authorities

The requirement for WHO prequalification means none of local pharma can supply TB, HIV and Malaria meds and diagnostics

In-country regulation

Bureaucratic tax waiver process with long turn-around time; delays in access to critical and essential health products

Lack of clarity on who regulates some the health products e.g. diagnostics

Import waiver of donation and goods supplied under pool procurement: PPB listing and Certificate of Analysis/Conformity etc

Taxation and Oxygen Ecosystem

The key gaps that reduced appetite for the tender were:

- The supply is dependent on use own pool of cylinders; the cylinders keep disappearing from hospitals and health centres
- Cylinders are expensive and more so now when there is a global rush for the vessels, *and 35% excise duty drive the costs of cylinders up.*
- This compounded by the underlying issue is outstanding payments owed by hospitals and counties.



Amref recently issued an open tender for supply oxygen as part national covid 19 response

3. The Post-Covid Recovery: opportunities and challenges

What are the Priorities for the Health Sector?



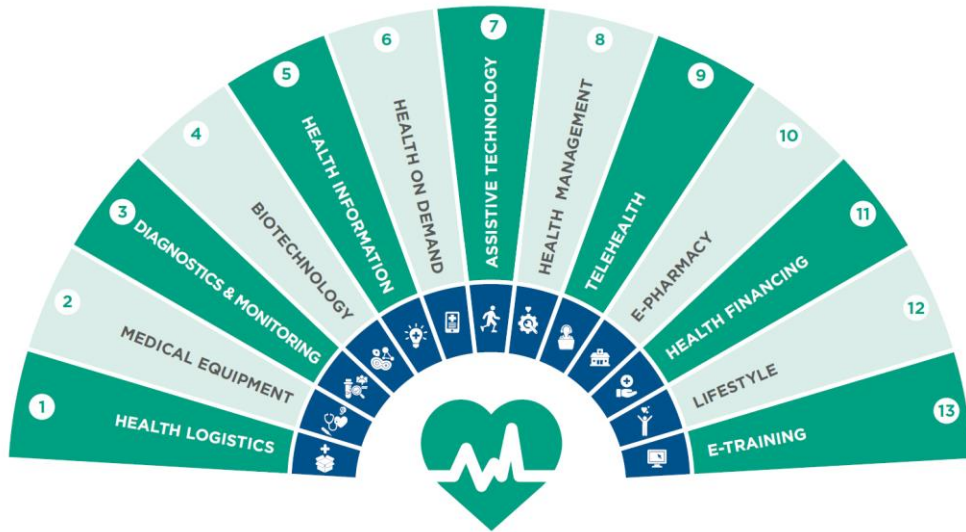
Reposition HRH to drive Post-Covid Recovery and Resilience for the attainment of UHC

Embedding and accelerating digital change

Investing in local manufacturing of health products and technologies

Digital Technology & Health

Digital health background



- Digital health technologies use computing platforms, connectivity, software, and sensors for health care and related uses
- Digital Technology in Health in Kenya is of high value and is poised for significant growth

Business opportunities and challenges

- Kenya is characterized by disproportionately high price buildup e.g. in pharmaceutical products and is *open to disruptive innovations that increase value to the end consumer*
- The main sources of capital for healthcare start-ups are mainly grant capital from donor organizations. The reason for this is that the health start-ups need to be de-risked to the point where investors feel comfortable to invest returnable capital.

The Post-Covid Recovery: Local Manufacturing

The disruption of the supply chain during COVID-19 highlighted the need for local manufacturing and expansion of production



Enablers:

- Increased ease of doing business
- Quality human talent: high literacy, skilled labour, entrepreneurial culture, welcoming culture to foreigners
- Investment in infrastructure: connectivity & ICT
- Shift from aid to trade: social enterprise & impact investment
- We have a ready market; Kenya is leading exporter of pharmaceutical products to COMESA



Business
Challenges and
opportunities

- Regulatory/policy paradigm shift from “EPZ” industrialization model to “knowledge economy” model
- Government and local organization/funders must partner and support small start-up (traditionally not attractive to VC). Covid vaccines such as Astra-Zeneca has heavy government investments!
- Will the health product be competitive?

Thank you



CONNECT

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