

A brief introduction to Kenya & South Africa



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Today's HealthTech Safari

1. South Africa
2. Kenya
3. Nigeria



Countries compared

Indicator	South Africa	Kenya	Nigeria
Population (in millions)	58.5	52.5	200.9
GDP (in millions USD)	351 432	95 503	448 120
GDP growth %	0.2	5.4	2.2
GDP per Capita growth %	-1.2	3	-0.4
Current Health Expenditure in % of GDP	8.25	5.17	3.89
Current Health Expenditure per capita (in USD)	525	88	84
Domestic general government health expenditure (% of current health expenditure)	54.05	42.14	14.87
Domestic private health expenditure (% of current health expenditure)	44.07	42.35	77.27
Out-of-pocket expenditure (% of current health expenditure)	7.72	23.62	76.60



SOUTH AFRICA

South Africa



Market study HealthTech

- FTI Consulting (SA) and TFHC (NL)
- 2020
- Market research and SA KOL interviews
- Available on RVO.nl & via TFHC
- Commissioned by RVO.nl



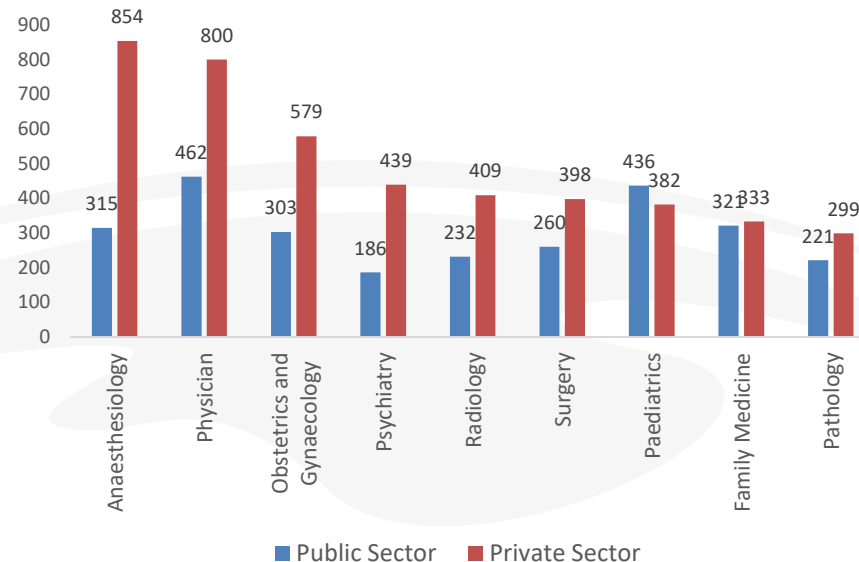
Background



- Quadriple health burden
- Two-tier health system
 - **Private sector** accounts for more than 50% of total expenditure on healthcare but provides care to just 16% of population
 - **Public sector** accounts for less than half of total expenditure and services 84% of population
- Government plans to implement National Health Insurance (NHI) Fund – single public buyer of healthcare products and services (from both public and private sector providers)
- 22 billion euros market for medical technology (excl software & services, 2018 estimates); ~90% imported

In 8 of 9 branches of medicine, there are more specialists in private sector than public sector

Number of specialists by specialty in public and private sectors



Trends & Developments



- **Consumerisation of healthcare:** Conservative business cultures mean disruptive change may not be initiated proactively by providers, BUT providers will come under pressure from consumers/patients to act. Huge opportunities for technology which connects consumers/patients and providers
- **Cost-efficiencies and productivity:** There is intense pressure to reduce costs across both public and private sectors. Potentially very large financial returns available to technology companies that enable healthcare providers to reduce cost
- **Increased focus on outcomes and integrated care:** Growing recognition that healthcare purchasing must become more value-based, with much stronger focus on outcomes of healthcare delivery – need for technologies which enable outcomes measurement and facilitate more integrated care across pathways
- **National Health Insurance (NHI):** NHI will be key dynamic in SA market and will create significant opportunities – to be seized by companies who can prove they can scale up to deliver on national footprint. Firms will need to demonstrate their model is already working in SA; many companies trying to do this now to be well positioned for NHI contracts when the time comes



Areas of opportunity



First tier	Health Knowledge Management	Electronic Health Records & Hospital Information Management Systems Analytical solutions to improve efficiency of healthcare delivery	Private sector has begun EHR adoption. Public sector has fragmented adoption Once EHR systems are in place, big opportunity for analysis systems using captured data
	Telemedicine	Technology to enable doctor-patient consultation	Skills shortages mean lots of scope for telemedicine. Underexploited so far because of HPCSA rules, which are about to change
	Artificial analysis	Artificial Intelligence for diagnosis & treatment decision support	High potential demand without established players, but user adoption will be key challenge
Second tier	Virtual healthcare	Multi-disciplinary team communication tools Technology to optimise patient journey	Complex chronic conditions require team-based management. As prevalence rises, lots of scope for technology which facilitates this
	Teaching tools	Digital learning platforms, including gamification	



Barriers to growth



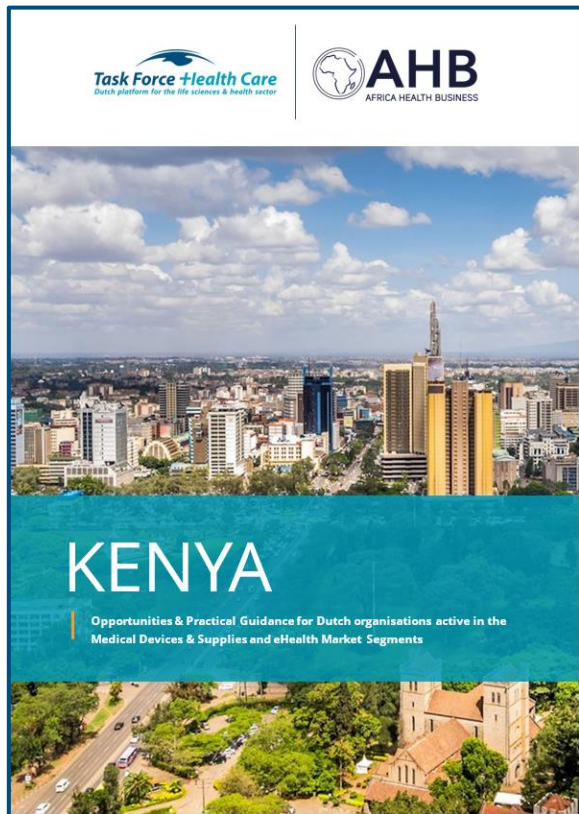
- **Regulatory constraints:** Regulatory environment presents a consistent challenge across the industry
- **User resistance:** Success of many technologies depends on levels of adoption by health professionals and/or patients/consumers – reluctance to move to new ways of doing things is a serious problem
- **Financing constraints:** Implementation of new technology often involves very substantial financial investments, with resulting cost savings often only being realised in future. In today's difficult economic environment, lack of available financing acts as constraint in both public and private sectors
- **Lack of appropriate solutions:** Many interviewees reported struggling to find technologies that were able to meet their particular needs, or were appropriate for South African context
- **Bureaucratic decision making:** Protracted decision-making processes are an issue in both public and private sector. Sales cycle for new products can be very long





KENYA

Kenya



Market study HealthTech

- Africa Health Business (KE) and TFHC (NL)
- 2021
- Market research and interviews NL companies
- Available on RVO.nl & via TFHC
- Commissioned by RVO.nl



Background



- Rapidly growing economy and middle class
- Health system divided into three sub-systems
 - Public sector – decentralised through the devolution in 2013 46% facilities
 - Faith Based sector 14% facilities
 - Commercial private sector – rapidly growing 40% of facilities
- Growing HealthTech markets
 - USD 185 million medical devices market (2020, CAGR 8.5%)
 - USD 150 million eHealth market (2020, CAGR 6.0%)
- Openness to technology and innovation
 - High mobile and internet penetration, revolutionary mobile payment system M-Pesa
 - Young, educated and tech savvy population



Trends & Developments



- Government plans geared towards achieving Universal Health Coverage
 - Increased public health spending
 - Providing essential health services & Modernisation of healthcare facilities
 - Prioritization of eHealth and mobile health services
 - Willingness to work with private sector
- Entering a financing transition
 - From programmes & projects supported by development partners to sustainable, innovative financing models
- Hub for medical technology and innovation
 - eHealth landscape scattered and heavily reliant on foreign expertise and investments
 - Difficulties in uptake & scalability
- It is expected that the health sector needs 5 more years to mature



Areas of opportunity



Obstetrics	Specific focus of the GoK's UHC ambition and continued investment area of international partners. Neonatal disorders are the third largest cause of death in Kenya, especially in lower resource communities.
Cardiology	Cardiovascular diseases are responsible for much of the growing non-communicable diseases burden in Kenya, which relate to increased prosperity and changes in lifestyle
Trauma and Critical Care	Strengthening of Intensive Care Units (ICUs) is a focus under the Medical Equipment Scheme project. Importance shown by Covid-19 crisis.
Radiology	It is expected that radiology services for diagnostic imaging, therapeutics and image guided procedures will grow in Kenya. Over half of the MRI and CT scan machines are operated by the private sector.
Oncology	An increase in the number of cancer cases in Kenya over the past decade resulted in legislative actions and policies to guide delivery of cancer services. It received a lot of attention due to notable Kenyans dying of cancer. Kenya also carries the regional cancer burden.
Neurology	Although still in its early days, it has been mentioned that neurology health services are a growing specialisation Kenya.



Areas of opportunity



mHealth

High penetration of mobile networks, mobile phones and existing mobile structures for communication and payments, e.g. for rural health services, chronic disease management.

Telemedicine

Priority is serving more rural areas that are characterized by lower resource settings and less extensively trained health workers, e.g. with connected point-of-care medical devices and communication.

eLearning

Shortage of health workers and need for quality improvements, mainly as a additionality or refresher courses for face-to-face and paper-based learning.

Health Management Information Systems (HMIS)

Many facilities, public or private sector, are moving from paper-based systems. The process of digitization is slow in the public sector, but faster in the private sector due to the need to modernize and provide more services to their clients efficiently.

Enterprise Resource Planning (ERP)

ICT solutions to empower health manager to track progress of delivery of care and utilisation of commodities.



Barriers to growth



- **Political tension:** The upcoming 2022 elections have created tension in different parts of the country. This has been fueled by the pushing and advocating for the Building Bridges Initiative (BBI) which has seen Kenyans take different stands.
- **Corruption:** Kenya has been ranked 137/180 according to the Corruption Perceptions Index (CPI). This has made foreign investors and funders skeptical about conducting business in Kenya.
- **Red tape and bureaucracy:** The excessive adherence to official rules and formalities slows down the process of importing and exporting goods as well as imposing additional costs to business.
- **Frequent industrial unrest:** The reoccurring industrial unrests in the health sector poses as a threat as it slows down development in the industry and hinders service provision.



Dutch Perspectives & Lessons Learned

- Validate your solution in Kenya. And bring your own funds for this.
- Work in partnerships and/or find a strong local business partner to navigate through the political, sociocultural and health system
- Longer-term, social impact perspective
 - It is not uncommon that it takes 2 to 5 years to bring a more new or innovative solution that requires new ways of working and financing models successfully to the market.
 - Fit for local context: Need for training and workflow (change) management
- Market will mature in 5 years; partnerships and trust for integrated eHealth solutions in Kenya are *currently* being build



Questions? Let's connect!

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