

# Pharmeutical& Medical Equipments Sector

The sector comprises of 3 per cent of the entire KAM membership, and employs about 6000 people.

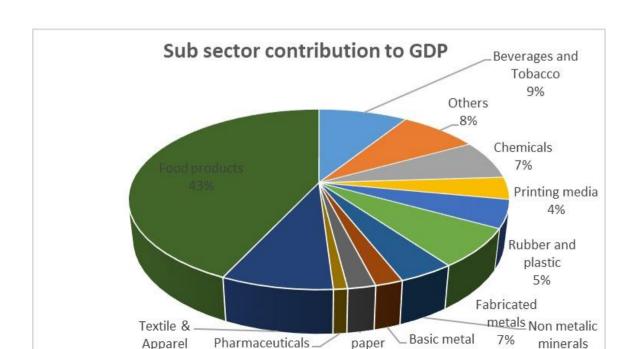
Members are classified into the following subsectors:

- Drugs and Medicines: Includes manufacturers of antibiotics, anti-malaria drugs, anti-amoebics, analgesics, anti-diarrheals, antacids, tranquilizers, antispasmodics, vitamins and anti-ulcers, intravenous solutions and plastic disposable syringes
- Manufacturers of Medical Equipment

## Health Sector



- > Kenya's health sector is valued at USD 3.5 billion
- > It contributes approximately 6% to the country's GDP
- > Number of local pharmaceutical sector are 40.
- > Kenya imports \$ 572,533,000 worth of pharmaceutical product while it exports \$ 71,200,000 worth of pharmaceutical products.
- > The sector is set to grow at a rate of 10.8% by 2019 because of the following reasons:
- 1. Increased government expenditure of health sector to \$ 3,500 million per year
- 2. A growing population 2.6% annual growth rate
- 3. Growing trends in non-communicable and communicable diseases
- 4. Increased urbanization
- 5. Awareness of preventive healthcare



#### Pharmaceutical

#### sector

The pharmaceutical sector is rapidly growing though there is a high dependency on imported pharmaceutical products and local firms are producing under capacity. Local manufactures are strongly present in the anti-infective product category but they miss out on immunological and cardiovascular markets which have a large market share.

According to the Kenya National
Bureau of Statistics the
Pharmaceutical sector contributed
3% of the total amount of exports in
2016.This is a slight improvement
from 2% in the previous year. More
need to be done to increase the % of
exports in the sector.

According to EAC pharmaceutical manufacturing plan of action they came up with four high level targets to develop the pharmaceutical sector:

- 1. Support the expansion of product portfolio of EAC firms to cater for more than 90% of diseases condition {currently it is 66 %}
- 2. At least 50% of purchases by EAC national medicine procurement agencies is sourced from EAC pharmaceutical manufacturers.
- 3. At least five companies to produce more advanced pharmaceutical formulation such as delayed release formulation, small volume injectables, double layered tablets etc.

### Table of pharmaceutical exports and imports (2015) UN COMTRADE statistics,2016

Country Burundi	Exports	Pharmaceutical	Imports
	(USD) 28000	exports in % of total exports 0.02	(USD) 50,491,000
Rwanda	242,000	0.04	83,123,000
South Sudan	0	0	29,146,000
Tanzania	972,000	0.01	403,125,000
Uganda	12,281,000	0.54	370,962,000
EAC TOTAL	84,723,000	0.59	1,509,380,000

#### SWOT ANALYSIS AND KEY DRIVERS OF PHARMACEUTICAL PRODUCTION

#### **STRENGTHS**

**WEAKNESS** 

- Core cadre of pharmaceutical manufacturing and regulatory expertise exists in the region;
- •Established as well as a developing production base exists
- •Public budgets for products addressing priority endemic diseases exist in the country.
- •Existence of an enabling strategic policy context and political will towards strengthening local pharmaceutical production;
- •Kenya is a Members of WTO which automatically makes her signatory to TRIPS Agreement;
- •Kenya has an official or draft national medicines policy, legislations and regulations
- Positive economic growth and relative socioeconomic stability.
- Inflow of foreign and donor funding in support of the health sector in the Kenya

- High cost of locally manufactured products compared to imports due to high production costs ( Utilities, infrastructure, finance)
- Lack of local supply of active pharmaceutical ingredients and primary raw materials APIs
- Inability of local manufacturers to meet WHO prequalification requirements;
- Lack of regulatory capacities and abilities to ensure quality, safe and efficacious medicines circulating in the market;
- Poor and under-funded health infrastructure
- Over-dependence on imported medicines, both branded and generics;
- Under utilization of installed manufacturing capacities;
- Lack of timely and accurate market information to aid in decision making;
- Lack of clear incentives and policies that promote local pharmaceutical production
- Absence of infrastructure to support bioequivalence





- Growing threat of counterfeits and diverted medicines;
- Unregulated parallel pharmaceutical trade;
- Inability of local manufacturers to attain WHO prequalification and therefore cannot supply

the donor market regionally which is estimated at 80% of PEDs market;

- Chaotic and unregulated distribution system;
- Continued emigration of trained medical personnel;
- Existence of manufacturers that do not meet cGMP standards as set by the local regional regulatory authorities
- Negative perception of locally produced products.

- The country is developing policies and/or legislative frameworks that will enhance availability of safe and efficacious medicines in the market;
- Existence of global, continental, regional and national initiatives to promote local pharmaceutical production;
- Support from development partners to improve efficiency in supply chain management systems of pharmaceuticals in the region;
- Presence of strong and vibrant health R & D in the region;
- Strong focus on mainstreaming African traditional medicines in to national health systems

through development of appropriate policies;

- Existence of TRIPS flexibilities that allow Partner States to manufacture pharmaceutic larger budget allocation in the health sector.
- Growing veterinary medicine markets