

Pharmaceutical & 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 sub-sectors:

- **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**

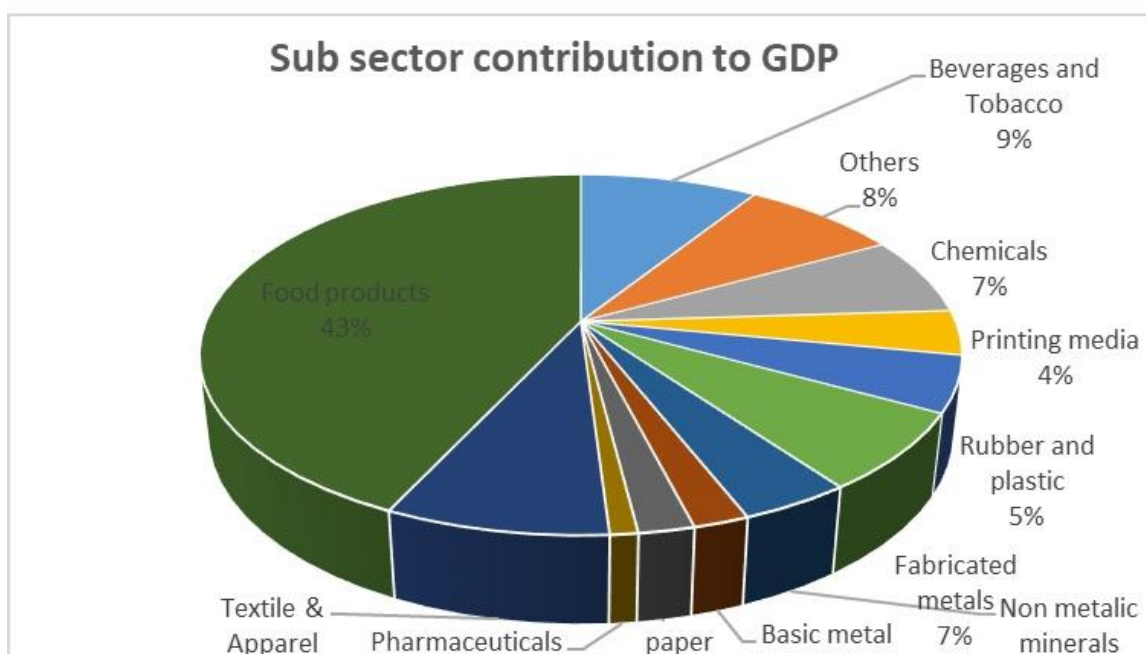
Health Sector



- > 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 manufacturers 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	Exports (USD)	Pharmaceutical exports in % of total exports	Imports (USD)
Burundi	28000	0.02	50,491,000
Kenya	71,200,000	1.20	572,533,000
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

- 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 Member 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

WEAKNESS

- 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 pre-qualification 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 bio-equivalence

Threats

- 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.

Opportunities

- 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 pharmaceutical larger budget allocation in the health sector.
- Growing veterinary medicine markets