



Webinar series 2021

Towards Sustainable
Healthcare Systems in Africa

Health Business Investment in Africa

A Webinar Report

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Curated by



AHB
AFRICA HEALTH BUSINESS

Health Business Investment in Africa



While the COVID-19 pandemic has exerted significant strain on already overstretched health systems across the region, further affecting the delivery of essential health services, a broader spectrum of stakeholders is now feeling the consequences of chronic underinvestment. The impact of the pandemic has demonstrated that every sector is dependent on the health system.

Investing in African health systems is an opportunity to accelerate economic development and growth, contribute to saving millions of lives and prevent life-long disabilities, and move countries closer to achieving objectives of national poverty reduction strategies and the Sustainable Development Goals (SDGs).

Event Partners

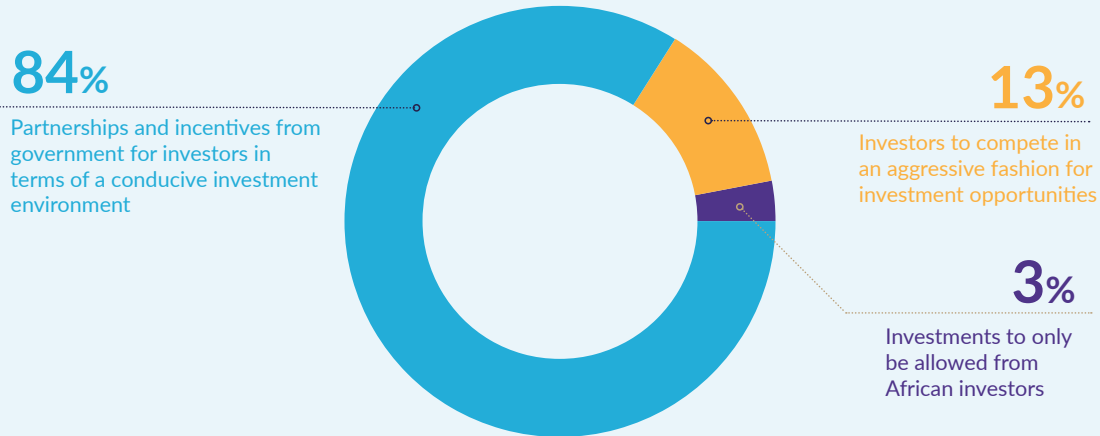


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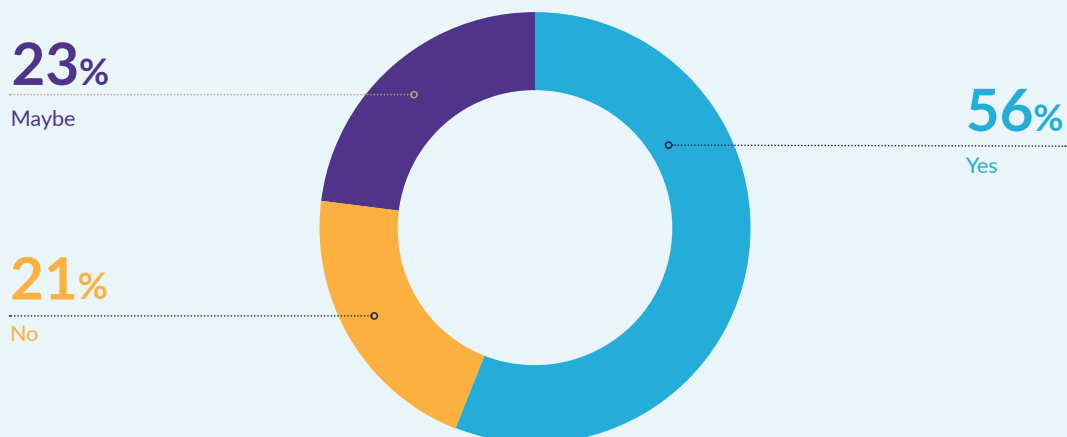
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Poll Results

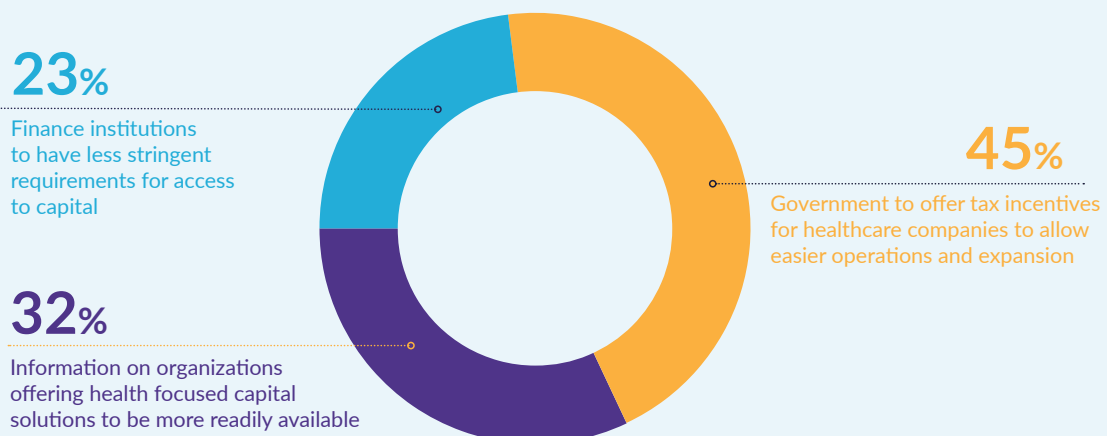
How can health investments in Africa be improved to compete with the rest of the world in terms of volume?



Are you interested in capital raising as part of your growth strategy for your organization?



How can access to capital in Africa to start/expand healthcare companies be made more readily available?



Speakers



MODERATOR

Dr. Amit N. Thakker

Executive Chairman,
Africa Health Business



SPEAKER

Dr. Babatunde Omilola

Manager Public Health,
Security and Nutrition Division,
Africa Development Bank



SPEAKER

Mr. Tony Wood

Managing Director,
MYDAWA



SPEAKER

Ms. Jennifer Kinyoe

Country Manager,
GE Healthcare East Africa



SPEAKER

Dr. Kanyenje K. Gakombe

Chief Executive Officer,
Metropolitan Hospital



SPEAKER

Mr. Jef Imans

Strategic Advisor Health
Supply Chain,
Chemonics International



We are a boutique consulting and advisory firm that aims to improve access to equitable healthcare in Africa.

Through a private sector lens, we provide organisations with actionable insights to grow their health agenda in Africa.

We advise some of the largest institutions, companies and investors on the African continent, helping them to manage challenging relationships with demanding and critical stakeholders and understand complex market dynamics.

Our team of specialists provides a range of strategically blended services.

Business Intelligence • Capacity Building
Platform Design and Implementation •
Stakeholder convener • Investment
Advisory • Africa Health Business
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Summary of Discussion

There are many barriers to providing adequate healthcare in Africa, but many of them can be addressed through increased investment in the sector. Recent estimates show that the African health sector will be worth around \$259 billion by 2030, with the potential to create over 16 million jobs across the continent. There is great potential in the health sector, especially with an enabling environment for private sector engagement and participation.

Just like every gap in a market represents a business opportunity, each barrier to providing adequate health services represents an investment opportunity. The primary barriers include a growing disease burden (both non-communicable and infectious diseases), poor infrastructure, inadequate health financing, poor access to quality services, a shortage of health workers and limited private sector involvement.

There are several reasons for the private sector's limited involvement. Governments are often perceived by the private sector as a risky partner because of limited funds that are sometimes mismanaged. Additionally, both donor organizations and government initiatives are often short-term, which increases uncertainty for the private sector. Private sector is always look for the least amount of risk and the highest amount of stability. Therefore, the public sector needs to find a way to de-risk investments for the private sector. It is also important to create a stable demand. Governments will often make one large order per year, rather than smaller orders each month. The private sector prefers smaller, more frequent orders because it makes planning easier and increases stability.

Governments, therefore, should move towards a stewardship model, focusing on regulation, quality assurance, disincentivizing counterfeits and other fraud, as well as coordination in times

of crisis. The stewardship model does not decrease the responsibility of the public sector (quite the opposite) but sets things up so that each sector is operating within their strengths.

OPPORTUNITIES FOR INVESTMENT

Despite these challenges, the health and well-being sectors in Africa show great market potential. Healthcare is one of the fastest growing sectors on the continent, with a growth rate of 7%, which surpasses real estate, manufacturing and even agriculture. Additionally, African economies in general are showing significant growth and are projected to continue in that growth trajectory.

Health infrastructure development generally gets very little attention from African governments in terms of budget allocation, with significantly lower percentages of health budgets going towards this aspect of healthcare compared with things like wage and employment expenses. COVID-19 exposed significant gaps and limitations in health infrastructure, and it is an essential aspect of a well-functioning health system.

Local pharmaceutical manufacturing produces less than 2% of the medicines consumed on the continent. With the complete halt of international supply chains in the recent past, governments are eager to increase self-sufficiency when it comes to producing the medications their populations need. Countries like

Ethiopia are estimating a market value of \$600 million each year. The establishment of the Africa Continental Free Trade Area (AfCFTA) will further support this, with the opportunity to capitalise on economies of scale and increase manufacturing capacity. Local pharmaceutical manufacturing not only offers more stability to the supply chain but also can lower costs to the consumer. However, this will only be financially viable if there is an enabling environment, including things such as tax incentives for local manufacturing and lower tariffs on the import of raw materials.

Creative investing is necessary when it comes to financing the health sector. For example, investment in medical equipment should address the needs of those who are going to be using it. They need to be equipped with how to use it, as well as repairs and maintenance. Additionally, the medical equipment that is needed is not always affordable for small- and medium-sized medical facilities. Innovative solutions like leasing equipment rather than requiring health facilities to purchase can offer a feasible alternative, along with the option of pay-per-use. Responding to hesitancy when it comes to investing in the health sector, health companies can offer risk sharing to financial institutions that would not necessarily invest on their own. More needs to be done to support healthcare investments -- not just handing over money, but supporting the use, maintenance and repair of what is being invested in.

The African health sector has seen significant change over the past several decades. Not only has change been experienced, but it is accelerating. The past three years alone have seen more change than the past decade. The health sector needs to be ready to adapt to these changes, capitalising on the investment opportunities in order to overcome the challenges.

Digital Health Technology – The Opportunity to Lower Costs While Increasing Quality

Digital health development on the continent is growing at a rapid pace, with African innovations representing some of the best solutions around the world. The next step is scaling these innovations so that it is able to sustainably impact the entire health sector.

Before the pandemic, significant work was going into behavior change, convincing both patients and practitioners to adopt various health technologies. But the pandemic has moved this forward, resulting in the adoption of these technologies out of necessity and the realisation that digital solutions are effective and affordable.

Technology represents a way to increase access and reduce prices while also guaranteeing quality. Often quality is sacrificed for price, but that is not acceptable in healthcare. As everyone rushes to go digital, there is the potential danger of exposure to sub-standard products. If digital innovation is used for shortcuts, there will be problems with quality, but if it's used for efficiency and transparency, it will benefit the whole health system.

Data collection, management and analysis also represents a significant opportunity for investment. Blockchain, while not a silver bullet, can help with counterfeit products, increasing the visibility of the whole supply chain and providing a full history of a product when it reaches the end of the supply chain. While it is not necessarily the most sustainable, the principles of blockchain are sound and represents one possible solution among many.

Digital health solutions are already being implemented on the ground and will inevitably be part of the future, making it a viable and an exciting area of investment.

THE JOURNEY TOWARDS UHC: AN INVESTMENT INCENTIVE

The African continent is committed to journeying towards Universal Health Coverage (UHC). This is not only something supported by most individual national governments but is also in line with attaining the global initiative of the SDGs by 2030. The continent has a long way to go to successfully achieving this, but the possibility of combining government commitment and efforts with private sector investment and intervention offers reasons for optimism.

The efficiencies and innovation of the private sector can help governments leverage new technologies to reduce costs. The expansive footprint and influence of the public sector can support the private sector in creating an enabling environment for them to succeed. Public-private partnerships (PPPs) can be explored as a way to capitalise on the best of what each sector has to offer.

The movement away from payment for service to payment for quality is inevitable due to the journey towards UHC. Payers will increasingly become more powerful and will be able to demand quality. The empowerment of individuals to hold healthcare practitioners to high standards is an additional incentive for governments and private sector to invest in achieving UHC.

Effective supply chains are also an essential aspect of the journey towards UHC. Getting the right product, in the right place, at the right time is a primary condition. Once those basics are in place, the flow of a product can be analysed and predicted, making it more possible to plan for supply. With a more stable supply and demand, private sector is more likely to participate.

Everyone is working toward UHC and the way to deliver it is through partnerships.



“The challenges that we face in the health sector can be turned into opportunities for investment.”



Dr. Babatunde Omilola



“It is important for private sector health companies to form partnerships with banks, leasing companies and other financiers to mitigate some of the risks that they find in the healthcare investment space. This enhances the appetite of the financiers who would not necessarily invest in the health sector on their own.”

Ms. Jennifer Kinyoe

“Change is not only taking place, but it is accelerating. The changes that have happened in the health sector in the past 3 years have gone beyond what has happened in the past 10 years.”



Dr. Kanyenje K. Gakombe



“Private sector is always looking at the least amount of risk and the highest level of stability. Therefore, there needs to be an enabling environment for private sector and a way to de-risk private sector investment.”

Dr. Jef Imans

“Digital healthcare has come of age and is an integral part of the journey toward UHC.”

Mr. Tony Wood



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