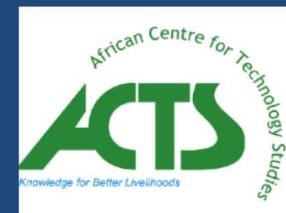




# Locally manufactured and imported medicines and medical supplies in Kenya

Industrial productivity and health systems performance  
Policy dialogue workshop  
June 2013



# Aims

- Provide insights on connections between local manufactures and imports in the Kenyan health systems supply chains
  - Type of essential medicines and medical supplies
  - Extent to which local manufactures and imports complement or compete with each other
- Provide a basis for further research to examine the relationships in
  - Technological processes
  - Firm/industry structure and
  - Institutional (governance) processes

# Key points

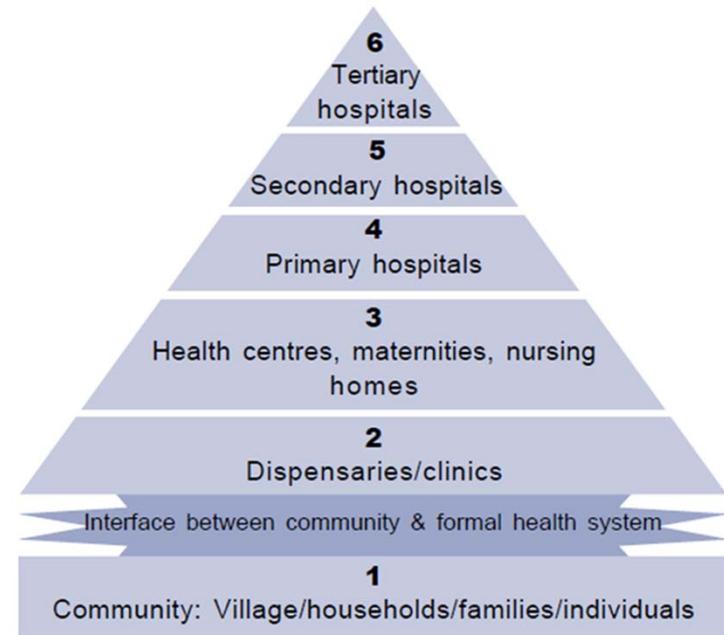
- Local manufactures are strengthening the supply chain particularly in rural areas
- Local products are facing tight competition from imports
  - But local advantage is enabling them to maintain price competitiveness
- Local manufacturers could do much more to fill existing gaps (case of gloves stock out)
- A number of competition challenges are up against local manufactures:
  - Marketing to create product awareness
  - Inconsistent supplies
  - Consumer confidence through improved packaging

# Some background to data collection

Study sites



Public sector delivery levels



# Manufacturers of medicines

- Medicines produced in Kenya: 25 tracers of the 29 assessed
  - All medicines produced in Kenya are also imported suggesting the possibility for local production to increase local supply
- Top ten manufacturers accounted for 49% of frequencies of the total 142 companies
  - The top two companies are Kenyan owned, whilst the third is a UK owned company with local presence.
  - The other three foreign owned companies are from India, China and Switzerland and all have a local presence except for the Swiss company
- The six local manufacturers account for about a third (31%) of frequencies of the total 142 companies

# Manufacturers of medicines

- Of the 25 out of 29 tracer medicines produced by local firms, the top five most frequent ones account for about 39%
  - Amitriptylline (25mg);
  - Normal saline (5% Dextrose);
  - Metronidazole (200mg);
  - Clotrimazole cream (1%) and;
  - Albendazole (200mg/400mg)
- All the 29 tracer medicines, were imported from Indian manufacturers. Relatively few came from China (9)

# Manufacturers of medicines

- Several of the chronic illness and more specialised medicines
  - In the selected tracers below, 15 manufacturers were mentioned of which 51% were Kenyan, 22% Indian, 8% from Germany and 7% from the UK
    - Amitriptylline; 25mg
    - Atenolol; 50mg/100mg
    - Ciprofloxacin 250mg/
    - Diclofenac; 50mg/100mg
    - Metformin 500mg/850mg

# Manufacturers of medicines (medicine types)

- Medicines manufactured in Kenya cover all product types assessed - relevant to industrial technology
  - tablets, capsules, fluids, injectables, syrups and creams

Dosage	country_cat			Total
	Tanzania	Kenya	other Afr	
Capsule	0	47	2	49
Capsule/ tablet	0	17	1	18
Fluids (bag, bottle)	0	31	0	31
Injectable (ampoule)	0	14	1	15
Powder for suspension	0	22	2	24
Powder or dispersible	0	2	0	2
Tablet	2	257	33	292
Tube	0	33	0	33
Total	2	423	39	464

# Manufacturers of other medical supplies

- Other medical supplies produced in Kenya: 22 tracers of the 33 assessed
  - All other supplies produced in Kenya are also imported suggesting the possibility for local production to increase local supply
- Imported supplies not produced in Kenya are mainly machines and kits
  - Blood pressure machine, foetoscope, stethoscope, thermometer
  - Rapid diagnostic test for malarial and unigold HIV test kit

# Manufacturers of other medical supplies

- The top ten manufacturers of 200 identified account for 33% of the frequencies only two are local
  - Both are foreign owned companies with a local presence (Irish and German)
  - They produce 10 of the 33 products but account for an insignificant proportion (1.45%) of frequencies
- The top two companies are from the US and UK with no local presence

# Manufacturers of other medical supplies

- Of the 31 identified countries Kenya is predominant accounting for 28% of the frequencies

country_cat	Freq.	Percent	Cum.
Kenya	155	28.65	28.65
South Africa	12	2.22	30.87
India	7	1.29	32.16
China	99	18.30	50.46
Other	147	27.17	77.63
EU	121	22.37	100.00
Total	541	100.00	

- There are 49 foreign companies with a local presence
  - In “other” the main countries are: US, Japan & South Korea
  - In the EU the main countries are: UK, Ireland and Spain

# Improved availability and market shares

- Local production is perceived as contributing to improving availability because it reduces delays

*“...before we used to order certain products but we could not get them immediately because they had to be imported. Now it is easier to source and it is faster”*

*“...availability has changed because most of them are locally manufactured. There is more variety... before we used to order for certain products but we could not get them immediately because they had to be imported. Now it is easier to source and it is faster.”*

- The growth in local production is also attributed to markets in neighbouring countries

*“there are local manufacturers who used to manufacture like three products but now they are manufacturing like fifteen. I think the market is also big like South Sudan, Rwanda, Congo, they all depend on the supply from Kenya. There is high demand and the pricing is also fair.”*

# Qualitative products and competitiveness

- There is some confidence in the quality of the products and the benefit of more competitive prices

*“I would not say that the local Manufacturers are not good enough... If you get a local company which passed the test by KEBS and the quality assurance is good and you get the difference per capsule is about Ksh.30/=.”*

*“local ones are cheaper, but not all because the ones from outside the country some of them are cheaper like the Indian ones...”*

*“local companies... have really caught up... we have one very good company, it is making very good quality drugs, very well packaged, very competitively priced”*

- However, local production is viewed as facing tight competition from imports

*“...there are new [local] companies that are coming up but the imports have also improved. There are new products from different companies from outside”*

# Filling supply gaps

- It appears that local production fills an important gap in rural areas

*“...locally manufactured drugs are cheap and the people who go for them are the Health Facilities in upcountry. Mission Hospitals, Clinics, District Hospitals and Local Pharmacist in upcountry really support local manufacturers.”*

- There is a general view that there is scope for increased local production to fill gaps

*“If they [local manufacturers] can produce quality products and also avail them in good time it would be good. There was a time we had shortages of gloves and I know there are guys who can manufacture in Kenya but we had to wait for imports and during that time the prices for the small quantities which were available escalated a lot, 800/= per box which was previously 250/=...”*

# Some of the main challenges

- Challenges identified with regard to local products:

- On market research

*“...Sometimes we struggle when a product has been introduced into the market and the research was not well done. So after you have introduced the products to the patients they run out/products have run out of the market. So you start changing and substituting and once you start substituting you cannot change back. So when the product is brought back to the stock it may not sell..”*

- On marketing/advertising

*“They should do their marketing well, come to the consumers so that we know them and the products that they are offering.”*

- On packaging

*“...Local Manufacturers have always failed in terms of packaging. They should improve on their design department and packaging. Once a product is local but well packaged, it would be so easy to convince. Look at that Panadol from GSK, it is all made in Kenya and the packaging is good. But if you see another [locally manufactured] product you might think that it is fake.”*

# Other challenges – beyond packaging

- Providing easy solutions to product administration was also raised

*“Another thing is the measuring spoons. Very few drugs in the market have got the measuring spoons. Looking at how the economy is and the many products which come from India, utensils; ... you give the drug which is good but the patient doesn't respond because they will be using a spoon which is giving them under dose and that is why drug resistance occurrence. “*

- Inputs required to ensure appropriate packaging was viewed as part of the challenge

*“...child resistant closures ... if a child gets access to that medicine they cannot take it because they cannot open it. Even breaking of the bottle is very difficult because again there could be accidents. But when the Local Manufacturers get into these kind of packaging again they will not sell because the prices will go up and people won't buy.”*

- Raw materials for appropriate packaging

*“...Another thing is that the raw materials for manufacturing the bottles are also very expensive.*

# Summary of observations

- Local production is perceived as contributing to improving availability because it reduces delays
- The growth in local production is also attributed to markets in neighbouring countries
- There is some confidence in the quality of the products and the benefit of more competitive prices
- Local production is viewed as facing tight competition from imports (market research, marketing/advertising and packaging)
- It appears that local production fills an important gap in rural areas
- There is a general view that there is scope for increased local production to fill gaps