TRENDS	INTEL	INDUSTRY	COUNTRY	PURSUITS
GOLF TOURISM	PE FUNDS	HEALTH	RWANDA	TRAVEL GEMS

KCB VENTURE

Corporate Magazine | June - September, 2018

HEALTH REPORT

The Business of Health in the 21st Century

The overall health situation in Kenya is much better than it was a decade ago. While infectious diseases are declining, there is an increase in non-communicable diseases. This means demand for health services and medicines is rising which creates opportunities for provision of affordable but quality services

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CONTENTS

Towards a healthy nation

In many instances, health is, literally, a matter of life and death. But this need not be the case. Recent developments in the health sector have meant that provision of healthcare has improved substantially, with technology continuing to play a central role. In Kenya, universal health coverage (UHC) has been identified as one of the key pillars that will drive growth over the next couple of years, lift people out of poverty and provide the platform for the economy to take off.

And with the President spearheading the drive for UHC, this augurs well for a sector that for a long time has been ailing.

In this issue, we have put the spotlight on the health sector, with incisive articles on health care in the 21st century.

For instance, we have an article that focuses on telemedicine, which is something that we can leverage on to leapfrog many other countries because the penetration of internet in the country is above average. Rwanda has also pioneered the use of drones to provide healthcare, in this particular case blood to areas that are generally inaccessible. This is a good case on the use of technology in solving real world problems.

We have also delved into the exciting world of social franchising, which can scale medicare while at the same time ensuring that global standards are being entrenched.

Social franchising is premised on two things: scale and quality. The Tunza Family Health Network is a Population Services Kenya (PSK) social franchise with about 400 Tunza facilities across the country.

PS Kenya enters into contractual agreements with select private health providers to deliver a specified package of franchised services in accordance with franchise standards under a common brand. By being part of a franchise, the health provider benefits from increased volumes of clients, business training, access to credit facilities. This is social franchising at its best.

Of course we have retained your favourite sections on Trends&Intel as well as pursuits, with focus on this issue on places in Africa that are a must visit.

Enioy the read.

Judith Sidi Odhiambo
Editor-in-Chief

> **Our special report therefore focuses on the state of the regional real estate sector. We have looked at the key drivers for the sector, the challenges facing the sector and the linkages with economic growth.**

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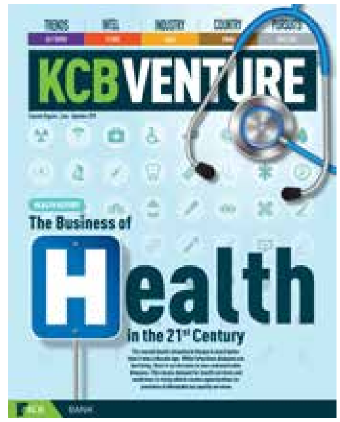

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Private sector a key player in attaining universal healthcare

Peter Kathanga

The cost of accessing quality healthcare is high. This is particularly unnerving because three out of four Kenyans aren't covered under any insurance health scheme, according to a recent Kenya Medical Association study.

The high cost has left many families in huge financial constraints; with majority of Kenyan's resorting to selling personal properties to access basic healthcare.

Other than the cost aspect, a shortage of healthcare providers and limited number of hospitals, poor governance and marginalisation continue to deny millions of Kenyans access to quality healthcare.

Across the world, governments are investing in programmes and coming up with policies to improve access to quality and affordable health services.

Universal Health Coverage (UHC) is one of the pillars under the government's Big Four agenda. To make this a reality, the government increased the health allocation by 46 percent in the 2018/19 Budget with an allocation of KSh90 billion up from KSh61.6 billion allocated in 2017/18.

The government has promised to revamp the National Health Insurance Fund (NHIF). The Fund has already improved its services and rebates, even offering coverage against diseases such as diabetes, cancer and specialised surgeries.

This is good progress because NHIF can be at the forefront in championing acceleration of insurance coverage. A chunk of the health budget of KSh13.7 billion will go towards free maternal health care and leasing of medical equipment.

This is positive progress but challenges persist. However, these challenges present the ideal setting to invigorate the private sector and government and find intersections in solving health problems.

As the government begins implementing the Big Four agenda, the private sector is poised to play a big role in filling the healthcare need gap. Under the Public Private Partnership (PPP) approach, the government can focus more on preventive care, while the private sector focuses on curative.

Incorporating the private sector to complement the government's efforts provides an opportunity for sustainability, creates room for innovation and enables the government to leverage on the expertise of the private health sector.

Underpinning all these is innovative financing. A hybrid financing plan can help achieve greater coverage while reducing the risk posed by relying on one source of funding such as taxes and employer driven insurance. KCB Bank is well positioned to finance healthcare in the country.

The path to UHC might be long and challenging, but by incorporating private sector players such as financiers and insurance providers, we can collectively deliver on the promise of leaving no one behind.

A hybrid financing plan can help achieve greater coverage while reducing the risk posed by relying on one source of funding

46%

Percentage increase of health sector allocation in the 2018/19 Budget

The writer is the Director, Corporate Banking at KCB Bank Kenya

KSh90 billion Amount set aside for the health sector in the 2018/2019 Budget.

Karen Country Club Chairman Lawrence Kimathi (right) and KCB Group Chief Operating Officer, Sam Makome presenting South African Michael Palmer with the winner's jacket.

GOLF TOURISM

Turning Kenya into a golfing destination

Dubai, of all places, has become famous for golf tourism. The desert has been turned into lush green award winning golf courses, attracting golf's crème de le crème. The far east (Hong Kong and Vietnam) have always been a magnet for golfers with an insatiable thirst for adventure. Here in Kenya, we are slowly turning golfing into an attractive must-do for many tourists.

Kenya has over 40 golf courses, second only to South Africa which has a couple of thousand courses. The country has a rich legacy of golf courses scattered all over the country, from the Coast, through Limuru, up in Nandi Hills and all the way to Lake Victoria.

The PGA-Rated Vipingo has been rated one of the best courses in the world, while Karen and Muthaiga have been alternating in hosting the Kenya Open which has placed Kenya on the global map.

And now we have the KCB Karen Masters which has placed Kenya squarely on the global golf tourism.

When the golf director, Andy Watt, and his team at Karen Country Club hosted a successful KCB Karen Masters to celebrate eightieth anniversary of the club last year, many may have thought that the event would be a one-off. However, after the resounding success of the inaugural KCB Karen Masters, there were calls for the event to become an annual event.

Despite the amount of work needed to hold such a tournament which includes raising the prize money, attracting sponsors for various requirements, attracting professional golfers, the pressure to host, wine and dine these players, Mr Watt decided to take up the challenge.

Watt took it in his stride and led a team from Karen Country Club and delivered a gem of a tournament. The second edition of the KCB Karen Masters is part of the Sunshine Tour. As part of the Sunshine Tour, the KCB Karen Masters attracted some of the best golfers on the African continent and there are even a few players from Europe and South America.

At a time when the game of golf in Kenya is bursting with converts, it is a requirement that we have tournaments that are a reflection of the quality of golf that is played globally. If Kenya hopes to have golfers who can compete on the world stage, it will be a requirement to have the services of specialists and to have access to great competitions.

The Kenyan golfers also need to face competition from golfers who have the skill to compete on the world stage. This is what the Sunshine Tour is bringing to the KCB Karen Masters.

The Sunshine Tour brings to Kenya the experience of running one of the oldest golf events in the world, the South African Open that was established in 1903. The vitality of the KCB Karen Masters is enhanced by bringing tournament administrators as well as top players from the Sunshine Tour.

These top African players demonstrated how to best attack the course for par. Their skill and practice produced an exciting golf competition. There certainly is exhilaration that comes with great performance.

Aside from walking the course watching the pros battle it out, there is the unparalleled joy associated with the serenity of Karen Country Club's golf course. Wandering through the tree lined fairways while observing the majestic Ngong Hills is all part of the package of the club.

The soul-satisfying effect of playing the Pro-am tournaments alongside the professionals, left weekend golfers with a memory of a lifetime. The green fairways, the menacing texture of the rough, the threat of losing a ball in the water and the carpet-like appearance of the greens are all part of the club's package.

From the days of the founder of the Karen Country Club, Mr. J. R. Martins, the golf course has gone through several designs. A few years ago, Mr. David Jones, a former tour player who now designs golf courses, helped redesign the greens. So while the golf course is beautiful, it has great playing values. The course no longer yields par without a proper challenge. Achieving a low score on the course is now as valuable as a well cut and polished diamond.

Talking of valuable diamonds, the KCB Karen Masters offered a prize kitty of KSh15 million, one of the most rewarding on the Sunshine Tour. However, the prize money is not the most important aspect of the tournament.

There is simply nothing more enjoyable than a well organised golf tournament hosting some of the best talent in the continent. The experience of the Sunshine Tour and the hospitality of the Karen Country Club made the second KCB Karen Masters a truly memorable event.

What makes a great golfing event? Like the people who participate in them, they vary widely in style and personality. They all possess a unique character that is unlike all others. The KCB Karen Masters, as part of the Sunshine Tour, is evolving to be one of the true gems of golfing events in Kenya.

There is simply nothing more enjoyable than a well organised golf tournament hosting some of the best talent in the continent

KSh15m

Prize kitty KCB Bank set aside

RETAIL

Kenya's vibrant retail market lures foreign supermarkets

The world's retailers are eyeing the country's growing middle class and allowing consumers to enjoy quality products at affordable prices

Carrefour opened its sixth store in Kenya in July in a bold step to get a piece of the Kenyan retail action that is struggling to shrug off the 2017 turbulence.

The French retailer has witnessed a good run since its entry into Kenya two years ago.

"Our ambition is to scale up our operations from the partial selling model to a fully-fledged hypermarket of more than 5,000 square metres by mid- 2019," Franck Moreau, Country Manager of Carrefour Kenya said in a statement when opening its latest store at Galleria Shopping Mall on Langata Road.

Carrefour currently runs six stores in Kenya at The Hub in Karen, Two Rivers Mall, Thika Road Mall, The Junction, Galleria and Sarit Centre. According to Moreau, the supermarket which started operations in 2016, will have contributed towards the creation of 2,700 new job opportunities by 2019.

> **With growing competition, consumers are inundated with a volley of loyalty schemes targeted at rewarding faithful shoppers**

The retailer, who is also planning another outlet at the Village Market in December, is now the most aggressive of foreign retailers that are racing to fill the gap left by Uchumi and Nakumatt supermarkets, that suffered stock outs due to challenges in paying suppliers.

Moreau says the retailer has also started

2,700

Number of jobs Carrefour estimates it will have created by 2020

the 'buy Kenya build Kenya' campaign in its outlets to endear itself with the Kenyan buyer.

Other foreign retailers that have opened up stores are Botswana's Choppies and South African retailer Massmart – which operates in Kenya under the brand name Game and Shoprite.

Choppies, which bought Ukwala Supermarket, started its operations as a budget retailer, targeting the middle to low income segments with fast moving consumer goods. The retailer is now moving into the high end market with outlets offering more luxurious items and located near estates housing middle to high income earners in the country.

Choppies invested Sh1 billion to acquire a controlling stake in nine Ukwala stores located in Kisumu (five), three in Nairobi and a single outlet in Nakuru. Its latest outlet is located at the South Field Mall in Embakasi, where it is eyeing shoppers who frequented the Nakumatt outlet in the area. It is also planning on opening additional stores in Narok, Nakuru and Eldoret.

Shoprite, which is one of the biggest retailers in Africa by sales, will have its first two stores in Nairobi's Garden City and Westgate shopping malls. Shoprite operates 2,689 outlets in 15 countries across Africa and the Indian Ocean Island.

The Retail Trade Association of Kenya says that international retailers control about 2 per cent of the market but are offering stiff competition to homegrown supermarkets, which number about 30 across Kenya.

The foreign retailers have employed unique models to avoid making mistakes that other supermarkets have made.

For example, Carrefour ensures that each store has an independent team of management. Each store has a warehouse to ensure steady supply of commodities. They have also invested in a stringent contract award system and charge extra fees

known as pay-to-stay and listing fees. The money is used to gauge a supplier's commitment and also act as security to the supermarket in case a supplier's product fails to sell.

Nakumatt, which was one Kenya's most successful local supermarkets, has had a rough two years that saw it scale down its operations and shut down branches to remain afloat.

Just like Nakumatt, Uchumi supermarket, which is facing problems from creditors and suppliers, has had to close down stores. This has created a vacuum in the market that foreign supermarkets are now looking to fill.

Uchumi is counting on finding an investor to fund its new strategy targeting convenience stores. The retailer is also exploring ways of opening up smaller residential outlets to tap into the growing opportunities for estate shopping.

But it is not all gloom in the local retail sector. Judging from their expansion and their well-stocked stores, Naivas and Tuskys appear to have got it right. Naivas, which previously operated from within residential areas, has grown its branch network to 43, and is eyeing the late night shopper with its third outlet in the Central Business District that is open for 24 hours.

However, it is Tuskys supermarket that has remained the biggest local player with muscle to compete with

2%

Percentage of retail market controlled by foreign supermarkets

43

Number of stores that Naivas Supermarket runs in Kenya

the foreign entrants in the country.

Tuskys which also offered to help resuscitate Nakumatt before the deal fell through has managed to maintain a lean team and keep its costs in check. It also has resorted to a gradual pace of growth.

The growth in the retail space has been helped by a healthy supply of malls that are popping up across the country, offering new entrants an opportunity to expand.

Real estate firm Knight Frank recently named Nairobi as one of the top five cities in sub-Saharan Africa with the largest shopping centre development outside of South Africa.

MANUFACTURING

Future looks bright for Kenya's leather sector

There are huge opportunities in generating employment, entrepreneurship and investment by increasing export of higher value added products

There is growing demand for luxury products developed ethically and sustainably, with minimal negative impact to the environment.

International brands such as Prada, Dior and Nike, are for example, finding a fashionable new purpose for fish skins to make diverse products—creating business for alternative raw material.

"The fish leather produced at Atlantic Leather is environmentally friendly in two different ways: it is a bi-product of the fishing industry, utilising raw material that would not otherwise be used; and the production process makes use of renewable hydro and geothermal energy" says a Norwegian company, Atlantic Leather, which supplies products to Prada, Dior, Nike, Ferragamo and Puma.

> Our textile and footwear sector are closing down due to increased unfair competition from cheap imports," CS Rotich

> **15**
> Tanneries to be put up in the proposed Leather Industrial Park

With demand of skin and hides outstripping supply, manufacturers of luxury leather products are turning to alternative sources of raw material such as fish skin and donkey pelt.

This bodes well for entrepreneurs in Kenya as it gives them an opportunity to tap into the $100 billion a year global.

"For Kenya, the third largest livestock holder in Africa, leather represents a potential area for economic growth and employment, said Maria Paulina Mogollon, Finance and Private Sector Development Specialist and Lead author of a recent World Bank report on the revitalisation of the Kenya leather industry.

According to data by the Ministry of Agriculture, Kenya has an estimated 18 million cattle, 27 million goats, 17 million sheep, 2.8 million camels and two million donkeys.

However, the country remains a low-cost producer of undifferentiated, low-end shoes and boots, producing an estimated 3.3 million pairs of leather footwear per year, mostly for the domestic market.

Currently, most Kenyan leather is produced and sold as a commodity with little quality or design differentiation. Kenya's leather exports consist of semi-processed tanned "wet blue" leather (89 percent), raw hides and skins (5 percent), finished leather (2 percent), and leather footwear and handbags, travel ware, and other leather products (4 percent).

"Kenya is also significantly less competitive than global leaders including China, Italy, and Vietnam in all competitiveness indicators, except availability of and access to raw materials. Its competitive position has been eroded by global imports of new low-cost footwear and second-hand imported footwear invading domestic markets" Kenya Leather Industry - Diagnosis, Strategy and Action Plan a joint report by the World Bank and Kenya's Industralisation ministry stated in part.

According to the report, there are a number of factors which hinder the growth of the Kenyan leather industry. For example, in the tanning sector, a major difficulty is the lack of quality effluent facilities, which increase the environmental and health costs associated with processing finished leather, the report notes.

In the handbag and travel ware segment, challenges include high cost and low availability of quality hides, scarce design and process skills, difficulties in accessing and understanding export markets, and insufficient availability of growth capital, according to the report. To revitalize the industry, the country is establishing a leather park in Machakos County.

"Two years ago, we had a ground breaking ceremony for the construction of a leather park. We believe it's going to be ready in the next two years. With appropriate level of funding, world-class tanneries and product manufacturers will be attracted to come and operate out of here" former Industrialisation Cabinet Secretary Adan Mohammed said recently.

The proposed 500-acre Leather Industrial Park (LIP) has been subdivided into one and five hectare plots with land set aside for 15 tanneries, treatment ponds as well as space for 200 leather factories and another 200 showrooms for the sale of finished products.

National Treasury CS, Henry Rotich in his 2018/19 Budget also moved to cushion the leather industry from cheap imports.

"Our textile and footwear sector are closing down due to increased unfair competition from cheap imported textiles and footwear as well as second hand clothing and footwear. In order to encourage local production and create jobs for our youth in the sector, I have introduced a specific rate of import duty of $5 per unit or 35 per cent whichever is higher. This should guard against undervaluation" he told Parliament.

> **A World Bank report highlights factors limiting the growth of Kenya's leather industry which include high cost of locally processed leather, import of cheap and new leather and non-leather footwear, influx of cheap second-hand leather products and outdated and inefficient processing technology.**

BUSINESS OF SPORTS

Living large from sports

> The Business Insider, for example ranked, Portuguese footballer Cristiano Ronaldo as the highest paid athlete in the world in 2017.

Eighteen years into the 21st century and sports is gradually transforming into one of the best paying careers in the world.

This is in stark contrast to the past when athletes would showcase their talents for leisure and almost for free.

But nowadays, a fat paycheck consisting a salary, bonuses, allowances and several endorsement deals comes as a certain reward for any successful athlete.

The Business Insider, for example, ranked Portuguese footballer Cristiano Ronaldo as the highest paid athlete in the world in 2017.

The 33-year old earned an estimated Sh8 billion, most of which was as a result of kicking a ball.

Closer to home, Kenyan sportsmen and women may not earn anywhere near what the Real Madrid star did, but they are also significantly reaping big from their sweat.

One needs to take a closer look at their lifestyles to justify this claim.

Simply for showcasing their talents, these sportspersons have been handsomely rewarded and can now be spotted riding in posh cars, residing in plush residential areas and partying big.

Football stars McDonald Mariga current Kenya national team captain Victor Wanyama and forward Micheal Olunga, former footballer Dennis Oliech plus a host of middle and long distance runners are perfect examples.

Oliech was arguably the first Kenyan footballer to hit the jackpot.

Despite his humble beginnings where Kenyans initially saw him turn out for the likes of Mathare United in the Kenyan Premier League, Oliech seemed to have harnessed enough in earnings, that he would go on to reject a Sh200 million offer to switch his nationality to a Qatari in 2004, then aged only 21.

By the time he opted for semi-retirement in 2015, Oliech was not only a household name, but had also amassed property worth hundreds of millions of shillings.

These include several residential houses in the upscale market of Kenya's capital Nairobi, such as one he bought for his mother in Hurlingham for Sh45 million in 2012.

He also started several businesses for his family, such as two popular restaurants which are managed by his mother. These properties were a product of his fortune he raked in annually during a 12-year playing career which saw him turn out for top clubs in France and the Middle East.

Similarly, Mariga is reported to have received a staggering Sh65 million 'bonus' for winning three international football tournaments namely the Italian football league title, UEFA Champions League and Coppa Italia during his stint at top Italian side Inter milan in 2010.

Then managed by famous coach Jose Mourinho, the midfielder also pocketed an estimated KSh150 million as take home pay a year, for four years.

In turn, he splashed some of the cash on some eye-catching properties including limousines such as a Hummer, Jaguar, LandCrusier V8, Escalade and a couple of top of the range Lexus.

Olunga too, has transformed from a young and shy Gor Mahia player in 2015, to an arguably deep pocketed 24-year old, thanks to the hundreds of millions in earnings he has made in Sweden, China and Spain in the past three years.

Wanyama meanwhile, earns about a million a day for plying his trade at top English club Tottenham Hotspur plus a number of endorsement deals valued at tens of millions of shillings both locally and internationally.

These earnings translate to about 15-times more than what the President of Kenya earns in a month.

As a result, the 27-year-old owns several tracts of land in Kitale and his native Busia, a home in London, plus several houses and luxury cars to show for his efforts and earning. Recently he was spotted donning a T-shirt worth Sh35,000.

This success and huge earnings is not limited to footballers.

Rita Jeptoo, Geoffrey Mutai, Eluid Kipchoge, Abel Kirui are some of the athletes who have pocketed tens of millions of shillings for winning international marathon races in the past few years.

Other athletes such as multiple 3000m steeplechase champ Ezekiel Kemboi, plus mercy Cherono and Faith Chepngetich have also earned millions.

Kipchoge and Kemboi are known to practice large scale farming in the Rift Valley, besides owning large tracts of land among other properties.

Another example worth noting is that of former Ethiopia's successful middle distance runner Haile Gebrselassie.

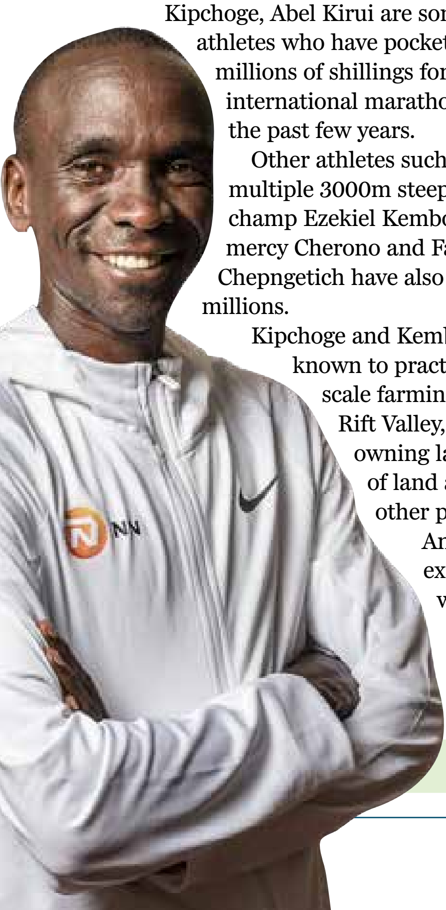
In an interview with the Daily Nation in 2015, the retired 45-year old who dominated the middle and long distance races during his prime, admitted to owning several residential houses, including an imposing three-storey building in an upmarket estate in Addis Ababa.

The house cost an estimated Sh112 million to put up.

The former athlete also owns several properties in Ethiopia and business interests in real estate, banking and the transport sector.

Granted, not all aspiring athletes make it to the top level where such earnings are enjoyed. But for the estimated 10-25 percent who eventually make it probably after years of hard work, the returns are certain to make top lawyers, businessmen, teachers and journalists and other white collar professionals play catch up by a reasonable distance.

KSh1m Amount Victor Wanyama reportedly earns per day playing for Tottenham Hotspur



The scramble for Africa

Top foreign spirit's manufacturers are keen to get a piece of the African consumer market

In a 2015 interview for the Wall Street Journal, Alexandre Ricard, Pernod Richard's chief executive explained why the world's top spirits manufacturers are keen to get a piece of the African consumer market and why through recent years, Africa continues to be wooed by global brands.

"Africa is Asia in 15 years," said Alexandre Ricard, Pernod Ricard's chief executive. "That's how important it can become for us."

Pernod Ricard is a French company that produces distilled beverages and is the world's second-largest wine and spirits seller

Three years after the WSJ interview, and after setting up shop in Nigeria, the company continues to bet on the continent, this time moving east to set up shop in Kenya.

"We want to be in Kenya in a bigger way and use it to drive our market penetration within the East African region," Christian Porta, the chairman and CEO for European, Middle East and Africa for the company said

at a June media briefing in Nairobi.

Already, the firm has established a facility in Nigeria where the demand for its beverages is on an all-time high.

Porta told the media that Kenya will benefit from increased investments in the shape of a new facility, employment and training. "We want to be closer to our consumers through this facility," he said.

The new facility will distill, package and sell alcoholic drinks targeting the middle and lower categories of consumers.

"We have given ourselves a target of 18 months to put everything together and also to get local partners to drive this programme," he said.

But why is Africa being looked at as the next frontier by establishments that previously shunned the continent.

"International liquor companies are expanding across Africa as markets close up in other territories yielding less sales," Nairobi based business analyst Charles Mwaura says.

For instance, he argues that although London-based Diageo has seen sales drop in America, one of its strongest traditional markets, highly discounted drinks in Africa saw the company's profits rise.

"While wealthy African communities can afford more expensive liquor, Diageo and other companies have targeted many of the poorest communities and dominate lower markets," he says.

> **Africa is Asia in 15 years. That's how important it can become for us" -** Alexandre Ricard, Pernod Ricard's chief executive

But Diageo isn't the only liquor company hoping to gain new sales in Africa, beer companies and other hard liquor brands are all vying for a piece of the pie.

SABMiller PLC, the No.2 brewer in the world by sales, began selling in Tanzania last year and already holds a 30 percent stake in the South-African based Distell Group Ltd., the No.2 African distiller.

Liquor companies are battling for their share of the market with an all-out assault on the senses of the intended market. The jostling is commonplace in acquisition of media space. Billboards in capital cities each pushing a different brand.

For instance, Diageo has identified Africa as an important source of further growth and has brought African themes to its advertising in the UK, as well as African markets. And in the age of a rebirth of pop culture, these brands are quickly learning of the influence that pop culture icons on the continent wield.

In 2016, East African Breweries Limited (EABL) signed a partnership with music band Sauti Sol that will see the group promote one of the brewer's low-cost alcoholic spirit drinks.

The deal will see the afro-pop singers market Chrome Vodka at EABL-sponsored performances in Kenya's cities and major towns.

Sauti Sol is composed of Bien-Aime Baraza, Willis Austin Chimano, Polycarp Otieno and Savara Mudigi. The award-winning quartet's list of achievements include the MTV EMA Award for Best African Act in 2014.

"Through our partnership with Sauti Sol, EABL and Chrome Vodka aims to support local talent and at the same time drive a brand that resonates with our target consumers," the brewer's marketing manager for mainstream spirits Anne Joy Muhoro said at the siging of the deal.

EABL launched Chrome Vodka, a 4USD bottle of vodka, in December 2014 as it sought to gain a bigger share of the low-income consumers' market to make up for dwindling Senator Keg sales.

As this was happening in Nigeria, where the luxury alcohol consumer market is fast developing and valued at more than 2billion USD, Nigeria's afrobeat star and award winning singer Wizkid has signed an endorsement deal with American rapper P.Diddy to become one of the African faces of the American's signature CIROC vodka.

About 13 million cases of whiskey are sold in the Nigerian beverage alcohol market.

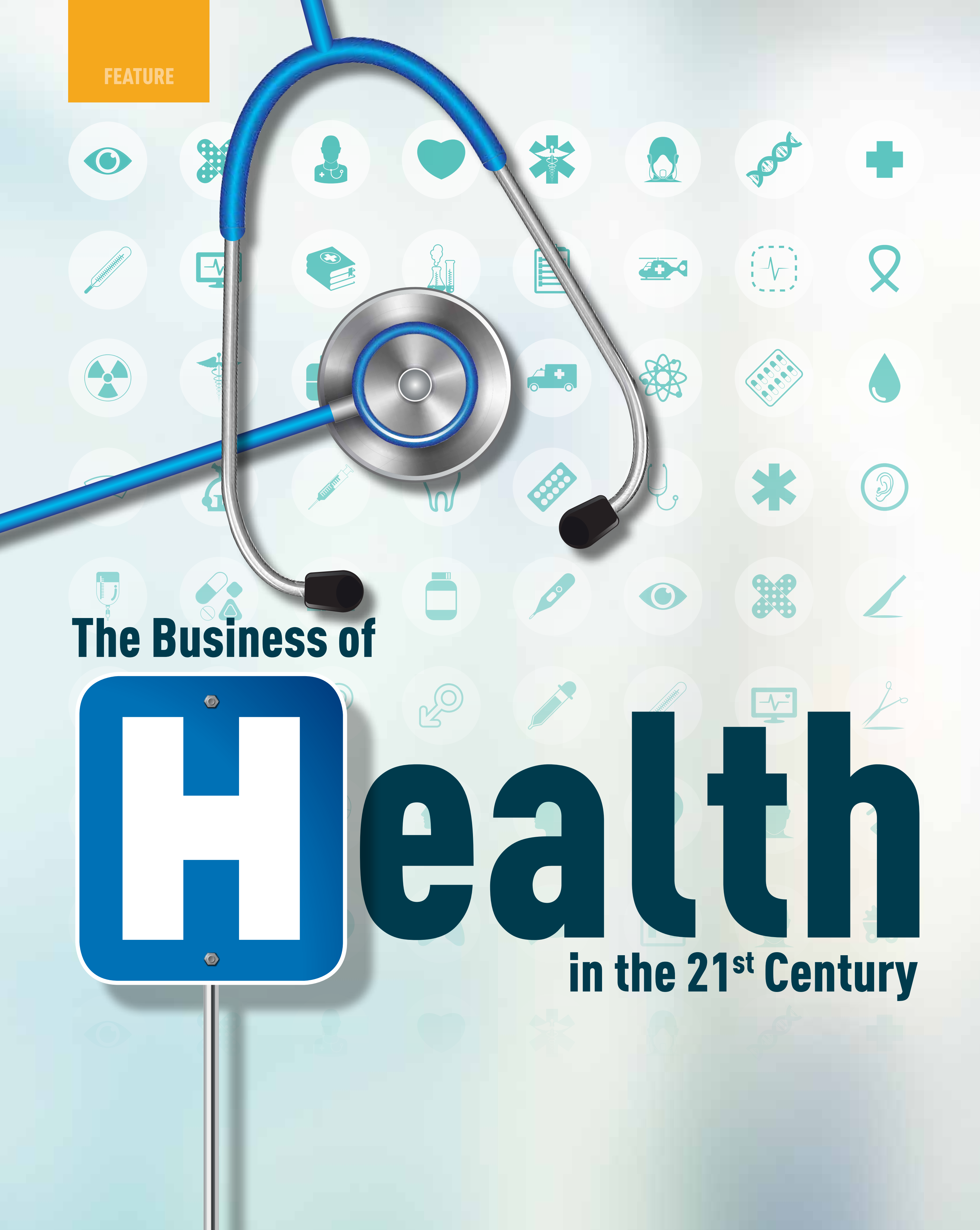
The big global brands might be more visible now compared to a decade ago, but analysts say the continent hasn't seen it all.

"The new scramble for Africa has just began," Mwaura says. "We have the market they so badly need."

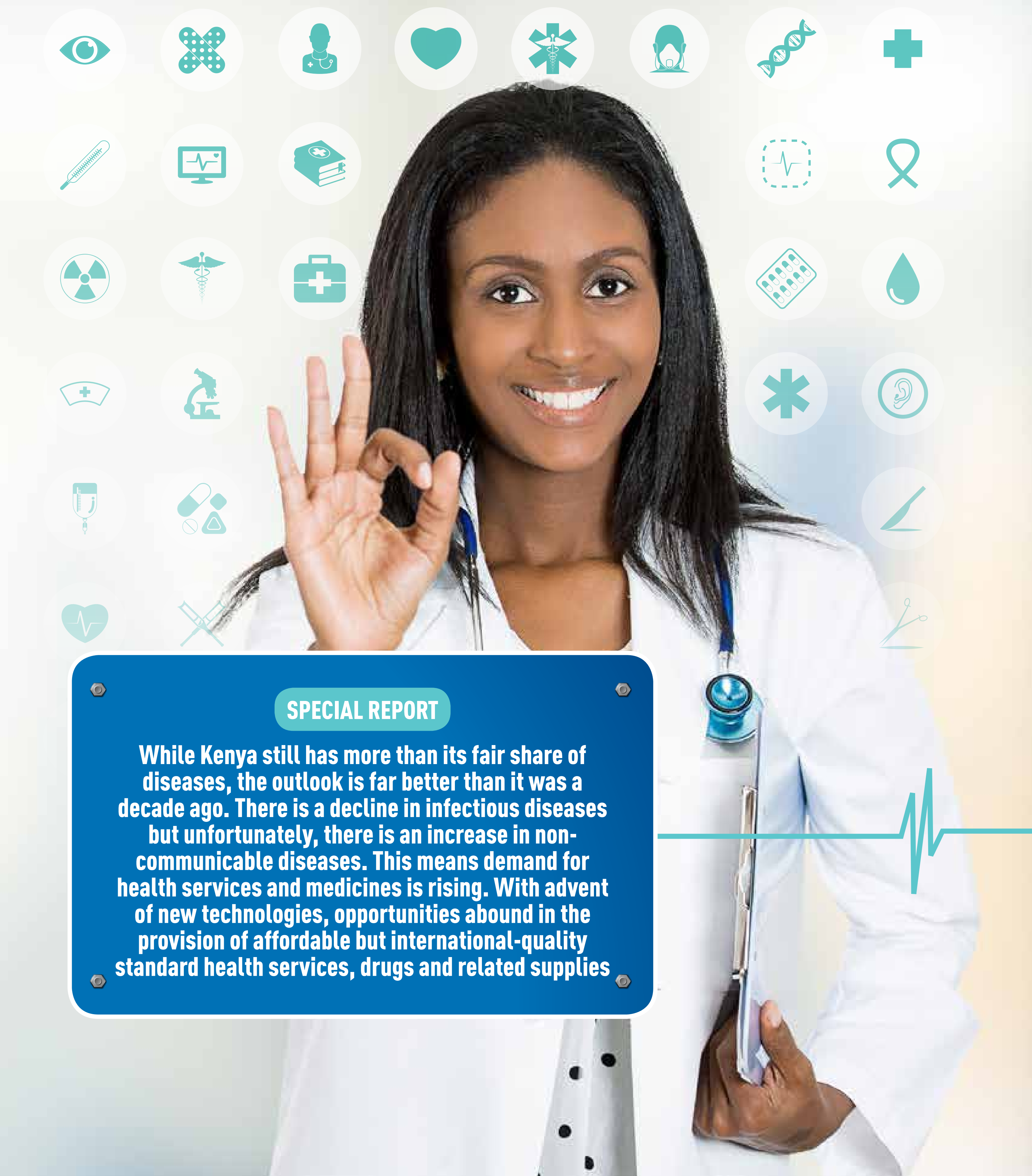
And, the superpowers are noticing.

Clearly, Africa is the place to be, and the big boys in the alcohol and spirits industry are keeping up with the times.

FEATURE



The Business of Health in the 21st Century



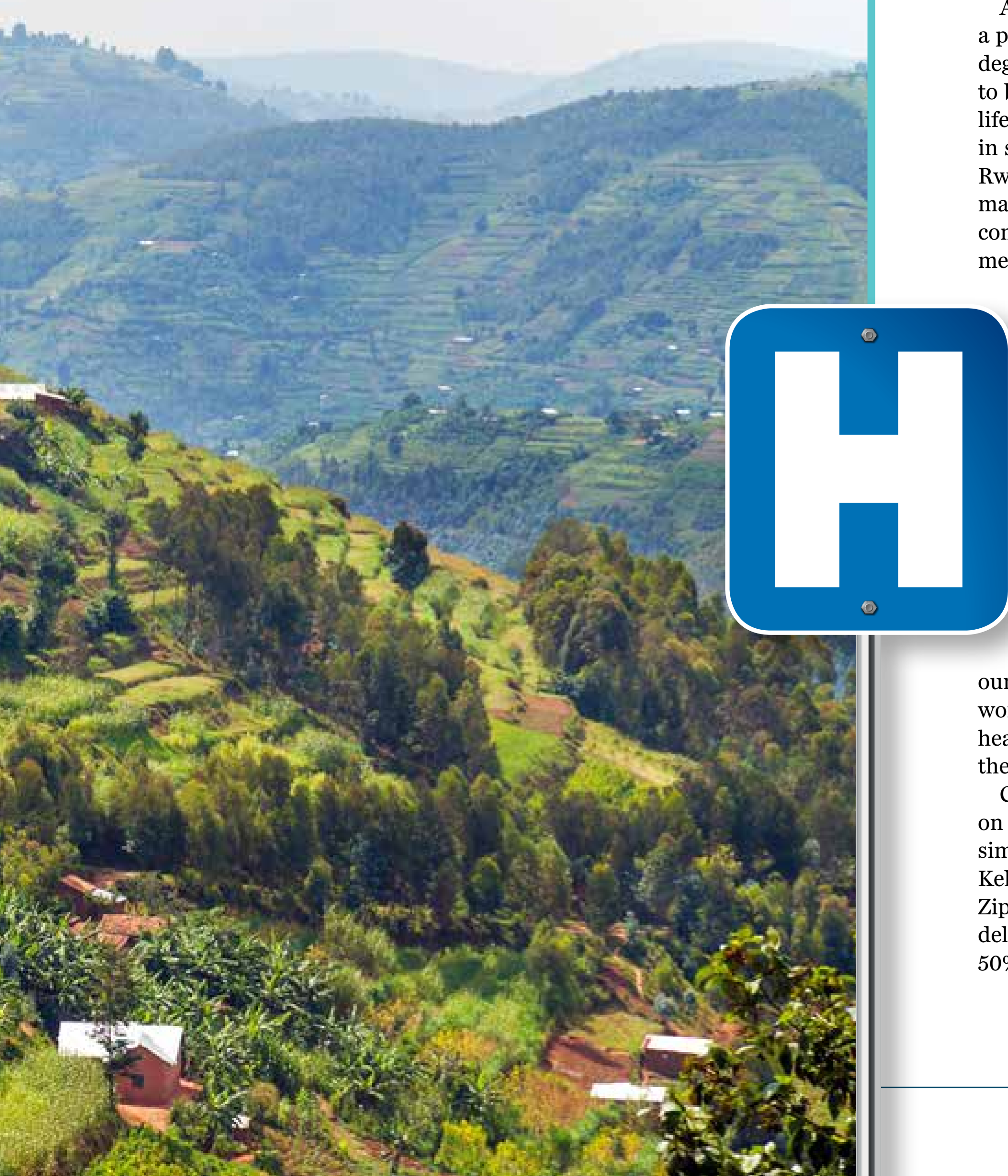
SPECIAL REPORT

While Kenya still has more than its fair share of diseases, the outlook is far better than it was a decade ago. There is a decline in infectious diseases but unfortunately, there is an increase in non-communicable diseases. This means demand for health services and medicines is rising. With advent of new technologies, opportunities abound in the provision of affordable but international-quality standard health services, drugs and related supplies

FEATURE

Emergency blood from the sky

Three years ago, Zipline, a US company, partnered with the Rwandan government to launch the world's first commercial drone delivery service, which ferries vital medical supplies to far-flung hospitals



You can hear the hum of the drone-almost akin to the whining of mosquitoes before the sighting. Emerging from an altitude of approximately 150 feet, the small plane like instrument descends to a distance where it can comfortably make its drop – another delivery of blood for transfusion.

A cardboard container, attached to a parachute and made of wax and bio-degradable tape lands on the ground, to be picked by medics- its contents lifesaving, likely to be used for transfusions in surgeries or child birth. Welcome to Rwanda, where blood delivery by drones, made possible by Zipline, a Califonia based company, is revolutionizing how urgent medical supplies are delivered.

Use of drones

The project is proving a success, and the entrepreneurs behind it are eyeing expansion. Rwanda picked on Zipline in 2016- on a trial basis. This made it the first country in the world to integrate drones into its airspace and to begin daily operations of autonomous deliveries in record time to clinics in remote areas.

"When the drones came, we didn't know what to expect but we aligned and sometimes we had to circumvent our laws and policies so that this plan could work", says Dr. Mazarati Jean Baptiste, the head of biomedical services department at the Rwanda Biomedical Center.

Currently, Zipline is focused exclusively on delivering blood. That might sound simple but it is really complicated says Keller Rinaudo, Co-Founder and CEO, Zipline, "The government of Rwanda delivers about 65,000 units of blood a year; 50% of that goes to mothers suffering from

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postpartum haemorrhaging and 30% goes to children under the age of five suffering from anemia."

Blood supply

The topography of Rwanda- a hilly one and for that matter, makes deliveries a difficult task, coupled with poor infrastructure in the rural areas. Hospitals in remote areas have a hard time getting reliable blood supply. The reliance on slow and outdated modes of transport pose a major challenge in growth of access to medical aid.

In some cases, suppliers of blood would say they weren't going to make it. Transportation by road in the best case scenario takes slightly between four to five hours but with Zipline, the four to five hours is reduced to about just fifteen to twenty minutes.

"To save a life, time is really important", says Dr. Mazarati. The team at Zipline in partnership with the Rwandan government has placed a center next to an existing medical warehouse enabling the drones to make hundreds of deliveries per day to any location within range from the warehouse," he says.

So how does it work? A doctor sends the hospital's order by text or phone call to the medical warehouse. Once the order is received, attendants at the medical warehouse package it.

Once packed onto the drone, it's launched and remotely controlled to the clinic through an already mapped path; the clinic receives a text message alerting them to get ready to receive the package.

The drone then drops the package at a designated drop off point, to be picked by the hospital medics. The drone turns around and heads back to the medical warehouse to make other deliveries.

How it works

- **A doctor sends the hospital's order by text or phone call to the medical warehouse.**
- **Once the order is received, someone at the medical warehouse packages it.**
- **Once packed into the drone, it's launched and it flies automatically out to the clinic through an already calculated path; the clinic will then receive a text message alerting them to get ready to receive the package.**
- **The drone then drops the package-someone from the clinic picks it.**
- **In the meantime, the drone turns around and heads back to the medical warehouse to make other deliveries.**

So far, the Rwandan government through Zipline has achieved over 300,000-km of aerial deliveries, across 5,000 flights that have provided 7,000 units of blood to health care services.

Zipline is on phase one of its project in Rwanda- servicing the Western and Southern parts of the country; the most populated areas of Rwanda. Out of the twenty one hospitals they are supposed to service by end of 2018, the tech company is now servicing seventeen hospitals.

A second drone port is under construction in the Eastern part of Rwanda. Once completed, this drone port is expected to service both the Eastern and Northern parts of Rwanda.

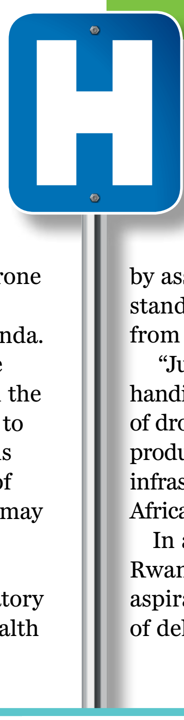
Both ports are expected to enable Zipline deliver blood to hospitals in the entire country. The ultimate goal is to put each of the 12 million Rwandans within a 15 to 30 minutes delivery of any essential medical product they may need.

In her speech during the General address to the UK medicines regulatory authority in 2016, former World Health Organization's Director General Dr. Margaret Chan hailed Rwanda's introduction of drones in its health sector, terming it a move that could "revolutionize the ability to retain qualified staff by assuring them they will not have to stand by, helpless, and watch people die from treatable diseases".

2016

Year when Zipline started making blood drops in Rwandan villages.

Just as mobile phones overcame the handicap landlines, the use of drones to deliver life-saving medical products can overcome the lack of road infrastructure seen in much of rural Africa



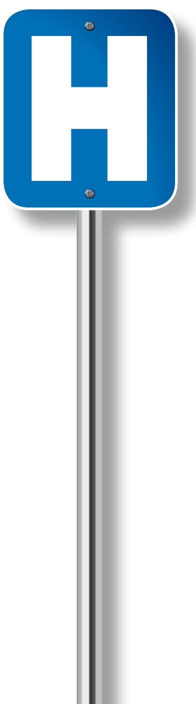
"Just as mobile phones overcame the handicap landlines," she said, "the use of drones to deliver life-saving medical products can overcome the lack of road infrastructure seen in much of rural Africa."

In an era of global health risks, Rwanda seems to be letting its aspirations soar, especially in the area of delivery of quality medical products to those in greatest need. Today in Rwanda, suppliers of blood are no longer restricted to just traveling around the hills but can now fly over them using the drones to save lives.

Rwandan officials say the market is still open for any other companies dealing in the drone technology that is interested in investing in the country's medical sector.

"The Zipline drones delivering blood can only fly two kilograms of blood. We would like to see drones that can carry more than this" says Dr Mazarati.

In order to sustain the gains made so far, it will be important to incorporate the youth in tech oriented initiatives so that the drone technology sector in Africa can flourish.



Telemedicine might just be what the doctor ordered

Telehealth is transforming health care, allowing providers to deliver services when and where patients need them, thereby improving outcomes and lowering costs

President Uhuru Kenyatta's Big Four Agenda identifies healthcare alongside food security, affordable housing, and manufacturing as the priority areas in his second term in office.

Under the universal health pillar, the government hopes to ensure that many more Kenyans, irrespective of their geographical location or economic status, have access to basic health services.

To make this a reality, investment in a strong primary healthcare system is necessary. In the 2017/2018 budget, the government allocated KSh44.6 billion towards healthcare.

But despite the massive budgetary allocation, incidences of communicable diseases, shortage of health care professionals, poor infrastructure, and health facilities, rising population, and rising cost—threaten the provision of affordable healthcare.

Digital technology can help eliminate some of these challenges by availing medical expertise to far flung areas, eliminating the attendant costs of having the doctor travel to meet the patients or having patients travel to main hospitals to get specialized treatment.

Kenya has a unique advantage given that four in five Kenyans own a mobile phone. The unparalleled and rapid expansion of mobile communications has created opportunities and have made critical contribution to Kenya's socioeconomic development.

> **The rapid expansion of mobile communications has created opportunities and have made critical contribution to Kenya's socioeconomic development**

Telemedicine allows for the exchange of valid information for diagnosis, treatment and prevention of disease and injuries, research and evaluation, and for the continuing education of health care providers.

Healthcare practitioners have been leveraging on these digital technologies to expand and extend their services to previously unreached and underserved populations.

This is the reality of E-health, defined by the World Health Organisation (WHO), as the combined use of electronic communication and information technology, such as mobile phones and computers, in the health sector.

Telemedicine, a facet of e-health, refers to the remote diagnosis and treatment of patients by means of telecommunications

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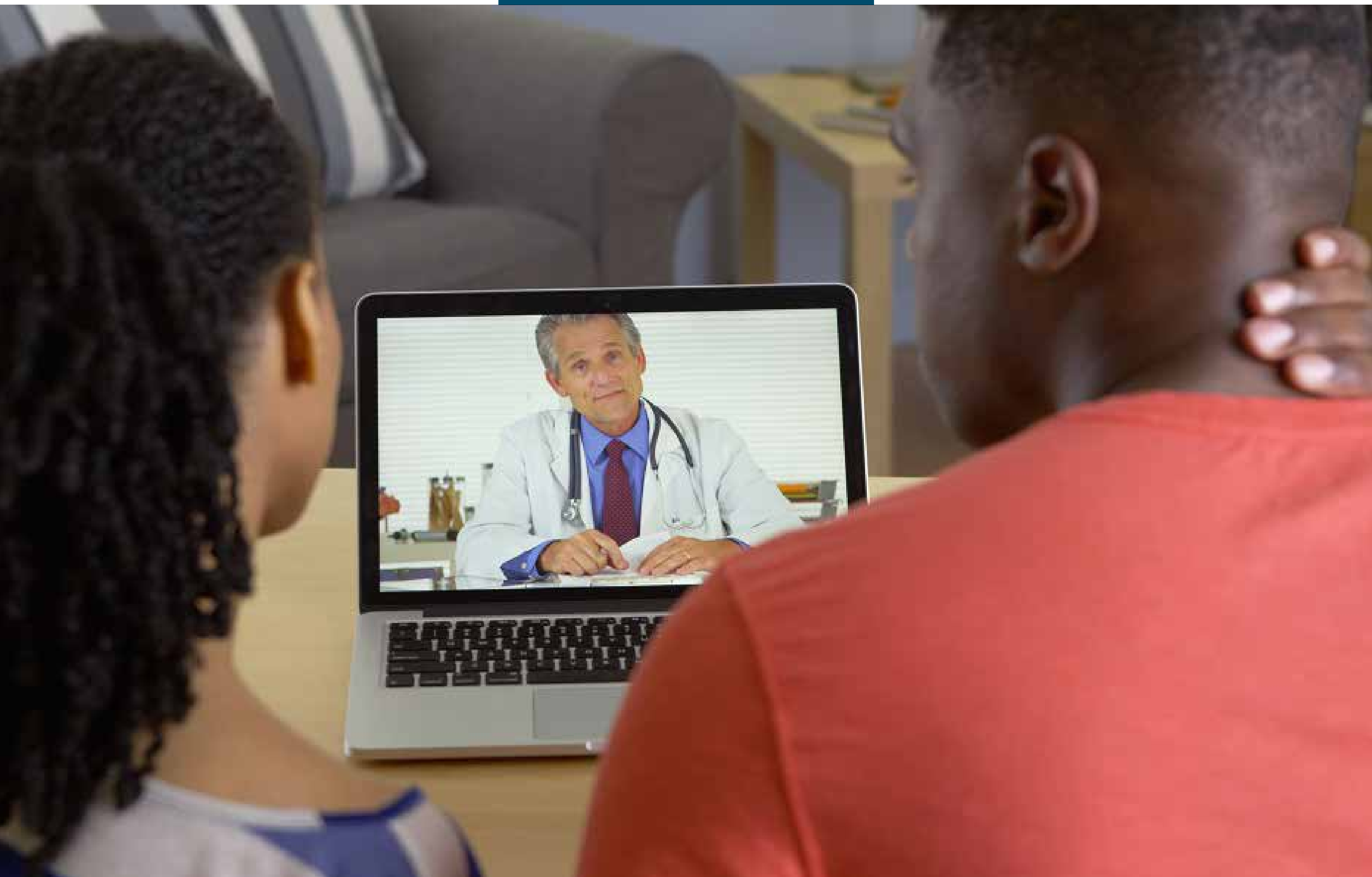


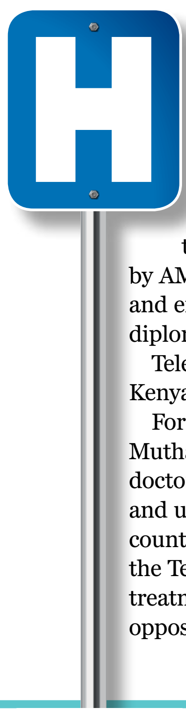
technology. Through video conferencing facilities, health facilities with insufficient medical personnel and lacking the necessary equipment can get in touch with specialists from a remote location and talk to patients in real time, diagnose them and prescribe treatment.

Medanta, an Indian-headquartered multi-specialty medical institute with branches in the region, understand this concept too well. They pride themselves in their ability to link "the World's Best Doctors from anywhere in the World" to patients who can access treatment from their phones or laptops, wherever they are. With a click of a button, via their eCLINIC platform, a doctor's appointment is made. With a click of the mouse, a doctor's consultation begins.

> **E-Health has thus been identified as a solution to some of these challenges due to the rising level of mobile and internet penetration and increasing number of awareness programmes run by the government and NGOs**

Furthermore, a patient's health records are digitized which eliminates the need to carry physical records. These documents can be accessed anytime and from anywhere.

From the Medanta site, a patient has the option to choose whether they prefer to be seen by for instance, a female doctor only, input the name of the specific doctor they would like to consult. In addition, the online tool allows a patient to maintain logs of sugar levels, blood pressure and weight as well as keep track of the patient's medication history.



The advent of telecommunications also bridging the gap in human resource development whereby online courses train and boost health professionals' knowledge, from wherever they are. As such, nurses, clinical officers or doctors can participate in an online classroom. A successful example of this is the e-learning programme established by AMREF in 2005, which has been training nurses and enabling them to transit from certificate to diploma level.

Telemedicine, in the long-term, will also enable Kenya to bridge its doctor-patient ratio gap.

For instance, Gertrude's Children's Hospital, Muthaiga has a telemedicine platform that enables doctors at the hospital attend to patients in rural and underserved locations such as Dadaab Sub-county Hospital, Garissa. At no cost to the patients, the TeleAfya project involves diagnosis and treatment of patients through electronic links as opposed to meeting face-to-face.

Therefore, the project that began in 2012, is availing specialised health services for complex cases to mothers and children in far-flung locations such as Dadaab, Kibera Ubuntu-Afya Medical Centre, and Sekenani Health Centre, Narok. They are remotely linked to doctors at Gertrude's Children's Hospital and Kenyatta University School of Medicine.

The technology involves two screens on both the doctor's and patient's end, which transmit high definition video and clear audio in real time. It also allows for connection of medical devices and support from peer or higher cadre health workers.

The patient's booth includes a stethoscope and a vital

A doctor consulting with a patient on a video-call.

signs monitor that tests and transmits essential patient information on temperature, blood pressure and pulse rate to the doctor. There is a clinician at the patient site to help with the tests and in relaying that information to the doctor.

This programme is funded through the County Innovation Challenge Fund, which was created in 2015 to support government's efforts to reduce maternal and neonatal mortality. It operates as one part under the UK Department for International Development's (DFID's) "Reducing Maternal and Neonatal Death in Kenya (2013-2018)" programme; a five-year programme implemented by UNICEF, Marie Stopes International / Options Consultancy Services Limited (Options), the Liverpool School of Tropical Medicine (LSTM), and other partners.

The Kenyatta National Hospital, in 2015, was part of the country's first phase of a national telemedicine initiative that aims to improve access to better healthcare for the rural poor and the marginalised. The telemedicine programme provides a platform that will enable patients and healthcare providers in rural areas to interact with health experts at KNH using video conferencing to interact with cancer specialists. The initiative is a partnership of Kenya's Ministry of Health and Germany-headquartered Merck Group. During the launch, KNH was linked to Machakos Level Five Hospital located in the eastern region of Kenya.

Regionally, the East African Community (EAC) is

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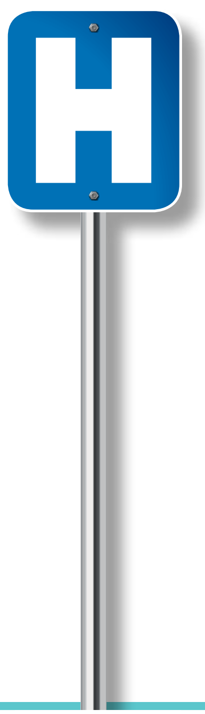

cognizant of the potential of e-health in improving the health outcomes of the its citizenry. The East African Science and Technology Commission (EASTECO) in collaboration with the East African Regional Centre of Excellence for Biomedical Engineering and e-Health at the University of Rwanda, the EAC Secretariat and partner states convened the 2nd EAC Regional e-Health and Telemedicine Ministerial Conference and International Trade Exhibition held in Kigali, Rwanda early in the year.

The main objective was to help member states improve their healthcare delivery systems using these newfound e-health and informatics initiatives.

Participants agreed on the need to "coordinate the development of regional policies, laws, regulations, guidelines, standards, on health facility/patient safety, data sharing, data security and privacy to facilitate e-health enabled in country and cross border patient referrals within the EAC Partner States by 30th June 2020."

Furthermore, EASTECO was directed to take leadership in convening the EAC regional e-health and telemedicine workshops, ministerial conferences and international exhibitions every two years on a rotational basis among the Partner States in the last week of October.

Continentally, a 2017 report titled "Africa Telemedicine Outlook and Opportunities" provides a comprehensive analysis of the e-Health scenario in Africa covering market challenges and successes.

The report discusses the current health scenario of different countries such as South Africa, Kenya, Ghana, Nigeria,

2,000

Households using M-Tiba to save money for health services

Telemedicine is not without challenges. For instance, e-Health faces not only low awareness and insufficient information but also appreciation of e-health technologies by the public.

Uganda, Botswana, Cameroon and Ethiopia.

It discusses that while there have been improvements in the health care services of the countries, the health of large proportion of Africans is still not at par and is fraught with high child and maternal mortality rates, low birth weights of the children, and poor sanitation and healthcare access.

E-Health has thus been identified as a solution to some of these challenges due to the rising level of mobile and internet penetration and increasing number of awareness programmes run by the government and NGOs.

The report forecasts that telemedicine market in Kenya will grow at a rapid pace due to entry of foreign players.

For instance, Kenya's ICT Cabinet Secretary Joe Mucheru has said the government is keen at collating Kenyans electronic medical records where a patient can access healthcare from over 7,000 health centers countrywide.

An indication that the government seeks to leverage on technology as an enabler to universal and affordable healthcare.

Already, some corporates are investing in the sector. In May 2018, Telkom announced they would invest about Sh3 billion in infrastructure to increase connectivity in health facilities.

Safaricom has linked up with the National Hospital Insurance Fund (NHIF) to provide health care insurance to 2,000 households through M-Tiba. M-Tiba enables users to send, save and receive funds and benefits to access healthcare services using their mobile phones at selected health facilities.

However, telemedicine is not without challenges. For instance, e-Health faces not only low awareness and insufficient information but also appreciation of e-health technologies by the public.

Lack or unreliable electricity connectivity in some of the hard to reach areas where the technology would have been most beneficial, may dampen these efforts. Poor IT infrastructure in turn hinders the fast broadband internet needed for telemedicine.

Furthermore, government is yet to enact policies to guarantee the quality of the healthcare services provided as well as a mechanism to vet the skills of the service providers.

Such would also safeguard against possible violation of patients' privacy. There needs to be policies that define the end users of such information and who can access it as well as the rights of the patients to their own data.

Purchasing of telemedicine facilities require huge investments yet funds allocated to healthcare, especially in the public sector, falls way below the sector's requirements.

Nonetheless, given that nearly 80 per cent of Kenyans use a mobile phone, according to statistics by the Communications Authority of Kenya, this massive reach makes the mobile phone a powerful health tool in many perspectives. Perhaps, it might be just what the doctor ordered.

Potential areas of investment in Telemedicine:

- Tele- Consultation
- Tele-diagnosis
- Tele-treatment
- Tele-education/Tele-training
- Tele-monitoring (for intensive care & emergency care)

80%

Number of Kenyans who use a mobile phone according to the Communications Authority of Kenya

Leveraging on social franchise to drive universal healthcare

The model, which applies the commercial franchising model, is being used to strengthen and maximize the potential of the private sector to improve access to health services

Mention the word franchise and most people think of fast food joints and coffee shops.

Kenya, which is an investment hub, has attracted global brands, which are managed under the franchise business model. Notable examples include Subway, KFC, Pizza Hut, Domino's Pizza, and Cold Stone Creamery.

And perhaps to tap into the growing middle-class in Kenya, international apparel brands too have set up shop under the franchise model.

Under the franchising business model, you buy the right to use a given trade name and benefit from the expertise and experience of an already established brand. That way, a business owner is able to leverage on the health of a particular brand and make profits.

This business model is being replicated in the provision of healthcare. The past decade has seen a trend towards public health interventions that organize private sector healthcare providers into networks. Social franchising of health services applies commercial principles to achieve public health goals.

Social franchises link a network of private healthcare providers together to a franchisor, to provide standardized health services under a common brand.

Clinical social franchising is a rapidly growing delivery model in private healthcare markets in low- and middle-income countries globally.

Locally, there are six social franchise networks which include Population Services Kenya, Marie Stopes Kenya, CFW Clinics (Sustainable Healthcare Foundation), Family Health Options Kenya (FHOK), Gold Star Network, and Kisumu Medical and Education Trust (KMET). Under the auspices of Association of Social Franchising for Health (ASFH). These six franchises support more than 1,000 private sector providers.

PS Kenya (previously PSI) owned Tunza Family Health Network is probably the most successful clinical franchise.

Launched a decade ago to serve the low income population, Tunza Family Health Network has grown

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from the first outlet in Nairobi to over 373 clinics across the country.

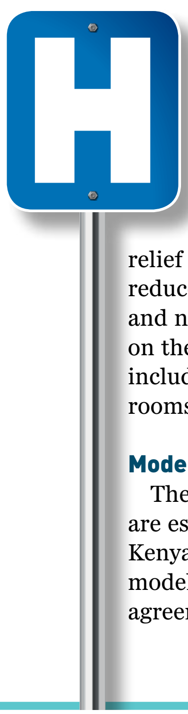
According to PS Kenya CEO Joyce Wanderi, Tunza was launched to deliver lifesaving products and services to the poor.

"We launched Tunza to serve low income earners especially those in informal and rural areas. Our principle goal was to provide access to quality, affordable, reliable and friendly healthcare services," Joyce Wanderi, PS Kenya CEO said.

When Tunza was established, the flagship service was family planning. However, over the years, PS Kenya has integrated other services such as screening for cervical cancer, STI screening, HIV management, voluntary male circumcision, and Integrated Management of Childhood Illnesses.

This model has become an invaluable element in realization of SDG 3 which seeks to ensure healthy lives and promote wellbeing for all at all ages.

To impact more people, Tunza has adopted a demand creation component which utilizes community based mobilizers known as Tunza Mobilizers. The mobilizers work in the community raising awareness on the various health issues and make referrals for potential clients to visit the Tunza facilities.



"Through Tunza, we reach more than one million clients annually," Wanderi says.

Clinical franchising not only offers immediate relief to the patients, but also reduces the workload on doctors and nurses and the cost burden on the public health care system including on hospital emergency rooms.

Models of social franchising

There are various models that are espoused by franchise. PS Kenya has adopted the "fractional" model where it enters into an agreement with select private health providers to deliver a specified package of franchised services in accordance with its standards under Tunza brand.

Joyce Wanderi, PS Kenya CEO

Like any other franchise, we place special emphasis on quality of healthcare service offered in all the Tunza branches. We offer routine training and undertake random checks - Wanderi

"We work with fragmented, independent private healthcare facilities and pharmacies to strengthen and maximize their impact. The result is a consolidated, burgeoning private health system, where women and their families can access quality-assured services," Joyce said. Adding that: "By working with the private sector, we are leveraging the enormous resources embedded in their existing role, to expand access to high quality health services and achieve greater scale."

As part of capacity building, Tunza provides healthcare providers with training and technical skills so that they can provide a wide range of healthcare services to the public.

"By being a part of the network, providers enjoy access to an array of benefits including support with demand creation to help increase client volumes, skills and competence building for clinical services, quality assurance and certification, accreditation and linkages as well as business training and access to affordable financing," Joyce says.

Historically, donor funding has covered the majority of franchise programs' and operation costs. In its case, PS Kenya under the Population Services International brand, funds Tunza. The only cost health providers pay is the annual fee of Kshs1,000.

Though each business is independently owned and managed, all franchisees

(healthcare providers) share in the collaborative benefits of the organization through the support and oversight.

To guarantee quality and ensure that the franchises operate efficiently, PS Kenya has created operations manuals and guides for the healthcare providers.

"Like any other franchise, we place special emphasis on quality of healthcare service offered in all the Tunza branches. We offer routine training and undertake random checks," Joyce says.

Sustainability

The financial sustainability of these programmes is essential to the success of social franchises in a changing donor climate.

PS Kenya is not self-sustaining yet, but Joyce says the franchise is moving toward that goal.

"We have achieved all these through donations from the international donor community. However, we know that the donations will run-out someday, so we are exploring ways of making the programme sustainable," she says.

But the main reason Joyce wants the business to be self-sustaining is to demonstrate that there are ways to serve the poor, and that the endeavor can be both philanthropic and profitable.

Its viability

The challenge of providing and escalating valuable healthcare services to some of the poorest in the society while achieving business success remains a challenge for the franchise.

The programme faces the challenge of balancing their business needs with the health impact, quality, and equity goals of social franchising for health. Consequently, they are mostly donor funded.

However, as countries strive to develop national health insurance schemes, the opportunity to leverage third party payers to serve the low income and those with no formal insurance cover seems a promising strategy.

Under the Tunza programme, PS Kenya is working with the National Hospital Insurance Fund (NHIF) to enroll more

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people to the national scheme, Supacover. To date, 173 health providers have been empaneled to NHIF representing 43% of the Tunza facilities. The target is to get 60% of Tunza facilities empaneled by 2019.

"The link with the NHIF has generated considerable interest as a promising strategy for financial sustainability within social franchising. Interest is strong because of the potential to support both the financial sustainability and equity goals of social franchises," Wanderi noted.

By reducing client reliance on out of pocket payments, as well as offering clinics a steady source of income, third party payment systems can help to overcome the tensions between serving low income communities and the business needs of franchisees.

Joyce says that there is huge potential for expanding social franchising in Kenya and says there could be a significant increase in franchisors over the next five

We have achieved all these through donations from the international donor community. However, we know that the donations will run-out someday, so we are exploring ways of making the programme sustainable

6

Number of social franchise in Kenya. These six franchises support more than 1,000 private health providers.

years as private sector continue making road in health investment and being a priority area for the government.

For healthcare providers, leveraging on the brand network, training opportunities, access to support from a business support team, and access to quality drugs makes it easy for new entrants in the health care market.

Universal healthcare

As the push for universal healthcare continues, the government has earmarked affordable healthcare as one of the priority areas under the Big Four Agenda.

Given the anticipated growing demand for healthcare with limited resources, social franchising offers a timely opportunity for the private sector to tap onto.

> **For healthcare providers, leveraging on the brand network, training opportunities, access to support from a business support team, and access to quality drugs makes it easy for new entry providers**

173

Number of health care providers who have been empaneled to the NHIF

A youthful dream becomes a metropolitan treasure

For more than two decades, the Metropolitan Hospital has been true to its mission of providing quality and cost-effective health care in a professional but personalised way

At the turn of the 20th Century, a group of young men and women in university sat together to ponder and discuss life after graduation and the dreams they long-held of their future lives. This was a time when the economy was undergoing structural adjustments programmes and tough times had come calling for everyone.

One thing was clear for Dr. K.K. Gakombe and his comrades – civil service was not a path they were willing to tread on in their journey to become medical practitioners.

The story of Metropolitan Hospital, which was started in 1994, is that of friendship and partnership.

The idea was for each of them to specialize in a specific area of medicine and then bring their expertise together to form what he jokingly refers to as a 'medical supermarket.'

In the pursuit of this dream, Dr. Gakombe came across an investor from the UK who offered to fund the project.

Though he had held a part-time job at the Nairobi Stock Exchange, medicine was his true calling. His business acumen enabled him to close deals with angel investors by selling an idea, a dream. This was in 1994 and today, the number of investors at the Metropolitan Hospital stands at 500.

"We sold a dream to them. Though we had never managed a business of this nature, we convinced them and with their investment, we bought this property and there started our dream," says Dr. Gakombe, Founder and Chief Executive, Metropolitan Hospital.

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Years Metropolitan Hospital has been operating in Buruburu

The land on which the hospital sits was purchased for KSh19 million and with a working capital of KSh32 million, they were able to open their doors to the public and start treatment.

Located in Buruburu, Metropolitan Hospital was established with a defined vision of serving the middle-class population.

This informed the location of the hospital, which was at the time met with skepticism because the crime rate in the eastern side of the city was high. However, they were able to convince the investors that the location was ideal for the kind of services they wanted to offer.

As is the case with any entity at the beginning of its journey, Metropolitan Hospital suffered some difficulties in establishing systems. This led to huge losses.

"Necessity is the mother of invention, and the pinch

> **We sold a dream. Though we had never managed a business of this nature, we convinced them and with their investment, we bought this property and there started our dream "**
> - Dr Gakombe

of the losses was a turning point for us. When we realized that some of the software we needed would cost more than what we had spent on setting up the hospital, we did what Kenyans do - we innovated and found our own solution," says Dr. Gakombe.

The team created the Alliance Management System, a complete ERP (Enterprise Resource Planning) system where outpatient services are completely paperless. The system, which has become a business line on its own, is now used in 12 hospitals in Kenya and two in Uganda.

The system has transformed the hospital into a digital entity as it engages with patients to the point of even sending sick-offs for patients directly to employers via email.

"This system is one of our success pillars and we are going to continue investing in its development," he says.

He believes that the hospital has the ability to grow much faster due to the technological advances and the recognition from partners in the value they see in technology.

In partnership with Smile Train, a Charity based in New York, the hospital offers free cleft and palate surgery and have operated on more than 100 patients to date.

"The oldest person we have performed surgery on was a 45-year-old security guard who later told us he had found a better job and a wife! That brings a smile to my face and it is because of that kind of impact that we continue our partnership with Smile Train," he adds.

Dr. Gakombe emphasizes the need for an upgrade in human resources in the medical arena not only in training but also in optimal utilization of their competence.

"As an industry, we need to increase our efficiencies. For example, normal deliveries can be assisted by mid-wives, leaving doctors to perform more complicated deliveries and offer the specialist services that they have spent 15 to 20 years in school perfecting," he says.

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"Costs would be much lower," he adds.

Additionally, he believes the referral system must be addressed, both in the private and public sector as well as the cost of supplies and medicine and equipment. He says that one of the reasons people seek medical services abroad is because medicines and specialized treatments such as implants are cheaper.

"We are working with partners in India to try and reduce the cost by buying as a group, by looking for more cost effective avenues and by negotiating with manufacturers directly to reduce the cost of care. Among the systems

we are running here is the Blood Urea Nitrogen System that screens people for Non-Communicable Diseases so that they can be treated early," he says.

"Non-Communicable Diseases such as diabetes, hypertension and cancer are increasingly becoming a problem and we in the business of healthcare must shift to address these lifestyles diseases," he adds.

Towards this end, Metropolitan has entered into a deal with Norvatis to make the cost of managing diabetes much lower.

Additionally, the hospital is working with the Kenya Healthcare Federation, of which Dr. Gakombe is the Vice Chairman, to craft better health care policies.

When Metropolitan Hospital set up in Buruburu, the only bank in the area was KCB Bank and it was from there that their partnership was borne.

"At that time, the finance industry didn't understand the healthcare industry as well as it does now. They were not willing to lend to healthcare practitioners because the business model was not something that was common in the 1990's. We started off with KCB Bank as our transaction bankers and we have worked with them ever since," says Dr. Gakombe.

KCB Bank financed construction that houses the hospital and the adjacent Metropolitan housing estate that neighbours the health facility. The first phase of the infrastructure upgrade cost KSh500 million of which KCB Bank availed KSh200 million.

> **KCB Bank has been good to us and the partnership has allowed us to even implement schemes for our staff such as mortgages.**

"They have been good to us and the partnership has allowed us to even implement schemes for our staff such as mortgages. They have a wide range of services that are beneficial both to us as an institution, our patients and staff," he adds.

He says their next phase of expansion includes construction of state of the art theatres and ICU and a neo-natal theatre.

Mid-level hospital offering top notch, affordable services

For more than three decades, Nairobi West Hospital has been true to its vision of being a quality, accessible and affordable health care provider

The Kenya health care system has not only undergone drastic changes, but it continues to evolve.

Initially, most of the health services were provided in the public hospitals with the Ministry of Health operating majority of hospitals, health centers, and dispensaries. As at October 2012, the public sector was estimated to own and operate 55% of the total health facilities in Kenya.

Forty-five percent of health services are provided by mission and private hospitals, which complement government efforts to provide quality health care.

One such facility is The Nairobi West Hospital, which was established 31 years ago.

Founded by its current Chairman Dr. Umesh Saini in 1982, The Nairobi West Hospital started as a clinic, operating from a small room offering outpatient services, which has now grown exponentially and without much advertisement.

From the onset, the chairman purposed to provide affordable services, a vision that is the hospital's hallmark to date.

Today, the hospital boasts of modern facilities with a bed capacity of 250 and serves an average of about 500 out-patients daily.

It is equipped with the latest equipment and technologies and offers a wide range of services including

Being a local bank that supports local entrepreneurs, KCB is the reason behind our growth. They have supported our vision of being a quality, accessible and affordable hospital - Dr Kibet

cardiology, fertility, dentistry, general surgery, laboratory and radiology, pediatrics, obstetrics & gynecology, orthopedics, gastroenterology, oncology, and physiotherapy, amongst others.

According to Dr. Peter Shikuku Kibet, who heads the Laboratory and Diagnostics Department at the facility, The Nairobi West Hospital gets referrals from all over Africa, Australia, and the UAE.

"We are a mid-level hospital in terms of cost but offer majority of the services patients can access at high-end hospitals both locally and internationally. We compare pretty well with these medical facilities in terms of high quality service provision," says Dr Shikuku, who also teaches hematology and blood transfusion at the University of Nairobi.

"Our services range from the simple to the complex; neurosurgical procedures, heart surgeries, , and IVF treatments. Our state of the art laboratory enables us to carry out specialized tests. We also have specialist clinics running everyday within the hospital," he adds.

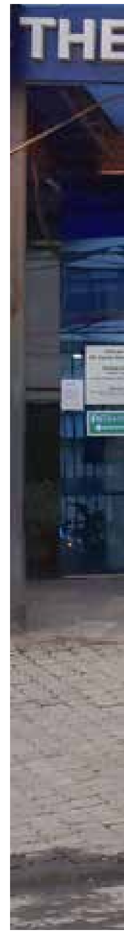
Partnership

But all this, he says, would not have been possible without the contribution of KCB Bank, who he says have been a trusted and worthy partner for 25 years.

"Our relationship with KCB Bank was established in 1993 when we opened an account at the institution. Later on, we approached the bank for funding to acquire land for expansion to better serve and accommodate our growing number of patients. But we got more than funds. They became a trusted partner," he says.

"Being a local bank that supports local entrepreneurs, KCB Bank is the reason behind our growth. They have supported our vision of being a quality, accessible and affordable hospital. They have assisted us in our quest to not only expand the physical infrastructure but in the acquisition of medical equipment and latest technology," says Kibet.

Dr Kibet says thanks to the partnership with KCB Bank, the hospital



is building a KSh1billion structure which will house, among others, the cancer unit which will have the latest radiotherapy machine. The multi-storey structure will also have multiple parking spaces.

"With these huge investments, our next focus will be rigorous marketing of our services to ensure Kenyans know about what is available at the facility and our affordable rates," says Dr Kibet.

The hospital also plans to increase awareness on the hospital through periodic free medical camps covering eye checkups, blood analysis and preventative health education.

The making of a world-class hospital

Dr Betty Muthoni Gikonyo Founder and CEO of Karen Hospital says her dream to build a hospital almost failed to take off. But her first setback spurred her into building one of the most sought after health facility in the country

When Dr Betty Gikonyo saw the first response from KCB Bank to their application for a loan, she was dumbfounded. She had put in a lot of work in writing the application and the response took her aback, and her dream of setting up a business appeared like it was gone before it even began.

However, after reading through the elaborate response, which poked holes into the business plan, she saw not a rejection but a second chance to realize her dreams by obtaining the Kshs360 million she needed to get Karen Hospital up and running.

That was September 2003.

"We insisted on a face-to-face appointment with the bank's officials. We were concerned that they had slighted our business plan and branded us overambitious. Our insistence paid off; we got audience with a team of senior officers," says Dr Gikonyo.

KSh359m

Loan that Dr Gikonyo received from KCB Bank in 2004 to finance the construction of the hospital

After the meeting, they were assured that their application would be reviewed. Indeed, John Mark Wandolo, the KCB Bank Corporate Relationship Manager, reached out to them, indicating that he would pay them a visit at their construction site in Karen. That was on January 28, 2004.

Dr Gikonyo says with the renewed interest from the bank, she was confident that their dream would become a reality.

"By the time he left he was positive that we stood a chance of getting funding for the project. Despite our renewed optimism, we put celebrations on the hold. We furnished the bank manager with more paperwork."

For a convincing application, they were required to compile several documents including the project construction plan, management structure, approved architectural plans, schedule of medical equipment, a copy of the company returns to the Registrar of Companies, the memorandum and Articles of Association.

"Making available all these documents was a daunting task but seven months later, in August 2004, we received an offer letter of Kshs359.9 million," she recalls.

She says the bank also assigned a Relationship Manager and a financial advisor to help address any financial issues they might encounter.

> **KCB Bank has been our financial partner and has financed acquisition of modern medical equipment as well as in our expansion strategy"**
> - Dr Gikonyo

"Overall, KCB Bank has been a critical player in meeting our financial needs which are diverse," she adds. Fourteen years after they received funding, Karen Hospital has grown to become a world-class health facility offering a wide range of medical services.

"KCB Bank has been our financial partner and has financed acquisition of modern medical equipment as well as in our expansion strategy."

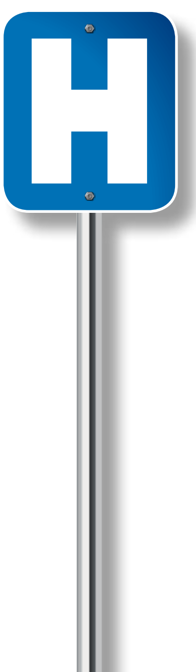
Karen Hospital has opened 10 branches across the country namely, Nairobi CBD, Ngong, Kitengela, Thika, Nyeri, Karatina, Nakuru, Meru, Ongata Rongai and Naivasha.

In the long haul, Dr Gikonyo's vision is to increase their brand network within the country and tap into the East African region.

And she's confident that KCB Bank will walk with Karen Hospital and help them realise their vision of being an influential healthcare provider offering teaching, research and referral facilities for the African region.

Big on pharma and firsts: The MacNaughton group of companies

MacNaughton is distributes a wide range of branded pharmaceutical products and hospital consumables from reputed manufacturers



A little over 10 years ago, a new medical concept was introduced into the Kenyan market amid skepticism and cultural criticism.

It however, was also the answer to many people's tribulations at the time.

MacNaughton Ltd, in conjunction with top Gynaecologists in Nairobi had established that challenges in conceiving among couples was a pressing medical issue in the country at the time.

Affected couples faced stigma and cultural bias as a result of limited awareness on matters infertility.

This dire situation presented an opportunity for MacNaughton to offer a solution and they were among the first companies in Kenya to introduce IVF (In-Vitro Fertilization) medications.

For an institution that was initially started as a dental supply company, new ground had been broken and they have followed the trend to date.

Started in 1983 by George and Miriam McKnight, the company diversified and started supplying pharmaceutical and surgical products. In 1997, MacNaughton Ltd in Uganda was incorporated and in 2000 MacNaughton Ltd in Tanzania was started.

Today, the MacNaughton Group of Companies represents global pharmaceutical and medical device companies with presence in Uganda and Tanzania through independent companies established under the MacNaughton name.

Thinking back to the time they introduced IVF medications, Dr. Paul Mbugua, Joint Managing Director in Charge of Business Development, says, "There was a challenge in the market, we recognized it and sought for a solution."

"It was a new concept that faced some rigidity but today, it is widely accepted. Being among the first in the market and the resounding success has positioned us as quality solution providers," says Dr Mbugua who joined the company in 1991.

MacNaughton deals with the importation, warehousing, marketing and distribution of human

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Employees sorting our medical supplies at the MacNaughton warehouse.

pharmaceuticals and medical devices to wholesalers, hospitals and major pharmacies across East Africa. Medical devices include surgical and examination gloves, laparoscopic surgery instruments, hip & knee replacements among other orthopaedic trauma items.

The company's slogan is "Quality Pharmaceuticals and Medical Devices for a Healthy Nation" and to maintain its quality standards, the company mostly imports branded medicine and medical devices from European manufacturers who have been approved by the Ministry of Health.

"We are aware of healthcare providers' concerns in regards to the quality of medicines which is why we are keen on branded medicine," says Dr. Mbugua.

"Healthcare providers insist on our products because they trust our service and our products."

To guarantee that quality of medicine is maintained, MacNaughton has invested in a state-of-the-art warehouse.

Furthermore, the company has invested in a state of the art warehousing facility to ensure the medicines and medical devices are stored under the right conditions of temperature and humidity.

"When storing medicines, there are conditions that have to be controlled to prevent damage to the product. Our system is controlled and monitored on a round the clock basis to ensure everything is in the right state," he says.

Power backup systems are in place to ensure that power failure does not interfere with the installed security and temperature control systems. These two systems are monitored continuously and any slight deviation is relayed to dedicated mobile phones for appropriate and timely action.

The vehicles that transport the medicines from the warehouses to the point of sale are also fitted with these controls to ensure quality is not compromised.

Additionally, the company has a strict Product Return Policy where products may be returned six months before their expiry date. Immediately upon expiry, products are destroyed in line with Ministry of Health's guidelines.

Good systems

"There are instances where ailments fail to respond to medications, sometimes resulting in unwarranted loss of lives, due to inappropriate storage or transportation of medicines. A case in point is postpartum haemorrhage where mothers die after giving birth due to ineffective medication-Oxytocin, which

loses efficacy upon exposure to ordinary room temperature." he adds.

In recognition of the challenges of safe handling of room temperature-sensitive oxytocin, MacNaughton has launched the first non-fridge medication for management of postpartum haemorrhage, another first, to promote the health of Kenyan mothers.

The company thus adheres to the Ministry of Health's code of conduct that insists on Good Distribution Practices. At MacNaughton, all staff members are highly qualified in their areas of operation to ensure a well-motivated and a competent workforce that has a good grasp of the core business.

Business Finance

Globally, the pharmaceutical and medical device industry is capital intensive and the East African region is no exemption.

There is a general false impression, Dr. Mbugua says, that pharmaceutical companies make huge profits. He is quick to point out that the costs associated with running a quality and sustainable business are just as high.

"Pharmaceutical and medical devices business is unique - it is quite demanding in terms of operations and upkeep," he says. "We face challenges just like any other business but in our case, the stakes are much higher."

In MacNaughton's case, the search for the right financial partner did not come easy.

In the pharmaceutical industry, credit period routinely offered to the trade, (pharmaceutical wholesalers, hospitals, pharmacies or public institutions) averages around four months. This lengthy trade cycle, coupled with the need for several months of stock cover – usually 3 to 5 months as well as the huge capital outlay required, necessitates partnering with a reliable financial institution.

"We experimented with different financial institutions and found that KCB Bank was the best," says Dr. Mbugua, "They are our sole banking partner right now."

Dr. Mbugua says KCB Bank is always willing to listen to their proposals and offer financial advice. They even follow up on new projects to ensure teething problems are addressed in a timely manner.

"KCB Bank has a firm understanding of the pharma industry and has the capacity to fund capital intensive projects," he adds.

The land on which MacNaughton Centre sits was acquired with the support of KCB Bank to the tune of KSh150 million.

Previously, the company was located in the Central Business District and the warehouses in Industrial Area where they had to undertake many improvisations in order to maintain quality.

At their current location, this is no longer a challenge. In fact, MacNaughton is receiving more and more proposals from manufacturers who are interested in new partnerships due to their advanced warehousing facility.

In the future, MacNaughton hopes to continue investing in technology to close the gaps in terms of medical equipment and pharmaceuticals. Their sights are set on becoming a one-stop supplier of latest cancer treatments as well as for other emerging lifestyle related diseases.

With this, MacNaughton is set to strengthen its position in becoming the leading pharmaceutical company in East Africa.

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Do you have a dream?
Contact : +254 71108700 or +254 73218700 or +254 0711012199
contactcentre@kcbgroup.com

We are aware of people's concerns when it comes to the quality of medicines which is why we are keen on branded medicine" - Dr Mbugua

KSh150m

Funding supporting that MacNaughton received from KCB Bank.

Finding the balance: A healthcare system that works for all

A healthy nation they say is a wealthy nation.

In the latest State of Health in Africa report released by the World Health Organisation (WHO), it is shown that the performance of the region has improved in the health sector.

Kenya in particular, has been recognised for being the highest performer in the region for availability of a good range of essential services - one of the Universal health coverage dimensions.

The Government of Kenya has prioritized universal health coverage (UHC) in its Big 4 agenda over the next 5 years as a significant and perhaps the most important strategic priority.

In the plan, health spending will go from Sh61 billion in 2018 to Sh73 billion in 2021 and Kenya will go from the current 36 per cent coverage to achieve 100 per cent universal health coverage by 2022 when the population will be 50 million.

Under the health pillar, the National Hospital Insurance Fund will be reconfigured through digitization and will also extend services through 37,000 bank agents.

The numbers show that Africans are now living longer and healthier lives

There has been a significant improvement in the state of health in the region with healthy life expectancy - time spent in full health - in the region increasing from 50.9 years to 53.8 between 2012 and 2015 - the most marked increase of any region in the world.

Additionally, in May, President Uhuru Kenyatta outlined the progress Kenya has made in various health indicators such as infant mortality which has dropped from 52 to 39 deaths for every 1,000 live births; child mortality which dropped from 74 to 53 deaths per 1,000 live births and maternal mortality from 488 to 362 for every 100,000 live births.

> **Kenya has been recognised for being the highest performer in the region for availability of a good range of essential services - one of the Universal health coverage dimensions.**

However, despite the strides made by the region towards this critical pillar, every year over a million Kenyans are trapped into poverty because of out of pocket payments due to health reasons.

This is a clear indication that achievements towards universal health coverage can only be sustained and expanded if countries significantly improve the way they deliver essential health services to the people who need them most.

Despite the availability of these services, the question remains, who do they work for? Much remains to be done for the disadvantaged groups in the society.

Many disadvantaged groups have made substantial gains in access to health care services over the past couple of years partially as a result of this improved access.

For continued progress, considerations such as improvements in health services productivity and effectiveness, cost containment and redirection of priorities should be made.

Designing and instituting appropriate steps and approaches to improve access to vulnerable groups requires using targeted or universal approaches, engaging government, private organizations, and pursuing a wide

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variety of strategies to finance and organize services.

There are also new innovations in financing, delivery, and regulation of health services that hold promise for improving access to the poor, such as the use of health funds, conditional cash transfers, and coproduction and regulation of health services.

To achieve a balanced healthcare system, there is need for collaboration among innovators, researchers and other medical experts together with financial institutions.

Social franchising of health services and commodities

In today's world, there's an increased tendency to apply practical, innovative and supportable approaches to addressing the current most pressing problems, while using the existing resources most effectively and simultaneously.

With the advent of this mindset, a new type of enterprise has emerged in the health sector and has been diffused throughout the world.

Social franchising is a relatively new phenomenon which involves the use of a successfully developed business system to support social needs. It creates networks of private healthcare providers and vendors that are similarly accountable for the provision of quality-checked and standardized clinical and non-clinical health services and commodities that are important for population health.

It has become an increasingly popular health systems strengthening strategy that taps into the reach and maximizes the potential of the private sector to improve access to health services.

The approach is used to standardize the quality and range of health services offered by the private health sector, to increase the number of points of service-delivery for a particular set of health services, or otherwise address issues that are challenging to meet by the public health system alone.

Social franchising strengthens health systems by consolidating and regulating quality in private sector clinics and pharmacies, offering clinics support to expand and develop through access to loans and improving their business acumen, reaching underserved populations who may not otherwise have convenient access to affordable health services and providing reliable access to high quality care and lower cost, high quality drugs.

Furthermore, there is a need to invest in building the medical schemes available to citizens to ensure full coverage across all citizens at all levels.

To achieve a balanced healthcare system, there is need for collaboration among innovators, researchers and other medical experts together with financial institutions. Funding remains a challenge towards the progress of some of these innovations that hold the key to solving our healthcare challenges. As a financial institution, we are ready to finance solutions that will increase the quality of healthcare for all across the economy.

Sustainable Development Goals

Sustainable Development Goal (SDG) 3 aspires to ensure health and wellbeing for all and also aims to achieve universal health coverage, and provide access to safe and effective medicines and vaccines for all. Supporting research and development for vaccines is an essential part of this process as well as expanding access to affordable medicines.

Recognizing the interdependence of health and development, it is clear that spending on health is low in the region and increased investments are important, but it is not only how much funds are spent, but what they are spent on.

One of the key factors as to whether or not UHC remains merely a goal or becomes reality is dependent on finding innovative and sustainable financing mechanisms to fund it.

While it may seem like a monumental task, achieving the Sustainable Development Goal of universal health coverage for all by 2030 is achievable if approached strategically by collaborating closely with other stakeholders and communities, innovating around financing solutions and addressing key challenges as they emerge.

Joshua Oigara is the KCB Group CEO and MD

Access to essential medicines a core element of Universal Health Coverage

KAPI chairperson Dr Anastasia Nyalita on the role the pharmaceutical industry is playing to ensure patients have timely access to quality and affordable medical supplies

Q:

Tell us about KAPI?

A: KAPI was formed in the 1960s as East African Pharmaceutical Industry and changed to Kenya Association of Pharmaceutical Industry (KAPI) in 1978 after the East African Community broke up. KAPI constitutes of 37 research and development companies who manufacture products in the space of animal health, human medicines, vaccines and medical devices.

The association is globally affiliated with the International Federation of Pharmaceutical Manufacturers and Associations, IFPMA, and is a member of the East African Business Council, EABC and the Kenya Private Sector Alliance (KEPSA) locally. We are also founder members of the Kenya Healthcare Federation (KHF), the health sector board of KEPSA.

We work with various health delivery agencies including the Ministry of Health and the Pharmacy and Poisons Board, which is the regulatory board for the medicines, medical devices and related products. To create awareness on counterfeit products, we have worked with the Anti-Counterfeit Agency, the Ministry of Trade and Industrialization, various NGOs such as USAID, the American Embassy and the Kenya Bureau of Standards..

How would you describe the structure of the pharmaceutical industry in Kenya?

The Kenyan market structure closely mirrors our membership. Within Kenya, members are present either as legal entities that enjoy the privilege of engaging in trade or scientific offices whose mandate is to promote products through scientists, licenced pharmacists, doctors etc, while others are represented indirectly through third parties acting as their Local Technical Representatives.

In terms of funding and partnerships, which investments have been made in the local industry?

We believe in sustainable skills transfer and capacity building to guarantee integrity of the pharma market. By investing in new technologies, pharma companies are duty bound to facilitate scientific education to healthcare providers who include pharmacists and medical doctors to enable them to make the best decision for optimal patient outcomes.

Is there funding for research?

We don't have direct funding for research locally, most of the funding comes from global institutions via third party research organizations and teaching institutions. However, Kenya has done very well on the research and development front. For example, we were recently recognised by our affiliate, the International Federation of Pharmaceutical Manufacturers & Associations (IFPMA) in their 50th anniversary report. The report features Kenya as a key player in the formal pharmaceutical space in sub-Sahara Africa. Notably, the report that was unveiled last May, highlights Kenya's support for an ongoing World Health Organisation (WHO) pilot trial on a malaria vaccine.

KAPI also supports the global multi-stakeholder initiative geared at addressing the rise of Non-Communicable Diseases. The initiative launched last year at the World Economic Forum in Davos Switzerland, will see 22 biopharmaceutical companies joining hands to advance access to non-communicable (NCD) prevention and care agenda in low and lower-middle income countries including Kenya. We believe that the new initiative dubbed 'Access Accelerated' will provide much needed impetus to facilitate sustainable NCD management.

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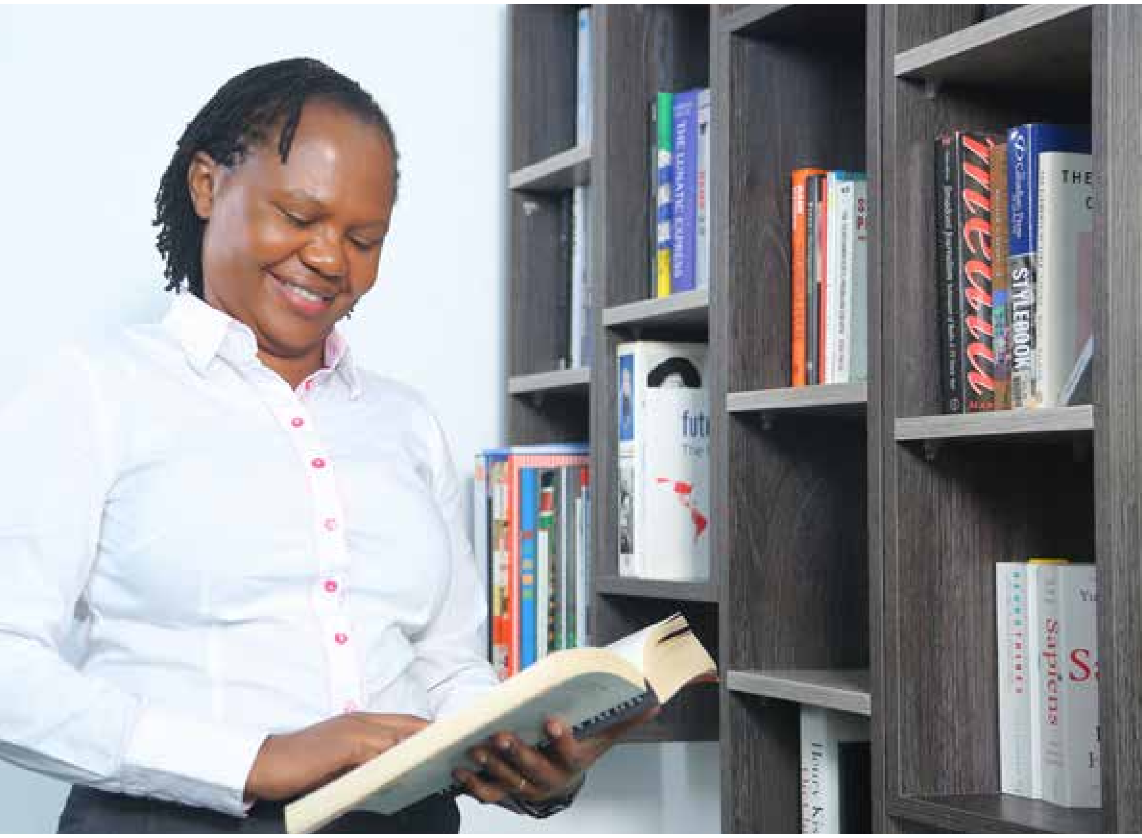


> Through the commitment and expertise of the Access Accelerated partners locally and abroad, KAPI is working towards a shared vision where no person dies prematurely from a preventable, treatable disease.

37

Number of research and development firms who are members of KAPI and who deal with products in the space of animal health, human medicines and medical devices.

What are some of the challenges you face?

Our main challenge is bringing innovations faster into the country. We are advocating a reimbursement framework that defines how innovative medicines and technologies can be brought into the country faster – in order to avail these products to those who need them most. This concept has been designed to dove tail with the government's Universal Health Coverage (UHC) goals.

What is KAPI doing to improve the local pharmaceutical industry?

Yes, the association is working on a reimbursement framework that will create a direct plugin for global innovators. This way, if a particular product is needed by a specific patient from any part of the country, the overseeing board, upon assessing various claims through the framework, allows the product to be availed with the promise of reimbursement. This is critical in achieving UHC.

Which trends are being experienced in the industry in regards to importation of drugs?

With the aging population, the prevalence of non-communicable diseases is increasing with cancer, diabetes and hypertension topping the list. To cope with this, awareness on the three diseases has been heightened. Therefore as an industry, we are highly investing in capacity building in terms of analyzing the gaps that exist during the diagnosis stage and the various solutions to curb this.

Do you have any remedies or alternatives for the trends identified?

The government and the association are focusing on preventive primary care to reduce these rising cases and offer cost effective and efficient healthcare which takes us back to the need for the introduction of the reimbursement framework. This framework will offer a financial cushion and at the same time ensure that they receive quality treatment.

What is KAPI doing to advance the UHC agenda?

We are alive to the fact that the rapid increase in NCDs is a serious threat to our national UHC goals. Through the commitment and expertise of the Access Accelerated partners locally and abroad, KAPI is working towards a shared vision where no person dies prematurely from a preventable, treatable disease. If the current trend in NCDs is not reversed, there is a real possibility we will undermine the progress we have made in the health space. To reach our UHC goals, we need to catalyze new partnerships, learn quickly and advance the resources and knowledge that will enable us to tackle NCDs among other contributors to the disease burden.

The pharmaceutical industry is heavily impacted by parallel importation and counterfeits. What is the difference between the two and how has this impacted the industry?

Counterfeit products are fakes made in imitation so as to be passed off deceptively as genuine. On the other hand, parallel importation is importation without the consent of the patent-holder of a patented product marketed in another country either by the patent holder or with the patent-holder's consent. We are vigilant in reporting counterfeits to the Ministry of Health, the Pharmacy and Poisons Board (PPB) and the Anti Counterfeit agency.

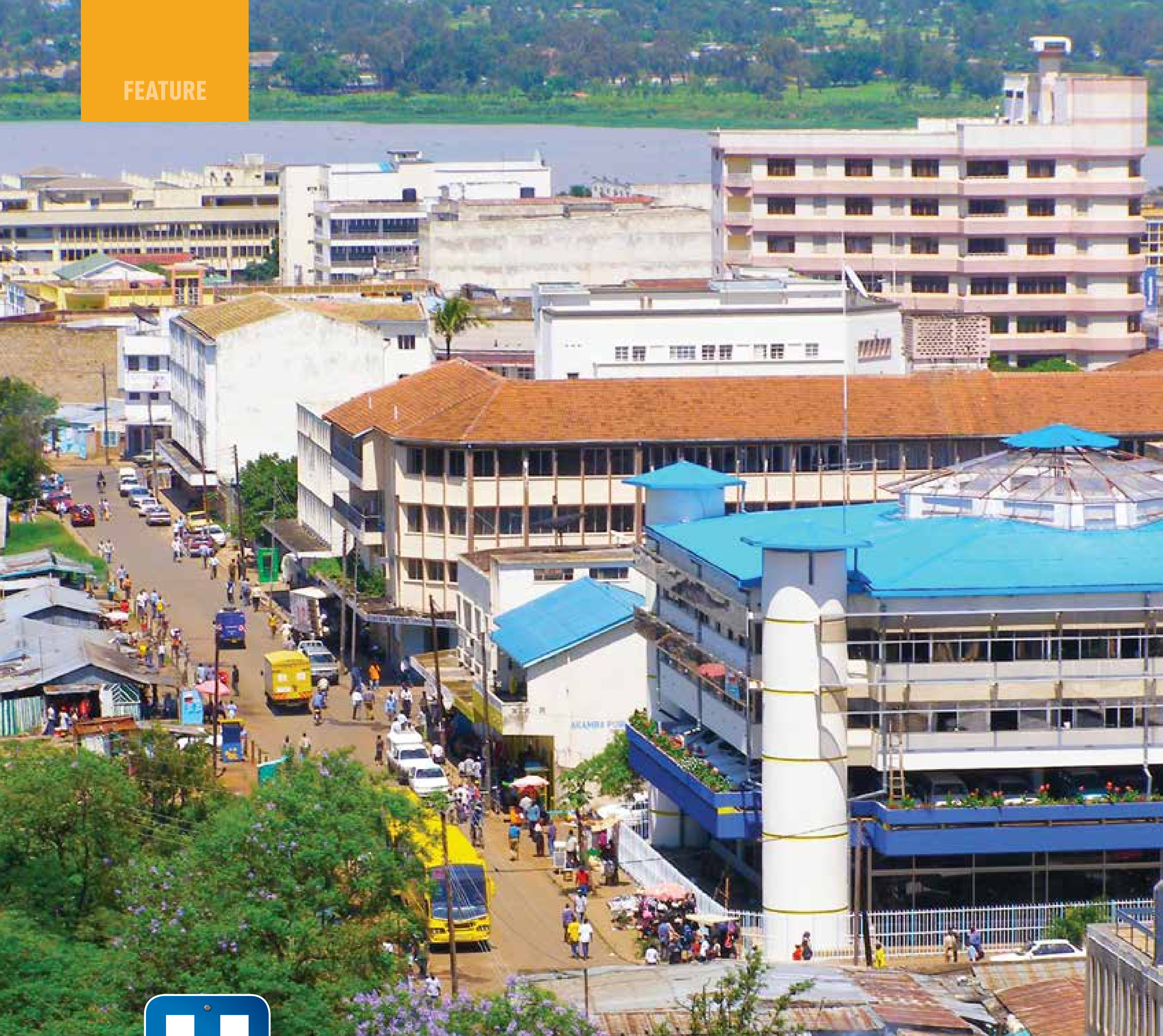
In regards to parallel trade, the medical industry is highly regulated, hence the importation or manufacture of products is prescribed by law. So requirements of the law have to be adhered in order to be granted a permit to import and sell medicinal products. Unfortunately, the law does not prescribe to parallel trade but the good news is, the PPB is in the final stages of gazetting the rules for parallel trade.

The rules were developed in consultation with stakeholders. This will safeguard the patients' safety by ensuring they have access to quality, affordable and efficacious drugs.

What are your thoughts on traditional medicine and do they need our support?

Traditional medicines have been used for about as long as mankind has been on the Earth. They continued to be used alongside "modern" medicines for a while, but they have slowly been pushed to the fringe. But it would be foolhardy of us to dismiss herbal medicines as a whole. The primitive man made an empirical use of plant for the treatment of disease. In the modern world, this is the basics of Pharmacognosy, a branch of knowledge concerned with medicinal drugs obtained from plants or other natural sources. Pharmacognosy is one of the five major divisions of the pharmaceutical curriculum, and represents the oldest branch of the profession of pharmacy. We have professors in this field. The association only recommends for its regulation to ensure that the alternative medicines, as they are commonly refered to as, are handled and administered by qualified personnel who understand the complexities that accompany the formulations.

Dr. Nyalita is also Director, Kenya Healthcare Federation



Turning Kisumu into a regional medical hub

Some 114 years after it was founded, Kisumu city has been sitting at a strategic position as a potential economics hub for the region.

Why a city that sits at the edge of the World's second largest fresh water lake by surface area, after Lake Superior in North America, has been unable to turn this into an economic potential has always baffled many.

Of late, there has been an emerging view that Kisumu should be the destination of choice for medical tourists – but only if it can have a range of state-of-the-art technology, affordable treatments and specialised doctors.

With the global medical tourism market estimated to be around $15.40 billion and growing rapidly by 20 per cent year on year, there is a feeling that Kisumu, and not Nairobi, is sitting on a huge potential.

The reason for that is that Kisumu is within easy reach from South Sudan, Uganda, Democratic Republic of Congo, Tanzania, Burundi and Rwanda. It is also host to 17 universities – both satellite and main campuses – and a large pool of expertise is available.

But what gives Kisumu an upper-edge, compared to other towns in the Lake Victoria basin is the international airport with daily flights to and from Nairobi, Eldoret, and Mombasa, as well as outside Kenya.

Actually, Kisumu is located strategically at about 3-hours drive to neighbouring towns and countries including Tanzania and Uganda; and boasting 522 km of shoreline, which gives investors some beach investment opportunities too.

With Kenya becoming one of Africa's top beneficiaries of cross-border travel for medical purposes, according to United Nations Conference on Trade and Development (Unctad) Economic Development in Africa Report 2017, Kisumu could, if well marketed, become the number one medical hub in the region.

"The medical tourism is marked by African nationals seeking high-end specialised medical services and primary health-care services, increasingly in other African countries," the report titled Tourism for Transformative and Inclusive Growth states.

Apart from Kenya, Egypt, Mauritius, Morocco, South Africa and Tunisia are also cited as top destinations for European and Africans seeking medical services.

Of late, Kenya has started hiring medical doctors from Cuba to help bridge the gap on personnel.

The Cuban government reportedly earns $8 billion a year in revenues from professional services carried out by its doctors and nurses, with some 37,000 Cuban nationals currently working in 77 countries including Kenya.

The Unctad report, released last year, states that "demand by medical tourists for specialised medical care can stimulate job creation for highly skilled health professionals who provide such services."

The Kisumu County government led by Prof Anyang' Nyong'o has been leading deliberations on the future of Kisumu with a view to turning the Lake Victoria port city into a commercial hub for East Africa.

> **Demand by medical tourists for specialised medical care can stimulate job creation for highly skilled health professionals who provide such services** - UNCTAD

37,000

Cuban health professionals who are currently working in 77 countries including Kenya

Kisumu is not an ordinary county. Its unique commercial potential is because it is in the middle of various commercial towns; a position realised in 1967 when there were efforts to make it the seat of the East African Community.

Although the town had much better infrastructure than Arusha – which carried the day– Kisumu was left out thanks to the local political dynamics.

The county had started well with the building, in 1969 of the 200-bed Russian Hospital, now known as Jaramogi Oginga Odinga Referral Hospital, and which was to serve the entire Lake Basin region to replace the Old Nyanza General Hospital.

It had been negotiated by Vice-President Oginga Odinga after a meeting with Russia's President Nikita Kruschev in 1964. But with the fallout between President Jomo Kenyatta and Mr Odinga in 1969, the anticipated rise of this hospital to be a modern medical facility faltered – and with it the dream of Kisumu becoming the health hub of the region.

Some 50-years later, Kisumu is now ripe for attention and could take advantage of Kenya's desire to become the preferred health and medical travel destination in the medium-term plan as envisaged in the Vision 2030.

During the campaigns, Kisumu Governor Prof Nyongo' promised to galvanize the county residents by creating a highly developed and successful free-market economy, devoid of corruption.

He pledged to promote core values at work place to include ethics, integrity, transparency, accountability and respect for ethnic and religious diversity in the county – which are vital tools for the establishment of such a health sector. According to statistics from the Ministry of Health, over 10,000 Kenyans travel abroad every year to get treatment. Most

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of these patients seek the management of non-communicable diseases (NCDs) and yet they can be able to do it locally.

Kisumu can also take advantage of the upgrading of Kisumu International Airport, a crucial facility for businesses and individuals in the region. The town has seen the improvement in scheduled flights from four, 10 years ago to 24 per day in 2017.

More so, the completion of a Sh1.7 billion Kisumu oil jetty has opened doors to growth in the lake side town turning it into a fuel export hub.

The facility has the capacity to allow vessels of up to 4.5 metric tonnes to offload fuel destined for markets in Uganda, mines in northern Tanzania, Rwanda, Burundi, and Eastern DRC and revive the lake petroleum transport infrastructure that collapsed in 1977 with the death of East African Community.

> **With better facilities in Kisumu, middle-class patients from the region will be willing to spend if they cannot find what they need at home.**

Such projects are not only going to stimulate economic activity across the Great Lakes Region but will anchor Kisumu as the town to watch.

With 13 counties in the lake region resolving to form an economic bloc as a means of pursuing stronger trade agreements and with Kisumu chosen as the secretariat – the town can take advantage of its vantage position to build a solid economy based on a sound and effective health sector.

With the health sector a devolved function, Kisumu could create an enabling infrastructure as well as enact patient-friendly laws, apart from strengthening the regulatory mechanism through adequate reforms. This is what has driven medical tourism in India.

India has a huge potential for medical tourism because of highly qualified medical staff and the capability to provide services at about 10 per cent of what it would cost in the United States or other developed countries with equal clinical outcomes.

With the planned extension of the Standard Gauge Railway (SGR) to Kisumu, the city is booming back to life. It has also

rekindled hope of becoming the leading business hub in East Africa.

Even though construction of the SGR will only reach the border town of Malaba, experts say linking Kisumu port to Mombasa would allow cargo to be transported over Lake Victoria to other East African states, making the SGR a more viable economic project.

With better facilities in Kisumu, middle-class patients from the region will be willing to spend if they cannot find what they need at home. This will, however happen with the availability of the latest medical technologies and a growing compliance on international quality standards.

Will Kisumu pick its right place as a medical hub? Only time will tell.

PLACES TO VISIT

Hidden gems for tourists

Morocco

Chefchaouen - Morocco's Blue City

Chefchaouen (pron. Shafshawan) is a city located on the mountainous northwest side of Morocco. The city was founded in the 1400s and was a former Spanish colony.

With a population of slightly over 40,000, and standing at over 1800 feet; the city is popular for its native handicrafts found nowhere else in Morrocco and well as native goat cheese which is a major attraction for the tourists.

However, the most unique and interesting thing about Chefchaouen is that it is a 'Blue City'. Nicknamed the 'Blue Pearl' Chefchaouen has blue rinsed buildings and houses. The legends say explain that the city was painted Blue by its Jew inhabitants after they took refuge from Hitler in the 1930s as a symbol of Heaven and as a reminder for them to lead a spiritual life.

The colors of the Old Town 'Medina' are a sharp contrast to the surrounding, revealing the untold beauty of Chefchaouen.

Uganda

Lake Bunyonyi

Located in the South western part of Uganda and bordering Rwanda, Lake Bunyonyi is paradise to many tourists. It is commonly referred to as "place of many birds".

The lake is the second deepest in Africa and covers an area of 60 km2 with a depth of over 2,000 feet. It has 29 spectacular islands, terraced hillsides, charming shore towns and attractive resorts.

Lake Bunyonyi has a lovely setting is relaxing and peaceful setting and offers water sports and birdwatching while the nearby towns provide colorful markets and cultural experiences with the local villagers.

The 5,000 Uganda shilling note bears the image of Lake Bunyonyi.

DRC/Rwanda

Hike Volcanoes - Mt Bisoke Be at two places at once

Mt Bisoke is an active volcano in the Virunga mountains which straddles the boarder of Rwanda and the Democratic Republic of Congo.

Elevated at 12,175 feet, Mt Bisoke is spectacular for hikers as they get to see the crater at the top of the mountain.

For beginners, the hike usually takes six hours to ascend and two hours to descend, but could take experienced hikers only three hours.

Mt Bisoke offers the rare opportunity for people visiting to say that they are at 'two places at once' as it is located within the Rwandan Volcanoes National Park and the Congolese Virunga National Park.

Eritrea

Dahlak Marine National Park-Eritrea

The Dahlak Marine National Park in the Dahlak Archipelago of the Red Sea in Eritrea is a spectacular sight for divers as it offers an estimated 300 species of fish in the water and beautiful underwater sights.

In addition the Shoals and submerged coral reefs, a spectacular marine life (dolphins, sharks, dugongs, turtle species, hermit crabs, fish, mollusks or shellfish), shipwrecks and pumice stones formed from submarine volcanoes make the Red Sea an unforgettable diving experience.

In 2018, Dahlak park entered the world list of tourist attractions.

South Africa

Boulders Beach - Cape Town

On the Southern Most part of Africa, lies Boulders Beach, home to the African Penguins.

The beach located near Cape Town is a unique beach that offers an experience like no other in Africa.

The penguins can be seen throughout the year, however September and October is the best time to see the birds and they are constantly feeding out at sea.

Penguins can also be found from Southern Namibia, but there no spectacular viewing point better than Boulders Beach.

Tell us about an exotic destination you have visited in Africa.
Contact: venturemag@oxygene.co.ke

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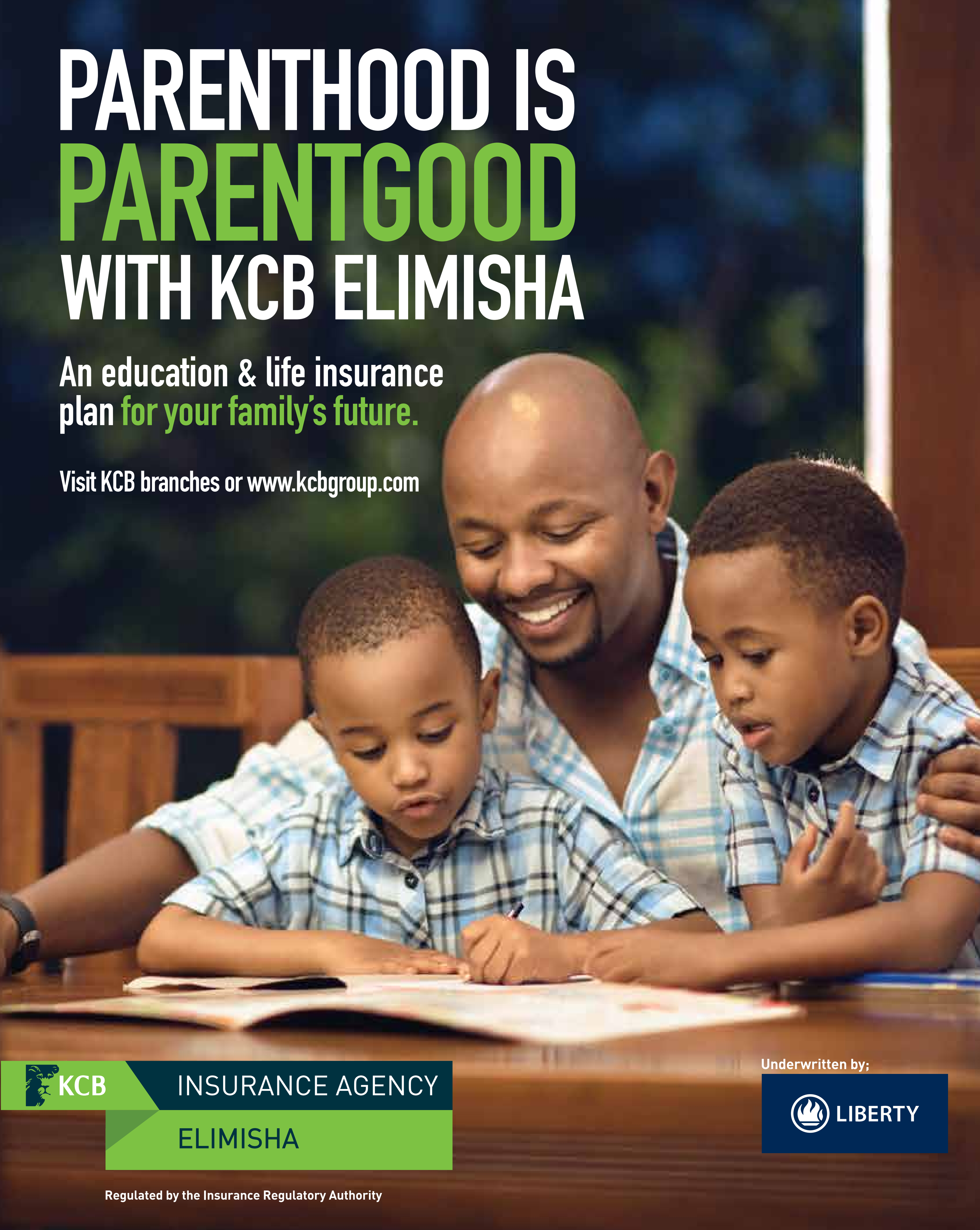
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