

# KENYA MEDICAL RESEARCH INSTITUTE



*In Search of Better Health*

## POLICY BRIEF

### **Strengthening Kenyan industrial development to improve cancer care**

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## Key messages:

- There are large gaps between need, demand and access to cancer care, with affordability, availability and information as major barriers;
- There is almost 100% import dependence for cancer medicines, medical devices and supplies;
- Underutilised Kenyan industrial potential exists, with extensive scope for industrial growth and innovation to improve cancer care through enhanced health-industry linkages;
- Leading requirement for industrial investment is demand consolidation with promotion of local procurement of essentials competitively produced in Kenya;
- Other key requirements include investment in skills; “patient” finance; support for technology transfer; tax and duties revisions.

## Background:

Kenya faces a sharply rising cancer burden that is straining the health care system. Patients face very high costs for cancer care in addition to inequitably distributed services. There are large gaps between need and access to services, medicines and other essential commodities for cancer care. Regionally, Kenya is said to have a strong industrial base, including pharmaceutical manufacturers who supply around a third of domestic demand<sup>1</sup>. However, capacity utilization in pharmaceutical manufacturing is low (62%) (KNBS 2019: 35), while cancer care in Kenya is almost 100% import-dependent and many essentials are often unavailable. There is commitment from the Kenyan government to strengthen cancer care and to promote industrial development. This situation opens opportunities for the unutilized industrial potential to be developed to ultimately improve both quality of care and industrialization in Kenya.

## Key Findings

- A survey of 405 cancer patients, alongside interviews with 22 health professionals, policy makers and care givers and 4 focus groups with cancer survivors, showed cancer care to be very expensive, causing delays, drop-outs from care, impoverishment and acute family financial and social stress. NHIF is facilitative but very limited in coverage and reach; most payments are out-of-pocket.
- Diagnosis and treatment were more available at higher level facilities, and 30% of patients indicated that access to medicines, tests, equipment, healthcare professionals or other essentials had been unavailable to them at different crucial steps along their complex care pathways. Private purchase of missing medicines and tests was costly for public sector patients.
- Interviews with manufacturing firms (pharmaceuticals, biomedical, devices, chemicals, plastics), plus a distributor and a senior policy maker confirmed Kenyan industrial potential in this field. There was also evidence of knowledge depreciation and loss of higher technology capacity e.g. in sterile injectables, a narrow product range, and a particular weakness in medical device manufacture.

## Key Findings

- Cancer care requirements are nearly 100% imported, the only exceptions being some chemicals e.g. Lugol's iodine for cervical cancer screening, and basic devices such as syringes. Imports include all oncology medication; essential equipment and laboratory chemicals; and even basic commodities such as colostomy bags and breast prostheses.
- Manufacturers identified *demand* as the key constraint on investment. While there is widespread need for cancer-related supplies, demand is fragmented and not well articulated across public, faith-based, private and retail pharmacies procumbent. Manufacturers lack market information and quantification, and have no guarantee of purchase of cancer supplies once produced.

### **Box: the need for quantification and market intelligence: statements from stakeholders**

*Oncology medication:* “Quantification has been an issue: we do not really know how much [is required].” Quantification is being supported by the National Cancer Control Programme based on treatment guidelines, but is not yet systematically quantifying demand.

“So if the government had been buying cancer products it would be easy also for the government to get good prices because of the economies of scale.”

*Laboratory chemicals and disinfectants:* “Not much information on what is required for cancer management has come forth.” “We are yet to see major purchases ... if the government would be the ones procuring this ... perhaps we would see the volumes.” Once we have that information, then it would guide us in decision making because we would know the kind of products that we are supposed to concentrate on.”

*Breast prostheses:* “we need ... to bridge the information gap. Does the industry even know what is required? So this is the first thing that we need to know... that there are so many patients who yearn to get these kind of products.

*Colostomy bags:* “It all comes to demand. ... [it needs] one body that would give the requirement.”

- The regulatory framework that recognizes product registration across the East African Community is a positive factor.
- The high retention fee requirement is a restraining factor, with a resultant non-renewal for slow moving cancer products and perennial stock-outs.
- Other constraints on investment noted by manufacturers included: lack of affordable longer-term finance; lack of required skills from vocational and higher education; taxation and duties favoring importation over local manufacturing.

## Recommendations

- ***Consolidate demand and provide market intelligence.***

Implement effective quantification of needs for the essential cancer medicines and other essential cancer supplies. Consolidate and share with manufacturers market information on demand across public, faith-based and private sectors. Establish a dialogue with industrial stakeholders on the scope for meeting demand for those essentials from local manufactures, and the potential incentives required in the form of local procurement commitments. Use health procurement as a tool for industrial development, including effective implementation of policies on local content and domestic preference. Include in consideration, oncology medication; other cancer-relevant medication such as anti-emetics and pain control; laboratory chemicals and other supplies; and basic commodities such as colostomy bags and prostheses.

- ***Support technological upgrading and skills training***

Support critical training on-the-job, with utilization of expatriates for high level skills transfer. Consult widely on the scope for including more industrial experience and requirements in vocational and higher education courses. Ensure science training and research is strengthened and relevant to industrial needs. To support technological upgrading, identify with firms what is needed to raise the sector's technological ambitions: e.g. technical support for identifying scope for incremental upgrading; support (including seeking donor support) for investment in more complex equipment, advice and support on international linkages and comprehensive technology transfer agreements, to ensure that skills and knowledge are effectively localized in the context of joint ventures and buy-outs.

- ***Policy implementation and governance***

Regional policies to promote local manufacturing are being adopted for production of essential medicines with building traction in human vaccine manufacture as noted in the recent Kenya Biovax initiative. However, there is need for developing a health-industry framework with a clear implementation pathway supported by research. There is need for review of registration and retention fee schedules to incentivize domestic manufacturers and suppliers and thus promote continual supply of “slow-moving” cancer medicine and products.

- ***Promote regional market integration and protection***

Size of market is key for production of some cancer-related items. Regional market integration in the East African Community is ongoing: Kenya's industrial strength provides a strong incentive to promote market integration, including regulatory harmonization. Market protection is a regional concern: promote duties to counter unfair competition (e.g. imports benefitting from export incentives in India or China), to counter dumping, and to provide time-limited protection for nascent industrial strengths as firms learn and expand markets through exporting. Eliminate disincentives to manufacture locally, e.g. duties on intermediate inputs for production of goods that come in duty-free, other levies, or procurement credit terms that favour external exporters over local suppliers.

- ***Develop more sources of industrial development finance***

Create additional sources of development capital for industry e.g. through expanding development banking. Support training for better financial capabilities within the manufacturing sector, and employment of diverse and relevant skills in the banking sector. Development capital sources are not well structured

and patient enough to stimulate local pharmaceutical manufacturing in the back drop of rapid technological advancement.

Innovative procurement mechanisms that would secure local and regional markets will go a long way in ensuring return on investments or capital gain.

- *Embed research and innovation*

Industry has no full view of the health burden from cancer to inform innovation and product development. Local pharmaceutical industry does not have fully established R&D capabilities. Evidence shows innovation capacities exist within research institutions and academia. However, there is room to foster strong research organization-industry linkages that are responsive to defined needs.

## Conclusion

There is political support, good will and industrial capability available in Kenya. Health and industrial stakeholders, through active consultation, collaboration and joint action, can find common ground to greatly improve access to cancer care while strengthening Kenya's industrial base in an expanding market context. The growing cancer burden calls for urgent health industry linkage to innovate and avail the much needed supplies and improve access to cancer care. This requires a multi-sectorial, multi-discipline approach with process champions.

## Reference

Kenya National Bureau of Statistics (KNBS) (2019) *Census of Industrial Production and Construction Report 2018* Nairobi, KNBS

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