



# AHB

AFRICA HEALTH BUSINESS

## HOW CAN JAPANESE COMPANIES ENTER THE PROCUREMENT MARKET IN AFRICA?

*Utilizing the procurement market in Africa*

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Executive Chairman AHB  
Monday 19<sup>th</sup> February 2019

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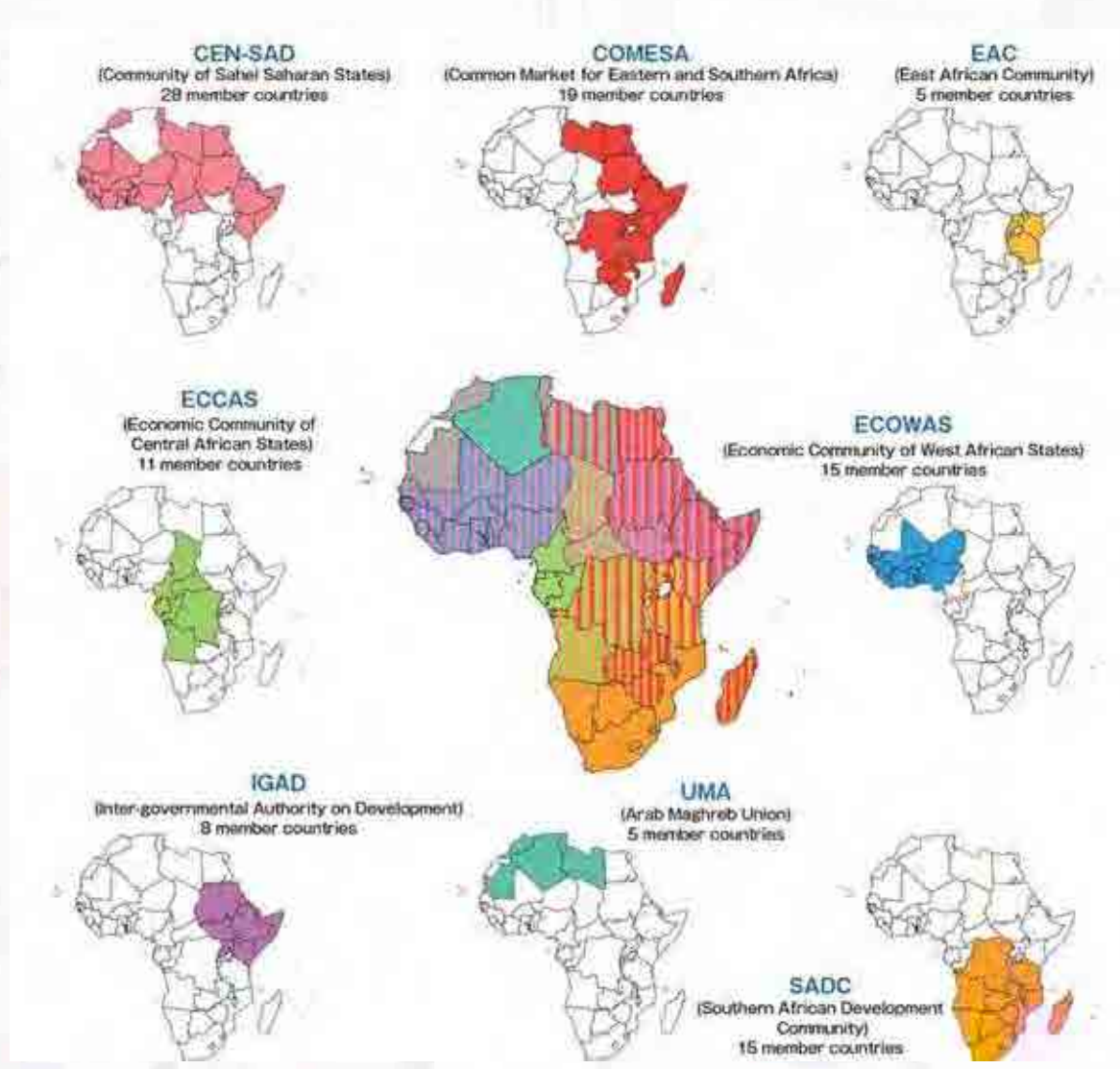
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## INTRODUCTION: AFRICA



- 54 countries
- Second largest continent in the world both in size and population
- Over 1 billion people who speak over 1,500 languages
- Africa is the second fastest growing region in the world.
- Average African GDP growth is projected at 3.8% (global forecast is 3.7%).
- 9 African countries have a projected annual GDP growth of more than 6% *Libya, Ethiopia, Senegal, Cote d'Ivoire, Burkina Faso, Ghana, Tanzania, Kenya and Uganda.*



## REGIONAL ECONOMIC COMMUNITIES

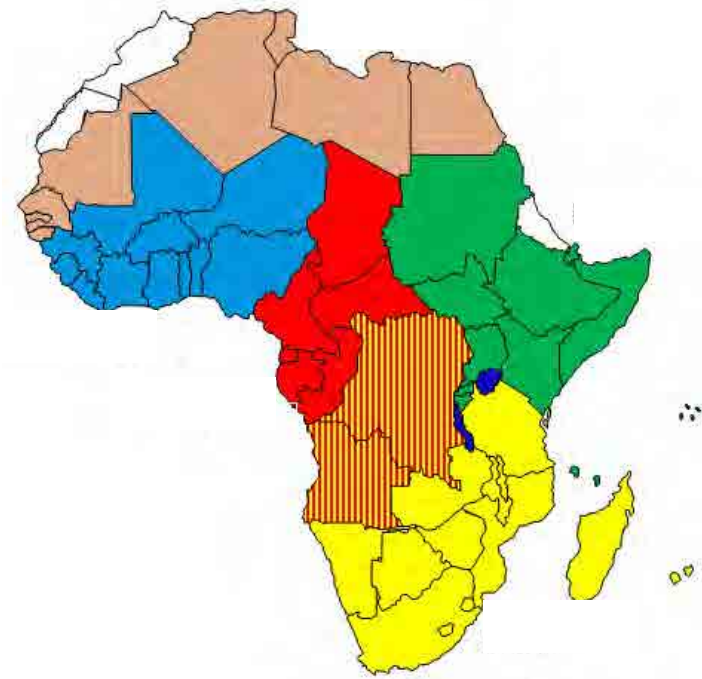


# REGIONAL ECONOMIC COMMUNITIES

SADC	ECOWAS	ECCAS	IGAD
➤ Angola	➤ Benin	➤ Gabon	➤ Djibouti
➤ Botswana	➤ Côte d'Ivoire	➤ Cameroon	➤ Ethiopia
➤ Comoros	➤ Gambia	➤ Democratic Republic of Congo	➤ Eritrea
➤ Democratic Republic of Congo	➤ Ghana	➤ Central African Republic	➤ Kenya
➤ Eswatini	➤ Guinea	➤ Chad	➤ Somalia
➤ Lesotho	➤ Guinea-Bissau	➤ Congo Brazzaville	➤ Sudan
➤ Madagascar	➤ Liberia	➤ Equatorial Guinea,	➤ South Sudan
➤ Malawi	➤ Mali	➤ Burundi	➤ Uganda
➤ Mauritius	➤ Niger	➤ Rwanda	
➤ Mozambique	➤ Nigeria	➤ Sao Tome and Principe	
➤ Namibia	➤ Senegal		
➤ Seychelles	➤ Leone		
➤ South Africa	➤ Togo		
➤ Tanzania	➤ Burkina Faso		
➤ Zambia			
➤ Zimbabwe			

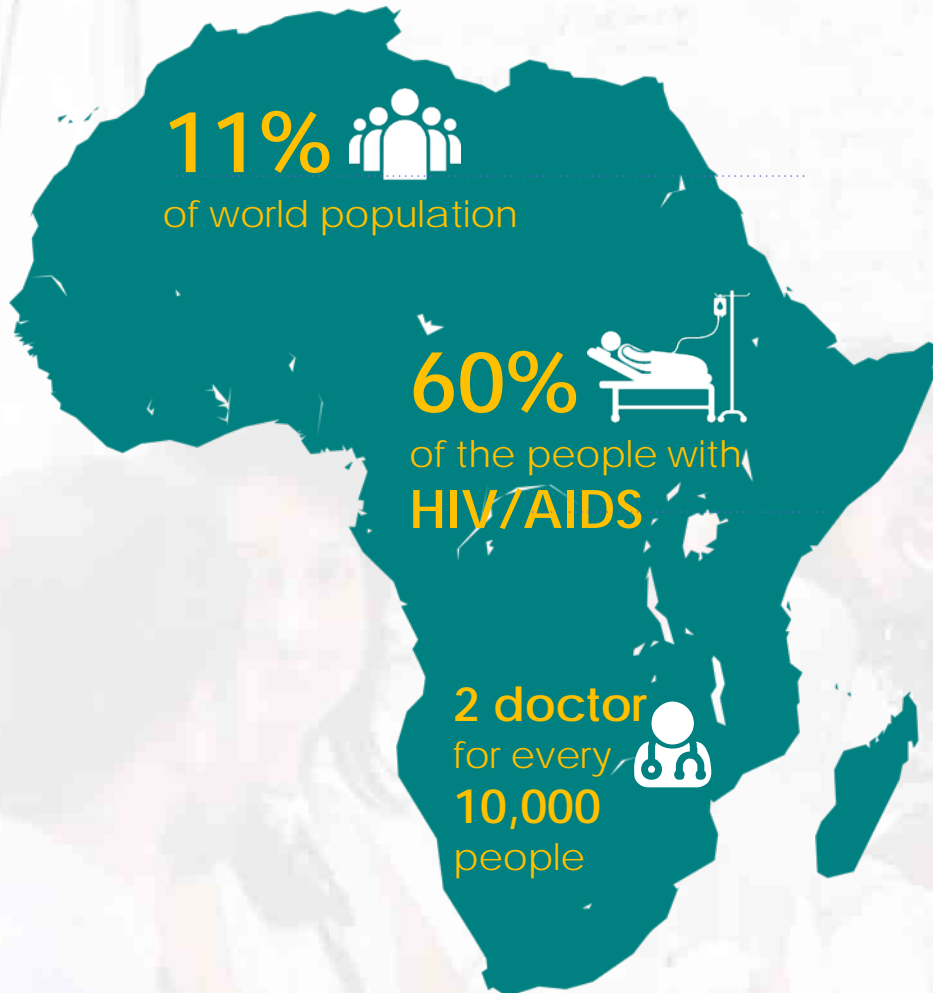
# REGIONAL ECONOMIC COMMUNITIES

COMESA	CEN-SAD		UMA	EAC
➤ Burundi	➤ Uganda	➤ Sierra Leone	➤ Algeria	➤ Burundi
➤ Djibouti	➤ Burkina Faso	➤ Somalia	➤ Libya	➤ Kenya
➤ Comoros	➤ Central African Republic	➤ Sudan	➤ Mauritania	➤ Rwanda
➤ Democratic Republic of Congo	➤ Chad	➤ Togo	➤ Morocco	➤ South Sudan
➤ Egypt	➤ Comoros	➤ Tunisia	➤ Tunisia	➤ Tanzania
➤ Eritrea	➤ Côte d'Ivoire			➤ Uganda
➤ Ethiopia	➤ Djibouti			
➤ Kenya	➤ Egypt			
➤ Libya	➤ Eritrea			
➤ Madagascar	➤ Gambia			
➤ Malawi	➤ Ghana			
➤ Mauritius	➤ Guinea-Bissau,			
➤ Rwanda	➤ Libya			
➤ Sudan	➤ Mali			
➤ Swaziland	➤ Mauritania			
➤ Seychelles	➤ Morocco			
➤ Uganda	➤ Niger			
➤ Zambia	➤ Nigeria			
➤ Zimbabwe	➤ Senegal			





# THE HEALTHCARE STATUS IN AFRICA



Highest child mortality is in Sub-Saharan Africa

1 in 9 children die before age 5,  
*(average in developed regions is 1 in 152)*



Number of Doctors:

Cuba = 59 for 10,000

Tanzania = 1 for 50,000

*avg. in developed regions; 26.8 per 10,000*



Maternal Mortality Ratio in Sub Saharan Africa is 230 per 100,000 live births

Sierra Leone has 1,360 per 100,000

South Africa has 134 per 100,000

*(avg. in developed regions; 10 in 100,000)*

# PROCUREMENT

Obtaining or buying goods and services. The process includes **preparation and processing of a demand** as well as the end receipt and approval of payment and is an important part of company strategy.

It often involves:

• Purchase planning,	• Price negotiation
• Standards determination	• Making the purchase
• Specifications development	• Supply contract administration
• Supplier research and selection	• Inventory control and stores
• Value analysis	• Disposals and other related functions.
• Financing	

## KEY PROCUREMENT ORGANS



### Public Sector

- Ministries and parastatals
- Regional and continental
- Government organizations



### Private

- Commercial private sector
- Civil society organizations
- Faith based organizations
- Non-governmental organizations



# THE BUSINESS OF HEALTH IN AFRICA

- Globally, \$12 trillion can be realized through 60 market “hot spots” in 4 economic systems – food and agriculture, cities, energy and materials, and health and well-being
- Healthcare is projected to reach a market size of USD 40 billion by 2025 in Africa.
- 28 M new jobs will be created in the health sector by 2030 in Africa
- Biggest health opportunities:

✓ Risk pooling (\$500B)	✓ Telehealth (\$320B)
✓ Patient Monitoring (\$440B)	

- There are 400 “billion dollar companies in Africa” growing faster and more profitable than their global peers.
- Internet will potentially add USD 300 billion a year to Africa’s GDP



**28 M NEW JOBS**



**INTERNET (300 BILLION)**



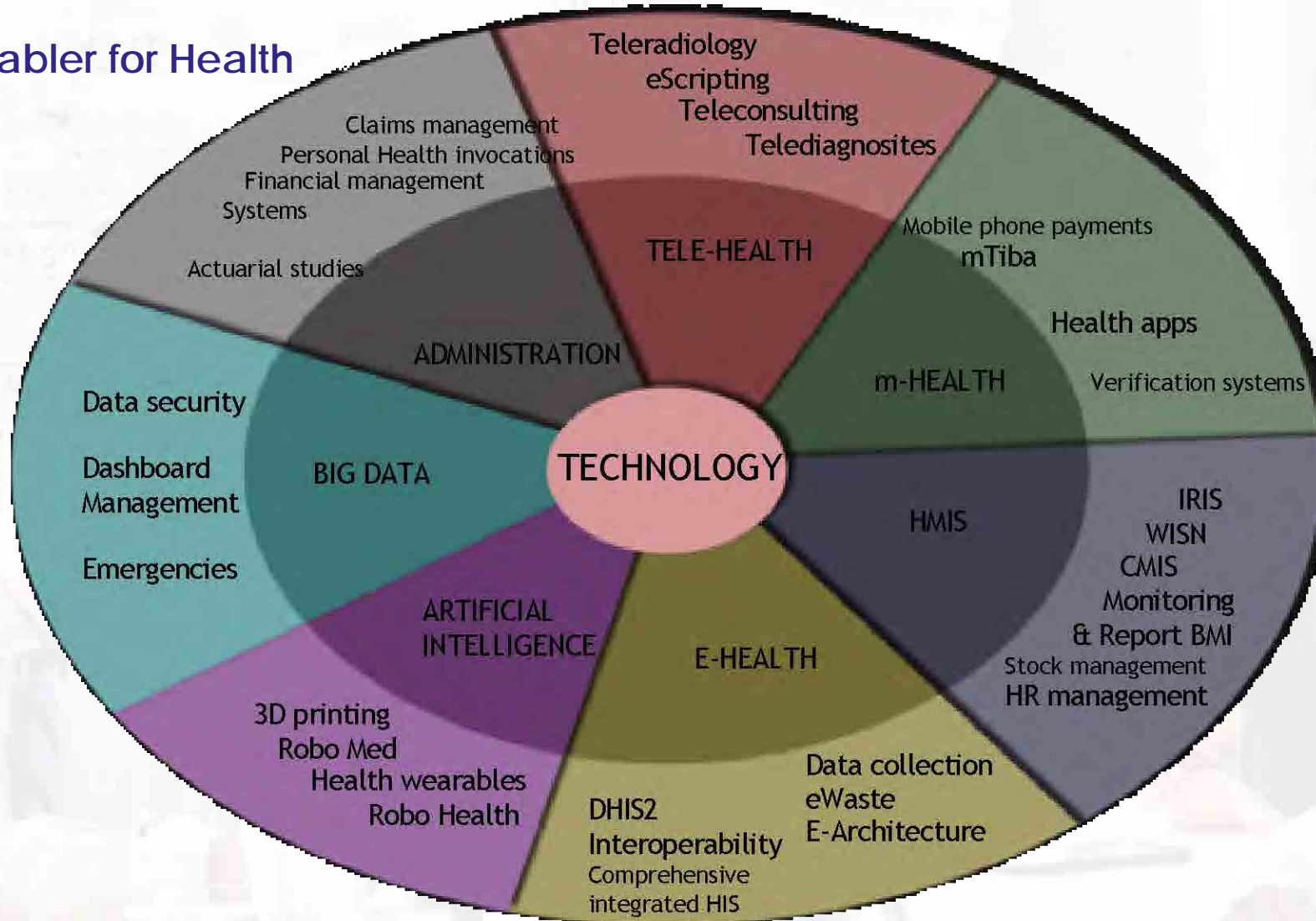
**40B MARKET SIZE**

# MARKET OPPORTUNITIES IN AFRICA



# A. TECHNOLOGIES

## Technology as an Enabler for Health



## B. FINANCING

### Topical Agenda: UHC for Africa

Universal health coverage (UHC) means that all people and communities can use the promotive, preventive, curative, rehabilitative and palliative health services they need, of sufficient quality to be effective, while also ensuring that the use of these services does not expose the user to financial hardship.

Each year, **11 million Africans** citizens are pushed into extreme poverty because of out-of-pocket health expenses.

#### OPPORTUNITIES FOR JAPANESE COMPANIES:



CLAIMS AND  
ADMINISTRATION



INNOVATING FINANCING  
MODEL



SYSTEM AND  
EFFICIENCY



## C. SUPPLY CHAIN



### Pharmaceutical Industry

- Value of Africa's pharmaceutical industry jumped to USD \$20.8 billion in 2013 from just \$4.7 billion a decade earlier
- Growth is continuing at a rapid pace
- Largest opportunity for Japanese companies
- E.g. of successful market penetration by a Japanese Company: Takeda



### Non Pharma Industry

- Equipment, consumables, reagents etc. are mainly imported into Africa
- Local capacity in this area is very low in Africa
- Large opportunity for Japanese companies
- E.g. of successful market penetration by a Japanese Company: Fuji, Toshiba, Sysmex and Terumo



# PUBLIC SECTOR PROCUREMENT

## 1. Legal and Regulatory Framework - National Procurement Policy

Public Health Focus Areas	Donor Programs
---------------------------	----------------

## 2. Centralized vs. Decentralized Procurement

Traditional medical store model – Central Government Agency that is part of MOH	Autonomous Supply Agency – Autonomous agency reporting to the government
Decentralized procurement – Orders place by regional, district or local facilities.	Fully private supply system – For profit companies or NGOs
Prime Vendor” system – many variations – separate bids/contracts with separate distributors.	

## 3. Local Production – What is produced in-country?

## 4. Prequalification vs. Post Qualification?

## 5. Product Quality Assurance

## 6. Marketing Authorization (Product Registration)

## 7. Importation Issues

## 8. Logistics

## 9. Procurement Methods

International Competitive Bidding	Direct Contracting
National Competitive Bidding	Procurement from United Nations Sources or Other Agencies
Limited International Competitive Bidding	Use of Procurement Assistance or Agency Services from UN or Other Agencies
International or National Shopping	



# PRIVATE SECTOR PROCUREMENT

## 1. Local Knowledge

➤ Culture	➤ Challenges
➤ Context	➤ Opportunities
➤ Gaps	

## 2. Pricing – affordable and competitive

➤ Duties	➤ Taxes
➤ Levies	

## 3. Product – robust and tailored to the market

## 4. Marketing – B2B or B2C

➤ Awareness creating	➤ Promotions
➤ Attractive packaging	➤ Influencing healthy behavior

### DISTRIBUTION CHANNELS



#### Faith Based Organizations

Centralized procurement option f.e. MEDS in Kenya.



#### Private wholesalers and distributors

Insight knowledge on reputation, scale, clients.



#### Pooled procurement

(f.e. Pharmnet/Medsorce in Kenya)

## ENTRY STRATEGIES

DONOR FUNDED	PUBLIC FUNDED	PRIVATELY FUNDED
GAVI	National Procurement Agencies	Tenders – Facility directly
Global Fund	Tenders (paper/online)	Distributors
World Bank	Lower level procurement agencies	Wholesalers
USAID programs		
UN Agencies		
International Rescue Committee		
NGOs (Amref Health Africa, others)		

## ENTRY BARRIERS/CHALLENGES



POLITICAL INSTABILITY



LACK OF FUNDING



WEAK INFRASTRUCTURE



COMPETITION



LEADERSHIP (WEAK WHICH  
LEADS TO DELAYS)



ENVIRONMENT FOR FOREIGN  
COMPANIES IN SOME MARKETS



CORRUPTION AND  
BUREAUCRACY

## ABOUT AHB



### OUR WORK

Health consulting and advisory services. Improving health in Africa through effective public private engagement

“Supporting and promoting growth of the private health sector in Africa, with the main aim to generate affordable, accessible and quality healthcare for all.”

**AHB Drive**

### SERVICE OFFERING - PRIVATE HEALTH SECTOR FOCUS





# INTEGRATING AFRICA: BRIDGING THE HEALTH GAP

**When:**  
07 - 09 October 2019

**Where:**  
Addis Ababa  
Ethiopia

**ABOUT  
THE  
SYMPOSIUM**

Catalysing private  
health sector  
engagement for  
Agenda 2063

2016



NAIROBI  
KENYA

DAKAR  
SENEGAL



2017

2018

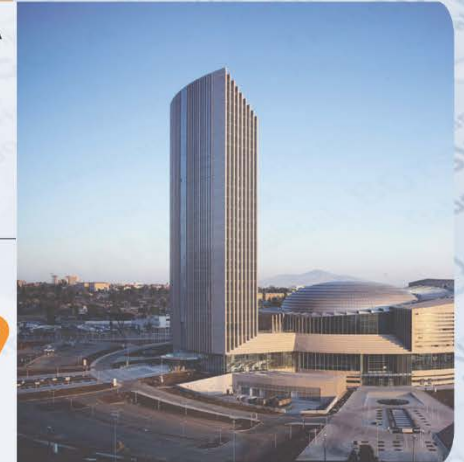


JOHANNESBURG  
SOUTH AFRICA

ADDIS ABABA  
ETHIOPIA



2019



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AFRICA HEALTH BUSINESS

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