

Prices and Availability of Locally Produced and Imported Medicines in Kenya

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A survey was undertaken from January to May 2018 to measure and compare the price and availability of locally produced and imported medicines in Kenya. The survey used a methodology developed by Health Action International (HAI), soon to be published by the World Health Organization (WHO). HAI's Dr Margaret Ewen led the work, and Ms Dorothy Juma Okemo from Nairobi coordinated data collection and data entry.

Methodology

Price and availability data was collected for 31 medicines, both locally produced and imported, in a total of 30 public sector outlets (hospitals and health centres), 30 private pharmacies, and

22 mission outlets across six counties (i.e., the capital Nairobi, Kajiado, Nakuru, Vihiga, Kwale

and Kisumu). Each medicine was strength- and dosage-form specific. For each medicine, data was collected for all products in stock in each outlet on the day of the survey.

Procurement prices and quantities purchased were collected from the Kenyan Medical Supplies Authority (KEMSA) and the Mission for Essential Drugs and Supplies (MEDS).

Key Findings

Procurement prices:

- Both KEMSA and MEDS were procuring more locally produced products than imported products.
- Locally produced products were on average 30 percent (KEMSA) and 25 percent (MEDS) lower priced than the imported products.
- Median prices of both locally produced and imported medicines were below the international reference prices.

Availability and patient prices in the public sector:

- Locally produced products had greater mean availability (48 percent) than imported products (23 percent). Overall availability (local and import) was 68 percent.
- Where patients paid for medicines, median prices of locally produced and imported products were almost identical. Some individual medicines were over three times the international reference prices.
- The median mark-up between patient prices and KEMSA procurement prices was higher for locally produced products (177 percent) than imports (35 percent), with

wide variation for individual brands.

- Locally produced branded generics were more available (45 percent) than imported branded generics (13 percent), and patients were paying 45 percent more for imported branded generics than those made in Kenya. No originator brands, and few International Non-proprietary Name (INN) generics, were found.

Availability and patient prices in the private sector:

- Locally produced products had slightly higher mean availability (37 percent) than imported products (34 percent). Overall availability was 66 percent.
- Overall, patients were paying 48 percent more for imported products than for locally produced products. Some individual medicines were high priced.
- Locally produced branded generics were more available (36 percent) than imported branded generics (28 percent), and patients were paying 34 percent more for imported branded generics than those made in Kenya. Originator brands were few in number but high in price (all imported).

Availability and patient prices in the mission sector:

- Locally produced products had slightly higher mean availability (36 percent) than imported products (34 percent). Overall availability was 68 percent.
- Where patients paid for medicines, imported products were 33 percent higher priced than locally produced products.
- The median mark-up between patient price and MEDS procurement price was higher for locally produced products (343 percent) than imports (257 percent), with wide variation for individual brands. Both far exceeded official mark-ups rates.
- Locally produced branded generics were more available (34 percent) than imported branded generics (24 percent). Patients paid 63 percent more for imported branded generics than those made locally. Few originator brands were found, but where present, they were high priced.

Cross-regional analysis:

- In the public and private sectors—in most of the survey counties—the availability of locally produced products was higher than for imported products.
- In the private sector, imports were highest priced in Nairobi and lowest in Kisumu. Local products were highest priced in Nakuru and lowest in Kwale.

Country of manufacture:

- Approximately 55 percent of the products found were made in Kenya. The largest number of imported products were from India (30.3 percent of all products found),

China (6.6 percent) and South Africa (4.0 percent).

- The vast majority of products found were made by Dawa, Laboratory & Allied, and Cosmos.
- Of these three companies, patient prices across all three sectors were lowest for Laboratory & Allied products.

Recommendations

- Pass low procurement prices paid by KEMSA and MEDS on to patients required to pay for medicines out-of-pocket in order to improve access. Regulate mark-ups in the public sector.
- Improve supply chain challenges to avoid stock-outs, especially for medicines in the essential package list so they are available free-of-charge to patients at all times.
- Public sector facilities should pay KEMSA on time for orders to avoid stock-outs, especially of essential package list medicines.
- Investigate differences in procurement prices paid by KEMSA with those paid by public sector facilities who buy medicines from other sources (when KEMSA cannot supply). In addition to identifying procurement price differentials, such research will also identify mark-ups applied by the facilities to KEMSA procured medicines, with mark-ups applied when they procure from other sources. It would be valuable to undertake the same research in the mission sector.
- KEMSA should investigate cheaper sources for amoxicillin dispersible tabs and whether local production at the same price level would be possible.
- Consider investigating price components in the private sector to ascertain the contribution of both the manufacturer's selling prices, and also add-ons (including mark-ups of wholesalers and retailers), on patient prices for locally produced and imported medicines.
- Improve transparency by providing a list of registered products on the website of the Kenyan Pharmacy and Poisons Board (PPB), and ensure it is regularly updated.
- Ensure procurement prices listed on KEMSA's website are up-to-date and complete.
- Monitor the price and availability of locally produced and imported medicines every two to three years to ascertain if efforts to support local production are resulting in lower patient prices and greater medicine availability at outlets.

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