

Africa Medical Equipment Facility Launch: Post-Event Report



Attendees at the AMEF Launch

The International Finance Corporation (IFC) partnered with the Kenya Healthcare Federation (KHF) to officially launch the Africa Medical Equipment Facility (AMEF) program in Kenya on 11th February 2022 at Crowne Plaza Hotel, Nairobi. The launch event brought together over 100 small and medium-sized healthcare operators (HSMEs), financial institutions (Cooperative Bank), and Original Equipment Manufacturer's (OMEs) -Philips, GE Healthcare, and Karl Storz, to engage in dialogue around medical including challenges faced in procurement, equipment planning, procurement, and maintenance and what is needed to improve this process. **Bas Rozemuller, who serves in the IFC Advisory** gave the welcoming remarks and started of the Launch.



Bas Rozemuller, IFC Advisory



Amena Arif, IFC Country Manager

Amena Arif, the IFC Country Manager, officially opened the launch by noting that while health in Africa has improved significantly over the years, some health indicators like life expectancy are still below the global levels. She recognized the potential impact of the AMEF program in improving health facilities in a bid to build a more resilient health sector. She thanked IFC for the advisory services it will offer and the OEMs for taking up the challenge of ensuring high quality, safe and affordable services. She also thanked KHF for partnering with IFC and the Government of Norway in launching the AMEF program.



Dr. Elizabeth Wala, KHF Vice Chair

Dr. Elizabeth Wala, the KHF Vice-Chair, presented the federation's role in supporting the private sector SMEs. She emphasized the role of the private sector in driving the Universal Healthcare Coverage (UHC) agenda and the role of the federation as an umbrella body for the private sector in advocacy and initiation of public-private partnerships for safe and effective healthcare. She recognized that the vast network and broad database of KHF make it the ideal convener for the AMEF program launch and the subsequent training and advisory.



Kevin Sofiane, IFC Investment Officer

Kevin Sofiane, an IFC Investment Officer, introduced the AMEF program defining that it is a financing facility of up to 300 million dollars designed to increase medical equipment access in nine African countries. Further, he acknowledged that the program would be run in partnership with the Cooperative bank as the financing institution and three OEMs including GE Healthcare, Philips and Karl Storz in Kenya. He noted that due

to the diverse needs of HSMEs, the AMEF program is looking to add more banking partners and OEMS from different fields and geographical areas, including China and Brazil. He declared that the role of the OEMs and their authorized distributors would be to install the medical equipment offer warranty, maintenance services, and training on how to operate the equipment.

In addition to this, the Cooperative bank will extend loans to HSMEs to facilitate the equipment purchases. Finally, he described the role of IFC, which will range from financial management to equipment procurement based on needs assessment. Kevin noted that to benefit from the AMEF program, an individual HSME in need of equipment would approach the OEMs and agree on the best equipment for their facility



Cooperative Bank Team at the AMEF Launch

based on the target clients and their needs. The HSME would then need to approach Cooperative bank and submit their funding request, after which the bank will give the loan after an assessment of the HSMEs against their eligibility criteria. Kevin finally explained that to qualify for the AMEF program, the requesting organization must be a registered private health SME or professional setting which meets 2/3 of the requirements for an SME, including 1) less than 300 staff; 2) Total assets between 100k – 15M; 3) Revenues between 100k to 15M.



*Mrs. Angela Muga, Head of Corporate Banking,
Cooperative Bank*

Mrs. Angela Muga, the Head of Corporate Banking at Cooperative bank, expressed joy on finally getting to the AMEF launch after working towards it since 2021. She indicated that Cooperative bank, a tier-one bank, was proud to take up the AMEF program due to the growth potential for the healthcare sector in Kenya. She affirmed that being part of AMEF would be the bank's way of contributing to UHC. IFC's risk-sharing facility in the AMEF program would remove the security requirements to most loans.

Angela further conveyed that the bank's product will be in the form of asset financing or a leasing option between Ksh. 500,000 to Ksh. 200,000,000 to cover up to 90% financing for 5 years which may be extended to 7 years in unique instances.

The loans will be given at an interest rate of 10.5% and with an appraisal fee. The security for these loans will be the assets purchased and an insurance cover for the equipment from a reputable insurance company. Provided that a HSME submits all the required documents, the bank will carry out the assessment and disburse the funds within a maximum of 3 days for loans below 10 million and 14 days for loans of more than 100 million.



Faith Muigai, who serves in the IFC Advisory, coordinated a panel session with OEMs on the process of accessing equipment, after-sale services, and technical support they would offer in the AMEF program. The panelists included Dr. Muthoni Ntonjira, the Country Lead at Philips East Africa; Alex Okech, the Regional Projects Development Director at GE Healthcare and Thomas Gitonga, the Sales and Marketing Manager at Crowne Healthcare, the authorized distributor for Karl Storz in Kenya.

Faith Muigai, IFC Health Advisory

Dr. Muthoni Ntonjira, stated that Philips joined AMEF to contribute to UHC by providing high-quality healthcare equipment. She explained that Philips has previously run a financial solution dubbed 'Philips Capital' and is thrilled to join AMEF, which will broaden its financial solutions. She debunked the myth that Philips offers very highly priced equipment by explaining that their equipment is of high quality and offers longevity by serving efficiently beyond their predicted end of

life. Dr. Muthoni further emphasized that Philips will not pitch their products to HSMEs but will instead guide the facilities on the best products based on their needs. Notably, she described Philips's Diamonds Select Systems arm where HSMEs can get factory-refurbished systems fitted with new technologies at a more affordable price but at the same high quality expected of Philips products. Dr. Muthoni stated that Philips has a strong team of factory-trained engineers who offer tier-based support regarding after-sale services. She also explained that Philips has a central monitoring unit for remote monitoring and remote resolution. Finally, she said that Philips has a training program for capacity building that is carried out at the factory or at facilities with similar equipment.



Faith Muigai (IFC Advisory) and Dr. Muthoni Ntonjiri (Philips EA)



Alex Okech, GE Healthcare

Alex Okech asserted that GE Healthcare would seek to understand a company's vision and goals before advising on the most suitable equipment. He asserted that GE would offer appropriate technologies which are affordable and guaranteed to work for a long time. Alex asserted that GE would offer after-sale support throughout the use of the equipment through service contracts, which will guarantee seamless service.



Thomas Kitonga, Crowne Healthcare – The Official Karl Storz Distributors in Kenya

Crowne Healthcare is the exclusive Karl Storz distributor operating in Kenya, Uganda, Tanzania, Rwanda and, Nigeria with a robust team of over 350 employees and has 3-tier products based on the sizes of the hospitals. Thomas Gitonga indicated that while they have previously teamed up with financial institutions to offer solutions to clients, they have been hoping for better-structured financing options that would reduce their risks. They are confident the AMEF program will offer them this option. On their after-sale services, Thomas said that Crowne

Healthcare has a pool of biomedical engineers trained in factories and in different product lines who are available for preventive and corrective maintenance. He also stated that they give a back-up machine to be used in case of equipment breakdown, reducing downtime.

Faith Muigai closed the panel session by asserting that, *"It takes bold companies to take on a new program like AMEF, and for that, we thank GE, Philips, Karl Storz (represented here by Crowne Healthcare), and Co-op bank for taking on this challenge."*



Dr. Kibata Githeko, City Eye Hospital CEO

Dr. Kibata Githeko, the Founder and CEO of City Eye Hospital, talked about the private sector challenges and opportunities in procuring medical equipment based on his personal experience. Dr. Kibata explained that it took him more than a year to get financing for his hospital even with 60% of the funds when he was starting his hospital.

He stated that he had to get a foreign investor because local banks could not invest in his project. However, this foreign investment was in dollars, which meant that he lost a significant amount of the money with the exchange rates. Given this experience, Dr. Kibata expressed his confidence that the AMEF program would make it easy for HSMEs to obtain equipment financing for their facilities. He also pointed out that there is hardly any finance or accounting taught in medical school, and therefore the financial management training by IFC will be crucial for the many doctors who own and run HSMEs.



Dr. Joseph Williamson, IFC Healthcare Advisory

Dr. Joseph Williamson, who works in the IFC Healthcare Advisory, introduced the AMEF HSMEs training program on planning and procurement of medical equipment. He expressed that the primary goal of the training would be to guide HSMEs on how to order the most appropriate equipment based on their facility needs and to ensure they offer the highest quality of care at lower costs.

Leen Aghabi, an IFC Operations Analyst, gave an overview of the AMEF HSME training program on Financial Management which will aim at building the capacity of HSMEs to increase their access to medical equipment. She stated that the crux of this financial management training would be building a financial toolkit with guidelines and templates on various topics like business plans, revenue forecasts, and cash flows. The toolkit will also include information on how HSMEs can increase financial governance. Finally, Leen asserted that when the toolkit is finally rolled out, it will be given to HSMEs by Cooperative bank together with the loan application forms.



Leen Aghabi, IFC Operations Analyst



Dr. Anastasia Nyalita, KHF CEO

Dr. Anastasia Nyalita, the KHF CEO, made the closing remarks with a vote of thanks to the International Finance Corporation, Co-operative Bank, GE Healthcare, Philips Healthcare, Karl Storz, HSMEs, and all other Health Sector players from the Private and Public Sector for attending the Africa Medical Equipment Facility Launch and making it a success.

