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Overview of Kenyan  
health sector and  
business environment  
Consumer-centred research of  
Bottom of the Pyramid emerging  
markets

Rubik's  Consultancy

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Authors would like to thank Brinka Vatnsdal, Kadri Humal Ayal, Silvia Keskkitalo, Siim Esko.

The research is organised by Rubik's Consultancy LLC, financed by Enterprise Estonia, Selfdiagnostics LLC and Estonian Development Fund.



## Foreword by Niti Bhan

Given the scale of opportunities among the overlooked and underserved populations of the developing world, the billions at the Bottom of the Pyramid (or the BoP) have rightly captured global attention over the past half decade or so. However, these frontier markets of our collective emerging future promise to be among the most challenging to succeed in reaching the world's most demanding customer segment yet.

The key to success will lie in taking this vast majority as serious and discerning customers in their own right rather than to assume their economic challenges and inadequate infrastructure imply any less ambitions and aspirations for their own and their children's futures. Markets need to be created, almost from scratch, in order to reach many of these segments, but as has been noted by the Estonian team in Kenya, mobile phone technology is extremely pervasive and very affordable. The developing world is leapfrogging technology and social and economic opportunities are evolving extremely rapidly.

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The mythical fortune at the  
Bottom of the Pyramid is out  
there, for those who begin  
with understanding

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There will be as much to learn from choosing to target these extreme customers, as they emerge into the global arena wholeheartedly prepared and ready to embrace the latest innovations that technology can offer. The only caveat remains that the task will not be one to show highly visible success overnight but

requires time and investment in understanding these customers first, in the context of their daily lives and the challenges of their adverse and often uncertain environments.

The mythical fortune at the Bottom of the Pyramid is out there, for those who begin with understanding, and the Estonian team has already done well to break new ground in this area.

Niti Bhan

Emerging Markets Strategist,  
Founder and Owner at Emerging Futures  
Lab.

## The Fortune at the Bottom of the Pyramid

### The opportunity

The term „bottom of the pyramid“ (BoP, sometimes also referred as „base of the pyramid“) was more widely presented by C.K.Prahalad in his book „*The Fortune at the Bottom of the Pyramid*“ in 2004. It describes an enormous opportunity for businesses to involve almost 4 billion people globally largely excluded from the formal markets today. This group, earning US\$ 8 or less per day, comprises the “bottom of the pyramid” in terms of income levels which with an annual income of US\$ 2.3 trillion a year has shown up to 8% growth in recent years. Engaging the “next billions” at the BoP as consumers, but also as producers and entrepreneurs is therefore the key to both reducing poverty and driving broader economic growth.<sup>1</sup>

As companies have historically been rather cautious on engaging in these fast-growing consumer markets, BoP has remained excluded from most of the conventional business models, often causing the BoP consumers to rely on informal markets. By overcoming market's distinct challenges (e.g. low and fluctuating incomes, lack of information etc), companies will be rewarded with solid market share and strong customer loyalty. Business models used in BoP markets can substantially improve BoP consumers' incomes and living standard by, providing access to essential goods and services. Reducing inequality is a great



*Komarock - suburb in Kenya. Houses are being built brick by brick depending on finances. When one floor is ready, it is good enough to move in.*

example on how corporate economic benefits and social impact can be achieved simultaneously.

Approaching BoP markets is relevant as:

1. Wealthier consumer markets are saturated and therefore highly competitive. BoP continuously provides a substantial growth opportunity.
2. Development of technology and infrastructure have made it easier than ever to access information about emerging markets, therefore providing new opportunities.
3. Development aid towards United Nations Millennium Development Goals is changing its focus from direct financial aid to more intense cooperation with private sector, including channelling its resources to boost local entrepreneurship.
4. In order to stay competitive among increasing number of businesses grown out from emerging markets, Western businesses need to

<sup>1</sup> The World Economic Forum publication: „*The Next Billions: Unleashing Business Potential in Untapped Markets*“  
[http://www3.weforum.org/docs/WEF\\_FB\\_UntappedMarkets\\_Report\\_2009.pdf](http://www3.weforum.org/docs/WEF_FB_UntappedMarkets_Report_2009.pdf)

recognize BoP markets as a source of innovation.

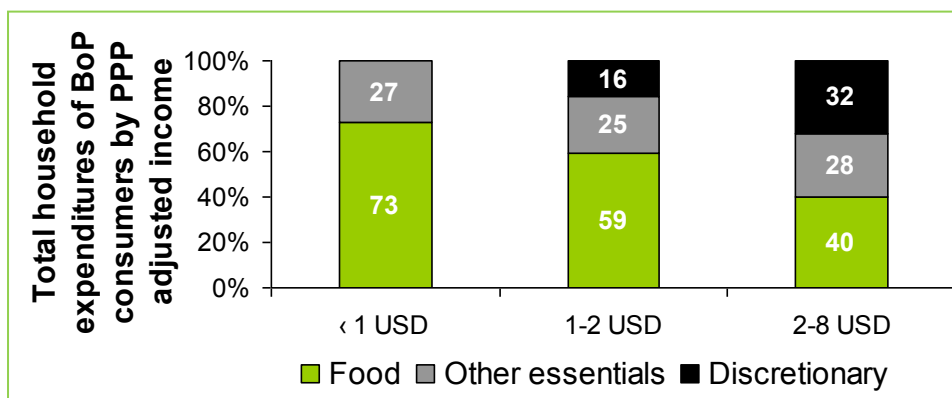


*Loan offers on the billboard of the Health Ministry.*

5. Consumer culture in Western world is not sustainable and there is a need for innovative business models. BoP markets are perfect for testing new, more sustainable approaches.<sup>2</sup>

### Understanding the BoP

Within the BoP group, income levels vary: around 1.1 billion people earn US\$ 2-8 per day (2012)<sup>3</sup> and – while still considered poor – are beginning to generate considerable income. In the mid-range, 1.6 billion people earn between US\$ 1-2 per day, spending largely on essentials. This consumer group is followed by one billion people that earn



under US\$ 1 per day placing them in extreme poverty (all figures in PPP\$). People at these income levels are found worldwide, largely in Asia, Africa and Latin America, with 60% of the BoP population concentrated in India and China.<sup>1</sup>

Although currently most of BoP people are living in rural areas (68% globally)<sup>1</sup>, urbanization process is rapidly changing the situation. Also, it is important to understand that compared to significantly aging population in developed, high-income countries, the population in BoP is rather young (i.e. In India the median age was 26.2 years in 2011<sup>4</sup>). These upcoming changes in world's demographics will set the tone to new trends in employment, demand, savings and investment behaviour throughout the world.

The first step for companies seeking to engage “the next billion” as producers and consumers is to overcome traditional stereotypes and mindsets about who they are and what they can accomplish.

Although BoP is not a homogeneous set of customers (differences based on location (urban vs. rural), age, religion, and language<sup>3</sup>)), there are several common characteristics that businesses need to understand in order to successfully enter the market:

<sup>2</sup> Estonian Development Fund. *Turud ja innovatsioon sissetulekute püramiidi põhjas*. <http://www.arengufond.ee/upload/Editor/Publikatsioonid/sissetuleku-pyramiidi-pohi-mottealgatus.pdf>

<sup>3</sup> PwC. „Profitable growth strategies for the Global Emerging Middle Learning from the ‘Next 4 Billion’ markets.” [http://www.pwc.com/en\\_GX/gx/corporate-strategy-services/assets/4-billion-report.pdf](http://www.pwc.com/en_GX/gx/corporate-strategy-services/assets/4-billion-report.pdf)

<sup>4</sup> CIA World Factbook. <https://www.cia.gov/library/publications/the-world-factbook/geos/in.html>



1. Low and fluctuating incomes, and limited access to credit or insurance, drive the BoP to be smart shoppers and risk-averse investors.
2. Domestic constraints, difficult living conditions, and high prices for products or services are among the daily challenges at the BoP.
3. BoP consumers lack information on many commercial products, and therefore rely more heavily on trusted sources or demonstrations to make buying decisions.
4. BoP consumers and workers conduct their lives with dignity and demand both respect and quality from service providers and employers.<sup>1</sup>

PwC research<sup>3</sup> reveals that successful pioneers to BoP markets all understand the trade-offs that a low-income consumer is forced to make and build their value propositions around actual needs of the customer. The target group is extremely sensitive on price, but just low cost is not the key to success in this

market – the value proposition has to address the unmet needs and aspirations. In order to overcome the market's challenges, businesses need to build alliances with government and other businesses and build trust through respected proxies and partnerships in the local community. While entering BoP markets businesses already need to have an ambition and capacity to scale up their operations which will provide maximum reach and lower the cost. Although the products will most probably lack some of the nice-to-have features common in Western world, they need to fulfil the same high standards used globally. In this sense, a business must produce more for less. 🧩



## Executive summary

This report is based on a research that was done in the spring of 2012 during which almost three weeks were spent in Kenya for fieldwork. Based on the research aims, the research resulted in the following assumptions:

### Kenyan health system

Kenyan governmental health system is still much stagnated, bureaucratic, is heavily underfinanced by the government and cannot satisfy the needs of about 40 million people. The system is strongly reliable on the Western aid organisations and it often seems that if there is anything for free, it is paid by Western NGOs.

Thus BoP consumers have very limited opportunities to use governmental health services. Despite all of that, the research also showed that slowly but steadily things are getting better – the new constitution gives a basic right for all citizens of Kenya to have access to free healthcare, the government is putting efforts into financing the system more and new social enterprises find new solutions for wide-spread problems.

As the government health system is still rather weak, the private health services are booming as more people can afford to choose a faster and seemingly better services than the government could offer.

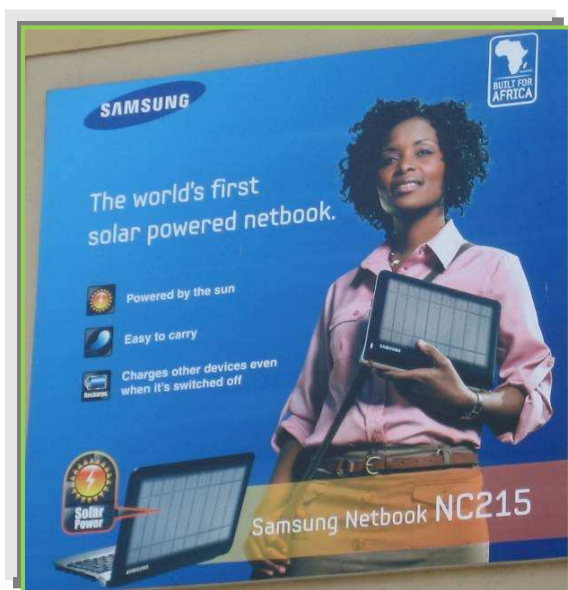
### Behavioural purchasing patterns of consumers

The BoP consumers in Kenya are obviously living in a very low income level but despite that they have better access to mainstream media, education, books and even Internet (especially through mobile devices). Those things make consumers more educated and aware of their environment thus help to make better purchasing and investments decisions.

BoP consumer is very strongly investment oriented – every spending that is made, has to be equivalent to the benefits it brings. An emotional purchase is not an option for a BoP consumer.

### Kenyan start-up and entrepreneurship environment

Together with the success of Mobile-payments, Kenya is experiencing a rapid growth of startups and entrepreneurial mindset. With the huge penetration of mobile devices, the market offers great opportunities for Internet and mobile platforms that have the potential to increase the quality of life of the BoP consumers. The new entrepreneurial environment comes with the Western mindsets and business culture that moves towards transparency and honesty in doing business. Although the government is slow to adapt with all of the innovations and the new business culture, it is forced to cope with it in order to become a successful African economy. Though it still complicated to communicate with the government and go through the bureaucracy (when registering a legal entity for example), government is doing



its first steps on adapting the environment – for example the e-government project, government grants for start-ups etc.

Even the foreign aid companies and NGOs are starting to understand that just putting money in the market is not the most efficient way to help the people but the more efficient way is to help people to help themselves and to support the social entrepreneurship.

### **Practical advice on the BoP market of Kenya**

The BoP markets are conceptually different from the middle-class or higher-income markets in the western world. It is not enough to make a brief research about the market – in order to understand it, one has to be in the environment, to talk with the people and understand how and why do they think or act like they do. The research even showed that when knowing the market, in order to start the business there, it is also important to be there yourself. Leading from distance or outsourcing everything is not an option in the BoP market. For entering BoP market,

one has to think out of box and always understand that the Western economic knowledge and education often doesn't work there.

The research also showed that it is almost crucial to set up a strategic partnership with a company or organisation that already has some experience and necessary contacts in the market. Recent trends have put great emphasis on cooperation with NGOs that already have a strong appearance and network in the local market. They are also interested of new innovations and social entrepreneurship that doesn't just solve short-term problems but offer long-term solutions. 🧩

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*"The river is made bigger by  
the small springs"*

Kikuyu proverb



## Introduction

### Research aim

The aim of the current report is to introduce BoP and an emerging economy of Kenya as a growing market of increasing importance in the world and introduce the mindsets about healthcare of the Kenyan population (including BoP consumers) to a wider audience of readers in Estonia.

The authors have partnered with a start-up company Selfdiagnostics LLC, Enterprise Estonia and Estonian Development fund and the research aims of this report were the following:

1. To understand better the behavioural purchasing patterns of consumers in healthcare and to get an overview of the healthcare system.
2. To introduce Kenyan start-up and entrepreneurship environment and its market potential and barriers to Estonian entrepreneurs. The activities got also covered in Estonian media and on one of the report authors' blog.
3. To give practical advice on the BoP markets using the example of Kenya.

Those three aims put together in this research paper form a whole for all of the interest groups to get a better understanding on the topic and the market as whole. All the three aims are also of interest to all of the partners and any of the aims does not stand separately from each other.

## Methods

Our research methods consisted of in-depth desk research before, during and after the fieldwork, interviews with different target group representatives, observations and notes from the field and the surrounding environment. The research questions were built on Osterwalder's business model canvas ([businessmodelgeneration.com](http://businessmodelgeneration.com)) structure. That enabled to understand the environment, offer a specific business model strategy how to enter the market, and suggest what might be the strengths and weaknesses of the future business or product.



*Conducting an interview in a village near Kitui.*

The preparations and desk research before the field work were held in February-March 2012. The fieldwork took place in 15-31 of March 2012. The fieldwork consisted of 4 days in rural or semi-rural areas of Kenya and 12 days in Nairobi and in its suburbs. The analysis, synthesis and design of data were concluded in April 2012.

In total, 35 people and organisations were interviewed. People interviewed by the target group were the following:

- End consumers (BoP market): 11 people
- People and organisations related to health and medical field: 16 people and organisations.
- Start-up and entrepreneurship environment: 8 people and organisations.

The target group of the end consumers (BoP consumer) was found and approached through local contacts. The interviews were conducted in English, Swahili or Kamba (in the case of the latter two, they were translated by a local person). No incentive was given to participate before the interviews (to not influence their decisions) but after the interview the participants were usually thanked with a kilo of sugar or rice (which was considered to be a valuable and respectful gift).

The interview answers were written down on the paper by the interviewers. The information was then typed in the computer the same day and the first analysis was usually done in the evening of the interview.

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*“It is he who travels  
that finds the tusk”*

Kikuyu proverb

## Selfdiagnostics OÜ

Selfdiagnostics OÜ was founded in 2008 by Marko Lehes and Indrek Tulp with the purpose of developing and marketing medical home-use quick tests. Ready for production, these tests would offer a unique competitive advantage in accuracy, speed and discreteness. The activities of the company are product development, marketing and sales in the area of medical POCT (point-of-care testing) appliances.

The mission, vision and purpose of the company have been carried forward by a global paradigm shift in the area of healthcare. Facing an increase of healthcare expenses, an ageing society and the advent of the information society, governments and individuals are looking for ways to concentrate more on personal and preventive diagnostics to avoid potentially risky and expensive consequences. Easily accessible information about health, possible dangers to it and cures have raised people's awareness, and in consequence the wish to deal with their possible health problems preventively, decisively and in time.

Selfdiagnostics OÜ sees a challenge here to develop and introduce to the market services and products to prevent health problems that are economical and innovative in the sense of the population's health, and effective in that of the economy.

### **Mission:**

We evolve and offer innovative, user-friendly and discreet solutions to prevent health problems.

### **Vision:**

To be the innovation leaders in preventive medicine solutions.

### **The main values of the enterprise:**


- To be responsible towards society
- To be customer-focused
- To be innovative and economical
- To be result-oriented
- To develop partnerships

The general purpose of Selfdiagnostics OÜ is to increase the value of the company by striving for the following long-term and short-term goals:

### **Long-term goals are:**

- To develop, produce, introduce and market medical diagnostics appliances and services that give us a competitive advantage in the diagnostics market.
- To establish the INTIME international medical technology and service brand, to increase its notoriety and to offer preventive medical products and services based on the brand.
- To create long term partnerships with companies, science institutions of the area and other organisations connected.

The company supplies products and services in the point-of-care products and services market. The company has two main areas of products and services:

- A platform technology and a quick test to identify pathogens in bodily fluids
- POCT products marketing and sales. 

## Overview of the Health Sector in Kenya

### Kenya Macroeconomic Overview

#### General

Kenya is a country in East-Africa with the Indian Ocean to its south-east it is bordered by Tanzania to the south, Uganda to the west, South Sudan to the north-west, Ethiopia to the north and Somalia to the north-east. The population of the country is nearly 43 million people<sup>5</sup>, representing variety of different ethnic groups: Kikuyu 22%, Luhya 14%, Luo 13%, Kalenjin 12%, Kamba 11%, other African 27%, non-African (Asian, European, and Arab) 1%; 22% of citizens are considered as urban population. English and Swahili are the official languages of the country, yet numerous indigenous languages are being used by different ethnic groups. Religion has an important role in Kenya: 45% of the people are Protestants, followed by Roman Catholic 33%, Muslim 10%, indigenous beliefs 10%, other 2%. Literacy is high among men 90.6% but lower among women – estimated around 80 %.<sup>5</sup> The literacy rate in Kenya is 85,1%, while the literacy rate among total African population is only 63%.<sup>6</sup>

Kenya's estimated GDP (PPP) in 2011 was \$70.573 billion, reaching \$1,725 per capita (total nominal GDP \$35.787 billion, \$875 per capita). Agriculture (23% GDP) is a major employer employing 75% of the labour force. Service industry is a major economic driver, mostly the telecommunications sector, and contributes 62 percent of GDP. 16% of the

GDP is covered by manufacturing and industry.<sup>7</sup>



#### Investment climate

According to the Global Competitiveness Report 2010-2011<sup>8</sup> published by World Economic Forum, Kenya is on a 106th place in the competitiveness index (China 27<sup>th</sup>, India 51<sup>st</sup>, South Africa 54<sup>th</sup>, Russia 63<sup>rd</sup>). The report emphasizes Kenya's innovative capacity (ranked an impressive 56th position) with high company spending on R&D and good collaboration between businesses and research institutions (see the list of R&D centres in Kenya in Appendix 1). Additionally, financial markets are said to be well developed by international standards and labour market is relatively efficient. On the other hand, there are major concerns on health, corruption and government inefficiency and security. In 2010, the World Bank Doing Business report ranked Kenya 98th out of 183 economies in the "Ease of doing business". Poor infrastructure, political risk, finding the right quality of staff, and access to adequate credit and financing were among the major constraints faced by

<sup>5</sup> CIA. The World Factbook.  
<https://www.cia.gov/library/publications/the-world-factbook/geos/ke.html>

<sup>6</sup> UNESCO Institute for Statistics Data Centre: <http://stats.uis.unesco.org>

<sup>7</sup> Wikipedia. <http://en.wikipedia.org/wiki/Kenya>

<sup>8</sup> World Economic Forum. Global Competitiveness Report 2010-2011.  
[http://www3.weforum.org/docs/WEF\\_GlobalCompetitivenessReport\\_2010-11.pdf](http://www3.weforum.org/docs/WEF_GlobalCompetitivenessReport_2010-11.pdf)



small and medium enterprises (SMEs) in 2010. The government's Economic Stimulus Programme played an important part in boosting infrastructure projects and creating credit for SMEs. Yet, low infrastructure investment threatens Kenya's long-term position as the largest East African economy. As Kenya is currently in process of administrative devolution, there is hope that devolution will shift significant resources and responsibilities to locally accountable county governments, therefore solving many of the above mentioned problems. The result of devolution is likely to determine country's prospects both for short and long-term success.<sup>9</sup>

In October 2011 Kenya's economy faced the biggest challenge – depreciating Shilling reached an all time low against the US Dollar. Higher import prices—initially for food and fuel—have sparked inflation, which in turn weakened the Shilling and put further pressure on prices. The recent developments are also undermining one of Kenya's main strengths over the last decade: the credibility and predictability of its macroeconomic policies. As a result, overall inflation is expected to reach an estimated average of 13 percent for the whole year – with Kenya's poor bearing the brunt of the cost.<sup>9</sup>

### **Economy and international trade relations**

The main exports in the first half of 2010 were tea (23.6%), horticulture (14.5%), manufactured goods (12%), raw materials (4.4%), coffee (3.9%) and oil products (2.2%). Almost half (46%) of Kenya's exports for the year up to August 2010 went to African countries. The main

destinations for exports were Uganda (12.4%), Tanzania (8.4%), Egypt (4.5%) and Sudan (4.3%). Outside Africa, Kenya mainly exported to the United Kingdom (UK) (10.7%), the Netherlands (6.9%), the United States (US) (4.5%), Pakistan (4.5%), and United Arab Emirates (UAE) (4.4%).<sup>10</sup>

Kenya imports crude oil and refines it for domestic use and for export. In the last five years, the quantity of imported petroleum products has grown from 3.5 million tonnes in 2004 to 4.7 million tonnes in 2009. With a low point of 88 700 tonnes in 2008, the export of petroleum products increased to 112 500 tonnes in 2009. Kenya's most important import partners are from Far East Asia, covering 42% of the total import share. European Union and Middle East Asia share 20.4% and 14.7% of the import bill. The current account deficit stands above 10% of the GDP caused by weak exports and high dependence on oil imports. Although labour costs in Kenya are lower than in Asia, high price of energy keeps Kenya relatively expensive for international investors, especially in manufacturing.<sup>10</sup>



<sup>9</sup> World Bank. Kenya Economic Update. December 2011, Edition no.5 "Navigating the storm, Delivering the promise".

[http://siteresources.worldbank.org/KENYAEXTN/Resources/KEU-Dec\\_2011\\_Full\\_Report.pdf](http://siteresources.worldbank.org/KENYAEXTN/Resources/KEU-Dec_2011_Full_Report.pdf)



### **Emerging economic partnerships & Investments**

The main sources of foreign direct investment (FDI) in 2010 were Australia (KES 16 billion), Israel (KES 4 billion), the UK (KES 738 million) and India (KES 434.3 million). The government focuses its investments in transport sector (KES 78.6 billion to roads and ports) and ensuring sufficient energy supply (KES 34.1 billion).<sup>10</sup>

Kenya's historical trade partners are mainly located in Europe (the UK, Germany and the Netherlands) and East Africa (Uganda and Tanzania). Pakistan and India have increased their share of trade over time. For its exports, Kenya has concentrated on the African markets with Rwanda and Egypt as key targets. For imports, Kenya has of lately increased its trade relations with the US, South Africa, Saudi Arabia, the UAE, Iran, Japan, Singapore and China. The main historical sources of investment have been the UK, Germany and India as well as other European countries such as Italy, the Netherlands and France.<sup>10</sup>

Recently, India and Kenya have intensified their trade partnerships: Indian companies have been investing in petrochemicals and chemicals, telecommunications and floriculture sectors. Recent investments by Indian firms include Bharti Airtel (telecom), Essar (telecom and refining), Tata Africa (cars, pharmaceuticals, information technologies, etc.) and Reliance (petroleum products). Kenya mainly exports vegetables, soda ash, tea, metal and leather to India and imports pharmaceuticals, machinery, steel

products, automobiles and power transmission devices.<sup>10</sup>

China considers Kenya as a gateway to Africa and is the first origin of imports before UAE and India. Chinese direct investments in Kenya also escalated. Chinese companies mainly prefer to invest in construction, tourism and manufacturing sectors therefore increasing the FDI from China to KES 530 million in 2009. These investments are often massive road construction projects, which also provide thousands of jobs for local Kenyans. Other sectors attracting Chinese investments include auto repair and maintenance, home furnishings, construction equipment and agricultural machinery. China also provides monetary and non-monetary aid to Kenya, exclusively on a project basis. It supports infrastructure, equipment and plants, academic and technical training, human relief and tariff exemption. Since 2005, China is Kenya's second biggest bilateral donor.<sup>10</sup>

Trade between the UAE and Kenya is growing very fast, but it favours the UAE. In addition to supplying the majority of the oil to Kenya, UAE has increased its popularity as a shopping destination Kenyans visit to purchase household and office electronic appliances, automobile spare parts and motor vehicles.<sup>10</sup>

Israel is actively increasing its investments to Kenya, contributing with KES 4 billion in 2010. Over a period of six years (2004-2010) Israel's investments have enabled to create around 700 local jobs. Israel's investments are mainly focused on the agricultural sector (mainly in machinery and irrigation).<sup>10</sup>

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<sup>10</sup> African Economic Outlook.

[http://www.africaneconomicoutlook.org/fileadmin/uploads/aeo/Country\\_Notes/2011/Full/Kenya.pdf](http://www.africaneconomicoutlook.org/fileadmin/uploads/aeo/Country_Notes/2011/Full/Kenya.pdf)

## Kenya Health

The Kenya Health Policy Framework, which is the main health policy for the country, has the goal to promote and improve the health status of Kenyan people by restructuring of the health sector in order to make all health services more effective, accessible and affordable. The policy was shortly followed by a second National Health Sector Strategic Plan, which

has five policy objectives:

1. increase equitable access to health services,
2. improve the quality and responsiveness of services in the sector,
3. improve the efficiency and effectiveness of service delivery,
4. enhance the regulatory capacity of Ministry of Health,
5. foster partnerships in improving health an delivering services and
6. improve the financing of the health sector.

investment decisions for the years 2008–2012 for strengthening the capacity of the two ministries to deliver public health, sanitation and medical services in line with Vision 2030.<sup>11</sup>

Health expenditures in Kenya reached



*Health science students from the University of Nairobi demanding for better salaries and fixed jobs for doctors.*

12.2% of GDP in 2009 and the yearly health expenditures are 27 US\$ per capita. World Health Organization has valued the health spending to 35.9% of the budget of the household.<sup>12</sup>

Key health indicators suggest stagnation or even decline in the health status of Kenyans. The reason behind such trend is an inadequate response towards managing both existing and new conditions. The health impact indicators also suggest wide disparities in health across the country, closely linked to underlying socio-economic, gender and geographical disparities. Main health challenges in the country include HIV/AIDS, malaria and tuberculosis. Also the degree of risk for infectious diseases is

<sup>11</sup> Access to Essential Medicines in Kenya.  
<http://apps.who.int/medicinedocs/documents/s18695en/s18695en.pdf>

<sup>12</sup> CIA. The World Factbook.  
<https://www.cia.gov/library/publications/the-world-factbook/geos/ke.html>



Ministerial strategic plans for the Ministry of Public Health and Sanitation and Ministry of Medical Services outline the

continuously high. Most common are: food or waterborne diseases - bacterial and protozoal diarrhea, hepatitis and typhoid fever; vector borne diseases - malaria and Rift Valley fever; water contact disease – schistosomiasis; animal contact disease – rabies. An estimated 1.5 million adults are living with HIV/AIDS, which kills around 80 000 people yearly.<sup>13</sup> General healthy life expectancy at birth for men is 54 years, for women 59 years.<sup>10</sup>

Despite the progress achieved towards combating HIV/AIDS and malaria (Millennium Development Goal 6), these diseases remain major issues for Kenya. Among persons aged 15-64 in 2008 the overall prevalence of HIV was estimated to stand at 7.4% (8.7% among women, 5.6% among men). Malaria has remained one the most common and severe reason for morbidity and mortality (20% of all admissions to health facilities in Kenya) causing estimated 20% of all deaths in children under the age of 5 in 2010.<sup>12</sup>

Although Kenya has made huge progress towards reducing child mortality (Millennium Development Goal 4), the goal will most probably stay impassable by 2015. Infant mortality has been significantly reduced – from 77 per 1 000 live births in 2003 to 52 per 1 000 in 2009 – and immunization coverage increased to 77% in 2008/09 from 57% in 2003. When it comes to improving maternal health (Millennium Development Goal 5), Kenya's maternal mortality rates actually worsened between 2003 and 2008/09, reaching 488 per 100 000 in 2008/09.<sup>12</sup>

Although health care provision in Kenya is a central theme in the government's social sector expenditure, the provision of health

care and services remain generally suboptimal. It is currently estimated that 50% of health facilities lack electrical power, water and sanitation services. The doctor-patient ratio is 17 per 1 000 while the nurse-patient ratio is 120 per 1 000. Kenya health and demographic survey (KHDS), released in 2009, indicated that the total fertility rate for Kenyan women aged between 15 and 49 declined from 8.1 in 1975 to 4.6 in 2008. In its 2010/11 budget, the government planned to allocate KES 1 billion for the recruitment of 15 additional nurses and 5 public health technicians in each constituency.<sup>12</sup>



*Herbal medicines stand in Naivasha bus station, Rift Valley Province*

## Kenya Healthcare System

Kenya's healthcare system faces similar problems as other African countries with bottlenecks lying in not enough medical staff, lack of investments in facilities and the difficulties setting up private facilities,

<sup>13</sup> African Economic Outlook  
[http://www.africaneconomicoutlook.org/fileadmin/uploads/aeo/Country\\_Notes/2011/Full/Kenya.pdf](http://www.africaneconomicoutlook.org/fileadmin/uploads/aeo/Country_Notes/2011/Full/Kenya.pdf)



where the government does not reach. An IFC / McKinsey report has estimated that in the next decade the Sub-Saharan Africa needs \$25-30 billion in health care assets, out of which \$11-20 billion would be done by private investors<sup>14</sup>. Roughly half of the investments are estimated to be going to support activities, such as distribution and retail, medical and pharmaceutical product manufacturing, risk pooling and medical education.

### Levels of Kenyan healthcare system

There are 6 levels of healthcare facilities in Kenya: dispensaries (3996), health centres (912), sub-district hospitals (127), district hospitals (129), provincial hospitals (9) and national referral hospitals (3)<sup>15</sup>. The cases are referred to a next level facility if they

Dispensaries treat outpatients' basic pain and wounds, cold and uncomplicated malaria cases. They are run by registered nurses who are supervised by nursing officer of the respective health centres. Health centres serve population of 80 000 people, employ tens of staff and are run by clinical officers. These take deliveries, admit inpatients, are equipped with laboratories and minor operation theatres. Sub-district hospitals have more surgery procedures available than the health centres. The three top levels provide a wider range of medical, consultation and surgery services and are classified by the available equipment.

Vision 2030 by Kenyan government and its goal to have an "equitable and affordable healthcare at the highest achievable standards" have also called upon the national e-Health Strategy. The strategy focuses on developing health information systems, especially: patient centric information; supply chain information management; financial information (incl. insurance and payments); health workforce management and training; and regulation. The pilot program is to be started in three level 4 and two level 5 hospitals.

### Private contribution

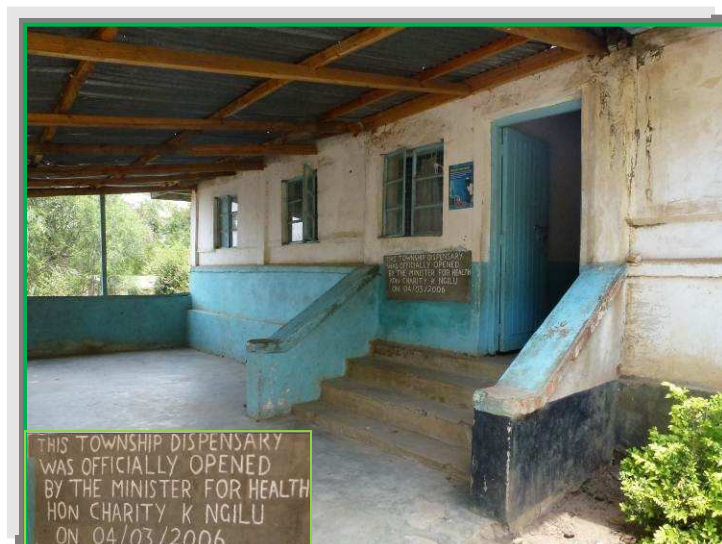
According to a World Bank 2010 report, Kenya's private health sector is one of the most developed and dynamic in Sub-Saharan Africa<sup>16</sup>. The large number of private health facilities makes them important not only for the rich – in 2005, 47% of the poorest quintile of Kenyans used private facility when a child is sick<sup>17</sup>. The main challenges in the private sector by the report were: too many suppliers

<sup>16</sup> Private Health Sector Assessment in Kenya. World Bank Working Paper no. 193. World Bank, 2010.

<sup>17</sup> Marek, T. et al., 2005.  
<http://www.hrhresourcecenter.org/node/1550>

<sup>14</sup> The Business of Health in Africa. International Finance Corporation, 2006.

<sup>15</sup> <http://www.ehealth.or.ke/facilities/default.aspx>



*Kitui dispensary*

cannot be treated in the point of first referral. These are complemented with private hospitals and nursing homes that are often run by churches. In 2006, there were 2217 health institutions run by the private sector, 792 by the non-profits, 2120 by the public according to the Ministry of Health.

(that drives down the price and the quality), the limited capacity of the government to monitor substandard and counterfeit drugs, and the separate public, private and non-profit supply chains that duplicate the health relief efforts.

National Hospital Insurance Fund (NIHF) offers all salaried employees an opportunity to cover medical expenses for a 160 to 320 KES/month (€1.60 to €3.20). The costs are subsequently covered in the amount of 400 to 2000 KES/day (€4 to €20), depending on the hospital status and position of the employee. In addition to NIHF, there are also private insurers but they cover just 2% of Kenyan population<sup>18</sup>, usually the top-earners or through insurance paid by the employer.

### Legal and illegal market size

All the medical facilities as well as supplies must be approved by Kenya Medical Supplies Agency (KEMSA) Pharmacy and Poisons Board (PPB) before introducing in the market. The PPB lacks resources to act fully in line with their mandate – for example, a 2005 survey of a random sample of 116 anti-malarial drugs found that 30 percent of them were counterfeit<sup>19</sup>. Kenyan Association of Pharmaceutical Industries estimated the market size for counterfeit medicines then to be \$130 million<sup>20</sup>. The size of legal pharmaceutical products in Kenya in 2006 was estimated to be \$160 million (\$13 million of local production), the East African Community and Economic Community of Central African States

regional market size combined was \$597 million (\$76 million of local production)<sup>21</sup>.



*“A sore is a really bad thing,  
still it means luck to the  
doctor”*

*Kikuyu proverb*



*Medical clinic in Naivasha, Rift Valley Province*

<sup>18</sup> Private Health Sector Assessment in Kenya. World Bank Working Paper no. 193. World Bank, 2010.

<sup>19</sup> Amin, A.A., R.W. Snow & G.O. Kokwaro. The quality of sulphadoxine-pyrimethamine and amodiaquine products in Kenyan retail sector. Journal of Clinical Pharmacy and Therapeutics, 30, 559–565.

<sup>20</sup>

<http://www.who.int/medicines/services/counterfeit/impact/TheNewEstimatesCounterfeit.pdf>

<sup>21</sup> The Business of Health in Africa. International Finance Corporation, 2006.



## Innovation and Marketing in Kenya

### Kenya as Mobile Success Story

The technology innovation in Kenya has clustered mainly around mobile services. Most people access any websites through mobile phone and the mobile money transfer services also started in Kenya.

#### Fast growth in the spread of technology

Mobile usage in Kenya started increasing rapidly during 2005-2007, when it increased from 7.77% penetration to 33.65% in just three years<sup>22</sup>. By September 2011, it had increased to 67.2%<sup>23</sup>. There is no official data but about 10% of the phones are smartphones. The increase has been supported by cheaper tariffs and mobile phones but also by popular services, such as money transfer service m-Pesa<sup>24</sup> (which started in 2008). In September 2011, there were 18.4 million mobile money transfer subscriptions (45% of Kenyan population) and total deposits of 56.7 billion KES (€567 million). The total number of internet users in September 2011 was estimated at 14.3 million and 99.1% of the total internet subscriptions were mobile data / internet subscriptions.

The mobile developers got a huge boost in 2007. One year before the Let's Do It campaign helped Estonians map the garbage nationwide; Ushahidi application let Kenyans map post-election violence incidents. The group of enthusiasts

continued meeting and another workgroups were established:

- iHub ([www.ihub.co.ke](http://www.ihub.co.ke)), which allows 7000 Kenyan techies exchange their ideas and work and which gives workspace for 50 start-ups and 250 people;
- m-Lab ([www.mlab.co.ke](http://www.mlab.co.ke)), an incubator for mobile businesses, which is one of five worldwide set up in partnership with mobile giants Nokia and Samsung, both of who also have their research labs in Nairobi.

#### High penetration of mobiles helps reaching BoP

With high mobile penetration and literacy rate (popular mobile applications are very efficient way to reach the Bottom of the Pyramid consumers with services from different fields. For example, MedAfrica allows the users to find info about the nearest relevant clinics based on signs and symptoms, M-Farm on the other hand helps farmers collect the information about market prices of products and buy



and sell them. Their data is also quoted daily in the TV.

The benefits of mobile services also spill over to other unlikely fields. For instance, the spread of m-Pesa and other money transfer services boost the national ID card applications, as it is required at the registration. The government has talked

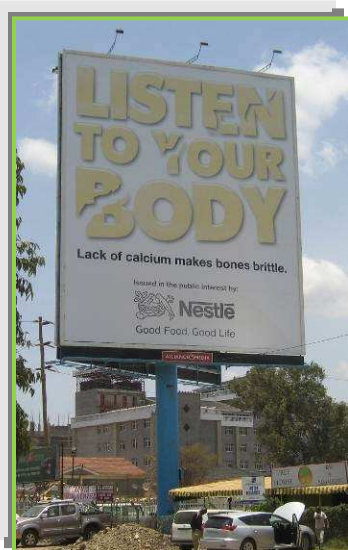
<sup>22</sup> Communication Statistics Report 2008. Communications Commission of Kenya.

<sup>23</sup> Quarterly Sector Statistics Report July-Sept 2011. Communications Commission of Kenya.

<sup>24</sup> <http://www.safaricom.co.ke/index.php?id=250>

about a one-card-for-all ID card with a chip, which in a developing nation with many remote areas would help the government keep in track of the population, collect data more easily and to offer better and more electronic services, but that has so far been delayed<sup>25</sup>. The extent of use of the mobile services gives much hope for the ID-card project if it was to be implemented. The pro-technology vision of the government and mindset of the people has also been the main reason for the mobile sector multinationals to establish research centres in Nairobi. They see Kenya as the test platform for new services and technologies that would later be replicated elsewhere in Africa.

### Marketing communication



Kenya in one hand is a typical developing country with many social and humanitarian problems but on the other hand it is a country that is strongly integrated to western communication and worldviews.

It is typical to see many social commercials with the

focus on protecting your family, striving for clean and safe living environment. Some messages from the mainstream media to illustrate that: “Healthy hands”, “protecting your family”, “100% more protection”, “antiseptic” etc.

On the same time one could see lot of overall environment related communication like “go green”, “protect

our environment”, “for a clean and green town” etc. So when lot of people struggle to survive, there is still a need for protecting and saving the environment. A clear sign of successful communication on environment is that people tend to blame the global warming on the climate issues that occur (for example the rain season was postponed this year and people we interviewed mentioned it automatically to be the fault of global warming).

As Kenya is a rapidly developing market, lot of businesses and companies find themselves in a new, unpopulated market and thus by bringing in their product, they also have to start educating people on how to use the product or why to use it. Therefore there are several mainstream commercials that look more like how-to videos than a typical commercial (for example how to get clean water, how to keep your family protected from germs, diseases, mosquitoes etc.).

The most popular media channel in Kenya is radio (reach of over 94% of the population<sup>26</sup>). One can notice people listening radio in almost everywhere. Local music artists are popular and companies have taken advantage of that – for



*Samsung promotion campaign*

<sup>25</sup> <http://www.iq4news.com/osombah-sw/kenya-delay-is-suance-national-identity-cards>

<sup>26</sup> Steadman and Associates.

example Samsung has been touring around regional towns with music bands playing on the back of a truck and giving out phones as prizes or having huge billboards surrounding them. One local we talked to said that Kenyan music was struggling to survive until big corporations found that it is a great way to interact with people.

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To see the list of the most popular TV, radio stations and newspapers see Appendix 2

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## Swahili Singapore

Kenya is the most developed nation and the biggest economy in East African Community (Kenya, Uganda, Tanzania, Rwanda, Burundi) common trade area. The 132 million people living in the area also share a common trade language – Swahili. The region's two most important ports are Mombasa in Kenya and Dar-es-Salaam in Tanzania, but since the road and rail network in Tanzania are inadequate, Mombasa-Nairobi-Kampala route also serves majority of Uganda, Rwanda, Burundi, South Sudan and North-Eastern Democratic Republic of Congo freight. In 2005, Mombasa port served 68% of the 19.6 million metric tons of cargo that passed through the region's ports<sup>27</sup>. In the recent years the port has had some setbacks as the port has been associated with inefficiencies and the increase in shipping times has had its impact especially for the importers of raw materials or final goods.

## The upcoming years

The position of the regional hub of a high-growth region is supported by the young entrepreneurial population (73% of the population are younger than 30 years, owning a business is a desired career for many of them), and the focus on English language over Swahili and regional languages.

With its proximity to a major oil transit route through Gulf of Aden, there are similarities with Singapore (being the international transit and translation hub for Chinese and Malay population), especially if the situation in Somalia would improve. The increasing costs of production in China and South-Eastern Asia have already driven some textile companies to move their factories to Africa, where the labour is still cheaper and in abundance.

After the post-election violence in 2008, the elections for the new constitution for more decentralization in 2010 went peacefully and transparently, but the upcoming elections in March 2013 will be important litmus for political stability. In the meantime, the current government is continuing with big infrastructure projects, including Lamu-South Sudan-Ethiopia (LAPSSET) pipeline, highway and railroad project to Ethiopia and South Sudan that should increase the regional importance of Kenya further. The very recent oil discovery in northern region of Turkana (announced in March 26<sup>th</sup> 2012) could make Kenya less dependent on foreign energy as well as to improve the country's revenues. 🎲

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<sup>27</sup> Improving transit transport in East Africa: Challenges and opportunities, United Nations Conference on Trade and Development, 2007.  
[www.unctad.org/en/docs/ldc20072\\_en.pdf](http://www.unctad.org/en/docs/ldc20072_en.pdf)

## Observations and Insights

### Insights about the Street Environment

#### Income inequality

The income inequality in Kenya is big (2008 Gini coefficient 42.5, which is similar to Russia), both within bigger cities and between urban and rural areas. Income inequality is visible in the street environments in many traits: what one does in the streets, the clothing one wears, as well as the differences in housing.

The urban houses are usually built from stone or clay bricks or concrete, the rural areas have 1-2 floor brick or concrete houses, 1-floor mud houses or thatched huts. The “brick-by-brick” or “floor-by-floor” construction is common in the urban areas, indicating the lack of housing credit offered by banks or lack of access to it by many people<sup>28</sup>. The construction sector is flourishing, there are many new apartment and office blocks built in the city and new roads and highway junctions being built within and outside the cities.

The sidewalks are dominated by small businesses offering from metalwork to furniture (the street often works as a display salon), many of those businesses accept payments in mobile money (m-Pesa, Airtel Money, Orange Money, etc.). It is common to see people making extra or living by selling small products (soft drinks, sunglasses, plastic toys, detergents) to the passing people and cars or even in public transport. Those products are bought from street

businesses and many sellers have invested considerable working capital in it. Therefore the end consumer might not buy many products from the closest street store but from middlemen who have purchased it for resale.



*Roadside houses are often painted in the colours and brands of consumer goods*

#### Outdoor marketing

The marketing channels for a Bottom of the Pyramid consumer in remote areas that cannot access TV or internet cannot rely on channels that are used by foreign companies in their home markets. One of the most visible advertising is painting houses, restaurants and small stores in the colours and the logo of the product in exchange for free paints and extra fee. The strategy will make the logo visible for extended periods but it could be rather costly to have a wide reach. Therefore it is used by companies with substantial marketing budgets – mobile networks and producers, beverages (Coca-Cola, breweries), Procter & Gamble, construction materials. Even election advertisements use wall spaces, though not by artistic hand but rough graffiti texts. For start-up companies this method is not feasible and needs more targeted activities. The wall marketing is also used for informational purposes, many stores and institutions – including in healthcare and herbal medicines – have displayed a painted list of products and services they offer.

<sup>28</sup> Banerjee, A.B., Duflo, E. (2011). Poor Economics: A Radical Rethinking of the Way to Fight Global Poverty. PublicAffairs: New York, p. 183.



The advertising takes place also in the public transport – buses and minivans (*matatus*). The interiors of the *matatus* are often covered with stickers advertising local services while the otherwise standard exteriors are sometimes decorated by foreign companies taken



*Sales person in matatu*

from the shirt sponsors of the biggest football clubs (that are praised by the owner or the river). Football is a great tool for marketing for companies as well as countries (we were asked once what football club is the nearest to Estonia) – the Emirates (sponsor of Arsenal) or AON (sponsor of Manchester United) get a lot of secondary advertising in Kenya and other African countries. The sponsoring through international football is well understood by South African mobile operator MTN (present in 16 African countries) that has signed exclusive sponsoring deals for African broadcasts of top European leagues<sup>29</sup>.

*“If you are good you are known”*

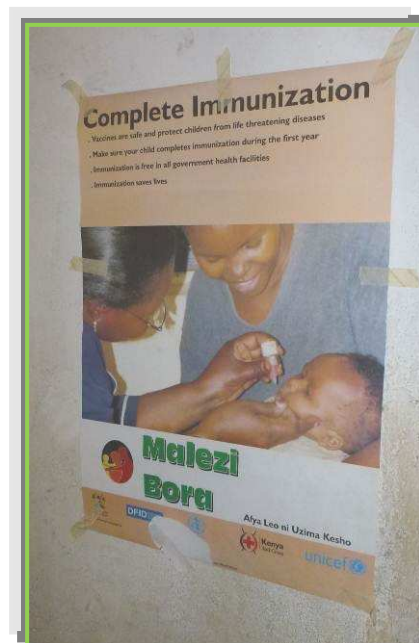
*Kikuyu proverb*

<sup>29</sup> <http://www.football-marketing.com/2010/08/20/mtn-scores-again-for-football-fans-in-africa/>

### Insights about Medicines Supply

The pharmaceutical products reach end consumer usually by a sale to the end consumer at the local chemist or by a hospital recommendation after a diagnosis. In the first case, the costumer has to pay the full price of the product (with prices varying greatly between the chemists), in the latter case the drugs are often given for free, especially in the case of national priority diseases (HIV/AIDS, tuberculosis, malaria). In rural areas, the pharmaceuticals are sometimes sold together with animal products under Agrovet signs, although our interview with one such entrepreneur revealed that there are laws regulating it on floor space and the cleanliness, so it is not as common as the signs suggest. The chemists in towns and cities are often equipped with laboratory equipment to perform diagnostic tests for various diseases.

The private chemists get their supplies through distributor networks (there are many and they drive down the prices as well as the quality), the government system health institutions get their supplies through government tenders. The government tenders guarantee the suppliers big orders but corruption can be a problem as well as the delayed payments for the stock. Many interviews with people confirmed the availability to be a problem in government clinics, in which case they need to turn to chemists to get the prescribed drugs. Despite the widespread talk about tight check on drugs' expiry dates, we noted





expired drugs in one institution we visited. There are also problems with more specialized equipment but there the supply problem is combined with the limited funds available.

The information booklets within the medicine packages are often given in English language only, so the patients lacking the command of English have to rely only on the information given by the clinic staff or the chemist. The dispensaries in small towns and rural areas have general information posters (how to eat healthy, keep cleanliness) in Swahili and regional languages that do not appear even in the street environment. The literacy level in Kenya is high, so if a patient has a question, it is likely that s/he could get scientifically proven health advice by a fellow community member.

## Mindsets about health

The interviews confirmed that despite the health services are expensive, health is perceived as a very important priority in a Kenyan family. If there is something wrong with the health of any of the family members – an action is taken, but there are different opportunities (in the order of the seriousness of specific situations):

### Handling within the family

Perhaps surprisingly, the people in Kenya are very well aware of the main illnesses (flu, cold, malaria etc.), their symptoms and the reasons for illnesses. These illnesses are handled at and being cured

using what people have (incl. herbal medicines). In a typical Kenyan family, the mother makes decisions on health and father makes decisions on money and family budget. In case of an expensive treatment when money and health issues coincide, the health decisions are up to the father. In case of a lack of money, the herbal medicines could also be turned to but this knowledge is disappearing – the younger generation can ask their grandparents but do not know what to use when they are alone.

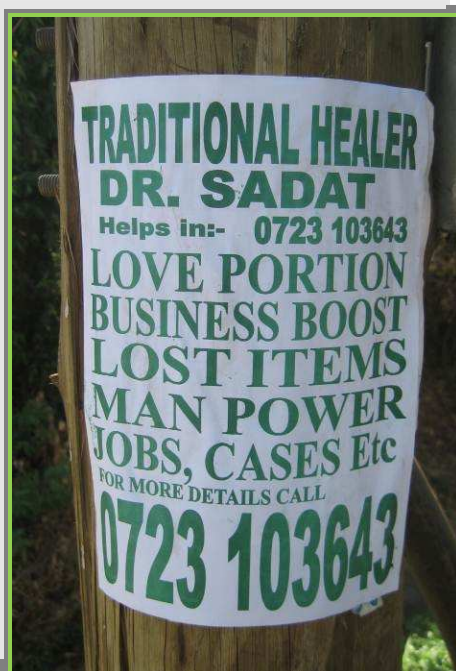
### First step of external help

If people need some external help or medicines, the common first step is to visit the pharmacist. Pharmacists are important because people trust them but they do not ask money for counselling – people can go to see the pharmacist just to ask for advice. For BoP consumers it is helpful that the drug can be bought in very small amounts – if people have money for only one pill; they only buy one pill even if it is not enough to cure the illness.

### Alternative medicine doctors

Although people publicly do not admit visiting alternative medicine doctors it is clear that it is widely used in Kenya. It is a big business and there are very different

types of alternative medicine doctors: herbal doctors (people curing with herbals and nature products), spiritual doctors (often like psychologists where you can discuss all kinds of problems from career, health to love) and *quacks*, who have often failed to become doctors (not graduated their studies, etc.) but still might use very modern methods to cure people.



In lot of cases those three types of alternative doctors are mixed in one and cannot be categorized as clearly – they also have different names in different regions. People prefer the alternative doctors as it is often cheaper than the official healthcare. The local alternative doctors are also very personal – they know their clients and their families personally, they understand their language and culture. It is clear that alternative doctors have an important role in Kenyan health system but it is almost impossible to measure their true scale and effects.

### Doctors and national health institutions

In 2010, Kenya got a new constitution<sup>30</sup> that states that every Kenyan citizen has the right to access the health care. Of course, in reality it takes time to be realized fully and it is still expensive for regular people to get the needed help. The doctors and national health institutions are chosen in case of bigger and more serious health issues. Those who do not have the money for private hospitals often have to wait for months to get to a doctor in national hospitals and even there the services are not necessarily free.

### Budget constraints

It is unusual for lower income Kenyans to save money for future (health) expenditures. In case of unexpected health costs it is common turn to the family and friends to organise a fundraiser and to get help. The family and community centred approach also works in saving for bigger purchases – there are savings clubs, where the members make payments and get paid in bulk on rotational bases. This helps people save, where banks are

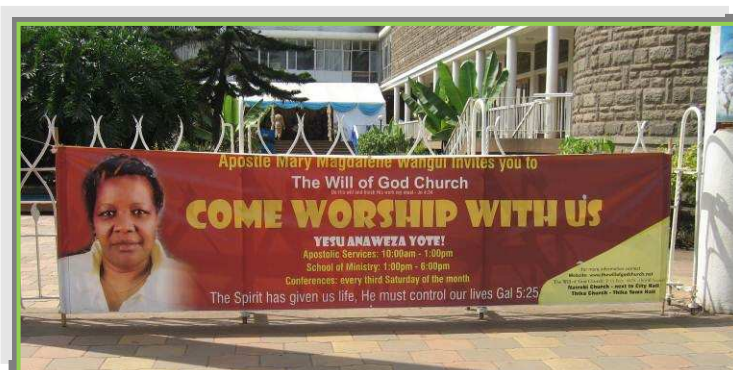
not available and the income unstable.

The high health expenses and lack of official health testing does not encourage forward-looking activities in healthcare – the interviewed people commonly admitted they almost never go to official health checks in the hospital or to a doctor. Some exceptions are when there are free eye-checks and HIV tests in the community or when children have health checks in schools. However, there is no regularity in these participations as they are organised by NGOs or within big campaigns.

### Insights on people and mindsets

Kenyan people are open minded, proud of their country, future oriented and fairly religious people.

The researchers visited locals in different circumstances that are rarely visited by foreigners but the local people were very friendly, helpful and interested to show around and to tell about their beliefs and lives. Even though a white person is associated with bringing money in many urban areas because of the impact of many years of international aid money, in rural areas, where people have less experience with foreigners, the guest are treated with curiosity and open-mindedness.



<sup>30</sup> The Constitution of Kenya, 2010.

Religion is one of the factors forming Kenyan mindsets and affecting people's daily schedules. If a person has only one day a week off the work, and has to do housework that day, s/he can see the church service on one of the biggest private TV channels (Citizen TV) screens Sunday church service for half of the whole day. The Sunday church ceremony in Kenya is modern and with pop bands (or local bands in case of local churches) coming to play. The length of the ceremony and availability of both official languages makes it possible for anyone to choose the part they like to see. The Muslim and Christian communities in Kenya coexist peacefully and changing ones religion is common.

Kenyan people are very participating and self-conscious about their country and politics. People are aware of the political environment – both the successes and failures of the current politics and are quite patriotic and hopeful of the country and its future. Many understand their position of being the leading country in East-African region and the young and successful are proud of their innovation stories (M-Pesa). Clear parallels could be made with Estonian people self-esteem and self-positioning in the world.

The English language is widespread in Kenya not only because of the colonial background but as a local and international trade language. The approach of focusing on just two main languages instead of strengthening the regional languages is supported by the government that wants Kenya to become a successful country in global scale. 🧩

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*“The good millet is known at  
the harvest time”*

Kikuyu proverb

**HumanIPO** – an incubator for Internet and mobile start-ups.

## Recommendations for company interested in Kenyan BoP

When planning to enter Kenyan BoP market it is necessary to define your exact first target group - is the plan to enter Kenya only or the wider African market or even BoP market in different regions of the world? It is also important to ask yourself why exactly this market. It might not be the BoP market that you want to reach but the lower middle class, for example. Kenya is a good place to start when planning to enter the East African market as Kenya is the leading economy in this region.

If the company is interested of the BoP market it is crucial to get to know the end consumer before entering the market. The BoP consumer might have very specific needs and expectations toward the product and the price might not be the only argument. The consumer can also have high expectations towards the product and companies cannot make discounts on the quality.

To enter the market of BoP or Kenya, it is very important to have a local contact. Many companies have made a successful strategic partnership with local or international NGOs that have been in the region for some time and have the knowledge as well as contacts in very different spheres of the economy.

Kenya has a strong and vastly growing community of start-ups. For a technology start-up it is great idea to first contact some local hubs. Some of the biggest are:

**i-Hub** – a community for techies, mobile and Internet start-ups.

**m-Lab** – a community for mobile start-ups.


For registering a legal entity in Kenya and obtain the necessary work permits, the company has to have 100 000 dollars on a Kenyan bank account and it takes about 8 months to register it. It is highly recommended to use a local lawyer who knows the procedure and can fasten the process. It is stated though that the government is doing improvements to make the process easier and faster.

Kenyan government now also offers grants for ICT start-ups and SMEs: <http://goo.gl/RYQky>

The internationals doing business in Kenya state that it is very difficult to lead the business in Kenya without being in the country. The work does not tend to move very effectively when not being present and outsourcing often doesn't work as expected.



Logistics and infrastructure in Kenya is quite good and effective. Still, if one wants to deliver the products to the rural areas, it is recommended to learn how other companies have done it and find the way that suits best for your company. Many companies have found that the best way to deliver the product to faraway areas is

to cultivate entrepreneurial mind-set and by letting the local people spread the product (*Coca-Cola* model). In that way, even the middle-men can increase their quality of life. The direct marketing schemes (the *Tupperware* model) have also proven to be quite successful for some companies. 

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For a step-by-step guide on  
how to establish a company  
and how much does it cost, see  
the following link:  
<http://goo.gl/ysFcr>

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## Appendix 1 – Relevant R&D centres and related organizations in Kenya<sup>31</sup>

|                                                           |                                                                             |
|-----------------------------------------------------------|-----------------------------------------------------------------------------|
| African Academy of Sciences <sup>2</sup>                  | <a href="http://www.aasciences.org">http://www.aasciences.org</a>           |
| African Medical Research Foundation <sup>2</sup>          | <a href="http://www.amref.org/">http://www.amref.org/</a>                   |
| African Population and Health Research Center             | <a href="http://www.aphrc.org/">http://www.aphrc.org/</a>                   |
| Kenya Medical Research Institute <sup>2</sup>             | <a href="http://www.kemri.org/">http://www.kemri.org/</a>                   |
| US Army Medical Research Unit Kenya <sup>2</sup>          | <a href="http://www.usamrukenya.org/">http://www.usamrukenya.org/</a>       |
| Wellcome Trust Research Laboratories Nairobi <sup>2</sup> | <a href="http://www.kemri-wellcome.org/">http://www.kemri-wellcome.org/</a> |

## Appendix 2 – Most popular TV, radio stations and newspapers in Kenya

| TV <sup>32</sup>                     | Radio <sup>33</sup>             | Newspapers <sup>8</sup> |
|--------------------------------------|---------------------------------|-------------------------|
| KBC (Kenya Broadcasting Corporation) | KBC                             | The Daily Nation        |
| KTN (Kenya Television Network)       | Citizen FM                      | the Standard            |
| NTV (Nation TV Channel 42)           | Kiss FM (pop)                   | the East African        |
| Family TV                            | Classic FM (classics)           | Business Daily          |
| Citizen TV (Royal Media)             | Capital FM (rock and pop)       | Kenya Times             |
| Sayare TV                            | Easy FM (R&B)                   | Coastweek               |
|                                      | Metro FM(Reggae)                | Nairobi Star            |
|                                      | X FM(Rock)                      |                         |
|                                      | Homeboyz Radio(Hip hop and R&B) |                         |

*Items are in the order of their estimated popularity started from the top*

<sup>31</sup> [http://research.webometrics.info/r\\_d\\_by\\_country.asp?country=ke](http://research.webometrics.info/r_d_by_country.asp?country=ke)

<sup>32</sup> <http://www.bumblehood.com/artide/uW3oS-B7S-eOvz7SuWF0Ag>

<sup>33</sup> [http://en.wikipedia.org/wiki/Media\\_of\\_Kenya](http://en.wikipedia.org/wiki/Media_of_Kenya)

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