



HOME GROWN SOLUTIONS ACCELERATOR: Learnings from 3 years of healthcare venture acceleration

March 2024



Foreword

The healthcare landscape is perpetually evolving, characterized by challenges that call for innovative solutions. These solutions are not just about responding to immediate needs; they are about ensuring the resilience and sustainability of our health systems to withstand outbreaks, disasters, or other unforeseen challenges. It is within this context that the African Union Development Agency (AUDA-NEPAD) has committed itself to transforming the health sector through homegrown solutions and extensive investments, aligning with the aspirations of Agenda 2063. This ambitious agenda seeks to empower African citizens, among others, making them more productive by fostering a health sector that is robust, innovative, and accessible to all.

The Second Ten-Year Implementation Plan of Agenda 2063 sets forth eight critical targets that we aim to achieve within this decade of accelerated actions. These targets range from increasing access to quality primary healthcare services, reducing mortality rates across various demographics, and combating communicable diseases to ensuring comprehensive antiretroviral coverage for those living with HIV. These goals underscore the importance of health in achieving the broader vision of a prosperous Africa based on inclusive growth and sustainable development.

To realize these targets, we must galvanize support from all stakeholders to bridge funding gaps and promote uniquely African solutions. The essence of homegrown solutions lies in their capacity to tackle local challenges through innovative, culturally sensitive, and sustainable means. By leveraging local expertise, resources, and technology, we can develop healthcare interventions that not only meet the immediate needs of our communities but also pave the way for long-lasting health improvements and economic empowerment.

Over the past three years, the Home-Grown Solutions Accelerator has been a testament to what can be achieved when innovation meets determination. We have supported our HGS companies to go on to raise \$70.9 million and have impacted over 5.9 million patients across more than 30 countries. These figures are a clear indication of our collective ambition to build resilient healthcare systems that can endure and thrive despite the challenges.

This report is a comprehensive account of the lessons learned and the strides made in accelerating healthcare innovation across the continent. From pioneering business models and achieving operational excellence to navigating investment landscapes and fostering an enabling regulatory environment, the insights contained herein are invaluable. They reflect our unwavering commitment to fostering growth, innovation, and resilience within Africa's healthcare sector.

However, our journey is far from over. We continue to face significant challenges, including ensuring healthcare accessibility and affordability, overcoming market expansion complexities, addressing the saturation in the healthcare market, navigating funding disparities, and dealing with regulatory hurdles. These challenges demand our attention, collective action, and innovative thinking.

As we look to the future, our resolve remains firm. We are committed to pushing the boundaries of what is possible in healthcare, breaking down barriers, and setting new standards of excellence. This report is not just a reflection on our past achievements but a roadmap for the journey ahead—a journey marked by collaboration, innovation, and a shared vision for a healthier Africa.

I want to express my profound gratitude to the healthcare companies at the forefront of this transformation. Your resilience, innovation, and commitment to advancing healthcare are the foundation upon which our success is built. To our partners at the Japan International Cooperation Agency (JICA), Boston Consulting Group (BCG), and Villgro Africa, your support has been instrumental in our journey towards achieving excellence in healthcare.

Together, let us continue to innovate, inspire, and impact lives as we strive towards a future where every African has access to quality healthcare.

Ms. Nardos Bekele-Thomas
CEO, AUDA-NEPAD

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Introduction

There is an imperative to support healthcare ventures in Africa as a measure to strengthen pandemic resilience:

The attainment of development goals in Africa is not merely a continental imperative but a global necessity. A thriving Africa contributes to a more equitable global economy, fostering trade, innovation, and partnerships. Moreover, addressing challenges such as poverty, education, and healthcare in Africa is integral to achieving a more resilient continent. It is also important to acknowledge that the attainment of Africa's development goals is a collective role of multiple stakeholder players such as governments regional economic communities, international development partners, policy makers and the private sector.

The private sector is important now more than ever before, given their role as the engine of economic growth and development, contributing to approximately 90% of employment and 70% of GDP in Africa.¹ This is primarily due to the limited capacity of governments driven by limited fiscal space, and exacerbated by the high debt burden shouldered by African governments.

The public sector also remains a vital player in the ecosystem; particularly through its role in growing and maintaining a skilled workforce through investments in education and skills

development programs, as well ensuring that the physical and digital infrastructure for companies to operate efficiently are in place, through investments in infrastructure development and maintenance.

The AUDA-NEPAD Home-Grown Solutions Accelerator is one private sector intervention leading the charge to support African healthcare ventures. We launched our pilot cohort that supported five East African ventures in 2021, and have since grown to support 28 early and growth stage healthcare companies. By the end of 2023, businesses that had received acceleration support the Home-Grown Solutions accelerator raised \$70.9 million in capital, impacting over 5.9 million patients in more than 30 countries across the continent.

What are the roles of each eco-system player in strengthening Africa's resilience and attaining its development goals?

Working towards strengthening pandemic resilience and the attainment of our development goals, we believe the healthcare ventures, investors, and policy makers all have critical roles to play for success.

¹ African Development Bank (2011): online

Ventures

To build impactful and sustainable businesses, here are some of the critical success factors

Having supported numerous healthcare ventures in the Home-Grown Solutions Accelerator, we have established some key lessons for consideration by ventures to increase their chances of success.

Given the challenge with accessibility and affordability of healthcare, ventures should creatively design their business models to meet these needs in a sustainable way

The accessibility and affordability of high-quality healthcare remain pivotal challenges in Africa, particularly in regions grappling with disparities in wealth, limited infrastructure, and uneven resource allocation. The implication for healthcare ventures, therefore, is to achieve a balance between maintaining affordability and generating sufficient revenue to enable growth and sustainability. Amid these challenges, various business models have emerged, offering insights into how to strike the right balance, as witnessed within our Accelerator cohorts.

One notable business model is tiered product offering, utilized by AfyaCare and Zuri Health. AfyaCare aims to provide accessible healthcare by segmenting its services through the establishment of two hospital brands: one catering to the lower-middle income bracket (who represent around 28% of the population), and the second targeting middle to upper-middle-income earners. The lower end brand allows AfyaCare to provide basic and urgent treatments at costs low enough to accommodate social health insurance schemes such as the National Health Insurance Scheme (NHIS) and the Lagos State Health Scheme (LSHS). The middle-upper income brand provides specialized healthcare concierge services to middle-high-income earners, a segment with strong propensity for medical tourism, a burgeoning healthcare sub-industry sized at ~\$11 billion globally (of which Nigeria accounts for 13.5%, representing the third highest outbound origin spending market as of 2017).²

Similarly, Zuri Health, a telemedicine player, adopted a tiered approach by providing affordable teleconsultation services to the mass market via SMS, which costs as low as \$0.10 per day, as well as premium services – such as doctor at home and monitoring services - targeted at a more affluent customer base.

Given the crucial nature of the healthcare needs that the ventures aim to solve (such as access to oxygen and blood), combined with customer's low ability to pay, it is essential that the ventures keep their services affordable. However, establishing a self-sustainable model that strikes the balance between affordability and economic viability is challenging. The "donor backed funding model", utilized by Accelerator alumni Damu Sasa, a digitally integrated end-to-end blood management system provider, and Oxygen Hub, an East African oxygen manufacturer, is one business model that healthcare ventures

may consider to overcome this challenge. The model involves securing external financial support from government or non-profit entities, typically with the expectation of no/limited financial return on investment. Damu Sasa and Oxygen Hub utilized donor funded models to establish their businesses, building their digital blood management platform and setting up oxygen manufacturing plants respectively. This donor funding also enabled them to kickstart the commercialization of their solutions with Oxygen Hub fully setting up their franchises under these funds. The use of donor funds reduced pressure for profitability and/or returns compared to conventional investment. It is however important to mention that dependency on external funding poses challenges to sustainability given potential changes in donor priorities and unpredictable funding cycles. Accordingly, ventures should strategically position the intake of returnable-based capital that positions them to better explore a self-sufficiency strategy, while diversifying their revenue streams to ensure long-term sustainability and impact.

Do not underestimate the complexities of market expansion even if operating a scalable technology-based healthcare business

The ability to scale quickly has become synonymous with innovation and market dominance. However, it is crucial not to underestimate the complexities inherent in expanding into new markets, even when operating a technology-integrated business. These complexities often include diverse cultural landscapes, regulatory environments, and customer behaviours that demand a nuanced approach, since a one-size-fits-all strategy rarely suffices when crossing geographical and cultural boundaries. Through our experience supporting healthcare ventures, we have established key considerations that address these complexities, increasing the chances for a successful market expansion.

Firstly, healthcare ventures should consider reaching critical scale in their home market before launching an expansion campaign, as did Rology, a teleradiology player from Egypt, and Home-Grown Solutions Accelerator alumnus. Prior to participating in the Accelerator, Rology cemented its position as one of the market leaders in their home market, doubling its revenue and growing its reach because of its innovative technology filling a genuine market need. With the support of the Accelerator, they then launched a market expansion strategy for entry and growth into Kenya and Saudi Arabia, targeting "ready markets". Rology evaluated markets to be "ready" by assessing the radiology landscape - for example - the number of available radiologists in the market in addition to institutions that aggregated these radiologists, enabling easier reach. This approach allowed Rology to maintain healthy overall performance while increasing their reach.

² World Travel & Tourism Council (2019): online

After deepening and proving their model in the home market, healthcare ventures should then consider adapting their business and/or product/service to the local context and needs. One such adaptation is the way customers purchase the product/service. If customers purchase the product/service out-of-pocket, ventures should focus on appealing directly to why customers should be willing to pay the going rate. On the other hand, if customers purchase the product/service through insurance, ventures should turn their attention to targeting insurance companies, with the goal of becoming an approved/reimbursed product/service. Such differentials are significant given the substantial differences in health insurance coverage across different African markets; for example, roughly less than 10% of Nigerians have health insurance, compared with Rwanda where the figure is 91%.³

Similarly, ventures must ensure that they are adapting to the cultural norms and nuances that are present in different African geographies. This is particularly important when providing products/services for the treatment of diseases that are highly stigmatised in particular countries/regions. If, for example, a company was providing STD testing in laboratory settings and wished to expand into a country where there is high stigma around STDs, it could consider pursuing a more discrete offerings such as at home testing.

Furthermore, it is critical for ventures to understand the regulatory requirements across countries of interest. In Africa, regulatory systems are fragmented and lack a harmonized framework. Hence, each country's requirements may be different, and ventures must undergo approval processes from scratch. One approach that ventures could take to ease the process is to gain regulatory approval from respected and well-established regulatory bodies such as the US FDA - an approach successfully pursued by Rology. Rology noted that FDA approval enhanced their reputation amongst important stakeholders – such as healthcare providers and international corporations – facilitating collaborations, and in turn, expanding their footprint. Approval also builds trust and confidence that acts as a differentiating factor from competitors, lending credibility to the venture's product/service by signalling safe, high-quality, and consistent manufacturing processes, and in certain cases allows ventures to qualify for fast-tracked regulatory processes.⁴ In turn, ventures are regarded as stronger partners and more favourable investments. Moreover, as regulations and harmonisation across the continent develop, ventures with existing approvals will be well-positioned to meet future requirements, thus smoothing the transition to fulfilling these standards.

Lastly, partnerships are critical to increasing the chances for a successful market entry. A collaborative approach enables healthcare ventures to navigate the intricate web of cultural, regulatory, and infrastructural challenges that vary significantly across the continent. Forming partnerships with local healthcare providers, governmental bodies, and community organizations facilitates a more nuanced understanding of the unique healthcare needs and preferences within specific regions. For example, regulatory and distribution partners are front and centre of Zuri Health's market expansion approach. Zuri partners with local hospitals to leverage local doctors, as well as with local telecommunications companies to not only ensure access to an existing customer base, but also build their credibility and brand recognition.

Operational excellence can serve as a key differentiator especially when in a saturated space

The healthcare market is becoming increasingly saturated, with ventures duplicating one another's delivery models, leading to increased competition and limited differentiation. As such, a strategic focus on operational excellence is paramount to navigate market complexities and guide success under challenging competitive conditions.

The need for operational excellence in the African healthcare market is partly driven by the disaggregation of healthcare providers and workers. Providers and workers across Africa lack collaborative capacity which results in a fragmented sector that often fails to meet the needs of patients.⁵ Fragmentation also results in the duplication of services, inefficient distribution of human and financial resources, and poor coordination between services.⁶ Rology effectively addressed the disaggregation of providers and radiologists through their strategic investment in salesforce – guided by the Accelerator⁷ - to deliver/market their solutions on the ground and, in turn, maximize their market penetration.

Operational excellence also manifests itself in selecting optimal locations to operate in: companies must understand the market in detail and match their operational plan to the market. AfyaCare had ambitions to grow significantly and serve a substantial portion of the Nigerian market. However, it was vital that this expansion was conducted in an operationally effective manner – in particular, strategically identifying locations so that the most optimal locations in the country were pinpointed to capitalize on the demand and supply factors identified. Oxygen Hub utilized a similar strategy in determining the sites for their oxygen plants through rigorous consideration of supply and demand dynamics.

³ Bloomberg (2023): online and the WHO (2019): online

⁴ Keyter et al (2018): online

⁵ Soko et al (2021): online

⁶ Barr et al (2019): online

⁷ The accelerator provided guidance to the Rology team through market research (such as product, competitor, and regulatory analysis), the development of sales and onboarding strategies, and organizational structure development support.

Investors

It is important to consider innovative ways to de-risk investments while including a focus on development/social impact to support healthcare ventures unlock success and scale

Although African healthcare-focused ventures have recently experienced growth, funding issues within the sector prevail. Funding remains concentrated in the “big 4” countries (Nigeria, South Africa, Kenya, and Egypt), and a significant portion of funding (60% in 2022) goes to 5 of the largest HealthTech

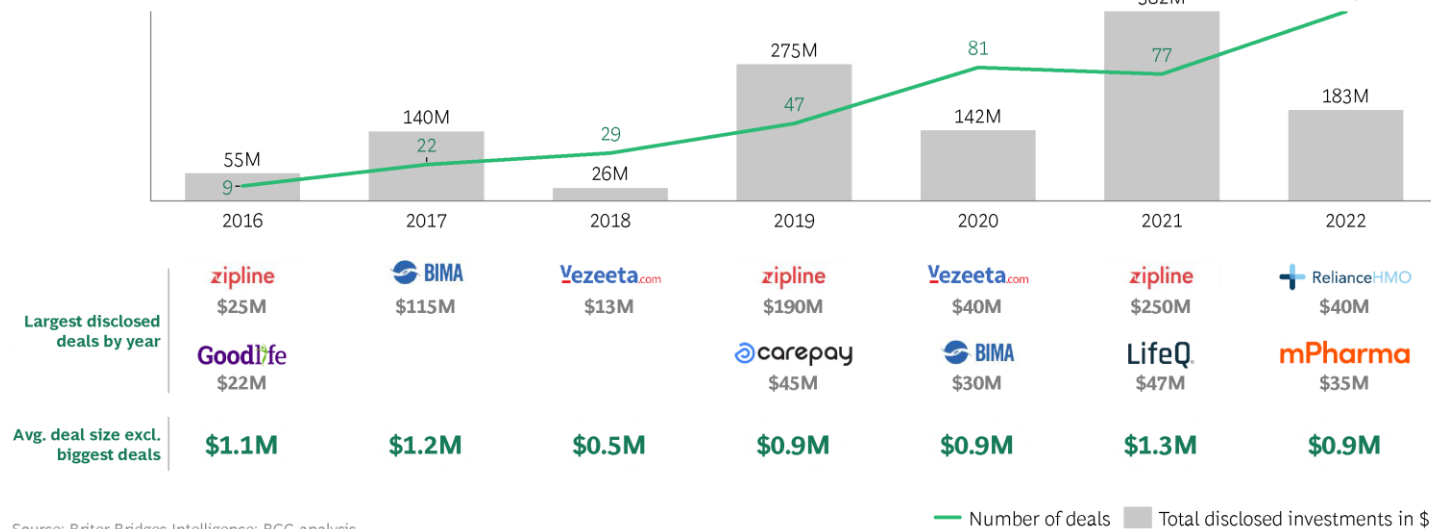
companies (out of the 101 companies that received funding).⁸ As such, persistent funding gaps remain for the vast majority of healthcare ventures across the continent, limiting their ability to scale and achieve impact. These disparities are illustrated below in Figures 1 and 2.

Figure 1: Investment into African healthcare ventures 2016-22

Total Africa health start-up investment and number of deals growing over time; major year by year fluctuations driven by large deals from notable names

Excluding small handful of large deals, vast majority of market still concentrated around small seed-series A deals between below \$1.5M

Total investment and number of deals for health start-ups operating in Africa



Despite these challenges, substantial opportunities remain for investors to further support healthcare ventures across Africa to drive resilience against global disruptions within the sector and to achieve social impact in line with Sustainable Development Goal #3 - to ensure good health and wellbeing. To effectively provide this support, investors should consider the following recommendations.

Investors should increase access to early stage and blended financing

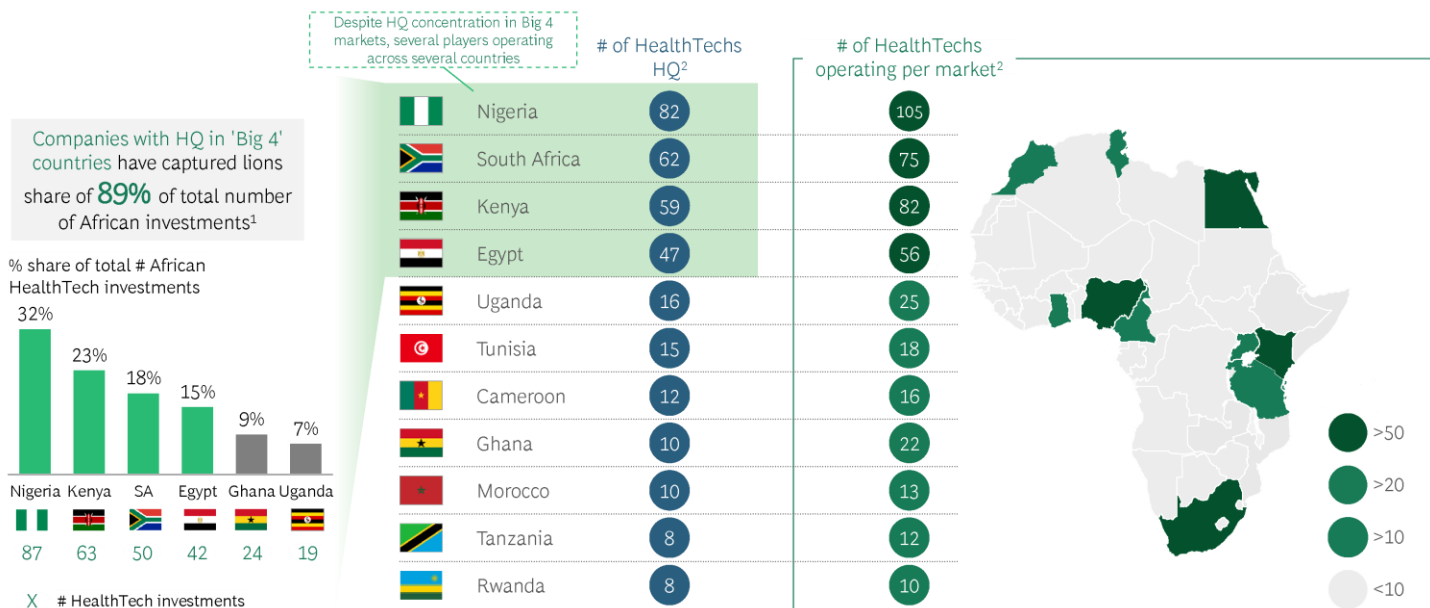
In the dynamic investment landscape, investors should recognize the strategic imperative to enhance access to early stage and

blended financing. Embracing the potential of nascent ventures is crucial for fostering innovation and securing long-term returns. Early-stage investments offer an opportunity to be at the forefront of ground-breaking developments, supporting the growth of disruptive technologies and novel business models. As the entrepreneurial ecosystem evolves, investors poised to capitalize on these trends not only contribute to the vibrancy of the healthcare startup ecosystem, but also help strengthen the resilience of the healthcare sector.

⁸ Salient Advisory (2022): online

Figure 2: The concentration of African healthcare venture investment

HealthTech investments in Africa remain concentrated in the big 4 markets capturing 89% of total number of investments



1. Funding from Jan 2020 until YTD 2. Includes all active HealthTech start-ups founded after 2010 across Africa across funding stages
 Note: Ghana investment levels largely driven by 2 companies: mPharma and Carepoint; Source: Briter Bridges Intelligence; BCG analysis

To do so, investors who typically invest in more established ventures need to become more 'startup ready', developing an understanding of what to expect when investing in early stage companies in Africa. This readiness is a twofold process: (i) firstly, investors must be willing to accept different conditions, such as greater market uncertainty; reduced proof-of-concept; unfamiliar/non-traditional business models; increased chance of dilution risk and due diligence risk; (ii) secondly, investors may have to take on additional responsibilities – beyond simply financing, such as mentorship and training; and (iii) thirdly, investors should be willing to have a higher degree of patience than in more developed markets.

Early stage and blended financing have the potential to address two funding gaps: (i) limited risk-tolerant capital to finance companies at their business validation stage where they are solidifying their business model and finding their product market fit; and (ii) limited risk tolerant growth capital to drive growth once the former has been achieved. The funding gaps are potentially manifested in situations where ventures are going into capital intensive subsectors such as medical manufacturing or growth stage companies going into frontier markets or developing products for lower income customers which may need substantial 'impact first' investment on softer terms. The reality, however, is that most of the healthcare ventures targeting healthcare accessibility and affordability are finding the current cost of capital prohibitive.

Blended financing has the potential to overcome this funding gap through the mobilization of private capital that is de-risked through donor and philanthropic partnerships. Blended financing takes many forms, and it is important to determine which innovative structure should be leveraged. For example, the support provided by donors and philanthropies may take the form of guarantees and financial transactions, as well as technical capacity support. Investors could also consider non-traditional partnerships for example, using impact vouchers: a tool utilized by the likes of the International Development Research Centre and Villgro Africa which connects research institutions and ventures through targeted grant funding for research in areas including product development and validation.⁹

Similarly, Development Impact Bonds (DIBs) are a form of blended finance that can be used to fund development programs where private funds are guaranteed by the government and returns delivered based on the achievement of predefined positive developmental outcomes. As of January 2024, there have been seven healthcare-focused DIBs in Africa.¹⁰ Triggerise's 'In their hands' project (ITH) represents a particularly successful example. The DIB was launched in September 2020 with the objective to connect adolescent girls to sexual and reproductive health services in Kenya. \$6.2 million was raised from the Children's Investment Fund Foundation, with the goal of reaching 244,445 girls for clinic visits (with 45,000 having repeat visits). Following the 18-months of implementation, the project far surpassed these targets, achieving 362,092 visits and 118,058

⁹ Villgro Africa (2022): online

¹⁰ The Government Outcomes Lab (2024): online

repeats, leading investors to receive the maximum agreed accounting rate of return (ARR) of 2%. The project attributed its success to the impact bond funding model, which was believed to influence the entire organization's focus towards achieving the set outcomes, deploying transparent tracking mechanisms, and constantly analyzing their performance metrics with continuous improvement and adaptation. In August 2023, a scale-up DIB was launched with \$8.9 million raised, aiming to reach more than 425,000 service users.¹¹

Another solution is syndicated financing which brings together development banks and private sector financiers. This collaboration helps to de-risk private sector funders by allowing the issuance of concessional funds to early stage companies. One such example is the African Guarantee Fund, which was established through a successful collaboration between the African Development Bank (AfDB) and several donor governments, which leverages blended public and private sector funding to get partial credit guarantees and risk sharing facilities to financial institutions, encouraging them to lend to SMEs. This has seen over \$2.5 billion in unlocked loans for SMEs, reaching over 28,000 enterprises.¹² The call to increase access to early stage and blended financing represents a strategic move towards shaping a resilient and future-proof investment source for healthcare ventures.

Investors should adjust the definition of returns

In the current investment landscape, the prevailing definition of returns is centred on financial gains, which may pose challenges for healthcare ventures that usually have a higher social or development impact focus. The emphasis on short-term financial returns may inadvertently side-line ventures that prioritize broader societal benefits over immediate profitability.

Investors can contribute to the success of socially impactful healthcare ventures by adjusting their definition of returns. Instead of solely focusing on immediate financial gains, they can consider a broader spectrum of returns, including the positive social and health outcomes generated by the ventures they support. This shift aligns with the growing recognition of impact investing, where investors prioritize both financial returns and measurable positive social or environmental impact. By adopting a more inclusive definition of returns, investors can better support healthcare ventures that address unmet medical needs, contribute to public health, and bring about lasting societal benefits.

The Global Impact Investing Network highlights the success of ventures that integrate financial returns with positive social and health outcomes. These impact investments have supported initiatives ranging from affordable healthcare access to innovative medical technologies, demonstrating that financial success and social impact are not mutually exclusive.

As such, value can be defined beyond financial gains to further include the potential for ground-breaking solutions that enhance patient outcomes, reducing healthcare costs, and contributing to the overall well-being of communities. At the beginning of the deal process, investors should define social impact metrics and establish clear impact objectives that align with the mission and investment mandate of their fund. There is also potential to integrate impact into the due diligence process when evaluating potential healthcare investments, thus helping to build a portfolio that inherently either achieves social impact goals or is positioned with a strong focus to do so.

Investors can also adjust investment time horizons, providing sufficient time for high potential healthcare ventures to unlock success

Recognizing the unique challenges and complex regulatory landscapes that healthcare ventures often navigate, investors should provide ventures with the necessary time to unlock their full potential. Unlike traditional investment sectors, healthcare innovations often require extended periods for research, development, and regulatory approvals which increase the time to positive financial returns and profitability.

In the current landscape of healthcare investments, there is often pressure for quick returns, leading to short investment time horizons usually ranging from 5-10 years.¹³ This trend can have significant consequences for healthcare ventures, especially those with disruptive innovations that require time to mature and demonstrate their full potential. The rush for immediate returns may force ventures to prioritize short-term gains over long-term impact, hindering the development and deployment of innovative solutions that could have transformative effects on healthcare outcomes.

Investors can play a pivotal role in addressing this issue by adjusting their investment time horizons. This adjustment allows healthcare ventures the time required for robust clinical trials, regulatory approvals, and market adoption. Data from the World Health Organization highlights that the average timeline for the development and approval of a new pharmaceutical product ranges from 10-15 years. This lengthy process underscores the necessity for investors to align their time horizons with the realities of healthcare innovation.

When investors extend their time horizons, healthcare ventures gain the flexibility needed to navigate the complexities of the industry, fostering a more conducive environment for transformative solutions to flourish. This approach not only enhances the likelihood of ground-breaking discoveries reaching the market but also contributes to the long-term improvement of global healthcare outcomes. By understanding and adapting to the unique dynamics of the healthcare sector, investors can catalyse sustainable advancements that have a lasting impact on patients and the industry.

¹¹ The Government Outcomes Lab (2024): online

¹² African Guarantee Fund (2022): online

¹³ TC Health, April 2021

Policy makers

Work towards creating an enabling regulatory environment for all ventures

Policy makers are a critical part of the ecosystem. Policies crafted by governmental bodies play a pivotal role in creating an environment that fosters innovation, investment, and sustainable growth within the healthcare sector. By formulating and implementing policies that prioritize healthcare infrastructure development, financial incentives, and regulatory frameworks conducive to entrepreneurship, policy makers provide the essential foundations for ventures to thrive. In the pursuit of resilience, policy makers are instrumental in promoting adaptive strategies, such as public-private partnerships, that enhance the overall robustness of healthcare ventures. This section delves into the critical role of policy makers as architects of the venture landscape, shaping its direction and impact on the broader development goals and resilience of Africa.

Expedite regulatory harmonization within existing frameworks

The fragmented state of regulation across African nations poses a considerable challenge for ventures operating in the continent. Divergent regulatory frameworks create a complex landscape, hindering the growth and expansion of African businesses, particularly within sectors like healthcare. The impact is significant with businesses grappling with inconsistent standards, protracted approval processes, and increased operational costs associated with navigating various regulatory requirements.

Regulatory harmonization emerges as a compelling solution to this challenge. It entails aligning and standardizing regulations across multiple jurisdictions, fostering a more cohesive and predictable business environment. Existing initiatives such as the African Medicines Regulatory Harmonization, being championed and led by the African Union Development Agency, strive to achieve this goal by promoting common regulatory standards for medical products.

In the same way, regulators could be more willing to reference approvals from existing 'gold standard' authorities as verification of venture's standards. The aforementioned case of Rology gaining FDA approval serves as one such example of African venture's potential to gain international approval, which should be better and more systematically recognized by domestic and regional regulators in Africa.

Advocacy efforts should emphasize the economic benefits, improved healthcare access, and enhanced business opportunities that harmonized regulations and referencing can bring, encouraging policymakers to prioritize and accelerate the implementation of harmonization initiatives.

African governments should be willing to work with each other, ventures, and other developed nations to advance local policies and regulation for ventures

Governments should actively collaborate with ventures in crafting regulations as this collaborative approach is instrumental in balancing the promotion of innovation with the need for regulatory oversight. Such partnerships enable governments to tap into the entrepreneurial spirit and agility of ventures, fostering an environment where groundbreaking solutions can thrive without compromising public safety or ethical standards. Collaborative efforts also ensure that regulations are practical, adaptable, and capable of keeping pace with emerging technologies' rapid evolution.

A notable example of this collaborative approach is evident in the establishment of regulatory sandboxes. The term "regulatory sandbox" refers to a controlled environment where ventures can test innovative solutions under a relaxed regulatory framework. The Monetary Authority of Singapore (MAS) champions this model, having actively collaborated with ventures in the fintech sector to create a regulatory sandbox. Through this initiative, MAS provided a safe space for ventures to experiment with new financial technologies, allowing them to test their innovations with real consumers without being burdened by the full weight of regulatory requirements.

In the realm of healthcare planning, the Rwandan government's collaboration with Zipline serves as a compelling case study. By actively engaging with Zipline, the government crafted a regulatory framework that not only facilitated the integration of medical drone deliveries into the national healthcare system but also ensured adherence to safety standards, privacy considerations, and ethical guidelines. This collaborative effort exemplifies how governments can leverage their regulatory influence to support innovative ventures while safeguarding public interests.

Governments are also increasingly developing 'Startup Acts' that aim to foster a more supportive ecosystem for ventures. Tunisia led the way with their Act in 2018, which has made it easier to register a venture and provided incentives for entrepreneurs, including tax cuts and improved access to finance. Following this, other countries have leveraged best practices from the Tunisian model, adapting learnings to their specific local contexts. For example, Ivory Coast unveiled the Ivorian Startup Act in 2023 (currently awaiting parliamentary approval), and the Nigerian Startup Act was enacted in 2022 – both policies include provisions around addressing access to finance, intellectual property rights, and business registration for startups.

More governments should look to introduce such policies to create an enabling environment for ventures. When drafting such policies, governments should continue to learn from best practices available in similar contexts. For example, in line with the Tunisian policy, they should ensure a participatory drafting process, whereby both cross-sectoral bodies and the startup community are meaningfully consulted during decision-making, to maximise the relevance of the policy to market realities.¹⁴

Regulators should work to streamline regulatory approval processes to reduce approval lead times and support life-saving products and services getting to market in a timely manner

Across Africa, regulatory processes in the healthcare sector are characterized by high levels of bureaucracy due to numerous layers of approvals and siloed processes that do not effectively share information, leading to prolonged product approval lead times. This fragmented state poses significant challenges for ventures aiming to introduce innovative healthcare solutions. Sources estimate that the average time taken to register a new healthcare product in Africa is far larger than in developed regions; for example, registration of generics takes approximately 683 days in South Africa and 696 days in Zimbabwe compared with just 6-12 months in developed regions.¹⁵ The extended approval timelines hinder timely market access, increase operational costs, and impede the ability of ventures to address

critical healthcare needs. Moreover, this regulatory landscape acts as a barrier to achieving broader development goals, such as improving healthcare access and fostering innovation.

To streamline regulatory processes and address these challenges, there is a growing recognition of the need for efficiency. A southern African agency serves as a noteworthy case study. The agency actively worked to modernize and streamline its regulatory processes, reducing product approval lead times. Processes included: (i) aligning with other regulatory agencies to leverage existing methodologies; (ii) improve digitalization to consolidate submission procedures and simplify tracking systems; (iii) build new and existing strategic partnerships with key players in the sector, including academia, philanthropy, and other regulatory authorities. This initiative has had a significant impact on healthcare outcomes, fostering a more conducive environment for innovation. By expediting the approval of new healthcare products, the agency has facilitated the introduction of innovative medical technologies and treatments, improving patient care and outcomes.

To replicate and expand on this success, other African nations can consider adopting similar strategies. Collaboration among regulatory bodies, increased use of technology for more efficient approvals, and the establishment of regulatory sandboxes for controlled testing of innovations are among the potential measures.

Conclusion

In conclusion, the symbiotic relationship among government officials, policy makers, investors, and healthcare ventures stands as a cornerstone for fostering resilience and propelling Africa towards the realization of its development goals. Policy makers play a pivotal role in sculpting the regulatory landscape whilst government officials ensure its effective implementation, setting the stage for innovation and sustainable growth. By crafting frameworks that encourage investment, promote research and development, and prioritize the well-being of their populations, policy makers contribute to the emergence of vibrant healthcare ecosystems.

Investors, in turn, serve as catalysts for progress, providing crucial financial support and guidance to healthcare ventures. Their commitment to a more inclusive definition of returns, encompassing both financial gains and societal benefits, would empower ventures to address pressing healthcare challenges with a long-term perspective. Impactful investments not only drive economic prosperity but also pave the way for transformative solutions that resonate with the unique needs of African communities.

Healthcare ventures, as the trailblazers of innovation, are at the forefront of driving change. Their resilience and commitment to developing solutions that are accessible, affordable, and tailored to local contexts contribute to the overall health and well-being of the continent. By embracing a collaborative approach with policy makers and investors, healthcare ventures position themselves as vital contributors to the realization of Africa's development goals.

As a private sector intervention to support the ecosystem, Home-Grown Solutions, continues to complement other interventions. In lieu of continuing to drive resilience, the program is looking to replicate its model in other sectors in need of critical support, such as agri-business. In this interconnected ecosystem, the synergy of policy makers, investors, and healthcare ventures propels Africa forward, fostering a landscape where innovation thrives, healthcare becomes more accessible, and resilience becomes a shared aspiration. As we navigate the path ahead, it is this collective commitment and collaboration that will undoubtedly pave the way for a healthier, more resilient, and prosperous Africa.

¹⁴ International Network of SMEs (undated): online

¹⁵ Sithole et al (2021): online; and IQVIA (2023): online

