

Brief for the Public Forum on the Leasing of Medical Equipment Project in Kenya¹

Introduction

Kenya has been experiencing a rise in cases of non-communicable and traffic accident injuries. This has been compounded by inadequate medical personnel and low specialized health infrastructure owing to the reality of fiscal constraints. Collectively, this has in part been the Achilles' heel in Kenya's health sector.

In response to this challenge, the government through the Ministry of Health (MoH) launched the Managed Equipment Services (MES) project on behalf of the 47 devolved units.

This brief presents some insights as a follow-up² on the implementation of the MES project as part of IEA Kenya's governance for health work.

What is the MES Project?

The MES project – is an agreement between the national government and county governments where 6 global medical firms³ have been contracted to supply, install, train users and offer maintenance and repairs of diagnostic medical equipment.

In return and as opposed to outright purchase, the national government is supposed to make regular payments, annually. These payments are done through deduction from county government as beneficiaries of the project, from inception in 2015/16 for a seven-years on a leasing agreement.

The overall objective of this project is for scaling up health infrastructure for specialized medical care in dialysis, basic and advanced surgery, emergency, maternal-child health, critical care and imaging services. This project is on one hand expected to enhance

geographical access to specialized health care services by Kenyans and on the other hand make it affordable.

At an original estimated cost of Ksh. 38 billion, two hospitals from each of the 47 counties and four referral hospitals at the national government level are targeted beneficiaries of this MES project.

Status and Performance of the MES Project

Seven years down the line, success stories attributable to the MES project can be found from various, sources including government reports and media articles. Anecdotal stories from community members as beneficiaries of specialized health services, whether it is caesarian-section birth or other specialized and emergency care services are common. Nevertheless, how has the MES project performed against its objectives?

This brief attempt to respond to this question, cognizant that it is not easy without reliance of a comprehensive audit. For starters, its design and conceptualization, leading to contractual agreements between national government and counties as well as with medical equipment suppliers, have not been transparent. The Memorandum of Understanding between the two levels of government has not been made public to date, which is in violation of Art. 35 of the Constitution on the right to information.

Health sector reports indicate that the MoH has achieved 100% delivery of MES equipment. A breakdown of the different set of MES equipment by

¹ MES-Managed Equipment Services, the term often used to refer to the leasing of medical equipment project

² [IEA Kenya \(2020\) Leasing of Medical Equipment Project in Kenya: Value for Money Assessment](#)

³ General Electric East Africa; Philips Medical Systems of Netherlands; Bellco SRL of Italy; Esteem Industries Inc. of India; Shenzhen Mindray Bio Medical Ltd of China and Sysmex Europe GMBH

lots⁴ based on publicly available information shows that this is not the case. For example, delivery of lot 1 by 2020/21 was 108 theatre equipment against 219. The process of tracking progress has unduly been complicated because the targets have changed along the way without explicit clarity. In fact, the entire project cost, partly due to increase in number of beneficiary county health facilities from 98 to 119 has gone up to Ksh 63 billion. So what is total cost incurred in the MES project from conception to 2021/22. Again not an easy question to answer. Though not equivalent, a total of about Ksh 42.5 billion has been allocated. Actual spending on the project by the end of 2018/19 was Ksh 25.9 billion above the target of Ksh 22.9 billion.

The overall impact of the MES project in terms of service delivery and improved health outcomes is still questionable. Whereas delivery of MES equipment is somewhat met, there are a few cases of undelivered machines in West Pokot and Uasin Gishu, though they are still being paid for. The biggest challenge is that machines lie idle after delivery in about 20 counties. This presents an opportunity cost, as the funds paid could have been channeled to other priority services. Audit-General reports and those by the AdHoc Committee on the MES project have identified a lack of requisite personnel and supporting infrastructure (insufficient power and water) as the reasons behind machines lying idle. Moreover, various audit queries exposing irregular procurement processes, unsupported expenditure, and the validity of lease payments for medical equipment were also flagged.

Extension of the MES Project: Is this Justified?

Towards the end of 2022 and in early 2023, there was a lot uncertainty around whether the MES project was going to be extended or not despite glaring transparency and accountability gaps. After a lull in 2021 and better part of 2022, dialogue was again

revived after the general election in August 2022 when the Council of Governors called for the suspension of the project until a number of their grievances were addressed. Among them are the push for a subcontract to replace worn out machines and refurbish others.

The uncertainty was, however, allayed when the Budget Policy Statement by the National Treasury, released in February 2023, indicated that Ksh 5.9 billion had been allocated to the MES project. That said, the question and justification for its extension remain, exacerbated by the fact that recurring audit issues, transparency questions, and functionality gaps, among others, have not been addressed. Although media reports noted that a task force had been constituted to advise on the extension process, there is very little public confidence that this is the right direction to take. Without a comprehensive audit or evaluation of the project to inform appropriate reconfiguration, the question of value for money remains. Besides, where are citizens in this whole policy process?

Conclusion

In as much as the health sector reports paint a rosy picture of the MES project's performance, findings from both the Auditor General and Senate Ad Hoc Committee on the MES reports reveal glaring gaps. Public participation and scrutiny of this project have been undermined by its lack of transparency and political sensitivity. Calling for its extension without the benefits of a comprehensive audit implies that expected outcomes will be muted. Importantly, lessons learned from the MES project are important for similar projects in the future.

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⁴ Lot 1: Theatre equipment; Lot 2: Surgical and CSSD (sterilization equipment and theatre instruments; Lot 5: Renal dialysis equipment; Lot 6: Intensive care Units (ICU); Lot 7: Radiology