



**Growing Inclusive Markets**  
Business Works for Development • Development Works for Business



## **CASE STUDY: KENYA**

### **The HealthStore Foundation: providing health care in remote areas**

Malaria affects about 300 million people worldwide. It is one of several infectious diseases that, together, account for 70 percent–90 percent of childhood illness and death in developing countries—and that are treatable with inexpensive generic drugs. Every day, for lack of those drugs, more than 25,000 children die.<sup>1</sup>

When Scott Hillstrom, founder of the The HealthStore Foundation, observed the market for medicine in Kenya, he saw a broken system with inadequate and low-quality drug supplies. At the same time, he saw an opportunity to ‘prevent needless death and illness in the developing world by sustainably improving access to essential drugs and basic health services.’<sup>2</sup> If people were selling bad drugs to make money, Scott reasoned, selling good drugs might also be profitable.

Scott’s major challenge was to distribute drugs in remote parts of Kenya. While 80 percent of Kenya’s doctors live in cities, 70 percent of its people live in rural areas. The need for medicine was greatest in rural areas, but few clinics or pharmacies existed there, and inadequate roads made many villages difficult to reach. Scott aimed to provide these areas with affordable, quality, in-stock medicine and to establish clinics located no more than an hour’s walk from the people they served.

To achieve those ends, Scott’s business would need to build its own market, raising awareness in Kenya’s rural communities and finding innovative ways to make contracts effective. With no trusted media or functioning law enforcement systems, the only way to establish a market for his medicines—raising health awareness, ensuring effective treatment and guaranteeing profitability for the HealthStore Foundation’s shops—would be to build trust with communities.

Scott’s solution was to engage community members as micro-franchisees, creating local drug distribution networks. Owned by nurses or community health workers who know their clients’ needs, the for-profit franchises enable the HealthStore Foundation to distribute enough affordable drugs and to provide basic health care services to many remote communities.

Using recommendations from church organizations, the HealthStore Foundation recruits franchisees with business sense, strong personalities and good community connections. The Foundation provides startup loans and ongoing support, including training, logistics, financing and marketing. In return, they agree to contribute a fee, maintain company standards and reach out to their communities.

The model has proven very successful. In 2005 alone, more than 400,000 low-income patients were treated in 11 Kenyan districts through 63 outlets. Millicent Odhiambo, the first to open a CFW clinic in the Kibera slums in 2004, gained her community’s trust and now makes \$1,000–\$1,280 a month. Her business is successful enough that she took her family on vacation for the first time, has educated her son in a private school and is planning to buy a house.



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Dora Nyanja, another nurse franchisee, is also making a real difference in her community while earning a decent income and gaining self-confidence. During the recent violence in Kenya the value of Dora's business—and Scott's—to poor Kenyans was dramatically revealed: 'They persuaded the mob to spare my clinic. They said they needed the medical services and that I was there to assist them. Ultimately they would all suffer from not having a pharmacy and a small health facility.'

1. WHO 2007.

2. HealthStore Foundation mission statement.

*For further reading on Dora and her HealthStore franchise, go to*

<http://care.ca/main/?DoraNyanja&PHPSESSID=1f2579339f2ed1e30abf97be24a0bfcb>