



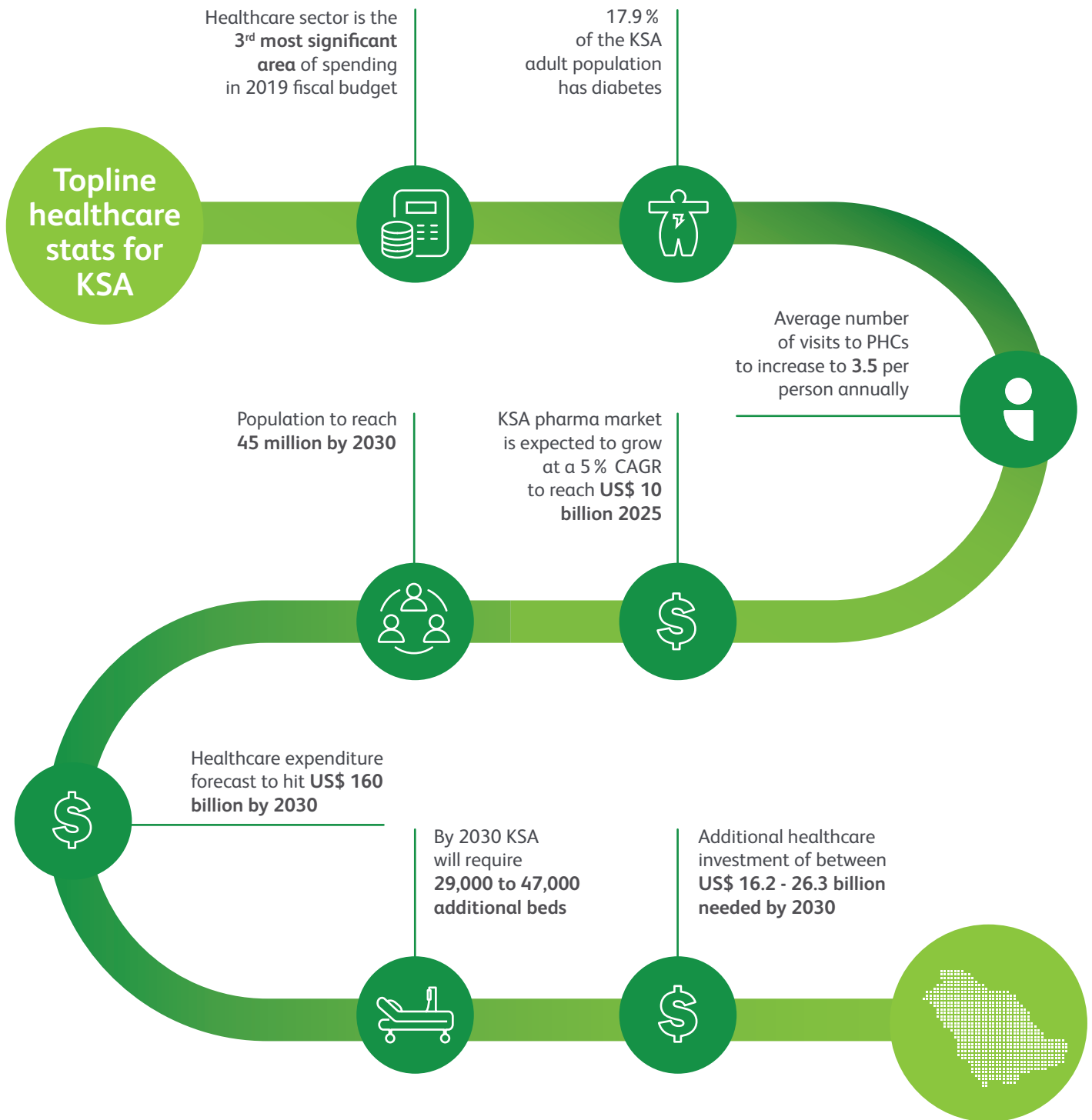
Powering change through regulatory reform in Saudi Arabia

A report by:

Global Health
Exhibition

By Informa Markets

Together for a healthier world



We explore the ever-changing regulatory landscape in Saudi Arabia and its role in supporting investment in the country's healthcare sector.

With healthcare expenditure in Saudi Arabia forecast to hit US\$ 160 billion by 2030, healthcare spending in the Kingdom has increased in line with the Government's ambitious Vision 2030 roadmap to diversify its economy by expanding the role of the private sector and creating additional capacity for the growing healthcare market.

In an article published in the Law Reviews, King & Spalding highlighted that Saudi Arabia is currently liberalising its regulations to encourage more foreign

participation in the country's healthcare sector with the opportunity for investment to further accelerate through alternative financing methods and service providers in the coming years.

Healthcare regulatory bodies

In Saudi Arabia, while the Ministry of Health (MoH) is the regulator for most of the healthcare sector, the Ministry of Defence (MoD), including the National Guard, maintains its own standards. Meanwhile, the Saudi Food & Drug Authority (SFDA) monitors and controls the import and distribution of medical devices, pharmaceuticals, and food products.

The Kingdom's Vision 2030 and the National Transformation Programme (NTP)

Opportunities for foreign investors



Local manufacturing of pharmaceuticals



Private medical facilities



Increased medical insurance



Education in the healthcare field



Expanded ICT in healthcare



Increased professional development



Enhanced training facilities

The Kingdom's Vision 2030 and the National Transformation Programme (NTP) has earmarked healthcare as one of the main focus areas with the sector retaining its position as the third most significant area of spending in the 2019 fiscal budget, according to Knight Frank.

From a regulatory perspective, we have seen the Council of Cooperative Health Insurance (CCHI) increasing its focus on enforcing mandatory health insurance for all companies operating in the private sector, which is hoped to positively impact demand for private healthcare services in the future.

Previously, based on licensing procedures adopted by the Saudi Arabian General Investment Authority (SAGIA), healthcare foreign direct investment (FDI) in the Kingdom was restricted. However, according to Clyde & Co, the Saudi Council of Ministers recently approved certain amendments to the Private Health Institutes Law, which means that foreign investors may now fully own, operate and manage all types of private healthcare institutions with the exception of clinics.

The aim of these amendments, in cooperation with the efforts of the MoH, is to implement a unified regulatory licensing system governing all potential healthcare FDI in the Saudi market, to attract more international healthcare providers and investors, and to improve the performance of all healthcare providers and institutions in the country.

As a result of these changes, the MoH has recently embarked on its first Public-Private Partnership (PPP) project that targets radiology and medical imaging services covering several hospitals in the Greater Riyadh region. Once delivered, the project is expected to improve medical imaging services in terms of wait and turn-around times as well as reliability of imaging for more appropriate treatment.

Recent amendments by the Saudi Council of Ministers, in cooperation with the efforts of the MoH, seek to implement a unified regulatory licensing system governing all potential healthcare FDI in the Saudi market, to attract more international healthcare providers and investors, and to improve the performance of all healthcare providers and institutions in the country.



Based on analysis by Colliers International, by 2030, Saudi Arabia will require 29,000 to 47,000 additional beds, in turn requiring additional investment of between US\$ 16.2 to US\$ 26.3 billion. Most of the investment is expected to come from PPPs and the creation of more real estate investment trust (REIT) funds.

With the Kingdom's population expected to reach 45 million by 2030 based on projections from SAGIA, the change in the composition of the population, which dictates future healthcare requirements, will create demand for a number of specialisms such as paediatrics, lifestyle diseases, long-term care, rehabilitation, home care and rejuvenation service, according to Colliers.

Meanwhile, the US-Saudi Arabian Business Council highlights that with emerging opportunities in health IT and e-health sectors, the Government has implemented regulations related to Health IT and data security that are favourable to foreign businesses. With these steps, opportunities have emerged in the areas of data management and data security, regulation of medical information technology, and telecommunications.

Similarly, a variety of private-sector opportunities have begun to emerge with the remaking of primary healthcare centres (PHCs) in the Kingdom with a target to increase the average number of visits to a PHC to at least 3.5 per person annually.

The Government also continues to steadily invest in training programmes, and health education is anticipated to be a central area focus for foreign investment and joint ventures. By increasing numbers of Saudi's nationals enrolled in medical colleges, we will expect to see a reduction in the dependency on foreign medical staff and a culture that can sustain long-term domestic innovation in the healthcare sector.

Meanwhile, according to Industrial Clusters, the Kingdom's industrial development organisation, there is strong impetus to accelerate the growth of local pharmaceutical manufacturing to become a leading manufacturer and innovator in the region. The Saudi pharmaceutical market has grown by almost 5% compound annual growth rate (CAGR) to reach US\$ 8.2 billion in 2018 and is expected to grow at a 5% CAGR to reach US\$ 10 billion by 2025.



This growth is partly driven by the country's biologics & biosimilars market, which has enjoyed a growth rate of 17%. Also, with its high consumption rate, sterile injectables will generate opportunities in the formulation, filling and packaging for chemical drugs to address various segments in the market as the country's aims to become a full-scale sterile injectable manufacturer. Meanwhile, the domestic market for vaccines lies at US\$ 543 million with high growth rate and attractive opportunities to not only to meet the domestic demand but also to expand to cover the whole of the Middle East.

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Global Health Exhibition

By Informa Markets

Global Health Exhibition and Congress, held under the patronage of the Saudi Ministry of Health, is the premier platform for healthcare business and medical education. The event brings together 15,000+ key healthcare professionals from KSA and across the globe to meet, learn and do business in the Kingdom of Saudi Arabia.

The exhibition offers a comprehensive range of healthcare products and services showcased by the world's most innovative and prevailing companies. With 250+ exhibiting companies, Global Health is regarded as the leading marketplace for national and international exhibitors to connect with key healthcare professionals, decision makers and buyers.

The upcoming edition of the exhibition will feature 5 key zones including: Building Healthcare, Laboratory, Government, Innovation & Intelligent Health Pavilion and International Pavilion.

In parallel to the exhibition, Global Health Congress will deliver high-level, CME-accredited education, across 9 clinical and non-clinical medical disciplines including conferences in Quality Management, Patient Experience, Leaders in Healthcare, Public Health, Digital Health & Innovation, Pathology & Medical Laboratory, Total Radiology, Emergency Medicine, Supply Chain Management and Infection Control.

Organised by Informa Markets, Global Health Exhibition and Congress 2020 will be held for 3 days from **20-22 September** at **Riyadh International Convention and Exhibition Centre**.

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