

Vision 2030 and the Opportunities it Represents in Healthcare in Saudi Arabia

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Healthcare is one of the main focus areas of Vision 2030 and this article considers what is envisaged and what this could entail for the sector and for the foreign investor.

Vision 2030

[Vision 2030 is a comprehensive plan](#) for reform of the entire economic structure of Saudi Arabia. The main goals are to develop other industries and sectors to ensure that the economy is no longer as dependent on oil as a source of income and to decrease public spending with a greater emphasis and participation from the private sector. In order to ensure that these goals are met and the vision of Vision 2030 becomes a reality the following targets have been set:

- Reduction of the dependence of the economy on oil through the development of other industries and sectors;
- Reduction of public spending through more efficient use of current resources;
- Greater participation of the private sector and an increase in its contribution to GDP;
- Creation of an attractive environment for both local and foreign investors; and
- Increased employment and participation of Saudi nationals in the workforce.

The targets are ambitious and require a comprehensive course of action to meet the targets laid down in Vision 2030. To achieve this, the following initiatives have been proposed:

- Entering into partnerships and joint ventures with large international companies;
- Encouragement of public-private partnerships to facilitate the flow of private investment;
- Enterprises to encourage private sector investment in healthcare, municipal services, housing, finance, energy and education;
- The facilitation of foreign access to investing and trading in Saudi Arabia's stock markets (this will include the listing of private companies and state owned enterprises such as Aramco);
- Support and promotion of leading national companies;
- Regulatory reform with the strict adherence to international and commercial regulations;
- Facilitation of the movement of people and goods through streamlined licensing and customs procedures;
- Improved education and training initiatives for Saudi nationals.

The NTP is the interim action and development plan for Vision 2030 which sets out strategic objectives to be met by a number of government bodies by 2020. It has identified common national priorities and goals to be achieved through the following:

- Contributing to Job Creation
- Strengthening Partnerships with the Private Sector
- Maximising Local Content
- Digital Transformation

The following strategic objectives have been identified for the Saudi Arabian General Investment Authority ("SAGIA") to achieve:

- Improve administrative and procedural environment to enable significant investments;
- Improve infrastructure needed to ensure ease of doing business;
- Excel in investor services and improve their level of satisfaction.

These objectives are based on the targets laid down in Vision 2030. The main aim being the creation of an attractive environment for both local and international investors to enhance their confidence in the Saudi economy.

The strategic objectives identified for the Ministry of Health and the Saudi Food & Drug Authority (the regulatory authority for pharmaceuticals and medical devices) are discussed in more detail below.

Vision 2030: Focus on Healthcare

A target of Vision 2030 is greater participation of the private sector within the economy and this is especially so of healthcare. There is a definite move towards privatisation with a stated objective in the NTP of increasing private healthcare expenditure from the current 25 per cent to 35 per cent of total expenditure by 2020. This represents a projected increase in revenue generated from 3 Billion SAR to 4 Billion SAR. In addition to this, the Ministry of Health plans to spend over 23 Billion SAR on new initiatives over the next 5 years.

Vision 2030: Objectives for the Ministry of Health and the Saudi Food & Drug Authority as per the National Transformation Program

The NTP has identified the following strategic objectives for the Ministry of Health and the Saudi Food & Drug Authority ('SFDA'):

Ministry of Health

- Increase private sector share of spending through alternative financing methods and service providers;
- Increase the efficient utilisation of available resources;
- Improve the efficiency and effectiveness of the healthcare sector through the use of information technology and digital transformation;
- Increase training and development both locally and internationally;
- Increase the attractiveness of nursing and medical support staff as a preferred career path;
- Improve healthcare provision before hospitalisation and in the main hospitals (ER & ICU);
- Improve integration and continuity in service provision by developing the primary care;
- Improve the infrastructure, facility management and safety standards in healthcare facilities;
- Attain acceptable waiting times across all stages of service delivery;
- Improve governance in the health system in order to enhance accountability with regards to quality issues and patient safety;
- Adopt a national plan for emergency response to public threats in line with international standards;
- Identify additional sources of revenues;
- Improve public health services with focus on obesity and smoking;
- Improve the quality of life and healthcare service provided to patients outside hospitals;
- Improve quality and safety principles as well as skills of service providers.

SFDA

- Ensure sufficient supply of basic medicines.

These objectives are based on the targets laid down in Vision 2030. The main aims being the improvement of the quality of healthcare services, the expansion of the privatisation of government services and finally the creation of an attractive environment for both local and international investors.

The strategic objectives stated for healthcare in the NTP are extensive and in order to successfully meet them the initiatives will be launched this year at the following ministries and authorities:

Ministry of Health

- Reform and restructuring of primary health care;
- Encouraging the pursuit of nursing and clinical health professions through amendment of some policies and the participation of such by all community segments;
- Private-public partnership through the privatisation of one of the medical cities and localisation of the pharmaceutical industry;
- Increasing the capacity and quality of healthcare education (through partnership with the Ministry of Education);
- Health Insurance & medical services purchase schemes;
- Increasing the number of trained health practitioners and improving their training

SAGIA

- Development and execution of a plan for localising the healthcare industry and services sector

SFDA

- Establishment of a Centre for Standardisation of Medical Products and Equipment
- Establishment of a Unified Electronic System

Vision 2030: Opportunities for the Foreign Investor

Vision 2030 offers many opportunities in healthcare for the foreign investor in key areas which can be identified in the NTP as follows:

- Additional private medical facilities;
- Increased medical insurance;
- Increased use of information technology;
- Healthcare Education;
- Provision of improved training facilities;
- Enhanced professional development;
- Local manufacture of pharmaceuticals.

Additional private medical facilities

Foreigners are able to own and manage hospitals in Saudi Arabia but are unable to own or manage other healthcare institutions. It is envisaged that foreign participation and investment in new hospitals will take place through public-private partnerships and joint ventures with Saudi owned entities.

Increased medical insurance

Medical insurance is already compulsory for expatriates and Saudi nationals (and their dependents) working within the private sector. Citizens working within the public sector currently receive free coverage in government health care centres and public hospitals. It is not known at this stage how medical

insurance will develop however as more public services are privatised and public-private partnerships are entered into the provision of healthcare will naturally transfer to the private sector. In anticipation of this, we understand that current medical insurance providers are developing products that cater for public sector employees to meet future requirements.

Increased use of information technology

Digital healthcare innovations are key for supporting Vision 2030 as the Ministry of Health is aiming for at least 70 percent of Saudi citizens to have unified digital records by 2020. In addition information technology solutions will improve the performance and productivity of healthcare providers and will enable a better quality of service to be provided. Software that assists with the treatment of medical issues such as the diagnostic process is considered a medical device whereas other software used with the healthcare sector is not. We have assisted a number of healthcare technology providers looking to carry out business in Saudi Arabia either directly or through a distributor and expect this to continue as the opportunities for investment here are recognised more and more. In addition, we are seeing an increasing interest in telemedicine which enables providers to offer services within the country under the supervision of locally registered physicians on a consultancy basis.

Healthcare Education & Provision of improved training facilities

The NTP places a great deal of emphasis on healthcare education and training. There is a recognised need for qualified Saudi healthcare practitioners and support staff as healthcare requirements increase and currently the sector is mostly supported by expatriate workers. The increased education and training needs will be catered for domestically and internationally potentially with links to world renowned institutions and public-private partnerships. Furthermore, this increased need could also be catered for through management and operational arrangements with internationally recognised service providers.

Local manufacture of pharmaceuticals

Saudi Arabia is mostly dependent on imports for its pharmaceutical requirements and there is a desired need for pharmaceuticals to be manufactured locally to ensure an adequate supply of medicines. Foreign pharmaceutical manufacturers are being actively encouraged to establish plants in Saudi Arabia through public-private partnerships and joint ventures with national entities. Incentives are being offered in the form of preferential treatment in future volume tenders. As an additional incentive, foreign owned manufacturers within Saudi Arabia are able to distribute and sell pharmaceuticals within the country whereas all imported pharmaceuticals can only be distributed through a Saudi distributor.

The SAGIA website lists the manufacture of medical devices and equipment as an investment opportunity for foreign investors. Currently the majority of medical devices and equipment are manufactured abroad and are imported into the country. The Ministry of Health is supporting local manufactures by partnering multinationals with Saudi companies with the incentive of guaranteed volumes for Ministry of Health purchases and preferential treatment in future volume tenders. Furthermore, foreign owned manufacturers within Saudi Arabia have the additional benefit of being able to distribute and sell medical devices within the country without the need of a local distributor.

Conclusion

The potential effect of Vision 2030 is far reaching and if achieved will bring enormous benefit to the economy of Saudi Arabia. There is a huge possibility for foreign investment albeit in limited areas. It is clear that foreign investment is being guided in a carefully controlled direction with activities such as the distribution of imported pharmaceuticals and medical devices being reserved for Saudi entities and citizens. Furthermore, most healthcare institutions will remain within the ownership and control of Saudis. All foreign investors must have something to offer the country and must demonstrate a commitment to assisting Saudi Arabia in reaching the goals laid down in Vision 2030. For the investors willing to do so the possibilities are endless.

Learn how our [Corporate / Mergers & Acquisitions practices](#) offer law assistance for matters relating to foreign investment in Saudi Arabia.

Also read: [Vision 2030 and the Transformation of Education in Saudi Arabia](#)