GCC Healthcare Sector
A Focus Area for Governments
October 2015

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Foreword

The GCC region has seen significant growth across sectors in the last two decades, and the Healthcare sector is no exception to this trend. The growth in the Healthcare sector has been driven by burgeoning population (especially the senior citizen segment), increasing life expectancies and rising prevalence of lifestyle diseases. Moreover, the GCC countries have made appreciable strides in their efforts to upgrade and equalise access to medical facilities. These developments have led to the expansion of the GCC healthcare market at a CAGR of 7.7% (2009-14) to reach US$55 bn by 2014.

The UAE and Saudi Arabia, two major economies of the GCC, are projected to account for almost 76% of the GCC healthcare market by 2018. However, there is a need to watch out for small economies like Qatar that are trying to catch up fast with the large economies in per capita healthcare spending, which averaged at US$2,043 (2013), almost double that of all GCC countries put together.

Although the prospect appears bright for the GCC healthcare sector, one cannot ignore that the GCC countries still have to go a long way in terms of healthcare infrastructure. The available healthcare resources are under substantial pressure; thus, bridging the gap between the current and targeted capacity remains a major challenge for the sector in the coming years. As a step towards meeting this challenge, billions of dollars are being allocated for constructing medical cities such as King Khalid Medical Hospital in Saudi Arabia and Sidra Medical and Research Centre in Qatar.

The GCC countries are heavily dependent on the expatriate healthcare workforce. Expats account for almost 75% of the physicians and close to 80% of the nurses employed in the GCC Healthcare sector. While the GCC governments are taking steps to reduce this dependency by setting up medical colleges, training centres, etc. for the locals, expat healthcare professionals are here to stay, at least for the foreseeable period.

The GCC governments have a lion’s share when it comes to medical investments, e.g. in Saudi Arabia, the government accounted for 65.8% of the healthcare spending as of 2013. With little involvement from the private sector, there is constant pressure on government spending, especially in the current reduced oil price environment. To ease this pressure, the governments are introducing programmes and various incentives to boost private sector participation and optimise current operations. These measures have led to increase in the growth rate of private sector hospitals.

Customised healthcare solutions, growing penetration of health insurance and integration of technology with medical delivery are some of the areas that are expected to create excitement in the GCC Healthcare sector. As far as the outlook is concerned, we firmly believe that return on investment would remain a critical factor for healthcare organisations when deciding on IT investments and service offerings such as online consultations, in-home vital signs monitoring and online disease management. We expect these services to gain momentum in the coming years.

Sharad Bhandari
Managing Partner,
ARDENT Advisory and Accounting
Key Takeaways

- Rapidly increasing and ageing population, along with high prevalence of lifestyle diseases, is driving demand in the GCC Healthcare sector.
- The GCC governments are increasing investment in the healthcare sector, and the total spend on healthcare in the region is expected to reach US$133 bn per annum in 2018.
- The GCC healthcare sector is dependent on government funding; governments account for about three-fourths of total healthcare spending.
- Saudi Arabia and the UAE are the largest markets in the region, accounting for 80% and 77% of the total number of hospitals and hospital beds, respectively.
- Large infrastructure investments currently underway in the GCC region, such as 37 mega-hospital projects, estimated at US$28.2 bn, are expected to be completed by 2020. Various upcoming projects would add over 22,500 new beds to the region.
- Mandatory insurance schemes, a priority for governments in the region, are in various stages of implementation.
- The GCC governments are encouraging the Public Private Partnership (PPP) model so as to share the financial burden of healthcare expenses.
- Apart from infrastructure investments, the GCC region is witnessing increased investments in healthcare technologies such as platform revolution, digital hospitals, telemedicine, smart drugs and e-visits.
- With focus on becoming a hub for medical tourism, the UAE is targeting 500,000 patients for treatment by 2020.
- To cater to the rising demand for specialised healthcare services, the GCC governments are setting up Centres of Excellence (technologically advanced hospitals specialising in patient-centric treatment) in the region.
- The sector depends heavily on expatriates to meet the requirement for healthcare professionals, and the situation will likely continue regardless of various government initiatives.
- Despite incremental investments in the healthcare sector, the demand-supply gap persists, making it both a challenge and an opportunity for the sector.
The healthcare sector has been a high-priority area for the GCC governments. To meet the growing demand, the GCC governments are making substantial investments to build healthcare infrastructure at par with developed countries. With the rise in prevalence of lifestyle diseases and ageing population, healthcare spending in the GCC region rose at a CAGR of 7.7% (2009-14) to reach US$55 bn in 2014.

Although the GCC region is developing its healthcare sector adequately, it is yet to fully develop its tertiary healthcare system to deliver a specialised healthcare facility, backed by advanced medical investigations and treatment. Hence, healthcare spending as a percentage of GDP is very low for GCC countries compared to that of developed countries such as the US, the UK and Germany. Among the GCC countries, Bahrain has the highest healthcare spending as a percentage of GDP, while Qatar has the lowest.

Lifestyle diseases form a major category demanding healthcare attention in the GCC region. According to the World Health Organization (WHO), the incidence rate of cardiovascular disease, diabetes, cancer and mental and respiratory ailments in the region is among the highest in the world. All GCC countries, except Oman, rank among the top 10 countries, with the highest diabetes rates in the world.

In terms of expenditure, Saudi Arabia and the UAE are the largest markets, together accounting for nearly 75% of the region's healthcare spending. While Saudi Arabia has the highest population in the GCC region, its per capita healthcare expenditure is almost half (808) that of the UAE (1,569).
Public versus private facilities

Public healthcare expenditure currently accounts for 70% of the total healthcare spends in the GCC region. However, the private sector has now started investing in healthcare. Taking cue from the rising interest in the private sector, GCC governments are looking to promote public–private partnerships (PPPs) by rolling out mandatory insurance coverage and encouraging private hospital operators to set up facilities across the region. As per a Frost & Sullivan study, healthcare PPPs have enabled governments worldwide to cut their costs by as much as 25%.

Figure 5: Public vs. Private Healthcare Spends

Source: WHO, Ardent Advisory

Saudi Arabia and the UAE lead the GCC region in terms of PPP deals, evident from the large number of international hospitals established in the two countries. The Abu Dhabi government has formed PPPs with major international hospitals, including Varden, Cleveland Clinic, Johns Hopkins and Bumrungrad. Formed via a PPP, Cleveland Clinic added 364 beds in December 2014 and plans to add a total of 450 beds. To promote PPPs, the Kuwait government has set up the Partnerships Technical Bureau (PTB), which is aimed at developing healthcare infrastructure for citizens. The governments’ efforts are yielding results, which is evident from a dip in out-of-pocket expenditure coupled with a rise in private prepaid plans.

The GCC governments are also offering infrastructure support and financial incentives to attract private players to the healthcare sector; an example is the infrastructure support offered by the Dubai Healthcare City. The UAE has simplified its visa rules to attract medical tourists from other countries. These measures have helped the country attract patients from the Gulf and the wider Middle East and North Africa (MENA) region. The country targets to receive 500,000 foreign patients for treatment by 2020 as part of its drive to become a hub for medical excellence in the GCC region.

Figure 6: Out-of-Pocket Expenditure and Private Prepaid Plans (% of Private Health Expenditure)

Source: WHO, Ardent Advisory

In 2014, Dubai launched the first phase of its new health insurance law, which requires companies with over 1,000 employees to provide mandatory medical cover for their staff. Currently, the UAE, Saudi Arabia and Qatar have introduced mandatory health insurance policies.

Patient admissions

The GCC region receives a considerably higher number of outpatients than inpatients, in line with the nature of treatments that last less than a day. Despite the high percentage of consultation-only cases, the region is now witnessing an increase in the average number of visits per patient. As the government bears a major portion of healthcare costs, visits to public hospitals and primary health centres remain significantly high.

Figure 7: Inpatients and Outpatients (‘000s), 2013

Source: MoH of Individual Countries, Ardent Advisory
Investment Thesis

Various drivers and market enablers are propelling growth in the GCC healthcare sector that are transforming the dynamics of the region and offering a plethora of opportunities for investors.

The GCC healthcare market has witnessed adequate progress in the last decade, with healthcare expenditure increasing at a CAGR of 7.7% in 2009-14. This growth is mainly driven by increase in ageing population, mandatory health insurance, high prevalence of lifestyle diseases and the projected rise in spending on the Healthcare sector.

Various market facilitators are also playing a significant role in the GCC healthcare industry, re-shaping its structure and market dynamics. Factors such as growing medical tourism, increasing influence of technology in the healthcare delivery system and rise in PPPs are facilitating market growth. Sensing this demand, both government and private investors are gearing up to infuse billions of dollars in the GCC healthcare market.

Rise in ageing population

The growth in the GCC Healthcare sector will be mainly driven by an ageing population. According to the World Bank, the proportion of GCC population above 65 years of age will reach 20% by the end of 2050, from 2% in 2015. Improving life expectancy by 24% over the last four decades and declining mortality rates are expected to further increase the proportion of ageing population as well as add to the current population. This would lead to higher demand for healthcare services along with a rise in associated costs. Life expectancy in the GCC region increased to 77 years in 2013 from 72 years in 1990, while the infant mortality rate fell to 8 deaths per 1,000 live births in 2013 from 22 in 1990.

Currently, the youth accounts for the maximum share of the population in the GCC. However, the elderly population (age 65 years and above) is expected to increase at a much higher CAGR of 7.8% as against only 1.6% for the population in the age group of 15-64 years. This growth would lead to a rise in demand for healthcare services.

Figure 8: GCC Population by Age Groups

High prevalence of lifestyle diseases

The increasing trend of sedentary lifestyle patterns and the shift from traditional, nutritious diets to fast foods have led to increased instances of hypertension, obesity, cancer, heart conditions and other lifestyle diseases in the GCC region. The WHO estimates that non-communicable diseases (NCDs) account for 47% of the total diseases in the Middle East and expects the figure to increase to 60% by 2020.

As per the WHO estimates, heart diseases in the GCC region have led to the loss of an average of 13 life years due to disability or premature mortality. Saudi Arabia and the UAE top this list, reporting loss of an average of 17 life years. Obesity-related illnesses are already a huge burden on the region's health services, and this issue is expected to exacerbate.

In 2011, all GCC countries, except Oman, were on the International Diabetes Federation's list of the 10 most diabetes-prevalent countries. Kuwait topped the list, with 21.1% of its population in the age group of 20-79 years suffering from diabetes. This figure far exceeds the global average of 8.3%.
Focus on mandatory health insurance

The GCC governments are increasingly making health insurance mandatory in a bid to reduce costs and improve healthcare standards. This initiative is expected to drive the demand for medical services as it permits reimbursement of out-of-pocket expenditure. This would in turn attract private investment to the healthcare sector.

Various insurance companies are now operating across the GCC region to leverage on the demand for health insurance. Generating a highly favourable response, in 2014, health insurance accounted for about 52% of the country’s total gross written premium.

Saudi Arabia was the first GCC country to implement a mandatory health insurance policy for the private sector, benefiting both locals and expatriates. Qatar and the UAE (Abu Dhabi and Dubai) have also implemented mandatory health insurance; Bahrain has in place a compulsory health insurance scheme for nationals since 2003 and plans to roll out a mandatory insurance policy for expatriates as well. In Kuwait, expatriates must have health insurance to receive a residence permit, though this does not provide them access to Kuwaiti private healthcare providers.

Focus on medical tourism

The UAE, particularly Dubai, is one of the forerunners in medical tourism, which has enabled the GCC region to emerge as a prominent medical tourism destination. The key to its ambition of delivering quality healthcare is its ability to attract GCC travellers and those from the wider Middle East who would have previously travelled outside the region for medical treatment. One of the healthcare landmarks in Dubai is the Dubai Healthcare City (DHCC) – a free zone dedicated to clinical and wellness services, medical education and research for delivering quality healthcare. Of the 1.2 million patients treated at the DHCC in 2014, about 15% were medical tourists.

According to healthcare experts at the DHCC, there is high demand for cosmetic, dental, cardiac and orthopaedic treatments.

Bahrain is also pushing for the development of health tourism, with planned construction of Dilmunia Health District (DHD). The DHD is being projected as a wellbeing island providing preventive, curative and rehabilitative services coupled with a variety of alternative treatments and wellness programmes.

A significant part of the GCC healthcare market is characterised by international partnerships, with hospitals across the region vying for Joint Commission International (JCI) accreditation. The JCI recognises and measures the best practices in quality and patient safety followed by healthcare organisations worldwide. JCI has formed accreditation and consulting alliances with medical centres, hospitals and primary care providers in the GCC region. These international partnerships thus provide credibility to the healthcare sector, boosting medical tourism in the region.
Innovation and digital transformation

Technology plays a significant role in transforming the healthcare mechanism for enhancing the quality and reach of healthcare services. It also enables the analysis of medical data, allowing for online consultations, intelligent self-diagnosis and management.

Technology in healthcare is spawning trends, such as Platform Revolution, workforce re-imagined and telemedicine, aimed at strengthening the quality of medical service delivery in the region.

Platform Revolution in the GCC region is promoting increased use of virtual tools such as smartphone apps that provide smart services for health, healthcare facility, healthcare professionals and general public. The Dubai Health Authority has released two smartphone apps – Dubai Doctors and Senhaty – to provide similar digital services to people. Kuwait is also adopting digital strategies in partnership with Advantech (Taiwan-based MNC).

Workforce re-imagined is an interesting aspect of the healthcare industry’s digital revolution. Many healthcare institutions in the GCC plan to transform into digital hospitals, which would require the use of technology to replace paper work and enhance caregiver efficiency. An eminent institution among these is King Khalid Medical City Hospital in Saudi Arabia, which aims to turn this idea into a reality by 2020.

Telemedicine is yet another emerging area that aims to bridge the geographical distance between patients and doctors in the GCC region. The governments are undertaking novel initiatives for remote diagnosis and treatment of patients by means of telecommunications technology, thus popularising the concept of telemedicine. In 2012, two telecom companies in the UAE – Etisalat and DU – joined eHealth movement to create new opportunities for analytics and big data integration with healthcare systems delivery. Digitalisation of health systems and records is the foundation of the telemedicine concept and is spreading across the GCC. For instance, four of the 12 hospitals in Qatar have fully integrated telemedicine system.

Public-Private Partnerships

In the past decade, the GCC has invested US$628 bn in PPP projects across all industry verticals. However, these efforts are still in infancy compared to investments made in other regions of the world.

Figure 9: JCI-Accredited Hospitals in the GCC, 2014

Source: JCI
The GCC Healthcare sector aims to provide increased accessibility to services, high-quality care and affordable treatment for patients. Private players have been slow to invest in the sector as it is capital-intensive with a long gestation period and has a lower operating margin. However, in response to the high demand for healthcare services, the GCC governments have made significant investments (around 70%) in setting up more hospitals and upgrading medical infrastructure. However, rising costs and burgeoning pressure on existing health systems have necessitated the emergence of an active PPP model.

Healthcare systems in the GCC region offer diverse opportunities for private sector players, including care provision (construction of clinics and medical units), insurance, healthcare supplies and health education. As diseases such as cancer, respiratory ailments and cardiac diseases are the largest contributors to the overall incidence of diseases in the region, private players can provide services with high commercial value such as cardiac surgeries and medical equipment manufacturing. The government is thus encouraging the private sector to invest in healthcare by offering various incentives and subsidies besides introducing regulatory reforms. These efforts have led to increased overall investment in the GCC Healthcare sector, giving a boost to its growth.

**Table 1: PPP Potential in the GCC Healthcare Sector**

<table>
<thead>
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<th>Investor Types</th>
<th>Providers</th>
<th>Payers</th>
<th>Educators</th>
</tr>
</thead>
<tbody>
<tr>
<td>Category</td>
<td>Rural care systems</td>
<td>Disease management</td>
<td>Higher education of health professionals</td>
</tr>
<tr>
<td>Service</td>
<td>Emergency medical services</td>
<td>Third-party administration</td>
<td>Medical education</td>
</tr>
</tbody>
</table>

*Source: Booz & Company*

**Challenges**

In the last two decades, the GCC region has made commendable strides in achieving quality benchmarks in current healthcare facilities, driven by continued government assistance and the much recent involvement of the private sector. On the flip side, bottlenecks such as inadequate staff and rising healthcare costs are causing much friction in delivering the desired level of medical infrastructure.

**Shortage of healthcare staff**

One of the major challenges of the GCC healthcare sector is its dependence on expatriates. The region lacks local healthcare professionals as expats occupy a majority of positions as doctors, nurses and other medical staff. Even though the governments are undertaking initiatives such as introducing post-graduate specialisation programmes, providing career advancement opportunities at the academic and organisation levels and simulation-based training for medical staff, the nationals will take a long time to become productive. Thus, in the medium term, the dependence on expats is expected to continue.

**Lack of super-specialised care facilities**

Even though several new hospitals have been set up across the GCC region over the past few years, the region lacks super-specialised healthcare facilities. For instance, the most popular treatments in the UAE are weight loss surgeries, in vitro fertilisation, cosmetic treatments, orthopaedic and dental services; for super-specialised services, patients still have to travel outside the region. In 2012, the GCC governments spent around US$12 bn on sending patients abroad owing to the rise in demand for super-specialised services for oncology, cardiovascular diseases, orthopaedics and trauma, rehabilitation and paediatric diseases.
Between 2013 and 2014, a Towers Watson Global Medical Trend Survey analysed the average cost of medical treatment across the Middle East region. In most markets, the medical cost trends in the region averaged around 10% in 2013-14. Although the UAE has seen slight reduction in the trend, it is still projecting a rise to reach 15% in 2015-16. This is mainly driven by investments in medical technology and increased cost of the hospital and inpatient services.

**High cost of medical treatment**

Given that the GCC economies are witnessing a transition towards achieving a balanced economic growth, the high cost of medical treatments poses major challenges. Significant gap exists between the demand and supply of medical facilities available in the region. Therefore, the cost of medical care offered in the UAE is substantially higher than that offered in other Asian countries such as India, Thailand and Singapore. According to Grant Thornton, a consulting agency, a heart bypass surgery in the UAE costs on average US$44,000, while it costs US$18,500 in Singapore and US$9,000 in Malaysia. In 2014, inflation in medical care costs was 2.3% in the UAE, and it is forecasted to touch 3.4% by 2020.

As per a survey of global medical trend rates, the most impactful elements of medical cost in the MENA region are in the following order.

<table>
<thead>
<tr>
<th>Cost Impact Ranking</th>
<th>Hospitals</th>
<th>Maternity and Physician Services</th>
<th>Clinical/Labs</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
<td>2</td>
<td>3</td>
</tr>
</tbody>
</table>

As per a survey of global medical trend rates, the most impactful elements of medical cost in the MENA region are in the following order.

Future projections state that medical cost in the Gulf region is expected to rise to 12.2% in 2016, majorly attributed to the dip in government spending on account of falling revenues from the oil sector. Besides, the rising demand-supply gap in the delivery of speciality services and an ineffective cost control on medical technologies would add to the burden.

Although the GCC governments are pursuing healthcare infrastructure expansion to tackle this issue, it would take some time given the elevated cost of medical services.
Healthcare Infrastructure

**To bridge the demand-supply gap in healthcare infrastructure, the GCC countries are making heavy investments. However, the region still lags behind developed economies, thus presenting a substantial opportunity for private investments**

Healthcare infrastructure

Public hospitals dominate the GCC healthcare market. However, over the last 3-5 years, the number of private hospitals has increased mainly to cater to expat population as they are not entitled to free treatment in government hospitals. The share of private hospitals increased from 35.6% in 2009 to 37.6% in 2013. The GCC governments are making substantial investments to bridge this demand-supply gap. Furthermore, opportunity exists for private investments as the GCC region lacks specialised and super-speciality hospitals.

**Figure 11: Number of Hospitals in the GCC**

<table>
<thead>
<tr>
<th>Country</th>
<th>2009</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>KSA</td>
<td>82</td>
<td>16</td>
</tr>
<tr>
<td>UAE</td>
<td>66</td>
<td>75</td>
</tr>
<tr>
<td>Qatar</td>
<td>137</td>
<td>20</td>
</tr>
<tr>
<td>Bahrain</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Oman</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Kuwait</td>
<td>2</td>
<td>3</td>
</tr>
</tbody>
</table>

Source: Ardent Advisory and Health Statistics of Individual Countries

**Figure 12: Hospital Beds in the GCC (‘000s)**

<table>
<thead>
<tr>
<th>Country</th>
<th>2009</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>KSA</td>
<td>22</td>
<td>8</td>
</tr>
<tr>
<td>UAE</td>
<td>25</td>
<td>42</td>
</tr>
<tr>
<td>Qatar</td>
<td>2</td>
<td>8</td>
</tr>
<tr>
<td>Bahrain</td>
<td>686</td>
<td>3%</td>
</tr>
<tr>
<td>Oman</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Kuwait</td>
<td>2</td>
<td>8</td>
</tr>
</tbody>
</table>

Source: Ardent Advisory and Health Statistics of Individual Countries

Saudi Arabia and the UAE account for about 80% and 77% of the total number of hospitals and hospital beds, respectively, in the GCC region. Saudi Arabia alone accounts for about 65% of hospitals and 70% of beds in the region. In its 2016 budget, the country has allocated US$27.7 bn towards further development of the sector.

Similarly, governments of the UAE and Qatar are making enormous investments to improve their healthcare systems. Dubai has constructed Dubai Healthcare City (DHCC), which provides facilities such as hospitals, specialised centres and clinics in addition to an academic medical training centre. In Abu Dhabi, public hospitals have been affiliated with renowned international healthcare providers. Similarly, construction of Abu Dhabi Cleveland Clinic is a key infrastructure in the healthcare sector. On the other hand, Qatar, under its Qatar Health Facilities Master Plan (QHFMP), has invested in healthcare centres, diagnostic and treatment units, general and specialised hospitals.

Between 2009 and 2013, about 13,000 new hospital beds were added in the GCC region, but the number of beds per 10,000 people remains lower than that in developed economies.

**Figure 13: Bed Density per 10,000, 2012**

Source: WHO World Health Statistics 2014, IMF, Ardent Advisory

Expats account for around 64% of the total healthcare workforce in Saudi Arabia, the GCC’s largest healthcare market. Moreover, the region’s reliance on expats is expected to increase owing to the lack of adequate training facilities and qualified local manpower. However, countries are now investing to establish educational institutions and promoting exchange programmes for training the workforce to reduce the financial burden and uncertainty associated with employing expats. For instance, the Centre for Healthcare Planning and Quality is collaborating with Johnson & Johnson to establish a training and simulation centre at the DHCC. The centre will provide educational programmes having international standards to physicians and patients.
The GCC region majorly depends on expatriates owing to shortage of qualified healthcare professionals. With 48 nurses per 1,000 people compared with 115 in Germany and Japan, the density of doctors and nurses is very low in the region. However, overall numbers have increased substantially in the last few years owing to rising healthcare demand.

**Figure 14: Physicians and Nurses per 10,000, 2012**

<table>
<thead>
<tr>
<th>Country</th>
<th>Nurses</th>
<th>Physicians</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>115</td>
<td>115</td>
</tr>
<tr>
<td>France</td>
<td>38</td>
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</tr>
<tr>
<td>UK</td>
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<td>US</td>
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<td>GCC</td>
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<tr>
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<td>China</td>
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<td>15</td>
</tr>
<tr>
<td>Global</td>
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<td>14</td>
</tr>
</tbody>
</table>

Source: WHO World Health Statistics 2014, Ardent Advisory

Qatar has the highest nurse-to-population ratio in the GCC region. To bridge the demand-supply gap for medical professionals, the GCC governments have taken several steps such as offering incentives to attract highly qualified professionals, investing in education and expansion of medical colleges, and focusing on training and development.

**Centres of Excellence**

The public healthcare system in the GCC region has remained largely focused on delivering general treatment as against the rising demand for speciality and chronic disease management. Hence, the region offers a huge opportunity in areas of cardiology, oncology and various respiratory diseases. This has led to the development of the Specialised Centres of Excellence to provide technologically advanced medical services through customised healthcare solutions for each patient. Moreover, the need to reduce outbound health expenses has also created an opportunity for the development of such speciality centres.

People have enthusiastically welcomed the existing Centres of Excellence in the GCC region, as evident from the high patient volumes and capacity utilisation of these facilities.

Some of them include the following—

- **Burjeel Hospital for Advanced Surgery, Dubai**
  - Joint replacement, Paediatric orthopaedics, physiotherapy, vascular surgery and radiology

- **Wooridul Spine Center, Abu Dhabi**
  - Cardiology, bariatric and metabolic surgery, gynaecology, and spine care

- **Aspeter, Doha**
  - Sports cardiology, sports groin pain, orthopaedic surgery, and sports dentistry

- **Danat El Emarat Hospital, Abu Dhabi**
  - Obstetrics and gynaecology, paediatrics and neonatology, gynaecologists and plastic surgery
Healthcare Investments

The GCC governments are heavily investing in healthcare infrastructure and technology to improve local service delivery and support the roll-out of mandatory health insurance schemes.

Governments across the GCC region are making heavy investments in healthcare infrastructure to raise their healthcare delivery standards, with the UAE and Saudi Arabia accounting for the majority of new projects. To meet this growing demand, the GCC governments are encouraging participation of private players as well. According to a report by Ventures Middle East, the GCC countries completed projects worth US$3.7 bn in 2014 and were expected to complete projects worth US$7.0 bn by 2015.

In addition to infrastructure investments, the GCC is witnessing increasing investments in healthcare technologies such as e-visits and digitisation of patient records. Qatar’s e-Health and telemedicine programme and Saudi Arabia’s integrated and Comprehensive Health Programme that connects over 3,500 of its healthcare facilities are some of the initiatives undertaken to improve healthcare delivery in the region. According to a Deloitte estimate, services such as e-visits represent a US$2-3 bn market, thus offering an attractive opportunity for private players.

Focus: Infrastructure investments

Currently, the GCC region has 37 mega-hospital projects worth approximately US$28.2 bn in active stages of development. Slated for completion by 2020, these projects are expected to add over 22,500 new beds in the region.

**UAE**

The UAE is planning a US$680 mn New Medical Complex project in Abu Dhabi’s Mohamed Bin Zayed City, with a 400-bed hospital as well as personnel housing facilities.

The **Sheikh Khalifa Medical City** at Abu Dhabi is another major project, with a planned 838-bed hospital, covering an area of 279,000 m². The hospital will become operational in 2018 and offer specialised trauma, gynaecological and paediatric centres along with general medical facilities. Abu Dhabi Health Services and Abu Dhabi General Services have invested US$1.09 bn in the construction of **New Al Ain Hospital** with 713 beds. The hospital building will be designed based on German standards and follow the theme of healing oasis.

**The Burjeel Medical City** at Abu Dhabi will comprise multi-speciality hospital focusing on key therapeutic areas such as cancer.

**University Hospital Dubai Healthcare City** is a 400-bed hospital, which will offer graduate and post-graduate medical programmes and is expected to be completed by 2018.

**Saudi Arabia**

Saudi Arabia is developing five medical cities across the country at a cumulative cost of about US$4.3 bn to bridge the gap between urban and rural care.

**The King Khalid Medical City in Dammam:** This US$1.2 bn project will serve as an academic medical centre with 1,500 single-patient rooms, a 500-bed private community hospital, etc.

**The King Faisal Medical City:** This US$1.1 bn project, with 1,350-bed capacity, will serve the Southern Province.

**The Prince Mohammed bin Abdulaziz Medical City:** This project, with 1,000-bed capacity, will serve the northern region.

**The King Abdullah Medical City in Mecca:** This project will comprise three hospitals and 10 medical centres, with a total of 1,350 beds.

**The King Abdullah Bin Abdulaziz Project:** Under this project, US$6.7 bn are being invested in the construction of two medical cities for security forces at Riyadh and Jeddah.
Qatar, in the first phase of its 20-year QHFMP, aims to build 48 new healthcare facilities by 2020, of which 22 are slated for completion in 2016. Key projects in Qatar:

Hamad Medical Corporation Translational Research Institute: This would focus on key specialisation areas such as cancer, trauma, infectious diseases, neuroscience, diabetes, obesity, cardiovascular disease, and women’s and children’s health.

Trauma hospital in Doha: This project will have 1,100 beds and is likely to be completed by 2022.

The Qatar Foundation has invested US$7.9 bn in the Sidra Medical and Research Centre, which would have around 400 hospital beds along with well-equipped laboratories to attract scientists to the country. It would employ around 2,000 nurses, 600 physicians and 800 allied health professionals.

Oman has invested in a US$1.8 bn, Sultan Qaboos Medical City project in Muscat. This will house a general hospital, an organ transplant unit, a rehabilitation centre, and specialist paediatric and head-and-neck hospitals. These services will be supported by a dedicated imaging centre and lab facilities.

Similarly, medical city in Batinah would comprise five hospitals, including general, paediatrics, organ transplant, neuroscience and trauma hospitals, and are expected to be completed by 2020.

The International Medical City project is a 530-bed multi-speciality hospital planned to be completed by 2020.

Kuwait’s MoH plans to construct eight new public hospitals by 2016 to raise the number of its total hospital beds to 11,000. Key projects in Kuwait:

A maternity and paediatrics hospital, with 1,500-bed capacity, by the Ministry of Public Works.

Kuwait Health Assurance Company, a PPP project, includes building of three new hospitals and 15 health clinics.

Al Jahra Hospital, with 12,000 bed capacity, is commissioned by the Amiri Diwan.

Key projects in Bahrain:

The Disability Complex Center with 150 beds would focus on key areas of Down syndrome, autism, brain damage and rehabilitation services; the centre is expected to be completed by 2018.

The Muharraq Cancer Center will have 120 beds and is expected to be completed by the end of 2016. Muharraq hospital will have additional 200 beds catering to key therapeutic areas of obstetrics and gynaecology, diabetes and long-term care.
Country Profile: UAE

The UAE has doubled its healthcare budget since 2007, spending 3.3% of its GDP on healthcare in 2014. The market is further projected to expand at a remarkable CAGR of 8% in 2016-22

The UAE has a comprehensive government-funded healthcare service and a rapidly developing private healthcare sector

In the last decade, the UAE has made dedicated efforts to create a robust healthcare infrastructure that is now increasingly being considered at par with international standards. Since 2007, the country has more than doubled its budget allocation for healthcare from US$6.5 bn in 2007 to about US$14 bn in 2014, at a CAGR of 11.5%. Meanwhile, the UAE’s healthcare system is striving to match the growth in expat population and control the rise in per capita healthcare spending caused by increasing incidences of chronic and lifestyle diseases.

Figure 15: Budgeted Allocation to Healthcare (US$ bn)

- 2010: $9.7 bn, 3.4% of GDP
- 2014: $13.6 bn, 3.5% of GDP
- 2016: $13.2 bn, 3.3% of GDP
- 2018: $18.6 bn, 4.2% of GDP
- 2020: $19.5 bn, 4.8% of GDP

Source: Ministry Of Health

Multiple administrators manage the UAE’s healthcare sector

The Ministry of Health (MoH) is the primary healthcare regulator across the Northern Emirates. It is the federal authority responsible for unifying the UAE’s healthcare policies, developing a comprehensive and nationwide healthcare service, and ensuring that healthcare remains accessible across the country.

The Federal Health Insurance Authority (FHIA) currently oversees the insurance sector. It will eventually be a standalone organisation comprehensively managing the UAE’s health insurance sector (currently handled by the Ministry of Finance). The FHIA will also manage licensing, registration and codes of conduct for healthcare service providers.

The Dubai Health Authority (DHA) is the regulator and operator of the Emirate’s healthcare sector. It defines the region’s healthcare policy and strategy, supports and develops medical education and research facilities. It also regulates and licenses all healthcare facilities and services in Dubai and its free-trade zones.

The Health Authority of Abu Dhabi (HAAD) is the capital’s financially and administratively independent public health authority that raises requisitions for healthcare facilities and sets regulations for the region’s healthcare providers. It also oversees the management of healthcare services at the policy level.

The UAE’s healthcare infrastructure surpasses that of other GCC countries

Dubai and Abu Dhabi lead in the GCC region in terms of density of physicians and nurses but lag slightly in terms of bed density, indicating a significant scope for establishing more such facilities.
Both have higher key indicators than other Emirates, underscoring the rapid development of their healthcare sectors. However, the UAE as a whole lags behind other GCC countries owing to the lack of healthcare facilities in its Northern region.

**Figure 16: Dubai Key Healthcare Indicators, per 10,000 People, 2013**

Among the seven Emirates, Dubai has the most developed healthcare infrastructure

Dubai has implemented several policies to enable its healthcare infrastructure to not only cater to the domestic populace but also attract international tourists.

Dubai’s population has seen one of the fastest growth rates in the GCC region, increasing at an average annual rate of 5.1% to reach 2.2 million in 2010–13. It is expected to surpass 3.0 million by 2020. This rapid growth rate, coupled with rising income levels in the Emirate, is driving the region's demand for healthcare services.

The number of hospitals in Dubai rose from 22 in 2008 to 31 in 2013, of which 25 were private hospitals. Similarly, the number of hospital beds increased at an average annual rate of 6.8% per annum to 3,765 beds in 2008–12. However, government hospitals accounted for 61% of the overall number of beds as public hospitals in Dubai hold significantly higher average of 395 beds, compared with the average of 67 beds for private hospitals.

**Figure 17: Healthcare Infrastructure in Dubai**

**Figure 18: Healthcare Infrastructure in Abu Dhabi**

Despite improved healthcare, some patients prefer overseas treatment

In addition to the patients sponsored by DHA and HAAD for overseas treatment, many UAE residents sponsor their own treatment at overseas facilities. According to the International Medical Travel Journal, over 30,000 Emiratis travel abroad for
medical treatment every year, spending an average of US$250,000 per visit.

A DHA research reveals that the nationals and expats seek treatments abroad mainly because of ineffective doctor-patient communication, lack of specialist services and long wait times in the country.

The DHA has taken various steps to boost healthcare investments

In 2013, the DHA released its healthcare strategy plan 2013–25, which aims to establish Dubai as a hub for medical tourism and provide its residents with internationally recognised levels of healthcare. The strategy focuses on the development of three new hospitals – the Rashid Hospital, Al Maktoum Hospital and Al Khawaneej Hospital. The DHA has allocated about US$820 mn (AED3 bn) to revamp the Rashid Hospital, including the expansion of its trauma centre, and setting up of new centres for heart, cancer and kidney patients. It also plans to construct a US$10.3 mn building dedicated to outpatients to reduce pressure on hospitals.

In January 2015, the DHA unveiled its new 10-year healthcare plan, projecting an additional requirement of 8,233 beds, 7,323 doctors and 8,510 nurses by the next decade. To meet Dubai’s healthcare needs, the plan proposes to build three new medical colleges and five nursing schools. The government currently offers a three-month medical-tourist visa, extendable twice up to nine consecutive months for overseas patients who wish to seek medical treatment in Dubai. In 2014, over 150,000 medical tourists visited Dubai, and this figure is expected to rise to 500,000 by 2020, as the DHA plans to commence the second phase of development.

Abu Dhabi is catching up with Dubai in investments in healthcare facilities

Abu Dhabi presents a strong opportunity for private healthcare investments, evident from the growing number of PPP initiatives in the Emirate. This is owing to the Emirate’s efforts to streamline the licensing and permit process for foreign investors by reducing regulatory obstacles. Better accessibility towards bank financing for the development of healthcare facilities has also played a major role in removing obstacles in the process of raising funds for investment.
In 2014, HAAD released its Healthcare Sector Strategic Plan, which aims to identify and address the capacity gaps in Abu Dhabi’s healthcare delivery system. As per plan estimates, the city will require an additional 2,200 hospital beds, 4,800 doctors and 13,000 nurses by 2022. HAAD’s supply projections predict that the 16 hospital projects under construction, with around 2,859 beds, will be sufficient to meet hospital bed demand by 2020. However, significant capacity gaps exist in intensive care units and critical care medicine, emergency care, neonatology, paediatrics, oncology, orthopaedics, rehabilitation and psychiatry.

To address the shortfall in speciality care, the Abu Dhabi government has initiated the construction of various healthcare facilities across the Emirate. Major facilities under construction include a US$1.2 bn public hospital with 719 beds at Al-Ain to replace the existing hospital at Al Jimi. In addition to 484 beds for general medicine, the new facility will have 104 specialised clinics and 22 specialised endoscopy units, as well as a children’s ward, maternity ward, intensive care unit and a medical rehabilitation unit.

The government also plans to construct the Sheikh Khalifa Medical City, with an 838-bed facility spread over 3 million sq ft in order to provide increased medical, paediatric and trauma care for the residents of Abu Dhabi.

Apart from Dubai and Abu Dhabi, Northern Region also features in the scheme of things

Northern Emirates, which include Sharjah, Ajman, Fujairah, Ras-Al-Khaimah and Umm-Al-Quwain, currently lack adequate healthcare infrastructure but are taking measures to improve the situation. For example, Sharjah is developing the Sharjah Healthcare City (SHCC), a 2.5 million sq m area that will operate as a free zone, with 100% foreign ownership and no taxes. Construction work for the project is expected to start in the first quarter of 2016. Investors will be able to establish specialist hospitals, clinics, research centres, employee residential units and warehouses for medical equipment at the SHCC.

**Health insurance laws will further bolster healthcare delivery across all Emirates**

Dubai implemented the first phase of its new health insurance law in November 2014. Under this law, all companies with more than 1,000 employees were required to provide medical cover for their staff, who in turn would be responsible for covering their dependents. Smaller firms are required to follow suit by 2016.

In 2008, Abu Dhabi had implemented a mandatory health insurance policy for all its residents. However, unlike Dubai which has high competition among private insurers owing to the presence of a large number of players, the state-controlled Daman enjoys near monopoly in Abu Dhabi.

**The UAE’s Vision 2021 plan would implement several initiatives to improve the overall healthcare quality across the country**

The UAE Vision 2021 aims to achieve a world-class healthcare system in the country through public and private participation. The Vision seeks to have all public and private hospitals accredited according to national and international quality standards with regard to medical services and staff. The National Agenda also emphasises the importance of preventive medicine and seeks to reduce the incidence of cancer and lifestyle-related diseases to help citizens enjoy a longer and healthier life.
The UAE’s Health Ministry has planned several initiatives to meet the Vision 2021 targets

- Development of a national cancer registry, a system to monitor hospital wait time.
- Development of a comprehensive national programme to ensure regular health check-ups for every Emirati.
- An action plan to streamline standards among healthcare professionals for all UAE hospitals.
- A mobile healthcare programme catering to remote areas for better accessibility to healthcare services for people.
- Creation of a national database for all medical facilities to ease the transfer of patients between public and private hospitals.
- Establishment of a new medical research and development centre, along with a training centre. The ministry also plans a nationwide obesity awareness programme.

### Table 2: UAE Vision 2021 Targets

<table>
<thead>
<tr>
<th>Indicators</th>
<th>2012 Result</th>
<th>2021 Target</th>
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<tbody>
<tr>
<td>Deaths from cardiovascular diseases per 100,000 population</td>
<td>211</td>
<td>158.2</td>
</tr>
<tr>
<td>Prevalence of diabetes</td>
<td>19.02%</td>
<td>16.28%</td>
</tr>
<tr>
<td>Deaths from cancer per 100,000 population</td>
<td>78</td>
<td>64.2</td>
</tr>
<tr>
<td>Average healthy life expectancy</td>
<td>67</td>
<td>73</td>
</tr>
<tr>
<td>Physicians per 1,000 population</td>
<td>1.5</td>
<td>2.9</td>
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<tr>
<td>Nurses per 1,000 population</td>
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</tr>
<tr>
<td>Prevalence of smoking</td>
<td>21.6% (Men)</td>
<td>15.7% (Men)</td>
</tr>
<tr>
<td></td>
<td>1.9% (Women)</td>
<td>1.66% (Women)</td>
</tr>
<tr>
<td>Percentage of accredited health facilities</td>
<td>46.8%</td>
<td>100%</td>
</tr>
</tbody>
</table>

*Source: UAE Vision 2021*
Country Profile: Saudi Arabia

Saudi Arabia, the largest healthcare market in the GCC region, is encouraging private participation through the PPP model to meet the growing needs of expatriate population.

Saudi Arabia, with a population base of 31.5 mn (2015), is the largest healthcare market in the GCC region. In 2014, the country ranked 16th globally in terms of healthcare systems, as per a Bloomberg study. The study compared countries on three criteria: life expectancy, healthcare cost as a percentage of GDP, and healthcare cost per capita. Showing a positive outlook, Saudi Arabia performed better in all three aspects in 2014 compared to that in 2013.

In the last few years, Saudi Arabia’s healthcare sector has undergone huge transformation led by heavy investments from government and private players. Driven by mandatory health insurance and rise in lifestyle-related diseases, total healthcare expenditure rose at a CAGR of 9.3% (2008-14) to reach US$27.4 bn in 2014.

However, Saudi Arabia’s healthcare budget declined to US$27.7 bn in 2016 from US$42.7 bn in 2015, mainly owing to lower government revenue on account of dipping oil prices.

Locals also have other privileges, such as free treatment in quasi organisations.

Expatriates have mostly restricted accessibility to these government facilities, making the country’s 9.2 million expatriates (half of them concentrated in Riyadh and Jeddah) dependent on private healthcare facilities. To cater to the growing needs of expatriates, the Saudi Arabian government is encouraging PPPs. Furthermore, in 2005, Saudi Arabia introduced mandatory health insurance for expat workers, extending the scheme in 2013 to cover their dependents as well. This has further boosted the demand for private hospitals in the country.

In 2014, the total number of hospitals in Saudi Arabia was 453, with nearly 70% of these operated by the government. However, the proportion of private hospitals is expected to increase. With the growing expat population in the kingdom, the number of inpatients in private hospitals increased at an average annual rate of 1.5% in 2009–13 compared to 0.5% in public hospitals. Similarly, the number of outpatients in private facilities outstripped that in public hospitals.

Government expenditure was around 64.2% of Saudi Arabia’s healthcare spends in 2013

MoH-operated hospitals mainly cater to locals and provide free treatment to government employees. Furthermore, Saudi nationals and religious pilgrims are entitled to free healthcare service.
Saudi Arabia’s health infrastructure is above the GCC average but below that of developed countries

Saudi Arabia lags behind the global average in terms of bed density per 10,000 people, with figures improving only marginally from 21 in 2008 to 22 in 2013. While the kingdom is comfortably placed ahead of developed economies such as the US, in terms of physicians and nurse density, expats continue to account for above 60% of Saudi Arabia’s entire healthcare workforce.

**Figure 22: Saudi Arabia – Key Healthcare Indicators per 10,000 population (2013)**

<table>
<thead>
<tr>
<th></th>
<th>Germany</th>
<th>US</th>
<th>Global</th>
<th>GCC</th>
<th>KSA</th>
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<tbody>
<tr>
<td>Beds</td>
<td>82</td>
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<td>38</td>
<td>29</td>
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</tr>
<tr>
<td>Physicians</td>
<td>29</td>
<td>22</td>
<td>25</td>
<td>27</td>
<td>22</td>
</tr>
<tr>
<td>Nurses</td>
<td>22</td>
<td>27</td>
<td>115</td>
<td>98</td>
<td>52</td>
</tr>
</tbody>
</table>

Source: IMF, WHO, Supreme Council of Health

Saudi government is intensifying efforts to promote PPPs through increased credit limits for building private hospitals

Government efforts to encourage PPPs in the healthcare sector are evident from the presence of various international hospitals, such as Saudi German Hospitals, across the kingdom. In early 2014, Johns Hopkins partnered with Saudi Aramco to establish the Johns Hopkins Aramco Healthcare, a facility at the oil major’s base in Dhahran.

The Saudi Arabian government is also conducting feasibility assessments of privatisation initiatives and also encouraging private sector participation by offering attractive incentives, especially for Saudi investors. The government has provided interest-free loans for hospital projects up to US$53.3 mn, to be repaid over 20 years, with a grace period of five years.

**Outlook for the sector is positive given the government’s efforts to modernise healthcare system through PPPs**

The healthcare sector would remain the key focus area of Saudi Arabian government. The sector is projected to expand at a CAGR of 8% in 2016-20. Private players would have a huge opportunity in bridging the healthcare demand-supply gap. The focus would be on key areas such as building specialised centres for disease management, tertiary care and rehabilitation.

The development of medical cities is expected to significantly improve the country’s healthcare system by creating a tiered, organised system where doctors in primary healthcare centres refer patients to hospitals and specialist centres in the medical cities, rather than the current system in which patients turn up at the nearest local facility. However, holistic development of the healthcare sector will also depend on the availability of skilled local workforce.
Country Profile: Qatar

Qatar represents the fastest-growing healthcare market in the GCC region, with the inpatient and outpatient segments pegged to reach US$2.5 bn and US$6.6 bn, respectively, by 2018.

The WHO ranks Qatar as having the highest per capita health expenditure in the GCC

Qatar has the highest per capita healthcare expenditure in the GCC region, at an estimated US$2,043. In 2013, government sources accounted for 83.8% of the country’s total healthcare expenditure, which at 5.8% of its overall expenditure, stands well above the healthcare spends of other GCC countries. In FY14-15, Qatar government allocated US$4.3 bn for the development of its healthcare sector, specifically completion of the Sidra Medical and Research Centre and Hamad General Hospital projects. A significant investment from the allocated budget was in the construction of a labour hospital and 19 new healthcare centres, of which six are already under construction.

Hamad Medical Corporation (HMC) owns over 80% of Qatar’s healthcare facilities

Inpatient services in Qatar are provided through 13 hospitals; of these, HMC manages three community hospitals and five specialist hospitals. Both national and expatriate residents can access the public healthcare system in Qatar, provided the expatriates possess a health card bearing a patient number. Outpatient services are provided mainly through public healthcare centres such as those of the Primary HealthCare Corporation (PHCC), the Ministry of Interior, Qatar Petroleum and Supreme Council of Health centres.

Shortage of hospital beds and manpower indicates a significant gap between healthcare capacity and demand

Although the shortage of healthcare resources is prevalent across the GCC region, Qatar exhibits a keenly defined undersupply situation, with the lowest number of hospital beds and lowest physician density per 10,000 people in the region. The situation is expected to exacerbate as the population jumps from 2 million in 2013 to more than 3 million by 2022 led by robust investments as preparations for FIFA World Cup 2022 continue.

Qatar relies mainly on expat workforce; a McKinsey study in 2014 revealed that the country had recruited about 69% of doctors and 91% of nurses from abroad. Lack of super-speciality hospitals is also a major concern in Qatar.
The government sponsors nationals for overseas medical treatments, especially for services unavailable in the country. In 2012, it sent around 3,160 patients overseas, an annual increase of 26.4%.

Figure 26: Overseas Medical Treatment by Destination and Services, 2011

A rapidly increasing population and growing sedentary lifestyles are burdening the country’s resources and existing healthcare delivery system. In the short term, Qatar’s most pressing need is specialised care. The ambitious hospital project of Sidra Medical and Research Centre, focusing on children and women’s health, is set to address this need by hiring about 2,000 nurses, 600 physicians and 800 allied healthcare professionals. It is expected to initially house 400 hospital beds.

Qatar, one of the smallest yet wealthiest countries in the world, plans a complete overhaul of its healthcare system

To address the shortage of healthcare supply, Qatar launched the National Health Strategy for 2011–16. Under this strategy, the country will execute 35 projects at a cost of US$322 mn to boost the level of primary care, improve medical training and integrate its healthcare system. In 2013, the country launched the QHFMP for 2013–33 to identify infrastructure gaps and thereby propose investments. Qatar expects to face a shortage of around 1,067 beds by 2018, with the highest demand from specialties such as paediatrics, psychiatry, obstetrics and gynaecology. This scarcity is expected to increase to 1,582 beds by 2033. The country also faces a dearth of outpatient clinic rooms and expects a shortage of 721 consultation rooms by 2018 and 2,510 rooms by 2033.

Figure 27: Available and Additional Health Infrastructure in Qatar

To address this shortfall, a total of 48 healthcare infrastructure projects, as part of the QHFMP, have been planned and are expected to be completed by 2020. These projects include 31 healthcare centres and eight diagnostic/treatment units, of which 14 centres and 8 units will be completed by 2016. Additional 17 centres will be set up by 2020. The plan also includes the construction of a general and specialised hospital, two long-term facilities and four hospital expansions, to be completed in 2015–19. The QHFMP’s estimated expenditure of US$11.7–15.6 bn on healthcare infrastructure presents a significant opportunity for private contractors and subcontractors.

Similar to other GCC nations, Qatar launched a mandatory health insurance policy, as a five-phase scheme, for all Qatari nationals in 2013. The first phase covers Qatari women and later covers Qatari men as well, wherein the state will pay their premiums. The scheme will also cover expats by the end of 2016.
Country Profile: Kuwait

Kuwait’s healthcare sector is better poised compared to other GCC countries and is set to revamp its operations and financing in the healthcare sector

Home to a smaller population compared to that in the UAE and Saudi Arabia, Kuwait’s per capita healthcare spends at US$1,500 for 2013 is more than 50% higher than the GCC average, and its aggregate healthcare expenses have almost doubled from US$2.8 bn in 2008 to US$5.5 bn in 2014, at a CAGR of 11.9%. Kuwait’s MoH spearheads healthcare investments. As a part of the National Health Plan 2010–14, the MoH invested US$4.2 bn to add 4,600 beds, 150 operating rooms and 500 outpatient clinics in eight hospital projects across the country. The healthcare budget expenditure for 2015–16 is estimated at US$6.6 bn.

Figure 28: Total Expenditure on Health (US$ bn)

Public hospitals account for 87% of the beds, 80% of the doctors and 76% of all nurses in the country, serving 72% of inpatients and 62% of outpatients.

Figure 29: Kuwait Key Healthcare Indicators per 10,000 population, 2013

Kuwait Health Assurance Company (KHAC) formed to serve expats

The MoH is the country’s largest provider and sole regulator of healthcare services, though this scenario is set to change with the launch of the Kuwait Health Assurance Company (KHAC) and the Private Health Insurance Initiative for Kuwaiti retirees. The KHAC is based on a PPP model and aims at privatising expatriate health insurance and the associated medical care. Previously, to receive a residence permit in Kuwait, expatriates required health insurance from their employers or an external private agency, else they had to opt for a government scheme costing US$165 a year. From 2016, the KHAC is expected to be the sole insurance provider to about 60% of the country’s foreign workers. In addition, the MoH’s health insurance scheme for Kuwaiti retirees will cover 105,000 Kuwaiti retirees (male and above 55 years of age) at an estimated budget of US$342 mn.

Public hospitals serve a majority of people

Kuwaiti citizens are permitted to avail healthcare services free of cost. The government funds over 82% of the country’s healthcare expenditure, with the MoH contributing the bulk of expenditure. The remaining 10–20% is borne by the Kuwait Oil Company, Ministry of Defence, Ministry of Interior and other government entities. The country currently has 20 public and 21 private hospitals.
Changing pattern of healthcare demand necessitates private sector involvement

In the last few decades, Kuwait has demonstrated higher life expectancy, lower infant mortality and adequate control of infectious diseases. However, the prevalence of sedentary lifestyles has resulted in rising incidence of diseases such as hypertension, diabetes and cardiac ailments. In fact, Kuwait has the highest obesity rates in the GCC, at 74.2%, with the condition afflicting 70% males and 80% females over 15 years of age. This has altered the demand pattern, with a need for more regular consultations, frequent check-ups and a more protracted period of treatment. As government hospitals are stretched for resources and ill-equipped to handle protracted diseases, Kuwait is now experiencing the real need for private hospitals that would be more responsive to handle conditions such as obesity, diabetes and hypertension.

Kuwait is set to revamp its healthcare infrastructure through government-funded projects

Currently, Kuwait has 21 mega-healthcare projects worth over US$350 mn in the planning or construction stage. The total value of the projects is estimated at over US$12 bn, and once completed, these will add 11,200 beds to the healthcare market. However, falling oil prices can potentially delay project completion as Kuwait’s economy is heavily reliant on oil revenues.

<table>
<thead>
<tr>
<th>Entity in charge</th>
<th>Hospitals/beds</th>
<th>Project details</th>
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</thead>
<tbody>
<tr>
<td>Ministry of Health</td>
<td>8 4,600</td>
<td>-</td>
</tr>
<tr>
<td>Ministry of Public Works</td>
<td>2 1,500</td>
<td>-</td>
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<tr>
<td>Amiri Diwan</td>
<td>1 1,200</td>
<td>In project tender stage</td>
</tr>
<tr>
<td>Kuwait Health Assurance Company</td>
<td>3 1,292</td>
<td>Three hospitals and 15 private clinics</td>
</tr>
<tr>
<td>Kuwait University</td>
<td>1 600</td>
<td>-</td>
</tr>
<tr>
<td>Public Institute for Social Security</td>
<td>1 500</td>
<td>Medical city for retirees</td>
</tr>
<tr>
<td>Ministry of Interior</td>
<td>1 500</td>
<td>Specialised police hospital</td>
</tr>
<tr>
<td>Kuwait Oil Company</td>
<td>1 350</td>
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<tr>
<td>Ministry of Defence</td>
<td>1 500</td>
<td>A US$1.7 bn agreement with the US to operate the Kuwait Armed Forces Hospital</td>
</tr>
</tbody>
</table>
**Country Profile: Oman**

Oman's healthcare sector is projected to reach US$4.3bn by 2020, boosted by the rising demand and shifting healthcare requirements that have attracted significant investment in upgrading the quality of medical service delivery.

Oman has built an effective healthcare system, recognised by the WHO. The country’s Healthcare sector is set to undergo a major transformation on the back of heavy investments by the government and private sector for developing healthcare service delivery. The healthcare expenditure surged at a CAGR of 10.6% to reach 2.2 bn in 2014. Oman currently has 195 government healthcare centres and is in the process of establishing 250 more healthcare centres as part of its 2011–15 plan. Further, its healthcare strategy, the Health Vision 2050, seeks to develop healthcare infrastructure not only to meet the country’s growing health needs but also to capture medical tourism in a big way by setting up two medical cities at the cost of US$1 bn each. Even smaller initiatives, such as telemedicine network shows the country’s commitment to developing its Healthcare sector.

Physician and nurse capacity is also at par with that in the GCC region but lower than the developed nations. Public sector infrastructure is significant in the country, with MoH hospitals accounting for 75% of the country's total bed capacity and other public facilities accounting for 17%.

**Figure 31: Oman Key Key Healthcare Indicators per 10,000 Person**

Oman's healthcare infrastructure is at par with the GCC region and government spends account for 80% of total healthcare expenditure.

Oman's bed capacity is at par with that of the GCC region, with about 18 beds per 10,000 people, slightly lower than the GCC average.

**Figure 32: Total Number of Hospitals in Oman**

**Figure 30: Total Expenditure on Health (US$ bn)**

Oman's healthcare infrastructure is at par with the GCC region and government spends account for 80% of total healthcare expenditure.

Oman's bed capacity is at par with that of the GCC region, with about 18 beds per 10,000 people, slightly lower than the GCC average.
The proposed medical cities will offer superspeciality care to both residents and medical tourists

To tap the emerging healthcare tourism market, Oman has planned two major healthcare infrastructure projects at an investment of over US$1 bn each. One of these is a government-funded initiative undertaken in Muscat, the suburbs of Batnahren, at an estimated cost of US$1.48 bn. Slated for completion by 2020, the medical city will offer a general and four speciality hospitals (paediatrics, trauma, neuroscience and organ transplant) along with a rehabilitation centre, a laboratory, an imaging centre and a research centre.

Another project, the International Medical City (IMC), is backed by private foreign investment. The IMC will be constructed in three phases, spanning an area of 800,000 sq m at Salalah, with the second phase slated for completion by 2020. The IMC will have a rehabilitation and transplantation centre, a tertiary-care hospital and a diagnostics facility, along with medical colleges, nursing colleges and a research centre. It will also have residential quarters for the staff and faculty, along with a four-star hotel and service apartments for clients. The city will be managed by the board of Apex Medical Group, a unit of Saudi-based al-Joib Holding.

To identify gaps in healthcare sector for channelising investments, Oman released Health Vision 2050

The Omani government’s Health Vision 2050 aims to establish a well-organised, equitable, efficient and responsive healthcare system based on a detailed PESTEL analysis, which identifies political, economic, social, technological, environmental and legal determinants of health. The plan will ascertain the current needs of the population and how these needs may change until 2050.

As a long-term plan, the Vision will be systematically re-evaluated over set intervals to ensure synchronicity with technological advancements and the applicability of corrective measures to ground realities.

Figure 4: Key Future Indicators for Oman Healthcare

<table>
<thead>
<tr>
<th>Indicator per 1,000 people</th>
<th>Current</th>
<th>2020</th>
<th>2050</th>
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<tbody>
<tr>
<td>MoH beds</td>
<td>12.9</td>
<td>25.6</td>
<td>30.8</td>
</tr>
<tr>
<td>Physicians</td>
<td>21.3</td>
<td>26.1</td>
<td>28</td>
</tr>
<tr>
<td>Nurses</td>
<td>47.1</td>
<td>62.8</td>
<td>65</td>
</tr>
</tbody>
</table>

Source: MOH Health Vision 2050 Document

To achieve a physician-population ratio comparable to developed economies, the Vision 2050 document plans to add 5,740 doctors and 12,863 nurses by 2020. The vision document also recommends the construction of two more medical cities, one in the North Al-Batinah governorate by 2035, and another in the Al-Wusta governorate by 2045 to improve access to tertiary healthcare. Oman is taking steps to increase investment in the Healthcare sector.

Despite its ambitious plans, Oman’s flagship healthcare projects have stalled in the design stage or are at the tendering stage. Between 2012 and 2015, the MoH announced 45 new hospital projects, but MEED estimates only three healthcare centre schemes and two new hospitals currently under execution (not counting hospital expansions). Further, any drop in oil price may affect the progress of the planned projects.
Country Profile: Bahrain

The WHO indicates impressive strides made by Bahrain in creating a robust healthcare delivery system, largely due to the kingdom’s investment in quality infrastructure, including hospitals and clinics.

Bahrain has the highest number of doctors and beds per 10,000 population in the GCC

Bahrain government’s allocation to healthcare was one the highest in the GCC region at 10.6% of the total expenditure in 2013. As per WHO estimates, the country has some of the best healthcare indicators in the region, and in 2010, its maternal healthcare facilities were recognised as the best in the Middle East by 'Save the Children'.

Government hospitals, which serve a majority of the population, are integrating their services

Bahrain’s private sector set-up includes 16 hospitals and numerous clinics. However, as is the case with most GCC countries, government hospitals are much larger than their private counterparts, serving 71% of all inpatients and 80% of outpatients through a network with 60% of doctors and 77% of nurses in the country.

Communicable diseases are not a threat, but threat of lifestyle diseases is increasing

Communicable diseases are well controlled in Bahrain. For instance, since 2004, while HIV/AIDS has increased by 300% in the Arab world, Bahrain has had only 100 mortalities over the past 20 years. However, with the gradual improvement in standards of living, lifestyle-related diseases and other conditions such as cancer, obesity, diabetes and cardiovascular disorders are on the rise.

MoH is undertaking initiatives to improve healthcare facilities

Bahrain’s MoH aims to integrate its services through the recently launched I-Seha programme, based on a build-own-operate-transfer (BOOT).
model. I-Seha aims to implement a national healthcare information system to increase the efficiency, quality and speed of service delivery across all its facilities to ensure coordination with other government agencies and avoid duplication of effort and costs.

Bahrain has compulsory health insurance schemes in place, both for nationals and expatriates. Expats can choose to be covered by a local or international insurance company.

**Bahrain’s Healthcare sector is poised to expand, with the Economic Vision 2030 as a key enabler**

Bahrain’s healthcare sector forms a cornerstone of the country’s Economic Vision 2030. The country envisages itself as a leading centre for modern medicine, offering high-quality and financially sustainable healthcare. This Vision has set the following levers for healthcare improvement:

- Promoting a healthy lifestyle and ensuring patients’ right to choose between public and private service providers
- Providing quick, easy and equitable access to high-quality healthcare
- Ensuring regulation of the healthcare system by an independent authority
- Developing, attracting and retaining healthcare talent and fostering high-performance ethics among all healthcare employees

### Table 5: Key Statistics by Hospital Type

<table>
<thead>
<tr>
<th></th>
<th>Outpatients</th>
<th>Inpatients</th>
<th>Beds</th>
<th>Doctors</th>
<th>Nurses</th>
</tr>
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<tbody>
<tr>
<td>Ministry of Health</td>
<td>4,494,897</td>
<td>47,891</td>
<td>1,325</td>
<td>1,254</td>
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<tr>
<td>Bahrain Defense Force - Royal Medical Services</td>
<td>513,303</td>
<td>20,476</td>
<td>436</td>
<td>376</td>
<td>1,034</td>
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<td>King Hamad University Hospital</td>
<td>242,932</td>
<td>20,665</td>
<td>332</td>
<td>403</td>
<td>739</td>
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<tr>
<td>Directorate of Health &amp; Social Affairs</td>
<td>195,518</td>
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<td>NA</td>
<td>25</td>
<td>102</td>
</tr>
<tr>
<td>Arabian Gulf University</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>16</td>
<td>NA</td>
</tr>
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<td>Government Sector</td>
<td>5,446,650</td>
<td>89,032</td>
<td>2,093</td>
<td>2,074</td>
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</tr>
<tr>
<td>Private Hospitals</td>
<td>1,329,935</td>
<td>36,012</td>
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<td>474</td>
<td>873</td>
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<tr>
<td>Private Clinics</td>
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<td>NA</td>
<td>879</td>
<td>552</td>
</tr>
<tr>
<td>Gulf Diabetes Specialist Center (Joslin)</td>
<td>5102</td>
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<td>NA</td>
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<td>Private Company Clinics</td>
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<td>NA</td>
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<tr>
<td>Royal College of Surgeons (Bahrain Medical University)</td>
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<td>NA</td>
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</tr>
<tr>
<td>Private Sector</td>
<td>1,384,996</td>
<td>36,012</td>
<td>455</td>
<td>1,385</td>
<td>1,476</td>
</tr>
</tbody>
</table>

*Source: Bahrain Ministry of Health, 2013 Statistics*
ARDENT is a UAE headquartered advisory firm, with a targeted focus on the GCC region. The firm’s partners and directors bring over 100 years of cumulative advisory experience with the Big 4 professional firms and global investment banks. The ARDENT team members have worked with and advised some of the leading industry players in the region and have played a pivotal role in their business growth. Our client centric business model, in addition to our local expertise and extensive industry knowledge, consistently creates and adds value to our clients.

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