Summer Training at
IMS Health
DLF Cyber City, Gurgaon, Haryana
(April 7–June 6, 2014)

Parameter Analysis of Market Landscape in Saudi Arabia

By
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Under the guidance of
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MBA- Hospital & Health Management (MBA-HM)
2013-2015

The IIHMR University, Jaipur
2014

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CERTIFICATE

This is to certify that Dr Sakshi Garg has completed her summer training at IMS Health, Gurgaon from 7th April, 2014 to 6th June,2014 and has successfully completed her project on *"Parameter Analysis for Market Landscape pertaining to Saudi Arabia"* under my guidance and supervision.

This work is partial fulfillment to the course requirements for the Post Graduate diploma in Health and Hospital Management with specialization in Hospital Management.

I wish her all the best for her future endeavors.

Dr. Ashok Kaushik

Dean(Academic & Student Affairs)

IIHMR Jaipur

Arindam Das.

Dr. Arindam Das

Associate Professor

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To Whom So Ever it May Concern

This is to certify that **Dr. Sakshi Garg**, a student of the Post Graduate Diploma in Hospital and Health Management, IIHMR Jaipur has worked under our guidance and supervision. This Summer Project Report on '**Parameter Analysis for Market Landscape in Saudi Arabia'** has the requisite standard and to the best of our knowledge no part of it has been reproduced from any other monograph, report or book.

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To Whom So Ever it May Concern

This is to certify that Dr Sakshi Garg, a student of IIHMR, Jaipur has worked under our guidance and supervision. During her tenure in IMS Health from 7th April to 6th June 2014, she has worked on the following projects:

1. Sales Analysis of Povidone-iodine in Europe
2. Multi Country Landscape Assessment for Middle East
3. Asset Screening for Cancer Molecules for Licensing/Partnering/Acquisition Globally

(Corporate Guide)

Mr. Anjan Kumar
Manager, Analytics
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Date: 13/06/2014

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Acknowledgement

I, Dr Sakshi Garg, a student of PGDHM 18th batch at IIHMR Jaipur, would like to sincerely express my heartfelt gratitude to Mr. Sanjeev Anand, Director, Marketing Analytics, Global Offshore Center, IMS Health and Mrs. Anupama Rammohan, Director HR, IMS Hea for granting me the opportunity for training. Mr. Kamal, Manager HR and Mrs. Gunjan Sinha, Senior Manager HR, IMS Health for granting me the opportunity to learn. Mr. Suraj Prasad, Engagement Manager and Mr Anjan Kumar, Manager, IMS Health, for his invaluable help and assigning me my projects in the Marketing Analytics Department. Mr. Mohit Rijhwani, Associate Consultant, IMS Health, for being my buddy for all my projects.

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Lastly, I would like to thank the whole Market Analytics Team, IMS Health, Gurgaon for their constant support throughout my training and my college, IIHMR Jaipur, for providing me with an opportunity to learn from and work with the best personnel in the Pharmaceutical and Health Industry.

Departments in IMS Health Global Offshore Centre, Gurgaon:

- Marketing Analytics
- Primary Market Research
- Forecasting
- Syndicate Analytics
- Reporting Analytics
- Sales Analytics

During my 2 months internship in IMS Health I had the opportunity to work in Marketing Analytics Team and address key issues including therapy area, brand strategy, portfolio strategy, launch strategy, pricing & market access studies.

About Market Analytics Department:

The team works on Pharmaceutical and technology related projects which include market assessment, conference coverage, company profiling, consumer health, country profiling, product commercialization strategy, analyzing investment plan for companies and competition benchmarking.

Learnings:

• Conducted secondary research and analyzed it to identify key findings

• Took responsibility for creating sections of reports and other client deliverables, under general guidance from experienced marketing analytics team members

• Performed quantitative or qualitative analysis to assist in the identification of client solution

• Assisted in serving the team and my manager for projects and worked closely with clients

Table of Contents:

I. Introduction:

Saudi Arabia is poised for an unprecedented surge in healthcare consumption driven by robust population growth and rising income levels. Higher income levels and sedentary life styles have led to poor health conditions, a phenomenon that has been witnessed in most developed economies.[2]

Saudi Arabia"s economy depends heavily on oil; it is the world"s leading oil producer and exporter. According to the IMF, Saudi Arabia"s GDP grew 1.0% in 2013 compared with 6.2% in 2012. The IMF estimates the economy would expand 3.9% in 2014 and at a CAGR of 4.7% during 2011–15 led by rising oil prices. [2]

Saudi Arabia has the largest GCC healthcare services market due to its high population. The outpatient segment constituted 85.5% of the total market, while the inpatient segment accounts for the rest. [2]

a) Key Drivers and Trends:[2]

→ Saudi Arabia is the largest GCC market for healthcare services. It accounts for about 46% of the regional healthcare market.

→ KSA has one of the most developed and technologically advanced medical sectors in the Middle East with modern equipment and amenities. The healthcare professionals are internationally recognized and familiar with Western practices and standards.

→ A growing and aging population is a key driver for the healthcare sector in Saudi Arabia. The population is expected to have surged 35% over 2002–12 to 29 million. It is likely to increase to 32.7 million by 2018. Life expectancy in KSA increased to 75.3 years from 72.6 over 2000–2011, thus contributing to a growing elderly population.

→ Lifestyle-related diseases such as diabetes and cardiovascular ailments are highly prevalent in Saudi Arabia. This would primarily drive the Saudi healthcare sector in the coming years.

→ Obesity is a huge problem in the country: 35.2% of the Saudi population is obese.

→ Given the rising demand for healthcare services, Saudi Arabia,s government has been aggressively implementing policies to increase private sector participation. The private sector,s share in health expenditure rose from 25.3% in 2006 to 31.1% by 2011.

b) Government Initiatives:[2]

→ The 2014 budget allocation to health and social affairs rose to SAR108 billion from SAR100 billion in 2013.

→ In Saudi Arabia‟s Ninth Five-Year Plan, SAR273.9 billion was allocated for various health initiatives, such as construction of 121 hospitals, 700 primary healthcare centers, and 400 emergency centers.

→ In 2013, the Saudi Ministry of Health signed an agreement with the British Medical Journal, one of the world„s most respected medical journals, for cooperation in health learning and research.

→ In February 2014, the government launched a comprehensive online database for medical/clinical information for healthcare providers and patients.

→ The government introduced compulsory medical insurance for the dependents of expatriates in 2013 as part of its healthcare reform plan.

c) **PORTER'S Five Force Analysis: Industry Forces*** (Pharmaceutical & Healthcare)
[*Kotler Philip, *Marketing Management*, Prentice-Hall, Inc. 1997]

Barriers to Entry (for hospitals)

Investment into hospitals and medical facilities is capital intensive (A business is considered capital intensive based on the ratio of the capital required to the amount of labor that is required). There is a long gestation period before the facility can start generating revenues and an even longer payback period. The region has advanced in terms of number of healthcare facilities and newer and latest technologies; however, as the region depends almost entirely on imports of medical equipment and technology as its medical equipment industry is very small, healthcare costs rise significantly. These factors act as a deterrent to private players who are looking to enter the healthcare sector.[2]

Bargaining Power of Buyers

Due to mandatory insurance, patients have a wider choice of facilities since cost is not a large factor [2]

Industry Competition

Public sector continues to dominate healthcare spending across Saudi Arabia and private sector competes with the public sector.[2]

Bargaining Power of Suppliers

Saudi Arabia healthcare meets 95% of its pharmaceutical requirement from imports due to insufficient manufacturing facilities and expertise, thereby rendering high bargaining power to suppliers. Saudi Arabia imports 90% of medical equipment requirement.[2]

Threat from Substitutes

In terms of secondary and tertiary healthcare services, residents opt for treatment abroad, after diagnosis in home country, mainly due to unavailability of services and/or lack of experienced personnel; cost of treatments; government reimbursements for such expenses have increased healthcare imports in Saudi Arabia.[2]

II. Objective:

The specific objective of the project was to study the following parameters and analyze them for market landscape pertaining to Saudi Arabia:

- Demography
- Macroeconomics
- Healthcare
- Pharmaceutical market
- Insurance System

III. Methodology:

The study was descriptive and exploratory research. A rigorous secondary research was carried out with inference concluded from different Databanks, Research Papers, Books, Journals and Websites to collect the data.

IV. Location of the Study:

Secondry desk research was done on Kingdom of Saudi Arabia in IMS Health Office in Gurgaon.

V. Duration of the study:

The study was conducted over a period of three weeks from 12th May 2014 to 30th May 2014.

VI. Rationale:

A pharmaceutical company is looking to expand within the Middle East region, and as such needs to understand the regulatory environment and potential opportunities. Therefore, as per their requirement country profiling of Saudi Arabia was done. In addition various parameters were analyzed to understand the challenges and opportunities.

Demography: Demographics can be used to determine product preferences or buying behaviors of consumers. Most companies identify their key customers through these traits. They then target consumers with like characteristics in their advertisements and promotions. Targeting consumers with similar demographic characteristics helps maximize a company's sales and profits.[3]

Income: Income is one variable that can affect businesses. A company's products usually appeal to certain income groups. For example, premium products such as high-end women‟s' clothing usually appeal to women with higher incomes. Conversely, people with comparatively lower incomes are more sensitive to price and, therefore, may prefer purchasing discount products. People with lower incomes have less disposable income. Value is a major determinant in the products they purchase. Hence, a company may best reach lower-income people through discount retailers and wholesalers and attract higher-income buyers in specialty retail shops.[3]

Age: Customers have different preferences and needs during different stages of life. A company's products and services are more likely to appeal to certain age groups. Younger people under 35 are often the first consumers to purchase high-tech products like cell phones, electronic books and video games. Certain buying groups also have more buying power than others.[3]

Geographic Region: People's buying preferences also vary by geographic region, which is another type of demographic. Those who meet buyers' needs and requirements in certain geographic regions can earn higher sales and profits. For example, people often prefer certain food and drink flavors in certain markets. Companies that sell the flavors consumer‟s desire in various areas are more likely to profit. Those who do not offer these flavors may risk losing customers to other competitors.[3]

Macroeconomics: FDI: Foreign direct investment (FDI) is defined as a long-term investment by a foreign direct investor in an enterprise which is resident in an economy other than that in which the foreign direct investor is based. The FDI relationship consists of a parent enterprise and a foreign affiliate which together form a transnational corporation. It‟s the capability to increase total production capacity and an opportunity for co-production, joint ventures with local partners, joint marketing arrangements, licensing.FDI can introduce world level technology and technical know-how and processes. Employees of that country in which there is FDI, get exposure to globally valued skills. The training and skills up gradation can enhance the value of the human resources of the host country. As FDI brings in technology and process, it increases the competition in the domestic economy.[4]

Transparency Index: The Corruption Perceptions Index measures how corrupt experts think public sectors are, businesses need to take careful note of the results. Doing business in a country where corruption is rife means higher costs, delays and losing business to competitors who pay bribes.[5]

Balance of trade: The balance of trade of a nation is the difference between values of its exports and imports. When exports are greater than imports, the nation is said to have a balance of trade surplus. On the other hand, if imports are greater than exports, the nation is said to have a balance of trade deficit. A trade surplus indicates that there is more demand for the exports of a country than there is demand for foreign products and services. There is therefore a higher employment rate within the country and the standard of living is increased.[6]

Healthcare Infrastructure, medical technology, delivery system and statistics: It is important for a company to understand the infrastructure and delivery system in a country which would further help them understand the prescribing practices (generic, branded drugs), the prevalence of diseases, any epidemic/pandemic as they could plan for therapeutic area/segment they want to launch their product or any specific medical devices that are required could be planned accordingly.

Pharmaceutical Market Overview: The sedentary lifestyles and increasing life expectancy have led to spread of chronic ailments thus resulting in increased drug consumption. This is an opportunity for pharmaceutical companies planning for expansion. It is important to know the competitors, their sales and the products in various therapeutic segments. Understanding of the drug regulation system, authority and procedure for registration (including duration and fee structure) would be crucial to any company. Medicinal products, pharmaceuticals, veterinary medicines, medical devices, and food supplements – all these products are subject to regulations designed by governments to protect public health. Regulatory Affairs contributes essentially to the overall success of drug development, both at early pre-marketing stages and at all times post-marketing. Internally it liaises at the interphase of drug development, manufacturing, marketing and clinical research and externally it is the key interface between the company and the regulatory authorities.[7]

Insurance: Pharmaceutical companies may benefit from increased revenues from more insured patients through expected coverage expansions, that will depend on several different factors including how many plans will be participating in the exchange, what kind of coverage is provided from each plan, the value of rebates and discounts associated with each plan, how many people are enrolled in the plan, and what kind of drugs the company offers (as uninsured spend less on drugs than the insured).[8]

Ease of doing business: Economies are ranked on their ease of doing business, from 1 – 189. A high ranking on the ease of doing business index means the regulatory environment is more conducive to the starting and operation of a local firm.[9]

Euro money Country Risk (ECR): is a community of economic and political experts that provide real time scores in 15 categories that relate to economic, structural and political risk.
ECR evaluates the investment risk of a country, such as risk of default on a bond, risk of losing direct investment, risk to global business relations etc, by taking a qualitative model, which seeks an expert opinion on risk variables within a country (70% weighting) and combining it with three basic quantitative values (30% weighting). The qualitative score is visible independently of the ECR score, and it reflects a snapshot of a country"s current position. The ECR score is displayed on a 100 point scale, with 100 being nearly devoid of any risk, and 0 being completely exposed to every risk.[10]

VII. Discussion and Results:

1) Saudi Arabia:

a) An Overview:

Saudi Arabia, officially known as the **Kingdom of Saudi Arabia** (**KSA**), is the largest Arab state in Western Asia by land area (approximately 2,150,000 sq km)[11]

It is bordered by[11]:

East: Qatar, Bahrain and United Arab Emirates

North: Jordan and Iraq

South: Yemen

North East: Kuwait

South East: Oman

It is the only nation with both a Red Sea coast and a Persian Gulf coast.[11]

Figure1: Map of Saudi Arabia

Saudi Arabia is the birthplace of Islam and home to Islam's two holiest shrines in Mecca and Medina.Saudi Arabia occupies about 80% of the Arabian Peninsula, lying between latitudes 16° and 33° N, and longitudes 34° and 56° E. The CIA World Fact book lists Saudi Arabia as the world's 13th largest state.Saudi Arabia's geography is dominated by the Arabian Desert and associated semi-desert and shrub land. It is, a number of linked deserts and includes the 647,500 km^2 Rub' al Khali ("Empty Quarter") in the southern part of the country, the world's largest contiguous sand desert.[11]

There are virtually no rivers or lakes in the country. The few fertile areas are to be found in the alluvial deposits in wadis, basins, and oases. The main topographical feature is the central plateau which rises abruptly from the Red Sea and gradually descends into the Nejd and toward the Persian Gulf. On the Red Sea coast, there is a narrow coastal plain, known as the Tihamah parallel to which runs an imposing escarpment.[11]

The southwest province of Asir is mountainous, and contains the 10,279 ft Mount Sawda, which is the highest point in the country.Average summer temperatures are around 113 °F (45 °C), but can be as high as 129 °F (54 °C). In the winter the temperature rarely drops below 32 °F (0 °C). In the spring and autumn the heat is temperate; temperatures average around 84 °F (29 °C). Annual rainfall is extremely low.[11]

Saudi Arabia is divided into 13 provinces, each with a capital city. Each province elects a Governor who holds four-year, renewable terms.[11]

b) Demographic Overview: Saudi Arabia:

Description	2013
Actual Population (in 000ʺs)	28,840
Population Growth (2012-13)	1.49%
Area Sq. Km	2,149,690
Population Density(people per sq. km of land area)	13
Fertility Rate (children born/women)	2.17
Sex Ratio (Per 1000) Male/Female	1.21
Average Literacy	87.2%
Male Literacy	90.8%
Female Literacy	82.2%
Under 5 Mortality Rate (per 1000)	9
Adult Mortality Rate (per 1000)	3.9
Average Life Expectancy	75
Male	74
Female	77

Table No 1: Demographic Overview of Saudi Arabia for the year 2013[12]

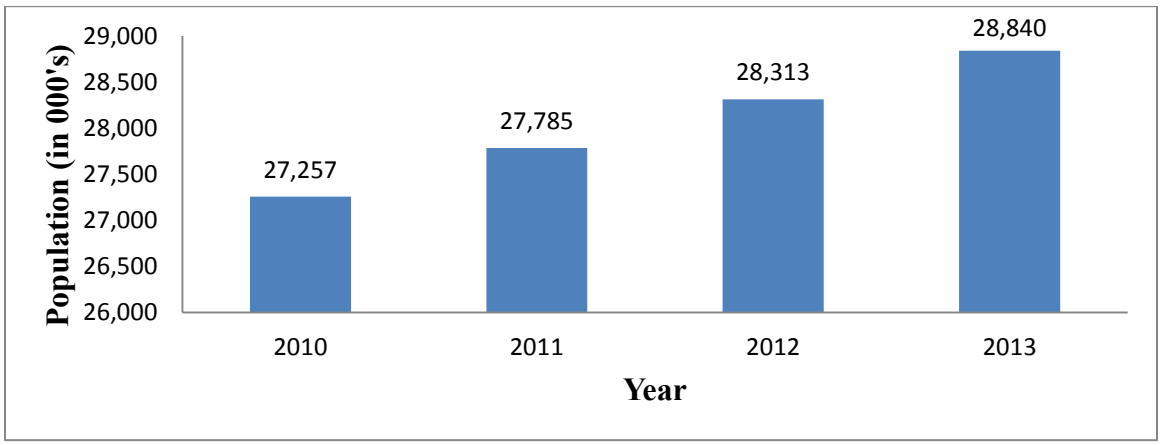


Chart No 1: Population of Saudi Arabia for the year 2010-2013[12]

According to the census held in 2012, the population of the country was 43rd largest in the world. But the recent estimates for March 2014 indicate the total population has grown to 29.65 million.[12]

Age Group	Population Male*	Population Female*	Male (%)	Female (%)
0-4	1536	1483	9.98%	12.49%
5-9	1492	1411	9.70%	11.89%
10-14	1266	1187	8.23%	10.00%
15-19	1151	1097	7.48%	9.24%
20-24	1280	1170	8.31%	9.86%
25-29	1403	1098	9.11%	9.25%
30-34	1751	1113	11.38%	9.38%
35-39	1637	899	10.64%	7.58%
40-44	1209	648	7.86%	5.46%
45-49	870	506	5.65%	4.26%
50-54	686	416	4.46%	3.51%
55-59	483	300	3.14%	2.53%
60-64	205	149	1.34%	1.26%
65-69	164	158	1.07%	1.33%
70-74	103	68	0.67%	0.57%
75-79	87	71	0.57%	0.60%
80+	68	92	0.44%	0.78%
Total	15392	11866		

Table no 2: Population of Males and Females of Saudi Arabia for specific age groups *as on June,2013[12]

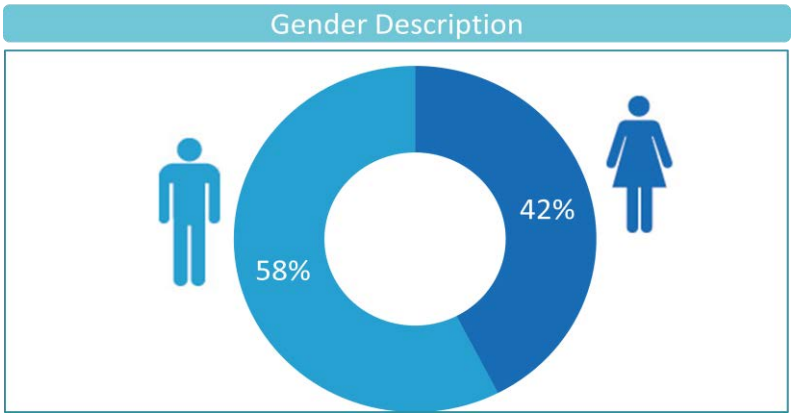


Figure No 2: Gender description in % of Saudi Arabia for the year 2013

Males in Saudi Arabia account for 58% of the population while females in Saudi Arabia account for 42% of the population.[12]

c) Macroeconomics Overview

1) FDI Inflow: (in US$)

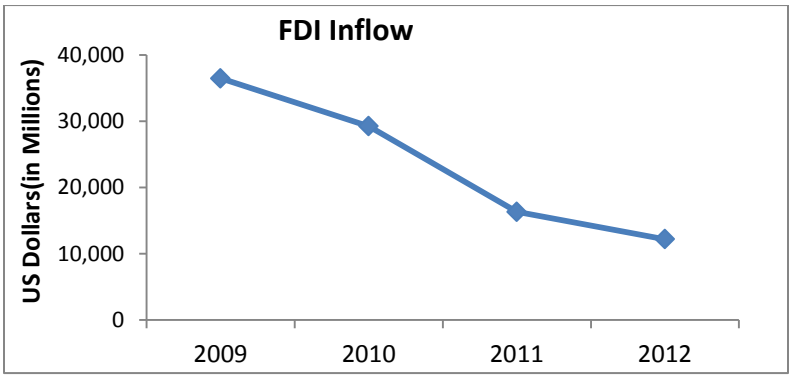


Chart No 3: FDI inflow of Saudi Arabia in US $ from the year 2009-2013

According to the 2012 World Investment Report by the UNCTAD- slowdown of the construction sector has reduced FDI inflows, since it is one of the most important areas for non-oil foreign investment in the region.[13]

Saudi Arabia – GCC region‟s biggest recipient of FDIs – saw a 42 per cent fall in 2011 to $16 billion.[13]

2) Work Force:

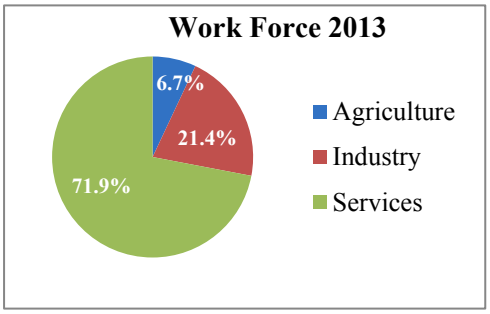


Chart No 4: Work force of Saudi Arabia for the year 2013[14]

The work force in Saudi Arabia in 2013 was 8.412 million. Agriculture sector accounts for 6.7%, Industry sector accounts for 21.4% and Services sector accounts for 71.9% of the work force employed.[14]

3) Transparency Index:

Transparency International's CPI (2011)- The world"s most credible measure of domestic, public sector corruption. The CPI scores countries on a scale of zero to 10, with zero indicating high levels of corruption and 10, low levels.[15]

The Index, is based on expert assessments and data from 17 surveys from 13 independent institutions, covering issues such as access to information, bribery of public officials, kickbacks in public procurement, and the enforcement of anti-corruption laws.[15]

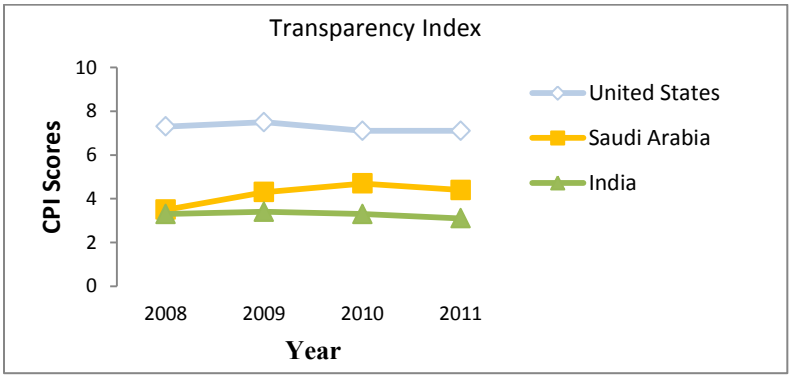


Chart No 5: Transparency Index of Saudi Arabia for the year 2008-2011[15]

4) GDP:

Sector	Agriculture	Services	Industry
GDP Composition	2%	62.5%	35.5%

Table No:3 GDP Composition by sector for the year 2013[16]

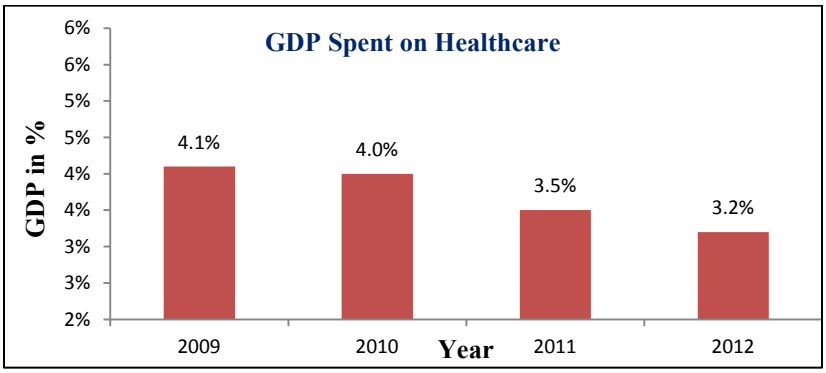


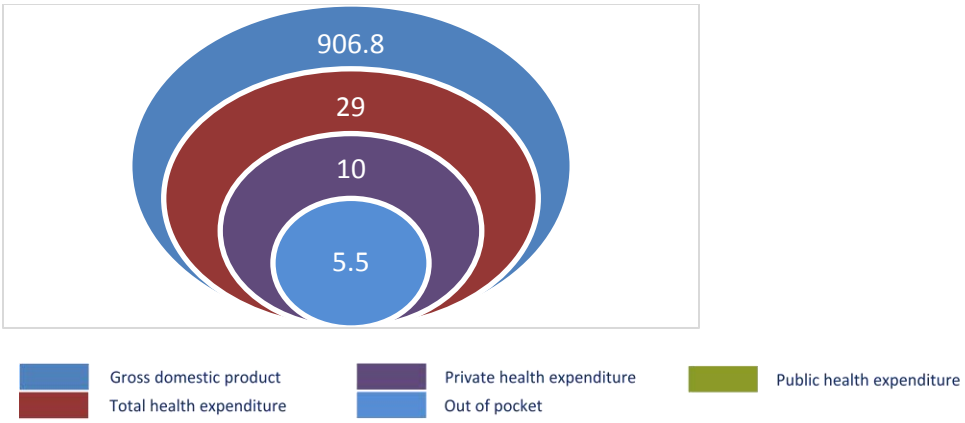
Chart No 6: GDP Spent on healthcare in Saudi Arabia for the year 2009-2012[16]

In 2013 Saudi-Arabia's GDP was USD 2,795 billion. Saudi-Arabia's GDP grew at 3.80% in 2013.Saudi-Arabia's economy is predominantly manufacturing-based. Agriculture accounts for 2% of GDP and employs 4.70% of the population. Manufacturing and industry accounts for 35.5% of GDP and employs 24.70% of the population. Services accounts for 62.5% of the GDP and employs 35.70% of the population.[16]

Saudi-Arabia's total exports in 2011 were USD 364.70 billion while its total imports were USD 131.59 billion. Saudi-Arabia's government revenues are 44.39% of GDP while its government spending is 36.11% of GDP. Thus Saudi-Arabia's government runs a surplus of 8.04% of GDP. Net government debt is -57.22% of GDP.[16]

Saudi-Arabia's currency is the Saudi Riyal (SAR). The latest exchange rate, as of 21-May-2014, is 3.75 SAR per 1 USD. The Saudi health care sector is the largest in the GCC, according to the World Bank, health expenditure in Saudi Arabia represented 3.2 percent of its GDP in 2012.[16]

Total Health Expenditure as a part of GDP$B (2012)[17]



Total Health Expenditure ($B) (2012) Break-up[17]

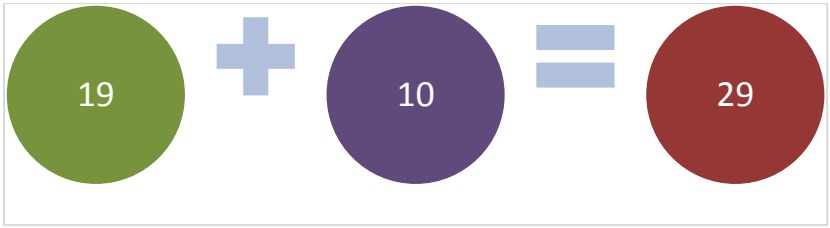


Chart No 7: Total health expenditure as part of GDP in Saudi Arabia for the year 2012

66% of THE - $19B constituted the public health expenditure in KSA in 2012.[17]

KSA, MOH in an effort to provide **higher quality** services and **reduce overall spending,** instituting wide scale reforms in an attempt to modernize the healthcare industry and increase **private sector** involvement with **healthcare initiatives.** [17]

As per WHO (2009) states that among the total population **69%** is covered by a **public health service**, **public or social insurance**, or other sickness funds and **31%** is covered by a **private health insurance.** [17]

SAUDI ARABIA'S 2014 BUDGET: Education and healthcare remain the focus of government spending, accounting for 38 percent of total spending. New projects in this area will include construction on a total of 34 healthcare facilities including 11 new hospitals, 11 medical centers, and two medical complexes. [17]

5) Balance of Trade

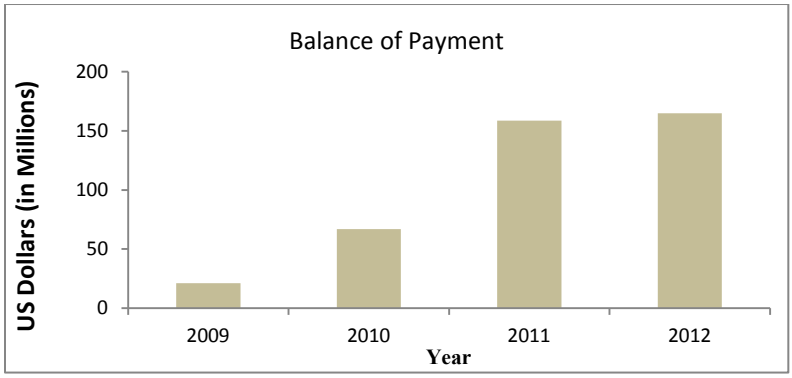


Chart No 8: Balance of payment in Saudi Arabia for the year 2009-2012

Trade Surplus for $268 B (2012)[18]

Foreign trade[12] –Total Exports: $396 B, Non Petroleum exports: $48.8 B, Merchandise Imports: $155.6 B. [18]

Saudi Arabia topped the list of FDI inflows with $12.2 B (2012). [18]

Transparency Index in terms of CPI scores rank KSA – 57**.** [18]

d) Healthcare Infrastructure and Statistics:

1) Infant Mortality Rate[19]:

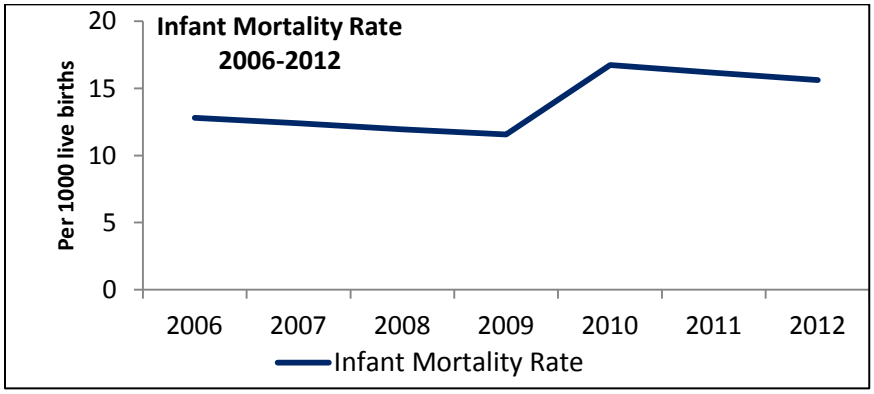


Chart No 9: Infant Mortality Rate Saudi Arabia for the year 2006-2012

2) Cause Specific Mortality[20]:

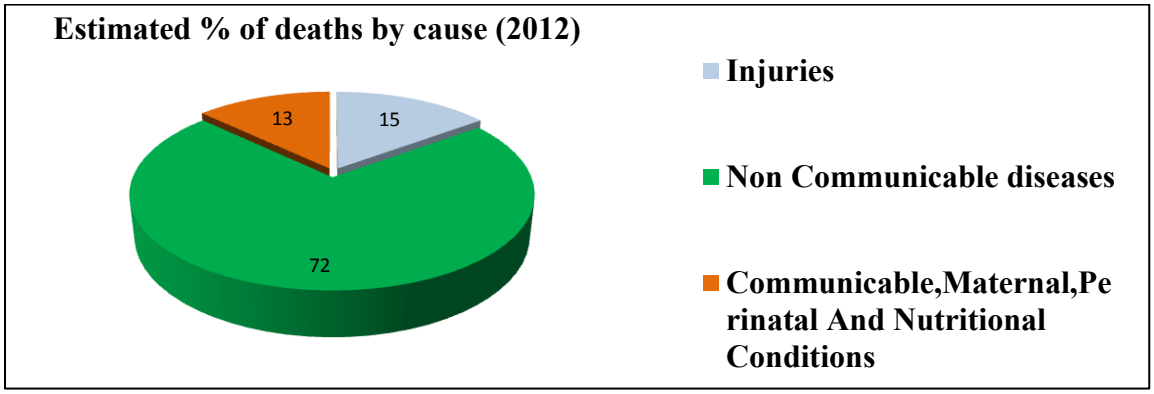


Chart No 10: Cause specific mortality for the year 2008

NCDs are mainly due to unhealthy practices, lack of awareness about the hazards of the diseases and people following unsound lifestyles like lack of exercise, excessive consumption of sugar and salt and smoking in Saudi Arabia.[20]

The Ministry of Health launched a three-year Kingdom-wide awareness campaign on NCDs in 2014.[20]

Distribution of causes of death among children aged < 5 years (%) year 2011							
Birth asphyxia	Neonatal sepsis	Congenital anomalies	Prematurity	Pneumonia	Diarrhoea	Injuries	Other diseases
8	2	23	30	7	2	13	15

Table No:4 Distribution of causes of death children (<5yearsof age) for the year 2011[20]

3) Health Service Coverage (year 2011):

Contraceptive prevalence (%)	Antenatal care coverage- At least 1 visit (%)	Births attended by skilled health personnel (%)	Births by caesarean section (%)
24	98	100	5

Table No:5 Health service coverage for the year 2011

According to WHO(2011), contraceptive prevalence was 24%, ante%natal care coverage for atleast 1visit was 98%, births attended by skilled health personnel was 100% and births by caesarean section was 5%.[21]

Immunization coverage among 1-year-olds (%)			
Measles	DTP3 (Diphtheria-tetanus-pertussis)	HepB3 (Hepatitis B)	Hib3 (Haemophilus influenzae type B vaccine)
98	98	98	98

Table No:6 Immunization coverage among 1yearr olds, 2011

According to WHO(2011), Immunization coverage among 1year olds for measles was 98%, Diphtheria tetanus pertusis3 was 98%, Hepatitis B was 98% and Haemophilus influenza type B vaccine was 98% in the year 2011 in Saudi Arabia.[21]

Case-detection rate for all forms of tuberculosis (%)	Treatment-success rate for smear-positive tuberculosis (%)
80	62

Table No:7 Tuberculosis 2011

According to WHO(2011), case detection rate for all forms of tuberculosis in Saudi Arabia was 8)% and treatment success rate for smear positive tuberculosis was 62% in Saudi Arabia.[21]

4) Health Workforce:

Workforce (per 10,000 Population)	2013
Physicians	9.9
Nursing and midwifery personnel	21
Dentist	2.3
Pharmacist	0.6
Psychiatrist	0.3

Table No:8 Health workforce 2013

Saudi Arabia is highly reliant on foreign doctors for the provision of healthcare. An estimated 78% of the Kingdom‟s 43,000 doctors are expatriates. Saudi Arabia recruited 500 doctors from Bangladesh for the 2,000 health centers across the country. In total, 4,000 doctors had been recruited to 150 new family health centers by early 2008. [22]

A further 7,000 should be recruited over the next few years in an attempt to bring the **doctor : patient** ratio down from **1:4,000 to 1:400**. [22]

The shortage of nurses in the country has initiated an international recruitment drive to make up the deficit. In 2008, the Kingdom recruited 8,000 nurses, with a quarter of these from the Philippines. The government still holds long-term ambitions to decrease dependence on foreign staff, with places on specialist nursing courses reserved for Saudi women. The country is in dire need of over 4,000 more medical staff. [22]

5) Infrastructure and Technologies:

Infrastructure	2013
Hospital (per 1,00,000 population)	1.1
Hospital Beds(per 10,000 population)	22
Psychiatric Beds(per 10,000 population)	1.2
Computed Tomography Units(per million population)	4
Radiotherapy Units(per million population)	0.1

Table No:8 Healthcare infrastructure and technology, 2013

Although the local government is increasing its spending on medical healthcare, the sector is still lagging with:

- 22 beds per 10,000 population
- 9.9 physicians available per 10,000 population
- 21 nurses & midwives per 10,000 population

(Far short of the average of 56 beds among high income countries) [23]

The combination of these factors indicates the Kingdom has ample room to make further developments in these areas; while comparing with global and regional averages. [23]

The Saudi Ministry of Health is planning to build 2,000 PHCs across the country over the next five years at a total cost of some SAR7bn (US$1.86bn). The PHCs, which will act as mini hospitals, will be computerized, operate around the clock and will be segmented into three types – A, B or C – depending on the number of patients in the locality. [23]

The PHCs in category A will serve 15,000-25,000 inhabitants, those in B will serve 10,000-15,000 and C institutions will serve 5,000. As well as providing treatment, the centers will educate the Saudi population on staying healthy. It is estimated that 85% of Saudi citizens will routinely visit the PHCs. [23]

6) Health Expenditure[24]:

Health Expenditure Ratios, 2010			
Total expenditure on health as % of GDP	General government expenditure on health as % of total expenditure on health	Private expenditure on health as % of total expenditure on health	General government expenditure on health as % of total government expenditure
4.00	66.00	34.00	6.80

Table No:9 Healthcare Expenditure, 2010

e) Pharmaceutical Market Overview:

1) Sales:

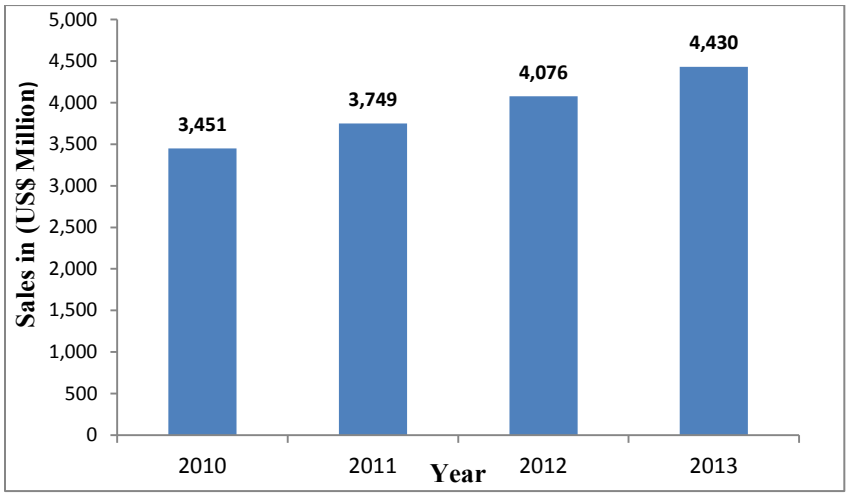


Chart No 10: Pharmaceutical Sales for the year 20010-13 in US$million

Saudi Arabia is the **largest pharmaceutical market** among the Gulf countries.[25]

The sedentary lifestyles and increasing life expectancy have led to spread of chronic ailments thus resulting in **increased drug consumption.**[25]

2) Therapeutic Split:

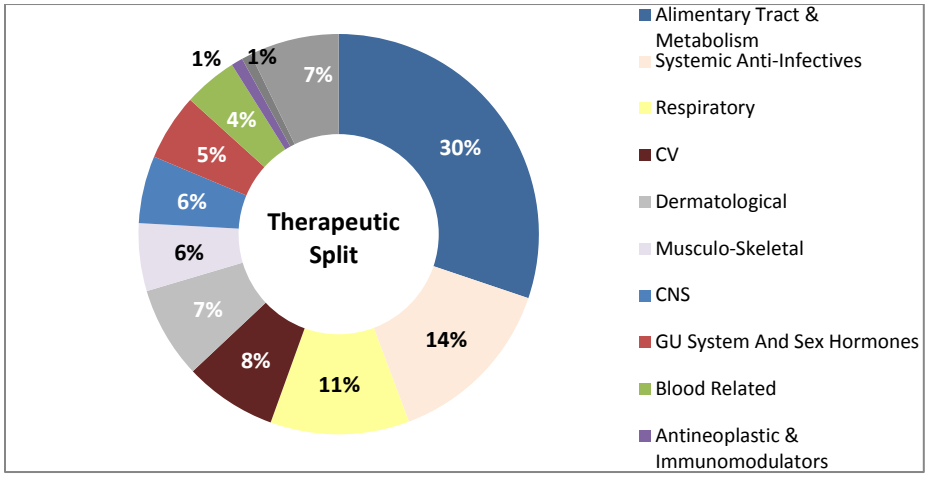


Chart No 11: Pharmaceutical Therapeutic Split for the year 2013 (IMS internal source)

3) Key Players[26]:

Company	Type
Saudi Arabian Japanese Pharmaceutical Company	Generic and branded drugs manufacturer
SPIMACO	Generic drugs manufacturer
Tabuk Pharmaceutical Manufacturing Company	Generic drugs manufacturer
Tamer Group	Distributor
Yassen United Group	Distributor and pharmacy operator

Generic Drugs usage is increasing due to increase in disease population and regulatory encouragements. **Demand for generic drugs is boosted** by higher prevalence of non-communicable or lifestyle-related diseases like obesity, hypertension and diabetes. **Regulatory Liberty for GS** is permissive and pharmacists are given the right to perform GS. Patient consent is required when performing GS. **SNF provides list of registered medicines**, but there is currently no information available over therapeutic and bioequivalence between medicines.[26]

4) Drug regulation in Saudi Arabia[27]:

Regulatory Authority in Saudi Arabia : SFDA .It manages and develops an efficient pharmaceutical registration and monitoring systems in Saudi Arabia.The SFDA frames and oversees compliance with a broad range of regulatory standards, including:

- GMP and bioequivalence
- Clinical research, including clinical trials
- Pharmacovigilance
- Advertising and promotion

Initially charged with updating and overhauling, the regulatory framework governing pharmaceuticals and other health products. Responsibility for policing regulations, and for the registration of new drugs, was transferred to the authority from the MOH in 2009.Its broad remit also includes responsibility for the implementation of drug pricing policy.[27]

Step by step procedure[28]:

1. Applicant will go to the SFDA website

2. Login to apply (each applicant should have a user ID and a password)

3. Choose and complete the appropriate application form:

(The application form can be saved partially as the applicant may complete it in several steps.)

4. Then, the applicant has to pay the submission fee (either through SADAD Payment System or as a bank deposit) in order to submit the application form and schedule an appointment to deliver the hard and soft copy of the product file:

a) Submission fees are mandatory in order to proceed to the next step. The earliest appointment can be scheduled 1 to 12 weeks in advance. The applicant can reschedule a week before the appointment. An automatic reminder will be sent 3 days before the appointment.

b) A reference number will be generated, and this number should always be used with regard to any communication with the SFDA.

5. At the appointment, the applicant will deliver the product file (hard and soft copy) along with the samples.

6. The Drug Sector staff will validate (Phase I) the following:

a. The application form

b. The product files (hard and soft copy)

c. The samples

If the above are validated, an acknowledgment letter will be generated and given to the applicant. The drug application will enter the queue.

If some of the above are missing or not satisfactory, an acknowledgment letter will be generated and given to the applicant stating the deficiencies. The applicant will have a period of 60 days to complete the requirements and the drug application will not be queued. Otherwise, SFDA will securely dispose of the product file.

5) Drug Pricing:

Factors taken into account when establish the price of a new drug:

→ The price of similar drugs already registered in KSA
→ The cost of a new drug relative to existing products
→ Ex-factory, wholesale and public prices in the country of origin
→ Cost, insurance and freight (CIF) costs into the KSA
→ Pharmacoeconomic studies
→ The ceiling price for the first generic registered is set at 30% below the price of the original brand. Second, third and fourth generic arrivals are subject to price ceilings 10% lower than those of their respective predecessors[29]

Re-pricing and Price Cuts

→ Price of established products is reviewed on a regular basis and prices to be reviewed every five years
→ Regulators encourage an increase in levels of local manufacturing
→ The new pricing regime introduced mandatory cuts in the price of original brands following the registration of a first generic equivalent.
→ Current regulations demand a 20% cut in the maximum retail price of an original brand at that point[29]

Price Trends

Drug prices are low by GCC standards, and have been driven down further by the introduction of new pricing regulations and the establishment of National Unified Procurement Company for Medical Supplies [29]

f) Insurance System

Health Insurance- Public:

→ All citizens receive nationals medicines free of charge in all governmental healthcare facilities
→ Public health system or social health insurance schemes provide medicines free of charge for particular conditions
→ There is no limitation for medical benefits, citizens have the right to access all kind of medicines that are on the Saudi National Formulary
→ Prescribing decisions in public clinics and hospitals are guided by formularies operated by various government agencies
→ As per WHO (2009) states that among the total population 69% is covered by a public health service, public or social insurance, or other sickness funds [30]

Health Insurance- Private:

→ Workers in the private sector are required to receive basic healthcare coverage through private sector insurance
→ Private health insurance schemes provide medicines coverage, they are required to provide at least partial coverage for medicines that are on the Saudi National Formulary
→ Reimbursement for those with cheaper cover is more restrictive, however, with low-cost plans often featuring annual reimbursement caps, co-payments and exclusions
→ As per WHO (2009) states that among the total population 31% is covered by a private health insurance[30]

Saudi Arabia‟s cooperative insurance contributes 51.80% to the total global takaful contributions, which amount USD 8.30 billion in 2010 according to the World Takaful Report by Ernst and Young (2012). [30]

The Saudi Arabian insurance industry has emerged as one of the fastest growing insurance industries across the world. The industry capitalized from the economic development of the country and the introduction of compulsory business lines such as health insurance, motor third-party liability insurance, professional indemnity for certain professions and workers compensation insurance. The Saudi Arabian insurance industry‟s total GPW growth averaged 21.53%, over the past 4 years as of 2011. [30]

Since 2003, Saudi Arabian Monetary Agency (SAMA) is regulating the Saudi Arabian insurance industry under the Cooperative Insurance Companies Control Law.The Saudi Arabian insurance industry is divided into 9 segments. Health insurance is the largest segment contributing 52.46% to the total GPW as of 2011. Protection and Savings (P&S) is considered to be the fastest growing segment, with an average growth rate of 35.13% over the past 4 years. The industry is dominated by three large insurance companies, Tawuniya, Medgulf and Bupa Arabia. The top three insurance companies comprise of nearly half of the total market share (49.91%) in terms of GPW as of 2011.[30]

The Saudi Arabian insurance industry is characterized by high market share competition among the smaller players. SAMA has been supervising and advising the price rates which could aid in increasing and sustaining the profitability of the industry. The developments in the regulatory environment and the current performance of the industry predict a promising future for the Saudi Arabian insurance industry in the long run. [30]

SAMA requires all companies to operate under the domestic cooperative model. According to the cooperative model, the policyholders are entitled to 10% of the net surplus; however, if a company makes loss, it will not be transferred to the policyholders. Companies operating with a takaful model were required by SAMA to convert to a cooperative model, effective from January 1st, 2012. This indicates that all insurance companies licensed to operate in Saudi Arabia are following a cooperative model, which is slightly different from the Takaful model. The differences between the two models are as follows:

- Separation of policyholder and shareholder funds is not required by a cooperative model.
- Investments are not required to be held in accordance with the principles of Islamic Shariah.
- Shariah Board is not required in a cooperative model. [30]

The Cooperative Insurance Companies Control Law also required all insurance companies licensed to operate in Saudi Arabia, to bring their operations onshore and to be listed on the Tadawul Stock Exchange (Saudi Arabia‟s Stock Exchange). The insurance companies are not permitted by law to open branches within or outside the kingdom without prior approval from SAMA. In addition, the companies cannot merge, own, control or purchase shares in any other insurance or reinsurance company without SAMA‟s approval. It was also mandatory for all insurance companies to have a majority of Saudi ownership. Furthermore, SAMA introduced Saudization, which makes it

compulsory for newly licensed companies to have a minimum of 30% of local Saudi employees in their first year of operations. [30]

The insurance companies in Saudi Arabia are required to publish their financials for their insurance operations and shareholder‟s account on Tadawul Stock Exchange. The companies are required to report under IFRS and are also required to appoint two auditing firms licensed to operate in Saudi Arabia. CSR considers the transparency of the Saudi Arabian insurance companies to be adequate. SAMA also has rules for website management, transparency & disclosures, data security and outsourcing. SAMA is also supervising technical standards in the insurance market of Saudi Arabia. [30]

All insurance companies in Saudi Arabia are listed on the Tadawul Stock Exchange. The number of licensed insurance and reinsurance companies increased from 21 in 2009 to 31 in 2011. As per SAMA, the minimum capital requirement for incorporation of an insurance company to operate in Saudi Arabia is SR 100 mn. CSR considers the capital requirements as a high barrier to entry for a new insurance company. [30]

Tawuniya and Medgulf are two of the highest rated insurance companies in the country; in addition they also lead the sector in terms of GPW market share. [30]

Liquidity:

The liquidity of the industry is analyzed by comparing the net liquid assets to the average of the total technical reserves of the industry. The liquidity of the industry has declined slightly since 2010, reaching 78.66% in 2012. [30]

g) Ease of doing business:

Economies are ranked on their ease of doing business, from 1 – 189. A high ranking on the ease of doing business index means the regulatory environment is more conducive to the starting and operation of a local firm. This index averages the country's percentile rankings on 10 topics, made up of a variety of indicators, giving equal weight to each topic. The rankings for all economies are benchmarked to June 2013.[31]

Ease of Doing Business Rank	Starting a Business	Dealing with Construction Permits	Getting Electricity	Registering Property	Getting Credit	Protecting Investors	Paying Taxes	Trading Across Borders	Enforcing Contracts	Resolving Insolvency
26	6	3	2	2	1	1	3	9	13	11

h) Euro Money Country Risk -World Risk Average:

Risk Score	GNI Per Capita (US$)
66.55	18,030

The ECR (Euro Money Country Risk) scores are scaled from 0 to 100 (100= no risk, 0= maximum risk). The scores are not designed to correspond to any other rating systems but many users do ask for a comparative guide, particularly to credit ratings. ECR tiers its countries in 5 Tiers. Below is the description of how countries in those tiers can be characterized with a rough guide to an equivalent credit rating band.[32]

ECR – Tier 1 A score between 80 & 100 (can be equated to a credit rating of AA and above)

Economic Characteristics

The economy is sound, stable and well developed. None of the major indicators of economic health show cause for alarm, even though some of these may be moving on a downward trend. The major areas of economic infrastructure (banking sector, currency etc.) function well for the needs of the country. Near term factors such as economic growth and unemployment are typically not a cause for concern. Government finances are typically in a strong position and the system for financing government is strong and well developed. [32]

Political Characteristics

The political system is stable, although there may be impending changes in the administrative government; these changes are not anticipated to change the nature of political governance in the country. The role of government as an owner/ employer/ regulator in relevant economic sectors is transparent and understood. [32]

Structural Characteristics

The structural components of the country are strong and typically enjoying very high standards of physical infrastructure such as roads, airports and telecommunication networks. Education and healthcare levels are high and the demographics of the country are not seen as a major impediment to economic and political stability. [32]

Access to Capital & Credit Ratings

The sovereign and its related entities enjoy very strong access to capital that is available in the market and private sector entities are not hindered in raising capital because of the country where they are headquartered. [32]

Debt Indicators

The debt indicators of these countries are typically very robust although they may be moving in a negative direction. [32]

ECR Tier 2- A score between 65 & 79.9 (can be equated with a credit rating of A- to AA). Typically countries exhibit characteristics that are similar to Tier 1 but one of Economic, Political or Structural factors; will exhibit the below:

Economic Characteristics

The economy is sound and stable and usually well developed, although some of the major indicators of economic health show persistent negative characteristics. Major areas of economic infrastructure are robust but may not be functioning optimally for the needs of the country. Near term factors such as economic growth and unemployment often show signs of weakness. Towards the lower end of this tier countries may also exhibit signs of being over reliant on a narrow set of economic sectors such as natural resource extraction, financial services, public sector etc. Government finances may be in a materially weak state. [32]

Political Characteristics

The political system is stable and but in some countries changes in the administration may cause significant changes in the nature of political governance/ direction of the country. Often in Tier 2 countries the role of government as an owner/ employer/ regulator in relevant economic sectors can lack transparency and may not be easily understood with state institutions sometimes lacking independence. Corruption can also be a drag on the political risk score. [32]

Structural Characteristics

The structural components of the country can show weakness in one of its major aspects. Whilst enjoying very high standards of physical infrastructure such as roads, airports and telecommunication networks its education and healthcare levels or demographics may be poor and vice versa. These will feed into long term political risks and limit economic potential. [32]

Access to Capital & Credit Ratings

For higher ranked Tier 2 countries the sovereign and its related entities enjoy good access to capital that is available in the market. Private sector entities are not overly hindered in raising capital because of the country where they are headquartered but they will often be limited in the amounts that they can raise at competitive rates. [32]

Debt Indicators

The debt indicators of these countries are typically robust in the long term but may require fiscal adjustment in the short to medium term. [32]

ECR Tier 3- A score between 50 & 64.9 (can be equated with a credit rating of BB+ to A-). Typically countries exhibit characteristics that are similar to Tier 2 but one (towards the top of the tier), two or three (towards the bottom of the tier) of Economic, Political or Structural factors; will exhibit the below:

Economic Characteristics

The economy is typically stable though may be underdeveloped, major indicators of economic health show persistent negative characteristics. Major areas of economic infrastructure may be deficient and may not be functioning optimally for the needs of the country. Near term factors such as economic growth and unemployment can show signs of persistent weakness. Government finances may be in a materially weak state. This tier also often contains countries that are experiencing sharp economic contraction. [32]

Political Characteristics

The political system is usually stable but its workings can be difficult to understand and changes in the administrative often cause significant changes in the nature of political governance/ direction of the country. Usually in Tier 3 countries the role of government as an owner/ employer/ regulator in relevant economic sectors lacks transparency with state institutions usually lacking independence from the administrative government. Corruption is almost certain to be a drag on political risk. [32]

Structural Characteristics

The structural components of the country are often weak in one of its major aspects. Whilst enjoying very high standards of physical infrastructure such as roads, airports and

telecommunication networks its education and healthcare levels or demographics may be poor and vice versa. These will feed into long term political risks and limit economic potential. [32]

Access to Capital & Credit Ratings

For higher ranked Tier3 countries the sovereign and its related entities enjoy sufficient access to capital that is available in the market but will often have to pay significant spreads to achieve funding needs. For lower ranked Tier 3 countries access to significant amounts of capital; may be difficult. Private sector entities are hindered in raising capital because of the country where they are headquartered both in terms of amounts of capital and rates that they will need to pay. [32]

Debt Indicators

The debt indicators of these countries are typically poor and countries often utilize capital controls that make indicators hard to equate with those of other countries. [32]

ECR Tier 4- A score between 36 & 49.9 (can be equated with a credit rating of B- to BB+). Data for these countries is difficult to find and typically countries exhibit characteristics where at least two of Economic, Political or Structural factors; will exhibit the below:

Economic Characteristics

The economy is often unstable and underdeveloped, multiple major indicators of economic health show persistent negative characteristics. Major areas of economic infrastructure are deficient and will not be functioning adequately for the needs of the country. Near term factors such as economic growth and unemployment will show structural weakness. Government finances are usually in a materially weak state. Countries in this Tier have often experienced a credit event and are undergoing or have recently undergone debt rescheduling/ default programs. Many countries in Tier 4 may be highly reliant on remittances from overseas based national and foreign aid programs for a significant portion of their income[32]

Political Characteristics

The political system is usually unstable, its workings can be difficult to understand and changes in the administrative government will often cause significant changes in the nature of political governance/ direction of the country. Countries in Tier 4 will have often undergone a major political change through non-electoral means in near term past. Usually in Tier 4 countries the role of government as an owner/ employer/ regulator in relevant economic sectors is highly opaque and the role of the state in the economy is often large. State institutions usually lack independence from

the administrative government and rule of law is severely impaired. Corruption is almost certain to be a drag significant drag on political risk. [32]

Structural Characteristics

The structural components of the country are often weak in at least two of its major aspects. The country will have poor standards of physical infrastructure such as roads, airports and telecommunication networks. Its education and healthcare levels will often be very poor. However the demographics may still be relatively strong although these countries often suffer from a "Brain Drain" effect. [32]

Access to Capital & Credit Ratings

For Tier 4 countries accessing the capital markets is difficult. It is usally only open to the sovereign and its related entities but at a significant price. Private sector entities are severely hindered in raising capital because of the country where they are headquartered. [32]

Debt Indicators

The debt indicators of these countries are typically poor and countries often utilize capital controls that make indicators hard to equate with those of other countries. [32]

ECR Tier 5 - A score between 0 & 35.9 (can be equated with a credit rating of D to B-. Data for these countries and territories is very difficult to find and collate. Many countries in Tier 5 may be highly reliant on remittances from overseas based national and foreign aid programs for a significant portion of their income. Countries exhibit characteristics where at least two of Economic, Political or Structural factors; will exhibit the below:

Economic Characteristics

The economy is highly underdeveloped and unstable, multiple major indicators of economic health show persistent negative characteristics. Major areas of economic infrastructure are deficient and will not be functioning adequately for the needs of the country. Near term factors such as economic growth and unemployment will show structural weakness. Government finances are usually in a materially weak state. Countries in this Tier have often experienced a credit event and are undergoing or have recently undergone debt rescheduling/ default programs. Tier 5 countries will often have high reliance on remittances and foreign aid programs for income. [32]

Political Characteristics

The political system is usually unstable, its workings can be difficult to understand and changes in the administrative government will often cause significant changes in the nature of political governance/ direction of the country. Countries in Tier 5 will have often undergone a major political change through non-electoral means in the near term past. In Tier 5 countries the role of government as an owner/ employer/ regulator in relevant economic sectors is highly opaque and the role of the state in the economy is often large. State institutions usually lack independence from the administrative government and rule of law is severely impaired. Corruption is almost certain to be a significant drag on political risk. [32]

Structural Characteristics

The structural components of the country are often weak in all major aspects. The country will have poor standards of physical infrastructure such as roads, airports and telecommunication networks. Its education and healthcare levels will often be very poor. However the demographics may still be relatively strong although these countries often suffer from a "Brain Drain" effect. [32]

Access to Capital & Credit Ratings

For Tier 4 countries accessing the capital markets is difficult. In most cases the country cannot access the capital markets. [32]

Debt Indicators

The debt indicators of these countries are typically very poor if there is any data at all. Many countries will have no track record of borrowing from overseas commercial sources. [32]

i) OUTLOOK of Insurance Industry:

The Saudi Arabian insurance industry has seen considerable growth in the recent past in terms of GPW and one of the primary reasons for this growth is the constant regulation and oversight by SAMA. These regulations help in limiting the shocks related to economic cycle and provides a favorable growth environment for insurance companies.[33]

The industry is characterized by adequate liquidity and reserves to deal with any unprecedented increase in claims. In addition, Saudi Arabia‟s progressive economic activities coupled with low penetration of insurance products are expected to result in higher growth in the future. The Mortgage Law of 2012 is expected to improve the housing segment in Saudi Arabia. This will further provide a boost to the insurance sector in the country. [33]

On the other hand, the growth prospects in the insurance segment have led to intense competition in the Saudi Arabian market, leaving limited pricing flexibility in the hands of the insurers. However, SAMA has been supervising and advising price rates which could aid in increasing and stabilizing industry‟s profitability. CSR is optimistic about the profitability from core insurance operations in the upcoming years. The developments in the regulatory environment and the current performance of the industry could result in a promising future for the Saudi Arabian insurance industry in the long run. [33]

j) SWOT Analysis of Saudi Arabia-Pharmaceutical & Healthcare

[Mehta, S Marketing Strategy(2000)]

Strengths:[34]

- The largest pharmaceutical market in the Gulf States region, with strong growth projected over the forecast period (expected to contribute 49% to the total regional market in 2014 and 2019).
- Rising government investment in the local drug industry.
- Rapidly expanding population, with more „civilization" diseases in evidence.
- Constant modernization and expansion of healthcare provision in the country.

Weakness: [34]

- Complex nature of the domestic regulatory system restricting the entry of multinationals and drug makers from developing countries such as India.
- The market reliance on imports, particularly at the hi-tech end of the scale.
- Market entry delays due to requirements for laboratory testing in the country.
- Pricing system biased in favor of the local industry.
- Reference pricing to other markets negatively impacting price levels in the Kingdom.
- Inadequate protection for patented pharmaceutical products.
- Tight government control on prices resulting in the lowest drug prices in the region

Opportunities: [34]

- Potential for generics growth, from a low base, boosted by need for cost containment
- An increase in OTC consumption, advertising support and an increase in the number of pharmacies leading to greater customer awareness and demand for drugs
- Considerable scope for local manufacturing sector growth, especially given the government support for diversification within the economy
- Expansion of private insurance policies

- Saudi Arabia‟s involvement in the GCC-DR and other harmonization initiatives to act as a catalyst for market development.

Perceived Threats/Challenges: [34]

- Government‟s failure to revise discriminatory drug pricing and reimbursement policy
- Uncertain uptake of the compulsory insurance scheme and ability of firms to fund it
- Mandatory yearly price cuts for many established prescription drugs from 2008
- New medical supplier with exclusive rights to supply government health institutions could force smaller distributors out of business.

VIII. Conclusion:

Strong population growth and shifting disease patterns are placing an increasing heavy burden on the healthcare system of Saudi Arabia. In response, policymakers are seeking to expand the kingdom‟s healthcare capacity and improve its quality. As part of ambitious plans to reform the healthcare sector, Saudi Arabia is looking to the private sector to provide financing and to deliver services.[35]

On the basis of desk research carried out, it is possible to draw the following conclusions:

To attract overseas private investment in healthcare capacity expansions, policymakers must ease access to Saudi Arabia‟s healthcare market to foreign firms. Extending financial incentives to foreign firms may also benefit investment in capacity expansion. Despite the training and education of Saudi nationals, foreign manpower will continue to support the Saudi healthcare market for some years to come. Government policies that discourage expatriates may lead to instability in the delivery of healthcare services. Innovation has the potential to bolster the Saudi healthcare sector by promoting research and development in the kingdom. [35]

Increase medical coverage across the Kingdom; especially outside three big cities i.e. Riyadh, Dammam and Jeddah. Since the existing big players are well-equipped with expertise so we believe such move will be more beneficial for them to expand their coverage. Consequently, this will lead to increase the current market share of existing players and allow industry to optimize their marginal revenue: [35]

i) per bed
ii) per physicians
iii) per locality

Increase in local talent will reduce the dependence on recruitment agencies which will translate into lower cost of hiring talents. On the other hand, these medical institutes will open new growth avenue for the industry. Wider the insurance policy more will be patient‟s visit and spending power. Identified key growth areas: [35]

a. Wider health insurance
b. Medical training
c. Infrastructure development
d. Geographical expansion

IX. The Way Ahead:

1. **Focus on Increasing Local Production**

   The country is heavily reliant on imported pharmaceuticals and is keen to increase both the size and scope of domestic manufacturing activity. The government has offered a range of incentives to foreign investors willing to invest in local production [36]

2. **Bold Vision on e-Health**

   The Ministry of Heath in Saudi Arabia has a prime vision for e-Health to improve care for patients, connect providers at all levels and transform the health system.[36]

3. **Restructuring Healthcare Finances**

   The government is keen for the private sector to play a broader role in the system, frame future policy and planning decisions, and to improve the quality of primary care provision.[36]

4. **9th Development Plan for 2010-2014**

   Targeted the construction of more than 100 hospitals, around 800 primary healthcare centers and 400 emergency units.[36]

Key Risks to Outlook:

The government's recent intensification of workforce nationalization efforts, may lead to an increase in project delays and a more difficult business environment overall. A prolonged period of robust growth, coupled with loose fiscal and monetary policy, poses a medium-term inflation risk, and could begin to spur more rapid price rises in coming years[36]

X. Appendix

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2) Acronyms:

B: Billion

CAGR: Compounded Annual Growth Rate

CIA: Central Intelligence Agency

CIF: Cost, Insurance and freight

CPI: Corruption Perceptions Index

FDI: Foreign Direct Investment

GCC: Gulf Cooperation Council

GCC-DR: Gulf Central Committee for Drug Registration

GDP: Gross Domestic Product

GMP: Good Manufacturing Practice

GS: Generic Substitution

IFRS: International Financial Reporting Standards

IMF: International Monetary Fund

Km: Kilometer

KSA: Kingdom of Saudi Arabia

MM: Million

MoH: Ministry of Health

NCD: Non Communicable Diseases

PHC: Primary Health Centre

SAMA: Saudi Arabian Monetary Agency

SAR: Saudi Riyal

SNDA: Saudi Food and Drug Authority

SNF: Saudi National Formulary

SQ: Square

THE: Total Health Expenditure

UNCTAD: United Nations Conference on Trade and Development

WHO: World Health Organization