

**BUSINESS SWEDEN**

THE UAE & SAUDI ARABIA

# **BUILDING A HEALTHY FUTURE**

OPPORTUNITIES AND CHALLENGES FOR TACKLING THE  
GROWING BURDEN OF NCDs THROUGH SYSTEMATIC  
TRANSFORMATION OF HEALTHCARE PROVISION

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## INTRODUCTION

# HEALTHCARE BURDEN A CATALYST FOR CHANGE

Global urbanisation and a shift towards desk-based working are fuelling the prevalence of a global health epidemic<sup>1</sup> driven by a group of “silent killers”, the most prevalent being cardiovascular disease, cancer, respiratory disease, and diabetes. These belong to a group collectively known as non-communicable diseases (NCDs). Annually, 41 million people die from an NCD, accounting for 71% of all deaths globally<sup>2</sup>. Estimates suggest that the economic burden of these diseases will exceed USD 30 trillion over the next 20 years<sup>3</sup>.

The Middle East holds the unenviable position of expecting the highest NCDs growth globally; predicted at 100–150% over the next ten years<sup>4</sup>. The increased healthcare burden will put unprecedented strain on existing healthcare structures and systems. Reforms must be implemented to create an agile and cost-efficient system which can meet the long-term healthcare demands and minimise the cost burden.

While the prevalence of NCDs is increasing across the entire Middle East, this report will focus on the region's two biggest economies, the Kingdom of Saudi Arabia (KSA, to be referred to as ‘Saudi Arabia’) and the United Arab Emirates (UAE) who have started restructuring and transformation programmes to shift their healthcare systems towards a value-based and patient-centric approach. The importance of the healthcare reforms and transformation are reflected in their respective long-term strategies: Vision 2030 and National Transformation Program 2020 in Saudi Arabia, and Vision 2021 in the UAE. To support the long-term strategic goals, they are actively seeking innovative solutions and best practice from other countries.

Both countries are actively working to improve quality and efficiency. Abu Dhabi has initiated work towards raising the quality, specifically within primary care and polyclinics, while a new patient-centric standard implemented

in 2018 to encourage a continuous relationship between family physician and patient and the authorities are looking into reducing capacity gaps. Similarly, Saudi Arabia has vast expansion plans outlined for primary and patient-centric care.

Opportunities exist to drive systematic change as well as providing solutions for awareness initiatives, primary healthcare developments, new forms of care and expansion of speciality care. Swedish actors who commit to establishing a presence in the market will have the scope to influence the restructuring process if they can swiftly identify opportunities and connect with the right stakeholders.

A local presence which enables collaborative partnerships with local authorities and private operators will be a necessity to win tenders and stay competitive. Private Public Partnerships (PPPs) are becoming increasingly common and present vast opportunities in the B2G sector. While challenges exist, a strategic, insight driven approach to market entry can help mitigate risk.

Geopolitical tensions create an unstable environment while a lack of transparency makes it hard to identify decision makers and getting access to the right stakeholders takes time. The countries have developed fast, resulting in lagging or sometimes, lacking legislation, especially related to regulations on e-health and evolving healthcare in general.

Having a presence across the Middle East, and specifically in the UAE and Saudi Arabia has given Business Sweden a realistic and in-depth understanding of regional and country-specific opportunities and challenges. This local knowledge is helping Swedish healthcare companies, with the right expertise and solutions, to connect with public and private providers to meet the region's complex and evolving healthcare needs.

A significant change to the Saudi Arabia

structure will see the Ministry of Health shift power from central ownership to 20 geographical clusters. Stakeholder engagement will be even more critical as Swedish companies will need to identify and build relationship on a cluster by cluster basis.

This report aims to examine the current and future healthcare landscape in the UAE and Saudi Arabia and present a roadmap for how Swedish actors can strategically position themselves, enter the market, grow market share and create a sustainable long-term presence in a complex and transformational region.

### MODERN LIFESTYLES FUELLING THE GROWTH OF NCDs, THE SILENT HEALTH KILLERS

The modern, urban world is fast paced and efficiency seeking. Industrial advances and digitalisation have driven unprecedented social change. Individuals have the luxury of driving to work, ordering food and entertainment on demand and working digitally, often not having to leave the house. Whilst the economic benefits of these changes are plentiful, the health repercussions are reverberating across the globe.

Poor management of cardiovascular disease, cancer, respiratory disease and diabetes poses a substantial risk to the health and welfare of citizens across the world. This is applicable both at the individual and the healthcare provision level. Policymakers are shifting their focus to NCD prevention and management with the aim of delivering improved patient outcomes and cost efficiencies for healthcare systems. While this shift presents short-term structural and economic challenges, it is crucial for long-term sustainability. The entire healthcare business ecosystem, from pharmaceutical to MedTech, can grow market share by contributing solutions for prevention and improved patient care pathways and life-expectancy.

The WHO has identified and attributed eight measurable 'lifestyle' factors to the rise in NCDs:

-  Alcohol consumption
-  Physical inactivity
-  Raised blood glucose
-  Tobacco use
-  High blood pressure
-  Obesity
-  High cholesterol, and
-  High or low energy supply adequacy

Prevention is the strongest weapon available to tackle the worrying upward trend of NCDs. But prevention will not eliminate NCDs as urbanisation and longer-life expectancy will inevitably continue to fuel their prevalence.

The cost burden of NCDs is often compounded as patients frequently suffer from co-morbidities that require long-term treatment. Indirect costs related to loss of labour market resources and productivity contribute to a wider social and economic burden.

The global challenge posed by NCDs has not gone unnoticed. The UN Global Targets and the UN Sustainable Development Goals aim to support policy to decrease the occurrence of NCDs by 1/3 by 2030. National and regional lawmakers across the Gulf, specifically those within the UAE and Saudi Arabia, are taking action and implementing plans to tackle the burden of NCDs.

# GLOBAL MEGATRENDS SHAPING HEALTHCARE

Global megatrends are redefining nearly every industry and sector: where we live, how we live, how we consume and interact and the choices we make are all being shaped by three major global megatrends. Digitalisation, urbanisation and sustainability are changing the way industry and society produces and consumes, and this is presenting challenges and opportunities across the globe. And the UAE and Saudi Arabia are no exception.

## URBANISATION: THE NORMAL, BUT SUPER-SIZED

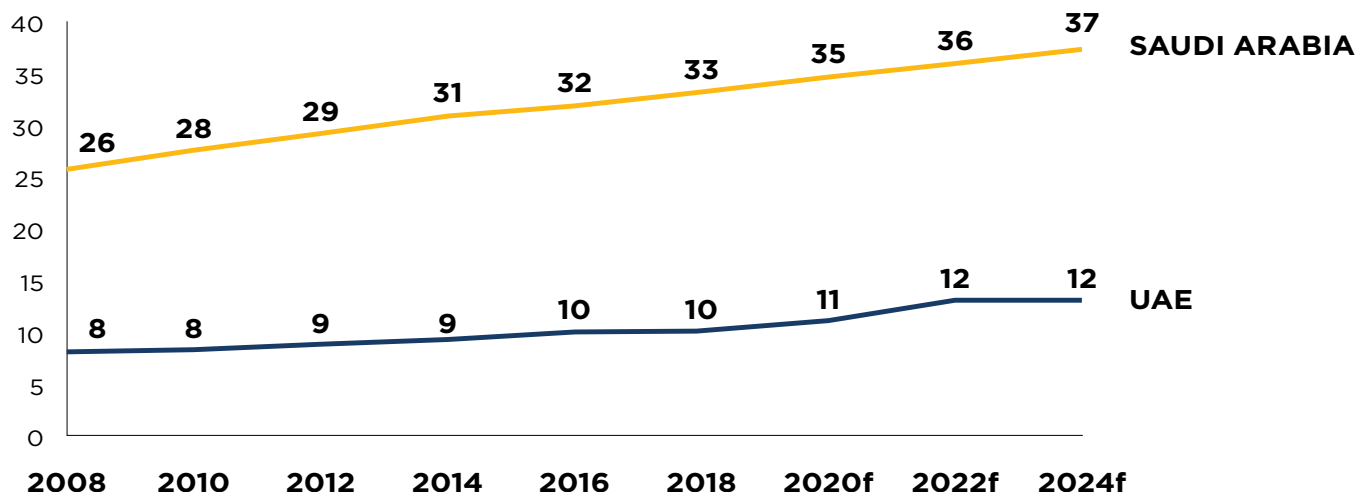
Since the mid-1980's, Saudi Arabia has been experiencing rapid urbanisation<sup>9</sup> and the UAE has seen a similar expansion since the mid-1990s<sup>10</sup>. So, while urbanisation is not a 'new' megatrend as it is in other countries in the wider region, the intensity and scale present in both countries is a factor that has put a vast deal of pressure on infrastructure, particularly healthcare. The Middle East in general is considered one of the world's most urbanised and both Saudi Arabia

and the UAE have rapidly shifted from rural, desert dwelling to modern, city living populations within a relatively short period of time. While development, investment and infrastructure has also been rapid, in some areas it still lags.

Healthcare is a primary example where infrastructure is not fit for purpose at scale or able to meet the changing healthcare needs created by urbanisation. Urbanised lifestyles are associated with access to and consumption of more unhealthy food while at the same time people are more sedentary with desk-bound work. These lifestyle behaviours are having a direct impact on the increase in prevalence of NCDs in the general population in both Saudi Arabia and the UAE. To meet the needs of an urbanised population with projected demographic changes, both countries are transforming their healthcare systems to value-based healthcare models.

However, structural change driven by national policy initiatives are complex and require long-term, market proven solutions. A whole ecosystem shift requires co-operation between all actors across public and private sectors.

POPULATION GROWTH (IN MILLIONS)



### DIGITALISATION: CONNECTED PRACTICE DRIVING OPERATIONAL AND BEHAVIOUR CHANGE

Every aspect of modern life, from business and industry to individual behaviours, is being transformed by digitalisation. This global megatrend is forcing industries and governments to rethink core services, ensuring both providers and end users are protected by the law, but also that technology is implemented and used in a way that not only adds business and economic value but enhances life and promotes sustainability.

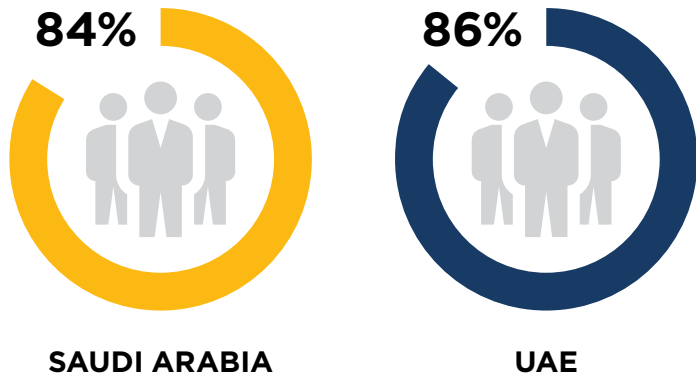
Digitalisation is permeating development in all aspects of the healthcare sector and opens up new forms of operability of services. It has proven particularly useful for integration of, and between levels of, care. This allows for more efficient utilisation of resources and patient-centric care which ultimately accelerates efforts to tackle NCDs. Digitalisation also provides patients with more autonomy and improves access to healthcare. Digitalisation can address many challenges within the scope of care needed to deliver disease prevention and management, but requires stable and advanced ICT infrastructure which is lacking in both Saudi Arabia and the UAE.

### SUSTAINABILITY: POTENTIAL FOR TRANSFORMATION

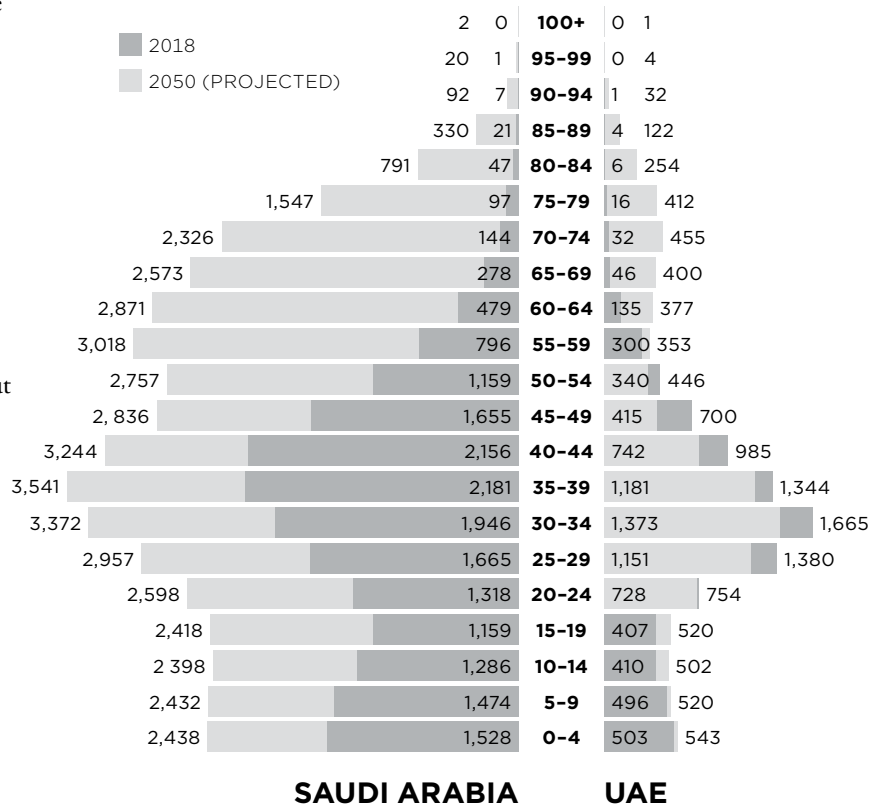
Globally, sustainable business solutions are increasingly becoming the defining feature for success. Sustainability is no longer a niche selling point for certain sectors, but a necessary requirement for securing new contracts with governments and making a long-term impact. Legislation and regulation are forcing change, but customer demands are accelerating innovation and implementation.

There is vast potential for delivering sustainable healthcare systems by delivering high quality care and improved public health without having a negative impact on the environment or current and future generations. Across the entire value chain there is scope to improve and innovate with solutions in procurement, diagnostics, operations, med devices, pharmaceuticals, waste and hazardous chemical management as well as disease prevention, health promotion and public health services.

% OF POPULATION LIVING IN URBAN AREAS, 2019



POPULATION PYRAMIDS SAUDI ARABIA & UAE



# LOCAL TRENDS DEFINING FUTURE HEALTHCARE MODELS

Both Saudi Arabia and the UAE have several notable challenges applicable to general business complexities and specifically related to the healthcare sector.

The GCC region's substantial oil wealth has given both Saudi Arabia and the UAE a financial edge in attracting medical talent from abroad through highly competitive job offers. This has facilitated high-end care for the wealthy segments of society but has resulted in a high turn-over of medical personnel. There is a significant deficit in local medical staff and expertise which needs to be tackled with investments in educating local medical staff.

In both countries, this has hindered systemic change and the development of a cost-efficient and modern system. The scarcity of specialised local resources has not gone unnoticed and is driving a push for increasing localised expertise and building a long-term local workforce. While the local workforce capability is being built, the systems will be strained in terms of local expertise and will have to continue to rely on a foreign workforce.

The foreign workforce often has medical biases towards products and treatment options based on their individual experiences, rather than the local context; influencing purchasing decisions but also the practice of care.

As the markets make advancements in the model of care, the market runs the risk of not matching expertise with relevant work tasks. To develop the system, regulators frequently impose unnecessarily high professional qualifications to practice healthcare. Healthcare regulations fail to recognise the different layers of professional expertise required to perform specific roles. For example, nurses are often required to hold a post-graduate degree to be able to work. International healthcare providers often see these formal requirements as a barrier to recruitment and access to suitable resources.

The fast-paced development in both countries means healthcare regulations and legislation in general are in a catch-up mode, particularly relating to e-health provision and solutions. Efficient implementation and use of any digitalised tools is reliant on well-developed ICT infrastructure. In some Middle Eastern countries, digitalised integration of care is still in the distant future.

But alongside these challenges, there are considerable opportunities that Swedish healthcare companies can act on to grow a local presence and become significant partners in helping to overcome the growing prevalence of NCDs and be key players in the wider transformational journey.

## CHANGE TOWARDS VALUE-BASED HEALTHCARE

Current healthcare structures are predominantly regulated centrally, and the provision of services is the responsibility of the respective healthcare ministries. But outcome focused healthcare is becoming the preferred model which will cater for more specialised, strategic and cost-efficient planning and delivery of care. The ambition to separate regulatory bodies from providing bodies hopes to help achieve this.

Saudi Arabia initiated large-scale restructuring in 2019, which will see the Ministry of Health, which has been responsible for two-thirds of the healthcare provision, hand over healthcare provision to twenty geographical clusters. The Ministry of Health (MoH) will retain the overall mandate and authority as overarching regulator. By 2030, these clusters, which are currently being created, will be organised as Accountable Care Organisations (ACOs) will encourage co-operation, not competition, between healthcare providers. ACOs will include healthcare facilities that will deliver care at all levels and will operate through a value-based payment model encouraging integrated



working methods and referral systems between healthcare providers.

The UAE's vision is also value-based health, but on a smaller scale. The regulation framework is not uniformed across the country, which is creating challenges with the Ministry of Health and Prevention responsible for the northern emirates and the Dubai Health Authority (DHA) and Department of Health (DoH) holding responsibility for Dubai and Abu Dhabi respectively.

Value-based care is proving a hot topic in the UAE with authorities seeing it as a critical path towards reaching their goal of improving quality of care. In Abu Dhabi, the DoH has launched several initiatives, which aim to establish a base of quality for all healthcare providers. This structural change

places a focus on patient-centred care, patient safety, accessibility and effectiveness of health-care. The DHA also focusses on value-based care and tracks process outcomes. This patient focus approach is seen as an enabler to reach the target of becoming both the regional healthcare hub and a global destination for healthcare tourism.

To support these strategies, both countries are looking to expand their evidence-based care practices. At the core of evidence-based care is an approach to develop best practice based on accumulated knowledge. Traditionally, this has been achieved by assessing treatment options, patient diagnosis and patient preferences and values, to deliver patient-centric outcomes and ecosystem effectiveness.



## SHIFT TOWARDS PREVENTATIVE MODEL TO REDUCE COSTS AND SAVING LIVES

The governments of Saudi Arabia and the UAE have widely recognised that moving towards a preventative healthcare model is a major step in halting the acceleration of the prevalence of NCDs. The strategic transformational plans incorporate four key elements that are critical for a preventative model to deliver long-term change. Patient education, national screening programmes, early detection goals and prevention of NCDs all present substantial opportunities for Swedish healthcare companies in the new healthcare model.

### Early detection is key to reducing costs and saving lives

Prevention is one proven approach to reducing loss of life and lowering costs associated with NCDs. Highly functional primary healthcare (PHC) is pivotal in tackling NCDs and is widely accepted as the cornerstone of every successful healthcare system. Healthcare models with strong PHC deliver better health outcomes, efficiency and improved quality. WHO data shows that in countries where primary healthcare centres are prioritised, NCD associated mortality and hospitalisation rates are reduced. This evidence is a motivator for both Saudi Arabia and the UAE to improve their primary care provision.

### Accessibility is vital

Removing barriers to access of care is vital if early detection rates are to be increased. Digitalisation, including digital booking systems, are improving access to care and availability of patient care records. It is also providing a platform to disseminate information on healthier lifestyle choices. While mobile screening clinics have been used in both Saudi Arabia and the UAE, expanding hospital healthcare provision or providing other creative solutions is needed to increase accessibility.

Accessibility is being extended to care delivered within the home environment. Many patients could benefit from home care with doctors receiving data from MedTech devices and nurse led care to tailor the treatment for conditions such as:



Dialysis



Diabetes monitoring



Wound care



Respiratory treatment

### National screening for major NCDs

Screening programmes have a proven track record in reducing the impact of NCDs, particularly when they have a focus on early detection in high-risk population groups. In a move to combat the prevalence of diabetes in the UAE, the government has applied patient-centred care of diabetes management with key targets established to screen 10,000 high-risk individuals, educate 90 nurses and send 25 doctors on global training programmes. The nurse and doctor training education is based on the Johnson and Johnson Diabetes Institute curriculum and programme.

Accessibility to healthcare can be impacted by both geographic and economic factors. There are challenges for both Saudi Arabia and the UAE to make healthcare screening programmes accessible for nationals and non-nationals. The distance people have to travel to clinics as well as fees for those without health insurance, can be a huge barrier for people engaging in preventative screening.

### Awareness initiatives to improve patient education

Country wide marketing, awareness and prevention campaigns aimed at raising awareness of primary care and changing patient behaviours are primarily being driven at a government level and delivered by the respective health ministries and other government entities.

These programmes, while still in the early stages, have the potential to dramatically improve early detection and prevention. Early detection of breast cancer is one of the key indicators of successful treatment, yet six out of 10 patients in the region are only diagnosed once the disease has spread. Awareness programmes have a wider objective to increase early detection but to also improve successful treatment rates and drive cost efficiencies.

Several awareness programmes have been initiated and directed at children with the hope that early education and lifestyle changes will stem the upward trend of NCDs. Nutrition plays a critical role in fighting obesity and steps have been taken to improve knowledge of food content and its effects.

### Challenging existing patient behaviours and expectations

Understanding patient behaviour is fundamental to understanding the healthcare systems in the GCC. On average, patients are poorly educated and lack the routine of seeing a general practitioner in a primary care setting. Primary care has very little traction with the general population and patients prefer to seek specialised care advice or go directly to the hospital emergency department.

This has been in part driven by the provision of low-quality treatment at primary care level, resulting in a reduced level of patient trust and reliance. Additionally, many patients with NCDs practice poor self-management of their disease, often leading to further complications and co-morbidities. Disease management education is being increasingly viewed as a key aspect in the fight against NCDs. Changing deeply entrenched patient behaviours can take many years and this is one of the primary challenges facing the systems in the GCC.

Swedish expertise and experience are assets in demand for knowledge transfer

Evidence based research and knowledge is highly valued and can provide unique opportunities for Swedish healthcare providers to become part of strategic and operational transformation programmes.

### **EXPANDING SPECIALISED CARE FOR TAILORED PATIENT PATHWAYS**

While prevention and early detection of NCDs is a global priority, specialised care at secondary and tertiary levels will still come under considerable strain to deal with the current and imminent prevalence rates.

Patients presenting with NCDs will require specialist treatments, surgical intervention, professional expertise and well-developed palliative and home care to improve quality of life and end of life. Cancer and cardiovascular disease demand the most specialist care but all NCDs cause secondary health concerns which require more advanced management. Three key areas of specialised care have been identified as pivotal in successful management of NCDs.

#### **New forms of care provision and knowledge exchange**

The demand for specialised and new forms of care has already driven an increase in the number of specialist departments and hospitals. In 2018, the Saudi Arabian government allocated state funds for the construction of 36 hospitals and two medical cities, with a collective total of 11,500 beds. High-end healthcare infrastructure is also an investment priority in the UAE. Both countries boast large public and private entities that have excellent reputations in specialised care: The King Faisal Specialist Hospital and Research Centre in Riyadh and Jeddah and the Dubai Hospital (completion expected in 2020).

The shift towards specialised care extends to further provision in home, palliative and geriatric care. These types of services have been largely absent or limited in scope through existing general hospital facilities. New interest in these care

pathways creates new opportunities for services, products and knowledge transfer. It is also a pivotal step towards developing a more cost efficient and agile system by reducing patient hospital admissions.

Sweden has a competitive edge as a leader and role model in delivering initiatives driven to deliver best practice and value-based care. Saudi Arabia has a proven track record of knowledge gathering from Swedish experts. Technical and high-level delegations regularly visit Sweden to meet and collaborate with Swedish healthcare companies. In Saudi Arabia, Skåne Care is engaged in restructuring primary care while Diaverum runs over 35 dialysis clinics. In the UAE, Swedish value-based healthcare pioneer, GHP Specialty Care, manages four hospitals in the emirate of Ajman.

As a part of the restructuring towards a more value-based healthcare model, both Saudi Arabia and the UAE are looking to expand their evidence-based care practices. This is delivered by a system built on developing best practice based on accumulated knowledge gained by assessing treatment options, patient diagnosis and patient preferences and values. The overarching goals are patient-centric outcomes and overall effectiveness.

Restructuring to achieve this will lead to an expansion of the healthcare system with a focus on delivering improved primary and speciality care, new primary healthcare clinics, screening centres and dialysis centres.

#### **Specialised care demands expertise**

Increased specialisation requires provision of new types of healthcare to manage the complex range of needs of NCDs, including home care, palliative care and geriatric care. These types of services have generally been completely lacking, or in a few selected cases, provided at existing general hospital facilities. These new treatment pathways and options create new service offerings as well as a demand for new products.

Partnerships between healthcare authorities and other public and private entities are being actively sought in e-health, telehealth and mobile applications. These push the boundaries of traditional healthcare provision and information into other areas of patient lives such as food choices and exercise routines.

#### **Private Public Partnerships (PPPs)**

Privatisation is seen as a critical pillar of structural change and as a driver to improve quality of care while simultaneously reducing costs. There is a shift towards Private Public Partnerships (PPPs) to deliver new modes of care within the



transformed healthcare structures. Collaborative partnerships with local authorities and private operators will be increasingly commonplace, but primarily with companies who have a local presence. Tenders are likely to be awarded to companies who can work closely with government agencies and delivery partners, not necessarily favouring 'local' players, but those who can demonstrate competitiveness in the market.

To achieve this, Saudi Arabia opened its doors in 2018 to fully owned foreign companies operating on the market while the UAE has implemented similar initiatives soon after. Relinquishing the requirements for local content has shifted attention to attracting foreign investments and made that process easier and more lucrative. Both countries have invested in Public Private Partnerships (PPPs) to increase private sector participation and tackle the growing concern of healthcare funding.

Since the UAE enacted a law in 2015 encouraging PPPs across a wide spectrum of sectors, new contracts have been offered for service, management, leasing, as well as to build, operate and transfer healthcare services. While in Saudi Arabia, PPPs have been offered on an ad hoc basis. The shift to a more formalised approach is happening and the first official tender was floated in May 2019 for radiology services. Projected growth in the PPP arena is expected in both countries in the immediate future.

Transparency has been an issue within the PPP tender processes and Swedish suppliers have reported difficulty in breaking through the traditional approach where informal decision makers still play a role. A local presence and a collaborative stakeholder engagement approach will help to break down informal and formal barriers to becoming competitive in the PPP tender process.

### **Digitalisation – a new healthcare future**

Both Saudi Arabia and the UAE are spearheading digitalisation initiatives to modernise care. The first step is the digitalisation of medical records and disease registries but integration across healthcare providers is still lacking. Sweden's use of an advanced digitalised medical records system, high uptake of MedTech and innovative digital solutions present opportunities for knowledge transfer and solution implementation. With both countries having recently established online portals or apps for online booking services, there is an appetite for further digitalisation to improve patient access to care.

Both countries have initiated Health Technology Assessment (HTA) knowledge exchange. Saudi Arabia is planning for a separate national HTA agency with interest shown in the Swedish

model, including replicating services of the Swedish Agency for Health Technology Assessment and Assessment of Social Services (SBU). The UAE's approach will place primary responsibility for HTA with the different Emirati health authorities to tailor their own plans.

### **Strategic practitioner education programmes**

A shift in the education focus means opportunities exist across the whole healthcare ecosystem to deliver improved learning and knowledge sharing programmes, from primary care practitioners to specialists to strategy and policy and change management.

Knowledge and education about disease prevention, healthy lifestyles choices and the benefits of physical activities have been limited. The need to educate primary care practitioners is critical as this is where the dissemination of social education will start. While there are initiatives to deliver awareness programmes in school and include sport in the school curriculum, there is a lack of resources to adequately meet ambitious goals.

Formal and informal training for medical staff is required to equip both doctors and nurses with the expertise and knowledge to be able to manage the increasingly complex medical conditions they are treating. This training can happen locally, regionally or in Sweden through structured programmes. Peripheral training in the optimisation of medical device use is also in demand.

On a strategic level, knowledge exchange is in high demand to inform decision making, market positioning, procurement and tender deals as well as operational practices.

### **Procurement expertise to deliver cost efficiencies and improved patient outcomes**

Significant business opportunities lie within provision and procurement. Procurement bodies and hospital management for both public and private actors will be important counterparts for Swedish companies. The expansion of secondary and tertiary care will require niched state of the art procurement as well as bulk procurement of both pharmaceuticals and medical devices. Medical consumables usually represent large volume procurement and with the changing landscapes, new players in the market have a good chance to tap into this potential. Swedish healthcare providers can leverage opportunities to collaborate with local authorities to provide experienced support, both from operational and educational perspectives. Expansion of physical facilities opens up potential for new MedTech devices, procurement of equipment and services and provision of pharmaceuticals.





# THE MIDDLE EAST: COMPLEXITIES IN A VARIED REGION

## BUSINESS IS CONDUCTED IN A GLOBAL CONTEXT

In an increasingly global world, successful market engagement requires a multifaceted analysis of conducting business in changing and interconnected markets. Evaluating market potential in Saudi Arabia and the UAE must therefore consider the socio-political developments on both markets, as well as their broader geopolitical contexts.

To a large extent, the Middle East acts as the facilitator of the global industrial market, with 42.9% of the world's crude oil exports coming from the region<sup>5</sup>, while Saudi Arabia is one of the most prominent OPEC members, alongside Iran. The region has a significant opportunity to contribute to positive global economic development, but it hinges on maintained regional stability and efforts to generate transparent trade and international cooperation. In worst case scenarios, instability can lead to Swedish companies re-evaluating their operations and presence in the region. Examples of this include the re-imposed sanctions against Iran and the Saudi-led blockade against Qatar.

For conducting successful and sustainable business in the region, awareness of the geopolitical context must also be coupled with an understanding of political and economic developments in the respective countries. For international companies, it is imperative to have insight into the historical and cultural contexts which explain practices and business decisions. This context will influence how decisions are made and business is conducted.

## SOCIO-POLITICAL LANDSCAPE

Swedish companies have successfully conducted business in Saudi Arabia and the UAE over the past 70 years. As relatively complex markets, engagement has always required in-depth market knowledge on the part of the Swedish company in question.

The highly-skilled foreign workforce often bring medical biases towards products and treatment options based on their individual experiences, rather than the local context. This influences purchasing decisions but also the practice of care.

On the other side, the low-skilled foreign workforce often have a lack of labour rights, often working under poor conditions but they accept this as a 'trade off' to support and lift them and their families out of poverty.

Both of these issues present challenges for Swedish companies who must consider the CSR and human rights aspects of working within these contexts.

Both countries struggle with nepotism, corruption and a lack of transparency. This presents CSR challenges for businesses when they assess whether human rights are being upheld and respected. Even international organisations such as the International Labour Organisation (ILO) struggle to evaluate the situation.

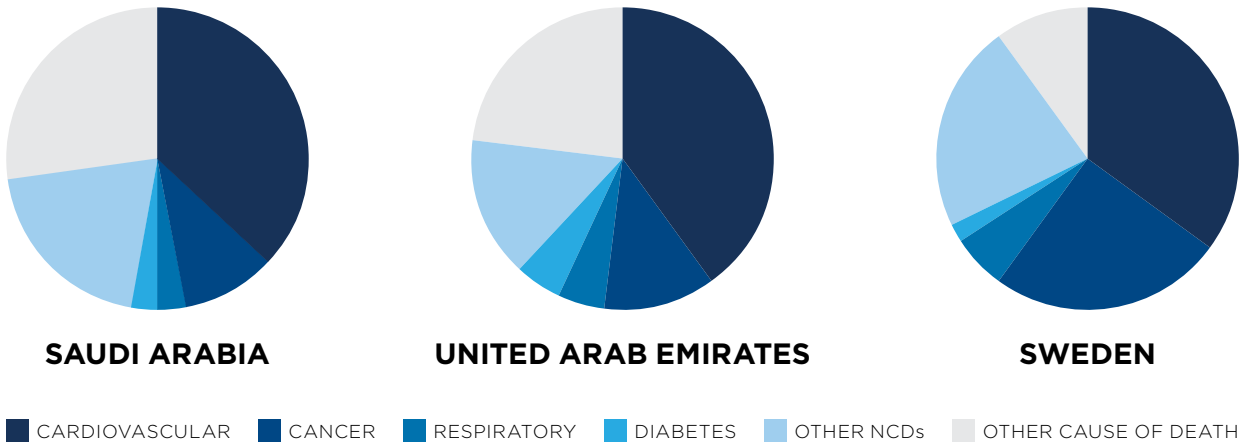
It is undoubtedly so, that political and human rights are restricted, with arbitrary detentions, and severe punishments for expressing criticism against the establishment and engaging in public assembly. Saudi Arabia ranks 172 and the UAE 133 out of 180 countries on the 2019 Press Freedom Index.

However, both countries are undergoing a generational shift. With close to 40% of the respective populations under the age of 35, reforms are inevitable; both to cater for calls of social reforms and to align economic activity with the needs of a growing and ageing population.

The leadership in both countries recognise this, and recent years has started to paint a more nuanced picture of conducting business in the region. As part of the crown prince's Vision 2030, Saudi Arabia has embarked on a substantial journey to establish a "thriving economy", diversified away



## Cause of death NCDs comparison



from oil dependency. This has led to the removal of red tape, simplifying and making the local market more attractive. And these efforts have been fruitful. In the World Bank’s 2020 Ease of Doing Business Index, Saudi Arabia climbed thirty places. This positions them as the fastest changemaker in the world. UAE, having pursued a role as a regional trade hub since the early 2000s, is already ahead, coming in at sixteenth place globally.

The reforms are very much need driven also from the outside. The international way of conducting business is to a large extent, both formally and informally, regulated through international standards related to the sustainable development goals and broader CSR issues. Global companies and foreign investors put larger emphasis on adherence to these global agreements and neither Saudi Arabia nor the UAE wants to lose out on this type of big business. As a result, we see the opening of both economies, including on issues such as gender equality, much due to the realisation that the economies require female labour to sustain themselves.

### NCDs A GROWING BURDEN ACROSS THE MIDDLE EAST

While NCDs pose a global challenge, the need for efficient management varies across geographies. In general, the Middle East region and particularly, the Gulf Cooperation Council (GCC)<sup>1</sup> countries, are forecast to have the world’s highest NCDs growth. The Middle East’s rapid urbanisation, demographic changes and lifestyle shifts will continue into the foreseeable future.

The GCC countries are in a good position for structural change. In many countries, development of affordable healthcare for their citizens has been underpinned by significant oil and gas wealth. These countries are taking the biggest strides in shifting healthcare provision to minimise the impact of NCDs. Both Saudi Arabia and the UAE have made prevention of NCDs a key part of their reform agendas (Vision 2030<sup>6</sup> and National Transformation Program 2020 in Saudi Arabia<sup>7</sup>, and Vision 2021 in the UAE<sup>8</sup>), but they also have separate NCD programmes developed with the support of the WHO.

#### NCD RISK FACTORS

|                                | SAUDI ARABIA | UAE   | SWEDEN           |
|--------------------------------|--------------|-------|------------------|
| Alcohol consumption            | 0.4%         | 1.1%  | 28%              |
| Physical inactivity            | 53.1%        | 41.4% | 25%              |
| Raised blood glucose           | 17.4%        | 15.1% | 7%               |
| Tobacco use                    | 27.9%        | 29%   | 18%              |
| Raised blood pressure          | 23.3%        | 21.1% | 26%              |
| Overweight                     | 69.7%        | 67.8% | 22%              |
| High cholesterol               | 39%          | 57.6% | Data unavailable |
| Average energy supply adequacy | 135%         | 126%  | 126%             |

# FRAMEWORK FOR COLLABORATION AND MARKET GROWTH

Both Saudi Arabia and the UAE are focused on transforming healthcare provision through systemic change; shifting towards a preventive model, improving primary care and expanding speciality and new forms of care. Both markets are increasingly seeking foreign investment and solutions to deliver change. Opportunities in knowledge exchange, healthcare provision, procurement, and strategic partnerships exist across the healthcare ecosystem. The impact of NCDs has and will continue to shape and define whole healthcare systems, both strategically and operationally.

While socio-political issues are largely unavoidable, general market structures are improving and market challenges can be overcome by preparation and knowledge attainment in advance of market entry. Coupled with positive economic reforms, successful collaborations and partnerships are achievable with a realistic, approach to market growth.

## MARKET EXPANSION WITH A STRATEGIC APPROACH

The Business Sweden Middle East healthcare team supports Swedish companies by providing thorough market analysis, giving full awareness of the trends shaping specific industries, relevant competition and current market status to allow for enough preparation before entering the market. This ensures a solid and suitable business case can be made for both Saudi Arabia and the UAE markets which will accelerate dialogues with local stakeholders by having an attractive and competitive offer.

## BUILD RELATIONSHIPS AND LOCAL PRESENCE

As with most markets in the Middle East, Saudi Arabia and the UAE are relationship and distributor driven markets and international companies

often find access to the health network and authorities relatively difficult, particularly when trying to work with larger companies. However, distributors can only facilitate to a certain extent with market screening or pushing for continuous sales and on-the-ground stakeholder identification and relationship building crucial for successful market entry and growth. Investing time and money in the market will provide connections to opportunities connected to the restructuring programme and transformation.

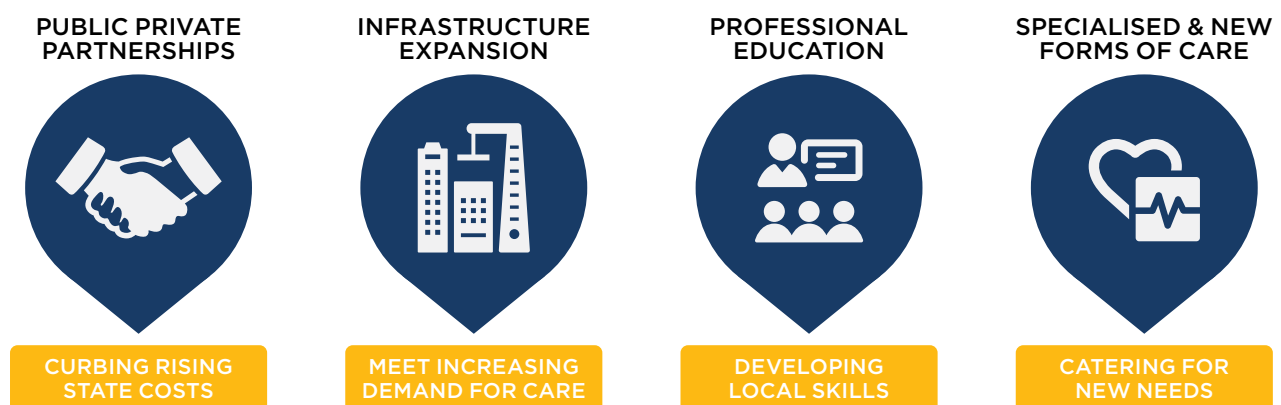
Alongside stakeholder engagement, understanding the regulatory frameworks and requirements is essential for Swedish companies to gain a foothold in the UAE and Saudi Arabia. This foundation means opportunities and experience in working directly or indirectly with distributors or local partners will bring distinct benefits in future tender processes.

However, network building is often required with state entities, not just private companies and in some cases where innovative and specialised products are involved, the process can involve networking directly with hospital level providers. While the number of reputable entities operating within each area of care is limited and identifying them is relatively simple, stakeholder management can be challenging.

When doing business in relationship driven markets, long sales processes and a long-term mind-set is required. Understanding that payment terms can be three times as long as in Sweden and often paid over-due can take some adjusting to. It is also important to manage expectations and not always expect quick gains as business can stall due to the complex geopolitical situation.

Working together with local partners and being present in a changing market such as Saudi Arabia or the UAE can be a successful tool from

## Four areas of development present key opportunities for Swedish companies in the Middle East



RISE OF NCDs WILL INVOLVE LIFE-LONG DISEASE MANAGEMENT AND CO-MORBIDITIES

a growth perspective and to positively influence structural change. For this reason, early engagement can support Swedish healthcare companies in securing sizeable market share in the present and to build a reputation to reap rewards also in the long term. It also opens the doors for positively shaping policy and social reform.

### BUILD RELATIONSHIPS AND STRATEGIC APPROACH

A proven business case backed up with evidence from a reference case is nearly always required and often pilot periods will be requested by the local counterpart. While both Saudi Arabia and the UAE are looking for qualitative products, price still shapes the industry and strong

financial arguments that prove cost efficiency are beneficial. Innovation and expensive solutions are often compromised in favour of cost efficiencies, particularly in pharmaceuticals. However, the push towards generic options and budgetary impact analyses do not always factor in encompassing KPIs such as long-term effects of surgery or correlated treatments. It is important for Swedish actors to counteract this position by showcasing competitiveness from a quality and lifecycle cost perspective.

Once established in the market, our dedicated healthcare team supports with both accelerating sales, partner management and interim business development to fully help your business and growth ambitions.



# WHO TO TARGET?

Swedish companies looking to enter either the UAE or Saudi Arabian healthcare sectors will find that the main counterparts for many initiatives will be government owned healthcare entities. In Saudi Arabia, two thirds of the healthcare system sit under Ministry of Health associated entities, and only 10-15% is fully privatised. In the UAE, the majority of healthcare providers are private, yet governmental expenditure on healthcare accounts for almost 70% of the total healthcare spending. In reality, government-related entities are the main counterparts when entering the market.

## SAUDI ARABIA

Although Saudi Arabia's Ministry of Health will remain a key regulatory and policy actor, the restructuring of the healthcare system towards Accountable Care Organisations means that gradually the Ministry will shift direct responsibility for healthcare provision in the country. This shift of mandate has begun and is currently spearheaded by the Vision Realization Office (VRO) at the Ministry of Health. The VRO oversees and steers the implementation of Vision 2030 to modernise provision of care, including the de-centralisation of the system. For the time being, the VRO will retain control of most of the healthcare budget and allocate parts to the newly established Health Holding Company (HHC). The HHC is currently responsible for enacting specific initiatives and programs of reforms, effectively guiding the geographical clusters being set up and becoming functional.

HHC and individual clusters are quickly becoming new key entities for cooperation with Swedish companies in the field of provision of care and localised policy initiatives. As this happens, Swedish companies will need to have a greater understanding of the demographic and socio-economic variations across the country. A deep understanding of the market and stakeholder engagement will be critical and enable more

precise and targeted partnerships.

For all companies looking to be active in the market, it is important to ensure registration and compliance for product specifications, imports and use. Companies need to familiarise themselves with the Saudi Food and Drug Authority (SFDA) before entry to the market.

The National Unified Procurement Company (NUPCO) is the current Ministry of Health's procurement organisation for pharmaceuticals and medical devices and this role is evolving further to take over procurement for the Ministry of Defence, the second largest healthcare provider in the country. NUPCO is also aiming to quantify and map out healthcare needs and resources across the Kingdom. Eventually this will enable unified, strategic procurement across the market.

NUPCO as well as the Saudi Food and Drug Authority (SFDA) work very closely together and are also important players from a cost-efficiency perspective. While the market needs to grow, at the same time the Saudi government is keen to keep healthcare costs down. This is a primary motivation for a value-based healthcare model, but also runs the risk of favouring procurement of generic and less advanced medical technology, something which both NUPCO and SFDA will monitor and oversee.

Currently there are close to 500 hospitals in the country. A number of these are key hospitals which stand out as prominent care facilities, and include:

- King Faisal Specialist Hospital and Research Center
- King Abdulaziz Medical City, and
- Prince Sultan Military Medical City.

These existing facilities, coupled with large infrastructure projects, like the crown prince's futuristic mega-city, NEOM, present significant opportunities for Swedish companies. However, access to some of the most prominent hospitals is not easy and requires networking and stakeholder engagement at both executive level and with individual healthcare professionals.

## UAE

The structure of the healthcare sector in the UAE mirrors that of the government, consisting of authorities on the federal and emirate levels. The Ministry of Health and Prevention (MoHAP) develops policies at the federal level and regulates UAE's federal healthcare laws, approves all import and registration of medical devices and pharmaceuticals, licenses and registers healthcare specialists, laboratories, clinics, and hospitals. MoHAP also provides healthcare services and regulatory oversight in the northern emirates of Ras Al Khaimah, Ajman, Umm al Quwain, Sharjah and Fujairah which lack their own healthcare infrastructure.

The Ministry of Presidential Affairs (MoPA) is a national entity which provides support and consultation to the UAEs president. The ministry measures the performance of other ministries, authorities and public enterprises and determines and evaluates the implementation status of government policies and programmes. These results are submitted to the UAE President. In the northern emirates, the Medical Office of MoPA owns and operates three hospitals via different operators and at least one specialty clinic.

The Department of Health (DoH) is the key regulative body of the healthcare sector in the emirate of Abu Dhabi. It shapes the regulatory framework for the emirate's health system, inspects against regulations and enforces standards, while Abu Dhabi Health Services Company (SEHA) is in charge of service provision. In Abu Dhabi, the DoH is a financially and administratively independent body that creates requirements for healthcare facilities, health insurance, clinicians, and health services while overseeing the management of health services at the policy level in the emirate. SEHA is the largest public provider, it owns and manages most of the public healthcare facilities in Abu Dhabi and is expected to implement the policies, projects and strategies approved by the DoH.

In Dubai, the Dubai Health Authority (DHA) is responsible for setting the strategic plans for the overall development of the healthcare system, and for monitoring and evaluating performance while ensuring compliance with regulations.

It is also responsible for: ownership and management of public hospitals and clinics in the emirate of Dubai, overseeing and setting healthcare policy and strategy, development of medical education and research, regulating and licenses all healthcare facilities and services, regulating the cost of healthcare, and running special programmes in the emirate of Dubai and its free zone, Dubai Healthcare City.

There are currently over 130 hospitals in the UAE and about 4,000 health centres, with approximately 70% privately owned. Almost 90% of all hospitals in the UAE provide general medicine, with a minor presence of specialised hospitals. The remaining 10% is divided into:

- Diagnostics
- Daycare Surgery
- Psychiatrics,
- Obstetrics (Maternity) & Childcare
- Ophthalmology, and
- Neuro-Spinal

As a part of being able to provide a world-class healthcare system, the UAE market is penetrated by international hospitals such as the Cleveland Clinic, Medclinic, Medcare, American Hospital (member of Mayo Clinic Care Network), Aster Hospitals. There are also local hospitals focused on healthcare excellence and keen on attracting the best talents and having the newest technologies and solutions.

## KEY TAKEAWAYS FOR A TARGETED APPROACH

Regardless of the type of healthcare company trying to enter the Saudi Arabian and UAE markets, it is important to become familiar with the varying entity mandates and development trends. It is important to engage early with certain key entities who have significantly large mandates and those entities pivotal for being able to operate on the market. Even well advised and experienced companies run the risk of facing regulatory or compliance related obstacles from time to time and good channels of communication are useful to clear up confusions and to gain market insights.

## SUMMARY

# STRATEGIC GROWTH A REALITY

The commitment to transforming the healthcare systems in both Saudi Arabia and the UAE to value-based, patient centric-care models present clear opportunities, but must be approached using an informed and long-term approach. Reducing cost and increasing quality are primary drivers for governments with an overarching need to reduce and manage the impact of the increasing prevalence of NCDs. Incentivising privatisation, encouraging PPPs, raising awareness and increasing early detection are all part of the broader healthcare transformation which is needed to meet population and demographic changes. Digitalisation is set to play a pivotal role in both short- and long-term solutions across all levels of healthcare access and provisions, presenting opportunities to support infrastructure as well as innovation.

Education, awareness and early detection about NCDs is emerging as the cornerstone of the transformation which will help to deliver long-term efficiencies and improvements to patient care and outcomes. While opportunities in knowledge exchange, strategy development, healthcare provision and procurement exist across the entire healthcare ecosystem, Swedish companies must consider and overcome systemic challenges and cultural complexities in order to be sustainable long-term.

Not all Swedish companies will be able to have a direct presence in the market. Both Saudi Arabia and the UAE are still, to a large extent, distributor-driven markets and it is pivotal to find a reliable distributor with a good network to ensure

successful market entry. As distributor resources and capabilities vary across the healthcare landscape, it is crucial that companies

- do their homework and conduct due diligence to find the best possible distributor in each market,
- Identify other brands the distributor represents and reach out to a few of them for references.
- Understand the role and position the established network of your potential distributor in the market has and,
- Establish if the distributor will dedicate a salesperson for your product.

Entry to market and market share growth can be attained if a strategic approach and strong business case is presented to the right stakeholders and decision makers. The potential long-term benefits of having a local presence and established relationships with authorities and healthcare providers in both Saudi Arabia and the UAE are multifaceted. By utilising established and trusted partners with expertise in the region, Swedish healthcare companies have the potential to expand their global reach while contributing to systematic change through the transformation of national healthcare structures. Partnership working and collaboration on a high-level strategic and operational level has the power to reducing the impact of NCDs on a large scale, helping to tackle one of the growing healthcare burdens of the modern age.

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*“There is enormous potential for Swedish healthcare companies to expand global reach while contributing to systematic change, but a long-term view and investment in building local relationships is crucial.”*

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# CONSIDERATIONS FOR SUSTAINABLE BUSINESS PRACTICE



## CULTURAL AWARENESS

Informal business practices  
Accepted social norms  
Local process



## SUSTAINABILITY

Environmental strategy  
Sustainable economic growth  
Social and community



## LEGAL COMPLIANCE

Local, regional or national laws  
Trade agreements or tariffs  
Tax regulations

The global demand and drive towards sustainable business growth is becoming a critical factor for success. Sweden and Swedish companies have and continue to hold a strong reputation in this area, and it should be a key aspect of any global growth plans.

While every market has unique characteristics that influence business operations, growth opportunities and long-term viability, there should be a standard approach to building strategies for sustainable growth that are market and region specific.

Before you enter any market within the Middle East, it is advisable to have a strategy in place to manage both macro and micro market related issues. This strategy should address all or a combination of, sustainability, legal and customs practices. In both Saudi Arabia and the UAE, there is a shift towards adopting and enforcing sustainable business practices across the environment, economic and social spheres and these changes need to be considered in a strategic approach.

To reduce the risks of business malpractice and ensure you continue to meet international and Swedish standards and maintain economic

stability, it is important to have a region-specific sustainability strategy.

A tailored sustainability strategy must address economic, human rights and labour condition issues and how your company aims to work with local suppliers to address these. It should also outline how you plan to meet and exceed environmental sustainability in accordance with applicable global and regional legislation.

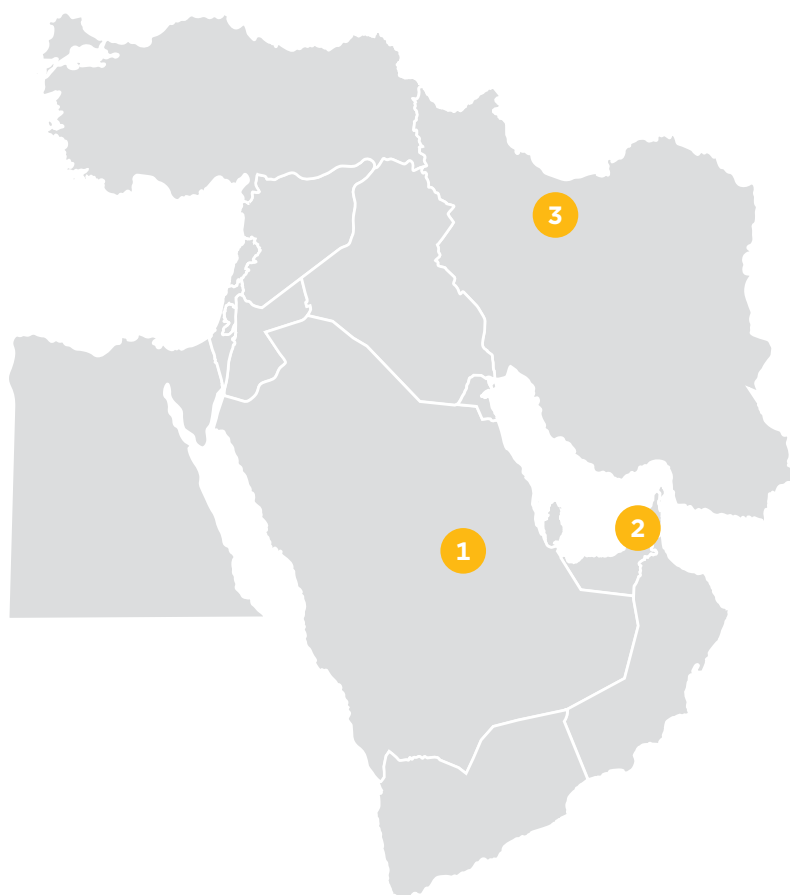
Both Saudi Arabia and the UAE have unique and different legislative systems which defines and impacts how international companies can operate. Different signed trade agreements and tariffs also exist that may affect different parts of the healthcare industry and regions. A complete analysis of your legal responsibilities and the implications of these should be conducted before entering the market.

Conducting business in both Saudi Arabia and the UAE is heavily influenced by cultural practices. And these often differ between the countries. Building relationships with potential key stakeholders and getting an understanding of cultural nuance is as important as knowing the formal business structures.

# ABOUT BUSINESS SWEDEN

Business Sweden's purpose is to help Swedish companies grow global sales and international companies invest and expand in Sweden. Swedish companies can trust us to shorten time to market, find new revenue streams and minimise risks. We offer strategic advice and hands-on support in more than 50 markets and 600 management consultants.

Business Sweden has three offices in the Middle East: Saudi Arabia, Iran and the UAE and covers the Middle East and Egypt markets in the region. Business Sweden is owned by the Swedish Government and the industrial sector, a partnership that provides access to contacts and networks at all levels.



## THREE OFFICES IN THE MIDDLE EAST

- 1 Saudi Arabia
- 2 United Arab Emirates
- 3 Iran

*IF YOU WANT TO KNOW MORE, PLEASE CONTACT:*



**MASSOUD BIOUKI**  
Market Area Director  
and Trade Commissioner  
massoud.biouki@  
business-sweden.se



**LINN BOMAN**  
Middle East  
Healthcare Team  
linn.boman@  
business-sweden.se



**LINNÉA STRAND**  
Middle East  
Healthcare Team  
linnea.strand@  
business-sweden.se



**NICLAS CARLSSON**  
Middle East  
Healthcare Team  
niclas.carlsson@  
business-sweden.se



**LINA BALSYTE**  
Middle East  
Healthcare Team  
lina.balsyte@  
business-sweden.se

## GLOSSARY AND NOTES

- 1 Gulf Cooperation Council: Cooperation Council for the Arab States of the Gulf originally (and still colloquially) known as the Gulf Cooperation Council, is a regional intergovernmental political and economic union established in 1981 and consists of all Arab states of the Persian Gulf except Iraq, namely: Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates.
- 2 Saudization: Announced in 2016 as part of the Vision 2030 reforms, the newest policy of the Kingdom of Saudi Arabia implemented by its Ministry of Labor, which requires Saudi companies and enterprises to fill up their workforce with Saudi nationals up to certain levels. A key element of the plan is to reduce the number of unemployed Saudi nationals. Companies who fail to comply may not be awarded government contracts however there is push back from businesses about implementation and avoidance tactics.

## ENDNOTES

- 1 NCDs definition as per WHO: "Noncommunicable diseases (NCDs), also known as chronic diseases, tend to be of long duration and are the result of a combination of genetic, physiological, environmental and behavioural factors."
- 2 World Health Organization (WHO)
- 3 World Economic Forum
- 4 World Health Organization (WHO)
- 5 [www.worldstopexports.com/worlds-top-oil-exports-country](http://www.worldstopexports.com/worlds-top-oil-exports-country)
- 6 Saudi Vision 2030
- 7 Saudi Arabia National Transformation program 2030
- 8 Vision 2021
- 9 [www.sciencedirect.com/science/article/abs/pii/S0264275185901155](http://www.sciencedirect.com/science/article/abs/pii/S0264275185901155)
- 10 [lcluc.umd.edu/hotspot/urbanization-dubai](http://lcluc.umd.edu/hotspot/urbanization-dubai)



We help Swedish companies grow global sales and international companies invest and expand in Sweden.

**BUSINESS SWEDEN** Box 240, SE-101 24 Stockholm, Sweden  
World Trade Center, Klarabergsviadukten 70  
T +46 8 588 660 00 [info@business-sweden.se](mailto:info@business-sweden.se) [www.business-sweden.com](http://www.business-sweden.com)

