

## Egypt: **Healthcare Sector Outlook**



## Healthcare in Egypt - an overview

With a growing population (currently over 97 million), overburdened infrastructure, outdated technology and a vital need for training and retaining skilled professionals, the healthcare sector in Egypt offers

more investment opportunities than ever before. **Attracting new market participants will be critical to meet new demand.**

### CAGR 4.2% in 2017



**Most populous Arab nation** with a population expected to reach over 151 million by 2050 (97.99 million in 2018)



**3<sup>rd</sup> in Africa and 14<sup>th</sup> in the world**; 1.2% of the world's population



**Illiteracy rate: 15.8%** (14.5 million); **Poverty: 27.8%** (25.5 million)



Urban population remains below **50%** (43.2% in 2016), growing at a rate of 2.2% per year



Egypt's population will shift from **baby boomers** to generation X, Y & Z

# An attractive investment opportunity



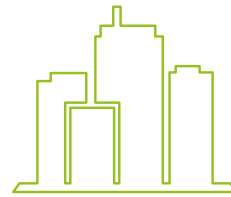
The implementation of reforms along with the gradual restoration of confidence and stability are starting to yield positive results. **In FY 2018, real GDP grew at 5.3%, compared to 4.2% in FY 2017.** This pickup in GDP was mainly driven by public and private investments as well as private consumption.



The healthcare market in Egypt continues to grow, mainly due to demand from a steadily growing population (expected to reach **151M by 2050**), the gradual increase in **aging population (7.8% to 15.3% by 2050)**, and the **expansion of health insurance coverage.**



Every year, Egypt needs a minimum of 2,500 to 3,500 beds (1.5 to 2 beds / 1,000 population), **resulting in a requirement of an additional 26,000 to 77,000 new beds by 2020** (and between 102,000 to 178,000 new beds by 2050), a considerable increase, thus offering ample investment opportunities in the country's healthcare sector.



The new capital will span **700 sq km**, making it nearly the same size as Singapore.

The unnamed megacity is expected to be home to approximately **7 million people** and will include roughly 2,000 schools, **600 healthcare facilities, 18 hospitals** and 40,000 hotel rooms.





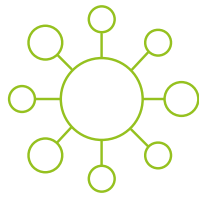
### Medical tourism

Egypt has earned a strong reputation within the region for having highly qualified doctors and superior infrastructure at reasonably affordable rates. It also provides easier visa access in comparison to other countries in the region. Medical tourists coming to Egypt are mainly from North, East and West Africa and the GCC.



### Increasing insurance penetration

At present, approximately 57 % of the population is insured. The domestic healthcare market is expected to dramatically increase as a result of a new law issued in 2016 that significantly expands insurance coverage for all Egyptian citizens.



### Increase in private sector share

With the public sector struggling to keep up with the burgeoning population's healthcare demands, the government is expected to encourage the private sector to take a leading role in providing healthcare services.



### Clinical & Beauty related treatments

Growth in middle and upper class incomes has resulted in an increasing demand for beauty and cosmetic-related treatments such as body contouring, anti-aging treatments, lipoplasty (liposuction), eyelid surgeries, breast implants, rhinoplasty, facelifts, Botox, medical spas, and hair transplants, among many others.

## Lifestyle diseases are on the rise

Some key statistics:



#### Hyperlipidemia:

38.6% of the population suffer from high cholesterol levels



#### Obesity:

33.1% of the population suffer from obesity; 45% of women and 21.4% of men



#### Diabetes:

6.5% of the population



#### Hypertension:

5% of the population



# Key industry stakeholders

The **Ministry of Health and Population [MoHP]** dictates health policy and provides most of the country's services at free public hospitals.

Management of hospitals is split between the **Ministry of Higher Education (MoHE)**, which oversees university teaching hospitals such as Qasr El Eyni at Cairo University; and the **Ministry of Social**

**Affairs (MoSA)**, which is responsible for religiously-affiliated and other charitable organisations that provide health services.

The World Bank expects government spending on healthcare to reach at least **3% of GDP compared to the global average of 6%**.

## Hospital beds - statistics

**1,679**

Health units with beds in 2016

**Private sector**

60% of total - 1,017

**Government sector**

40% of total - 662

However, the number of beds in these facilities account for only 25% of the overall number of beds available.

**126,595**

Number of beds in 2016

**Private sector**

25.8% of total - 2,698

**Government sector**

74.2% of total - 93,897

The number of private facilities continues to grow and diversify, including both for-profit and not-for-profit providers, ranging from large international hospitals to smaller NGO-funded clinics.



# International interest

- **Currency flotation in combination with the Investment Law** (Law No. 72 of 2017) has made Egypt's healthcare sector more attractive for international investors.
- **GCC investors remain especially active in building the supply of hospital infrastructures.**
- The Cleopatra Hospitals Group, owned by Dubai-based Abraaj Group, has consistently invested in Egypt along with other players.
- In addition to physical infrastructure, there has been increased interest in the pharmaceuticals sector. **British manufacturer GlaxoSmithKline announced that their investments in the country had reached \$800M**, with the company expressing a desire to expand further in the pharma sector. US pharma companies hinted at possible expansion of investments in Egypt.
- **Universal health insurance** to cater to 30-40 % of the population by 2030. Currently, 30 % is private insurance coverage and the rest is out-of-pocket.
- The healthcare market continues to grow in Egypt, primarily due to the demand from the continuous increase in general population (expected to reach 151 million by 2050), and, more specifically, due to a gradual increase in elderly population (from the current level of 7.8 % to 15.3 % by 2050), as well as increase in health insurance coverage. Every year, **Egypt needs a minimum of 2,500 to 3,500 beds (1.5 to 2 beds / 1,000 population), resulting in a requirement of an additional 26,000 to 77,000 new beds by 2020 (and between 102,000 to 178,000 new beds by 2050)**, a considerable increase, thus offering ample investment opportunities in the country's healthcare sector.
- **As the Egyptian population continues to grow and the government continues to develop legislation for universal health coverage by 2030**, there will be an increasing need for both services and facilities, presenting widespread opportunities for goods, services and training in both urban and rural settings.

## Source:

World Bank National Accounts data and OECD National Accounts data, 2018. GDP growth (annual %). <https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?locations=EG>  
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