



News Insight Healthcare

Africa and Middle East

October 2016

The "News Insight Healthcare" newsletter aims at collecting news and developing insights on the pharmaceutical sector in the Middle East and Africa.

[Infomineo](#) gathers information and data covering pharmaceutical firms' strategic plans, state regulations, publications and events across countries of the region.

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The Kingdom of Saudi-Arabia's Vision 2030: Establish an Empowering Health Care System

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Latest news: market developments, players and regulations

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- Bahrain to host major pharmaceutical event
- Allergan to use UroGen system for Botox delivery; Allergan will pay the Israeli company USD 17.5 million, in addition to milestones and further royalties
- Chinese firm to build pharmaceutical plant in Ethiopia

The Kingdom of Saudi-Arabia's vision 2030: establish an empowering Health Care System

In April, Saudi-Arabia presented its vision for a “vibrant society, a thriving economy and an ambitious nation”. The Kingdom wants its citizens to live longer – from now expected 74 years to 80 years. It wants to “optimize and better utilize hospitals and health care centers, and enhance the quality of preventive and therapeutic health care services “. It wants to promote preventive care and reduce infectious diseases, and encourage citizen's use of primary care. Doctors are to be given better training. The public sector is to focus on planning, regulatory and supervisory duties. Public corporations are to provide health care, enhance its quality and compete. Private medical insurance is being developed. Privatisation is on the horizon.

The agenda is long and ambitious. This reflects the complexity of the Kingdom's current health care challenges. Its health care expenditure is rising to more than \$B 40 by 2020, with \$B 5.5 required for non-communicable diseases while oil revenues have dropped sharply. Hospital beds and doctor quotas still rank below global levels after years of investment. Public health care for nationals and the private system for expats operate separately, with little synergies and efficiencies. The Ministry of Health and other government institutions are financing institution, legislator, operator and controller in one.

Corporatization is the „empowerment“ cited in Vision 2030 to address systemic and operational issues. The Ministry of Health will limit its role to regulator and supervisor. Hospitals and clinics will be transferred into a network of public companies that compete against each other and against the private sector. While this move might seem mostly conceptual, it actually represents a seismic shift in philosophy. The relinquishing of operational control at the central government level and the streamlining of traditionally abundant services have the potential to send ripple waves across every cog and wheel of health care in the biggest market in MENA.

This is where fact ends and speculation begins. The timeline for corporatization is still firming up. The degree of autonomy and the budget process of the future public corporations remain open for now. However, the necessary increases in efficiency and quality would mandate a few likely effects: National health standards, KPIs and value measurements. The possibility of private operators for public facilities. More efficient use

of hospital beds and shorter hospital stays. The eventual shift of treatment from hospitals into more primary care settings. Regionalization of health care structures into regional hub-and-spoke systems. The possible fragmentation of centralized tenders. Eventually, privatization.

Already, the government has identified more than 30 opportunities for public-private partnerships. It has initiated first public dialogues with providers and suppliers. In the next steps of the reform, the change in governance will need to be broken down into operational decisions. Private providers, life sciences and medical technology companies, academia and service specialists have the opportunity to shape and support the evolution of the Kingdom's health care system now – by generating data, making treatment more available across the Kingdom, providing higher quality services, developing value-based approaches and market access models, offering expertise, reviewing their growth models and operations and in myriad other ways.

Claudia Palme, Managing Director, 55east Consulting

Kingdom of Saudi Arabia Healthcare Industry

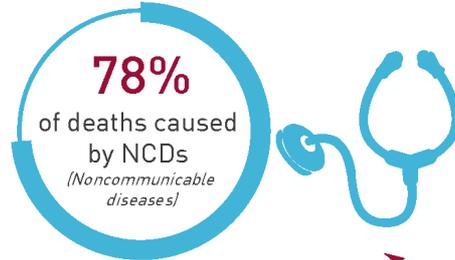


In KSA, an increasingly ageing population...



+65 years old population is expected to **x2** by 2025

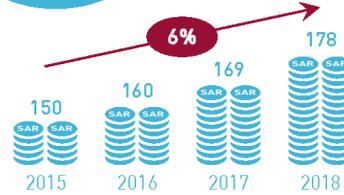
... and a heavy disease burden...



...are pushing health expenditure higher

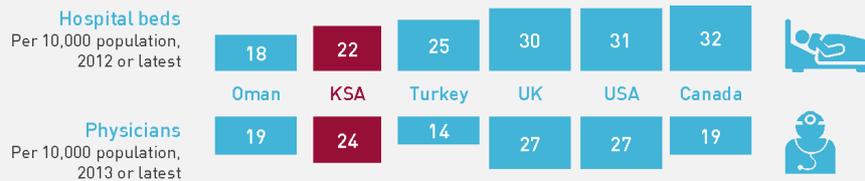


6% growth rate is expected for the 2015-2018 period



Edited by simaje www.simaje.com

In terms of access to health facilities and professionals, the country is continuing to catch up...



The largest pharmaceutical customers in KSA are the MoH system, MoDA and National Guard

Provider	Approx. # of Beds	Capacity Share	Est. Budget	Eligible Population ¹
MoH	40,000	62%	15 Bn	20 Mn Saudis
Private	14,000	22%	11 Bn	10 Mn Expats & Saudis with PMI
Institutions	1,740 5,215	11%	2.8 Bn	5 Mn Institution Saudis
KFSH&RC	1,550 <i>(12 Facilities)</i>	N/A	2.0 Bn	20 Mn Saudis
University Hospitals	1,830	3%	0.7 Bn	20 Mn Saudis
Aramco	500	N/A	NA	350 K Aramco Employees & Dependents

1. Eligible population numbers are not mutually exclusive. Source: Euromonitor International from national statistics/UN, World Bank, BMI, Samba Economic Monitor, April 2016, CCHI, Council of Health Services

Latest news: market developments, players and regulations

Hospital group NMC expands into Saudi Arabia to fill gap in healthcare market

- NMC Health - the largest private healthcare provider in the UAE - has acquired 70% of the As Salama Hospital in Khobar, Saudi Arabia, for USD 45 million.
- The company has also invested USD 4 million in (and extended a USD 9 million loan to) a 120-bed healthcare center in the city of Jeddah, Saudi Arabia.

[Read more - Telegraph](#)

The Egyptian Pharmaceutical Trading Company (EPTC) signs with the Armed Forces Logistics Authority to import 12 million cans of baby formula for EGP 30 per can

- The Egyptian government has stopped subsidizing baby formula in pharmacies stating that it would only stay subsidized in primary healthcare units.
- The price of baby formula has risen from EGP 30 to EGP 60 due to a shortage; pushing buyers to contest the price increase.
- The Egyptian Pharmaceutical Trading Company has contracted with the Armed Forces Logistics Authority to import 12 million cans of baby formula to be available in pharmacies at a price of EGP30 per can.
- The company has also contracted with the Ministry of Health to import 18 million baby formula cans to be available at 1,005 Primary Health Care Units across the country at a price of EGP 5.
- The first shipment of the imported formula is set to arrive on September 15.

[Read more - All Africa](#)

USD 72 million medicine cost cuts to benefit UAE patients with chronic illnesses

- A 63% reduction on the price of 8,725 drugs is allowing cost cuts amounting to AED 267 million (USD 72 million).
- This will impact the prices of 657 products that are to be reduced during the month of September and 105 other products which will see their prices reduced in January 2017.
- The initiative has been launched in partnership with 39 UAE pharmaceuticals companies.

[Read more - Arabian Business](#)

IBM Research opens in South Africa; Cognitive Computing and the IoT help track diseases and forecast air quality

- IBM has opened its second research facility on the African continent. It was opened in the University of Witwatersrand in collaboration with South Africa's Department of

Trade & Industry and the Department of Science & Technology through a 10-year investment program.

- The areas on which the facility will focus are: data-driven healthcare, digital urban ecosystems & exploring the universe.

[Read more - PR Newswire](#)

Aramex wins healthcare logistics contract from NewBridge Pharmaceuticals

- Dubai-based Aramex will start supplying its services to pharmaceutical lab NewBridge, transporting patient samples from the Middle East to the USA.
- Aramex also offers temperature-controlled storage & transportation from the UK & Canada to the Middle East.
- The range of services offered includes logistics handling, customs clearance, labeling, secondary packaging, vaulting & guarded transport services.

[Read more - Air Cargo News](#)

Egypt signs EGP 400 million deal to build first tumor medicines factory

- Pharco Pharmaceuticals found an agreement with the Egyptian government to construct the first plant for affordable cancer medication in collaboration with Vascera (the Holding Company for Biological Products & Vaccines).
- The plant will manufacture 103 drugs for tumor treatment.
- The plant will be built for EGP 400 million.

[Read more - First Word Pharma](#)

Teva announces acquisition of Anda Inc.

- TEVA (NYSE & TASE: TEVA) has reached an agreement for the purchase of Anda Inc. along with its three distribution centers located in Mississippi, Florida and Ohio for USD 500 million.
- Anda INC. distributes generic, branded, specialty and over-the-counter pharmaceutical products from more than 300 manufacturers to retail independent and chain pharmacies, nursing homes, mail order pharmacies, hospitals, clinics and physician offices across the United States.
- The latter is set to reach USD 1 billion in revenue in 2016.

[Read more - Business Wire](#)

AVIVO GROUP expands its portfolio with the acquisition of a majority stake in KALIUM GROUP

- Avivo Group is a leading healthcare provider in the GCC region with 32 facilities.
- The purchase of Kalium Group helped Avivo push the number of facilities to 43 in the MENA region.
- Avivo & Kalium have accreditations in the fields of medical aesthetics & molecular science in the region.

[Read more - Khaleej Times](#)

Teva completes acquisition of Actavis Generics

- TEVA (NYSE & TASE: TEVA) has purchased Actavis Generics, Allegran's generics business, in which Allegran PLC has received USD 33.43 billion and approximately 100 million TEVA shares.
- With this acquisition, the company plans on launching approximately 1,500 products globally in 2017.

[Read more - Business Wire](#)

Saudi-German Hospital plans USD 30 million investment in cancer center in Nigeria

- The Saudi-German Hospital plans on building a 300-bed hospital in Nigeria. The hospital will be dedicated to cancer treatment.
- The Saudi German Hospital will help in training the doctors who will work at the new Nigerian hospital.

[Read more - Medical World Nigeria](#)

Teva agrees to largest-ever drug divestiture in FTC pharma merger case

- TEVA (NYSE & TASE: TEVA) is pushed by the Free Trade Commission to divest from 79 generic drugs in order to be able to acquire Allegran's business unit Actavis Generics.
- With that acquisition, the company is set to reach USD 25 billion in cash flow between the signature of the deal and 2019.
- Given the fact that Allegran is based in Ireland, TEVA is expected to reach USD 1.4 billion in tax synergies.

[Read more - Modern Healthcare](#)

Pfizer to open pharmaceutical factory in Saudi Arabia in 2017

- The Saudi government has granted Pfizer a license to manufacture 16 different medications in a plant set to open in 2017.

- Pfizer is allowed to import and export medication to and from the Saudi market.

[Read more - Argaam](#)

Dannex to acquire Ayrton Drugs

- Dannex plans to acquire 53.47% of Ghana-based drug manufacturing company Ayrton.
- The acquisition is still pending approval of the Securities & Exchange Commission.
- The transaction is set to be paid in cash.

[Read more - Citifm Online](#)

Elekta expands its Presence in North Africa through joint venture

- Elekta (STO:EKTAB) plans to open a new facility in collaboration with local company General Medical Provider in the Algerian capital, Algiers.
- This move is following the 2014 statement of Elekta in which it stated that it was supporting the Algerian Ministry of Health, Population and Hospital Reforms to build 13 new cancer centers.

[Read more - Business Wire](#)

Tunisia: Government to sell 35.53% interest in pharmaceutical firm Adwya

- The Tunisian government is set to sell a 35.53% interest in pharmaceutical firm Adwya.
- The transaction is for local as well as international players who desire to purchase the shares.
- The company has a 7.7% market share.

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GlaxoSmithKline pumps EGP 400 million into Egypt until 2017: Minister of Investment

- The pharmaceutical Giant GlaxoSmithKline plans on investing in all its factories EGP 400 million between now and 2017.
- It will start by investing EGP 60 million in its Cairo factory in order to create a new production line that is set to be finished by mid-September next year.
- GSK's Egyptian factories (Cairo and Giza) are two of the company's largest factories in the MENA region.

[Read more - Daily News Egypt](#)

Sanofi doubles yellow fever vaccine production in Africa

- Sanofi's facility in France - opened in 2014 and approved in early 2016 - is set to help double the production of the company's yellow fever vaccine Stamaril.
- 11 million doses of the drug were shipped from France to Angola during the first six months of the current year.

[Read more - Biopharma Reporter](#)

Sumitomo Corporation to sell and distribute vaccines and other veterinary medicines in Kenya

- Sumitomo Corporation will begin sales and distribution of animal health medicines manufactured by Shandong Sinder Technology of China, to ranchers and farmers in Kenya.
- Sumitomo Corporation concluded a Distributorship Agreement in Kenya to market vaccines and other animal health medications made by Sinder, in which Sumitomo Corporation has a 25% share as a strategic partner.
- The company stated that the demand of veterinary drugs is expected to increase from the current estimated market size of USD 40-50Mil/annum. In Kenya, it is predicted that the market size of veterinary drugs will double in the coming 5 years
- In the future, Sumitomo Corporation plans to expand its animal health sales and distribution network to other East African countries such as Tanzania, Uganda, Ethiopia and others.

[Read more - Sumitomocorp](#)

Bayer to take over Monsanto with USD 66bn offer

- German drugs and crop chemicals company Bayer has won over US seeds firm Monsanto with an improved takeover offer of around USD 66 billion.
- The USD 128 a share deal, up from Bayer's previous offer of USD 127.50 a share, is the biggest of the year so far and the largest cash bid on record.
- The transaction includes a break-fee of USD 2 billion that Bayer will pay to Monsanto should it fail to get regulatory clearance. Bayer expects the deal to close by the end of 2017

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Catalyst Capital Partners Acquire Stake in Tanzanian Pharma Manufacturer

- Catalyst Capital Partners have announced the acquisition of a controlling stake in Tanzanian Zenufa Laboratories.
- Catalyst's backing will help the company expand its product range through the development of cost-effective generics and grow its distribution both within the country and across the region.

[Read more - Africa Assets](#)

HMC to expand community-based mental health care services

- Hamad Medical Corporation (HMC) aims at expanding community-based mental health care services being provided at specialized facilities
- The aim is to expand the community-based services delivered in facilities such as Enaya Continuing Care Center, which provides professional care in a more home-like setting for children and adolescents, adults and older adults., and with the Geriatric and Home Health Care Service teams to provide relevant care to people with dementia-related symptoms.

[Read more - The Peninsula Qatar](#)

Kimia Farma plans acquisition of Saudi Arabia pharmaceutical co 2016

- The acquisition has already been secured with part of the company's 958-blN-rupiah capital expenditure allocated for 2016
- The target company to be acquired has 30 pharmacy outlets across Jeddah and Mecca. Meanwhile, the company is planning to build a clinic next to each outlet once the acquisition is completed.
- The plant is expected to start commercial operations in 2018 and to export most of its output. As local demand is around 7 trillion, the remaining output of up to 23 trillion will go to South Korea, Japan, and US markets.

[Read more - Kimiafarma](#)

German firm opens Kenya office to target large European companies

- Rodl and Partner, has opened new offices in Nairobi to target European firms expanding their operations within Africa, with a key focus on pharmaceuticals and other sectors.
- The Kenyan venture is expected to serve a growing number of European enterprises spreading their operations to Africa.

[Read more - Panapress](#)

VBL Therapeutics announces plans to establish new manufacturing facility

- VBL announced that it has engaged in a long-term lease contract of a new stand-alone facility in Modiin, Israel.
- The site design enables modular expansion of the manufacturing capacity, to supply growing demand following commercialization, while requiring only limited capital resources
- The Company projects that its current cash will suffice to support operations into 2019

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Bahrain to host major pharmaceutical event

- Bahrain will host one of the biggest pharmaceutical events in the Middle East on October 26- 27 under the patronage of Lt- General Dr. Shaikh Mohammed bin Abdullah Al-Khalifa, President of the Supreme Council for Health.
- The Biologics Conference is organized in cooperation with the Supreme Council for Health and the Saudi Pharmaceutical Society, and it received the support from related regional NGOs and medical companies.
- The Conference will discuss regulations and developments in biological agents and the latest technologies in the field. It will also discuss their efficiency and uses to cure different types of diseases.

[Read more - BNA](#)

Allergan to use UroGen system for Botox delivery; Allergan will pay the Israeli company USD 17.5 million, in addition to milestones and further royalties

- Israeli drug development company UroGen Pharma has signed a joint development agreement with US pharma and aesthetic treatment company Allergan.
- As part of the agreement, Allergan will immediately pay UroGen USD17.5 million, with optional royalties and milestone payments along the way.
- Allergan will use UroGen's newly developed tract drug system to deliver toxins, such as Botox, to the urinary bladder.

[Read more - Globes](#)

Chinese firm to build pharmaceutical plant in Ethiopia

- Humanwell Healthcare established a pharmaceutical plant in Dukem town, about 40 km south of Addis Ababa, Ethiopia's capital.
- The total investment is 85 million U.S. dollars.
- When completed, the project is expected to have a production capacity of 10 billion tablets, 5 billion capsules and 40 million parenterals.
- It will also provide more than 300 employment opportunities for the local community.

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