

Healthcare as a key driver for economic growth

By  Nicci Botha

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Healthcare is often viewed as just a cost that South Africa carries. But it is in fact a key driver of economic activity on a number of fronts.



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“Healthy people work longer and harder. Healthcare sparks innovation. It is an employment engine and medical tourism is a powerful foreign exchange earner,” said Dr Skhumbuzo Ngozwana, president and CEO of Kiara Health, at the Board of Healthcare Funders (BHF) conference in Cape Town.

“South Africa is at a precipice. Health is the government’s biggest expenditure. It is incumbent on the government to facilitate growth in sector,” he said.

The United Nations Economic Commission for Africa (Uneca) estimates that Africa’s health sector represents a massive investment opportunity of \$66bn annually, yet the continent imports medicines to the value of \$14bn annually.

For instance, clinical trials generated \$44bn globally in 2018, but in South Africa this source of income is hampered by delays in approvals. “It can get up to six months for permits to come through,” Ngozwana said.

There are also opportunities in building pharmaceutical infrastructure, particularly as Africa has a large, diverse, largely

treatment naïve population, and an education system that makes it resilient to the Fourth Industrial Revolution. The European Union considers pharmaceutical manufacturing as the gem of the European industry, so there's no reason why Africa should benefit , he said.

In addition, the medical devices industry in 2018 contributed 0.3% to gross domestic product, with only 9% produced locally. While medical consumables comprise a \$240m market and 90% of these goods are imported.

Medical tourism is another market segment that holds promise. Globally it is a \$100bn market, growing at 25% year-on-year. In 2015, 500,000 medical tourism visitors came to South Africa.

“South Africa can benefit from healthcare, considering there is no language barrier and we have the infrastructure,” Ngozwana said.

ABOUT NICCI BOTHA

Nicci Botha has been wordsmithing for more than 20 years, covering just about every subject under the sun and then some. She's strung together words on sustainable development, maritime matters, mining, marketing, medical, lifestyle... and that elixir of life - chocolate. Nicci has worked for local and international media houses including Primedia, Caxton, Lloyd's and Reuters. Her new passion is digital media.

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