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TRADEMALTA 

Medical Tourism

An Industry Report Focusing On Business Opportunities
For Malta-based Firms in

Serbia | Algeria

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Medical Tourism: An Industry Report Focusing On Business Opportunities For Maltese Firms In Markets In Serbia



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2. Report Structure

Report Section		Purpose and Description
<i>About TradeMalta & The Strategic Opportunities Reports It Is Publishing</i>		This section provides the context within which this report and others like it are being made available to the public.
<i>Executive Summary</i>		This section of the report shall cover the performance of the general sector within which the services reviewed operate by identifying the main KPIs on available data (which is very hard to come by and sometimes not very reliable). Key opportunities and challenges as well as important forces impeding or driving growth for the sector are expected to be identified. An identification of the main regions as well as products fuelling growth in the sector is to be provided.
<i>The Healthcare System and Medical Tourism Sector in Malta</i>		This section provides an analysis that looks at the domestic performance of the local healthcare sector and the local medical tourism sector. Key opportunities and challenges (economic, technological, political), as well as important forces driving growth for the sector are also identified.
<i>For The 2 Geographical Markets analysed (Serbia and Algeria)</i>	<i>An Overview of the Healthcare Sector</i>	This section of the report shall cover the performance of the general sector within which the product operates by identifying key trends and growth opportunities as well as important forces impeding or driving growth for the sector are expected to be identified.
	<i>Key Market Opportunities for Malta-Based Operators</i>	Key operational barriers in the sector are identified together with the opportunities that exist in the geographical regions studied. Both a quantitative and qualitative analysis of the opportunities involved has been undertaken. In quantitative terms, quantification of the growth of the sector, types of firms operating in the sector as well as incentives offered by the country are considered. On a qualitative level, the analysis comprises an identification of the main political, economic, sociocultural and technological (PEST) trends or events that might constitute an important opportunity for Malta-based operators.
	<i>Routes to Market and Internationalise the Local Product</i>	This section identifies and outlines a number of potential strategies that can be adopted by Malta-based companies considering internationalisation. The aim of this section is to look at these various options, citing the pros and cons of each option for each of the 2 geographical markets studied. This section will provide the information on the basis of which local companies considering internationalisation can find their individual best route to market in each of the 2 markets studied.
	<i>Marketing Factors to Consider</i>	For each of the 2 geographical markets considered, this section shall analyse the consumer behaviour, tastes and socio-economic patterns in order to provide users of this report with the right tools to bolster take-up.
<i>Concluding Remarks</i>		Having gone through a thorough analysis of the two geographical markets (for the product selected), this section will conclude by proposing a way forward for Malta-based companies, making some practical recommendations on how to internationalise in the markets selected and provide some key references should they require any further information.



3. About TradeMalta & The Strategic Opportunities Reports It Is Publishing

TradeMalta Limited was established in 2014 through a private-public partnership between the Government of Malta and the Maltese Chamber of Commerce. The primary objective of the entity is to provide support and assistance to local small and medium -sized enterprises (SMEs) seeking to explore internationalising beyond the Maltese shores. Such support comes in various forms and includes, *inter alia*, the provision of ad-hoc advisory services, the organisation of business missions in countries of interest, as well as education and training to local business owners in the fields of international business and marketing.

The global political and economic arenas are nowadays increasingly dynamic and the organisations and players therein are in a constant state of flux. Political uncertainty and upheavals, as well as instability and critical political decisions made by the world's leading economies, together with a number of emerging economies experiencing fuelling growth, are a few of the multitude of factors that continue to have an important bearing in the global business environment.

Taking calculated risks and making informed decisions has, now more than ever before, become imperative and no entity considering venturing abroad, be it through franchising, marketing to foreign markets or physically setting up shop in a foreign jurisdiction, can do so successfully without first having undertaken a thorough assessment. To this end, through TradeMalta, Maltese businesses considering internationalisation have the ability to access to good-quality, well-researched, relevant and updated information on the market and sector parameters that matter most.

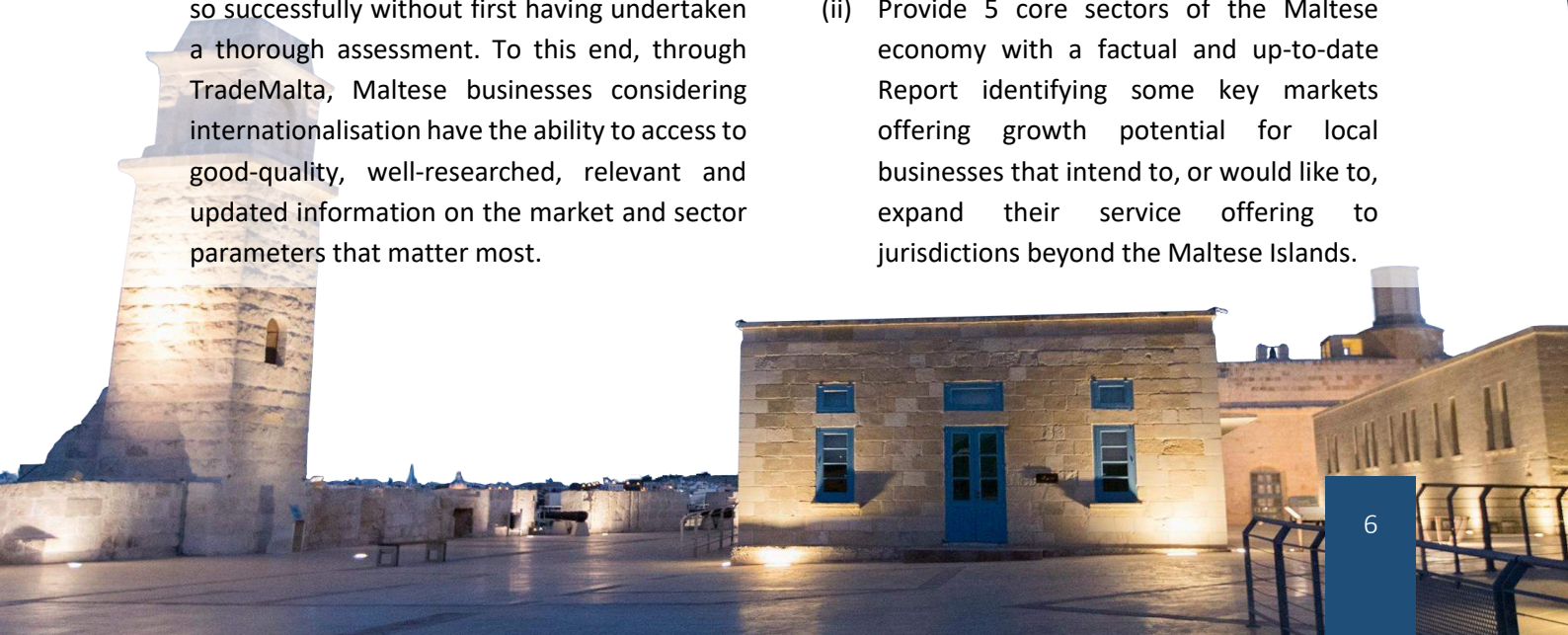
While tailor-made *ad-hoc* country reports can and should be commissioned when and where appropriate, they usually come at a considerable cost. In this milieu, Trade Malta's objective is to take on this cost itself with a view to facilitating internationalisation and trade.

It is in this context that this report and others like it are being published following the approval of the *Internationalisation Knowledge Platform* for ERDF Funding. TradeMalta is also concomitantly embarking on a new project which shall seek to develop a digital platform within its new website with the key objective of providing SMEs access to relevant and updated international market and sector-specific reports for a certain number of countries and areas that TradeMalta deems to be strategically relevant to Maltese businesses.

Indeed, this is one of several initial Strategic Opportunities Reports that endeavour to analyse the key opportunities in five sectors that are deemed to be strategically important for the Maltese economy and that have shown great potential for growth.

In light of this, the Project that this report makes part of it is to our understanding that the objectives of this Assignment are to:

- (i) Foster growth potential of SMEs at an international level through the provision of support services; and
- (ii) Provide 5 core sectors of the Maltese economy with a factual and up-to-date Report identifying some key markets offering growth potential for local businesses that intend to, or would like to, expand their service offering to jurisdictions beyond the Maltese Islands.





4. **Executive Summary**

4.1 An Overview of the Global Medical Tourism Sector

Medical tourism is the process of traveling outside one's country of residence in order to obtain medical care in another country. The 'tourism' aspect of obtaining medical treatment abroad refers to the fact that patients having received medical services away from their homeland are likely to remain in the place of treatment during their recovery period; others may take the opportunity to combine a medical procedure with a trip on their 'bucket list'. Either way, the appeal of a destination for medical tourism is likely to be directly affected by its appeal as a tourism destination generally, albeit recovery patients may not necessarily engage in the activities that the average tourist may be able and willing to experience.

Medical tourism can occur in relation to:

- i) patients travelling to a country for a medical procedure which is not available in their homeland (either because the medical services in the homeland are less developed or because the procedure is not approved or not legal in the homeland);
- ii) patients travelling from their homeland to a country with better medical services for the procedure required; and
- iii) patients from developed countries traveling to less-developed countries to obtain medical services at lower costs.

The attractiveness of a particular destination for medical tourism purposes could be considered in relation to a number of factors, some being perhaps less obvious than others. A prospective patient would normally consider:

- i) the treatments actually available in such destination;
- ii) the reputation of the professionals providing them;
- iii) the cost of such services;
- iv) the ancillary costs of receiving medical treatment in a given destination (travel, stay, subsistence);
- v) the quality of the facilities in which the medical services are provided;
- vi) the ability of the destination country/chosen facility to deal with any complications arising from the medical procedure;
- vii) ability to communicate with the service provider;
- viii) coverage by private or public health insurance;
- ix) aftercare;
- x) the legal framework for medical malpractice;
- xi) the general environment of a given destination.

4.1.1 Global Performance

In accordance with a 2016 study published by **VISA and Oxford Economics** ¹, medical tourism was identified as a rapidly growing industry with a value over 439 billion USD (399 billion EUR). With projections reportedly derived from travel patterns of Visa-branded cardholders across the globe, combined with household and travel forecasts from Oxford Economics, the same report further projects growth by 25% per annum for the next 10 years, estimating that 3% to 4% of the world's population will travel abroad for medical services. Possible growth of the industry was indicated as up to 3 trillion USD (2.73 trillion EUR) per year by 2025. The report was subsequently investigated by various industry experts and retracted, with VISA decreasing the estimated value of the industry to 50 billion USD (45.45 billion EUR) and issuing an apology statement reading as follows: "Visa's recent study, Mapping the Future of Global Travel and Tourism, included a figure that estimated the size of the medical tourism industry at 439 billion USD (399.1 billion EUR). This figure was sourced from an industry report, not from Visa data, nor was it a part of the larger research effort on the future of global travel. Upon further review and based on additional information, Visa will be updating that figure at about \$50 billion based on industry consensus. We apologise for the confusion this may have caused" ². Prior to the correction, the erroneous figures were widely quoted across the internet and still appear in various reports. This is being reported here to caution against a similar mistake being made when evaluating the industry and to underscore the fact that several of the figures presented might be based on flimsy data underpinnings, which were most of the time not independently verifiable by the authors of this report (Equinox Advisory Ltd.)

Patients Beyond Borders states that the ability to decipher the size of the medical tourism market is challenging because estimations among the world's top research firms tend to differ. "These disparities arise from inconsistencies in defining medical travel and a lack of verifiable data at the country level". By defining a medical traveller as "anyone who travels across international borders for the purpose of receiving medical care", excluding individuals accompanying medical travellers, tourists requiring emergency treatment, in-country expatriates, or multiple patient episodes that occur over the course of one medical visit, Patients Beyond Borders believed that the market size in 2017 was "USD 45.5 - 72 billion (EUR 41.36 – 65.45 billion), based on approximately 14-16 million cross-border patients worldwide spending an average of USD 3,800-6,000 (EUR 3,455 – EUR 5,455) per visit, including medically-related costs, cross-border and local transport, inpatient stay and accommodations". Furthermore, they also estimated that the global medical tourism market is growing at a rate of 15-25%. Mexico, Southeast and South Asia have experienced the highest inbound patient flows.³

Continuing with a discussion of the most popular countries for medical tourism, the 2016 report by the **Medical Tourism Index (MTI)** (which also refers to the erroneous number mentioned above, and which is nonetheless being referred to due to fact that the 2018 report is not currently available), listed the top 41 destinations in terms of quality and value. Canada was reported to be the top overall

¹ Mapping the Future of Global Travel and Tourism <https://www.oxfordeconomics.com/>

² International Medical Travel Journal, Revised Medical Tourism Figures from VISA
<https://www.imtj.com/news/revised-medical-tourism-figure-visa/>

³ Medical Tourism Statistics and Facts <https://patientsbeyondborders.com/>

destination in the world for medical services, followed by the U.K., Israel, Singapore and India. Canada was also the leading country in terms of country environment and medical tourism costs, while Costa Rica was the most attractive destination and Israel had the best facilities and services. In terms of popularity, India, Colombia, Mexico, Canada and the Dominican Republic ranked highest.

GLOBAL MTI 2016-2017

www.MedicalTourismIndex.com



Main Dimensions

Destination Environment

Medical Tourism Industry

Quality of Facilities & Services

34
CRITERIA

41
DESTINATIONS

4,348
RESPONDENTS

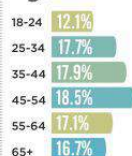


Respondents Profile

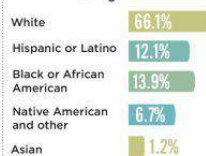
Gender



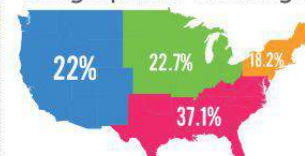
Age



Ethnicity



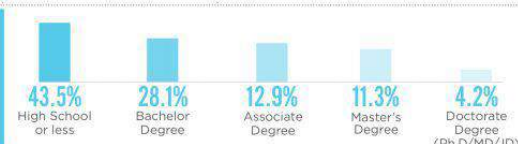
Geographical U.S. Regions



Marital Status



Highest Education Level



Top 5 Destinations

Overall Rank

1. Canada	76.62
2. UK	74.87
3. Israel	73.91
4. Singapore	73.56
5. India	72.10

Destination Environment

1. Canada	78.69
2. UK	77.30
3. Singapore	73.26
4. Israel	67.56
5. Germany	67.50

Medical Tourism Industry

1. India	75.94
2. Colombia	74.96
3. Mexico	74.17
4. Canada	74.13
5. Dominican Republic	73.85

Quality of Facilities & Services

1. Israel	81.60
2. Germany	77.88
3. India	77.10
4. Canada	77.02
5. UK	76.94

2016 MTI Overall Ranking

1. Canada	76.62	16. Dubai	67.54	31. Morocco	59.77
2. UK	74.87	17. Jamaica	67.17	32. Turkey	59.49
3. Israel	73.91	18. Thailand	66.60	33. Jordan	57.02
4. Singapore	73.56	19. Philippines	66.40	34. Russia	57.01
5. India	72.10	20. Taiwan	66.28	35. Oman	56.90
6. Germany	71.90	21. Argentina	65.37	36. Tunisia	56.78
7. France	71.22	22. Brazil	65.22	37. Kuwait	52.69
8. South Korea	70.16	23. China	64.78	38. Saudi Arabia	52.43
9. Italy	69.50	24. Poland	63.79	39. Bahrain	51.99
10. Colombia	69.48	25. Abu Dhabi	63.65	40. Lebanon	49.92
11. Spain	68.29	26. Malta	62.97	41. Iran	36.00
12. Japan	68.00	27. South Africa	62.20		
13. Panama	67.93	28. Egypt	60.92		
14. Costa Rica	67.67	29. Mexico	60.70		
15. Dominican Republic	67.58	30. Qatar	60.07		

Patients Beyond Borders, on the other hand, lists the 'top destinations' as being Costa Rica, India, Israel, Malaysia, Mexico, Singapore, South Korea, Taiwan, Thailand, Turkey, United States, based on the following considerations:

- Government and private sector investment in healthcare infrastructure;
- Demonstrable commitment to international accreditation, quality assurance, and transparency of outcomes;
- International patient flow;

- Potential for cost savings on medical procedures;
- Political transparency and social stability;
- Excellent tourism infrastructure;
- Sustained reputation for clinical excellence;
- History of healthcare innovation and achievement;
- Successful adoption of best practices and state-of-the-art medical technology;
- Availability of internationally-trained, experienced medical staff.

The same source provides the following information:

Top specialties for medical travellers:

- Cosmetic surgery;
- Dentistry (general, restorative, cosmetic);
- Cardiovascular (angioplasty, CABG, transplants);
- Orthopaedics (joint and spine; sports medicine);
- Cancer (often high-acuity or last resort);
- Reproductive (fertility, IVF, women's health);
- Weight loss (LAP-BAND, gastric bypass);
- Scans, tests, health screenings and second opinions.

Savings to be made (using US costs across a variety of specialties and procedures as a benchmark, average range of savings for the most-travelled destinations):

- Brazil: 20-30%
- Costa Rica: 45-65%
- India: 65-90%
- Malaysia: 65-80%
- Mexico: 40-65%
- Singapore: 25-40%
- South Korea: 30-45%
- Taiwan: 40-55%
- Thailand: 50-75%
- Turkey: 50-65%

4.1.2 International Accreditation

Trusted international accreditation is considered to be one of the most significant drivers in the growth of the medical tourism market. The US-based Joint Commission launched an international affiliate agency in 1999, the Joint Commission International (JCI), to set the standards for high-quality healthcare. The JCI has to date accredited over 800 hospitals all over the world, a number which is reportedly growing by approximately 20% annually, with the Middle East and China showing the most growth. In order to be accredited by the JCI, an international hospital would have to prove adherence to a set of rigorous standards laid down in the US by the Joint Commission. More recently, established agencies that accredit outpatient clinics, such as The Accreditation Association of Ambulatory Health

Care (AAAH) and The American Association for Accreditation of Ambulatory Surgery Facilities (AAASF) have also launched international initiatives.

4.2 Benefits of Medical Tourism

A major advantage of medical tourism is that the patient can travel to any destination of the world to get the best and most cost-effective healthcare and treatment. The biggest beneficiaries are those patients who are not able to avail and access specialised procedures in their home country. Medical tourism is also a way for some patients to have quicker access to services and not having to wait for medical treatment. For this reason, many countries which already have a good level of healthcare, tend to market their services on an international scale, often linking them to the wider tourism perspective. The prospects of combining treatment with holiday for recuperating, is an added bonus for the patients. It is usually considered to be both pleasurable and salubrious to recover in a relaxing environment while spending time in beautiful surroundings, lying on a beach, or shopping in luxury boutiques.

Besides patients, those involved in medical tourism industry also benefit at large from it, as the health care providers / hospitals / doctors can become world-class experts in their areas of specialisations by having a wider patient base from all over the world, which in turn also increases their profitability in the long run. Globalising the opportunities for health care provision, medical tourism also contributes in the increasing flow of health information among doctors worldwide. This way, doctors and health care professionals gain knowledge about the latest development in the medical industry all over the world.

With competition intensifying in the healthcare industries in various countries, hospitals and clinics are prompted to raise their quality standards to attract patients. This usually has the beneficial repercussion that such services are also available for local patients. Even though the quality standard may vary from country to country, which leaves many potential medical tourists in a dilemma, international accreditation of hospitals and clinics have risen to the challenge of making confident decision making among patients an easier task.

4.3 Challenges for Medical Tourism

Even though there are numerous opportunities in the sector, potential medical tourists who are looking forward to capitalise on the benefits that medical tourism brings about are usually aware of the challenges in seeking treatment in jurisdictions they are less familiar with. Quality measures differ widely across the globe, as do prices. Some patients face major difficulty in getting access to authentic information while researching about various treatment options. Language issues and other communication problems among patients and medical tourism providers also act as a major impediment in getting the correct information. This is also the case when patients do not ask the right questions to clear their doubts or when the health care service provider fails to provide the right information to potential customers.

Another problem faced by patients is the lack of recourse in case something goes wrong after the patient returns home following the treatment. Keeping up with the expectations of the patients, especially when the patient travels from developed countries to emerging world countries where the medical facilities might not be at par with theirs, is extremely difficult. Travelling to a foreign country for treatment or surgery (especially when flying to an emerging country) might pose the risk of catching an infection, as there might be a possibility that the patient will not have the immunity prevalent in that country making him/her increasingly prone to infections and allergies that are typical of the host country. Moreover, if a patient or any of his/her heirs decide(s) to sue a doctor or medical facility, then complicated intra-country laws and legal procedures could pose a real challenge and hinder them from doing so most of the time. Another major concern for a potential medical tourist is to check on the qualifications of doctors and surgeons. A doctor, who has been struck off the medical register in one country, might be able to continue his/her practice in another one and the act leading to the striking off of that doctor might not be publicised well enough for anyone who needs to make a medical decision to see, thereby making this a risky practice.

Unfortunately, the medical tourism industry is facing more and more challenges as a number of newcomers, who might have little experience and understanding of the industry, are jumping on medical tourism bandwagon simply to make a profit without looking at the potential medical and wider reputational risks of a country.

4.4 Opportunities

The growth of medical tourism is due to a broad range of motivators, and increasingly, developing countries are seeking to capitalise on these flows, linking medical care with actual tourist activities. This commercial linkage between healthcare and tourism is a rapidly-developing and profitable industry that is attracting growing interest amongst health researchers.

The Maltese government and some of Malta's main market players have, in recent years, pushed for Malta to become a more important healthcare service provider catering for some European and African markets. Malta has, for a long time, been the home of experienced companies catering for the tourism industry, offering services along all of the tourism value chain. Combining such expertise with an ever-growing healthcare sector seems to be an interesting way to internationalise the local product.

In this report, we look at internationalisation opportunities in two markets that are structurally very different, but which nevertheless offer significant growth opportunities for the expansion of local service providers particularly in the fields of human resources, technical expertise and targeted capital investment.

In the medical tourism sector, internationalisation can take various forms across the value chain. Given that Serbia and Algeria are relatively high-risk socio-economic and political environment jurisdictions, internationalisation by Malta-based firms usually takes the form of partnerships with existing service providers. An alternative would be to have people seeking medical treatment to come to Malta.

4.5 Serbia

After the split of the former Yugoslav Republic, the Republic of Serbia, as well as other ex-Yugoslav countries, tried to implement healthcare systems based on equal health coverage for all the population. Notwithstanding the number of Government initiatives, in an attempt to try and boost the medical sector, Serbia still encapsulates many of the health challenges facing less-developed Balkan countries. Its' healthcare system is decentralised and fragmented in several areas, while levels of out-of-pocket (OOP) payments and corruption are reported to be quite high. In addition, the country lacks a transparent and comprehensive system of assessing the value of its healthcare investments and determining how to pay for them⁴.

When compared to other Balkan countries, Serbia ranks first with regards to total health expenditure as a percentage of GDP. Yet, this spending fails to fully translate into positive health outcomes. This mismatch between healthcare spending and health outcomes is due to several reported contributing factors, including corruption, old equipment and infrastructure, inefficiency in hospitals, poor quality of services, unavailability of innovative procedures and long waiting lists.

Serbia faces a number of challenges in modernising its health system, including budgetary constraints and the absence of a sustainable and transparent way to evaluate, procure and seamlessly integrate new health technologies within its service offering.

There have been limited efforts to bring in reforms to the Serbian healthcare system that could help to improve the efficiency of the system. One of them is **The World Bank's Second Serbia Health Project**, approved in February 2014, which aims to support the quality, efficiency and transparency of health-system financing for both primary and hospital care. As Serbia continues its negotiations with the EU over accession by 2020, modernising the country's healthcare system will become increasingly important.

Notwithstanding the above, the private sector seems to have outpaced the Government as can be seen from the numerous attempts to put Serbia on the map as a preferred medical tourism destination. The low cost of living when compared to most European countries, the increased level of security, together with the touristic attractions that Serbia has to offer, have been considered key aspects of an ever-growing industry that could, in due course, become a major pivot point to bolster the state of the economy and the general perception about the country.

⁴ The Economist, Modernising the Serbian Healthcare System, 2016.

4.6 Algeria

With independence from France in 1962, Algeria inherited a struggling health care system with large disparities in the quality of service and with service points concentrated in the large northern cities (Algiers, Oran, Annaba). In the 1970's and 1980's, the Algerian government implemented a series of measures to extend public welfare programs. The decision to provide public sector health care for free was made in 1974.

The Algerian constitution guarantees all citizens the right to access health care, and financial coverage for public medical services within the country is provided by the government. However, more remote areas do not have adequate access to health care facilities and the quality of service provided by the public system is still below internationally-accepted standards. Algeria's health care industry is short-staffed and lacks health care specialists for certain diseases. Patients may need to be transferred abroad for treatment. The private health care sector has developed quickly to help fill gaps in the public system and create opportunities for foreign investment. However, access to private medical care remains very limited as their services are not covered by a public health insurance plan and few Algerians can afford out-of-pocket payments for their own medical treatment. To combat these operational inequalities and boost health care standards, the Algerian government is dedicating an increasing amount of resources to the health care sector to develop new facilities, procure new medical equipment and improve hospital capacity.

Private medical facilities are becoming increasingly prominent in Algeria. Today there are over 250 private clinics in operation, with many more planned. Private health care originally complemented the public sector but private sector service providers are now diversifying their operations and including services not provided by the state system, such as cardiology. Most private facilities are concentrated in the northern coastal cities. This trend follows the public healthcare system, which provides some important building blocks for private sector service providers. Due to the insufficient amount of available medical professionals in certain pathologies, many private clinics have to resort to employing foreign surgeons.

While many countries in the region struggle to finance health infrastructure and services, Algeria – on the back of years of booming oil business and revenues – has been able to divert significant funds into the expansion of clinics, hospitals and preventative care in a bid to improve overall health indicators.

Authorities are stepping up efforts to expand tourism and foreign hotel operators have become increasingly active in recent years. While the mass market package tourism prevalent in many other Mediterranean destinations is not on the cards, or even desired by the authorities, foreign business tourism and niche areas such as spa, desert and ecotourism have strong potential for growth despite the fact that safety and security remain a concern.

The view of Algeria as a medical tourism destination is still in its incipency stage. In fact, the literature dealing with this phenomenon is very meagre. Nonetheless, there are a number of groups promoting medical tourism as this has lately seen the backing of the Government in an attempt to counter the effects of high local health care spending.



5. The Healthcare System and Medical Tourism Sector in Malta

5.1 General

Throughout history, and particularly because of the presence of the Knights Hospitaliers and the renown of the Sacra Infermeria, Malta has often been referred to as “The Hospital of the Mediterranean”. Malta has played an important role over the centuries as a prime location for the care of sick people. In current times, Malta still retains a more-than-satisfactory reputation as provider of medical and surgical treatment. In the year 2000, Malta ranked 5th in overall health system performance in a report drawn up by the WHO ⁵. Notwithstanding the fact that the WHO rankings were subsequently subject to substantial criticism, with issues raised in relation to the factors considered, data sets used and comparison methodologies, Malta still enjoys a position of good repute when it comes to medicine and health care.

Another, more recent source of Malta’s ranking in the healthcare sector would be the **2016 Medical Tourism Index (MTI)** report of the International Healthcare Research Centre in partnership with Global Healthcare Resources Inc. The MTI is a biennial report which has become a reference point for the medical tourism industry, being the only one of its kind. It provides information on which the attractiveness of a medical tourism destination or country can be measured, ranking over 40 total destinations throughout the Middle East, Asia, Americas, Africa and Europe. The ranking is the result of three key factors, namely Destination Environment, Medical Tourism Industry and Quality of Facilities & Services. Information for the compilation of this ranking is collected from available press and literature and is then combined with a global sample of 4,000 prospective medical tourism patients and 394 Medical Tourism Association members⁶. The MTI **ranks Malta 26th** globally overall in accordance with the following considerations ⁷:



“The destination’s 26th overall position out of 41 participants comes mainly from scoring below average in all the factors being analysed. When looked at individually, the destination environment factor gets 25th position mainly because the destination is seen as a small nation with a weak

⁵ Wikipedia, Word Health Organisation Ranking of Health Systems in 2000 <https://en.wikipedia.org/>

⁶ World Medical Tourism Review, American Medical Association 2008 www.news-medical.net/health/

⁷ <https://www.medicaltourismindex.com/destination/malta/>

reputation especially for strong financial crisis. Malta received 24th place on the Medical Tourism Index factor due to its **expensive healthcare costs**, which can be explained by the use of the common European currency all around the destination, leaving a lack of economies of scale. Finally, ranking 26th on the facilities and quality of service factor, is just a way the Index tells us that the destination **needs to work hard on getting its international accreditations, a solid reputation for its medical staff and the most recent and technologically advanced medical equipment at its private healthcare facilities**, similar to those of its Western European siblings.”

The **Health Systems in Transition (HiT) report on Malta by the European Observatory on Health Systems and Policies (a partnership hosted by WHO)** provides in-depth information about Malta’s health system generally, as well as into reform and policy initiatives which are in progress or being developed.

Drawing upon publicly-available statistics, including those provided by the WHO, the report identifies that total health expenditure in Malta, as a percentage of GDP, was 9.75% in 2014: slightly higher than the EU average of 9.45%. Public spending was only 69.2% of total health expenditure (compared to 76.2% for the EU as a whole), but government spending on health care is increasing strongly, with an 11.4% increase in the current health budget for 2017, and this follows a 12.5% increase for 2016. OOP payments made up 94% of the roughly 30% of health care expenditure that is privately funded. EU funding has also played a significant role in the health sector in recent years, providing €29m of infrastructure investment in health care (3.4% of the total EU structural funds allocated to Malta for the period 2007–2013).

In terms of policy, the development of medical tourism appears to be viewed by the Maltese Government as vital to be able to maintain a public health service that is free of charge for all at the point of use.

5.1.1 Private and Public Hospitals ⁸

There are three private hospitals, St. James Capua Hospital (with a capacity of 79 beds), St. James Hospital, Żabbar (with a capacity of 6 beds), and St. Thomas Hospital (with a capacity of 33 beds). There are also a number of private clinics which patients access without the need for any referral. Payment in such hospitals is made out-of-pocket or via private insurance.

Emergency care is also provided by the aforementioned hospitals. However, the main general hospital, Mater Dei, is the best-equipped and most likely to be used. In this regard, a number of reforms have taken place, like for example a redesign of the layout of the Attendances and Emergency (A&E) Department to provide more cubicles for patients to be seen, and the engagement of a reception nurse to ensure that where necessary, patients are diverted directly to the relevant Specialty Department. Furthermore, improvements in bed management were made so that patients who need to be admitted to hospital no longer have to wait for a long time in A&E until a bed is found.

⁸ Information in this section has been obtained from “Health Systems in Transition (HiT) report on Malta by the European Observatory on Health Systems and Policies (a partnership hosted by WHO)”.

Since 2014, cancer patients (including paediatric cases) are being treated at the new Sir Anthony Mamo Oncology Centre. Within this hospital, investment in new radiotherapy equipment enables the delivery of precision radiotherapy in stronger doses, thereby reducing the number of sessions required, as well as the duration of each session, so that tumours which previously had to be treated abroad can now be treated in Malta.

In 2016 a public-private partnership agreement between an international profit-making health care organisation, Vitals Global Healthcare, and the Government of Malta was put into place to transfer the management of Gozo General Hospital, St. Luke's Hospital and Karin Grech Hospital for a period of 30 years. This agreement was meant as a large step forward in implementing the Maltese Government's strategy to attract international patients so as to enhance Malta's medical tourism industry. However, the approach was met with considerable concern and criticism, with questions arising as to whether this will result in an enhanced health system or will in itself cause higher levels of expenditure without an accompanying amelioration in the quality of service. The Gozo hospital is particularly central to this issue, on the one hand due to the fact that the situation is particularly delicate as it is the only hospital in Gozo and on the other because it is particularly well-placed for the creation of niche medical tourism services. It is worth noting that Gozo can probably provide a better overall relaxing touristic environment than Malta. Under the private-public partnership agreement, the Gozo hospital is intended to be modernised, expanded and upgraded, and would also be serviced by a helicopter air ambulance for the relocation of patients facing life-threatening situations needing emergency treatment in Malta. This would be an improvement from the current situation where the helicopter service provided by the Armed Forces of Malta is used. The increased capacity of the Gozo Hospital could also enable the Barts and the London School of Medicine and Dentistry (referred to below) to establish an overseas medical school on the premises. The same agreement also covers private investment in a rehabilitation hospital on the grounds of the former St. Luke's Hospital, with the intention of introducing novel services. It will mostly be aimed at medical tourism services. However, 80 beds have been designated exclusively for use by domestic patients under public health services.

5.1.2 Medical Equipment ⁹

Regulation of medical devices is the remit of the Malta Competition and Consumer Affairs Authority (MCCAA), whereas Health Technology Assessment falls to the Advisory Committee for Health Benefits within the Ministry for Health. The private sector has the same level of medical technology available and there is no capping on investment in complex technology. While medical equipment is generally found in hospitals, there has been an increase of medical imaging devices in private clinics. When compared to the OECD average, Malta has a low number of MRI and CT exams per 1000 population. Malta appears to have a high ratio of PET scanners per capita when compared to other countries. This is due to the fact that there are two PET scanners (one operating in the public and the other in the

⁹ Unless otherwise indicated, information in this section has been obtained from "Health Systems in Transition (HiT) report on Malta by the European Observatory on Health Systems and Policies (a partnership hosted by WHO)".

private sector)¹⁰. The WHO Global atlas of medical devices 2017 lists the following medical equipment present at the time of reporting:

 Medical equipment	Public sector	Private sector	Total	Density per 1,000,000 population
Magnetic Resonance Imaging	1	3	4	9.324
Computerized Tomography Scanner	2	2	4	9.324
Positron Emission Tomography Scanner	0	1	1	2.331
Nuclear medicine	2	1	3	6.993
Mammograph*	3	3	6	99.689
Linear accelerator	1	0	1	2.331
Telecobalt unit (Cobalt-60)	1	0	1	2.331
Radiotherapy	2	0	2	4.662

* Density per 1,000,000 females aged from 50-69 old.

5.1.3 Medical Professionals¹¹

Health care workers are trained at the University of Malta's Faculty of Health Sciences and the Faculty of Medicine and Surgery. Accession to the EU has also made it easier for doctors to train and work in other EU Member States. The degree courses for Doctor of Medicine and Surgery, Pharmacy and Nursing do not operate a *numerus clausus* as they once used to. Additionally, a medical school in Gozo in partnership with Bart's and the London School of Medicine and Dentistry and a second nursing school are also planned for the near future.

Care workers and clinical aides are normally trained at the Malta College for Science, Arts and Technology (MCAST). Additionally, Malta's EU membership paved the way for a number of initiatives to allow specialised post-graduate training programmes for doctors, the allied health professions and nursing. A Specialist Accreditation Committee certifies doctors who have completed specialist training, in line with EU requirements. Malta is now obliged to implement Continuous Professional Development in accordance with Directive 2013/55/EU, but thus far, no revalidation mechanisms have been mandated.

Following EU accession, Malta experienced a severe 'brain drain' to the United Kingdom. This issue was recently addressed by means of the mutual recognition of medical training in Malta between the United Kingdom General Medical Council and the Maltese Medical Council, the establishment of formal specialisation programmes in Malta, and reconsideration of the health care professional collective agreement which resulted in an overall improvement in remuneration. The number of physicians per 100,000 inhabitants (inclusive of specialist trainees) has thus been increasing and in 2013 reached the EU average. By 2015 there were 391 physicians per 100,000 inhabitants. Malta has now exceeded the EU average. On the other hand, the number of specialist physicians, dentists, nurses and paediatricians per capita remain below the EU averages.

¹⁰ Eurostat, 2016b.

¹¹ Information in this section has been obtained from "Health Systems in Transition (HiT) report on Malta by the European Observatory on Health Systems and Policies (a partnership hosted by WHO)".

Within the nursing profession, 9% of the workforce appears to be foreign, largely as a result of a supply shortage and a consequent number of recruitment drives and bilateral agreements to obtain nurses from different countries. To-date, there is no specialist accreditation mechanism for the nursing profession. However, various measures have attempted to encourage nurses to specialise in different fields, e.g. diabetes, infection control, tissue viability, pain management and radiotherapy.

An important point to take note of is that, in accordance with various Eurobarometer surveys, patients residing in Malta are very likely to seek cross-border health care. Even patients receiving free healthcare from the Government, are likely to be sent overseas for highly-specialised care in relation to the treatment of rare diseases or specialised interventions, due to the fact that it is neither cost-effective nor feasible to conduct such treatment locally. This is a consequence of the size of Malta's population, which does not allow for the provision of the full array of highly-specialised health services locally.

Malta seems to have built a significant dental tourism industry. This is despite the fact that in 2015, Malta still had a low number of dentists per population at 49 per 100 000, which is well below the EU average. This low figure is likely a result of the *numerus clausus* capping the number of dental students accepted by the University of Malta at eight per year.

5.1.4 Patient Choice and Patient Rights ¹²

Patient choice in Malta is quite ample, and patients are able to choose between several private health insurances, GPs, specialists and allied health providers. In accordance with EU Directive 2011/24 on patients' rights and cross-border health care, a Patient Charter was issued by the Parliamentary Secretary for Health for consultation between April and June 2016 in order to promote patients' rights. The Charter deals with: Health Protection, Access, Information, Participation and Informed Consent, Privacy and Confidentiality, Dignity and Respect, Safe health care, and Comments and Complaints. The following table also serves as an excellent summary of patient rights in Malta.

¹² Information in this section, including the table, has been obtained from "Health Systems in Transition (HiT) report on Malta by the European Observatory on Health Systems and Policies (a partnership hosted by WHO)".

Patient rights		
	Y/N	Comments
Protection of patient rights		
Does a formal definition of patient rights exist at national level?	Y	Health Act
Are patient rights included in specific legislation or in more than one law?	Y	Included in more than one law (Health Act, Data Protection)
Does the legislation conform with WHO's patient rights framework?	Y	
Patient complaints avenues		
Are hospitals required to have a designated desk responsible for collecting and resolving patient complaints?	Y	Customer Care within Mater Dei Hospital/Customer Care Office within the Ministry for Health
Is a health-specific Ombudsman responsible for investigating and resolving patient complaints about health services?	Y	Commissioner for Health
Other complaint avenues?	Y	Phone, mail (electronic or conventional)
Liability/compensation		
Is liability insurance required for physicians and/or other medical professionals?	Y	Since 2013
Can legal redress be sought through the courts in the case of medical error?	Y	
Is there a basis for no-fault compensation?	N	
If a tort system exists, can patients obtain damage awards for economic and non-economic losses?	Y	Tort system exists
Can class action suits be taken against health care providers, pharmaceutical companies, etc?	Y	

5.1.5 Environment

One of Malta's attractions for tourists is the island's year-round mild climate, which is conducive to a sense of wellbeing and health, thus providing an excellent setting for patient recovery. Depending on the kind of medical treatment required, medical tourists may also wish to engage in generic touristic activities, of which there is no shortage. From sightseeing to aquatic activities, luxury hotels and spas, excellent restaurants and a vibrant nightlife, there is a lot to attract the average tourist even though some such activities might be beyond what a convalescing patient can realistically aim for.

Furthermore, due to Malta's strategic geographic location, there are relatively good flight connections from all over Europe and elsewhere. While public transport still leaves a lot to be desired, the taxi service is extensive and good-quality, and most clinics are located in city centres where basic requirements are within walking distance. Malta's small size also means that distances from the airport to the clinics, and between the clinics and the hotels are quite short, even after accounting for

heavy traffic. Accommodation is generally on the expensive side, as is the cost of living, neither of which help entice prospective medical tourists.

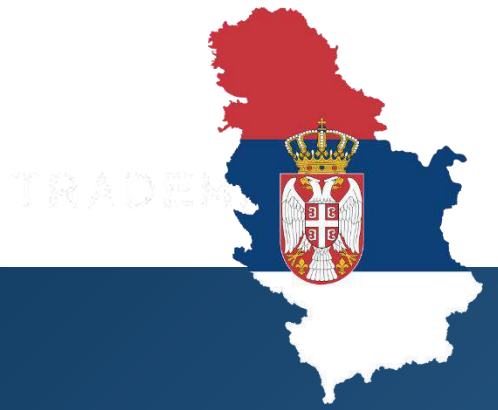
The comfort level at the private clinics and hospitals is very high, providing five-star ambiances and multilingual doctors and nurses. There are usually very short or no waiting lists and prices for treatments are competitive when compared to the general global industry average for same quality services.

TRADEMALTA 



6. An Overview of The Healthcare System & the Medical Tourism Sector in Serbia

Quick Facts



Currency

Serbian Dinar (д и н)

Exchange Rate (5-Year Average): 119 Serbian Dinar to the Euro

Language

Serbian

Travel Visas

Not needed for Serbian citizens travelling to Malta or Maltese citizens travelling to Serbia for visits of up to 90 days.

Money

Credit cards generally accepted, but some cash to exchange for Serbian dinar is advisable. ATMs quite pervasive. Cryptocurrency use and acceptance are very low.

Mobile Phones

Pay-as-you-go (Prepaid) SIM cards can be bought domestically for most mobile phones and recommended for in-country travel as roaming costs from the EU are significant. Might be joining the 'Roam like at home' zone in the not-too-distant future.

Time

Same as Malta CET time

Opening Hours

Throughout the year (except on festivities) businesses open as follows:

Offices:	Mondays to Fridays: 09:00 - 19:00 Saturdays: 08:00 - 15:00
Banks:	Same as for offices There are banks open by rotations on Sundays
Stores:	Mondays to Fridays: 08:00 - 19:00 Saturdays: 08:00 - 15:00

In all parts of Serbia, some shops (mainly restaurants or shopping centres) may also open on Sundays.

In Belgrade and the main cities in Serbia, some branches of the post office are open also on Sundays.

Travel for Business Development or Service Provision

Belgrade's Nikola Tesla Airport handles most international flights.

In the south, Niš Constantine the Great Airport links Niš with countries including Germany, Italy, Slovakia and Switzerland.

You can easily enter Serbia by land from Montenegro, Croatia, Bosnia and Herzegovina (BiH), Macedonia, Bulgaria, Romania and Hungary; coming in via Kosovo can present difficulties. Bus services to Western Europe and Turkey are well developed. When crossing borders, officers will usually board the bus, take everyone's passports then return them after processing them; passengers wait in their seats.

International rail connections leaving Serbia originate in Belgrade. Heading north, most call in at Novi Sad and Subotica. Heading southeast, they go via Niš. The scenic route to Bar on the Montenegrin coast passes through Užice in the southwest.

At border stops, officials will board the train to stamp your passport and check for relevant visas. For more information, we recommend visiting the website of Serbian Railways www.serbianrailways.com

Getting Around

Bus services are extensive, though outside major hubs, connections are sporadic with notoriously long waiting times. In southern Serbia in particular, you may have to double back to larger towns.

Reservations are only worthwhile for international buses and during festivals. Tickets can be purchased from the station before departure or on board.

The Automobile & Motorcycle Association of Serbia provides roadside assistance and extensive information on its website. A great resource for drivers is the **Planplus** (www.planplus.rs) interactive online road atlas; *Intersistem Kartografija* publishes a useful road map of Serbia (1:550,000).

Several car-hire companies have offices at Nikola Tesla Airport in Belgrade. Small-car hire typically costs €25 to €45 per day. In Belgrade and other large towns you may have to purchase parking tickets from machines, kiosks or via SMS (provided in Serbian only but which may be translated through platforms like google Translate on connected devices).

Serbian Railways (www.serbianrailways.com) links Belgrade, Novi Sad, Subotica, Niš and Užice in the west; check the Serbian Railways website for smaller stations between the cities. Trains usually are not as regular and as reliable as buses.

Basic Statistics

Land

Area total: 77,474 km²

Land: 77,474 km²

Water: 0 km²

Population

7,111,024 (July 2017 est.) – *figure does not include the population of Kosovo*

Growth Rate: - 0.46% (2017 est.)

Urban population: 55.8% of total population (2017)

Rate of urbanization: - 0.29% annual rate of change (2015-20 est.)

GDP

\$106.6 billion (2017 est.)

Real growth rate: 3% (2017 est.)

Composition, by sector of origin (2017 est.):

- agriculture: 9.8%
- industry: 41.1%
- services: 49.1%

GDP Per Capita

\$15,200 (2017 est.)

Distribution of income – Gini coefficient: 38.7 (2014 est.)

Religion

Orthodox 84.6%

Catholic 5%

Muslim 3.1%

Protestant 1%

Atheist 1.1%

Other 0.8% (includes agnostics, other Christians, Eastern religionists, Jewish), undeclared or unknown 4.5% (2011 est.)

Age structure

0-14 years: 14.5% (male 531,524/female 499,715)

15-24 years: 11.26% (male 413,046/female 387,697)

25-54 years: 41.32% (male 1,483,392/female 1,454,931)

55-64 years: 14.49% (male 496,944/female 533,329)

65 years and over: 18.43% (male 541,569/female 768,877) (2017 est.)

Dependency ratios

Total dependency ratio: 49.2

Youth dependency ratio: 24.9

Elderly dependency ratio: 24.3

Potential support ratio: 4.1

Note: data include Kosovo (2015 est.)

Important Contacts

Honorary Consulate of Serbia in Malta

Honorary Consul: H.E. Gordon Pace Bonello

 Honorary Consulate of Serbia in Malta,
20, Triq il-Farkizzan,
Mosta MST 4000,
Malta

 +356- 2258 9632 / +356 9947 4616

 gordon@sunmed.com.mt

Maltese Embassy in Serbia

As at the time of writing this report, there is no Maltese Embassy or representative in Serbia

For information with regards travelling please contact the:

Ministry for Foreign Affairs and Trade Promotion

 Palazzo Parisio,
Merchants Street,
Valletta VLT 1171
Malta

 +356 2124 2191

 foreignaffairs@gov.mt



6.1 General

Serbia does not feature in the 2016 **Medical Tourism Index (MTI)** and information surrounding medical tourism in this destination is hard to come by and to evaluate, as it tends to be highly conflicting. One finds, for example, an article dated January 2013 entitled “**Potentials of Serbia as medical tourism destination at the international tourism market**”, touting Serbia as having the potential to become the region’s front-runner in medical tourism with medical personnel upholding high standards and first-rate medical treatment at reasonable rates.¹³ The same article states that the biggest demand for medical tourism is for dental, orthopaedic and cardiology services, plastic surgeries and rehabilitation in Serbian spa centres. Furthermore, it would appear that the “Institute for cardiovascular diseases “Dedinje” in Belgrade has earned EUR 25-30 million from foreign patients’ treatments during the period of 10 years” and that “medical treatment is provided by highly skilled experts who constantly follow trends in the area of cardiovascular medicine. The Institute is amongst the top European cardiovascular institutes and a part of teaching base of the Belgrade University School of Medicine.”¹⁴

On the other hand, the Serbian healthcare system *per se* is somewhat in difficulty as a result of the stop-go policies stemming from having been overseen by many different governments over the last few decades. In accordance with the website ‘**Treatment Abroad**’¹⁵, it has fallen into disarray and disrepair. In many areas of the country, healthcare has now reached the point where corruption is rife and many people have to bribe their way in to see a doctor or nurse”. Further to a number of reforms, this scenario is set to improve so that healthcare should be more accessible, but subject to co-payment, rather than free, and a resulting increase in private health insurance being taken out. Serbia has been working to rectify the issues in its healthcare provision with the World Health Organisation’s support. At least 40 EU funded projects at a value exceeding EUR 140 million are being implemented in this regard. Despite allocating 11 per cent of its GDP towards healthcare, Serbia ranked last in the European Health Consumer Index of 2012. Reasons for this include staff being underpaid and facilities receiving poor levels of funding.¹⁶

Despite allocating almost 11% of GDP to its healthcare, Serbia only ranks fourth in terms of total health spending per capita at purchasing power parity rates. This spending is not necessarily translating into positive health outcomes. In fact, life expectancy in Serbia is significantly below the EU average and slightly below the average in the south-east European region as defined by the World Health Organisation (WHO)¹⁷.

¹³ “Potentials of Serbia as medical tourism destination at the international tourism market” by Snezana Milicevic, V. Milovanovic, Marija Mandaric: <https://www.researchgate.net/>

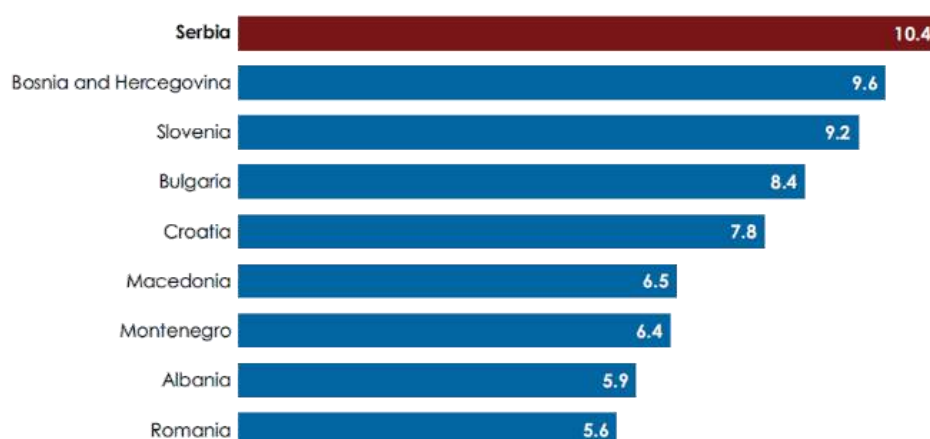
¹⁴ Ibid.

¹⁵ <https://www.treatmentabroad.com/destinations/serbia/healthcare-system-serbia>

¹⁶ Ibid.

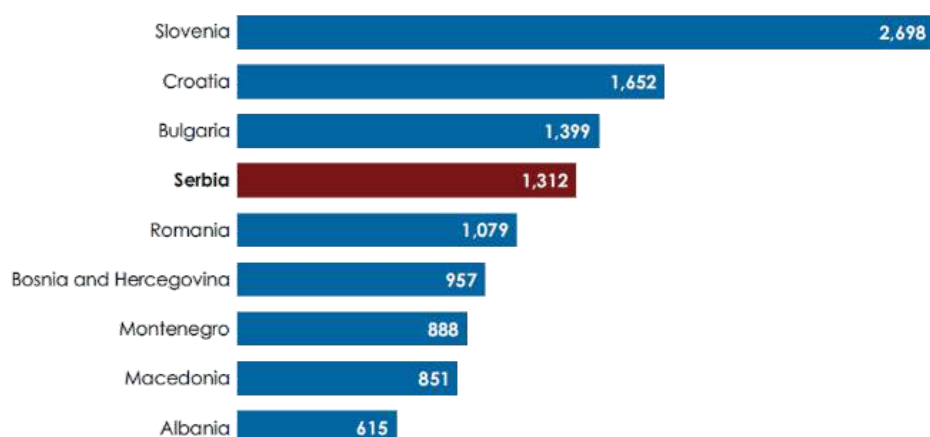
¹⁷ World Health Organisation Regional Office for Europe, European health for all database (HFA-DB) <http://data.euro.who.int/hfad/>

Total expenditure on health as a percentage of GDP, 2014
(% of GDP)



Source: WHO Global Health Expenditure Database.

Total health spending per capita, 2014
(Int\$; purchasing power parity)



Source: WHO Global Health Expenditure Database.

According to some sources, this does not appear to be an issue in the private sector, which appears to be flourishing, with “world-class facilities, well-trained doctors and surgeons, and state of the art modern clinics, in stark contrast to the state system”¹⁸. Accordingly, what the nation lacks in state healthcare it seems to make up in stellar service to the medical tourist, with Serbia, as a result, becoming increasingly attractive as a destination for medical tourism services and privately-funded healthcare. The same website states that “as a medical tourist, the care you will receive will be of the highest standard, and the facilities equal to any in Europe”.¹⁹ Additionally Serbia reportedly provides such treatments at low cost and seemingly with a smile, adding, to these winning factors, that a large percentage of the medical staff also speak English.²⁰

This view of Serbia as a medical tourism destination of choice is corroborated by “**Medicaltourism.com**” which describes the situation in Serbia as follows: “Serbia is quickly rising to

¹⁸ <https://www.treatmentabroad.com/destinations/serbia/healthcare-system-serbia>

¹⁹ Ibid.

²⁰ Ibid.

the pinnacle of medical tourism in Europe because of its world class, modern facilities and extremely cheap prices, and coupled with the friendliness of the people, makes for an enjoyable experience.”

The above statements could amount to little more than marketing ploys, with a very different picture painted by other sources. It appears that despite campaigns carried out by the government and NGOs, corruption remains a significant problem in the sector. One of the main reasons is that “doctors [have been] demanding bribes in exchange for better treatment” due to their low salaries²¹. The Serbian government is working with the World Bank in improving the quality and efficiency of Serbia's healthcare system”²². It should also be noted that “current concerns in the field of Serbian healthcare, as reported by the medical staff providing care, are poor funding for primary care, inadequate equipment and supplies, inadequate salaries, and inadequate continuing medical education”²³.

A report by **The Economist Intelligence Unit** entitled “**Modernising the Serbian Health System the need for a reliable Decision-Making Compass**” quotes Jelena Cugurovic (the steering committee member responsible for international co-operation at the CML Association of Serbia, a non-profit organisation that acts on behalf of patients with chronic myeloid leukaemia, and member of the Initiative for Innovative Approach to Improving Access to New Medicines in Serbia), who says that “Generally, the Serbian health system is stuck in the past, facing many issues such as the poor quality of hospitals (buildings, furniture, linen etc.), long lines for different tests, unavailability of innovative therapies and procedures”. Furthermore, the same report quotes Peter Pazitny, a partner of the Healthcare Consulting and Research Centre in Bratislava, Slovakia saying that “Corruption, old equipment and facilities, inefficiency in hospitals, poor quality of services and waiting lists contribute to poor health outcomes”. In terms of waiting lists, **Serbianmonitor.com**²⁴ reports that in August 2018, there were 72,540 people waiting for surgery, or different types of medical treatment in Serbian hospitals.

Another significant issue outlined in the **Economist Report** is that Serbia lacks a transparent and comprehensive system of assessing the value of healthcare investments and determining how to pay for them. “The development of a health technology assessment (HTA) infrastructure in Serbia lags well behind that in neighbouring countries such as Croatia and Slovenia, which have more advanced — albeit not yet fully functioning — systems.” There is no official HTA agency in Serbia, although the RFZO carries out some related activities, including pharmacoeconomic assessment and budget-impact analysis in support of reimbursement decisions. The Ministry of Health also has an HTA Committee, which has significant responsibilities but little technical support. Serbia, unlike Croatia and Slovenia, does not participate in the European Network for Health Technology Assessment (EUnetHTA).

The **Economist Report** further discusses major problems with access to healthcare in Serbia, stating that the country needs to modernise its healthcare system. This endeavour entails challenges such as budgetary constraints and issues revolving around the procurement of innovative health technologies, given “the absence of a sustainable, comprehensive and transparent way to evaluate ... new health technology. At the crux of the problems facing Serbia is finding ways to meet commitments to

²¹ Referring to Aleksandra Petrovic. "Lives on the line as Serbia battles healthcare corruption - Space for Transparency".

²² Referring to World Bank Helps Serbia Improve Health Care System and Strengthen Confidence in the Financial System".

²³ Referring to Nelson et al., 2003

²⁴ <https://www.serbianmonitor.com/en/>

healthcare access for the population with the resources the government has at its disposal. Under the existing system, employee- and employer- financed social health insurance (SHI) covers most general medical services, with uninsured groups covered by state budget funds; there is also a voluntary health insurance (VHI) system in Serbia”.

There also appears to be a big problem in accessing medicines: “Co-payments officially exist for certain medicines and are informally required to access many others, making many drugs unaffordable and out of reach for large segments of the population. Pharmaceutical spending accounted for 18% of expenditure by the National Health Insurance Fund (RFZO) in 2013, with generics making up the majority of dispensed drugs, 70% of which were manufactured in Serbia. The RFZO decides on reimbursement rates, which range from 10% to 100% in Serbia, with hospital drugs and very expensive drugs for certain conditions fully reimbursed, at least in theory.”

Until 2011, the RFZO experienced difficulties collecting contributions from employers, with the result that the funds transferred from the state budget were insufficient to cover commitments, leading to delayed payments to pharmacies, manufacturers and providers, and ultimately a shortage of necessary drugs. The government made the decision to take on all of the RFZO’s debt as part of public debt, giving it a clean slate. Legal changes approved at the same time meant that companies could not pay salaries unless they had also paid all health and other contributions at the same time.

As a result, since 2012 the health fund has been making all of its payments within 100 days. However, the regular amounts that the fund pays to pharmacies and hospitals are not enough to cover actual costs. Consequently, some pharmacies and hospitals are again delaying payments to distributors, increasing the potential for shortages.

A report by the European Commission in November 2015 concluded that ‘the poor financial situation of the public health fund puts the sustainability of the [healthcare] sector in question’. The deficits are evident in some of the most vital but costly medicines.

The **Brief Health System Review** of Serbia²⁵ outlines the following driving and resisting forces in the following table:

Driving Forces	Resisting Forces
1. Medical staff – well trained	1. Corruption
2. Accessibility – no matter for social status	2. Equipment and facilities- down considerably
3. International cooperation, NGO and professional associations	3. Lack of financial resources and legislations
4. General Practitioner-gate keeper	4. Poor quality of the services and waiting lists

²⁵ Brief Health System Review of Serbia <http://www.hpi.sk/en/>

An interesting matter to note is that clustering appears to be one of the Serbian government models for increasing destinations' competitiveness. A Serbian Medical Tourism Cluster was set up in Belgrade for all interested state and private organisations that are involved in providing medical and tourist services. This includes spas, hospitals, clinics, institutes, hotels, tourist agencies, restaurants, and others who provide services connected to medical and wellness treatment. The cluster's objective is precisely to develop and enrich Serbia's position as a medical tourism destination and to promote professional services of excellent quality for international tourists. The cluster's activities are as follows:

- To improve and develop the medical tourism offer of Serbia;
- To promote the harmonization with the EU standards in building up and developing institutions and legislature in the medical tourism field, and to analyse and plan medical tourism development in Serbia;
- Preparation of brochures, guides, and online databases with medical tourism offers of the Republic of Serbia;
- Organization of medical tourism conferences;
- To promote domestic medical tourism at specialized fairs and conferences, to participate in international medical tourism associations.²⁶

Nonetheless, Dr. Marina Majkić from the Serbian Medical Tourism Cluster stated that “we have defined two fundamental problems. On the one hand is the infrastructure, which does not meet the desired criteria in some areas, and on the other, representatives of the medical profession and tourism industry will have to work together more closely”²⁷.

6.1.1 Most Popular Procedures for Medical Tourists

The procedures most often sought after by medical tourists in Serbia include cosmetic, bariatric, fertility, dermatology, dental, and ophthalmology²⁸. Another source avers that the following health-related services have attracted the highest demand: plastic surgeries, orthopaedic, cardiology and dental services, and rehabilitation services in Serbian spa centres²⁹.

6.1.2 Private and Public Hospitals

Health care in Serbia at the primary level is provided by state-owned primary health centres in the municipalities or towns. It is provided by a chosen doctor who is either a medical doctor or a specialist (generally occupational medicine, paediatrics, gynaecology and dentistry) and covers:

- preventive health care for all population categories;
- urgent care;

²⁶ Government Sets Medical Tourism Cluster <https://www.imtj.com/news/>

²⁷ Ibid.

²⁸ Serbian medical Tourism <https://mobile.serbooking.com/blog/sr/>

²⁹ “Potentials of Serbia as medical tourism destination at the international tourism market” by Snezana Milicevic, V. Milovanovic, Marija Mandaric: <https://www.researchgate.net/publication/>

- general medicine;
- health care for women and children;
- health visitor service;
- laboratory and other diagnostics;
- prevention and treatment in dental care;
- employee health care physical medicine and rehabilitation.³⁰

In cases where the primary health centre cannot provide adequate health care, the general practitioner may refer the patient to secondary health care in a general or specialised hospital in Serbia. Secondary health care could be outpatient or inpatient treatment³¹. In other cases, and as required, patients may receive tertiary health care. Here one will find the highest specialised personnel and technological equipment and quality diagnostic and treatment are provided.³²

As of January 2016, there were 306 public healthcare institutions in Serbia, operated by the Ministry of Health of Serbia. The ministry classifies hospitals into five categories, namely³³:

- **Healthcare centres** – 151 healthcare centres, providing primary healthcare to the most of the municipalities and cities;
- **General Hospital** – 42 general hospitals, providing secondary healthcare to the districts with a total of 15,917 beds available as of 2017;
- **Clinical Hospital Centre** – 6 clinical hospital centres, providing secondary and tertiary healthcare, two based in Kosovo and Metohija and four based in the capital city of Belgrade with a total of 5,357 beds available;
- **Clinical Centre** – 4 major medical centres, based in four largest university centres with a total of 7,218 beds available;
- **Specialized Institutions** – 7 specialised clinics, 61 institutes (of which 23 specialised for public health), 33 special hospitals (rehabilitation hospitals, lung diseases, psychiatric diseases and other), 2 military hospitals of which Military Medical Academy (VMA) is financed and controlled by the Ministry of Defence of Serbia.

In 2011, the most recent year for which reliable statistics are available, there were 5.7 hospital beds for every 1,000 inhabitants³⁴.

6.1.3 Medical Equipment

As already mentioned in the 'General' section above, Serbia appears to be using sub-standard medical equipment and devices. The WHO Global atlas of medical devices 2017 lists the following medical equipment present at the time of reporting:

³⁰ Brief Health System Review of Serbia <http://www.hpi.sk/en/>

³¹ Ibid.

³² Ibid.

³³ List of Hospitals in Serbia <https://en.wikipedia.org/>

³⁴ Brief Health System Review of Serbia <http://www.hpi.sk/en/>



Medical equipment	Public sector	Private sector	Total	Density per 1,000,000 population
Magnetic Resonance Imaging	38	21	59	6.204
Computerized Tomography Scanner	90	40	130	13.669
Positron Emission Tomography Scanner	2	0	2	0.210
Nuclear medicine	1	2	3	0.315
Mammograph*	75	30	105	84.557
Linear accelerator	13	0	13	1.367
Telecobalt unit (Cobalt-60)	1	0	1	0.105
Radiotherapy	14	0	14	1.472

* Density per 1,000,000 females aged from 50-69 old.

6.1.4 Medical Professionals

The **Brief Health System Review** ³⁵ of Serbia states that according to information obtained from the statistical yearbook of the Republic of Serbia 2012, “health care services employed 161,016 people in 2011” and the structure of the health personnel in 2011 is presented in the table below:

Physicians	General dental practitioners	Graduated pharmacists	Medical workers with secondary and high education	Medical workers with primary education	Inhabitants per physician
21,079	2,227	2,133	58,337	451	344

Source: Statistical office of the Republic of Serbia, 2012

In accordance with the same source, the medical practitioners appear to be one of Serbia’s driving forces (see ‘General’ section above), and this is further substantiated by Jelena Cugurovic in the aforementioned **Economist Intelligence Unit Report** where she says: “we have very good and specialised doctors who are educating themselves, but are also forced to leave because of the poor living conditions.” As also mentioned in the ‘General’ section above, this situation is conducive to medical doctors accepting bribes in return for medical services.

Aleksandra Petrovic, in her article “Lives on the line as Serbia battles healthcare corruption - Space for Transparency” reports that “Many doctors in Serbia are accustomed to receiving small gifts of gratitude from patients. But it has come to a point where about 40 per cent of doctors ask for gifts, with a number of them also charging patients additional “tariffs” in exchange for better treatment. Starting from 300 EUR in some institutions, these tariffs are locally defined as “minor corruption”, even though they amount to over 70 per cent of an average person’s monthly net income in Serbia, which is less than 400 EUR.”

³⁵ Ibid.

6.1.5 Environment ³⁶

Serbia has had a turbulent recent history but today has become a safe and relatively secure place to visit. Bordered by all five of its fellow former Yugoslav republics, as well as Bulgaria, Romania and Hungary, Serbia offers various cultural and ethnic influences, with a society that is rich with customs and traditions and a lot of national pride.

The capital city is Belgrade, which is a highly popular destination for tourists and which is also quite famous for its nightlife on all days of the week. However, Belgrade is not the only interesting city to visit: many other cities across Serbia have their own charm and some oriental influences. Out of the cities, one also finds a number of attractions for tourists, such as ‘wine routes’ which will take a visitor to a number of small vineyards that produce quality wine. Another attraction is the ski resorts, with Kopaonik being one of the finest in Europe, despite being still not on the mass tourism RADAR from a touristic point of view, meaning that the slopes are not crowded. The mountainous interior of Serbia is usually considered to be a must on any visit, with beautiful peaks and lakes at every turn.

From a medical tourism point of view, one very important aspect is the fact that there are numerous spas, over 1,000 cold and warm mineral water springs, and a great wealth of natural mineral gases and medicinal mud. There are 53 thermal locations where spas have been set up. Therapies on offer do not only offer the traditional ‘aesthetic’ treatments and massages, but cater for the treatment of various health disorders and diseases, such as drinking medicinal water or taking medicinal baths. Besides the rich medicinal water spas, Serbia has “climatic spas”, which have been designated health resorts due to their favourable climate and geographical location. These spas offer an ideal location for rehabilitation of persons who have undergone medical procedures, particularly since they are generally also equipped with medical personnel.

Serbia’s main international airport is Belgrade’s Nikola Tesla Airport, located around 12 miles from the city centre. Belgrade is served by most major airports, with a flight time of just two or three hours from mainland Europe and around nine hours from New York. Belgrade is served by a number of budget airlines, with Wizz Air flying regularly from Malta’s Luqa Airport to Belgrade’s Nikola Tesla Airport.

Belgrade is small enough for tourists not to require transport from one part of the city to another, and walking around the city is a pleasant experience; however there are still many options for transport, including trams, trolleybuses and taxis.

Accommodation in Serbia is not of the same standard as that in Western Europe, but is constantly improving. The highest accommodation prices are in Belgrade, but other Serbian cities also offer medical services and will be less expensive in terms of accommodation. A top rated hotel in Belgrade would cost under €120 per night, with cheaper options also being available.

³⁶ The information in this section comes from the Articles “Why Choose Serbia” and “Travel and Accommodation” <https://www.treatmentabroad.com/destinations/serbia/>

6.1.6 Routes to Market and Positioning Strategies

In view of the situation outlined above in relation to Serbia's healthcare sector and its status as a provider of medical tourism services, there are three options to consider for market entry.

The first option piggybacks on the fact that the state healthcare leaves much to be desired, and would relate to the possibility of attracting potential patients to Malta in order to receive the treatment required. This is not the best strategy to adopt for mainstream markets as Serbia's private sector already caters for it at a lower price, but might work in underserved specialised areas. Indeed, the average person who can afford to receive medical treatment in private clinics is likely to look towards local providers for the treatment required as treatment in private clinics is not burdened with many of the problems found in state healthcare, such as the endless waiting lists and problems with obtaining access to top physicians. In addition to the treatment prices being generally lower than those charged in Malta, potential patients could also avoid part of the travel and accommodation costs. On the other hand, one could argue that persons interested in treatment abroad may also be interested in the touristic aspect of it. Still in this scenario, the touristic attractions offered by Serbia, where one could recover in country retreats amid fresh air and beautiful scenery may make internal Serbian tourism more attractive than travelling to Malta. Having said this, it should be noted that in accordance with some sources, private clinics in Serbia appear to have limited outreach to date. A report presented by **AP Companies**, a leading medical assistance company³⁷ states that "there are not many private practices in Serbia providing medical care. The small amount of private health clinics in Serbia are not well developed. This is because the majority of citizens cannot afford to pay extra insurance to help fund the private clinics". However, this market segment is out of reach, as potential patients who do not have the money to pay for private healthcare in Serbia will not have the money to pay for private healthcare in Malta in addition to travel expenses and accommodation expenses.

This brings us to the second model, which would entail establishing new private medical centres in Serbia. In view of the fact that existing private clinics in Serbia are not yet well entrenched, an opportunity arises for firms that are able to enter the market on a 'per appointment' basis with a new private clinic staffed in accordance with demand by flying in staff once there is a cluster of appointments and targeting the more opulent sections of the market. Additionally, the fact that most private clinics appear to be in Belgrade, means that all of the other locations remain unserved or underserved by private medical care. There is thus an opportunity for serving potential patients in non-life threatening circumstances in their territory through a mobile facility. By default, such a strategy would need to improve on at least some of the problems that make up the Serbian market at the moment. These are summarised below:

- Shortage of top-notch medical doctors and other practitioners;
- Old equipment and facilities;
- Access to medicines;
- Access to emergency care which may be required during or as a result of a medical intervention.

³⁷ Healthcare System in Serbia (AP Companies) <https://www.ap-companies.com/services/ekspatam/serbia/>

In considering the provision of such medical services it may be wise to concentrate on certain treatments rather than others. We have outlined above, for example, that cosmetic, bariatric, fertility, dermatology, dental, and ophthalmology sectors are already quite popular and well-developed in Serbia. Thus, one would advise commencing with these services rather than addressing cancer treatment or other medical interventions which are more likely to require urgent emergency admittance. On the other hand, if a Maltese firm is able to put together an exceptional team of medical professionals (Maltese and foreign, including Serbian), that are able to offer niche services, and provided that the team is equipped to handle emergency matters and is able to source and export any medication required, then this would be an excellent strategy to enter the Serbian market with a cream-skimming strategy. Nonetheless, finding the right team at the right conditions, and being able to locate the right premises and the right equipment might make for a tough proposition. Hence our recommendation for a 'per appointment' clinic. Another matter to consider would be the necessity of examining and navigating the local regulatory requirements, purchasing the premises to be used and going through the process of deploying human resources.

Yet another option would be collaboration with an existing provider, which may be the most efficient route to entering the Serbian market for medical tourism purposes. With an existing establishment there may be less investment required, and a local partner would be valuable for the purposes of licensing and other regulatory matters which may already be in place. The problems outlined above still remain within this scenario and will still need to somehow be addressed. However, this option provides a generally easier route for entry into the Serbian market and enables better risk management, than the other two options.

What is especially interesting is the possibility of entering into partnership with one of the aforementioned Serbian spas which have massive unrealised potential as medical tourism destinations: "Serbian spas have all the preconditions to be positioned as medical tourism destinations: natural curative factor, medical indications, skilled medical personnel, equipped special hospitals, different types of accommodation, affordable prices, spa and wellness supply, sport and recreation, culture and entertainment. However, not many of them have recognised the opportunity for medical tourism development but were rather oriented towards the traditional curative spa tourism. Serbian spas' value propositions could be significantly enhanced with medical tourism products, such as dental services since they are cheaper in Serbia by 60% in comparison to some EU countries".³⁸ As already mentioned earlier in this report, in Serbia there are numerous spas, over 1,000 cold and warm mineral water springs, and a great wealth of natural mineral gases and medicinal mud, and many thermal locations where spas have been set up.

Such locations appear to offer an outstanding setting for the provision of medical services, particularly for minor cosmetic, bariatric or dental interventions or those relating to fertility treatment. They also offer an excellent setting for patients recovering from more major interventions. If a Maltese firm is able to enter into partnership with an entity operating such a spa, and is able to upgrade the facilities in order to be able to provide at least minor medical interventions on location, as well as to recruit a trained medical team with the right reputation, they are likely to be onto a successful venture. Medical

³⁸ "Potentials of Serbia as medical tourism destination at the international tourism market" by Snezana Milicevic, V. Milovanovic, Marija Mandaric: <https://www.researchgate.net/publication/>

professionals would not necessarily need to relocate to Serbia – one of the ‘drivers’ of the nation in terms of healthcare, as mentioned previously, is the well-trained medical staff. It is true that such staff is in high demand due to shortage; however doctors are rarely engaged on full-time basis. Furthermore, medical professionals from abroad may consider making the trip, for example, once a month on a regular retainer basis.

6.1.7 Marketing Factors to Consider

A Serbian Medical Tourism Cluster was set up in Belgrade for all interested state and private organisations that are involved in providing medical and tourist services. Clustering appears to be one of the Serbian government’s models for increasing destinations’ competitiveness. A healthcare cluster is usually an independent group of hospitals, clinics, medical professionals and the Government in a specific city, state, or region, funded by the participants and possibly even to some extent by government funding. The purpose of such health clusters is specifically to promote its members’ reputation as providing very high-quality healthcare and to provide a foundation for the building up of synergies that facilities in close geographical proximity have to offer. The Medical Tourism Association ³⁹ claims that: “Forming a healthcare cluster or medical cluster is probably the most important single step in establishing a medical tourism destination and to enhance the location’s chances of success as a destination for medical tourists and increasing patient flow. All the medical tourism stakeholders, such as hospitals, doctors, Ministry of Health, Tourism, Economic Development, Tourism Operators, Hotels and more must work together to promote this image of high quality of healthcare to establish a “brand” name for the location throughout the world.”

It would certainly be fundamental for any Maltese provider establishing itself in Serbia for the provision of medical tourism services to become part of this healthcare cluster ⁴⁰.

6.1.8 Key Market Opportunities for Maltese Operators

Given circumstances, we feel that the best opportunity for Malta-based operators who do not yet have experience of the Serbian healthcare market would be, at least initially, to collaborate with an entity operating one of the Serbian spas, by upgrading the facilities in order to be able to provide at least minor medical interventions on location, as well as by recruiting a trained medical team with the right reputation. We believe that the set-up would be ideal for the provision of minor cosmetic surgery, bariatric and dental interventions, fertility treatment and patients recovering from more major interventions. We also believe that the medical part could be covered with a collaboration agreement with an existing operator with services held on a regular, by-appointment basis.

The potential clients of such a venture will not only be limited to Serbian nationals but could also be international if the venture manages to build the right reputation for specialist excellence. It is unlikely that such a venture would attract Serbians in droves, although many Serbians live abroad as expatriates and the prospect of going back to Serbia for medical care will appeal to them.

³⁹ Medical Tourism Association (Healthcare Clusters) <https://www.medicaltourismassociation.com/en/>

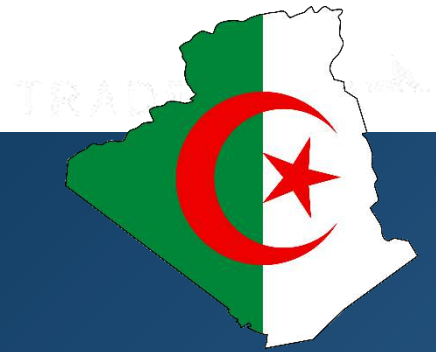
⁴⁰ Serbia Wellness Cluster <http://www.wellnessklaster.rs/en/>



7. An Overview of The Healthcare System & the Medical Tourism Sector in Algeria



Quick Facts



Currency

Dinar (DZD)

Exchange Rate (5-Year Average): 90 Dinar to the Euro

Language

Arabic and Berber (dialect spoken by the Berbers, who are indigenous to North Africa)

Other languages include:

French which is mainly used for business and education

Algerian Arabic (Darja)(lingua franca)

Travel Visas

A valid passport with at least six months to expiry is required by all visitors. Nationals of Israel are not allowed into the country, and if you have a stamp in your passport from Israel your application may be rejected.

Everyone except nationals of Morocco, Tunisia and Malaysia needs a visa. Visas are not available on arrival.

The exact list of documents required for submission alongside the visa application depends on the nationality and the embassy or consulate the individual will be applying through. For tourist visas, though, a person will always require an 'invitation' to visit the country from an Algerian contact or tourist agency. Applications can only be made from the country of residence. A 30-day visa costs anywhere between US\$50 and US\$110, depending on the embassy and nationality. It takes between 2 to 4 weeks for a VISA to be issued.

Visa extensions can be applied for in Algiers from the Department des Etrangers.

Money

ATMs are available in all larger towns, but rarely in smaller ones. Credit cards can be used only in big hotels and at car-rental companies. You'll need dinars for day-to-day expenses, but businesses catering for tourists will often accept Euros.

Mobile Phones

Pay-as-you-go (Prepaid) SIM cards can be bought domestically for most mobile phones and are recommended for in-country travel as roaming costs from the EU are significant.

Time

Same as Malta CET time.

Opening Hours

Opening hours as follows:

Banks 8.30 – 16:30 Sunday to Thursday

Government offices 8:00 – 16:00 Sunday to Thursday

Restaurants 12:00 – 14:00 and 19:00 – 22:00

Shops 8.30 – 16:30 Saturday to Thursday

The working week is from Saturday to Wednesday. Thursday and Friday are the rest days.

Some businesses are open for half a day on Saturday.

During Ramadan, the pace is slowed and hours are modified (9:00 to 15:00 in general).

Travel for Business Development or Service Provision

The vast majority of visitors arrive in Algeria by air. The country is fairly well-served by local, European and African carriers.

There are two major international airports in Algeria. Houari Boumediene Airport, 17km southeast of Algiers, is the country's biggest and busiest and is served by numerous international airlines. Algeria's second international airport is Oran's Es-Sénia Airport, which has flights to more than a dozen different North African and European destinations.

There are also a handful of international flights (generally all operated by Air Algérie) from Constantine's Mohamed Boudiaf International Airport and Annaba's Rabah Bitat Airport.

The national carrier, Air Algérie has an extensive domestic and reasonable international network, with flights to destinations throughout North and West Africa, including Casablanca (Morocco), Dakar (Senegal) and Bamako (Mali). It flies several times daily to Paris and a number of other French cities and several times a week to London, Frankfurt, Istanbul and Dubai.

Getting Around

Long-distance buses are run by various regional companies and are usually reasonably comfortable. Routes go as far south as Tamanrasset.

Driving yourself anywhere in the country theoretically requires an agency escort, but it's not strictly enforced in the north, even with numerous police checks. The Kabylie region in Algeria's northwest can be dangerous for unescorted non-residents.

Louages (share taxis) only operate in the north of the country. They are often more expensive than buses.

Basic Statistics

Land

Area total: 2,381,741 km²

Land: 2,381,741 km²

Water: 0 km²

Population

40,969,443 (July 2017 est.)

Growth Rate: 1.7% (2017 est.)

Urban population: 71.9% of total population (2017)

Rate of urbanization: 2.26% annual rate of change (2015-20 est.)

GDP

\$629.3 billion (2017 est.)

Real growth rate: 1.5% (2017 est.)

Composition, by sector of origin (2017 est.):

- agriculture: 13.2%
- industry: 36.1%
- services: 50.7%

GDP Per Capita

\$15,100 (2017 est.)

Distribution of income – Gini coefficient: 27.6 (2011 est.)

Religion

Muslim 99%

Other 1% (includes Christian and Jewish) (2012 est.)

Age structure

0-14 years: 29.31% (male 6,148,568/female 5,858,922)

15-24 years: 15.3% (male 3,208,185/female 3,061,179)

25-54 years: 42.93% (male 8,906,160/female 8,682,894)

55-64 years: 6.81% (male 1,410,298/female 1,378,282)

65 years and over: 5.65% (male 1,079,218/female 1,235,737) (2017 est.)

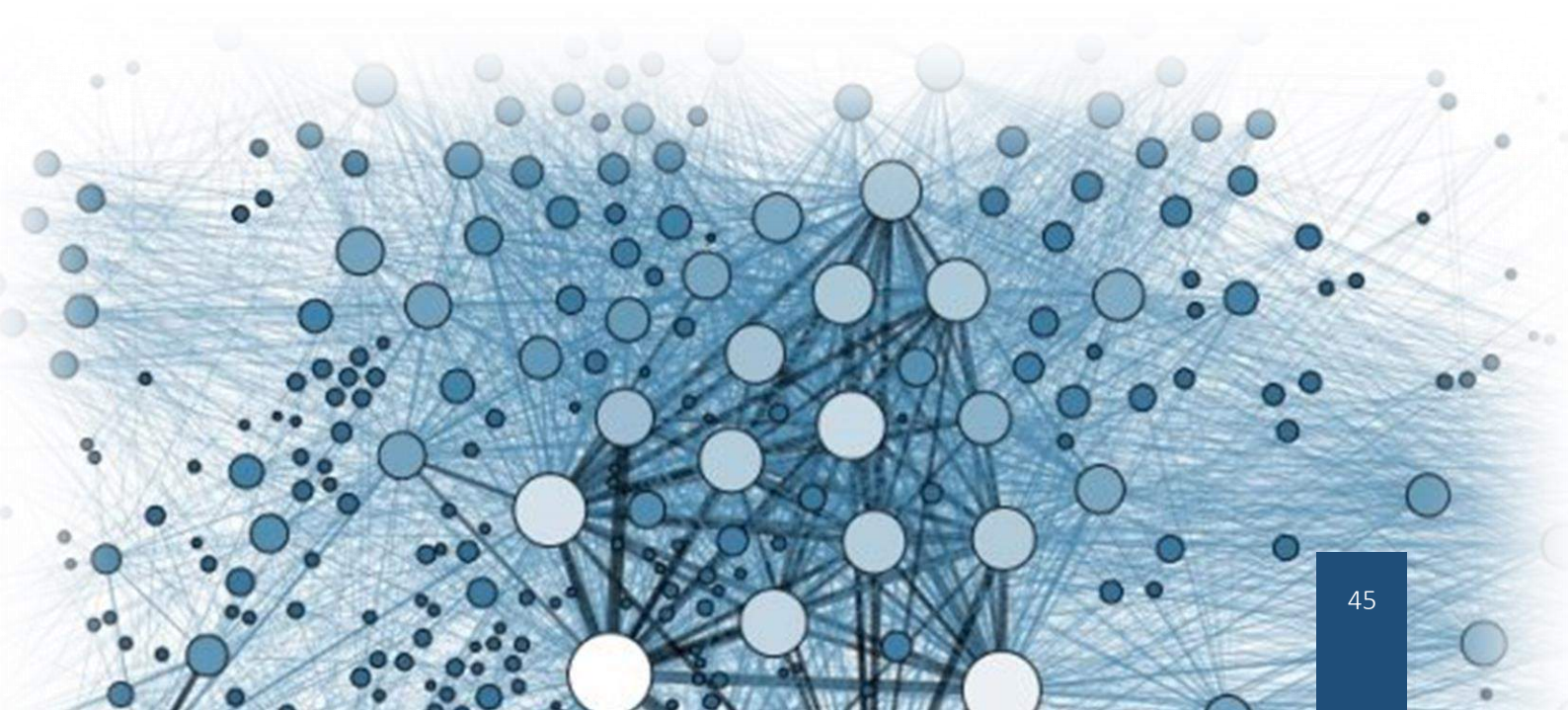
Dependency ratios

Total dependency ratio: 52.7

Youth dependency ratio: 43.8

Elderly dependency ratio: 9

Potential support ratio: 11.2 (2015 est.)



Important Contacts

There is no physical embassy for Algeria located in Malta. However, the Embassy of Algeria in Rome is tasked with covering Malta as well. The contact details are:

 Algerian Embassy
Via Bartolomeo Eustachio no 12 - 00161
Rome
Italy
Phone

 +39-06-44202533 +39-06-44202546 +39-06-8084141

 embassy@algerianembassy.it

For information with regards travelling please contact the

Ministry for Foreign Affairs and Trade Promotion

 Palazzo Parisio,
Merchants Street,
Valletta VLT 1171
Malta

 +356 2124 2191

 foreignaffairs@gov.mt

Further information can be provided from the Malta-based Ambassador Ms Philomena Meli

 philo.meli@gov.mt

Consulate of Malta in Algeria

Honorary Consul: Mr. Ivan Vassallo is currently the Consul General of the Republic of Malta to the People's Democratic Republic of Algeria, awaiting accreditation.

 26, Rue des Freres Boufattit,
El Biar 16034,
Algiers

 +213 21 92 97 56 +213 21 92 97 17

 maltaconsulate.algiers@gov.mt



7.1 General

Algeria does not feature in the 2016 **Medical Tourism Index (MTI)** and information surrounding medical tourism is very hard to come by, and with the little information available not always being very credible. As this report is based on secondary information sources, the data presented have to be taken as such with the caveat that it was not possible for the authors to corroborate or in any other way triangulate the data. Having said that, a number of articles refer to Algeria as having a relatively developed health care system when compared to many other African countries.

Over the past two decades, considerable progress has been made in the coverage and quality of health care services, with indicators improving steadily, alongside a decline in instances of communicable diseases. As a result, life expectancy at birth has risen from 68 years in 1995 to 76 years as of 2016, according to the latest World Bank figures ⁴¹.

The public health care system consists of 185 hospitals and 13 university hospitals, not including polyclinics and health care centres. The country hosts 91 functional clinics which can accommodate some 2,000 patients at any one point in time. New clinics are also being constructed while others are still in the pipeline ⁴².

Health care is heavily subsidised in Algeria, in line with the introduction of a national health care system in 1975. Most services are free for citizens at public hospitals and clinics, and the cost of most medicinal purchases is reimbursed by the government. While the large majority of health establishments in the country are still completely subsidised by the government, this is gradually beginning to shift as the private sector grows. The Ministry of Health, Population and Hospital Reform (Ministère de la Santé, de la Population et de la Réforme Hospitalière, MSPRH) receives the fourth-largest portion in the national government budget. Despite a challenging fiscal situation, the percentage of the total operating budget allocated to health was 8.5% in 2017, the highest percentage in five years ⁴³.

Healthcare services in Algeria are provided on a blatantly unequal basis, and this has long been criticised by locals. Practitioners are usually encouraged to refer patients to private structures for biological and radiological care, as well as for hospitalisation. Private clinics are better equipped for patients requiring advanced medical care.

Recent investment by the Government shows that Algeria continues to emerge as one of the countries with the highest healthcare investment in the North Africa region making it an important market for innovative healthcare and pharmaceutical firms. Algeria's healthcare sector remains one of the most buoyant in North Africa, with an investment budget of US\$ 267bn to be spent on major projects between 2015-2019 ⁴⁴. Ongoing efforts to modernise and improve access to health services were

⁴¹<https://data.worldbank.org/country/algeria>

⁴²<https://www.expats.com/en/guide/africa/algeria/>

⁴³<https://www.oxfordbusinessgroup/country/algeria>

⁴⁴Algeria Healthcare Project <https://www.maghrebhealthexhibition.com/algeria-healthcare-project-report>

given a boost in 2007 through the implementation of the “Chifa” card, a personalised electronic smart-card containing the medical history of the holder.

While many countries in the region struggle to finance health infrastructure and services, Algeria, abetted by years of booming oil business and revenues, has been able to divert significant funds into the expansion of clinics, hospitals and preventative care in a bid to improve overall health indicators. Although Algeria is investing significantly in the expansion of new infrastructure and the acquisition of new equipment, there is a lack of qualified staff to operate them.

The financial backing that the state has provided for health care is impressive on its own. Many baseline indicators have witnessed a dramatic improvement over recent decades. According to the World Health Organisation (WHO), the infant mortality rate has dropped from 40 deaths per 1000 live births in 1990 to 22 deaths per 1000 live births in 2015 ⁴⁵.

A major overhaul to Algeria’s healthcare system was the October 2016 draft law on health, 26 years after the last health bill had been approved. The draft law sought to make improvements with regards to the principle of equal access to healthcare, non-discrimination, informed consent for medical procedures, prevention of disease and adolescent health, and grounds for legal abortion. The bill was reviewed by Amnesty International in 2017 and represented in April 2018. Some of the improvements made in the last draft included focus on the adolescent population. Adolescents and youths represent a very important part of the Algerian population, and they offer a unique opportunity to the country to reap its demographic dividend. However, health services for adolescents remain inadequate and are not responsive to their needs, in particular those related to age-sensitive sexual and reproductive health education and information.

The view of Algeria as a medical tourism destination is thus far non-existent as the country is trying to build up its capacity to serve its own population first. Nonetheless, there are a number of groups promoting medical tourism, mainly to other African countries, as this area has lately seen the backing of the Government in an attempt to counter the effects of high local health care spending.

7.1.1 Most Popular Procedures for Medical Tourists

According to InterMedline, a medical tourism facilitator, the main procedures sought by medical tourists in Algeria include:

- weight loss;
- dental care;
- plastic and cosmetic surgery (including sex change surgery);
- fertility treatment (including IVF, embryo donation and surrogacy);
- orthopaedic surgery;
- spine and neurology surgery;
- heart surgery and cardiology;
- cancer treatment;

⁴⁵ Oxford Business Group ‘The Report, Algeria 2017’

- general surgery;
- eye surgery; and
- stem cell therapy.

Increased investment levels are being seen in outpatient infrastructures such as spas.

7.1.2 Private and Public Hospitals

As explained in the previous sections, healthcare in Algeria at the primary level is provided by state-owned health centres. In cases where the primary health centre cannot provide adequate services, the patient is referred to private clinics.

The private health care sector has developed quickly to fill the gaps that the government public health system has not yet managed to close off. Private medical care is very limited as the services are not covered by the public healthcare system and only a few Algerians can afford to pay themselves for their medical treatments. Moreover, the concept of having a private health insurance system is still relatively new in Algeria. As of 2015, there were over 250 private clinics in the country, with many more in the process of being built. Going forward, growth in the number of private clinics and their specialities will depend on what public policy deems suitable to be supported by social security. Certain areas have seen a rise in the number of private service providers, including maternity clinics and haemodialysis centres.

Algerians are also becoming more focused on their own well-being, as can be shown from the increased demand in the fields of laser eye correction, dentistry and plastic surgery. This has also seen a massive investment by the private sector in equipment and outpatient infrastructures.

On the other hand, the rapid proliferation of new private facilities, brought with it new challenges. In 2015, for example, the health ministry announced the closure of 20 private health centres in Algiers following surprise inspections. According to local media reports, the principal infringements included procedures done without ministry approval and improper staffing and personnel reporting.

7.1.3 Medical Equipment

There is no public information with regards to medical equipment used in Algeria. In fact, the WHO Global Atlas of Medical Devices 2017 does not provide any details with regards to Algeria.

7.1.4 Medical Professionals

At the start of Algeria's independence in 1962, the Algerian health care system was very minor consisting of 1 physician per 33,000 people, an estimated 300 doctors in all and one trained paramedic per 40,000 people. Since then, the country has made major changes and leaps in its policies and systems in healthcare (an increase to 1.2 medical physicians per 1,000 inhabitants). Nevertheless,

access to human resources has always been an issue for the healthcare industry. Although the number of practitioners per capita has increased, there are still lags which private clinics struggle to fill in.

The deficit in human resources is particularly acute in cancer treatment. As part of the 2015-19 Anti-Cancer Plan, training for doctors and biologists has begun at the National Higher Institute of Paramedic Training in Oran, which has become the leading training centre for cancer-related specialists, ranging from oncologists to analysis of cytopathology. There is also substantial deficit in nurses and paramedics.

7.1.5 Environment ⁴⁶

Battered by a sharp decline in its international reserves, Algeria made of tourism a key sector to relieve its economy from an acute dependency on oil revenues. Located a short distance from Europe, with over 1600 km of Mediterranean coastline, important cultural and historical sites, and the vast desert, Algeria is endowed with a potential that could enable it to be a leading tourist destination. Nevertheless, the country is falling short of establishing a reputation as a tourist friendly state as it continues to be perceived as lacking tourist infrastructure coupled with serious security concerns.

The lack of incentives for private foreign and local investors is another impediment. In a country where foreign investors are only allowed to own 49% of shares, it is hard to lure global tourism operators to the Algerian market. Algeria's visa regime has also long been an obstacle to attracting foreigners to the country. Algeria imposes visas on nearly all foreigners and the burdensome process further undermines the country's attractiveness as a destination. Another challenge for the tourism sector that has held back development has been a shortage in the availability of bank financing for companies operating in the industry.

While Algeria has natural and cultural assets that enable it to be a leading tourist destination, the successive governments have done little to build a strong tourism infrastructure, enhance the country's image globally and lure investors and foreign tourists alike to the country. While security conditions have improved since 1990s, Algeria still struggles to put an end to residual terrorism, which further undermines its efforts to promote tourism.

Authorities are stepping up efforts to expand tourism and foreign hotel operators have become increasingly active in recent years. While the mass market package tourism prevalent in many other Mediterranean destinations is nowhere on the cards, or even desired by the authorities, foreign business tourism and niche areas such as spa, desert and ecotourism have strong potential for growth.

Under the current **Tourism Development Master Plan**, the authorities aim to increase the sector's contribution to GDP to around 10%, and also to roughly quadruple the number of tourists in the country by 2030. While public investment will play a role, the plans will require large-scale private investment in the development of infrastructure and hotels, particularly given the recent efforts to rationalise government expenditure following the 2014-15 international oil price slump. The

⁴⁶ Oxford Business Group 'The Report, Algeria 2017'

authorities have taken a number of measures to encourage investment in the sector. Most companies operating in the tourism industry were exempted from the 3% rise in the corporate tax rate introduced in 2015. Tourism establishments benefit from a corporate tax holiday during their first 10 years of operation, as well as from the tax on professional activity for their first three years under the 2016 investment promotion law, which also exonerates them from value-added tax and import taxes on equipment and furnishings acquired during their construction phase. The sector also enjoys wider reduced rates of value-added tax at 7%, in place until 2019, and firms are eligible for a five-year interest rate subsidy worth 3% off the cost of a loan, introduced in 2016 (Algeria's Office National de Statistiques, 2017).

From a medical tourism point of view, one very important aspect is the recent government's focus on spa tourism. This sector is already well-developed and has substantial additional potential thanks to the country's wealth of hot springs. The segment currently comprises eight large government-run facilities that have agreements in place with major local health insurance providers, such as the state-run National Health Insurance Fund, to provide treatments to their clients, in addition to 13 privately-run spa resorts. In 2017, 70 hot springs across 24 governorates in the country were allotted to private investors for development into spa facilities. This segment, which is part of an ongoing medical tourism plan, is already attracting over 300,000 patients per year.

7.1.6 Routes to Market and Positioning Strategies

In view of the situation outlined above in relation to Algeria's healthcare sector and its status as a provider of medical tourism services, we feel that there are two options to consider for market entry.

The first option would be the possibility of attracting potential patients to Malta in order to receive the treatment required. Although transfer of Algerian patients abroad has decreased by 90% since 2000, reflecting the considerable improvements in the local healthcare system, a considerable number of Algerians still prefer to travel abroad for more complex medical treatment. Since 2014, France has granted medical visas to an average of 1,600 patients per year, and it is estimated that more Algerians visiting France on tourist visas seek out medical treatments while there ⁴⁷. A sizeable number of Algerian medical tourists also travel to Tunisia, Morocco and Turkey.

Given the relatively good level of the Maltese healthcare system, together with Malta being an ideal tourist hot spot and in closer proximity to Algeria than Turkey, we believe that the country could be well placed to offer such services, if Francophone members of staff are recruited. Besides, Malta is also considered to be a place that caters for the needs of the Muslim culture in general.

Such a market entry strategy would need to be targeted at the more opulent strata of the population. That is, those who can actually afford to receive medical treatment outside of Algeria. A selective approach would target a very small proportion of the Algerian population, which given the size of Malta would be an ideal way to market the local healthcare services being offered. Offering full healthcare packages to high net worth individuals would thus seem to be an attractive proposition.

⁴⁷ Oxford Business Group 'The Report, Algeria 2017'

Malta may, in such instances, have added advantages over other countries offering similar services in terms of touristic attractions, ease of mobility and Malta's ability to deal smoothly with different cultures and religions.

Given the current restrictions for international investors to directly own business in Algeria, we believe that another suitable option would be to collaborate with existing service providers who might be well-equipped but severely understaffed or those requiring some sort of capital investment. Since 2008, foreign firms have been prohibited from taking a majority stake in firms operating in Algeria. This aspect of Algerian law, greatly reduced the attractiveness of the country as a target for mergers, acquisitions or other direct international investment. Over the course of 2016, there was a wave of speculation that the restriction would be lifted as part of the passage of the new investment code. Instead, the restriction was not only left in place, but the 2016 Finance Law actually cemented the scope of the restriction, covering all foreign investment in sectors producing goods, providing services or procuring imports.

Collaboration, in this milieu, may take two forms:

- i) Providing human resources;
- ii) Capital investment.

One of the major problems in Algeria is the lack of human capital available to service the healthcare industry. The biggest concern in an ever-growing industry, is finding qualified personnel. The sector which is lagging behind the others is that related to cancer treatment where there is a deficit of oncologists, biologists, radiotherapists and cytopathology analysis professionals. The Algerian Government has already started investing to fill these gaps. However, training and education may take an average of seven to ten years and the building of a good reputation another fifteen, which means that this deficit can only be catered for by international professionals in the intervening period. There is also a substantial deficit in nurses and paramedics. As of May 2017, there were 100,000 nurses in Algeria, which translates to a relatively low rate of 2.4 nurses per 1000 people (Office National de Statistiques, 2017).

Another possible route would be that of capital investment in partnership with local firms. Given the recent push that the Algerian government has given to promote medical tourism, a possible marketing strategy would be to help local service providers level up in terms of healthcare services being offered, and combine this with the current expansion of outpatient structures, including health spas, seaside villages and swimming resorts. Malta-based entrepreneurs have a wide array of experience when it comes to both healthcare and tourism. Combining these two elements together would be an ideal strategy to tap in the Algerian market. A good starting point would be the areas with the highest demand and which are attracting the highest level of government investment. These include the following:

- **Cardiology.** Cardiovascular diseases remain the largest cause of mortality in the country accounting for 42.5% of deaths in 2016 (Algeria's Office National de Statistiques, 2017);
- **Cancer Treatment.** Impacted by changing lifestyles and an ageing population, the country has witnessed a notable rise in the number of cancer cases. Breast cancer is the most common

type for women, while lung cancer for men. Cancer has become the second most common cause of death after cardiovascular diseases;

- **Prevention.** Given that tobacco is the cause of some 15,000 deaths per year, making up around 35% of cancer diagnoses, the Government has launched a plan that seeks to help individuals reduce or stop the consumption of cigarettes. These investments include the setting up of educational and medical facilities that educate people and help them control their addictions. According to a survey conducted in 2010 by the Ministry of Health, around 28% of the Algerian male population smokes, with the highest concentration being in the age cohort between 25 and 36 years.

Both public and private hospitals, clinics and facilities, are already well set-up to service the above segments making them also an ideal point of entry for Malta-based firms interested in a cherry-picking strategy.

7.1.7 Marketing Factors to Consider

The Maltese Government has, in recent years, tried to boost the relationship with Algeria, specifically tackling the medical tourism sector, which was one of the main topics discussed in June 2018 in a seminar organised by the Minister for Foreign Affairs and Trade Promotion (Press Release Issue Date: Jun 28, 2018).

The Algerian Government is also taking the concept of medical tourism very seriously as evidenced by the number of yearly seminars and exhibitions that are taking place. One of them, particularly targeted at medical tourism is the **Iladj International Medical Tourism Services Exhibition**, which usually takes place in Algiers between February and March. This is an annual event aimed at boosting the interaction between Algerian and international healthcare service providers. It is worth noting that this exhibition focuses on those Algerians who opt to receive medical care abroad. In this respect, the exhibition is ideal for those Malta-based companies opting for a strategy based on Algerian nationals coming to Malta.

Another well-attended exhibition focusing on the promotion and improvement of the local healthcare system in Algeria is the **Algeria Health Exhibition and Conference** (recently rebranded as Maghreb Health Exhibition given the increased popularity of the event, which now extends to the Maghreb region). Algeria Health is an event for both local and international manufacturers, suppliers, distributors and service providers in the healthcare industry. The event offers a business-to-business platform for companies who are looking to tap into Algeria's booming medical and pharmaceutical sectors. The exhibition also has a specific area for medical tourism particularly focused on attracting international companies to invest in Algeria.

7.1.8 Key Market Opportunities for Maltese Operators

We feel that the best opportunities for Maltese operators would be to:

- i) attract targeted segments of the Algerian community to Malta to receive medical healthcare as this is becoming a highly-demanded service among the more opulent strata of the Algerian population; or
- ii) collaborate with Algerian institutions and service providers in providing human resources and capital investment in order to make the current Algerian facilities more efficient and improve the outpatient infrastructure through healthcare spas and similar types of resorts.

Both the foregoing types of internationalisation of the Maltese product are being increasingly sought after in a country which is slowly but consistently expanding and which gives a lot of importance to the healthcare system, particularly in a period when the Algerian Government is trying to attract foreign investment to give a quality and availability boost to this sector while also being in the initial stages of trying to attract medical tourists in order to offset the high expenditure levels that this will inevitably entail.



8. Conclusion

8.1 Summary and Outlook

Although they are not considered to be the safest or most sophisticated jurisdictions in terms of general investment and healthcare systems, both Serbia and Algeria offer considerable niche segment potential if the markets are approached in the right way.

8.1.1 Serbia

The Serbian healthcare system has been overseen by different governments over the last few decades. In many areas of the country, public healthcare is in a dire state and bribery has to be resorted to in order to access some of the basic services. With the help and support of the World Health Organisation, Serbia is working hard to address these issues. However, there's still a very long road ahead. Despite allocating numerous resources to improve the healthcare system, this spending is not translating into positive effects with life expectancy in Serbia being significantly below EU average.

The situation appears to be better in the private sector the services of which are not accessible to the preponderance of the local population due to affordability. For this reason, the Government, together with private investors, has tried to market Serbia as a medical tourism destination of choice in order to attract foreign investment targeted at boosting the healthcare system as a whole. An added benefit is that Serbia has a low cost of living that is considered very cheap compared to most European countries. Serbian service providers are promoting this low-cost (yet in some cases efficient) service in order to attract tourism and hopefully improve the general perception of the country.

8.1.2 Algeria

The healthcare system in Algeria has recently been receiving a lot of attention from the Algerian Government. The Algerian Government has increased healthcare spending which now accounts for almost 10% of the total operating national annual budget. Moreover, despite falling revenues, mainly attributed to the decrease in oil prices, the healthcare budget has never suffered any cuts. The results can be seen through an increase in life expectancy, a decrease in mortality rates and a free vaccination programme which now covers over 90% of the population.

For the past years, the Algerian Government has worked towards a new regulatory framework that would create synergies between the public and private sector, particularly aimed at improving the healthcare coverage and improving infrastructure by attracting foreign investors.

Overall, health indicators are improving thanks to strategic government planning and continued widespread coverage of health care for citizens. Further opportunities for private sector growth and investment are strong, particularly in the hospitality and outpatient industries.

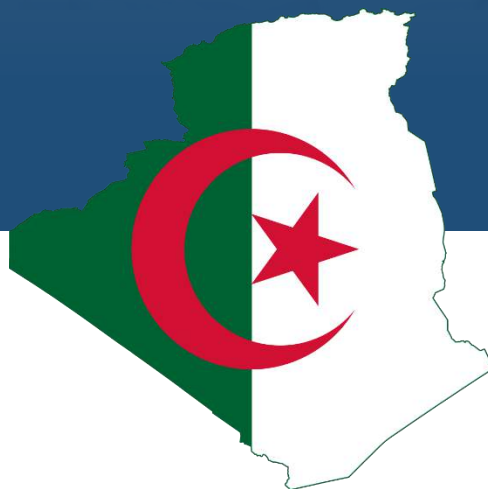
8.2 Final Comment

The two markets analysed in terms of attractiveness for healthcare services provide a series of possibilities for Malta-based firms. Both countries have pushed the healthcare sector high up in their agenda and are vigorously endeavouring to attract foreign capital investment and expertise, while developing niches that can alleviate the investment burdens that this requires, and in the process creating opportunities across the entire value chain.

In providing the analysis in the foregoing pages, we have sought to provide readers with some of the basic building blocks of a market penetration strategy on the basis of which one can build and premise his own.

This report and the other reports in this series are not intended to be academic or esoteric, but practical and empirically useful for doing business. We have accordingly sought to put together the essence of what every entrepreneur would need to know before targeting a new market. The views represented herein are purely those of the winning bidder (Equinox Advisory Ltd.) to the tender for services published by TradeMalta to commission this series of reports.

While hoping that you have found the information presented in this report to be useful, we also invite you to register at www.trademalta.org. Registration will grant you access to all the portal's features, which are tailored to help Malta-based companies reach new heights in international markets.



Operational Programme I – European Structural and Investment Funds 2014-2020
“Fostering a competitive and sustainable economy to meet our challenges”
Project part-financed by the European Regional Development Fund
Co-financing rate: 80% European Union, 20% National Funds

