



SOUTH AFRICA'S HEALTH SECTOR

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1. Country Overview

The Republic of South Africa (RSA) is the southernmost country in Africa with an estimated population of 59 Million. South Africa has a fertility rate of 2.46 births per woman. The country has three capital cities; Pretoria is the administrative capital; Cape Town is the legislative capital and Bloemfontein is the judiciary capital. There are 11 official languages: English, Zulu, Xhosa, Afrikaans, Northern Sotho, Tswana, Southern Sotho, Tsonga, Swazi, Venda, Southern Ndebele ^{[1][2]}.

South Africa's political transition is known as one of the most remarkable political feats of the past century. The ruling African National Congress (ANC) has been driving the policy agenda since 1994. The main health reforms, especially to the HIV epidemic, began during President Zuma's regime. The previous regime under then-President Mbeki promoted 'denialism' and a ban on anti-retroviral therapy, which further aggravated mortality from HIV/AIDS (330,000 deaths). This adversely affected the economy as many economically active people died ^{[3][4]}.

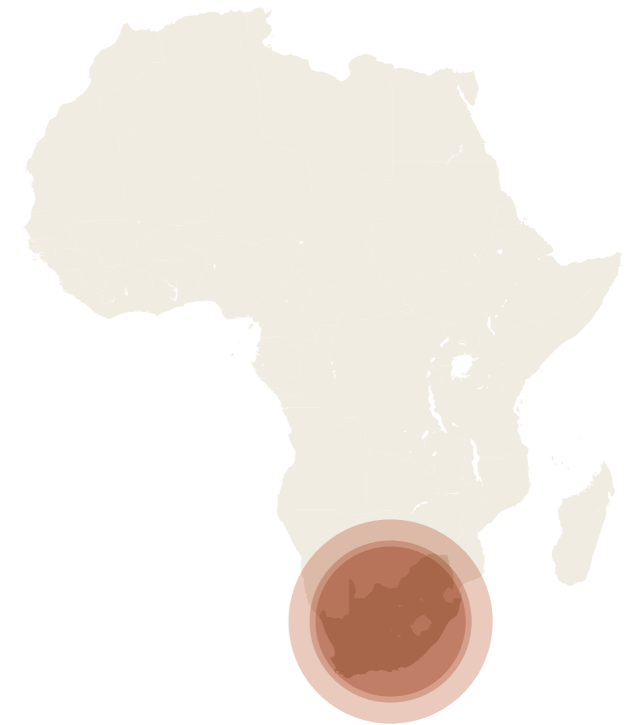
RSA remains a dual economy with one of the highest inequality rates in the world, which is further fuelled by the legacy of exclusion. For example, 10% of the population takes home about 65% of all income in the country, while the remaining 90% only take home 35%. Given the rapid population growth, Gross Domestic Product (GDP) per capita growth has been close to zero since 2014, leaving little room for reducing the poverty gap ^[3].

The Republic of South Africa is a member of the Commonwealth Nations, Group 77 of the UN, Southern African Development Community (SADC), South Atlantic Peace and Cooperation Zone, Southern African Customs Union (SACU), Antarctic Treaty System (ATS), World Trade Organization (WTO), International Monetary Fund (IMF), G20, G8+5, and the Port Management Association of Eastern and Southern Africa ^[5].

South Africa's main imports include crude petroleum, refined petroleum, cars, and gold. The main exports include gold, diamonds, and platinum. RSA exports mainly to China (\$17.1B), the USA (\$8.21B), and India (\$8B). They import from China (\$15.6B), Germany (\$7.23B), and the USA (\$5.49B). As of 2017, South Africa had a positive trade balance of \$26.4B in net exports ^[6].

South Africa is classified by the World Bank as an upper-middle-income economy. However, close to a fifth of the population live below a dollar a day. The unemployment rate is also at 28%, with the majority of unemployed being the youth 55% ^{[2][5]}.

The transport infrastructure in South Africa is modern and well-developed. The air and rail networks are the largest on the continent, and the roads are in good condition. The country's ports provide a natural stopover for shipping to and from Europe, America, Asia, Australasia, and both coasts of Africa ^{[5][6][7]}.



1.1. Key Country Statistics



64 ^[10]
Life expectancy
at birth (total),
2018



0.15 ^[8]
GDP growth
(annual %),
2019



42 out of 196
countries ^[9]
GDP ranking,
2018



29.85 ^[11]
Exports of goods
and services (%
of GDP), 2019



46.45
Imports as
a % of GDP,
2020



Exported goods, 2019: Gold
(\$16.8B), Platinum **(\$9.62B)**,
cars **(\$7.61B)**, Iron ore **(\$6.73B)**,
Coal briquettes **(\$5.05B)** ^[12]



Imported goods: Crude petroleum
(\$8.93b), refined petroleum
(\$4.25B), cars **(\$3.85B)**, vehicle
parts **(\$3.07B)**, Gold **(\$2.07)** ^[12]



Deficit of
\$17.52 Billion
^[14] Balance of
trade, 2019

2. Covid-19

As of 7th May 2021, 1,590,370 cases of the Coronavirus, 44, 620 deaths, and 1,511,905 recoveries were reported in South Africa ^[15]. The government announced a few measures to curb the spread of the COVID-19 pandemic. These included the declaration of a national state of disaster, a nationwide lockdown, travel bans, wearing of face masks by all citizens, and social distancing when in public spaces.

The first case was confirmed on 3rd March 2020 by the National Institute for Communicable Diseases. In the recent news, health officials have recorded a worrying increase in COVID-19 cases across many parts of South Africa, reported by the Minister of Health. Several districts in the country have been flagged by the national institute for communicable diseases (NICD) as 'under observation', due to a significant rise in the 14-day average percentage change ^[16]. According to the World Health Organization (WHO), a new variant of the virus emerged in South Africa last year and contributed to record case numbers in the southern African region ^[17].

Since the development and testing of the first Coronavirus vaccine, 366,101 vaccines have been administered to the population in South Africa. All health workers who wish to be vaccinated must enroll on the Electronic Vaccination Data System (EVDS). RSA developed a website specially dedicated to keeping the public up to date on any new emerging news and developments about the Coronavirus. All there is to know about the EVDS is featured as part of this website ^[18].

Despite the disruption the pandemic has had in the economy of the country, efforts are currently underway to combat the situation. The New Development Bank awarded South Africa a USD1 Billion emergency program loan for the country's economic recovery from COVID-19, mainly directed towards creating new employment opportunities. In addition to that, the U.S. Agency for International Development has committed \$3 million in funding to help in the roll-out of vaccines including the development of field hospitals and surveillance data to monitor progress ^[19].

3. Health Overview

South Africa's health sector is predominantly an out-of-pocket system, and therefore a price-sensitive market. About 84% of the population depends on the public healthcare system, while the rest of the population uses private healthcare. Only 16% of the population is covered by medical aid schemes regulated by the Medical Schemes Control Act of 1998. The rest pay for private care "out of pocket" or through in-hospital-only plans ^[20].

The physician ratio is about 40 per 10,000 people which translates to an estimated one government-employed doctor for every 2,457 people that are not covered by medical aid. In private care, one medical aid-registered doctor sees between 429 and 571 people. The recommended ratio by the World Health Organization stands at 10 physicians per 10,000 people ^[20].

There are more than 400 public hospitals and more than 200 private hospitals. The provincial health departments manage the larger regional hospitals directly. Smaller hospitals and primary care clinics are managed at the district level ^[20].

The three dominant hospital groups i.e., Mediclinic, Life Healthcare, and Netcare control 75% of the private hospital market ^[20]. The HIV/AIDS disease accounts for the most burdensome health care problem in RSA.

The top 10 causes of mortality in RSA are: ^[21]



HIV/AIDS



Ischemic heart
diseases



Stroke



Lower respiratory
infections



Diabetes



Tuberculosis,



Road injuries



Interpersonal
violence



Neonatal
disorders



Diarrheal
diseases

In July 2019, the President of South Africa, H. E. Cyril M Ramaphosa, launched the **Presidential Health Summit Compact** – 'Strengthening the South African health system towards an integrated and unified health system', which lays out a five-year roadmap for health systems strengthening reforms under the '9 pillars' for accelerating UHC in South Africa. Government, private and strategic partners are collaboratively involved in a national effort to create one health system and introduce universal health coverage in the form of National Health Insurance (NHI) ^[22].

The healthcare strategic priorities for RSA are:

- To reduce maternal morbidity and mortality.
- To reduce neonatal morbidity and mortality.
- To improve access to sexual and reproductive health services by expanding the availability of contraceptives.
- To expand Prevention of Mother to Child Transmission (PMTCT) and reduce antenatal positivity rate to 1%.
- To reduce under-5 mortality rates to less than 30 per 1000.
- To improve health and education outcomes amongst school-going children.
- Strengthening system for loss to follow up and contact tracing for Tuberculosis patients.
- Training of more healthcare workers.

Reduce risk factors and improve management of non-communicable diseases (NCDs) [14,18,19].

3.1 Key Health Statistics [23]



8.25

Current health expenditure (% of GDP), 2018

44.07

Domestic private health expenditure (% of current health expenditure), 2018

54.05

Domestic general government health expenditure (% of current health expenditure), 2018



7.73

OOP expenditure (% of current health expenditure), 2018



78

Maternal mortality ratio (national estimate per 100,000 live births), 2015



34.5

Under-five mortality rate (per 1000 live births), 2019

4. Challenges facing the private health sector

- The limited number of healthcare workers.
- Unfavorable regulatory environment especially for the new products.
- The cost of private healthcare in South Africa is among the highest in the world

5. Opportunities for the private sector to invest

- Political goodwill for foreign investment and public-private partnerships (PPPs).
- There is little local manufacture, and most of the medical equipment and devices are imported. South Africa has a potential market growth which is likely to be influenced by government commitment to implementing the UHC and increasing spending on healthcare.

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