

# HEALTH

## SECTOR PROFILE



**ZAMBIA DEVELOPMENT AGENCY**



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## **1.0 OVERVIEW OF THE HEALTH SECTOR IN ZAMBIA**

Zambia has a well developed private and public health care system which provides specialized medical services such as diagnostic, curative, etc. The private health sector in particular has earned the reputation as providers of good quality health care. Government has declared health care system as a priority sector.

### **1.1. Health Systems**

Health systems in Zambia are classified into three major categories:

- First Level comprising of Health Posts, Rural Health Centre and District Hospitals, where primary health care and preventive health services are provided.
- Second Level comprising the provincial and general hospitals, which provide the curative care
- Tertiary level comprising Central hospital and the National University teaching Hospital. Provide specialized care.

The arrangement of health services is along the same administrative lines with the district as the main focus of service delivery, the provincial as the secondary level and central and the university Teaching Hospital as the tertiary level of care.

### **1.2. Disease Burden**

The disease burden in Zambia varies according to climates with the most prevailing diseases being Malaria, HIV/AIDS, and Tuberculosis, Diarrhoea, skin diseases, Respiratory tract infections and Malnutrition. Recently Zambia is experiencing a sudden rise in traditionally not known diseases, these are the non-communicable diseases namely Cancer, cardiac, diabetes and renal diseases. This new pattern of diseases has brought with it numerous challenges for the health sector in Zambia, whose service delivery is predominantly public. The ill equipped public health facilities often lack capacity to handle these cases thereby causing the Ministry of Health and individual patients to seek treatment abroad.

### **1.3. Demand – Supply of Health Services and Products in Zambia**

Zambia and all the neighbouring countries except South Africa do not have hospital centres of excellence to treat cases requiring specialized treatment, and lack specialist diagnostic and treatment centres to treat cardio-vascular, liver, renal and cancer diseases.

#### ***a) Medical and Health Services Needs***

Zambia lacks specialist diagnostic and treatment centres to treat cardio-vascular, liver, renal and cancer diseases. Consequently over 150 patients each year require and seek for treatment of these diseases in foreign health facilities in South Africa, United Kingdom, India and United States of America where the

Government of Zambia and private Zambian individuals spend not less than USD \$10,000 per treatment.

To cut on these costs that are related with treatment in foreign Health facilities Zambia offers opportunities for the private sector to develop health facilities that could provide specialist medical diagnostic and treatment in the following areas:

- Cardiology
- Radiotherapy
- Neurology
- Urology
- Traumatology
- Nephrology & Dialysis
- Diabetology
- Dermatology
- Physiotherapy
- Key hole surgery
- Stem Cell Therapy
- Other surgical interventions

#### ***b) Laboratory Services Needs***

Laboratories are pivotal in epidemiological surveillance and in the control of infectious diseases and epidemics. However, Zambia has a very limited number of laboratories dotted around the country in hospital premises. However these fail to meet national and international standards due to lack of basic inputs and maintenance.

Existing investment opportunities in the laboratory industry are:

- Construction and rehabilitation of medical laboratories.
- Procurement of standard laboratory equipment and in house maintenance of existing equipment.
- Promotion of research in laboratory services

#### ***c) Need for Pharmaceutical Products.***

Zambia and all her surrounding neighbours have relatively high burdens of diseases that require high consumption of pharmaceutical products. Malaria, HIV/AIDS and other ailments have constantly triggered demand on these products, which are in most cases sourced outside the continent.

There are only seven (7) manufacturing companies and approximately 50 pharmaceutical trading companies in Zambia. Most of these are engaged in the manufacturing of basic pharmaceutical formulations (medicines). The majority of drugs required under the essential drug list are still being imported. In its quest to provide affordable good quality, safe and efficacious drugs the Zambian Government has identified a number of areas that require investment.

These include:

- Financing the procurement of essential drugs and equipment
- Storage and distribution of drugs
- Development of community pharmacies i.e. contracting/franchising out pharmaceutical services
- Supply/local production of cheap but quality essential drugs and raw materials e.g. ARVs and malaria drugs which are on huge demand in both Zambia and the region
- Drug research and development i.e. research in medicinal materials used in home remedies and by traditional healers

To this effect Government has announced a 5 Year Tax Holiday for Existing and Future Manufacturers and Waived Import duties and taxes on all raw materials, printing and packaging material for the Pharmaceutical manufacturing Industry.

Government also has waived all Import duties and taxes on capital expenditure for the Pharmaceutical Manufacturing and Printing Industry.

#### ***d) Human Resources Needs***

The public health sector in Zambia has for a number of decades been experiencing a human resource for health crisis. Public health facilities in Zambia are functioning at a capacity of 50% of qualified health personnel.

This situation has been attributed to the fact that Zambia has had for many years one of the most qualified human resources for health in the region such that its personnel has turned to be the most sought for recruitment not only in the region where countries with better economies are able to attract them to leave Zambia, but also in overseas countries namely the United Kingdom, Canada, Australia and United States of America.

The situation has been compounded by the failure of the Zambian economy to meet the demand for better and attractive salaries for medical personnel.

Zambia has only one medical school to train medical doctors and over twenty-one nursing and paramedical schools. Unfortunately there are more than 30,000 qualified candidates aspiring to be enrolled in health training institutions whose absorption capacity can only take 1,300 students through out the country.

Government views Private sector investment in human resources development in the health sector as an added value that will significantly contribute to increasing numbers of qualified health personnel in our health institutions and offset the effects of the brain drain in the health sector.

The SADC region presents a huge market for Zambian trained health personnel. Opportunities include:

- Medical schools
- Nursing schools
- Paramedical schools
- Medical Technology.

*e) Medical Tourism/ Health Tourism*

Medical tourism or Health Tourism refers to the increasing tendency among people to travel abroad in search of health options packaged with tourist attraction. The following are the areas of investment in medical tourism in Zambia:

- Medicare
- Rehabilitation and Recuperation.

Zambia's Victoria Falls, Lumangwe/ Kabwe Lume Falls and others sites present such rare opportunities of developing medical tourism.

*f) Growing of Medicinal Plants*

Government will facilitate Farm Land for Lease to encourage the Growing of Selected Active Pharmaceutical Ingredients such as Quinine and the Artemisian Derivative. Other medicinal plants such as Moringa and Lemon Grass are also earmarked for promotion.

## **2.0. INVESTMENT OPPORTUNITIES IN THE HEALTH SECTOR IN ZAMBIA**

Since 1992 the Government of Zambia has been implementing health reforms whose vision is to create environments that are conducive to health. Over the years, the success of the health reforms has made Zambia a favorable destination for Foreign Direct Investment (FDI) in health. This is because the Zambian Government has realised the comparative advantage that the private sector has in providing health care services. Hence Government has developed a policy that allows public private sector partnerships.

To this effect the Zambian leadership has demonstrated a high level political will and commitment to strengthen private sector participation in the provision of health services in Zambia.

Through the Strategic Action Initiative for Economic Development termed as Triangle of Hope (TOH), launched by the Government in 2005 the Health sector is among the key sectors being targeted for private investment.

### ***2.1. Priority Areas for Investment in the Health Sector***

Under Statutory Instrument N0 27 of 2007, the following areas in the health sector have been declared as priority sectors for investment by the private sector:

- Medical Services
- Manufacture of Pharmaceutical products
- Medical Laboratory Services
- Diagnostic Services
- Repair and Maintenance of medical equipment
- Provision of laundry Service to medical institutions
- Ambulance services
- Education & Training (Human Resource for Health Development)

### ***2.2. Opportunities for Public Private Sector Partnerships in the Health Sector***

The Government of the Republic of Zambia contemplates with keen interest the development of projects in form of Public Private Partnerships (PPPs) in all priority sectors including health. As an economic sector, the health sector offers numerous opportunities for PPP projects. The following are the identified of investment:

- Telemedicine
- Establishment of Hi-Tech Hospitals for treatment of specialized cases
- Diagnostic centre's
- Drugs logistics supply chain and storage
- Hospital fleet management and repair
- Laundry services
- Repair of medical equipment.
- Training of health personnel (medical school and nursing school)

## **3.0. INVESTMENT INCENTIVES IN THE HEALTH SECTOR**

The following incentives have been provided for investments in the health sector under the Zambia Development Agency Act:

- Zero percent tax rate on dividends for a period of five years from the year of first declaration of dividends
- Zero percent tax rate on profits for the first five years for years six to eight, only 50 percent of the profits will be taxed and for years nine to ten, only 75 percent of the profits will be taxed
- Zero percent import duty rate on raw materials and capital goods for five years

- Deferment of value added tax (VAT) on machinery and equipment including trucks and specialized motor vehicles imported for purposes of the investment

#### 4.0 REQUIREMENTS FOR SETTING UP A HEALTH FACILITY IN ZAMBIA

The following are the requirements for setting up a health facility in Zambia.

- Registration of company with PACRA
- Registration of company with Health Professions Council of Zambia
- Staff to be employed should be registered with Health Professions Council of Zambia
- The health facility should have a Doctor, Nurse/Clinical Officer, Receptionist and a Cleaner
- Fire certificate from Fire Brigade

For more information, get in touch with the Health Professions Council of Zambia.

#### 5.0 USEFUL CONTACTS

NAME	ADDRESS	TELEPHONE	FAX	EMAIL
1. Zambia Development Agency (ZDA)	P.O. Box 30819 Lusaka	260-211-220177	260-211-225270	info@zda.org.zm
2. Ministry of Health	P. O. Box 30205 Lusaka	260-211-253040-5	260-211-253173 Telefax 260-211-253344	moh@moh.gov.zm
3. Health Professions Council of Zambia	P. O. Box 32554 Lusaka	260-211-236241	260-211-239317	hpcz@iconnect.zm
4. Zambia Medicines Regulatory Authority	P. O. Box 31890 Lusaka	260-211-271086 260-211-220429	260-211-238454 260-211-238458	pharmacy@tra.gov.zm
5. Medical Stores Limited	P. O. Box 30207 Lusaka	260-211-242768 260-211-244185	260-211-246288	info@medstore.co.zm