



2019 Healthcare Market Insights: **NIGERIA**

Together for a healthier world

Report by

Medic West Africa 
By Informa Markets

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Market Synopsis

According to statistics from the Nigerian Economic Recovery & Growth Plan 2017-2020, at 52 years, the average life expectancy in Nigeria is lower than that of its peer African countries, e.g., Ghana (61 years) and South Africa (57 years). The prevalence of infectious diseases remains high. Nigeria ranks poorly on the incidence of tuberculosis (128 out of 138 countries) and the prevalence of HIV (123 out of 138 countries). On under-five child mortality, there are 89 deaths per 1,000 live births, a level far above the target of 64 deaths per 1,000 live births set in the UN Sustainable Development Goals (SDGs).

However, some progress has been made over the last 20 years. The maternal mortality rate in 2014 was 576 deaths per 100,000 live births compared to 1,000 deaths per 100,000 live births in 1990. However, Nigeria has a long way to go to meet the UN SDG of 70 deaths per 100,000 live births by 2030.

Analysis by the Oxford Business Group (OBG) suggests that the development of the Nigerian healthcare system has been hindered by several notable challenges, including limited public funding, a high communicable diseases burden, rising incidence of non-communicable diseases, elevated rates of infant and maternal mortality. Similarly, the World Health Organisation (WHO) highlights that there is high reliance on out-of-pocket (OOP) health payments as a means of financing health system in Nigeria and that this has continued for many years in spite of a consensus to move closer to Universal Health Coverage (UHC) and sustain it when achieved.

Despite these challenges, OBG analysis infers that Nigeria's large and young population (estimated at 200 million in 2019), widening deficits in primary and specialty care, and the state's encouragement of investment have created opportunities for growth across all levels of service provision.

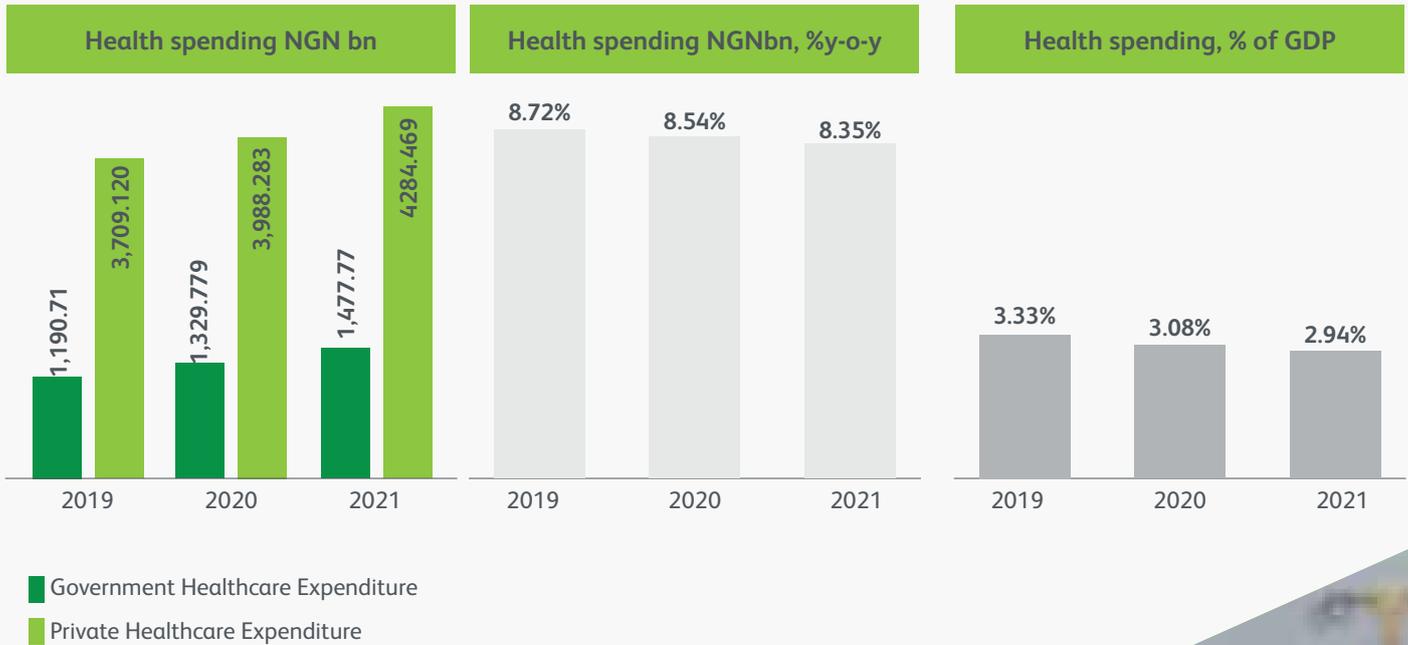
It has also been suggested that Nigeria's government can make healthcare affordable and accessible with improved service delivery through strategies in reversing workforce migration as well as outbound medical tourism and adopting a framework and policies by the government that would encourage private sector participation in the healthcare sector. Also, there is a need to increase technology adoption to spur growth and development in the country's healthcare industry.

Topline healthcare stats Nigeria

- Population in 2019 **200 million**
- Average life expectancy is **52 years**
- **Patient-to-doctor ratio 2500:1**
- NCDs are estimated to account for **29% of all deaths**
- Spending on healthcare to reach **NGN 5,762 billion by 2021**
- **US\$ 1 billion spent annually** on outbound medical tourism
- **<90% of population** living without health insurance

Health expenditure

According to a report by Fitch Solutions, healthcare expenditure in Nigeria is predicted to reach **NGN 5,762.061 billion by 2021 growing at a CAGR of 8.35% Y.O.Y.** This is up from an estimated NGN 5,318.061 billion in 2020. By 2021, healthcare spending is estimated to make up 2.94% of the country's GDP. While the government is expected to spend NGN 1,477.77 billion by 2021, the private sector will spend NGN 4,284.469 billion in the same period. This is up from NGN 1,190.71 billion and NGN 3,709.120 billion respectively in 2019.



Source: World Health Organization (WHO), Fitch Solutions



Health policy & provision

The national healthcare system in Nigeria is based on the three-tier system of primary, secondary and tertiary care. The Federal Ministry of Health (FMH) has the responsibility to develop policies, strategies, guidelines, plans and programmes that provide the overall direction for the National Health Care Delivery System. Local Government Councils are responsible for primary care services while the State Ministries of Health provide secondary levels of care. The Federal Government is responsible for tertiary care services.

As of 2014, healthcare services were delivered at over 34,000 health centres included on the FMH's master facility list, two-thirds of which were publicly administered; private firms ran the other third. Of the total, 88 % were primary facilities, 11.6 % offered secondary services and 0.25 % engaged in tertiary care, as indicated by OBG.

The National Health Act (NHA) of 2014 established a legal framework for the development, regulation and management of a national health system and set standards for service provision. According to OBG, the latest version of the National Health Policy (NHP), which was approved in February 2017, dovetails with the NHA in an effort to fulfil the UN's SDGs, particularly on Universal Healthcare Coverage.

The NHP establishes a framework for harnessing health development resources, with a focus on primary care networks, and seeks to increase the efficiency and affordability of service delivery. It contends to do so via 10 "policy thrusts" in areas as varied and connected as governance, financing, medicines and vaccines, infrastructure, data systems, research and development, Public-Private Partnerships (PPP) and community participation.

Policy objectives include:

- Improve the availability, accessibility, affordability and quality of health services
- Expand healthcare coverage to all Local Governments
- Provide sustainable financing for the health care sector
- Reduce infant and maternal mortality rates.

However, according to information outlined in the Nigerian Economic Recovery & Growth Plan 2017-2020, Nigeria's healthcare system still does not provide the level of service required to meet the needs of its population.

The Economic Recovery & Growth Plan 2017-2020 summaries several reasons for the poor performance of the country's healthcare services. These include insufficient financing, inadequate and inequitable access, weak supply chain management, limited human resource capacities and insufficient coordination, cohesion and accountability.

The Federal Government's health policy under the Economic Recovery & Growth Plan 2017-2020 aims to improve the availability, accessibility, affordability and quality of health services by increasing access to primary health care services, expanding health coverage and improving the quality of the services provided.

The Ministry of Health is leading these policy initiatives including revitalising the primary healthcare system, the rollout of UHC, strengthening delivery beyond the primary healthcare system, partnering with the private sector to develop mega-health services, and optimising the health-to-population ratio in the country.

Health insurance & social protection

The goals of the NHIS were to:

- Ensure access to **quality healthcare services**.
- Provide **financial risk protection**.
- Reduce rising costs of **health care services**.
- Ensure efficiency in health care through programmes,

Such as the:

- Formal Sector Social Health Insurance Programme (FSSHIP)
- Mobile Health
- Voluntary Contributors Social Health Insurance Programme (VCSHIP)
- Tertiary Institution Social Health Insurance Programme (TISHIP)
- Community Based Social Health Insurance Programme (CBSHIP)
- Public Primary Pupils Social Health Insurance Programme (PPPSHIP)
- And the provision of healthcare services for children under five years, prison inmates, disabled persons, retirees and the elderly.

Although the healthcare system in Nigeria has been evolving steadily since the country's independence in 1960, over 90 % of the Nigerian population is living without health insurance coverage. A number of healthcare reforms have been implemented, aiming to address the country's public health challenges. This includes:

- National Health Insurance Scheme (NHIS),
- National Immunisation Coverage Scheme (NICS),
- Midwives Service Scheme (MSS)
- Nigerian Pay for Performance scheme (P4P).

The NHIS, launched in 2005, is a combination of both compulsory and voluntary contributory health insurance schemes targeted at formal sector workers as well as informal sector workers. It aims to ensure access to quality health care services, provide financial risk protection, reduce the rising cost of healthcare services and ensure efficiency in healthcare.

A recent article published on the website internationalhealthpolicies.org describes how, as an implementing and regulatory organisation, the NHIS has suffered from ineffective leadership, lack of succession planning and a poor governance structure over the years. It suggests that this is why investments in the scheme have not resulted in equitable access to healthcare and improved health outcomes for NHIS patients.

Nevertheless, some states have begun to develop their own health insurance schemes, the article continues. This is a welcome development, considering the fact that the health insurance scheme was made optional for states under the NHIS Act.





Private sector participation

The contribution of the private sector to the Nigerian healthcare industry is increasing. With rising levels of disposable income among some segments of society and the limited supply of public hospitals that are overstretched and under-funded, there is greater demand for private coverage.

According to research from OBG, the demand for health services, particularly treatments of maternal health and Non-Communicable Diseases (NCDs), is projected to rise with income and demographic growth, while the low rate of insurance penetration, the economic recovery and policy incentives should create long-term opportunities. It also highlights that the Nigerian state has demonstrated an interest in utilising PPP frameworks to entice businesses to make up the deficit.

Taking into consideration the government's willingness to embrace the contribution of the private sector in sectors such as power and telecommunications, greater private sector participation could also help resolve some of the inadequacies of the public health system as well as help relieve funding pressures.

Indeed, in order to harness the resources in both the public and the private healthcare sectors in Nigeria, the country has developed a National Policy on PPPs for health, aligned with the National Health Policy. According to the Nigerian Investment Promotion Commission, a myriad of investment opportunities exists across the healthcare value chain in Nigeria and investors interested in taking advantage of these opportunities will benefit from taking a long-term view of the market and keeping in consideration the dynamics of healthcare investment in developing nations.

However, analysis from OBG finds that more could be done to provide support and foster a more conducive operating environment to stimulate private investment in the sector.

Nigeria's performance on key socio-economic indicators

137



Nigeria's rank on infant mortality out of 140 countries

54%



Primary net enrolment ratio in Nigeria

53%



Proportion of infant mortality and maternal deaths attributable to malnutrition

52



Years of life expectancy in Nigeria

10mn



School age children that are out of school

24%



Proportion of children under the age of 5 that are underweight

59%



Proportion of births attended by skilled health personnel

63%



Children in rural areas who cannot read at all

17.6mn



Number of unemployed/underemployed youths in Nigeria

10 investment opportunities in nigeria's healthcare sector:

The country's large and growing population

A swelling middle class with the capability to pay for services

Economic recovery and policy incentives should create long-term opportunities

Rising demand for specialty services

An increase in the incidence of chronic and infectious diseases

Policy and regulatory projects to expand the use of PPPs in healthcare

The government's willingness to plan and partner with private providers

The increase in the rate of non-communicable diseases

Building and improving the sector's physical assets

Numerous investment opportunities in the near term will be in the SME sector





The workforce

In Nigeria, several issues have been identified within the healthcare sector, especially in training, funding, employment, and deployment of the health workforce. In a research paper by Davies Adeloje et al. (2017) published in *Human Resources for Health*, a number of health workforce crises have been reported in recent times due to several months' salaries owed, poor welfare, lack of appropriate health facilities and emerging factions among health workers.

According to Davies Adeloje et al., the national health system needs a solid administrative policy foundation that allows coordination of priorities and partnerships in the health workforce and among various stakeholders.

Data from the World Health Organisation (WHO) also suggests that Nigeria has one of the largest stocks of human resources for health (HRH) in Africa but, like the other 57 HRH crisis countries, has densities of nurses, midwives and doctors that are still too low to effectively deliver essential health services (1.95 per 1,000).

The patient-to-doctor ratio in Nigeria is 2500:1, more than four times higher than the WHO'S recommendation of 600:1. Given this gap and current demography, the country needs up to 10 times its current number of, according to comments made by the president of the Nigerian Medical Association.

In recent years, migration to foreign countries has declined, and the primary challenge for Nigeria is inadequate production and inequitable distribution of health workers, the WHO reports. The health workforce is concentrated in urban tertiary health care services delivery in the southern part of the country, particularly in Lagos.

Medical tourism

The number of Nigerians leaving the country to seek medical treatment abroad is increasing, and this is having a significant impact in terms of lost revenue on the Nigerian economy. The authorities have said that tens of thousands of Nigerians travel every year to the US, UK, India, Thailand, Turkey, France, Canada, Germany, Malaysia, Singapore, Saudi Arabia, and China, among other countries, to seek treatment for medical issues ranging from kidney transplants, open heart or cardiac surgeries, neurosurgeries, cosmetic surgeries, orthopedic surgeries, eye surgeries and other health conditions, and even delivering babies. Nigeria's Health Ministry says it is building several world-class health centres to address the issue.

According to Price Waterhouse Coopers (2016) report, Nigerians spend US\$ 1 billion annually on medical tourism with 60% of it on four key specialties, namely: oncology, orthopaedics, nephrology and cardiology. This is nearly 20% of the total government spending on public health sector for the year including salaries of all public sector doctors, nurses and other healthcare workers as well as other health programmes like malaria, tuberculosis, polio and HIV/AIDS prevention as total government expenditure on health sector for the year 2015 which stood at \$5.85 billion.

Meanwhile, in an article titled *Medical Tourism in Nigeria: Challenges and Remedies to Health Care System Development*, Abubakar, M. et al. outline several ways forward to stop the increase in outbound medical tourism. This includes ensuring adequate funding for the healthcare system, improving the healthcare facilities and upgrading medical equipment, offering better remuneration, training and motivation for healthcare workers, enforcement of legal action against medical negligence, increased medical research and encouraging foreign investment.



How to restore patient's trust in nigerian healthcare system?

Recognise that addressing the problem will require long term, sustained and strategic actions

Fundamental changes across a wide range of stakeholders

Defining and instituting clinical protocols and treatment pathways

Investment in developing clinical expertise

Strengthening regulations around healthcare practice

Source: PWC

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