

Healthcare

...together for a healthier Nigeria.



Overview

It has been estimated that about 30,000 Nigerians spend \$1 billion annually on medical tourism. 60 percent of this amount is spent in four major areas of healthcare, namely cardiology, orthopedics, renal dialysis issues and cancer. Africa may be home to less than 15 percent of the world's population but it is the continent where up to 25 percent of the world's diseases occur. Nigeria, being the most populous nation in Africa, has a large number of cases of widespread communicable diseases.

The three tiers of government run public health in Nigeria. The Federal government is responsible for coordinating affairs in Federal Medical Centers and University Teaching Hospitals. The State government is responsible for running general hospitals while the local government is responsible for dispensaries. Late 2014, the Federal Government signed the National Health Act and approved the establishment of state-supported health insurance scheme, by the National Council on Health. This has granted the private sector the opportunity to play a bigger role in the delivery and financing of health services across the country.

The healthcare sector in Nigeria is broad and complex as it includes primary, secondary and tertiary healthcare. The Nigerian Sovereign Investment Authority (NSIA) has set a goal of facilitating private sector investment in the healthcare space by establishing public-private partnerships.

The Nigerian healthcare market is large and diverse. Its value chain comprises of manufacturers, health service providers, medical insurance, retailers, distributors, health financing entities, and medical education providers. There is a need for investment in all these areas but there has been a concentration of investment in multispecialty hospitals, niche healthcare providers, standalone diagnostic facilities and Health Maintenance Organizations (HMOs).

As most investors prefer the high financial returns of specialty hospitals and diagnostic facilities, primary healthcare in Nigeria has not seen high levels of investment. Investment in primary healthcare provision can create immense value for both providers and beneficiaries if it can leverage on a large enough population and an associated network of diagnostic capabilities and specialist input.

There is an opportunity in the Nigerian healthcare system to overhaul outdated healthcare technology, as the deficiency of infrastructure means there are no vested interests or high costs of implementing new technology.

A myriad of investment opportunities exists across the healthcare value chain in Nigeria. 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.

The Nigerian Healthcare System

It can be said that Nigeria's healthcare system has succeeded in different fronts. Through various government policies, the Nigerian healthcare system has been developed to accommodate the wide growing concerns in public healthcare.

The National Health Insurance Scheme (NHIS) is Nigeria's health insurance for majority of citizens. The healthcare system in the country relies majorly on the success of this insurance scheme.

Some of the benefits that citizens get from the National Health Insurance Scheme include;

- Out-patient Care

- Maternity Care: This insurance scheme covers up to 4 live maternal births
- Preventative Care: Which includes immunization, family planning and health education
- Specialists Consultation
- In-patient care: A citizen can access inpatient care in a standard ward for up to 15 days per year.
- Preventative Dental Care

These are some of the services that citizens under this scheme may get from the government.

Another good thing with the Nigerian Healthcare System is that it has freely covered children under the age of 5 and the disabled. This is a milestone that the system has achieved.

It is also worth mentioning that the insurance scheme is quite affordable and thus citizens can be easily covered.

The Primary Healthcare Plan

In August 1987, the federal government launched its primary health care plan with the following major objectives:

1. Improve collection and monitoring of health data
2. Improve personnel development in the health care
3. Ensure the provision essential drug availability
4. Improve on immunization programs
5. Promote treatment of epidemic diseases
6. Improve food supply and nutrition
7. Improve material and child care, and family planning
8. Educate people on prevailing health problems and the methods of preventing and controlling them.

Investors interested in taking advantage of the opportunities in primary healthcare provision can design their proposed ventures to meet some of the listed objectives for fuller support from the federal government of Nigeria.

Investment Opportunities

It has been estimated that Nigerians spend about \$1 billion on medical tourism per annum. Top medical tourist destinations include India, Europe, the United States and the Persian Gulf. There is obviously a ready market of Nigerians seeking high quality medical care with the requisite purchasing power.

Although there are over 130 pharmaceutical companies in Nigeria, only 9 are listed on the stock exchange. Of the total drug consumption in Nigeria, the indigenous pharmaceuticals companies are only able to meet about 45 percent of the demand for drugs. This provides an avenue for import substitution.

Investment opportunities include:

- ✓ Specialist hospitals,
- ✓ Diagnostic and Trauma Centers,
- ✓ Ambulance Services,
- ✓ Mobile Clinics
- ✓ Pharmaceutical manufacturing,
- ✓ Smallholder specialist clinics among others.

The nation's healthcare is attracting foreign investors that are improving the outlook of the healthcare industry, which many describe as a growth market. Furthermore, there is possibility of franchise arrangements with some global health care service providers, under which the indigenous company will be the sole local manufacturer of some globally renowned drugs and healthcare products.

With a population of more than 180 million, there is a huge gap between healthcare needs and actual provisions, which presents huge opportunities for multinationals with extensive capacity for research and capital for investments.

Besides, the industry has witnessed many landmark changes in recent years, including a law that mandates compulsory health scheme for employees and a step-up in the anti-counterfeit and substandard drugs campaign.

Stakeholders in the healthcare sector and the capital market have agreed that there are immense opportunities in the healthcare. At the quarterly sectoral dinner of the Nigerian Stock Exchange (NSE) for the healthcare sector, the Federal Government, NSE, capital market operators and chief executives of healthcare firms brainstormed on the ways the capital market can foster the development of the sector.

Leading Pharmaceutical Companies in Nigeria

Several global pharmaceutical and healthcare firms are currently operating in Nigeria. Some of them include:

- Pfizer Global Pharmaceuticals
- Mega LifeSciences
- VitaMedics
- GlaxoSmithKline
- May & Baker

Some others are scouting for acquisitions and partnerships with Nigerian companies as part of global investment focus on the healthcare sector. Investment opportunities and partnerships include contract manufacturing and investment in new facilities by some health care services providers.

Competitive Advantage

- Willingness of the federal government to facilitate private sector investment in healthcare provision, especially in the area of primary healthcare.
- The National Health Bill, signed into law in 2014, provides a framework for the regulation, development and management of a national health system. It is also specifically aimed at expanding private sector participation in the sector.
- Efforts are underway to reverse the outflow of funds, in excess of \$1 billion per annum, spent on medical tourism.
- There is a supply gap in the pharmaceutical industry and this presents a ready opportunity for investors.

Competitive Labor Costs and Abundant Human Capital

Nigeria's labor cost is one of the most competitive in the world, with an average monthly wage of US\$213 (according to the National Bureau of Statistics). Nigeria has a young and dynamic population of over 70 million persons within the ages of 15 to 35.

Incentives

Some of the incentives granted by government in the health care sector include:

1. Pioneer Status
2. Tax Relief for Research and Development
3. In-Plant Training
4. Minimum Local Raw Material Utilization

5. Investment Promotion and Protection Agreement (IPPA)
6. Capital Allowance
7. Local Value Added

Success Stories

St. Ives Specialist Hospital



St. Ives Specialist Hospital, Lagos

St. Ives Specialist Hospital, Lagos is a multi-specialist hospital that offers dedicated expert services in all matters of women, children and family health. One distinguishing service at St. Ives is the In-Vitro Fertilization (IVF) treatments, which are affordable and accessible.

For more information, please visit:
<http://www.stivesng.com/>

Primus International Super Specialty Hospital, Abuja



Primus International Super Specialty Hospital, Abuja

Primus International Super Specialty Hospital, Abuja is Nigeria's largest kidney transplant, Orthopedics and Joint replacement center in the country. The Hospital is a state of the art institute of specialized surgery conveniently located in the heart of Nigeria's capital, Abuja.

Primus Hospital has been designed and constructed using the most advanced medical technology, available in the world. With prominent surgeons from across the globe, excellent infrastructure and state of the art advanced technology. Primus Super Specialty Hospital is set to continue its legacy of providing the best healthcare facilities in the African continent.

For more information, please visit:

<http://www.primushospitalnigeria.com/index.html>