

Focus on Nigeria



Facts & Figures

Capital:
Abuja

Monetary
unit:
1 Nigerian
naira

Life expectancy:
52 years (men),
53 years (women)
(UN)

GNI per capita:
US \$1,180
(World Bank,
2010)

Largest city:
Lagos

Major languages:
English (official),
Yoruba, Ibo, Hausa

Main exports:
Petroleum,
petroleum
products,
cocoa, rubber

Population:
162.4 million
(UN, 2011)

Major
religions:
Islam,
Christianity,
indigenous
beliefs

Source:
NSO

The Federal Republic of Nigeria lies in Western Central Africa, on the Gulf of Guinea. It became a democracy in 1999 and it is Africa's biggest oil producer and most populous country with 160 million inhabitants and more than 250 ethnic groups.

The northern part of the country is mainly populated by Muslim while Christians live predominantly in the South-Eastern states. Part of the population still belongs to traditional African religions. Poverty is a pressing issue as it affects 70% of population, 37.5% of which is categorized as living in extreme poverty.

Moreover, security concerns arise from ethnic and religious tensions as well as separatist claims that often burst into violent conflicts and attacks, especially in Northern Areas where the imposition of Islamic law forced thousands of Christians to move out of the region.

Economy

According to the Economist, Nigeria's economy may become Africa's biggest economy in 2016.

The latest "Economic Outlook" released by the Nigerian Statistical Office shows encouraging GDP figures:

- after several years of sustained growth at 7-8%, the country's GDP is projected to grow by 6.5% in 2012 (a decline from 7.6% recorded in 2011)
- over 7% average growth rate in the period 2013-2015

Nigeria is one of the world's richest countries in natural resources:

- 12th largest oil producer
- 8th largest oil exporter in the world
- 7th largest natural gas reserve

However, the oil sector suffers the lack of adequate infrastructure and refining industry, and it is subject to corruption and mismanagement; it also arises contestations among activists that claim a greater share in revenues from this sector that generates wealth only for a small part of the local population.

Inflation is another problematic issue, even though the average rate decreased from 13.8% in 2010 to 10.9% in 2011. The projected inflation rate in 2012 will be 13.5%, and it is expected to remain around 12% until 2015.

Nigeria's government has set the ambitious goal to become one of the top 20 economies of the world by the year 2020 and is therefore revising its policies to diversify the economy and ensure more inclusive growth.

In an interview at the 2012 IMF World Bank Spring Meeting in Washington D.C. Mrs Ngozi Okonjo-Iweala, Nigeria's Finance Minister, claimed that some steps in this direction have already been done with higher **investment in agriculture and infrastructure** development, and support programs for young entrepreneurs.

Country Overview

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The Minister stated that current government focus is on investing in sectors that are **job-creating**. As the oil and mining sectors are more capital-intensive and do not provide enough employment to benefit large shares of the population, agriculture and manufacturing are the two sectors that can better serve this purpose.

According to the Manufacturers Association of Nigeria, **manufacturing** contributes less than 5% to the country's GDP and industrial capacity is between 35% and 40%, but the sector is growing at annual 10%, despite challenges such as power supply interruptions, high financing costs, poor transport infrastructures and a complicated import tariff regime.

The strongest manufacturing segments are food and beverage (22%), cement, textiles and household chemicals, while most electrical consumables are imported from Asia. The manufacturing sector is mainly concentrated in greater Lagos, while heavy industry complexes and chemical, pharmaceutical and engineering conglomerates are located in South-Central and South-East Nigeria.

Moreover, several tertiary sectors are developing: telecommunication registered 34.7% growth in 2011, while wholesale and retail, building and construction, hotel and restaurants and real estate all grew between 10-12%.

Reducing the dependency on oil and developing job-creating sectors is therefore crucial to make growth more inclusive by extending it to rural areas that experience significantly higher poverty rates than the cities.

Investment incentives

Mineral resources and agricultural products are the traditional sectors of investment in Nigeria, but leather and textile industry are also expanding. As a result of debt reduction agreements, Nigeria was the first African country to fully pay off a debt of about \$30 billion.

Although high import tariffs and import bans were introduced due to protectionist and import-substitution policies, Nigeria is relieving taxes on several import products while at the same time trying to encourage local source of raw materials to be processed in the country and re-exported.

The Nigerian government is adopting measures aimed at attracting foreign investment into the country. As reported by the Ministry of Foreign Affairs, the Companies Income Tax Act has been amended to the purpose and the current **income tax rate** in all sectors except for petroleum.

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Other tax measures include the Pioneer status tax holiday which is currently granted to 69 pioneer industries (including medical manufacturing industries) located anywhere in the Federation and the "Seven-year tax holiday" for industries located in economically disadvantaged Local Government Areas.

In particular, a pioneer industry located in one of such areas has 100% tax holiday for seven years plus additional capital depreciation allowances.

Moreover, investments in R&D are encouraged as **120% of R&D expenses** are **tax deductible** if carried out in Nigeria related to the business generating the revenue.

Since the Nigerian Investment Promotion Commission Act was approved in 1995, foreign investors may own 100% shares in any company and repatriate their profits and dividends net of taxes through an authorised dealer in freely convertible currency.

Basic Health Indicators



Source:
UNIDO, UNICEF; Nigerian Health Journal

Double taxation agreements with a number of countries allow tax payable in Nigeria on profits of a Nigeria company being remitted into the country to be reduced by the amount of "foreign tax" paid abroad. Nigeria has DTA with UK, France, Netherlands, Belgium, Pakistan, Canada, Czech Republic, Philippines and Romania; negotiations are in progress with other countries like Turkey, Russia, India, and Korea. Companies investing in Nigeria are obliged to register with the Corporate Affairs Commission which has recently established regional offices.

Healthcare

According to a report released last year by the UN Industrial Development Organization, Nigeria's health indicators are still too poor to meet most of the targets for the Millennium Development Goals (MDGs) set for 2015.

The main challenges in Nigeria's healthcare system include:

- fragmented health service delivery
- inadequate and inefficient financing
- weak health infrastructure
- inefficient distribution of the health workforce
- lack of management and poor coordination amongst key players
- low motivation among health workers
- frequent stock-outs of essential medicines and supplies

Despite the existence of numerous primary health centres and a relatively high level of investment in health, good-quality basic health services are not easily available to poor people as their distribution, as well as the referral system, is insufficient.

Primary healthcare is under the responsibility of Local Government Authorities in charge of providing basic care, education and prevention, diagnosis and treatment for most common diseases. They refer complicated cases to secondary care centres such as comprehensive health centres and hospitals treating minimal complex cases in medical, surgical, paediatric and obstetric care, while more complicated cases are referred to the tertiary or specialist hospital.

As reported in the paper *"Infrastructural distribution of healthcare services in Nigeria: An overview"* (Journal of Geography and Regional Planning, 2009) the comprehensive health centres are often privately owned (such as Gold Cross Ikoyi in Lagos, Victory Hospital, Ijebu-Igbo) whereas general hospitals are owned and funded by government

(such as Ijebu-Ode, Ikeja, Ilesha, Oluyoro in Ibadan, Abeokuta). Primary health centres are mainly associated with rural and semi-urban environments or mixed population, while general hospitals are located in the state capitals and a few other big towns.



A tertiary or specialist/teaching hospital handles complex health cases either as referrals from general hospitals or on direct admission to its own. Teaching hospitals also conduct researches and are often university-based (such as Lagos University Teaching Hospital, [LUTH], University College Hospital (UCH), Ibadan, The National Orthopedic Hospital, Igbobi Yaba, The Psychiatric Hospitals in Aro, Abeokuta and Yaba in Lagos, National Hospital in Abuja, University of Nigeria Teaching Hospital, Enugu, etc.).

Tertiary hospitals are controlled and funded by the Federal Government and by some states that have and run state universities, so they are mainly urban-based. As they need to be accredited for teaching purposes, such hospitals must meet international standards in terms of equipment, specialists and auxiliary staff.

Dr. Olumuyiwa Odusote, Chairman of the Lagos State Medical Guild, recently recognized that 70% of healthcare services in Nigeria are provided by private hospitals, and therefore not accessible to many Nigerians who cannot afford to pay for them, while public health institutions are under-staffed and ill-equipped to meet demand. This remarks the need to increase the implementation of the National Health Insurance Scheme as only 10% of the population can benefit it.

According to the World Bank that is allocating \$150 million for the Nigeria State Health Investment Project, the country's government has started addressing the issues that prevent poor people from accessing basic healthcare.

Maternal and child health are a particular concern due to the high rate of infant mortality and the difficult access to proper healthcare for the majority of population also accounts for low life expectancy still registered in the country. Moreover, the burden of diseases such as malaria and HIV is also high.

Other categories of healthcare services that have been given high priority include non-curative components of primary health care, such as sanitation health education, national preventive campaigns against childhood diseases and free compulsory immunization programs.

The main problem of the Nigeria's health system is the uneven distribution of healthcare services, favouring the urban areas where the majority of educated Nigerians, government functionaries and richest groups live, while rural population remain largely underserved.

According to the World Bank that is allocating \$150 million for the Nigeria State Health Investment Project, the country's government has started addressing the issues that prevent poor people from accessing basic healthcare. Some Nigerian states such as Adamawa, Nasarawa and Ondo are introducing changes at the health center level based on so called "Results-Based Financing", a performance-based incentive approach, currently focused on maternal and child health. The World Bank has destined \$21.5 million to fund, among other things, an impact evaluation to test the success of the approach in the three pilot states and its applicability to the other states of Nigeria.

The role of the private sector

The limited ability of the public health system to meet the demand for healthcare of the whole Nigerian population implies as a possible solution an increased role played by the private sector. It could act as a partner in providing quality health services, especially to rural, lower-income, and remote populations that are currently finding more barriers to access them. A study conducted by USAID on the potential outcome of a greater engagement of the private sector in Nigeria's health system shows some interesting figures on this topic:

Number of private medical professionals

Doctors: 20,000 (roughly the same as in public sector)

Nursing staff: 60,517 (about 50% of public)

Laboratory staff: 8,456 (42% of public)

Pharmaceutical staff: 2,202 (16% of public)

Total private medical staff: 111,587 (288,061 public)

Source: USAID

This means that a urban resident has access to nearly three times as many public sector doctors and four times as many private sector doctors compared with a rural resident; moreover, he or she also has access to twice as many nurses/midwives overall. Rural residents have therefore access to much fewer numbers of doctors and nursing staff compared to urban residents across both the public and private health sectors.

According to the study, private health facilities attract new graduates (doctors as well as nurses) at a higher rate than public health facilities. Despite being concentrated in few geographic zones, and lower in number compared to the public sector, private facilities employ more than their proportionate share of Nigeria's doctors.

USAID estimates that by assuming current entry/exit rates, the stock of private sector nursing staff will be almost constant in the future, while the total number of private of doctors will grow over time, potentially widening the gap with the public sector.

Telemedicine is seen as a promising instrument to favour rural and semi-urban communities that lack access to healthcare facilities. As part of Nigeria's agenda for universal access to primary healthcare services that aims at providing access to a form of healthcare service within 15 kilometers to every Nigerian by 2015, technology infrastructure development, capacity building and training for healthcare personnel are all priority areas for health investment.



The Society for Telemedicine and e-Health in Nigeria (SFTeHIN), is encouraging adoption by of telemedicine by hospitals, public agencies and private healthcare operators including social entrepreneurs who work in rural communities.

In May 2007, the Nigerian Communications Commission (NCC) issued third generation (3G) licenses to four telecommunications companies to pave the way for high speed voice, data and video transmission networks.

Supply of medical equipment

Most of medical equipment and pharmaceuticals in Nigeria need to be imported as local production is limited to peripheral items such as hospital beds and gurneys due to lack of infrastructure and know-how to produce more sophisticated medical equipment.

As malaria is on of the most common diseases especially among young children and pregnant women, equipment for preventing and treating malaria cases is particularly needed.

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According to a market insight by Global Impact Consulting, demand for medical equipment derives both from public and private sector which also account for much of the imports and informal exports to West Africa. The private sector is also the main purchaser of refurbished and used medical equipment. The same report highlights the opportunities for professional training and environmental services to address the lack of specialist expertise in many specialized fields and the current shortage of cutting-edge technology application in most healthcare institutions in Nigeria.

Another market analysis from Frost & Sullivan estimates that revitalisation and new hospitals' market, valued at \$125.4 million in 2010, is going to reach \$149 million by 2017. The emerging Nigerian middle class is said to be adopting more Western lifestyles that impact on the increase of non-communicable diseases and lead the richest part of the population to seek private care in order to access better quality and avoid long waiting lists that are common in the public sector.

The rising demand for specialist healthcare services is driving the construction of new hospitals although the high costs due to the necessity to import most of the machinery and materials except for those that can be sourced locally. Moreover, power and water supply may be an issue.

Public-private partnerships are usually a good way to invest in the health sector as it expands available financing while improving efficiency and enhance quality of health services through more rapid investments in infrastructure and new medical technology, which in turn holds the potential to attract and retain more expertise and better performing staff. On the other hand, the private sector may benefit from under-utilised government operating theatres, equipment, and buildings.



“In Nigeria and other developing countries, sustainable access to healthcare and other socio-economic services and products can be accomplished through public-private partnerships, where the government delivers the minimum standard of services, products and or care, the private sector brings skills and core competencies, while donors and business bring funding and other resources. Such collaborations will be especially productive in promoting poverty alleviation through micro-finance, enhancing health through partnerships as has been the case with polio eradication and other childimmunization efforts.”

**Foundation for Public-Private
Partnerships, Nigeria**

Oral Health

In an article released by the Nigerian magazine “Vanguard”, an evaluation of Nigeria’s oral health indicators shows that preventable conditions such as dental caries, periodontal diseases, oral cancers and oral manifestations of HIV infection are increasing and the need for treatment remains largely unmet.

In his lecture entitled “Current Trends in Oral Health Care in Nigeria: Forging the Way Forward”, Dr ‘Bimpe Adebiji, Head of Dentistry Division and Chief Dental Officer at the Federal Ministry of Health, identified some of the reasons for the poor oral health profile of Nigeria:

- low oral health awareness among policymakers and the population
- misconceptions about oral health
- absence of framework for oral health financing
- inadequate consideration for oral health in the primary healthcare system

Although the Ministry of Health has devised a new oral health policy, there is still enormous work to be done to overcome such obstacles, especially as regards the low awareness of the importance of oral health which is common even among educated Nigerians, while the majority poorer and non-educated people don’t even ever go seeing a dentist.

The National Oral Health Policy acknowledges the need to integrate oral health in the general health system and particularly with primary healthcare services, together with the implementation of an effective referral system.

The government aims at providing accessible, efficient and sustainable oral health to the Nigerian population, with special focus on prevention, early detection and prompt treatment of oral diseases especially for infants, children, adolescents. The number of dentists and dental technicians is estimated at 2,482.

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