



## 2016 Top Markets Report **Medical Devices** Country Case Study

### Nigeria

The Nigerian healthcare sector is grossly underdeveloped and does not meet local needs. Much of the healthcare infrastructure is confined to major cities, with people living in urban areas getting four times as much access to healthcare as those living elsewhere. The private health sector is highly fragmented, consisting of many small medical facilities that are owned by medical professionals. Most of these hospitals have few facilities and fewer than 10 beds.

Overall Rank

**57**

According to a 2015 BMI report, there were an estimated 3,534 hospitals in 2014, 950 of which were in the public sector. These included 54 federal tertiary hospitals comprising 20 teaching hospitals, 22 federal medical centers, three national orthopedic hospitals, the National Eye Centre, the National ENT Centre and 7 psychiatric hospitals, which are overseen by the Hospital Services Department of the Federal Ministry of Health (FMOH). The private sector is the dominant provider of care in many areas, accounting for the greater part of secondary care facilities. In 2005, the FMOH estimated that there were around 9,000 private health facilities, but information on their location and the level of care provided was patchy. Private health facilities are thought to include around 2,600 private hospitals and clinics. Nigeria had an estimated 134,000 hospital beds in 2014, equal to 0.8 per thousand populations, which is well below the rate for the African region. The number of hospital beds is estimated to have grown at a compound annual growth rate (CAGR) of 3.8 percent since 2009, slightly higher than population growth but at an insufficiently high rate to have a significant impact on the population bed ratio. The number of doctors is estimated to have grown at a CAGR of 2.7 percent since 2009, reaching 66,555 in 2014. The number of dentists is extremely low with less than 3,000 registered in 2014.

#### Country Highlights

Capital: Abuja

Population: 170,123,740 (est. 2012)

GDP (USD): 509 billion (2014)

Currency: Naira (NGN)

Language: English (official)

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Despite these recent improvements, Nigeria's health infrastructure still remains low and insufficient to cater to the country's growing population. As a result, over 30,000 Nigerians travel to India, the United Arab Emirates, the United States, South Africa and Europe each year on medical tourism for major treatments, such as open heart surgeries, renal transplants, brain surgeries, cancer and eye treatment. An estimated \$1 billion is spent on these therapies. Nigeria's health sector contribution to GDP is 5 percent, and the country remains a net importer of medical equipment and prescription medicines. Local production of medical devices is limited to peripheral items, such as hospital beds and gurneys. Local pharmaceutical manufacturing companies only have the capacity to produce over-the-counter drugs, especially those for treating the

common cold, malaria and headaches, as well as some low end prescription remedies. Prospects exist for U.S. companies largely in the medical diagnostics domain. Magnetic Resonance Imaging (MRI), Computed Tomography scanners (CT), Digital X-Ray, Ultrasound, Mammography, ultrasound scans, and anesthesia technologies will see demand.

In 2013, the Nigerian government announced a zero tariff on imported medical equipment, pharmaceutical manufacturing machinery and packaging materials, but industry sources say the legislation has not yet been implemented. A duty rate of 20 to 25 percent on medical equipment still applies.

### **Market Entry**

As in many locations, the most effective way for U.S. manufacturers and suppliers to penetrate the Nigerian market is by taking advantage of the matchmaking services and programs of the Commercial Service in both the United States and Nigeria. For establishing a presence in Nigeria, we recommend that U.S. companies use agent/distributor relationships with local companies vetted by the Commercial Service in Nigeria. Contractual terms and conditions must be fully spelt out with local partners, and we recommend using the services of an attorney.

### **Current Market Trends**

Consumer health has been gradually growing in the past 5 years due to increasing health awareness. Many Nigerians, however, still resort to self-medication rather than visit a hospital when in need of medical care, largely due to the relatively high cost of hospital treatment. About 61 percent of Nigerians live on less than \$1 a day, according to country's statistics bureau, while 69 percent of health payments are out-of-pocket, according to the health ministry. The wealthy seek specialized care overseas because of the dearth of professional medical personnel and the dilapidated health infrastructure. Over the years, poor remuneration has forced many healthcare professionals to seek opportunities abroad, especially in Europe and the United States. The President of the Association of Nigerian Physicians in the Americas says the number of Nigerian doctors in the U.S. alone is between 4,000 and 5,000. Labor strikes by doctors employed

both by federal and state hospitals are a regular feature. Thus, patients are often driven to seek medical attention from private clinics.

Despite these challenges, the Nigerian healthcare sector is expected to grow under the government's National Strategic Health Development Plan (NSHDP) introduced in 2010. Under the NSHDP, the Government of Nigeria and its institutional partners plan to spend \$26.7 billion in the construction and upgrade of hospitals, diagnostic centers and laboratories; procurement of modern medical equipment and drugs; and manpower development.

Additionally, the Nigerian Health Insurance Scheme (NHIS), established in 2004 by the Nigerian government as its flagship affordable health insurance institution with the oversight to provide universal health coverage to its citizens, has licensed 60 Health Maintenance Organizations (HMOs). Although most of those enrolled into the NHIS program are public sector employees, private sector organizations and individuals are joining quickly. According to the NHIS, about 7.2 million Nigerians have so far been registered. The goal is to cover 100 percent of the population by 2020. This trend is expected to significantly increase the number of people with access to hospital care and reduce out-of-pocket payments.

A report published by Euromonitor International in May 2014 indicates that independent drug stores remain the major channels of distribution of consumer health products. Direct selling continues to be a relatively important sales method, which is partly responsible for driving overall growth of consumer health. Internet retailing, however, remains insignificant but is enjoying growth.

### **Main Competitors**

According to industry intelligence, European products dominate the Nigerian market, but Chinese and Indian manufacturers have made significant inroads, especially in the low end medical devices segment. Asian manufacturers largely employ direct marketing methods and often travel to Nigeria to visit with suppliers and hospitals as part of their business development tactics.

## Current Demand

Demand for diagnostic related equipment and technologies such as Magnetic Resonance Imaging (MRI), Computed Tomography scan (CT), Digital X-Ray, Ultrasound, Mammography, ultrasound scans, as well as anesthesia kits and mortuary equipment have increased significantly since the introduction of the National Strategic Health Development Plan (NSHDP). Used medical equipment is in high demand, especially by small and mid-sized private health clinics, diagnostic centers and laboratories due to their small budgets. Price and after sales support are the most competitive factors when selling to Nigeria.

## Registration Process

The National Agency for Food and Drug Administration and Control (NAFDAC, [nafdac.gov.ng](http://nafdac.gov.ng)) regulates food and drug products in Nigeria.

For NAFDAC's guidelines on medical devices, visit [bit.ly/1D6zg7M](http://bit.ly/1D6zg7M).

For guidelines on pharmaceutical products, visit [bit.ly/1JLLTCb](http://bit.ly/1JLLTCb).

Due to the complications involved in the NAFDAC registration process, U.S. exporters are advised to encourage their Nigerian partners to seek registration on their behalf. A U.S. company does not need to re-register an already registered product with NAFDAC if it decides to change its local agent or distributor. In this case, the U.S. exporter simply needs to withdraw its power of attorney from its old local representative, give the power to its new partner and inform NAFDAC of the change in writing.

The Standard Organization of Nigeria (SON, [son.gov.ng](http://son.gov.ng)) is responsible for compliance with equipment specification and import standards. Importers of drug products and medical devices must first register them with NAFDAC prior to import.

## Barriers

As stated above, in 2013, the Nigerian government announced a zero tariff on medical devices. To date, the new tariff regime still has not taken effect, leaving a duty rate of 20 to 25 percent.

## Trade Events

*Nigeria Pharma Manufacturers Expo*  
September • Lagos, Nigeria •  
[nigeriapharmaexpo.com](http://nigeriapharmaexpo.com)

*Medic West Africa Exhibition and Congress*  
October • Lagos, Nigeria • [medicwestafrica.com](http://medicwestafrica.com)

Nigeria's healthcare professional associations include: the Nigerian Medical Association (NMA, [nigeriannma.org](http://nigeriannma.org)), Association of General and Private Medical Practitioners of Nigeria (AGPMPN, [agpmpn.org](http://agpmpn.org)), Association of Medical Laboratory Scientists of Nigeria (AMLSN, [amlsn.org](http://amlsn.org)), Pharmaceutical Society of Nigeria (PSN, [psnnational.org](http://psnnational.org)), and Healthcare Federation of Nigeria (HFN).