



Frequently Asked Questions

On Public-private Partnership in the Health and Pharmaceutical Sector

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Introduction



Public-Private Partnerships (PPPs) are becoming an increasingly important mechanism for financing, building, and operating healthcare infrastructure and services in Nigeria. With government budgets stretched and demand for quality healthcare rising, PPPs offer a way to leverage private sector expertise, innovation, and capital to improve the health and pharmaceutical sector.

This FAQ provides clarity for healthcare investors, policymakers, and operators on the key regulatory, contractual, and operational considerations for PPP projects in Nigeria's health and pharmaceutical space.



What is a Public–Private Partnership in health care?


A healthcare PPP is a long-term contract between a public health authority and a private sector partner to design, finance, build, operate, or maintain healthcare facilities or services.

It involves a collaborative effort between government entities and private sector organizations, building on their strength and resources to improve healthcare delivery. Examples include hospital upgrades, diagnostic centres, supply-chain logistics, and pharmaceutical manufacturing plants.






Which laws regulate the healthcare Public-Private Partnership in Nigeria?




At the Federal level, the Infrastructure Concession Regulatory Commission Act of 2005 is the principal legislation for regulating PPP contracts. States have their own Public-Private Partnership laws and agencies, e.g., the Lagos State Public-Private Partnership Law and the Lagos State Office of Public-Private Partnerships.

In addition, specific health-related laws like the National Health Act, 2014, Public procurement regulations, Companies and Allied Matters Act, 2020, Central Bank of Nigeria Act, and Nigerian Investment Promotion Commission Act, may apply.



What are some examples of successful healthcare public-private partnerships in Nigeria?



a. LASUTH Diagnostic Centre, Lagos

Built and operated by a private partner under a concession model, it is known as BT Health and Diagnostic Centre. It is a product of a Public-Private Partnership between the government of Lagos State and PPC Limited.

b. Garki Hospital, Abuja

Managed under a lease agreement with private operators, improving service delivery and equipment upgrades. This was a product of a Public-Private Partnership executed by the Federal administration as a model to test the strength of the Public-Private Partnership policy.

What are the typical Public-Private Partnership models used in healthcare?



In Nigeria and globally, healthcare PPPs are structured using different models depending on the project scope, financing, and risk allocation. Common models include:

a. Build-Operate-Transfer – The private partner finances, builds, and operates the facility for a concession period to recoup investment before transferring it to the government.



b. Management Contracts – Private operators manage existing public facilities.

c. Lease Agreements – The private partner leases a public health facility and invests in service upgrades, in return for paying lease fees.

d. Service Contracts – The government engages private providers to deliver specific services while retaining ownership and oversight.

e. Joint Ventures / Equity Partnerships – Public and private partners co-invest in healthcare projects, sharing ownership, risks, and returns.

f. Affermage / Hybrid Models – Variations where the private sector manages operations while investment responsibilities are shared between public and private partners.





What risks do investors face in Healthcare Public-Private Partnerships?



Investors in healthcare PPPs face several risks that must be carefully assessed and allocated in project agreements:

Regulatory and Policy Risk, Financial Risk, Foreign Exchange Risks, Demand and Affordability Risks, Operational Risks, and Political and Institutional Risks.



What sectors within healthcare present the strongest PPP opportunities?



High-potential areas include diagnostic centres, oncology and specialised care facilities, pharmaceutical and vaccine manufacturing, medical supply chains, e-health and telemedicine platforms and health insurance schemes.

These sectors combine high demand with strong policy support.





What incentives are available for private investors in healthcare Public-Private Partnership in Nigeria?




Private investors participating in healthcare PPPs in Nigeria can access a range of incentives designed to encourage investment in critical infrastructure and services. Key incentives include:



a. Import duty waivers for medical equipment

b. Access to Low-Cost, Long-Term Loans: Through the Central Bank of Nigeria's (CBN) Healthcare Sector Intervention Facility, investors can access financing at concessional

interest rates for long tenures. What this means is that the investor pays much less in interest over the life of the loan compared to standard commercial loans. This directly increases the project's profitability. Moreso, the long tenures mean lower annual or monthly payments; invariably, this will improve the project's cash flow, making it more financially stable and reducing the risk of default.



c. Viability Gap Funding (VGF): The government can provide a direct capital subsidy to make economically essential but financially marginal projects attractive to private investors. It is specifically designed to make projects that might otherwise not be profitable enough to attract private investment financially viable. It bridges the gap between the project's cost and its expected returns, ensuring the investor can make a profit.

d. Tax Incentives



How do Public–Private Partnerships in healthcare align with Nigeria’s Universal Health Coverage goals?



Public-Private Partnerships (PPPs) play a strategic role in advancing Nigeria’s commitment to achieving Universal Health Coverage (UHC) by expanding access to quality services, mobilising private investment for modern infrastructure, improving efficiency, and reducing patient out-of-pocket costs.

By blending public accountability with private innovation, PPPs strengthen healthcare delivery and bring Nigeria closer to affordable care for all.



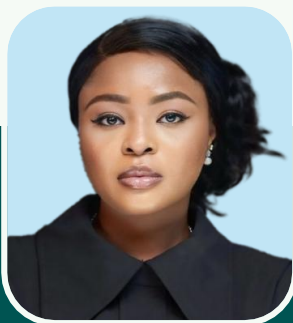
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