



Health and Pharmaceutical Sector: Quarterly Insights for Q2 2025

Executive Summary

The second quarter of 2025 marked a dynamic phase in Nigeria's health sector, defined by reforms in pharmaceutical manufacturing, international collaboration, and stringent regulatory enforcement. The Federal Government announced a two-year exemption on import duty and VAT for pharmaceutical raw materials to boost local drug production and affordability. Codix Bio Ltd, a private Nigerian firm, unveiled the nation's first large-scale Rapid Diagnostic Test (RDT) manufacturing facility, a significant step towards self-reliance in disease diagnostics. Domestically, the House of Representatives declared a state of emergency in the Federal Capital Territory's health system, citing gross inadequacies in infrastructure and personnel. Internationally, China pledged \$500 million to the World Health Organization, while Nigeria solidified partnerships with Brazil on

pharmaceuticals and health data systems. Bill Gates pledged the majority of his US\$200 billion fortune to Africa's development over the next 20 years, recognizing Nigeria's leadership in public health reform. NAFDAC intensified its enforcement and reform agenda: reopening Onitsha drug markets under stricter controls, sealing shops selling unregistered bleaching products, and uncovering a fake drug facility in Delta State. It also introduced three major policies: Greenbook, Traceability Regulation, and Pediatric Regulation, to combat fake medicines and improve drug safety. Meanwhile, President Tinubu rejected the NDLEA Amendment Bill, reinforcing the federal government's commitment to constitutional compliance and accountability in asset recovery frameworks.

Codix Bio to Revolutionise Diagnostics in Africa with Nigeria's Large-scale Rapid Diagnostic Test Manufacturing Facility

Q2 also witnessed the launch of Nigeria's first large-scale facility for the local production of Rapid Diagnostic Test (RDT) kits. The facility, named Codix Bio Ltd, is a subsidiary of Codix Pharma Ltd and is located in Sagamu, Ogun State. This state-of-the-art plant commenced operations in May 2025. The facility aims to manufacture RDT kits for diseases such as malaria, HIV, and hepatitis B and C, addressing the continent's heavy reliance on imported diagnostics, over 90% of which currently come from outside Africa.

This initiative builds on Codix Pharma's earlier achievement with Colexa Biosensor Ltd, which, in December 2023, became the first facility in Sub-Saharan Africa to manufacture blood glucose meters and test strips. The company's strategic expansion to include diagnostics kits positions it as a leading African health technology company serving not only Nigeria but also West Africa and beyond.

This development aligns with global efforts to increase local manufacturing capacity in low- and middle-income countries, enhancing access, affordability, and health security.





Reps Call for State of Emergency in FCT Health Sector

In Q2, 2025, the House of Representatives called for a state of emergency in the Federal Capital Territory (FCT) healthcare system, citing severe infrastructure deficits and critical staff shortages. The motion, moved by Rep. Nnamdi Ezechi, seeks urgent federal intervention to address the sector's inability to keep pace with Abuja's rapid population growth and health needs, especially for those with limited financial resources.

The call comes amid a chronic shortage of bed space, overstretched medical personnel, and inadequate funding across hospitals in the Federal Capital Territory (FCT). These issues have led to growing concerns about patient care, rising mortality rates from preventable conditions, and deteriorating public trust in government-run health facilities.

The House of Representatives urged the Ministry of Health and the FCT Administration to conduct a comprehensive assessment of existing health facilities and release emergency funds for infrastructure upgrades, medical equipment

procurement, and the recruitment of additional healthcare workers. A dedicated ad-hoc committee will investigate the current state of hospitals and submit actionable recommendations within four weeks.

China to Donate \$500 Million to World Health Organization, Stepping into the Gap Left by the United States

In a significant move to bolster its global standing, China pledged \$500 million to the World Health Organization (WHO) over the next five years, positioning itself to become the organization's top state donor following the United States' withdrawal.

This was announced by Vice Premier Liu Guozhong at the World Health Assembly in Geneva in Q2 2025. The donation is framed as a rejection of unilateralism and a push for global solidarity in health. This strategic commitment reflects Beijing's intent to fill the

leadership vacuum left by the U.S. and to expand its influence in international institutions.

China's increased involvement in the WHO aligns with its broader strategy to enhance its global influence across various sectors, including climate policy, peacekeeping, and supply chains. Analysts suggest that Beijing is leveraging its global investments and diplomatic efforts to redefine global governance in its favor, particularly as the U.S. retreats from multilateral commitments.

Nigeria Partners with Brazil on Drugs, Healthcare Data and Others

In Q2, Nigeria and Brazil signed agreements to deepen cooperation in pharmaceuticals, healthcare data, workforce exchange, and possibly defense. The partnership seeks to bolster local drug production, data-sharing infrastructure, and professional training, which are part of Nigeria's broader health-tech renaissance. With this partnership, Nigeria will be collaborating with Brazil on regulatory harmonization, clinical trials, and digital health systems, leveraging Brazil's experience to help Nigeria modernize its pharmaceutical data, strengthen NAFDAC systems, and improve drug oversight. The collaboration is also part

of a broader "Green Imperative" agenda backed by a US\$1 billion investment to support mechanized agriculture, food security, drug oversight, and cultural exchange.

The cross-continental deal points to a robust cross-continental policy platform and aligns with Nigeria's strategy to reduce reliance on imports, build domestic manufacturing capacity, and embed technology in public health solutions. The initiative aligns with significant regulatory and policy implications, needing expertise for successful execution.

2ND SESSION OF THE NIGERIA-BRAZIL STRATEGIC DIALOGUE MECHANISM



**RENEWED HOPE
AGENDA**



Agenda for U

Bill Gates Pledges A Majority of US\$200 Billion Wealth Over 200 Years Toward Africa's Health and Development

Just at the end of Q2 2025, and during the African Union in Addis Ababa, Bill Gates declared that the bulk of his planned US\$200 billion philanthropic outlay over the next two decades will be directed to Africa. The Bill and Melinda Gates Foundation aims to partner with Governments within the African region to prioritise primary healthcare, quality education, and health innovation, including AI deployment. Gates pledged that after 2045, the foundation will cease operations, with only 1% of his wealth earmarked for his children.

Gates highlighted the foundation's role in expanding maternal and infant survival, eradicating infectious diseases, and lifting communities from poverty through health and education investments. He commended African countries such as Nigeria for bold public sector leadership and innovative health interventions.

The pledge represents arguably the largest individual philanthropic commitment in history, aligning with a broader shift from traditional aid to large-scale private sector-led development financing.

Nigerian Company to Make HIV, Malaria Test Kits After U.S. Funding Cut

In Q2 2025, a Nigerian manufacturer, Codix Bio Ltd, disclosed that it will begin producing HIV and malaria rapid test kits at its newly established facility near Lagos, Nigeria. This strategic initiative responds directly to a significant drop in U.S. funding, primarily via USAID, which provided approximately US\$740 million in 2024 for disease prevention and vaccine campaigns.

The factory, developed in collaboration with South Korea's SD Biosensor and supported by the WHO, has an initial capacity of 147 million kits per year, with room to expand to over 160

million. Codix Bio aims to cover Nigeria's domestic demand and supply rapid test kits to regional markets in West and Sub-Saharan Africa.

Given Nigeria's position as having the highest global malaria burden and the fourth-highest HIV prevalence, this manufacturing capability is crucial. Codix Bio is positioning itself as a key supplier for government health programs and agencies like the Global Fund, targeting the gap left by USAID withdrawals.

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Regulatory Oversight and Enforcement

NAFDAC Reopens Onitsha Drug Market, Issues Fresh Conditions To Traders

In Q1, we witnessed the shutdown of the Onitsha head bridge drug market for compliance purposes. In Q2, the Director General of the National Agency for Food and Drug Administration and Control (NAFDAC), Prof. Mojisola Adeyeye, announced the reopening of the market, popularly known as 'Ogbo Ogwu'.

While announcing this reopening, NAFDAC also announced that shop owners must meet strict administrative conditions before the reopening of their shops to prevent a recurrence of the issues that led to the closure. According to the DG, shop owners are required to complete documentation and clearance procedures before their shops can be unsealed.

Adeyeye also disclosed that a dedicated NAFDAC desk has been established to facilitate the process efficiently, ensuring compliance with regulatory standards. She stated that only shops that meet the conditions will be allowed to resume operations. She further emphasised that the market has now been reopened, with all shop owners directed through their union to obtain and sign an undertaking, along with a penalty for past violations of distribution regulations.

This further demonstrates the commitment of NAFDAC to ensure that the health sector is properly regulated and that facilities comply with relevant requirements.

NAFDAC Seals Shops and Seizes Harmful Bleaching Products In Kano

In Q2, NAFDAC also conducted a targeted enforcement operation in Sabon Gari, Kano State, arresting six individuals and sealing multiple shops over the sale of unregistered skin-bleaching creams. The products were often marketed as spa treatments but contained unsafe, unauthorized substances, prompting public outcry and regulatory action.

During the raid, which was sparked by social media reports and official directives, NAFDAC carried out surveillance, mystery shopping, product profiling, sample collection, and immediate enforcement via sealing and arrests. The coordinated effort involved the agency's enforcement directorate and local coordinators. The crackdown underscores heightened

vigilance against cosmetics posing health risks due to unauthorized substances.

NAFDAC emphasized its mandate to safeguard public health by regulating cosmetics, urging consumers and retailers to verify products through licensed channels and report suspicious items. The agency also reaffirmed its commitment under DG Prof. Adeyeye to strict enforcement and proactive surveillance. Cosmetic importers and distributors must now heighten compliance by securing product registration, implementing batch testing, and setting up supply chain traceability.

NAFDAC Uncovers Fake Drug Factory in Delta State

In Q2 2025, the National Agency for Food and Drug Administration and Control (NAFDAC) uncovered a clandestine fake drug manufacturing facility in Azagba-Ogwashi, Asaba Capital Territory, Delta State. Acting on a tip-off from concerned citizens, NAFDAC officials raided the three-storey building, revealing a significant cache of counterfeit and expired injectable drugs.

Among the seized items were expired chloroquine phosphate, engometrin, petazine, gentamycin, promethazine, and thousands of unidentified injections

wrapped in paper. Additionally, authorities confiscated printed packaging materials, generators, and a drum containing nails soaked in liquid substances.

During the operation, NAFDAC apprehended the wife of the prime suspect, who has since been arraigned in court for her involvement in the illicit activities. Efforts are ongoing to locate and arrest the main suspect. This discovery underscores the persistent challenges Nigeria faces with counterfeit pharmaceuticals, which pose severe risks to public health and safety.

NAFDAC Launches New Initiatives to Combat Fake Drugs in Nigeria

The end of Q2 witnessed an introduction by NAFDAC of three major initiatives, Greenbook, the Pharmaceutical Products Traceability Regulation 2024, and the Pediatric Regulation 2024, at a North-West Zone workshop. The initiatives are targeted at combating the persistent problem of substandard and falsified medicines in Nigeria.

The Greenbook serves as a digital verification portal that allows consumers, pharmacists, and healthcare providers to verify the authenticity of pharmaceutical products using either the product name, brand, or NAFDAC registration number. This is a major leap in empowering the

public with accessible, real-time data on registered medicines and strengthening consumer protection against fake or unapproved products.

Additionally, the new Traceability Regulation makes Nigeria the first country in Africa, and second globally, to require pharmaceutical products to carry unique identifiers, allowing them to be tracked across the supply chain. The Pediatric Regulation complements this by setting age-specific standards for the quality, formulation, and labeling of children's medicines, reinforcing NAFDAC's commitment to targeted health safety interventions.

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Legal and Regulatory Updates

The Nigeria Tax Act 2025 Introduces Vat Zero-rating for Pharmaceutical and Healthcare Products

The Nigeria Tax Act 2025 (“the Act”) was enacted on June 26, 2025, following the assent of President Bola Ahmed Tinubu. Pursuant to Section 187(b) of the Act, all medicinal and pharmaceutical products, including medicinal herbal products, are classified as zero-rated for Value Added Tax (VAT) purposes. This implies that no VAT is levied at the point of sale, and eligible businesses are entitled to recover any input VAT incurred.

Pharmaceutical products are given a broad definition to include components or finished products of both modern and traditional medicine intended for human use in the diagnosis, cure, mitigation, or treatment of disease or injury, and prevention of disease, provided such products are approved by the relevant regulatory authority.

This reform is expected to have a positive impact on the sector by reducing production and importation costs, thereby enhancing the affordability and accessibility of medicines and medical supplies across the country.

President Tinubu Rejects Assent to NDLEA Amendment Bill

On June 26, 2025, President Tinubu withheld assent to the NDLEA Amendment Bill that would have allowed the agency to retain a portion of proceeds from drug-related crimes. He cited a conflict with constitutional and financial laws, which require that all proceeds be paid into the consolidated federal crime recovered funds account.

The President emphasized that under existing law, the disposition of seized assets must follow strict oversight, which requires presidential approval, FEC consent, and National Assembly sign-off. Giving NDLEA retention

power could bypass these checks, weakening accountability.

Lawmakers must revise the bill to align it with constitutional provisions before it can be passed into law. Meanwhile, the decision highlights the administration's commitment to robust oversight frameworks for asset recovery and inter-agency accountability.

Conclusion

The second quarter of 2025 marks a strategic shift in Nigeria's health sector, characterised by local manufacturing incentives, regulatory reforms, and enhanced international collaboration. The Federal Government's tax exemptions and engagement with private and global partners reflect a growing commitment to self-reliance and innovation. NAFDAC's assertive enforcement efforts underscore the importance of

regulatory compliance, while key legal decisions, such as the rejection of the NDLEA Amendment Bill, reinforce the need for institutional accountability. To sustain this momentum, Nigeria must continue to invest in infrastructure, foster public-private partnerships, and uphold transparency, ensuring that equitable, safe, and accessible healthcare becomes a national standard.

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