



# **Catalyzing Public Private Partnerships For Sustainable Healthcare Innovation in Nigeria: Legal Framework, Strategies and Opportunities.**



## Introduction

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The Nigerian healthcare system currently faces significant challenges, from outdated infrastructure,<sup>1</sup> and insufficient funding, to a shortage of healthcare professionals.<sup>2</sup> Public health facilities are often stretched beyond capacity, leaving many Nigerians with limited access to quality care. These challenges, coupled with a rapidly growing population, have made it clear that a new approach is needed.

To address these problems, there is a growing recognition that Public-Private Partnerships (PPPs) can offer practical solutions to bridge these gaps. By leveraging the expertise,

resources, and innovation of the private sector, PPPs can help improve healthcare delivery, modernize infrastructure, and foster sustainable development. These collaborations allow the government to fulfill its duty of providing essential healthcare services while relying on private sector efficiency to drive innovation and improve outcomes. In this article, we will explore the legal framework that governs PPP in the Nigerian healthcare sector, strategies that can advance its use, and the opportunities they present for creating a sustainable and innovative healthcare system.

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<sup>1</sup> US Department of Commerce, 'Nigeria - Healthcare' (2023) International Trade Administration <https://www.trade.gov/country-commercial-guides/nigeria-healthcare> accessed 10 September 2024.

<sup>2</sup> Anthonia Obokoh, 'Key Issues to Shape Nigeria's Healthcare Sector in 2020' Business Day (Lagos, 10 January 2020) <https://businessday.ng/health/article/key-issues-to-shape-nigerias-healthcare-sector-in-2020/> accessed 10 September 2024.

# The Role of Public-private Partnerships in Healthcare Innovation

In Nigeria, PPPs can play several key roles in driving healthcare innovation, including:

## 1. Infrastructure Development

One of the major pressing needs in Nigeria is the development of modern healthcare infrastructure. Through PPPs, the private sector can contribute to the construction of new hospitals, clinics, and specialized healthcare centers. This would be particularly impactful in rural areas where healthcare access is severely limited. For instance, private firms could partner with the government to build state-of-the-art diagnostic centers or specialist hospitals, as seen with the Royal Children's Hospital in Australia. This would help bridge the gap in healthcare availability and improve patient outcomes across the country.

## 2. Introduction of Advanced Healthcare Technologies

PPPs are also a powerful way to introduce advanced medical technologies to Nigeria. By partnering with private firms that specialize in medical devices or health technology, Nigeria can modernize its public healthcare facilities. Imagine, for example, a collaboration between a private medical technology company and a public hospital to equip it with cutting-edge diagnostic tools, such as MRI machines or robotic surgery systems. This would not only improve

healthcare services but also position Nigeria's healthcare sector as more globally competitive.

## 3. Adoption of Digital Health Solutions (Telemedicine and Mobile Health Platforms)

Digital healthcare is a growing field, and PPPs can help Nigeria embrace telemedicine and mobile health platforms. These innovations are particularly useful in a country like Nigeria where healthcare access is uneven. Through a PPP, a tech company could partner with the Ministry of Health to develop and deploy telemedicine services, which would allow patients in remote areas to consult doctors from anywhere. In India, similar collaborations have allowed rural populations to access specialists via telemedicine platforms, which has improved the overall access to care while reducing costs and travel times.

## 4. Facilitation of Research and Development (R&D) Collaborations

PPPs provide an excellent framework for fostering research and development in healthcare. By collaborating with private pharmaceutical companies or research institutions, the Nigerian government could support initiatives to develop new treatments or vaccines for diseases prevalent in the country, like malaria.

A clear example of this global collaboration can be seen in the development of COVID-19 vaccines, where public and private sectors worked together to produce life-saving vaccines at an unprecedented pace. In Nigeria, similar efforts could focus on tropical diseases, bringing much-needed medical advancements to the local population.

### **5. Access to Private Sector Funding for Healthcare Projects**

Funding has always been a

constraint for Nigeria's healthcare system. The government alone cannot meet the financial demands of large-scale healthcare projects. This is where PPPs become critical. Through partnerships with private investors, Nigeria can secure funding for building new healthcare facilities, purchasing medical equipment, or upgrading existing hospitals. A practical example would be a private consortium financing the construction of new hospitals in exchange for long-term service agreements with the government.

## **Legal Framework Governing PPPs in the Nigeria Healthcare Sector.**

The legal framework for PPPs in Nigeria's healthcare sector is essential for facilitating structured collaboration between the public and private sectors. While there are general laws in place for PPPs, specific frameworks catering to the healthcare sector are either absent or underdeveloped. However, Nigeria has several existing laws and regulatory bodies that set the foundation for PPPs in various sectors, including healthcare.

### **1. The Infrastructure Concession Regulatory Commission (ICRC) Act, 2005**

The ICRC Act provides the overall legal framework for PPPs in Nigeria, including infrastructure development, which extends to healthcare facilities. Under this law, the ICRC is tasked with regulating PPP projects across the country, ensuring transparency, and promoting best practices in public

infrastructure projects. This Act allows government institutions to partner with private entities for projects, which extends to healthcare projects, such as the building of hospitals, clinics, diagnostic centers, and other health infrastructure.

### **2. The National Health Act, 2014**

The National Health Act outlines the legal provisions for the management and regulation of Nigeria's healthcare system. It also provides a framework for the involvement of private actors in the health sector. This Act gives the federal government the authority to seek private-sector involvement in healthcare services, especially in financing, constructing, and managing health infrastructure. It mandates the use of innovative financing models and partnerships to improve service delivery.

A limitation to this Act is that while it encourages private-sector engagement, it does not exactly offer a comprehensive regulatory framework for structuring PPPs, leaving much of the details to be negotiated on a case-by-case basis.

### **3. Public Procurement Act, 2007**

The Public Procurement Act establishes the legal guidelines for public sector procurement in Nigeria. It mandates that all public contracts follow competitive and transparent processes, ensuring value for money. This Act plays a crucial role in ensuring that PPP projects, including those in the healthcare sector, are subject to fair and competitive bidding processes, which would help prevent corruption and ensuring that the best-qualified private partners are selected for healthcare projects.

### **4. State-Level PPP Laws**

In addition to federal laws, several Nigerian states, including Lagos, and Ekiti have their own PPP laws and regulations. These state-level laws often provide more detailed guidance on PPP structures, financing models, and implementation at the state level. States have a significant role in healthcare provision under Nigeria's federal system. State-level PPP laws

can facilitate local healthcare projects, especially in primary and secondary healthcare delivery, where the state governments play a more direct role.

### **5. The National Health Insurance Scheme (NHIS) Act, 1999**

The NHIS Act provides a legal framework for health insurance in Nigeria and has the potential to facilitate PPPs focused on healthcare financing. Through the NHIS, the government can partner with private insurers to expand healthcare access, particularly for low-income populations. The NHIS allows private insurers and healthcare providers to work with the government in expanding access to healthcare services, especially in underserved communities.

### **6. National Policy on Public-Private Partnerships**

This policy provides guidelines for federal and state governments on how to engage the private sector in PPPs, encouraging transparency, risk-sharing, and innovation. The policy provides the framework for PPPs including PPPs in the healthcare sector by recommending approaches to risk-sharing, financial models, and service delivery models that can be applied to the health sector.



# Strategies to Advance the Use of Public-Private Partnerships (PPPs) in Nigeria's healthcare sector

The importance of Public Private Partnerships cannot be overstated mainly, because of the evolving healthcare challenges on a global scale, and PPPs can be instrumental in driving sustainable healthcare innovation in Africa.

Here are some strategies to enhance their effectiveness:

## 1. Strengthening Legal and Regulatory Frameworks for Healthcare PPPs:

Nigeria's healthcare sector requires a robust and harmonized legal framework to facilitate successful PPPs. While the Infrastructure Concession Regulatory Commission (ICRC) Act of 2005 might provide a general framework for PPPs at the national level, it lacks the specific focus and detail necessary to address the complexities of healthcare projects. Also, many states, such as Lagos, have their own PPP laws, which sometimes conflict with national regulations or vary in their capacity to address healthcare-specific challenges. For PPPs in healthcare to thrive, it is critical that both national and state-level laws are aligned and sufficiently detailed. An actionable strategy would be for the Federal and state governments to collaborate to develop healthcare-specific PPP guidelines. These guidelines should not only draw on existing national frameworks but also incorporate best practices from state-level PPP initiatives and

international examples.

## 2. Government Incentives to Attract Private Investment:

To attract private investment, the government needs to provide strong financial incentives that make the healthcare sector more appealing. Tax reliefs, reduced tariffs on medical equipment imports, and access to land for building health infrastructure are just a few examples of incentives that can encourage private firms to enter into PPP arrangements.

## 3. Capacity Building and Skill Development:

PPPs in healthcare often involve complex structures that require strong technical and managerial capabilities from both the public and private sectors. Therefore, capacity building is essential to equip government officials with the knowledge and skills needed to manage these partnerships effectively. An actionable strategy would be to initiate training programs, workshops, and exchange programs for government officials and healthcare providers. Collaborations with international organizations like the World Bank or the African Development Bank (AfDB) could also help provide expertise in managing PPP contracts, project monitoring, and performance evaluation.

#### **4. Development of Bankable Projects:**

Private partners are typically interested in healthcare projects that provide a reasonable return on investment. However, many healthcare projects in Nigeria, especially those targeting underserved rural areas, may not immediately appear attractive due to perceived financial risks. The government should focus on making healthcare projects more "bankable" by providing risk mitigation mechanisms and creating blended financing models. This can be done by establishing public-sector-backed healthcare funds or guarantee schemes that reduce financial risk for private investors. This could involve blending public funds with concessional financing from development banks, ensuring that the risk is shared while still allowing private investors to participate.

#### **5. Focus on Sustainable and Long-Term Partnerships:**

Short-term gains should not be the focus of PPPs in healthcare. Instead, the emphasis should be on establishing sustainable, long-term partnerships that deliver value over the lifespan of a project. This

requires comprehensive planning and ensuring that PPP projects align with national healthcare goals, such as the Universal Health Coverage (UHC) agenda. This can be done by carrying out PPP projects with long-term sustainability in mind by embedding performance-based contracts that reward private partners based on measurable outcomes, such as patient satisfaction, quality of care, and infrastructure improvements.

#### **6. Public Engagement and Stakeholder Collaboration:**

The success of PPPs in healthcare also depends on public perception and stakeholder buy-in. The government needs to engage healthcare professionals, patient advocacy groups, and the general public in the planning and execution of PPP projects. This will ensure that projects are aligned with the actual needs of communities and that there is support for their implementation. An actionable strategy would be to create multi-stakeholder platforms for regular dialogue between government officials, private sector players, healthcare providers, and the public.

## **Conclusion**

Driving Public-Private Partnerships (PPPs) for sustainable healthcare innovation in Nigeria is key to overcoming the current limitations in the health sector. These partnerships can bring together the strengths of both the public and private sectors to tackle key issues as we have highlighted in this article. The goal is to ensure that Nigeria builds a stronger healthcare system that is more innovative, accessible, and affordable.

Despite the challenges that exist, the opportunities for growth are significant, and with the right approach, PPPs can play a major role in improving healthcare delivery across the country, which would help Nigeria move closer to achieving universal health coverage.

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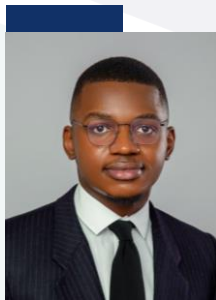
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