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A POLICY BRIEF BY MUNIRA AMINU BELLO

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A Policy Brief by  
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## BACKGROUND

Six years ago, at the United Nations, world leaders committed to the Sustainable Development Goals (SDGs) pledged to advance their populations' economic, health, social, and human development. SDG 3 targets health, it aims at enabling everyone to access the care they need wherever and whenever they need it. Target 3.8 of the SDG 3 aims at achieving Universal Health Coverage (UHC), by leaving no one behind. Nigeria needs to attain a health system whereby all citizens irrespective of their socioeconomic backgrounds can access the healthcare services they need to stay healthy or improve their health, with financial risk protection. The funding for UHC can come from a variety of sources<sup>1</sup>: the general government budget, compulsory insurance contributions and voluntary health insurance. These funds are used to address the three dimensions “3Ds” of UHC, these are:

- The proportion of people covered
- The proportion of costs covered
- The range of available services

Policymakers need to make tradeoffs between these dimensions in a way that maximizes the extent to which people's healthcare needs are met, and avoid catastrophic healthcare expenses that can lead to impoverishment.

Nigeria's commitment to UHC

- The Presidential Summit on UHC in 2014 under the governance of Nigeria's 15<sup>th</sup> president, Goodluck Jonathan was marked by “The 2014 Declaration”, a 23-point declaration committed to achieving UHC. It recommended that the Nigerian government work towards instituting mandatory health insurance with contributions from all income earners. It further recommended the definition of a standard benefit package of essential health services that address the priority health care needs of Nigerians. The declaration also proposed the formation of a committee to ensure the implementation and sustainment of UHC for all Nigerians<sup>2</sup>.
- The passage of the National Health Act in 2014, marked by Nigeria's commitment to providing at least 1% of its consolidated revenue fund to the Basic Healthcare Provision Fund (BHCPF)<sup>3</sup>. It was signed into the 2019 budget by President Muhammad Buhari.

A healthcare system that relies too heavily on private healthcare providers is not only expensive but also at a population level produces very poor health outcomes that result from

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<sup>1</sup> World Health Organization (2021) *Universal Health Coverage (UHC)* [Universal health coverage \(UHC\) \(who.int\)](https://www.who.int/health-topics/universal-health-coverage)

<sup>2</sup> WHO Africa (2014) *Presidential Summit on Universal Health Coverage ends in Nigeria* [Presidential summit on Universal Health coverage ends in Nigeria | WHO | Regional Office for Africa](https://www.who.int/news-room/press-releases/2014/12/01/presidential-summit-on-universal-health-coverage-ends-in-nigeria)

<sup>3</sup> NCDC (2020) *A report on the Implementation of “Basic Health Care Provision Fund” for public health emergencies* [https://ncdc.gov.ng/themes/common/files/report\\_project/42fc95f7841843a972638195052a7954.pdf](https://ncdc.gov.ng/themes/common/files/report_project/42fc95f7841843a972638195052a7954.pdf)

the financial, as well as infrastructural limitations of private health facilities to a broad range of medical services. Nigeria with a population of over 206 million needs efficient public healthcare services to thrive. With a growth in the percentage of the unemployed population and underperforming small business enterprises, the need to achieve UHC is paramount to Nigeria's growth and development as a nation. It is no news that an increase in poverty (decline in financial standing) is directly proportional to a declining state of health. Arguably, the best thing about UHC is that it protects the poor and the vulnerable and protects people from falling into poverty.

The World Health Organization noted that three interrelated functions are involved to achieve UHC<sup>1</sup>

1. Revenue Collection; from households and companies
2. Pre-paid revenue pooling in ways that allow risks to be shared
3. Expenditure; the process by which interventions are selected and services or providers are paid for.

The interaction between these functions determines the effectiveness, efficiency and equity of health financing systems.<sup>4</sup>

There is a great number of research studies on potential ways to finance UHC and the challenges governments face in trying to do so, confusion often arises in debates about the Nigerian healthcare system funding and expenditure. This policy brief is not intended to replicate or take a position on any research findings or opinions but to conflate the findings from various accredited research studies.

## **NIGERIA; SITUATION ANALYSIS**

Regardless of the country's growing GDP, the health system of Nigeria has stoically refused to increase in efficiency and effectiveness. Deep complexities with the health system's bureaucracy continue to stall the adoption of impactful healthcare innovations. It's past time for Nigeria to embrace frugality and lean management to attain a more effective health system. With a GDP of 448.10 billion US dollars in 2019<sup>5</sup>, Nigeria represents 0.37% of the world economy<sup>6</sup>, making it the largest in Africa. According to the data from the World Bank and projections from trading economics; the health expenditure in Nigeria falls within 3.89% of this GDP,<sup>4</sup> less than 5% of the GDP.

The working-age population includes all individuals aged 15-64, Nigeria has a predominantly young population with a median age of 18.2 years<sup>7</sup>. While Nigeria's labour force population was estimated to be 115.5 million in Q3 of 2018, an estimated population of 90.5 million from the labour force is willing and able to work. 69.54 million Nigerians from this population are

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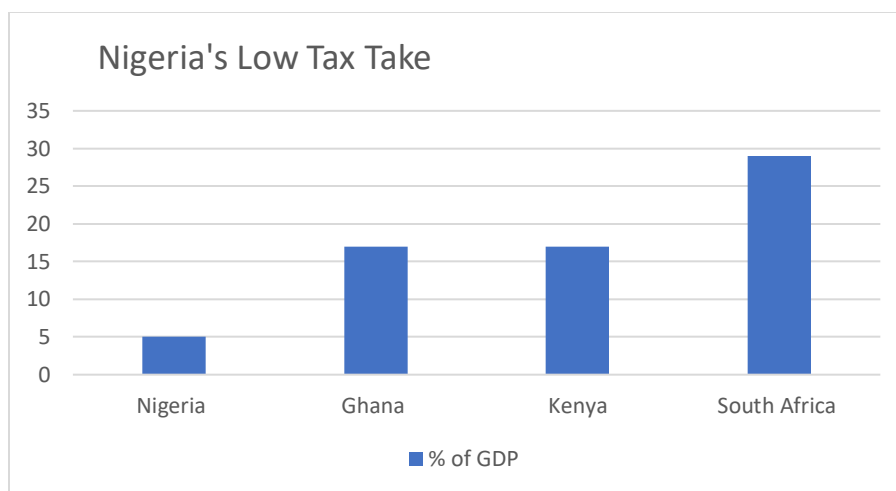
<sup>4</sup> Cheryl Cashin, 2016. World Bank Group, Health Financing Policy [World Bank Document](#)

<sup>5</sup> Nigeria GDP 1960-2021 [Nigeria GDP 1960-2021 | MacroTrends](#)

<sup>6</sup> Nigeria GDP [Nigeria GDP | 1960-2019 Data | 2020-2021 Forecast | Historical | Chart | News \(tradingeconomics.com\)](#)

<sup>7</sup> Ola Brown (2021). *Africa's "wicked" healthcare problems and how to fix them.*

employed, and the remaining 20.9 million are unemployed<sup>8</sup>. Typically, poverty arises from unemployment. An individual is considered poor in Nigeria when they earn less than 137.4 thousand Nigerian Naira per annum. In total, 40.1% of the Nigerian population live below the poverty line by the year 2019<sup>9</sup>. Underwhelmingly, 2% of the entire population of 206 million Nigerians live on more than \$3,650 annually or \$300 monthly<sup>5</sup>. This means that even though Nigeria has a large population and economy, the tax bracket is disturbingly low, and since like most developing countries a large percentage of the health financing comes from taxation, Nigeria is faced with a challenge- It is difficult to tax people who can't even afford to buy food. A large population of Nigerians live on less than 10 dollars a day, and in case of medical emergencies are still expected to pay out of pocket for healthcare with little or no support from the Nigerian government. To analyze this problem, Ghana is taken into consideration. There are more individuals in Ghana living on more than 10 dollars per day than there are in Nigeria. This means that although Nigeria is many times larger population-wise and economically, more Ghanaians can pay tax. The Same for Kenya and South Africa<sup>5</sup>



Source: OECD data for 2016 BBC. (OECD=Organization for Economic Cooperation and Development)

UHC requires adequate funding to pay for necessary health services, the fund must also be redistributed with due equity. While the cross-subsidy model may work in other countries, Nigeria does not have enough wealthy population to cross-subsidize with because of the diminishing middle class. So, while this is possible, it is rather difficult to attain<sup>10</sup>. Only strong government interventions can compel absolute participation because no country has reached UHC relying solely on private voluntary funding sources.

The fiscal problem is worsened by currency devaluation, inflation, the country's reliance on crude oil, low tax to GDP ratios and lack of infrastructure making it hard for the average individual to start or scale up businesses. A broad-based financing strategy is essentially

<sup>8</sup> National Bureau of Statistics (2018). *Labor Force Statistics- Volume I: Unemployment and Underemployment Report*

<sup>9</sup> Poverty headcount rate in Nigeria 2019, by state. [www.statista.com](http://www.statista.com)

<sup>10</sup> Commonwealth Foundation, *Funding Models to finance Universal Health Coverage (UHC)*.

lacking in Nigeria. Nigeria's 20-year old pledge to the Abuja Declaration to allocate at least 15% of the annual budget isn't duly upheld. The budgeting trend from 2001 to 2021 are barely within a third of the pledged target. The BHCPF funding allocation of 1% of the annual budget has been provided since 2019, however, the value of this fund has decreased due to the dwindling of the government revenue, thus reducing the population covered by the BHCPF<sup>11</sup>. Nigeria regardless of its high GDP suffers financial constraints and this also is reflected by the poor performance of the National Health Insurance Scheme (NHIS). The insurance scheme established to provide easy access to healthcare for all Nigerians is essentially lacking, with less than 10% of the Nigerian population covered by the NHIS, this leaves the most vulnerable populations threatened by financial constraints<sup>12</sup>.

Corruption is another major hemorrhagic factor that constantly drains the health system. For instance, in 2018 the annual budget of the BHCPF was 55.9 billion Naira, of this sum 13.78 billion naira was approved and made available for the first quarter of the year. However, an underwhelming amount of 361.59 million naira was released instead compared to the initial sum of 55.9 billion naira<sup>3</sup>. Other forms of corruption such as procurement-related corruption, absenteeism and employment-related corruption all play a hand in the downfall of the health system.

A Secondary issue that arises from the poor health systems and the absence of UHC that hinders the development of Nigeria's economy, health, and finance sectors is medical tourism. Statistics show that while just 1% of the population travel for medical reasons, Nigeria loses \$1.3 billion yearly in medical tourism<sup>13</sup>. While building advanced facilities and infrastructure might have a positive impact on the economy and help tackle medical tourism, it may not necessarily be of benefit to the teeming population of Nigerians living below the poverty line unless the government provides strong subsidies.

## POLICY IMPLICATIONS

The policy implication is that although Nigeria has embarked on the path to UHC, a major goal of the SDGs that will strengthen the country's health system, particularly the primary health care sub-system to deliver effective, equitable, and comprehensive health care services to all Nigerian's. Several challenges continue to present themselves as obstacles to achieving total health coverage.

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<sup>11</sup>HCDN, 2021. Implementation of the Basic Health Care Provision Fund (BHCPF) in Nigeria. Available at: [https://options.co.uk/sites/default/files/bhcpf\\_advocacy\\_brief.pdf](https://options.co.uk/sites/default/files/bhcpf_advocacy_brief.pdf)

<sup>12</sup> NHIS (2021) *NHIS 10 Year Strategic Plan*.

<sup>13</sup> Adaku Onyenucheya, 2018. Reversing medical tourism in Nigeria. [Reversing medical tourism in Nigeria | The Guardian Nigeria News - Nigeria and World News — Features — The Guardian Nigeria News – Nigeria and World News](#)

## RECOMMENDATIONS

1. **Family Planning:** Nigeria's teeming population is a major challenge that places the country as a pre-dividend country, by providing the necessary knowledge and materials for family planning, the population growth will be properly managed, driving macroeconomic growth. Thus producing healthier families in a striving economy who are empowered to pursue sound education for its members, paving a way for economic growth and the attainment of the economic benefits of a demographic dividend.
2. **Universal Health Coverage Priority Benefits Package (UHC-PBP)<sup>14</sup>:** A set of evidence-informed prioritized health interventions and programmes, including intersectoral actions and fiscal policies, defined through a deliberative process that accounts for economic realities and social preferences. It should be available for all, in good quality, at the appropriate service delivery platforms using an integrated people-centred approach, and covered by relevant financial protection arrangements. Ensuring its effective implementation enables people to have access to the health they need. This stratifies the maximum health needs of the majority of the population by ensuring the best value for money.

Different countries have different UHC-PBPs where each is carefully tailored to meet the specific needs of its population. Having a UHC-PBP is integral to the realization of universal health coverage. It is feasible for all countries, even those recovering from emergencies, however, it does not come without challenges. It is an essential step in the process of countries attaining national development goals to fulfil their commitment under the 2030 agenda for sustainable development.

3. **Basic Healthcare Provision Fund (BHCPF):** Nigeria's healthcare plan for the poorest and most vulnerable Nigerians is the BHCPF. It is an initiative designed to provide basic healthcare to these populations at Primary Health Centres (PHCs) in all states of the federation. To maximise the efficiency in the implementation of the BHCPF, accountability frameworks that encompass microplanning, data management, monitoring and evaluation, the release of funds and the prevention of corruption need to be put in place.
4. **Public-Private Partnership (PPP's)<sup>15</sup>** is another greatly untapped funding pool for health financing. These PPP's can pay lumps sums to aid the government through

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<sup>14</sup> RC66 | *DEFINING UNIVERSAL HEALTH COVERAGE-PRIORITY BENEFITS PACKAGE (UHC-PBP)* [RC66 | Defining Universal Health Coverage-Priority Benefits Package \(UHC-PBP\) / HealthChoice \(healthchoiceofmichigan.com\)](#)

<sup>15</sup> Public-private partnership crucial to UHC law's success. [Public-private partnership crucial to UHC law's success | PPP Center](#)

healthcare financing especially since they are long term. Although this may hold controversies due to the lack of understanding of what a PPP is as it is closely related to privatization, the secrecy surrounding financial details makes the process of evaluating how successful they are complex. However, PPPs advocate for innovation which increases the chances to discover new opportunities.

The essence of Universal Health Coverage is to provide quality healthcare services to the population at an affordable cost. It ensures safety, accessibility, feasibility in terms of affordability, and effectiveness of a country's health delivery system. Coverage that provides these parameters to the population addresses health, a very fundamental issue of national development. From an economic perspective, a healthy population is a productive and wealthy population. The journey matters as much as the destination and Nigeria needs to make impactful strides as it journeys towards achieving UHC. UHC is a potentially powerful social equalizer if Nigeria moves swiftly to provide full coverage. Because it is built on a strong foundation of equity, is why UHC is at the centre of the world's 2030 agenda.