



INSIGHTS REPORT · 2025 ted

Strengthening Nigeria's Healthcare Value Chain

*Field Lessons from our Work with the
Presidential Initiative for Unlocking the
Healthcare Value Chain (PVAC)*

Health Systems Consult Limited (HSCl)
Strategic Healthcare Advisory · Abuja, Nigeria

Multi-State
Assessment Scope

4
Structural Constraint
Areas

3
Stakeholder Groups

National
Policy Alignment (PVAC)

OVERVIEW

Executive Summary

Nigeria's ambition to unlock its healthcare value chain is one of the most consequential health system reform efforts in Africa today.

Reducing import dependence, strengthening local manufacturing, and improving sustainable access to essential health commodities sit at the centre of this transformation. Sexual and Reproductive Health (SRH) commodities present both a public health imperative and a strategic opportunity – demand is high, market potential is significant, yet domestic production capacity remains uneven, with structural bottlenecks limiting scale, competitiveness, and resilience.

This report shares field lessons from HSCL's engagement supporting the rollout of Nigeria's SRH Commodities Production Strategy under the Presidential Initiative for Unlocking the Healthcare Value Chain (PVAC), and outlines what this work signals for policymakers, manufacturers, investors, and development partners.



Strengthening local production is not simply an industrial policy objective. It is a health system resilience strategy.

KEY FINDINGS AT A GLANCE

Finding	Summary
Manufacturing Base	A base level of domestic production capability exists, with some firms showing strong infrastructure foundations and clear appetite for scale.
Structural Constraints	Four systemic constraint areas limit scale: quality & compliance gaps, FX exposure, financing limitations, and technology deficits.
Market Opportunity	Demand for core SRH products is strong and growing. The market opportunity exists – manufacturing readiness is the critical gap.
Recommended Approach	A sequenced, segmented roadmap with structured capability upgrades tied to clear quality benchmarks and financing pathways.

CONTEXT

Why Local SRH Manufacturing Matters

Nigeria continues to import a significant proportion of its essential medicines and health products – creating structural vulnerability that local manufacturing can resolve.

Import Dependency Risks

- Foreign exchange volatility that directly impacts commodity pricing and predictability
- Global supply disruptions that bypass local mitigation capacity
- Procurement delays affecting facility-level availability of essential SRH products
- Higher consumer prices driven by import margins, freight, and currency exposure
- Stockout risks at facility level that undermine continuity of reproductive health services

When executed well, local manufacturing delivers significant system returns:

- Improved commodity availability and supply reliability
- Reduced long-term system costs and procurement dependency
- Enhanced technical and regulatory institutional capacity
- Skilled employment creation across the pharmaceutical value chain
- Anchoring of broader pharmaceutical ecosystem growth
- Strengthened national health security and system resilience

Scaling local production requires more than policy ambition. It requires evidence-led prioritisation, structured capability development, and coordinated stakeholder engagement – the precise mandate HSCL brought to this engagement.

METHODOLOGY

HSCL's Approach: From Policy Ambition to Practical Readiness

Structured assessments conducted across multiple Nigerian states, evaluating readiness across the full production ecosystem – not just infrastructure.

Six-Dimension Assessment Framework

Manufacturing readiness is shaped by interconnected financial, regulatory, market, and institutional factors – not equipment gaps alone. The framework examined:

01 **Production Capacity & Infrastructure**

Equipment, facility conditions, throughput capacity, and production line modernisation across assessed manufacturers.

02 **Workforce Competencies & Operational Systems**

Technical skills, standard operating procedures, quality culture, and operational management maturity.

03 **Quality Assurance & Regulatory Compliance**

GMP alignment, NAFDAC compliance status, and readiness for international certification and public procurement.

04 **Supply Chain & Input Sourcing Dependencies**

API sourcing dependencies, packaging material suppliers, logistics infrastructure, and supply chain resilience.

05 **Financing Access & Capital Structure**

Access to affordable long-tenor capital for facility upgrades, automation investment, and working capital adequacy.

06 **Environmental & Social Governance (ESG)**

ESG considerations relevant to public procurement eligibility, development finance, and investor requirements.

KEY FINDINGS

What the Diagnostics Revealed

Encouraging patterns coexist with significant structural constraints — ecosystem-wide challenges that require coordinated response.

Positive Signals

- A base level of domestic production capability exists across the manufacturer landscape
- Some firms demonstrate strong infrastructure foundations with clear capacity for scale
- Entrepreneurial appetite for scaling is evident and commercially credible across several firms

Four Structural Constraint Areas

These are not isolated firm-level weaknesses — they are ecosystem challenges.

1

Quality & Compliance Gaps

GMP compliance and alignment with international standards vary significantly. For firms targeting public procurement or regional export, strengthening quality systems is non-negotiable.

2

Cost & Foreign Exchange Pressures

Heavy reliance on imported APIs and packaging materials exposes manufacturers to exchange rate shocks and cost instability, directly impacting competitiveness.

3

Financing Constraints

Access to affordable, long-tenor capital for facility upgrades, automation, and working capital remains limited — constraining production scale and quality compliance capacity.

4

Technology & Automation Gaps

Modernisation of production lines is uneven, affecting throughput, efficiency, and quality consistency at scale across the manufacturer landscape.

MARKET ASSESSMENT

Market Signals: Demand Is Not the Problem

A structured market assessment of priority SRH commodities confirms a viable, growing opportunity – conditional on manufacturing readiness.

HSCL conducted a structured market assessment of priority SRH commodities alongside the capacity diagnostics. The findings were unambiguous: the market opportunity exists. The central challenge is aligning manufacturing readiness, financing, and policy levers to unlock it at scale.

Market Signal	Finding
Strong & Growing Demand	Demand for core SRH products is robust and structurally growing, driven by demographic expansion and deepening public health commitments.
Substantial Market Potential	Several commodity categories demonstrate significant market size across both public procurement and private sector channels.
Quality as the Gateway	Public and private procurement channels offer significant scale – conditional on meeting defined quality and regulatory compliance thresholds.
Critical Alignment Gap	The barrier is not market size, but the alignment between manufacturing readiness, financing availability, and enabling policy instruments.

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The market opportunity exists. The central question is how to align manufacturing readiness, financing, and policy levers to unlock it at scale.

IMPLEMENTATION

A Roadmap Approach to Capability Strengthening

Segmentation and sequencing are critical. Not all manufacturers are at the same stage – and support must be calibrated accordingly.

Rather than treating manufacturers as a homogeneous group, this engagement emphasised segmentation and prioritisation. A sequenced roadmap reduces risk, focuses resources, and increases the likelihood of measurable progress.

TIER 1

Scale-Ready Firms

Strong infrastructure and quality foundations. Primary needs: financing access, market linkages, and export compliance support to activate scale potential.

TIER 2

Upgrade-Ready Firms

Require targeted technical and quality system upgrades. Primary needs: structured capability development, blended financing, and regulatory engagement.

TIER 3

Foundational Firms

Require foundational restructuring before scale investment is viable. Primary needs: diagnostic clarity, governance reform, and phased technical assistance.

Core Roadmap Components

- Structured capability upgrades tied to clear, measurable quality benchmarks
- Financing pathways aligned to specific upgrade requirements and risk profiles
- Regulatory engagement to accelerate NAFDAC compliance and international standard alignment
- Strategic coordination between policymakers, development finance institutions, and manufacturers

IMPLICATIONS

What This Means for Key Stakeholders

The insights from this engagement extend to four distinct audiences, each with specific implications for action.

For Policymakers

- Local manufacturing policy must be coupled with pragmatic capability diagnostics and phased support.
- Incentives alone are insufficient without structured technical strengthening pathways aligned to market access.
- PVAC's initiative provides the policy platform – implementation architecture is now the critical frontier.

For Donors & Development Finance Institutions

- Blended finance and targeted technical assistance can play a catalytic role where commercial financing is constrained.
- Investment readiness support is often as critical as capital – banks need bankable projects, not just funding.
- Coordinated portfolio approaches across manufacturers reduce fragmentation and improve systemic impact.

For Healthcare Manufacturers

- Competitiveness increasingly hinges on quality systems, operational efficiency, and strategic partnerships.
- Clear upgrade pathways tied to market access opportunities reduce uncertainty and improve bankability.
- Segmented support creates realistic, achievable paths to scale – not one-size-fits-all interventions.

For Health Systems Leaders

- Reliable local production strengthens commodity security and improves procurement predictability.
- A viable local manufacturing sector anchors broader health system resilience and fiscal sustainability.
- Public procurement policy is a powerful lever — directing demand toward compliant local producers accelerates the transition.

STRATEGIC SIGNAL

Beyond SRH: A Model for Value Chain Transformation

The methodology and findings from this engagement represent a transferable model for healthcare value chain transformation across Nigeria and Africa.

Healthcare value chains do not transform through isolated interventions. They evolve through aligned, sequenced, and measurable action – with strategic advisory embedded at every stage of the journey.

Five Pillars of Sustainable Value Chain Transformation

- 1 Evidence-Led Prioritisation**
Commodities, manufacturers, and markets must be sequenced by readiness – not political priority or surface-level availability.
- 2 Systems-Level Diagnostics**
Assess the ecosystem, not just the facility. Financial, regulatory, and market factors must be examined together.
- 3 Coordinated Stakeholder Engagement**
Policymakers, investors, manufacturers, and development partners must operate from a shared evidence base.
- 4 Financial & Operational Advisory**
Strategic roadmaps must be paired with concrete financing pathways and operational support throughout implementation.
- 5 Implementation Beyond Strategy**
The advisory engagement cannot end at the strategy document. Sustained implementation support defines real-world impact.

ACCESS THE FULL INDUSTRY BRIEF

A detailed industry brief is available outlining commodity prioritisation criteria, manufacturer readiness typologies, and structured capability upgrade pathways for SRH production in Nigeria.

info@hscgroup.org · hscgroup.org

ABOUT HSCL

Health Systems Consult Limited (HSCL) is a strategic healthcare business advisory firm delivering systems-level expertise to health systems, governments, development partners, and healthcare enterprises across Africa. Our work spans health systems strengthening, health financing, value chain development, performance intelligence, and digital transformation.