

IMPLICATIONS OF FUEL SUBSIDY REMOVAL ON ACHIEVING UNIVERSAL HEALTH COVERAGE IN NIGERIA

**ASSOCIATION OF PUBLIC HEALTH PHYSICIANS OF NIGERIA PLATEAU STATE BRANCH,
2023 CONTINUING MEDICAL EDUCATION.
10 NOVEMBER, 2023**

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Outline

- Fuel Subsidy and its removal
- What is Universal Health Coverage
- Positive Effects of Fuel Subsidy Removal on UHC
- Negative Effects of Fuel Subsidy Removal on UHC
- Conclusion
- End Note

What is Fuel Subsidy?

- The government's practice of providing financial support to maintain artificially low prices for petroleum products, particularly gasoline (petrol) and diesel.
- This policy is implemented to protect customers from the full impact of variations in international oil prices, which can result in increased fuel prices.
- In Nigeria, the government has historically regulated fuel prices and set them below the market price, with subsidies covering the gap between the market price and the regulated price.
- Fuel subsidies have been a long-standing policy in Nigeria, dating back to the 1970s
- **it involves trade-offs between protecting consumers from rising fuel prices and the economic and fiscal implications of continuing to subsidize fuel**

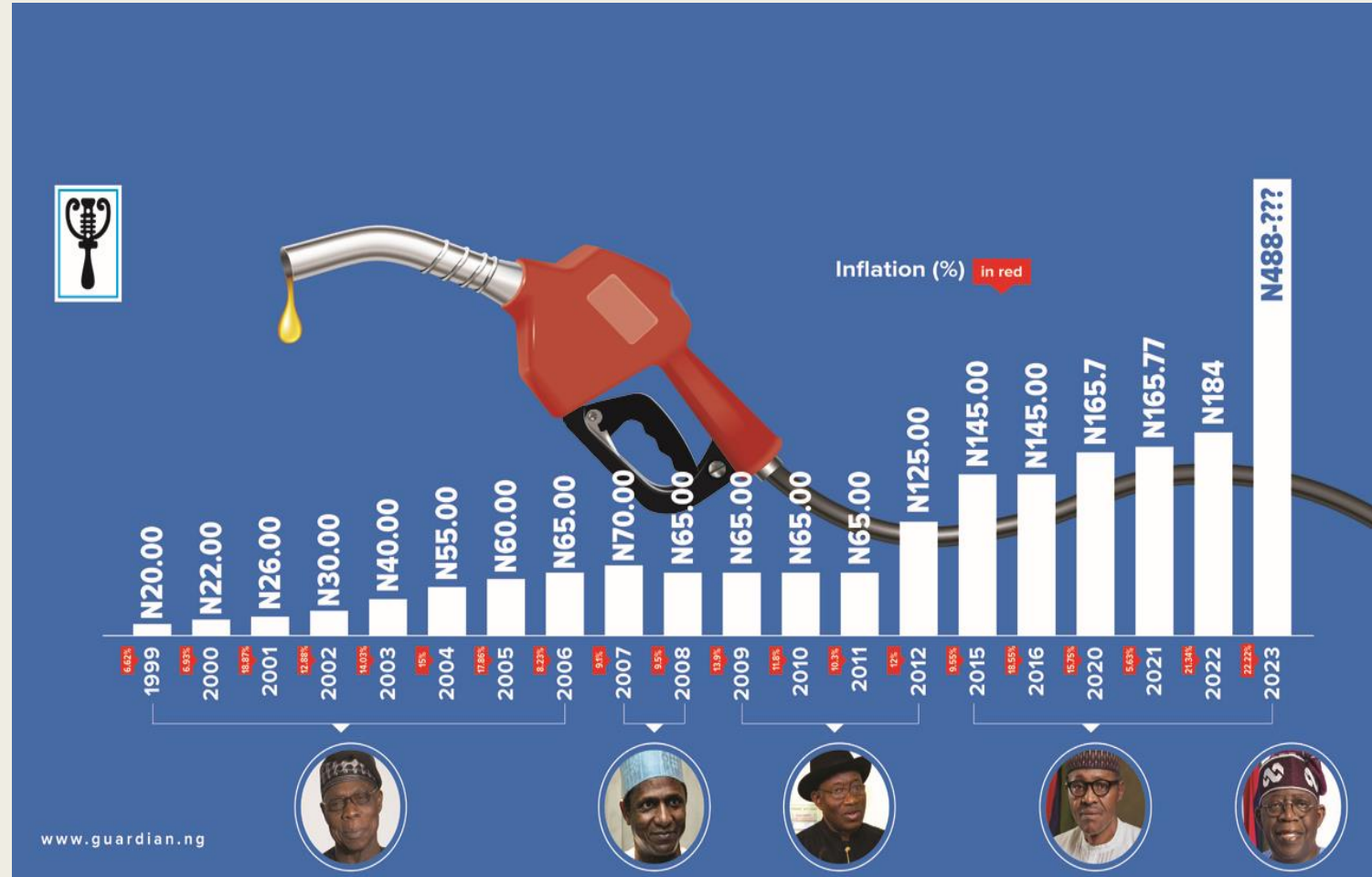
WHAT IS FUEL SUBSIDY REMOVAL IN NIGERIA?

The removal of fuel subsidy in Nigeria refers to the government's decision to end the policy of paying a subsidy to oil marketers and importers of petrol. The decision to remove fuel subsidy has been motivated by the need to reduce government spending, promote economic growth, and curtail corruption in the oil and gas sector.



Fuel Subsidy Removal

- Attempts to remove petrol subsidies by past administrations (1978, 1993, 2003, 2012, 2016, 2020,) triggered protests and stiff resistance.
- After swearing-in on May 29, 2023, President Bola Tinubu removed fuel subsidies in Nigeria.
- **A hike in prices of ALL commodities**
- 150 to 200% surge in fuel costs (N500 – N600) across the country



What is Universal Health Coverage (UHC)?

According to WHO, UHC means that “all people have access to the full range of quality health services they need, when and where they need them, without financial hardship”.



Goal 3: Ensure healthy lives and promote well-being for all ages

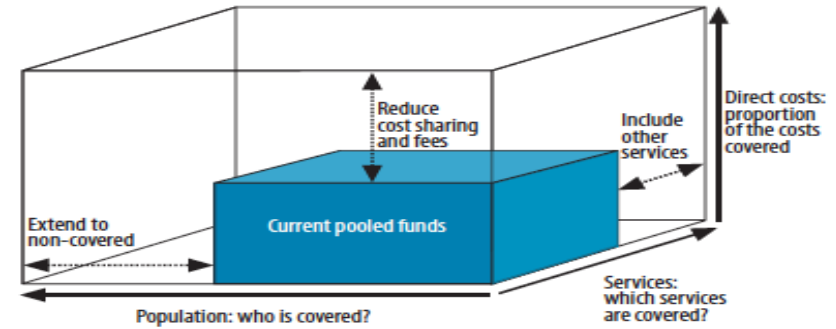
Encompasses a broad range of health services, including preventive, curative, rehabilitative, and palliative care.

It is a key component of Goal 3 (SDG 3), which aims to "ensure healthy lives and promote well-being for all at all ages."

Key principles and characteristics of UHC

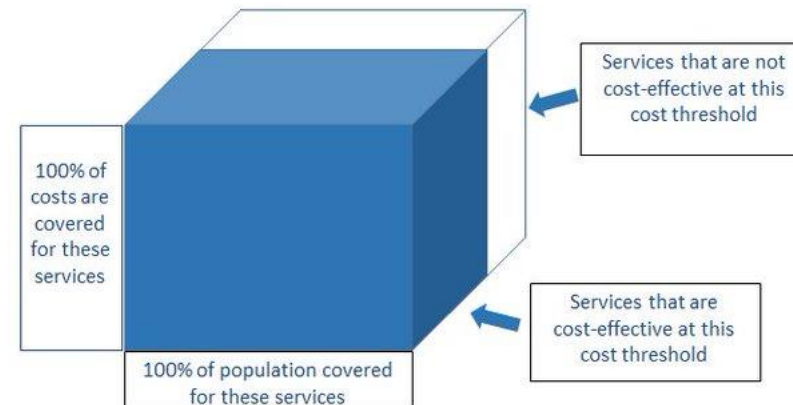
Comprehensive Coverage
Equity
Financial Protection
Quality and Safety
Affordability
Access to Medicines
Population Coverage
Health Workforce
Health Infrastructure
Governance and Regulation

Fig. 1. Three dimensions to consider when moving towards universal coverage




Source: Adapted from (9, 10).

The Ideal Cube for UHC

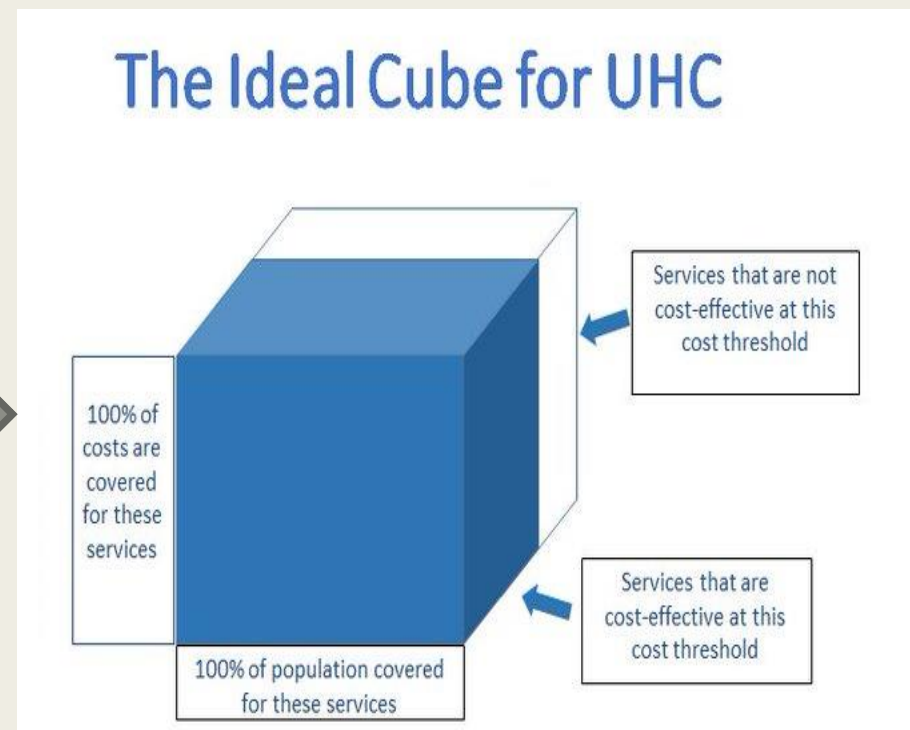


UHC Score Care in Nigeria

- **The goal remains distant for Nigeria.** This is mostly due to a lack of political will and commitment among political actors and policymakers.
- National Health Insurance Act  Mandatory Health Insurance.
- BHC PF
- State Health Insurance- Different levels of implementation and coverage
- **Low coverage of health insurance (National): About 2.8% of the Nigerian population insured (Males-3.4%, Females-2.7%) (NDHS 2018)**

Political will and commitment to UHC goals must be expressed in legal mandates and be translated into policies that ensure increased public health care financing for the benefit of all Nigerians

What are the implications of fuel subsidy removal on achieving UHC in Nigeria?



Everyone should be covered , 100% of costs should be covered and all cost-effective services should be covered.

The removal of fuel subsidies in Nigeria can have several implications for achieving (UHC) in the country. While the impacts can be multifaceted and complex, it has both positive and negative effects

Fuel subsidy removal might be part of broader economic reforms that aim to create a more sustainable fiscal environment, which could indirectly benefit the health systems

The positive effects listed will depend on effective governance, transparent policy implementation, accountability, and dealing with corruption

The negative effects listed are already in place and are likely to wash away any gains in achieving UHC

Positive effects of Subsidy removal on UHC...1

- **Increased Government Revenue:** more funds are allocated to the health sector to strengthen healthcare infrastructure, improve services, and enhance the overall health system.
 - *Investment fund for health: An approach to attaining universal coverage*
- **Efficient Resource Allocation:** Subsidy removal can be part of broader economic reforms aimed at improving the efficiency of resource allocation. A more efficient allocation of resources could lead to better-targeted health interventions and improved outcomes for the population.
- **Potential for Health Insurance Expansion:** The additional revenue generated from subsidy removal could be channeled into expanding health insurance coverage. This would contribute to achieving UHC by providing financial protection and access to a comprehensive range of health services for a larger segment of the population.

Positive effects of Subsidy removal on UHC...2

- **Affordability and Financial Protection:** With increased government investments in healthcare, there may be reduced out-of-pocket expenses for healthcare, providing financial protection for the population.
- **Improved Health System Resilience:** Subsidies removal could boost economic stability, allowing governments to invest in a resilient health system, including improved facilities, professional training, and robust health information systems.

Positive effects of Subsidy removal on UHC...3

- **Infrastructure Development:** The revenue generated from the removal of fuel subsidies could be used to improve healthcare infrastructure, including the construction and renovation of hospitals, clinics, and health centers. This would enhance the availability and quality of healthcare services.
- **Focus on Preventive Health Services:** Prioritization of preventive health services, such as vaccination programs, health education campaigns, and disease prevention initiatives. This emphasis on prevention aligns with the goals of UHC.
- **Reduced Health Inequalities:** With more resources available for healthcare, the government can focus on reaching underserved and vulnerable populations

Positive effects of Subsidy removal on UHC...4

- **Health Workforce Investment:** Additional government revenue can be used to recruit, train, and retain healthcare professionals, addressing the brain drain crisis in the country.
- **Strengthening Public Health Programs:** Subsidies removed could be used to enhance public health programs, focusing on SDH, a crucial step towards achieving UHC.
- **Encouraging Private Sector Participation:** Subsidies removal could foster private sector involvement in healthcare delivery, potentially expanding the health system's capacity and reach through strategic partnerships.

Negative effects of Subsidy removal on UHC...1

- **Increased Out-of-Pocket Spending:** Subsidies often serve as a buffer against high OOPs for healthcare. Without subsidies, individuals bear a larger share of healthcare costs directly, leading to increased OOPs and potential financial hardship.
- **Disincentive for Health Workforce:** The removal of subsidies has exacerbated economic issues, potentially impacting the health workforce, leading to reduced salaries, job insecurity, and migration, potentially affecting healthcare service quality.
- **Negative Impact on Mental Health:** Economic uncertainties and financial challenges can contribute to stress and mental health issues within the population.
 - *The strain on mental health services may increase, posing challenges to achieving comprehensive health coverage.*

Negative effects of Subsidy removal on UHC...2

- **Increased Poverty and Health Inequities:** Subsidy removal contributes to economic hardship, increasing poverty levels and poorer health outcomes, as individuals may struggle to afford basic necessities, including healthcare.
- **Challenges for Vulnerable Populations:** Vulnerable populations, may be disproportionately affected by subsidy removal. Limited financial resources could hinder their ability to access essential health services.
- **Increased Cost of Healthcare:** As a result of inflation and a general increase in the cost of living, healthcare expenses have arisen making it more difficult for individuals to access essential health services without financial strain.
 - *High costs of transportation, medicines, and medical services*
 - *Patronizing herbalists, quacks, or poorly equipped and poorly staffed clinics with result in high morbidity and mortality.*

Negative effects of Subsidy removal on UHC...3


■ **Diminished Access to Nutritious Food:** Subsidy removal led to increased food prices, which may contribute to food insecurity and malnutrition, negatively impacting overall health.

■ **Financial Barriers to Access:** Higher healthcare costs can impose financial barriers on individuals, potentially causing delays or forgoing medical treatments, potentially affecting health outcomes, and hindering progress towards UHC.

■ **The health insurance industry is beset with many daunting issues:**

- *Many enrollees are dropping out of the various health insurance schemes*
- *Resistance by companies and private enrollees on the present premiums being charged by HMOs*
- *The effect of all this is that health insurance will also be affected including its access and efficiency.*
- *Coverage low ???????*

Conclusion

- Effective management of the removed fuel subsidies can positively impact achieving UHC by providing government financial support for healthcare infrastructure, workforce development, and health financing.
 - *However, the success of this approach depends on prudent fiscal management and effective policy implementation.*
- On the other hand, the removal of subsidies in Nigeria may indirectly impact access to quality health and financial protection, potentially leading to economic challenges and affecting the population's well-being.
- Therefore the government needs to be transparent and accountable for the money saved by removing subsidies.
- **Palliatives are necessary but not the solution**
- **Solution???**  **DEAL WITH CORRUPTION!!!!**

End Note

- Nigeria's fuel subsidy issue is politically sensitive, balancing consumer protection from rising prices with economic and fiscal implications.
- Subsidies may not always benefit intended beneficiaries, making removal justified but potentially having both positive and negative consequences for achieving UHC.
- The attainment of UHC in the context of subsidy removal necessitates meticulous mitigation of potential adverse effects, particularly on vulnerable populations.



TIME WILL TELL!!!!!!

**THANKS
FOR
LISTENING**

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