

## Doing more with less

Towards a more efficient health sector financing in an era of economic uncertainties in Nigeria



*E-learning helping to train more health workers.*

The 2001 Abuja declaration is a commitment by all African leaders to allocate at least 15% of the yearly budget to health, but Nigeria's budgetary allocation has remained below that level.<sup>2,3</sup> Although the proposed 2020 health budget shows a marginal increase from the current year's allocation, a closer look at the budget figures shows that in constant dollars, the health budget has dwindled due to rising inflation and the erosion of the value of the naira. Similarly, allocation for the much-touted Basic Health Care Provision Fund (BHCPF) has been slashed to much less than the expected 1% of

the Consolidated Revenue Fund (CRF), as stipulated in the National Health Act (2014).<sup>4</sup>

The persistently meagre public spending on health, particularly primary health care, continues to undermine the country's commitment to advancing the universal health coverage (UHC) agenda.<sup>8</sup> With most Nigerians lacking health insurance cover, out-of-pocket expenditures have become the main source of health-care funding, constituting about 60% of total health spending.<sup>9</sup> Consequently, out-of-pocket health expenditures are a significant financial burden on households, millions of which are at high risk of catastrophic health spending.<sup>10</sup>

### **Inefficient and ineffective spending**

Per capita government health spending is about \$35,<sup>7</sup> yet Nigeria's health indices rank among the worst in the world.<sup>1</sup> There are examples of countries spending almost the same amount per capita on health, but with

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*An improvised weighing scale.*

different outcomes in the quality of healthcare (keeping in view potential confounders).<sup>17</sup> There are also countries that spend less on health, but have similar or better health outcomes than those with higher health spending.<sup>17</sup> To put this in context, Rwanda and Nigeria both have about the same per capita government spending on health, yet Rwanda has a better life expectancy (68 years vs 54 years in Nigeria), far lower maternal mortality (248 per 100,000 live births vs 917 per 100,000 live births in Nigeria) and less than a third of Nigeria's under-5 mortality rate.<sup>34,35</sup> In other words, Rwanda is gaining efficiencies in healthcare where Nigeria is failing.

These considerations highlight the fact that the health sector requires more funding or has to create more efficiencies to deliver health services that have become more expensive because of the economic situation.<sup>5</sup>

### **Economic uncertainties**

Nigeria's economy emerged from a recession partly caused by the global market fall in price of oil.<sup>11</sup> Despite the economy having started to recover over the past few years, Nigeria has been unable to meet revenue targets since 2015.<sup>12,13</sup> The increased competition for scarce resources by other sectors of the economy constrain health financing.<sup>14</sup>

Various factors are responsible for the lack of (technical and economic) efficiency and the overall poor performance of the health sector in Nigeria.<sup>19,20</sup> Instead of an integrated approach, health programmes adopt the vertical approach.<sup>19</sup> Substandard and counterfeit medicines are a major source of healthcare spending wastes and inefficiency. The negative association between

governance indicators and reduction in child mortality is well known.<sup>21</sup> Nigeria's problems of the health sector are not peculiar. Every sector of the economy performs poorly.

### **Options for improving efficiency**

Health spending remains low in Nigeria.<sup>15,16</sup> While increasing government's investment in health is necessary to achieve UHC, the efficiency and effectiveness of the overall health system are just as important, given the current economic and fiscal downturn.

Nigeria's economic growth is projected to remain low at around 2% in 2020, and budgetary allocation to health is unlikely to rise in the near future.<sup>26</sup> Hence, it is imperative for governments at all levels to improve the health service efficiency and cost-effectiveness, without compromising the quality of care.<sup>27</sup> To achieve such an outcome governments in Nigeria must commit to a strong focus on primary health care with a better managed and more predictable budget cycle, on top of which they must adopt and implement innovative strategies.<sup>19</sup> In Rwanda, healthcare achievements have been linked to the country's innovative policy making and the alignment of vertical donor funding with horizontal government-driven policies, something that has been difficult to achieve in Nigeria.<sup>33</sup> The capability to translate policies into efficient day-to-day implementation has been a distinguishing factor.<sup>36-38</sup>

Health system leakages, waste, corruption and fraud can be curbed by improving regulation.<sup>27</sup> It is also vital to explore ways to gain cost-efficiencies in out-of-pocket payments for healthcare because it is a very ineffi-

cient means of health financing. Rampant substandard and counterfeit medicines in Nigeria<sup>28–30</sup> call for more stringent regulatory frameworks to optimise the quality and standards of medicines (as well as the in-country supply chain standards and storage) to gain value for money. Integrated delivery of health services contributes to achieving this.<sup>31</sup> Governments need to engage and scale up partnership with the private sector for complementarity.<sup>32</sup> Healthcare programme can also be more cost-effective when specifically targeted at high-risk and vulnerable populations in resource-limited settings. The increasing availability of technology in delivering telemedicine and other low-cost tools in the sector are potentially cost-effective strategies.<sup>43</sup> Demand, however, sits on top of the hierarchy of sector performance factors and therefore efforts should be aimed at creating or aligning with the demand for improvement.<sup>44</sup>

In conclusion, with the pervading economic challenges and revenue constraints, Nigeria must commit to primary health care, innovate on health financing, and address governance challenges within federal and state governments by tackling corruption and instituting improved management practices and strategies for monitoring spending and service delivery. Improving health outcomes and equity during a period of slow economic growth requires that available resources are used judiciously. For healthcare delivery to improve, there must be an overall improvement in the capability of the state.<sup>39</sup>

## Declarations

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