Sustainable financing of essential medicines to strengthen the primary health care system in Ebonyi State, Nigeria

Support to the design and implementation of a drug revolving fund scheme

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Background

In Ebonyi State, essential drugs are often out-of-stock at primary health care (PHC) facilities because of an under-resourced, uncoordinated, and non-functional drug management system, which impedes service delivery and sustained improvement in RMNCH outcomes. A National Health Facility Survey in 2016 found that essential drugs were available in only about a third (32.3%) of all PHC facilities in Nigeria. In the South East Zone, which includes Ebonyi, the proportion of PHC facilities with adequate availability of essential drugs improved only slightly to 37.4%. Against this backdrop, a PHC-level drug revolving fund (PHC-DRF) can be a promising mechanism[1] for improving the financing and effective management of adequate facility-level stocks of essential drugs. To this end, Nigeria's Federal Ministry of Health (FMOH) has developed guidelines for DRF schemes in states, the Ebonyi State government has allocated funding for facility-level seed stocks, and development partners have sought to assist the State Ministry of Health (SMOH) and the State Primary Health Care Development Agency (SPHCDA) in Ebonyi State with funds and in-kind donations to improve commodity supply at PHC facilities, such as through the multilateral Saving One Million Lives (SOML) initiative.

MCSP activity supported PHC Drug Revolving Fund pilot in Ebonyi State

MCSP:

- Helped in designing and disseminating a PHC-DRF strategy; and provided accompanying training and tools for financial and logistics management

In order to:

- Build public sector functions and capacities for sustainable financing, supply, and governance of essential drugs at PHC facilities

Goal

MCSP's Health Systems Strengthening and Equity work aims to address system-level barriers that directly affect high-quality, facility-based MNCH services in Nigeria[2]. USAID/Nigeria requested MCSP contribute to the growing PHC-DRF initiative in Ebonyi by supporting the SMOH and SPHCDA—which share policy, funding, delivery, and oversight responsibilities for PHC services and commodities—in designing and launching a DRF pilot to sustainably finance the provision of essential drugs at a sample of PHC facilities across the state. Over 2017-18, MCSP assisted the Ebonyi State authorities in:

- Designing drug financing and logistics management modalities to be implemented under a pilot DRF scheme in 171 facilities (one per ward) in each Local Government Area (LGA) across the state;
- Creating systems and staff capacity for DRF financial and logistics management at the state, LGA, and PHC facility levels; and

[1] Whereby "after an initial capital investment, drug supplies are replenished with monies collected from the sales of drugs." WHO, 2009.

[2] The Maternal and Child Survival Program (MCSP) is a global, $560 million, five-year cooperative agreement funded by the United States Agency for International Development (USAID) to introduce and support scale-up of high-impact health interventions among USAID's 25 maternal and child health (MCH) priority countries, as well as other countries

- Developing routine governance and monitoring capabilities for ongoing management of the DRF scheme.

This MCSP support constituted technical assistance towards the initial set-up and launch of the Ebonyi State PHC-DRF scheme, provided essential systems strengthening to deal with bottlenecks and gaps in logistics management and governance, and built on prior technical assistance by MCSP Nigeria related to supply chain advocacy, QI, HMIS strengthening, and supportive supervision. It further leveraged key national government policies—such as the FMOH's DRF guidelines—and carried forward earlier work by development partners, such as the 2016 National Health Facility Survey (carried out under the SOML "Program for Results") which emphasized building drug logistics systems and DRF schemes in states.[3]

Approach and activities

MCSP partnered with the SMOH and SPHCDA at the onset of a DRF-PHC pilot, when the state was establishing a DRF Implementation Team (including a dedicated PHC-DRF pharmacist at the SPHCDA) at the state level, allocating NGN100,000 per facility through SOML for 171 PHC facilities, distributing seed stocks of 38 essential drugs and an initial price list across facilities, positioning a pharmacy technician at each of the 13 LGAs, and opening LGA and facility bank accounts to channel DRF proceeds to and from the state government. Monitoring visits to facilities by the Implementation Team at this juncture had highlighted several key challenges to PHC-DRF implementation, such as lack of consistency in procedures for drugs sales as well as in the knowledge and practices of officers-in-charge (OICs) at facilities, limited oversight and supervision, and an absence of processes for monitoring and problem solving.

MCSP technical assistance focused on building public sector functions and capacities for sustainable financing, supply, and governance of essential drugs at PHC facilities through the following activities:

- **Designing a PHC-DRF strategy to explain core concepts, create shared knowledge, and establish key standards**: MCSP worked with the Implementation Team to co-develop and iterate on the design of a comprehensive PHC-DRF mechanism to (i) lay out fundamental principles of finance, drug supply, and governance; (ii) ensure a common understanding of these among personnel at the state, LGA, and facility levels; and (iii) detail implementation and performance monitoring standards. The MCSP team of health financing and logistics/supply chain experts coordinated closely on developing the strategy with state and LGA officials in Ebonyi, incorporating their feedback and questions as edits to the document and appending a set of frequently asked questions to aid in the quick uptake of contents. The PHC-DRF Strategy was finalized over multiple rounds of dissemination and feedback (presented below) and provided to the state as a guiding document for the ongoing PHC-DRF pilot, in light of which the strategy can continue to be refined by the Essential Drugs and Logistics Unit of the SPHCDA to further clarify operational issues.

Ebonyi State PHC-DRF team members in a workshop on financial and logistics management modalities: Afikpo, September 2018
Photo Credit: Katie Shepard, MCSP

- **Disseminating the strategy to create ownership and integrate feedback**: The MCSP team further undertook dedicated activities to discuss, disseminate, and circulate the PHC-DRF strategy. This was carried out via several review and training events with state, local, and facility-level officials to create broad awareness and ownership of the features of the strategy as well as to receive and integrate feedback. For instance, in July, September, and October 2018, MCSP carried out several high-level meetings with state and LGA officials in Abakaliki and Afikpo in Ebonyi State to overview and disseminate draft versions of the strategy; met with the Honorable Commissioner of Health to discuss the proposed PHC-DRF strategy and provide policy

[3] National Health Facility Survey. FMOH, SOML-PforR, 2016.

recommendations for a sustainable drug supply system (such as creating a monitoring unit at the SPHCDA endowed with appropriate staff and resources); and reviewed the strategy with staff from pilot LGAs and facilities (such as pharmacy technicians and OICs) in a series of staggered workshops. These engagements helped communicate key concepts, align understanding and expectations, and adequately disseminate and validate the strategy.

- **Providing accompanying training and tools for financial and logistics management**: In addition to developing and disseminating the PHC-DRF strategy, the MCSP team also developed a financial model for routine modeling, monitoring, and management of the PHC-DRF scheme. The model projects commodity use, revenues and costs, and profit distribution across the pilot facilities to aid the PHC-DRF Implementation Team with proactive analysis and monitoring. In early September, MCSP led a training for the Ebonyi State PHC-DRF Implementation Team to overview and hand-off the financial model as a core management tool. Further, MCSP trained the same officials on Logistics Management Information System (LMIS) and supply chain management, following MCSP guidelines and the PHC-DRF strategy and facilitating brainstorming and agreement on roles and reporting responsibilities across key stakeholders at state, LGA, and facility levels. Finally, MCSP printed and distributed—and trained about 200 personnel on—key reporting and tracking tools for financial and logistics management, including report and requisition vouchers, cash receipt books, and the design strategy, in a series of meetings in September 2018.

Results

MCSP support resulted in the following outputs and near-term outcomes related to public sector functions and capacities for sustainable commodity financing and logistics management under the PHC-DRF scheme:

- **A tailored, readily-usable DRF strategy co-designed and finalized** with state officials and with input from the wider SMOH, SPHCDA, LGA, and facility staff. As mentioned above, the process of designing the PHC-DRF strategy was inclusive, iterative, and informed by evidence from the state and global best practice. The finalization of the DRF strategy provides a framing and guidance document as a key implementation aid for the ongoing pilot across 171 facilities, aligns staff at all levels in terms of their understanding of PHC-DRF concepts and objectives, and serves as an importance instance of FMOH DRF guidelines translated to and used at the PHC-level in a state, potentially providing a use-case and a learning opportunity for federal and state governments more widely in Nigeria.

- **LGA and facility-level staff trained on financial and logistics management** as well as provided with various tools to facilitate transparent and effective management of facility level stocks of essential drugs, accounting and remittance of proceeds, and community-level monitoring and support. These activities helped to (i) develop the capacity of the core state-level implementation team in forward-looking financial and logistics management of the PHC-DRF scheme in line with the goals of the overarching strategy, and (ii) served to provide critical tools and training for key personnel (administrative secretaries, pharmacy technicians, and OICs) for PHC-DRF implementation. Overall, the activities should help Ebonyi State PHC managers in developing a cadre of trained implementers for successful PHC-DRF roll-out.

- **Financial management model developed and provided to PHC-DRF team, key performance indicators (KPIs) developed** for effective governance and ongoing monitoring of adherence to the design document.

- **PHC-DRF learnings and processes recapped for Ebonyi and Kogi state officials and MCSP staff** to ensure expanded multi-stakeholder ownership and sustainability of the Ebonyi PHC-DRF scheme. Importantly, the final dissemination meeting on Friday October 5th, 2018, comprised 177 participants, including five Kogi State delegates, providing an opportunity, as noted above, to showcase the Ebonyi State PHC-DRF as a health system strengthening learning opportunity and use-case for other states.

These outputs are crucial for the smooth functioning of the PHC-DRF scheme and to achieving the eventual sustainability and equity outcomes that it has targeted. MCSP's engagement with the design and launch of the scheme has gleaned key recommendations for ensuring that those outcomes can indeed be secured.

Recommendations

These are still early days for designing and implementing sustainable commodity financing modalities at the state level in Nigeria. The Ebonyi State PHC-DRF scheme is a commendable start and has gathered considerable momentum, as evidenced by the allocation of SOML funding through the state for facility-level stocks and the creation of a state-level implementation team. The scheme also comes at a crucial inflection point for sustainable PHC financing in Nigeria. The national government has (i) spelled out ambitious goals for improving MNCH outcomes in the National Health Policy and an accompanying National Strategic Health Development Plan (II), (ii) instituted changes to systems for financing and governing PHC services in order to shift responsibility and resources to state actors such as SMOH and SPHCDA via policies like the National Health Act of 2014 and Primary Health Care Under One Roof (PHCUOR), and (iii) worked with development partners to both generate evidence on the extent to which PHC facilities are understaffed and underequipped[4] as well as to direct and expand public (federal and state) and donor resources to make them fully functional.[5] Using evidence and recommendations from partners and the national government, the SMOH and SPHCDA must extend these national policies and guidance to Ebonyi State and develop the requisite financial management and oversight capacities. The MCSP health systems work on the PHC-DRF scheme provides a few key pointers for doing so:

- **The state will need to vigorously pursue the institutionalization of best practices** for procurement, financial and logistics management, and routine monitoring, evaluation, and learning that are being designed and implemented under the PHC-DRF scheme. The gains from the ongoing PHC-DRF piloting—enhanced personnel capacity, new processes and tools, routine evidence generation, etc.—will be endangered if the state is unable to continue driving and expanding the PHC-DRF scheme as part of its strategy for sustainable provision of accessible and quality PHC services and commodities. The support of technical and donor partners may be crucial in this regard.

- **The state will likely need further technical and M&E support** through a few procurement, sale, remittance, and profit-sharing cycles of the PHC-DRF scheme. This will help to ensure that the SPHCDA Implementation Team is able to call upon the support of partners and experts in thinking through operational questions, assessing performance and analyzing M&E data, and providing LGA and facility-level staff with troubleshooting and mentoring assistance as needed. For instance, most recently available information suggests that all 171 health facility managers have successfully remitted some revenue from sale of DRF commodities to the state level. As part of the sustainability strategy for the scheme, they will need to be promptly provided with replacement commodities to replenish their stocks (necessitating transparent and smooth procurement of drugs from well-positioned vendors) and encouraged to participate in further dissemination and review meetings to be motivated to continue.

- **The state may integrate subsidies in future PHC-DRF cycles and expand the scheme to include additional providers, stocks/quantities, and drugs** to continue to drive the implementation momentum and realize the RMNCH impact of the DRF scheme via broader availability of affordable, quality, and accessible medicines. As in the point above, this may require further donor and technical partner assistance and guidance from the federal level.

- **Finally, going forward, the state can align donor funding and UHC financing initiatives in Ebonyi State with the PHC-DRF scheme** to better leverage the financial management capacities and "decentralized facility financing" (DFF) mechanisms that form part of the scheme, as well as to further sustain and expand PHC-DRF implementation. The PHC-DRF pilot provides an opportunity to promote community/facility-level autonomy and transparency in the planning, budgeting, and delivery of effective PHC services. These features figure prominently in Nigeria's broader PHC-UHC approaches and may potentially be layered onto the PHC-DRF mechanisms being rolled-out and tested in Ebonyi State.

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[4] E.g., the 2016 National Health Facility Survey under the SOML Program-for-Results cited in this brief
[5] E.g., through the planned implementation of a federal-to-state Basic Health Care Provision Fund