

PNABE-207

THE BAMAKO INITIATIVE

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The "Bamako Initiative" proposed by UNICEF in September 1987, is an effort to achieve local financing for primary health care in sub-Saharan Africa, largely through the sale of essential drugs at the community level. UNICEF's Executive Board has recently approved preparation funds and expects to release additional funds for implementation later this year; operational guidelines are being finalized; and individual countries are currently developing proposals for participation.

Many elements of the Bamako Initiative are compatible with AID's program priorities in health. AID's efforts in recent years have focused on the promotion of child survival strategies, with major emphasis on increasing both ORT use and immunization coverage. In these efforts, AID has consistently tried to work with countries to build health care systems that can be sustained with locally available resources. Work has usually focused on development of management systems, training, and some commodities. More recently, we have begun to explore financing alternatives as well as possible shifts of some health care costs from the public to the private sector.

To the extent that the broad goals of the Bamako Initiative are to strengthen the sustainability of health systems, promote the concept of alternative financing for health, and rationalize drug use, these are goals that AID shares. As the operational aspects of the Initiative take shape in a way that ensures emphasis on the institutionalization of preventive as well as curative health services, and is thus compatible with our emphasis on child survival, and to the extent that it attempts to build health systems which are cost-effective, considering resource allocation and cost containment decisions as well as cost-recovery, AID supports the Initiative.

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Sustainability and cost-recovery are areas in which AID has and continues to support research and demonstration projects, and we would welcome the opportunity to share ideas and experiences with UNICEF and other donors as the Bamako Initiative develops. We are eager to support efforts which are realistic both in the setting of cost-recovery objectives and about the management capacity that must be developed in order to meet these objectives; which do not create disincentives for the utilization of outpatient health services by mothers, infants, and children, and the poorest of the poor, or incentives for over-use of pharmaceuticals; and which do not draw users away from a well functioning private sector.

We do not believe that the Bamako Initiative will have any negative impact on the U.S. pharmaceutical industry. While its goal is to make primary health care and drug services available and accessible to those previously underserved, it can be expected to increase overall public sector demand. The Initiative contains no new essential drug concepts and does not advocate restricted essential drug lists for the private sector. The factors which currently make private sector drug purchases popular -- including brand name preference, accessibility, waiting time, and convenience -- would continue to operate even in the context of public sector essential drug cost-recovery programs. (The impact of these factors is clearly shown in Egypt, where 60% of all ORS is sold through private channels, while the identical product is available free at government health facilities.)

We acknowledge that governments' financial resources allocated to health care and will continue to be a major constraint to expansion of the health

sector, and we fully support exploration of alternative mechanisms of health financing. We do not believe, however, that there is one generic solution which will be appropriate in all circumstances. In countries where management inefficiencies in the health system or in the drug supply system more specifically are resulting in a greatly reduced level of service provided, significant gains can be made through improved resource allocation and cost containment efforts. Countries where the funds available for health would be inadequate, even if managed more efficiently, may need to mobilize additional resources through institution of user fees in the public sector, as the Bamako Initiative proposes. Others governments may choose to spread the costs of health care by shifting some of the burden to the private sector for those who can afford to pay.

In countries where cost-recovery is being attempted, AID would support and encourage UNICEF efforts to develop plans which are based on realistic expectations for both health and financial objectives. While a few recent experiences from Africa -- notably Benin and some States of Nigeria -- suggest that locally managed programs can generate revenue from essential drug sales well in excess of the replacement costs of drugs sold, most documented experience suggests more modest return. Other examples suggest decreases in utilization of health services, or the shifting of utilization patterns away from the primary care levels where health care is delivered most cost-effectively, in areas where charges have been instituted. The most successful efforts that we are aware of have benefitted from levels of technical assistance that cannot be expected in all situations. We are unaware of any examples to date of drug cost-recovery that have been self-sustaining at the national level, while maintaining their public health objectives.

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In summary, AID will seek to collaborate with UNICEF on development and support for implementation of the Barako Initiative to the extent that:

- Activities do not divert attention from AID's program priorities -- our support of and countries' current emphasis on child survival strategies.
- Governments are encouraged to work toward increasing local financing of health services, and to view community participation as a mechanism for supplemental rather than substitute funding for health.
- Cost-recovery objectives are based on realistic expectations, considering the experiences that have been documented from other countries.
- The institutional and human resource capabilities required for management of cost-recovery schemes are fully incorporated into planning.
- Fee schedules are established, considering primary, secondary, and tertiary levels of the health care system, and creating incentives for use of services at the primary care level whenever possible, where they are most cost-effective.
- Utilization of health services is monitored, to ensure that while revenue generation objectives are being met through user charges, health services are not unintentionally becoming less accessible to target population groups.
- Financial self-sufficiency is recognized as only one aspect of sustainability, and efforts to develop institutional and human capabilities are seen as important components of overall sustainability for improved health.

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