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Examining Health Systems challenges and possible mitigation strategies in the face of an economic crisis in Swaziland: A Health Economics Perspective

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KEY CONCEPTS:

Gross domestic product; healthcare resource allocation; health system implications

ABSTRACT:

Background: Evidence suggests that growth in a country's Gross National Products does improve life expectancy only when substantial funds are directed towards healthcare and poverty eradication in society. The economic crisis currently faced by Swaziland has a potential of impacting negatively on her healthcare system, hence the need for drawing-up mitigation strategies.

Purpose: To examine the healthcare system in the face of the economic crisis in Swaziland with the aim of drawing-up appropriate socio-economic mitigation strategies in response to the current challenges.

Approach: The exercise engaged a descriptive approach through a three-level conceptual model that first examined the current health systems, leading to the analysis of possible health implications. The last phase involved drawing-up appropriate socio-economic mitigation strategies.

Health challenges and implications: The Ministry of Health in Swaziland is already struggling to make significant strides in implementing key projects through her primary healthcare strategies as enshrined in the National Health policy of 2007. Of paramount importance is the impact on the comprehensive implementation of her annual action plan and the national health sector strategic plan (2008 -2013). Envisaged implications include the current threat on the capacity surrounding the management of HIVAIDS in the country.

Conclusion (mitigation strategies): There is a strong need for the government of Swaziland and the Ministry of Health to act decisively in ensuring that health financing policies are reviewed and re-strategized to mitigate the economic impact on critical services within the department.

BACKGROUND TO THE ECONOMIC CRISIS IN SWAZILAND:

In the beginning of 2011, Swaziland experienced a huge economic shock as a result of a US\$ 0,567billion shortfall in her fiscus. This was sparked by a 60% slash in her annual revenue share from the South African Custom Union (SACU). In terms of Swaziland's fiscal status, SACU remains her main source of income under the Gross National Product (GNP). This prompted the government of Swaziland to then approach other financial bodies such as the World Bank and African Development Bank for budget support loans. The situation became worse when she failed to secure a loan from the World Bank and the International Monetary Fund (IMF). Under the current situation, the government of Swaziland has been forced to continue to deplete her reserves even further. Monetary statistics released by the Central Bank of Swaziland indicated clearly that from a high of US\$ 0,67 billion in January 2011, the country's Gross Official Reserves stood at US\$ 0,58billion as at the end of May, 2011. The reserves depicted a three per cent contraction over the month ended in May to reach US\$ 0,57billion. Gross official reserves are the monies held by a Central Bank of a country in foreign currency, which are used in the importation of goods and services in international markets. In July 2011, the reserves were enough to cover 2.3 months of imports of goods and services despite the minimum of 3 months international requirements (Central Bank of Swaziland, July 2011).

Latest statistics revealed that at least 51% of Swaziland's poor rural population is living on less than US\$ 7 per month. This startling revelation was made by World Vision Swaziland in September, 2011. Documented information indicates that during the previous financial year which ended in March 2011 the Ministry of Health in Swaziland had been allocated a total budget of approximately US\$ 147million for recurrent and US\$ 36million for capital projects (Ministry of Health, 2010). However, based on the current economic shock experienced by that country, the Ministry of Health had to maintain the previous budget for the current financial year (2011/2012). The question which comes to mind is, will this be possible in economic terms when all market prices increase every year based on inflation?

HEALTH FINANCING AND SERVICE DELIVERY IN SWAZILAND

The GDP is the most important measure of economic activity in any country. It is the crossing point of three sides of the economy: expenditure, output, and income. As a measure of well-being of a country for international and temporal comparisons, it provides a good first approximation (Piana, 2001). Still, it ignores any crucial elements of general well-being, like environment conservation, safety, life expectance, and population literacy. In this respect, one should rather look at the Human Development Index (HDI). To measure economic activity, one needs a meaningful aggregation of all kinds of productions. The territory's productions are the crossing result of 1) effective demand, 2) production capabilities, and 3) income. In principle, income rises from payments distributed to production factors and it provides the necessary finance for demand. A numerical example will explain the fact that GDP is expressive of these

three sides or, in other words, of the contemporary action of buyers, sellers, producers and the income receivers.

Of late Swaziland's current macro-economy has attracted public interest in the last few months. Some few years back Swaziland had a healthy economic outlook based on her steady growth in GDP. According the Swaziland Population & Housing Census (2007), Swaziland had a Gross Domestic Product (GDP) per capital of about R20.016, roughly equivalent to US\$ 2.568. Despite this income level that placed her in the middle-income economy; Swaziland was still faced with social problems such as poverty, unemployment, and a high scourge of HIV/AIDS pandemic. According to the United Nations Children's Fund (UNICEF) this pandemic, combined with widespread poverty, and a regional drought, left nearly one third of the population living in unfavorable conditions (UNICEF 2006). Sugar had been one of the key national products in Swaziland although currently it's not doing very well in the markets. It used to contribute 8% to the Gross Domestic Products, 7% to foreign exchange earnings, and 35% to agricultural wage employment (United Nations Development Program 2008).

Whilst the government allocates a significant percentage of its annual budge to the health ministry; the Ministry of health also collects user fees in the various public hospitals and health centres. However, these remain insignificantly small when compared to the costs of medical services. The main sources of revenue under the health ministry are mainly out-patient departments in health facilities. Despite increase in medical costs, available evidence suggest that the revenues collected from healthcare facilities has been stagnant in the past planning period at approximately US\$0,64 and US\$0,65 million. The non-increase of the revenue against an increasing burden of disease also suggests a fundamental problem in both the generating and revenue collection.

In essence, healthcare resource allocation should focus on the objective of providing the most health, rather than the most services, to most people. A major goal of healthcare is to enhance patient health outcomes. This objective is not realized in many countries because incentives and structures are currently not aligned for maximizing population health. The misalignment occurs because of the competing interests between various "actors" in healthcare. In most cases government will often act in the conflicting roles of a healthcare payer and provider in addition to her role as the representative and protector of the people. However, there is always an existing imbalance between these actors, due to the resources and information control of the enterprise and government actors relative to the individual and the public. Sometimes failure to use effective preventive interventions is perhaps the best example of the misalignment of incentives. Considering the Pareto efficient balance between the actors in relation to the Pareto frontier, there is a need for a significant change in the healthcare market system which could lead to significant changes in the utilities of this enterprise.

There is no doubt that Economics does influence health care at every level in societies. And as already demonstrated above, part of that influence is the result of the interaction of buyers and sellers in markets. Another part is the interaction among aggregates of different markets, the government, and international actors. That is why in every country the debate is always on the future of healthcare of the citizens and how the health system can be improved. Most often amongst politician, discussion of healthcare evokes emotions as to “who gets healthcare and how much they get”. This however touches on both moral and ethical issues in every civilised society. The bottom line is that if we do get ill, we are always worried as to whether we will receive the appropriate healthcare. We are therefore confronted by the fundamental problem of scarcity which requires making the right choices. Even if the government of Swaziland’s current preference is to spend more on healthcare, there are limits as to how much of the available funds can be allocated on her healthcare provision. However, much the government of Swaziland decides to spend on healthcare needs to be efficient so that the poor Swazis can get more healthcare for a given commitment of resources.

The ultimate goal of the health system is to improve people’s health by providing comprehensive, integrated, equitable, quality and responsive essential health services. A functional health system ensures the enjoyment of health as a right by those who need it, especially vulnerable populations, when and where they need it, especially vulnerable populations, when and where they need it as well as the attainment of universal coverage. Health service delivery needs to be organized and managed in a way that allows effective and affordable health interventions that are people-centred and reach their beneficiary populations regardless of their ethnicity, geographical location, level of education and economic status. It is important to emphasize that consistent community actions towards health promotion and disease prevention are the most efficient and sustainable ways of ensuring better and health outcomes. Available information indicates that over the last three years the Ministry of Health budget in Swaziland has been increasing both as a proportion of GDP and as a proportion of the overall government budget, rising from 8.27% of the total Government budget in 2006/07 to 8.65% of the total government budget in 2009/10 to 12.2% of the total government budget in 2010/2011 (Ministry of Health, 2010). This was a great improvement in healthcare financing even it still remain below 15% as prescribed by the Abuja declaration of 2001.

It is also worth mentioning that in recent years, Swaziland has been in the process of improving her Primary Health Care programmes and decentralizing most of the healthcare services to the communities. In the light of the socio-economic challenges faced by the Swazi economy it is indeed imperative that efficiency in resource allocation is strongly considered. In Swaziland, there are a number of sub-vented organizations engaged in healthcare activities. Most of these have been directly or indirectly regarded as organs of society that perform specific interventions on health related areas including: faith-based organisations (FBO’s), community-based organisations (CBO’s) and non-government organisations (NGO’s). Indeed these are a critical component in the quest to have an effective health delivery system. Their input cannot be over-emphasized. Whilst some organizations rely on foreign funding; a significant number of these

receive government supports of up to 80% of their recurrent budgets. This has saw about 15.2% of the recurrent budget in the financial year 2010/2011 being budgeted for these organizations (Ministry of Health, 2010).

Well documented evidence put it succinctly clear that HIV/AIDS remains the major challenge facing not only the health sector but the country at large. A combined force of agencies, organizations, associations, and networks in combating this scourge including other conditions in society has been on the frontals but to very little outcomes so far. For instance, it is claimed that decentralization of ART services to make ARVs and services for HIV+ people available in rural clinics has been implemented in most parts of the country. Organizational capacitating the fight against HIV also saw the introduction of Male Circumcision (MC) programmes. This is a new strategy under HIV prevention which has been approved by Swaziland government to be part of the comprehensive HIV prevention programme. Under the prevailing circumstances, this approach is indeed commendable. It is indicated that the target by the government is to circumcise 80 percent of 15-49 years males in Swaziland by 2014. Statistics indicate that by end of 2010 a total of 6838 MC had been done in the whole country.

In Swaziland, another serious issue is Tuberculosis which continues to be a high burden, and further aggravated by the ever rising number of drug resistant cases. Although the TB control program continues to respond to this scourge to ensure achievement of the goal and objectives in the national health strategic plan; this remains a challenge under the current economic status coupled with the prevalence of HIV/AIDS in the country. On the fight against malaria, the goal of Swaziland's malaria elimination strategy is to achieve malaria elimination by 2015 in the country. Through the support from Global fund, some of the key intervention strategies enlisted for achieving the malaria elimination goal for Swaziland include: case management; vector control; surveillance and epidemic preparedness and response (EPR); and health promotion and information, education, and communication. Under the reproductive health programme, evidence suggests that there are new 14 facilities that have been assisted to provide PMTCT services. Data indicates that the number of Anti Natal Care (ANC) attendees in the last quarter of 2010 was 4915. Out of 4915 pregnant women seen at ANC, 3995 women were HIV tested (Ministry of Health, 2010).

Some concerns are that the under-five mortality rate (UMR) is still high in Swaziland. From 2000 to 2007 UMR fell by two deaths per 1,000 live births. This is likely to have been as a result of the decline in HIV/AIDS infection from 42.6 percent in 2004 to 39.2 percent in 2006. Another programme of significance is the EPI programme with objectives aimed at reducing morbidity and mortality among children less than five years due to childhood vaccine preventable diseases. These include traditional and under-utilized vaccines such as tuberculosis, poliomyelitis, tetanus, measles, diphtheria, pertusis and Haemophilus influenza type B disease in contribution towards the attainment of the Millennium Development Goal 4 by 2015. All major

hospitals in Swaziland are expected to operate at a higher level than regional hospitals and health centres, however they are limited in many respects such as staff shortages mainly specialists and poor monitoring and evaluations systems as a result of financial resources. As expected, overcrowding, long waiting times, drug shortages and poor maintenance still persist. Documented evidence indicate that the Mbabane Government Hospital being the country's main referral hospital with a capacity of 422 beds, in 2009 recorded a total of 67,483 out patients and 13,042 inpatients and carried out 2,817 deliveries (Ministry of Health, 2010).

GENERAL HEALTHCARE IMPLICATIONS DUE TO THE ECONOMIC CRISIS

Of paramount importance is the fact that for all people currently on antiretroviral treatment, and for those eligible to get started on antiretroviral drugs, an uninterrupted supply of medication is crucial to the success of their treatment, hence their survival. Most often than not, science has proven that ARV ruptures can lead to the development of drug resistance, to a rapid decline in a patient's health and even to death. Along these lines there is also the threat to the capacity for HIV testing/counselling including laboratory services as the reagents needed for such services are likely to be affected. On the general, any likelihood of a disease outbreak could find a less equipped health system. Other possible healthcare and health related implications may extend to the following:

Decline in skilled personnel: Whilst the Ministry has previously recruited a number of health personnel through the Government establishment and support from developmental partners; setbacks on retention and attracting more skilled manpower especially those specialized in the various field of medicine can no longer be guaranteed under the current environment.

Negative impact on staff morale (service delivery): Uncertainty of job securities is likely to reduce morale among staff within the health department and this will serious impact on service delivery. This will also heighten the brain-drain already experienced by most health departments in the country.

Stalling of crucial capital projects: A lot of capital projects under the Ministry of Health already hang on the balance; whilst others are on a go-slow pace as a result of poor procurements and payments of contractors on sites.

Effect on transport services: All services under the health department require readily available and efficient transport because this department deals with life-threatening situations. Already a number of government's fleet is said to be grounded as a result of unavailability of service parts.

Downscaling of clinical services: Medical services by nature are expensive and require a guaranteed budget. Hospitals and clinics are bound to scale down services not because of staff shortage or other factors but mainly because there will be no medicines and some consumables for rendering comprehensive services.

Fall in life-expectancy: With an already low life-expectancy in Swaziland which is currently below 40yrs due to the scourge of HIVAIDS, worse is yet to come under the current situation.

Evidence has proved that poor financial allocation on healthcare in a country has a serious effect on life-expectancy in general in the country leading to a drop in it's GDP.

Impact on the MDGs: Whilst the Ministry has been striving to meet her targets by 2015; unavailability of resources will severely decapitate all attempts at meeting the MDGs.

Impact on general infrastructure: An economic crisis will definitely affect the general infrastructure with no exception to the health sector, further compromising delivery of services in all sections including a general shock on quality assurance.

POSSIBLE SOCIO-ECONOMIC MITIGATION STRATEGIES

Under all circumstances, efforts to ensure optimal and efficient health funding overrides all principles under the current circumstances. The government has a duty to re-strategise her fiscal policies to prioritise health financing in the country. There is a need for efficiency in healthcare delivery and down-scaling of services under non-priority areas. Further, the following options could also alleviate the situation:

Reduction on transport costs: Some of expensive items or cost drivers such as indiscriminate use of vehicles should be limited and be put under strict controls.

Cost-sharing approach: Some alternative financing strategies in the form of cost sharing and risk sharing should be considered. Cost sharing or cost recovery is a way of commanding user fees for some or all health services as a way to get clients to share the expense of the services. Risk sharing could involve the possibility that fees from better off clients could be used to help pay for services of those who cannot afford to pay for services.

Engaging local businesses: Utilization of local businesses or organizations especially for transportation, consumables, minor repairs/maintenances, etc. in the form of donations or contributions could be an alternative in some regions.

Turning focus on social security: The government will have to turn focus towards social security networks and infrastructure projects so as to prevent health hazards and stimulate the economy in the near future.

Strengthening strategic and operational planning: There will be a need for strong planning and control process. For instance budgeting could be done in a strategic management framework where there is the re-sourcing of the organisational strategy by looking at the inputs that are relevant to undertake the activities defined. The policies, objectives and money will be linked through the strategic framework.

Improving monitoring and evaluation of programs: This a very important activity that the ministry must take seriously into consideration especially in times of economic crisis. Financial control and monitoring could be one of the key activities where all expenditure in the ministry or institutions are tracked down and a timely monitored. This could give room for immediate corrective actions where necessary. Spending should be oriented to delivery and should be output based rather than input based.

Decentralization of the budgeting process: There should be a decentralisation on the budget processes so that managers can have some control over the expenditure. This would ensure that all resources used are accounted for, making managers account for the resources they have used. This will minimise waste.

Enforce reporting analysis and feedback: A good reporting system will have to be used so that activities are clearly linked to outcomes. A very clear financial reporting will show details of every amount spent from the budget. In doing feedback on how money is spent, any aspect of corruption could be detected early for punitive actions.

Cuts on in-service trainings, workshops, and other operations: Some services would need to be rationed due to their costly nature. Others could target telephone services, social networks, etc.

Re-organization of certain services: This process involves the re-organization of the inter-organizational structures of departments/facilities with the focus on dividing, coordinating and controlling tasks between the managers, employees and partners.

Performance-based resource allocation: Inputs usually in the form of financial resources will have to be assigned to activities to produce measurable outputs and outcomes. This will ensure that the inputs are linked to performance, and also maintain efficiency in the use of this scarce resource.

Considerable increase or introduction of new tax: An expansion in revenue collection is a must and un-avoidable so, where increases in duties or adding a medical tax during an economic recession is undesirable as it might increase overall burden on both the poor and the rich.

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