



# **ECONOMICS OF HEALTH SYSTEM GOVERNANCE AND FINANCING IN NIGERIA**

*Edited by:*  
**Olanrewaju Olaniyan**  
**Akanni Olayinka Lawanson**  
**Olalekan Olubajo**



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# CONTENTS

	<i>Page</i>
<i>Foreword</i>	<i>vii</i>
<i>List of Contributors</i>	<i>ix</i>
<b>Chapters</b>	
<b>1</b> Introduction and Overview <i>Olanrewaju Olaniyan and Akanni Lawanson</i>	1
<b>2</b> Professor Adedoyin Soyibo: A Gentleman and Great Teacher <i>E. Olawale Ogunkola and Olanrewaju Olaniyan</i>	9
<b>3</b> Developing Quantifiable Measures of Financial Liberalisation in Nigeria <i>Babajide Fowowe</i>	27
<b>4</b> Inflation and Financial Development in Nigeria <i>Wumi Olayiwola, Evans Osabuohien and Efobi Rapuluchukwu</i>	49
<b>5</b> Inflation and Exchange Rate in Nigeria: Evidence from Recent Data <i>Abiodun O. Folawewo and Solomon A. Olakojo</i>	69
<b>6</b> Global Financial Crisis: Channels and Effects on Nigeria <i>M. Abimbola Oyinlola and Tayo Fakiyesi</i>	87
<b>7</b> The Predictive Ability of Volatility Models for Stock Returns in Nigeria <i>Afees Adebare Salisu</i>	103
<b>8</b> Enhancing Bank Performance in Nigeria: Any Role for Corporate Governance? <i>Lloyd Amaghionyeodiwe and Philip Omoke</i>	137

<b>9</b>	Africa's Growth Tragedy: The Weaknesses of Received Wisdom <i>M. Adetunji Babatunde</i>	159
<b>10</b>	Determinants of Firms' Growth in Nigeria <i>Omo Aregbeyen</i>	191
<b>11</b>	Fiscal Policy-Economic Growth Nexus in Nigeria <i>Olugboye A. Oyeranti and Oluseun Ishola</i>	223
<b>12</b>	ECOWAS Common External Tariffs (CET): The Potential Implications for Nigeria's Manufacturing Sector <i>Abiodun Surajudeen Bankole</i>	245
<b>13</b>	China-Nigeria Economic Relations: Review and Analysis <i>Adeolu O. Adewuyi</i>	273
<b>14</b>	Funded Pension, Financial Sector Development and Economic Growth in Nigeria <i>Babatunde Alayande</i>	301
<b>15</b>	Population Age Structure, Demographic Dividend and Nigeria's Economic Growth <i>Olanrewaju Olaniyan, Akanni O. Lawanson and Adedoyin Soyibo</i>	325
	<i>Index</i>	345

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# CONTENTS

	<i>Page</i>
<i>Foreword</i>	vii
<i>List of Contributors</i>	x
<b>Chapters</b>	
<b>1</b> Introduction and Overview <i>Olanrewaju Olaniyan and Akanni Lawanson</i>	1
<b>2</b> Professor Adedoyin Soyibo: A Gentleman and a Great Teacher <i>E. Olawale Ogunkola and Olanrewaju Olaniyan</i>	7
<b>3</b> Household Responses to Public Health Services in Nigeria: Cost, Access and Quality Tradeoffs <i>Lloyd Amaghionyeodiwe</i>	25
<b>4</b> An application of the World Health Organization Health System Governance Framework to Assess Six Levels of the Nigerian Health System <i>Obinna Onwujekwe, Saidou Barry, Sameen Siddiqi, Joses Kirigia, Soludo Eze, Benjamin Uzochukwu</i>	49
<b>5</b> Analysis of the Levels of Competencies in Leadership and Management Skills in Nigerian Health Sector <i>Olanrewaju Olaniyan, Adedoyin Soyibo and Akanni O. Lawanson</i>	75
<b>6</b> Public Healthcare Facility Cleanliness in Nigeria: Evidence from Lagos and Kogi States <i>Omobowale Oni, Dontsop Nguezet and I. O. Amao</i>	97

7	Public Sector Health Care Financing and Health Outcomes in sub-Saharan African Countries <i>Akanni O. Lawanson</i>	121
8	Determinants of Public Health Investment Expenditures in Nigeria <i>H.E. Oaikhenan and D. Umoru</i>	149
9	Cost of Routine Immunization in Nigeria <i>Kenneth Ojo, Ibrahim Yisa, Adedoyin Soyibo, Olalekan Olubajo and Paul Schoen</i>	165
10	The Impact of Micro-Health Insurance on the Access to Health Care Services among the Informal Sector Employees in Urban Areas of Nigeria <i>Olanrewaju A. Olaniyan and Saheed O. Olayiwola</i>	201
11	Institutional and Consumer Interactions in Product Standards and Trade in Nigeria <i>Abiodun S. Bankole</i>	223
12	Demand for Healthcare by the Elderly in Nigeria <i>Sunkanmi Odubunmi</i>	255
	<i>Index</i>	277

## Foreword

When Dr. Olaniyan approached me to write this foreword to a book to celebrate Professor Adedoyin Soyibo, I accepted without hesitation. I have had the unique opportunity of working closely with Professor Soyibo in the past ten years. The interaction started earnestly in 2005 when he was the Director of the Programme for Entrepreneurship and Innovation, one of the projects sponsored by the MacArthur Foundation. I could not but notice his passion and unusual capacity to appreciate ideas from colleagues while weaving them into problem solution. It was a period of intensive brainstorming on how to handle the then emerging issues of introduction of entrepreneurship and innovation into the Nigerian university system. After several sessions under his able leadership, we were able to design courses and programmes that formed the basis of the entrepreneurship courses at the University of Ibadan. Professor Soyibo extended the concept further, leading to the transformation of the Programme into the full-fledged Centre for Entrepreneurship and Innovation (CEI). CEI has become the platform for partnership with industry, and the mounting of entrepreneurship courses for the different programmes at the University of Ibadan. He served as the Foundation Director of CEI from 28 January 2008 to 28 February 2010 thereby laying the foundation upon which Professor Gbemi Oke, another passionate and most able academic leader, has been building, to my personal admiration.

Professor Soyibo's analytical prowess to handle problems should not be surprising bearing in mind his academic background—a no mean mathematician with B.Sc. (First Class Honours) from the University of Ibadan in 1975. I must confess that I was rather surprised that such a first-class brain could not continue, to obtain his Masters and Ph.D degrees in Mathematics, as one would naturally expect. Instead, he chose to deploy his mathematical skills into research of relevance in Economics, leading to his Ph.D degree in Economics in 1983 from the University of Ibadan. With the economics programme moving from the traditional almost descriptive methodology, involving only two hands, the usual *on the one hand ...and on the other*



hand... into highly sophisticated mathematical modelling of diverse economic parameters providing an *infinite number of hands*, one can readily appreciate the reason why Professor Soyibo was very much welcome into the Department of Economics.

Professor Soyibo is being celebrated in this book titled, *Economics of Health System Financing and Governance in Nigeria: Essays in Honour of Professor Adedoyin Soyibo*, devoted to the acknowledgement of his contributions in the specialized area of 'Economics of Health System Financing and Governance in Nigeria'. There is no doubt that health management and service delivery in our country of more than 150 million people cannot be left entirely in the hands of medical practitioners. It is commendable that the University of Ibadan established the Health Policy Training and Research Programme with Professor Soyibo as Director since 1997. The programme, involving gurus from inside and outside the Department, has fully matured while attracting funding supports from governments and agencies to research on various critical issues impacting the sector.

About twenty-three researchers have contributed to the essays arranged in twelve chapters. The essays have been devoted to research findings in respect of financing, management, access, cost, and evolution of appropriate policy to guide the operation of the public health system in Nigeria. The book is a must read by all the stakeholders in the health sector, from policy makers to the service providers. The signals coming from this crucial sector are pointers to the fact that we still have a long way to go. There is no gainsaying the fact that even the key stakeholders in governance do not have confidence in the system, with persistent travels abroad for the simplest of medical care. The only way we can move towards solving the myriads of problems facing the sector is through evidence-based policy formulation and implementation based on research efforts such as presented in this book.

Finally, I commend the contributors to this book for giving honour to this erudite scholar who richly deserves to be celebrated. I dare say that this seems to be the emerging trend in the academia. I have had the opportunity of contributing to one, the volume of tributes @ 80 titled *Ayo Bamgbose: A Linguist Without Borders*, celebrating one of the most outstanding scholars of the twentieth



century; and two, *Ogunye: Giant Strides in Engineering Education, Research and Innovations: A Festschrift in Honour of Professor Ayodele Ogunye*, a retired chemical engineer from the University of Lagos (or is it now Moshood Abiola University?) while celebrating his 70<sup>th</sup> birthday. Recently, the former students of Prof. G. K. Falade, the first Professor of Petroleum Engineering in Africa, who retired from our Department of Petroleum Engineering, celebrated his 70<sup>th</sup> birthday with a festschrift titled, *Harvesting Our Own Timbers: A Collection of Technical Articles on the Petroleum Industry in Nigeria*. Bravo academia as we celebrate some of our own whose performances have served to give us hope that all is not lost after all.

**Professor Olufemi Adebisi Bamiro**

Faculty of Technology

University of Ibadan

Ibadan, Nigeria

## Contributors

**Lloyd Amaghionyeodiwe**, Senior Lecturer, Department of Economics and Development Studies, Covenant University, Ota, Nigeria

**Ifeoluwapo Amao**, Research Fellow, Nigerian Horticultural Research Institute (NIHORT) Ibadan, Nigeria

**Saidou Barry**, World Health Organization, Regional Office for Africa, Brazzaville, Congo, Nigeria

**Soludo Eze**, Health Policy Research Group, Department of Health Administration and Management, University of Nigeria, Enugu Campus, Nigeria

**Joses Kirigia**, World Health Organization, Regional Office for Africa, Brazzaville, Congo

**Akanni O. Lawanson**, Lecturer, Department of Economics, University of Ibadan, Nigeria

**Dontsop Nguetzet**, Department of Agricultural Economics, University of Ibadan, Nigeria

**H.E. Oaikhenan**, Lecturer, Department of Economics and Statistics, University of Benin, Benin City, Nigeria

**E. Olawale Ogunkola**, Professor, Department of Economics, University of Ibadan, Nigeria

**Sunkanmi Odubunmi**, Lecturer, Department of Economics, Lagos State University, Ojo Nigeria

**Kenneth Ojo**, Director, Centre for Health Economics and Development, Abuja, Nigeria

**Olanrewaju Olaniyan**, Senior Lecturer, Department of Economics, University of Ibadan, Nigeria

**Saheed O. Olayiwola**, Lecturer, Department of Economics, Crescent University, Abeokuta, Nigeria

**Olalekan Olubajo**, Deputy Director, Health Financing Unit, National Primary Health Care Development Agency, Abuja, Nigeria

**Omobowale Oni**, Senior Lecturer, Department of Agricultural Economics, University of Ibadan, Ibadan, Nigeria

**Obinna Onwujekwe**, Professor, Health Policy Research Group, Department of Health Administration and Management, University of Nigeria, Enugu Campus, Nigeria

**Paul Schoen**, Economic Development Group, Hubconsult Ltd, United Kingdom

**Sameen Siddiqi**, World Health Organization, Cairo, Egypt

**Adedoyin Soyibo**, Director Emeritus, Health Policy Training and Research Programme, Department of Economics, University of Ibadan, Nigeria

**D. Umoru**, Department of Economics, Benson Idahosa University, Benin City, Nigeria

**Benjamin Uzochukwu**, Health Policy Research Group, Department of Pharmacology and Therapeutics, College of Medicine, University of Nigeria, Enugu Campus, Nigeria

**Ibrahim Yisa**, Partnership for Transforming Health System (PATHS) II, Abuja, Nigeria



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## INTRODUCTION AND OVERVIEW

*Olanrewaju Olaniyan and Akanni O. Lawson*

This book is a collection of essays in honour of our teacher, colleague and friend, Professor Adedoyin Soyibo, who retired from the University of Ibadan on September 30, 2011, after more than 31 years of service. Over the years, Professor Soyibo had researched in different areas of economics starting from Quantitative Techniques in Economics and Management, and later on, The Economics of Money, Banking, and Finance Policy Analysis. Perhaps his widely accepted areas of research have been in the areas of health and population economics where his research has affected both policy and practice of health planning in Nigeria. One way of celebrating his retirement from the university is by contributing to two edited books that reflect the areas in which he has contributed to the discipline of economics. The topics covered in this book were self-determined by the authors and most of them reflect the areas in which Professor Soyibo has worked in the past 31 years. In fact two of the chapters have Prof Soyibo as co-author because he was a key member of the main research from where the articles were derived. Following this overview, an introductory article on Professor Adedoyin Soyibo is provided, followed by the articles.

The articles in the book address issues of health system governance and finance in Nigeria. The articles in the book start with *Amaghionyeodiwe* examining Household Responses to Public Health Services in Nigeria: Cost, Access and Quality Tradeoffs. The chapter investigates, using primary data and simulation analysis, the effect of cost, access to healthcare and quality of care on households' responses to public health care services in Nigeria. The analysis was based on a randomly selected sub-sample of those household members who reported being ill and/or sick during the four weeks preceding the interview. Simulations were

carried out using various policy assumptions scenarios. Among the study findings was that increasing user-charges in public sector health facilities discouraged the use of these facilities and encouraged the use of self-care and private sector facilities. Also, when the user-charges in the private sector health facilities were increased, it had a negative effect on its usage. When access to public health facility is improved upon by reducing distance to the barest minimum, utilization rate for these facilities increases, though the degree of the change in utilization rate is a function of the rate at which the distance is reduced. This also discourages the self-care option (self medication). But astonishingly, when distance to private facilities is reduced to the barest minimum, its utilization rate by households decreases. But a simultaneous reduction in distance to public sector and private health facilities enhances the utilization rate of both facilities, with the public sector health facilities having an advantage, though, it discourages the use of self-care when an illness occurs. Furthermore, increased quality of care proxied by drug availability, improvements in infrastructures as well as increasing the number of personnel (doctors and nurses) enhances households' utilization of public facilities while a total collapse of the public health facilities decreases the predicted probability of utilizing these facilities.

The chapter by *Onwujekwe et al.* focuses on an application of the World Health Organization Health System Governance framework to assess six levels of the Nigerian Health System. The chapter assesses the level of health system governance (HSG) in Nigeria in order to bridge the gap created by the dearth of literature on governance of the health system in the African Region, and the need to generate strategies for strengthening the governance function. The main study areas were the Federal Capital Territory Abuja, Enugu and Anambra states of Nigeria. However, data were also collected from respondents from other parts of the country. The methods for the assessment of governance in Nigeria were adopted from the WHO/EMRO Analytical Framework for Assessing Health System Governance. Three data collection tools were developed and pre-tested. These tools were an in-depth interview guide, a questionnaire and a document review guide.



Interviewers were recruited and trained to assist the principal investigator in collecting the data.

The chapter reveals that (i) there is a sizeable number of people that are ignorant about the legal issues in the health sector; (ii) the general population have poor knowledge about their rights in the health sector; (iii) the poor may not be optimally accessing health services; (iv) there is inefficient management of information, finances and human resources leading to sub-optimal coverage of health services; (v) there is moderate to low level of accountability; (vi) there is good information gathering system and moderate capacity for data analysis but poor information dissemination system. The chapter thus concludes that the governance of the health system in Nigeria can be improved upon by the proper implementation of the Health Bill (when signed into law), the Right of Information law and the implementation of existing policies among others. Strategies to increase consumer awareness of their rights and improve equity in delivery of health services should be put in place. Finally, the WHO HSG framework should be simplified with fewer questions and levels, so as to improve its adoption and use by researchers and decision makers.

*Olaniyan et al's* chapter on the Analysis of the Levels of Competencies in Leadership and Management Skills in Nigerian Health Sector examines the perception of health workers on the status of leadership and management competencies among human resources for health with a view of identifying needs that should be met concerning these issues. In doing this, the study investigates the most important management skills required by health workers in Nigeria and use this to determine training priorities among health workers in the areas of health finance, policy and management.

*Oni et al.* examine the issue of public healthcare facility cleanliness in Nigeria drawing from evidence in Lagos and Kogi states. This research therefore aims at answering questions as regards whether accountability framework elements such as voice and client power/compact affect positively the healthcare facilities cleanliness in Nigeria. In addition, the study was based on two main hypotheses: first, community participation, bargaining power and quality of staff do not affect the level of cleanliness of the



facility and secondly, endogeneity exists with level of skill being an explanatory variable in the model. It was noticed that the staff skill is the key factor that drives cleanliness positively in health facilities in the two states. Therefore, the key policy issues to be targeted are; first in the area of employing more quality/skilled workers in health facilities than the unskilled ones. Secondly, positive community participation in health facilities should be promoted more in order to enhance cleanliness in health facilities in Nigeria.

*Lawanson* examines the effects of public financing of health expenditures, and other factors on health outcomes within health production models, estimated using 2003 – 2007 data across 45 sub-Saharan African (SSA) countries. Four health status indicators (infant mortality, under-five mortality, crude death rate, and life expectancy) for which data were available were used to measure health outcomes. The three mortality rates are found to depend on the mixture of public expenditures on healthcare, external funding of health, preventive care as measured by immunization coverage rates, fertility rate, and an environmental factor such as urbanization. Increases in the publicly financed share of health expenditures are associated with decrease in mortality rates and increase in life expectancy. The effects of real gross domestic products (RGDP), public expenditures on health, external expenditure on health, and immunization and age structure on mortality, though lower, are similar to those in previous studies. The result that increases in public financing of health decrease mortality rates is robust in all the estimation types. Thus, as sub-Saharan African countries increase the levels of their expenditures on health, there may be the need to encourage increasing the proportions of their health expenditures that are publicly financed.

*Oaikhenan and Umoru* analyse the determinants of public health investment expenditures in Nigeria. Using co-integration and error-correction modelling techniques, a multivariate single equation econometric model, and with annual secondary data that covered the 1970-2008 sample period, their results indicate that income growth and public infrastructural development are significant determinants of public health expenditure in Nigeria. This implies that policies that are targeted at enhancing growth in

the economy as well as addressing infrastructural bottlenecks in the country are likely to be germane to influencing public health expenditures in the country.

Although a lot of funds have been expended on child health in the country through the expansion of child immunization activities, little is known about the actual costs of this intervention. *Ojo et al.* try to fill this gap in Chapter 9 by determining the cost of providing full immunization to a child in Nigeria. The chapter found that the cost per fully immunized child (FIC) and *per capita* costs are comparable to similar estimates in other countries with proximate economies. These costs are characterized by high personnel and other shared costs. The high personnel cost which also accounted for the higher cost of RI compared to the cost of campaigns are particularly of concern, given the low FIC coverage. Furthermore, the cost associated with vaccine wastage is significant. These findings provide a picture of low levels of efficiency in the delivery of routine immunization services.

Chapter 10 by *Olaniyan and Olayiwola* examines whether or not a micro-health insurance scheme can enhance access to healthcare services and utilization of healthcare services by the informal sector employees. The results show that participation in micro-health insurance is dependent on household characteristics, coverage of illness, perception about future healthcare expenditure, age, number of children in the family, knowledge about health insurance, and confidence in government policy; and that household income and prices of healthcare services have a negligible effect on participation in the micro-health insurance scheme. Regarding access to healthcare services and utilization of healthcare services, the results show that members of the scheme have easy and increased access to healthcare services and this increases their utilization of modern healthcare services.

Chapter 11 by *Bankole* discusses the reasons why standards and regulations are used by trading countries, and provides an assessment of Nigeria's standards regulatory institutions, and consumers' perception of products in the market place with regard to their quality characteristics. The chapter's main contribution is with respect to evaluating import standards, where it is found that



over 40% of buyers still fall victim to purchasing substandard imported products especially electronic products, food items and drinks as well as chemical products despite the fact that enforcement agents make efforts to control the proliferation of substandard products through creation of public awareness. Though NAFDAC appears to be the organization which has made a better impact on respondents in terms of their knowledge about quality requirements of imported goods, and whose products appear better regulated than SON, less than 20% of surveyed imported products carry the organization's number. In the case of export standards, there have been cases of rejections at foreign borders of Nigerian exports. One main policy lesson, among others, is the need for technical cooperation in form of standards harmonization and mutual recognition arrangements between regional members and developed country trading partners, to bridge the standards gap, while exporters and importers must be adequately informed of the available incentives and advantages derivable from standardization.

In the final chapter of this book, *Odubunmi* explores the barriers that constrain access to healthcare, among the elderly in Nigeria. The paper found that healthcare choices do differ significantly across the geo-political zones with factors such as age, sex, education, household size, per capita household expenditure, per capita household expenditure, family structure and the severity of the illness all playing prominent roles. It established that severity seems to assume a central consideration in the whole question of demand for healthcare among the elderly and the choice of facility. A revealing evidence from the analysis in the paper is that the effect of factors such as consultation fees, consultation time and transportation cost depends to a great extent on the level of illness.