



1. Project Data :
OEDID: L3125
Project ID: P002125
Project Name: Essential Drugs Project
Country: Nigeria
Sector: Other Population Health & Nutrition
L/C Number: L3125-UNI
Partners involved : None
Prepared by: Susan A. Stout, OEDST
Reviewed by: Roger J. Robinson
Group Manager: Roger Slade
Date Posted: 05/26/1998

2. Project Objectives, Financing, Costs and Components :

The objective of the project was to support the Federal Government of Nigeria's (FGN) national essential drug policy (ED) which aims at assuring public access to a sustainable supply of safe, effective and affordable drugs . The project was designed to strengthen federal, and in 4 participating states (later extended to seven due to bifurcation of states in 1991) , local and state health agency capacity to design and implement essential drugs programs . Objectives were to be achieved through implementation of four components designed to i) provide seed stocks of essential drugs, improve systems for selecting, procuring and distributing drugs, assuring drug quality and institute cost recovery mechanisms, ii) improve the skills of health workers in quality control, managing, prescribing and dispensing drugs, iii) change harmful consumer beliefs and practices regarding drugs use and payments and iii) strengthen institutional capacity at federal, state and local levels. The total project cost was estimated to be US\$85.1 million, for which a loan of US\$68.1 million was approved on October 17, 1989 and made effective on September 10, 1990. Loan cancellations prior to the closing date totaled US\$16.2 million. The project was closed on June 30, 1997 and an undisbursed balance of US\$16.5 million was canceled after final disbursement in January, 1998.

3. Achievement of Relevant Objectives :

The objectives of the project were specific, monitorable and relevant to the development of the health care system . The provision of support to a national essential drug policy was both relevant and innovative . Procedures for the selection, quantification and procurement of drugs were strengthened at the state level, and participating states now use drug lists and standard procurement guidelines for public sector drugs . US\$19.5 million of drug seed stocks were made available. Cost-recovery systems and Drug Revolving Funds (DRFs) were established in all participating States. Quality control issues were tackled late in the project, and were ultimately implemented at the state level (applicable to public sector drugs only) because the federal MOH was late in taking up its responsibilities in this area. Curricula for (public sector) health workers now includes the main elements of the essential drug policy and health worker prescription skills and practices may have improved, though supervision practices do not enable assessment of prescription patterns . A public information campaign was developed, but, in the absence of baseline information on drug knowledge, no assessment of the impact of these communications was undertaken .

4. Significant Achievements :

Procurement practices improved and essential drug policies, for public sector services, were established in 7 states, and are being replicated in several other states . However, the authority of state essential drug programs (SEDPs) is dependent on the commitment, sometimes weak, of State Health Commissioners /Director Generals, and there are signs of conflict between SEDPs and other public sector units involved in drug procurement, including Hospital Management Boards and a recently established Petroleum Trust Fund which is currently being used for large scale importation of drugs (essential and otherwise).

5. Significant Shortcomings :

To be effective, the national essential drug policy and the mechanisms which were to be put in place to control qualification of suppliers, drug quality and procurement practices would need to cover both private and public sectors. The original design of the project recognized this, but the FGN decided, prior to negotiations, to exclude the private sector from the jurisdiction of the essential drug policy including its well -thought out system for rationalizing

drug and pharmaceutical procurement. The private sector dominates the pharmaceutical market in Nigeria and accounts for about \$200 million of sales per year. Private sector sales are as much as 40 times larger than public sector sales, and an illicit market is growing rapidly. Once the scope of national policy was restricted to public sector procurement and distribution, it was essentially impossible for this project to have anything but a marginal impact on overall drug policy practices and behavior in Nigeria. In addition, low commitment to project goals at the Federal level undercut the utility and authority of proposed mechanisms for registering qualified suppliers, and corruption and inefficiencies adversely affected procurement activities at the state level. The transaction costs associated with ICB (clearance charges, demurrage, delivery costs, stock loss, mishandling, bribery, and travel costs for state /federal conflict resolution) absorbed much of the savings attributable to the use of ICB procurement methods.

6. Ratings :	ICR	OED Review	Reason for Disagreement /Comments
Outcome :	Unsatisfactory	Unsatisfactory	
Institutional Dev .:	Partial	Modest	
Sustainability :	Uncertain	Unlikely	Failure of ED policy to cover private sector and presence of alternative, unregulated, financing for drug procurement makes it unlikely that the limited improvements in procurement practices achieved will be sustained.
Bank Performance :	Satisfactory	Satisfactory	
Borrower Perf .:	Deficient	Unsatisfactory	
Quality of ICR :		Satisfactory	

7. Lessons of Broad Applicability :

Projects dealing with pharmaceutical systems should seriously assess the private legal and illegal sub -sectors during project design, and explicitly secure stakeholder (including private sector agents) agreement to the proposed role of the state in developing and overseeing pharmaceutical, including essential drug, policies. An environment that supports regulation and enforcement is required if intervention through the private sector is to succeed. The ICR notes that project design and appraisal would have benefited from a better understanding of the political economy of the sector, that a smaller loan may have been more appropriate given the uncertainty of political commitment to the project's objectives, and that project cancellation may be appropriate when political support for its objectives is lacking.

8. Audit Recommended? ☐ Yes ☒ No

9. Comments on Quality of ICR :

The ICR is thorough and presents a balanced view of the implementation experience