Conference on Transformation and Development: Social Service Delivery

Background Note on Userfees

Userfees are a central concern for the Government of Sierra Leone. At both the 2009 United Nations General Assembly and his following address at the opening of Parliament, President Karoma laid out his goal to ensure free access to health care for pregnant & lactating women and children under 5. Evidence from many countries suggests that user fees for basic social services can dramatically reduce take up of highly cost effective health products and education. Small fees for preventative health in particular can be counter-productive as they restrict demand for cost effective health interventions many of which have positive externalities, for example; childhood vaccinations which help disrupt the cycle of the disease. Support of user fees argue that levying fees is necessary to make interventions fiscally sustainable, that people value what they are receiving more if they pay for it, that they reduce waste, and that they provide a useful source of revenue to local schools and clinics.

Userfees in Sierra Leone

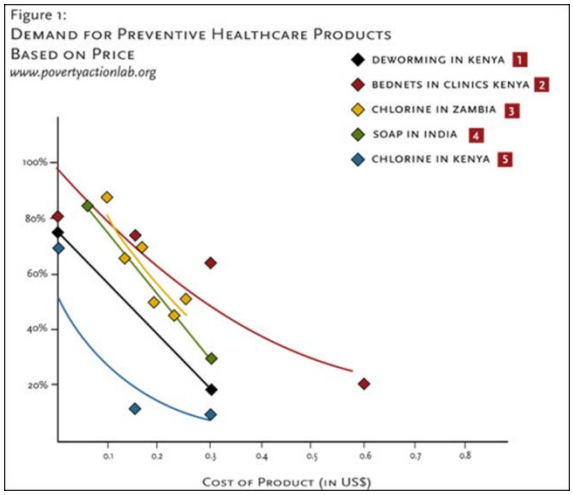
A DecSec survey in 2008 showed userfees for health to be common in Sierra Leone. By 2008 vaccinations were supposed to be free, but 65 percent of respondents reported paying for infant vaccination. Only 10% of births and 10% of children treated for malaria reported receiving free services from Government hospitals. The new health regime has made progress but a report from amnesty international claims that many pregnant/lactating women and children are still being charged or cannot receive treatment due to unavailability of drugs. A large survey is currently in the field which is looking at fee payment since the introduction of the new healthcare regime.

In education userfees are also commonplace. Despite a policy of free primary education at government and mission schools, including some textbooks and notebooks, parents still bore substantial school-related expenses. Sending a child to one of these schools cost the median household Le 23,000 (about 6 USD) for the first term.

International Evidence on Userfees

Evidence suggests that even small fees can have a huge impact on the take-up of cost effective health products. In Kenya providing free deworming treatment to students resulted in a 75% take-up rate, but a small fee of only 30c decreased this to only 19%. Sales of water disinfectant fell 30% with an increase of cost from 9c to 25c in Zambia and saw a 52% fall in use when a small charge began to be levied in Kenya. Bednet sales in Kenyan prenatal clinics dropped 60 percentage points after a 60c charge was applied, even though this was still a huge discount over the market price (Bates et al, 2011).

A similar effect is found in education where the cost of a school uniform was enough to deter many students from attending school. In Kenya, providing free school uniforms increase attendance at school by 6.4% suggesting that small costs have big deterrent effects.



Does charging make people value something more?

Many argue that charging for services encourages use as something paid for is more likely to be valued and used. The evidence however does not support this view. In Uganda and Kenya, researchers checked whether bednets handed out for free and those that were sold were in use at homes. They found no difference between the two groups, with high usage rates in both case. There was also little evidence of on-selling by those who received nets, so whilst people were not prepared to pay much for a net, they were unwilling to sell a net that have been given to them for free.

In the long run it seems that free provision can generate an increase the value people place on a product. Dupas returned to households one year after they had been offered either free or subsidised bednets and gave them the chance to purchase another net for $2.30. Those who had previously received free nets were 41% more likely to buy a net than those previously offered a subsidized price, even though the former group was more likely to already own a net.

User fees and targeting

There is no evidence that userfees help prevent waste by helping ensure that products get to those who need them most. It is often argued that those who need something will value it more and thus will pay a fee to get it allowing governments to target products to the most needy. Studies that have looked at this have not found this to be the case; families with young children, who are more vulnerable to diarrhoea, are not more likely to pay for dilute chlorine, families with children with high worm loads are not more likely to pay for deworming and anaemic women were no more likely to pay for a bednet (Holla and Kremer, 2009 and Bates et al, 2011 summarize a number of papers on the user fee issue).

User fees have long been advocated as a way to ensure programs are financially sustainable. If however charging small fees significantly reduces take-up then overheads (in particular administration costs) are amortized over far fewer users, increasing the administrative costs per person. The cost per child dewormed under cost-sharing was more than twice as high as under free distribution ($4.26 vs. $1.48), with far fewer children received the treatment. With the provision of bednets in Kenya, Cohen and Dupas find cost-sharing to be at best marginally cheaper to providers than free distribution, but hugely decreases the impact of programmes.

Beyond free

Small incentives can be a highly effective way to increase the take up of effective health products. In India a study found that establishing reliable immunization days and giving mothers a small bag of lentils when they brought their children increased full immunization from 6% to 38% (Banerjee et al, 2010). As discussed elsewhere, small incentives have also been found to be very effective in encouraging people to pick up their HIV test results, and get prenatal check-ups. The sums involved in these studies were very small compared to the costs of conditional cash transfers that are popular in Latin America and provide cash to poor families who have their children vaccinated and who attend school regularly (conditional cash transfers are effective, they are just expensive).

Conclusion

A policy of abolishing user fees for pregnant and lactating mothers and young children has been introduced in Sierra Leone. The international evidence suggests that this is the right approach. Abolishing fees for general clinic visits is more controversial because of the unknown utility of such visits (see health note). However, the real challenge is how to make the policy stick. Studies are currently in the field to look at different options but a commitment to making it stick is an important priority.

The other challenge is how to make userfees less of a barrier in education. Primary school is meant to be free in Sierra Leone but because government funds do not always make it to the local school communities and schools often collect their own fees to supplement. Unscrupulous teachers may also pocket some of this money. Fees also often pay for community teachers who, as discussed elsewhere, may be a highly effective way to improve education (because they are accountable to the community they tend to show up more). How can we make sure that they remain accountable to the local community while relieving the financial burden on local communities which may be depressing school attendance?

References

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