



Photo credit: Ayenew Haileselassie, Abt Associates

A laboratory technician at Awbare Health Center in Somali Region performs diagnostic tests using equipment purchased with retained revenue.

Health Financing Reform Contributes to Quality Improvements at Health Centers

Revenue retention and utilization (RRU) is a health care financing reform in Ethiopia. Since 2008, RRU has allowed health facilities to retain and use the user fees they collect to finance activities believed to improve the quality of care they provide. Examples of such activities include purchasing essential drugs and medical supplies, upgrading the health facility infrastructure, and providing short-term training to healthcare workers. The retained revenue is additional to the government's treasury allocation to health facilities.

The USAID Health Financing Improvement Program recently conducted a study to help the Ministry of Health (MOH) generate evidence on the extent to which RRU implementation is improving quality of services delivered by the health facilities. The study assessed six dimensions of quality—safety, effectiveness, equity, efficiency, timeliness, and patient-centeredness—in 73 randomly selected health centers in Addis Ababa, Amhara, Oromia, and Southern Nations Nationalities and Peoples' (SNNP) regions.

The study found a positive correlation between RRU and quality—as RRU expenditure increased at the studied health centers, the overall quality score also increased (by 10%). Most RRU was spent on safety (57%), primarily on medicines and supplies (94%) which is one aspect of the safety dimension. At the health centers, RRU spending improved the availability of drugs and supplies, improved water availability and sanitation, and facilitated construction and renovation. The availability of better quality services also had a positive impact on the uptake and renewal of community-based health insurance membership.

Community-Based Health Insurance Benefits Communities in Somali Region

The USAID Health Financing Improvement Program provides technical assistance to the MOH in rolling out RRU implementation at health facilities nationwide, and institutionalizing it within government structures. In regions relatively new to RRU—Afar, Benishangul-Gumuz, Gambella, and Somali—the Program provides technical assistance, training, and on-site supportive supervision to strengthen regional, zonal, woreda (district), and health facility capacities to effectively implement the reform. In regions and city administrations where RRU has been implemented for many years—Addis Ababa, Amhara, Dire Dawa, Harari, Oromia, Sidama, SNNP, South West Ethiopian Peoples' (and Tigray before the 2020-2023 war)—technical assistance is provided to further institutionalize RRU within government structures. The Program has supported the MOH in introducing RRU to an additional 340 health facilities over the past five years. Today, RRU is implemented in 94% of functional health facilities in Ethiopia.

The full study report is available here:

[http://www.hfip-newsletter.com/downloads/RRU and Quality Linkage Report \(Dec 6.2022\)_FINAL.pdf](http://www.hfip-newsletter.com/downloads/RRU%20and%20Quality%20Linkage%20Report%20(Dec%206.2022)_FINAL.pdf)

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