COMMUNITY OF PRACTICE
Health Systems Governance Platform
Webinar, June 8th 2017

BUDGETING FOR HEALTH: WHAT? WHY? HOW?

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Department for Health Systems Governance and Financing

World Health Organization
BACKGROUND:
STRATEGIZING NATIONAL HEALTH IN THE 21ST CENTURY: A HANDBOOK

www.who.int/healthsystems/publications/nhpsp-handbook

Strategizing national health in the 21st century: a handbook

This handbook is designed as a resource for providing up-to-date and practical guidance on national health planning and strategizing for health. It establishes a set of best practices to support strategic plans for health and represents the wealth of experience accumulated by WHO on national health policies, strategies and plans (NHPSPs).

WHO has been one of the leading organizations to support countries in the development of NHPSPs. The focus on improving plans has grown in recent years, in recognition of the benefits of anchoring a strong national health sector in a written vision based on participation, analysis, and evidence.

Download the full handbook
pdf, 15.35mb

Handbook chapters

- Chapter 1. Introduction: strategizing national health in the 21st century
- Chapter 2. Population consultation on needs and expectations
- Chapter 3. Situation analysis of the health sector
- Chapter 4. Priority-setting for national health policies, strategies and plans
- Chapter 5. Strategic planning: transforming priorities into plans
- Chapter 6. Operational planning: transforming plans into action
- Chapter 7. Estimating cost implications of a national health policy, strategy or plan
- Chapter 8. Budgeting for health
- Chapter 9. Monitoring and evaluation of national health policies, strategies and plans
- Chapter 10. Law, regulation and strategizing for health
- Chapter 11. Strategizing for health at sub-national level
- Chapter 12. Intersectoral planning for health and health equity
- Chapter 13. Strategizing in distressed health contexts
CRITICAL ROLE OF PUBLIC FUNDS FOR UHC

- Dominant share of public, pre-paid, compulsory funds in financing health is necessary for:
  - financial protection
  - service coverage
  - equity

- Hence, the way public budgets are formulated, allocated and used for health is at the core of the UHC agenda.
Despite its importance, stagnation in the role of domestic public funds to finance health.

**Wake-up Call!**

Health budgeting: what and why?

Health budgeting: how?

Health budgeting: lessons from good practices

Take away messages
1. HEALTH BUDGETING: WHAT AND WHY?
WHAT IS PUBLIC BUDGETING?

- Public budgeting is associated with the development of annual government budgets.

- Critical process for defining the allocation of public resources to Government priorities.

- Crucial for health stakeholders to engage in public budgeting to:
  - Ensure alignment with sector priorities;
  - Maximize predictability in the resource envelope for the sector;
  - Enable full execution and achievement of results.
## EXAMPLES OF HEALTH BUDGETS

### ZAMBIA

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### DRC

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**Source:** 2015 Appropriation Act – Zambia

**Source:** Loi de finances – 2017, DRC

- Health is only one section of the general budget.
- Health follows overall budgetary rules for presentation, approval and execution.
- Health section may present specificities: specific budget structure, separate process for extrabudgetary funds.
Budget definition and formulation
- The executive formulates the draft budget.

Budget negotiation and approval
- The legislature reviews and amends the budget and then enacts it into law.

Budget execution
- The executive collects revenue and spends money as per the allocations made in the budget law.

Budget reporting
- Expenditure are reported and audited. Audit findings are reviewed by the legislature and used by executive for future budget decisions.

Budgeting in health: Formulation process of the sector’s resource envelope
Final goal

Intermediate objectives

Outputs

Robust public budgeting in health

Predictability

Aligned allocations with sector priorities

Better execution

Strategic purchasing

Spending flexibility with results orientation

Efficiency

Equity in resource use

Transparency and accountability

UHC

World Health Organization
2. HEALTH BUDGETING: HOW?
HEALTH BUDGETING: WHO IS DOING WHAT?

- Finance defines and communicates fiscal frameworks to MoH
- Health prepares budget proposals, in consultation with sector stakeholders
- Finance and Health negotiate sector allocations
- Parliament approves consolidated finance law
- Finance prepare (quarterly) cash plans according to sector envelope and available revenues.
BUDGETING CALENDAR

Jan-March
Macro-economic and revenue forecasts

April-May
Budget proposal preparation

June
Budget conference/negotiations

December
Adoption of final budget

Oct-Nov
Parliament review and approval

August-Sept
Preparation of finance law
FOCUS ON MOH’S ROLE IN HEALTH BUDGETING

Consult
- Consulting with sector stakeholders

Frame
- Considering macro-fiscal frameworks

Prioritize
- Consolidating sector priorities

Cost
- Costing priority policy objectives

Allocate
- Proposing within-sector allocations

Negotiate
- Defending proposed allocations to Cabinet
CHALLENGES IN HEALTH BUDGETING

- Limited command of fiscal constraints
- Lack of transparency in budget definition process
- Lack of consistency between allocations and sector priorities
- Inappropriateness of budget structure
- Mismatch between budget classification, expenditure management and financial reporting systems.
ILLUSTRATION 1: MISMATCH BETWEEN SECTOR PRIORITIES AND BUDGET STRUCTURE

SECTOR PRIORITIES
1. Better coverage of essential services
2. Reduction in maternal mortality
3. Better access to HIV treatment

BUDGET STRUCTURE
1. Personnel
2. Services and goods
3. Infrastructure

Budget classification: should enable effective implementation and tracking of results
ILLUSTRATION 2: UNDER-EXECUTION OF HEALTH BUDGET: A SYMPTOM OF POOR BUDGETING

3. HEALTH BUDGETING: LESSONS FROM GOOD PRACTICES
Example of Kenya’s deliberating budget process with CSOs

Source: Open Budget Partnership, 2017
HEALTH MTEF: MORE PREDICTABLE ALLOCATIONS

- MTEF provides an indication of prospects for annual revenues and (health) expenditure over 3 years

Ghana’s health MTEF for 2015-2017 (billions NCU):

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Source: Republic of Ghana, 2015-2017 MTEF
- Sector-informed priorities:
  ✓ Planned resources are defined jointly with sector stakeholders

- Reliable fiscal projections:
  ✓ Limited discrepancy between planned and adopted resource envelope

- Regularly updated framework:
  ✓ Iterative process for «closest-to-reality» fiscal estimates

- Similar structure to annual budget:
  ✓ If annual budget follows a program-based classification, MTEF should be the same

Alignment between planned and allocated resources for health
INTRODUCTION OF PROGRAM-BUDGETING: MORE ALIGNMENT WITH SECTOR RESULTS

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**Source:** Finance Law - FY 2017/18, Uganda  
**Source:** Finance Law - 2017, Cameroon
**Program definition:**
- Program is a set of activities to achieve sector-wide policy goals
- «Programs» do not necessarily mean «disease programs»

**Institutional capacity:**
- Sector’s capacity to plan and spend by policy goals (and not by inputs)
- Sufficient spending flexibility for program/funds holders

**Outputs-oriented accountability:**
- Budget structure harmonized with financial reporting systems: both toward sector results.

**Allows results-oriented use of resources**
4. TAKE AWAY MESSAGES
KEY FACTORS IN HEALTH BUDGET DEFINITION

1. Defining multi-year sector envelopes
2. Framing sector priorities within fiscal framework
3. Formulating goals oriented budgets
4. Negotiating quality budget proposals
5. Harmonizing budget structure and reporting & evaluation systems
6. Using evaluation outputs to inform future budgetary decisions
TO GO FURTHER: NEW WHO RESOURCES

PFM and health financing (with R4D)

Budget structure (forthcoming)

Public expenditure analysis (forthcoming)

http://www.who.int/health_financing/en/
THANK YOU FOR ATTENTION