How Does Decentralisation Affect Planning, Budgeting and Overall Public Finance Management in the Health Sector? A case Study of Early Effects of Devolution on Kilifi County, Kenya

Benjamin Tsofa. BDS MSc, DrPH
KEMRI Wellcome Trust Research Programme - Kenya
Presentation Outline

• Introduction and background
• Brief overview on methods
• Key findings
• Study policy and practice application
• Conclusions
Introduction

• Health **sector planning** can be viewed as a link between sector policies and implementation management

• Health sectors have for long been faced with challenges of **aligning** sector policies with planning and budgeting; while incorporating public/community participation in these processes

• **Decentralisation** has thus constantly been promoted as a priority reform agenda for addressing some of these health sector challenges
Kenya and the 2010 Constitution

- Country adopted a new constitution in August 2010
  - Created 47 semi-autonomous counties since March 2013
  - Minimal ‘control’ by central government

- Health service delivery function assigned to county governments
  - Presents a new set of opportunities and/or challenges on resource allocation, planning, budgeting and Public Finance Management (PFM) for the health sector at County level

Will the devolution system be curse or blessing to Kenyans?

Standard Digital: Saturday, January 19 2013

By Jano Kamau, Nairobi

As Kenya gears up for a big bang style of decentralisation programme in just a couple of months, it is worrying that the country is nowhere near ready.

Simultaneously handing over leadership amid the chaotic political landscape and diving devolution is a potential minefield.
Study Objectives

1. To describe and analyze the goals and intended strategies of political decentralization planning, budgeting and PFM in the health sector

2. To describe and analyze stakeholder expectations and experiences of political decentralization on planning, budgeting and PFM in the health sector

3. To identify strategies for enhancing achievement of decentralisation goals within the health sector in Kenya
Conceptual Framework

Broader Political Context
Content, Actors and Implementation Process of Devolution Laws; and Overall Marco Level Political Environment

Organizational Structure and Capacity

County Level Planning, Budgeting and Overall PFM in the Health Sector

Decision Space

Accountability

Adapted from Bossert and Mitchell, 2011
Study Design

- **Case** study in Kilifi County using ‘learning site approach’.
  - “..a setting where researchers and health managers work together to co-produce knowledge on the functioning of the health system and feed back to **improve** the system”

- **Three study tracers namely**
  1. Planning, Budgeting and Public Finance Management (PFM)
  2. HRH Management
  3. EMMS Management

- **Utilizing observations, document reviews, KIIIs, and reflective practice method sessions**
Key Findings
Broader Political Context

• The constitution envisaged a 3-year phased implementation of devolution

• Election outcome of March 2013
  – Winning party portrayed as anti-devolution during the election campaigns
  – Majority of National Assembly Members are in ruling party
  – Majority of governors in opposition party

• ‘Power’ and control battles
  – Division/Control of resources: - Counties vs National government
  – Symbols of Power: - Titles, pecking order, use of national flags

• Effects of ‘power’ & control battles
  – Hurried transfer of functions to counties
  – Delayed setting up of county structures and capacity building
  – Disruption of essential services including health
Structure of County Government

- County Government has two arms:
  - Executive arm
    - Governor, Deputy Governor and ten-member County Executive Committee (CEC)
    - Ten departments including County Department of Health (CDoH)
    - Each county department has total discretion on allocating resources allocated to it on local level priorities
  - Legislative arm
    - Elected and nominated Members of County Assembly (MCAs)
    - The County Assembly has an oversight role over the county executive

- Counties have discretion over use of their resources
  - Allocations from national government (15% of national revenue)
  - Local level taxes

- County treasury provides overall resource allocation and budgeting at county level
  - Decides on inter-departmental resource allocation
  - Manages a ‘centralised’ county revenue account
County Treasury releases County Budget review and Outlook Paper September

Sector Working Groups Undertake Sector Priority Setting Resource bidding by County Departments Dec

County Treasury releases County Fiscal Strategy Paper February

Primary Health Facility Planning Sub-County Planning County Hospitals Planning (Government and Partners/Donor Resources Disclosed) February - April

County Treasury concludes Budgeting April

Annual AWP Review September

Annual CDoH AWP Planning Summit (Consolidation and Alignment) May

AWP Implementation July

County Gov’t budget approved by CEC and presented to County Assembly April - June
Health Sector Planning and Budgeting Experiences in Kilifi County

• During the 2013/14 planning and budgeting process in Kilifi
  – The CDoH did not actively participate in the overall county budgeting process: CDoH structures were not fully functional by the time of the budget process
  – County Treasury developed generic budgets for all departments including for the CDoH
  – By the end of the process the CDoH had a ‘budget’ but had no ‘technical health plan’
  – There was hardly any community or stakeholder involvement
  – As required by law-the County Assembly debated and approved the overall county budget.
Early Experiences in CDoH Public Finance Management Processes in Kilifi County

• Perverse re-centralization of financial management roles/processes at county level
  – Health facilities and sub-county units lost financial management responsibilities which they had prior to devolution
  – Health facilities lost control over utilisation of user fees: pooled into consolidated county revenue fund

• Financing of PHC facilities
  – Vertical/direct financing mechanisms for PHC facilities from national treasury, prior to devolution were disrupted

• Budget and expenditure prioritised on curative services/capital investments over primary health/promotive services recurrent expenditure
Influences on the Early Experiences in Kilifi County

• Delays and tensions in establishing CDoH structures
  – Tension between interim managers seconded from national government with those appointed locally by county government

• Lack of clarity between CDoH and national MoH roles
  – The political motivated rapid transfer of functions happened before roles of national MoH and CDoHs had been agreed on

• Lack of capacity of key actors to undertake their respective planning and budgeting roles
  – Weak technical capacity by CDoH managers to undertake priority setting, planning and budgeting
  – Lack of capacity of County Assembly to undertake oversight role over county executive

• CDoH participation in overall county level planning and budgeting process has been progressively improving – as structures get established and their capacity improved
Study Policy/Practice Contribution

Example

• Study: illustrated the central role of hospital user fees in financing hospital routine recurrent expenses prior to devolution

• Later documented and illustrated how devolution laws led to hospitals losing control over management of user fees due to ‘centralisation’ of revenue collection at county level

• Ours HSG group invited by CDoH to share findings and facilitate policy dialogue between CDoH, County Treasury and County Assembly
  – Led to the development of county level user fee laws to allow hospital managers directly manage hospital user fees
  – Findings have been used in on-going process of developing the Kenya Health Financing Strategy – aimed at progressively moving the country towards UHC
Overall Conclusions

• Decentralization has potential for improving efficiency; and public/community participation and accountability in management of health sector resources

• The broader political context always has a significant effect on the implementation of decentralization policies within the health sector

• Capacity of sub-national (County) level structures is key in ensuring that the opportunities and the ‘benefits’ of devolution in the health sector are realized

• If un-checked – implementation of devolution only serves to shift a ‘centralized’ PFM process from one level to another

• Need for health sector managers/policy makers to be more responsive, adaptive and play a more pro-active role to rapidly changing socio-political environments within their contexts
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