WHO Organized Session: PFM for better PHC and health outputs in Africa

Leveraging PFM for better health in Africa
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Critical role of public funds for UHC in Africa

Source: WHO UHC portal
Each step of the budget cycle matters for health expenditure

Source: WHO/R4D: Aligning PFM and health financing, 2017
Study objectives and methods

1. Review of PFM bottlenecks in health:
   - Country case studies

2. Analysis of effectiveness and relevance of PFM reform in health:
   - Cross-country analysis of budget formulation and execution
   - Policy consultations

3. Identification and validation of policy lessons:
   - Country workshops
   - Regional conference
Observation 1: Budget formation has improved in health in several African countries

Budget formation: backbone for well-defined and efficient health spending

- **Overall improvements in budget preparation benefit to health:**
  - Better enforcement of budget calendars
  - Formalized dialogue for budget approval process (“budget conferences”)
  - 3-year rolling budget

- **Specific improvements in health include:**
  - Better links between health planning and budgeting (e.g. AOPs)
  - Improved costing and priority-setting, leading to quality budget proposals
  - Change initiated in budget structure

Diagram:
- Poor quality planning that translates into unrealistic budget proposals
- Level and structure of budget appropriations misaligned with sector needs
- Spending not in full, not at the right time, not on the right things
- Limited service coverage and financial protection
Observation 2: Health budget execution is increasingly problematic in Africa

Trend in health budget execution in African countries

Overall government and health budget execution in African countries, 2008-2016 average
Observation 3: Budget monitoring systems remain fragmented for health in most African countries

- Reporting fragmentation associated with multiplicity of funding flows and their associated spending and reporting rules

- Further exacerbated by high dependency on external aid channeled and reported through separate arrangements.

Example of domestic funding flows in health (Burkina Faso)
Policy lessons: unfinished PFM transitions in health

- Half way implementation of complex PFM interventions
- Basic PFM functions not yet in place in some countries
- Disconnect between response and needs
- MOH not aware, involved and/or equipped to design tailored PFM response
Policy recommendation 1: Program budgets should be institutionalized in health, where possible in Africa

Program classification in country health budgets, % of budgets by WHO region

“Only South Africa uses programs as a unit for budget appropriations in health”
Policy recommendation 2: Causes of health under-spending should be better understood and prioritized for action.
Policy recommendation 3: Better accountability is made possible through consolidated performance framework

Performance monitoring framework of program budgets is an opportunity to consolidate and streamline financial and technical performance reporting.

Example of South Africa’s performance monitoring framework of program budget

<table>
<thead>
<tr>
<th>Objective Statement</th>
<th>Performance Indicator</th>
<th>Audited/Actual performance</th>
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<tbody>
<tr>
<td></td>
<td></td>
<td>2013/14</td>
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<tr>
<td>Improve district governance and strengthen management and leadership of the district health system</td>
<td>Number of Districts with management structures in line with the National Guidelines</td>
<td>New Indicator</td>
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<td></td>
<td>Number of PHC facility committees assessed to determine functionality</td>
<td>New Indicator</td>
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<tr>
<td>Improve access to community based PHC services</td>
<td>Number of functional PHBHCOTS</td>
<td>1063 functional</td>
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<tr>
<td>Improve quality of services at primary health Care facilities</td>
<td>Number of primary health Care facilities in the 52 districts that quality as Ideal Clinics</td>
<td>New Indicator</td>
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<tr>
<td>Improve accessibility of Primary Health Services to people with physical disabilities</td>
<td>Proportion of PHC facilities accessible to people with physical disabilities</td>
<td>New Indicator</td>
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<tr>
<td>Improve quality of services at District Hospitals through the Ideal District Hospital Programme</td>
<td>Ideal District Hospital Framework</td>
<td>New Indicator</td>
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</table>

Performance information generated... ...is used to inform next budget ...adjustments are made to programs
Policy recommendation 4: PFM response should be tailored to better respond to health sector’s requirements

Focus of reforms:
- Priority to predictability-enhancing reforms (e.g., 3 year rolling budget)
- Particular attention to local-level PFM reforms
- Strengthening financial management and providing more flexibility to health facilities

Process of reforms:
- Policy design based on comprehensive assessment of PFM bottlenecks in health
- Engaging MOH in reform design from early start
- Improving coordination for better consistency across reforms (e.g., PFM, HF, decentralization)
Policy recommendation 5: More direct engagement from MOH is needed for effective PFM reform in health
Thank you!

Conference copies available in the room:

The report is the product of the collective effort by the WHO’s Department of Health Systems Financing and Governance and the WHO Regional Office for Africa’s Department for Health Systems.

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