Organized session:

5th African Health Economics Association Conference

Accra, Ghana

13 March 2019

---------

Public financial management towards better PHC and health sector outputs:

Building and disseminating knowledge for accelerated budget reforms in Africa

Abstract:

Countries worldwide are making remarkable progress towards universal health coverage (UHC) by substantially increasing the share of public funds in their total health expenditure. By doing so, they have demonstrated the role of broader public financial management (PFM) as integral to the UHC agenda. A robust and transparent overall PFM system (i.e. budget formulation, execution and accountability) can deliver better sector specific results through enhanced efficiency and equity. Progressing towards UHC with given available resources involves optimizing not just how public funds for health are raised, but also how they are allocated, managed and accounted for through the PFM system.

While many African countries have initiated overall PFM reforms, key weaknesses remain in how public resource allocation for health is planned, implemented and accounted for. Enhanced dialogue between finance and health authorities can strengthen basic PFM foundations in many African countries, while
accelerating their reform agenda. Identifying priority action areas to do so requires knowledge sharing and reviewing PFM bottlenecks that jeopardize the realization of UHC. As countries embark on health financing reforms, streamlining these efforts with PFM reforms will improve consistency, alignment and maximize progress.

Within this nexus, WHO has initiated a program of work to support African countries at the global, regional and country levels across top to frontline tiers of health systems. Focusing on health stakeholders while capturing bottlenecks in implementing PFM reforms, this work includes developing country assessments, policy dialogue activities, as well as producing and disseminating global knowledge and guidance. This organized session will contribute towards setting the agenda for further regional research in this area by sharing recent country evidence on PFM progress in the health sector, and identifying the policy challenges that remain. The specific country experiences shared are based on analytical and policy research (both ongoing or completed) conducted by WHO and local partners in Burkina Faso and Ghana.

In addition, The WHO report “Building strong public financing systems towards universal health coverage: key bottlenecks and lessons learnt from country reforms in Africa” is expected to be publically released at the 2019 Afhea conference. Hard and soft copies will be made available.

**Agenda Session outline**

**Chair and moderator:**

Dr Grace Kabaniha, WHO Regional Office for the African Region

Paper 1: Building strong public financial management systems towards universal health coverage: Key bottlenecks and lessons learned from country reforms in Africa

Dr Hélène Barroy, WHO Headquarters

Language: English

Background: Placing public funding at the core of health financing has transformed PFM into a central issue for achieving UHC. In Africa, the PFM challenge is more acute than in other regions worldwide, with bottlenecks hindering UHC progress across all steps of the budget cycle, from preparation to execution, reporting and auditing. With the view to strengthen overall efficient use and accountability of public resources, African countries have initiated reforms of their domestic PFM systems since the late 1990s. In most countries, a relatively standard package of interventions has been introduced, including: multi-year expenditure frameworks, budget formulation reforms, computerized financial management systems, with parallel efforts to strengthen the basic budget processes. While policy interventions were not sector-specific, health has often been a pilot sector for reform implementation. In most African countries, evidence highlights the benefits of these reforms, with some advances in reliability of budgets, resource management and overall accountability of public funds. However, results are
heterogeneous across countries of the region, and in many instances, fundamental PFM obstacles remain across sectors.

Study objectives: In the absence of easily accessible and consolidated knowledge on PFM issues in health, the main aim of this study is to identify, analyse and summarize the nature, extent and causes of PFM issues affecting the health sector for the African Region, with the view to bring a mutual understanding of the problem. In addition, the report seeks to distil lessons of the effectiveness of existing PFM policy responses for the health sector, so as to enable African countries tailor the PFM response to the health sector’s needs to better support progress towards UHC.

Report structure: To organise review findings in a structured and easily-understandable manner, this report follows the budget cycle approach developed by Cashin et al (2017), that maps the three main stages of a budget cycle: budget formation, budget execution, and budget reporting, and then links them with health financing goals. Consequently, the first report chapter is dedicated to highlighting key challenges and lessons from policy responses related to budget formation in the health sector. Chapter II deals with the budget execution phase, looking at challenges first and then reviewing policy responses initiated in countries of the region. Chapter III is dedicated to budget monitoring and accountability issues in the health sector. Chapter IV sets out cross-cutting issues, focusing on the process of PFM reform needed for health and the role of health ministries. Chapter V summarizes key recommendations for policy-makers.

Paper 2: Transitioning from inputs-based budget to program budgets in the health sector: lessons from Burkina Faso

Dr Abdoulaye Nitiema, Ministry of Public Health, Burkina Faso

Language: French

Background: Since the end of the 1990s, Burkina Faso - a French-speaking West African country - has initiated profound reforms relating to the management of public finances, in line with regulations set by the West African Economic and Monetary Union (WAEMU). One flagship measure within this reform was the introduction of a programme budget, marking a shift away from a purely input based budget. Institutionalizing this reform in Burkina Faso took twenty years, with the adoption by Parliament in 2017 of a budget presented using a programme based approach - the first in the WAEMU region. The Ministry of Health was one of the first ministries to engage in and institutionalize this reform, by consolidating a budget around three major budget programmes that aligned with the National Health Plan (the Plan National de Développement Sanitaire (PNDS)).

Study objectives: The study’s specific goals were to analyse the structure of the health budget before and after the reform; to document the process of transition from a line budget to a programme budget, focusing on specific projects such as immunization; to analyse the initial effects of the reform from a sector perspective; and to identify useful recommendations for any changes to the country’s reforms.
Report structure: The report begins with a contextual review of the developments in the WAEMU regulatory framework and its transposition into national law with respect to the programme budget and public financial management more generally. A review is also conducted of the developments in health financing and their links to public finance. The second part of the study report focuses on the budget reform process, analysing the various stages in the transition, including in the health sector, and the various players’ roles in the reform. The third part deals more specifically with the structure and content of the Ministry of Health’s three budgetary programmes and, at the request of the partners supporting and involved in this study, contains an analysis of the implications of the reform with respect to the inclusion of specific interventions – such as immunization, HIV/AIDS, malaria, tuberculosis – in the new budget formulation. The last section of the report analyses the initial impact of the reform on budget planning, flexibility in managing expenditure and accountability. The study concludes with a summary of the progress and challenges of the reform and highlights some key recommendations on adapting the reform to best address the needs of the sector in Burkina Faso.

Paper 3: Practical realities of implementing program budgeting across the Ghanaian health sector

Mr. Daniel Osei, WHO Consultant, Ghana

Language: English

Background: Ghana has been gradually implementing Programme Based Budgeting (PBB) since 2010 as a way to “deliver results in a more efficient, effective and transparent manner.”¹ The new approach was adopted to orient the budgeting process towards performance and flexibility. However, practical implementation realities when transforming input-based budgets for specific health programmes into broader-based budgetary programmes present specific constraints, especially as Ghana’s health sector has recently faced increasing fiscal pressures and challenges resulting from donor transition dynamics. The majority of goods and services funding is channeled through the National Health Insurance Scheme, which has its own problems with only 71.4% of budgeted funds received in 2016.

Study objectives: This study has two objectives. First, to document the transition to PBB within the Ghanaian health sector. This is of particular importance given the increasing movement of low- and middle-income countries towards PBB. Second, the analysis will serve as a basis to highlight ways Ghana is working to reduce duplicative activities or inputs across health programmes, as well as key challenges to doing so, as part of the PBB transition process.

Report structure: The study first describes the transition from activity-based to PBB, and explains the structure and content of budget programmes within the health sector and related performance measuring metrics. In the second chapter, the effects of the PBB reforms are analysed in relation to stated objectives as the basis to highlight key lessons and challenges, as well as related recommendations for the way forward in the health sector in Ghana.