Financing and Managing the Health Workforce in the Public Sector

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The World Bank
Geneva, Switzerland
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Outline of Presentation

- What staffing levels are fiscally sustainable in the public sector?
- What are training costs to staff up to these levels?
- Would all migrants be able to find jobs if they did not migrate?
- What are the major fiscal and managerial bottlenecks to scaling up staffing?
  - Wage bill policies
  - Management policies and practices
What staffing levels are fiscally sustainable in the public sector?
## Total Economically Sustainable Staffing Levels

### Health spending scenarios

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Annual Economic Growth (%)</th>
<th>Public Health Expenditures as % of Gov. Expenditures by 2015 (%)</th>
<th>Insurance Effect (as % of Out-of-Pocket Spending)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Worst case</td>
<td>-5</td>
<td>-5% change</td>
<td>0</td>
</tr>
<tr>
<td>Best case</td>
<td>5</td>
<td>15%</td>
<td>60</td>
</tr>
<tr>
<td>Projection of past trends</td>
<td>Average growth 1996-2005</td>
<td>Average HE 1996-2005</td>
<td>0</td>
</tr>
</tbody>
</table>

### HRH scenarios

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Shift to low skill mix</th>
<th>No skills mix change</th>
<th>Shift to high skills mix</th>
</tr>
</thead>
<tbody>
<tr>
<td>No wage change</td>
<td>Least expensive largest number of staff</td>
<td></td>
<td></td>
</tr>
<tr>
<td>20% wage increase</td>
<td></td>
<td></td>
<td>Most expensive smallest number of staff</td>
</tr>
</tbody>
</table>

Total Economically Sustainable Staffing Levels

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Baseline</th>
<th>Worst Case</th>
<th>Best Case</th>
<th>Projections of past trends</th>
</tr>
</thead>
<tbody>
<tr>
<td>No wage change, no skill mix change</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>25% wage increase, no skill mix change to high skill</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No wage change, skill mix shifts to low skill</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>25% wage increase, skill mix shifts to high skill</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>25% wage increase, skill mix shifts to low skill</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>50% wage increase, no skill mix change</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
What are training costs to staff up to these levels?
Total Additional Training for All Staff

- 0% wage change, no skill mix change
- 25% wage increase, no skill mix change
- 25% wage increase, skill mix shifts to high skill
- 25% wage increase, skill mix shifts to low skill
- 50% wage increase, no skill mix change

Best Case Projections of past trends
Total Additional Doctors to Be Trained

- No wage change, no skill mix change
- 25% wage increase, no skill mix change
- No wage change, skill mix shifts to high skill
- No wage change, skill mix shifts to low skill
- 25% wage increase, skill mix shifts to high skill
- 25% wage increase, skill mix shifts to low skill
- 50% wage increase, no skill mix change

*Best Case Projection of Past Trends*
Total training Costs for IDA Countries under the Projection of Past Trends (millions, 2006 USD)
Cost of Training Additional Health Workers

All, Best Case

- No wage change, no skill mix change
- 25% wage increase, no skill mix change
- No wage change, skill mix shifts to high skill
- No wage change, skill mix shifts to low skill
- 25% wage increase, skill mix shifts to high skill
- 25% wage increase, skill mix shifts to low skill
- 50% wage increase, no skill mix shift
- Public expenditures on tertiary education

- CHW, PH, and other
- Nurses and midwives
- Dentists and Pharmacists
- Doctors
Would all migrants be able to find jobs if they did not migrate?
Nurse migration trends

Fiscal Space and Nurse Migration

GHE/GE in different scenarios

- **Baseline**
- **Government absorbs all nurses who migrate**

![Bar chart showing GHE/GE in different scenarios for various countries.](image-url)
What are the major fiscal and managerial bottlenecks to scaling up staffing?

What is the impact of government wage bill policies on the health workforce?

Are current human resources management policies and practices strategic?

Working in Health: Financing and Managing the Public Sector Health Workforce

Marko Vujicic, Kelechi Ohiri, and Susan Sparkes

The World Bank

Forthcoming in spring 2009
**Background**

- Large gap between the workforce level needed to deliver essential services and current employment levels in developing countries.

- Within the public sector a major issue is often lack of resources available to pay the salary costs of an expanded health workforce due, in turn, to restrictive policies on the overall public sector wage bill.

- While the debate has been intense there is a lot of misinformation and little documented country experience.
Objectives

Policy Question #1 in Report:
What is the impact of government wage bill policies on the size of the health wage bill and on health workforce staffing levels in the public sector?

Policy Question #2 in Report:
Within the current health wage bill envelope, do the existing human resources management policies and practices lead to strategic use of wage bill resources?
Country Case Studies

Maternal mortality relative to income & health spending, 2005

Source: WDI

Births attended by skilled attendant relative to income & health spending, 2005

Source: WDI

Health Workers per 1000 relative to income & health spending, 2005

Source: WDI

Doctors per 1000 relative to income & health spending, 2005

Source: WDI
Wage Bill Budgeting

Separate Budgeting Process

- Ministry of Finance
  - Overall Wage Bill
    - Ministry of Health Wage Bill
      - Health Workers

- Non-wage Expenditure
  - Ministry of Health Non-wage
    - Non-Labor Inputs

Fully Flexible Budgeting Process

- Ministry of Finance
  - Provincial Health Authority
    - District Health Authority
      - Facility
        - Health Workers
        - Non-Labor Inputs

DISCONNECT
Zambia
- In 2002, the Government of Zambia implemented a hiring freeze as part of its program with the IMF, but explicitly excluded doctors and nurses.

Kenya
- “Wage policy measures will include … flexibility to allow for recruitment of medical personnel in order to aim at reaching the optimum level of personnel for the health sector and to move toward achieving the MDGs.”
Recruitment

- Zambia
  - 1,700 funded positions
  - MOH was able to fill only 1,400 positions within the budgetary timeframe
  - Funding for 300 positions had to be returned to the Ministry of Finance

- Kenya – different story

<table>
<thead>
<tr>
<th>Current Status</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unemployed</td>
<td>2064</td>
</tr>
<tr>
<td>Employed Private</td>
<td>1110</td>
</tr>
<tr>
<td>Other</td>
<td>661</td>
</tr>
<tr>
<td>Employed FBO</td>
<td>465</td>
</tr>
<tr>
<td>Employed MOH</td>
<td>166</td>
</tr>
<tr>
<td>Employed NGO</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>4466</td>
</tr>
</tbody>
</table>
Wage Bill Budgeting

Distribution of Civil Service Employees by Sector (all levels of government)

Source: World Bank Government Wages and Employment Dataset
### Impact on the overall public sector wage bill of changing staffing and wages in the health sector – Kenya

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Health Wage Bill/Total Wage Bill BASELINE</th>
<th>Health Wage Bill/Total Wage Bill NEW</th>
<th>Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase doctors' salaries by 25% (or Increase number of doctors by 25%)</td>
<td>9.63%</td>
<td>9.87%</td>
<td>0.24%</td>
</tr>
<tr>
<td>Increase nurses' salaries by 25% (or Increase number of nurses by 25%)</td>
<td>9.63%</td>
<td>10.82%</td>
<td>1.19%</td>
</tr>
<tr>
<td>Increase salaries for all health workers by 25% (or increase number of all health workers by 25%)</td>
<td>9.63%</td>
<td>12.04%</td>
<td>2.41%</td>
</tr>
</tbody>
</table>

Sources: World Bank calculations based on Kenya Case Study
Impact on the overall public sector wage bill of changing staffing and wages in the health sector – Zambia

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Health Wage Bill/Total Wage Bill BASELINE</th>
<th>Health Wage Bill/Total Wage Bill NEW</th>
<th>Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase doctors’ salaries by 25% (or Increase number of doctors by 25%)</td>
<td>10.80%</td>
<td>11.04%</td>
<td>0.24%</td>
</tr>
<tr>
<td>Increase nurses’ salaries by 25% (or Increase number of nurses by 25%)</td>
<td>10.80%</td>
<td>11.70%</td>
<td>0.90%</td>
</tr>
<tr>
<td>Increase salaries for all health workers by 25% (or increase number of all health workers by 25%)</td>
<td>10.80%</td>
<td>13.50%</td>
<td>2.70%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Education Wage Bill/Total Wage Bill BASELINE</th>
<th>Education Wage Bill/Total Wage Bill NEW</th>
<th>Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase teacher salaries by 25% (or Increase number of teachers by 25%)</td>
<td>12.38%</td>
<td>15.04%</td>
<td>2.66%</td>
</tr>
</tbody>
</table>

Sources: World Bank calculations based on Zambia Case Study, Zambia Education Public Expenditure Review 2006
Key HRH management policies and practices

- **Creation of vacancies**
  - Often top down, not needs-based, no linked to geographic areas

- **Recruitment of workers**
  - Takes too long (14 months in Kenya) to recruit new staff and to fill up vacancies
  - Centrally managed

- **Terms of service (mostly related to civil service constraints)**
  - Tenure
    - Very little use of term contracts
  - Remuneration
    - Salary and non-performance based allowances
  - Promotion and transfers
    - Policies are not implemented
    - Not carried out in a strategic way
  - Sanctions
    - Rare
Process for Filling a Vacancy in Kenya

Key:
- DMO = District Medical Officer
- PMO = Provincial Medical Officer
- DPM = Department of Personnel Management
- (Cabinet Office)
- PSC = Public Service Commission

Figure prepared by Margaret Caffrey and Tim Martineau, Liverpool Associates in Tropical Health
## Emergency Hiring Program - Kenya

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>GOK</th>
<th>Emergency Hiring Program</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Remuneration</strong></td>
<td>As GOK without pension but with gratuity of 31% of basic salary per annum</td>
<td></td>
</tr>
<tr>
<td><strong>Tenure</strong></td>
<td>Permanent</td>
<td>3-year contract</td>
</tr>
<tr>
<td><strong>Recruitment process</strong></td>
<td>Through Public Service Commission (PSC)</td>
<td>Delegated by PSC to MOH with technical support from the Capacity Project and Deloitte &amp; Touche. Tight control to ensure no interference in selection process</td>
</tr>
<tr>
<td><strong>Recruitment conditions</strong></td>
<td>Merit-based for all who meet job criteria except staff currently employed by faith-based organizations (FBOs)</td>
<td></td>
</tr>
<tr>
<td><strong>Deployment conditions</strong></td>
<td>Recruited to public service, so can be deployed anywhere</td>
<td>Can only be deployed to designated districts selected by MOH and Capacity on the basis of staff shortage</td>
</tr>
<tr>
<td><strong>Length of funding</strong></td>
<td>Unlimited</td>
<td>3 years</td>
</tr>
<tr>
<td><strong>Funding channel</strong></td>
<td>Salaries paid directly to employees (PEPFAR funds)</td>
<td>Direct to government (Clinton Foundation, GFATM)</td>
</tr>
<tr>
<td><strong>Monitoring and evaluation</strong></td>
<td>None</td>
<td>Detailed monthly follow up to monitor numbers and location of staff</td>
</tr>
<tr>
<td><strong>Time to fill a position</strong></td>
<td>Varied; in some cases 10 months from advertisement to interview</td>
<td>Letters of appointments sent within 4 months of advertisement; first batch of staff in post within 5 months after receiving a 2-week induction course; second batch within 8 months</td>
</tr>
</tbody>
</table>
Is Money Scarce?

- Not always.
- Wage bill budget execution rates can be very low

<table>
<thead>
<tr>
<th>Year</th>
<th>Dominican Republic</th>
<th>Kenya</th>
<th>Rwanda</th>
<th>Zambia</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>95%</td>
<td>101%</td>
<td>99%</td>
<td>-</td>
</tr>
<tr>
<td>2005</td>
<td>93%</td>
<td>99%</td>
<td>91%</td>
<td>-</td>
</tr>
<tr>
<td>2006</td>
<td>107%</td>
<td>-</td>
<td>91%</td>
<td>50%</td>
</tr>
<tr>
<td>2007</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>70%</td>
</tr>
</tbody>
</table>
## Are People Scarce in Kenya?

<table>
<thead>
<tr>
<th>Location of Residence</th>
<th>Total Applicants M/F</th>
<th>Total Qualified Applicants (Short-listed)</th>
<th>Total Selected Applicants (Deployed MOH)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>6566</td>
<td>4466</td>
<td>677</td>
</tr>
<tr>
<td>Nairobi</td>
<td>494</td>
<td>338</td>
<td>7</td>
</tr>
<tr>
<td>Central Province</td>
<td>1197</td>
<td>898</td>
<td>71</td>
</tr>
<tr>
<td>Coast</td>
<td>224</td>
<td>143</td>
<td>49</td>
</tr>
<tr>
<td>Eastern</td>
<td>1138</td>
<td>834</td>
<td>36</td>
</tr>
<tr>
<td>North Eastern</td>
<td>100</td>
<td>72</td>
<td>110</td>
</tr>
<tr>
<td>Nyanza</td>
<td>1050</td>
<td>441</td>
<td>98</td>
</tr>
<tr>
<td>Rift Valley</td>
<td>1674</td>
<td>1247</td>
<td>149</td>
</tr>
<tr>
<td>Western</td>
<td>689</td>
<td>493</td>
<td>99</td>
</tr>
</tbody>
</table>
Conclusions

- In the case studies...
  - Fiscal constraints were not relevant in all countries
  - Public sector management issues were a major constraint everywhere
Policy options

- Strengthening accountability and improving human resources management capacity within the Ministry of Health;
- Using allowances more strategically and payment mechanisms other than salary;
- Enhancing the position of the Ministry of Health in the wage bill negotiation process;
- Improving the predictability of health wage bill budgets;
- Easing the fiscal constraint on the overall wage bill;
- Making better use of donor assistance for health;
- Transferring control of certain human resource management functions to the Ministry of Health while keeping the health workforce within the civil service;
- Decentralizing certain human resource management functions to the local level;
- Removing the health workforce from the civil service and the overall wage bill;