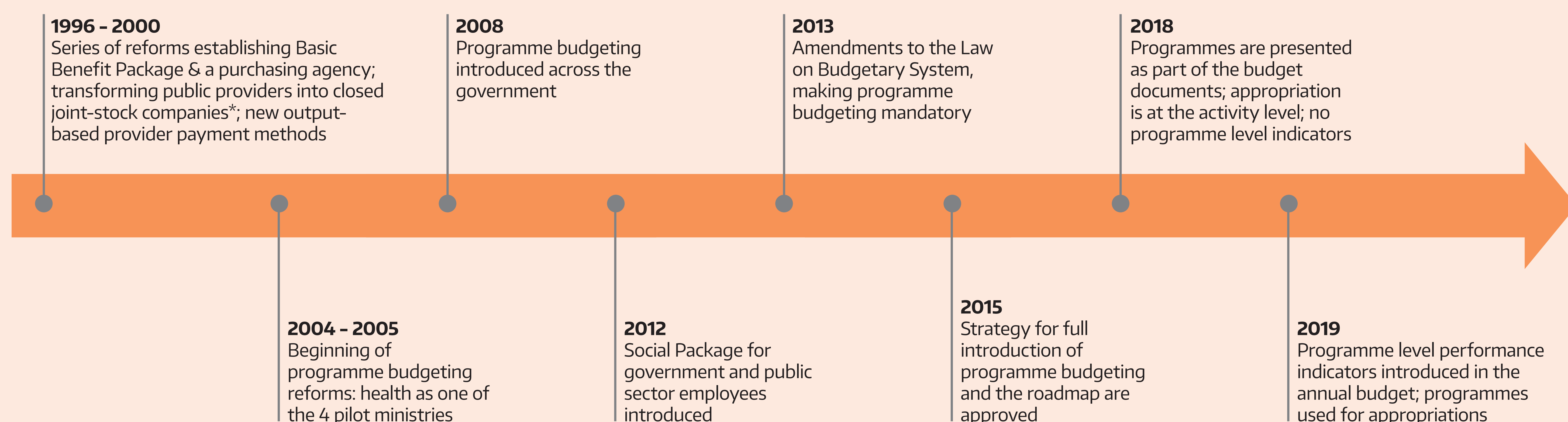




PROGRAMME-BASED BUDGETING FOR HEALTH

TIMELINE OF IMPLEMENTATION OF KEY PROGRAMME BUDGETING AND HEALTH FINANCING REFORMS IN ARMENIA



* Note: Providers became responsible for managing their financial resources, setting prices for services not included in the state-funded health care package, deciding on staffing mix and setting terms and conditions of service. They could also retain profits and invest surplus income.

KEY OUTPUTS

- Numerous activities, which existed prior to introduction of programme budgeting, consolidated into 12 programmes with accompanying performance indicators
- Programme classification is part of the annual budget and is used for appropriations
- Programme budgeting structure allows tracking of the resources allocated for specific services, including the Basic Benefit Package (BBP)
- Performance indicators are actively used and reviewed by the Legislature, MOF and MOH
- Ministry of Health actively engaged in programme design discussions the Ministry of Finance and has been continuously working towards refinement of its programmes and activities, although it is limited to particular parts of the Ministry and specific experts

REMAINING CHALLENGES

- Programme structure, particularly the level below programmes, is of mixed quality with unnecessary fragmentation
- Programme statements, which are key in articulating the programme objective, its logic, evidence for proposed activities and performance measurement framework, are not yet developed or updated regularly
- Post appropriation controls continue at the detailed activity level, limiting flexibility in resource management and posing excessive burden on line ministries, including health
- Requests for changes in budget allocations between activity lines submitted by service providers get processed through a complex system involving multiple layers of government
- Overall context of extremely low public financing to health undermines all other efforts in health reform

MOVING FORWARD

- Programmes and activities within each programme should be further reviewed, many of the activities could be combined into large sub-programmes, others could benefit from more scrutiny/ breakdown
- The role of programme managers should be clarified and strengthened, including during the design of the programmes
- Programme statements should be developed and updated regularly for all programmes; they should also be made easily available to the civil society and legislators
- Method of contracting with providers should be reviewed to shift from the situation where budget ceilings are set for each detailed activity / type of service with targets set in absolute terms (e.g. number of couples who received infertility treatment) and any deviations from these requiring MOH and MOF approval
- Prioritization of health in public spending should be reassessed; this should be combined with review of spending priorities within health (e.g. activity on health insurance for government employees)

BUDGET ALLOCATION BY PROGRAMME, 2019

