

KYRGYZSTAN

PROGRAMME-BASED BUDGETING FOR HEALTH

TIMELINE OF PURCHASING AND PROGRAMME-BUDGETING REFORMS

1997 2001-06 2018 2009 Unification of provider IFMIS: Unified Mandatory Health Insurance Fund New Law on (MHIF) established: capitation & case electronic treasury payment systems MHIF status payments are introduced using payroll management system: contributions; public system continues 1st steps to use input-based payments 2019 Programme 2001-2008 classification is part

Programme budgets prepared as part of the Medium-Term Expenditure Framework

2006
Single line (code 2216)
introduced to overcome
budget rigidities in health

2016
Adoption of the new Budget Code

Programme
classification is part
of the annual budget
law and MOH must
report on programme
performance indicators

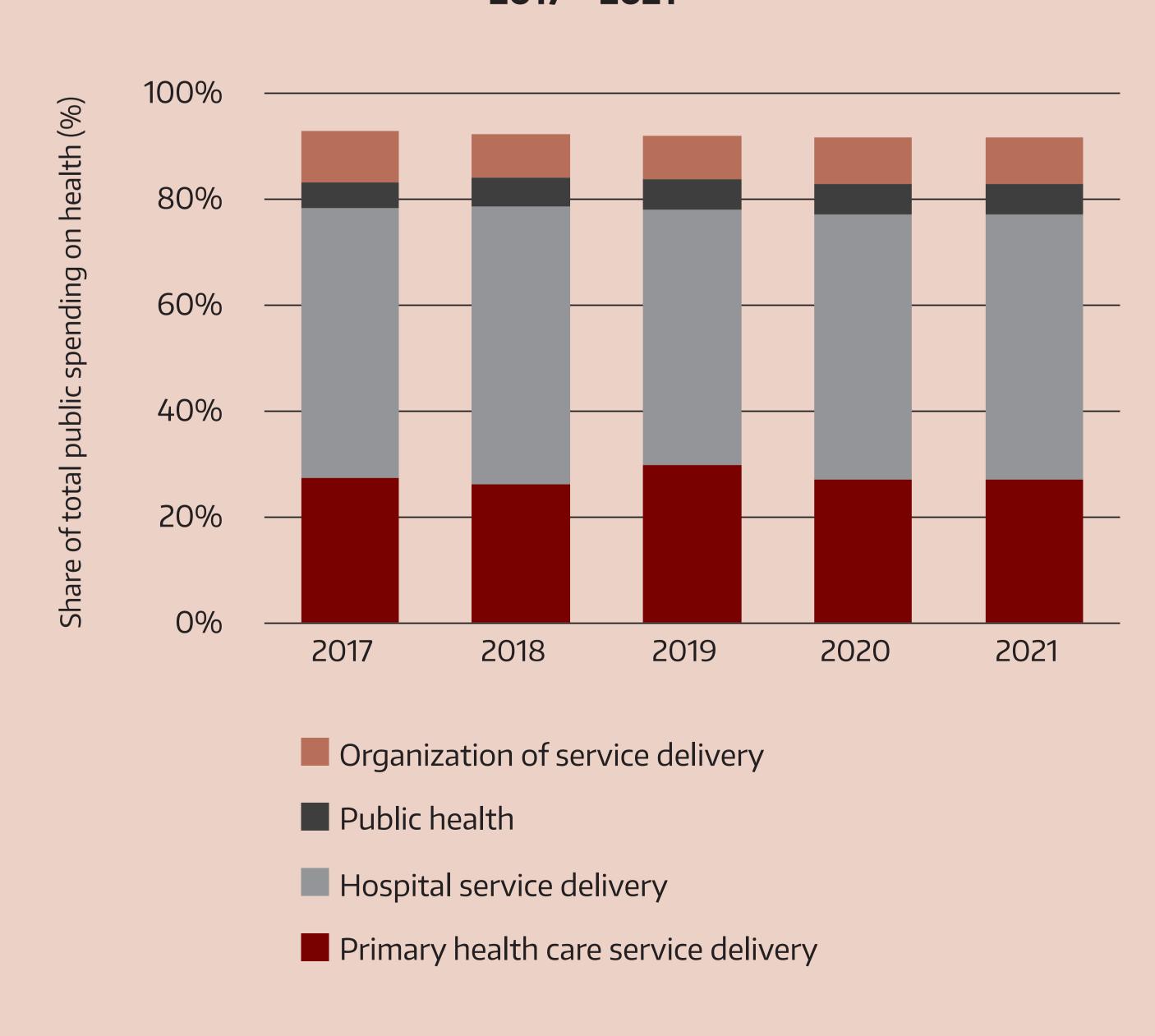
KEY OUTPUTS

- Budget transparency has improved: the legislature and the public can link budgets more closely to the purposes of spending (e.g. one can easily identify budget allocation and spending for key priorities such as outpatient drug package)
- Performance measures are part of the annual budget documents, gradually shifting the focus from input controls to accountability for results
- Savings from staff optimization to be retained at provider level,
 although there is residual distrust in the health sector
- Ex ante controls of resource shifts across providers have been removed with elimination of facility-level caps which were previously imposed during the post appropriation stage by the MOF, enabling the purchasing agency to shift funds across providers and line items

REMAINING CHALLENGES

- Budget is still formulated based on historic trends (previous year's budget) and does not account for the expected growth in the cost of health services, including the guaranteed benefits package
- Programme budgeting is not yet used for budget prioritization and budget allocations do not seem to reflect the stated priorities (e.g. primary health care)
- In 2019, programme classification is still used mainly for information as an alternative presentation of the budget, though the law requires it to be the main basis of appropriations
- Budgetary programmes in health are of mixed quality when it comes to programme design
- Alignment issues between MoH and MHIF programmes and performance measures

BUDGET ALLOCATION ACROSS FOUR MAIN PROGRAMMES, 2017 – 2021



MOVING FORWARD

- Prioritize detailed review of regulations and audit/inspection methods that continue to restrict changes to the input mix in MOH, MHIF and healthcare providers
- Review programme and sub-programme definitions to allow improved prioritization of spending on the basis of programmes and alignment of programmes across MOH and the MHIF
- Revise budget formulation process to ensure that programmes receive appropriate funding to deliver on the policy commitments and achieve the set targets
- Invest in complementary efforts to strengthen financial management capacity in MOH and healthcare providers
- To address the legacy of concern about punitive use of performance measurement articulate a clear policy on how performance targets and indicators will and will not be used, and communicate this clearly to budget and programme managers in line Ministries, MOF own staff, staff involved in inspecting/auditing, and legislators