

# MONGOLIA

# PROGRAMME-BASED BUDGETING FOR HEALTH

#### HISTORY OF THE TRANSITION TO THE PROGRAM BUDGET IN MONGOLIA

#### 1990

Introduced democratic and free market system

 Faced challenges with leaving Soviet central planning system (Semashko model)

#### 2002

Introduced Public Sector Financial Management Law (PSFML)

Reform aimed to establish treasury system, output contracting and increase fiscal discipline, but caused centralization

#### 2009 - 2015

Improvement of program budget classification

 Revision of output-based budgeting and introduction of program-based budget classification and annual budgeting by the line ministries

#### 1994

Introduced health insurance system

 State budget couldn't cover all health services without soviet financial assistance (Bismark model)

#### 2011 - 2013

Introduced Integrated Budget Law (IBL)

- Introduced Program Based Budgeting moving towards to program classification from line item budgeting
- Budget decentralization delegated budget authority to local governments including primary health care services, education and social protection

#### 2019

Introduced PFM strategy

 Alignment of budget with Government of Mongolia's medium and long-term goals, SDGs and UHC

### **KEY OUTPUTS**

- Support to health sector to better link operational budgets to longterm policy objectives
- Improved national health programmes to match budget law requirements for funding
- Support to increased allocation to primary health care (capitation tariffs, costing, DRG)
- Introduced medium-term budget forecasting model, and building capacity of sector planning and budgeting staff in costing, budgeting, strategic planning
- Support to develop an SDG focused monitoring framework
- Since 2013, output delivery agreements concluded with budget managers specifying performance framework linked to outputs and program specific targets

## **MOVING FORWARD**

- MTFF should be utilized more as a tool to strengthen medium-term budgeting, and in that approach strengthen further strategic resource allocation.
- Budget program structure should be redesigned to better match with sector policies and GoM's desire to move towards "Budgeting for SDGs".
- Service delivery agreements could have a cross-sectoral and SDG view to strengthen health outcomes by leveraging health-related outputs in other sectors (e.g. Water and Sanitation, Education, urban planning, infrastructure)

# GOVERNMENT HEALTH BUDGET BY PROGRAM BUDGET CLASSIFICATION

Programs	2012	2014	2015	2016	2017	2018
Public health	11%	13%	10%	9%	10%	10%
Hospital services	78%	80%	89%	81%	82%	82%
Health administration and information	10%	8%	8%	18%	17%	17%
Physical training and sports	0%	0%	3%	1%	1%	1%
Total	100%	100%	100%	100%	100%	100%

### **REMAINING CHALLENGES**

- No national methodology for medium term planning that links to MTFF process; process for developing programmes and policies still not aligned with long-term policy objectives
- MOF and MOH budget classifications and programme coding structures not aligned
- Insufficient allocation for preventive health services or primary health care, with difficulty transferring across programmes
- Unreasonable costing of investments and recurrent expenditures in the short to the medium term (e.g. national programmes proposed for 2020 funding without appropriate costing)
- Implementation delayed by underlying systemic issues strongly influencing pace of change with capacity gaps in leadership, strategic planning and budgeting
- Significant structural challenges in introducing performance-based funding mechanisms
- No change in expenditure management; providers still receive funds by inputs