

# Budget Execution in Health

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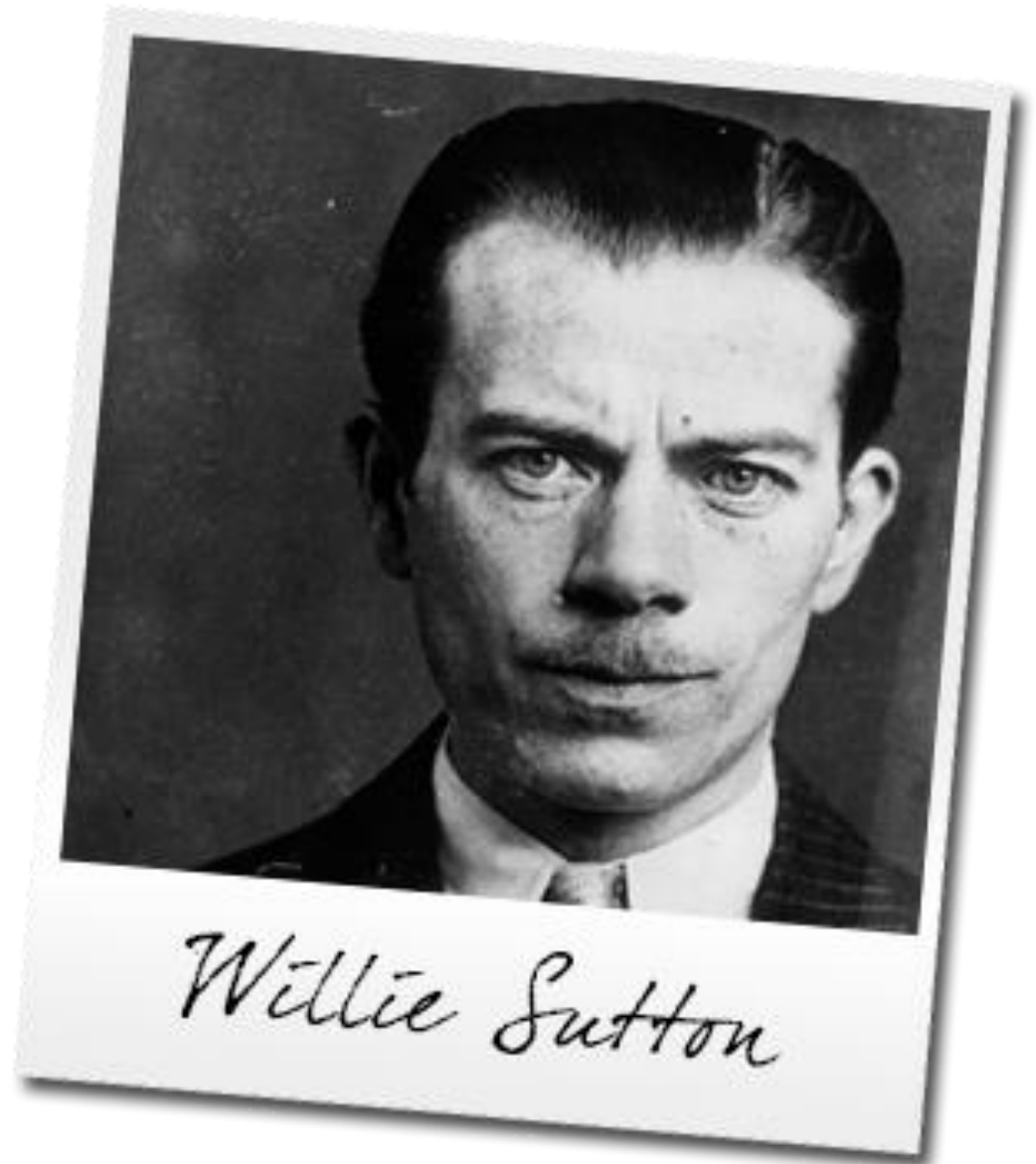
Health, Nutrition and Population

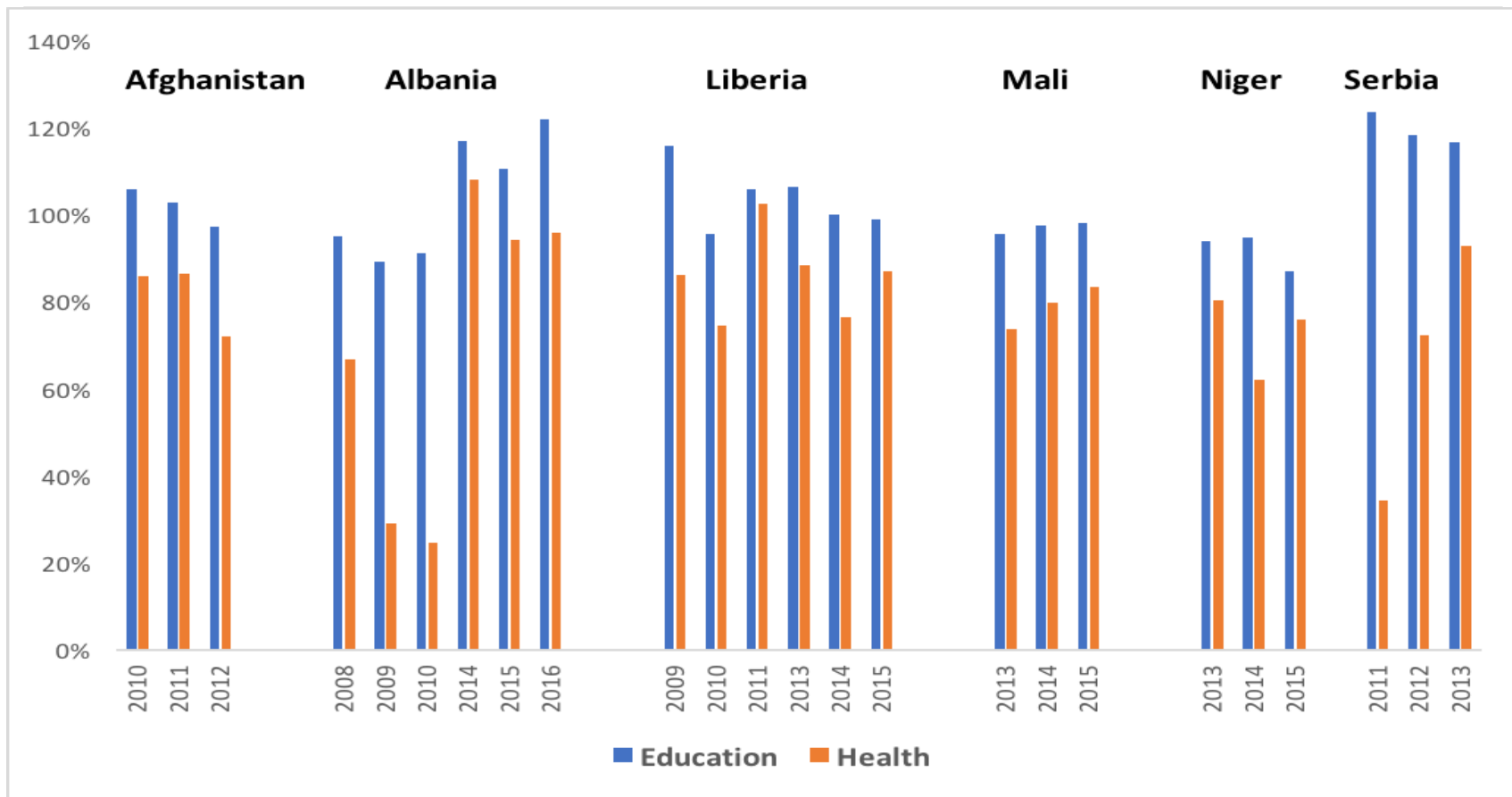
# Why Do You Rob Banks?

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“That’s Where The Money Is...”

Willie Sutton, Bank Robber





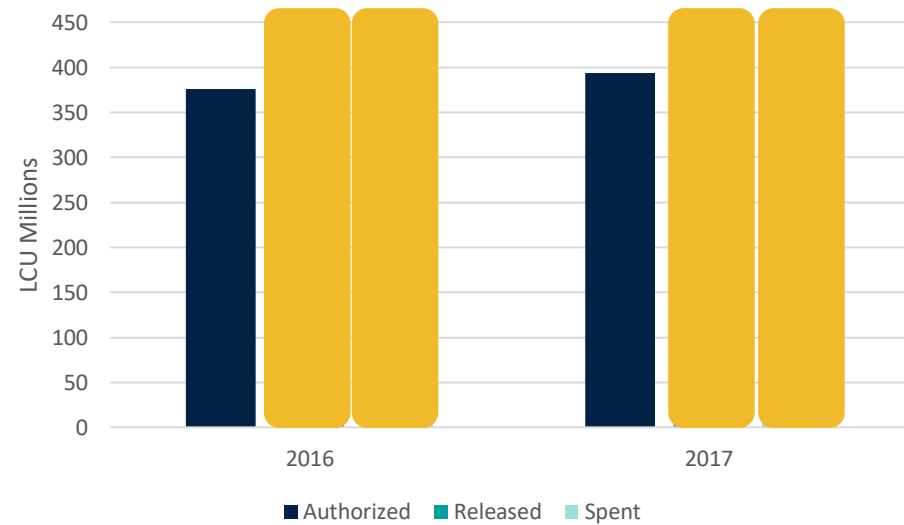
# Average Health Budget Execution Rate, 2005 - 2016

Source: Barroy, Piatt-Fünfkirchen (forthcoming)

# Budget Performance of Operational Grants

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Does Money Reach  
Where It Matters  
Most?




# Who is at Fault and What Role Does the Health Sector Play?

- Unreliable **revenue forecast**
- Increased spending for **unbudgeted items** (wages payments; high cost short term debt payment)
- **Delays** in budget release
- Complex **authorizing procedures**
- **Procurement challenges**
- Insufficiently deployed / unreliable **FMIS**
- **Excessive rigidities** in execution systems
- Weak **budget preparation** in health
- Other **absorption capacity** issues
- Too many **execution protocols** by source of funds
- **Efficiency gains**

# Consequences for Health Service Delivery

- Unavailability of funds → **opportunistic spending**
- Funds don't reach intended purpose or **frontlines**
- **Accountability** concerns
- **Efficiency** concerns (e.g. accumulation of arrears; rigid input based controls)
- **Inequitable allocations** of an equitable budget?
- Undermines **quality of services**

→ **Challenging to advocate increased budget allocations**



# What Happens When Suppliers Don't Get Paid?

## Zambia 2015: US\$ 30 million Arrears for Drugs and Pharmaceutical Supplies

### How was this possible?

- No link between the **FMIS** and the government's electronic procurement system → multiyear framework contracts signed outside the FMIS → Contract beyond budget
- **Budget releases have often been slow** and insufficient such that suppliers are not paid on time.
- Once funds were released, **diversion for other purposes**.
- **Exchange rate depreciation** made arrears costly. Arrears denominated in USD.

### How Did This Affect Service Provision?

- Suppliers built in **risk premiums** going forward
- The MoH incurred **penalty payments**
- Suppliers **refused to deliver drugs** and medical supplies until outstanding payments were settled, leading to the unavailability of drugs.

# How Does Budget Execution Relate to Providers?

**Does Money Reach Providers?**

**Are they allowed to receive/spend?**

**Adequacy of Public Finance Law?**

**FMIS System Design & Deployment?**

**Accounting and Reporting Capacity?**

**Fragmentation of Spending Protocols?**

## PFM Environment for Providers





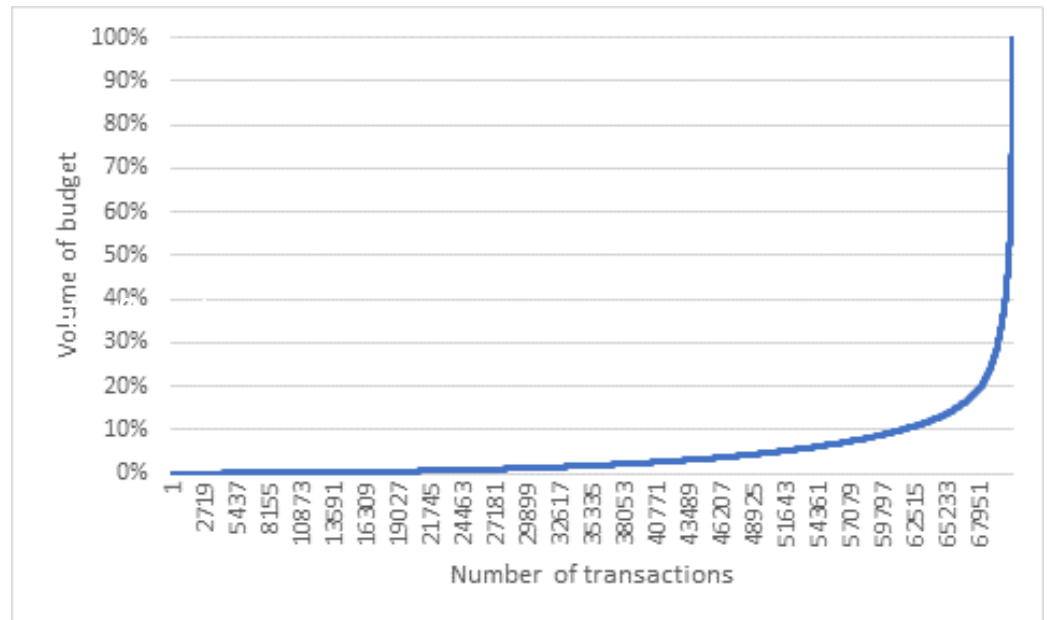
# The Budget Execution Conundrum: Balancing Flexibility and Control

The core challenge of good budget execution systems is how to balance control with flexibility” (Schiavo-Campo 2017, p.178)



Source: Piatti-Fünfkirchen, Hashim, and Farooq (2019)

Not All  
Spending is  
Created  
Equal




Source: World Bank (2019)



# Opportunities of Mobile Money



- Send Funds to Facilities Directly
  - Oversight by Districts/MOH
  - Automatic Accounting and Reporting → Integration w/ FMIS
  - Budget Control
  - No Input Based Controls
  - Audit Trail
- 
- Integrate With HMIS
  - Basis for Strategic Budget Allocations
- Money Where it Matters Improves Results.

A photograph of a woman and a young child. The woman is wearing a colorful floral-patterned sari with orange, teal, and black motifs. She is holding the child in her arms. The child is wearing a bright orange shirt. They are standing in front of a window with a dark frame. A large yellow triangular graphic with a repeating circular pattern is overlaid on the right side of the image.

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