Improving Allocative Efficiency and Budget Execution for Family Planning

ATTAINING SUSTAINABLE FINANCING FOR FAMILY PLANNING IN SUB-SAHARAN AFRICA

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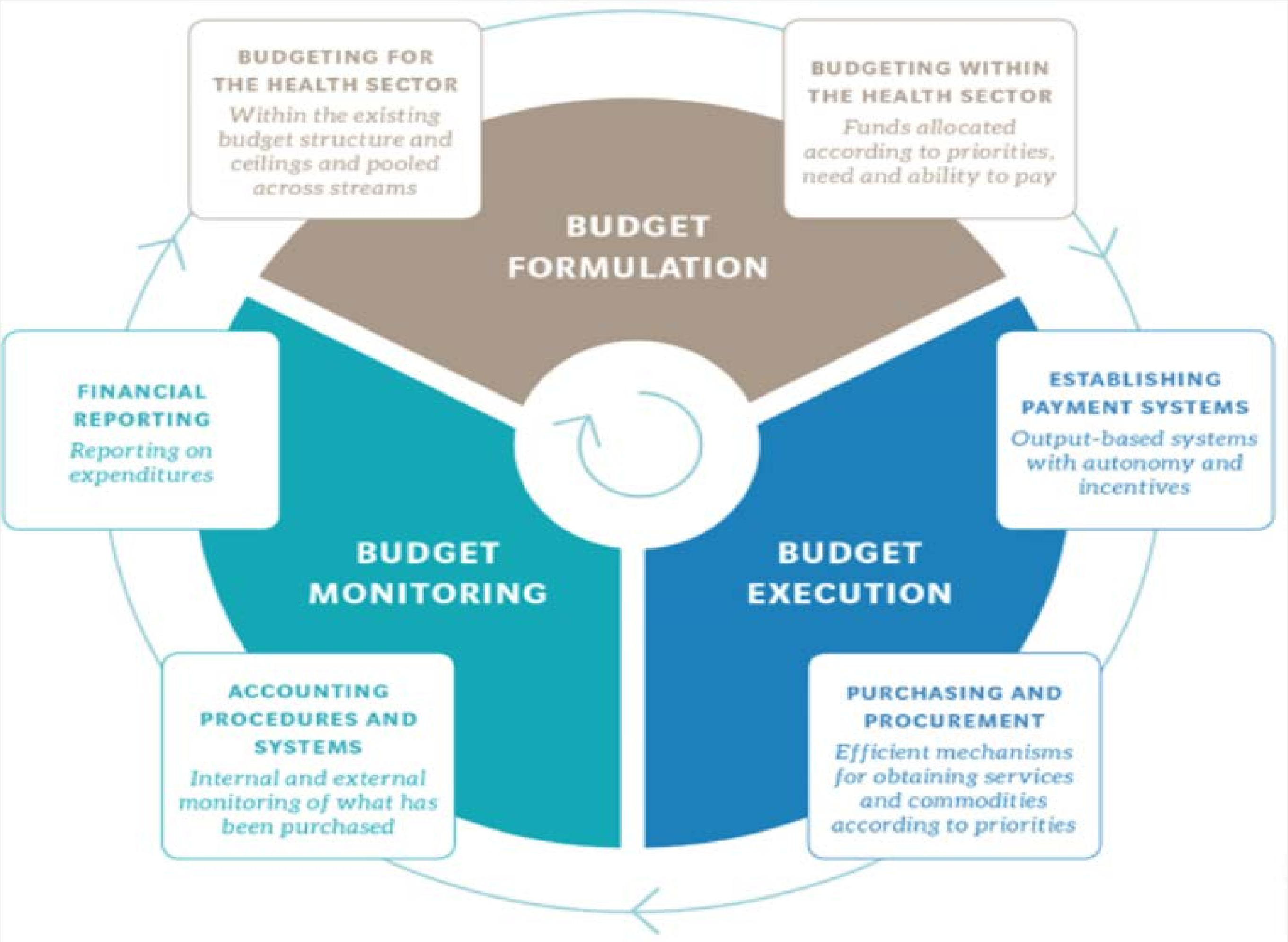
RESULTS FOR DEVELOPMENT

What is Public Financial Management

The institution, policies, and process that govern the efficient and effective use of public funds to accomplish set objectives.



Source: Cashin et al. Aligning public financial management and health financing: sustaining progress toward universal health coverage. WHO. 2017.

Formulating budgets to improve allocation for FP programming

Planning	Commitments
Resource mobilization	Budgeting

Key Questions

1. Where will the finances come from?
2. Is it sustainable?

Executing budgets with transparency and accountability – Internal controls and performance management

Value for money

- Approved budgets – attained upon satisfying the provided guidelines
- Availability of funds – has the Ministry of Finance disbursed
- Explicit procurement procedures

✓ Economy
✓ Efficiency
✓ Effectiveness

Regulation to achieve service delivery objectives

- Regulated use of resources to achieve service delivery
- Flexibility of budget implementation including virement consideration

Efficiency is a performance criterion corresponding to outputs and is an **essential component to executing budgets**

Allocative efficiency

- Produce the types and amounts of output that people value most
  - How different resource inputs are combined to produce a mix of different outputs

Technical efficiency

- Do not waste recourses
- Achieve maximum outputs with the least cost
  - Requires that for any given amount of output, the amount of inputs used to produce it is minimizes

Implementing adequate **financial monitoring and reporting systems** to ensure programmatic goals are reached

- Aims at promoting transparency & accountability
- Mitigate work environment segregation of duties, funds flow, work flow, organizational structure, systems linkages & internal audit
- Management of resources
- Governance issues
- Revision of budgets
- Production of reports for purposes of:
  - Management decision making (Internal)- compliance on submission of expenditure returns
  - Feedback to stakeholders through monitoring reports.
  - Outward reporting – National Audit reports

A strong PFM system aligned with FP program objectives can lead too….

Higher and more predictable budget allocations

Reduced fragmentation in revenue streams and funding flows

Timely budget execution

Better financial accountability and transparency

Challenges in aligning PFM systems for FP and health

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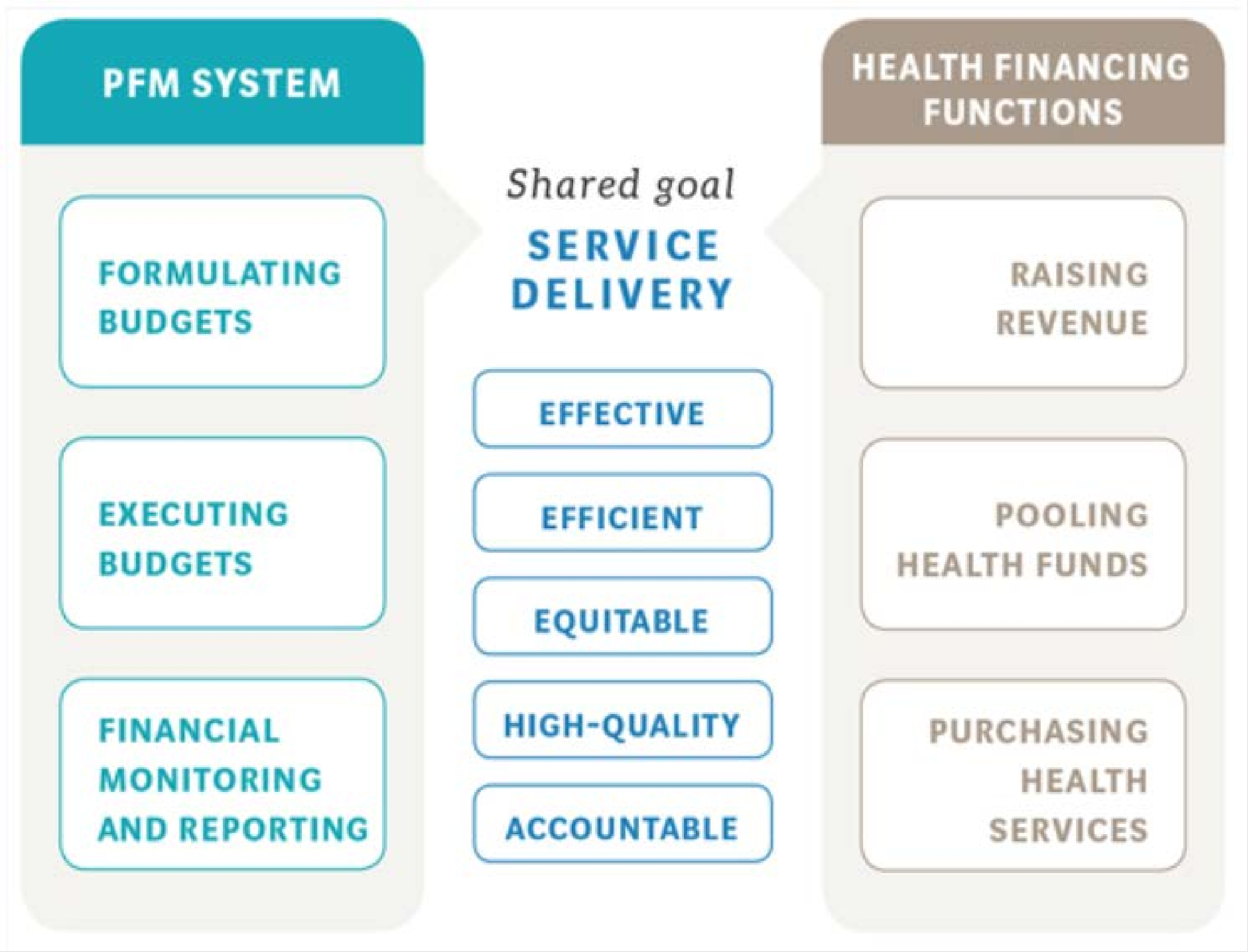
PFM systems and health financing functions are often designed and operated in parallel, resulting in *misalignment* between systems and *misunderstanding* between respective authorities



For FP and health, a high degree of uncertainty around *population needs* may result in ***inadequate budgets***

Unpredictable sector budget ceilings

- Poor revenue forecasting
- Lack of medium-term budgeting practices
- Fragmented sources of revenue
- Disbursement of monies not always predictable

Allocations separate from policy objectives and planning

- Timing and coordination
- Lack of effective engagement between MOH/MOF/budget officials
- Fragmentation and weak stewardship
- Disconnect from policy objectives/priorities to actual adjustments

Misclassifications of inputs

- Focused on input-based budgeting
- Monitoring and accounting processes for budgets not harmonized
- Lack of knowledge/experience around program-based budgeting

Uncertainty around health needs also creates challenges for ***harmonizing funding streams,*** and ***allocating budgets*** appropriately and efficiently

Fiscal decentralization

- Results in inefficiencies and fragmentation
- Financial protection at risk with more fragmented pools
- Lack of mechanisms for transferring funds

Split revenue streams

- Inequity in allocation
- Donor funds are not integrated with gov't budgets

Fragmented input budgets

- Different budget processes
- Leads to accountability and oversight problems

Example Case: Nigeria Family Planning Budgeting

- Budget process in Cross River and Zamfara States have dissimilar planning and implementation processes – autonomy and authority over budget is also perceived differently
- Donor funding streams are separated from state/national committed funding
- Budget accountability and evaluation differs across states – no uniform process implemented
- In Cross River and Zamfara States no dedicated budget line to FP/commodities – reliant on donor funds

To improve efficiency and quality of FP service delivery, providers need to be given enough ***autonomy and flexibility*** to respond to incentives – line-item budget reduces that opportunity

- **Budgeting by health facility and inputs rather than by services**
- **Different purchasing arrangements and accounting for different revenue streams**
- **Lack of provider autonomy**
- **Obstacles to engaging the private sector**
- **Government procurement rules that limit flexibility**
- **Delays in the release of funds**
- **Poor information systems and monitoring capacity**

So, what are some **best practices** to consider to improve allocative efficiency and budget execution to achieve FP national objectives?

A framework for sustainable health financing that is embedded in the government PFM system

An understanding of general government revenue as the core of financial sustainability

A holistic view that leverages efficiencies and considers the broader context of health policy and UHC goals

A country-led process that can be ongoing after the activity ends

Thank you!

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