Public Financial Management in Tanzania and Links to Family Planning Service Delivery

ATTAINING SUSTAINABLE FINANCING FOR FAMILY PLANNING IN SUB-SAHARAN AFRICA

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Tanzania’s PFM system challenges – budget formulation

• Good process for formulating and submitting budgets BUT
  – No needs assessment/use of service delivery data to guide allocation
  – Inadequate definition of priorities in constrained budget environment
  – Local governments and service delivery points formulate plans and budgets before they receive budget ceilings

• Input-based line item budgets funding public facilities can be problematic if low budget level doesn’t fund all services provided in health facility
  
  No prioritization - Not clear to provider what services funded and not funded

  No matching of financing to service outputs
Tanzania’s PFM system – fragmentation in funds flow

Tanzania’s PFM system challenges - execution

2016/17 Budget Release for the TZS 251.1 Billion Allocated to the Pharmaceuticals Budget

Source: MOHCDGEC Pharmaceutical Services Unit
# Tanzania PFM system challenges - execution

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<td>Government of Tanzania</td>
<td>17,194</td>
<td>14,603</td>
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<td>11</td>
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Source: MOFP 2015-2017
Tanzania’s PFM system challenges – monitoring and reporting

• Service providers and service outputs do not exist within Tanzania’s financial management systems. Very difficult to connect expended funds to actual services delivered.

• Inadequate monitoring and reporting of expenditures makes it easy to move money intended for health to other sectors – not transparent.

• Rigid PFM systems and expenditure caps along line items – difficult reallocate based on needs.

• All expenditures utilizing government revenue occur at the local government level on behalf of service delivery points.
  • Little autonomy at service delivery level to manage inputs to produce outputs.
Solution: Create an intersection between PFM and health financing to improve service delivery

Financial management and control improved:
• LGA level: strengthen PFM systems, reduce qualified audit opinions
• Service provider level: introduce Facility Financial Accounting and Reporting System

Support shift to direct facility financing and output-based payment for public sector services:
• Buy the right thing
• Increase efficiency and reduce waste
• Incentivize and stimulate desired service delivery improvements
• Increase transparency

New intersection contributes to improving both financial management and service delivery including citizen ability to access services to which they are entitled.
PFM improvements linked to service delivery

• Addition of facility codes and service outputs to planning, budgeting, and financial reporting systems
  – Budgets and plans go down to facility level
  – Can more easily monitor equity in expenditures across facilities
  – Budget ceilings entered into planning system BEFORE planning begins so local governments can match actual budgets to plans and priorities

• Interoperability of financial and service delivery information systems to enable Tanzania to better prioritize and link funds to actual services

• Disbursement of general revenue funds directly to facilities based on budget neutral, output-based payment adjusted for equity

• Funds sent to facility level not bound by rigid PFM rules – ability to make service delivery decisions based on need

• Facility level financial management and accounting system rolled out nationwide in health and education sectors to track funds sent to service delivery points (intersection between financing and PFM)

• Improvements to intergovernmental fiscal transfer system to increase timeliness and predictability of transfers
PFM systems improvements key to budget advocacy

Key roles of MOF
• Raise revenue
• Prepare annual fiscal budget
• Issue regulations for its execution
• Report to parliament on effective use of funds

What does MOF need to make the decision to increase funding
• Confidence there is sufficient and effective oversight
• Evidence funds are spent well (and fully!)
• The ability to use existing information systems (rather than relying on special studies) to link budgets and expenditures to actual services delivered

MOF understanding the importance of family planning interventions is only part of the puzzle!