

Health Sector Budget and MTEF

An introduction & guide

Paul Smithson

Ifakara Health Research and Development Centre

17th April 2008

Outline

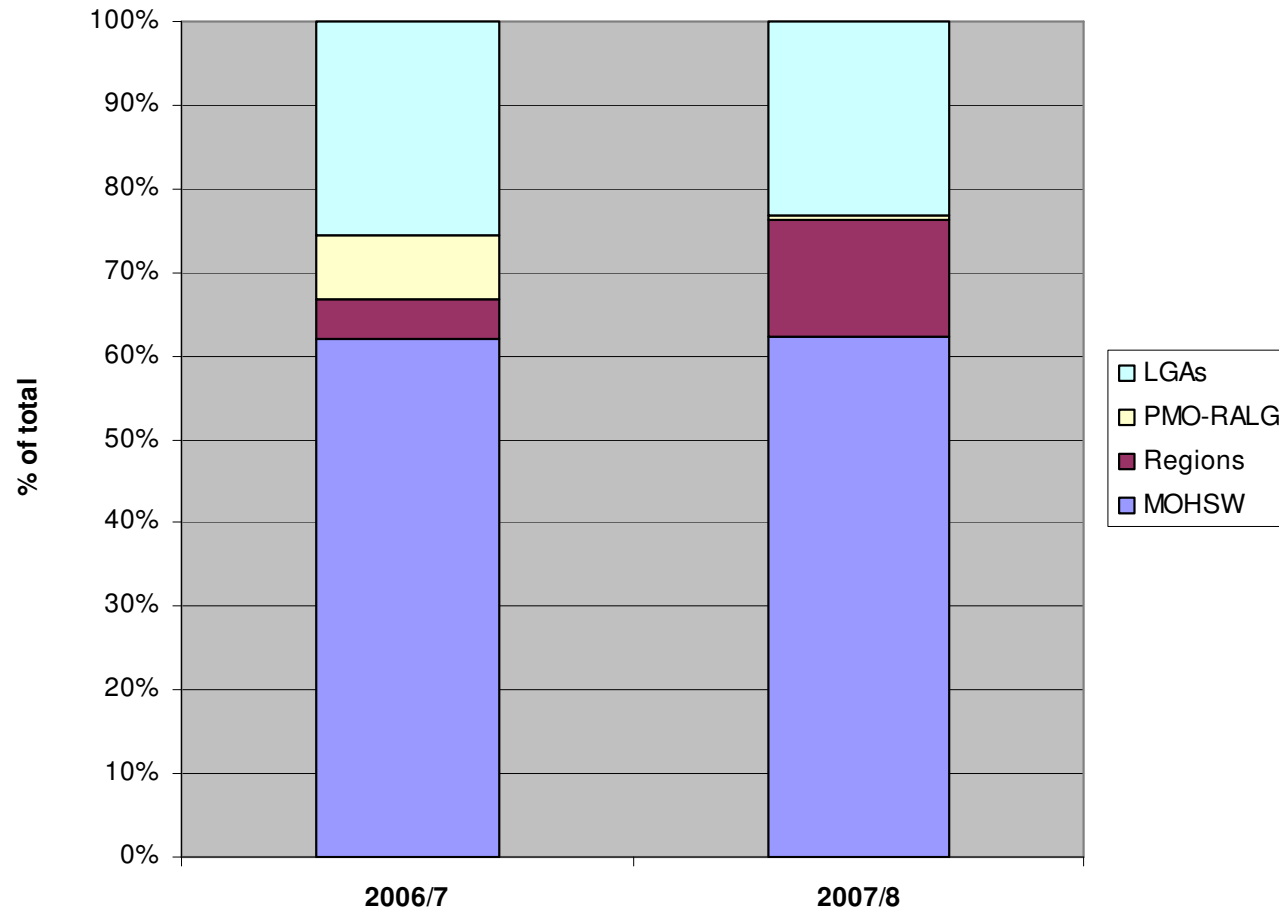
- Components of the health budget
- Assessing trends in funding for health
- MOHSW recurrent budget
- MOHSW development budget
- Regional budgets
- Local government budgets for health
- What is the MTEF and what can it tell us?
- Question and answer

Health budget overview

- Several “components”; not all in one book/MTEF
 - MOHSW recurrent + development
 - PMO-RALG development
 - Regions recurrent + development
 - Local government authorities (Councils)
 - Other bits (NHIF, cost-sharing)

Health budget overview

Health Budget (%) by Major Component, 2007/8 vs 2006/7



Health budget detail (billion shs)

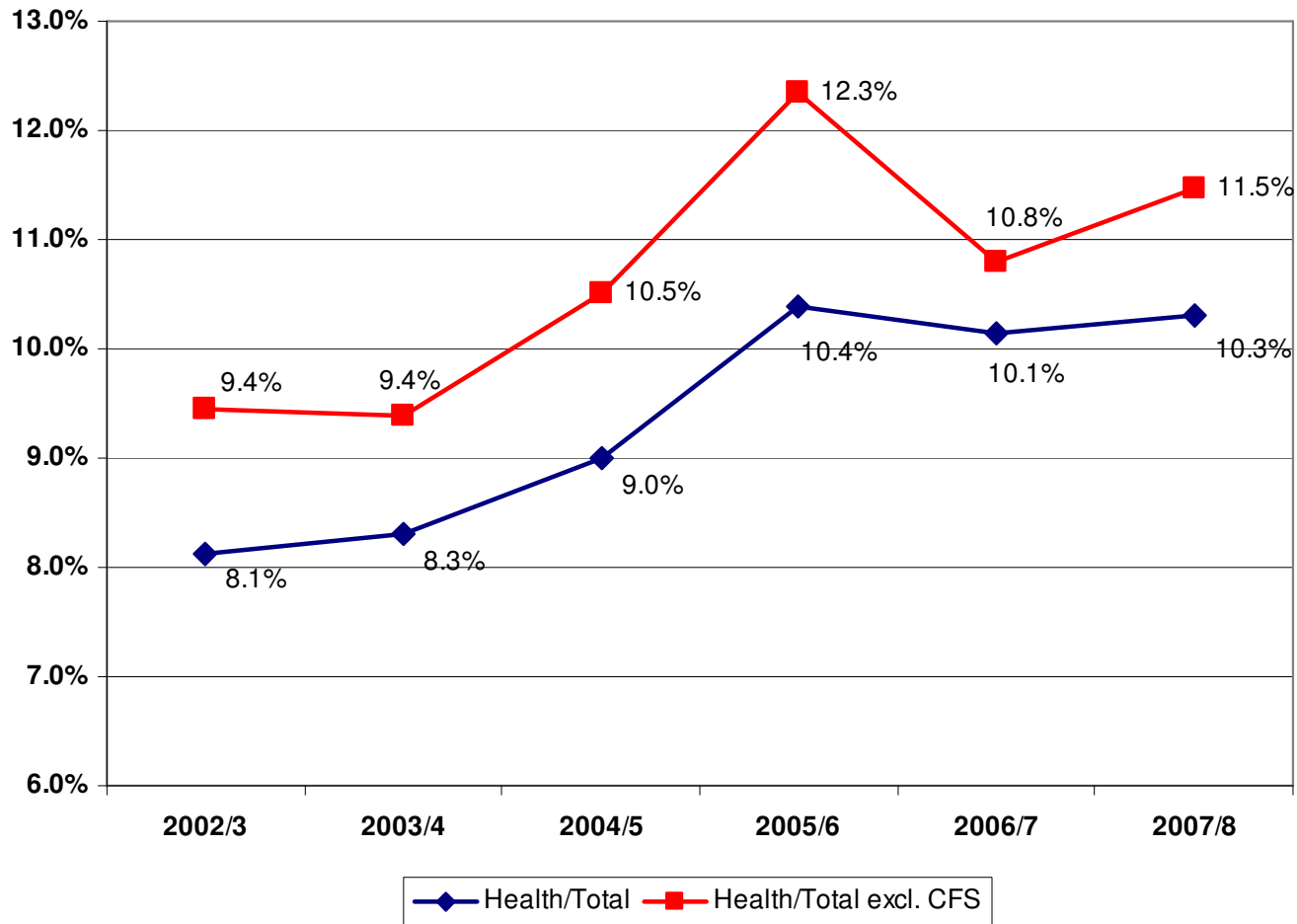
	2007/08	%
Ministry of Health	370	62%
Recurrent	188	32%
Development	182	31%
Local	7	1%
Foreign	175	29%
Regions	85	14%
Recurrent	29	5%
Development	56	9%
Local	8	1%
Foreign	48	8%
PMORALG - Development	3	0%
LGA Recurrent	138	23%
Total Health Operations	595	100%
<i>Govt. Contribution to NHIF</i>	30	
<i>Health Total Incl. NHIF</i>	625	

Assessing trends

- Nominator
 - Health Domestic (incl. contribution to NHIF) PLUS Foreign spending on health
- Denominator
 - Total government budget (including aid)
 - Including CFS (mostly debt-servicing)
 - Excluding CFS (better represents “discretionary expenditure”)
- *Note 1: health’s share of the budget can increase because of aid, even if domestic health budget stands still*
- *Note 2: aid is under-counted, both in the health budget and in total government budget*
- *Note 3: some uncertainty about “actual” nominator and denominator, so some differences in estimates*

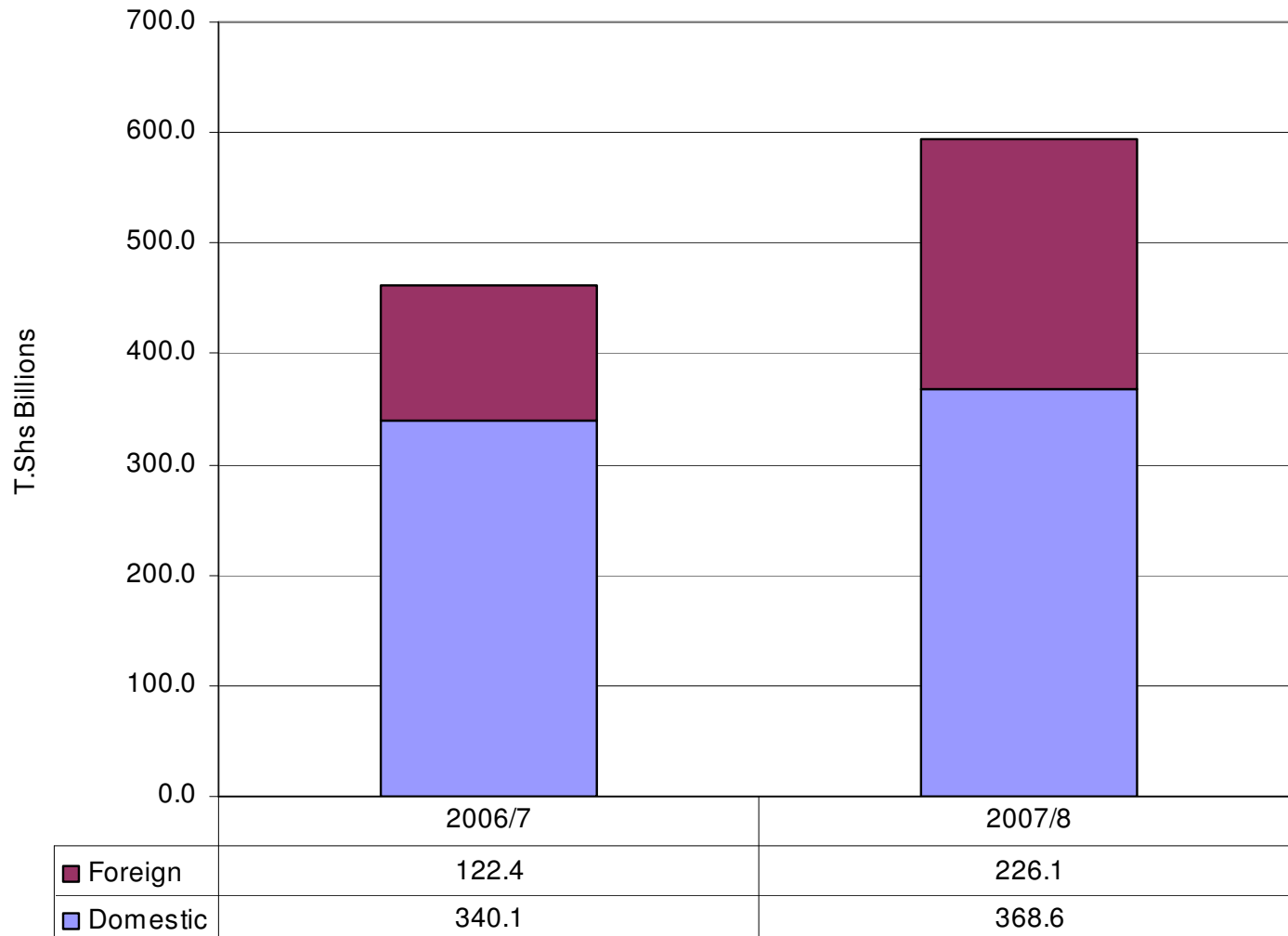
Trend in health spending incl. Aid

Health Share of Total Govt Expenditure



But latest increase mostly aid

Health Total Excl. NHIF by Local/Foreign



Counting External Aid

- Lots of aid missing from the budget books
- Public Expenditure Review tries to include it, using figures from MOF's aid database
- More aid in the health figures might be real, or apparent (eg inclusion of GF, previously not shown)
- Makes assessment of “share” even more problematic / uncertain

A closer look at the components

- Ministry of Health & Social Welfare
- PMO-RALG
- Regions
- Councils
- Other bits
 - NHIF
 - Cost-sharing/CHF

MOHSW

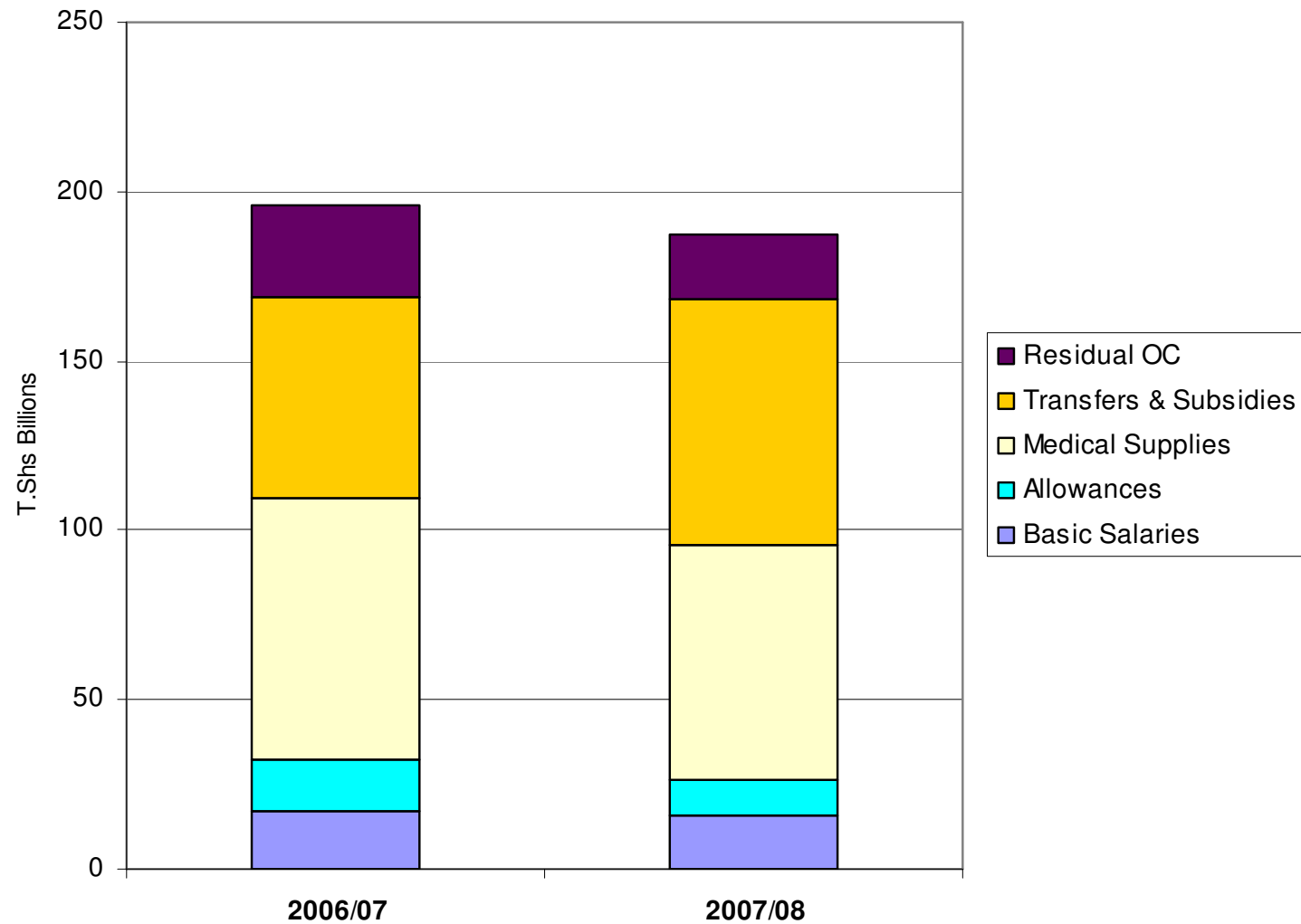
- Recurrent budget
 - Entirely funded from domestic sources
 - Pays for “central MOHSW” activities
 - Includes some major “transfers in kind” eg. Drugs, Grants to hospitals
- Development budget
 - Domestic component, 7bn: mostly civil works
 - Foreign component, 175bn

MOHSW Recurrent

- MTEF shows 100s of lines of activities & unit costs
- But most of the money concentrated in a very small number of budget lines
- Salaries not shown in the MTEF, but they are shown in the budget books
- Five main components:
 - Salaries; allowances; drugs & medical; grants; other

MOHSW Recurrent

MOHSW Recurrent by major item: 2007/8 vs 2006/7



Basic Salaries (“PE”): 9%

- Covers MOHSW payroll only (ie excludes frontline health workers)
- Includes some people not in MOHSW HQ building (eg training centres)
- Not included in MTEF, so no explanation on number & mix of staff
- 16bn shillings
- 9% MOHSW recurrent budget

Allowances: 6%

- Includes all employment allowances
 - Mostly domestic & foreign per diem; extra duty allowances
 - MOHSW expenditure on allowances (compared to payroll) higher than most
 - But includes per diems for training outside HQ
- Excludes some other payments to individuals (eg honorariums)
- 11bn in 2007/8, down from 15bn in 2006/7
- 6% of MOHSW recurrent budget

Drugs & Medical Supplies: 37%

- Mostly found under the Hospital Services sub-vote
- Some smaller bits under Preventive Services
- Comprises the bulk of drugs & medical supplies distributed to facilities
- Doesn't include "self-purchase" by hospitals / councils or aid-funded items
- Procurement & distribution by MSD
- Very little analysis available from the MTEF. Who gets it and what is it spent on??
- 69 billion (down from 78bn); 37%

Transfers & Subsidies: 39%

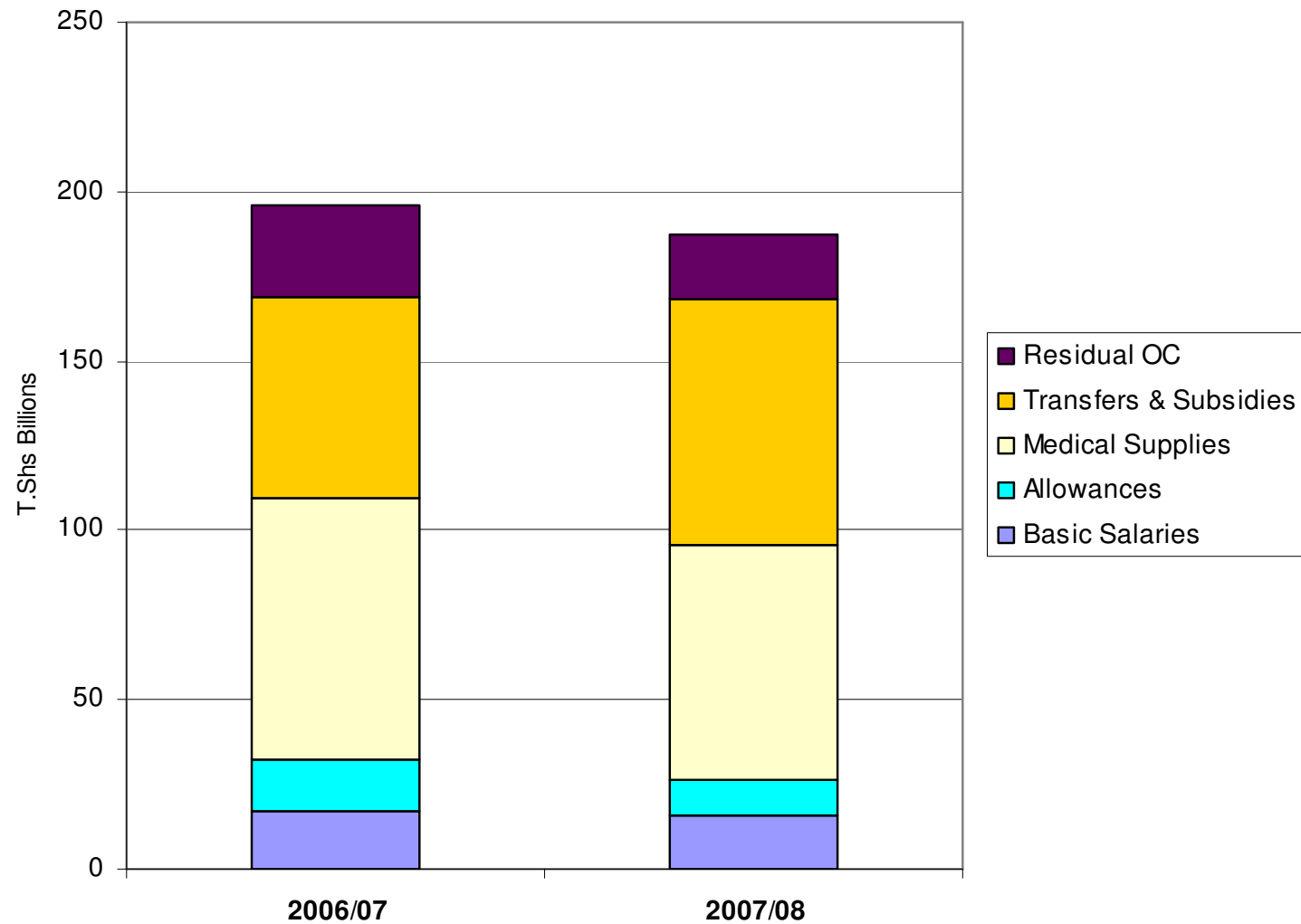
- Payments to 3rd parties
 - National, specialist, referral hospitals (Muhimbili, MOI, Mbeya, Kibong'oto, Ocean Rd)
 - Non-govt referral hospitals (BMC, KCMC)
 - District Designated Hospitals (DDH) and Voluntary Agency Hospitals (VA)
 - Other subventions (NIMR, TFNC, training institutes etc)
- Doesn't include other resources available to these hospitals (mostly fees)
- 73 bn (up from 59bn); 39%

Residual “Other Costs” (OC): 10%

- All the rest that isn't included in previous headings
- Mostly lots of minor (low cost) activities
- Includes fuel, maintenance, utilities, stationery, service contracts etc etc
- Some smaller “capital” items also included (minor rehabilitation, equipment)
- 19bn (down from 27bn); 10%

Recap: MOHSW Recurrent

MOHSW Recurrent by major item: 2007/8 vs 2006/7



MOHSW Development: 182 bn

- Now nearly as big as MOHSW Recurrent
- 175 bn, up from 84bn (is it true?!)
- Is the increase real?
 - GFATM included now, not previously
- Is the figure correct?
 - Most PEPFAR resources not included?
 - Others
- Very little detail explained in the published budget books (project headings)
- Often wrong figures and/or donor attribution
- Largely excluded from the MTEF (breakdown into specific activities)
- Often not controlled by MOHSW / spent in regions & councils

PMO-RALG: 3bn

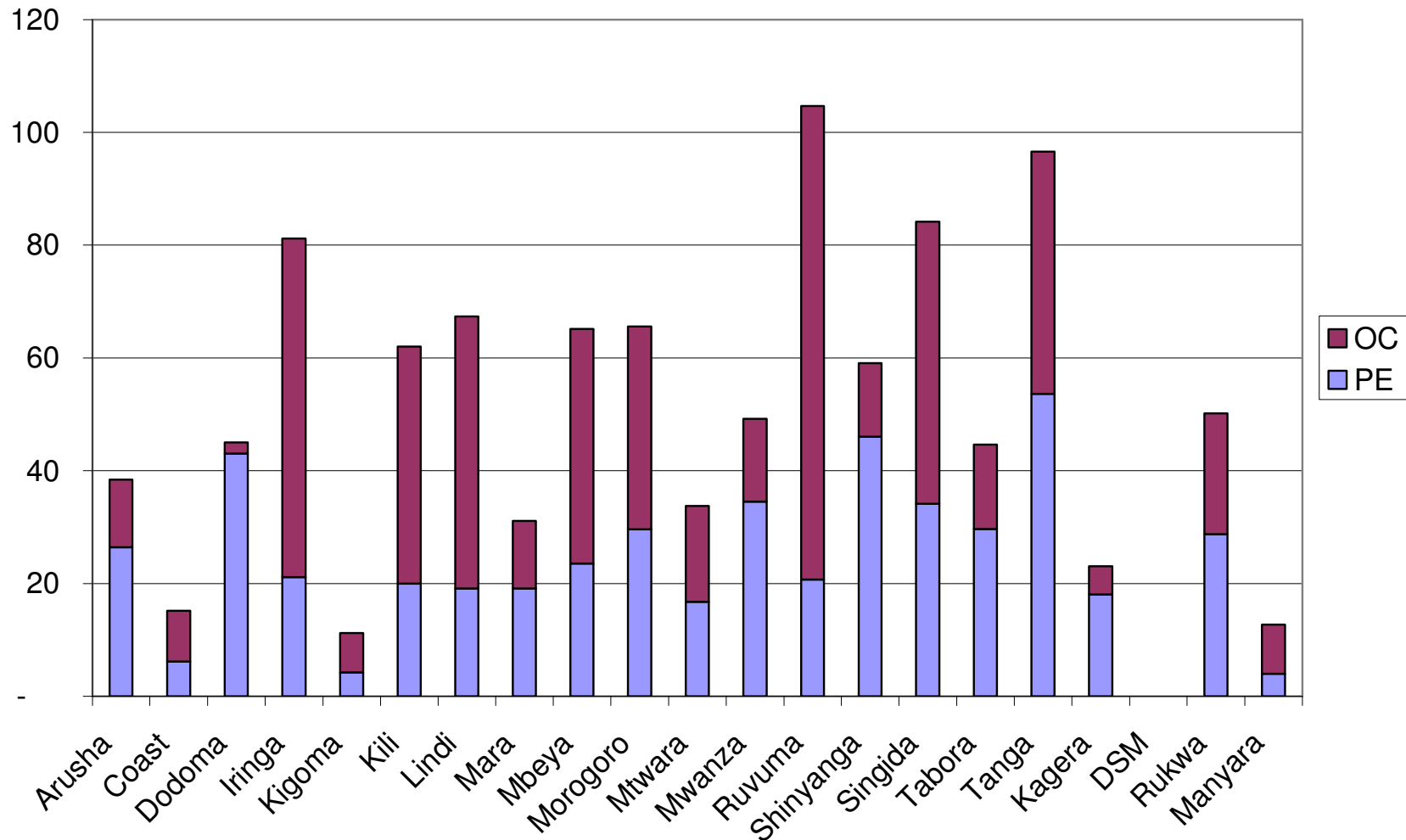
- Used to reflect the basket funds for councils
 - Recurrent “district basket”
 - Joint health rehabilitation fund
- Now this has been moved to the “regions” budget books
- Now a negligible component of the health budget

Regions Recurrent: 29bn

- “preventive services sub-vote”: public health activities, including RHMT running costs
- “curative services sub-vote”: funding for running of regional hospitals
- Huge differences between regions in funding allocated for both sub-votes
- Vast majority of funding is for regional hospitals
- PE (payroll): 21.4bn (up from 12.5)
- OC (other costs): 7.4bn (up from 4.2)

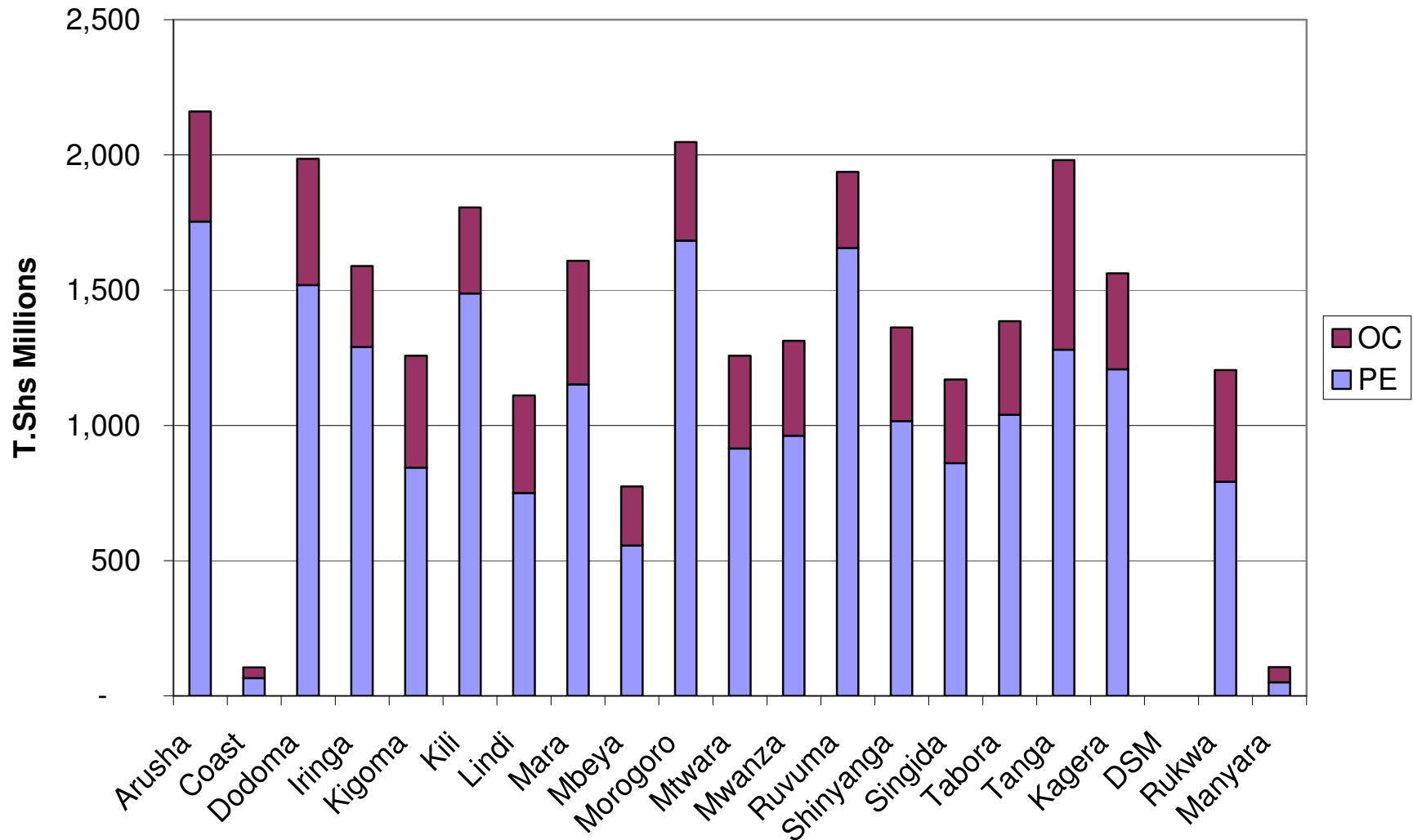
Regions recurrent – “preventive”

Preventive Services Budgets by Region 2007/8 (millions)



Regions recurrent – “curative”

Regional Curative Services 2007/8



Regions Development: “56 billion”

- Shown under individual regional votes
- Highly questionable completeness / accuracy
- Now includes basket funds (previously shown under PMO-RALG budget)
- But figures for basket (district basket) unreliable
- Basket funds for rehabilitation omitted altogether?
- Domestic component 8bn; Foreign component “48bn”
- Most regions allocated 500 – 600 million for rehabilitation of regional hospitals (but some curious omissions)

Councils Recurrent: 138bn

- Not shown in the main budget books, except for “block grant – health” under regional votes (region total)
- Best information (by council) comes from www.logintanzania.net
- Excludes basket funding, cost-sharing, CHF

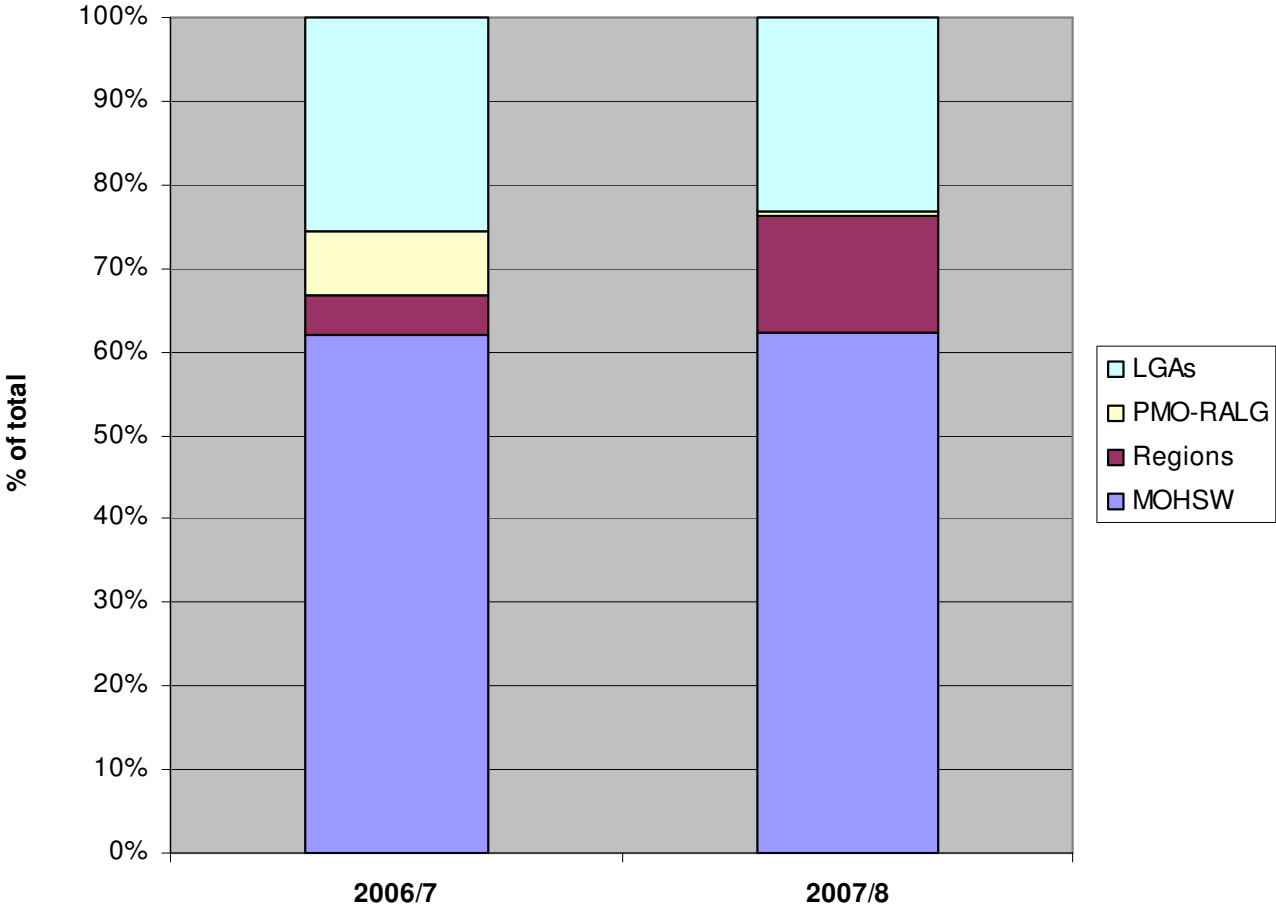
	2005/06	2006/07	2007/08	Change %
Total (bn)	70.5	118.1	137.7	19.6
PE	43.9	85.1	110.0	25.0
OC	26.6	33.0	27.7	-5.4

Outline

- ✓ Components of the health budget
- ✓ Assessing trends in funding for health
- ✓ MOHSW recurrent budget
- ✓ MOHSW development budget
- ✓ Regional budgets
- ✓ Local government budgets for health
- What is the MTEF and what can it tell us?
- Question and answer

Recap: Health budget overview

Health Budget (%) by Major Component, 2007/8 vs 2006/7



What is the MTEF (and what can it tell us)

- “Medium Term Expenditure Framework”
- Covers MOHSW recurrent only (and a bit of development)
- Mostly behaves as an annual budget
- Don’t believe the “outer year” figures (year 2,3)
- Offers high level of detail (activity by activity, everything unit-costed)
- Links every expenditure to “targets” and “objectives”; linked back to MKUKUTA
- Details obscure the small number of “big ticket” items
- Organised around departments / directorates

MOHSW sub-votes

- Human Resources (DHR)
- Finance (Accounts)
- CMO
- Admin & Personnel (DAP)
- Policy & Planning (DPP)
- Preventive Services (DPS)
- Hospital Services (DHS)
- Government Chemist

Key stages in budget preparation

Resource “requirements” solicited from Ministries

Draft “macro” framework

Cabinet approval

Budget guidelines (ceilings) issued by MOF

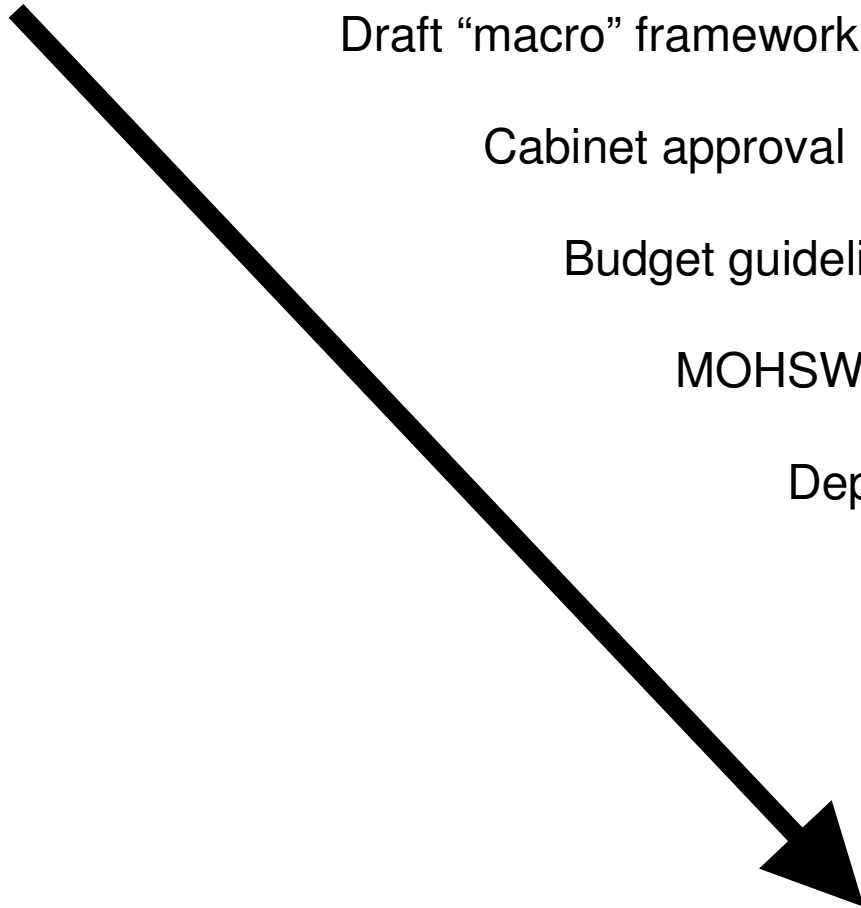
MOHSW DPP divides into internal ceilings

Departments prepare draft budgets

Assembled, submitted to MOF

Amendment / approval by MOF

Ratification by Nat'l Assembly



Questions & Answers?

Thank You!