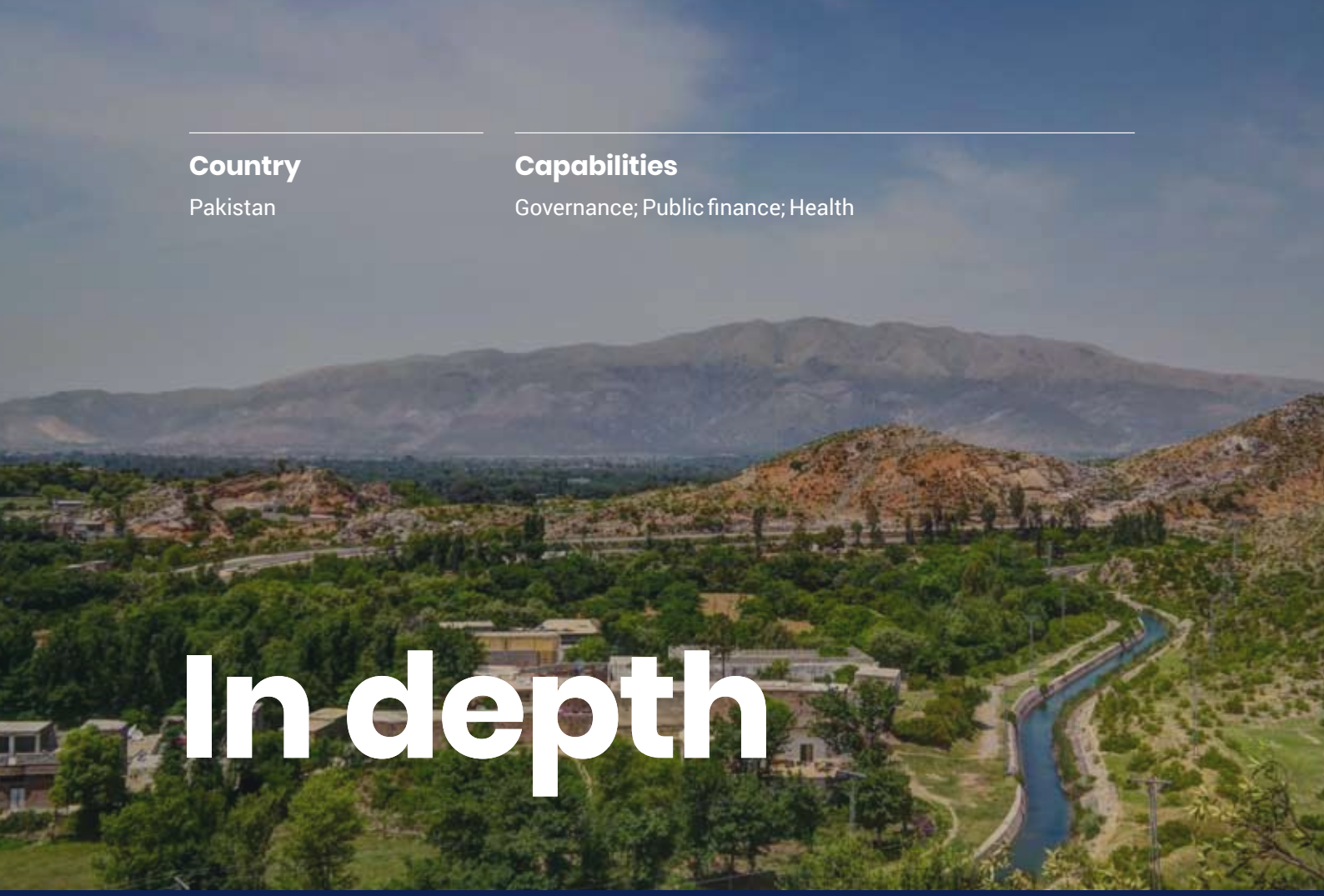

Country
Pakistan

Capabilities
Governance; Public finance; Health

In depth

Better budgets for primary healthcare services in Punjab

Basic healthcare in Punjab, Pakistan's largest province with a population of 101 million,[1] falls short of its citizens' needs and international standards. In 2014, only 59% of deliveries were assisted by skilled midwives, while the under-five mortality rate stood at 104 out of 1000 (nearly double the South Asian average of 55).[2] Not surprisingly, satisfaction with public healthcare is low. Amendments to the Constitution in 2010 aimed to decentralise political power further in Pakistan.

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Our *In depth* publications aim to share detailed learning and analysis from our practical experiences working with governments, funders, practitioners, and partners to achieve lasting, positive change through policy reform.

They transferred the responsibility for managing resources from the federal government to provincial governments. Provincial governments are closer to the communities and, therefore, considered to be better placed to meet their service delivery needs. This decentralisation process opened up new opportunities for the reform of basic service delivery in the provinces. The Sub-National Governance (SNG) programme aims, among other things, to improve the planning and management of public finances in Punjab, and needs-based budgeting in the primary healthcare sector is a key component of the programme.

Ineffective budgeting practices

The provincial government's efforts to improve healthcare services in Punjab have been hampered by the prevailing budget planning and preparation practices at the district level. Budgets are traditionally calculated and presented as a list of expenditure items (such as 'travel allowances' or 'salaries'), with decisions made on an item-by-item basis, rather than according to policy objectives. This practice – termed incremental line-item budgeting – is helpful for controlling spending. However, it is not geared towards service delivery objectives, nor is it amenable to management on the basis of needs.

This practice has resulted in a number of inefficiencies in district healthcare budgets in Punjab. For example, the Provincial Health Department identified ending medicine shortages (or 'stock-outs') as a key priority, but this has not translated into sufficient budget allocations for procuring medicines. Similarly, inadequate allocations for repairs and maintenance put healthcare service standards at risk. At the same time, the lack of accessible data has severely hampered the ability of Punjab's district governments to manage expenditure and, as a result, they frequently end the year with substantial amounts of unspent funds.

Recognising this, the Government of Punjab has embarked on a comprehensive governance and service delivery reform agenda. Oxford Policy Management is supporting this through the implementation of the DFID-funded SNG programme.

[1] Bureau of Statistics, Government of the Punjab (2015)

[2] Estimates generated by the UN Inter-agency Group for Child Mortality Estimation (IGME) in 2015.

Supporting better healthcare budgets

The 'needs-based budgeting' approach developed by the SNG programme involves an assessment of needs compared to the current services delivered. Following this, there is a process to align budgets to needs through the creation of fiscal space and the reallocation of resources, as well as complementary measures to ensure budgets are spent as planned.

Each year the process begins with a series of pre-budget consultations in Punjab and KP, which bring together representatives from government departments, civil society, NGOs, and sector professionals to discuss their specific needs and priorities.

Following the assessment of needs, the SNG programme trained district government officials from the Finance & Planning, Education, and Health Departments on how to identify sources of unused funds in the primary healthcare budget, which could be reallocated to underfunded priorities. For example, in Hafizabad district, surplus allocations for communications were identified and subsequently allocated to additional fuel budgets, which enabled vaccine providers to increase the coverage of their vaccination programmes.

With needs and additional fiscal space identified, the SNG programme trained district officials on how to develop budget proposals that are aligned with needs and priorities, and that are in accordance with minimum service delivery standards. 80% of trainees reported increased technical knowledge and skills for developing responsive, efficient, and results-oriented budget plans. To further support the preparation of health budgets, an ICT budgeting tool has been developed which is pre-programmed with unit costings for the government's Essential Package for Health Services, as well as key service delivery statistics (such as the locations of health centres). This helps ensure healthcare services are adequately and equitably budgeted for in every district.

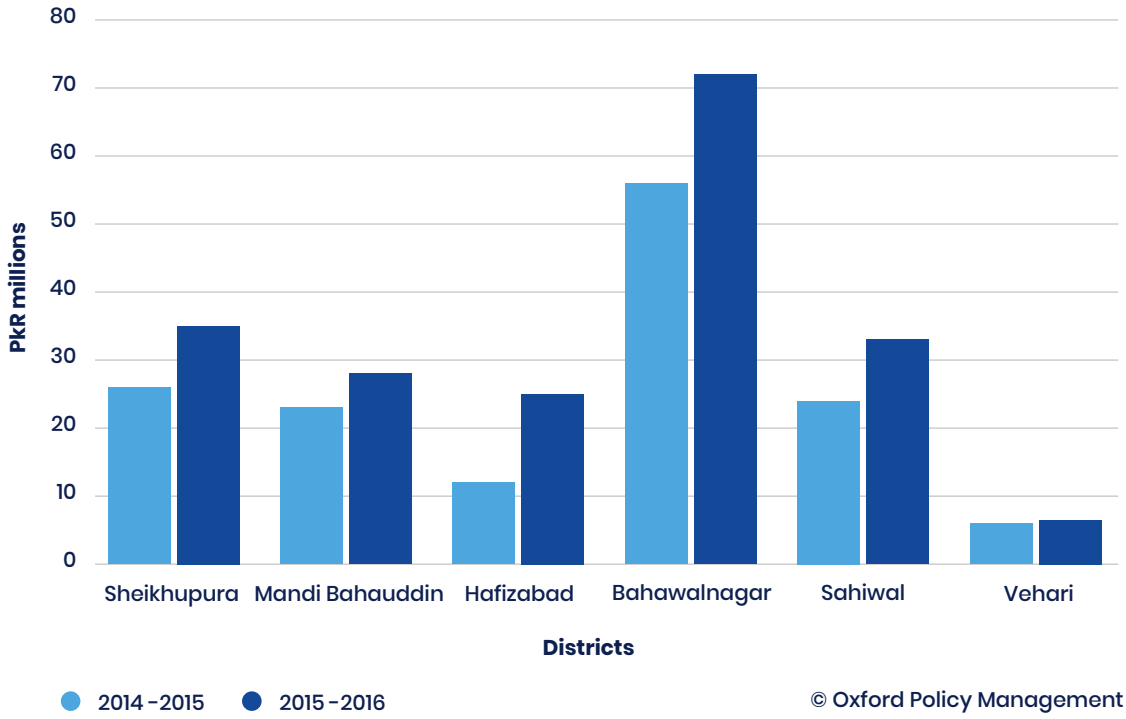
A robust, evidence-based budget is of little value when actual expenditure deviates widely from what was planned. Therefore, the SNG programme also supports a simple, MS Excel-based budget execution reporting system. This takes real-time expenditure data and presents them in easy-to-interpret graphics and statistics.
It identifies areas of over- and under-spending, thus allowing districts to better control their spending throughout the year and, as a result, primary healthcare budget utilisation rates have improved in most of the SNG programme districts.

Better budgets meet service delivery needs

Technical assistance from the SNG programme has helped align budget proposals with healthcare needs and standards and, as a result, district budgets have changed dramatically. In particular, the proportion of budgets allocated to non-salary primary healthcare items has increased by an average of 33% across the six districts, between 2014/15 and 2015/16.

The increased non-salary budget, diverted from funds allocated for vacant positions and other budget heads which historically remained unutilised, has been able to finance critical service delivery improvements. These include a 17% increase in funds for essential medicines, a doubling of funds for the maintenance of basic health equipment, and funding for new medical camps to provide basic healthcare to communities living in remote areas (see table 1).

Figure 1: Changes in non-salary budgets in primary healthcare 2014-15 – 2015-16 in the SNG programme districts



Source: OPM data based on press releases and National Central Banks, as of December 2015.

Table 1 : Breakdown of key non-salary health budget allocations in the SNG focus districts 2014-2015 – 2015-16[3]

Budget Heads - Primary Healthcare	Total (PKR in million)		% Increase
	2014 - 2015	2015 - 2016	
Budget for District Health Development Centers (DHDC)	19.332	21.164	9%
Setting up of medical camps in remote areas	1	3.5	250%
Allocations for purchasing medicine	120.99	141.45	17%
Allocations for petrol, oil and lubricants (POL)	2	14.475	624%
Budget allocations for repair and maintenance of equipment at Basic Health Units (BHUs)	1.1	3.54	222%
Allocations for the repair and maintenance of building/ furniture at BHUs	3.1	14.5	368%

[3] PKR 1 = USD 0.0095 at June 2017 exchange rates (Google Finance).

While it is too early to register any changes in health outcomes, some significant improvements in health service delivery can already be seen:

- **16,130 additional people** are benefiting from the services provided by health camps in remote and hard-to-reach areas.
- **4.9 million children** are benefiting from the improved coverage of vaccination programmes.
- An increase in the training budget means an additional **2,896 paramedical staff**, from 414 BHUs, are now receiving essential medical training.
- 'Stock outs' of essential medicines dropped from **1326 a month to only 10 a month** across all the SNG districts.

Key Lessons

The SNG programme's support to primary healthcare budget processes has resulted in budgets that are based on evidence, aligned with needs and better executed. The programme followed a few key principles to ensure that its reform efforts were successful and sustainable:

- **In politically unstable environments, design reforms that can withstand shifts in the political or administrative landscape.** Uncertainty about the establishment of new local government units, including District Health Authorities (DHAs), meant the district governments were initially hesitant about initiating long-term, systemic reforms. By proposing system-based changes that would be equally valuable under different scenarios (i.e. with or without DHAs), the SNG programme was able to ensure the measures to improve healthcare budgets were adopted quickly and were sustainable.
- **Provide balanced support throughout the budget cycle.** This proved necessary in Punjab to ensure upstream reforms in planning and budget formulation realised their potential and were not undermined by weaknesses in execution and reporting.
- **Introduce manageable changes that can be integrated into existing processes.** Simple ICT-based tools that make use of existing data sources, along with targeted capacity building efforts, have markedly improved the preparation and analysis of healthcare budgets at relatively low cost, and have increased confidence in the reform process.

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About the authors

Stephanie Allan is a consultant in OPM's Public Financial Management team, with expertise in strengthening the PFM systems and capacities in the centre of government and sector institutions. She was part of the team which developed the SNG Value for Money framework.

Khurram Jilani is responsible for managing monitoring and evaluation of the SNG programme, ensuring that all the programme's work remains focused on achieving the main objectives.

Florian Krätke is a development economist with specific interest in PFM in fragile states.