



Severa

**Third Annual UHC Financing Forum:**

*Greater Equity for Better Health and Financial Protection*

April 19-20, 2018 (Washington DC)

## **PFM in Health Satellite Session**

April 18, 2018

**Title of Satellite Session:** *The role of Public Financial Management in achieving UHC*

**Group members:**

**Description:**

**Subtitle: What makes a good case for increased budget allocations to health?**

This session will focus on what Ministries of Finance (MOF) consider a strong case for increasing health spending.

Investing in the health status of the population is important not only for improving individual wellbeing but also for supporting economic growth. Achieving these objectives requires that the public resources allocated to the health sector are not only adequate, but spent efficiently. The process of ensuring resources are spent efficiently needs to be underpinned by mechanisms that achieve accountability, transparency and measurement.

*Accountability:* The Government, MOF and MOH need to be accountable for how health sector resources are spent to ensure that they are allocated as intended, that health programs achieve their intended outputs, and that these outputs address the priority health needs of the country.

*Transparency:* Ensuring accountability in turn requires transparency in the recording and reporting of how health resources are allocated and an evaluation of the impact of these resources.

*Measurement:* Evaluating the impact of spending requires the specification and measurement of key health indicators that capture program impacts to ensure that programs achieve their intended outputs and that these are consistent with the priority health needs of the country. This in turn requires a comprehensive diagnostic of the key health challenges faced by the country and the appropriate policy responses.

The session will discuss the institutions, processes, capacities and information that are required to support the case for increased allocation to health within and outside the ministry of health. Each of the panelists will be asked to expand on their roles and share their experience on the mechanisms and approaches that worked or did not work in making the case for increasing health spending. They will also be asked to identify key challenges in terms of these mechanisms and resources that in their experience constrain effectiveness making the case for increased allocation to health.

**Format:** The session will use a panel format that brings together senior officials from ministries of finance and health, and development agencies. There will be a moderator/chair who ask prepared questions on the key issues to the panelist and also solicit inputs and questions from the audience.

**Panelist:** Minister of Health, Ghana; Director of Budget, Federal Ministry of Budget and

National Planning, Nigeria; Director, Ministry of Finance, Japan; Director, Ministry of Finance, Cambodia; Representative from the Fiscal Affairs Department, IMF

**Chair:** Jim Brumby; Director, World Bank Governance Global Practice

**Organizer:** Maxwell Dapaah, [mdapaah@worldbank.org](mailto:mdapaah@worldbank.org)

**Subtitle: Activity-based budgeting versus program-based budgeting, which is better for the health sector?**

It has often been argued that the uniqueness of the production process for health services is best supported by a program-based budgeting (PBB) regime. PBB supposedly enhances health service delivery results because it affords greater predictability in funds flow and flexibility in the use of funds. As a consequence, most health financing reforms focusing on results-based financing -in low to lower middle-income countries- have championed program-based budgeting as the preferred form of budgeting for the sector.

Proponents of program-based budgeting have often branded activity-based budgeting as inflexible, in terms of the use of funds, and inherently unpredictable in terms of funds flows. Indeed, a recent UNICO study of 24 developing countries argued that flexibility in the use of funds was a major contributory factor in countries that made progress towards achieving UHC.

However, viewed from a PFM lens, a fundamental question to address is whether or not activity-based budgeting is the real villain of unpredictable funds flow and inflexible use of funds in the health sector (and other sectors)?

This section will debate this issue, with two teams, representing program-based budgeting and activity-based budgeting, respectively. Both empirical and anecdotal evidence will be used to argue why either method of budgeting is preferred in the context of enhancing health service delivery results in the UHC era.

**Format:** Debate style

**Panelist:** Joe Kutzin, WHO, Ajay Tandon, World Bank, two country representatives (to be confirmed)

Moderator: World Bank Governance Global Practice Manager ( to be confirmed)

**Organizer:** Maxwell Dapaah [mdapaah@worldbank.org](mailto:mdapaah@worldbank.org)

**Subtitle: Public financial management in health: how can planning and budgeting support health sector objectives**

In this session, the World Bank will share and receive feedback on the first part of the PFM in health tool that links PFM drivers to health financing objectives, and demonstrate how the tool may be applied.

Public financial management in health is a longstanding issue of interest to the development

community, ministries of finance and health. In the Sustainable Development Goals (SDG) era, increased emphasis on the use and the sustainability of domestic financing in the achievement Universal Health Coverage (UHC) has amplified the vital and fundamental role of PFM in health.

An open and orderly PFM system enables (i) aggregate fiscal discipline, (ii) strategic allocation of resources, and (iii) efficient service delivery. Similarly, an effective health financing system is expected to assure funding (i) adequacy from domestic sources, (ii) predictability, (iii) efficiency, (iv) transparency and accountability, and (v) equity.

Consequently, meaningful progress towards Universal Health Coverage (UHC) will require not only harnessing the developmental linkages between PFM and HF but also aligning them even closer to maximize impact. Doing so will help minimize discord between ministries of finance and health, and highlight underlining constraints to health financing objectives, and ultimately health service delivery results, that emanate from PFM arrangements that need to be addressed.

Obviously, the *modus operandi* for analyzing and developing the linkages between PFM and HF depends on country context. At the same time, a framework that leverages existing knowledge and body of work in PFM and HF for analyzing and drawing the PFM and the HF links will be a useful guide to country policy dialogue in this issue.

The World Bank is in the process of developing such a tool, building on existing PFM and health financing operations work, guidance from the PEFA framework, the IMF, OECD Senior Budget Officer's survey, Public Expenditure Tracking Survey's, Public Expenditure Reviews, and many other sources. The World Bank will present the draft analytical tool that analyzes the links between health financing objectives and planning and budgeting. Other agencies active in the policy debates surrounding these areas will also share their emerging research and policy advisory agenda. The aim of the event is to disseminate new evidence, share the experience of what other institutions are doing in this field, share country experiences, and identify areas for further research.

**Format: Presentation and Q&A**

**Presenters: David Wachira, Vibhuti Hate, Mustapha Babak**

**Organizer: Maxwell Dapaah; [mdapaah@worldbank.org](mailto:mdapaah@worldbank.org)**

**Any other comments / logistical requirements for the session:**