



Budget Analysis and Proposals for Hafizabad

FY 2015-16

Preface / Acknowledgement

The budget and expenditure analysis of primary health sector especially BHUs set out in this document have been prepared under the Sub National Governance Programme for the District Government Hafizabad. The key elements of this document are Overall district current budget and expenditure were studied for the past four years 2011/12 to 2014/15 and Actual Expenditures up-to march 2015. The district budget and expenditure were studied in total and separately for salary and non-salary components. The district health departments were studied in detail. Budgetary allocation made and actual expenditures incurred for district health departments. Share of health budget were analyzed. District health budget and expenditure were analyzed in detail with specific focus on non-salary component. Primary health sector were studied in detail. The budgetary allocation and actual expenditure for BHUs and RHCs were analyzed in detail especially non-salary component. Finally the per-patient cost was calculated and disease pattern were reviewed at BHUs. I hope that this document would be of value in terms of describing the linkage between budgetary allocations and the public services delivered.

Executive Summary

Hafizabad district budget and expenditure analysis is an immense step in establishing a credible database on public health spending and providing some key analysis and covers only recurrent budget for primary and preventive health care facilities funded by Government of Punjab. The public health sector budget and expenditure figures obtained from the PIFRA system (civil accounts). The analysis did not cover the qualitative impact and aspect of expenditure.

The budget analysis exercise primarily focuses on the health sector budgetary allocations and actual expenditures incurred over a period of four financial years i.e. FY 2011/12 to FY 2014/15 and actual expenditures for 2014/15 (up to march 31, 2015) covering last four financial years. It then proceeds to review the health sector non-development budget in detail and highlights the significant trends in budgetary allocations and actual expenditures. In reviewing the district health sector budget, the study examines budgeting trends for both the primary and secondary health care facilities in the district. For this study, the budgetary documents, Outpatient data and disease patterns collected from the district government, which served as a primary source of information. In undertaking this analysis, the focus of study remained on primary health care. As an in-depth analysis of health sector is current budget, (salary and non-salary component) was carried out. It has been generally observed that there is significant variance in the budgeted amounts and actual expenditures incurred by health department, Hafizabad. This clearly highlights the gaps in financial management practices observed at the district level. Another important aspect of the district budget is that a large chunk of budgetary allocations made to cater to employee's related expenses (salary component). The non-salary component is quite low for both the primary and secondary health care facilities in the district. Despite this, it is ironic that even the non-salary component is not fully utilized by the district. This non-salary component, which includes budget for procurement of medicines and repair and maintenance of equipment, is critical for effective service delivery at the grass root level. Thus, there is a great scope for introducing practices as if evidence based budgeting and execution of budget with a plan at the district level. The study finally concludes with some key findings based upon which certain recommendations are being prepared for incorporation in the district health budget for FY 2015/16. The ultimate aim of this entire exercise is to prepare the district health managers for undertaking evidence based budgeting in order to address the needs of citizens and to improve service delivery.

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List of abbreviations

ADP	Annual Development Programme
ANC	Antenatal care
ARI	Acute respiratory infection
BE	Budgeted expenditure
BHU	Basic Health Unit
DHDC	District Health Development Centre
DHQ	District Headquarters
DO (H)	District Officer (Health)
EPHS	Essential Package of Health Services
EPI	Expanded Programme of Immunisation
FGD	Focus group discussion
LHW	Lady Health Worker
OPD	Out-patient department
POL	Petroleum, oils and lubricants
PRSP	Punjab Rural Support Programme
RHC	Rural Health Centre
SNG	Sub-National Governance
THQ	Tehsil Headquarters
YoY	Year-on-year

Introduction:

The SNG programme aims to help to ensure government deliver services that better meet the needs of poor people in Punjab and Khyber Pakhtunkhwa (KP). The programme supports the achievement of these objectives by enabling delivery of three programme-level outputs:

1. Decisions by sub-national governments are based on robust evidence;
2. Sub-national government services are more responsive to peoples' needs; and
3. Strengthened sub-national government capability to deliver basic services

In order to support and assist the district governments in making decisions based on evidence of needs, SNG programme has developed evidence based budget proposal for basic health units. This report provides budget proposals for non-salary component of budget for primary healthcare of district Hafizabad for FY 2015-16, for improved service delivery at primary healthcare. A detailed analysis of budget and expenditure trends of the district government, Hafizabad was carried out and budget proposals were developed to meet the non-salary budget needs of primary healthcare, based on patient load. These costing of the proposals were carried out using formula determined by the minimum service delivery standard.

Punjab Rural Support Programme

This report has been divided into two sections: the first section discusses the budget trends for district government, Hafizabad with special reference to the primary healthcare budget; and the second section presents some proposals, based on the analysis in first section, to the district government for inclusion in its budget 2015-16 in order to align the budget to citizens' needs and to improve service delivery at the primary healthcare level.

In order to improve the delivery of services, a number of alternative models have also been implemented during recent years in the province. One such model of contracting-out of BHUs was tried out in Punjab to reorganize and restructure the management of all the BHUs in the district with a central role for community-based support groups. It started under the Chief Minister's Initiative on Primary Healthcare in district Rahim Yar Khan in 2003. The purpose of this initiative was to strengthen the curative and preventive services by handing over the management and finances of running the BHUs to the PRSP. This model was evaluated in 2005 by the World Bank, which showed positive results in increasing the utilizations rates of these facilities. However, there has been no evaluation of improved health outcomes in the catchment populations.

1. Analysis of budget trends

The analysis of the budget estimates and actual expenditure of district government, Hafizabad was carried out during FY 2013/14 and budgetary proposals were firmed up considering the Needs Assessment report of district Hafizabad 2014, especially conducted for primary healthcare. The budget proposals for improving service delivery in primary healthcare. The district government adopted the proposals shared by SNG with DRG and other stakeholders and incorporated all proposals in the budget estimates FY 2013/14.

During FY 2014/15 the SNG team, on the basis of secondary data, again conducted Needs Assessment of the district government, Hafizabad. The Needs Assessment Report points out some specific deficiencies in primary healthcare service.

Accordingly in pursuance to the results of the Needs Assessment Report, as indicated above, there is a need to update the previous budget analysis and after examining the execution of the budget allocations incorporated in BE 2014/15, fresh budget proposals to improve health delivery in primary healthcare, Hafizabad will be formulated and shared with district government Hafizabad for incorporating in budget estimates FY 2015/16.

1.1 Analysis of district total non-development budget and expenditure

The current budget estimates (BE) for the district Hafizabad were Rs.1.987 billion in FY 2011/12. This BEs increased to Rs.3.059 billion during FY 2014/15. The current actual expenditure (AE) was Rs.1.946 billion during FY 2011/12. On the basis of the actual expenditure available up to March, 2015, the projected actual expenditure would be Rs.2.595 billion during FY 2014/15 (Table 1 refers). Average utilisation of the budget remained above 95% during all four years.

Table 1: Hafizabad district – total current budget (share of salary, non-salary and utilisation)
(Rs. in billion)

Year	BE	AE	%age utilisation
2011/12	1.987	1.946	98%
2012/13	2.416	2.347	97%
2013/14	2.741	2.517	102%
2014/15*	3.347	2.970	87%

1.2 Analysis of district salary and non-salary budget and expenditure

As depicted in Table 2, the share of salary expenditure in district budget was 91% during FY 2011/12. The salary share remained static till 2013/14 and increased to 93% during FY 2014/15. The non-salary expenditure remained as 9% of the district budget during FY 2011/2 to 2013/14 and non-salary share declined to 7% as share in district health expenditure during FY 2014/15. The non-salary utilisation registered 112% expenditure during FY 2011/12 and it was 94%, 107% and 60% (projected expenditure for FY 2014/15) from FY 2012/13 to 2014/15.

Table 2: Hafizabad district – total current budget (share of salary, non-salary and utilisation)
(Rs. in billion)

Year	Salary		Non-salary		Share in expenditure		Utilisation	
	BE	AE	BE	AE	Salary	Non-salary	Salary	Non-salary
2011/12	1.815	1.754	0.172	0.192	90%	10%	97%	112%
2012/13	2.201	2.143	0.216	0.204	91%	9%	97%	94%
2013/14	2.527	2.288	0.214	0.228	91%	9%	91%	107%
2014/15*	2.746	2.411	0.314	0.241	91%	9%	88%	77%

(Rs. in billion)

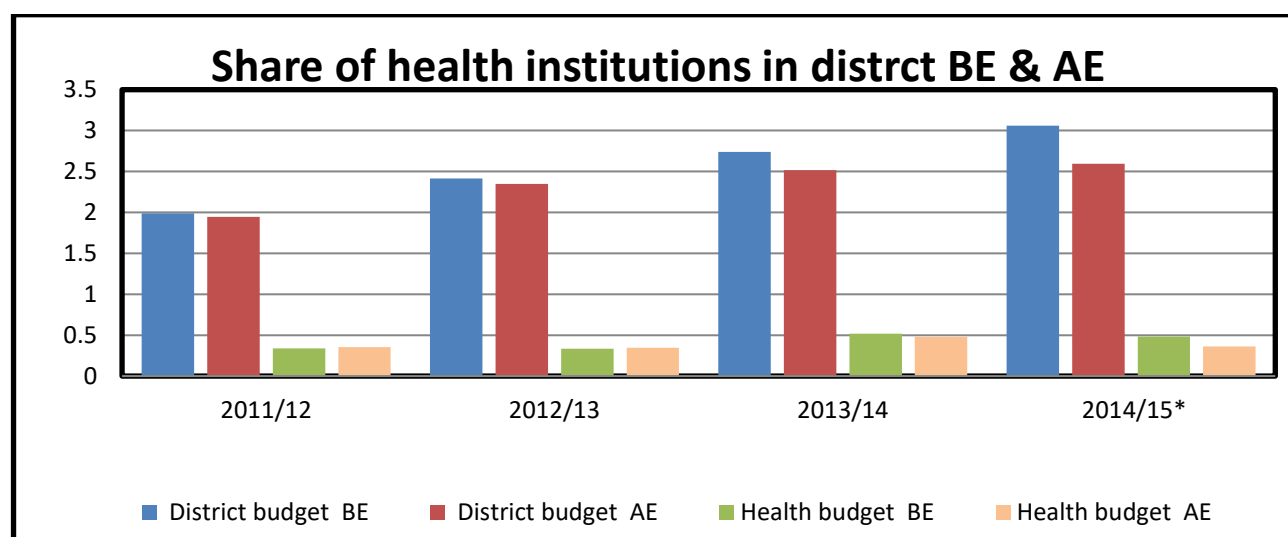
1.3 Share of health in district budget and expenditure

The share of health institutions in overall expenditure of the district has been shown in Table 2. The Table-2 reflects that the share of expenditure of health institutions out of the total expenditure of the district remained 18%, 15%, 19% and 14% during the four year period.

Table 3: Hafizabad district – share of health budget / expenditure out of district budget / expenditure

Year	District budget		Health budget		%age share in	
	BE	AE	BE	AE	BE	AE
2011/12	1.987	1.946	0.336	0.348	17	18
2012/13	2.417	2.347	0.508	0.420	21	18
2013/14	2.741	2.517	0.517	0.478	19	19
2014/15*	3.059	2.652	0.610	0.506	20	19

(Rs. in billion)

Figure 1: Share of health budget in district BE and AE

1.4 District health department and budgetary allocations

The health sector at the district level mainly includes primary and secondary healthcare service delivery, i.e. BHUs, RHCs as primary healthcare and Tehsil Headquarters (THQ) and District Headquarters (DHQ) hospitals as secondary healthcare. Table 4 below shows the BE and actual expenditure for the primary and secondary health care facilities over a period of four financial years. The share of primary health care in total health expenditure is a minimum of 37% in BE during FY 2013/14 and a maximum of 40% in BE during FY 2011/12. Similarly, the share of secondary health care in total health expenditure ranges from 33% to 51%. The rest of the budget is used for administration, other health facilities and a general nursing school, etc.

Table 4: District Government of Hafizabad – primary health care and secondary health care (salary, non-salary) in percentages and utilisation

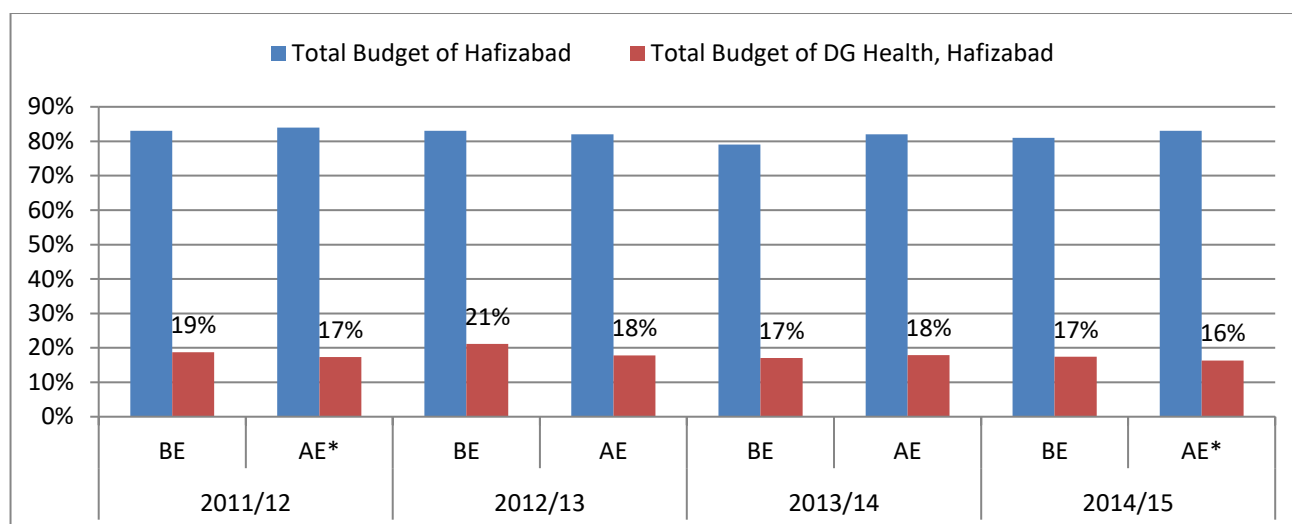
Categories	2011/12		2012/13		2013/14		2014/15	
	BE	AE	BE	AE	BE	AE	BE	AE*
Primary health care	133.075	142.461	164.519	164.108	197.828	191.584	238.580	173.459
Utilisation (%)		107.05%		99.75%		94.76%		69%
Secondary health care	109.380	131.083	258.155	172.640	220.866	202.565	259.485	180.316
Utilisation (%)		120%		67%		92%		69%
Total current health budget	336.334	348.267	507.900	419.600	516.685	477.939	610.000	443.000
Primary %age of total current health BE & AE	40%	41%	32%	39%	37%	38%	39%	39%
Secondary %age of total current health budget	38%	33%	41%	51%	43%	42%	43%	41%

(Rs. in million)

1.5 Health spending out of total current district budget and expenditure

The share of the health budget and expenditure as a share of the overall district budget and actual expenditure is shown in the following figure. The share of health in total expenditure at district level remained at 16–21% during the four year period.

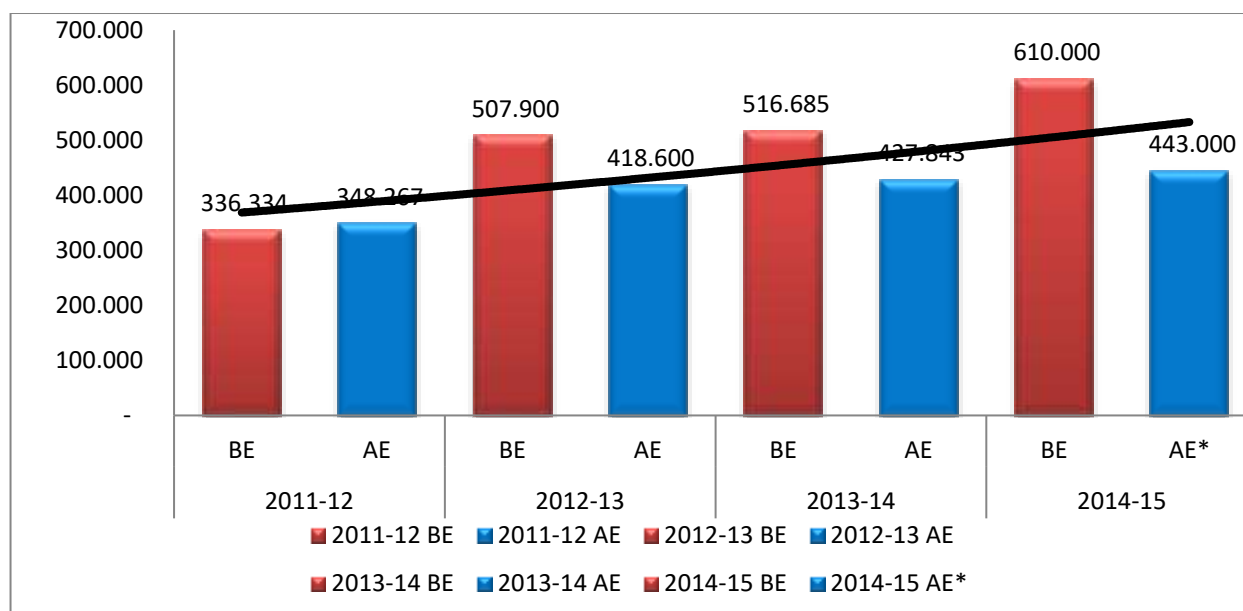
Figure 2 Share of health sector in district budget and expenditure



1.6 Analysis of health non-development budget and expenditure

The current health budget was Rs.336 million, Rs. 508 million, Rs. 517 million and 610 million during FY 2011/12, FY 2012/13, FY 2013/14 and 2014/15 respectively. The year-on-year (YoY) increase in the budget was 51%, 2% and 18% in FY 2011/12, FY 2012/13 and FY 2013/14, respectively. The YoY increase in actual expenditure was 20%, 14%, and -7% in FY 2011/12, FY 2012/13 and FY 2013/14, respectively. The utilisation of the budget was 104% in FY 2011/12; however, actual expenditure remained lower than the budget allocated in FY 2012/13, and 2013/14, being 99.75%, 94.71% and 69% respectively. Generally, the utilisation of the health budget was low, with the exception of FY 2011/12 where the variation between budget allocation and expenditure was 7%.

Figure 2: Health sector budget and actual expenditure



Rs. In millions

1.7 Analysis of health salary and non-salary budget and expenditure

The salary component share in district health budget estimates remained as 76%, 79%, 81% and 79% and the non-salary share was 24%, 21%, 19% and 21% during FY2011/12, FY2012/13, FY2013/14 and 2014/15, respectively. Similarly the share of salary in actual expenditures was 72%, 77%, 84% and 81%, whereas, the non-salary share was 28%, 23%, 16% and 19% during FY2011/12, FY2012/13, FY2013/14 and 2014/15, respectively. The budget utilisation of salary was 104% 82%, 92% and 73%, respectively, in the four years in question. The non-salary budget utilisation was 119%, 89%, 121% and 68% during FY 2011/12, FY2012/13, 2013/14 and FY2014/15, respectively. A comparison of the salary and non-salary components against actual allocations is shown in Table-5.

Table 5: District Government Hafizabad Total Health Budget Salary , Non-salary (Current)

District	Year	Salary	Non-salary	Total
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		BE	Actual	BE	Actual	BE	Actual
Hafizabad	2011-12	254.044	250.015	82.290	98.252	336.334	348.267
	2012-13	398.798	321.687	109.102	97.214	507.900	418.901
	2013-14	419.233	359.700	97.452	118.238	516.875	477.938
	2014-15*	482.648	357.288	127.234	86.015	609.882	443.303
%age share	2011-12	76%	72%	24%	28%	Utilization	104%
	2012-13	79%	77%	21%	23%		82%
	2013-14	81%	84%	19%	28%		92%
	2014-15*	79%	81%	21%	19%		73%

The above analysis clearly shows that, generally, the district has been allocating adequate non-salary budget for the health sector, keeping in view the general standard of the non-salary budget (equivalent to 30% of the salary budget). However, utilisation of the non-salary budget has been quite volatile.

1.8 Budget allocation for non-salary components (especially medicines)

The non-salary budget primarily comprises operating expenses and repair and maintenance costs. The operating budget includes the budget for drugs and medicines. Table 6 below summarises the total health budget. In Hafizabad the primary health facilities are managed by the PRSP, resultantly the budget for medicines is directly transferred to them. Table 6 also shows the utilisation of grant-in-aid / transfers. The excessive expenditure for grant-in-aid / transfers has been reported in the civil accounts FY 2011/12, which clearly indicate under-budgeting.

It also appears that there is no criteria for determining the quantity of medicines or linking medicines with disease patterns. The procurement of medicines is one of the most important tasks of the district health department. It is, therefore, extremely important that this task is undertaken in the light of evidence of needs at different levels. Use of District Health Information System data appears to be the most feasible option in this regard.

Table 6: Non-salary budget and expenditure of BHUs (medicine included in grant-in-aid)

	2011/12		2012/13		2013/14		2014/15	
Significant heads	BE	AE	BE	AE	BE	AE	BE	AE*

Operating expenses	0.10	0.098	0.01	-	0.020	1.205	2.270	1.707
Repairs and maintenance	-	-	-	-	-	-	-	-
Grant-in-aid / Transfers for medicine	20.00	30.00	18.00	18.00	3.00	7.00	14.00	12.833
Utilisation of Grant-in-aid		150%		100%		233%		92%

(Rs. in million)

* Actual is on pro rata basis for complete 12 months

1.9 Current district health budget and actual expenditure in different sectors

The district health non-development budget is divided into different sectors, i.e. Primary, Secondary, Administration, Other Health Facilities and General Nursing School. This analysis has mainly focused on the primary health care services, especially BHUs.

Primary health care services

Table 6 below shows the volume of primary healthcare funding in the district. Primary healthcare services were provided 40%, 32%, 37% and 39% of the total health budget in the district in FY 2011/12, FY 2012/13, FY 2013/14 and FY 2014/15. The actual expenditure on primary healthcare was 41%, 39%, 40% and 39% during these years. Utilisation of this budget was 107%, 100%, 97% and 73% respectively. Again there seems to be little predictability as regards the utilisation of allocated funds for primary health care.

Table 7: Primary health care current budget and actual expenditure

Years	2011/12		2012/13		2013/14		2014/15	
	BE	AE	BE	AE	BE	AE	BE	AE*
Hafizabad district health budget	336.3	348.3	507.9	418.9	516.7	477.9	609.9	443.3
Primary health care	133.1	142.5	164.5	164.1	197.8	191.6	238.6	173.5
Primary as percentage of total current health budget	40%	41%	32%	39%	37%	40%	39%	39%

Utilisation		107%		100%		97%		73%
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(Rs. in million)

*Actual is on pro rata basis for complete 12 months

BHUs with budget and actual expenditure

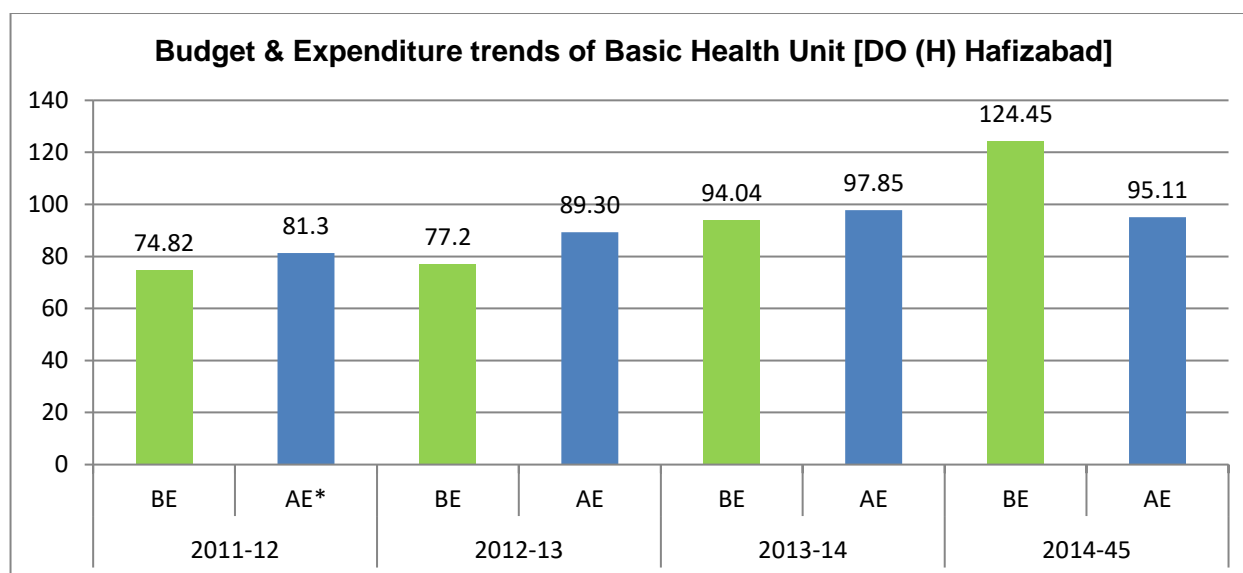
There are 31 BHUs in Hafizabad district (29 BHUs are under the PRSP and two under the district government). BHUs are under the administrative control of the District Officer (Health) (DO (H)). The budget for these BHUs is compiled at the district level by the DO (H), consolidated by the EDO (F&P) and approved by the Administrator. The funds are transferred to the PRSP on a quarterly basis. Table 7 below examines the budgetary allocations and actual expenditure for BHUs in the period analysed.

Table 8: Budget and actual expenditure for BHUs

	2011/12		2012/13		2013/14		2014/15	
	BE	AE	BE	AE	BE	AE	BE	AE
BHU [DO (H) Hafizabad]	74.82	81.30	77.20	89.30	94.04	97.85	124.45	95.11
Utilisation		109%		82%		109%		76%

(Rs. in million)

* Actual is on pro rata basis for complete 12 months

Figure 3: Budget and expenditure trends of BHUs (DO (H) Hafizabad)

The variation between budgeted amounts and actual expenditure for BHUs clearly reflects a lack of financial planning and absence of evidence-based budgeting for the provision of primary healthcare services during the last four years. The BHUs are responsible for providing the most important preventive and curative functions at the grassroots level. Therefore, it is important that budgeting and planning is improved at district level through the use of evidence and data.

1.10 Major budget and expenditure components at BHU level

The BHU budget and actual expenditure mainly consists of employee-related expenses, operating expenses and repairs & maintenance costs. The data also reveals that the budgeted amounts for operating expenses and for repair and maintenance are not being allocated, and even when allocated, the amount is too small as compared to the needs. The data collected from the field survey suggests that even this allocated amount is not fully utilised, resultantly the service delivery is hampered.

1.10.1 Procurement of medicines for BHUs

Under an agreement with the PRSP the non-salary budget in respect of BHUs, including that for vacant posts, is transferred to the PRSP as grant-in-aid. The procurement of medicine is carried out by the PRSP, following the contract concluded by major hospitals at Lahore. However, the allocation of grant-in-aid is not always in accordance with the demand of the PRSP.

1.10.2 Cost per patient for BHUs

The analysis also reveals unit cost for treating a patient at a BHU, as shown in Table -8 below:

Table 9: Per patient cost according to original budget and actual expenditure

	2011/12		2012/13		2013/14		2014/15	
	BE	AE	BE	AE	BE	AE	BE	AE*
Total per patient cost for BHU	20.10 0	30.098	18.010	18.000	3.020	8.205	16.270	14.54 0
Per patient non-salary expenditure	45.02	67.41	37.15	37.13	6.73	18.27	32.24	32.38

(in Rs.)

* Actual is on pro rata basis for complete 12 months

The above table shows that the per patient non-salary expenditure ranged between Rs.67.41 to Rs.6.73 per patient. This allocation is extremely low, bearing in mind the actual need as regards the provision of medicines, diagnostic facilities, etc. This calls for more evidence-based budgeting, i.e. to reflect the number of patients at BHUs and the average cost of the provision of health care services.

1.11 Major issues in primary health care (BHUs) in Hafizabad district

In the light of the findings of the needs assessment, conducted during 2014 the following major issues as regards primary health service delivery were identified, which have been again identified during recent needs assessment conducted by the SNG. The issues identified, as listed below, had a direct linkage with budget allocation:

- non-availability of medicines / supplies / lab investigations;
- missing facilities (such as equipment for diagnosis / testing) at BHUs;
- areas with poor access to health services;
- lack of resource provision for vaccination;
- Under-utilization of BHUs – availability of unskilled attendants.

To address these issues, the following recommendations / budgetary proposals were given to the district government Hafizabad for including in budget estimates 2014-15. The executions thereof have been indicated against each proposal in the following table.

**ON THE RECOMMENDATIONS OF SNG, FUNDS ALLOCATED BY DISTRICT GOVERNMENT
HAFIZABAD DURING FY 2014-15 AND PROGRESS UP TO 31.05.2015**

		Budget Estimates 2013-14	Budget Estimates 2014-15	Progress reported up to 31.05.2015
Sr. #	Description	Rs.	Rs.	
1	OTHER HOSPITALS AND DISPENSARIES (HF6077)			
	Medicines for three dispensaries operated by District Government	-	350,000	Against aggregate allocation of Rs.0.525 million, expenditure of Rs.0.360 million reported
	Others (PRSP) including Medicines	3,000,000	3,000,000	Expenditure of Rs.2.750 million reported.
2	Basic Health Units (HF6078)			
	* Medicines	-	1,800,000	Against aggregate allocation of Rs.2.000 million, expenditure of Rs.1.321 million reported
	* Others (PRSP, Medicines)	-	11,000,000	Against allocation of Rs.11.000 million, expenditure of Rs.10.083 million reported.
	** Purchase of Machinery & Equipment	-	1,000	No expenditure.
3	DISTRICT HEALTH OFFICER (HF6089)			
	*** Allocation of POL including for Motor Bikes of Vaccinators	1,650,000	1,500,000	An expenditure of Rs.1.409 million reported. Moreover, the DG had provided the details of payment to Vaccinators for POL till March, 2015.
4	EXECUTIVE DISTRICT OFFICER (HEALTH) [HF6088]			
	**** A03807 - Allocation of POL for vehicles operating in BHUs	300,000	1,200,000	Expenditure of Rs.1.426 million reported.

5	GENERAL NURSING SCHOOL HAFIZABAD (HF6091)			
	A03801-Allocation for training TBAs	-	100,000	No expenditure.
	Total	4,950,000	18,951,000	

* Allocation for provision of medicine to four BHUs (being operated by District Government instead of PRSP) @ Rs.330,000/- per annum each and remaining amount reserved for arranging Medical camps.

** Token allocation for purchase of machinery & equipment for BHUs on the basis of assessment to be carried out by the DO (Health) and consequence thereof District Government will provide additional funds.

*** As explained by DO (Accounts) Hafizabad, it include funds Rs.500,000 for official vehicles and remaining amount for POL to Motor Bikes of Vaccinators through fleet cards.

**** Increase in allocation is to cater for the needs of POL of vehicles operating in BHUs, earlier managed by DO (H) and with the shifting of control of vehicle to EDO (Health) allocation also shifted to EDO (Health) during FY 2014-15.

Recommendations for non-salary budget allocations to improve primary health services in Hafizabad district

Detailed proposals, including regarding medicines, supplies and lab investigations, are outlined in the following paragraphs.

1. Medicines, supplies and lab investigations

The major finding of the needs assessment is about non-availability of required medicines, supplies and diagnostic facilities at BHUs vis-à-vis EPHS, which (among other things) prescribes the minimum equipment for a BHU.

In order to address these issues, it is imperative that adequate funds are allocated and released to the PRSP, to enable it to provide medicine at the primary healthcare facilities, keeping in view the burden of disease and thus the requirement for medicines for those diseases.

To align budgetary allocations with the burden of disease, and to ensure that essential supplies and basic diagnostic facilities are available at the primary healthcare level, the following calculations were carried out using the weighted average cost formulae for the cost of drugs / medicines, supplies and lab investigations.

The weighted average cost for the provision of these services (but not of equipment) at BHUs has been calculated at Rs. 62/- per unit.¹ Using this weighted average per BHU, it is possible to calculate

¹ Calculation of weighted average cost is a three step process:

the funding requirements for providing these services at the primary health care facilities in the district. In calculating the cost of medicines, 25% has been added to the medicines requirement, as buffer stock². Table 9 provides the proposed budgetary allocation for the provision of medicine, supplies and basic diagnostic facilities at BHU level in the district, using average number of patients visiting BHU and multiplying it with the average cost per patient and further enhancing product by a factor of 1.25 to ensure the availability of buffer stock of medicine to offset price fluctuations / delays in future procurement.

Table 10: Proposed allocation per BHU for medicines/supplies/lab investigations

Total patient load at BHU	Weighted average per patient cost	Multiple for buffer stock	Medicines, supplies and lab investigations cost per BHU
448,992	62		27,837,504
13,606	62		843,560
	Including buffer stock (1.25)		
448,992	62	1.25	34,796,880
13,606	62	1.25	10,544,450

(Rs.)

The above table clearly indicates that Rs.34.797 million is needed to provide the supplies (including buffer stock) and basic diagnostic facilities at all the BHUs in the district. The average cost per BHU works out at around Rs. 843560/-. During FY 2015/16 Rs.34.797 million is needed for the provision of requisite medicines at the BHU level, to address the burden of disease and the patient load at those facilities. This is in addition to other operating expenses and repair and maintenance costs. It is also recommended that the allocated budget be distributed across BHUs on the basis of patient load, instead of using a constant budget approach.

- Calculation of a multiple of per unit service cost for a service x No. of expected cases of that service
- Calculate the sum of the multiples calculated in previous step
- Divide the sum computed above by the total number of cases to obtain the weighted average cost of services.

² International literature on the subject recommends that a buffer stock of medicines be maintained, in the range of 15%–25%.

Source of funding (internal)

The budget analysis carried out by SNG Punjab in respect of Hafizabad district indicated certain areas where the utilisation rate of the budget is very low. Therefore, the above recommended allocation can be met from areas where the budget utilisation has historically been very low. Furthermore, the budget allocated to DHQ, THQ and RHCs was analysed, and it was found that there was substantial over-budgeting (and thus savings) in the salary component at this level (see Table 10). This over-allocation can easily be diverted to fund BHU medicines, supplies and lab investigations.

Table 11: Budget and expenditure trends

Years	2011/12		2012/13		2013/14		2014/15	
	BE	AE	BE	AE	BE	AE	BE	AE*
Major component								
Salary THQ, RHC & BHU	135.110	125.483	173.335	160.881	219.686	192.979	249.184	178.418
Utilization		93%		93%		88%		72%

(Rs. in million)

* Actual is on pro rata basis for complete 12 months

2. Missing equipment

The needs assessment revealed that basic diagnostic facilities were not available at BHUs (except for blood pressure and weight measurement equipment). To provide the missing equipment at BHU level, EPHS-based costing of equipment's has been calculated.

Table 11 shows the standard equipment cost at each facility (BHU). The equipment maintenance cost has also been calculated in this table, using 10% depreciation of equipment per year.

Table 12: Standard cost of equipment and related maintenance and repairs cost for a BHU

Per BHU cost for provision of new Equipment as per EPHS	1,600,261
Total cost for 31 BHUs	49,608,091
EPHS recommended per annum equipment maintenance cost, (@ 10% of actual cost)	4,960,809
Equipment maintenance cost per BHU	160,026

(Rupees)

Source of funding (external)

The provincial ADP 2014–15 includes a scheme titled ‘Purchase of Missing Equipment and Hospital Furniture, etc. for Primary and Secondary Care Hospitals in Punjab’. An allocation of Rs. 350 million has been made for this scheme for FY 2014–5. This scheme may also be repeated in ADP 2015-16. The district government could, therefore, approach the provincial health department to request it to provide the share of funding allotted to Hafizabad district under this scheme, in order to provide missing equipment at BHUs in the district. However, it is further proposed that, in order to provide the missing equipment, the district government could, in a phased manner, allocate funds in phases, using its own sources starting from FY 2015/16.

3. Medical camps

The needs assessment also examined access to health services in the district through a Geographic Information System-based analysis. This helped to identify areas with poor access to health services. It is recommended that the district government makes special arrangements to reach out to the communities in these areas periodically. If a more permanent arrangement cannot be made right away, providing medical camps in such areas is recommended. Considering the fact that the PRSP already arranges medical camps for under-served areas of the district, setting up these camps would require minimal logistic support and cost as the medicines and equipment available at BHUs can be used for such camps. In order to provide medical camps, an indicative allocation of Rs. 1.0 million is proposed for the district during FY 2015/16.

4. Resource provision for vaccination

One of the issues identified by the SNG programme in its review of the business process of the Expanded Programme of Immunisation (EPI) was that necessary facilities, especially POL for

motorcycles at an approved scale, is not provided to the vaccinators who are mainly responsible for implementation of EPI. A review of the budget reveals that there is an allocation for provision of POL to the vaccinators; however, apparently this budget allocation is not being disbursed. One of the reasons for non-disbursement is probably a concern that the POL would be misused. In order to ensure that misuse does not occur, it is proposed that allocation be made in the budget for provision of POL to vaccinators against cost centre of BHUs instead of cost centre of administration and that petrol be issued to vaccinators through the use of fleet cards.

5. DHDC

One of the main reasons for under-utilisation of BHUs is lack of qualified staff at these facilities. DHDCs have been established by the government in each district, with a mandate to conduct training for health sector employees. However, a DHDC has not been established in Hafizabad district. A DHDC, therefore, needs to be established, by developing a training schedule and robust monitoring mechanism to assess its performance. Meanwhile, Hafizabad district can also take advantage of an adjoining DHDC. Nevertheless, it is proposed that non-salary allocation for training purpose should be allocated during FY 2015/16 under Executive District Officer (Finance & Planning), to ensure funding for capacity-building of primary health care staff in Hafizabad district.