Budget Analysis and Proposals forMandi Bahaudin

FY2015/16

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Acronyms

ADP	Annual Development Programme
ANC	Antenatal care
ARI	Acute respiratory infection
BE	Budget estimates
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
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

Executive summary

The Sub-National Governance (SNG) programme aims to help government to deliver services that meet the needs of poor people in Punjab and Khyber Pakhtunkhwa (KP). This can only be ensured if decision-making by district governments is based on evidence of the needs of the districts' citizens. Earlier a comprehensive needs assessment in districts Hafizabad and Bahawalnagar has therefore been carried out by SNG to identify issues in primary health care service delivery. This needs assessment was carried out using an integrated approach, based on a review of the available literature, and consultations with citizens, front-line service providers, and policy-makers using a primary survey and focus group discussions (FGDs) which took place in the districts of Hafizabad and Bahawalnagar.

Taking lead from the above mentioned diagnostic assessment, a detailed analysis of budget and expenditure trends of the district government of Mandi Bahaudin was undertaken. Finally, budget proposals were developed for the Essential Package of Health Services (EPHS) in order to meet the needs of the Basic Health Units (BHUs), based on the burden of disease in the district, and based on the availability of services. These proposals were costed by reference to the cost of EPHS delivery and the weighted average of the provision of medicine and basic supplies and diagnostic facilities at BHU level.

This report provides budget proposals for the non-salary component of the Mandi Bahaudin district budget for financial year (FY) 2015/16 for improved delivery of primary health services through BHUs.

In the light of the findings of the budget and expenditure trend analysis, the following major issues in primary health service delivery were identified which have a direct linkage to budget allocation:

- non-availability of medicines/supplies/lab investigation material;
- missing facilities (such as equipment for diagnosis / testing) at BHUs;
- lack of resource provision for vaccination; and
- under-utilisation of BHUs – shortage of skilled staff/ attendants.

To address these issues, the following budgetary recommendations have been prepared:

a. To align budgetary allocations with the burden of disease, and to ensure that the essential supplies and basic diagnostic facilities are available at the primary health care level, it is proposed that Rs.19,170 million for medicine budget be allocated in the budget estimates FY 2015/16.

b. The needs assessment in respect of Primary Healthcare, conducted in Hafizabad and Bahawalnagar districts, revealed that basic diagnostic facilities were not available at BHUs, except for blood pressure and weight measurement equipment. As the situation may not be different in Mandi Bahaudin, therefore, to provide missing equipment at BHUs, EPHS-based costing of equipment has been used to identify funding

requirements. It is proposed that at least Rs.8.00 million be allocated in Budget Estimates FY 2015/16 for the provision of missing equipment in BHUs. A provincial scheme titled “Provision of missing facilities in the primary and secondary health sectors” with a total cost of Rs.650 million was included in the Annual Development Programme (ADP) FY 2014/15, with an allocation of Rs.350 million. Its balance amount is likely to be allocated during next year’s ADP. The district government Mandi Bahaudin may approach Provincial Government / Health Department for release of share of Mandi Bahaudin out of funds allocated during FY 2014-15 and if not possible from allocations against the same ADP during FY 2015-16.

c. Medical camps should be arranged over time for communities and areas that have poor access to health facilities. An allocation of Rs.1.0 million is proposed for this activity in budget estimates FY 2015/16. This activity will ensure the availability of healthcare at doorsteps/vicinity of the less endowed population.

d. In all districts of Punjab, considering the nature of duties of Vaccinators, motorcycles have been provided by the government (with an approved scale for the provision of petroleum, oils and lubricants (POL) for the motorcycles) but sometimes are not paid for POL. As a result thereof, vaccinators find it difficult to cover their areas of duty by paying cost of fuel from their own pockets thus strong apprehension that non-payment of POL charges may hamper the activities/vaccination. It is proposed that a separate allocation for payment of POL to Vaccinators at approved scales may be made in the district budget during FY 2015-16, instead of lumping this with the POL for administrative duties of the DDO (as is the existing practice).

e. One of the main reasons for under-utilisation of BHUs is shortage of qualified staff at these facilities. District Health Development Centres (DHDCs) have been established by the government in each district with a mandate to conduct training for health sector employees. Nevertheless, DHDC is yet to be established in Mandi Bahaudin district. Considering the importance of the training to the staff, it is proposed that district government may take steps for the establishment of DHDC in Mandi Bahaudin district. Meantime, Mandi Bahaudin district should resort to utilise the services of the DHDC in a neighbouring district or may arrange training in existing training facilities like school of nursing. Accordingly it is proposed that an appropriate non-salary allocation for such training be made during the next financial year to ensure appropriate training.

Introduction

The SNG programme aims to help ensure that the government delivers services that better meet the needs of poor people in Punjab and KP. The programme supports the achievement of these objectives by enabling delivery of three programme-level target 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. Sub-national government capability to deliver basic services is strengthened.

In order to support and assist the district governments in making decisions based on evidence of needs, the SNG programme has developed evidence-based budget proposals. This report provides budget proposals for the non-salary component of the FY 2015/16 budget for BHUs of Mandi Bahaudin district that are designed to ensure improved delivery of primary health services through BHUs.

Earlier, based on available literature and consultations with citizens, front-line service providers and policy-makers a comprehensive needs assessment was carried out in Hafizabad and Bahawalnagar districts by the SNG programme to identify issues in service delivery. In the light of the outcome of needs assessment, a detailed analysis of budget and expenditure trends of the district governments of those districts was undertaken. Finally, budget proposals were developed to meet the needs of the BHUs, based on the outcomes of assessment/burden of disease and the availability of services, in accordance with the EPHS. These proposals were costed with reference to the cost determined under EPHS and the weighted average of the provision of medicine/basic supplies/diagnostic facilities at the BHU level. It is expected that the budget proposals, if fully implemented, would lead the district towards adequate funding of primary health service at BHU level, and can be a major step towards improving services in the district.

This report has been divided into two sections: the first section looks at the issues in the light of the key findings of the needs assessment; the second section discusses the budget trends for the Mandi Bahaudin district government, with special reference to the health and primary health care budget; and the third section presents proposed allocations, based on the analysis in the previous sections, to the district government for inclusion in its budget estimates FY 2015/16 in order to align the budget to the citizens’ needs and to improve service delivery at the BHU level.

1 Needs assessment of district Hafizabad– Key findings

The budget proposals presented in this report have been developed on the basis of the health needs assessment study carried out by the SNG programme in relation to Hafizabad district. The focus of this needs assessment was to identify gaps and to align services to citizens' needs. The key objectives of the needs assessment were to:

- identify issues in access, coverage and quality of primary health services in the light of the needs of people in that district, especially women, girls and minority groups;
- highlight gaps in planning, budgeting and management processes, with a special focus on women, girls, and coverage of minority groups; and
- inform relevant stakeholders, including policy-makers, health managers and front-line service providers, about service delivery gaps and identified needs, along with recommendations to improve the provision of primary health care in line with the Provincial Health Sector Strategic Plan 2012–20.

Most of the stakeholders involved in the policy-making process in Punjab/Districts reported limited use of data when planning health services. An absence of collated information at different levels and a low quality reporting system has resulted in constrained decision-making and planning at both levels. It was reported that the low level of integration between the health department and vertical programmes has caused duplication of resources and services. Most of the vertical programmes—with their own management, reporting and monitoring mechanisms—work in isolation, with a minimal level of coordination with the other programmes. The study also revealed that insufficient share of finances (approximately 1% of the size of the provincial economy) is allocated to health in the province (including the funds allocated at provincial and district level). Most of this share is spent on tertiary care facilities, at the expense of secondary and primary health care, and thus basic community needs are not properly fulfilled.

Districts receive a one-line resource from the provincial government under PFC Award in regular monthly instalments. After including own income the district governments prepare their budgets and historically major part of allocations of budget is automatically transferred to staff salary accounts, leaving a small amount of resources to be distributed across the 13 district departments. The share of the non-salary component allocated to the district health departments is usually not enough to meet their required demand although, as far as Mandi Bahaudin is concerned, this is specifically a major problem in the district of Mandi Bahaudin. Although, the Mandi Bahaudin is a non- PRSP district, yet provision of inadequate funds have caused less procurement/delayed procurement of equipment and drugs and has hampered the smooth and timely delivery of health services**.** The absence of a DHDC at Mandi Bahaudin like Hafizabad also limits the training activities.

Lack of planning for the adequately procurement of medicines in response to patients' need was reported as one of the major issues for provision of services at the primary health care level.

Although a specific timeframe has been stipulated for each step of the procurement process, yet this schedule is seldom followed. The reported reasons for the slow-paced procurement process are weak supervisory and monitoring mechanisms and issues related to planning. Furthermore, data used to forecast medicine requirements were neither maintained nor reliable.

Coverage of the needs of the increasing population is reported as a major reason for the gaps in the provision of health services. The target population for each Lady Health Worker (LHW) has been increased from 1000 to 1400 since the inception of the LHW programme; however, due to a ban on recruitments which has been in place for a long time, LHWs who have left the programme have not been replaced, thus increasingly burdening existing LHWs as regards covering the extra workload. Inadequate monitoring and weak performance evaluation of the health care systems has also made achievement of service delivery outputs ever more challenging.

During the qualitative assessment in Hafizabad, the majority of the respondents answered that in the case of remotely located BHUs, accessibility is a major problem. The condition of most of the roads to remotely located BHUs is poor and transport is not available all the time. However, in the case of BHUs at a close proximity to residences, people are willing to seek health services from such BHUs as they are able to reach the facility by foot or by motorcycle. This situation expected to be more severely prevailed in district Mandi Bahaudin, which is considered more remote area than Hafizabad in the province.

Another key part of the analysis provided in this document is a study of the budget for Mandi Bahaudin district in the last four years. This study was undertaken to identify budgetary trends in Mandi Bahaudin for the years 2010/11 to 2013/14. The objective was to see how budgetary allocations have been made and what the trends as regards actual expenditure have been during this period. The study is focused on primary health care delivery through BHUs and thus examined the budgetary allocations and expenditure patterns of BHUs in detail. The analysis was based on budget documents, out-patient data and disease patterns of the district. All relevant documents were obtained from the district government. An in-depth analysis of the current health sector budget (salary and non-salary component) was carried out.

The findings of this analysis are as follows:

2 Analysis of budget trends

2.1 Analysis of district total non-development budget and expenditure

The non-development budget estimates (BE) for the district were Rs.1.876 billion in FY 2010/11, this increased to Rs.2.759 billion in FY 2013/14. The non-development actual expenditure was Rs.1.644 billion during FY 2010/11 and it increased to Rs.2.474 billion in FY 2013/14. Average utilisation of the budget remained above 88% during all four years.

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

As depicted in Table 1, the salary share in the district budget was 87% during FY 2010/11. The share increased to 93% during FY 2013/14. Average salary budget utilisation was over 104% during the period, as compared to the non-salary budget utilisation which was much more volatile, ranging from 36% to 80% (average utilisation was 71.25%) during these four years period. This reflects the under budgeting for salary, which being compulsory expenditure, supressed the space available for non-salary expenditure.

Table 1: Mandi Bahaudin district – total current budget (share of salary, non-salary and utilisation)

Year	Salary		Non-salary		Total		Share in BE		Share in Actual		Utilisation	
	BE	Actual	BE	Actual	BE	Actual	Salary	Non-salary	Salary	Non-salary	Salary	Non-salary
2010/11	1.749	2.081	0.267	0.097	2.016	2.178	87%	13%	96%	4%	119%	36%
2011/12	2.331	2.461	0.261	0.211	2.592	2.672	90%	10%	92%	8%	106%	81%
2012/13	2.933	2.992	0.221	0.195	3.154	3.187	93%	7%	94%	6%	102%	88%
2013/14	3.403	3.07	0.247	0.198	3.650	3.268	93%	7%	94%	6%	90%	80%

(Rs. in billion)

2.3 Share of health institutions in district budget and expenditure

The share of health institutions in overall district budget & expenditure is shown in table 2. The information in table-2 reveals that the share of health institutions in district budget remained between 15% – 19% and in expenditure between 13% - 16% shares during the four year period. Whereas, the data in table 3 reflects the district salary/non-salary shares in percentage terms within BEs, actuals and its overall utilisation rate. It is pertinent to note that overall actual expenditure of the district for salary component exceeded the budgetary allocations except during FY 2013/14 and non-salary component declined in utilisation vis-à-vis budgetary allocations due to skewed financial position. Moreover, impact of the data in table 2 has also been reflected through graph 1. The excess expenditure of salary component from budget estimates during initial three years is indicative of budgeting without evidence or performance indicators.

The situation demands special attention for control over expenditure through rationalisation of salary expenditure and putting more efforts to enhance district own revenues as well as share under Provincial allocable amount, otherwise position may reach a point where the district government may not be able even to fund its non-salary expenditures.

Table 2: Mandi Bahaudin district – share of health budget / expenditure out of district budget / expenditure

Year	District budget		Health budget		%age Share of Health in total	
	BE	Actual	BE	Actual	BE	Actual
2010/11	2.016	2.178	0.365	0.276	18%	13%
2011/12	2.592	2.672	0.484	0.416	19%	16%
2012/13	3.154	3.187	0.604	0.491	19%	15%
2013/14	3.650	3.268	0.564	0.494	15%	15%

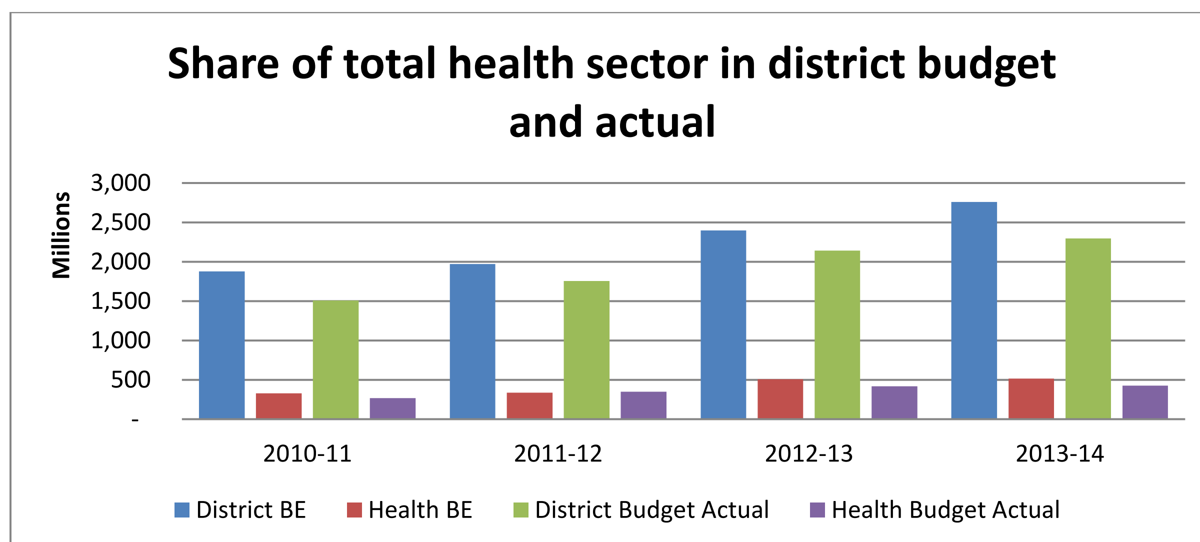
(Rs. in billion)

Table 3: Mandi Bahaudin District– current district budget (salary, non-salary) in percentage and utilization rate

Year	Salary		Non-salary		Total		Utilisation
	BE	Actual	BE	Actual	BE	Actual	
2010/11	87%	96%	13%	4%	2.016	2.178	108%
2011/12	90%	92%	10%	8%	2.592	2.672	103%
2012/13	93%	94%	7%	6%	3.154	3.187	101%
2013/14	93%	94%	7%	6%	3.650	3.268	90%

(Rs. in billion)

Figure 1: Mandi Bahaudin – Total budget of the district and share of total health budget in district budget and actuals.



2.4 District health department and budgetary allocations

The health sector at the district level mainly comprises to primary and secondary health service delivery, i.e. BHUs, RHCs, Tehsil Headquarters (THQ) and District Headquarters (DHQ) hospitals. Table 4 below shows the BEs and actual expenditure for the primary and secondary healthcare facilities over a period of four financial years. The share of primary healthcare in total

health expenditure is minimum 59% during FY 2010/11 and 2013/14 and maximum 62% in FY 2011/12. Similarly, the share of secondary healthcare in total health expenditure ranges from 22% to 24%. The rest of the budget is allocated for administration, other health facilities and a general nursing school, etc. The examination of the shares of primary healthcare and secondary healthcare reveals that ratio among both facilities over a period under examination remained constant.

Table 4: Mandi Bahaudin district – primary health care and secondary health care (salary, non-salary) in percentages and utilisation

Years	2010/11		2011/12		2012/13		2013/14	
	BE	AE	BE	AE	BE	AE	BE	AE*
Primary healthcare	132.326	164.328	277.175	257.848	423.204	299.071	351.84	289.161
Utilisation of primary healthcare (%)		124.18%		93.03%		70.67%		97.55%
Secondary healthcare	48.741	63.441	105.979	93.012	104.544	114.399	125.612	120.457
Utilisation of secondary healthcare (%)		130%		88%		109%		96%
Total current health budget	364.603	276.225	683.614	415.617	603.736	493.321	564.185	493.805
Primary %age of total current health budget	36%	59%	41%	62%	70%	61%	62%	59%
Secondary %age of total current health budget	13%	23%	16%	22%	17%	23%	22%	24%

(Rs. in million)

2.5 Primary healthcare services

Table 4 above also shows the volume of primary healthcare funding in the district. Primary healthcare services were provided 36%, 41%, 70% and 62% of the total health budget in the district during FY 2010/11, FY 2011/12, FY 2012/13 and FY 2013/14. The actual expenditure on primary healthcare remained 59%, 62%, 61% and 59% during these years. Utilisation of budget was 124%, 93%, 71% and 98%, respectively. Again there seems to be little predictability as regards the utilisation of allocated funds for primary healthcare.

Figure 2: District Mandi Bahaudin - Primary healthcare budget as percentage of total health current budget

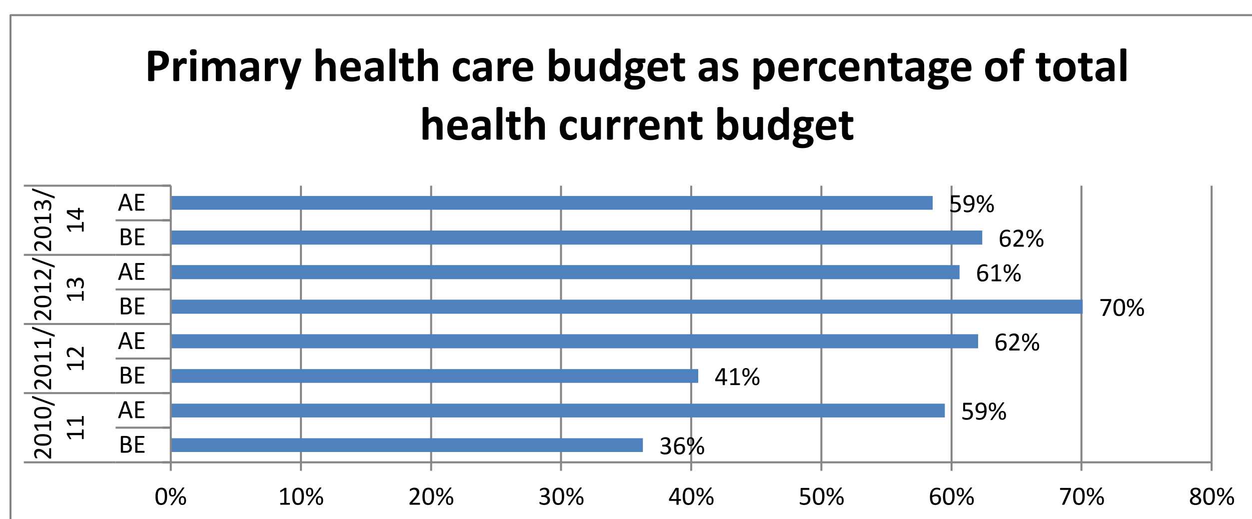
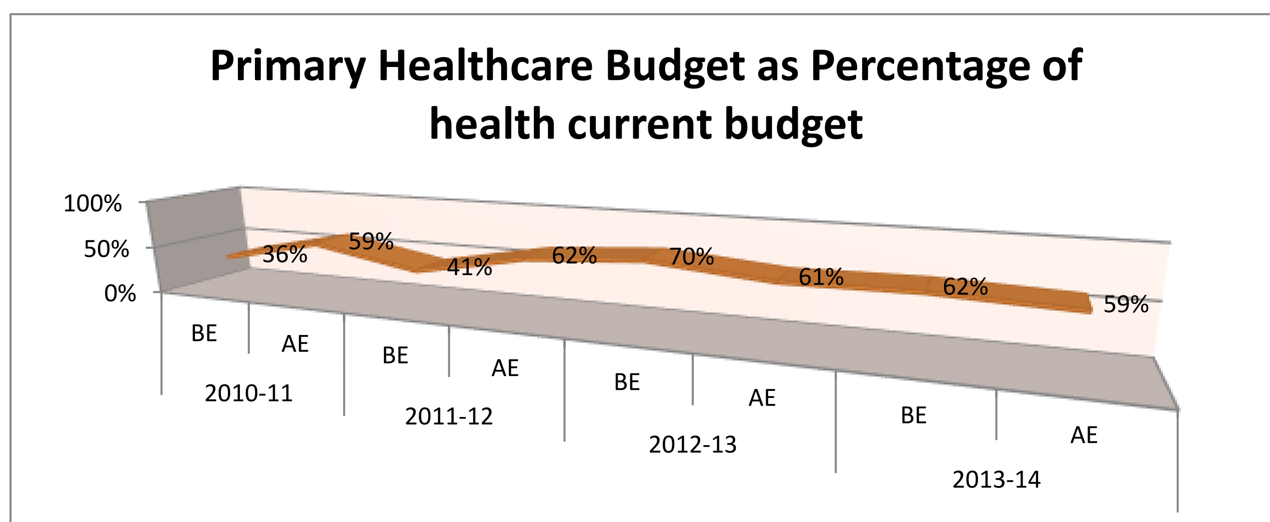


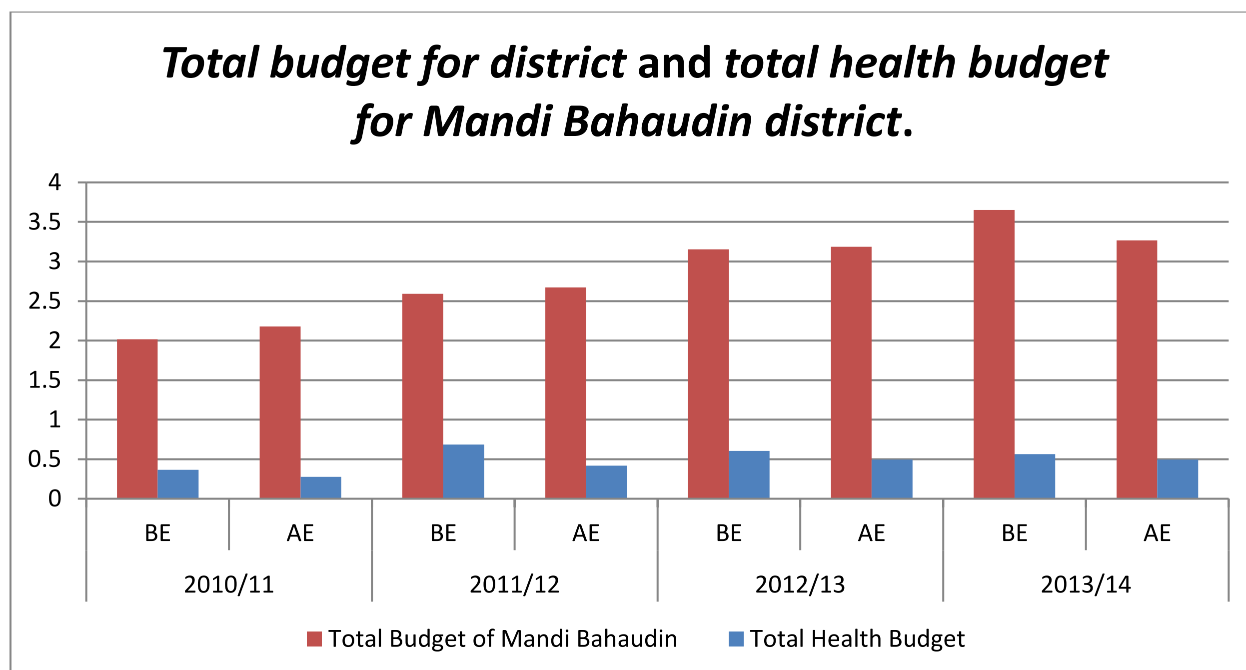
Figure 3: District Mandi Bahaudin - Primary health care budget as percentage of total health current budget



2.6 Health spending out of total current district budget and expenditure

The health budget and expenditure as a share of the overall district budget and expenditure is shown in the following graph. As shown, the share of health in total expenditure at district level remained at 13–16 % during the four year period.

Figure 4: Mandi Bahaudin - Share of health sector in district budget and expenditure



2.7 Analysis of health non-development budget and expenditure

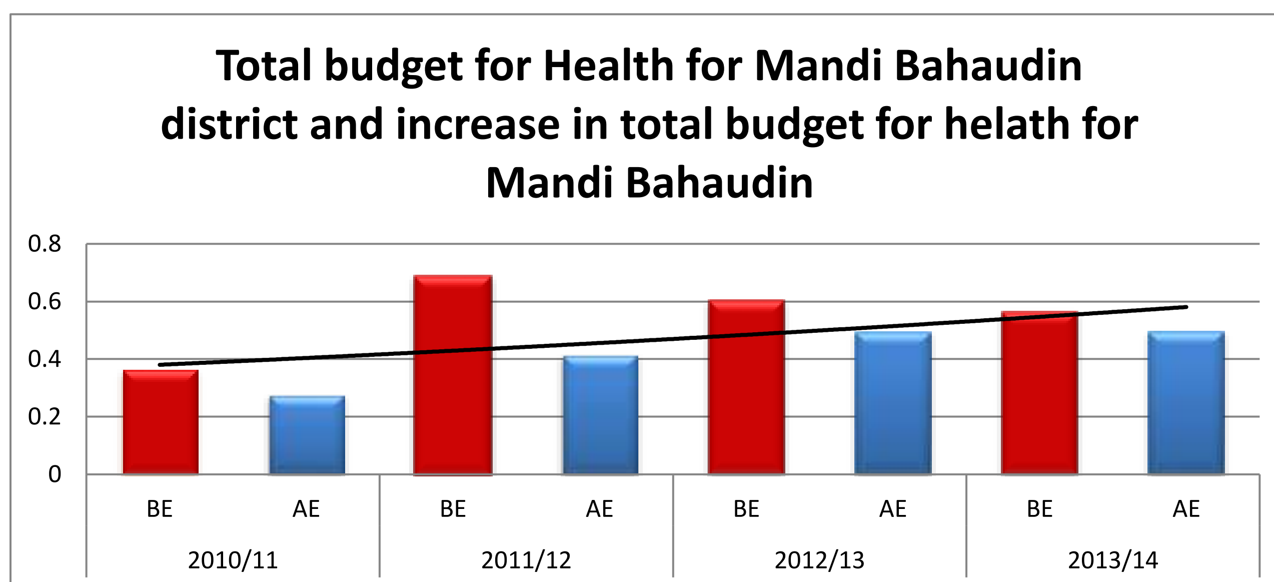
The district government Mandi Bahaudin allocated Rs.365 million, Rs.684 million, Rs.604 million and Rs.564 million during FY 2010/11, FY 2011/12, FY 2012/13 and FY 2013/14 respectively as funds for all health institutions, as reflected in table 5 and graph 5 infra. The year-on-year (YoY) increase in the budget was 87.4%, -13.5% and -7% during FY 2011/12, FY 2012/13 and FY 2013/14, respectively. The YoY increase in actual expenditure was 51%, 18.5%, and 0.2% in FY 2011/12, FY 2012/13 and FY 2013/14, respectively. The utilisation of the budget was 76% in FY 2010/11; however, it further decreased to 61% in FY 2010/11. The actual expenditure was better during FY 2012/13 and 2013/14, which was 82% and 88% respectively. Generally, the utilisation of the health budget was very low, prima facie the reasons for low utilisation was skewed resources available with district government and obviously diversion of available funds towards essential expenditure like salary. Moreover, the share of the health institutions in Mandi Bahaudin registered declining trend during the period under review. The trend of reduction of share of health institutions in district budget coupled with excessive expenditure on account of salary vis-à-vis non-salary expenditure would be a stress on non-salary share of health institutions, consequently effect health sector service delivery especially primary healthcare.

Table 5: District Mandi Bahaudin – District health budget as percentage of total district budget and year over year increase

Years	2010/11		2011/12		2012/13		2013/14	
	BE	AE	BE	AE	BE	AE	BE	AE
Total Health Budget	0.365	0.276	0.684	0.416	0.604	0.493	0.564	0.494
Total Budget of District Mandi Bahaudin	2.016	2.178	2.592	2.672	3.154	3.187	3.650	3.268
Health budget as percentage of total budget	18%	13%	26%	16%	19%	15%	15%	15%
YoY increase			87.40%	51%	(13.25%)	18.50%	(7%)	0.20%
percentage utilization of budget		76%		61%		82%		88%

(Rs. in billion)

Figure 5 Health sector budget and actual expenditure



Rs. In millions

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

Of the district health BE the salary share was 54%, 88%, 93% and 91% and the non-salary share was 46%, 12%, 7% and 9% during FY 2010/11, FY 2011/12, FY 2012/13 and FY 2013/14, respectively. The salary share in actual expenditure remained as 89%, 87%, 90% and 86%, whereas, the non-salary share was 11%, 13%, 10% and 14% during FY 2010/11, FY 2011/12, FY 2012/13 and FY 2013/14, respectively as shown in table 6 below. The budget utilisation of salary was 125%, 85%, 79% and 83%, respectively, in the four years under

examination. The non-salary budget utilisation was 18%, 90%, 120% and 134% during FY 2010/11, FY 2011/12, FY 2012/13 and FY 2013/14, respectively. The trend of actual expenditure clearly reflects the under budgeting or excessive expenditures as compared to total resources of the district. A comparison of the salary and non-salary components against actual allocations is also shown in graphs – 6 & 7 infra.

Table 6: District Mandi Bahaudin – Total BE & AE of Health Budget and percentage shares

Financial years	BE		AE		Total	
	Non-Salary	**Salary**	**Non-Salary**	**Salary**	**BE**	**AE**
2010-11	168,000,000	196,603,000	30,081,456	246,143,566	364,603,000	276,225,022
2011-12	59,626,000	423,988,000	53,608,249	362,008,273	483,614,000	415,616,522
2012-13	41,685,000	562,051,000	49,952,495	441,368,749	603,736,000	491,321,244
2013-14	51,043,040	513,142,000	68,563,505	425,241,298	564,185,040	493,804,803
Percentage shares						
2010-11	46%	54%	11%	89%	364,603,000	276,225,022
2011-12	12%	88%	13%	87%	483,614,000	415,616,522
2012-13	7%	93%	10%	90%	603,736,000	491,321,244
2013-14	9%	91%	14%	86%	564,185,040	493,804,803

Figure 6: Utilisation of salary and non-salary health budget

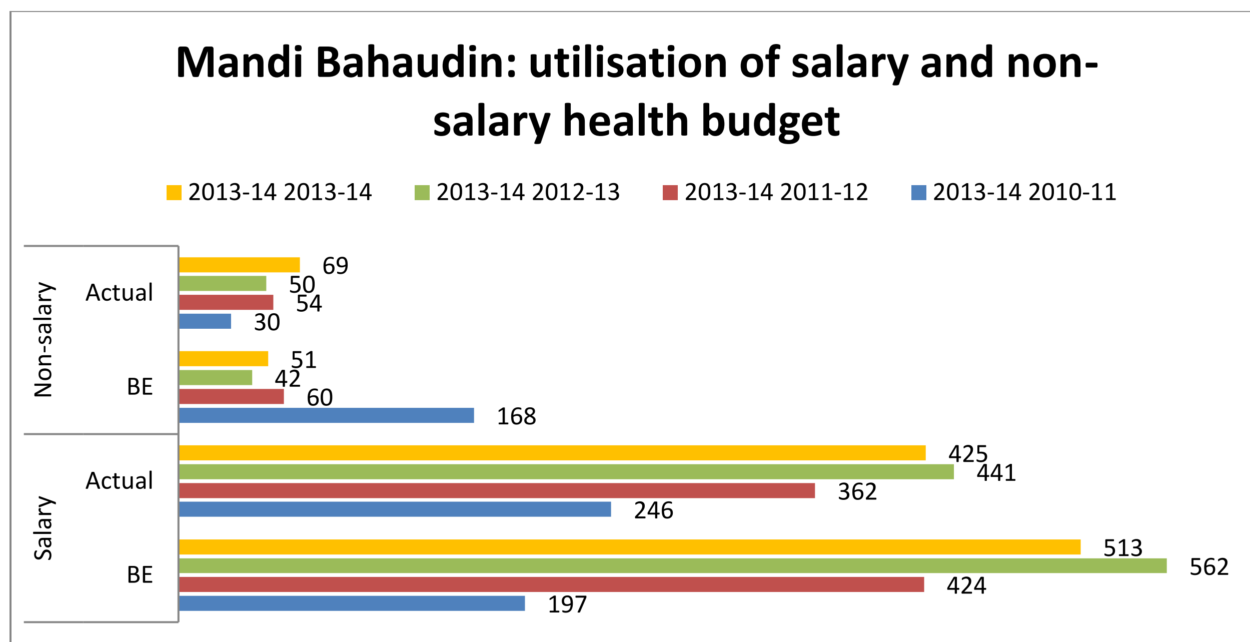
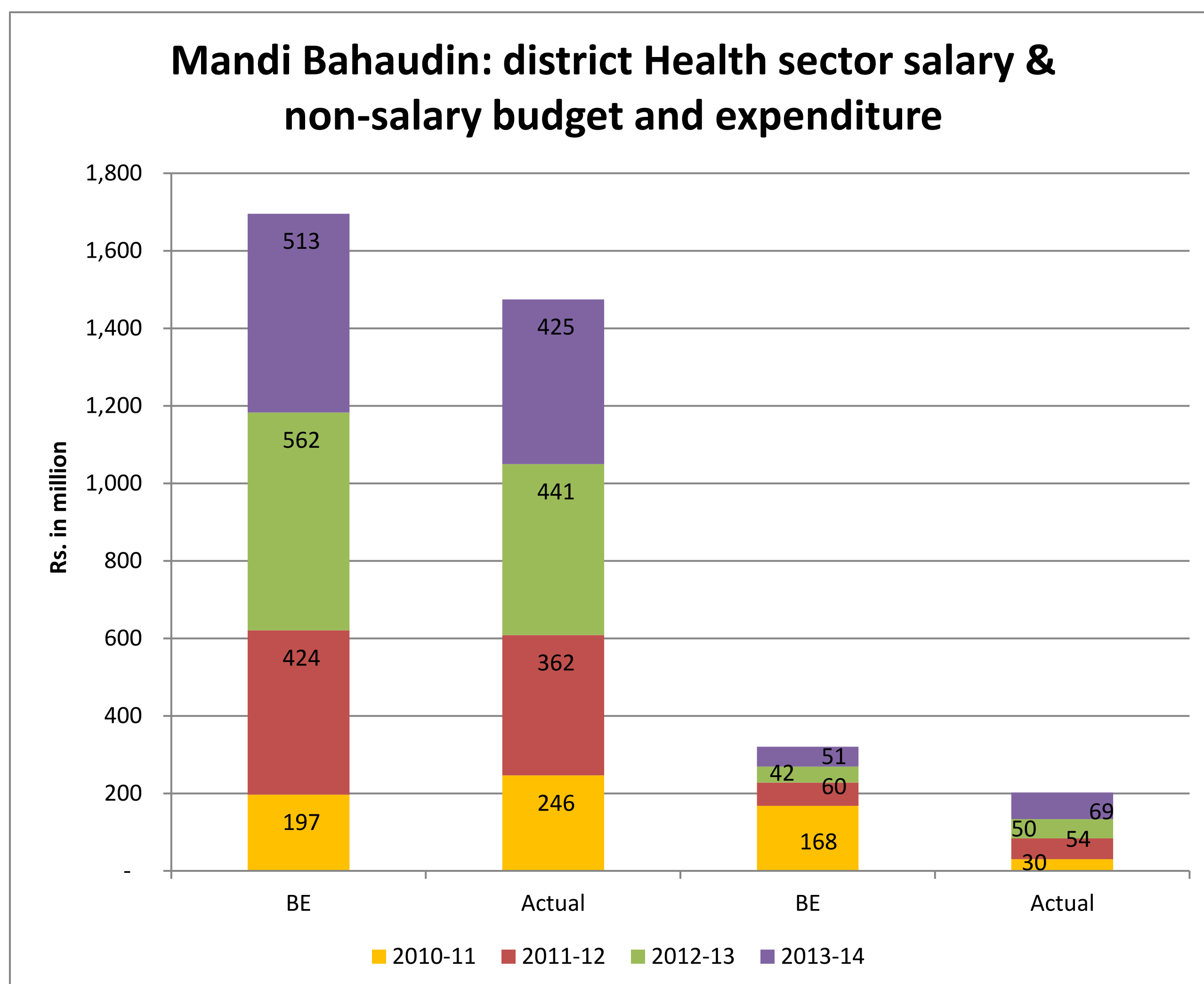


Figure 7: Share of health sector salary and non-salary BE, and actual expenditure



The above analysis clearly shows that, generally, the district government has been allocating inadequate non-salary budget for the health sector, ignoring the general standard of the non-salary budget (around 30% of the salary budget as in other districts). However, utilisation of the non-salary budget has been quite volatile as actual expenditure exceeded the allocation except for FY 2010/11 & 2011/12, which reflects that the district government ignored the needs of the sector while formulating the budget estimates for FY 2012/13 to 2013/14.

The analysis of budget and actual expenditure of BHUs (table 7 below) of the district reveals that the district government allocated less non-salary funds to BHUs as compared to share of non-salary allocations in total budget of health institutions in the district. This trend is reflective of low priority given to BHUs, thus neglecting the essential primary healthcare as compared to secondary healthcare. There is need to allocate adequate funds for primary healthcare in the district, which would certainly reduce the burden on patients on secondary level health facilities.

Table 7: District Mandi Bahaudin- Share of salary & non-salary of BHUs in BE & AE and utilisation

Financial years	BE		AE		Total	
	Non-Salary	Salary	Non-Salary	Salary	BE	AE
2010-11	4,406,000	65,556,000	2,652,346	93,622,294	69,962,000	96,274,640
2011-12	7,161,000	136,262,000	7,572,940	144,279,389	143,423,000	151,852,329
2012-13	3,502,000	302,499,000	3,841,587	176,767,500	306,001,000	180,609,087
203-14	4,195,000	210,429,000	7,176,360	155,413,475	214,624,000	162,589,835
Percentage shares						
2010-11	6%	68%	3%	97%		
2011-12	5%	90%	5%	95%		
2012-13	1%	167%	2%	98%		
203-14	2%	129%	4%	96%		
Utilisation						
2010-11			60%	143%		
2011-12			106%	106%		
2012-13			110%	58%		
203-14			171%	74%		

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

The non-salary budget primarily comprises operating expenses and repair & maintenance costs. The operating budget includes the budget for drugs and medicines. Table 8 below summarises the item-wise total health budget allocated for BHUs during the period. The Mandi Bahaudin is a non-PRSP district, therefore, the primary health facilities are managed by the district government through the District Officer (Health) and accordingly the budget for non-salary items, including medicines, is released in normal mode to the District Officer (Health) [Drawing & Disbursing Officer (DDO)] for procurement of medicine / and providing other non-salary items etc. by making expenditure in prescribed manner. Table 8 below also shows the utilisation of non-salary funds placed at his disposal. The excess expenditure vis-à-vis budget allocations for non-salary funds have been reported in the accounts FY 2011/12 to 2013/14, which clearly reflects under-budgeting by the district government.

It also appears that there is no criterion 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 8: District Mandi Bahaudin - Non-salary budget and expenditure of BHUs

	2010/11		2011/12		2012/13		2013/14	
Significant heads	**BE**	**Actual**	**BE**	**Actual**	**BE**	**Actual**	**BE**	**Actual**
Operating expenses	3.656	2.602	5.901	6.338	3.110	3.611	4.145	7.071
Encashment of Leave Salary	-	-	-	-	-	-	-	0.062
Financial Assistance on in-service death	0.500	-	0.400	1.100	-	-	-	-
Repairs & maintenance	0.250	0.050	0.150	0.039	0.050	0.050	0.050	0.043
Total non-salary	**4.406**	**2.652**	**6.451**	**7.477**	**3.160**	**3.661**	**4.195**	**7.176**
Percentage utilization	-	60%	-	116%	-	116%	-	171%

(Rs. in million)

2.10 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 healthcare services, especially BHUs.

2.11 BHUs with budget and actual expenditure

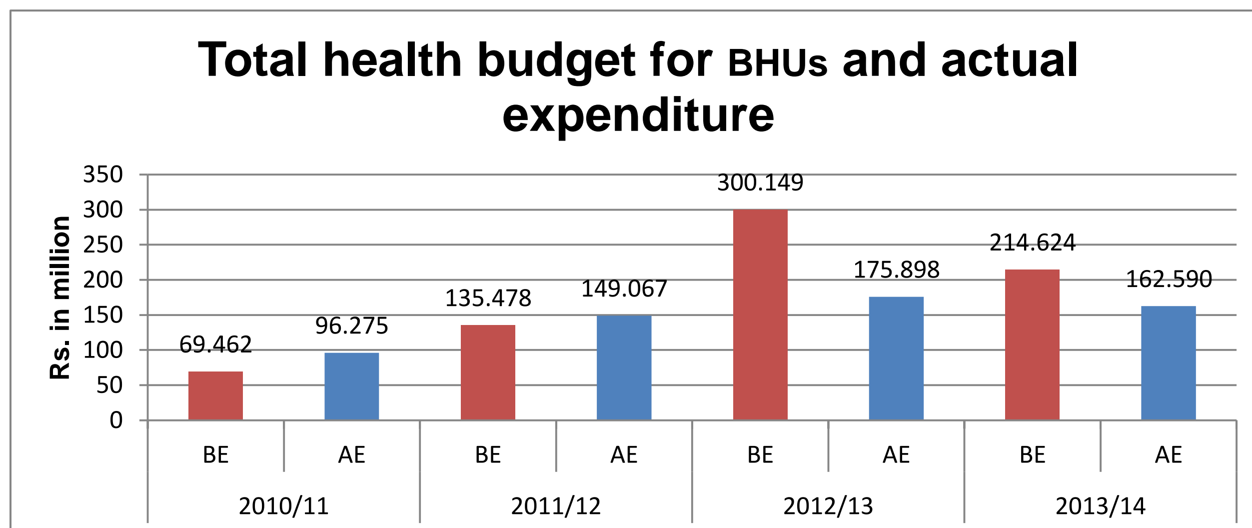
There are 50 BHUs functioning in Mandi Bahaudin district. The administrative and budgetary matters of BHUs are managed by the District Government through District Officer (Health) (DO (H)). The budget estimates are prepared for these BHUs collectively at the district level by the DO (H) and on approval of the budget estimates the funds are placed at his disposal by the district government. Table 9 below examines the budget allocated and actual expenditure for BHUs during the period being analysed, the trend has been reflected in graph-8.

Table 9: Mandi Bahaudin - Overall budget and actual expenditure for BHUs

	2010/11		2011/12		2012/13		2013/14	
	BE	**Actual**	**BE**	**Actual**	**BE**	**Actual**	**BE**	**Actual**
BHU [DO (H) Mandi Bahaudin]	69.462	96.275	135.478	149.067	300.149	175.898	214.624	162.590
Utilisation		139%		110%		59%		76%

(Rs. in million)

Figure 8: District Mandi Bahaudin - Overall budget and expenditure trends of BHUs



The variation between budget estimates 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 few years. The BHUs are responsible for providing the most important preventive and curative facilities at the grassroots levels, therefore, it is important that

budgeting and planning is improved at BHU level through the use of evidence and needs based data.

2.12 Major budget and expenditure components at BHU level

Table-10 below shows that BHU budget and actual expenditure mainly consists of overwhelming share of employee-related expenses, with meagre allocations for operating expenses and repairs and maintenance costs.

Table 10: Mandi Bahaudin – Major object-wise budget and actual expenditure for BHUs

Years	2010/11		2011/12		2012/13		2013/14	
Category	BE	AE	BE	AE	BE	AE	BE	AE
Employees related expenses	65.556	93.622	129.027	141.590	296.989	172.237	210.429	155.414
Operating expenditure	3.656	2.603	5.901	6.338	3.110	3.611	4.145	7.071
Grants	0.500	-	0.400	1.100	-	-	-	-
Repair & Maintenance	0.250	0.050	0.150	0.039	0.050	0.050	0.050	0.043

(Rs. in million)

The data from above table also reveals that the budget estimates for operating expenses and repair & maintenance are not being allocated on the basis of any assessment or considering the needs, and even if allocated, the amounts are too meagre as compared to the needs and have no impact especially on repairs etc. Due to in-adequate funding, the equipment available at BHUs cannot be maintained at operational level; resultantly the service delivery is adversely affected. The table-11 below reflects the allocation of funds against detailed object level for BHUs as well as actual expenditure there against.

Table 11: Mandi Bahaudin – Detailed object-wise non-salary budget and actual expenditure for BHUs

Years	2010/11		2011/12		2012/13		2013/14	
Detailed object	BE	AE	BE	AE	BE	AE	BE	AE
Postage and telegraph	0.040	-	-	-	-	-	-	-
Telephone and trunk call	0.120	0.1114	0.112	0.133	0.150	0.065	0.080	0.017
Electricity	0.400	0.3472	0.348	0.405	0.500	0.656	0.700	0.446
Travelling allowance	0.100	-	-	0.053	-	-	-	-
Transportation of goods	0.050	0.0452	0.046	0.019	0.025	-	0.025	-
Stationery	0.250	0.2469	0.247	0.246	0.245	0.145	0.150	0.143
Printing and publication	0.050	0.0475	0.048	-	0.010	0.010	0.010	0.110
Advertising and publicity	0.140	0.157	0.164	0.137	0.144	0.078	-	-
Purchase of drug and medicines	2.000	1.6251	4.500	5.136	2.000	2.506	3.000	6.043
Cost of other stores	0.212	-	0.600	0.347	-	-	-	-
Others	0.434	0.1791	-	-	0.180	0.229	0.180	0.314
Repair of machinery and equipment	0.150	0.050	0.150	0.039	0.050	0.050	0.050	0.043
Repair of furniture and fixtures	0.100	-	-	-	-	-	-	-

(Rs. in million)

It is pertinent to mention that there are two types of essential expenditures which directly contribute to the service delivery at BHU level i.e.

i) allocation of needs based funds for providing medicines to the patients visiting the facility, and

ii) Provisioning for repair & maintenance of machinery & equipment, in order to keep the machinery & equipment operational.

Perusal of the above table reveals that funds allocated during the period were in-adequate as compared to the needs of BHUs in the district, which mostly resulted in over spending in case of allocations for medicine, whereas, the allocation for repair & maintenance of machinery, equipment and furniture was not made or if made was so meagre as compared to the number of BHUs, which was hardly sufficient for repair of only one item of a BHU. Thus there is strong appetite for allocation of needs based funds for procurement of medicines and repair & maintenance or the allocation of funds is linked with the performance of the BHUs.

2.13 Procurement of medicines for BHUs

The budget estimates and AE for procurement of medicines at BHUs are summarised in Table-12 below. The data reveals that option of under budgeting was adopted except for FY 2010-11. Over spending has been registered up to 201% during FY 2013/14. The spending pattern strongly suggest for needs / performance based allocation of funds for procurement of medicine for BHUs and repair and maintenance of equipment / buildings,

Table 12: District Mandi Bahaudin - Medicine BE and AE

Years	2010/11		2011/12		2012/13		2013/14	
Detailed object	BE	AE	BE	AE	BE	AE	BE	AE
Purchase of drug and medicines	2.000	1.6251	4.500	5.136	2.000	2.506	3.000	6.043
Utilisation (%)		81%		114%		125%		201%

(Rs. in million)

2.14 Per patient Financial cost at BHU

The analysis of unit cost for treating a patient at a BHU, as shown in Table -13 below, has been calculated using the numbers obtained from the district data for out-patients treated at the BHUs, and using the budget estimates and AE for BHUs during the last four years. The results of the analysis reveals that the per patient non-salary actual expenditure ranged between Rs.11 to Rs.30. The expenditure pattern is uneven as it fluctuated from Rs.11 to Rs.30 from FY 2010/11 to 2011/12 and the expenditure registered 50% reduction during FY 2012/13 and then

again jumped to Rs.29 during FY 2013/14. Per patient cost incurred by the District Government Mandi Bahaudin, as compared to neighbouring district, is considerably low as Hafizabad has been spending Rs.61 to Rs.145 as per patient cost. Extremely low level of expenditure cannot be treated as satisfactory, bearing in mind the actual needs as regards the provision of medicines, diagnostic facilities and funds for repair & maintenance of equipment / buildings etc. calls for more need-based allocations for improving primary health service delivery at BHUs.

Table 13: District Mandi Bahaudin – Per patient cost according to BE and AE

	FY 2010/11		FY 2011/12		FY 2012/13		FY 2013/14	
	BE	**AE**	**BE**	**AE**	**BE**	**AE**	**BE**	**AE**
Patient cost as per total budget for BHU	267	389	548	603	1213	711	868	669
Patient cost as per non-salary budget for BHU	18	11	26	30	13	15	17	29

(Amount in Rupees)

3 Major issues in primary healthcare (BHUs) in Mandi Bahaudin district

In the light of the findings of the examination of the budgetary data for the last four years, the following major issues as regards primary health service delivery have been identified, having a direct linkage with annual budget allocations:

- Inadequate allocation of funds for medicines / supplies / lab investigations;
- No allocations for purchase of missing facilities (such as equipment for diagnosis / testing) at BHUs;
- lack of resource provision for vaccination;
- Underutilisation of BHUs – posting of unskilled attendants.

To address these issues, the following recommendations have been made, including as regards budgetary proposals.

4 Recommendations for non-salary budget allocations to improve primary healthcare services in Mandi Bahaudin district

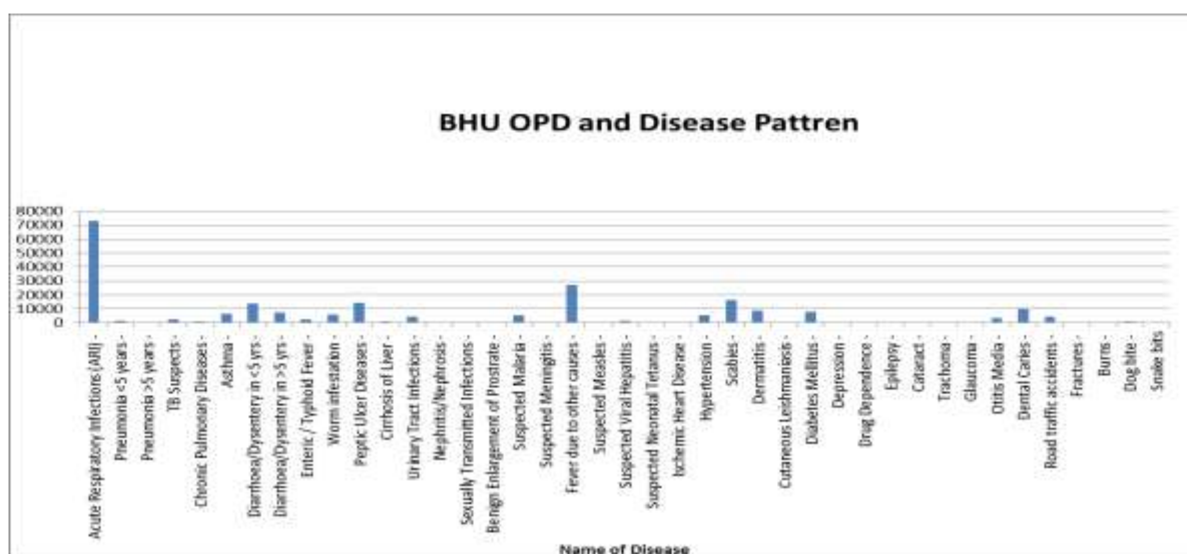
Detailed proposals, including medicines, supplies and lab investigations, are outlined in the following paragraphs.

4.1 Medicines, supplies and lab investigations

Considering the major finding of the needs assessment carried out in the neighbouring district Hafizabad and supposing that the same situation would be prevailing in all districts i.e. non-availability of required medicines, supplies and diagnostic facilities at BHUs vis-à-vis the EPHS recommendations (which among other things, prescribes the minimum equipment for a BHU). Moreover, the Punjab Government has also prescribed a minimum funding level for a BHU, which is Rs.3,30,000 per BHU per year.

While carrying out analysis to look at the patient load and disease pattern at the BHU level in the district, it clearly revealed the acute respiratory infection (ARI) patients in the district are almost 50% of the total patients. The graph below also shows the number of patients attending out-patient department (OPD) facilities, and the disease pattern, in the district. It is evident from the graph that a large number of ARI patients visited the BHUs in the district.

Figure 9: Disease pattern and OPD at BHUs in Mandi Bahaudin



This is indicative of the fact that while procuring and distributing medicines at various BHUs in the district, data on the burden of disease in the district is not used, despite the fact that this data has been collected by the Director General Health, Punjab from each BHU. As a result, the budgetary allocations for the procurement of medicines are not backed up by any hard data and are not well-targeted.

In order to address these issues, it is imperative that adequate funds are allocated and released to DO (H), to enable him to timely procure and supply medicine at primary healthcare facilities, keeping in view the burden of disease.

To align budgetary allocations with the burden of disease, and to ensure that essential supplies and basic diagnostic facilities are available at the primary health care 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 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 stock[2]. Table 14 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 14: District Mandi Bahaudin - Proposed allocation per BHU for medicines /supplies /lab investigations

Total patient load per BHU	Weighted average per patient cost	Multiple for buffer stock	Medicines, supplies and lab investigations cost per BHU
247,361	62		**15,336,382**
4,947	62		**306,728**
	Including buffer stock (1.25)		

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

- Calculation of a multiple of per unit service cost for a service × 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%.

247,361	62	1.25	**19,170,478**
4,947	62	1.25	**383,393**

(Rs.)

The above table clearly indicates that Rs.19.170 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. 306,728/-. During FY 2015/16 Rs.19.170 million would be 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. The proposed amount will be part of Provincial Government's minimum amount fixed for a BHU, which works out (after including cost for buffer stock as Rs.20.625 million for whole district.

Source of funding (internal)

The budget analysis of health sector institutions carried out by SNG Punjab in respect of Mandi Bahaudin district indicated certain areas where the utilisation rate of the budget remained comparatively low. Therefore, the above recommended allocation can be financed from areas where the budget utilisation has historically been low. Furthermore, the budget allocated to THQ and RHCs was analysed, and it revealed that there were savings in the salary component (see Table 15). This over-allocation can easily be diverted to fund medicines, supplies and lab investigations for BHUs.

Table 15: District Mandi Bahaudin - Budget and expenditure trends of salary component of THQ and RHCs

Years	2010/11		2011/12		2012/13		2013/14	
Major component	BE	Actual	BE	Actual	BE	Actual	BE	Actual
RHC salary	53.873	61.241	122.074	98.860	109.754	114.374	125.381	110.211
THQ salary	14.531	21.334	43.570	34.179	33.507	34.481	37.241	33.869

(Rs. in million)

4.2 Missing equipment

The needs assessment carried out in adjoining district Hafizabad 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 carried out.

Table 16 shows the standard equipment cost at each facility (BHU) (detail of calculation at Annex-1). The equipment maintenance cost has also been calculated in this table, using 10% depreciation of equipment per year.

Table 16: District Mandi Bahaudin - Standard cost of equipment and related maintenance and repairs for a BHU

Total cost of equipment per BHU	1,600,261
Equipment maintenance cost per BHU	16,000
Total cost of equipment for 50 BHUs, if all missing	8,0013,050
Equipment maintenance cost for all BHUs	80,0130

(Rupees)

It would, however, be better that the district government should carry out a survey for a comprehensive assessment of the missing equipment to estimate the funding requirement for provision of missing equipment in all BHUs in the district and to allocate funds for repair & maintenance on yearly basis to keep the equipment operational.

4.3 Source of funding (external)

The Provincial Government included in ADP 2014–15 an ADP scheme titled "Purchase of Missing Equipment and Hospital Furniture etc. for Primary and Secondary Care Hospitals in Punjab" at general serial number 719 with a total cost of Rs.650 million. Against this scheme, an allocation of Rs.350 million was made during FY 2014–5 and balance funds might be allocated during FY 2015-16. The district government may approach the provincial health department requesting it to provide the share of Mandi Bahaudin district under this scheme, enabling district government to provide / recoup missing equipment at BHUs in the district. It is further proposed that, in order to provide the missing equipment to BHUs, the district government may, in a phased manner, start allocating funds out of its own resources from FY 2015/16.

4.4 Medical camps

As pointed out above, the issue of access to health services was also examined through the Needs Assessment in Hafizabad and Bahawalnagar districts by using Geographic Information System-based analysis. That helped to identify a number of areas with poor access to health services. Considering that the similar situation might be prevalent in Mandi Bahaudin District, it is recommended that the district government may make special arrangements periodically to reach the communities facing the issue of access to health facility. If a more permanent arrangement cannot be made right away, it is recommended that district government may resort to the option of arranging periodical medical camps in underserved areas by utilising medicines and equipment, already available at BHUs, thus it would require minimal logistic support and cost of medicines and equipment. Accordingly it is proposed that an indicative allocation of Rs.1.0 million is proposed for allocation during FY 2015/16 for arranging medical camps in the underserved areas of the district.

4.5 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 programme. A review of the budget reveals that under the budget allocation of DO (H), Mandi Bahaudin (administration side) prima facie there is adequate allocation for provision of POL; however, apparently this budget allocation is not being disbursed as cost of POL to vaccinators. In order to ensure that POL is utilised for the specific purpose, it is proposed that a separate allocation be made in the budget for provision of POL to vaccinators and instead of cash payments, the petrol be issued to vaccinators through the use of fleet cards.

4.6 Training - District Health Development Centre (DHDC)

One of the main reasons for under-utilisation of BHUs is lack of qualified staff at these facilities. Offices of DHDCs have been established by the government in most of districts, with a mandate to conduct training for health sector employees. However, a DHDC has not been established in Mandi Bahaudin district. Office of DHDC therefore needs to be established, by developing a training schedule and robust monitoring mechanism to assess its performance. Meanwhile, Mandi Bahaudin district can also take advantage of an adjoining DHDC. Nevertheless, it is proposed that non-salary allocation for meeting expenditure for payment to guest speakers and entertainment charges during training session 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 Mandi Bahaudin district.

Annex 1: Equipment cost calculation

Item	Useful life	Cost (Rs.)	Quantity	Total cost (Rs.)
			BHU	BHU
Adult stethoscope	3	550	1	550
Adult weighing scale	3	1,000	1	1,000
Ambu bag (child, adult, infant)	5	3,500	8	28,000
Forceps (eight inches, curved, straight, six inches, non-toothed, artery, chelate, dissecting, green armtage, Kocher, McGill, obstetric, outlet, sponge holder, tissue plain, toothed and 8 inches, valselum)	5	150	20	3,000
Autoclaves	8	15,000	1	15,000
Baby weighing scale	5	3,500	1	3,500
Bedpans	5	500	1	500
Bench fibre glass	5	2,500	2	5,000
Binocular microscope	8	80,000	1	80,000
Blood grouping viewing box	5	3,000	1	3,000
BP apparatus (mercury)	3	1,500	3	4,500
Breast pumps	5	2,000	1	2,000
Centrifuge machine	8	100,000	1	100,000
Chair for health worker	5	1,000	1	1,000
Chairs for caretakers	5	500	2	1,000
Cold box refrigerator for EPI	5	17,000	1	17,000
Computer with accessories, including internet access	5	75,000	1	75,000
Couscous specula (small, medium, large, each category)	5	400	2	800
DLC counter	8	2,000	1	2,000
Dressing drum	5	500	1	500
Dressing scissors	5	100	1	100
Dressing trays	5	400	1	400

ENT diagnostic set	7	2,500	1	2,500
Episiotomy scissors	5	300	2	600
Examination couch	10	100,000	2	200,000
Foetal stethoscope	5	500	2	1,000
Gas burner	5	11	1	11
Gas stove/ cylinder	5	500	1	500
Glucometer	5	4,000	1	4,000
Haemocytometer	10	4,000	1	4,000
Haematology analyser	10	450,000	1	450,000
Ice box	7	7,000	1	7,000
Ice packs	7	100	10	1,000
ILR/deep freezer	10	45,000	1	45,000
IUD insertion kit	7	1,500	1	1,500
IV stand	5	450	2	900
Kidney tray – large size	5	200	2	400
Labour /delivery table with washable plastic cover	10	10,000	1	10,000
Nebuliser	5	5,000	2	10,000
Needle holder (simple, forceps, holder, etc.)	5	100	4	400
Normal delivery set	7	10,000	2	20,000
Office chairs	8	3,000	4	12,000
Office rack wooden	8	1,500	4	6,000
Office table with three drawers	8	2,000	4	8,000
Oxygen cylinder (all types)	5	20,000	1	20,000
Patella hammer	5	400	2	800
Patient’s stool	5	1,000	3	3,000
Pedal suction machine – manual	7	20,000	1	20,000
Pinard fetoscope	5	100	2	200
Pressure cooker	7	4,000	1	4,000
Pressure cooker autoclaves	7	20,000	1	20,000

Refrigerator	10	40,000	1	40,000
Revolving stool	5	600	2	1,200
Room thermometer	5	1,000	1	1,000
Sahli haemoglobinometer	5	1,000	1	1,000
Scalpel	5	100	2	200
Scissors (simple, straight)	5	100	4	400
Screen four fold	5	3,000	2	6,000
Shadow-less lamps	8	38,000	1	38,000
Sim's vaginal speculum – single and double-ended (small, medium and large)	5	300	2	600
Sims speculum double blade	5	300	2	600
Sims speculum single blade	5	300	2	600
Standard surgical set (for minor procedures like episiotomy stitching)	7	8,000	2	16,000
Steel almirah	9	6,000	6	36,000
Steriliser	9	100,000	1	100,000
Stethoscope	5	550	2	1,100
Stretcher	9	10,000	1	10,000
Table	7	5,000	2	10,000
Table lamp	5	500	1	500
Timing device/watch with second hand	3	1,000	2	2,000
Tourniquet	3	1,000	2	2,000
Tuning fork	5	100	2	200
Vaccine carrier	5	1,600	2	3,200
Vacuum extractor pump	8	65,000	2	130,000
Water bath	5	2,000	1	2,000
Weighing scale, spring	5	1,000	1	1,000
Total				**1,600,261**