sng
Sub-National Governance Programme

Budget Analysis and Proposals for Sahiwal

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 Sahiwal.

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.

This report is produced by Oxford Policy Management in collaboration with Coffey International Development and Abacus Consulting. For further information contact admin@opml.co.uk. The project manager is [...] The remaining team members are [...] For further information contact [...] [email address]

The contact point for the client is [name and e-mail address]. The client reference number for the project is [insert if applicable].

Executive Summary

Sahiwal 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, Sahiwal. 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.

Table of Contents

List of Tables

List of Figures

List of Abbreviations

AE	Actual expenditure
ARI	Acute respiratory infection
BE	Budget estimates
BHU	Basic Health Unit
DHDC	District Health Development Centre
DHIS	District Health Information System
MHC	Maternity Health Centers
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
PRSP	Punjab Rural Support Programme

1 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 Sahiwal for FY 2015-16, for improved service delivery at primary healthcare. A detailed analysis of budget and expenditure trends of the district government, Sahiwal 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.

2 Punjab Rural Support Programme (PRSP model)

This report has been divided into two sections: the first section discusses the budget trends for district government, Sahiwal 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.

3 Analysis of budget trends

Budget and expenditures are means through which public policies are translated into tangible and targeted development actions. Government decisions about how to allocate and spend financial resources have the direct impact on the well-being of citizens. However, the disparities in allocations of public funds pose tremendous challenge the efficiency and effectiveness of development interventions and targeting the poor. The Government has recently faced immense pressure to increase the funding for the social sector including health. Therefore, analysing public spending on social sectors especially on health is increasingly becoming top priority of the government.

The focus of this analysis was primary health care delivered through BHUs, which are managed by PRSP at the district.

SNG carries out a budget analysis exercise, primarily focusing on health sector budget allocations and actual expenditures incurred in Sahiwal during the last four years (i.e. FY 2011/12, 2012/13, 2013/14 and budget estimates for 2014/15).

3.1 Methodology

Data Collection: The analysis is based on budget documents, outpatient data, and disease patterns of the district. All the relevant documents are obtained from the district government. The budgetary data obtained from the civil accounts.

Data Cleaning: Before using data for analysis, data was checked for consistency including other validity checks; issues detected were referred back to the relevant department.

Departmental Visits: SNG team kept close laison with the district officials for all the primary data required for the analysis.

3.2 Note to the Readers

The budget and expenditure analysis in the following sections does not provide commentary on the following:

- Budgetary processes and flows, basis of budgeting and budget priorities used for formulating budget estimates and their revision

- Causes and reasons for low budget execution (spending)
- The qualitative impact and aspects of expenditure
- Budget formulation and budget execution procedures and institutions

2.3 District Sahiwal Budget

The district non-development budget was Rs. 5.566 Bn in FY 2011/2012. This increased to Rs. 6.688 Bn in FY 2014/15. The non-development expenditure was Rs. 4.581 bn in FY 2010/11. This increased to Rs. 5.512 Bn in FY 2013/14. Utilisation of the budget remained above 80% during last three years.

Table 1: District total non-development budget and expenditure

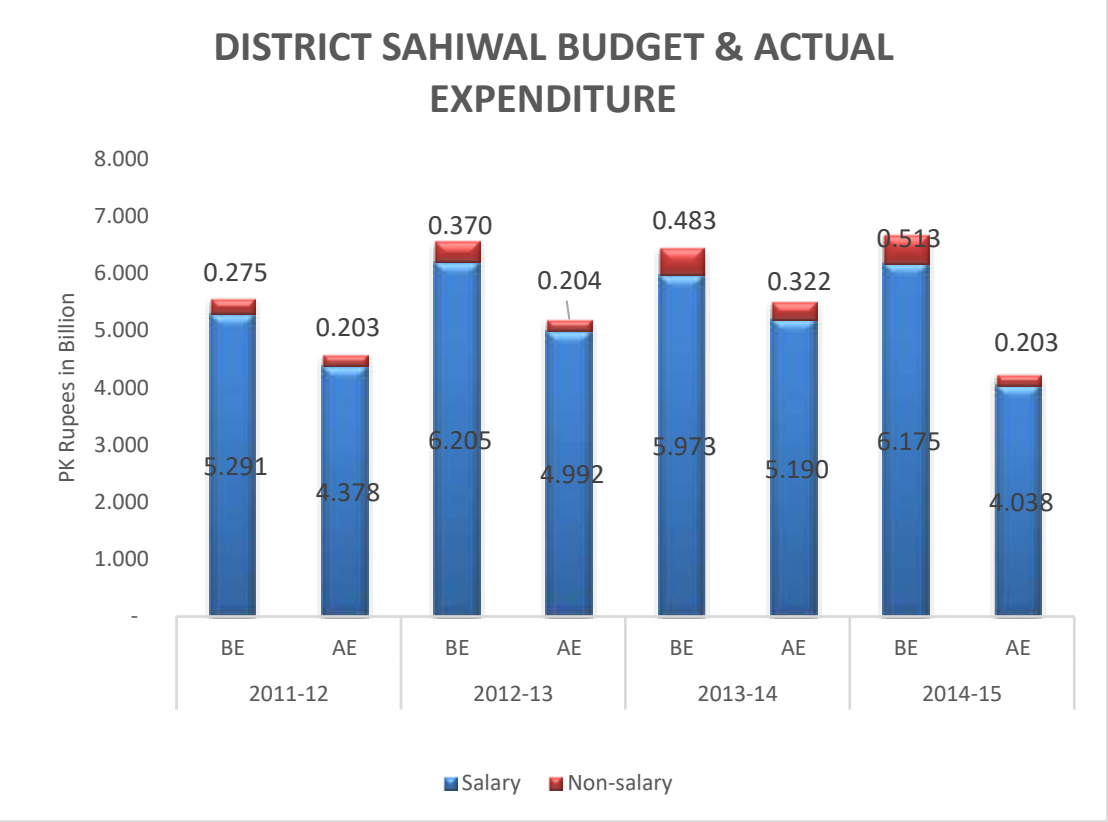
Sahiwal District Budget

Rs. In Billion

Year	Salary		Non-salary		Utilization %	
	BE	Actual	BE	Actual	Salary	Non-salary
2011/12	5.291	4.378	0.275	0.203	82.7	73
2012/13	6.205	4.992	0.37	0.204	80	55
2013/14	5.973	5.19	0.483	0.322	86.8	66
2014/15*	6.175	4.038	0.513	0.203	65.3	39

The overall budget increased in FY 2012-13 by 18% whereas it marginally decreased by 2% in FY 2013-14 and increased by 4% in the FY 2014-15. Major component of the budget is employee related expenses, which is above 90% throughout the analysis period. Salary utilization is above 80% throughout the analysis period whereas non-salary portion which comprises of operating expenses, repair and maintenance and purchase of drugs and medicines remained approximately 30% unutilized.

Figure 1: Sahiwal Budget and Actual Expenditure FY 2011-15



2.4 District Sahiwal Health Budget

The health sector at the district level mainly relates to primary and secondary health service delivery, i.e. BHUs, MHCs, rural dispensaries, RHCs, and Tensile Headquarters (THQ) and District Headquarters hospitals. Operations of BHUs at district level is managed by PRSP.

The aggregate health allocation for the FY 2014 -15 is Rs. 0.688 Bn against budget allocation of Rs. 0.779 Bn in the FY 201314 showing a decrease of 12% YoY. The health budget shows a consistent decrease over the analysis period. The major reason for this decrease is two fund centres (MS DHQ Hospital Sahiwal and MS Haji Abdul Quyym Hospital Sahiwal) attached with Medical College Sahiwal during the FY 2012-13 and funded by the provincial government budget. The budget of these two fund centres for the FY 2011-12 is Rs. 419 M. The major component of the health budget is salary and it comprises of 85% approximately throughout the analysis period. Budget utilization over the analysis period is inconsistent and shows only above 70% utilised in FY 2011-12 and FY 2012-13 whereas only 37% utilized in the FY 2012-13.

Table 2: District Sahiwal Health non-development budget and expenditure

Sahiwal Health District Budget

Rs. In Billion

Year		Salary	Non-salary	Total	Non-salary - breakup
2011-12	BE	0.885	0.128	1.014	0.128
	AE	0.616	0.119	0.735	0.119
2012-13	BE	0.792	0.13	0.923	0.13
	AE	0.337	0.024	0.361	0.024
2013-14	BE	0.613	0.166	0.779	0.166
	AE	0.457	0.136	0.593	0.136
2014-15	BE	0.576	0.112	0.688	0.112
	AE	0.3292	0.093	0.422	0.093

Figure 2: Sahiwal Health Budget and Actual Expenditure FY 2011-15

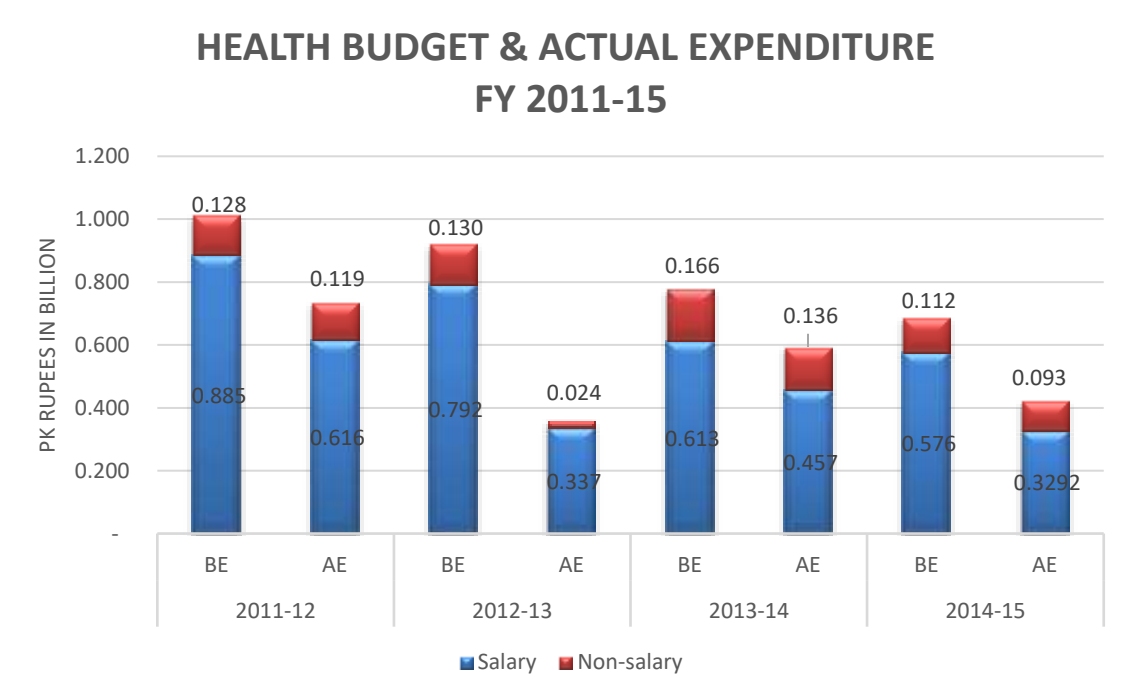
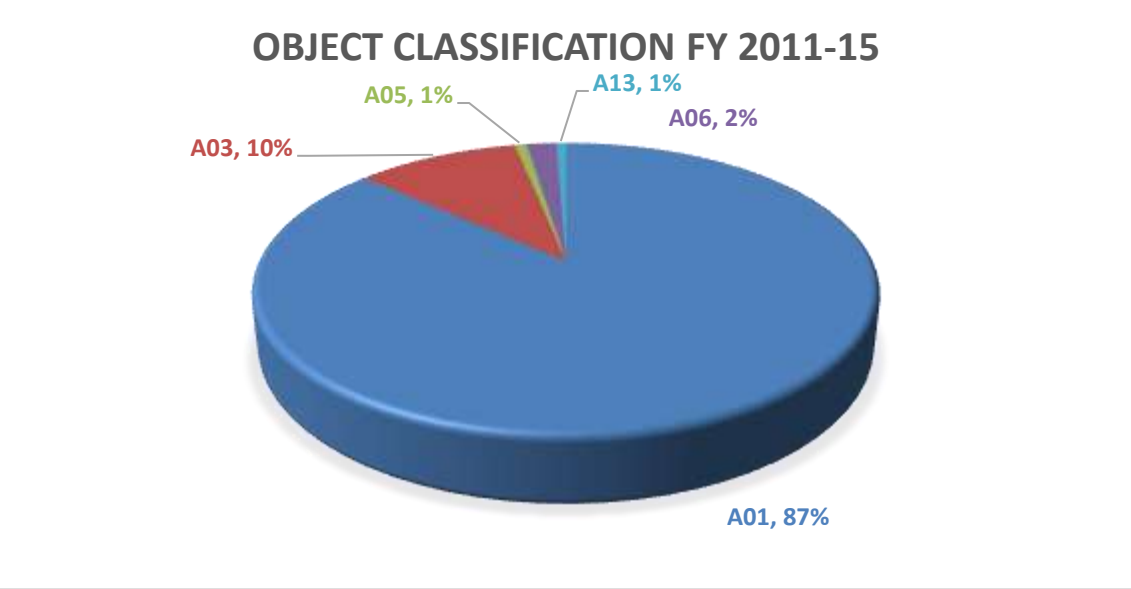


Figure 2 shows that health budget utilization is low when compared with the utilization of overall district budget utilization. This figure also compares the salary and non-salary ratio over the analysis period.

Figure 3: Object Classification FY 2011-15

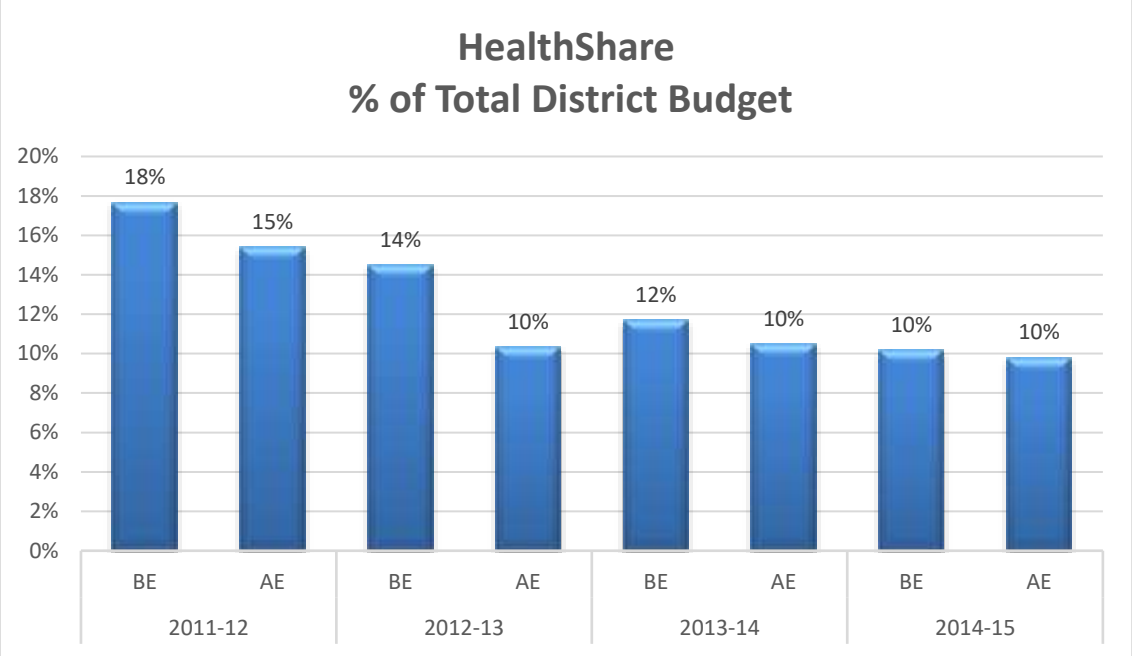


The pie chart in Fig 3 shows that 87% spent on salaries of employees whereas less than 1% is budgeted for repair and maintenance of equipment and 10% for operating expenses that also includes Purchase of Drugs and medicines, which is a major component of Health budget.

2.4.1 Health Share in District Budget

The health budget share in district budget decreases over the analysis period and starting from 18% in FY 2011-12 to 10% in FY 2014-15. Actual utilization shows the same trend which can be seen in Figure 4.

Figure 4: Percentage of Health Share in District Budget



2.4.2 Category wise Budget Allocation FY 2011-15

In order to make policy level decisions, it is important to analyse budget information's by "purpose of spending" herein referred to as category of spending.

As this information is not readily available from PIFRA system, a comprehensive mapping was done in which each spending unit was mapped against the following five categories:

I. Primary and Preventative health care

II. Secondary Health Care

III. Medical Education and Training

IV. Administration

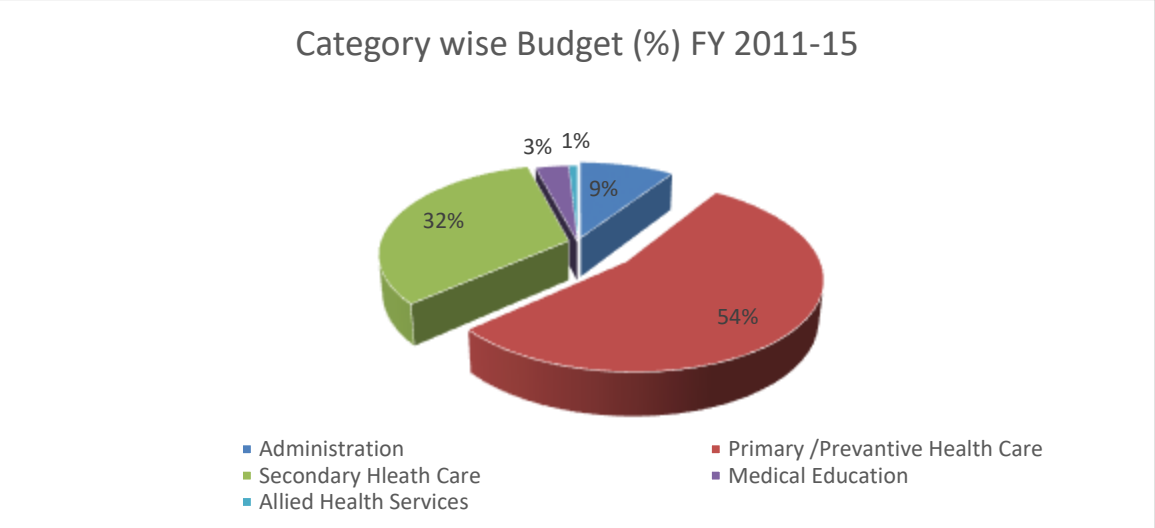
V. Allied Health Facilities

The BHU's, RHC's and dispensaries are clubbed under 'Primary and Preventive Health Care', DHQ & THQ are clubbed under 'Secondary Health Care', all medical colleges nursing and paramedics are clubbed under 'Medical Education'.

Table 3: Health Category wise budget FY 2011-15

Details	2011-12	2012-13	2013-14	2014-15
	Budget Estimates			
Administration	0.077	0.067	0.086	0.087
Primary /Preventive Health Care	0.426	0.421	0.549	0.453
Secondary Health Care	0.473	0.396	0.113	0.116
Medical Education	0.032	0.031	0.024	0.024
Allied Health Services	0.007	0.007	0.008	0.008
Grand Total	**1.0137**	**0.9227**	**0.7792**	**0.6878**

Figure 5: Category wise Budget (%) FY 2011-15



The district health budget clearly indicates that major portion of the budget is for primary & preventive health care.

2.4.3 Primary and Preventive Health Care FY 2011-15

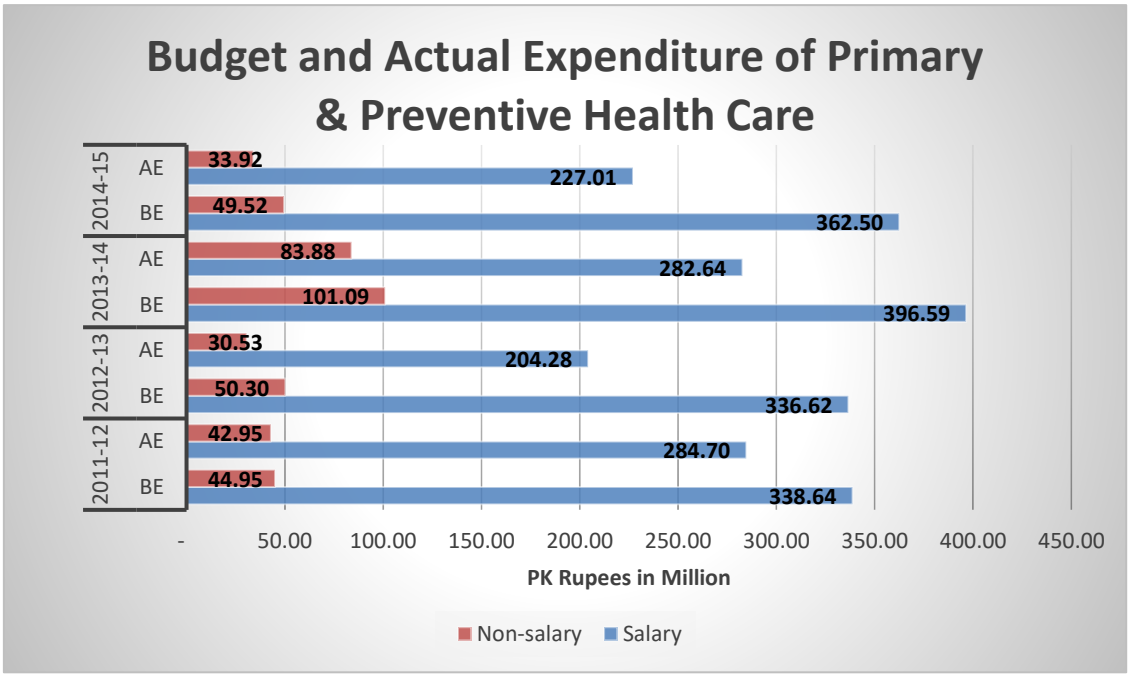
Table 3 summarises the level of primary health care funding in the district. It includes all RHC's and BHU's. Allocation for primary health care services was 38%, 42%, 64%, and 60% of the total health budget in the district in FY 2011/12, FY 2012/13, FY2013/14 and FY 2014/15, respectively. The AE on primary health care was 45%, 65%, 62% and 62% during these years. Utilisation of this budget was 85%, 61%, 74%, and 63% during these years. Again there seems to be little predictability as regards the utilisation of the funds allocated for primary health care.

Table 4: District Sahiwal Health Primary and Preventive Health Care Budget

Sahiwal Health District - Primary and Preventive Health Care Budget
Rs. In Million

Details		Salary	Non-salary	Total
2011-12	BE	338.64	44.95	**383.59**
	AE	284.7	42.95	**327.65**
2012-13	BE	336.62	50.3	**386.92**
	AE	204.28	30.53	**234.81**
2013-14	BE	396.59	101.09	**497.68**
	AE	282.64	83.88	**366.53**
2014-15	BE	362.5	49.52	**412.02**
	AE	227.01	33.92	**260.93**

Figure 6: Primary and Preventive Health Care Budget and Actual Expenditure



2.4.4 Budget Allocation for non-salary budget –Medicines

The non-salary budget primarily comprises operating expenses and repair and maintenance costs. The operating budget mainly includes the budget for drugs and medicines. In district, Sahiwal the budget for the Purchase of Drugs and Medicines was not recorded under the proper object classification of A03927 rather given the wrong classification of Others A3970. Table 5 below shows the budget allocation and AE for A03970 which mainly comprises of Purchase of Drugs, Medicines, and their utilization also. Table 5 also shows the utilisation of the medicine budget

Table 5: Budget and Actual Expenditure of Drugs and Medicines

Details	2011-12		2012-13		2013-14		2014-15	
	B.E	A.E	B.E	A.E	B.E	A.E	B.E	A.E
A03970 - OTHERS	42.45	40.69	62.29	33.34	54.29	30.83	52.54	7.16

Rs. In Million

2.4.5 BHU Budget Allocation and Actual Expenditure

There are 75 BHUs operating in Sahiwal district. These BHUs are under the administrative and financial control of Punjab Rural Support Programme (PRSP). Therefore, budgeting for these BHUs prepared at the district level by PRSP. It happened in FY 2013/14 and FY 2014/15 the salary budget was given to PRSP.

Table 6: Budget and Actual Expenditure of 75 BHUs

Rs. In Million

SL6427 - D H O SAHIWAL (BHUs Sahiwal)	B.E	A.E	B.E	A.E	BE	AE	BE	AE
	2011-12	2011-12	2012-13	2012-13	2013-14	2013-14	2014-15	2014-15
A01- EMPLOYEES RELATED EXPENSES.	206.13	171.5	221.44	190.84	214.01	146.8	189.04	85.71
A03- OPERATING EXPENSES	15.82	15.78	16.48	16.47	18.27	5.98	23.38	-
A05-GRANTS SUBSIDIES AND WRITE OFF LOANS	17.81	17.81	1.16	1.06	0.5	0.5	-	-
A06- Transfer	-	-	-	-	56.01	62.73	-	63.15

payment								
A13-REPAIRS AND MAINTENANCE	1.18	1.08	-	-	1.28	0.42	1.3	-
Grand Total	**240.94**	**206.17**	**239.09**	**208.38**	**290.06**	**216.43**	**213.72**	**148.85**

Table 6 summarises the budgetary allocations and AE for BHUs during the period. The utilisation ratio was volatile ranged between 87% – 70 %. The Y-o-Y budget % was also volatile as shown in table 6.

Table 7: Purchase of Drugs and Medicines for BHUs

Year		Purchase of Drugs and Medicines	Per-Patient Cost –in Pak Rupees
2011-12	B.E	11.11	
	A.E	11.11	
2012-13	B.E	11.52	13
	A.E	11.51	
2013-14	B.E	13.01	13
	A.E	4.26	
2014-15	B.E	18.23	16.29
	A.E	-	

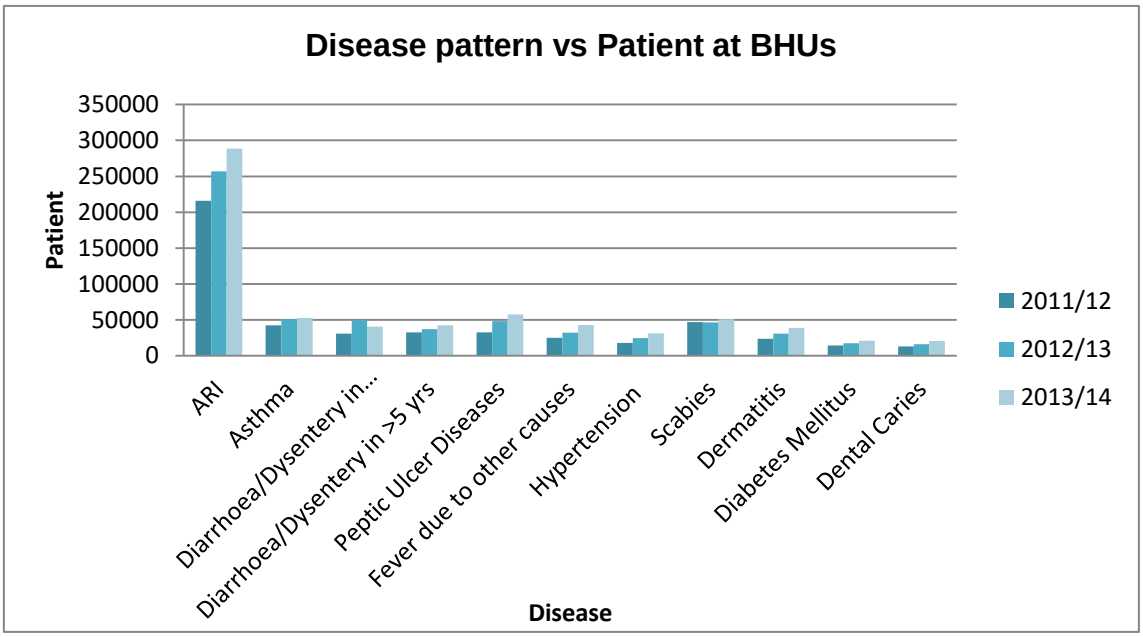
Rs. In Million

The budget for purchase of Drug s and Medicines shows major increase of 40% in FY 2014-15 as compared with FY 2013-14. The budget utilization remains 100% in the first two years of the analysis period whereas in the FY 2013-14 it was only 33% and in FY 2014-15 up-till 30th March no expense has been incurred on purchase of drugs and medicines.

3.2.6 Disease Pattern

As shown in Figure 7. The chart shows the patient load at BHUs against 11 major diseases. The chart shows that ARI patient were more in past three years, who were visited BHUs for health care

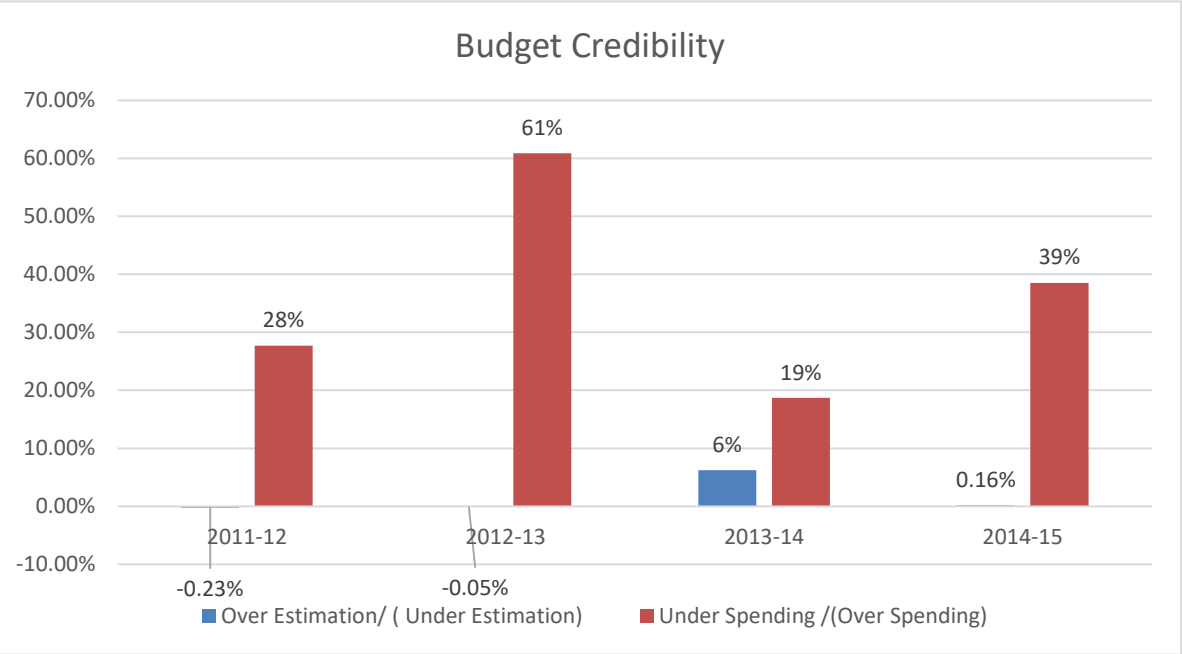
Table 8: Disease Pattern and Patients at BHUs



4 Budget Credibility Exercise

In budget credibility, exercise the budget planned is compared with revised estimates and then revised estimates were compared with the actual expenditures each year. By comparing revised estimates with budget estimates, it is determined whether budget is over estimated or under estimated and by comparing revised estimates with actual expenditures it is determined whether budget is over spend or under spend.

Figure 7: Budget Credibility



The budget credibility exercise shows budget was overestimated, so was revised and still underspent during the analysis period.

5 Key Findings and Budget proposal

1. Trend of expenditure reflects that the budgetary allocations are not being made on the basis of some evidence/criteria
2. Over all Non-Salary budget was very low at BHUs
3. Drugs and Medicine budget was very low at BHUs
4. No criteria to determine quantity of medicines/Linkages with disease pattern at all levels
5. No yard stick for equipment's to be made available at BHUs Level
6. Maintenance of office/BHUs etc. were not taken care off
7. POL Budget is not being allocated as per entitlement/administrative needs
8. No inventory register is being maintained at district level
9. Maternity health centres non-salary budget was very low, which were included in Primary health care services
10. Serious capacity issues has been observed especially with the officials responsible for budget preparation and scrutiny
11. Apparently, the concerned officials while making budget estimates do not keep in view the expenditure trend of previous financial year
12. The above mentioned deficiencies directly affect the service delivery of the district especially primary health care level

5.1 Budget proposals

Area	Recommendation
Medicines /Supplies/lab investigations	The object classification of Purchase of Drugs and medicines should be in the proper head of A03927 instead of A03970. Medicines budget is very difficult to identify, by this wrong classification.
Medicines procurement timelines	To align budgetary allocation with the burden of disease, and to ensure that the essential supplies and basic diagnostic facilities are available at the primary health care level, the following calculation was carried out using weighted average cost formula for the cost of drugs/ medicines, supplies and lab investigations by Department of Health titled: Costing of Essential Package of Health Services (Primary healthcare Facilities in Punjab). The weighted average cost for provision of these services at the BHU has been calculated at Rs.60. Currently the Per Patient cost is Rs.16 and it is very difficult to increase this cost to Rs.60, so it should be increased in a phase manner. It

Area	Recommendation
	is proposed to increase this cost to Rs. 32 per patient and the medicines budget for BHU would be Rs. 36 Million.
Immunization	POL for vaccinators is not provided at the timely manner, so it was proposed to issue fleet cards to the vaccinator's POL for vaccinators to be indicated as separate head in the budget.
Capacity Building of health staff	The overall capacity of Health department is very low which is very prominent from the underspending of the health budget during the last four financial years; there capacity should be built accordingly.
Repair and Maintenance of Equipment	The budget of repair and maintenance was less than 1% of the total budget in BHU. Proper budget should be allocated to repair and maintenance of medical equipment at BHU.
Functional Classification	The functional classification (purpose of allocation) of health used by Health Department at district level need to be re-aligned in order to report budget and expenditures on strategic objectives. This will enable policy maker and analysts to make meaningful use of reported health budgets and expenditures Capacity Building programme should be designed to improve use of object (budget line items or categories) and functional classification (purpose) for recording allocations and expenditures. This programme should be targeted towards the budget preparation staff at the district level.

Area	Recommendation
Credibility of Data	It was observed that evidence based planning is not being practiced in the district. It is due to lack of capacity and credibility of data available for decision making. It was proposed that capacity-building workshops would be conducted before finalization of budgets with district teams' increase their capacity for evidence based planning for budgets.
Update of Budget and Expenditure Analysis	The Budget and Expenditure Analysis should be updated on regular basis and made an integral part of work of Health Department. The next analysis should be more of a Public Expenditure Review (PER) rather than a merely Budget and Expenditure Analysis.