

ADVOCACY PAPER ON BUDGET ALLOCATION INCREASE FOR ESSENTIAL MEDICINES AND MEDICAL SUPPLIES

Introduction

Availability and accessibility of essential medicines and medical supplies in public health facilities are key indicators of the provision of quality health services in every country. In Tanzania, there are frequent stock outs of essential medicines and medical supplies at public health facilities, which contribute to poor provision of health services and consequently affect the health of the majority in the country.

There are several initiatives, plans and guidelines set by the government aiming at improving the availability of essential medicines and medical supplies in the country. For instance, Health Sector Strategic Plan III, aimed at significantly improving the quality of health care in the country through improving availability of essential medicines and medical supplies in all public health facilities. Furthermore, the Big Results Now (BRN) initiative, which was launched early this year, is targeting for 100% stock availability of medicine and medical supplies by 2019. Despite of all these plans, the availability of essential medicines and supplies is very low in the country

Shortage of the essential medicine and supplies

According to the assessment done by the Ifakara Health Institute, the availability of essential medicines in the country in 2012 was 41% (MOHSW, 2013)¹. This means that about 60% of essential medicines were not available in the health facilities. In the same study availability of antibiotics (therapy for bacterial infections) was only at 57%. This is dangerous to patient care as infectious diseases in the country contributes to both adult and child mortality. On medical supplies, a study by Sikika showed that 42% of the District Medical Officers interviewed reported to have gauze

¹ MOHSW (2013) "Tanzania Service Availability and Readiness Assessment (SARA) 2012"

stock outs for three to six months in 2011.² One of the main causes for the frequent shortage or stock outs of medicines is insufficient budget allocated to essential medicines and supplies. Such budgetary difficulties still persist in the more recent budgets.

Budget Situation

Continuous decrease of budget allocations to essential medicines and medical supplies, has persistently increased essential medicine shortages for the past four years of which, poor citizens are mostly affected. Further, these allocations have significantly been lower than actual demand in the country. Estimated demand for essential medicines and medical supplies has been increasing from about Tsh. 188 billion in 2011/12 to about Tsh. 577 billion in 2014/15. While allocations have only varies between TZS 123.6 (in 2011/12) billion and estimated TZS 36.2 billion (in 2015/16). In the Financial year 2011/12 and 2012/13 the highest allocations in history were experiences at TZS 123.4 billion and TZS 80.5 billion respectively. However in the same period stock outs were recorded at about 60%. Therefore, if stock outs were recorded above 50% when budget allocations were at historical highs, it is very likely for existence of significant stock outs in financial year 2015/16 budget estimates of only TZS 36.2Billion. It should further be noted that the estimated demand for the year 2015/16 is about three times more than that of the year 2011/12. It is questionable whether this budget is in line with the BRN target of 80% stock availability by the end of year 2016. The 2015/16 proposed budget has dropped by 48% from previous year's budget (table 1 below). Therefore, we should ask ourselves, did this budget taken into consideration important factors such increasing population, newly constructed health facilities, diseases burden and even actual requirements? This budget is very low, not only it will affect considerably the provision of health services in the country but it will also put a heavy burden to citizens.

² Sikika (2011) medicine and Medical Supplies Availability Report: Using absorbent gauze availability survey as an entry point: A case of 71 Districts and 30 health Facilities across mainland Tanzania, May 2011

Table1: Budget Trend of the Essential Medicine & Medical Supplies

| Source | 2010/11 | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 |
|--------------------|-------------|--------------|--------------|------------|--------------|---------|
| Local (bn.) | 30.3 | 49.8 | 34 | 34 | 60 | 36.2 |
| Foreign (bn.) | 33.6 | 73.6 | 46.5 | 30 | 10.5 | 0 |
| Total (bn.) | 63.9 | 123.4 | 80.5 | 64 | 70.5 | 36.2 |
| Demand/Need | - | 188 | 198 | 549* | 577* | 577+ |
| Gap (bn.) | | 64.6 | 117.5 | 485 | 506.5 | 540.8+ |

* Estimated demand as stated by the Minister of Health during 2014/15-budget presentation at the parliament

Delayed and Partial Disbursement

Despite low budget allocations, further challenges include timely and partial disbursement. The delays in the disbursement of funds affect the whole procurement and distribution system and hence contribute to the existing shortages of the medicines and medical supplies at the health facilities. For example, in the past four years (with the exception of the year 2012/13 where there was a full disbursement,) the average amount of disbursed funds by the end of each financial year is about 78% of the allocation,(see table 2 below). The delayed and/or partial disbursements worsen the availability of the essential medicine and supplies as it has been already caused by the low budget.in the country.

Table 2: Allocation vs. Disbursement of essential Medicine & Medical Supplies

| Year | 2010/11 | 2011/12 | 2012/13 | 2013/14 | 2014/15 |
|-------------|------------|-------------|------------|------------|-------------|
| Allocated | 63,900,000 | 123,400,000 | 80,500,000 | 64,000,000 | 70,500,000 |
| Disbursed | 48,300,000 | 98,000,000 | 80,500,000 | 50,000,000 | 23,500,000* |
| % Disbursed | 75.6 | 79.4 | 100 | 78.9 | 33.3 |

*Amount disbursed by the end of April 2015

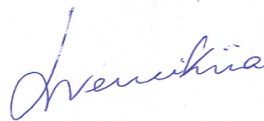
Cost Sharing Revenues at the Local Government

We understand that the Ministry of Health and Social Welfare is planning to use the revenues from the cost sharing to compliment the essential medicine and supplies budget for the year 2015/16. However, using the cost sharing revenues to cover the current gap is impossible as there are several challenges facing these revenues such as unclear and outdated guidelines on the utilization of the cost sharing revenues. In addition, NHIF and CHF/TIKA coverage in the country is less than 20%, which they can by no means used to bridge the gap in the coming financial year. The collection and use of the fund remains the unknown to some districts, which raises questions on whether the funds are efficiently managed. At this point it is uncertain how much the

local authorities own revenues will contribute to essential medicine and medical supplies budget, which put the health of citizens at risk. The cost sharing revenues can be a strategy for long term but not immediate solution as proposed by the government in the coming financial year 2015/16. Shifting this obligation immediately to the local authorities without proper planning means that the government is running away from its core obligation as well as denying citizens their rights to health

Recommendation

1. Government should substantially increase the budget allocation for essential medicines and medical supplies for the financial year 2015/16 to ensure that availability of stock for essential medicine and supplies improves to 80% as per Big Result Now (BRN) Key Performance Indicators.
2. Government through the MOFEA and MOHSW should ensure regular and timely disbursement of funds to the Medical Store Department to avoid shortages of essential medicine and supplies.
3. MOHSW should provide clear guidelines and implementation strategies on the utilization of the cost sharing revenues for essential medicine and supplies. Moreover, the transparency and accountability mechanisms should be in place before relying on these revenues.



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