Sikika

Health Governance & Financing

Failure to attain Abuja Declaration, Equity and Allowances in the Ministry of Health

A Decade of Abuja Declaration

The Abuja Declaration and Framework of Action were signed by the African heads of states, including Tanzania, in April 2001. They aimed at managing, mitigating and reversing the health epidemics (HIV/AIDS, TB and Malaria) in Africa. The signatories agreed to commit 15% of their budget to health and urged the donor countries to earmark 0.7% of their Gross National Product (GNP) as official Development Assistance (ODA) for developing countries.

In his statement, Nobel Peace Prize winner Archbishop Desmond Tutu, Honorary Chair of the Africa Public Health Alliance "15% Now Campaign", urged African heads of state and governments not to, in any way, revise, drop or further delay the implementing of the Abuja commitments. He also indicated that the African Union Abuja 15% pledge is one of the most important commitments African leaders have ever made to health development and to save millions of African lives.

Today, the Abuja target of allocating 15% of the national budget to the health is out of sight as the 2011/12 allocation is around 9% of the national budget.[1]

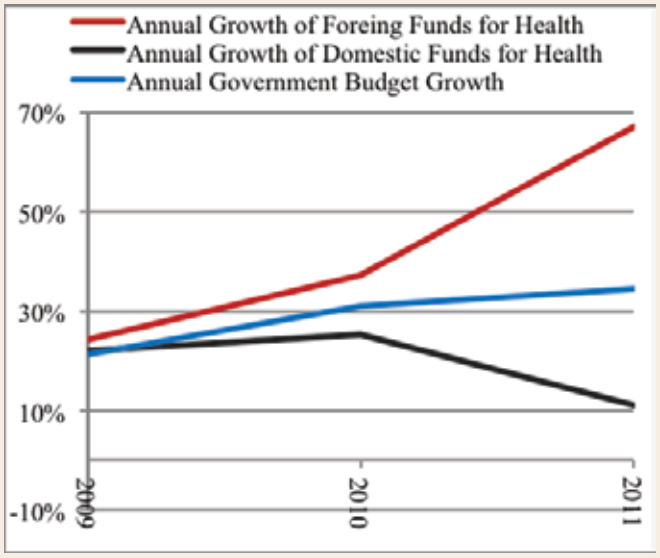
The Abuja Declaration in the Health Policy Framework

Over the years, little progress has been made towards achieving the targets identified in the Abuja framework of action: health and HIV/AIDS is stated to be priority sector, and institutional structures to oversee health development are in place.

The Health Sector Strategic Plan III expresses the need to achieve the Abuja target; but, for unknown reasons, it refers to an allocation target of only 10% which is to be reached by the year 2015. Further, the Tanzania Health Policy 2007 states that the government should be the major financier of the health sector; however, the current trend indicates the opposite.

In absolute terms, there has been an increase of resources to the health sector; however, the health sector's share of the national budget has been decreasing over time because the share of domestic resources in the health sector has been reduced by the government. This development has been counterbalanced by a continuous increase of foreign resources. Today, the health sector is more dependent on donor funds than ever before.

Graph: Annual Growth Rate of Health Sector Funding and Total Government Budget



Source: Health Sector PER Updates & IMF Country Outlook

The graph above indicates annual growth rates of: domestic health funding (black), foreign health funding (red) and total government funding (blue). As shown by the graph, domestic and foreign health funding as well as total government funding growth rates were about equal in 2009. The health sector's share of total government spending would be the

1 While the MoFEA 2011 reports 8.9%, the MoHSW indicates that 9.3% of the national budget has been allocated to the health sector.

same in 2011/12, if domestic and foreign health funding growth rates had been in accordance with the total government funding growth rate.

However, after the year 2009, domestic health funding grew at slower rates than total government funding, while foreign funding began to grow faster. The increase of the growth rate of foreign health funding above that of the total government funding growth rate added TZS 140 billion to the health sector. Meanwhile, the decrease of the domestic health funding growth rate below that of total government funding cost the health sector TZS 200 billion.

Bottom line, the government's adverse reaction to the foreign funding decision in both 2010 and 2011 reduced the amount of resources which would have been available for the health sector by 14 percent.

Recommendations

We urge the government to take a note and implement on the following:

- Reduce the risks which are related to unpredictable and unsustainable donor funding by making sure that the share of domestic funding for health increases.
- Facilitate sustainable health development by increasing the share of domestic funding for health to the Abuja target of 15%.

Equity in Health

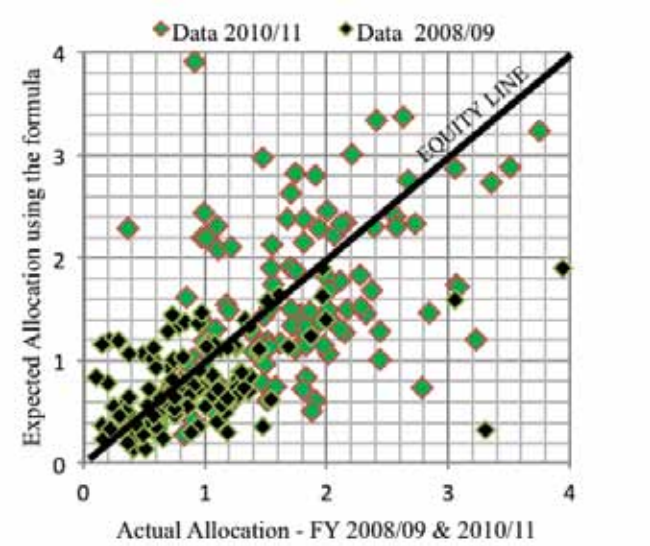
The Health Policy 2007 advocates for equity and accessibility to health care by ensuring that all individuals have rights to health care. It further indicates that health resources should be allocated based on equity principles which consider the level of population, under-five-mortality (burden of diseases), accessibility (remoteness) and a poverty index.

In consideration of this equity concept, Tanzania adopted a resource allocation formula which considers the population level, millage, under-5-mortality and the Population Poverty Index of the council. Accordingly, 70% of all resources are to be allocated according to population and 10% according to values of each of the remaining variables.

Using the National Census 2002 figures, we tested the viability of the formula using the 2008/09 and 2010/11 recurrent development grants for health allocated to 112 councils. The results are shown in the scatter plot bellow. The 45-degree line, which we call the 'Equity-Line', indicates that actual allocations are equal to those predicted by the allocation formula. Thus, if the resource allocation formula was applied consistently, all observations would lie along this Equity-Line.

However our results indicate that the formula was not used as most of the observations are spread around the Equity-Line. The black spots represent data from the year 2008/09 and the green spots data from 2010/11. The spots below (above) the Equity-Line indicate districts that should have got a lower (higher) amount of resources if the formula was used correctly.

Graph 1: Actual vs. Expected budget allocation in 2008/09 and 2010/11



Source: PMO-RALG Website & LGA budget guideline 2008/09

Recommendations

We urge the government to apply the health grant allocation formula to ensure that:

- the allocation process is transparent, and that
- the resource allocation considers the need of the districts' population.

Allowances in the MoHSW out of Control

At the Joint Annual Health Sector Review Meeting 2008, Sikika expressed its concerns regarding unnecessary expenditures in the Ministry of Health for the first time.

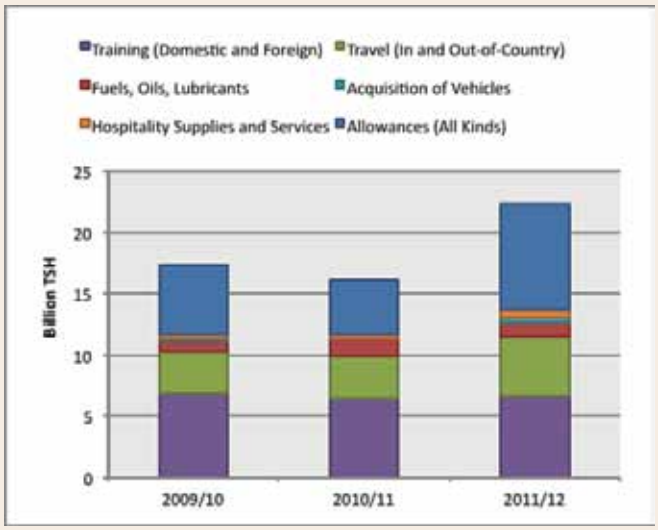
The Prime Minister swiftly acknowledged the problem and cut down unnecessary spending[1] across all MDAs and Regions by 22.4% in the following year. However, after this initial success, unnecessary spending recurred and pressed the Minister of Finance to reemphasize the government's efforts to control unnecessary spending in his **Budget Speeches** of 2010/11 and 2011/12:

"The Government will continue with its efforts to control expenditure by suspending procurement of all kinds of vehicles … it will rationalize and scale down various allowances, reduce the number of internal and external trips … and continue ensuring that seminars and workshop are curbed and, where necessary, should be under approval by the Prime Minister's Office."

How did the MoHSW put these guidelines into practice?

It didn't. From 2010/11 to 2011/12, unnecessary expenditure items increased from TSH 16.1 billion to TSH 22.3 billion. The main cost drivers are allowances (All Kinds) which account for 38% of the overall costs.

Figure 1: Unnecessary Expenditures in the MoHSW



Source: Budget Estimates 2011/12 Vol. II.

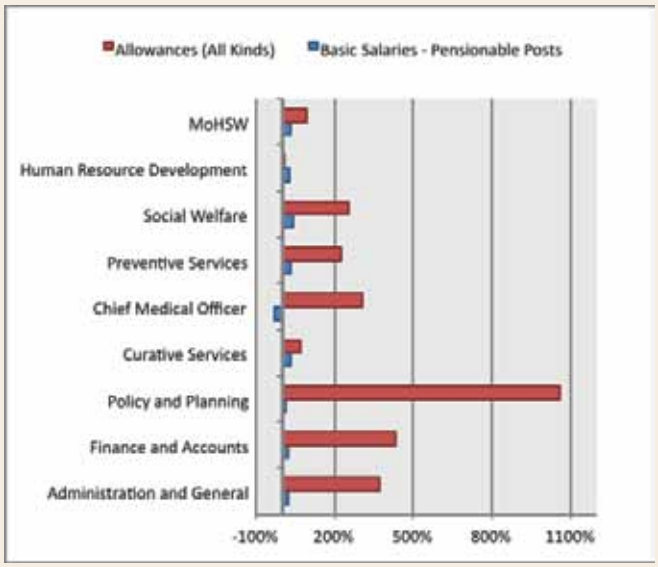
With respect to travel allowances, the **Budget Guideline** (2011/12-2015/16) issued by the Ministry of Finance explicitly require accounting officers

"… to budget not more than three quarters of 2009/2010 budgeted amount for travel allowances."

How did the MoHSW put these guidelines into practice?

It didn't. Instead of cutting down allowances by at least one quarter it almost doubled them (+94%), outpacing Basic Salaries - Pensionable Posts which experience only a 30% increase. Thus, recruitment cannot solely explain this development.

Figure 2: Increase of Allowances in the MoHSW, 2010/11 - 2011/12



Source: Budget Estimates 2011/12 Vol. II.

If the Ministry had complied with the budget guideline, allowances would amount TSH 5.3 billion less than its allocation of TZS 8.6 billion giving scope to purchase about 66,000 delivery kits to improve maternal health

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Instead, allowances are increasingly dominating other expenses. As shown in the MTEF costing sheet (see Annex), most activities of the directorate for Policy and Planning contain some kind of allowances which account for 36% of its recurrent budget.

The Ministry of Health and Social Welfare's non-compliance with the government's policy to control unnecessary expenditures raises serious concerns. The U4 Brief No. 29 (November 2009) indicates that allowances "can sometimes create distortions in time and resource allocation and may provide pressures and opportunities for fraud."

We, therefore, call the Ministry to bring more transparency into its payment policy to limit the risk of conflict of interest. Moreover, a revision of the Ministry's existing incentive scheme is highly recommended.

1 Unnecessary expenditure items comprise all kinds of allowances (discretionary, non-discretionary, in-kind); training (domestic, foreign), travel (in country, out-of-country); acquisition of vehicles; fuel, oil, and lubricants; and hospitality supplies and services.

Annex

MoHSW MTEF 2011/12 Recurrent Costing Sheet for Directorate of Policy & Planning with Focus on Allowances

Activity Description	GFS Code Description			Annual Budget Estimates 2011/12		Percentage share
		Unit cost of Measure	Unit cost of Inputs	No. of Units	Estimates	
Provide annual recurrent running cost for Director and staff for Policy and Planning Department by 2012	Others	various	various	various	308,040,000	76%
	Leave Travel	Person	1,200,000	12	14,400,000	24%
	Extra-Duty	Month	2,650,000	12	31,800,000	
	Housing Allowance	Month	3,600,000	12	43,200,000	
	Per Diem - Domestic	Person	400,000	15	6,000,000	
Total Activity					**403,440,000**	**100%**
Commemoration of Women Day	Others	various	various	various	6,000,000	60%
	Extra-Duty	Person	10,000	400	4,000,000	40%
Total Activity					**10,000,000**	**100%**
Conduct working sessions to prepare Ministry's reports including Quarter, Mid and Annual implementation reports by June 2013	Others	various	various	various	5,000,000	23%
	Extra-Duty	Quarterly	4,250,000	4	17,000,000	77%
Total Activity					**22,000,000**	**100%**
Review of policy and preparation of cabinet papers	Others	various	various	various	27,200,000	69%
	Extra-Duty	Quarterly	1,200,000	10	12,000,000	31%
Total Activity					**39,200,000**	**100%**
Conduct working sessions to prepare MTEF and review Ministry Strategic Plan	Others	various	various	various	72,500,000	62%
	Extra-Duty	mandays	1,000,000	45	45,000,000	38%
Total Activity					**117,500,000**	**100%**
Facilitate participation of DPP staff in parliamentary budget sessions by June 2013	Others	various	various	various	7,860,000	40%
	Per Diem - Domestic	Days	1,185,000	10	11,850,000	60%
Total Activity					**19,710,000**	**100%**
Facilitate participation of departmental staff in local and annual international conference by 2013	Others	various	various	various	32,800,000	51%
	Per Diem - Domestic	Person	7,644,000	4	30,576,000	49%
	Per Diem - Foreign	Trip	160,000	4	640,000	
Total Activity					**64,016,000**	**100%**
Provide long course training for two staffs	Others	various	various	various	57,000,000	57%
	Upkeep Allowances	Month	21,120,000	2	42,240,000	43%
Total Activity					**99,240,000**	**100%**
Provide short course training for staffs on health reforms, policy, planning, M & E and system strengthening	Others	various	various	various	26,000,000	43%
	Upkeep Allowances	Month	8,736,000	4	34,944,000	57%
Total Activity					**60,944,000**	**100%**
Conduct working sessions to prepare the 2009/2010 PER study by June 2010	Others	various	various	various	41,600,000	65%
	Per Diem - Domestic	Person	880,000	25	22,000,000	35%
Total Activity					**63,600,000**	**100%**
Print and distribute Health Information Systems tools (NSS)	Others	various	various	various	154,700,000	100%
Total Activity					**154,700,000**	**100%**
Conduct working sessions for Health Impact and respond to analyze and prepare and print NSS Analytical, Health Statistical Abstract and Health Sector Performance Profile reports	Others	various	various	various	32,450,000	59%
	Per Diem - Domestic	mandays	80,000	280	22,400,000	41%
Total Activity					**54,850,000**	**100%**
Review, revise existing NSS, Surveys and Evaluation tools and data elements	Others	various	various	various	31,500,000	94%
	Per Diem - Domestic	person	80,000	420	33,600,000	100%
Total Activity					**65,100,000**	
Print and distribute Health Information Systems data collection tools for NSS and reports	Others	various	various	various	52,350,000	100%
Total Activity					**52,350,000**	**100%**
Total Subvote					**1,226,650,000**	

Note: allowances account for TZS 444,150,000 (36%) of recurrent spending in the MoHSW's directorate for Policy & Planning.

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