

# THE PLANNING AND BUDGETING PROCESS AND DISBURSEMENTS IN THE HEALTH SECTOR-A PRESENTATION AT ORIENTATION WORKSHOP FOR HEALTH SERVICES ADMINISTRATORS

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# Presentation outline

- Introduction
- Aims and Objectives of presentation
- Basic concepts, principles and issues
- Strategic planning and management
- Key actors in the planning and budgeting process
- Structure of the budget
- Steps in the planning process
- Resource allocation

# Outline



- Disbursements
- Challenges and constraints in the process
- Conclusions

# Aims and objectives

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- To describe the Planning and Budgeting process in the sector
- To improve participants' understanding of the planning and budgeting process and disbursement procedures in the health sector
- To improve the skills of participants in the preparation and coordination of the process at the respective facilities

# Basic concepts and principles

- Planning and budgeting form integral part of the managerial process. Serve as resource allocation tools for managers and administrators to address issues of equity
- Based on the MOH Programme of Work(5 years)-It captures the priorities, policies, objectives, expected results, interventions; strategic direction of the sector developed with key stakeholders-POW1,2 and 3
- Part of the Common Management Arrangements of the sector reforms: procedures ,systems and mechanisms to implement the POW. Other elements include FM,Procurement,auditing, and reporting procedures.

# Basic Concepts

- Based on Medium Term Expenditure Framework(MTEF)approach which emphasizes the following:
  - Preparation of 3 –year rolling plans
  - The Budget Management Centre (BMC)concept
  - Outputs-the services provided by the BMC
  - Activities-ways in which the BMC will produce those outputs and achieve the agreed objectives
  - Inputs-items needed to produce the outputs

# Basic concepts and principles

- Link between planning and implementation
- Indicative budgets-ceilings, appropriation budgets
- Improving efficiency through efficient use of resources and avoidance of waste
- Sources of funds include-GOG,HEALTH FUND,EARMARKED FUNDS (global fund),HIF and IGF
- MULTI DONOR BUDGET SUPPORT PROGRAMME(MDBS)- MOFEP

# STRATEGIC PLANNING

- Development of VISION and MISSION Statements
- Environmental scan/Situation Analysis/SWOT Analysis
- Top -down/bottom -up planning-involves all key officers/units in the organization
- User orientation planning-takes the interests/concerns of the clients into consideration

# Strategic planning

- Establishes strong linkages with units both within and outside the organization
- Work for results-focuses on results: objectives, activities, time schedules, indicators to measure progress towards accomplishments

# KEY ACTORS

- Cabinet- Determination and approval of priorities(manifesto, determinations(targets) beliefs, commitments(MDGs, Gender issues) influence plans, the budget and fiscal policy
- Ministry of Finance-issue of planning and budget guidelines, ceilings, orientation workshops and budget hearings for justification
- MOH-issue of health planning guidelines,ceilings,orientation workshops for agencies.
- GHS/Agencies-PPME,DIVISIONS,REGIONS,DISTRICTS,SUBDISTRICTS including the hospitals(guidelines,ceilings,preparation and submission)
- Budget committees – at all levels-facilitation and coordination of plans and budget preparation
- Parliament- budget hearings and approval
- Development partners – (WB, DANIDA, UNICEF, WHO, etc) funding the gaps

# STRUCTURE OF EXPENDITURE BUDGET

- Item 1 - Personal Emoluments, Promotions, recruitments
- Item 2—Administration(mainly for the running of the BMC(eg printing/stationery ,utilities ,maintenance, allowances)
- Item 3-Service-used in providing services(the main reason for the existence of the organization)
- Item 4 –Investment(acquisition of capital assets
- Sub-items for each item

# Revenue budget

- Type (taxable/non taxable)
- Source ( out of pocket/ NHIS/exemptions )
- Description

# Steps in the process

- Formation of BMC budget committee
- Determination of BMC priorities, objectives, outputs, targets and activities
- Preparation of Nominal roll-
- Costing of inputs
- Preparation of revenue estimates
- Preparation of procurement plan
- Preparation of Planned preventive maintenance plan-10% of administration budget

# PLANNING PROCESS



- Midyear/quarterly reviews
- Use of standard planning and budget formats and templates for all the items

# RESOURCE ALLOCATION-Principles

- Promote efficiency through ceilings and priorities
- Use of Public funds to finance public goods, capacity building ,organizational development
- User fees and HIF to be used to finance private goods(clinical care)
- Exemptions for the poor/vulnerable
- Optimizing resource efficiently-weaning hospitals of item 3 and savings used to support psychiatric hospitals, training institutions,RHDs,DHDs etc

# Resource allocation criteria- HQRS

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- % of approved budget to divisions

# Allocation criteria-Regions

- Equal proportion
- Population
- Size
- U5 mortality rates (item 3)
- Poverty incidence (item 3)
- No of districts
- Distance from capital

# Allocation criteria- districts

- Equal proportion
- Population
- Size
- Distance form regional capital
- Poverty incidence
- Disease burden(guineaworm,buruli ulcer endemic areas,)

# Resource allocation criteria - hospitals

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- Equal proportion
- Bed complement
- Bed occupancy
- Staff strength (specialists)

# DISBURSEMENT

- Involves transfer of approved funds to the Ministry and its Agencies and further to the respective BMCs based on agreed and predetermined allocation criteria
- Procedures for the release of resources to agencies and BMCs
- The key principle is to ensure that disbursement is made in line with the annual MTEF plan and budget and in line with commitments made by the development partners.

# DISBURSEMENTS

- FUNDING FLOWS
- MOF-DP / EARMARKED FUNDS - HFD - OTHER CREDITS
- MOH
- GHS-THs-CHAG-SBs
- BMCs-DIVISIONS-REGIONS
- DISTRICTS
- SUBDISTRICTS

# DISBURSEMENTS-GOG

- GOG FUNDS
- CAGD-ITEM 1 through the commercial banking system
- Administrative Expenses-Item 2 through the CAGD Treasury system using the FEs based on cash flow projections
- Service expenses-Item 3 is accessed from the MOF as a block grant to MOH for onward disbursement to agencies and to BMCs

# Disbursements -GOG

- Investment expenditure-item4 is accessed from MOF based on specific payment certificates authorized by MOH.
- Centrally managed by MOH in consultation with the agencies

# DISBURSEMENTS-HEALTH FUND

- Commitments to the Health Fund by the DPs are made on annual basis by June of the preceding year
- Disbursements are made to specified MOH central Accounts-US dollar and GH cedi
- Disbursements are made to the agencies from the cedi account and limited amount transferred to agencies for external consultancy, travel and conferences

# DISBURSEMENTS-HEALTH FUND

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- GHS and agencies then disburse to their respective BMCs on the basis of quarterly spending projections

# Disbursements-Earmarked Funds

- Earmarked funds are to be used for strategic initiatives-policy development: research and development to support policy, schemes to encourage innovation and strategic capacity building initiatives-may be supplementary to others
- Some DPs cannot channel their funding through the Health Fund due to some restrictions imposed by their govts and or funding agencies and bilateral arrangements

# Disbursements-Earmarked Funds

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- EF may be disbursed to MOH or directly to GHS based on agreed procedures

# DISBURSEMENTS- IGF/HI/EXEMPTIONS

- Out of pockets payments and insurance funds constitute a local pool of funds and retained at BMC level
- HI reimbursements made to BMCs through district mutual schemes
- Some amounts are occasionally transferred into regional pool to support some programme by local arrangements.
- Under the exemption policies facilities are reimbursed for services rendered to the aged, poor and vulnerable through the RHD

# CHALLENGES

- Lack /inadequate information-on staff, consumption levels,patient utilization patterns, population etc
- Inadequate/untimely financial releases. Erratic flow of funds
- Less priority attention accorded the process
- Weak monitoring of plans and budgets-budgetary control
- Lack of capacity
- Under tapped revenue projections/collections

# CHALLENGES

- Weak relationships/coordination with local authorities and NGOs
- Prioritization and objective setting process at all levels
- Inflation and uncertainties in determination of rates
- Lack of consensus on Resource allocation systems
- Time limitations

# CONCLUSIONS

- It is a dynamic process
- Its potential as a effective management tool still untapped
- Process demands intellectual, intuitive and conceptual skills
- Teamwork is essential
- Draws on several disciplines-Information Management,Procurement,Economics,HR,Financial,PH Estates

# conclusions

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- Process is time consuming, meticulous

THANKS FOR YOUR ATTENTION  
NANA DA MOASE PAA.

