

policy brief

Improving Ministry of Health and Ministry of Finance Relationships for Increased Health Funding



“A healthy nation is a wealthy nation...Improving health around the world today is an important social objective, which has obvious direct benefits in terms of longer and better lives for millions. The dilapidating effects of disease serve as a barrier to economic growth and therefore must be confronted headlong through concerted development efforts.”

The Honorable Yaw Osafo-Maafa, Former Ghanaian Minister of Finance and Economic Planning (Woodrow Wilson International Center for Scholars Workshop; Accra, Ghana; March 2009)

INVESTING IN HEALTH FOR POVERTY REDUCTION

In 2001, many African governments signed the Abuja Declaration, vowing to increase health-sector allocations to 15 percent of total national budgets—a commitment that has not translated into action for most signatories.

To meet African countries' massive health burdens, national budget resources are often supplemented by mechanisms that cut across sectors, such as debt-relief proceeds and budgetary support. This requires the

ministry of health (MOH) to participate in prioritization debates and compete for resources with other ministries. Yet MOHs often lack the skills—for example, in budgeting, planning, and communications—to make an effective case for prioritization, and are therefore unable to capture as much funding for health programs as might be possible. For their part, ministries of finance (MOFs) often do not understand the needs of MOHs, the negative consequences of under-funding

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(for example, on retention of health workers), or the economic importance of health.

To better understand the gaps in knowledge and skills within MOHs and MOFs, and how to overcome them, in-country experts in Ghana, Senegal, and Uganda critically examined official documents and conducted interviews with MOH and MOF staff. Their reports laid the foundation for a two-day workshop in Accra, Ghana, in March 2009, with representatives from the MOHs and MOFs of these countries.

This policy brief will identify specific gaps in knowledge and skills within the MOHs and MOFs of Ghana, Senegal, and Uganda; address communications between the MOHs and MOFs during the budget allocation process; and make recommendations for improving this critical relationship. It will also discuss additional lessons and implications for development partners.

Key Conclusions

- MOHs and MOFs must work together to create an environment that fosters consensus building during budget planning and policymaking.

- MOH representatives lack human-resources capacity and certain technical skills, such as cash-flow management and budget preparation.
- Though some progress has been made, the MOF budget process is still perceived as rigid and predetermined.

Key Recommendations

- MOHs and MOFs should each designate an officer to serve as a liaison for informal information sharing, increased accountability, and collaborative budget planning.
- Governments should institutionalize a forum for promoting dialogue between MOHs and MOFs to increase mutual understanding and align goals.
- Development partners should work with MOHs and MOFs to increase the effectiveness of donor aid and address country-specific health priorities.
- MOHs need to strengthen their evidence for increased budget support by linking specific health indicators to budget line items and improving their monitoring and evaluation of programs.

GAPS IN HEALTH FUNDS: BACKGROUND

To achieve objectives such as the Millennium Development Goals, MOHs in low-income countries need more resources than they have traditionally received from national budgets. For example, the World Health Organization's Commission on Macroeconomics and Health estimated that a minimum package of health services would cost \$34 per capita, while the governments of sub-Saharan African countries currently spend about \$21 per capita—leaving a need for about 62 percent more resources to achieve a minimum level of services for all.¹

External assistance can be used to fill at least part of the gap, since there are now more resources available for health from external donors than ever before. However, many of the needed resources, whether from national or external sources, are available through mechanisms that cut across multiple sectors, such as budgetary support and debt-relief proceeds. In addition, many govern-

ments now use instruments that are not sector-specific, such as Poverty Reduction Strategies, to prioritize spending. These mechanisms require all ministries, including MOHs, to participate in prioritization debates and compete for domestic and external resource allocations.

Performance in Resource Capture: Ghana, Senegal, and Uganda

All three countries have failed to meet the Abuja Declaration's target of 15 percent of the total national budget being allocated toward health. Low government support for the health sector limits an MOH's ability to meet health objectives and strains relations between the MOH and MOF.

The need to improve skills, knowledge, and capacity in Ghana's MOH is evidenced in its inability to capture the national resources available. In 2008, al-

locations to Ghana's MOH were 12.3 percent of the national budget.² Similarly, investments in Senegal's health sector are low when compared with countries with similar income levels.³ Although Senegal's MOF has taken significant steps to strengthen the National Development Plan for Health, total health commitments increased from 6.2 percent of the total national budget in 2002 to 7.8 percent in 2006.⁴ Financial support for the Ugandan MOH is actually decreasing. In a comparative analysis of FY 2005-2006 and 2007-2008, allocated funds dropped from 9.8 percent to 5.3 percent of the country's total budget—well below the Abuja Declaration target.⁵

Outline of Study

The three countries' failure to meet the Abuja Declaration is due to several constraints within and between the MOHs and MOFs. To bridge the gap

in health funds, the Global Health Initiative of the Woodrow Wilson International Center for Scholars evaluated the following questions:

- What are the procedures for interaction between the ministries during the strategic and operational budget planning process? What documents must be submitted, and who is involved in the process?
- What are the qualifications of staff involved in the preparation of budgetary submissions? How do the skills of relevant MOH staff compare to those of other ministries?
- What are the monetary resources available to the MOHs, and how much of the total share do they capture?
- What are the most important changes that the ministries and their development partners could make to improve resource allocations for the health sector?

COUNTRY-ASSESSMENT FINDINGS

To better understand the challenges MOHs face in their bid to secure financial resources, the Global Health Initiative hired MCM Associates (Ghana), ACLAIM Africa (Uganda), and Cabinet d'Etudes et de Management de Projets and Groupe ISSA (Senegal) to carry out interviews with key stakeholders and to review country documents that serve as guiding instruments during the budget process. In collaboration with the African Center for Economic Transformation and the Results for Development Institute, the Global Health Initiative identified ministries and other parties who could contribute to the country assessments.

Interviews were conducted with cabinet members responsible for managing the budgets of the MOHs, MOFs, and ministries of education, as well as external stakeholders such as development partners and local NGOs. Political representatives with various decision-making powers participated in the interview process and provided a wide variety of perspectives and experiences. While the assessors found some minor differences between the three countries, we have decided to present a single set of recommendations that all ministries in

Africa can incorporate into their budget planning.

Assessment Findings: Ministry of Health

- The MOHs need to strengthen their evidence for increased budget support by linking health indicators to specific budget items.
- The MOHs need to give high-level staff with strong arbitration and negotiation skills the task of advocating for more funding.
- The MOHs are perceived as spreading themselves too thin, presenting numerous projects for the limited resources available.

Assessment Findings: Ministry of Finance

- Budget operation is not very flexible, and allocations are viewed as predetermined.
- There is limited opportunity for discussion during the arbitration process.



- The MOFs do not consult the MOHs before allocating international donor funds to health projects, making it more difficult for the MOHs to plan.

Assessment Findings: Interaction Between Ministries of Health and Finance

- The MOHs feel they cannot advocate for more resources because the budget process is a formality

- that does not change significantly.
- In some cases, the MOHs do not know who to contact within the MOFs for assistance.
- The MOFs do not provide sufficient training on the medium-term expenditure framework, the mechanism used for cash budgeting.
- The low share of government resources for the health sector hinders the MOHs' relationships with the MOFs.

WORKSHOP FINDINGS

Workshop Discussion: Lessons Learned

Opening the event, the Honorable Yaw Osafo-Maafa, the former Ghanaian Minister of Finance and Economic Planning, said, “Investing in a healthy population is a prerequisite for economic growth and poverty reduction.” Setting the tone of the workshop, Osafo-Maafa discussed the importance of health for development and argued that the most important relationship for the country is between the MOH and MOF.

Each country assessor presented its findings to the group and highlighted the strengths and weaknesses within the MOH and MOF, while making

recommendations for addressing areas in need of additional support. Following the country findings, MOH and MOF representatives were given an opportunity to discuss the evaluations and offer explanations for challenges.

Discourse between the MOHs and MOFs, while always cordial, was open and honest, sometimes leading to disagreements. However, the ministries arrived at positive conclusions on how to work together in order to improve health funding. Following the workshop, the Global Health Initiative collected data to monitor and evaluate the knowledge acquired, skills gained, and relevant relationships made or strengthened during the event.

The workshop enabled MOH and MOF officials to discuss solutions for common budget issues and provided an opportunity for representatives to meet with officials from across the aisle—and in some cases, to meet their counterparts for the first time. Strengths and opportunities were identified within each country, as well as each ministry, and both groups agreed that there is a need to increase technical and communication skills within each ministry.



A girl is immunized against polio in Jinja, Uganda. (Courtesy of Richard Franco)

WORKSHOP PARTICIPANTS

The results of each country's assessment were presented to MOH and MOF representatives during a two-day workshop in Accra, Ghana, in March 2009. Thirty representatives from the MOHs and MOFs of Ghana, Senegal, and Uganda, as well as delegates from the country assessment teams, the African Center for Economic Transformation, Results for Development, and the Global Health Initiative, gathered to discuss the country assessments. Officials representing the MOHs and MOFs included, but are not limited to:

- Former Minister of Finance and Economic Planning (Ghana)
- Head of Public Expenditure Monitoring for Finance (Ghana)
- Head of Budget Development Unit for Finance (Ghana)
- Engineer of Health Planning, Programming Division (Senegal)
- Chief Technical Officer for Health (Senegal)
- Minister of State, General Duties (Uganda)
- Permanent Secretary for Health (Uganda)
- Minister of State for Primary Health Care, Ministry of Health (Uganda)

Strengths and Opportunities: Ministries of Health

- The MOHs are well-organized and have well-qualified staff.
- The MOHs have weak negotiation and budget-preparation skills.
- The MOHs do not adequately prioritize their health needs and present too many projects for the available resources.

Strengths and Opportunities: Ministries of Finance

- The national development planning process has well-defined guidelines and provides a common foundation for harmonizing preparation across sectors.
- The MOFs do not always provide sufficient feedback to the MOHs during budget preparation.
- The MOFs sometimes disseminate funds late, making it difficult for the MOHs to achieve their targets.

Interaction Between Ministries of Health and Finance

- Many workshop participants met their colleagues in the other ministry for the first time; these participants reported increased confidence and trust in the other ministry, both within and across participating countries.
- The MOHs want feedback on their budget plans and more transparency regarding how the MOF produces budget ceilings so they may better understand the process.
- The MOFs are not confident that the MOHs will understand or address the technical financial issues they bring to them.
- Communication between and within the ministries needs to be collaborative. According to some participants, if information is not communicated well and there is no true collaboration, the information will likely be ignored.



SUMMARY

“We are all a part of one government, one team; we should not need U.S. outsiders to bring us together,” remarked one health official. This sentiment, echoed by others, helped facilitate introductions between key MOH and MOF players and enabled the participants to reflect on their challenges while identifying the specific communication and technical capacities they need for greater health allocations. Both the country studies and the workshop found that effective communication between the MOHs and MOFs provides the greatest opportunity for bridging the gap between national health objectives and limited resource availability.

Recommendations: Ministries of Health

- The MOHs should execute regular budget-training workshops to bolster financial management and cash-flow skills, as well as lobbying and advocacy techniques.
- The MOHs should hire more health economists to assist with long-term planning.
- In order to justify increased budget support, the MOHs need to improve the documentation they submit to MOF and their monitoring and evaluation reports.

Recommendations: Ministries of Finance

- The MOFs should hire more staff with health expertise, in order to increase health funding and achieve health targets.
- The MOFs need to improve the predictability of fund disbursement.
- Development budgets should plan for longer periods of time, such as 5-10 years, and must include plans for emergencies and epidemics.

Recommendations: Interaction Between Ministries of Health and Finance

- Problems between the MOHs and MOFs should be addressed through an institutionalized dialogue

mechanism that fosters discussion and creative solutions. One Ghanaian representative shared, “I was amazed to hear the Ministry of Finance say that we never argue for higher allocations than the ceiling. Now we will talk with them about increasing this amount.”

- The MOFs and the MOHs should each designate an officer to serve as a liaison for informal information sharing, increased accountability, and collaborative budget planning. This is beginning to happen in certain countries.
- Ministries should communicate with other countries to share common challenges and learn from each other’s experiences.

Recommendations: Development Partners

- Some workshop participants maintained that aid from development partners should be allocated through the budget, not directly to health projects.
- Due to the fragmentation caused by multiple development partners with multiple disbursement methods, development partners should work with MOHs and MOFs to implement the 2005 Paris Declaration and the 2008 Accra Agenda for Action, which aim to harmonize the efforts of multiple donors and integrate them into a country’s overall development strategy.

While “outsiders” may have brought the MOH and MOF officials together, it was the “insiders” who worked as a group to develop the recommended strategies. These recommendations are being translated into French and disseminated throughout Africa so that MOHs and MOFs can incorporate them into their budget planning. As each of these changes is implemented, the 15 percent goal stated in the Abuja Declaration will be that much closer to becoming a reality.

NOTES

1. World Health Organization. (2006). *Tough Choices: Investing in Health for Development*. Geneva, Switzerland: WHO Press.
2. MCM Associates. (2009). *Study of the relationship between the Ministry of Health and the Ministry of Finance and Economic Planning in Ghana Final Report*.
3. Cabinet d'Etudes et de Management de Projets and Groupe ISSA. (2009). *Study of Ministry of Health and Ministry of Economic Finance Relationships in Senegal Final Report*.
4. Ibid.
5. ACLAIM Africa. (2009). *A study of the Ministry of Health and Ministry of Finance Relationships in Uganda Budget Development: Final Report*.

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Cover Photo: An elementary school for AIDS orphans in Rakai, Uganda. (Courtesy of Dave Blume)

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