Mapping of public financial management tools for assessing bottlenecks in the health sector
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Abbreviations

HFPM  health financing progress matrix
NGO  non-governmental organization
NHA  national health account
ODI  Overseas Development Institute
PDIA  problem-driven iterative adaptation
PEFA  Public Expenditure and Financial Accountability
PER  Public Expenditure Review
PETS  Public Expenditure Tracking Survey
PFM  public financial management
R4D  Results for Development
SNG  sub-national government
UHC  universal health coverage
UNICEF  United Nations Children's Fund
WHO  World Health Organization
Acknowledgements

This product is the result of joint efforts from the World Health Organization (WHO), World Bank, United Nations Children's Fund (UNICEF), and the Public Expenditure and Financial Accountability (PEFA) Secretariat. The work was overseen by Justine Hsu (WHO) and Hélène Barroy (WHO) and was co-developed with Jennifer Asman (UNICEF), Adanna Chukwuma (World Bank), Julia Dhimitri (at the time of this work, PEFA Secretariat), Srinivas Gurazada (PEFA Secretariat), Manoj Jain (World Bank), Matt Jowett (WHO), Toomas Palu (World Bank), and Moritz Piatti (World Bank).
About this mapping

This mapping provides country-level users with quick access to information about key public financial management (PFM) tools relevant for assessing challenges in budget formulation, execution, and monitoring within the health sector. It concisely outlines what tools are available and broadly illustrates why and when each tool can be used, providing examples showcasing how tools were applied in particular country contexts. This is a rapid scoping exercise which builds off of other previous reviews, such as an in-depth stocktaking by PEFA, a comprehensive analysis of PFM assessment methodologies by ODI, and a compendium of public finance analytical tools developed by UNICEF. It was co-developed in 2022 by a working group of technical experts in the collaborative spirit of the Montreux Collaborative agenda on fiscal space, PFM and health financing.
PFM is central to a well-functioning government administration as it encompasses the laws, rules, systems and processes through which public resources are collected, allocated, spent and accounted. As such, PFM, concerns the overall administration of public resources across the whole of government (i.e. multiple sectors) and across the whole budget cycle (i.e. from formulation of budgets to auditing of expenditures).

In this broad ecosystem, there is a series of generic PFM tools that have been developed over the years to assess overall public finance systems. The most established tool is the Public Expenditure and Financial Accountability (PEFA) framework assessment which enables a comprehensive examination of the performance of a country’s PFM systems covering all aspects including revenue, expenditure, procurement and financial accountability systems. Other tools also exist which often tend to be focused more on the analysis of public expenditures, and relatively less on the mechanisms and processes compared to the PEFA assessment.

For example, Public Expenditure Reviews (PERs) – a common tool developed and implemented by the World Bank – analyse the quantity and quality of public spending over time vis-à-vis policy objectives and performance measures. Public Expenditure Tracking Surveys (PETS) have also been developed, mostly focused on the education and health sectors, to track financial flows across various administrative levels of government to determine the extent to which resources reach their intended destination.

Since the late 2010s, PFM tools have been developed to assess specific health-related issues, given the recognized importance of PFM in health and specificities of the health sector spending, such as a high level of uncertainty in determining health needs, known inefficiencies due to market failures in health (e.g. information asymmetry, moral hazard), highly dynamic and multidimensional cost drivers which are constantly changing and are multiple, and fragmented purchasing arrangements and funding streams.

The importance of PFM in health has gained recognition as countries realise that they cannot make progress towards universal health coverage (UHC) without domestic resources and that robust, but flexible, PFM is critical for ensuring effectiveness and accountability in the use of these resources. Subsequently, there has been growing demand for relevant PFM diagnostic tools tailored to the health sector.
This mapping identified four PFM tools that were developed between 2010 and 2022 to assess PFM bottlenecks in the health sector:

- **World Bank FinHealth PFM toolkit for improving service delivery in health**
- **PEFA strengthened approach to service delivery (pilot module)**
- **WHO Health Financing Progress Matrix: PFM module**
- **UNICEF problem-driven approach to PFM challenges in health service delivery**

Other works were developed over the years (e.g., R4D’s guidance to improve alignment between a country’s PFM system and health financing system; WHO’s budget execution assessment framework to map causes of low spending rates and identify causes and policy solutions). However, as these served a different purpose (the former aimed to provide process-related guidance) or focus (the latter concerns a part of the budget cycle), they are therefore not included in this mapping.
Part 2
Overview of key PFM tools applicable to the health sector

While all the tools presented in this mapping examine PFM vis-à-vis the health sector, they each ask different questions, adopt different analytical approaches, require varying levels of data and analysis, and lead to different outputs serving different purposes. In a consistent and concise manner, Table 1 maps and addresses key aspects for each health-specific PFM tool, with the view to guide country users in their choice of the appropriate tool(s):

When to use this tool: main objectives of the tool

Why to use this tool: key questions answered by each tool

How the tool works: analytical approach and requirements

What does the tool produce: outputs produced and for what purpose
World Bank’s FinHealth: PFM-in-health toolkit

When and why use this tool

objectives and key questions

**When the tool can be useful**

When the objective is to analyze and identify challenges in the PFM cycle that hinder improvement of service delivery in health. For example, in situations where there might be issues along the PFM cycle and budget execution challenges, such as bottlenecks in the flow or use of funds to service delivery units, which may contribute to poor quality of care and poor service delivery outcomes.

**Why: to seek answers to key questions**

**Overall question**

What are the binding PFM constraints that hinder service delivery results?

**Specific questions**

- What are the main PFM bottlenecks to health service delivery – including efficiency of, access to, accountability in, and quality of health care?
- How do PFM systems/reforms interact with health financing systems toward the achievement of equitable access to high quality health care?
- How does the health sector maintain and leverage appropriate financial accountability arrangements to enhance progress toward achieving health service delivery objectives?
- Identifies constraints and possible trade off (e.g. control versus flexibility) at the point of service delivery.
- Links identified service delivery problems to PFM areas.
- Integrates and illustrates PFM-driven service delivery issues at micro level using a ‘fishbone’ approach (holistic approach integrating PFM with non-PFM issues).

**How the tool works**

Triangulation of three variables at play in the health sector: health financing, health service delivery and PFM. In-depth assessment across 24 areas covering upstream and downstream issues in health sector PFM (plus procurement, HRM management and broader governance) and the implications for health service delivery following a problem-driven approach that identifies systemic root causes that hinder service delivery by starting at the lowest levels of service delivery and upwards thereafter.

**How to apply the tool**

**Data requirements:**

- Desk review of governmental planning and budgeting documents and other publicly available sources (e.g. PEFAs, PERs, health sector reviews).
- Survey of a sample of health service delivery units.
- Stakeholder mapping and key informant interviews.

**Team skills:**

Knowledge of PFM, health financing, and health service delivery; understanding of key stakeholder roles in PFM and health service delivery.

**Stakeholder involvement:**

Government engagement across all levels and local service delivery units, in particular to facilitate data collection at the facility level.

**Timeframe:**

9-12 months.
### What output(s) the tool produces

In-depth evidence-based report, including 1-2 pages of policy recommendations in the form of an action plan. The action plan identifies three to five PFM system weaknesses leading to service supply challenges; actions are sequenced and based on assessment of what is technically and politically feasible to reform in the short to medium term; actions identified may require the involvement of actors outside the health sector, including the Ministry of Finance.

### For what purpose(s)

<table>
<thead>
<tr>
<th>To develop</th>
<th>To leverage</th>
<th>To support</th>
</tr>
</thead>
<tbody>
<tr>
<td>possible tailored solutions for the country.</td>
<td>reform opportunities as the report can link to a national health reform strategy.</td>
<td>advocacy efforts by Ministry of Health to address PFM constraints to improving health system performance.</td>
</tr>
</tbody>
</table>

### Unique aspects of the tool

**Service delivery orientation to the analysis:**
Specific focus on how PFM constraints hinder improvement of service delivery by starting the analysis at the lowest levels of service delivery, and thereafter upwards.

**Whole of system view:**
From upstream planning to downstream budget execution.

**In-depth:**
24 assessment areas each with multiple open-ended questions and requiring some primary data collection.

**Integration:**
The fishbone approach provides an illustrative and concise mechanism of summarizing key constraints and reform entry points.
When and why use this tool

objectives and key questions

When the tool can be useful

In contexts where decentralizing responsibility for delivering public services is either high on the reform agenda or has been in place for years.

When there is an interest in improving the performance of subnational governments’ (SNG) public financial management systems in order to render service provision more effective.

Why: to seek answers to key questions

Overall question
To what extent does a SNG’s public financial management enable effective service delivery?

Specific questions

- What are the key PFM bottlenecks on service delivery?
- What are the consequences of PFM system on effective service delivery?
- How these can be mitigated for more effective provision of public services?

How the tool works

A supplemental module to the PEFA framework sub-national guidance is being piloted, which can be conducted at sector level (including health service delivery) either as a stand-alone assessment or concurrently with the PEFA assessment.

Assesses extent to which performance of the PFM system enables effective service delivery through diagnostic questions mapped to PEFA framework indicators covering the entire budget cycle.

- Document PFM arrangements for service delivery at each level of government and respective institutional, contractual and financial arrangements.
- Identify key parameters of SNG delivery practices:
  - Main service delivery units/entities involved;
  - Main responsibilities of the SNG;
  - Main revenue sources.

How to apply the tool

Data requirements:

- Supporting government documents (e.g. budget reports, procurement contracts, payroll audit reports, implementation progress reports).
- Existing diagnostic reports (e.g. Public Expenditure Review, Public Expenditure Tracking Surveys, Quantifiable Service Delivery Survey).
- Informant interviews.

Stakeholder involvement:

Interviews with SNG officials, budget departments, responsible service delivery units, development partners, civil society organizations.

Team skills:

PFM experts with experience in service delivery and strong knowledge of country context, including at decentralized levels.

Timeframe:

12 months.
What output(s) the tool produces

Results of the analysis are presented as a separate annex to the PEFA assessment report in a narrative form* outlining service delivery arrangements (e.g. main delivery units, responsibilities, revenue sources, etc.), key findings of bottlenecks and impact of PFM on service delivery, as well as conclusions to improve PFM performance for service delivery.

(*Due to the diversity and complexity in the funding, management and delivery arrangements, the analysis does not produce scores as in the broader PEFA framework.)

For what purpose(s)

| To increase understanding of PFM in the sector. | To inform dialogue on related reform strategies and the setting of priorities among (central and local) stakeholders, international development partners. | To provide the basis for PFM capacity development initiatives. |

Explicit focus on SNG PFM challenges and how these can affect service delivery.

Recognition of the variations in the extent of de/centralisation of PFM functions to different ministries, different funding models, and different delivery arrangements.
**When the tool can be useful**

When there is a particular interest to understand links between PFM in health and progress towards universal health coverage (UHC). To connect with key national processes, for example, when a country is about to embark on its annual cycle of health policy and planning or about to develop a national health financing strategy.

**Why: to seek answers to key questions**

**Overall question**

How well-aligned are PFM arrangements against benchmarks (i.e. desirable attributes), known to support progress towards UHC?

**Specific questions**

- Is there an up-to-date assessment of key PFM bottlenecks in health?
- Are there measures to address problems arising from both under- and over-budget spending in health?
- Do health budget formulation and implementation support alignment with sector priorities and flexible resource use?
- Is health expenditure reporting comprehensive, timely, and publicly available?
- Are processes in place for health authorities to engage in overall budget planning and multiyear budgeting?

**How the tool works**

A standardized qualitative approach to assessing country health financing systems within which PFM is one of seven functions studied, i.e. alongside revenue raising, pooling, purchasing, benefit design, policy process and governance, and public health functions. The specific PFM module examines the extent to which the development and implementation of health financing policies related to PFM is well-aligned with desirable attributes through a set of questions concerning budget formulation, execution and reporting. Questions in other assessment modules also provide insight into these PFM aspects. Each question is mapped to an attribute, each question defines four progress levels, and each level reflects a state of progress.

- Review relevant secondary information sources.
- Based on evidence, assess (and reach consensus) on which of the four progress levels represents the country’s current situation.
- Validate the assessment through reviews with internal and external individuals.

**How to apply the tool**

**Data requirements:**

Desk review of secondary information sources (e.g. national documents such as plans, budgets, strategies) and existing diagnostics (e.g. PEFAs, PERs, PETs, health sector/system reviews).

**Team skills:**

Led by a principal investigator (health financing expert with deep knowledge of the country’s health system), together with a team of those working on health financing (especially PFM issues) in country.

**Stakeholder involvement:**

Consultations with government officials often occurring through dedicated workshops/seminars.

**Timeframe:**

6-9 months.
What output(s) the tool produces

- Raw report containing complete responses for each assessment question along with the progress level score.
- High-level summary report which identifies key strengths and weaknesses per desirable attribute as well as recommendations to move up a progress level.
- The above report also includes a 1.5 page synopsis of critical messages for high level audiences.

For what purpose(s)

<table>
<thead>
<tr>
<th>To inform</th>
<th>To foster</th>
<th>To identify</th>
</tr>
</thead>
<tbody>
<tr>
<td>the refinement of PFM rules and processes by identifying tailored actions for the overall aim of accelerating the country’s progress towards UHC.</td>
<td>coordination across stakeholders and development partners in terms of technical assistance and strengthening local capacity.</td>
<td>areas needing deeper analytical dives.</td>
</tr>
</tbody>
</table>

Unique aspects of the tool

- Is explicit about the links between specific shifts in policy direction and improvements in health financing system performance and progress towards UHC.
- Assessments are relatively short, which lends itself to being conducted regularly and thus provides a basis for monitoring progress over time.
- Very limited, if any, primary analysis to be conducted.
**UNICEF problem-driven approach to PFM challenges in health service delivery**

### When the tool can be useful

When the objectives are to (i) identify challenges at the service delivery frontline or at local government level, (ii) encourage incremental changes in existing PFM systems rather than a comprehensive overhaul, and (iii) leverage desire for positive change among stakeholders.

**In contexts where there are:**

- Challenges and bottlenecks to the availability, flow and use of resources for front-line delivery institutions.
- Coordination failures among institutions with interest and commitment to improve service delivery.
- Government stakeholders are motivated to improve the operation of public finance systems for local governments and service providers.

### Why: to seek answers to key questions

The approach includes two components.

**Component 1 answers the following questions:**

- What is already known about PFM challenges in the health sector, and what is causing them.
- How closely does this match the views and priorities of relevant stakeholders?
- What are the opportunities for reform?
- What actions are already being undertaken?

**Component 2 answers the following questions:**

- What issues does the government see as priorities for immediate response?
- Which solutions have consensus agreement, and what are the starting points?
- What are some immediate or short term actions to contribute to solutions?
- Who will be responsible for doing what, when, and how will management monitor progress?
- What are the opportunities for reform?

### How the approach works

**Component 1:** Identifies and synthesises PFM bottlenecks to service delivery using a checklist of common PFM problems. This approach economises on the original research required as it leverages existing evidence and governmental insights.

- Use the checklist to identify, synthesize and categorise knowledge on PFM from existing evidence and consultations with important stakeholders.
- Validate identified problems and explore shared priorities with government and stakeholders.
- Document a shared understanding, including implications and opportunities for reform.

**Component 2:** Initiate a joint process to validate and respond to identified PFM bottlenecks, requiring government leadership of the response.

- Facilitate problem solving workshops to identify concrete actions to solve immediate problems.
- Structure the enquiry for collaborative identification of solutions, building on local knowledge and processes.
- Institute mechanisms for follow-up, monitoring and oversight.
UNICEF problem-driven approach
to PFM challenges in health service delivery

How to apply the tool

Data requirements:
Budget and health data, previous PFM analysis/diagnostics such as PEFA, PER, PETS, NHAs, evaluations, performance reports, audit reports; may include limited field work on funding flows.

Team skills:
PFM analysis; coaching/facilitation experience.

Stakeholder involvement:
Active participation by government officials in identification of problems and solutions, as well as consultation with national and international partners and stakeholders.

Timeframe:
30-50 days for Component 1 and ~50 days over 6-12 months for Component 2.

What output(s) the approach produces

Component 1 produces a summary report that sets out:

- Issues identified, including relative priority.
- Evidence and implications for service delivery.
- Underlying causes and potential entry points.
- Issues for further exploration or response.
- Proposal for a joint-government process to validate and address the PFM challenges.

Component 2 builds on the problems identified in Component 1 through a structured process of enquiry and problem solving to secure and document agreement on:

- A list of priority issues to be addressed, and a joint understanding of what is causing them.
- A shortlist of solutions, with recommended starting points.
- Immediate / Short term actions to take forward.
- Clear responsibilities and a process to manage and monitor progress.

For what purposes

Component 1 Synthesis and documentation:

To capture
what is already known about PFM challenges in the health sector, and how closely it matches the views of relevant stakeholders.

To present
a shared understanding of PFM problems in health services delivery in a way that facilitates problem identification and response, to support programming, partnerships or existing sector PFM reform.

Component 2 Facilitated process to support the government to identify priority problems and establish a structured approach to identify feasible solutions that build on existing knowledge and systems.

To offer
a more concrete and direct process of change that prioritises practical short-term actions with clear timelines, responsibility and accountability.

It draws from the principles of Problem-Driven Iterative Adaptation (PDIA) and research on PFM diagnostics that indicates quality of stakeholder engagement in problem solving can be more useful than the technical analysis itself.

Emphasises the local context and understanding of where problems and solutions lie, with the role of external partners to coordinate, facilitate and help government counterparts to find ways to address problems that matter to them.
Country illustrations showcase when, why and how each tool was implemented in a specific context. These illustrations demonstrate: What catalysed the use of a tool in a particular context? How was the diagnostic process implemented? What findings did the tool produce, and how did these results help improve the PFM system? Country illustrations give more specificity to the above generic parameters so that users can more fully understand what they can expect from the tool in practical terms.

**Armenia**

**FinHealth Armenia**

Performing public financial management to improve health service delivery

**Catalyst to using the tool:**

As a knock-on impact of COVID-19, the Armenian economy was projected to contract by 6.3 percent in 2020. This would limit fiscal space for health at a time when demand for health services was rising. Also at this time, the Ministry of Health proposed expanding coverage of a package of services to better addresses population health needs which was to be financed through an increase in public revenue. Given this context, PFM reforms that ensure that the process of formulating, executing, and monitoring the health budget to facilitate improved health care were key to Armenia’s recovery. The Ministry of Finance also requested a systematic assessment of opportunities to improve the efficiency of public spending in the health sector. World Bank’s FinHealth: PFM in Health Toolkit provided a systematic approach to identifying PFM constraints to delivering health services in Armenia at a time when demand for health services were rising and yet fiscal space was contracting.

**Why:**

To help ensure the efficient and effective use of public financing as part of the proposed health reforms.

**How:**

In-depth review of country statistics, policy documents, and extensive consultations with health providers and public authorities, including senior policymakers in the ministries of health and finance, directors of health facilities, and heads of department in key agencies involved in finance, audit and accounting in the health sector.
What it found (issues and root causes):

- **PFM UNLINKED TO SERVICE DELIVERY GOALS**
  - Lack of approved strategy for health sector
  - Lack of health-system level framework linking goals, governance, and policy levers including PFM

- **INEFFICIENCIES IN HEALTHCARE**
  - Budget program fragmentation
    - Lack of flexibility for budget reallocation
    - Limited role of program managers
  - Small-scale procurement
    - Limited bulk procurement capacity or small facilities
  - Underfunding of the benefits package
    - Fund fragmentation due to out-of-pocket payments
  - Inequitable distribution of health workers
    - Lower compensation, lack of bonuses, no targeted financial incentives for the regions
  - Undersupply of skilled health workers
    - Inadequate health worker remuneration
  - Lack of equipment, drugs, and supplies
    - Inadequate investment in equipment, drugs and supplies
    - Procurement challenges
    - Low facility capacity to develop technical specifications
  - Gaps in human resources for health regulation
    - Limited buy-in to quality monitoring
    - Limited quality monitoring
  - Lack of approved guidelines for clinical care
    - Limited payment incentive for quality
  - Gaps in local needs reflected in planning
    - Limited involvement of regional authorities and facilities in budget preparation
    - Low facility capacity for financial management
  - Inadequate investment in equipment, drugs and supplies
    - Low facility allocations for equipment purchases
    - Limited donor funding allocations for equipment purchases
  - Limited pre-paid and pooled health financing
  - Benefit package cost not fully covered
  - Low health sector prioritization in state budget

- **LIMITED FACILITY ACCOUNTABILITY**
  - Lack of consolidated facility-level financial information or fixed asset registries
  - Weaknesses in internal and external audit
    - Limited supply of professional capacity
    - Unclear external audit mechanisms
  - Underfunding of the benefits package
    - Fund fragmentation due to out-of-pocket payments
  - Inequitable distribution of health workers
    - Lower compensation, lack of bonuses, no targeted financial incentives for the regions
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  - Low health sector prioritization in state budget

- **INEQUITABLE ACCESS TO CARE**
  - High out-of-pocket expenditure
    - Underfunded budget programs
    - Benefit package cost not fully covered
    - Low health sector prioritization in state budget
  - Underfunded budget programs
    - Benefit package cost not fully covered
    - Low health sector prioritization in state budget
  - Limited pre-paid and pooled health financing
    - Benefit package cost not fully covered
    - Low health sector prioritization in state budget
  - Low health sector prioritization in state budget
  - Benefit package cost not fully covered
  - Low health sector prioritization in state budget

- **GAPS IN QUALITY OF CARE**
  - Lack of local needs reflected in planning
    - Limited involvement of regional authorities and facilities in budget preparation
    - Low facility capacity for financial management
  - Inadequate investment in equipment, drugs and supplies
    - Low facility allocations for equipment purchases
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- **Health service delivery constraints**
  - Lack of consolidated facility-level financial information or fixed asset registries
  - Weaknesses in internal and external audit
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    - Unclear external audit mechanisms
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- **PFM UNLINKED TO SERVICE DELIVERY GOALS**
  - Lack of approved strategy for health sector
  - Lack of health-system level framework linking goals, governance, and policy levers including PFM
Findings led to policy recommendations for different aspects of the budget cycle. Recommendations cover the short-, medium- and long-term and represent ongoing, planned or suggested actions with responsibilities shared across the Ministry of Health and other agencies.

<table>
<thead>
<tr>
<th>Policy recommendation</th>
<th>Suggested implementation timeframe and status</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1 Improve planning and public funding of the health sector</strong></td>
<td>Short-term ongoing action</td>
</tr>
<tr>
<td>Develop a comprehensive and costed national health reform strategy. This effort should contribute to stronger alignment of the government’s health policies and priorities with annual health budget programs and activities.</td>
<td></td>
</tr>
<tr>
<td>Increase the level of public funding of the health sector, in order to improve financial protection.</td>
<td>Medium-term planned action</td>
</tr>
<tr>
<td><strong>2 Improve budget preparation and monitoring of budget execution</strong></td>
<td>Medium-term suggested action</td>
</tr>
<tr>
<td>Improve health sector budgeting by increasing the involvement of regional health authorities and health facilities. This would help ensure that their needs are included in the budget. Without improved prioritization, service readiness and quality will lag.</td>
<td></td>
</tr>
<tr>
<td>Designate program managers from the key policy departments of the Ministry of Health for each health budget program. Clear assignment of responsibilities is key for achieving satisfactory performance of both financial and nonfinancial indicators of health budget programs.</td>
<td>Medium-term suggested action</td>
</tr>
<tr>
<td><strong>3 Implement policies to address professional workforce shortages in regional health facilities, and unify performance and remuneration in the public health sector</strong></td>
<td></td>
</tr>
<tr>
<td>Implement targeted public budget programs to address the shortages of skilled health workforce in regional facilities.</td>
<td>Medium-term suggested action</td>
</tr>
<tr>
<td>Revise legislation to enable the government to implement unified regulations for health workforce performance and remuneration in the public sector.</td>
<td>Short-term suggested action</td>
</tr>
<tr>
<td><strong>4 Leverage pooled procurement and capacity building to improve procurement in the health sector</strong></td>
<td></td>
</tr>
<tr>
<td>Consolidate the procurement of drugs and medical supplies for primary health care and of the most commonly used items by public facilities under the umbrella of the Ministry of Health.</td>
<td>Short-term planned action</td>
</tr>
<tr>
<td>Strengthen the health sector’s capacity to develop sound technical specifications to improve the quality of supplied goods and services and save budget resources.</td>
<td>Medium-term suggested action</td>
</tr>
<tr>
<td><strong>5 Improve public investment management by strengthening the capacity to prepare and implement appropriately selected capital investments in new and existing infrastructure</strong></td>
<td></td>
</tr>
<tr>
<td>Progressively increase the share of capital costs in the health sector budget.</td>
<td>Medium-term suggested action</td>
</tr>
<tr>
<td>Introduce and implement clear and transparent criteria for the selection of projects for public investment in the health sector.</td>
<td>Short-term suggested action</td>
</tr>
<tr>
<td><strong>6 Strengthen financial reporting mechanisms in the health sector</strong></td>
<td></td>
</tr>
<tr>
<td>Implement regulations and mechanisms to enable the Ministry of Health to access and summarize full financial information from public and private facilities, to facilitate assessments of the use of allocated budget resources and total health spending.</td>
<td>Short-term suggested action</td>
</tr>
<tr>
<td><strong>7 Improve and strengthen internal and external audit arrangements in the health sector</strong></td>
<td></td>
</tr>
<tr>
<td>Improve the performance of internal audit systems at the Ministry of Health and regional administrations, through capacity building and reforms.</td>
<td>Short-term suggested action</td>
</tr>
<tr>
<td>Elaborate specific, health sector–related requirements for the mandatory annual audit of health facilities.</td>
<td>Medium-term ongoing action</td>
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Catalyst to using the tool:

Sierra Leone embarked on the WHO health financing progress matrix (HFPM) assessment, including the PFM module, in January 2021, soon after the new Health Minister took office with a view that the assessment would inform development of a health financing strategy and given a recognition of the need to review Sierra Leone’s rich history of different health financing policy interventions. This history includes fee removals in 2010 for children and pregnant women, a performance-based financing scheme introduced in 2011 but which ended after five years, a voucher scheme for family planning services, and a social health insurance scheme under discussions and development since 2007. More specific PFM reforms dating back to 2009 covered budget preparation, execution, and monitoring and with more recent actions including strives to improve budget credibility supported by the hiring and deploying budget officers to ministries. The budget officer in the Ministry of Health and Sanitation has not only brought increased attention to the budgeting process but also provides regular updates to senior leadership on budget execution, including bottlenecks. WHO’s HFPM module on PFM provided a systematic approach to analyzing the PFM system in Sierra Leone in order to assess how it is performing and the impact these arrangements are having on health financing functions in regard to progressing towards UHC.
Why:

to identify priority areas of the underlying PFM system to improve the efficient and effective use of public financing of health.

How:

In Sierra Leone, the HFPM assessment was implemented by a technical working group headed by the Principal Health Economist of the Ministry of Health and Sanitation and comprised of representatives from the Health Financing Unit under the Directorate of Policy, Planning and Information in the Ministry of Health and Sanitation. The group further involved other NGOs and implementing partner organizations. Thus, the team was diverse and included those with public health, economic, and clinical backgrounds. The team held several meetings both virtually and in person for a period of two months to review evidence, assess the situation and document the findings. The report writing took place over the next two months and notably included a foreword by the Minister himself with a commitment to the realization of recommendations coming out of the assessment.

What:

The HFPM module on PFM identified strengths and weaknesses, as well as priority areas. It found that a series of recent reforms in PFM have resulted in Sierra Leone being assessed as ‘established’ (i.e. the third highest of four progress levels) notably given there are processes in place for health authorities to engage in overall budget planning and multi-year budgeting, a recent assessment of key public financial management bottleneck in health, and the Ministry of Finance regularly publishes execution and budget information on their website Areas for possible PFM improvements include better supporting service providers to retain and manage their own revenues as provider autonomy and some degree of authority over spending decisions would enable them to better respond to local needs as these change and as opportunities arise. In addition, greater alignment between the flow of funds and priorities can be further improved in Sierra Leone (e.g. primary health care was a stated priority in the Medium-Term National Development Plan 2019-2023, but more than half of government funds go towards secondary and tertiary care).

Other key recommended priorities include:

1. Review the recently conducted Public Expenditure Review for key findings and consideration of recommendations to be implemented;

2. Advocate to the Ministry of Finance for more flexibility in spending the Ministry of Health and Sanitation budget and also increase flexibility in the health budget formulation with broader line items;

3. Ensure hospitals can retain their revenue;

4. Continue the engagement of Ministry of Health and Sanitation in the budget preparation process and give Ministry of Health and Sanitation more decision-making power in prioritizing limited resources;

5. Increase access to Integrated Financial Management System in the health-related agencies, and ensure that end-users are able to track their budget execution;

6. Ensure that budget execution rates are published publicly for increased transparency.
Resources


Montreux Collaborative on fiscal space, public financial management and health financing. Available at: https://www.pfm4health.net/


