

## CONCEPT PAPER

### “PPP for health: looking at trends”

UCMB – 27 April 2005

The Budget process for year 2005/6 is approaching its conclusion. The National Budget Framework Paper (NBFP) of April 05 allocates to health a total of 251.68 B Ugx (14.98 B more than in 2004-5 and higher than the earlier LTEF projections). Of these, 17.73 M are allocated to the PNFP sub-sector (+ 100 M Ugx). Earlier on the Ministry of Health had requested 2 additional B Ugx for the PNFP sub-sector and indicated it as the first unfunded priority. The Task Force established by HPAC to address the problem of HR constraints in the PNFP sub-sector recommended that the MoH should defend the case for additional funding of 13.48 B Ugx, immediately. None of these two recommendations is reflected in the NBFP. Worse still, the NBFP maintains a very conservative allocation of 18.07 B Ugx for the PNFP health sub-sector in the following two years 2006/7 and 2007/8. These very stiff projections are not in line with earlier BFPs and MTEFs trends, on the basis of which the PNFP sub-sector has made very critical strategic choices. In some ways, the most recent BFPs reflects the lost momentum of the PPP for health.

Against this background, the Bureau has carried out a retrospective and prospective analysis of the allocations to the PNFP sub-sector in the larger context of the GoU health budget and has compared different sets of BFPs and MTEFs to identify the moment when the momentum has gone lost. Ironically, this coincides, chronologically, with the moment when the PNFP sub-sector has been able to demonstrate the positive returns of the partnership and its remarkable efficiency gains.

The graphics here below and the table in annex “tell the story” better than many words.

#### **Comparison “Trend of absolute values of allocations to the PNFP sub-sector and relative value of these vis-à-vis the overall health budget”.**

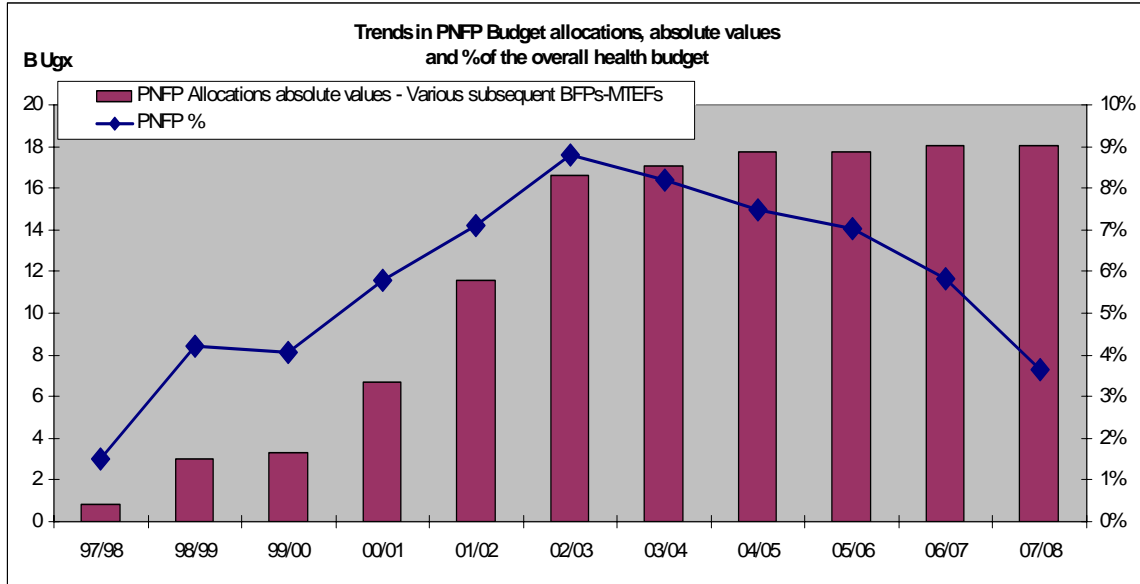
- *The bars represent the allocations to the PNFP in absolute values.*

There has been a steady increase until 2002/3 and then stagnation. In real terms, stagnation means a net decrease.

- *The line represents the proportion of these allocation vis-à-vis the health budget.*

This proportion has reached a maximum of 8.8% in 2002/3 and then it has started decreasing. The ratio is much more striking if we consider that the PNFP outputs range between 25 and 35% of the total outputs of the national health system.

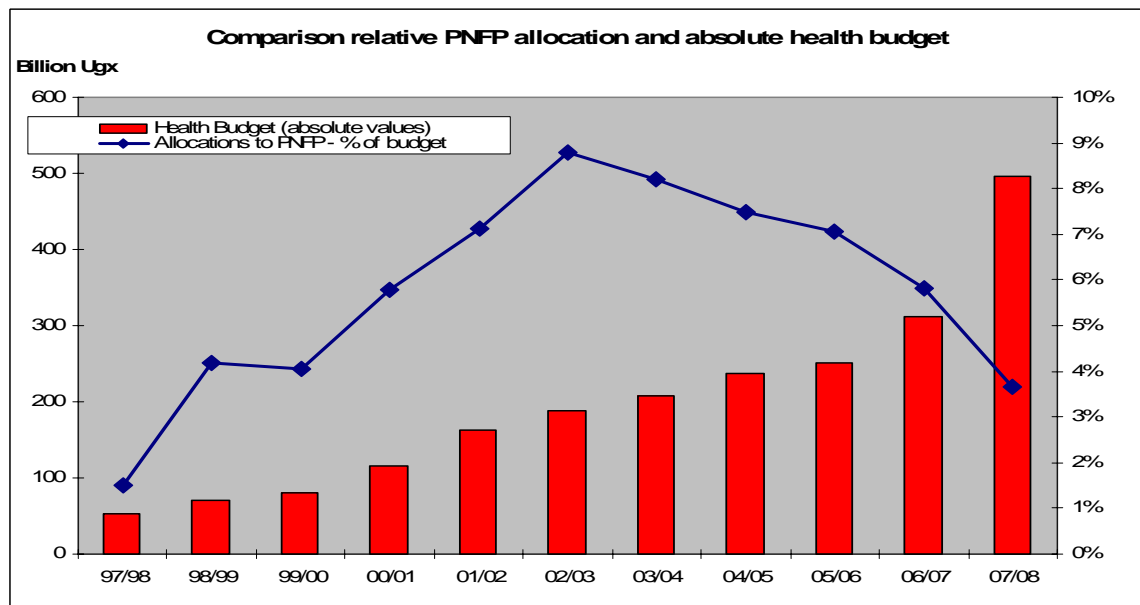
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Comparison "Absolute values of the trend of the overall health budget with the trend of the relative value of the allocations to the PNFP sub-sector".

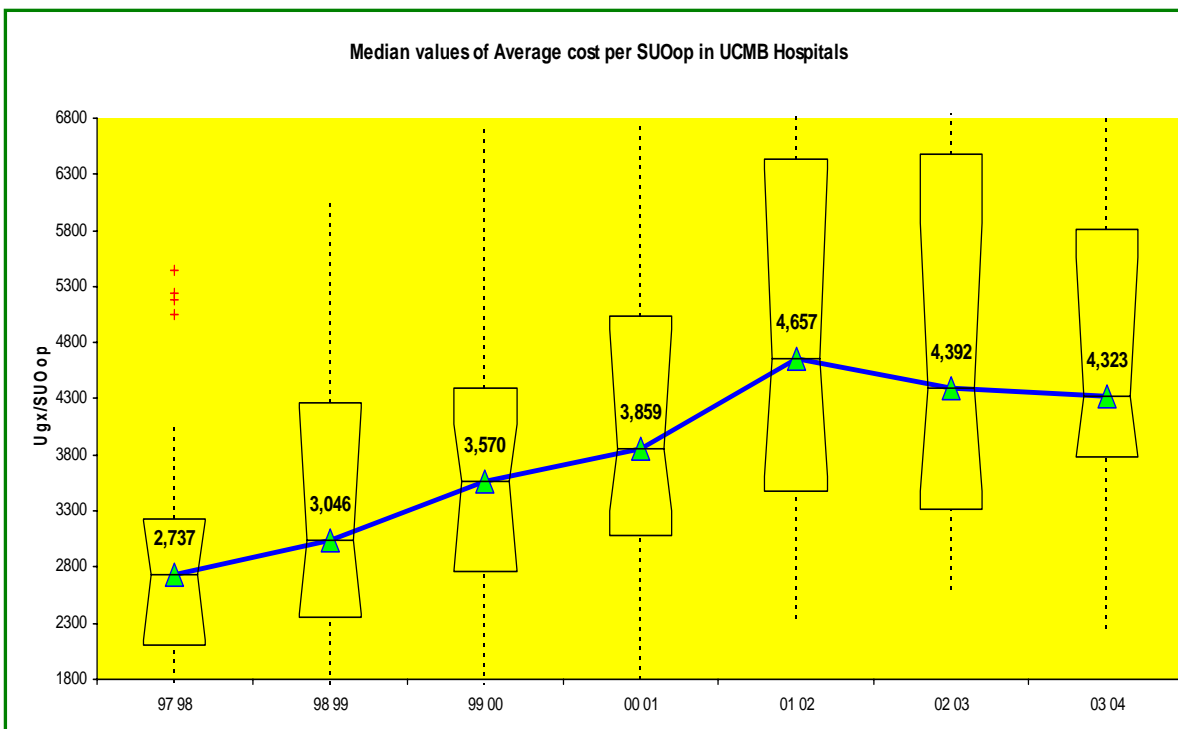
- *The line* represents the proportion of the PNFP allocation vis-à-vis the health budget, as in the previous graph.
- *The bars* represent the absolute values of the overall GoU Health Budget (earlier years are outturns and recent and future years are projections).

The message is clear: while the health budget has kept increasing (perhaps not as desired) the importance attached to the PNFP sub-sector started decreasing from 2003 onwards, just as the positive results of the partnership had started becoming patent.



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In fact in year 2003 the PNFP sub-sector was able to document its increased access, equity and (as shown in the graph here below) its increased efficiency.



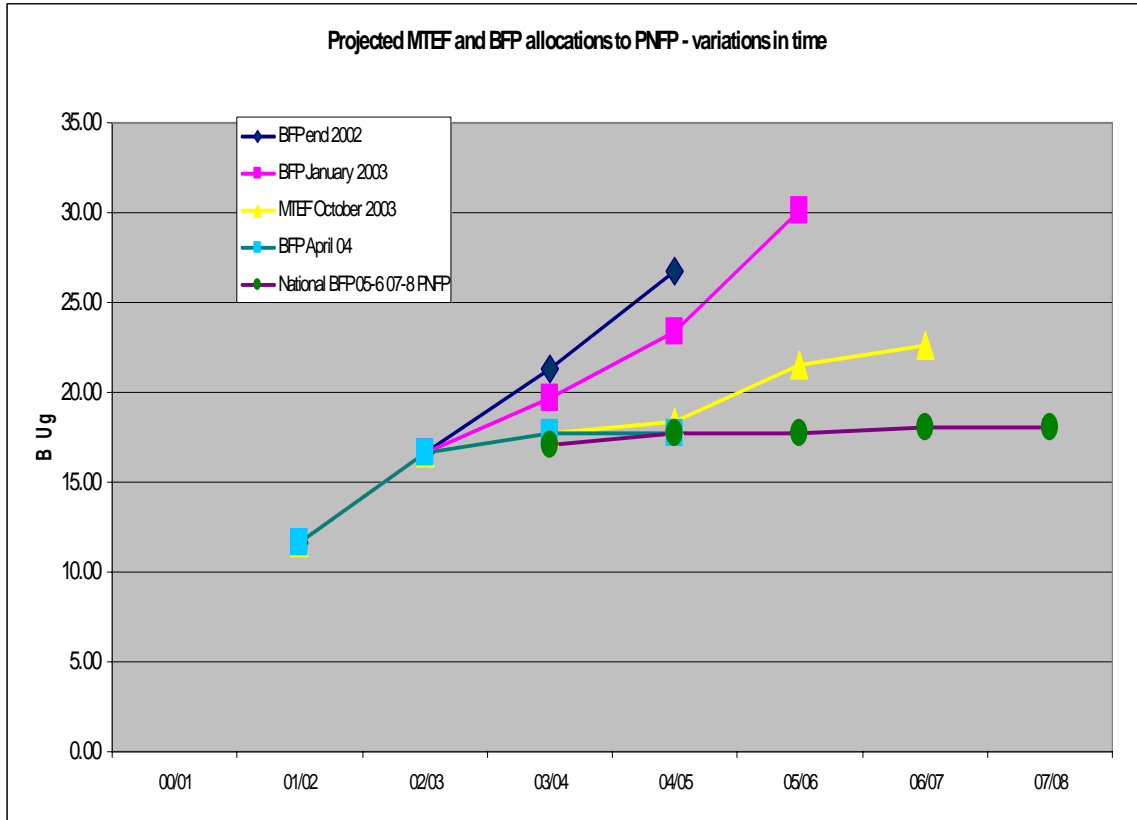
### Comparison of different BFP and MTEF projections from 2002 to date

**The various lines represent projections given in different BFP and MTEF, from end 2002 to the most recent BFP (April 2005).**

The comparison of different set of projections would seem to portray the evolution of thinking and intention of GoU vis-à-vis the PNFP sub-sector. In fact the graphic confirms that until January 2003 the partnership looked to be set for a progressive strengthening. The BFP of late 2002 and early 2003 had convinced the PNFP sub-sector that the intentions of Government were backed by consistent allocative decisions and that the strategic choice of pursuing increased access through decreased user fees reliance could be maintained without anxieties. This led to the improved access, equity and efficiency of the sub-sector extensively documented elsewhere and (partially) above. Despite the good outcomes, the first important hesitation is visible in the MTEF of October 2003 and is confirmed by the BFP of April 2004. At the publication of the BFP in April the PNFP sub-sector strongly protested and appealed in vain for a more balanced budget.

In the Budget 2004/5 GoU chose to invest a massive amount of resources in the wages of its health workers and in the recruitment of more health workers, while freezing allocations to the PNFP sub-sector around the levels of the previous year. Despite the frantic efforts of the PNFP sub-sector to attract attention to its predicament, the BFP of April 2005 implies that the GoU is still choosing to ignore this important social sector.

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Source Data:

BFP end 2002

BFP January 2003

MTEF October 2003

BFP April 04

National BFP 05-6 07-8 April 2005 – Annex 2

LTEF (for outturns of the health budget – in italics in the table)

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	97/98	98/99	99/00	00/01	01/02	02/03	03/04	04/05	05/06	06/07	07/08
<b>PNFP allocations</b>											
BFP end 2002					11.59	16.61	21.33	26.79			
BFP January 2003					11.59	16.61	19.72	23.40	30.07		
MTEF October 2003					11.59	16.61	17.72	18.35	21.57	22.57	
BFP April 04					11.59	16.61	17.72	17.72			
National BFP 05-6 07-8 PNFP							17.04^	17.72^	17.73^	18.07^	18.07^
<b>PNFP allocations summary</b>	0.80	3.00	3.30	6.72	11.59	16.61	17.04	17.72	17.73	18.07	18.07
<b>Health Budget summary</b>	53.37*	71.54*	81.27*	115.99*	162.89*	188.93*	207.80^	236.70^	251.68^	311.01^	495.78*
<b>PNFP %</b>	1.5%	4.2%	4.1%	5.8%	7.1%	8.8%	8.2%	7.5%	7.0%	5.8%	3.6%

\* LTEF

^ NBFP April 2005 Annex 2