

Extract from *Engaging with Public Financial Management Challenges in the Health Sector: A problem-driven approach for UNICEF country offices* (draft, publication pending January 2022).

The following extract sets out the **checklist** used in component 1 of the UNICEF approach. The checklist was developed based on original research conducted by ODI on the relationship between PFM and health services deliveryⁱ and a subsequent paper reviewing existing diagnostic toolsⁱⁱ.

The checklist provides the overarching analytical framework for investigating challenges with public financial management (PFM) that are perceived to affect service delivery in the health sector.

The approach is intended to limit the amount of time dedicated to primary data gathering and analysis, which may be demanded later if there is an interest in the government to delve deeper into the issues raised. In that spirit, relevant evidence for the problems will be gathered where it is easily available. The process is likely to reveal a number of issues that need to be put into context, analysed and synthesised. This will be done through discussions with government and close partners.

A CHECKLIST FOR IDENTIFYING PFM BOTTLENECKS

This section provides a detailed introduction to the checklist that is designed to be used in Component 1 of the approach: the initial problem identification. It sets out the three categories of PFM bottlenecks: problems in the allocation of resources; problems in the flow of resources; and problems in the use of resources.

2.1 Adequacy and resource allocation

Overall key question(s): To what degree do you see problems in your role in health services delivery related to the following issues of resources and their allocation:

- *Which of these happen regularly?*
- *Which of them are most disruptive or problematic for health services delivery?*
- *Which of them might reasonably be resolved by changes made within the health service delivery system itself (i.e. they do not require significant input from others and/or more fundamental changes to how PFM systems operate)?*
- *Which of them are inevitable problems of the public sector in this country and cannot be easily addressed in the short- or medium-term?*
- *Do they apply to some funding streams more than others? In which funding streams are they most severe?*

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Table 7: checklist with questions on resource adequacy and allocation

Problems	What does this problem look like on the ground?	Sources of evidence
1. Inadequate funding	<ul style="list-style-type: none"> • Not enough money is allocated in the budget to meet government targets for improving health outcomes. • Certain policy commitments have overstretched the available resources or remain critically underfunded • There are inadequate provisions for critical staff positions, procurement needs, operating costs or investments. • Essential medicines have not been purchased or distributed. • Facilities are compensating for a lack of resources by charging formal or informal user fees 	<ul style="list-style-type: none"> • National budget and health strategic plan • Public expenditure reviews • WHO health financing diagnostic • Public Expenditure Tracking Surveys • Budget analysis and budget briefs • Sector or programme evaluation reports
2. Vertical and horizontal inequities in funding	<ul style="list-style-type: none"> • There is large variation in the amount of funding received by different regions of the country and this does not relate to need, population or other objective criteria • Hospitals receive a disproportionately large share of resources compared to rural/regional health facilities • Health spending or subsidies disproportionately benefit higher income groups or regions • Oversight and inspections are more common in urban areas than rural ones • There is limited analysis or oversight of equity dimensions of funding 	<ul style="list-style-type: none"> • Public expenditure reviews • WHO health financing diagnostic • Benefit incidence analysis • Budget documents • Budget analysis and budget briefs
3. Inefficient mix of funding	<ul style="list-style-type: none"> • Resources are disproportionately allocated to central government or administrative departments rather than institutions further down the service delivery chain. • Hospitals receive a very large share of budget allocations compared to health centres. • Wages are paid but there is frequently no money for consumables like drugs, medical equipment or other day-to-day expenses. • Facilities continue to be constructed and equipment purchased, but staff and operational resources are not available for 	<ul style="list-style-type: none"> • National budget • Public expenditure reviews • WHO health financing diagnostic • Budget analysis and budget briefs • Sector or programme

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Problems	What does this problem look like on the ground?	Sources of evidence
	<p>long periods, if at all and maintenance is neglected.</p> <ul style="list-style-type: none"> • There are significant variations in administration or unit costs of inputs between funding streams • Facilities face challenges adjusting spending to meet local needs and demands for health services • Processes result in the procurement and distribution of unsuitable equipment, which does not meet the needs of health units. 	<p>evaluation reports</p>

2.2 Resource flow

Overall key question(s): To what degree do you see problems in your role in health services delivery related to the following issues of resource blockage or bottleneck:

- Which of these happen regularly?
- Which of them are most disruptive or problematic for health services delivery?
- What items does the problem affect and at what point in the service delivery chain?
- Which of them might reasonable be resolved by changes made within the health service delivery system itself (i.e. they do not require significant input from others and/or more fundamental changes to how PFM systems operate)?
- Which of them are inevitable problems of the public sector in this country and cannot be easily addressed in the short- or medium-term?
- Do they apply to some funding streams more than others? In which funding streams are they most severe?

Table 8: checklist with questions on resource flows

Problems	What does this problem look like on the ground?	Sources of evidence
<p>1. Delays in financial resources</p>	<ul style="list-style-type: none"> • Salaries of permanent or contract staff are not paid on time • Operating budgets are not available at certain times of the year • It takes a long time to get suppliers paid • Advances and imprest accounts are replenished slowly • It is common for facilities to take supplies on credit or to take short-term loans from local bank branches or money lenders • Capital budgets are only accessed late in the year 	<ul style="list-style-type: none"> • PEFA reports • Public Expenditure Tracking Surveys • Public expenditure reviews • Budget execution reports (including IFMIS reports) • Flow of funds audits

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Problems	What does this problem look like on the ground?	Sources of evidence
2. Delays in in-kind and other resources	<ul style="list-style-type: none"> Facilities face drug stockouts and other shortages The wrong drugs and equipment is provided Drugs distributed are close to the expiry date Fuel or other inputs cannot be accessed in a timely way 	<ul style="list-style-type: none"> Public Expenditure Tracking Surveys Tanahashi bottleneck analysis Audit reports
3. Resources are not transferred	<ul style="list-style-type: none"> Budget allocations are regularly cut / not released during the year, or released very late Disbursements not in line with cash forecasts/ budgets Higher levels of government prioritise administration costs Resources are diverted at higher levels of government Resources (e.g. essential drugs) are purchased but not distributed Resources (e.g. essential drugs) are not purchased at all Money reaches district/country/local health administrators but it is unclear what happens to the money at this level, and it does not reach primary health facilities 	<ul style="list-style-type: none"> Budget execution reports Public Expenditure Tracking Surveys Tanahashi bottleneck analysis Audit reports

2.3 Resource use and accountability

Overview of resource use issues

Overall key question(s): To what degree do you see problems in your role in health services delivery related to the following issues of resource blockage or bottleneck:

- Which of these happen regularly?*
- Which of them are most disruptive or problematic for health services delivery?*
- Which of them might reasonable be resolved by changes made within the health service delivery system itself (i.e. they do not require significant input from others and/or more fundamental changes to how PFM systems operate)?*
- Which of them are inevitable problems of the public sector in this country and cannot be easily addressed in the short- or medium-term?*
- Do they apply to some funding streams more than others? In which funding streams are they most severe?*

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Table 9: checklist with questions on resource use and accountability

Problem	What does this problem look like on the ground?	Sources of evidence
1. Staff absenteeism	<ul style="list-style-type: none"> • Staff are paid regularly but often not present for work • Staff are not paid regularly and not present for work • Staff are assigned to health facilities but have never reported for work • There is no way of tracking whether staff are present for work 	<ul style="list-style-type: none"> • Public Expenditure Tracking Surveys • Quantitative Service Delivery Study/Service Delivery Indicators • Tanahashi bottleneck analysis • Annual performance reports for MOH • HRIS reports
2. Inefficient procurement and/or other waste	<ul style="list-style-type: none"> • The drugs budget is insufficient to purchase required medicines / facilities face regular shortages and stockouts • Wrong items are procured and distributed to facilities or subnational governments • Significant variations in costs of similar items between different funding streams, agencies or jurisdictions • Poor maintenance of existing infrastructure, vehicles or equipment • Extensive time delays in procurement processes • Reliance on emergency procurement • Procurement of items not included in the budget • Procurement that does not meet transparency or reporting requirements • 	<ul style="list-style-type: none"> • Public Expenditure Reviews • PEFA • Audit reports • Health facility survey • Essential drugs survey • SARA (service availability and readiness assessment) • SPA (service provision assessment)
3. Corruption and fraud	<ul style="list-style-type: none"> • Wages are frequently paid in error to the wrong people, or in the wrong amounts, or paid late • It is widely known (or assumed) that money, supplies and/or equipment is stolen or misused 	<ul style="list-style-type: none"> • Audit reports • Parliamentary discussions / reports • Newspaper / civil society reports

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Problem	What does this problem look like on the ground?	Sources of evidence
	<ul style="list-style-type: none"> • There are incomplete financial records at health facilities, or records are held secretly, and/or there is no transparency in how financial records are managed. • There are weak or no regular audits or checks on financial records • There is no stock control or inventory management of key drugs and medical commodities • 	<ul style="list-style-type: none"> • Donor project documents • Payroll reports (e.g. ghost workers) • International Drug Price Indicator Guide
4. Underutilisation of resources	<ul style="list-style-type: none"> • The proportion of the budget spent in the health sector is below the total budget execution rate. • Procedures are overly centralised, slow or rigid which makes procurement or accessing releases difficult • Capacity to adhere to processes is limited • The wrong items are purchased and there is a growing stock of under-used materials • The facility has no say on what drugs are purchased, and they simply receive what they are allocated. • There are lots of resources for capital spending, but nothing for day-to-day expenditure 	<ul style="list-style-type: none"> • Budget execution reports • Public expenditure tracking surveys • Audit reports
5. Resource capture during execution	<ul style="list-style-type: none"> • Resources are often used for low-value activities, and/or activities that are not directly related to health services delivery (e.g. lots of training, workshops, travel). • Service delivery budgets are squeezed more than administrative budgets when cash is rationed. 	<ul style="list-style-type: none"> • Quantitative Service Delivery Study • Audit reports, including performance audits

For further information, contact jasman@unicef.org, Social Policy and Social Protection, UNICEF HQ

ⁱ Welham, B., et al. (2017) *Public financial management and health service delivery: necessary, but not sufficient?* London: Overseas Development Institute.

ⁱⁱ Hadley, S. et al. (2020) 'Review of public financial management diagnostics for the health sector'. ODI Working Paper 574. London: Overseas Development Institute.

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