**Health Sector Application of Programme Based Budgeting – Early Lessons from Kenya**

**Benjamin Tsofa**,1\* Protus Musotsi1, Sassy Molyneux,1,2, Edwine Barasa1, Thomas Maina3 ,Jane Chuma3

*1KEMRI Wellcome Trust Research Programme, KEMRI Centre for Geographic Medicine Research Coast, Kenya*

*2 Centre for Tropical Medicine and Global Health, Nuffield Department of Medicine, University of Oxford*

*3The World Bank Group, Kenya Country Office - Kenya*

\*Denotes presenting author

**Introduction**: Health sector planning and budgeting is a governance process linking long-term strategies with daily operations and financial allocation. Kenya adopted a Medium-Term Expenditure Framework (MTEF) and Annual Work Plans (AWPs) to align public sector planning and budgeting process, but misalignment has continued to be witnessed; both in the health sector and public sector more widely. A Public Finance Management Act (PFMA) was adopted in 2012 to guide the planning and budgeting process, which introduced Programme Based Budgeting (PBB) replacing the traditional line item budgeting. PBB aimed at better linking of priority technical programmes identified during planning, with budgetary allocation, and at increased accountability, transparency and openness. There is limited knowledge on the application and utility of PBB in the health sector in Low and Middle-Income Countries (LMICs) and this study sought to address this gap in knowledge.

**Methodology:** We carried out a systematic search and review of literature that has documented health sector application and utility of PBB in LMICs. We then sort out to collect empirical data to examine the experience of PBB in health sector planning and budgeting at County level. We reviewed all relevant policy and guidelines document that guide the planning and budgeting process in the country. We then conducted 28 in-depth interviews with individuals national level key informants from the Ministry of Health, Council of Governors Secretariat and donor agencies supporting health sector planning and budgeting process. We then conducted xx interviews with individuals involved in county level health sector planning and budgeting in six purposefully selected counties. We applied the Walt and Gilson policy analysis triangle to guide development of data collection tools and data analysis. We applied a thematic approach for data analysis.

**Results:** The County level health sector Annual Work Plan (AWP) development for financial year 2017/18 utilised the PBB. However, with no proper guidelines on the process, there was a variation across counties on the numbers and definitions of ‘programmes’ identified for allocation of resources. The planning process was perceived to have improved the alignment of technical priorities with budgetary allocation; and increased transparency, accountability, openness of the process. However, PBB implementation was facing challenges because of lack of clear tools and guidelines, low capacity at county level, political interference, and that the Integrated Financial Management Information System (IFMIS) used for public sector financial management was still organised around line Items.

**Conclusion:** PBB is potentially a useful tool for aligning health sector planning and budgeting, and making the AWP result-oriented. However, realization of this would be enhanced by the developed of clear tools guidelines; and building capacity for county health sector managers; and reforming the IFMIS budgetary management system to align it with the PBB