# RESOURCE TRACKING

## A conceptual framework and its application

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## WHAT IS RESOURCE TRACKING?

- Efforts to **collect** and **analyze** data on the flow of funds for developments, referred to now as resource tracking (RT).
  - The efforts on health resource tracking can be traced back to 1950's
- The need for RT is increasing recently
  - Increasing resource constraints globally, which makes **domestic resources** more important for development.
  - Increasing attention on greater **value for money** and efficiency and effectiveness
  - Need for more **transparency and accountability** from all stakeholders

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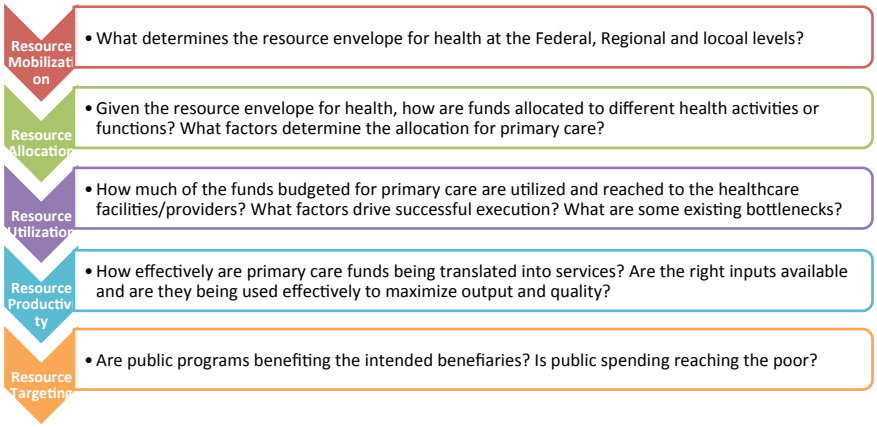
## CONCEPTUAL FRAMEWORK

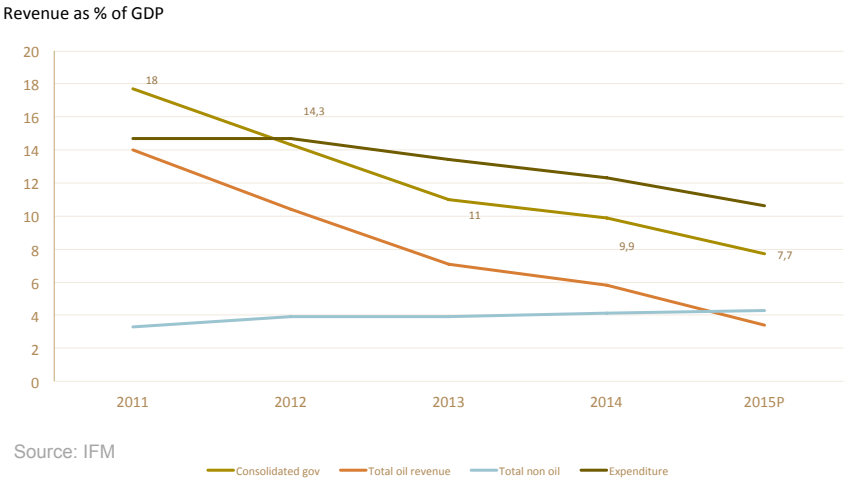



Resource tracking is not a simple **tracking tool** for the financial number; it is a **policy tool** that help us develop a policy dialogue platform regarding the potential policy changes that are able to **improve the resource availability and resource utilization** for better service delivery.

## EXISTING TOOLS/METHODS FOR THE RT

| **Flow of fund** | **Key methods** | **PFM issues** |
|---|---|---|
| Resource mobilization | Fiscal Space Analysis (FSA) | Economic growth,<br>Fiscal policies,<br>Potential efficiency gains |
| Resource allocation | Public Expenditure Review(PER),<br>Planning/Budgeting tools | Across sectors allocations<br>Within sectors allocations |
| Resource utilization | Public Expenditure Tracking (PETs) | Resource disbursement<br>Resource utilizing capacity<br>Administrative cost<br>leakage |
| Resource productivity | QSDS, SDI, SARA, or other facility surveys (with financial information) | Mix of inputs,<br>Incentives,<br>Demands of services |
| Resource targeting | Benefit Incident Analysis(BIA) | Targeting Policies and strategies |

# GOVERNMENT REVENUE IN NIGERIA

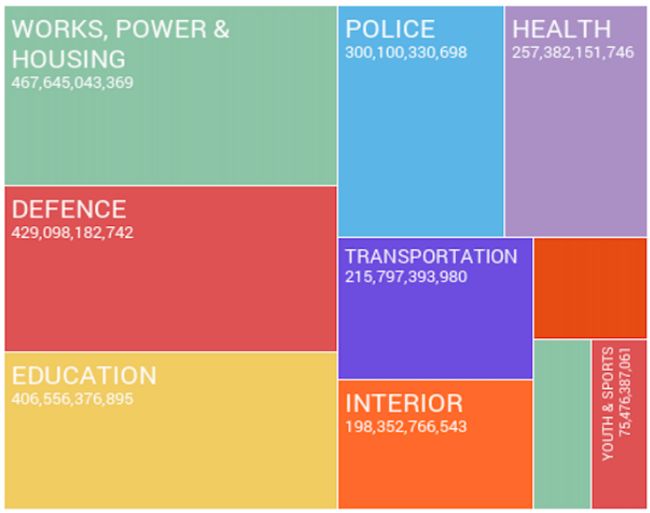


# HOW IS THE 2016 BUDGET DIVIDED IN NIGERIA?

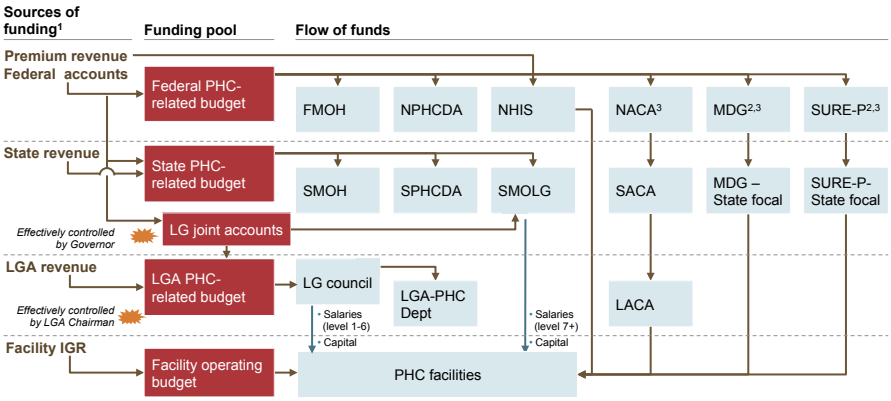
## The Top five

Infrastructure - N467bn
Defence - N429bn
Education - N406bn
Police - N300bn
Health - N257bn




Source: Budget Office

# FLOW OF PUBLIC FUNDS FOR PHC IN NIGERIA




1 Donor funding not depicted 2 MDG and SURE-P also receive funding from states 3 MDG, SURE-P and NACA funds only reach select facilities

SOURCE: Expert interviews, Resource tracking survey

# PUBLIC PHC EXPENDITURES AT EACH LEVEL: KADUNA

***How does the public financing work? How much is spent at each level?***

| | Overall health budget | | PHC budget | | Key observations on public financing for PHC |
|---|---|---|---|---|---|
| | Total, USD millions | Per capita, USD | Total, USD millions | Per capita, USD | |
| National | ▪ 1,828 | ▪ 11.1 | ▪ 155 | ▪ 1.0 | ▪ **Majority (>90%) of PHC funding allocated for capital costs**<br>▪ **Multiple funding flow for PHC** (MDG, Sure-P) which state/LGA do not control |
| State (Kaduna example) | ▪ 92 | ▪ 13.0 | ▪ 6 | ▪ 0.9 | ▪ Majority of state health **spending allocated for secondary / tertiary care**<br>▪ **~30% PHC spending allocated for capital costs** |
| LGA (Kaduna example) | ▪ 59 | ▪ 8.3 | ▪ 59 | ▪ 8.3 (7.9 on salaries; 0.4 on non-salary recurrent costs) | ▪ **Comprises majority of public PHC funding**<br>▪ LGA funds largely **influenced / controlled by state level** (governor, MoLG)<br>▪ Vast majority **(~95%) of funding allocated for salaries** |
| Facility | ▪ N/A | ▪ N/A | ▪ N/A | ▪ N/A | ▪ **>50% of facilities receive no cash; 85% receive less than $100 a month**<br>▪ **Rely on user fees** for internally generated revenues to fund most of non-salary recurring costs |

*Same as total LGA health budget as LGAs are responsible for PHC delivery*

1 Projected 2012 population of 7.1M for Kaduna and 64.3M for Nigeria; 2 All health and PHC budget data for 2012 from PATHS 2 resource tracking report

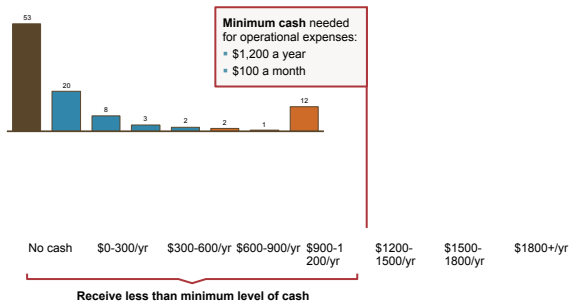
SOURCE: SDI, PATHS 2

# PUBLIC SECTOR PHC FACILITIES CASH FLOW

**PHC facilities require a minimum of $1,200 (180,000 naira) a year** to fund operational expenses (excluding drugs)

- Primary Health Center visited in Kaduna reported needing a minimum of $1,200 (180,000 naira) a year in cash to fund operational expenses (excluding drugs) including:
  - Laundry detergent
  - Cleaning supplies
  - Gauze and other medical consumables
  - Utilities
  - Fuel for generator
- CHCs would require more cash than this minimum threshold
- Facilities fund operational expenses with user fees or cash loans from facility in-charge due to lack of public funding

**Most facilities received less than $1,200 a year**
Cash received from government & NGO sources in last fiscal year
Percent of facilities surveyed



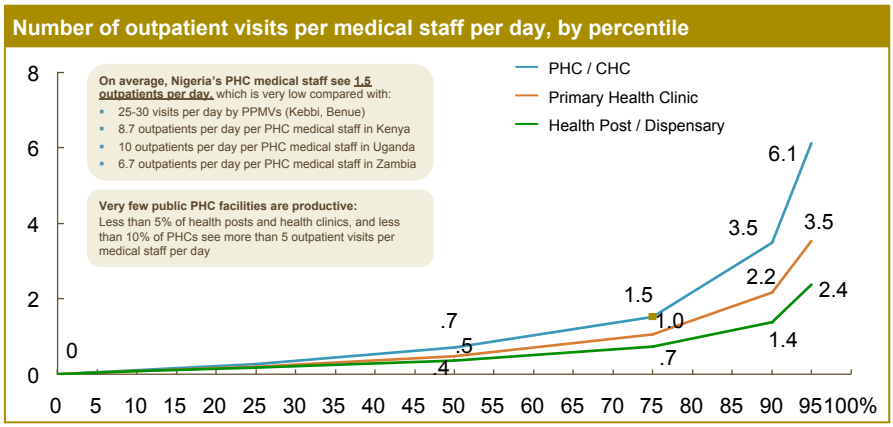

SOURCE: World Bank Service Delivery Indicators (SDI), 2013; Field visits

# ALLOCATION OF PUBLIC PHC EXPENDITURES

| PHC cost categories | Share of public funding for PHC | Funding Sources | Public Funding Reliability |
|---|---|---|---|
| Salaries |  | ▪ **LGA Joint Account** is primary funding source<br>▪ State controls salary payments for levels 7+<br>▪ LGA controls salary payments for levels 1-6 |  <br>▪ Close to 100% budget execution for salaries<br>▪ Strong political pressure from organized health worker associations |
| Drugs |  | ▪ **Out-of-pocket payments** primary funding source for drug supply<br>▪ **States, LGAs and donors** provide DRF seed funding<br>▪ **Federal agencies and donors** supply drugs for vertical programs |  <br>▪ Minimal public funding for drugs<br>▪ Reliable state funding for administration of Drug Management Agency |
| Operations |  | ▪ **Out-of-pocket payments** only funding source for operational expenses at the facility level |  <br>▪ No funding for operations at the facility level<br>▪ Some but insufficient funding for operations of state and LGA level agencies and departments |
| Capital |  | ▪ **States allocate Joint Account funds** for capital expenditures<br>▪ **LGA Chairmen** funds capital projects |  <br>▪ Only 50-60% of overall capital budgets are executed<br>▪ Capital projects often arbitrarily initiated by Governors and LGA Chairman<br>▪ Little capital financing reaches facilities |
| Special initiatives & programs |  | ▪ **MDG and SURE-P** fund specific PHC facilities<br>▪ **NACA** funds HIV/AIDS initiatives<br>▪ **NHIS** purchases PHC services from accredited facilities |  <br>▪ MDG and SURE-P without reliable future funding sources<br>▪ NHIS/MDG program has limited current scope and dependent on MDG funding |

SOURCE: Field visits, expert interviews

# DISTRIBUTION OF PUBLIC PHC PRODUCTIVITY




SOURCE: World Bank Service Delivery Indicators (SDI), 2013; ACHIEVE PPMV study

# BENEFIT INCIDENCE ANALYSIS FOR HEALTHCARE

| Facility | Poorest Quintile Q1 | Q2 | Q3 | Q4 | Richest Quintile Q5 | No. of HHs |
|---|---|---|---|---|---|---|
| % Utilization of Public Health Facilities by Quintile | | | | | | |
| Public primary facilities | 58.9% | 49.4% | 40.8% | 34.6% | 29.9% | 16,991 |
| Public secondary facilities | 39.7% | 38.8% | 52.4% | 53.4% | 54.8% | 17,018 |
| Public tertiary facilities | 8.3% | 12.8% | 19.8% | 24.3% | 34.8% | 17,030 |
| Average Benefit Incidence Per Services (Naira) | | | | | | |
| Public primary facilities | 2,795 | 2,728 | 2,718 | 2,352 | 2,188 | |
| Public secondary facilities | 2,291 | 2,541 | 3,137 | 3,240 | 3,672 | |
| Public tertiary facilities | 3,133 | 3,512 | 4,071 | 4,361 | 5,055 | |

Source: U. Amakom, 2012, "Public Expenditure on Education and Healthcare in Nigeria: Who Benefits and Why?" Int. Jr. of Business & Management, Vol. 7, pp. 48-59

## HOW TO TRANSFER “CRISIS” TO “OPPORTUNITIES”?

- In Chinese “Crisis” is “危机”, which includes to English words “Danger” and “Opportunity”
- The potential “Opportunities” are efficiency gains, in additional to better fiscal policies

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