



BUDGET PROCESS BOTTLENECKS FOR IMMUNIZATION FINANCING IN THE DEMOCRATIC REPUBLIC OF THE CONGO (DRC)

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DRC, a complex health architecture

- DRC classified as a 'fragile state' = *government that cannot deliver its core function to the majority of its people and post-conflict for some areas**
- Variety of actors are involved in funding flows for health services including national and sub-national government structures, donors, implementing partners, facilities and users
- Inefficient and insufficient flow of funds from the government, low budget 'credibility'
 - Majority of recurrent inputs at facility-level come from either donors or user fees. But donor reluctant to support recurrent costs + implement off budget program based aid to reduce risk*



* Witter S. Health financing in fragile and post-conflict states: what do we know and what are the gaps? Soc Sci Med 2012;75(12):2370-7.

Budget process for immunization financing

- Credit lines that fund EPI:
 - Specific: line “vaccine purchase and campaign operational cost”, + line “systematic EPI activities” (under category “project counterparts”)
 - Shared: HR wage, purchase of medical equipments / cold chain (nature), economic and social interventions
- These credit lines do not fall under simplified procedures (that allows services to obtain funds in advance)
- Health centers do not receive a budgetary allocation (some exceptions)
- EPI review 2012: low disbursement of funds to EPI from the national budget implying some weaknesses



Objectives

- Describe the budget process norm
- Analyze the budget process in practice and associated bottlenecks at each of its phases
- Collect recommendations from actors involved to improve the situation
- *Scope: Budget process for immunization financing in DRC at central level for financial years 2009–2011*



Let's clarify a few technical terms before interpreting data

Definition of "Budget Process"

The process by which governments create, approve and execute a budget
3 phases: elaboration, adoption and **execution**

Definition of Budget Process Bottleneck

An obstacle in one step of the budget cycle or expenditure chain that leads to a reduced amount of the financial resources at the subsequent step

Budget mobilization rate

Ratio between the amount that is allocated (voted) by parliament and the amount that is made available (disbursed) to the beneficiary service (for example, the immunization program).

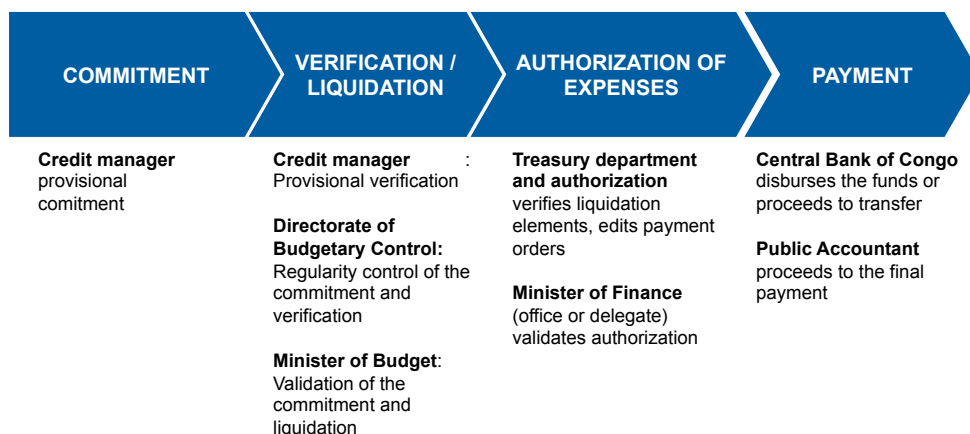
Execution rate

Ratio between what has been received and what has been spent by the recipient.

Quantitative and qualitative data were collected through a review of published and gray literature, and individual interviews

- **Review of published and grey literature**
 - 2011 budget execution ministerial circular
 - Financial statements of 2009, 2010
 - Manual of procedures and public expenditure circuit
 - Public Expenditure Framework Evaluation (World Bank)
- **Interviews** with different actors involved in budget process
 - Ministry of Health
 - Ministry of Budget
 - Ministry of Finance
- **Development of specific data collection tool** for the DRC budget process for immunization financing

Description of the budget execution process in DRC: actors involved and activities



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Execution phase of Health Public Expenditure and “EPI systematic activities”, and “Vaccines and campaigns operational costs” (amounts in USD)

Sector	V o t e d credits	Commitment	Verification	Authorization	Payment
Health Public Expenditures (budget line 37)					
2011	256 724 185	187 316 093	186 581 792	157.162 332	151 880 320
EPI systematic activities (budget line 37026)					
2011	4 420 251	9 593 291	9 593 291	1 399 790	1 150 215
Vaccines and campaigns operational costs Budget line n°4143:					
2009	566 241	133 098	133 098	133 098	133 098
2010	1 849 498	1 690 524	1 690 524	1 690 524	788 352

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Execution rates of health sector and immunization in DRC

- Execution rate (i.e. ratio payment / voted credits) for **public health: 59%** (2011); obstacle is between the phase of **voted credits and commitment**
- Execution rate for **EPI activities** (budget line n° 37026): **26%** (2011) ; obstacle is during **expenditure autorization and payment**
- Execution rates of budget line « **Vaccines and campaign operational costs** » : **23%** en 2009 (9), **43%** en 2010
 - Obstacles in 2009: between voted credits and comitments phase
 - Obstacles in 2010: between authorization of expenditure and payment

Ministère du Budget, Secrétariat Général au Budget, Direction de la préparation et du suivi du Budget. ESB de dépenses de santé publique par administration et chapitre: exécution au 31/12/2011.

Ministère du Budget, Secrétariat Général au Budget, Direction de la préparation et du suivi du Budget. Etats de Suivi Budgétaire de dépenses par nature, année 2009. 2009.

Ministère du Budget, Secrétariat Général au Budget, Direction de la préparation et du suivi du Budget. Etats de Suivi Budgétaire de dépenses par nature, année 2010.



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Bottlenecks at the budget elaboration and adoption phase

Player	Bottlenecks
Budget elaboration Budgetary circular (Ceiling set for each sector)	
Ministry of Budget	<ul style="list-style-type: none"> - Budget is limited - Ceiling does not take into account real program needs
Budget adoption Planning	
Sectorial Ministries	<ul style="list-style-type: none"> - Delay in planning is due to high dependency of the budgetary process toward commitments and disbursement from partners - Very little donor spending is included in the budget in DRC
Requesting services	<ul style="list-style-type: none"> - Lack of information on the process for requesting disbursement



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Budget execution: commitment phase assessment by actors interviewed



Preparation and establishment of commitment forms	Credit manager	- Commitment forms are above the available budget (due to lack of clear view on budgetary consumption from the service).
Budgetary control	Budgetary controllers	✓ No bottlenecks mentioned at this phase.



Budget execution: liquidation phase assessment by actors interviewed



Verification of the reality of the debt	Credit manager	- Ceilings limit the sectorial credits
Assessing the amount of the expense	Credit manager	✓ No bottlenecks mentioned at this phase
Liquidation confirmation	Liquidation unit from Budgetary Control Directorate	- Reduction of the trimestrial credits (at the discretion of the Ministry of Budget).



Budget execution: authorization of expenses assessment by actors interviewed



Validation of the complete file	Authorizing officer	- Political interference by the Treasury Directors (only ones to give payment order)
Prioritization of titles and scheduling	Treasury Directorate	- Prioritization from Ministry of Finance that does not take into account sector priorities - Interference in the prioritization - Authorized amounts are inferior to the ones solicited by the program or sector
Confirmation or amendment of titles prioritization	Minister of Finance	- Priorities set are different from the ones planned by the sector - Emergency expenses infringe on the budget reserved for operational activities - No up-to-date accounting of authorizations and revenues - Arbitrary prioritization
Establishment and transfer of payment orders	Treasury Director	- Limited availability and high numbers of files to process



Budget execution: Payment phase assessment by actors interviewed



Transfer of funds	Public Accountant	- Limited availability of accountants
Payment	Central Bank of Congo	- Important delay between payment order establishment and actual receipts of funds - Prioritization still happens at this stage !



Key Suggestions by actors to improve bottlenecks of budget execution process

Budget process phase	Critical bottleneck	Suggestions for improvement
Elaboration	Budget is limited. Ceiling does not take into account real program needs (Ministry of Budget).	Ceilings and budget request need to be aligned with MTEF and action plan objectives.
Adoption	Lack of information on the process for requesting disbursement Delay in planning is due to high dependency of the budgetary process toward commitments and disbursement from partners (Sectorial ministries) and very little donor spending is included in the budget in DRC.	Improve communication towards requesting services Include donor spending in the budget. Ensure timeliness of this spending.
Execution (all steps)	Recourse to emergency and 'off-budget' expenses leads to an over-execution of some administrative expenses and to an under-execution for health and education	Better consideration of actual priority and emergency of expenses
Execution / Authorization phase	Authorization phase: discretionary decisions on which programs to fund regardless of voted budget Delay in processing the cases during execution	Budget be followed as voted by the parliament Legal time limit for processing the cases
Execution / Payment	Intervention from ministries offices at the payment phase Payment	Better consideration of ranking orders Inscribe beneficiaries on the payment slip (to allow more direct payment)

Discussion

- The excessive use of emergency and off-budget procedures is both a cause and a consequence of dysfunctional budget processes.
 - recourse to emergency budget procedures appears to be the only option to ensure disbursement of funds in a timely manner
 - the abuse of this discretionary practice disrupts the budget process even more as it delays the execution of funds that follow the standard process.
- Immunization focus serves as an entry point but allows to identify broader issues relating to budget process
 - likely to find similar findings in other health programs (given the low execution for health in general)
 - So 'Vertical' analysis / tracking can be insightful
- This type of analysis shows that obtaining higher health budget for 'filling the gap' is a necessary but not sufficient condition if budget process bottlenecks remains
 - Health and education sectors in DRC, which were under-executed (<100%) while other sectors and ministerial offices were over-executed (>100%), report based on PEFA (Mathis)

Discussion

- This type of approach could be replicated in other programs, settings to go beyond the usual diagnostics around financing issues and identify actionable recommendations

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