Budget – five points under the health lens

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Had it been conventional to place the budget in the public domain to solicit inputs of the civil society on the directions proposed therein, suggestions such as the one articulated in this opinion could have been more timely in terms of possible inclusion in the planning process. Given that this is not the scenario, the following five points are offered as policy inputs in relation to budgetary allocations for health, on the premise that some of these ideas will generate a discussion in the forthcoming parliamentary debates.

First, it is important to recognize that the health status of populations has a direct correlation with the level of public spending on health. However, it is not just the aggregate level of spending, but the percentage of GDP allocated for health adjusted for inflation and population growth, and its translation into per capita public expenditures relative to private expenditures that gives a somewhat truer picture of the state's investments in health. Here it is acknowledged that Pakistan's aggregate level of allocation for health has increased considerably over the last decade with further increases in this budget representing a positive trend. However changes in health allocations as a percentage of GDP have remained unremarkable; over the last 10 years this has ranged from 0.67% to 0.8%. Although this year's figure is not in the public it will be within this range as opposed to the internationally recommended 4% of the GDP. Currently, the public sector spends US $ 4 per capita on health annually as opposed to the internationally recommended US $ 34 per capita, the *minimum* required to provide essential health services in developing countries. Clearly, this huge gap needs to be bridged.

Triangulation and analysis of health expenditure patterns across agencies in Pakistan providing comprehensive health cover to employees and their dependants, demonstrate that delivery of health appears plausible at an expenditure level of Rs. 2,700 (roughly US $ 42) per capita, annually in Pakistan. This is still significantly lower than what some other developing countries spend on health. Assuming Rs. 2,700 as the benchmark per capita public health expenditure for Pakistan, it is recommended that the government should present a five year plan to incrementally enhance allocations. Although it may not be possible to reach the goal in five years, targeting the goal can set a precedence to enhance allocations over and above the Fiscal Responsibility Act stipulation of doubling health allocations over a ten year period.

The *second* point is in relation to the current skew in favor of private sources of health financing, as opposed to the desired public sources. Approximately 70% of healthcare in the country is financed through out of pocket payments made to health providers at the point of care. This is the most inefficient and inequitable

way of financing healthcare. Idealistically, health should be funded through public sources, which include revenues, social health insurance or other means of pooling such as social protection. We cannot expect miracles to turn this equation around overnight; it is accepted that it is only through long term structural measures that the skew might even out if appropriate policies are adopted and sustained overtime. Whether the present government can do that is a separate debate and one that will be the focus of another opinion. Relative to the present discussion, it would be appropriate to introduce certain short to medium term innovative measures. These could include earmarking of a higher percentage of Zakat and Bait-ul-Mal funds, over and above the current estimated 15% for health, ring fencing these funds into a transparently governed health equity pool, and the creation of the an efficient delivery instrument. Another quick win could have been modification of the eligibility criteria under the Employee's Social Security Institute, to include a wider segment of the population, or creating better linkages of health under current labor legislation, or simply expanding the scope of cash transfers under Benazir's Income Support Program to protect the poor against catastrophic spending on health; the latter according to the Planning Commission's 2007 Social Protection survey, are the commonest cause of economic shocks to households in a poverty precipitating context. The creation of a financial tool to make it implicitly binging on district governments to spend a certain percentage on health is another low lying fruit. Although these opportunities have been missed, there is still time to explore them during the budgetary parliamentary sessions.

Thirdly, the budget does not appear to be concerned with utilization and targeting issues. The 20% lag in allocation and expenditure observed over the years in various health agencies is telling, as is evidence related to the wide scope for patronage, abuse, discretionary use of power and exploitability of procedures in case of targeting resources to the poor. It has been estimated that the cumulative value of resources pilfered, mis-targeted and ineffectively handled are more than a staggering 50% of the total health budget. In order to address this, certain invisible measures are needed. Strengthening capacity to streamline national health accounts, leveraging technology to minimize leakages from the system and measures to promote transparency through the creation of electronic public expenditure tracking systems and payment inventories are some measures, which can lead to major gains in the long term. Budgetary allocations in these areas are not evident and it is strongly urged that some of these strategies should be budgeted for.

Fourthly, the classical budgetary disparity evidenced in priorities for allocating resources for preventive healthcare is obvious. According to the Federal Bureau of Statistics' Pakistan Demographic Survey, it is documented that more than 50% of deaths are due to non-communicable diseases (NCDs). However as opposed to this, only 0.66% of the total healthcare budget has been allocated for the prevention of these diseases. NCDs, a collective name given to the diseases of the heart, diabetes and some lung conditions and cancer, incur significant costs in healthcare, undermine income generating capacities of the productive workforce and have the potential to perpetuate acute poverty crises. There is an expectation that a new government will engage the much needed reengineering of public health priorities; due attention must be paid to this.

Fifthly and following on the same note, there was also an expectation that there would be a move away from the output-driven approach as evidenced by new target setting in the number of Lady Health Worker and recasting of old programs to some strategic restructuring interventions that could help the new government achieve its stated commitment embodied within the creation of a national health services as articulated in their manifesto. There are many imperatives for restructuring a health system that has fundamental flaws and where governments attempt to finance and deliver services in an environment where the private sector operates in a completely unregulated market. A policy, legislative, regulatory and institutional overhaul in health has been long over due.

The government could have signaled a commitment to overhauling the health system by reorienting priorities for allocating resources and earmarking seed funding for innovative pilots. The beginnings of that are not evident in the directions of the budget. Nonetheless, let us give the new government the benefit of doubt.

Perhaps time and situational constraints precluded attention to this matter and an opportunity was inadvertently lost. The parliamentary debate would be the next opportunity to weave in some strategic measures, which can then be built upon further in their new health policy. If that opportunity is not leveraged, they will not just miss the boat but also the chance to take initial steps to consolidate the egalitarian premise of their manifesto and the opportunity be true to the reference to social justice in its preamble.

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