

Booklet C1: Estimating What is Spent on Sexual and Reproductive Health

Expenditure records are reports of the funds that have been spent. As demonstrated in Booklet A1, they can be a useful tool to monitor and evaluate sexual and reproductive health (SRH) programmes. Expenditure reviews do not only assess the money spent but also the different sources of funding that enable this spending. However, SRH services use monies from several sources, and it can be difficult to get a clear picture of SRH expenditures and resource flows.

This booklet provides an explanation of the principles used to measure SRH expenditures. It will address questions such as:

- ❖ What is an expenditure review?
- ❖ What kinds of expenditure reviews are there?
- ❖ What is the government spending on SRH?
- ❖ How can a country's total expenditure on SRH be estimated?
- ❖ What information sources can I use to assess the distribution of health spending amongst the population?

C1.1 What is a health expenditure review?

A health **expenditure review** collects and presents information on the total or public expenditure and funding sources for health. Such expenditure is fundamental to the delivery of quality SRH services and, therefore, a topic for closer study. Managers can analyse expenditures for an indication of the efficiency, equity and sustainability of SRH services (see Booklet A1 on how to do this).

Most expenditure reviews do not only focus on how funds are spent, but also analyse the sources of funding, review the institutions that carry out health budgets, and analyse the overall health sector performance. We will focus on where expenditure reviews look at how resources are used.

Expenditure reviews are different from costing studies. They look at what has been spent in a particular area, such as health, by different actors – for example, the government or households – and on different items – such as level of care and recurrent or capital items – at the end of a budget period. Expenditure reviews analyse where the expenditure has occurred and where the funds for this spending came from. A costing study would go into much more detail on the expenditure and calculate the costs for a particular intervention, assessing what inputs are required to undertake the activities needed for this intervention. For example, while an expenditure review will assess how much the government of Cambodia has spent on health, a costing study would be more detailed and focus, for example, on the costs of delivering antenatal care in a rural health centre.

Even an SRH-specific expenditure review is unlikely to provide detailed information on the expenditure for a specific SRH service. However, expenditure reviews can provide a broad indication of the flow of resources both to and within SRH services. They can also be used to assess the financial commitment of different institutions to SRH.

The simplest expenditure review is when there is one financier of SRH services. In this case, expenditure records can be collected from them and analysed directly. However, even within the public sector, there will be several different institutions

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financing, funding and providing SRH services. For example, adolescent SRH will be covered by the Ministry of Health, but also by the Ministry of Education and Youth and the Ministry of Sports and Culture. Often the Ministry of Defence provides health services as well. This complicates expenditure reviews. And it becomes even more complicated if one wants to know the SRH expenditure of both the public and the private sectors.

C1.2 Assessing public expenditure on sexual and reproductive health

Identifying SRH in the government budget

The first step is to look at the government budget as it is reported by the national budget process. Most government ministries report expenditure in a way that reflects the management structure and organization of the health service. Expenditure is commonly aggregated by level of institution (for example, district/regional or primary/secondary/tertiary hospital) or by specific programme, such as family planning. However, it may also be a mixture of both. Although this mixture may reflect an efficient way of organizing health services, this reporting format means that it is often difficult to distinguish expenditures on SRH. SRH services may be provided in all the institutions listed or by different departments (for example, AIDS, maternal health, family planning), so it becomes very difficult to distinguish SRH expenditure from the expenditure on other health activities.

To address this problem, the World Health Organization (WHO) started promoting a budgetary structure in the 1980s called 'Programme Budgeting'. Programme budgeting ensures that expenditures are reported in a way that can be linked to programmes (see example in Box C1.1).

Box C1.1 – Example of profile of Ministry of Health programme budget

| | | Buildings | Salaries | Drugs |
|-----------------|-------------------|-----------|----------|-------|
| MCH | District A | | | |
| | District B | | | |
| | Teaching Hospital | | | |
| Family Planning | District A | | | |
| | District B | | | |
| | Teaching Hospital | | | |

However, in practice, programme budgeting has been extremely difficult to achieve. If implemented, a hospital or district manager would face a bewildering array of budgets for a wide range of different health programmes, SRH and others, and this would be impossible to manage. Moreover, by focusing on disease-specific programmes, the overarching health system requirements risk getting lost (e.g. human resource development, health information systems).

In practice, therefore, to get a picture of what government is spending on SRH, additional data will have to be collected, focused specifically on SRH.

Setting up an SRH public expenditure review

Most managers will need an economist to assist them with a public expenditure review. It is essential for the SRH specialist and the economist to work closely together as both may have a different understanding of 'sexual and reproductive health' and 'expenditure'.

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Although there is no blueprint for an SRH expenditure review, there are a few key steps to take:

1. Find out which public *institutions* are providing SRH services. One ministry may provide them all, but more often than not there are multiple financiers and providers of SRH services, even within the public sector (e.g. adolescent health in the Health, Education and Sports departments). In this case, information will need to be collected from a variety of different institutions.

2. *Collect detailed expenditure and cost information* from all these funding sources. If it is too much to collect this information from all the providers of SRH services, a sample of representative facilities can be used to make assumptions about the overall proportion of expenditure allocated to SRH.

3. *Analyse* the collected expenditure data. The part of the public expenditure review that focuses on expenditure will answer questions like:

- ❖ What percentage of overall public expenditure is allocated to SRH?
- ❖ What percentage of Ministry of Health expenditure is allocated to SRH?
- ❖ What is the public expenditure per capita on SRH?
- ❖ How does expenditure on SRH compare to other similar countries?
- ❖ Has the allocation of resources followed the government's SRH strategy? This can be answered by, for example, analysing the expenditure per level of service or region.

Using the analyses described in Booklet A1, different breakdowns of public expenditure can also be made to get some indication of the efficiency and equity of public sector expenditure on SRH. Moreover, these breakdowns can also be analysed over time to see if commitments to SRH are increasing or decreasing.

Using other data sources to assess SRH public expenditure

In practice, carrying out a separate SRH expenditure review may actually be considered too time-consuming. Fortunately, there are other processes that SRH managers can use.

For example, many countries routinely carry out a Public Expenditure Review (PER). This process usually covers all public spending and looks at overall government priorities and expenditure. The PER often happens as a preparation for the poverty-reduction strategy process (PRSP) or large programmes by international institutions such as the World Bank. For more information on PER, see the World Bank website (<http://www.worldbank.org>).

Although this process often does not look specifically at SRH, it may include a detailed analysis of the health sector. This can be used to get at least an indication of what might be happening in the area of SRH. For example, if health sector expenditure is growing, without any one particular programme contributing most of the growth, it could indicate that SRH expenditure is also rising.

A more focused process is a health sector expenditure review, which usually includes a section on health sector financing and expenditure. It may also be possible to include some specific information about SRH expenditure in a sector review. It helps to follow the national planning processes to anticipate these reviews and ensure they include SRH. For example, a so-called **Sector-wide Approach** (SWAp) process, in which different donors join forces to support the government's health strategy, is often accompanied by a health sector review.

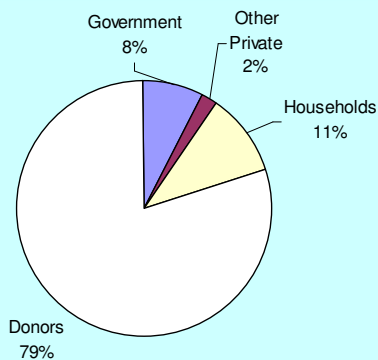
Another initiative that can provide useful information about public expenditure for SRH programme managers is the process of Gender Budgeting. Apart from encouraging the participation of women in government budget processes, gender budgeting breaks down the government's budget to identifying the differentiated impact of public expenditure on women and men. This is to promote gender equality, which – by its very nature – requires significant attention to SRH.

C1.3 Assessing private-sector expenditure and total expenditure on sexual and reproductive health

In many countries private expenditure equals or even exceeds public expenditure. This includes expenditure by private for-profit and private not-for-profit providers (such as non-government organizations (NGOs), as well as expenditure by households and individuals.

Box C1.2 shows the outcome of an expenditure review that clearly illustrates the importance of the private sector. In the case of post-war Rwanda, donors are particularly important as funders and spenders.

**Box C1.2 – Results from an SRH NHA sub-analysis in Rwanda (2002):
Health care expenditure of private and public sector as % of total health care expenditure**



Sometimes increases in government expenditure only serve to replace private expenditure ('crowding out'), rather than increase the total expenditure on SRH. For example, increased government expenditure and provision of condoms will not automatically increase the overall provision and expenditure on condoms. Those who previously bought condoms from the private sector may now just go to public facilities. It is, therefore, important to monitor expenditure of both the public *and* private sectors.

As with the public sector, a *survey of private providers* can provide an indication of private sector expenditure on SRH. However, this process is even more complex than a public sector expenditure review. First, an inventory of private providers needs to be made. The response rate may be low and the cost of surveying high, as labour-intensive survey methods may be required. In some countries, the results from Qualitative Service Delivery Surveys (QSDS) or other facility surveys already undertaken can be used as well. SRH programme managers should consult an experienced economist to assist with these surveys and the expenditure analysis.

However, most expenditure actually comes from the individuals and households that use health services. Demographic Health Surveys (DHS) or Living Standards Measurement Surveys (LSMS) and other national surveys may provide information on

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private expenditure on health care by households. However, they are unlikely to provide a breakdown for SRH.

National Health Accounting

One form of expenditure review that captures total expenditure has attracted considerable attention in recent years. It is called National Health Accounting (NHA) and is an expenditure review that analyses *all* flows of resources in the health sector, not just public or Ministry of Health expenditure. In addition, it collects and reports expenditure data in a way that can be compared internationally, with clear definitions and methods that can be applied in any setting.

An important aspect of NHA is that it presents expenditure data on different health institutions by financing function. It divides institutions into three different types:

- ❖ *Funding sources*: those institutions or entities that provide the funds that are used in the health care system, such as the government, donors and households
- ❖ *Financing agents*: those institutions or entities that channel and allocate funds, such as the Ministry of Health or insurance companies
- ❖ *Providers*: those institutions or entities that receive funds to provide health care, such as public and private hospitals, health centres and NGOs

Expenditure information is then presented in a series of matrices and breakdowns. For example box C1.3 contains a matrix that demonstrates how the sources of funding are channelled via the financing agents to each service provider. For example, this matrix shows that the US\$ 500,000 that is provided by households is channelled through the government (\$ 300,000 from, for example, taxes), private insurance (\$ 150,000 from premiums) and community insurance (\$ 50,000 for premiums). This money ends up with the providers, both public and private.

Box C1.3 – Example of a National Health Accounting Matrix

| Source of finance | | Funders | | Providers | |
|-------------------|---------------------|-----------------------|---------------------|------------------|---------------------|
| Households | \$ 500,000 | Households | \$ 300,000 | Public hospitals | \$ 500,000 |
| Treasury | \$ 500,000 | Ministry of Health | \$ 400,000 | Public clinics | \$ 200,000 |
| Companies | \$ 100,000 | Ministry of Education | \$ 200,000 | Private clinics | \$ 400,000 |
| | | Community insurance | \$ 50,000 | | |
| | | Private insurance | \$ 150,000 | | |
| Total | \$ 1,100,000 | | \$ 1,100,000 | | \$ 1,100,000 |

NHA can also classify expenditures for different segments of the population (age, sex, income quintile) and by disease. For example, NHA sub-analysis for HIV/AIDS has been developed. As funding for AIDS from many different sources has increased significantly over the past years, it is important to track the expenditure in a transparent way. The NHA sub-analysis for AIDS does not only track expenditure on AIDS programmes in general, but by specific services, such as Voluntary Testing and Counselling or antiretroviral treatment.

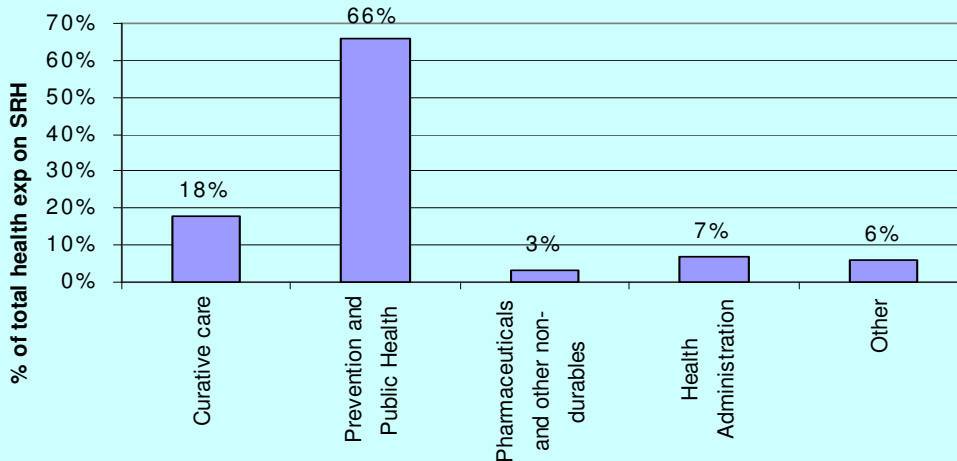
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Although this is not done routinely, it is possible to use the NHA framework to look at just SRH rather than overall health expenditure. This would answer questions such as:

- What is the reliance on donors for SRH services?
- What proportion of SRH services do households pay for?
- What types of SRH services receive most funding or spend most?

For example, Box C1.4 shows one of the outcomes from an SRH NHA sub-analysis undertaken in Rwanda, illustrating where SRH expenditure has been spent.

Box C1.4 – Results from an SRH NHA sub-analysis in Rwanda (2002)



However, it is important to note that, just as with programme budgeting, NHA cannot be completed easily using existing expenditure reports. NHA sub-analysis requires significant additional data collection, which can be costly and time-consuming and may require international expertise. To save costs it is, therefore, best to conduct a sub-analysis as part of a general NHA. Moreover, NHA should ideally be led by the government to ensure that data are subsequently used for policy-making. It is also important to build in-country capacity to undertake expenditure reviews, so that it can be used for monitoring expenditure trends in the longer term.

Expenditure tracking also happens at an international level. UNAIDS and UNFPA report on SRH expenditure by country through the Resource Flows Project. This project routinely surveys SRH expenditures within countries to assess whether international commitments have been met. More information can be found on their website (<http://www.resourceflows.org/>), which is a good first port of call when looking at estimating SRH expenditure.

Summary

This booklet has shown how managers can obtain information on resource flows to SRH, through expenditure reviews or other tools such as National Health Accounting. This information can be used to advocate for further funding for SRH. It also can be used together with the analyses described in Booklets A and B to assess the adequacy, efficiency and equity of SRH spending. This information can support managers engaging in sector-wide and other national planning processes.