

## Spotlight on Sindh Health Sector Budget

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### Abstract

The 18<sup>th</sup> Constitutional Amendment was passed in April 2010 by ruling party of that time Pakistan people's party in support of the opposition party with the aim of providing more autonomy to the provincial governments. Abolishing 17 ministries at federal level and transferring the responsibilities to provinces. It has provided new prospect to provincial governments to review and revise administrative, personnel, management and financial resources to narrow down the wide existing gaps and plan for additional responsibilities. This analysis was entirely based on secondary data. Secondary data were selected randomly without using any specific search strategy, however the focused was post devolution trend analysis of health sector budget allocation. Several government documents/reports were a part of this analysis. Nominal values were used in all these analyses using descriptive approach for analysing the trend. The review article emphasized more on Sindh province. It is evident from the statistics that there has been no change in health indicators over the year's despite of 5-6 fold increase in budget allocation to health sector. Provincial government need to prioritize budget allocation within sector from non-developmental to developmental, also a shift from curative to preventive programs. In addition, government need to provide some sort of financial cushions like insurance, health vouchers to reduce the out of pocket expenditure.

**Keywords:** Devolution; Health sector; Budget; Health indicators; Political support

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### Introduction

The 18<sup>th</sup> Constitutional Amendment was passed in April 2010 by ruling party of that time Pakistan people's party in support of the opposition party with the aim of providing more autonomy to the provincial governments. The 18<sup>th</sup> amendment received wide political support as it had met some of the long standing demands of the provinces for higher self-sufficiency. Abolishing 17 ministries at federal level and transferring the responsibilities to provinces. It has provided new prospect to provincial governments to review and revise administrative, personnel, management and financial resources to narrow down the wide existing gaps and plan for additional responsibilities. Although the 18<sup>th</sup> Amendment has provided autonomy to the provinces but simultaneously held province answerable for providing stewardship to health sector [1].

Public administration in Pakistan characterized as highly central and rigid organizational structure [2]. After devolution provinces are accountable for policymaking and regulation while staff reporting and health service delivery trickle down to districts

and sub-districts. The intention behind such reform is to attain high level of efficiency, transparency and improve service delivery quality. Health sector reforms (HSR) has five control knobs that includes Organizational structure, regulation, finance, purchasing and persuasion [3]. Here this paper has discussed the effect of 18<sup>th</sup> amendment on health sector in Pakistan and more specifically in Sindh with aspect of trend in health sector budget allocation.

### Methodology

This analysis was entirely based on secondary data. Secondary data were selected randomly without using any specific search strategy, however the focused was post devolution trend analysis of health sector budget allocation. Several government documents/reports were a part of this analysis. Nominal values were used in all these analysis using descriptive approach for analysing the trend. The review article emphasized more on Sindh province. This analysis is including analysis of the following variables:

- Out of Pocket Expenditure (OOPE) among South Asian Countries

- Health expenditure trend from 1980s till 2014-15
- Provincial wise health expenditure trend 2008-09 till 2012-13
- Trend of Sindh budget allocation to Health sector 2010-2016 (7 years' trend).
- Sector wise allocation of Budget to Sindh in 2015-16
- Health budget break up into development and non-development categories (2015-16)
- Sindh allocation of budget to health sector up to 2020 (forecast)

## Post 18<sup>th</sup> Amendment and its Impact on Pakistan Health Sector

Health currently being on top of global agenda and its impact on economic development considerable, it is interesting to analyse how Governments denote their budgets to their health sector.

In Pakistan, health has been the responsibility of the federation till the enactment of 18<sup>th</sup> constitutional amendment where after health as a subject stands devolved to the provinces giving them more administrative control, financial autonomy and fiscal space. Provinces are now the masters of their health sector and have the leverage for introducing strategies and programs interventions to their local needs.

Pakistan's health sector has remained fragmented; there is a huge gap between budget allocation in rural and urban area as a consequence disproportionate distribution of health workforce, imbalance in cadre wise allocation of staff and unmet need for basic preventive and curative services. In addition, there exists a wide gap in provision of affordable and accessible health to rural and urban slum areas in Pakistan mainly due to a lack of political will, fiscal space and a deficient health workforce). Despite promising and claiming behavior of federal and provisional government to keep health a priority Pakistan is among those countries which have very low budget allocation in health sector.

Health care services are crucial, but its utilization could have devastating cost implications on economies. Despite of increase in total health care per capita expenditure in Pakistan from 26% in 2008 to 30% in 2011 [4]; but the total health expenditure per GDP has decreased from 2.9% in 2009 to 2.5% in 2011 [4]. Expenditure on Health care is reliant on the sensitivity of illness and accepting the need for utilizing healthcare services [5]. According to World Health Organization, "Out of Pocket Expenditure (OOPE) is payment by households directly to health practitioners, pharmaceuticals and other medical aid with the objective of refurbishment of health". The below **Table 1** depicts that the OOPE as % of private expenditure on health is 86.8% in Pakistan which is among top five in Asian countries [6].

When we compare the government expenditure on health before and after devolution, as evident from the below graph (**Figure 1**) there is multiple fold increase in health sector budget allocation by provincial government [7]. Before 18<sup>th</sup> amendment, Health was a separate ministry and all expenditures were borne by federal government. After devolution major heads for health expenditures included various health programmes which were previously with federal were transferred to provinces with new

head developed under which special functions were kept under federation. National health, services coordination and regulation were the new head developed for special programmes which are still monitored by federation [7].

How much to spend on health is a widely debated question with no straight forward answer; the epidemiological profile, desired level of health status, effectiveness of health inputs and their costs all worked together can answer this question [8]. For years Pakistan has remained a fiscally deficit country and health has never been a priority for any political government due to low budget allocations and lack of commitments to health sector. Although, Pakistan is a signatory to the MDGs but analysis of the health budgets shows that Pakistan spends only 2.6% on health expenditure which is among the lowest in the south Asian region [9].

The overall per-capita communicative figures in Pakistan taking the base year 2008-09 when it was PKR 480 (USD 5) has increased to PKR 1,035 (USD 10) over the 5 years' review (from 2008- 09 to 2012-13). The below **Table 2** has highlighted the province wise per capita health expenditure.

Sindh has the highest per capita spending followed by Baluchistan, KP and Punjab. Punjab stands last when it comes to per capita health spending, Punjab per capita spending was PKR 858 (USD 8.8) in 2012-13 which is 96% more than the base year 2008-09 when it was PKR 304 (USD 3.7). Out of PKR 858, 70% were current per capita expenditure and 30% is on development per capita. Sindh has the highest health per capita spending of PKR 1172 (USD 10) in 2012-13 which is 164% more than the base year 2008-09 of PKR 443 (USD 4) which is almost equal to per capita spending in Baluchistan out of which 70% was current per capita expenditure and 30% is on development per capita. KP spends PKR 931 (USD 9) in 2012-13 which is 115% more than the base year 2008- 09 of PKR 432 (USD 4). Out of PKR 931, 70% is current per capita expenditure and 30% is on development per capita which is exact same proportion of spending when compared to Punjab and Sindh. Baluchistan per capita spending was PKR 1174 (USD 11) in 2012-13 which is 93% more than the base year 2008-09 when it was PKR 608 (USD 6). Out of PKR 1,174 84% is current per capita expenditure and 16% is the development per capita [10].

## Post 18<sup>th</sup> Amendment and its Impact on Sindh Health Sector

Coming more specifically to province of Sindh and effects of devolution the health sector has been allocated a humongous

**Table 1** Out of pocket and per capita health expenditure [6].

Country	Out-of-pocket expenditure as % of private expenditure on health	Per capita total expenditure on health at average exchange rate (US \$)
Afghanistan	89	58
Bangladesh	93.1	26
Bhutan	97.1	90
India	87.2	58
Nepal	81.4	36
Pakistan	86.8	34
Sri Lanka	83	88

development amount of PKR 12.41Bn in FY16 as against PKR 4.34Bn in 2010, a gigantic increase of 186%. Budgeted current revenue expenditure on health has been increased by 571% to PKR 54Bn from PKR 8Bn in FY2010 [11]. But it is seriously doubtful whether this huge increase in health allocation has effectively translated into a better health scenario across the province (Figure 2).

Health and education are considered the core and backbone for the development of a nation but despite the claims of Sindh government health and education are not the prioritize sectors. There has been no major change in budget allocation for health sector, after 18<sup>th</sup> amendment the overall budget has increase but percentage of health sector has been between 7 to 9 %. Like in the year 2008-9 and 2009-10 it was only 8 percent which came down to 7% in year 2010-11. In the 2011-12 and 2012-13 the percentage was again increased to 8%. In year 2013, 2014, 2015 and 2016 the percentage of increased to 9% Table 3 [12].

The total investment of non-development and development budget in Health sector was Rs 72760.191 in 2015-16. However, when we look at budget allocation in developing and non-developing sector there seems to be considerable difference. Which is one of the reason even after the 18<sup>th</sup> amendment the health indicators are not moving towards positive scale. Major chunk of budget spends on non-developmental wing. The below Table 4 depicts that the developmental health budget was only 21% of the overall health budget that is almost 5 folds lesser than non- developmental budgets [12].

When we talk about future of health care budgetary allocation, the below Table 5 depicts that budget allocation to health will be increasing each year. Considering base year 2014-15 the health budget allocation was 43.46 billion, the expected budgeted allocation to health sector in 2019-20 will be 80.76 which is almost a double of base year, this shows that the post devolution health allocation of budget was higher than before devolution,

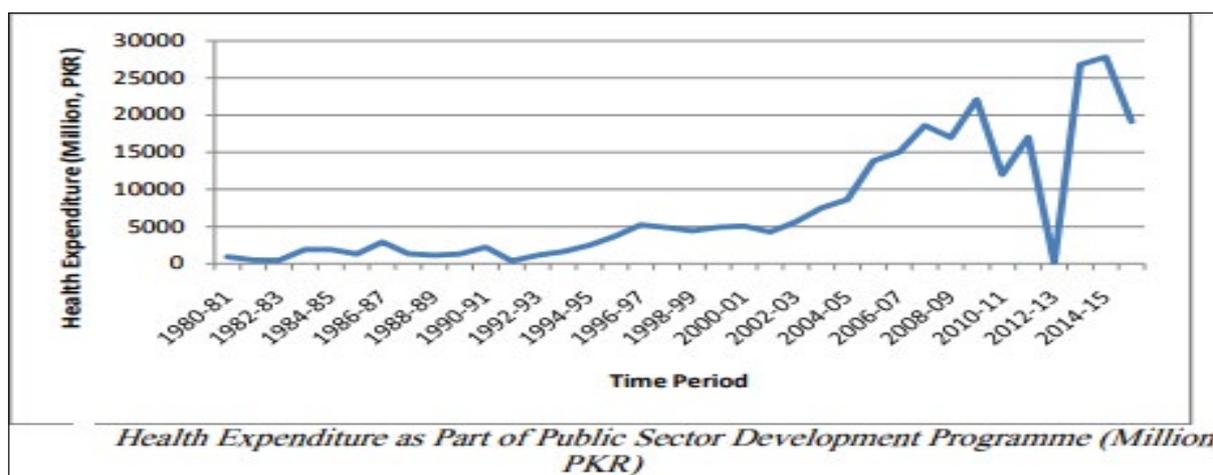


Figure 1 Health expenditure budget trend 1980-81 to 2014-15.

Table 2 Health expenditure – provincial wise trend 2008-09 till 2012-13 [10].

fiscal Year	Per Capita Health Expenditure- Provincial Wise									
	Punjab		SINDH		KP		Baluchistan		Pakistan	
	Per Capita Total	% Increase (Nominal)	Per Capita Total	% Increase (Nominal)	Per Capita Total	% Increase (Nominal)	Per Capita Total	% Increase (Nominal)	Per Capita Total	% Increase (Nominal)
2008-09	436	-	444	-	432	-	608	-	480	-
2009-10	576	31.96%	544	22.61%	476	10.29%	511	-15.88%	527	9.78%
2010-11	704	61.21%	617	39.05%	682	57.81%	856	40.90%	715	48.90%
2011-12	748	71.71%	762	71.74%	762	76.24%	1050	72.69%	830	72.92%
2012-13	858	96.39%	1,172	164.32%	932	115.64	1174	93.14%	1034	115.38%

Table 3 Major sectoral allocations in public sector development program (in millions) in Sindh 2015-16 [12].

S.No	Department	Total Allocation	Foreign Project Assistance	Grand Total	%
1	Irrigation	12000	9457.47	21457.47	12.70%
2	LG, RD, PHE & HIP	18760	0	18760	11.10%
3	Energy	16500	0	16500	9.76%
4	Health	13000	2385.27	15385.27	9.10%
5	Works & Services	9000	1211.5	10211.5	6.04%
6	Education	10000	2616.242	12616.24	7.47%
7	Planning & Development	3730.305	6136.135	9866.44	5.84%
8	Agriculture Supply & Prices	4500	4780.086	9280.086	5.49%

Source: Calculations made from the data taken from Sindh Budget 2015-16

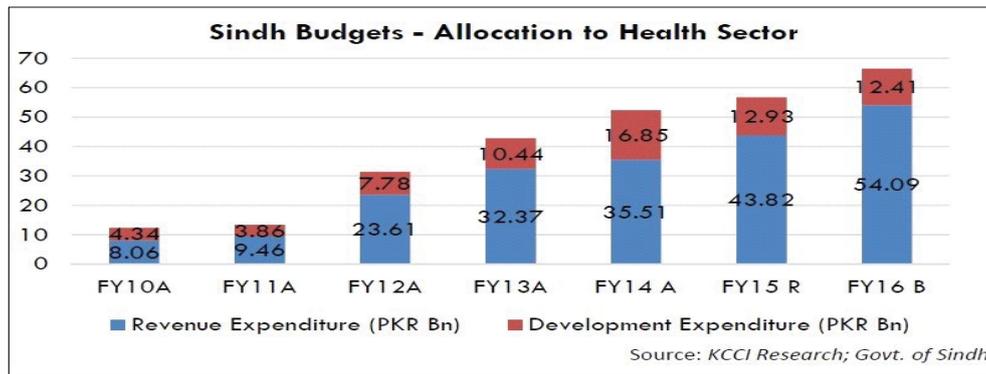


Figure 2 Sindh budget allocation to health sector [11].

Table 4 Non-development and development health budget 2015-16 [12].

Sector	Budget	%
<b>Non-Development</b>		
Salary	25,540.72	35%
Non-Salary	31,834.197	44%
Total	57374.921	79%
Development (PSDP)	15385.27	21%

Source: Budget Documents 2015-16 (Volume 3 and 5)

Table 5 Actual and forecast budget to health sector from 2014-15 till 2019-20 [12].

Description	Actual Budget 2014-15	Actual Budget 2015-16	Budget Estimate 2016-17	Revised Forecast 2016-17	Budget Forecast 2017-18	Budget Forecast 2018-19	Budget Forecast 2019-20
Health	43.46	54.15	71.85	67.22	76.06	78.33	80.76
Health Department	43.46	51.71	65.89	61.26	69.63	71.73	73.99
Population Welfare Department	-	2.44	3.71	3.76	4	4.11	4.23
Public Health Engineering & RdDepartment	-	-	2.25	2.19	2.44	2.49	2.54

not only this but there is also a humongous increase in health sector budget allocation within next 2-3 years.

## Conclusion

It is evident from the statistics that there has been no change in health indicators over the years despite of 5-6 fold increase

in budget allocation to health sector. Provincial government need to prioritize budget allocation within sector from non-developmental to developmental, also a shift from curative to preventive programs. In addition, government need to provide some sort of financial cushions like insurance, health vouchers to reduce the out of pocket expenditure.

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