



# How public financial management systems and procurement rules can contribute to facilitate progress towards UHC

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\*The research was funded through the ARC grant for Concerted Research Actions, financed by the Wallonia-Brussels Federation

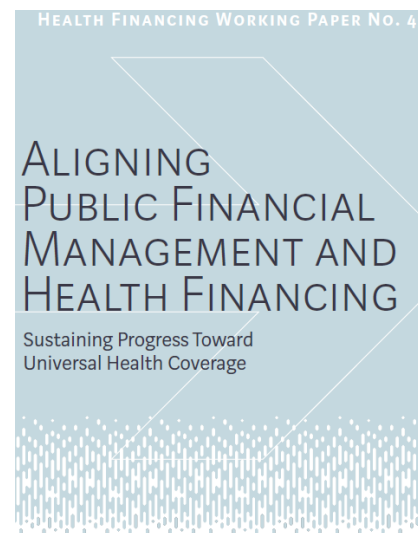
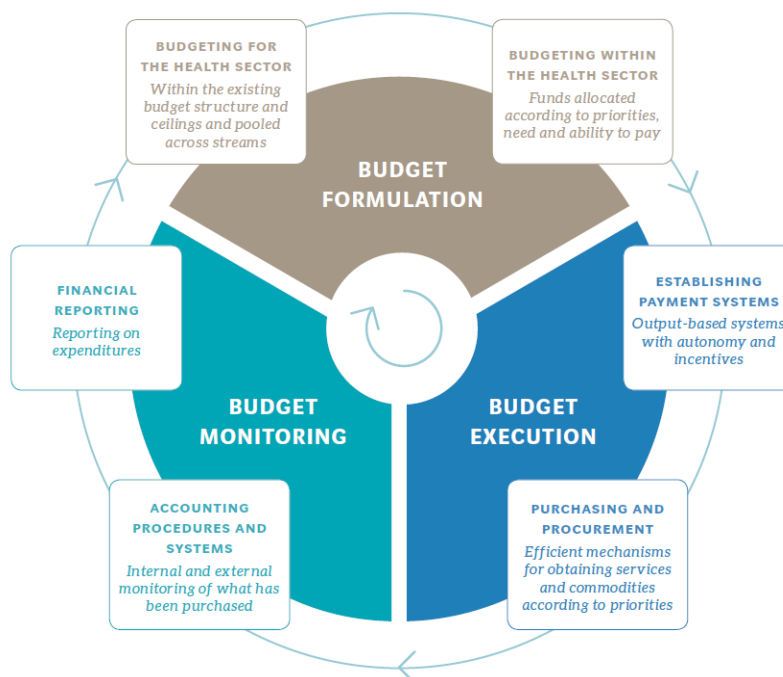
# PFM FOR HEALTH: WHAT IS IT ALL ABOUT?

Public Financing for Health in Africa:  
from Abuja to the SDGs



- Aligning budget resources and health priorities (**allocative efficiency**): inter-sectoral and intra-sectoral priorities
- Reduce underspending (**operational efficiency**)
- Maximizing UHC performance with the money available: **effective, efficient and equitable utilization of resources**

FIG. 7 INTEGRATED HEALTH SECTOR FINANCIAL MANAGEMENT

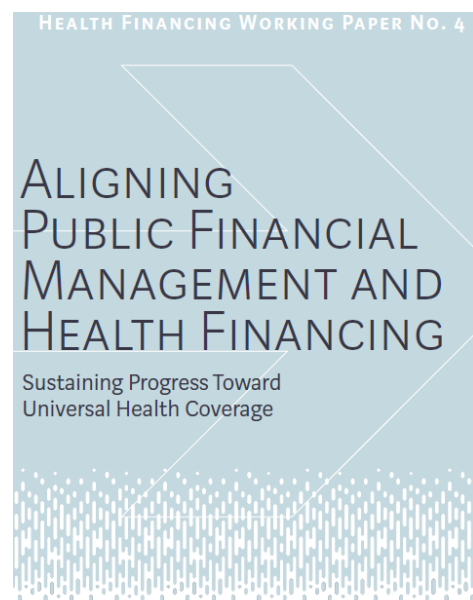
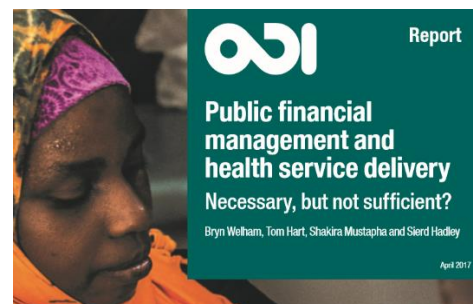


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# PFM & HEALTH SERVICE DELIVERY

- Literature: Better governance (incl. PFM) is associated with better and more efficient health service delivery
- Econometric analysis: Improved PFM systems correlate with better health outcomes (U5M, IMR, life expectancy at birth)
- PETS: Common PFM-related issues affecting health service delivery: (i) overall resource levels & equity of allocation; (ii) effectiveness of resource flows between layers of government; (iii) effectiveness of management and resource use at facility level
- Different mechanisms through which different aspects of PFM systems might affect health service delivery, but evidence base limited
- Key PFM improvements for the health sector / UHC may include:
  - Earmarking for health? Extra budgetary funds?
  - Policy-based budget formulation (MTEF)
  - Programme-based budget classification
  - Formula-based budget allocations
  - Intergovernmental fiscal transfers specific to health
  - Autonomy for health providers



# PROCUREMENT RULES

All around the world: many health actors financed through public service ⇔ submitted to **public procurement rules**

Objectives = fight **corruption** and ensure best **value-for-money**, through more publicity and transparency

- Other side of the coin: may lead to stereotype purchasing methods through procedures that are sometimes too rigid to achieve the optimal economic solution
- Cheating is always possible, may just be more complicated
- Rules may be unnecessarily sophisticated

In many LMICs: **procurement legislations** have been modernised and aligned on international (EU) procurement rules; they are roughly very similar – except for: variable mix of ex ante and ex post controls

## Variable performance of procurement systems across LMICs

PEFA Performance Indicator Scores of completed and published national level PEFA 2016 based assessment reports

	Indicator	Albania	Bangladesh	Bhutan	Burkina Faso	Cameroun	Colombia	Costa Rica	Dominican Rep.	Gabon	Indonesia	Iraq	Morocco	Jordan	Lesotho	Madagascar	Niger	Paraguay	Philippines	Rwanda	Tanzania	Togo	Ukraine	Uganda	Zambia
Date		Dec.17	Jun.16	Sep.16	Dec.17	Apr.17	Oct.16	Sep.16	Oct.16	May.1	May.1	May.1	Sep.16	Feb.17	Apr.17	Mar.18	Mar.17	Aug.	Jun.16	May	Oct.17	Jul. 16	Apr16	Dec.17	Nov.17
PI-24	Procurement	3,5	3	3	1,5	1,5	2	1	3	1,5	2	2,5	3,5	3	1	2	3,5	4	2,5	3,5	2	3	4	2	2,5
	(i) Procurement monitoring	4	3	2	1	1	3	1	3	1	2	2	4	3	1	3	2	4	3	4	1	4	4	1	1
	(ii) Procurement methods	3	3	3	1	3	1	1	2	1	3	3	4	4	1	1	2	4	3	4	1	2	4	1	3
	(iii) Public access to procurement information	4	3	3	1	2	3	1	3	1	2	2	3	3	1	2	3	4	3	2	2	2	4	3	2
	(iv) Procurement complaints management	3	3	4	4	1	1	1	3	3	1	2	2	1	1	2	4	3	1	4	4	4	4	3	3

# PROCUREMENT RULES

Problems commonly encountered:

- Insufficient mastery of procedures within MoHs
- Abuse of negotiated procedures under the pretext of urgency
- **Disconnection** between procurement and budget management; annual budgetary rules limiting procurement flexibility
- Complex and rigid procurement rules ⇔ high opportunity cost

Required to ensure **efficiency** and facilitate progress towards UHC:

- **Technical knowledge** ⇔ properly describe best fit equipment/services
- **Good understanding of the legislation** ⇔ choose the best procedures for buying that particular equipment/service according to what procurement rules allow (e.g. restricted or open procedures, framework agreement for recurrent acquisition...)
- Sometimes better to first do a **service contract** to properly calibrate what is needed
- Need **qualified staff** ⇔ a central procurement unit (possibly integrated with supply chain department) may be considered; or external expert support?
- **Simplify / streamline rules** in order to accelerate spending?

In addition: provisions aimed at ensuring **ethics** (social, environmental and national interests clauses) & **equity**?