

# IMPLEMENTING PROGRAMME BASED BUDGETING IN GHANA'S HEALTH SECTOR



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# CONTENTS

Acknowledgements.....	iv
Abbreviations.....	v
Executive summary.....	vi
<b>1. Introduction .....</b>	<b>1</b>
<b>2. Recent PFM reforms.....</b>	<b>3</b>
2.1 Early stage (1995-2008): introduction of Activity-Based Budget (ABB).....	3
2.2 Adjustments to framework (2009-2013): From ABB to PBB .....	5
2.3 Resource management under PBB (since 2014-2015) .....	8
<b>3. Programme-based budgeting in the health sector.....</b>	<b>11</b>
3.1 Programme budget structure for health .....	11
3.2 Fund flows in the health PBB .....	14
<b>4. Priorities for next phase of implementation .....</b>	<b>17</b>
4.1 Address continued dominance of inputs and line items.....	17
4.2 More strategic allocation of resources.....	18
4.3 Transition structure of PBB.....	19
4.4 Align NHI and PBB reforms to enable accountability and flexibility .....	19
4.5 Improve performance monitoring and accountability .....	20
4.6 Build capacity across sector and levels of government .....	21
<b>5. Conclusions.....</b>	<b>22</b>
Annex 1: MDA planning and budgeting Cycle.....	23
Annex 2: PBB Performance Measurement .....	24
References .....	25

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## ABBREVIATIONS

ABB	Activity Based Budget/Budgeting
BFSP	Budget Framework Strategy Paper
BMC	Budget Management Centres
CAGD	Controller & Accountant General's Department
CAPEX	Capital Expenditures
CIDA	Canadian International Development Agency
EU	European Union
GFS	Government Financial Statistics
GHS	Ghana Health Service
GIFMIS	Ghana Integrated Financial Management System
GOG	Government of Ghana
HSMTDP	Health Sector Medium Term Development Plan
IGF	Internally Generated Funds
IPSAS	International Public Sector Accounting Standard
MDA	Ministry, Development and Agency
MDTP	Medium Term Development Plan
MOE	Ministry of Education
MOF	Ministry of Finance
MTEF	Medium Term Expenditure Framework
NDPC	National Development Planning Commission
NHIA	National Health Insurance Agency
ODA	Overseas Development Agency
PBB	Programme Based Budget/Budgeting
PFM	Public Financial management
PHC	Primary Health Care
PIT	Project Implementation Team
PoW	Programme of Work
PUFMARP	Public Financial Management Reform Programme
WHO	World Health Organization

# EXECUTIVE SUMMARY

Much like overall health financing, Ghana's budgeting process has undergone a lot of changes in recent years. First in 1998, Ghana's budget transitioned from input-based to activity-based as a way to better link strategic objectives to budgeted activities. In 2009 the central government then shifted the structure of the budget again, with piloting (including in the health sector) of programme-based budgeting (PBB), which was fully implemented across all central-level government ministries in 2014.

This study assesses the status of the implementation of this transition to PBB in the health sector in Ghana. It examines the impact of this change in terms of how funds are budgeted, allocated, used and accounted for across the sector. Ultimately, this analysis considers the linkages of PBB with sector goals and objectives, and how implementation can be improved for greater impact.

The study finds that while PBB has helped to consolidate activities and infuse greater performance orientation into the budgeting process, many challenges remain. In particular, the continued dominance of input-based,

disease programmes in the health sector. This degree of inflexibility goes to the lowest level of the health system, with input-based budget ceilings set for the more than 500 budget management centres in the sector, and is driven in part by the large share of the health budget that is dedicated to salaries and wages. The potential benefits of PBB in terms of joint budgeting across health programmes and inputs has not yet been taken advantage of, which contributes to inefficiencies across the sector. Furthermore, while performance indicators have been established, they are not systematically tracked or used in allocation decisions.

In moving forward, Ghana has shown its adaptability and willingness to be on the cutting edge of reform initiatives in the health sector, and in relation to public financial management (PFM) and budgeting as well. At this stage, the focus now should turn to fully and effectively implementing these positive initiatives to take full advantage of their potential benefits. These efforts should go together with overall progress related to health financing reforms. In this way, the budget can be an effective enabler of changes

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