



Report on:

Technical Consultation on

Need Based Resource Allocation Formula for the HPN Sector

Date: 23 October 2013

Time: 10.00-12.00

Venue: Mahbub Kabir Hall, BIAM foundation

Introduction:

On the 23rd of October, the Health Economics Unit (HEU) of the Ministry of Health and Family Welfare (MoHFW) had organized a technical consultation (Annex 1) with the Line Directors of the MoHFW to get their feedback on the (proposed) Need based Resource Allocation Formula (RAF) for the HPN sector.

Presentation:

Mr. Ashadul Islam, Director General, HEU presented (annex -2) the RAF to the plenary. The RAF was formulated by the mandate of HEU to move the health sector towards a more efficient approach. Furthermore the need for the RAF was further stressed by APR¹ recommendations and DAAR² indicators.

The adoption of the RAF would mean that the allocation to the facilities would be based on the factors of:

- a) Size of Population
- b) Age-Sex composition
- c) Different health needs within each group
- d) Cost of Care

This would be a major shift from the needs of the facility to the needs of the population.

For the purpose of the implementation, the initial focus would be on the adjusted population and the need proxied by the poverty rate. Furthermore, it was proposed that the RAF will be applied on 'Supplies and Services' (economic code 4800) of the revenue budget and later extended to the 'Repair and Maintenance' (economic code 4900).

Mr. Ashadul in his speech stressed that the shift towards the adoption of the RAF would be gradual and incremental which would ultimately bring about efficiency and synchronize planning at the local level.

¹ Annual Programme Review of the HPN Programme

² Disbursement for Accelerated Achievement of Results

Discussion and reactions:

Mr. M.M. Neazuddin, Secretary, MoHFW

Honorable Secretary commended the HEU for coming up with the formula. He further advised the HEU to engage the Ministry of Finance in a more constructive manner. Further to this the Secretary also suggested that HEU engage the media in order to raise the voice of the citizens for this kind of issues which directly affect the livelihoods of the citizens.

Mr. Siddiquer Rahman Chowdhury, Former Secretary, Ministry of Finance

Mr. Siddiquer Rahman Chowdhury was invited as a guest speaker to critically analyze the RAF and the suggested modes of implementation. Mr. Chowdhury stated that the formula itself had had no issues. It was practical and would be applicable. Furthermore, with the demand of time variables can be added and taken out of the formula.

However, he emphasized that the objective of the RAF implementation should be aligned with the sectoral goal of HPNSDP rather than pursuing a standalone goal for itself. He further added that if implemented, the RAF could be an ideal bargaining tool for advocating for increased budget to the health ministry.

On the matters of implementation, Mr. Chowdhury stated that an incremental process is good but it is not sufficient and the system when implemented should have an in-built system for reviewing (M & E³) the formula should be there.

For the implementation it was suggested that the development budget should also be included as the economics codes being discussed for the implementation will have very meager effect and if these are restricted to the revenue budget only then the affect would be even minute. He further added that the implementation should be carried out across all LLP⁴ districts. However to see the possible effects of the implementation of the RAF, it should be ensured that the pilot areas have fully functioning service delivery system

In parallel it was also suggested that the DPs and the relevant ministries are kept in the discussion as for future scaling up both support would be much required. In conclusion, it was mentioned that the HEU has taken a very cautious step but a bit of aggression is required at this point to put the message across.

Professor Dr Abul Kalam Azad, Additional Director General (Planning & Development, Directorate General of Health Services

Professor Azad in his remarks stated that how the 'Age-Sex' and 'Poverty' adjustment needs to be clarified a bit further. He added, that to implement the formula there has be a form of coordination amongst the policy makers and the implementers. To conclude he said that as two economics codes selected would not have little effects but the LLP districts have the sufficient know-how to use the RAF, he suggested that in the LLP districts the RAF should be applied across all economic codes of both the revenue and development budget.

³ Monitoring and Evaluation

⁴ Local Level Planning

Director Planning DGHS

The Director (Planning) for DGHS advised to see the results in the LLP Process in the Upazilla to check which Upazilla is performing well and has the ability to implement the RAF. He further suggested for a bottom up planning through the LLP districts.

Director Finance DGHS

The RAF would have to be applied to the economic codes 4500 (pay of Officer) and 4600 (pay of other employee) in addition to the economic codes 4800 and 4900, remarked the Director of finance DGHS. He stated that this addition is justified as the costs under 4800 and 4900 are complementary to 4500 and 4600.

In terms of area selection, as the RAF is a need based, the poorest areas should be given priority.

Dr. Jahangir Khan, Head of Health Economics Unit, ICDDR'B⁵

Prior to implementing the RAF, the prerequisites of the health system should be addressed, remarked Dr Jahangir. He added, if the basic requirements are met then the effects of the formula application can be accentuated.

Concluding Remarks

The DG HEU thanked all the participants for their respective comments and HEU would further look into it. A national consultation will be held at a later date with the field level participants.

Compiled by:

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⁵ International Centre for Diarrhoeal Disease Research, Bangladesh

