



World Health
Organization

5th Meeting of the Montreux Collaborative

Fiscal space, public financial management and health financing in a time of COVID-19





**Welcome to the 5th Montreux
Collaborative meeting!**



5th Meeting of the Montreux Collaborative

Fiscal space, public financial management and health financing in a time of COVID-19

IT information and support

Welcome to the 5th Meeting of the Montreux Collaborative

Learning Technologies Group will be providing IT support during the meeting

Please contact us at matt.matheson@leolearning.com if you have any IT related questions

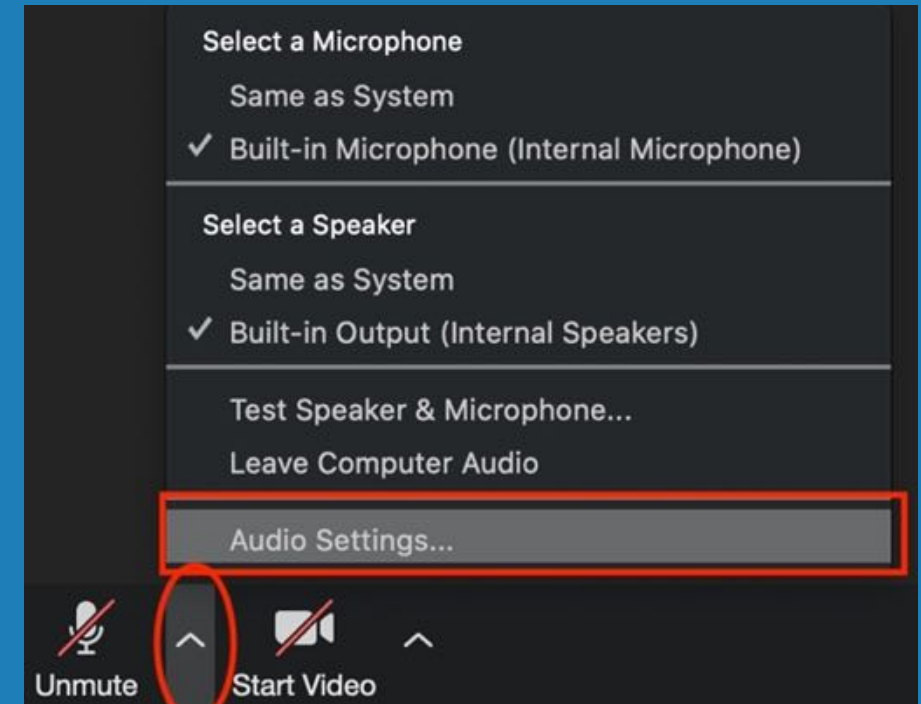
5th Meeting of the Montreux Collaborative

Fiscal space, public financial management and health financing in a time of COVID-19

Audio + Video

Your video is not enabled during this webinar.

Please select your audio source using the audio options provided to you in Zoom.



5th Meeting of the Montreux Collaborative

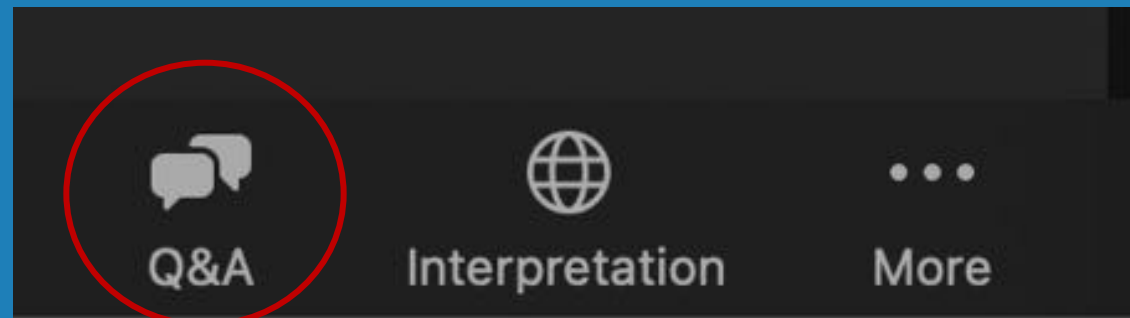
Fiscal space, public financial management and health financing in a time of COVID-19

Q&A – how to ask your question

Use the Q&A function to ask questions throughout the session

These will be responded to as text responses and some questions will be posed to our panelists.

Click 'Q&A' to ask your question.



5th Meeting of the Montreux Collaborative

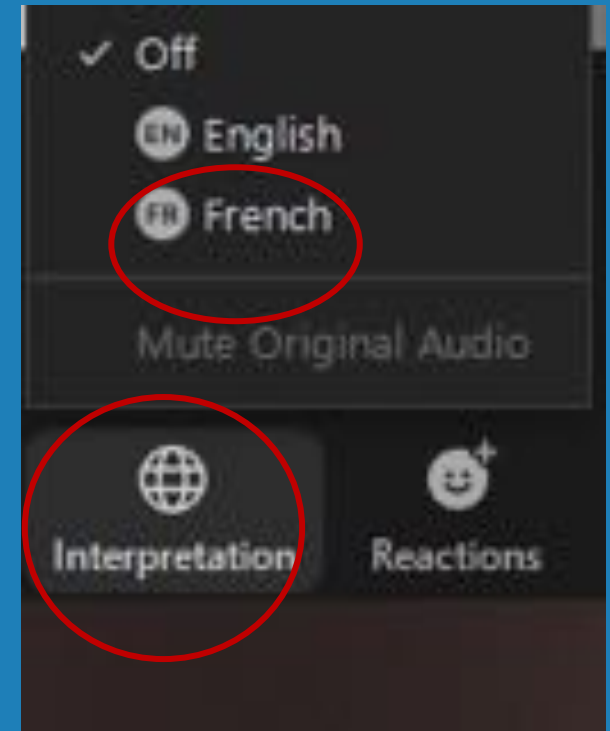
Fiscal space, public financial management and health financing in a time of COVID-19

Live interpretation

Interpretation in French is available by clicking **Interpretation** button at the bottom of your screen.

Click on “Interpretation” and choose **French** – you will still be able to hear English quietly in the background.

To hear the French language **ONLY**, click “Mute Original Audio”.





5th Meeting of the Montreux Collaborative

Fiscal space, public financial management and health financing in a time of COVID-19

All sessions are recorded

We are recording all sessions in English and your attendance is consent to be recorded. Only speakers will be visible in the recording.

These will be available to review on the WHO site below after the event has concluded.

<https://www.who.int/news-room/events/detail/2021/11/15/default-calendar/5th-meeting-of-the-montreux-collaborative>



5th Meeting of the Montreux Collaborative

Day 5 - Friday 19 November



5th Meeting of the Montreux Collaborative

13:00 – 14:30 CET : Concluding session

Joe Kutzin, Head Health Financing Unit, WHO

With country discussants: Pura Angela Co, Midori de Habich, Farhad Farewar, Lachlan McDonald, Gemini Mtei.

Way forward: Hélène Barroy, WHO

Concluding remarks: Cheryl Cashin, R4D.

Key messages

Joe Kutzin, Head Health Financing Unit, WHO





5th Meeting of the Montreux Collaborative

Day 1- Monday 15 November

Reflecting on the Montreux journey with Cheryl Cashin

2014-2021



Where we are today?

- Today we have
 - **Deeper understanding** of the issues
 - More **tools**
 - More partners
 - More analysis and evidence
 - More **productive dialogue** between health and finance stakeholders
 - Greater understanding of **country-level progress**



What have we learned?

- Better grounding of health financing functions **in the realities of the health budget**
- More *nuanced* understanding of health sector-specific PFM solutions
- Getting *specific* about **balancing flexibility and control** to get results from health spending with accountability
- Understanding that transition from donor funding is an opportunity for structural reform
- How to have a **more constructive dialogue** between health and finance stakeholders



What is left to do?

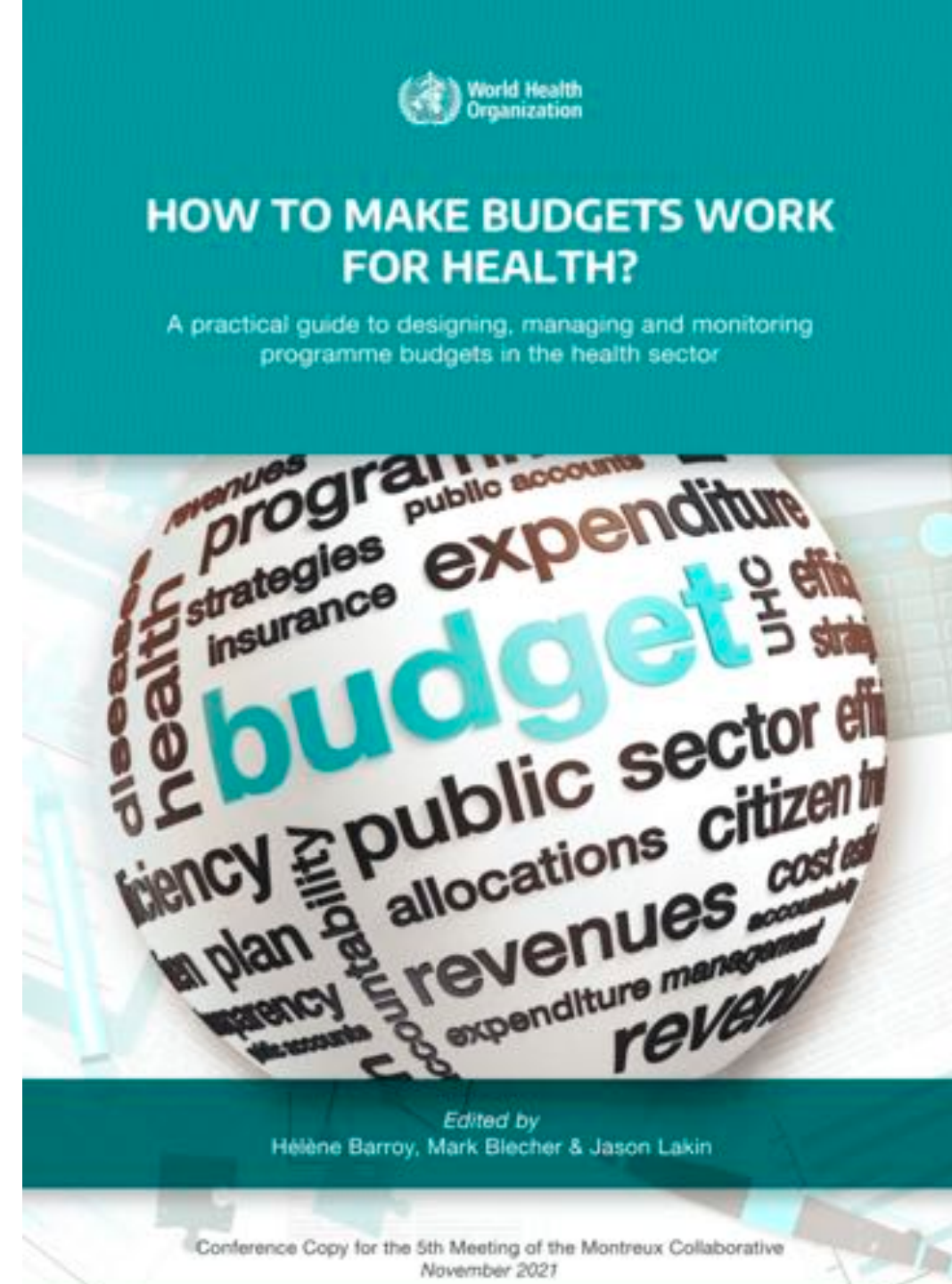
Prioritize the most stubborn issues:

- Fully implementing programme-based budgeting
- Reducing ex ante line-item controls
- Getting flexible funds to frontline health care providers with stronger payment-accountability linkage
- Increasing health provider autonomy
- Reduce fragmentation in funding sources, flows, systems, and reporting—including/especially fragmentation caused by donors



Moving towards programme budgeting in health: devil is in the details

- Not all programme budgets are conducive to reduce financial fragmentation in health
- Need to **integrate disease interventions** into broader budgetary programmes
- Need to **relax line-items controls** and provide flexibility within programme envelopes
- **Empowered and accountable** funds managers – from top to frontlines
- Goes with **output-based accountability** framework, linking expenditure to outputs



We heard about practical implementation challenges of programme budgeting in health

“ Health as a sector has some specificities that need to be recognized when adopting program budgets “

HELENE BARROY

“Program budgets need to be implemented well, otherwise can create more problems; good to understand common pitfalls and actionable recommendations to make them successful”

JASON LAKIN

“Most program managers at the DOH wanted their own program. A fragmented budget makes budget execution rigid”

OMI CASTANAR, The Philippines

“South Africa has gradually integrated disease interventions into broad programmes. We need to remove line-items controls as a next step to our programme budgeting reform”

MARK BLECHER, South Africa



5th Meeting of the Montreux Collaborative

Day 2 - Tuesday 16 November

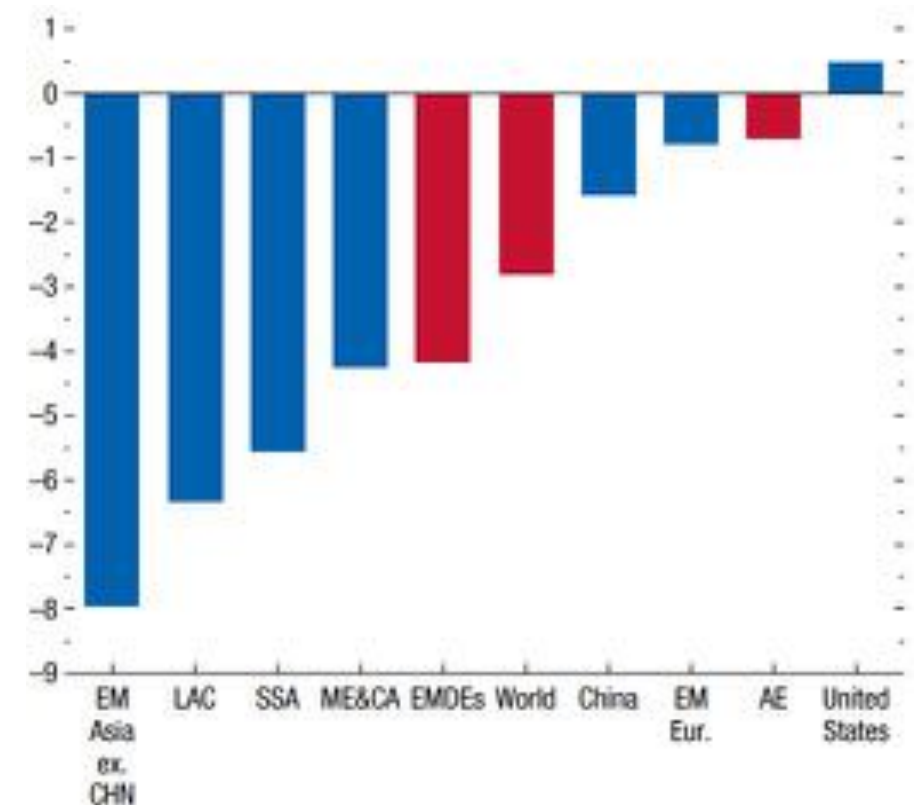
Macro-fiscal outlook from IMF

What we learned:

- Divergent recovery across income and regions
- **Increased debt risk** in LMICs, and reducing it will be a challenge in the medium term
- **Budgetary flexibility** used to mitigate fiscal gaps
- **Recalibrating deficit rules** is being considered (mostly in HIC)
- Extra effort on not only addressing the funding needs, but improving efficiency in spending

Medium-Term GDP Losses Relative to Pre-COVID-19, by Region

(Revisions to projected 2024 GDP levels between the January 2020 and April 2021 WEO forecasts, percent)



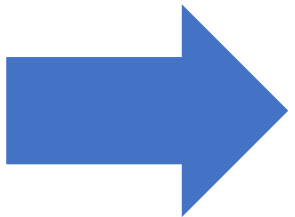
How can countries mitigate fiscal risks in the context of COVID-19

“Lessons need to be learnt,
from previous crises:
broadening the revenue base
and delinkage, introducing
automatic stabilisers,
increase budget prioritization”
TAMAS EVETOVITS

“We have increased our levy tax
to compensate loss in revenues
and address the fiscal gaps”
MAWULI GADDAH, GHANA

“Tobacco and alcohol taxes
can help address the fiscal
crisis in some LMICs.
AJAY TANDON

“Sri Lanka’s prospects to mitigate
the disruptive effects of the
COVID-19 pandemic depends
crucially on policy responses to
synchronize monetary and
exchange rate regimes and
mapping a robust fiscal and debt
sustainability path”
DILEEP DE SILVA, SRI LANKA



Critical to sustain progress towards UHC

But increasing revenues is not enough...

Addressing PFM bottlenecks also needed for an effective COVID-19 response

- **Flexibility is critical for response:** countries with more flexible PFM, better equipped to respond
- Utilizing existing flexibilities is often under-emphasized (eg authorized virements)
- Balancing flexibility and speed of response **against transparency and accountability** is key
- **Beware of fragmentation:** refraining use of extra-budgetary mechanisms to channel funding, although they can be helpful to overcome PFM rigidities and weaknesses

Building back better means: refining PFM emergency regulations and sustaining some emergency flexibilities to enable progress towards UHC.

“Countries who adopted program budgets were able to move fast, but need to acknowledge that program budget reform takes time, but it contributes to pandemic preparedness “
RICHARD ALLEN

“Pandemic exposed existing weaknesses in PFM. In some countries public finances were severely constrained even before the pandemic”
OGALI GAAREKWE, South Africa

Experience from the Philippines and South Africa told us that PFM rules can be adapted to cope with crisis

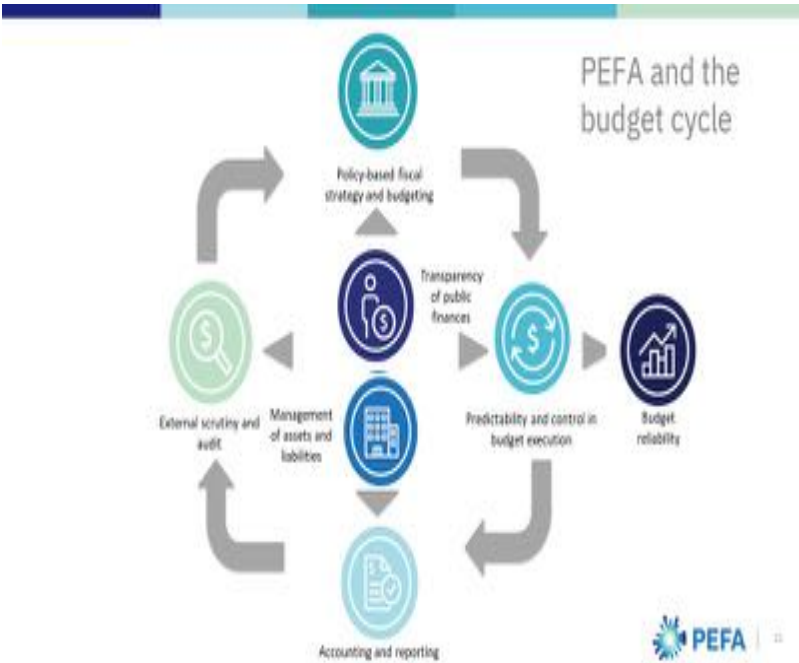
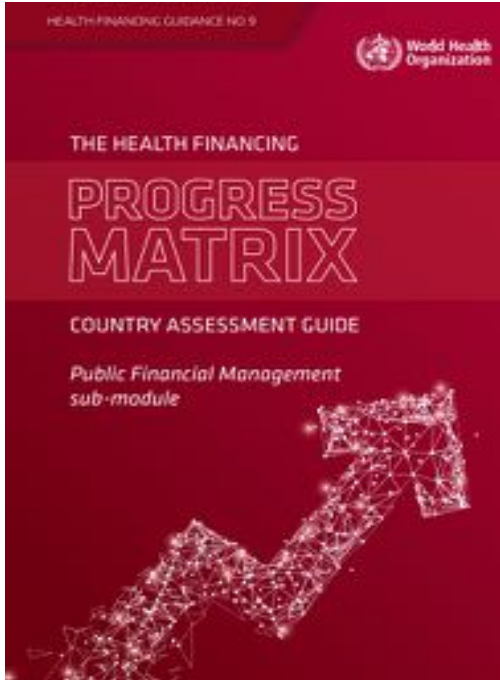
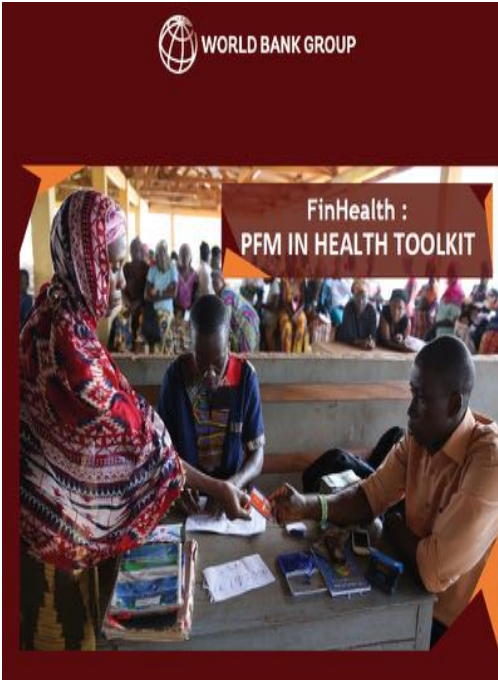
The Philippines

- Realignment of savings from regular budget
- Special legislation to provide **additional budgetary allocations**
- Creation of benefit package for Covid-19
- **Adaptation of provider payments**
- Interim Reimbursement Mechanism of PhilHealth – allowing the **frontloading of funds** to health facilities.

South Africa

- **Ring-fenced transfer** from National Disaster Management Centre to provinces
- **Use of built-in flexibilities:** facilitated by programme budget
- **Flexible resource use:**
 - PFMA S29 authorises spending before the 2020 Appropriation Bill was enacted (23 July 2021).
 - PFMA S43 authorises virements within budgets; Appropriation Act s6 allows Minister of Finance to authorise expenditure for areas not budgeted for

PFM & Health Tools – time for consolidation



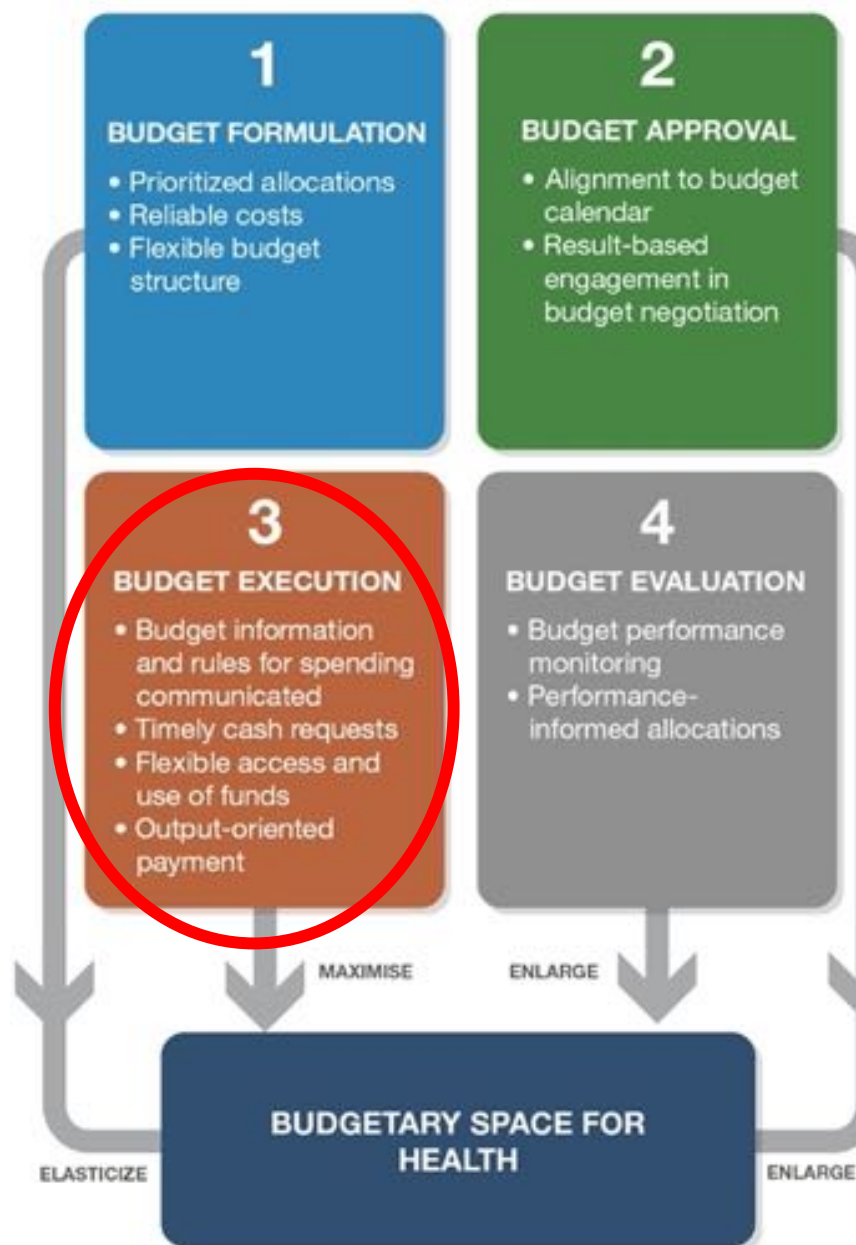
A Problem-Driven Approach to PFM Challenges in Health Service Delivery		
Component 1: What are the main problems?	Identify and categorise known problems, using checklist based on common PFM challenges	Synthesis and validation of insights from existing analysis (incl. MoH, MF, subnational / facility level analysis and compatible sectors), and government / stakeholder feedback.
	Validate and prioritise findings with government and close partners / stakeholders	Findings of the review will be discussed with government and close partners and used to find shared concerns between the Government and UNICEF.
IF CONDITIONS ARE IN PLACE TO CONSIDER COMPONENT 2		
Component 2: How can these problems be resolved?	Re-validation / problem definition	Identify priorities, develop a shared understanding of the problems and space to act
	Facilitated problem-solving workshops or discussions, building on local knowledge and processes	UNICEF support to facilitate a government-led process to understand and address priority problems, focusing on short-term actions
	Mechanisms for follow-up, monitoring and oversight	Establish teams and structures to take the work forward, clarify support needed from UNICEF and other partners.



5th Meeting of the Montreux Collaborative

Day 3 - Wednesday 17 November

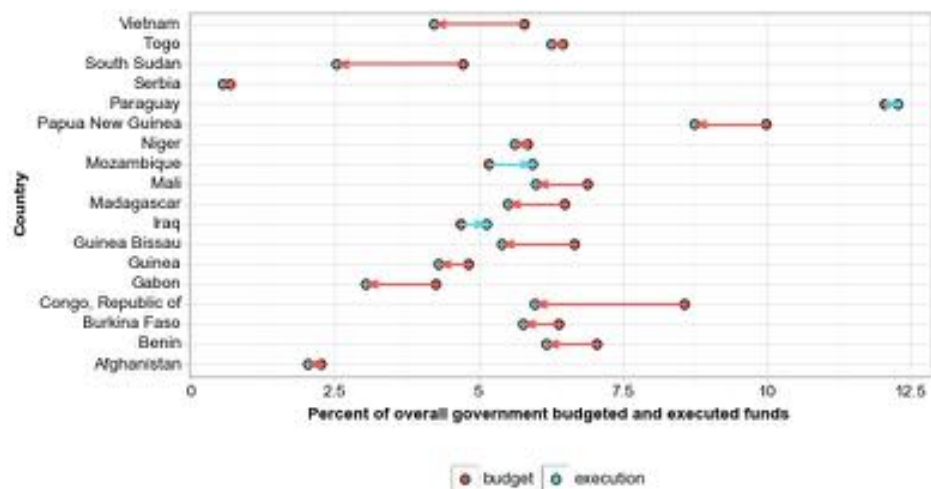
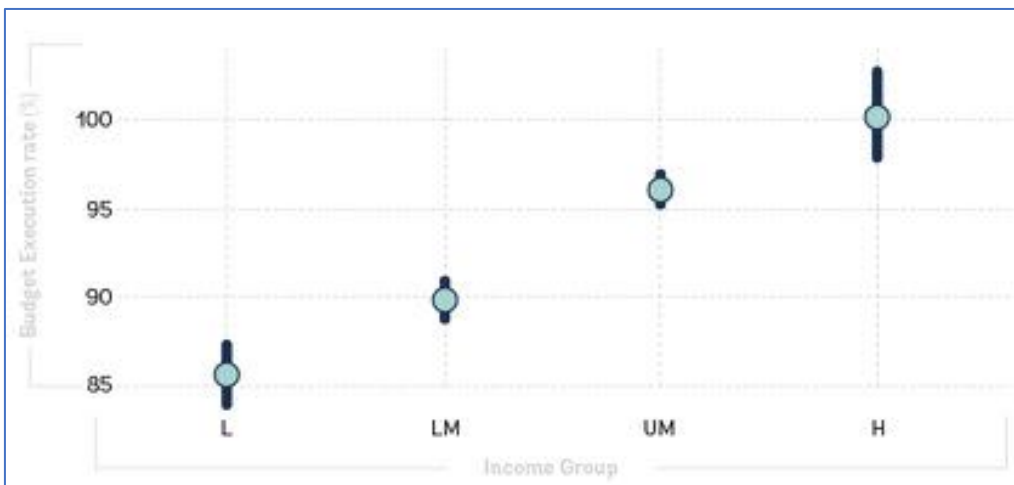
Connecting PFM to the budget dialogue



Barroy H, Gupta S. Fifteen years later: moving forward Heller's heritage on fiscal space for health, *Health Policy and Planning*, Volume 36, Issue 8, October 2021, Pages 1239–1245, <https://doi.org/10.1093/heapol/czab033>

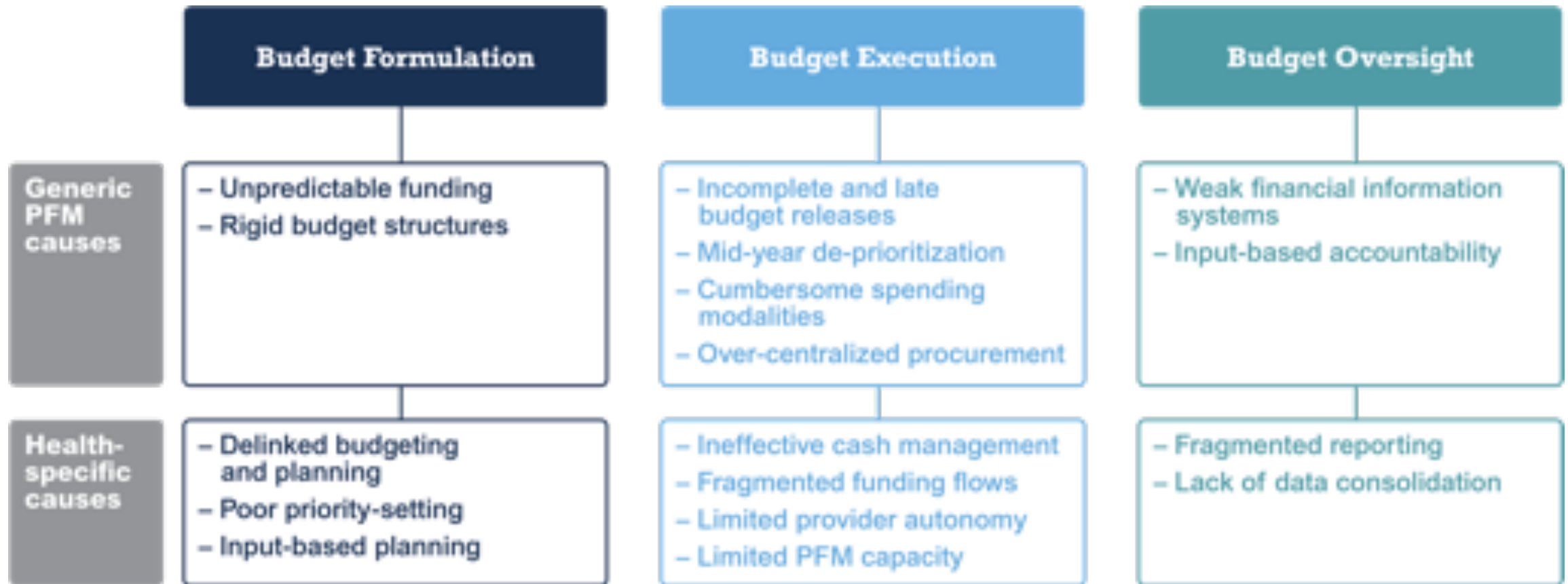
Health budget execution – learning from global data

Under execution of the health budget is particularly prevalent in low income countries



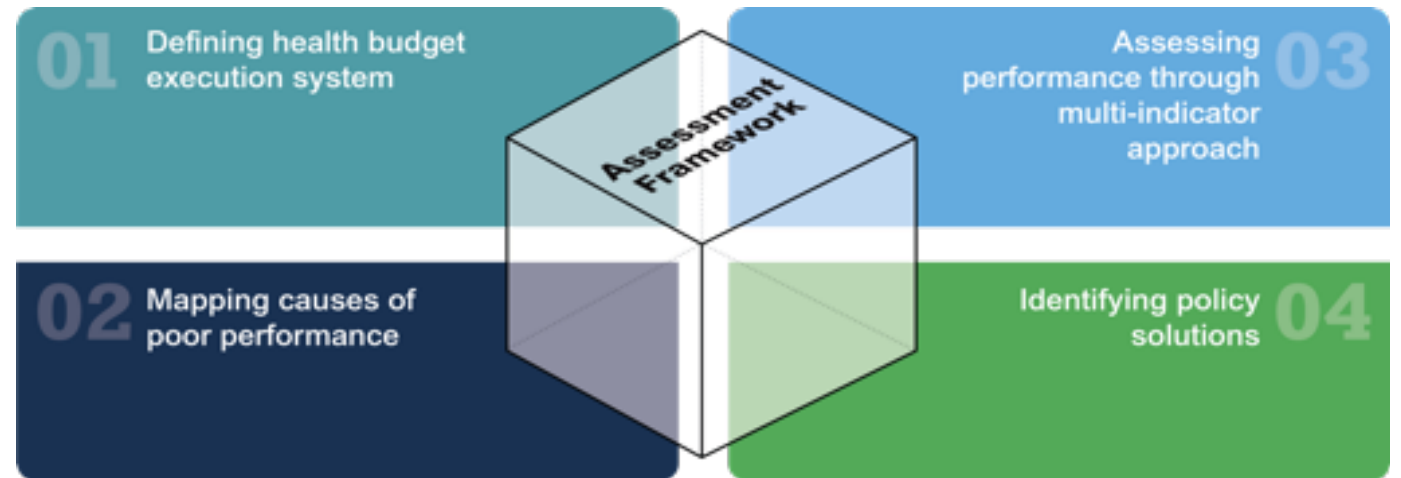
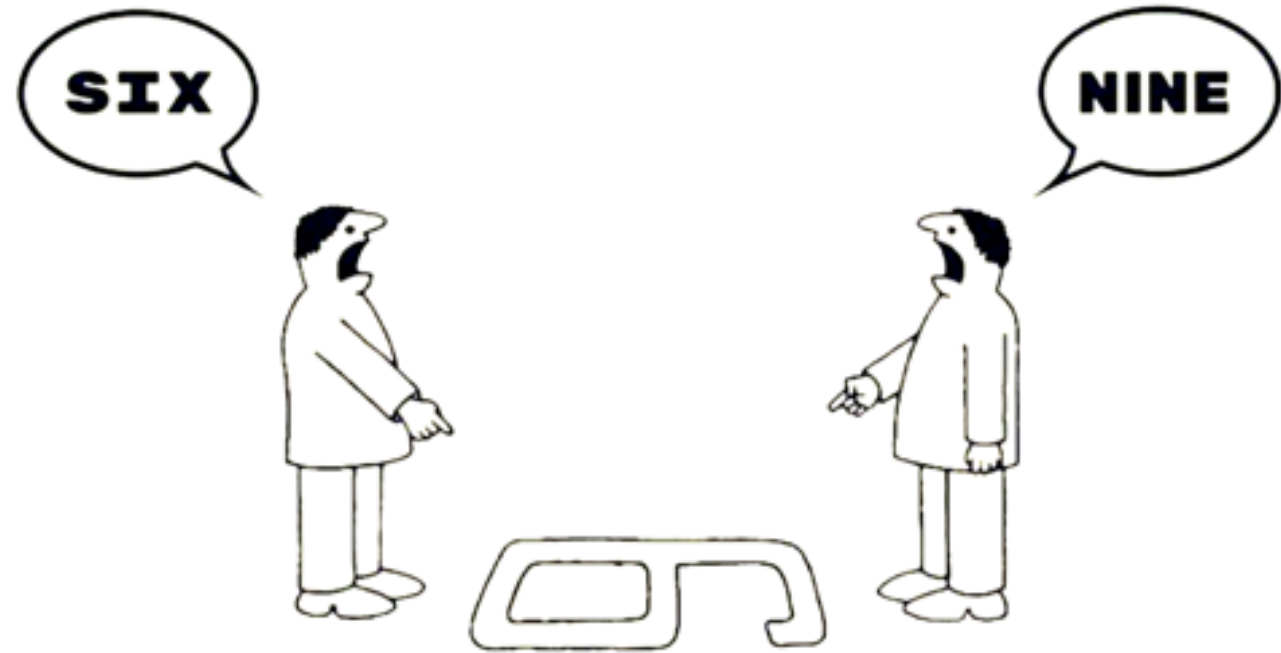
Deprioritization of health during implementation

“Low absorption capacity” is a description, not an explanation; **we can do something about it**



Health budget execution has multiple drivers:
essential to map them by budget cycle stage and stakeholder.

Need for a common understanding of health budget execution issues...so that we can solve them

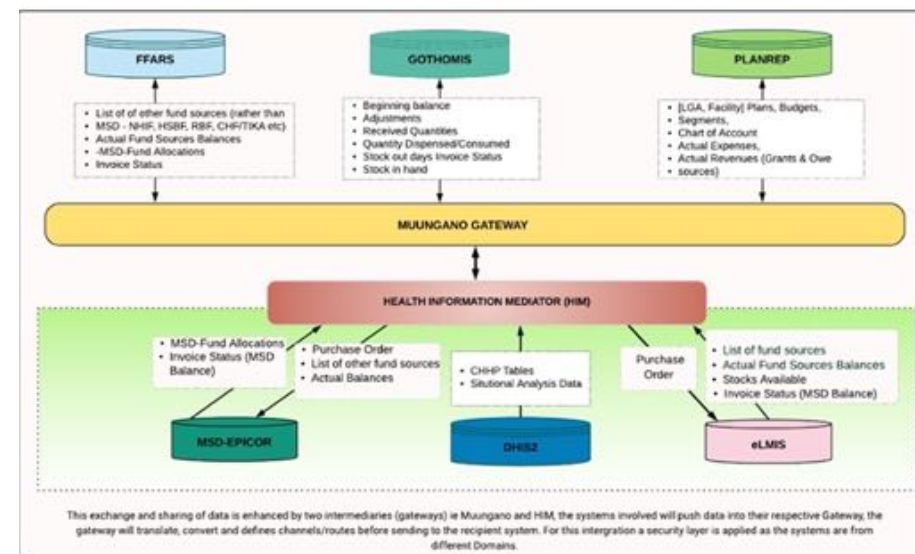


Direct Facility Financing – Clarifying the concept

- Problem: funds are not getting to frontline providers, especially in primary care (Sophie Witter)
- Approach: **direct provision of funds to health facilities to enable facilities to meet operational requirements**
- Main differentiating feature: funds, including gov't budget revenues, are directly channeled to health facilities, and facilities are given managerial autonomy for their use.
- Changes the *quality* of public budgets to make them managerially desirable (e.g. enabling replacement of user fees)
- Alters the domestic engineering (or plumbing) of financing; not a donor project (though can be supported from external funding)

Enabling implementation: lessons from DFF in Tanzania

- Facility **bank accounts** and right to **procure inputs**
- **Unified, integrated financial management** for all funding sources.
- Multi-sectoral reform with interoperable FM systems extended to facility level
- Support systems, training, and **tailoring of PFM rules**
- Represents a step towards **unified payment system** across funds flows to reduce fragmentation and conflicting incentives
- Also **strategic purchasing with budget funds** – formula-based with policy variables, enabling adaptation over time



"Tanzania meets principle (condition): all health facilities required to have a bank account and they have a code in the country chart of accounts"

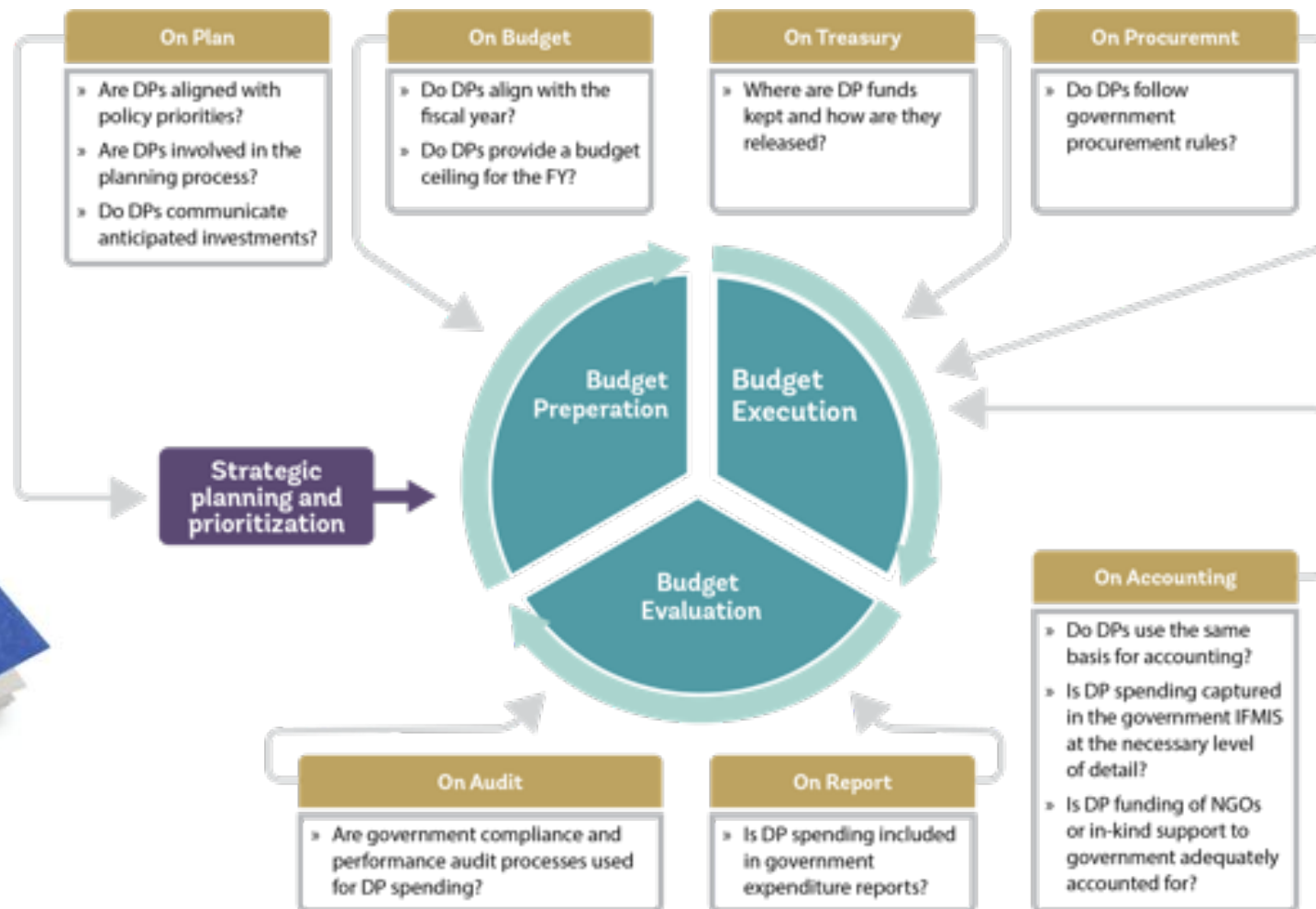
SHEILA O'DOUGHERTY



5th Meeting of the Montreux Collaborative

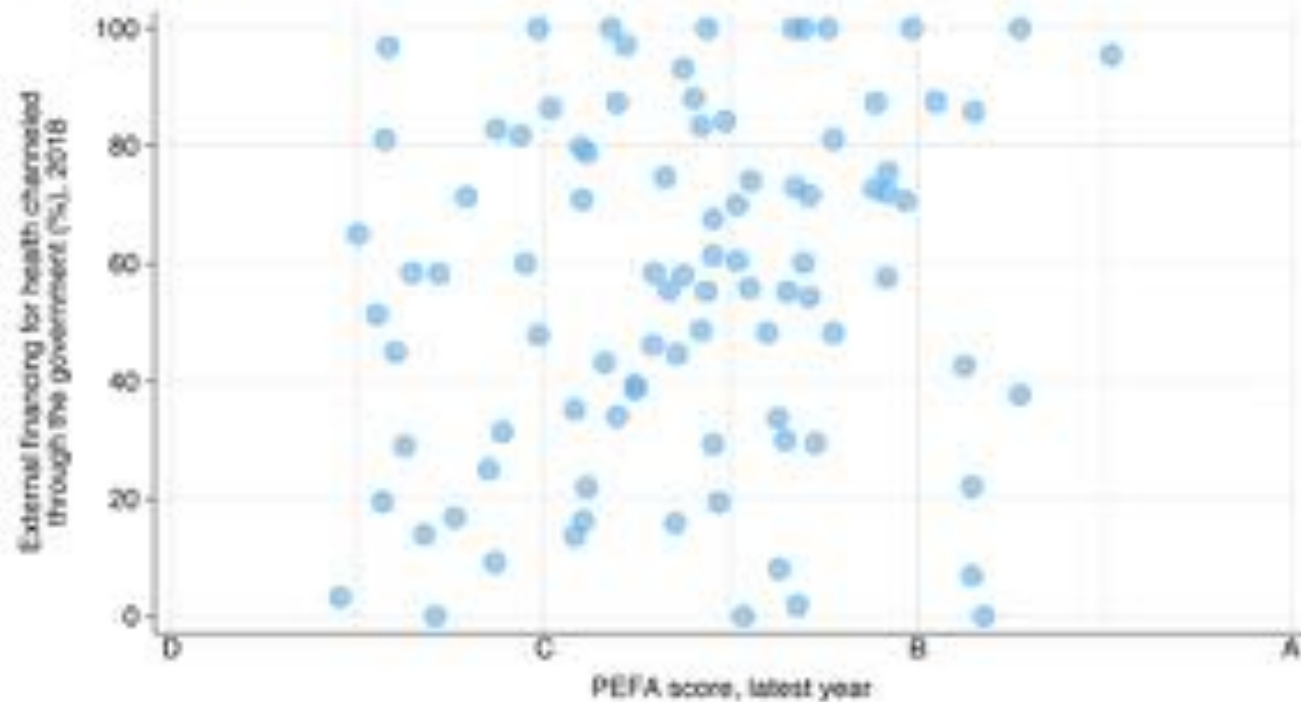
Day 4 - Thursday 18 November

Aligning donor funding to domestic PFM – what's new?



And what's not
(I think Moritz was too diplomatic...)

No lack of commitment,
but lack of progress



But...some good practices from countries and partners

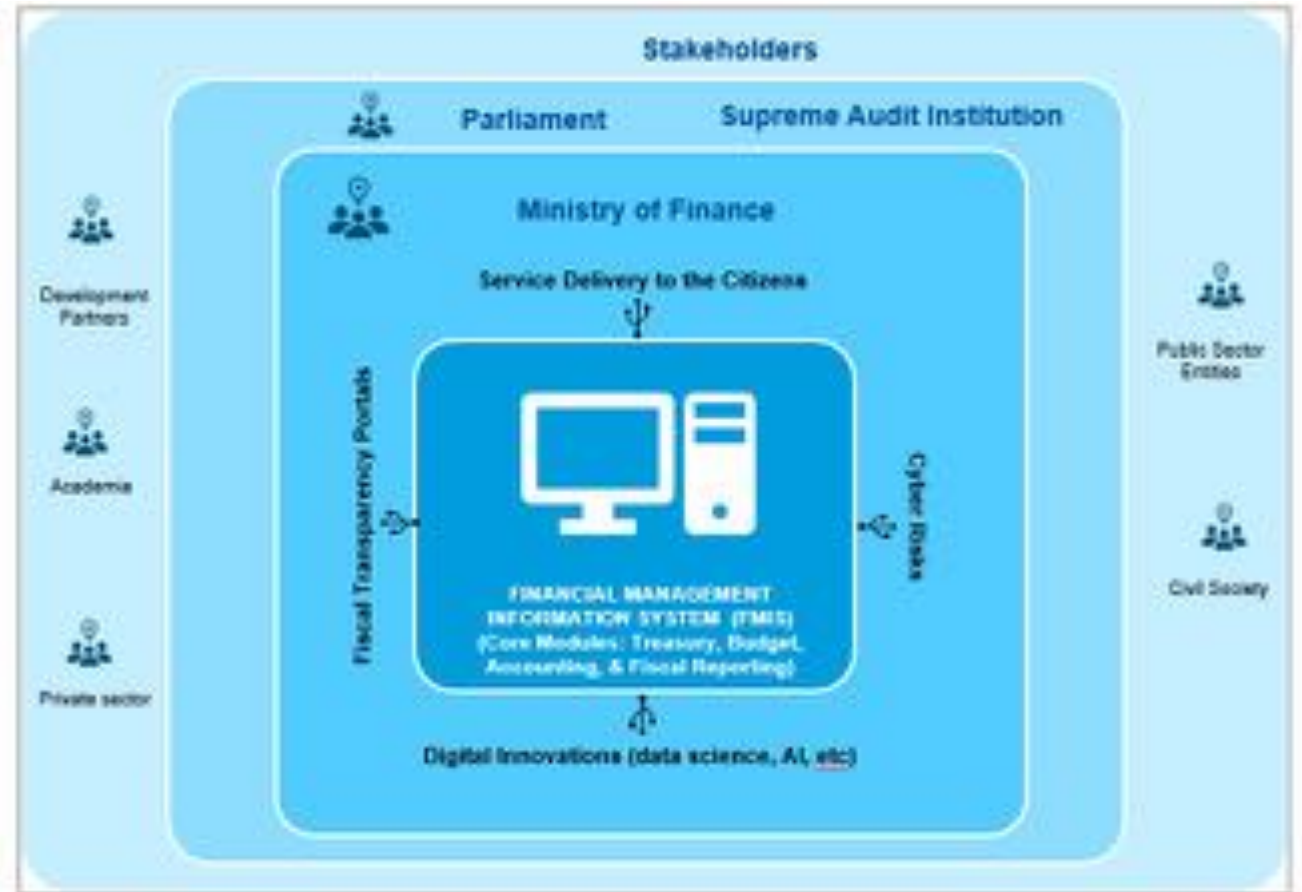
- Honest discussion between countries and partners (Ethiopia)
- Planning together - don't wait for the reporting stage to come together (Rwanda)
- **Mutual accountability**; clear division of labour
- Joint sector reviews
- Integrating financial and non-financial performance monitoring
- Donors can help strengthen some parts of domestic PFM systems
- **Alignment is a spectrum**

Model of aid should evolve – no attribution; no short-term results orientation; fungibility is a fact, so rethink conditionalities to support to domestic budgets for health
AGNES SOUCAT



Digital PFM – huge *potential* for effective and transparent public spending, incl. for health

- Digital technology can help:
 - Enhance the **efficiency of PFM processes and tools**;
 - Reduce opportunities for corruption and misappropriation of public funds by **improving and automatizing controls**;
 - Support fiscal policy implementation by providing **faster, timely and accurate information** for decision-makers;
 - Strengthen **fiscal transparency** and accountability.
- **If used appropriately**...it won't just happen by magic



So the
Montreux
Agenda has
come a long
way...
and “really
matters (to
me)”...and all
of us!!





How to find meeting materials?

We will share...

- Sessions recordings and PPT presentations on the WHO event page:

<https://www.who.int/news-room/events/detail/2021/11/15/default-calendar/5th-meeting-of-the-montreux-collaborative>

- Background documents and responses to questions on the Montreux Resource Portal:

<https://www.pfm4health.net/montreuxcollaborativeresources>



Let's hear now from country participants!

Pura Angela Co, Midori de
Habich, Farhad Farewar,
Lachlan McDonald, Gemini
Mtei.





Thoughts on ways forward

Hélène Barroy (WHO)



Concluding thoughts

Cheryl Cashin (R4D)

Thank you!

We look forward to our ongoing collaboration

