

# Study of relationship between Ministry of Health and Ministry of Finance in Ghana

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# Strengths and Opportunities

# Ministry of Finance

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- MoFEP regularly updates the Macroeconomic Framework with projections of resource availability based on projections of economic growth, domestic revenue and donor funds, ensuring a realistic resource framework for planning
- The MTEF three-year projection of the resource framework enables MDAs to plan ahead and to assess medium-term cost implications of planned activities
- The MTEF and budget framework provide well-defined processes and formats for planning and budgeting, with clear guidelines and timelines
- MoFEP provides an electronic template for budgeting with standardized activities and a simplified costing format
- MoFEP issues budget guidelines and ceilings early in the year to give adequate time for planning
- To improve budget disbursement and management, MoFEP has introduced cash management tools - cash budget, procurement plan and M&E plan

# Ministry of Health

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- MoH has a comprehensive and integrated process for planning and coordination through 5-year Programs of Work linked to the national development plan
- MoH has structures and procedures in place to ensure compliance with the MTEF; agencies develop specific outputs, key activities and costs based on the MTEF formats
- MoH has a functional Budget Committee of representatives from all the Agencies under it – members attend the budget hearing with MoFEP
- MoH has an inter-agency Committee made up of all the heads of agencies under it that facilitates coordination and communication in the sector
- MoH/GHS have functional Budget Management Centres for planning and budgeting at the national and decentralized levels
- MoH and the Ghana Health Service hold training workshops for BMCs on guidelines for planning and budgeting
- MoH has Manpower Hearings to approve BMC's nominal rolls and a Capital Investment Plan to prioritize investments

# Ministry of Health – Ministry of Finance Relationship

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- MoFEP has a schedule officer dedicated to the health sector that interfaces between the health and Finance Ministries in the planning and budget process
- MDA Budget Committees are the primary focus of training provided by the MoFEP and take responsibility for leading the MTEF and budget process in their organization
- MDAs are given the opportunity to make a case for additional resources at Policy Hearings, before the budgetary ceilings are confirmed
- MoFEP has a high-level Budget Committee that conducts budget hearings on MDA draft estimates and makes recommendations to Cabinet for approval
- If resources are not enough for the sector MoFEP may recommend additional resources from HIPC and MDRI proceeds; Cabinet gives the final approval
- MoH's retention of 100% of IGF and introduction of the NHIF has helped address resource constraints in the sector



# Challenges

# Ministry of Finance

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- The MTEF resource allocation process is not comprehensive of all resources, fragmenting the planning and budgeting process; it is also not effectively linked to the national plan
- The detailed MTEF process limits the focus on outcomes and the broad activities needed to achieve the outcomes
- There is limited involvement of sectors in understanding the Macroeconomic Framework, the resource allocation formula, and the process for determining MDA Ceilings
- The portion of HIPC and MDRI proceeds for the social sectors channeled through District Assemblies limits sectors' influence on how the resources are used to address priorities
- The district health administration has very little influence over the District Assembly's use of the share of the Common Fund earmarked for health
- There are weak incentives for planning and budgeting when resources are not secured or are disbursed in an untimely manner; it becomes difficult to institute performance contracts for monitoring



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- Planning and budgeting capacity, including planning for cash flow needs, as well as computer literacy need strengthening, particularly at the sub-district level
- The capacity to effectively prioritize and cost activities is sometimes weak, limiting analysis of the cost-effectiveness of alternative options for meeting policy objectives; the sector is perceived to be spreading itself thin by presenting numerous projects for funding
- Budget justifications and supporting documentation needs strengthening; the quality of data needs improving
- The Ministry of Health is not always able to argue its case effectively to MoFEP and Cabinet, who must balance competing interests
- There is limited time available for the planning and budgeting process, particularly at the decentralized levels

# Ministry of Health

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- There is no consensus about using medical professionals for the sector planning and budgeting instead of health economists and planners; the availability of health economists and planners is also a challenge
- Management and accountability structures need improving to ensure resources achieve results – activities must be better linked to resources utilised and outcomes achieved; and budget monitoring must be strengthened
- NHIA delays in claim processing have created difficulties for the facilities especially those that rely almost entirely on such reimbursements

# Ministry of Health – Ministry of Finance Relationship

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- Preparation of input for the MTEF has become a mechanical process for some users; generating large volumes of detailed data without an effective use of the outputs generated
- MoH has not felt it can advocate for much more resources outside of the budgetary ceiling that MoFEP gives it
- The budget hearing process is seen as a formality; the case made for more resources is almost never approved and resources are usually further reduced by MoFEP
- The level of budget resources for Service and Investment activities in the health sector is limited, with most of the budget allocation going to Personnel Emoluments; a disincentive for planning and budgeting
- MoFEP does not provide adequate feedback to MoH on the quality of its budget presentation to facilitate the necessary improvements
- Donor provision of resources directly to the health sector increases transaction costs and the burden of coordination and weakens budgetary planning



# Recommendations

# Ministry of Finance

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- The MTEF should capture resources from all the sources of funds and reflect all MDA expenditure
- MoFEP should refocus the MTEF to make it less detailed and more strategic, focused on outcomes in the national plan
- HIPC and MDRI proceeds should be planned for by, and allocated to, the sectors even where they are for projects at the decentralized level
- The analytical capacities in MoFEP and MDAs should be strengthened to facilitate the evaluation of MTEF/expenditure proposals
- MoFEP should review the effectiveness of policy and budget hearing platforms in facilitating the resource allocation process
- MoFEP should provide feedback to MoH on its performance in budget preparation and presentation
- MoFEP should improve on the predictability and timeliness of release of funds to enhance the credibility of the planning and budgeting process; it should also improve budget monitoring

# Ministry of Health

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- Strengthen planning and budgeting capacity at all levels to provide documentation and justification for resource needs
- Allocate more time and resources for planning and budgeting at all levels in view of the decentralized and complex nature of the health sector
- Strengthen presentation and negotiation capacity at MoFEP and Cabinet level to influence resource allocation in favour of the sector
- Strengthen the relationship between the Ministry of Health and NHIA; ensure NHIF resources are factored into the planning and budgeting process and resolve claims management challenges
- Strengthen accountability structures within the sector and hold agencies and BMCs more accountable for resources allocated to them from all the sources of funds
- Improve quality of data generated for planning and budgeting by strengthening data management capacity at all levels and link with the Ghana Statistical Service

# Ministry of Health – Ministry of Finance Relationship

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- MoFEP and the MoH should strengthen their interaction, particularly MoFEP's engagement in the health sector's planning and budgeting processes
- MoFEP and MoH should address skills gaps specific to the health sector by recruiting more health economists/planners
- MoFEP should improve transparency in setting Budgetary Ceilings and involve MDAs in the process; it should provide final budget ceilings early enough to enable reprioritization
- MoFEP and the National Development Planning Commission should build capacity for prioritization of activities at the national, sector and decentralized levels
- District health administration should be responsible for managing District Assembly Common Fund resources to districts earmarked for health

# Ministry of Health – Ministry of Finance Relationship

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- District health directorates should strengthen relationship with district assemblies to improve collaboration and accountability in resource allocation
- Donors should provide support to Government priorities in the sector Program of Work rather than designing their own programs to avoid duplication of activities and to ensure coherence in meeting the sector objectives
- Donors should improve the predictability of their funds and align their planning timelines and release of funds to the Government planning and budgeting cycle



# Conclusion

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The conclusions from the study are:

- There are good structures and procedures in place for strategic planning, budgeting and resource allocation
- Capacity within MoFEP and the Ministry of Health is good, particularly at the national and regional levels
- While the structures and processes are in place, there are challenges with the effectiveness of implementation at all levels
- Strengthening structures and processes and building the needed capacity will go a long way to improve the performance of the health sector in resource capture
- Ensuring an effective partnership and communication between the two Ministries at all levels - strategic, technical, operational, will be key to progress
- MoFEP should make a proactive effort to increase resources allocated to the health sector in line with the Abuja target to enable the sector meet its objectives and targets and the MDGs on health