



Building the Capacity of 12 Counties in Program-based Budgeting:

A Summary Report

HP+ POLICY Brief

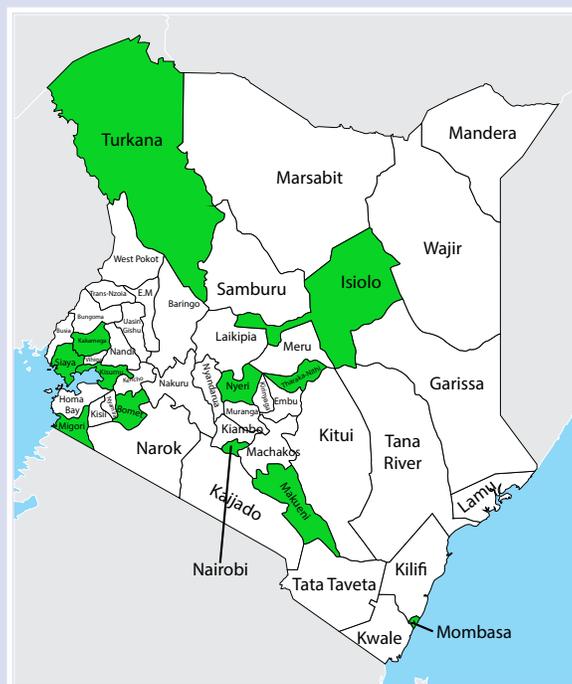
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Introduction

From March 2015 through March 2016, the USAID- and PEPFAR-funded Health Policy Project (HPP) in Kenya turned its focus to mobilizing domestic resources at national and county levels in an effort to achieve sustainable financing of Kenya's health and HIV efforts. This work included analyzing the long-term health delivery costs and health financing options available in the country to inform national and county governments and to build the capacity of county governments to reorient their budgeting away from traditional line-item budgeting to a program-based approach. HPP is the predecessor to the USAID- and PEPFAR-funded Health Policy Plus (HP+) project which began in 2015 and is now carrying HPP's domestic resource mobilization work forward in Kenya. This HPP activity was expected to generate approximately US\$30 million in the Kenyan fiscal year (FY) 2016/17 by

- Winning the inclusion of an HIV paragraph in the FY 2016/17 budget policy statement, presented to Parliament in June 2016 by the National Treasury
- Restoring an antiretroviral drug (ARV) budget line item in the Ministry of Health (MOH) budget
- Including HIV as a program in county budgets
- Improving the capacity of 12 counties on program-based budgeting (PBB)

FIGURE 1. KENYA'S 12 PROGRAM-BASED BUDGETING COUNTIES



Source: HPP

- Strengthening the capacity of the National AIDS Control Council to generate evidence and analyses and to undertake convincing advocacy for public and private sector investment in HIV
- Establishing the high-level Advisory Committee on Sustainable Financing for HIV and AIDS
- Increasing uptake of ARVs through private health providers

This brief summarizes the achievements of the HPP program-based budgeting initiative in 12 counties.

HPP collaborated with the Council of Governors (CoG), the MOH, the Kenya School of Government (KSG), Nathan Associates, the Ministry of Devolution and Planning, and the National Treasury to provide technical assistance to a pilot group of 12 counties helping them transition from a line-item budget methodology to a PBB approach. Program-based budgeting links budget allocations to program outputs as required by the Kenya Public Finance Management Act (2012). This technical assistance was provided through the following activities:

PBB curriculum development

HPP and its collaborators developed a PBB curriculum and training manual which covers five key sections

- **Planning in the health sector:** Presents an overview of planning in the health sector and critical planning tools
- **Budgeting in the public sector:** Offers a deeper understanding of the government budget, the budgeting process, and its importance in resource allocation
- **Medium term expenditure framework (MTEF):** Enhances participants' understanding and proficiency in applying MTEF in budgeting
- **Program-based budgeting:** Equips participants with knowledge and skills to enable them to prepare their respective budgets by programs
- **Activity-based costing:** Provides opportunities for participants to apply their new skills on the PBB process

By collaborating with KSG— recognized as Kenya's key institution with a mandate to train government staff—HPP was able to ensure buy-in from the CoG and county governments. Similarly, engaging the National Treasury and the Ministry of Devolution and Planning ensured a link between the policy, planning, and budgeting process, as well as the inclusion of key priorities for country governments, especially global commitments, Vision 2030, and Second Medium Term Plan goals.

Development of a PBB template

HPP also worked with the CoG to develop a PBB template to assist county teams to prepare their annual budgets. The template was circulated to all the counties to use in the FY 2015/16 budget planning, which kicked off in August 2015.

Engagement of the counties to secure buy-in

The PBB training teams visited each of the 12 counties to brief the county leadership and management teams about the capacity building initiative and secure dates for the training workshops. These meetings involved the County Executive Member for Health, Chief Officers, County Directors of Health, and members of the county health management teams (CHMT). During these meetings, the PBB teams discussed the requirements of the Kenya Public Finance Management Act (2012), and the budgeting cycle. The meetings also involved the selection of participants for the training to ensure the right personnel were selected.

Recruitment of participants

The training was aimed at staff members that are directly involved in the budget process, heads of sections, and those that influence the budget in some way. Based on these recommendations, county management selected participants from several county units and administrative levels including staff members from county departments of health, finance, revenue and planning and the CHMT, which oversees county health programs.

Advocacy training for county champions

HPP developed a training module on budget advocacy, and trained 24 participants from the 12 counties, to support the PBB process by advocating for increased resources. The advocacy champions drew up six-month plans with actions they would take to seek increases in budget allocations to their county health departments.

Results/Outcomes

Implementation of the training

HPP led 12 training workshops for a total of 255 participants. Overall, the participants reported that the trainings had increased their ability to prioritize programs and sub-programs in their planning and that through the trainings they had gained a better understanding of the budgeting cycle and process and clarity of their respective roles in influencing the allocation of additional resources. Participants also reported having a better understanding of the different types of budgeting approaches, how budgeting links to planning, and what is important to consider when preparing a financial plan. Discussions on the MTEF process were reported to have enhanced participants' understanding of the MTEF application and its usefulness in budgeting and planning

Immediate outcomes

- **Revision of county integrated development plans:** In some of the counties, participants reported that they revised the county integrated development plan to refocus it with a PBB approach. At the same time, some counties began to appreciate that low absorption of allocated funds by their health departments may have been a result of their inability to link their plans to budgets.
- **Creation of new health programs:** Some counties did not have all critical health departments. For instance, at the time of the training Makueni County did not have a department for preventive and promotive services. After the training, the county team revised their county program structure to include this unit and also to include HIV and AIDS as a sub-program that could receive its own budget allocation.
- **Disaggregated budgets:** County teams adopted the PBB template and customized it to enable budgeting that was in-line with their specific disease burden and local priorities, disaggregated by the three program areas (curative services, preventive and promotive services, and general administration) and then by sub-programs. All counties included HIV and AIDS and tuberculosis as a sub-program, ensuring resources would be specifically allocated to the program.
- **Increased financial commitments to HIV programs:** The training workshops took place just prior to the release of sector budget ceilings by county treasuries. Following the training, some of the county teams proposed increased allocations to HIV programs in their counties for FY 2016/17, for both preventive and promotive activities. By the end of March 2016, county health departments had collectively proposed 186,740,000 Kenya Shillings (Kshs) (approximately US\$2 million) to support HIV and AIDS programs in their regions. Other developments: During the training, one county (Turkana) realized that it needed to set up a functional working group to guide activities in the health sector. Since then, there have been efforts by the county health executive to fast track the appointment of members and to sensitize them on their roles and responsibilities in the budgeting process. HPP supported the working group to hold its first meeting in 2016, shortly after the training workshop.

Challenges Experienced in the PBB Training

Challenges related to the content

While the overall content of the PBB training was well received and understood by participants, HPP did encounter some challenges which will inform future revision of the curriculum:

- **Misconceptions:** Some groups had misconceptions that the new PBB approach takes resources away from administrative units, and in some cases, PBB categorization was interpreted as threat to staff positions. In addition, some participants had difficulty understanding that some interventions could cut across different programs, and not fall strictly under a single domain (e.g., primary healthcare has some aspects of clinical and preventive programs).
- **Additional requests:** Some participants requested more practical sessions in some areas, such as costing. Others requested structured mentorship support to ensure they understood the concepts and were able to implement them well for efficient execution and tracking of budgets.

Challenges related to county processes

- **Understanding the budget process:** Some county members were unaware of the steps and processes involved in creating a budget, including the vital documents in the process, such as the county budget outlook paper, and the teams involved. HPP addressed this challenge by providing county members with a detailed calendar that indicated critical steps. The training of the advocacy champions also included this component.
- **Establishing working groups:** Many counties did not appreciate the value of the Health Sector Working Group's report in terms of budgeting, and as required by the law. HPP helped four of the 12 counties to start up sector working groups and to produce their first reports.
- **Coordinating and communicating:** In several counties, there is poor coordination between the county health department and the finance and planning departments, compounded by weak communication structures, which affected the timing of and participation in the budgeting process.
- **Influencing budgets:** Some health managers who participated in the training felt that strong

advocacy would be required to protect the budget and avoid incidences where the county executives and county assemblies cut the allocations or diverted them to other sectors.

- **Implementing the budget:** Even with an approved budget, resources may not be available for implementation of budgeted activities.

“We hope the county treasury will critically consider our financial requirement for 2016/17 and support us by allocating resources for preventive and promotive programs.”

– Director of Health and PBB training participant, Nairobi County

“With this training and your participation in budget preparation, you’ll not say that my office refused with money since you’ve PBB-d the money yourselves.”

– Chief Officer of Health and PBB training participant, Nyeri County

“We shall need more support from [the HPP] team to ensure that the [sector working group] team adheres to the budget process requirements in 2017/18 budgets.”

– Chief Officer of Health and PBB training participant, Turkana County

Recommendations for Future Training

Based on the outcomes of this PBB capacity building activity, HPP and HP+ staff recommend the following activities be implemented under HP+ project:

- **Provide after-training mentorship and follow-up** to the county teams to ensure that the PBB approach and tools are adhered to
- **Maintain support of advocacy activities** in the counties, including dissemination of county health accounts, to ensure that the county political leadership understand the constraints faced by the health sector and the need for increased funds
- **Continue to sensitize county staffs and county assembly health committees** on the PBB approach to remove negative connotations and unfounded fears
- **Add additional training days to the costing exercise** in the training curriculum to ensure participants understand the results chain matrix, process of categorizing programs and sub-programs, and activity-based costing
- **Evaluate the impact of the training** at the county level and to ensure the PBB approach has taken root
- **Cascade the training to lower planning units and sub-county teams** to entrench the PBB approach.

Conclusions and Next Steps

The PBB trainings and technical support filled a critical need for capacity building at the county level. Yet, significant support is required to enable the counties to become proficient in the PBB budgeting approach; support that HP+ can provide. In addition, county departments of health need support to sensitize the political leadership regarding their sector needs for increased allocations. Finally, HP+ will need to support counties to establish functional sector working groups where they do not exist, mentor them, and create awareness of their role.

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