In 2010, Pakistan introduced massive changes in its federal structure under the 18th Constitutional Amendment, including devolution of functions, finances and decision-making power to elected officials at provincial level. The devolution instilled hope for an opportunity of major institutional reforms for better service delivery to the citizens. As a lower-middle income country with a rapidly growing population approaching 200 million, Pakistan faces multiple challenges in the delivery of public services, which are further exacerbated by one of the lowest levels of expenditure on education and healthcare in that region. Currently, general government expenditure on health is about 1% of GDP.

The Expanded Program on Immunization (EPI) has been one of Pakistan’s major health care initiatives, and has done a great deal of good. However, provision of quality healthcare has become challenging, with unfavorable indicators, and maternal and child healthcare suffering as a result. In Pakistan, despite annual expenditure of $240 million on EPI, fully immunized children are estimated to be between 43% and 62% of the pediatric population with variations due to geographic, tribal, and socioeconomic boundaries. Recent outbreaks of vaccine-preventable diseases, such as measles and diphtheria, underscore these challenges as exemplified by the fact that the country accounted for 74% of the 2015 global wild polio-virus case count. Evidence suggests that underachievement of health indicators is due to a number of factors including weak financial management and accountability mechanisms.

The World Bank has had a longstanding commitment to strengthening immunization programs to improve health-related outcomes in Pakistan. World Bank analytical work offers strategies for EPI in Pakistan to achieve better results in the areas of services delivery, program management, monitoring and evaluation, logistics control, human resource, and financial management. As the Bank deepens its involvement with vaccination programs, it will support the government’s accountability and increased transparency within the country’s health system.

Working at the crossroads of policy, practice and analysis, and conducting research for health system strengthening, the World Bank used the power of collaborative networks with development partners to diagnose shortcomings, document good practices, and foster development effectiveness. With financial support from Gavi, the World Bank provided policy guidance to Pakistan and other countries transitioning from external financial and technical support on increasing financial sustainability of immunization. It is achieved through rigorous sectoral and fiscal analysis. Based on the results of the recent analytical work, and a lively process of consultations with World Bank partners in Pakistan, the team was able to identify a few problematic areas.

The barriers to improve routine immunization performance are not primarily financial but systemic. Program governance and accountability mechanisms are weak and fragmented between federal, provincial and district levels. Effective mechanisms for performance management and accountability for results are lacking. Access to quality services varies greatly across geographic and socioeconomic dimensions. The provincial EPI programs suffer from fragmentation of financing, with multiple sources from federal and provincial budgets and from the considerable international support that flows off-budget. This fragmentation causes serious inefficiencies due to delayed flow of funds and unpredictable resource projections. In addition it limits accountability due to failures of accounting and reporting.

Lack of a credible planning framework and low budget predictability for immunization. Any financial planning process begins with defining targets and objectives. Without an approved national strategy to aid resource allocation, the
existing comprehensive multi-year plan for immunization has no legal cover. An analysis of the budgetary allocations being made to EPI reveals that 74% of the total provincial contributions to EPI are meant for paying salaries, leaving limited room for operating expenses. There have been circumstances where at district level immunization activities were hampered due to non-availability of operational budget. Shortfalls in specific allocations of funding leave both federal and provincial governments feeling the scarcity of funds with regard to the targets they are required to achieve. This is so despite the fact that 93% of vaccine costs are being presently covered by Gavi, the Vaccine Alliance. Since 1978, EPI has been run as a development project which delays budget releases up to 8 months from the start of the financial year. Time required to process EPI as a development project, number of approval required for development budget releases and the routine in-year adjustments in the development budget by the government to limit fiscal deficit are the reasons contributing to delayed funds availability for immunization service delivery.

**Management lacks financial information for decision making and monitoring.** Pakistan spends close to $90 million per year on immunization-related activities, a significant investment for the country. However, a mechanism to report on overall financial performance does not exist and EPI expenditure can be neither distinctly identified nor tracked within the government’s Financial Management Information System (FMIS). Even within provinces where most implementation activities are performed at district level, there is very limited sharing of financial information and where and if financial reporting is present, it is often carried out by people lacking financial management expertise. However, the government’s FMIS has the capabilities to budget, account track and report expenditure at speeding, district, provincial and national level, which are not being used.

The major chunk of aggregate EPI expenditures in Pakistan comprises of procurements including vaccines and disposables, as well as other ancillary supplies and equipment. Until recently, the EPI program was deficient in even basic level of inventory management, resulting in serious consequences including wastage of millions of dollar worth of vaccine, issuance of vaccine which had already expired, and reported cases of vaccine stock outs in provinces whereas excessive stocks lying in the federal warehouse. This has led to some corrective measures being taken by the government by implementing Vaccine Logistics Management Information System (VLMIS) in some districts with USAID support. However, there still remain two major gaps which need to be plugged. Firstly the VLMIS does not currently provide coverage for 100 percent of the districts which limits the scale of inventory data which can be tracked. Secondly, the system in its present form only captures information related to vaccines and associated supplies and does not cover fixed assets such as cold chain equipment, operational vehicles etc. EPI program is heavily dependent on its logistics and cold chain constituting a supply chain which is responsible for annually handling vaccines worth $ 150 million and delivery of immunization services to over 30 million children.

**The “cash cow” that escapes government reporting.** Donor funding accounts for as much as 48% of total EPI expenditures in Pakistan. A significant proportion of these financial operations, including expenses, takes place off the books. There are several causes for this grave financial risk. First, due to its own capacity issues EPI have not been able to document in-grant assistance. Second, many donors prefer to not channel their support through the country’s financial system due to legal exemptions in case of direct transactions with the recipient organization. Non-reporting creates two problems from a financial management perspective – policymakers are unaware of actual resource position of the program at the time of budgeting, and are unable to take into consideration the projected assistance from the donors.

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1. From the financial risk assessment carried out by the WBG in 2015.
Way forward

Ensuring timely and quality immunization service delivery is a complex and multi-stakeholder endeavor. Policymakers should be aware that a burden of vaccine-preventable diseases is in great part the result of inequities of resource allocation, caused by mismanagement of finances, the absence of the national strategy that would establish links between immunization targets and available resources, and unequal access to immunization programs.

In Pakistan, the World Bank, is partnering with Gavi, the Bill & Melinda Gates Foundation, USAID and other development and technical partners to support the Government at Federal and Provincial levels to implement National Immunization Support Project. This project will provide a unified financing platform, a results-based focus and support for capacity building in public financial management to address the challenges identified. The Bank, together with all the Gavi alliance partners, has prioritized assisting countries to design sustainable financing strategies for immunization and to synthesize and share best practice examples. As one of the most fundamental and cost effective public health interventions, immunization remains a key tool to advance universal health coverage, poverty reduction and inclusive development. Administrative shortcomings cannot be allowed to hold back these efforts, making improved fiduciary capacity and coordination between different levels of government an urgent necessity.