Mozambique PFM for Results Program

Saul Walker, Senior Health Advisor, DFID Mozambique
IWG Meeting, Geneva 31 October 2013
31 October, 2013
PFM and Service Delivery

• **Public Financial Management** – the economic, efficient, and effective use of resources for their intended purposes

• **Weak PFM weakens services delivery** – failure to turn inputs into results

• **PFM reform in Mozambique** – strong central reforms, weak sector/local implementation

• **Make link between sector results & PFM reform** – embed rationale for reform in sector results
PFM for Results Program (1)

• Program for Results Operation
  – Bank financing of US$ 50 million for results over 3 years
  – Results based, flexible, government systems

• Multi-sector program
  – Collaboration of MinFin, MINED, MISAU (CMAM)
  – Deeper implementation of PFM and sector reforms

• Government identified priorities
  – Supports existing priorities and areas of expenditure (totaling around US$ 80m, leverages much more)
  – PFM vision, drug supply chain action plan, education strategy (strengthened school based management)
PFM for Results Program (2)

- Government to implement a change management methodology
  - Identify high level goals
  - Capacity development to build problem solving capacity of key managers
  - Ministry defined performance based payments for sector institutions (flexible)
  - Technical assistance to build capacity to deliver
PFM for Results Program (3)

• 9 disbursement linked indicators (DLIs) selected from Government performance frameworks (5 health, 4 education)
  – Bank pays against annual results for each DLI
  – Results externally verified (*Tribunal Administrativo*)
  – Disbursements scalable above a 60% floor
  – Annual disbursement caps, undisbursed funds can be rolled over for assessment in following years
Medicines Supply Chain

• **Public sector supply chain** - mapped to health system admin structure: 4 stock-holding levels

• **Funding** – Medicines $200m (70% external, $117m HIV/TB/Malaria), operational costs ≈ $10m – 15m

• **Weak system** - weak LMIS, inefficient network design, inadequate HR and infrastructure

• **Disjointed accountability:**
  – CMAM (central medicines store): procurement and distribution to provinces
  – Provinces: warehousing and distribution downwards
  – National programmes: selection, scale-up, forecasting
Supply chain performance

Availability

- 26.6% ARV treatment sites report at least one stock-out at end of month (average 2Q13)
- Facilities reporting stock-outs in last 6 months (UNFPA survey, 2012)
  - 10.4% condoms, 14.5% OCs, 20% injectables, 76.2% implants
- 22.5% PHC facilities had at least one stock-out of 7 essential obstetric medicines on day of (UNFPA survey, 2012)

Inventory Loss

<table>
<thead>
<tr>
<th>Product</th>
<th>Quantity Available</th>
<th>Loss</th>
<th>% of Loss</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central</td>
<td>40,527,607</td>
<td>21,247</td>
<td>0.05%</td>
</tr>
<tr>
<td>Provincial*</td>
<td>708,629</td>
<td>33,706</td>
<td>4.76%</td>
</tr>
<tr>
<td>District</td>
<td>68,018</td>
<td>5,207</td>
<td>7.66%</td>
</tr>
<tr>
<td>Sub-District (Facility)</td>
<td>59,191</td>
<td>4,841</td>
<td>8.18%</td>
</tr>
</tbody>
</table>

Source: SLICE Report, Jan 2012

20.65%
Medicines Supply Chain

• **CMAM supply chain indicator framework**
  – Indicators at central, provincial, district and facility levels
  – Bank pays against results at each level
  – Strengthen links and accountability between levels

• **Coordination with other partners**
  – Donors (e.g. USAID & GFATM) focus on different indicators from framework
### PFM4R - CMAM DLIs

**DLIs from CMAM *Matriz de indicadores* 2013**

<table>
<thead>
<tr>
<th></th>
<th><strong>Central</strong> - % of requisitions for ‘vital’ medicines met by CMAM</th>
<th>LMIS, quarterly</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td><strong>Provincial</strong> - % of provinces assessed as ‘acceptable’ against <em>Guia da Auditoria</em></td>
<td>CMAM Internal Audit Unit Semi-annual</td>
</tr>
<tr>
<td>3</td>
<td><strong>District</strong> - # of districts that provide logistics information on time via SIMAM system</td>
<td>LMIS, quarterly</td>
</tr>
<tr>
<td>4 &amp; 5</td>
<td><strong>Facility</strong> - Average availability of tracer HIV and RMH medicines in health facilities</td>
<td>HIV Specific LMIS Annual UNFPA survey</td>
</tr>
</tbody>
</table>
PFM4R: Medicines Supply Chain

• Financing for priority expenditures
  – Essential medicines procurement (supply risk)
  – CMAM internal audit unit (supervision)

• CMAM defined schedule of performance based payments for each level of system
  – Supports alignment of supply chain units
  – Schedule of payments dynamic to address evolving implantation issues
PFM4R – Supply Chain Overview

Performance based allocations:

Sector Level: gap-filling funds for essential primary health care medicines, CMAM internal audit unit capacity
Provincial Level: funds for distribution, refurbishment, equipment, staff training, District level: Level: funds for distribution, refurbishment, equipment, staff training

Capacity Development:
Management practices (CMAM and Provincial level) – leadership, problem solving, team management, implementation practice
PFM – e.g. audit and supervision capacity, data management and systems use, strengthened complaints handling mechanism

Complementary Medicines Supply Chain Investments

Medicines Procurement – USG, GFATM, Prosaude, Unicef, UNFPA
Medicines Selection, Quality and Procurement Processes – USG, GFATM, Prosaude
Medicines Storage (facilities and processes): USG, GFATM, Prosaude
Distribution: CHAI/Cola Cola/GFATM/MISAU partnership, USG implementing partners

Prophylactic and curative treatment related health outcomes
PFM4R: Issues (1)

• Two levels of performance based payments
  – Bank to MoF, Sector Ministries to sector institutions

• **Focus on supporting active management and problem solving** to achieve goals

• **Cross Ministry Coordination** - MoF has a stake in the game
PFM4R: Issues (2)

• DLR pricing to manage risks – Bank focus on overall results

• Sustainable Change - annual caps, scalable payments and roll over of unearned payments to incentivise steady improvements

• Reform Space – starts from current structure, can evolve flexibly

• Fiduciary Risk – focus on results driving debate on PFM monitoring approach