

# Mozambique PFM for Results Program

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# 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 s(UNFPA survey, 2012)

## Inventory Loss

| Loss by Supply Chain Level |                    |        |           |
|----------------------------|--------------------|--------|-----------|
| Product                    | Quantity Available | Loss   | % of Loss |
| Central                    | 40,527,607         | 21,247 | 0.05%     |
| Provincial*                | 708,629            | 33,706 | 4.76%     |
| District                   | 68,018             | 5,207  | 7.66%     |
| Sub-District (Facility)    | 59,191             | 4,841  | 8.18%     |

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

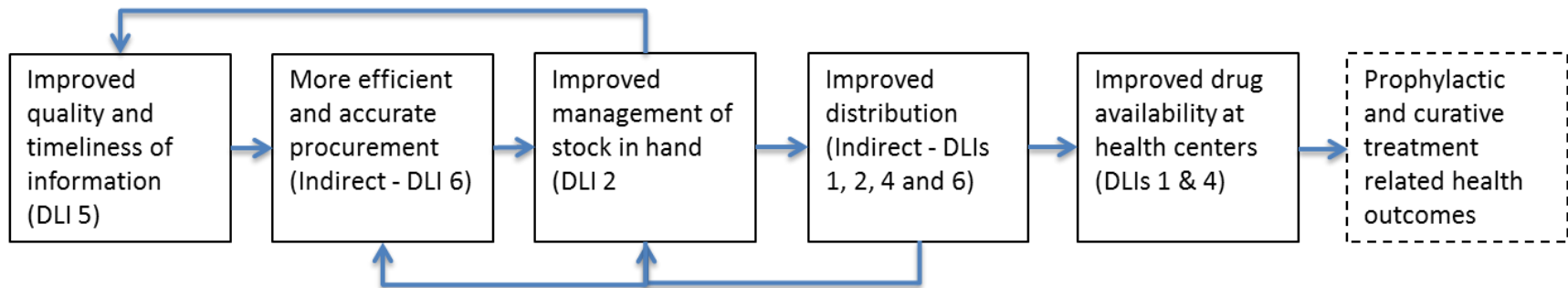
## DLIs from CMAM *Matriz de indicadores* 2013

|       |  |  |
|-------|--|--|
| 1     | <b>Central</b> - % of requisitions for 'vital' medicines met by CMAM                         | LMIS, quarterly                          |
| 2     | <b>Provincial</b> - % of provinces assessed as 'acceptable' against <i>Guia da Auditoria</i> | CMAM Internal Audit Unit<br>Semi-annual  |
| 3     | <b>District</b> - # of districts that provide logistics information on time via SIMAM system | LMIS, quarterly                          |
| 4 & 5 | <b>Facility</b> - Average availability of tracer HIV and RMH medicines in health facilities  | HIV Specific LMIS<br>Annual UNFPA survey |

# **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/Coke Cola/GFATM/MISAU partnership, USG implementing partners

# 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