



Key Advocacy Priorities to Improve Sustainable Financing of Zambia’s Health Sector

Background

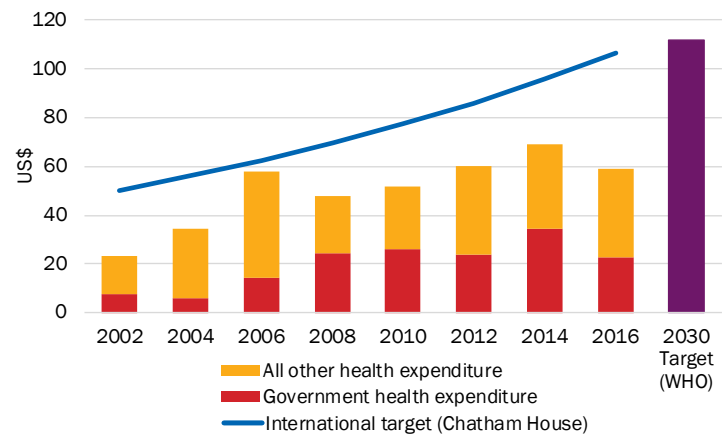
In the early 2000s, Zambia experienced rapid growth in total health expenditure, driven primarily by the influx of external resources for priority health areas, particularly HIV. By 2006, total health expenditure per capita had nearly reached international targets to provide “a minimum level of key health services in low-income countries” (McIntyre and Meheus, 2014). Government health expenditure also experienced a sustained increase between 2004 and 2010, increasing fivefold from ZMW 333 million to ZMW 1.62 billion (US\$70 million to US\$339 million). However, both total and government health expenditure have plateaued in recent years. Since 2013, Zambia has experienced a period of economic slowdown, coupled with severe fluctuations in the exchange rate, which have undercut the purchasing power of additional government budget allocations to health. In 2016, total health expenditure (US\$938 million) was at roughly the same level as in 2012 (US\$919 million) and per capita health expenditure—both government and total—were below 2012 levels (see figure).

Advocacy Priorities to Improve Sustainable Financing for Health

Zambia’s macroeconomic challenges and limited government fiscal space complicate efforts to achieve sufficient, sustainable domestic financing for health. However, there are a series of priority actions that can be pursued to maximize the value of government investment in health. The following priorities were identified by Palladium through a Global Fund-supported analysis (Hangoma et al., 2019):

1. Include primary healthcare service in the national health insurance benefits package and reimbursements

Per Capita Health Expenditure, Historical and Targets



Sources: McIntyre and Meheus, 2014; MOH, 2013, unpublished; MOH and UNZA, 2006; MOH et al., 2009; Stenberg et al., 2017

2. Improve timeliness of budget disbursements within the government health sector
3. Improve strategic purchasing by ensuring that procurements are made at the lowest available price
4. Reduce absenteeism and tardiness among government health workers

In the following tables, each priority area is defined along with current challenges and a set of focused advocacy actions, based on a three-step process to:

- A. Articulate the problem and generate evidence as to why it must be addressed
- B. Elevate the issue to decisionmakers and identify policy options for addressing the issue
- C. Build political momentum and capacity to act in accordance with recommendations

By following this process, advocates and decisionmakers can work to ensure more sustainable financing for health, including priority disease areas, in Zambia.

PRIORITY 1

Zambia's national health insurance scheme must be progressively expanded to include healthcare services at the primary level.

Currently, the design of Zambia's national health insurance, which is expected to be implemented in 2019, includes only hospital services. The omission of primary healthcare services means that in its current design, national health insurance will not contribute to financing priority healthcare services, such as family planning and treatment for HIV, tuberculosis, and malaria, which are currently heavily dependent on external resources.

ADVOCACY OUTCOME: INCLUDE PRIMARY HEALTHCARE SERVICE IN THE NATIONAL HEALTH INSURANCE BENEFITS PACKAGE AND REIMBURSEMENTS

Key stakeholders	<ul style="list-style-type: none"> • Department of Healthcare Financing, Ministry of Health • National Health Insurance Management Authority (if established) • Employers and professional associations
Challenges	<ul style="list-style-type: none"> • Previous actuarial analyses show that the current proposed payroll contribution from formal employees (2% split equally between employee and employer) is insufficient to cover the financial requirements of the scheme • There is strong support from government and international partners for not permitting user fees at the primary healthcare level, which theoretically guarantees free services to users, regardless of insurance status
Advocacy goal	Advocacy activity
Articulate the problem and generate evidence	<ul style="list-style-type: none"> • Update actuarial analyses to reflect most recent utilization and price trends and include primary healthcare services • Support the Department of Healthcare Financing to develop clearly identified national health insurance resource needs, available funding, and gaps • Identify potential alternative sources of financing for national health insurance
Elevate issue to decisionmakers and identify policy options	<ul style="list-style-type: none"> • Support the Department of Healthcare Financing to develop new policy proposals for national health insurance financing mechanisms and contribution rates • Develop scenario-based options for the benefits package, including progressive integration of additional levels of care and services
Build political momentum and capacity to act	<ul style="list-style-type: none"> • Engage employers and professional associations in benefits package and contribution design to ensure acceptability and support

PRIORITY 2

Disbursement of funds in the health sector must be made in a more timely manner and in a way that reduces overhead and administrative costs.

Although the budget disbursement rate within Zambia's public health sector was 91% in 2016, funds are often not received on time by the appropriate ministry, province, or other spending agency. Funds are often not available for activities during the time period in which they are scheduled (e.g., for quarterly or annual monitoring or supervision). Partly as a result of this, Zambia's health sector budget execution rate was just 66% in 2016 (MOH, 2017). Furthermore, a large share of funds are not used for their intended purpose or do not reach the facility level. In 2017, only 40% of funds managed by district health offices were sent to health facilities compared to 85% recommended by Ministry of Health (MOH) guidelines (World Bank, unpublished).

ADVOCACY OUTCOME: IMPROVE TIMELINES AND TARGETING OF BUDGET DISBURSEMENTS WITHIN THE GOVERNMENT HEALTH SECTOR

Key stakeholders	<ul style="list-style-type: none"> • Ministry of Finance • Department of Policy and Planning, MOH • All health sector ministries, provinces, and other spending agencies • Health Technology Assessment Unit (if created)
Challenges	<ul style="list-style-type: none"> • Actual government revenues have fallen short of projections in recent years, meaning that budgeted funds are not available • Strategic plans are created as ambitious "wish lists" and lack clear prioritization of activities • At lower administrative levels, funds are not well tracked and it may not be entirely clear how they are used

Advocacy goal	Advocacy activity
Articulate the problem and generate evidence	<ul style="list-style-type: none"> • Cost and conduct impact assessments for health programs to present decisionmakers with a clear set of activities, outcomes, and associated costs • Develop health sector budgets cognizant of realistic estimates of fiscal space (e.g., budget ceilings), clearly define priorities by program area, and identify additional or unfunded activities
Elevate issue to decisionmakers and identify policy options	<ul style="list-style-type: none"> • Engage the Ministry of Finance to ensure compliance with the disbursement schedule and ability to anticipate and negotiate solutions to potential delays • Convene workshop of financial administrators from all ministries, provinces, and other spending agencies to determine timelines and guidelines for budget disbursement, which can be used across multiple administrative levels
Build political momentum and capacity to act	<ul style="list-style-type: none"> • Establish a health technology assessment unit to conduct and institutionalize cost-effectiveness analyses and aid in the prioritization of programs and activities within limited fiscal space for health • Fully implement program- and results-based budgeting reforms to clearly link budgets with outcomes and ensure greater flexibility in the use of funds within programs

PRIORITY 3

Zambia must improve its strategic purchasing practices to ensure that procurements are made at the lowest available price rather than from preferred vendors.

Many stakeholders have noted that the government procures at different and higher rates than development partners and that contracts for procurement of key commodities, particularly for priority health programs like HIV, are inflated. These contracts result in higher leakages and misuse of funds. Ensuring that procurements are competitive helps to free resources that can be used to meet program and health sector needs.

ADVOCACY OUTCOME: IMPROVE STRATEGIC PURCHASING BY ENSURING THAT PROCUREMENTS ARE MADE AT THE LOWEST AVAILABLE PRICE

Key stakeholders	<ul style="list-style-type: none"> • Zambia Public Procurement Authority • MOH Procurement and Supplies Unit • MOH and Ministry of Finance procurement committees • MOH Internal Audit Unit • Office of the Auditor General • Medical Stores Limited
Challenges	<ul style="list-style-type: none"> • Government contracts are lucrative and there is political pressure to award them to favored vendors • The benefits of a more competitive, strategic purchasing process have not been fully explored and are not clearly understood

Advocacy goal	Advocacy activity
Articulate the problem and generate evidence	<ul style="list-style-type: none"> • Create a reference price list demonstrating best available international prices for commodities and supplies based on procurement volumes • Analyze the cost of current prices paid compared to international reference prices to demonstrate the potential cost savings of improving strategic purchasing
Elevate issue to decisionmakers and identify policy options	<ul style="list-style-type: none"> • Conduct workshops with key stakeholders, including from the Zambia Public Procurement Authority, MOH Procurement and Supplies Unit, MOH and Ministry of Finance procurement committees, and Medical Stores Limited to sensitize them to current wasteful spending and explain the potential cost savings from improved procurement processes • Engage the Ministry of Finance and the Office of the Auditor General to establish clear processes for oversight of health sector procurements • Review and revise the 2008 Public Procurement Act (2011 amendment) and identify potential barriers to more efficient procurement, such as requirements to source domestically
Build political momentum and capacity to act	<ul style="list-style-type: none"> • Support the MOH Internal Audit Unit to develop and standardize processes for reviewing commodity procurements, in accordance with guidance from the Zambia Public Procurement Authority • Conduct single, unified procurements of commodities purchased by both development partners and the government • Explore the possibility of a reverse auction procurement mechanism to ensure lowest-available price, particularly for high-cost commodities

PRIORITY 4

Zambia can achieve substantial cost savings within the health sector by reducing absenteeism among public sector health workers. At least 60%—and as much as an

estimated 70%—of government spending on health goes toward salaries and other emoluments for health workers. However, absenteeism among health workers has been estimated at 16% countrywide and as high as 21% in Lusaka (World Bank et al., unpublished). Therefore, as much as 10% of the total health sector budget is being spent on unproductive (i.e., absent) health workers.

ADVOCACY OUTCOME: REDUCE ABSENTEEISM AND TARDINESS AMONG GOVERNMENT HEALTH WORKERS

Key stakeholders	<ul style="list-style-type: none">• MOH Human Resources Department• Public Service Management Division• Health worker professional associations
Challenges	<ul style="list-style-type: none">• Lack of incentives and monitoring for health workers• Poor tracking of health worker turnover and payroll management
Advocacy goal	Advocacy activity
Articulate the problem and generate evidence	<ul style="list-style-type: none">• Conduct facility surveys and generate granular estimates of absenteeism by health worker cadre and facility type• Generate evidence of potential efficiency (i.e., output) gains and/or cost savings from reducing absenteeism• Identify primary causes of absenteeism and potential solutions to address them
Elevate issue to decisionmakers and identify policy options	<ul style="list-style-type: none">• Develop policy proposals for improving health worker incentives, including through the implementation of performance-based financing mechanisms and top-up payments through national health insurance• Design and implement a mechanism for health worker performance tracking
Build political momentum and capacity to act	<ul style="list-style-type: none">• Engage health workers in design of performance incentives and tracking• Review and revise civil service law to ensure that absenteeism is addressed and that the MOH Human Resources Department has the necessary authority and capacity to update payrolls• Review payrolls and validate status of current health workers to eliminate ghost workers

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