

# TRENDS IN NATIONAL HEALTH BUDGETARY ALLOCATIONS AND ITS LINKAGES WITH RESOURCES INEQUALITY IN PAKISTAN

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## ABSTRACT

This descriptive cross-sectional study was conducted from Jan-Apr 2008 and consisted of data collection from the Pakistan Social Standards living measures Survey 2004-05 and from the Ministry of Finance and the Pakistan Federal Bureau of Statistics. The trends in national public sector health spendings was analyzed and correlated with the usage and resource inequality in health care services.

We found out that despite increase in health budgets, their ratio as percentage of GDP is still far below standards coupled with severe inequalities in consumption of these resources with a strong rural-urban disparity.

## INTRODUCTION

Government meagre health sector resource allocation has always remained a debate of controversy in the social as well as political circles. Although resource allocation as a measure of numbers has increased steadily, but as a part of GDP, it has always remained well below the minimum set standards by the World Health Organization. The problem is compounded by the problems of equity, affordability and accessibility of whatever health care is provided by the State.

In this study we have tried to explore the inequalities in resource distribution and health service provision against the government health expenditures. The dawn of new millennium has placed a lot of emphasis on development of human capital as a means to sustainable development. Health is a component of human development and is closely linked to poverty as well as productivity. Good productivity is dependent of good national health. To attain better, more skilful, efficient and productive human capital resources, governments subsidize the health care facilities for its people. In this regard, the public sector pays whole or some part of the cost of utilising health care services. The size and distribution of these in-kind transfers to health sector differs from country to country but the fundamental question is how much these expenditures are productive and effective? It very much depends on the volume and the distribution of these expenditures among the people of different areas of the country. Besides the nature of the existing circumstances of the human resource, any marginal change in public sector spending on health services may have positive impact on the human capital and economic growth According to the Economic Survey of Pakistan (2005-06), the government spent 0.75 percent of GDP on health sector in order to make its

population more healthy and sturdy. In this regard, a number of vertical and horizontal programmes regarding health facilities are operative in Pakistan. The federally funded vertical programmes include: Lady Health Worker Programme; Malaria Control Programme; Tuberculosis and HIV/AIDS Control Programme; National Maternal and Child Health Programme; the Expanded Programme on Immunisation; Cancer Treatment Programme; Food and Nutrition Programme, and; the Prime Minister Programme for Preventive and Control of Hepatitis A & B.

Though the governments in Pakistan have made national health policies, tried to incorporate poverty reduction strategy papers in their medium term development framework, still the improvement in the health status of the nation seems elusive. Communicable diseases, nutrition problems and reproductive health related issues still contribute to around 58-60% of the burden of disease in Pakistan. On the other hand the non-communicable disease burden is also steadily rising.

Out of every 1,000 children who survive infancy, 123 die before reaching the age of five. A large proportion of those who surviving suffers from malnutrition, leading to impaired immunity and higher vulnerability to infections. Malnutrition is big problem in Pakistan. Human Conditions Report (2003)

clearly points out that about 40 percent children under 5 year of age are malnourished. About 55 percent of deaths of children under 5 years old children are due to malnutrition

The objective of the study was to explore the nature of public sector expenditures in Pakistan on health sector by using the primary data of the Pakistan Social and Living Standards Measurement Survey (PSLM),

2004-05, collected and published by the Federal Bureau of Statistics, Pakistan. By using current data, the current research highlights the present scenario of incidence of the public spending on health and indirectly provide the guideline to what extent health policy targets have been successfully achieved, who benefit how much, which kind of inequalities exist in distribution of benefits of government expenditure on health, region and income wise. Additionally, by calculating the inequalities in the distribution of the benefits of expenditures, the study provides policy recommendations to enhance the effectiveness and efficacy

**METHODOLOGY**

This study was an observational descriptive study done from Jan to April 2008. Data on the use of the publicly provided health services, income of the household and the individual expenditures on the health was obtained from PSLM Survey (Round 1) 2004-05, Federal Bureau of Statistics, Government of Pakistan. To find out per capita expenditure on health care facilities, the data on population was obtained from the National Institute of Population Study (NIPS). While Total expenditures in different sectors of the Health was taken from the PRSP Annual Progress Reports; FY 2000-01 to 2005-06, obtained from the PRSP Secretariat, Ministry of Finance, Government of Pakistan.

**RESULTS AND DISCUSSION**

The total public sector budgetary expenditure on health sector shows optimistic but not promising figures in last six years, however, the share of development spending on health is still very low (see Figure 1). The total public sector expenditure on health has increased from Rs 17.5 billion in 2001-02 to Rs 39.2 billion in 2005-06, with a highest jump of Rs 7.8 billion in 2005-06.

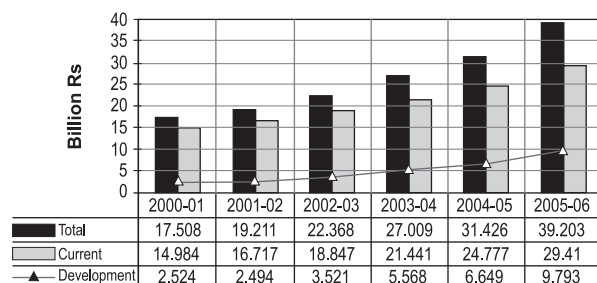


Fig. 1: Total Public Expenditure on health in Pakistan

The share of federal and provinces in total public spending on health sector shows that on average the Balochistan and NWFP are spending the least (see Figure 2). The major share of spending on health has been observed in Punjab, followed by the Federal (due to extensive health care vertical programmes). The trend of public expenditure in Balochistan shows alarming situation where the public spending is declining since 2001-02 with slight development over 2002-03.

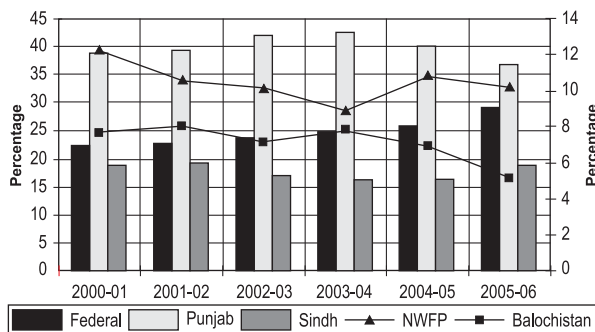


Fig. 2: Provincial Share in Total Public Sector Health Expenditure

The total public sector expenditure as percentage of GDP shows that the public spending on health sector has improved to 0.75 percent in 2005-06 from 0.45 percent of the GDP in 2000-01; in last six years, i.e. after becoming a signatory to the United Nations' Millennium Declaration in the year 2000, the progress was just 0.30 percent of GDP (see Figure 3). Interestingly, there was only a change of 0.19 percent of GDP between 2000-01 and 2004-05. Moreover, the public sector development expenditure as percentage of GDP presents worst picture over the same period of time; improvement of 0.13 percentage points. These percentages are way below those recommended by the WHO. According to a report by WHO Commission on Macroeconomics and Health, US\$ 34 per capita is required for a package of essential health services in

Pakistan. However, the total expenditure on health in Pakistan is US\$ 18 per capita out of which the total government health expenditure is US\$ 4 per capita. This demonstrates how much the government is committed to invest in the health sector, especially for the poor who do not afford private consultation.

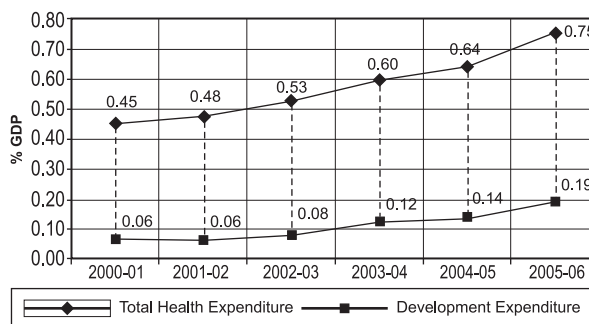


Fig. 3: Public Expenditure on Health as Percentage of GDP

The percentage distribution of the government health expenditure by sector shows that of the total public sector budgetary expenditure in 2005-06 on health, 70.32 percent was spent on general hospitals and clinics, 18.37 percent on health facilities and prevention measures, and only 0.55 percent on mother and child

**Table 1: Distribution of Health Expenditure by Sub-sectors**

(Percentage)

Sector	2001-02	2002-03	2003-04	2005-05	2005-06
General Hospitals and Clinics	71.80	72.10	72.29	69.58	70.32
Mother and Child	0.25	0.27	0.24	0.16	0.55
Health Facilities and					
Prevention Measures	15.00	15.00	14.67	17.62	18.37
Other Health Facilities	13.00	12.60	12.80	12.64	10.77

health care facilities (see Table 1). Though, the percentage share of mother and child health care became more than doubled since 2001-02, yet it is still negligible considering the medical facilities required especially for unserved population living in urban slums and rural areas.

(Table1: Distribution of Health expenditures by Sub-sectors)

According to Economic Survey of Pakistan (2005-06), Pakistan is spending 0.75 percent of GDP on health care services. The World Health Organization (WHO) in its recent report on macroeconomics has recommended that US\$ 34 per-capita is the required package for essential health care services.

Currently Pakistan is spending Rs 254 (approximately US\$ 4.2) per-capita which is quite low as compared to the per-capita WHO recommendation; per capita expenditure is almost 12 percent of WHO recommended level in Pakistan.

With further data mining it was evident that the share of the economically downtrodden is 5 times low as compared to the elite class in consumption of the health care services throughout Pakistan and these trends were also reflected in provincial subsets of population data.

## CONCLUSIONS

Pakistan's health care system is inadequate, inefficient, and expensive; and comprises an under-funded and inefficient public sector along with a mixed, expensive and unregulated private sector. These poor conditions in the health sector may be attributed to a number of factors like poverty, malnutrition, unequal access to health facilities, inadequate allocation for health, and high population growth and infant mortality. For equity, efficiency and effectiveness of the health sector, inputs from both the public and private sector would be necessary.

The expenditures in health sectors are overall progressive in Pakistan while it is regressive in some sub-head expenditures of health at provincial and regional levels.

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