

Examining the application of public finance management in the health sector within the context of devolution in Kenya

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INTRODUCTION

Kenya embarked on a process of devolution in 2013, transferring planning, budgeting, and management responsibilities for a range of services including health to 47 newly-created counties. Thus, the responsibility of delivering health services is shared between the Ministry of Health (MOH) and the 47 county governments. MOH is responsible for policy development, strategic health interventions and tertiary hospitals, while the county governments are responsible for policy implementation through oversight of primary and secondary health facilities.

At the same time, public finance management (PFM) reforms were implemented to strengthen accountability and transparency and improve service delivery.

We examined the challenges related to the implementation of PFM reforms in the health sector and how they affect service delivery.

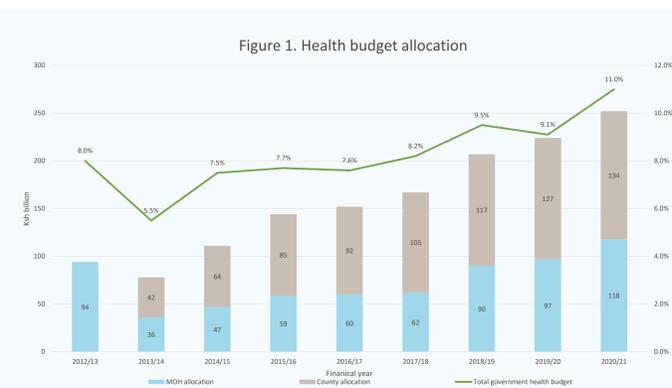
METHODS

We conducted a desk review of published reports on public finance management in the health sector in Kenya. In addition, we held 20 interviews with key informants in 18 purposively selected counties between October 2021 and April 2022.

ACKNOWLEDGEMENTS

SP4PHC is supported by a grant from the Bill & Melinda Gates Foundation and implemented by ThinkWell.

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RESULTS

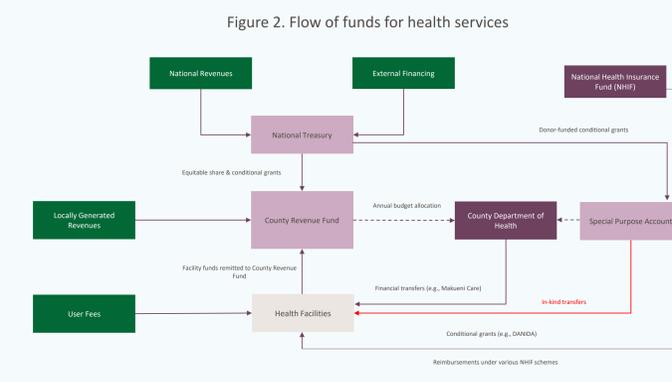
The budget allocation to health at the county level increased since 2013 (Figure 1). However, political priorities take precedence over technical priorities. This may contribute to funds being directed to non-urgent priorities at the expense of health priorities.

The implementation of program-based budgeting is ineffective. This is due to operational obstacles such as the Integrated Financial Management System configured for line budgets while planning and budgeting are done using program-based budgeting. This lowers the opportunities for effectively linking health expenditure to performance.

Misinterpretation of PFM laws fuels the battle for control between treasury and county health departments The PFM Act (2012) aims to strengthen the effective utilization of public resources, but the incorrect interpretation of the PFM laws

has led to conflicts of control and division as opposed to opportunities for collaboration. This leads to mistrust and introduces unnecessary bureaucracy that complicates the fund's flow (Figure 2).

Public facilities have lost their autonomy in the aftermath of devolution. Early studies have documented the "recentralization" of funds within the county, whereby county governments control funds that public health facilities could previously retain and spend.



CONCLUSIONS

Although devolution presents great opportunities to strengthen decision-making and delivery of public goods such as healthcare, an implementation must include sensitivities in operations and management of the PFM laws and how they affect service delivery.

There is a need to reflect on how well PFM reforms can be implemented in decentralized units without negatively affecting access to key services,