



# PULSE

UPDATING YOU ON HEALTH DEVELOPMENTS

## ASSESSING VALUE FOR MONEY OF NHSSP TECHNICAL ASSISTANCE *Electronic Annual Work Planning and Budgeting*

### HIGHLIGHTS

An assessment of funding provided by the Nepal Health Sector Support Programme (NHSSP) and the Ministry of Health and Population (MoHP) for introducing electronic annual work planning and budgeting (e-AWPB) found that these investments have led to significant economies and improved efficiency:

- A sample of users in the Department of Health Services (DoHS) said the new system had halved the amount of time they spend on the planning cycle.
- Other potential impacts mentioned by users were improved accuracy, avoidance of duplication and improved management decisions.
- Costing calculations suggest that NHSSP and government expenditure on introducing e-AWPB represents good value for money. An estimated saving per user of one month's salary per year (£200) set against a cost of intervention of £1,000 per user implies a payback period of just 5 years.



Time spent on planning reduced by 50 %

### ASSESSMENT

NHSSP (2010-2015) provides technical assistance to MoHP and DoHS for the implementation of the Nepal Health Sector Programme. DFID funds this programme under the principle that its aid spending should achieve and demonstrate value for money and that maximum use should be made of every pound spent to improve the lives of the poor and disadvantaged.

Nepal's annual non-salary health budget of about 20 billion Nepalese rupees (£150 million) is spread among more than 360 individual spending units. This large number of units, and the fact that until FY 2011/12 most calculations and preparatory planning and budgeting work were done manually, means that this work is time-consuming and has a large scope for error, abuse and loss of spending control. NHSSP is therefore supporting MoHP to introduce information technology-based financial management systems. E-AWPB is the first phase of this, focussing on the planning and preparation of budgets at the main central MoHP and DoHS levels.

This value for money assessment took DFID's 'Four Es' of economy, efficiency, effectiveness and equity as its conceptual framework but only measured economy and efficiency impacts as it was too early (18 months into interventions) for effectiveness and equity impacts to be evident.



Login screen for e-AWPB

## CALCULATING VALUE FOR MONEY

The assessment found that from August 2010 to April 2012 NHSSP and MoHP had each spent £30,000 on introducing e-AWPB at the central level. This spending had gone for substantially adapting existing software, staff training and other costs. £25,000 of previous DFID support to set up a precursor database and operation and maintenance costs of the new system have not been included.

The following calculations were made to assess the value for money:

- Total identified costs (excluding previous DFID support) = £60,000
- Cost per user (55 users) = £1,091
- Time spent by the 55 users on planning work reduced from 2 months to 1 month after introduction of e-AWPB
- Thus, one month saved out of every twelve = 8% efficiency improvement
- Assuming an average monthly salary of NPR 30,000 (£200), monetary value of total time saved = £11,000 per year.

These calculations suggest that the £60,000 has been well invested:

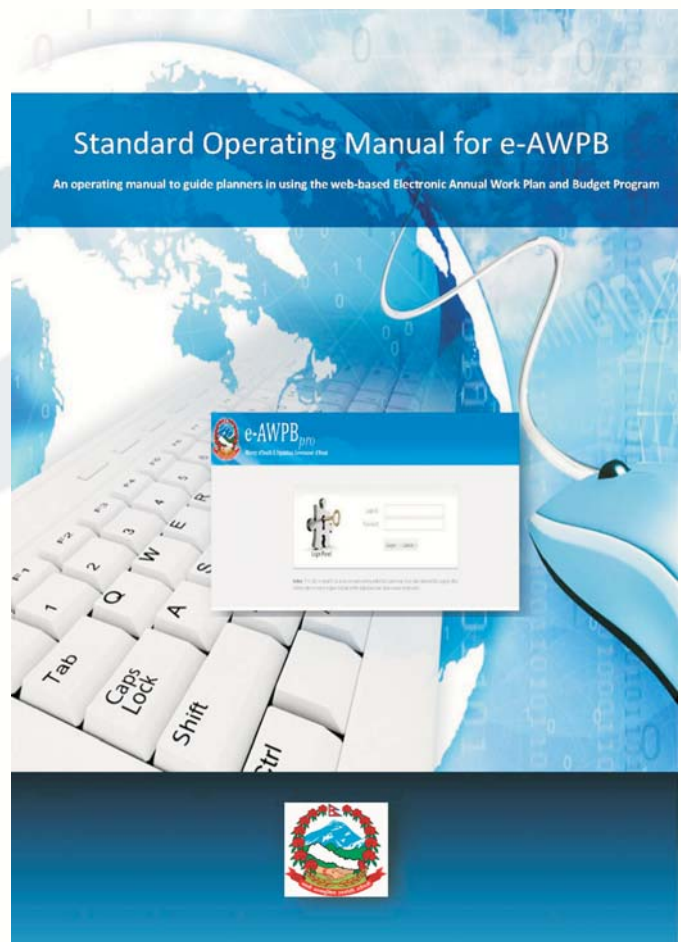
- An estimated saving per user of one month's salary per year (£200), and cost of intervention of £1,000 per user implies a payback period of 5 years. The life of the new system will be at least 5 years.



A key budget line: the Aama institutional delivery incentive

- The investment of £60,000 represents 0.04% of the total value of the 2011/12 MoHP budget of £150 million. Experience in large companies on introducing similar systems incurs on average a total cost equal to about 0.5% of revenues.

Further efficiency gains and savings are expected with the next phase of the IT programme, the introduction of MoHP's new Transaction Accounting and Budget Control System (TABUCS). Here, in addition to tracking these gains, it will be important for phase 2 of support for e-AWPB to prepare a plan and budget to consolidate NHSSP and government expenditure on the initiative.



Cover of the e-AWPB user's manual

NHSSP (Nepal Health Sector Support Programme) is funded and managed by DFID and provides technical assistance to the Nepal Health Sector Programme (NHSP-2). Since its inception in January 2011, NHSSP has facilitated a wide variety of activities in support of NHSP-2 objectives, covering health policy and planning; health financing; human resource management; essential health care services (EHCS); gender equality and social inclusion (GESI); procurement and infrastructure; and monitoring and evaluation. For more information visit our website [www.nhssp.org.np](http://www.nhssp.org.np)