

BUSINESS PLAN

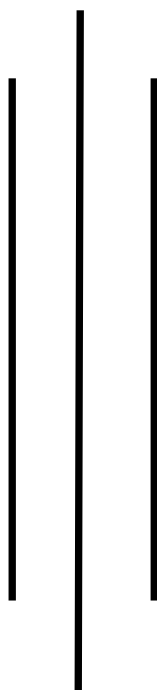
**Ministry of Health and Population
Fiscal Year 2019/2020**



**Government of Nepal
Ministry of Health and Population**

November 2019

**Business Plan:
Ministry of Health and Population
Fiscal Year 2019/2020**



**Government of Nepal
Ministry of Health and Population**

November 2019



नेपाल सरकार
स्वास्थ्य तथा जनसंख्या मन्त्रालय

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प्राप्त पत्र संख्या :-

पत्र संख्या

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मिति :- २०७६/१०/१३

विषय :- प्राक्कथन

राज्यको पुनः संरचना अनुसार सङ्घ, प्रदेश र स्थानीय तहले प्रदान गर्ने स्वास्थ्य सेवाका सम्बन्धमा गरेको व्यवस्था अनुसार सबै नागरिकका निमित्त सहज र गुणस्तरीय सेवाको पहुँच अपरिहार्य रहेको छ । यस सन्दर्भमा सङ्घीय सरकार, स्वास्थ्य तथा जनसङ्ख्या मन्त्रालयले सम्पादन गर्नुपर्ने कार्यलाई व्यवस्थित गर्न व्यावसायिक योजना (Business Plan) तर्जुमा गरी लागू गरेकामा अत्यन्तै खुसी लागेको छ । स्वास्थ्य नीति, २०७६ ले अंगिकार गरे अनुरूप सहज रूपमा गुणस्तरीय सेवा प्रदान गर्न आवश्यक स्रोतको आँकलन समेत गरेको हुँदा मन्त्रालय र मातहतका निकायको वार्षिक योजना तथा कार्यक्रम तर्जुमा गर्दा कार्यक्रमहरुको प्राथमिकीकरण गरी आवश्यक स्रोत जुटाउन यो व्यावसायिक योजनाले मद्दत पुऱ्याउँछ भन्ने विश्वास लिएको छु ।

यो व्यावसायिक योजना तर्जुमा गर्न प्राविधिक सहयोग प्रदान गर्ने USAID/Public Financial Management Strengthening Project लगायत यस Business Plan तर्जुमा कार्यमा सम्बद्ध सबैलाई धन्यवाद दिन चाहन्छु ।

खगराज बराल

सचिव

Table of Contents

Chapter 1: Introduction, Objectives and Methodology	1
1.1 Introduction	1
1.2 Objective, roles and responsibility	1
1.2.1 Objective	1
1.2.2 Roles and responsibilities	1
1.3 Financing health systems in changed context	2
1.4 Methodology used while preparing this business plan	2
Chapter 2: Business Plan	4
2.1 Structure of MOHP	4
2.2 Planning at the Federal level	5
2.3 Planning in FY 2018/19 at Provincial Government	6
2.4 Planning at Local Level	6
2.5 Financial and Physical Progress in FY 2017/18	7
2.5.1 National, health sector and MOHP budget and expenditure	7
2.5.2 MOHP budget by capital and recurrent headings	7
2.5.3 MOHP budget by administrative and program headings	7
2.5.4 MOHP budget by donors and EDPs	8
2.5.5 MOHP budget by line items	8
2.5.6 MOHP budget and expenditure by entities	9
2.5.7 Indicators and Targets	9
2.5.8 Budget and Expenditure by indicators of last fiscal	10
2.6 Financial Management	11
2.7 Budget Allocation to MOHP in FY2018/19 and FY2019/20	12
2.7.1 National, Health Sector and MOHP Budget	12
2.7.2 Budget allocation to MOHP and its entities	12
2.8 Budget allocation for FY2019/20 and forecasting for FY2020/21 and FY 2021/22	13
2.8.1 National, health sector and MOHP budget forecast	13
2.8.2 MOHP budget forecast by capital and recurrent headings	14
2.8.3 MOHP budget forecast by administrative and program budget	14
2.8.4 MOHP budget forecast by GoN and EDP	14
2.8.5 MOHP budget forecast by line item	16
2.8.6 MOHP budget forecast by entity	16
2.8.7 Procurement	16
2.8.8 Human Resource	17

2.8.9	Recording, Reporting and Monitoring	19
Chapter 3:	Challenges and way forward	20
3.1	Challenges	20
3.2	Way forward	20
3.3	Dissemination	21
References	22

List of Acronyms

DDA	Department of Drug Administration
DoAAM	Department of Ayurveda and Alternative Medicine
DOHS	Department of Health Services
EDP	External Development Partners
E4D	Evidence for Development
FY	Fiscal Year
GoN	Government of Nepal
LG	Local Government
LBG	Louise Berger Group
MOF	Ministry of Finance
MOHP	Ministry of Health and Population
MTEF	Medium-term Expenditure Framework
NPR	Nepalese Rupee
PFMSP	Public Financial Management Support Program
PG	Provincial Government
PPMD	Policy Planning and Monitoring Division
SoE	Statement of Expenditure
USAID	United States Agency for International Development

Chapter 1: Introduction, Objectives and Methodology

1.1 Introduction

The Ministry of Health and Population (MOHP) is the Federal government's entity which is responsible for formulation of overall policy, planning, organization and coordination of the health sector at the federal, provincial, and local levels. MOHP's tasks are diverse ranging from regulating and implementing healthcare services in the country, developing coherent plan, policies and overseeing its implementation and managing non-governmental organizations associated with health services in Nepal. MOHP has 48 spending units out of which 22 are hospitals. Detailed information regarding MOHP and its spending units can be obtained from the following website: www.moHP.gov.np.

1.2 Objective, roles and responsibility

1.2.1 Objective

The main objective of MOHP is to improve the health status of all people living in the country through effective and efficient policy formulation, resource mobilization, monitoring and regulation of delivery of health services by different health institutions.

1.2.2 Roles and responsibilities

Specific roles and responsibilities of the MOHP are summarized below.

- Develop Health Policy, Planning & Implementation
- Carry out Research, Planning & Development of Public Sector Health Services
- Implement Research and Development of Preventive, Promotive, Curative, and Rehabilitative services associated with Allopathy, Ayurveda, Homeopathy & Unani System of Medicine
- Conduct in-service Health Trainings
- Oversee the activities of Non- Governmental Organizations associated with health services.
- Connect/coordinate with International Health Organizations and conduct International/Regional Conferences, Workshops, Seminars etc.
- Carry out Family Planning & Maternal and Child Health & Population Planning services
- Collaborate in Environmental Health Programs
- Conduct Health & Nutrition Education
- Oversee Medical and Health Councils, Academics & other Health Institutions

- Implement Nepal Health Services Act- Recruitment, appointment, transfer, disciplinary actions and other related activities.
- Develop Population Policy, Planning, Programming and Implementation (www.mohp.gov.np)

1.3 Financing health systems in changed context

The Constitution of Nepal 2015 mandates health as a fundamental right of the people (GoN, 2015). The National Health Policy 2014, which comes under the overarching framework of the Constitution, aims to implement this right by ensuring equitable access to quality health care services for all (GoN, 2014). The Nepal Health Sector Strategy (NHSS) 2016-2021 lays out the strategic direction and specific roadmap to implement the constitutional mandate (GoN, 2016). The Federal Ministry of Health and Population (MOHP) has endorsed the NHSS implementation plan, which provides the budgetary framework to ensure Nepal’s commitment to achieve Universal Health Coverage and Sustainable Development Goals by 2030. The MOHP has opportunity to ensure the fiscal space in health sector by including priority interventions in forthcoming Nepal’s 15th Five Year National Development Plan.

1.4 Methodology used while preparing this business plan

This business plan is prepared based on the analysis of the Redbook, MOHP annual work plan and budget. We have also reviewed relevant policy frameworks that have guided having budgets for the future.

Figure 1: Approaches Utilized



This is the first comprehensive business plan of the MOHP. Thus, series of consultative meetings and consultative workshops were organized among MOHP chiefs and program planners to validate the figures and setting forecasts and targets future years. Since this is an official document of MOHP we have used the reference from the existing documents including AWPM, MTEF, Red Book, TABUCS, Audit observation report and LMBIS. Every public sector business plan needs to be consistent with existing budgetary framework, thus, independent technical approaches/methods were not used while projecting the budget for the future. We have utilized MTEF.

Chapter 2: Business Plan

2.1 Structure of MOHP

The MOHP constitutes of Divisions, Departments and Centers, Councils, Hospitals, Medical Academies and Health Insurance Board. As a federal ministry, the MOHP has overarching responsibility for health service delivery in the country. Within the MOHP, there are five divisions and sixteen sections to carry out various technical, administrative, legal and financial functions supported by various categories of diverse workforce. Details of divisions and sections under MOHP can be obtained in **Annex 1**. The MOHP's business plan is a plan of MOHP and its 48 spending units at an aggregate level. The current structure of MOHP and spending unit is provided in Table 1.

Table 1: MOHP and its spending units

SN	Spending Units	Number
1	Ministry of Health and Population	1
2	Department of Health Services (DOHS)	1
3	Department of Ayurveda and Alternative Medicine (DoAAM)	1
4	Department of Drug Administration (DDA)	5
5	National Training Center	1
6	National Health Information and Communication Center	1
7	National Center for AIDS and STD Control	1
8	National Tuberculosis Center	1
9	National Public Health Laboratory	1
10	Regional Training Center (RTC)	1
11	Vector Borne Disease Research & Training Center (VBDRTC)	1
12	Hospitals and Academics (6)	28
13	Singhadurbar Baidhyakhana	1
14	Ayurveda Research Center	1
15	Nepal Netra Jyoti Sangh	1
16	Nepal Health Research Council	1
17	Health Insurance Board	1
	Total	48

2.2 Planning at the Federal level

The MOHP's Policy, Planning and Monitoring Division (PPMD) is responsible for the entire planning process. Based on the budget ceilings provided by the Ministry of Finance (MOF), PPMD takes a lead role in preparing the budget details required for all departments, divisions, centres, and hospitals. The concerned departments are responsible for preparing the budget of the centres and division functioning under them. The PPMD's Planning Unit reviews the draft budget from all department, centres and hospitals. The MOF compiles the sectoral budgets and prepares the national budget with policy and programs, announces it publicly through the budget speech, and submits the final budget to the Parliament for endorsement. The Parliament endorses the budget of the coming fiscal year and the red-book is the budget authorisation.

Table 2: Annual Budget calendar related to MOHP AWPB process

Date	Major activities
January	National Planning Commission (NPC) determines the overall budget for the country. National Natural Resources and Fiscal Commission (NNRFC) defines the budget for the MOHP and conditional grants to the Provincial Government and LGs. As per the decision of the NNRFC, the MOF provides budget ceilings and guidelines for sectoral ministries.
January/February	PPMD of the MOHP allocates the budget ceiling for all departments, divisions, centres, and hospitals based on priority, programs, performance, and actual expenditures. The MOHP asks for preliminary budgetary commitment from External Development Partners (EDPs) during the Joint Annual Review (JAR). MOHP organises four Joint Consultative Meetings (JCMs) per year with the EDPs to discuss the budget and priority areas. EDPs make their official annual commitments to the MOHP at the fourth JCM.
March	MOHP entities prepare their AWPBs based on their priorities and the previous year's budget. This also includes details of conditional grants to be provided to Provincial and Local Governments. MOHP involves all EDPs and supporting stakeholders.
March	PPMD submits the compiled plan and budget to the MOF.
Towards end of March	Discussions at MOF. First JCM with EDPs.
April	In practice, the MOF calls the PPMD and concerned officials (individually and in a team) to discuss item-wise justifications on their planned budgeted lines they are not satisfied with. This is a crucial juncture where adjustments may be made to the budget by the MOF. In the last phase, the MOF invites the MOHP secretary, head of the PPMD, Planning Section, and Finance Section for the final hearing and finalisation of the plan and budget. Second and Third JCM with EDPs.

Date	Major activities
May - June	MOF compiles the sectoral budgets and prepares the national budget with policy and programs. The Red Book is compiled, finalised, and announced by the Finance Minister at the Parliament by 29 May (15 Jestha). Fourth JCM with EDPs who make their commitments.
16 th July	Start of the new fiscal year

Source: MOHP, 2018

The provision for giving authorisation to spend the budget to the spending units has formally been abolished by the Parliament since FY 2017/18. The approval of the budget is also the approval of the AWPB in the Line Ministry Budgeting Information System (LMBIS), thus does not require additional authorization. However, most of the government entities including MOHP are still practicing the provision of authorisation.

2.3 Planning in FY 2018/19 at Provincial Government

Provincial Governments (PGs) have the authority to plan and budget their health activities. In this FY 2018/19, the MOHP provided NPR 4.18 billion as a conditional grant to the PGs. PGs received the conditional grant through Red-Book. The PG budget included in the Red Book does not need any authorization. The PGs announce the budget by 14th June, (31st Jestha). The MOF sends a circular through its website to all District Treasury and Comptroller Offices (DTCOs) to release the first quarter budget as per the Red Book irrespective of equalization or conditional grants. The Provincial Ministry of Social Development (PMOSD) prepares the social sector budget including health budget. The budget includes equalization, conditional, special and matching fund from the Federal Government. PMOSD prepares the budget to be implemented through its mechanism and provides the health conditional grants to the LGs. The budget should be executed by the 16th of July.

2.4 Planning at Local Level

LGs have the authority to plan and budget their health activities. LGs receives the conditional grant through Red-Book. The LG budget included in the Red Book does not need any authorization. In the second week of July 2018, the MOF sent a circular through its website to all District Treasury and Comptroller Office (DTCO) to release the first quarter budget as per the Red Book irrespective of equalization or conditional grants. LG received health conditional grant from federal and provincial governments. The LGs should finalize the budget by 30th of June (Ashad 15). The budget should be executed by 16th of July.

2.5 Financial and Physical Progress in FY 2017/18

Following subheadings provide an update on the financial progress of MOHP for FY2017/18.

2.5.1 National, health sector and MOHP budget and expenditure

Table 3 provides summary of the national, health sector and MOHP budget and expenditure for FY 2017/18. Health sector expenditure could not be calculated as there is no longer expenditure detail provided in the Redbook.

Table 3: National, Health Sector and MOHP budget and expenditure for FY 2017/18 (in thousand)

SN	Allocation Entity	Budget (NPR)	Expenditure (NPR)	% Exp
1	National	1,278,994,855	1,046,509,800	81.8
2	Health sector	56,174,700	-	-
3	MOHP	32,954,405	27,035,339	82.0

Source: Final FMR 2074/75

In FY 2017/18, around 82 percent of the total national budget was spent. MOHP's budget absorption rate was observed to be same as that of the national budget.

2.5.2 MOHP budget by capital and recurrent headings

Table 4 provides a summary of the capital and recurrent budget and expenditure of MOHP. Majority of MOHP budget gets allocated under recurrent heading. In FY2017/18, MOHP spent approximately 96 percent of the capital budget and 78 percent of the recurrent budget. In FY 2017/18, MOHP's budget absorption rate was at 82 percent.

Table 4: MOHP capital and recurrent budget and expenditure for FY 2017/18 (in thousand)

SN	Program	Budget (NPR)	Expenditure (NPR)	% Exp
1	Capital	6,983,148	6,682,678	95.7
2	Recurrent	25,971,257	20,352,661	78.3
	Total	32,954,405	27,035,339	82.0

Source: Final FMR 2074/75

2.5.3 MOHP budget by administrative and program headings

Table 5 provides summary of the administrative and program budget and expenditure of MOHP. Majority of MOHP budget gets allocated under the program heading. In FY 2017/18, MOHP spent

approximately 82 percent of the administrative budget and same in program budget. In FY 2017/18, overall absorption rate of MOHP's budget was 82 percent.

Table 5: MOHP administrative and program budget and expenditure for FY2017/18 (in thousand)

SN	Program	Budget (NPR)	Expenditure (NPR)	% Exp
1	Administration	3,443,928	2,814,351	82.0
2	Program	29,510,477	24,220,988	82.0
	Total	32,954,405	27,035,339	82.0

Source: Final FMR 2074/75

2.5.4 MOHP budget by donors and EDPs

Table 6 provides a summary of the GoN and EDP budget and expenditure of MOHP. Almost 73 percent of MOHP budget comes from GoN and only 27 percent is shared by EDP in the form of pool fund and direct fund. In FY2017/18, MOHP could absorb almost 82 percent of the GoN budget and nearly the same percentage of the EDP budget. The absorption of EDP budget could be attributed more from compilation of direct payment.

Table 6: MOHP donor and EDP budget and expenditure for FY2017/18(in thousand)

SN	Program	Budget (NPR)	Expenditure (NPR)	% Exp
1	GON	24,006,594	19,601,205	81.6
2	EDP	8,947,913	7,434,134	83.1
	Total	32,954,407	27,035,339	82.0

Source: Final FMR 2074/75

2.5.5 MOHP budget by line items

Table 7 provides a summary of the MOHP budget and expenditure by line item. Majority of the MOHP budget is spent in the form of grant to hospitals, followed by capital construction, medicine purchase and program activities. In terms of budget absorption, capital construction and grant to hospital appeared to be at the forefront at 99 percent and 89 percent respectively.

Table 7: MOHP donor and EDP budget and expenditure from FY2017/18 (in thousand)

SN	Line Item	Budget (NPR)	Expenditure (NPR)	%Exp
1	Wages & Salaries	1,626,748	1,283,639	78.9
2	Support Services	1,198,641	882,098	73.6
3	Capacity Building	721,234	526,501	73.0
4	Program Activities	3,331,117	2,011,867	60.4
5	Medicine Purchases	4,534,576	2,609,610	57.5
6	Grants to Hospitals	14,558,941	13,038,945	89.6
7	Capital-Construction	5,781,188	5,742,527	99.3
8	Capital Goods	1,201,960	940,151	78.2
	Total	32,954,405	27,035,339	82.0

Source: Final FMR 2074/75

2.5.6 MOHP budget and expenditure by entities

Table 8 provides a summary of the MOHP adjusted budget and expenditure by Entities. Majority of the MOHP budget is spent in the form of program and building construction by DOHS and under its various institutions. Percentage of expenditure ranges from 78.1 percent (DOHS) to 100 percent (Hospital and Academia).

Table 8: MOHP budget and expenditure for FY2017/18 by entities(in thousand)

SN	Line Item	Budget Adjusted (NPR)	Expenditure (NPR)	%Exp
1	MOHP	8,363,173	7,303,629	87.3
2	DOHS	20,996,896	16,393,175	78.1
3	DDA	128,391	101,141	78.8
4	DoAAM	523,173	431,240	82.4
5	HIB	1,495,400	1,359,350	90.9
6	NHRC	106,800	106,690	99.9
7	Hospitals and Academia	1,340,572	1,340,113	100.0
	Total	32,954,405	27,035,339	82.0

2.5.7 Indicators and Targets

MOHP has defined a set of indicators to measure progress in the health sector. The progress of the indicators is measured by comparing its achievement against the set target.

Table 9: Indicator and targets of MoHP

Code	Indicators	Baseline		Target	
		Data	Year	2017	2020
G1	Maternal mortality ratio (per 100,000 live births)	190	2013	148	125
G2	Under five mortality rate (per 1,000 live births)	38	2014	34	28
G3	Neonatal mortality rate (per 1,000 live births)	23	2014	21	17.5
G4	Total fertility rate (births per 1,000 women aged 15–19 years)	2.3	2014	2.2	2.1
G5	% of children under-5 years who are stunted	37.4	2014	34	31
G6	% of women aged 15-49 years with body mass index less than 18.5	18.2	2011	13	12
G7	Life lost due to road traffic accidents per 100,000 population	34	2013	23	17
G8	Suicide rate per 100,000 population	16.5	2014	15	14.5
G9	Disability adjusted life years lost due to communicable, maternal & neonatal, non-communicable and injuries	8,319,695	2013	7,487,726	6,738,953
G10	Incidence of impoverishment due to out of pocket expenditure in health	na		Recue by 20%	
Note: For details on the source of information for baseline and means of verification for the targets, please refer to the NHSS RF.					

The table shows the comparison between targets and achievements for different indicators related to service delivery along with the target set for each indicator for next three fiscal years.

2.5.8 Budget and Expenditure by indicators of last fiscal

Table 10: Allocation and expenditure of the last fiscal year by indicators in NPR

NHSS Outcome Indicators	Allocated Budget			Total	
	Federal	Provincial	Local	Amount	%
Rebuilt and strengthened health systems: infrastructure, HRH management, procurement and supply chain management	11,114	463	760	12,337	21.9
Improved quality of care at point-of-delivery	11,364	1,447	11,499	24,310	43.1
Equitable utilization of health care services	9,634	1,625	5,082	16,341	29.0
Improved sector management and governance	7	8	75	90	0.2
Improved sustainability of health sector financing	530	47	78	656	1.2
Improved healthy lifestyles and environment	875	521	409	1,805	3.2
Strengthened management of public health emergencies	335	29	70	434	0.8
Improved availability and use of evidence in decision-making processes at all levels	222	45	179	446	0.8
Total	34,082	4,185	18,153	56,420	100

Considering the existing practice, the allocation and expenditure by indicator may not be applicable now. As shown in the table above, various indicators have been compared according to number of units, allocated budget and the expenditure in the previous fiscal year.

2.6 Financial Management

The MOHP has its own designated section carry out the financial management functions. The section is proactive in using the Transaction Accounting and Budget Control System (TABUCS), the financial management software. The Undersecretary of Account leads the Finance Section.

Table 11: Major financial indicators for FY2017/18 at MOHP amount (NPR in thousand)

SN	Activity	Audit Report Date (BS)	Response Date (BS)	Audited amount	Audit queries	Amount clear	Remarks
1	Internal audit	1 st Oct 2018	before final audit	397,084	974	321	
2	Final audit queries	27 March 2019	28 April 2019	397,084	161,030		Clearing process started by FY 2019/20
2.1	Amount to be recovered				1,430	0	
2.2	Amount to be regularized				158,947		
2.3	Unsettled advance				653	0	
3	Cumulative audit Queries up to FY 2016-17 audit				297,907	192,574	Cleared in FY 2017-18
4	Update on cumulative audit Queries up to FY 2017-18 audit				266,363		Clearing process starts by FY 2019/20
4.1	Amount to be recovered				2,316		
4.2	Amount to be regularized				262,187		
4.3	Unsettled advance				1,860		

MOHP has been using TABUCS to track both internal and final audit from its spending units. Due to the recent changes in the structure / organization not all spending units are implementing TABUCS. The above table shows the total audit observation reported under the MOHP. This needs to be considered while preparing the Business Plan. It is important to note that the unsettled advances have been one of the significant issues observed under the MOHP.

2.7 Budget Allocation to MOHP in FY2018/19 and FY2019/20

2.7.1 National, Health Sector and MOHP Budget

A significant proportion of health sector budget is allocated to the MOHP. This budget is further distributed to various entities under the MOHP. Table 12 shows the budget for national, health sector and MOHP for two consecutive fiscal years.

Table 12: Budget allocation to Ministry of Health and Population (in thousand)

S.N.	Allocation Entity	FY2018/19		FY 2019/20		Change %
		NPR	%	NPR	%	
1	National	1,315,161,700	-	1,532,967,100	-	-
2	Health Sector	65,343,200	5.0	78,404,400	5.1	20.0
3	MOHP	34,082,300	52.2	42,670,900	54.4	25.2

Source: Redbook 2075/76 and 2076/77

It should be noted that the health sector budget also includes health budget allocated for the Ministry of Education, Ministry of Home Affairs, Ministry of Defense and Ministry of Federal Affairs and General Administration, apart from the MOHP. In FY 2019/20, the health sector received 5 percent of the National budget and MOHP received 52 percent of Health Sector budget. At the same time, in FY 2019/20, the budget remained stagnant at 5 percent for the National budget whereas MOHP's budget increased to 54 percent. Compared to FY2018/19, the Health Sector budget increased by 20 percentage and the MOHP budget by 25 percent. Conditional grant is the only source of financing MOHP budget.

2.7.2 Budget allocation to MOHP and its entities

MOHP further allocates and authorizes its budgets to various departments and institutions. Table 13 summarizes the budget allocated to MOHP and its entities.

Table 13: Allocation of health budget and percentage allocation to MOHP and its entities(in thousand)

S.N.	Entity	FY 2018/19		FY 2019/20		Change %
		NPR	% Allo.	NPR	% Allo.	
1	MOHP	16,654,700	49.0	22,632,000	53.0	35.9
2	DOHS	8,211,500	24.0	9,344,500	22.0	13.8
3	DDA	167,600	0.49	190,600	0.45	13.7
4	DoAAM	165,800	0.49	156,200	0.37	-5.8

S.N.	Entity	FY 2018/19		FY 2019/20		Change %
		NPR	% Allo.	NPR	% Allo.	
5	HIB	6,000,000	18.0	6,000,100	14.0	0.0
6	NHRC	95,000	0.28	95,000	0.22	0.0
7	Hospitals and Academia	2,787,700	8.0	4,252,500	10.0	52.5
	Total	34,082,300		42,670,900		25.2

Source: Redbook 2075/76 and 2076/77

As seen from the table, it is clearly evident that the MoHP retains more than half of the total budget. After MOHP, DOHS, HI Board, Academia are allocated majority of the MOHP's budget. In FY 2019/20, the most significant budget change was noticed for the academia which was almost 53 percent followed by MOHP (36 percent), DOHS and DDA (14%). The allocation for DoAAM seems to have decreased by almost 6 percent. This Business Plan will be based on the amount retained by the MOHP.

2.8 Budget allocation for FY2019/20 and forecasting for FY2020/21 and FY 2021/22

Following subheadings provide budget allocation of MOHP for FY2019/20 and forecast for FY2020/21 and FY 2021/22.

2.8.1 National, health sector and MOHP budget forecast

Table 14 shows the National, Health Sector and MOHP budget allocation for FY2019/20 and forecast for FY2020/21 and FY 2021/22. Compared to FY2019/20, the National budget forecast is estimated to increase by 14.7 percent in FY2020/21 and by 16.7 percent in FY2021/22 compared to estimate from FY2020/21. The Health Sector budget forecast shows similar increment.

Table 14- National, Health Sector and MOHP budget for FY2019/20, and forecast for FY2020/21 and FY 2021/22 (in thousand)

S.N.	Budget Allocation	2019/20 (NPR)	2020/21 (NPR)	% change	2021/22 (NPR)	% Change
1	National	1,532,967,000	1,759,069,000	14.7	2,052,888,000	16.7
2	Health Sector	78,404,000	89,969,000	14.8	104,993,000	16.7
3	MOHP	42,670,000	47,134,200	10.5	51,781,100	8.6

Source: MTEF 2018/19- 2021/22

Compared to FY2019/20, MOHP's budget forecast is estimated to increase by 10.5 percent in FY2020/21 whereas in FY2021/22, MOHP's budget is expected to increase by 8.6 percent compared to estimate from FY2020/21. It is to be noted that budget for MOHP comes in the form of conditional grant.

2.8.2 MOHP budget forecast by capital and recurrent headings

Table 15 provides an estimate of the MOHP budget allocation by capital and recurrent headings for the two consecutive fiscal years. The recurrent budget is expected to be on a steady rise increasing by 5 percentage points in FY 2020/21 compared to FY 2019/20 and 6 percentage points in FY 2021/22 compared to 2020/21. At the same time the capital budget increase remains at 12 percentage points.

Table 15: MOHP budget for FY 2019/20 and forecast for FY 2020/21 and FY 2021/22 by Recurrent and Capital Headings (NPR in thousand)

SN	Budget Headings	2019/20 (NPR)	2020/21 (NPR)	2021/22(NPR)
1	Recurrent	34,490,800	38,231,500	42,091,700
2	Capital	8,180,100	8,902,700	9,689,400
	Total	42,670,900	47,134,200	51,781,100

Source: MTEF 2018/19- 2021/22

2.8.3 MOHP budget forecast by administrative and program budget

Table 16 provides an estimate of the MOHP's budget allocation by administrative and program budget for the two consecutive fiscal years. Majority of MOHP budget gets allocated under program heading. The administration and program budget are expected to be on a steady rise of 5 and 15 percentage points between FY 2019/20 and FY 2020/21 and FY 2020/21 and 2021/22.

Table 16: MOHP budget for FY 2019/20 and forecast for FY 2020/21 and FY 2021/22 by administration and program (NPR in thousands)

SN	Budget Headings	2019/20 (NPR)	2020/21 (NPR)	2021/22(NPR)
1	Administrative	2,870,200	3,170,418	3,482,985
2	Program	39,800,700	43,963,782	48,298,115
	Total	42,670,900	47,134,200	51,781,100

Source: MTEF 2018/19- 2021/22

2.8.4 MOHP budget forecast by GoN and EDP

Table 17 provides an estimate of the MOHP budget allocation by GoN and EDPs for the two consecutive fiscal years. Majority of MOHP budget gets allocated from Government resources. The GoN and EDPs budget is expected to be on a steady rise of 5 and 15 percentage points between FY 2019/20 and FY 2020/21 and FY 2020/21 and 2021/22 respectively.

Table 17: MOHP budget for FY 2019/20 and forecast for FY 2020/21 and FY 2021/22 by GoN and EDP (NPR in thousands)

SN	Budget Headings	2019/20 (NPR)	2020/21 (NPR)	2021/22(NPR)
1	GoN	33,882,800	36,567,600	39,843,600
2	EDP	8,788,100	10,566,600	11,937,500
	Total	42,670,900	47,134,200	51,781,100

Source: MTEF 2018/19- 2021/22

Table 18 provides budget allocation for GoN and EDP for FY 2019/20 and estimates for two consecutive fiscal year. EDP's budget to MOHP is nearly 16 million from SCF and 6.6 billion from the pool fund. The pool fund budget is cumulative figure of reimbursable loan from World Bank and reimbursable grant from DfID. DfID is also providing as direct budget (reimbursable grant) for the Family Planning program. EDPs budget is forecasted to increase by 20 percent in the coming fiscal year 2020/21 and 13 percent in fiscal 2021/22.

Table 18: MOHP budget for FY 2019/20 and forecast for FY 2020/21 and FY 2021/22 by Bilateral/multilateral/INGOs and EDPs (NPR in thousands)

SN	EDPs	2019/20 (NPR)	2020/21 (NPR)	2021/22(NPR)
Bilateral +				
1	DfID	101,800	122,402	138,282
2	USAID	165,000	198,392	224,131
Total		266,800	320,794	362,413
Multilateral				
1	UNFPA	10,000	12,024	13,584
2	UNICEF	100,200	120,478	136,109
3	WHO	67,900	81,641	92,233
4	GAVI	1,661,700	1,997,988	2,257,205
5	GFAMT	110,700	133,103	150,372
6	Pool Fund	6,583,900	7,916,323	8,943,379
Total		8,534,400	10,261,557	11,592,881
I/NGO				
1	SCF	10,500	12,625	14,263
2	GFAMT-SCF	2600	3,126	3,532
Total		13,100	15,751	17,795
Grand Total		8,788,100	10,566,600	11,937,500

The table shows the estimated budget for major activities for three consecutive fiscal years, which has been projected to increase steadily with increasing time. Activities carried out by the government is estimated to require highest budget followed by the program costs.

2.8.5 MOHP budget forecast by line item

Table 19: MOHP budget forecast by line item (NPR in thousands)

SN	Line Item	2019/20 (NPR)	2020/21 (NPR)	2021/22(NPR)
1	Wages & Salaries	2,907,800	3,212,018	3,528,687
2	Support Services	583,700	644,768	708,334
3	Capacity Building	135,200	149,345	164,069
4	Program Activities	13,458,900	14,866,990	16,332,708
5	Medicine Purchases	4,585,600	5,065,352	5,564,739
6	Grants to Hospitals	5,268,700	5,819,919	6,393,698
7	Capital-Construction	15,042,800	16,616,601	18,254,810
8	Capital Goods	687,300	759,206	834,056
	Total	42,670,000	47,134,200	51,781,100

Source: MTEF 2018/19- 2021/22

MOHP requires the highest budget in capital-construction followed by program activities. This demands a coherent business plan across all spheres of government. In the absence of business plan there are chances of duplication in each budget planning entity.

2.8.6 MOHP budget forecast by entity

The table below shows that MOHP holds the highest volume of budget that is committed to implement the national health policy.

Table 20: MOHP budget forecast by line item (NPR in thousands)

S.N.	Agency	2019/20 (NPR)	2020/21 (NPR)	2021/22(NPR)
1	MOHP	22,632,000	24,999,267	27,463,912
2	DOHS	9,344,500	10,321,918	11,339,543
3	DDA	190,600	210,536	231,293
4	DoAAM	156,200	172,538	189,549
5	HIB	6,000,100	6,627,700	7,281,116
6	NHRC	95,000	104,937	115,282
7	Hospitals and Academia	4,252,500	4,697,304	5,160,405
	Total	42,670,900	47,134,200	51,781,100

Source: MTEF 2018/19- 2021/22

DOHS holds the second volume of budget followed by the health insurance board (HIB) and hospitals and academia. This bring an important question on the allocation of large amount in health insurance board. Health insurance board also collects the contribution from the members.

2.8.7 Procurement

MOHP sets three-year procurement plan on the basis of broad categories. The following table shows the procurement plan for three upcoming fiscal years of MOHP on the basis of procurement item, its

quantity and the amount. We can observe the total procurement categories and items from MOHP and under its 47 procurement entities.

Table21: Procurement Plan for MOHP for FY2019/20, FY2020/21 and FY 2021/22(NPR in thousands)

SN	Procurement item	2019/20 (NPR)		2020/21 (NPR)		2021/22(NPR)	
		Qty	Amount	Qty	Amount	Qty	Amount
1	Service procurement						
1.1	Services Procurement for Different program operation in 3 activities	NA	4,000	NA	4,600	NA	4,600
2	Building construction						
2.1	Renovation of MOHP Building	2	18,000		18,900		18,900
3	Medicine						
4	Equipment						
4.1	Medical (pet Scan Machine)		100,000		130,000		130,000
4.2	Office equipment		11,000		11,000		11,000
5	Vehicle						
5.1	Scooter Procurement	6	1,800		1,800		1,800
6	Furniture						
6.1	Office furniture	NA	3,000		3,000		3,000
	Total		137,800		169,300		169,300

Source: Redbook and LMBIS of FY 2076/77

The table shows the quantity and estimated cost for various procurement items for next three fiscal years. The total cost of the items is projected to increase steadily for the next three years. Medical equipment is estimated to have the highest cost among all the items. The amount included in the table can be updated by the MOHP and entities.

2.8.8 Human Resource

Table 22 shows the mix of various categories of health workers within the MOHP on the basis of position, type and existing sanctioned or fulfilled post. At present there is no legal officer at MOHP despite of the two sanctioned positions. Similarly, the positions for chief specialist, section officer, officer level 7/8, computer operator and Kharidar are yet to be fulfilled while positions like chief health administrator, section chief, and nayab subba are crowded. According to the table the number of sanctioned HR forecast for MOHP will be the same for FY2019/20 to FY2021/22.

Table 22: Position, type, sanctioned and fulfilled HR and their projection for three years

SN	Position	Type (Permanent, Contract, Deputation)	Existing		2019/20	2020/21	021/22
			Sanctioned	Fulfilled	Number	Number	Number
1	Secretary	Permanent	2	2	2	2	2
2	Chief Specialists	Permanent	3	1	3	3	3
3	Chief Health Administrator (11 level)	Permanent	8	10	8	8	8
4	Joint Secretary	Permanent	2	2	2	2	2
5	Section Chiefs (9-10 level)	Permanent	11	14	11	11	11
6	Under Secretary	Permanent	6	6	6	6	6
7	Section Officer	Permanent	13	9	13	13	13
8	Finance Chief	Permanent	1	1	1	1	1
9	Finance Officers	Permanent	2	3	2	2	2
10	Under Secretary (legal)	Permanent	1	1	1	1	1
11	Legal Officer	Permanent	2	0	2	2	2
12	Statistical Officer	Permanent	2	2	2	2	2
13	Computer Engineer	Permanent	1	1	1	1	1
14	Officers (7- 8 level)	Permanent	15	11	15	15	15
15	Computer Programmer	Permanent	1	1	1	1	1
16	Computer Officer	Permanent	1	3	1	1	1
17	Demographer	Permanent	1	1	1	1	1
18	Nayab Subba	Permanent	11	12	11	11	11
19	Lekhpal	Permanent	2	2	2	2	2
20	Telephone Operator	Permanent	1	1	1	1	1
21	Computer Operator	Permanent	3	1	3	3	3
22	Kharidar	Permanent	2	1	2	2	2
23	Driver	Temporary	9	9	9	9	9
24	Office Assistant		12	12	12	12	12
25	On Deputation			0			
	Total		106	106	106	106	106

Source: Approved sanctioned post from MOFAGA and fulfill post from MOHP Payroll of 2076 Ashadh from TABUCS.

Deputation includes HWs deputed by MOHP/DOHS, deputed by autonomous agency and international agency. Currently there are no deputations in the MOHP. The number and position included in the table can be updated by the MOHP.

2.8.9 Recording, Reporting and Monitoring

Health Management Information System (HMIS) section collects, collates and provides information on the activities undertaken at the district level to all the divisions, centers, regional directorates, and the 77-district health and district public health offices for allopathic health services. Annual performance review workshops are conducted in all districts and regions / national level. MOHP requires to collect the service statistics from all spheres of government.

Chapter 3: Challenges and way forward

3.1 Challenges

A policy level challenge for the health sector is to be able to sustain the progress made in achieving health outcomes and refining policies that will facilitate the process of bringing health service closer to the underserved population. While preparing the business plan the team has faced the number of challenges. The most important one is the availability of financial data. Additionally, there are issues around service utilization data. MOHP need to address them as soon as possible. The evidence-based business plan at all levels of governments needs to be harmonized through **a comprehensive business plan policy framework** that is acceptable to federal, provincial and local governments. This is important because the constitution of Nepal mandated specific 'concurrent rights' to all governments. Consolidating total government health expenditure including health conditional grant and additional expenditure in health made by provincial and local government. Following are the additional challenges being faced by the MOHP:

- Lack of a coherent and consistent policy framework to appropriately link policies and programs of the provincial and the local government;
- Lack of structured business plan at all level of governments;
- Lack of overarching health financing strategy to forecast budgetary allocations against the changed context and international commitments;
- Setting SDG target and tracking of SDG indicators at all levels of government;
- Defining input, process and output related indicators for MOHP;
- Defining and implementing nationally agreeable basic health service package;
- Lack of financing knowledge on BHS; and
- Ensuring the constitutional provision of right to health services at all levels.

3.2 Way forward

GoN has committed to implement the constitutional rights related to health. Since health is a concurrent right, we see a point of having a national steering committee to ensure the coherent plan and policies. This will help understand the problems and provide the strategic solutions. Following ways could help GoN in implementing the constitutional obligations:

1. A functional committee should be formed to prepare, update and endorse the basic health service package at all level of government;

2. GoN to cost a basic health services in such way that all spheres of government can use while preparing their health AWPB;
3. Prepare and endorse the 'business plan framework' that is agreeable to all spheres of government;
4. A comprehensive federal, provincial and local 'Health Accounts' is required to capture the public and private sector budget and expenditure in health sector. This may require a localized framework to prepare respective Health Accounts. This will also contribute PGs and LGs to prepare their periodic and annual health plan.
5. A costed national health financing strategy that is applicable to all levels of government needs to be formulated. This should enable the GoN to develop a roadmap for securing at least USD 86 per capita for improving access to primary care or to secure ten percent of the national budget for the health sector.
6. Prepare and implement the annual budget implementation calendars which should address the issue of the spending the budget during the third trimester; and
7. Collaborate with provincial and local governments to capture resource allocation and expenditure by utilizing the extended network of service delivery and adjacent structures.

3.3 Dissemination

The information are being disseminated through different forms of regular and analytical reports by the MOHP. The hard copy as well as electronic copy of the policy and progress related report are available for public use. The ministry maintains its own website. For more detailed information please visit: www.mo hp.gov.np

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