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Immunization Planning and the Budget Cycle

Key Points

- **Domestic public funding is the most important source of immunization financing, and immunization planning and financing must be considered as a part of the broader budget process.**
- **Understanding budget cycles and processes is crucial to finding opportunities and mitigating financial risks for immunization efforts.**
- **Existing planning tools can help with estimating costs, identifying sources of financing and resource gaps, and formulating arguments in favor of immunization investments.**
- **Standalone planning for immunization disconnected from the national budget can lead to fragmentation and budgeting problems and make it difficult to win support for immunization goals and build integrated processes.**

Immunization planning and budgeting should align with overall government public financial management rules as well as health sector objectives. This brief examines the phases of the budget cycle, issues that can result from misalignment of budget processes, and ways to link immunization planning to health and broader planning processes.

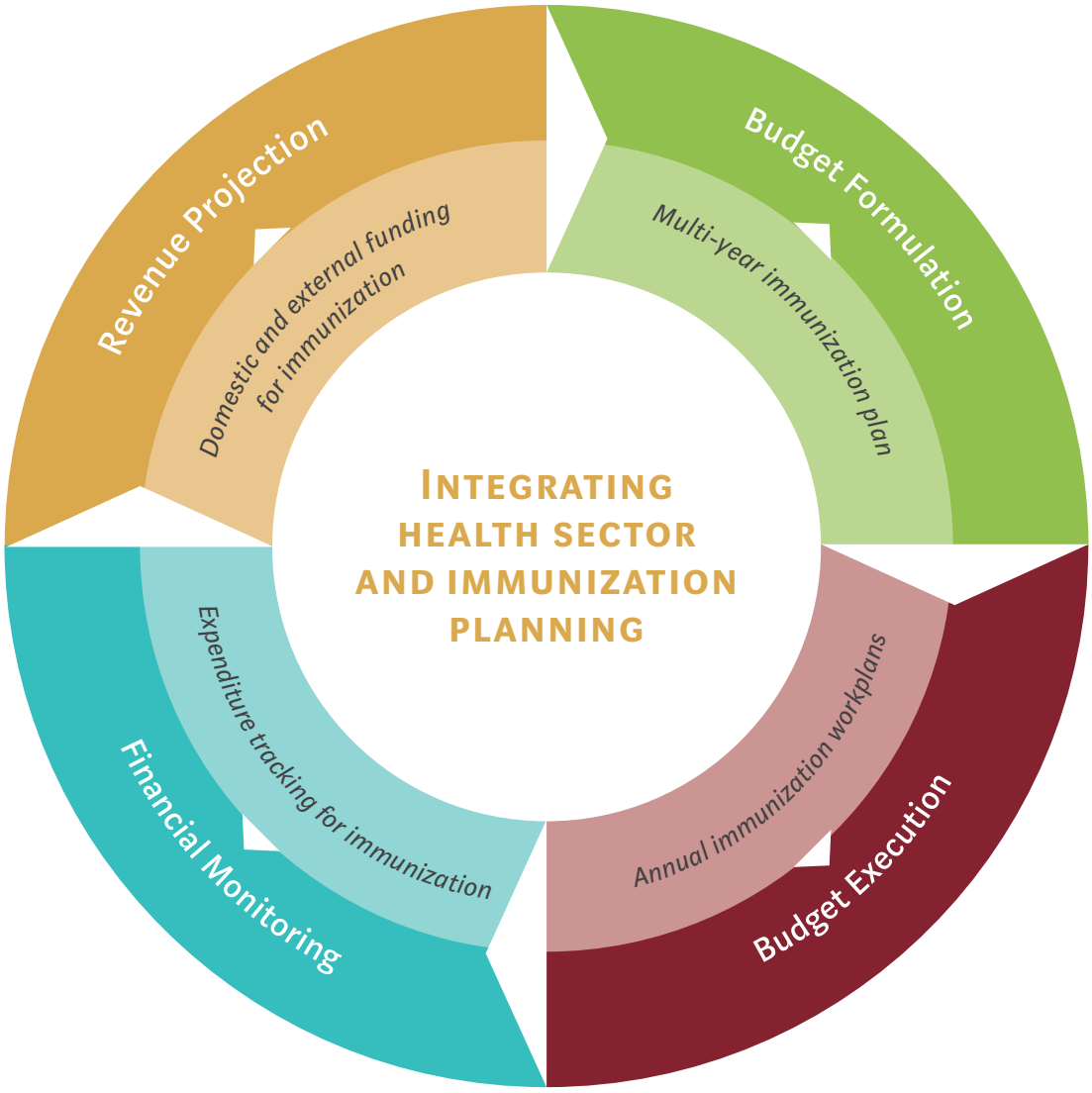
The Budget Cycle

Every government follows a budget cycle that includes phases for policy-based revenue projection, budget formulation, budget execution, and monitoring. In many countries, however, the budget planning tools and processes for the health sector in general and immunization programs in particular are not well integrated into this cycle. When budget processes are misaligned and funding is not available when and where needed, the consequences can be severe, hampering health sector and immunization-specific efforts that are essential to progress toward universal health coverage. (See Brief 2.) Understanding a country's budget cycle is important for effective immunization advocacy and planning, as shown in the figure on the next page.

Revenue Projection

The budget cycle starts with revenue projection. The ministry of finance determines what level of overall expenditure is feasible, given existing policy objectives, expected revenues, and the level of national deficit. The better a government is at projecting revenue across sources—for instance, across different streams of "on-budget" revenue—the more credible the budget will be and the more timely and complete budget execution (spending against needs) will be. Countries with high donor funding may have "off-budget" streams—for instance, those that go directly from a donor to an implementing partner and do not pass through government accounting systems—for immunization and other services. This can lead to budget fragmentation and lack of transparency and reduce the government's ability to identify where limited public funds can have the most impact. Getting a full estimate of potential on- and off-budget external funding for immunization, along with other health revenue streams, is critically important to getting a clear fiscal picture and determining realistic health spending levels.

Opportunities to Integrate Immunization Planning into the Budget Cycle



Adapted from WHO-UNICEF Guidelines for cMYP for Immunization (September 2013)

Budget Formulation

During the budget formulation phase, funds are negotiated (with line agencies), reviewed (by the cabinet or another body), approved (by the parliament or other body), and allocated across line agencies (by the ministry of finance or the treasury). In most countries, much of the work of parliament is conducted through permanent or ad hoc committees whose members and leaders reflect the parliament's political configuration. (See Brief 15.) These committees often drive the approval of spending on both broad and specific issues. For instance, standing committees on finance and appropriations review all requests for government spending and are therefore a key target for advocacy, including for immunization funds. Health committees, which consider immunization programs and budgets, are another target, as well as individual parliamentarians who advocate for particular issues both within and outside of committees.

Budget negotiations often include a consultative phase in which subnational governments provide evidence-based indications of need across cost centers and administrative units. This phase, known as "bottom-up planning," may or may not be well coordinated with the timing of the broader budget formulation and approval process. If it is, this phase can be an important entry point for advocates. If it is not, immunization advocates might push for better accountability or consultation mechanisms. Once the broad health budget is approved by the ministry of finance, the ministry of health determines spending priorities among programs and services within its budget allocation and in line with agreed-upon policy priorities, such as immunization.

The overall budget framework and national budget law partly dictate how ministries allocate funds. If the rules are rigid, they can constrain the ministry of health when it comes to pooling and redistribution according to need, as well as to strategic purchasing of vaccines and services. For example, the budget might have a line item for vaccines that does not reflect actual levels of need, or a program budget might include particular outcome or output indicators for defined program areas that are misaligned with program goals. If the country has a multi-year, combined bottom-up and top-down planning process in place, such as a medium-term expenditure framework (MTEF), the ministry of health budget might be projected across a number of years, which can aid in planning. (See the sidebar below.) For instance, if the ministry of health budget grows over time, this might create fiscal space for immunization financing from domestic sources. (See Brief 5.) If the budget remains flat or declines, resources for a growing immunization program will have to come from efficiency gains, reallocations within the health budget, or new external financing.

Medium-Term Expenditure Frameworks

Over the past 20 years, countries have adopted a more sophisticated approach to planning and budgeting: the medium-term expenditure framework (MTEF). The framework was developed in the early 1980s, and by 2008 it had been adopted by more than two-thirds of all countries, although it is not functioning perfectly in all cases. MTEFs help policymakers align government priorities with what they can afford by creating multi-year plans, typically covering three to five years.

MTEFs include macroeconomic and fiscal targets and projections of the resource envelope to help establish expenditure ceilings for sectors and agencies, which in turn guide bottom-up planning. The level of detail in an MTEF varies by country, but this approach enables transparent allocation of public resources against strategic priorities, creating an activity- and output-based orientation. Expenditure allocations can be set at the spending agency level or can be more comprehensive. Ghana's MTEF, for example, includes immunization coverage as an output indicator.

MTEFs can also be combined with program-based budgeting, an annual monitoring and evaluation tool and budget framework that defines program areas, outcomes, and outputs as well as key performance indicators for programs within or across line ministries.

Without this kind of comprehensive, multi-year planning process, budgeting problems can occur. For example, a national health strategy or plan may function only as a laundry list of activities and may lack cost information that can help guide implementation. In addition, disease-specific plans that are not linked to the national strategy may proliferate in isolation across technical areas (including immunization). Compounding this issue, these separate plans may not be linked in any specific way to the budget formulation or costing process, which can impede coordination between the ministry of health and the ministry of finance. If cost data are not available, or if planning processes dictate, budgeting may be based only on historical estimates, making it more difficult for immunization advocates to win support for emerging goals and changing needs. Finally, if plans are not linked to annual budgeting, it will be nearly impossible to nurture integrated, longer-term planning processes, such as inclusion of immunization in the MTEF.

An understanding of immunization costs at the budgeting and planning phase can help advocates argue for continued support or expanded need as an integral part of health sector requests and to integrate immunization into the MTEF, program budgets, and other key planning processes. These include health sector strategic planning decisions that inform pooling and redistribution according to need, vaccine procurement, and strategic purchasing for services. The World Health Organization maintains country-by-country data on planning cycles, fiscal year dates, the years that recent national and subsector plans cover, and a document repository that can help with advocacy planning efforts.

One tool that can help with integrated health and fiscal planning is the comprehensive multi-year plan (cMYP). (See the sidebar below.) The WHO website also offers several other tools for forecasting vaccine requirements and determining the need for injection supplies, logistics, and cold chain equipment and

The Comprehensive Multi-Year Plan (cMYP)

Launched in 2006 by WHO and UNICEF, the cMYP is an immunization-specific planning tool that encompasses immunization planning, costing, and financing. While the outputs are intended for use in budget submissions and national health plans, ministries of health often develop these plans separate from broader health-sector planning.

Creating a cMYP involves several phases: developing a situation analysis; determining specific activities, milestones, and strategies; identifying links to national, regional, and international goals; preparing activity timelines and monitoring and evaluation plans; estimating immunization-specific costs (such as for vaccines, injection supplies, and full-time staff); and identifying financing sources. Shared costs can also be estimated.

Effective cMYPs rely on government consultation and collaboration with civil society, partners, and the private sector. In practice, cMYPs vary in quality, but these plans and the process of preparing them have generally made a strong contribution to immunization planning. Each cMYP should be updated annually, and Gavi requires an updated cMYP from governments when a new vaccine or campaign is introduced. Applications for health system strengthening support require both a cMYP and a national health plan, and that support must align with the national planning and budget cycles. When accurate and up to date, cMYPs can be used to advance the budget process and promote dialogue between the ministry of health and the ministry of finance.

supplies. It also maintains a database of cMYPs. The Pan American Health Organization (PAHO) offers an Immunization Toolkit with an Annual Plan of Action, which informed the guidelines for cMYPs. It also provides resources on vaccine forecasting, supply chain sizing, and logistics forecasting; a cold chain volume calculator; and a vaccine presentation assessment.

Budget Execution

In the budget execution phase, public financial management systems should support efficient disbursement, receipt, and use of funds by cost centers to purchase immunization services and commodities (including vaccines and cold chain equipment and supplies) and fund costs related to service delivery. These funds are often spread across many levels of the system, but they should be allocated according to health needs and through line-item, input-oriented payment systems (payment according to materials needed to produce an output) or output-oriented payment systems (payment according to what is produced rather than used). (See Brief 14.)

In practice, many governments face challenges with transferring funds on time or in full, which hampers program execution. For instance, a baseline survey of immunization bottlenecks in the Republic of the Congo found that disbursement delays and commitment shortfalls from the state budget contributed to vaccine shortages around the country. Fund flow issues can occur at many points throughout the system, depending on how the system is organized and what entities are responsible for receiving and disbursing funds to progressively lower levels. For example, a program might be sufficiently funded at the national level but have difficulty getting funds to facilities due to poor systems, weak accounting, or corruption and leakage. Politics can also affect the flow of funds for health. For instance, if a district bank account holds funds that are meant for both health and non-health priorities, determining how to allocate the funds between these priorities can be a challenge. In addition, rigidities in the public financial management system can prevent the use of strategic purchasing that promotes quality immunization service delivery or rational procurement. Finally, decentralized countries may face issues in managing budgets and coordinating procurement across levels. (See Brief 25.) To help address these issues, policymakers in the ministry of health should work to align annual immunization work plans with annual health sector and individual program work plans.

Budget Monitoring

Policymakers and advocates need to understand how money is being spent in order to ensure accountability, efficiency, and equity and to inform spending decisions. The ministry of health can help provide this information by tracking funding flows and linking funds to expenditures on services produced or inputs purchased (such as vaccines, cold chain supplies, and/or other commodities). The ministry of health must also use measures such as internal audits to ensure accountability and inform the next budget cycle. (See the figure shown earlier.)

Output-based mechanisms such as the MTEF and program-based budgeting can create incentives for the ministry of health to track immunization-related results as well as inputs purchased. This information is crucial to disentangling the causes and effects of underspending. For instance, underspending might be the positive result of system efficiencies that make existing funds go further, or it might result from poor financial management, limited capacity on the part of units that receive funds to spend those funds, late disbursement, or inadequate capacity to track and account for expenditures.

Monitoring can also be a challenge if responsibility for implementing programs is fragmented or if the program components themselves—such as immunization and maternal and child health—are not integrated. Tracking of immunization spending should be integrated into general accounting and accountability measures to provide a holistic view of expenditures.

Sources and Further Reading

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World Health Organization. WHO-UNICEF guidelines for comprehensive multi-year planning for immunization: update September 2013. Geneva: World Health Organization; 2014.

cMYP: http://www.who.int/immunization/documents/WHO_IVB_14.06/en/

cMYP database: http://www.who.int/immunization/programmes_systems/financing/countries/en/

EPI planning: http://www.paho.org/immunization/toolkit/epi-planning.html

MTEF: https://openknowledge.worldbank.org/handle/10986/11971

WHO country planning cycles: http://www.nationalplanningcycles.org