

Motivation

The Royal Government of Cambodia (RGC) requested help diagnosing issues with public expenditures in the health sector so a PETS was undertaken.

Objectives

The primary objective of this study was to help the government diagnose issues and propose directions for improving effectiveness and efficiency of public financing in the health sector.

Main findings

Only a small share of government budget expenditures was spent on delivery of health services. In 2003 and 2004, only 36% and 32% of the government health budget was spent for providing services in government health centers and referral hospitals. Misaligned authority, bureaucratic red tape and limited institutional capacity are serious constraints for effective public expenditure.

Leakage

Although the quantitative study did not identify leakages explicitly, there is high risk for leakage of public funds in the health sector.

Overestimation of revenues and cash shortages in provincial treasury created a “market environment” for competing claims for cash from different departments and for facilitation fees to be charged to get timely disbursements. Lack of budgets below provincial level and a corresponding lack of knowledge of entitlement by lower level managers and communities further added to this enabling environment. In addition, heavy bureaucratic red tape for approving expenditure decisions at provincial level added to the likelihood that facilitation fees would be charged. Low institutional capacity and poor record keeping practices make tracing of public expenditure very difficult and offer many opportunities for leakages. Facilitation fees and ineffective public procurement were reported as the main forms of leakage.

Checks and balances appear to be ineffective in containing leakage and ensuring effectiveness of public expenditure.

Absenteeism

Staff absenteeism is higher among highly qualified staff. On average, 27 percent of staff was not present at the time of a PETS team visit to a health facility. The most common reason given for absence was outreach activity that may explain higher absenteeism of staff in the health centers in remote areas (32%). But it does not explain high absenteeism rate in referral hospitals (29%) and in urban areas that are less engaged in outreach activities. Absenteeism was highest among medical doctors and medical assistants (38% and 44% respectively) that is likely to have significant adverse impact on quality of services since higher level of care and supervision of lower level staff relies on them.

Other findings

Disbursement delay from the provincial treasury to provincial health department was estimated at 4.2 months in 2003 and 3.8 months in 2004. At the Operational District level, the PETS estimated disbursement delays at 4.6 and 4.3 months in 2003 and 2004 respectively. Delays were the shortest for staff costs at 2.6 and 2 months respectively and the longest for programming expenditure at 7.2 and 6.6 months respectively. User fees play increasingly important role in financing additional incentives for staff and non-salary operational costs of health facilities. In 2004, the user fees accounted for 13% of health centre and 22% of referral hospital expenditures. Although regulations exist about the use of these additional revenues in health facilities, the PETS revealed that accountability was very weak and under-reporting is likely, given the private health expenditures reported in the 2004 household survey.

Sample

17 Provincial Health Departments (PHD), 30 Operational Districts (OD), 200 Health Centers (HC), and 29 Referral Hospitals (RH).

Sample design

Two-stage stratified sample: data was collected at the provincial health department (PHD) and operational district (OD); and, from sampled referral hospitals and health centers.

Resources monitored

Data for 2003 and 2004

- Total recurrent expenditures (wage and non-wage)
- Drugs and medical consumables
- User fee revenue

Recommendations

- User fees need to be integrated in the health services budgeting process as well as being part of the monitoring of the execution of these budgets.
- Mitigating the risk of leakage would require a comprehensive approach targeting at the various factors creating the enabling environment for leakages.

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Main report

World Bank, “Cambodia Health PETS, Public expenditure tracking survey Report,” draft version