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Where has all the money gone...

Financial resources and their use in the governmental health care sector in Dar es Salaam, Tanzania

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The World Health Report 2000 on "Health Systems: Improving Performance" has pointed out that governments have too little information on financial flows and the generation of human and material resources. This information is considered as crucial for influencing policy and strategy, for providing a consistent framework for modelling reforms, and for monitoring their effects. In Tanzania financing of the health sector has only been documented in a rudimentary way and there exists only limited and incomplete knowledge of national health spending. This article assesses using the example of Dar es Salaam, the sources, the flow and the uses of financial resources in the public health sector.

Where have all the flowers gone? Long time passing

Where have all the flowers gone? Long time ago

Where have all the flowers gone? Girls have picked them every one

When will they ever learn? When will they ever learn?

(Pete Seger)

Although this assessment focuses on public funds and those of donors available to the health sector, it is evident that financing happens in an important way through other sources, mainly households (e.g. purchase of drugs in the context of cost sharing) and a wide spectrum of NGOs, and to a weaker extent through parastatal and private insurance mechanisms

Sources of financial resources in the public sector

At the governmental level in Tanzania, there is a relatively simple financing system and health services provided by the public sector are financed through government's general revenue. The biggest shares of the central government's revenues are provided by customs duties, income tax and the re-introduced Value Added Tax in 1994.

The governmental resources are complemented by external donors. The most important for the health sector in Dar es Salaam are on the bilateral level the Danish official development assistance (DANIDA) and the Swiss Agency for Development and Co-operation (SDC) through the Dar es Salaam Urban Health Project (DUHP). On the multilateral level, there are among others the United Nations International Children's Fund (UNICEF) and the United Nations Development Fund (UNDP). Currently projects of the World Bank Group in the health sector are not directed to Dar es Salaam. Furthermore, the European Community provides direct budgetary support, through the Structural Adjustment Support Programme (SASP) to the Ministry of Finance (MoF). About half of the amount is earmarked for the health sector. The funding made available by these donors is channelled in different ways into the public health sector so that the government becomes the financial intermediary. Most donors finance so called vertical disease control or promotional programmes of the Ministry of Health (MoH). In Dar es Salaam only the Swiss Agency for Development and Cooperation (SDC) provide, through the DUHP. direct support to the more peripheral level.

Flow of financial resources in the public sector

Administration of governmental health services including financial management in Dar es Salaam is a rather complex issue. Various ministries, and on the local level other public institutions, are involved. The MoH is only directly responsible for the national referral hospital, the national health programmes and the nation-wide allocation of drugs to all levels of health care. Regional and district hospitals are functionally and technically administered by the regional administration which is part of central government whereas health centres and dispensaries fall under the authority of local government authorities. Both systems, although entirely different concerning their primary aim, are placed under the authority of the Ministry of Regional Administration and Local Government (MoRALG). Dar es Salaam is a unique case in Tanzania because its regional administration has only been maintained as a light structure. All of its functions in the health sector are taken care of by the City Medical Office of Health which is situated in the Dar es Salaam City Commission (former: DSM City Council).

Salaries of the health personnel are channelled directly from the MoF to the City Commission whereas the resources for the category "other charges" (including transport, stationery, fringe benefits for staff) still pass through the regional office. Funds for drugs, which represent the biggest share of non-salary expenditure, are under the direct responsibility of the MoH. Monthly the MoH transfers money to the Medical Stores Department. Subsequently, the three municipal offices of health in Dar es Salaam are informed through the City Medical Office of Health about amounts available for drugs at the level of the Medical Stores Department. Most of the flow of public resources down to the municipalities' level functions in the same way than for drugs, i.e. in the form of a voucher system rather than actual monetary transfers.

At the level of the Dar es Salaam City Commission as well as in each of the three municipalities, there exists a so called "account No. 6" for health issues. In this account central government allocations as well as funds generated at the level of the City Commission (local taxes, etc.) are

all pooled for the public health system of the city. This account makes no separation between different types of funding or spending.

Uses of governmental resources and per capita expenditure

The government provides health services in Dar es Salaam at different levels. In the context of the Tanzanian Health Sector Reform, decentralisation has devolved most responsibilities from the City Medical Office of Health to the three urban districts corresponding to three municipalities. It is estimated that governmental and external expenditures for the health sector in Dar es Salaam were US\$ 16.4 millions in 1995. Of this amount, US\$ 5.7 millions, representing 41%, were allocated to the City Medical Office of Health, the 3 Municipal Offices of Health, the 3 district hospitals as well as the 59 dispensaries and 4 health centres. The remaining 59% of financial resources available were used by the national referral hospital, the Muhimbili Medical Centre. This hospital, which is a teaching hospital, serves as a national referral centre. Nevertheless the tertiary hospital covers principally Dar es Salaam and the vast majority of users come from this city.

The analyses of expenditures by line item reveals that an important share of governmental resources are used up for the salaries of health workers. Only small amounts are available for the covering of operational costs which include transport, stationery, cleansing material, utilities as well as fringe benefits for the staff.

With an approximate population of 1.9 million people living in Dar es Salaam in 1995, the annual public per capita expenditure can be estimated to be US\$ 3.2 at district level and at US\$ 8.6 when expenditures for the Muhimbili Medical Centre are included. In the report "Better Health for Africa" the World Bank concluded that cost-effective packages of basic care delivered through local dispensaries and small hospitals can be made available at a costs of US\$ 13 per capita per year. This amount includes also expenditures for access to safe water and sanitation but nevertheless, in 1995, the actual expenditure at city and municipal level of Dar es Salaam have been less than a quarter of the one recommended by the World Bank.

Conclusions

The flow of financial resources within the governmental system in Dar es Salaam is complicated, far from transparent and is difficult to understand. Most of the resources are used for one big hospital, thus primary urban health care delivery is largely neglected. Overall per capita expenditure per year in the public health sector can be estimated to about US \$ 8.6 and expenditure for health care at district level sums to a total of US\$ 2.9 in 1995. Until the 1980s typically large parts of national health budgets in developing countries were spent in cities and for tertiary care. Subsequently, it was argued that there is an urgent need to develop primary health care in urban settings and since the early 1990s there is an increasing concern to strengthen this type of services. In Dar es Salaam there exists a specific programme, the DUHP, which for more than 10 years has been improving governmental health services at

district level. In spite of this programme and important investments in the provision of primary care at district level, this analysis shows that still very high percentages of expenditures are allocated to tertiary hospitals. Thus, instead of many political and financial commitments, urban primary health care can still be considered as a neglected domain.

There exist various sources for the financing of the public health sector in Tanzania and as most low-income countries, there are more diversified health financing structures than those that are found in the industrialised countries. External resources to the health sector are provided by multiple donors. This is not specific to Tanzania, but creates difficult situations as they do not function and operate in a homogeneous way. Besides great differences between them in mandates, missions, agendas and approaches, the donors have also very divergent ways of budgeting, financial administration, as well as transparency in their operating. The multiple external sources of finance to the health sector call for a strategy of co-ordination. To do so, in some countries sector-wide approaches, SWAps, were initiated. They aim at providing a broad framework within which all resources in the health sector are coordinated in a coherent and well-managed way, in partnership, and with recipients in lead. Recently a SWAp has also been launched for Tanzania with the UK Department for International Development (DFID), the World Bank, SDC and DANIDA as leading agencies. The success of the Tanzanian SWAp will depend on the government's ability to actively take part in the formulation of a coherent health sector policy and in the decision making process about the allocation of resources to this sector.

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