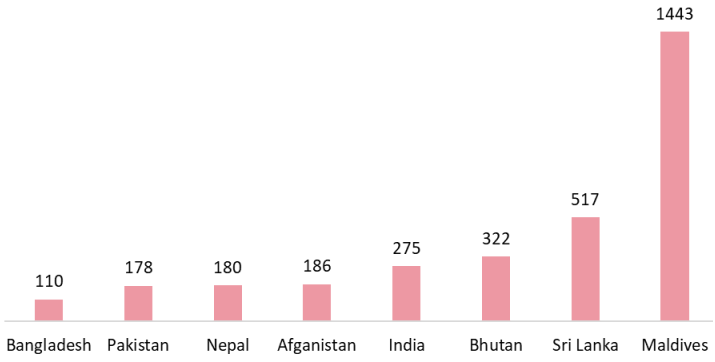
# Public Expenditure for Health Sector: Reviewing Budget 2021-22

POLICY BRIEF JUNE, 2021

While Bangladesh as a country has commendable achievements in terms of health-related development indicators, there is significant scope of improvement in public investment for healthcare. Total investment in health (public and private combined) in Bangladesh is equivalent to 2.34 percent of the GDP. This ratio is lesser than half of the average for South Asia (on an average a South Asian country invests 5.1 percent of its GDP for health). Per capita health expenditure (PPP , current US dollar) in South Asia is US$ 401, whereas for Bangladesh the figure stands to be a meager US$ 110.

Figure 1: Per capita health expenditure (PPP, current US$) as of 2018 for all South Asian countries




*Source: World Health Organization (WHO) Global Health Expenditure database*

All these indicate, the need for Bangladesh to rethink public investment in health as the country graduates to the 'developing' status in a couple years and aims to become a high-income country within the next couple of decades.

## Need to go beyond 'business as usual' approach

Expenditure by the Ministry of Health and Family Welfare (MoHFW) has increased from BDT 7,667 crore in FY 2011-12 to BDT 17,532 crore in FY 2019-20. The revised budget for MoHFW in FY 2020-21 stands to be BDT 31,472 crore, and the proposed budget for the same in FY 2021-22 stands to be BDT 32,731 crore. While the actual expenditure and proposed/revised budget for MoHFW has been increasing, the share of this in the total budget has been hovering around 5 percent. Even amid the ongoing pandemic the share of health sector has not been changed to a significant extent. In the budget proposed for FY 2021-22, the share of MoHFW stands to be 5.4 percent of the total National Budget.

Public health expenditure in Bangladesh during recent years has clearly been dominated by operating expenditure over development expenditure. On an average, 61 percent of health expenditure has been for operating. One could infer that to improve quality, access etc. of healthcare in Bangladesh the Government needs to take up more development projects for health sector and hence increase share of development expenditure in total public health expenditure.

MoHFW is more efficient in spending allocations for operating expenditure than it

is in spending that for development expenditure. On an average, MoHFW has been able to spend 92 percent of the allocations for operating expenditures. The ratio is significantly below for development expenditures- only 76 percent. This implies that, MoHFW on an average does not manage to spend almost one quarter of the development allocations.

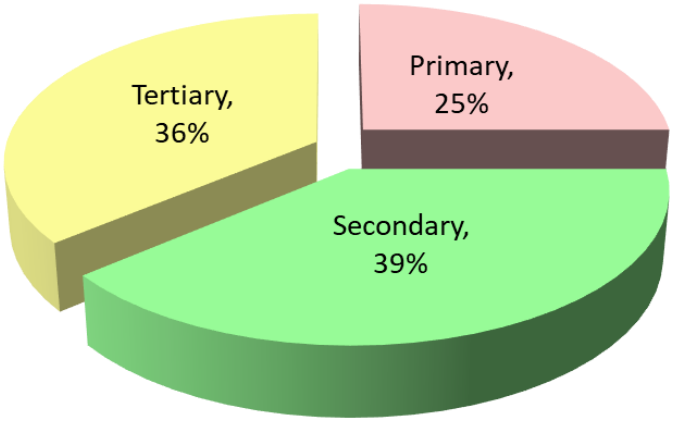
## How is public investment being distributed across the sub-sectors

While MoHFW is primarily responsible for doing public spending for health, the Local Government Division (LGD) under the Ministry of Local Government, Rural Development and Co-Operatives (MoLGRDC) is responsible for overseeing primary healthcare in urban areas. Hence, figure 2 here, showing distribution of public allocation/expenditure across primary, secondary, and tertiary healthcare takes into account the total expenditure done by MoHFW as well as that done by LGD for providing urban primary healthcare (LGD share in total primary healthcare spending is 3 percent, its share in total healthcare spending is 1 percent).

Figure 2 shows that on an average, of the total expenditure for health one-fourth is done for primary healthcare. Highest share is going for secondary healthcare (39 percent), whereas tertiary healthcare's share is 36 percent. It can be safely assumed that the largest share of healthcare seekers in Bangladesh seek primary healthcare. And this implies that there is need for rethinking this distribution (increasing share for primary healthcare).

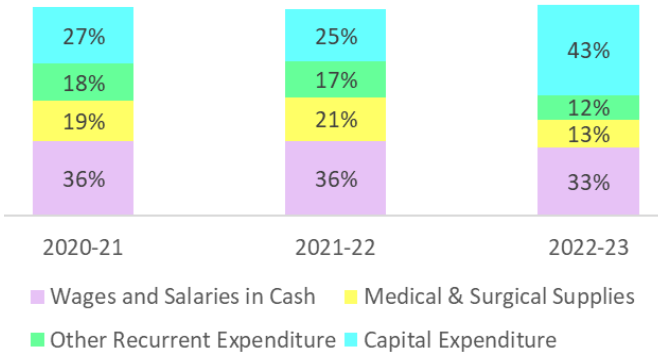
Figure 3 shows that share of Medical and Surgical supplies (which includes medicine supplied free and/or at subsidized prices at GoB run health facilities) remains the third largest avenue of health budget expenditure (behind expenditure on Wages and Salaries and Capital Expenditure). One could be concerned and may suggest increasing the share of expenditure on Medical and Surgical supplies to ease the burden of out-of-pocket health expenses of the health service seekers especially of those coming from low-income households.

Figure 2: Aggregate distribution of public allocation/expenditure across primary, secondary, and tertiary healthcare




*Source: Budget Documents, Ministry of Finance, GoB*

Figure 3: Share of public expenditure on health going for different purposes (as per proposed allocations for FY2020-21 and projected allocations for FY2021-22 and FY2022-23).




*Source: Budget Documents, Ministry of Finance, GoB*

Per capita allocations for District Level Hospitals (DLHs) derived from the Medium-Term Budget Framework (MTBF) of the Ministry of Finance, GoB- reveals prevalence of significant geographic disparities. For example: Gazipur, Mymensingh, Rajshahi, and Rangpur districts have zero per capita allocations for DLHs. The same for Comilla, Tangail and Sylhet districts are between BDT 25 to 40.

It is much higher (over BDT 200) for Narail, Meherpur, and Jhalokati districts. It is most likely that because of not having adequate allocations for DLHs in many districts, larger hospitals located in major urban areas are being over-burdened. Significant geographic disparities are also visible in terms of per capita allocations for Upazila Health Centers (UHCs).

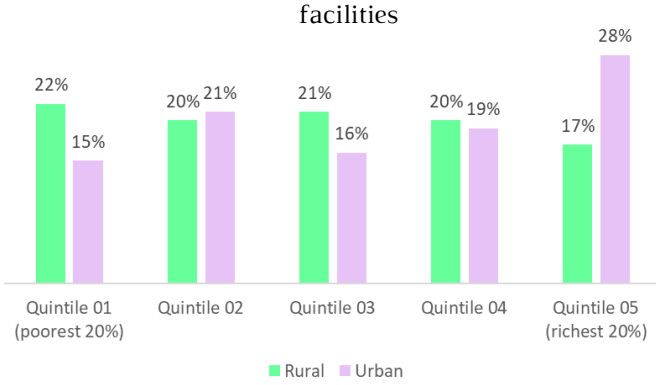
## To what extent benefits are reaching the citizens

Analysis of household-level data from the Household Income and Expenditure Survey (HIES) 2016 of Bangladesh Bureau of Statistics (BBS) reveals that in rural areas- benefits of public expenditure for health is being enjoyed by citizens from different income groups in a somewhat equitable manner. However, in case of urban areas- citizens from poorer households are lagging significantly behind in terms of enjoying the public expenditure for health.

Figure 4 shows that of all the urban healthcare seekers who goes to government-run health facilities, only 15 percent are from the poorest income quintile (i.e., from the poorest 20 percent household). Whereas the ratio is 28 percent for the richest income quintile.

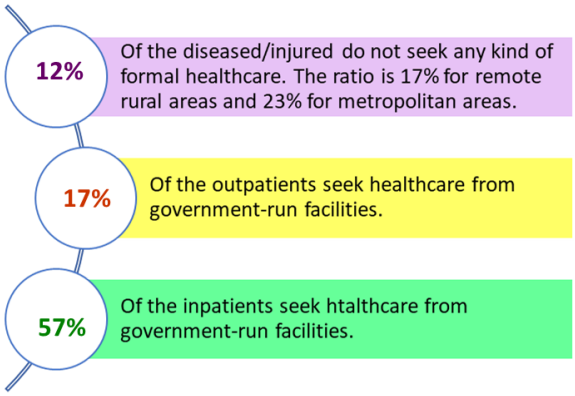
Further analysis of the HIES 2016 dataset reveals that a significant share of the diseased/injured in Bangladesh do not seek any kind of formal healthcare. And this share is higher for hard-to-reach and rural areas, and highest for the four metropolitan cities. Moreover, healthcare seekers in Bangladesh have been found to be relying heavily on non-government healthcare providers (meaning higher out-of-pocket health expenditure). As per WHO data of 2018, out-of-pocket health expenditure in Bangladesh is almost 74 percent of the total health expenditure in the country.

Figure 4: Ratio of people coming from different income groups to seek healthcare at government-run health facilities




*Source: HIES 2016, Bangladesh Bureau of Statistics (BBS)*

Figure 5: Publicly funded healthcare is yet to be accessible for all in Bangladesh



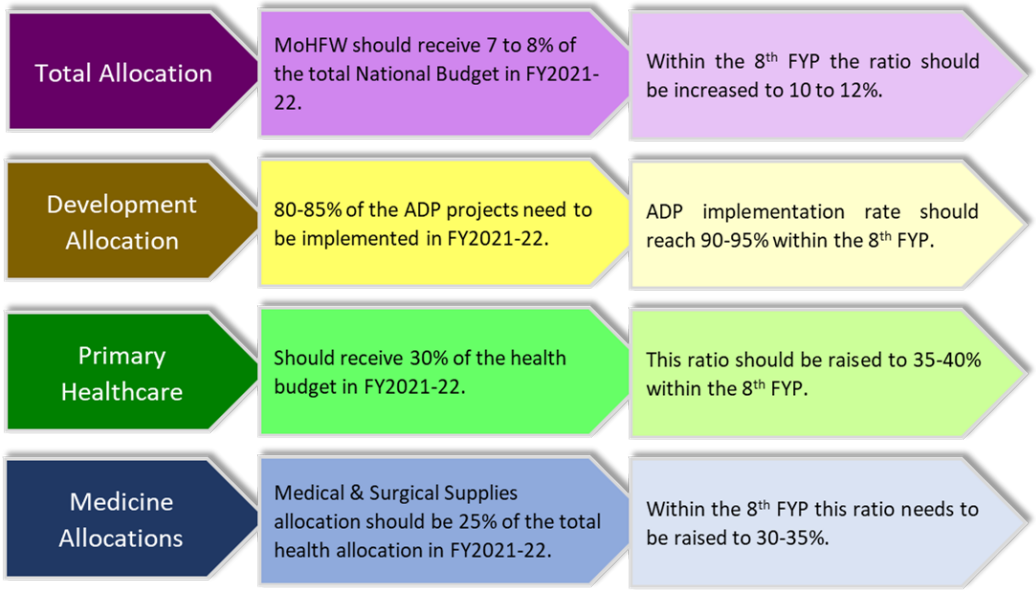

*Source: HIES 2016, Bangladesh Bureau of Statistics (BBS)*

## Policy Recommendations

To adequately address the issues mapped here, the Government of Bangladesh needs to set both immediate and medium-term (i.e., within the duration of the 8th Five Year Plan) budget allocation targets for health sector. The next figure shows the proposed targets (roadmap).

Additionally, the policy makers need to consider launching pilot-based projects under the development budget to address geographic disparities, enhanced access for lower-income households, increased coverage of government-run healthcare facilities etc. Universal Healthcare Scheme related pilot projects have been being implemented (in three upazilas of Tangail district). Lessons from those pilots need to be replicated on a priority basis.

Figure 6: Health budget allocation recommendations for the short- and medium-term




Health research remains a neglected area. A proper share of the increased health budget must go for health research. Above all, in the coming fiscal year, the government must ensure adequate allocations for COVID19 vaccination (getting at least 60-70 percent citizens vaccinated within the next 12 to 18 months). If required, the Government should consider curtailing budget of other sectors to channel adequate funds for this purpose.

## Source


*1) Asia Pacific Observatory on Health Systems and Policies. Health Systems in Transition Vol. 5 No. 3. 2015. Bangladesh Health System Review. World Health Organization (WHO).*

*2) Asia Pacific Observatory on Health Systems and Policies. Health Systems in Transition Vol. 5 No. 3. 2015. Bangladesh Health System Review. World Health Organization (WHO).*

*3) Byron, R. K. and Chandan, M. S. K. (2021, April 19). ADP Allocations for Health: Even in Pandemic, only 21pc utilized. The Daily Star. https://www.thedailystar.net*

*4) Budget documents of various years published by the Finance Division of the Ministry of Finance of GoB (available from the ministry website www.mof.gov.bd)*

*5) Data set of the Household Income and Expenditure Survey 2016, by Bangladesh Bureau of Statistics, Statistics and Informatics Division, Ministry of Planning, Government of the People's Republic of Bangladesh.*

*6) Medium-Term Budget Framework 2020-21. Finance Division. Ministry of Finance. Government of the People's Republic of Bangladesh.*

*7) Rahman, A. (2021, March 30). Benefits and Challenges of Bangladesh's Graduation from LDC Status. The Financial Express. www.thefinancialexpress.com.bd.*

*8) World Health Organization (WHO) Global Health Expenditure database (http://apps.who.int/nha/database).*


## About this publication

This policy brief is prepared by Bangladesh Health Watch and Unnayan Shamannay as part of an evidence-based policy advocacy initiative focused on public expenditure for health in Bangladesh. It aims to inform the honorable Parliamentarians (about health budget allocation trends and recommendations) during the budget session of the Bangladesh National Parliament in June 2021.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