



Transparency and
Accountability Project

PERU

The Route of Expenditure and Decision Making in the Health Sector

Principal Researchers
Eduardo Morón
Betty Alvarado

Research Team
Janet Porras, Omar Narrea, María Pia Basurto

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**Results for
Development**



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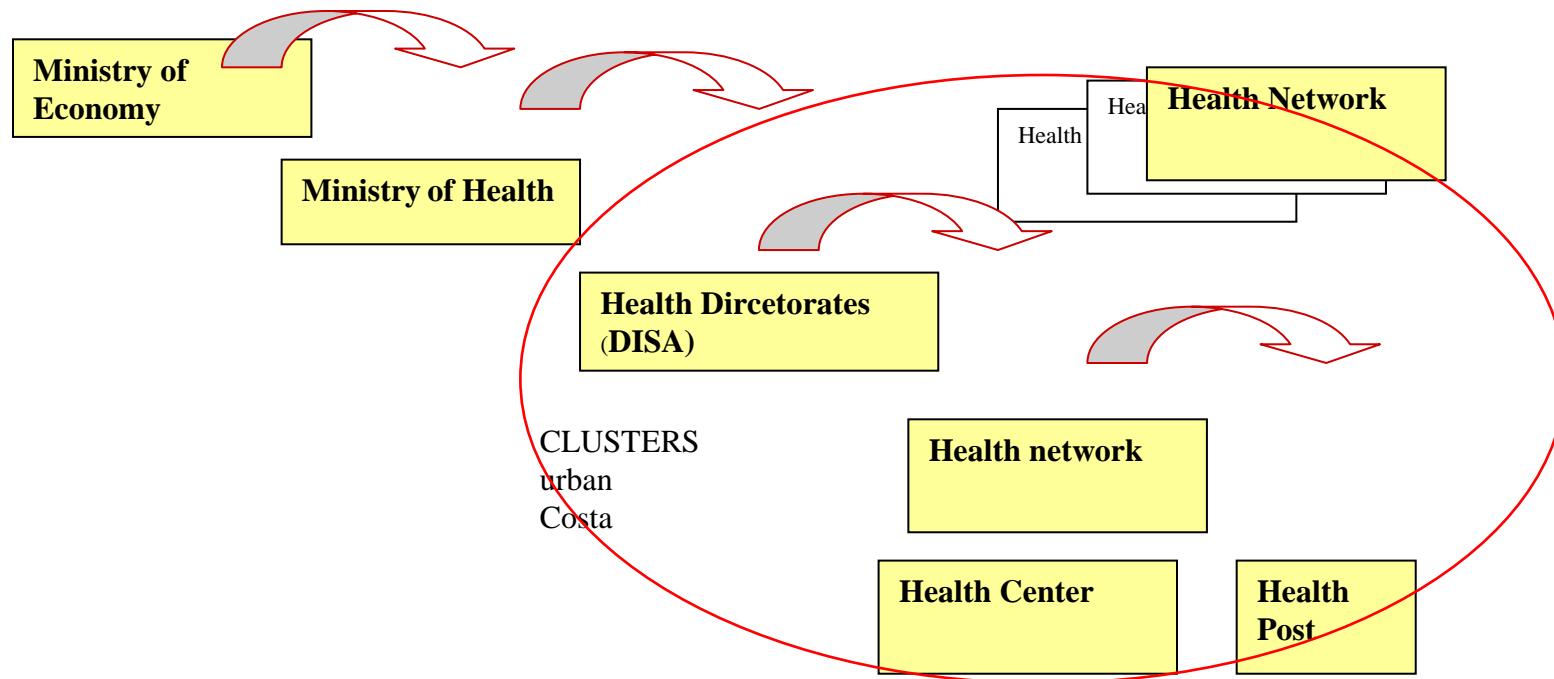
OBJECTIVE

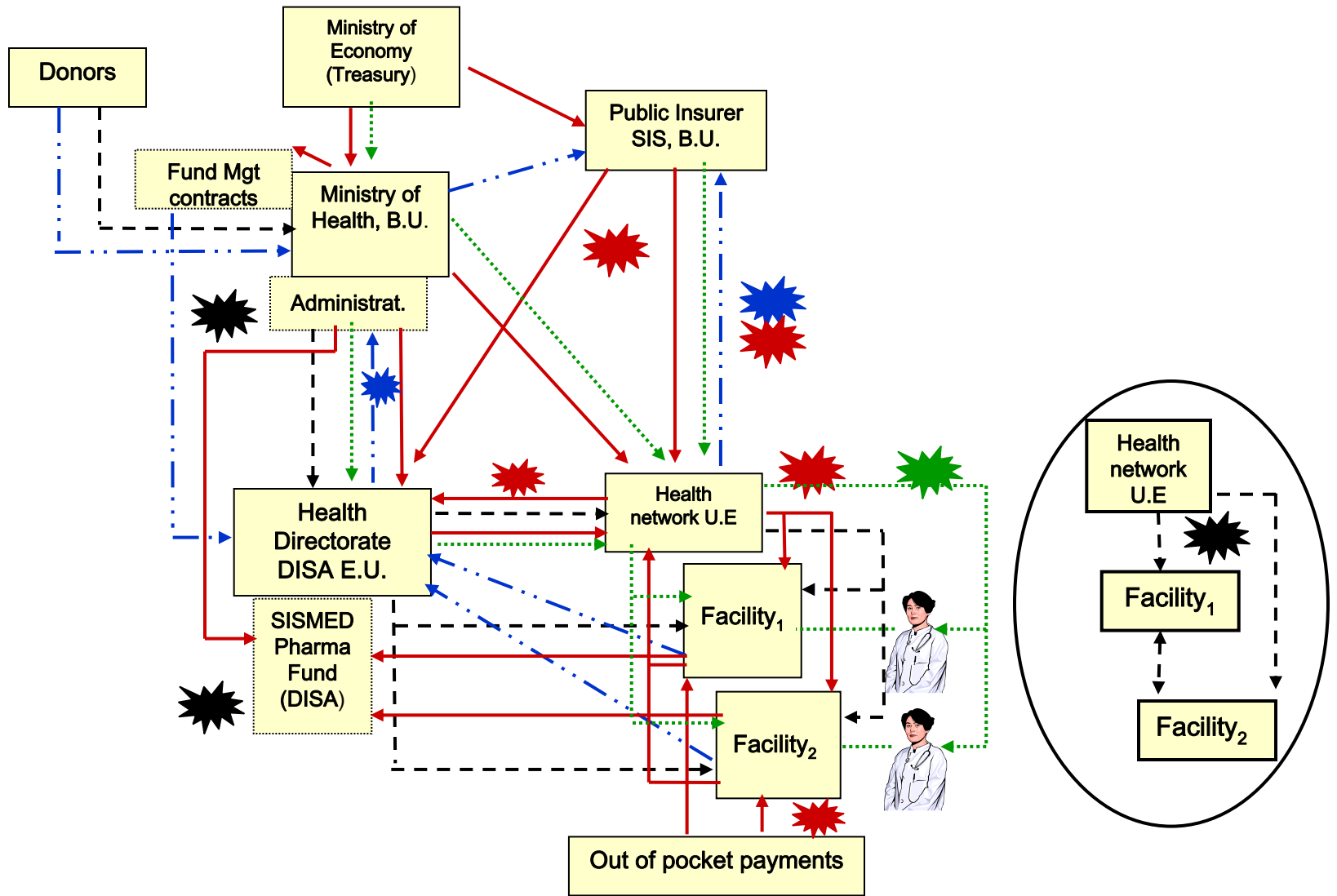
The main objective of the study is to clearly understand the logic and sequence of the budget flows, and to discover bottlenecks along the process that can be limiting the adequate use of the limited resources.

METODOLOGY

- From interviews to flows: monetary, goods and in-kind payments, salaries
- Identification of hot spots for further analysis
- Design of survey covering spots and cross issues: transparency, timeliness, volatility, incentives, autonomy
- Survey applied to front line providers in Primary Health Care in one cluster – Health Network – in Metropolitan Lima

SIMPLIFIED MODEL OF PETS





BUDGET FLOWS

- Monetary
- - -→ In-Kind (medicines)
- ...→ Salaries
- · - · → Information

MAIN FINDINGS

- HUMAN RESOURCES
 - Fiscal constraints to hire with tenure and improve salaries with ordinary resources and unions pressures, pushed the system to look for a exit using and institutionalizing tariffs to cover part of salary and bonuses.
 - Incidence analysis confirms that the cost of tariffs is bear by the poor, even in urban areas
 - Dependence of Human Resources in a fragile source can create bigger tensions between unions and government
- GOODS AND SERVICES, PHARMACEUTICALS
 - Weak intermediate level management, absence of assertive and capable administrative teams causes lost in the use of health professionals doing administrative tasks and procurement process failures
 - Used of tariffs for HHRR bonuses compete with goods and services availability (linked with above bullet)
 - Cases of scarcity and timeliness can jeopardize population health, case of petty cash and inputs for Vaccinations and Tuberculosis Control Program
- MANAGEMENT OF SIS (Public insurer) FLOWS
 - Non common objectives (principal-agent: SIS-providers) can be generating wrong incentives:
 - Late arrival of reimbursement
 - Lost of claims due to problems of protocol is bear by the facility
 - Late arrival of reimbursement from Network to Directorate to purchase medicines
 - Non-insured patients bear the cost of under stocks of medicines in pharmacies due to prioritization of SIS patients

AREAS OF POLICY DECISIONS

Back to basics

- ✓ Progressive Transition to Ordinary Resources (Fiscal Space) and increase in coverage of insurance,.
- ✓ Need case by case analysis and review the National System of Investment, special case of labor intensive sector.
- ✓ Progress in the Result Based Budget and a better definition of levels of responsibilities for results
- ✓ Strengthened human resources – middle level administrative support –
- ✓ Make transparent the costs and improve procurement and reimbursement of processes



“If the Ministry of Health...appears again in Ancash, I am going to kick him out personally...”

Regional President of Ancash

“This temper shows unfortunately an emotional imbalance”

Minister of Health

Source: El Comercio Newspaper, May 4, 2008



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**“IT IS NOT ONLY ABOUT HOW MUCH MONEY
IT WAS ASSIGNED,
BUT ALSO HOW, AND WHEN THE RESOURCES
ARRIVED TO THE SERVICE”**

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