KENYA NATIONAL ASSEMBLY

TENTH PARLIAMENT – FOURTH SESSION

REPORT ON THE BUDGET POLICY STATEMENT

By

Departmental Committee on Health

(Submitted pursuant to Standing Order 143 (4))

Clerks Chambers,

Parliament Buildings,

NAIROBI.

April, 2010

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PREFACE

The Departmental Committee on Health was constituted on 17th June 2009 during the third Session of the Tenth (10th) Parliament pursuant to provisions of Standing Orders 198 (1). The Committee executes its mandate in accordance with the provisions of Standing Order 198 (3), from which it draws its mandate to -

a) *Investigate, inquire into, and report on all matters relating to the mandate, management activities, administration, operations and estimates of the assigned Ministries.*
b) *To study the programme and policy objectives of Ministries and departments and the effectiveness of the implementation.*
c) *To study and review all legislation referred to it.*
d) *To study, assess and analyze the relative success of the Ministries and departments as measured by the results obtained as compared with their stated objectives.*
e) *To investigate and inquire into all matters relating to the assigned Ministries and departments as they may deem necessary, and as may be referred to them by the House or a Minister.*
f) *To make reports and recommendations to the House as often as possible, including recommendation of the proposed legislation*

In executing its mandate, the Committee oversees the following Ministries:

(a) Ministry of Medical Services
(b) Ministry of Public Health and Sanitation

The Departmental Committee on Health comprises of the following Members

The Hon. (Dr.) Robert Monda, M.P. - Chairperson
The Hon. (Dr.) Nuh Nassir, M.P. – Vice Chairperson
The Hon. Fredrick Outa, M.P.
The Hon. Joseph Oyugi Magwanga, M.P.
The Hon. (Dr.) Kioko Munyaka, M.P.
The Hon. Cyprian Omollo, M.P.
The Hon. Sheikh M. Dor, M.P.
The Hon. (Dr.) David Eseli, M.P.
The Hon. Joseph Lekuton, M.P.
The Hon. Thomas Mwadeghu, M.P.

Pursuant to Standing Order 143 (4) in considering the Budget Policy Statement, the Budget Committee shall consult each Departmental Committee and shall, not later than 15th April, lay its report before the House.

The reason for having the Budget Policy Statement is to allow the Committee to give input which will be presented to the Minister for Finance by the Budget Committee. It allows the Committee to check whether planning is pegged on available resources.

The Departmental Committee on Health perused through the Budget Policy Statement and has made the following observations on the Budget Policy Statement in the key areas touching the Ministries under its mandate and is happy to present its findings to the Budget Committee.

Acknowledgements
The Committee is grateful to the Offices of the Speaker and the Clerk of National Assembly for the support they gave this Committee during its consideration of the Budget Policy Statement. It is also grateful to the Parliament Budget office for the meaningful contribution to the content of the report.

The Hon. (Dr) Robert Monda, MP

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Chairperson
Departmental Committee on Health

Dated: April 11, 2010

BUDGET POLICY STATEMENT REPORT BY THE DEPARMENTAL COMMITTEE ON HEALTH

1.1 Back ground

Good health is a pre-requisite for socio economic development of the country. Furthermore; health is now widely recognized as a basic human right. The new Kenyan constitution, therefore, places great demands on the health sector as it is expected to lay a firm –enabling environment needed to translate the expectations embodied in the constitution into reality .the constitution revolutionalizes the mode of governance and management of public health services

To most Kenyans ,the promulgation of the constitution is a major milestone towards the improvement of health standards .citizen `s high expectations are grounded on the fact that the new constitution states that every citizen has right to life ,quality healthcare, reproductive health emergency care ,free from hunger , clean safe and adequate water for Kenyans ,reasonable standards of sanitation ,food of acceptable quality and a clean healthy environment

This wide range of rights presents new challenges to the public health sector ,which calls for the ministries of health to consolidated gains made in respect to provision of service delivery ,leverage existing decentralized structures in health ,and re –position themselves to fulfill these expectations

The Health trends derived from the recent 2008/09 Kenya Demographic Health Survey (KDHS) show that many of the health indicators in Kenya have improved between the 2003 KDHS and the 2008/09 KDHS, use of contraception rose from 39 percent ,infant mortality rate decreased from 115 per 1000 live births to 74 .two of the indicators which did not show signs of improvement are maternal mortality at 488 per 100,000 live births (up from 414 in 2003) ; and malnutrition with 35 percent of children under five stunted up from 30 percent in 2003.

The health facility deliveries (from 40 to 43 percent) show slight improvements between 2003and 2008/09 KDHS .however ,there are significantly lower rates of delivery in health facilities in rural areas (35 percent) than urban areas (75 percent), along with significantly higher total fertility rates in rural areas (5.2) than urban areas (2.9) these numbers reflect the challenges in providing care to rural populations of Kenya and the huge variation in access to and utilization of care across the country.

HIV/AIDS continues to be of the most serious public health challenges in Kenya .the 2008/09 KDHS reported t hat the national prevalence rate for adults aged 15-49 was 6.3 percent, which is down from 6.7 percent in 2003. there are wide regional variations in HIV prevalence .Kenya `s relative success in rapidly scaling up access to anti-retroviral

treatment may account for some increases in prevalence currently ,there are nearly 400,000 people on ARV

A high disease burden I a barrier to economic growth – Most of sicknesses are caused by preventable conditions. Top five causes (malaria, Disease of the Respiratory System, Diseases of the Skin, diarrhea, and accidents) of outpatient morbidity account for about 70% of total causes with malaria contributing about a third to total morbidity.

1.2 Indicative progress in implementation of 2010/11 approved budget

i) Ministry of Medical Services

(a) Infrastructure improvement.

- The ministry continues to give priority to improvement of infrastructure.
* During the current financial year (2011/2011), the ministry is implementing development projects in 100 hospitals spread in all the provinces of the country. 86 out of these hospitals are 100% Government of Kenya funded.
* Some of these projects commenced in earlier financial years but had stalled. Some are being completed and others will continue to be implemented during the financial year 2011/2012.

(b) Strengthening hospital management.

- Health managers have been trained on health systems management.
- Strategic management and leadership training.

(c) Strengthening procurement and supply of health commodities (Recruitment of senior management staff).

(d) Human resources management

(i) Recruitment of 3,000 health workers.
(ii) Absorption of contract staff – 2000
(iii) Implementation of succession management circular – 15,000 benefited.
(iv) Translation of terms of services for 4,000 staff.
(v) Development of National Human Resources for Health Strategic Plan.
(vi) Development of Human Resources Information System.
(vii) Installation of integrated Records Management System.

(e) Enhanced periodic supportive supervision to hospitals has improved the environment and quality of services being offered within the existing financial resources.

(f) E-Health Strategy is being finalized to facilitate application of advanced ICT in treatment.

ii) Ministry of Public Health and Sanitation

iii) On – going projects emphasis is to complete on – going project, flag ship project and projects with high impact on poverty reduction and equity, employment and wealth creation

iv) Strategic policy interventions: priority is given to policy intervention covering the entire nations, regional integration, social equity and environmental conservation.

1.3 Key/Main expenditure area

Ministry of Public Health and Sanitation

a) Non –discretionary expenditure namely staff salaries take first changes
b) Operation and maintenance
c) Development expenditure. Shared out of on the basis of vision 2030 and MTP priorities

Ministry of Medical Services

The major expenditure items under the recurrent vote for 2011/2012 are personnel cost (55% of total allocation) and Parastatals (27%), leaving only 18% for procurement of drugs, non pharmaceuticals and operational costs for all hospitals and headquarters

1.4 Ministries priority areas for funding in 2011/12

Ministry of Medical Services

The Ministry of Medical Services has been allocated a total of Ksh 28.4 billion against a resources requirement of Ksh. 64.5 billion, translating to an under-funding of over 50%.

The total budget allocation for the Ministry of Medical Service has increased by Kshs. 480 million, or 2.3 percent, in nominal terms from the 2010/2011 financial year. The increase is on personnel related items and from Development partners.

Ministry of Public Health and Sanitation

The MOPHS has allocated Kshs 22.515 Billion for the financial year 2011/2012. Recurrent Ksh 9.558 Billion, Development Kshs 12.957Billion. in the financial year 2011/12 the following is the Ministry's area of focus

a) Increase number of immunize children
b) Availability of family planning facilities.
c) Number of schools implementing a comprehensive school health package
d) Number of school age children de-wormed at least once per year
e) Increase awareness on childhood disease prevention interventions
f) Increase awareness on water safety

g) Improve hospitals infrastructure (health care infrastructure)
h) Strengthened human resource
i) Improve hygienic practices; improved community participation
j) 3.5 million clients counseled and tested
k) 80% of pregnant HIV+ mothers receive ARVS
l) Availability of condoms, ARVS
m) Reduction of disease prevalence through primary health care interventions

1.5 Identified gaps/ areas left out

Ministry of Medical Services

a) Personnel related items.
The ministry has made Human Resources a policy priority for the last three financial years. The Ministry recognizes that there is inadequate health professionals in the public health sector and will continues to address this matter through hiring additional staff including nurses, clinical officers, and other key health personnel over the short term. These efforts will reduce the burden of high patient/staff ratios currently being experienced within the public health institutions. The resource requirement under personnel for 2011/2012 financial year is Kshs 18.1 billion. However, Treasury allocated Kshs. 12.9 billion resulting to shortfall of Kshs 5.2 billion.

b) KEMSA
- The operation of KEMSA have been greatly hampered by inadequate funding leading to pending bills in medical commodities and operations,
- In order for KEMSA to operate as stipulated in its mandate, during the FY 2011/12m it will require.

i) Ksh 350 million for rationalization and compensation of employees.
ii) Kshs 850 million for use of goods and services, which includes distribution of medical commodities.
iii) Acquisition for non-financial assets of kshs1, 000 million, warehouse renovation 500 million and a further Kshs. 1,200 as capitalization funds.
iv) Total KEMSA requirements for 201/12 are Ksh 3,900 million.

However, the allocation to Parastatals (KNH,Moi teaching and Referral, KEMSA,NHIF) under the Ministry amounts to a net total of Kshs. 6429,923,384 in 2011/2012 financial year. This is the same amount allocated in 2010/2011 financial year. Nevertheless, critical issues on Parastatals include;

1. Implementation of the Collective Bargaining Agreement (CBA) for unionisable staff at KNH.

2. Harmonization of salary for state parastatals.
3. Rationalization of staff at KNH and KEMSA.
4. Infrastructure development.
5. Capitalization of KEMSA to ensure adequate buffer stocks and no stock outs and
6. Compensating hospitals for expenses incurred by the patients who are not able to pay their bills (mostly the poor
7. Pension contributions.

c) Hospital Management Services Fund.

The ministry has operationalized the Hospital Management Services fund (HMSF) in line with Legal Notice No: 155 of 16th Oct. 2009 whose objective is to streamline the flow of financial resources for medical supplies, support capacity building in management of health facilities, and improve the quality of health care services in the health facilities. In order to sustain the process, the ministry requires Kshs 3,000 million in 2011/2012 financial year to hospitals through the HMSF for operational costs. To make the facility committees a countable and transparent, the Medical Services Sub-sector requires another Kshs. 300 million each year for the next three years towards building of hospital management Committees across the county. However, 2011/2012 budget, Treasury allocated Kshs 879 million, same amount as 2010/2011 financial year.

Ministries of Public Health and Sanitation

- County health facilities and pharmacies
- Ambulance services – the treasury is too slow
- Promotion of primary health care

1.6 Challenges bedeviling both Ministries

Ministry of Medical services

i) Access and Equity

Despite the expansion of health facilities, provision of health services remains uneven and the sub sector continues to face a challenge in the geographical distribution of its health workforce. Many health facilities are not adequately equipped according to norms and standard. Furthermore, ensuring sufficient supplies and equipment remains problematic, especially in remote areas.

ii) Staffing

The medical services sub sector continues to have inadequate key health staff like doctors and nurses. Overall, Kenya has only 17 doctors and 120 nurses per 100,000 populations' respectively. There exist regional disparities in the distribution of the existing health workers, where arid and semi-arid areas are disadvantaged with less staff. Other challenges include:

Vision 2030 indicates plan to shift to promotive care in a bid to address environmental threats to health through the use of education programs: it will require a deliberate move by health sector stakeholders to invest in community extension workers. The country as a whole and the sub-sector in particular is likely to make saving and benefit immensely from such strategic arrangements given the accessibility and quality challenges surrounding rural health service delivery initiatives.

1.8 CONCLUSION

The health subsector (comprising of ministry of medical services and ministry of public health) is among two other ministries that from the human resource development sector. The sector envision achieving economic growth targeted, effective and efficient public spending. This is one of the most significant, subsector was a allocated a total a total of Ksh. 41.5 billion representing 6.5% of the estimated government budget and 1.5% of the Gross Domestic proud (GDP)7. Nevertheless, the huge budgetary requirements and subsequent allocation have consistently not translated to improved quality of services. Indeed, the status of health delivery in the country is said to be over whelmed by a huge disease burden dominated by HIV/AIDS prevalence, where south Africa has the highest rates, Kenya is seen to lag behind.

The question that begs answers is whether there is need to prioritize health need in the country given the scarce resource in a way that is like to translate to tangible healthy outcomes. The sub-sector through vision 2030 outlines plans to restructure for the medium term with strategic objectives summarized as follows (i) revolutionize the health care infrastructure (ii) strengthening of health care service delivered and (iii) developing of health care financing systems.
The subsector in its MTEF report for 2011/12 and the medium plans to prioritize;

(i) where the ministry plans to improve the quality of these services by targeting priorities areas such as provision of essential medicine supplies (EMMS), including ARVs, malaria (much of which is supported by the global funs), strengthening the provision of health services , and infrastructure improvement in line with MDGs;
(ii)To compliment curative services, the ministry intends to strengthen the referral services to enable such institutions like Kenyatta and Moi referral performs their core mandates effectively. The above intervention are to be developed alongside the implementation of a monitoring and evolution (M&E) system for monitoring the quality of health care provided and setting standards for service delivery while introducing e-health;
(iii) The ministry further is to spend Ksh 13billion on preventive and promotive health and specifically on
(a) Disease control services. This include control of communication and non communicable disease e.g. malaria, TB and lung disease; HIV/AIDs and vector borne

disease. To accomplish these, the ministry plans to strengthen the surveillance and oversight mechanisms, coordination of epidemic preparedness and Response and conduct epidemiological investigations on suspect disease outbreak;

(b) Provision of family health interventions targeting the health of mothers and children with particular focus on immunization, family planning, reproductive and nutrition services;

(c) Environment health where improving of environmental health and hygiene is key to lowering disease break out;

(d) strengthening National public Health laboratories and laboratories at level 3 which is intended to enhance disease diagnosis and management and lastly

(e) Primary health services by constructing and equipping of rural health centre's and dispensaries. Previous attempts by the Government to improve affordability of services at health facilities through cost sharing and waivers have turned out to be ineffective and its implementation impractical.

(h) Strategic rural health infrastructure development: efforts by Government to provide certain critical services at primary health care facilities to increase uptake of services cannot be underestimated. The Kshs 14.4 billiion projection for 2011/2012 And a systematic increment in the medium term to Kshs 18 billion is therefore expected. However, investing in infrastructure of primary health care facilities will only make economic sense if there is a rethinking in the distribution of both the facilities and the staff while developing an incentive structure that can ensure staff retention.

(i) Health care financing: efforts by government to increase accessibility of health services by lowering costs cannot be understated. In its MTP (2008 – 120, plans to develop a policy framework for institutionalizing Public-Private Partnership (PPP) was outlined. In addition, the sector planned to enact a policy to guide health sector financing that will inform debate on National Social Health Insurance Fund through increased sensitization and membership. Efforts to target the informal sector and those in self-employment will increase contributions and hence possibilities of diversifying products to include outpatient and other terminal diseases currently beyond the affordability of majority of Kenyans. Further, the Fund needs to strengthen its structures in readiness for any systematic transformation likely to foster accessibility of health care service, transparency and accountability.

Signed: .....

Hon. Dr. Robert Monda, M.P. Chairperson, Health Committee

Date: 12TH APRIL 2011