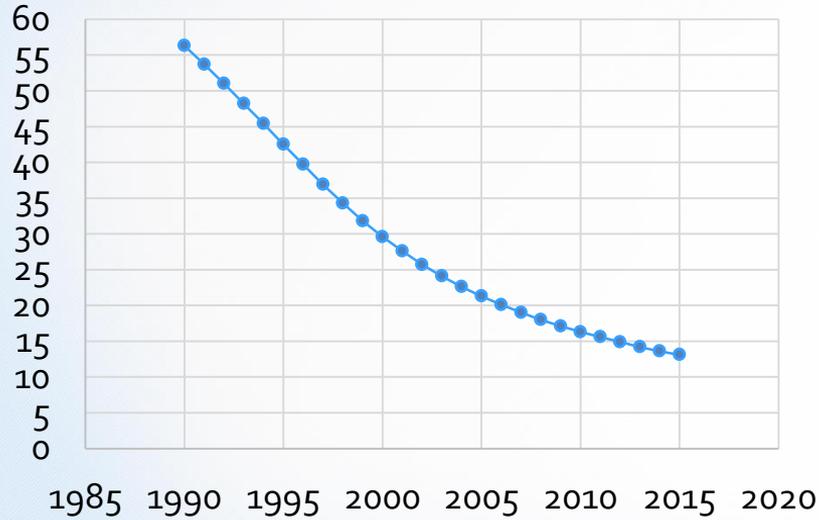




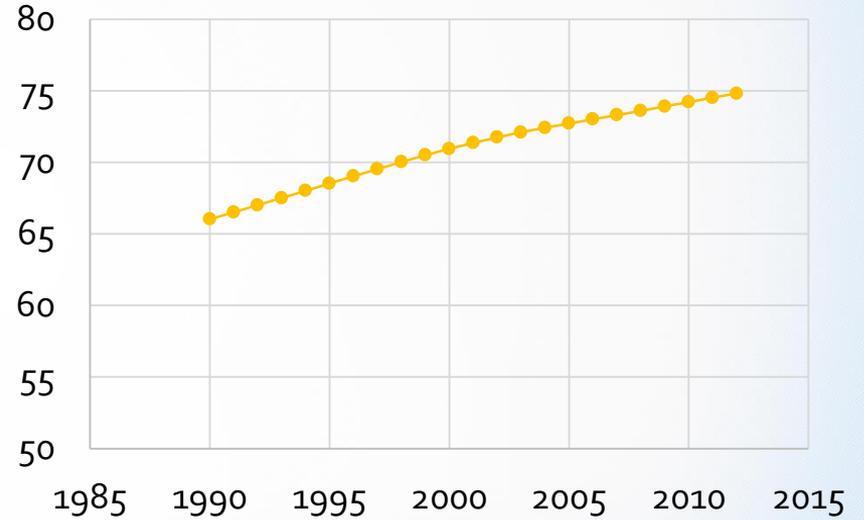
Peru's experiences with DRM for health

September | 2016

Peru has made significant progress in health

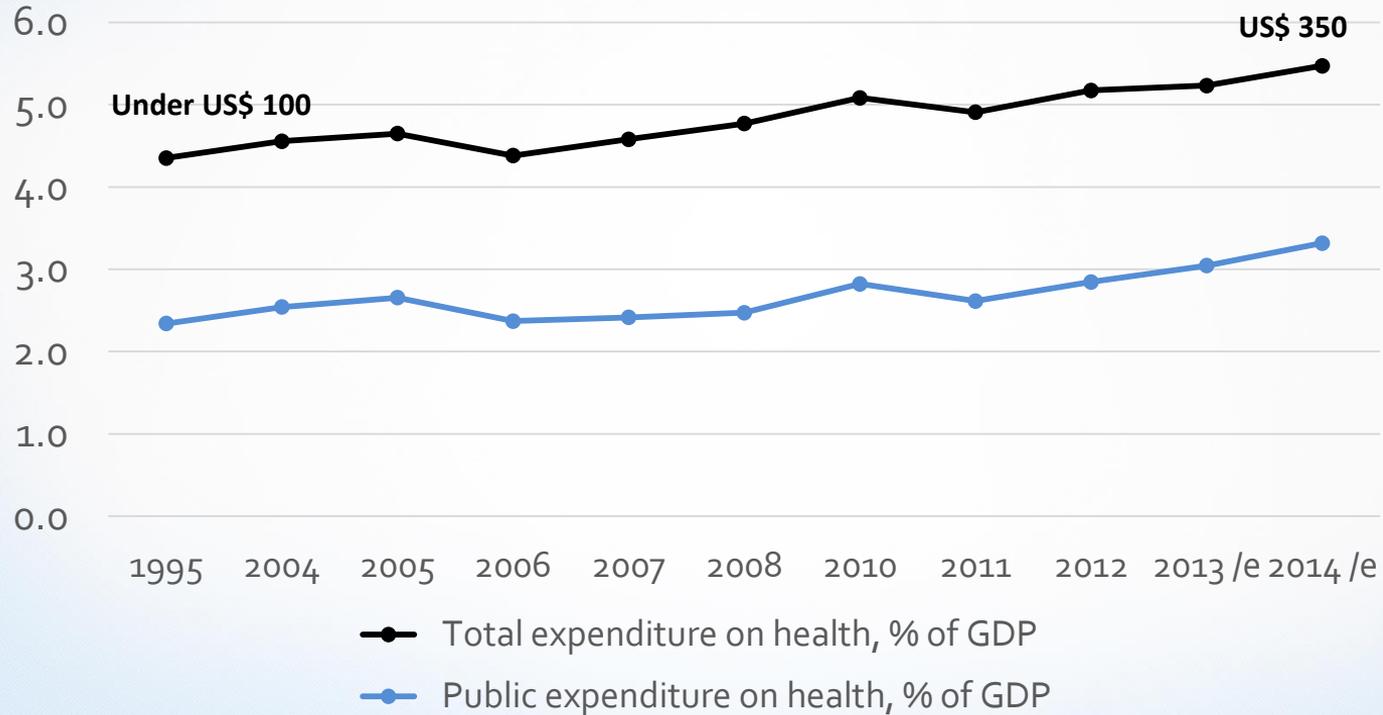


—● Child mortality rate (per 1000 live births)

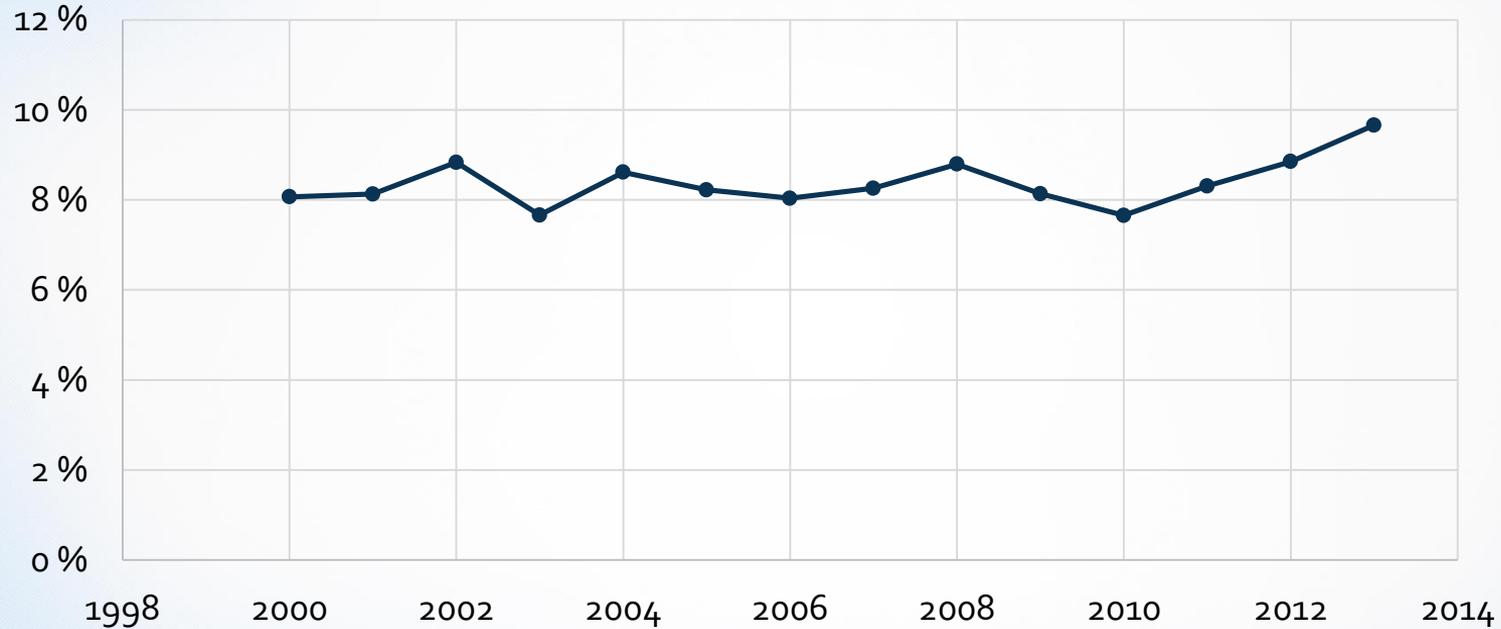


—● Life expectancy at birth, total (years)

Increased spending on health

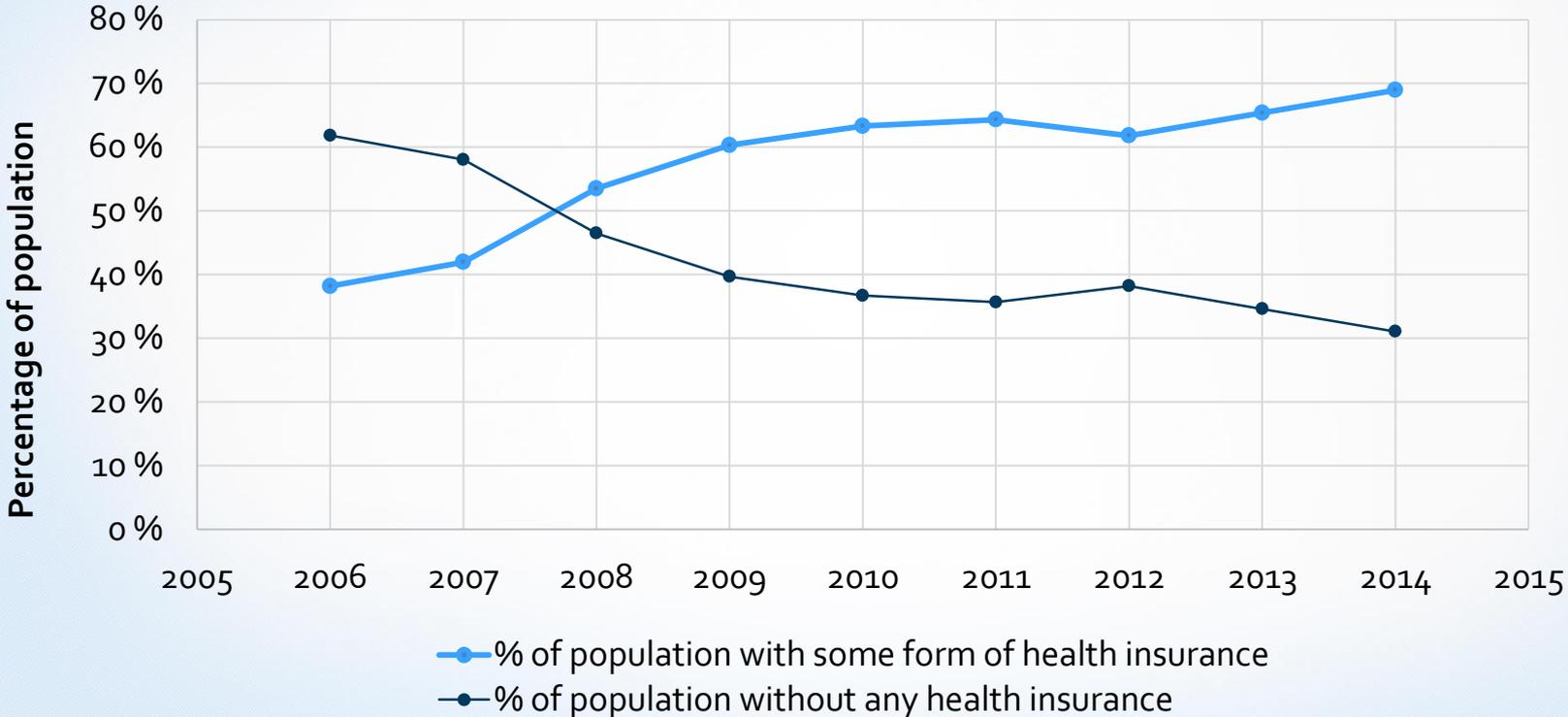


Increased priority of the health sector in the public budget

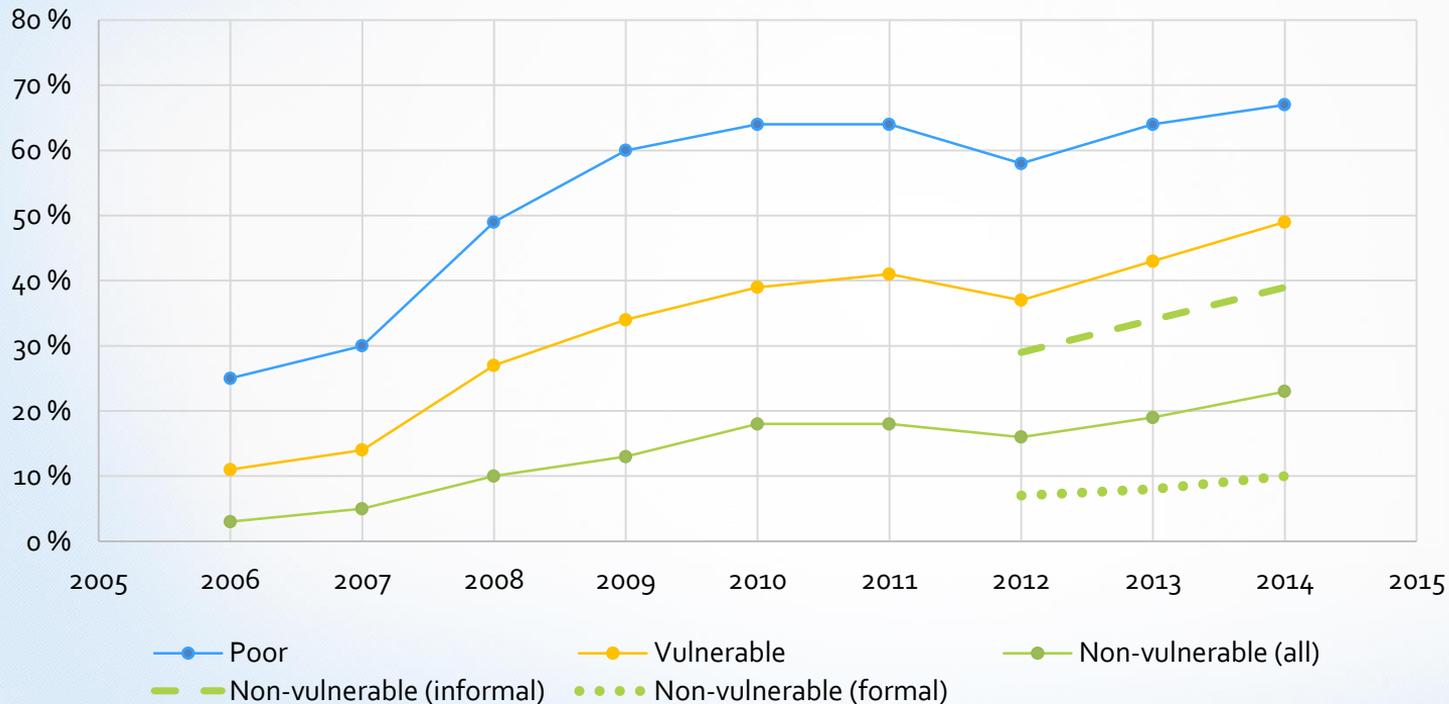


—● Public expenditure on health, % of public spending

Percentage of population with and without health insurance, 2006-2014

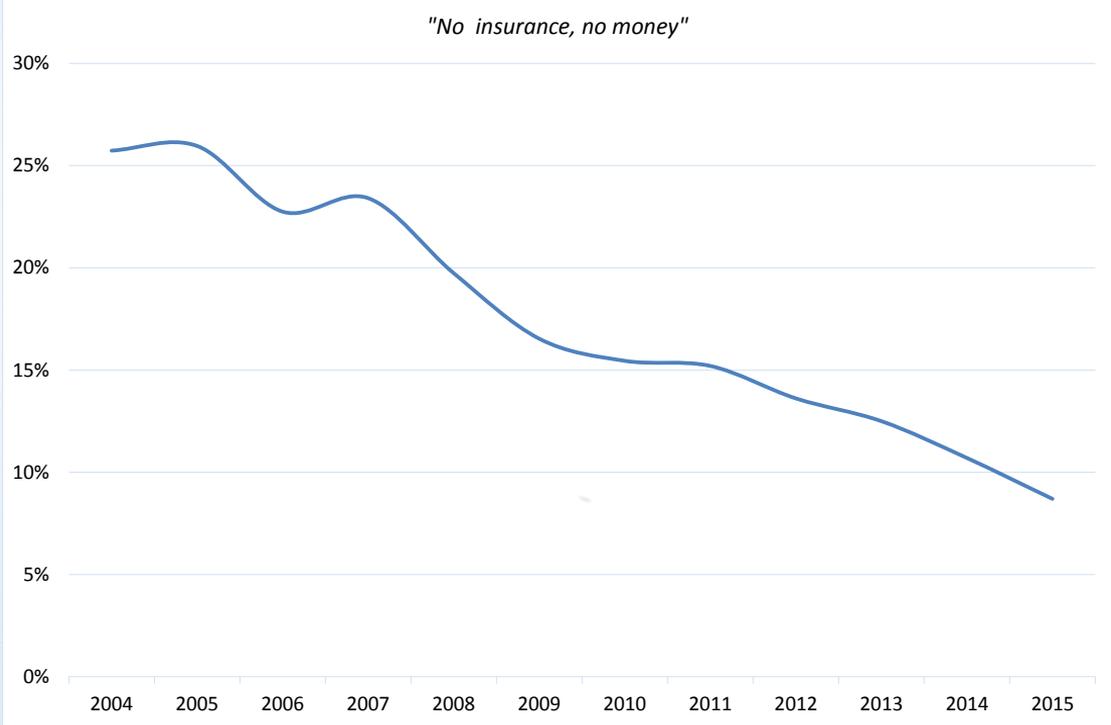


SIS (public tax-financed insurer) is well-focused on the poor and vulnerable



*Rate of affiliation to SIS,
2004-2014 according to
ENAH0*

Financial barrier to access has declined substantially



% of people that being ill have no access to health care



Domestic Resource Mobilization 2012-2015

Government Health Budget: 60% increase (nominal terms)
Budget execution: from 80% to 93%

Factors of success

- Political will of the President to increase government health expenditure to implement key reform policies:
 - Strengthen SIS (centralized public insurer) and expand coverage
 - Implement national health investment policy under MOH
- Enhanced capabilities for economic analysis in the MOH

Relationship between the MOF and MOH

- The relationship between MOH and MOF is usually asymmetric.
- MOH has limited capacities to understand (macro)economic analysis, which undermines its position in the negotiations.
- MOF sees MOH as resource consuming with weak linkages to results and service improvement
- Short vs. mid term perspectives
- Biggest challenge: Timely and accurate information on performance and efficiency.

The process

- Usually the MOF informs the Ministries of their budget ceilings in June and there is little room for negotiations
- During my tenure, the President instructed MOF that priority should be given to Education and Health and that the negotiation process with these two sectors should precede the other Ministries
- We started in March and centered the negotiations on key reform policies: expansion on public health insurance coverage; investment policy (including PPPs); wage reform for health personnel, among the most important

The process

- These negotiations were held at the highest level: MOF and MOH Ministers and Vice Ministers
 - Direct preparation and involvement of the Minister of Health is crucial
- Specific details and information sharing was delegated to technical working groups of both ministries
- The MOH team developed the proposals and these were discussed in the meetings with the Ministers
- Adjustments were developed in the technical meetings and brought back to the meetings with Ministers. (3 meetings, at least)

Materials

- The base document is the **Multiannual Macroeconomic Framework** (MMF) prepared by MOF, which establishes macroeconomic conditions and fiscal goals for 3 years
- **National Health Accounts** (1995-2014) and several studies of **Fiscal Space for Health**
- MOH developed materials for the formulation of budget requirements considering:
 - Past expenditures and agreed upon commitments
 - New requirements associated to key policies
- Although the negotiations were limited to the annual budget, it was useful to project budget requirements for 3 years in alignment with the MMF as reference

Advice for MOH

- Present a sound and feasible program to back your budget negotiation:
 - Evidence base
 - Performance indicators
- Get support from the highest political level
- Start negotiations with enough time
- Attract and “invest” in economists with sound micro and macro background.

Advice for MOF

- Allow appropriate time for negotiations
- Change to a mid-term mind frame
- Ask for evidence of the proposed policies
- Ask for performance indicators for short and medium term that can be monitored with the MOH.
 - Funding of health information systems
- Incorporate health economists with an understanding of the health sector

What would I do differently

- Greater attention to indicators and communicating them to the public opinion and main stakeholders



Thank you