

MINISTRY OF HEALTH



REPUBLIC OF GHANA

PROGRESS REPORT

ON

IMPLEMENTATION OF 2007 CAPITAL INVESTMENT PLAN

28TH FEBRUARY 2008

MINISTRY OF HEALTH
REPORT ON THE IMPLEMENTATION OF
2007 INVESTMENT BUDGET

Introduction/Background

Various actions were undertaken within the 2002-2006 5-year POW aimed at improvements in transparency and equity in procurement, as well as efficiency in supervision and cost control of health infrastructure development. These resulted in strengthened policies on development of primary care services, and improved capacity for the management of infrastructure and adherence to standard designs for facilities. Database for Monitoring and training manuals have also been developed for capital investment and estates management in the sector.

The in-depth review report on the second five-year (2002-2006) Capital Investment Plan (CIP) however, revealed that the linkage between policy and planning and service delivery remains weak and inadequate. Besides, the recurrent cost implications of investments in health infrastructure have not been estimated on a regular basis prior to investment decisions.

In the area of medical equipment, even though substantial progress has been achieved in equipment management, capacity in areas of acquisition, distribution, installation, use and maintenance require further strengthening. Inadequate resources to purchase requisite equipment and to fully implement the maintenance and replacement policy had resulted in the lack of and poor maintenance of equipment in health facilities. A significant proportion of projects has not been completed due to changing priorities or inadequate resources.

The re-occurring cost overruns of the investment budgets over the years and the dwindling inflow of funds amidst several ongoing capital projects has been a challenge to the management of the Item 4 budget. The implementation of the 2006 budget, for instance, suffered a major set back when over GH¢7.0 million debt incurred in 2005 had to be settled out of the 2006 budget. In addition, GH¢5.0 million unanticipated exchange rate loss incurred under the supply of equipment under the Spanish Protocol 1 was disbursed from the 2006 GOG investment budget. The year 2006 therefore ended with outstanding payments of about GH¢5.5 million which had to be cleared with funds vired from other sources.

As a result of prudent rationalisation of the Item 4 budget instituted in 2005, debts in the sector have gradually been cleared to pave way for the completion of ongoing projects. In 2007, for example, specific guidelines were issued for the implementation of the investment budget and this largely accounted for the negligible debts at the end of the year.

The recommendations of reviews, improvements and progress chalked in the last 3 years and current challenges therefore, shaped the structure of the 2007 POW which, incidentally, marks the beginning of the third five-year CIP.

2007 Programme of Work

The 2007 policy thrust for infrastructure development focused on increasing geographical access, adequately maintaining, upgrading relevant health institutions and deepening inter-sectoral collaboration to increase access to health enhancing facilities. The thrust for equipment, on the other hand focused on strengthening its planned preventive maintenance programme while mobilizing resources to replace old and obsolete equipment.

The main sources of funding for 2007 capital investment are GOG, HIPC, IGF, NHIF, and earmarked funding under concessionary loans and grants. There was no funding from the donor pooled fund as a result of the shift to Multi-donor budget Support (MDBS). The budget estimates cover the following main components of health sector investment:

- Infrastructure development (health facilities, staff accommodation, training institutions and offices),
- Procurement of equipment and vehicles for service delivery and management; and
- ICT deployment.

Inadequate financing posed a great challenge to the implementation of 2007 planned programmes and activities. Out of a total funding requirement of $\text{¢}2.38$ trillion or GH $\text{¢}2.38$ million for the period only $\text{¢}911.87$ billion or GH $\text{¢}91.18$ million was available for allocation leaving a gap of $\text{¢}1.47$ trillion or GH $\text{¢}147.00$ million.

In view of this, most of the planned programmes and activities for the period did not receive budget allocation for implementation, and all ongoing projects that could not be financed within the budget were suspended and no new projects were approved for implementation.

The criteria for prioritization of projects for implementation in 2007 are as follows:

- Projects requiring counterpart funding.

- Projects procured under international competitive bidding with legal implications for delayed Payments;
- Payment of all outstanding bills
- Projects earmarked for completion in 2007;
- Projects urgently required in deprived areas especially those that address demands on the NHIS and increase access to health services with emphasis on areas with gaps;
- Reactivation and completion of relevant suspended/abandoned projects that address the health related MDGs with focus on maternal health.

The total funding ceiling approved by MOFEP for the implementation of the year's CIP was GH¢91,183,690.00 with the following breakdown:

• GOG	-	10,328.80
• Donor	-	0.00
• EARMARKED	-	42,027.09
• HHIS	-	34,034.00
• IGF	-	<u>3,293.80</u>
• Total	-	91,183.69

The distribution of the budget ceilings by Agencies was as follows:

• Ghana Health Service	-	22,959.78
• Korle-Bu Teaching Hospital	-	2,745.31
• Komfo Anokye Teaching Hospital	-	13,837.80
• Tamale Teaching Hospital	-	16,200.00
• Statutory Bodies	-	22,015.00
• MOH, Training Schools, Equipment & Transport	-	<u>13,425.80</u>
• Total	-	91,183.69

The tables below summarize the capital investment plan for the year with detailed breakdown of budget allocations by source of funding for the agencies of the Ministry and allocations by investment activities.