



BANGLADESH
HEALTH WATCH

POLICY BRIEF, JUNE 2022

**REVIEWING
HEALTH SECTOR
ALLOCATION:
BUDGET 2022-23**

Current health expenditure per capita is still only \$45

Reducing the medical expenses of the citizens is a significant challenge for the Government of Bangladesh, which hinders the health protection of the people. According to the Bangladesh National Health Accounts 1997-2020, Bangladesh's per capita current health expenditure is only \$45, which is lower than the other South Asian countries (Afghanistan \$50; Bhutan \$103; India \$73; Nepal \$58; Sri Lanka \$157).

More than two-thirds are out-of-pocket expenditure

And the largest share of this inadequate health expenditure is borne by citizens (out-of-pocket expenditure is 68 percent), while the government spends only 23 percent. The remaining 9 percent comes from private sector organizations, NGOs, and development partners. South Asian countries spend an average of 5.1 percent of their GDP on the health sector, while, in Bangladesh, combinedly public and private sectors spend only 2.34 percent of GDP on health.

Health sector allocation remains around 5.5 percent of total budget

To achieve the Sustainable Development Goals (SDGs) by 2030, GoB must increase investment in health sector development. Sectoral progress for each SDG target and indicator relevant to healthcare is already evident. GoB is pursuing several strategies for the development of the health sector in the medium-term, including improved maternal and child health care, quality and specialized health care for all, control of communicable and non-communicable diseases and new diseases related to climate change, the establishment of a developed and efficient pharmaceutical industry and efficient health and nutrition sectors and relevant human resource development, etc. The health sector has faced numerous challenges during the COVID-19 pandemic. Hence, the government should give more importance to increasing investment in this sector to ensure sustainable health and human resource development in the medium and long term.

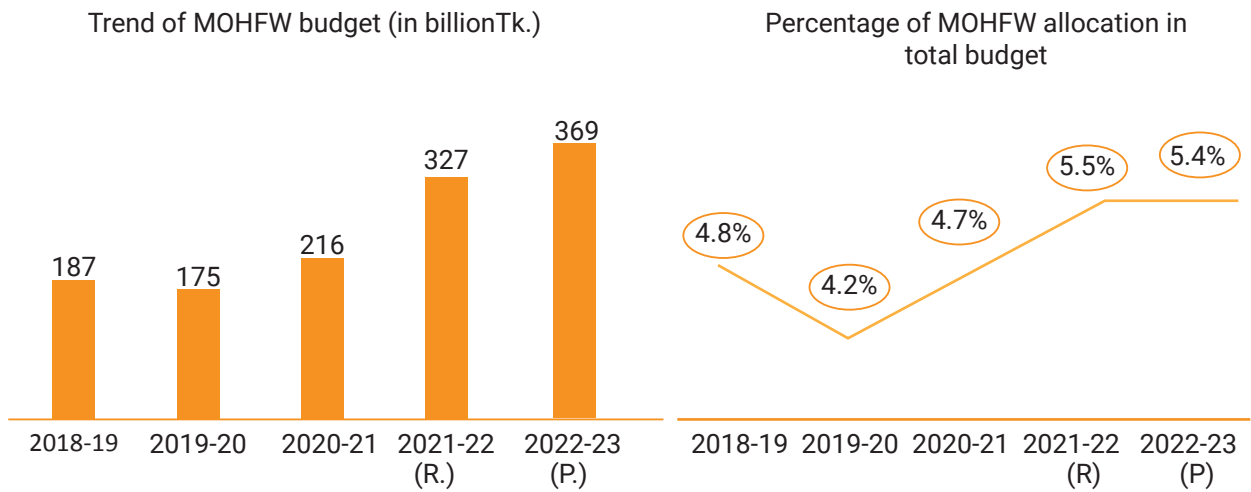
PROPOSAL FOR INVESTMENT IN HEALTH SECTOR IN BUDGET 2022-23



In the proposed budget for Fiscal Year (FY) 2022-23, the total allocation for the health sector (i.e., for the Ministry of Health and Family Welfare-MoHFW) is nearly Tk. 369 billion, less than 5 percent of the national budget. This year's proposed health budget has been increased by 14 percent from the revised FY 2021-22 budget. In the last few fiscal years, the said sector allocation has gradually increased in terms of amount, but it is not increased as a percentage of the total budget. In the upcoming fiscal year 2022-23,

the Health Services Division (HSD) operating expenditure allocation under MoHFW has been raised by 2 percent, and the same allocation increase is 18 percent for Health Education and Family Welfare Division (HEFW). Operating expenditure allocation has been increased for the two divisions under MoHFW. Govt. focuses on the Health Education and Family Welfare division has been witnessed as per the allocation analysis. On the other hand, the capital expenditure allocation of HSD has been increased 44% compared to FY2021-22 revised estimate. So the investment on the health sector is improving but not in medicine or manpower.

Figure 1: Health sector budget for last five years including proposed (from 2018-2019 to 2020-2021)



Note: Budget figures for FY 2018-19 to 2020-21 are actual spending, FY 2021-22 is a revised estimate and FY 2022-23 is proposed.

HEALTH SECTOR POSITION FOR DEVELOPMENT EXPENDITURE

In the proposed budget for FY 2022-23 of MoHFW, development expenditure as a percentage (51 percent) is higher than operational expenditure. However, this development expenditure ratio is likely to come down in the revised estimate at the end of the fiscal year. In the current fiscal year 2021-22, MoHFW's percentage of development allocation (in the proposed budget) was 48 percent, and it has decreased to 47 percent. The analysis of allocation and implementation of the last five fiscal years shows that the implementation rate of the development allocation of the health service division of MoHFW is only 54 percent (up to July-May). But in the first 11 months of the fiscal year 2021-22, the implementation rate of the development allocation of the health services division (75 percent) has increased significantly. It cannot be attributed to doctors and medicine allocation only. This is showing development projects spending-efficiency of MOHFW. The government emphasis on the health service-related development spendings has been increased during the COVID19 pandemic. That's why the overall implementation rate of the HSD has been increased to 75 percent. At earlier, it was major challenge for the health sector to spend the development allocation. Now, it has been witnessed that the implementation rate of development projects spending is increased.

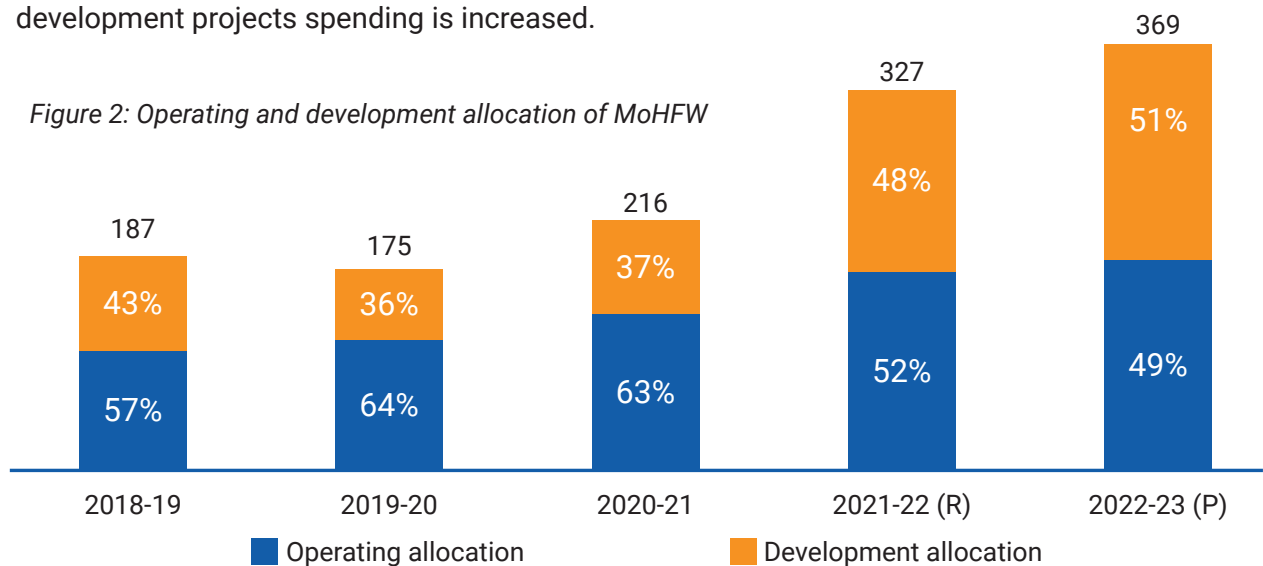
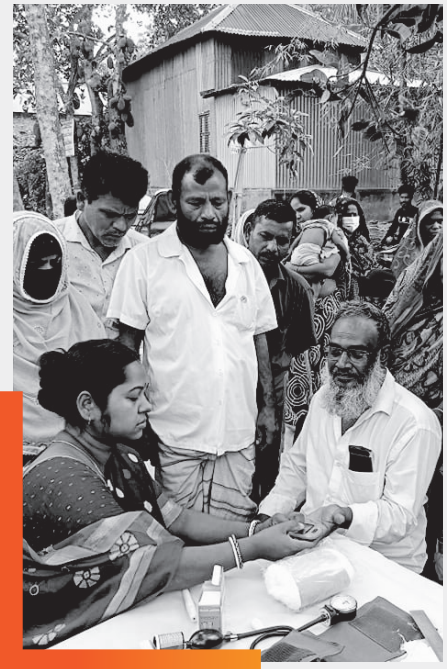


Figure 2: Operating and development allocation of MoHFW

Note 2: R= Revised, P=Proposed

It is observed from the budget allocation for MoHFW that the proportion of operational expenditure in the total percentage is decreasing consistently. In the context of the massive shortage of workforce at various levels and inadequate medical equipment including medicine, the continually decreasing share of operating expenses in the budget of the respective ministry is a concern for many.

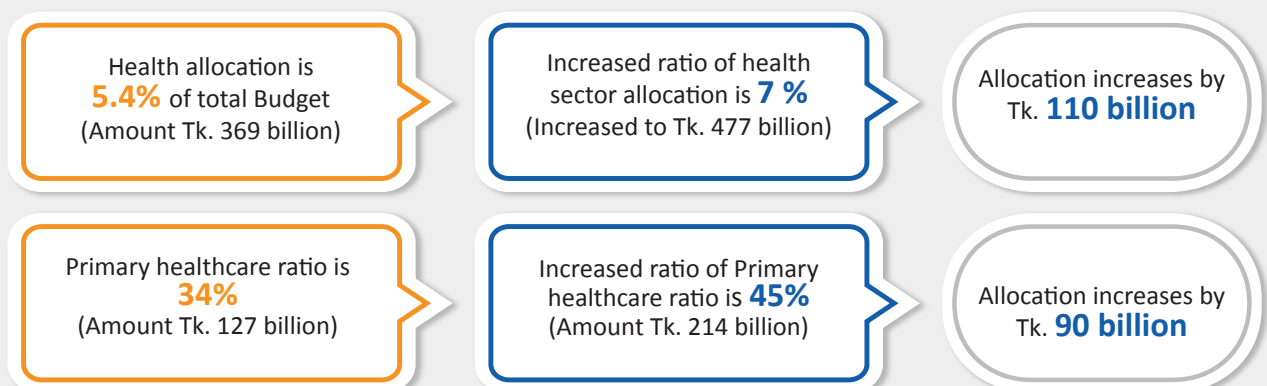


Allocation of the Annual Development Programme (ADP) in the health sector has increased significantly compared to the last five years. In the proposed budget, ADP allocation to the health sector has increased by about Tk. 55 billion (an increase of about 40 percent) compared to the revised allocation for the current FY 2021-2022. A total of 58 projects, including three new projects, are under the health sector. Out of which, hospital-based waste management in 15 government hospitals and burn and plastic surgery units in 5 designated medical college hospitals are noteworthy. Also, the 'Covid-19 Emergency Response and Pandemic Preparedness' and 'Covid-19 Response Emergency Assistance' projects adopted during the pandemic to deal with the COVID-19 situation are ongoing. Also, like this year's proposed budget, a lump sum provision of Tk 50 billion has been allocated to deal with COVID-19 related emergencies. About 46 percent of the ADP allocation for this sector is project aid from development partners. It is to be noted that project aid from development partners for the health sector is higher as a proportion of total support. Hence, the dependence on foreign credit should be enhanced to increase investment opportunities in health specifically on the quality improvement of the primary health care services delivery. By doing so, the government can improve the ADP allocation rate for the health sector.

HOW COULD THE HEALTH BUDGET HAVE BEEN FOR THE 2022-23 FISCAL?

FY 2022-23 allocation for the health sector has tried to be sensitive to the existing reality. However, experts feel that the allocation of this sector could have been more liberal considering the public demand and the condition of our neighboring countries health related allocation. It was proposed during the pre-budget discussion to allocate 7-8 percent for the health sector in the upcoming budget FY 2022-23, but it was not reflected. The financial bill 2022 has already been passed by the parliament. However, we see that government could reduce the burden of health expenditure on the people by increasing the allocation in two areas.

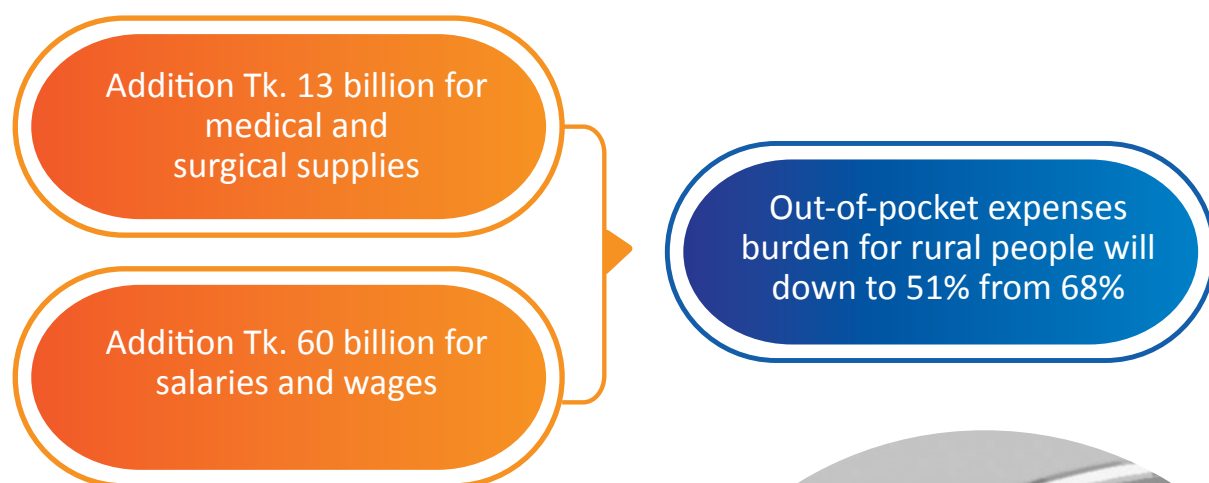
Figure 3: How the health budget would look like if it was little flexible



We know that rural people mainly go to community clinics, union health sub-centers, and Upazila health complexes for health care. In these health centers, the rural people get basic medical facilities. Government investment in these health centers should be increased to reduce the health care costs of the rural people. If the health sector allocation is made 7 percent (per the proposal in the pre-budget meeting), the budget would have increased by Tk. 110 billion. We found that the expenditure ratio for primary health care is 34 percent. As a result, if the ratio for primary health care is kept at 45 percent, the allocation for primary health care will require an additional Tk. 90 billion. With this allocation, it is possible to provide more effective primary health care to rural areas by increasing the cost of the required workforce for their salaries, wages, and medical and surgical supplies for the necessary medical services.

WHAT ARE THE POTENTIAL BENEFITS OF THE ADDITIONAL ALLOCATION?

According to the MoHFW Health Dashboard, nearly one-third of the workforce needs to be employed to ensure minimum primary health care in rural areas. Again, qualitative data from the field shows that medical and surgical supplies are inadequate compared to the population. As a result, it is possible to reduce the out-of-pocket expenditure of the people for health care in rural areas only by increasing the allocation in these two areas. Based on the budget, information from the dashboard and field data, community clinics, union sub-health centers, and Upazila health complexes will require an additional Tk 13 billion for medical and surgical supplies and an additional Tk 60 billion for salaries and wages to hire new manpower. By doing this, the out-of-pocket spending portion of public health care in rural areas will come down from 68 per cent to 51 per cent.



CONCLUDING REMARKS

A major challenge ahead is reducing people's out-of-pocket expenditure on healthcare. Additional money to reduce the out-of-pocket expenses for the health sector can be brought in by lowering the cost of less significant sectors. The picture of foreign aid in the health sector over the past year shows that it should not be difficult for Bangladesh to bring additional assistance for health care from international development partners. In this case, we think it is possible to provide primary health care according to the needs of the people with short and



This policy brief has been published jointly by **Bangladesh Health Watch** and **Unnayan Shamannay** as part of the evidence-Based advocacy activities on Public Health Expenditure in Bangladesh. It will assist policymakers in prioritizing health sector allocations.

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