

Hypothesis 2

The Primary Health Clinics (PHCs) in peri-urban areas of Mortalia are under-spending.



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Unpacking the Problem

Are the peri-urban PHCs of Mortalia under-spending?

- **Under-spending:** A program or department or state as a whole is not spending all of the funding that has been allocated to it for a given budget year.
- This is an important problem, even if there are other problems in the budget.
- It wouldn't help to allocate more funds if existing funds are already not being spent.

Which calculations do I need to do?

- To compare budgeted allocation vs. actual spending, calculate the rate of under-spending.
- The rate of under-spending, expressed as a percentage, is:

$$\text{Rate of spending} = \frac{\text{Actual expenditure}}{\text{Allocation or budget}} \times 100$$

- In other words, if the answer is 85%, that means that only 85% of the funds allocated were spent. The remaining 15% was unspent.

Let's Try the Calculation

- Looking at salaries in Aljana in 2008
- Rate of spending = $(217,543/219,652) \times 100 = 99\%$
- This means that Aljana PHC managed to spend 99% of the budget that it had allocated to salaries in 2008.
- Under- and over-spending comparisons in different program categories are interesting, because they provide insights into where a broader problem of under- or over-spending might be rooted.



Who is responsible?

Look at spending in Aljana PHC. Which areas contribute most to overall under-spending?

Aljana PHC	2010	2009	2008
Current Payments			
Salaries	98.1%	99.1%	99.0%
Goods and Services	91.6%	90.8%	88.3%
Medicines	93.9%	90.7%	89.9%
Payments for Capital Assets			
Medical Equipment	91.3%	86.4%	90.7%
Total	95.7%	95.5%	95.3%

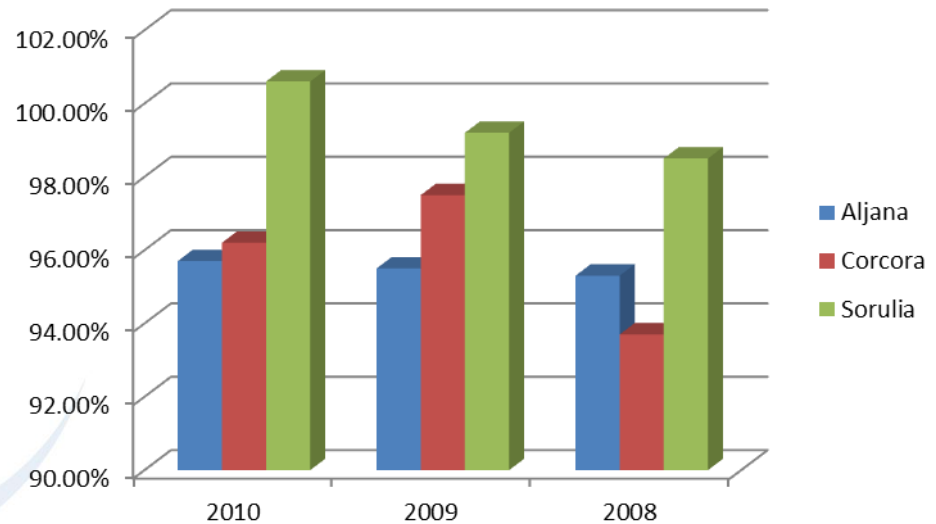
How and when could this problem be fixed?

- There are many possible reasons for under-spending and over-spending.
- In this case, there appear to be different rates of spending in different areas within the PHCs themselves.
- Look at audit reports and speak to clinic staff and officials to understand why this is happening before proposing solutions.



How to Illustrate the Answer

- Expressing unspent funds as an amount of unavailable medicines or medical equipment would be quite effective.
- Bar charts showing comparative (total) under-spending would be useful to a more technical audience.



On to the Next Hypothesis...

1. The Primary Health Clinics (PHCs) in peri-urban areas of Mortalia are wasting money.
2. The Primary Health Clinics (PHCs) in peri-urban areas of Mortalia are under-spending.
3. The peri-urban Primary Health Clinics in Mortalia are under-funded.
4. The funds the District Services Program is providing to the peri-urban PHCs fall short of the *per capita* primary health care spending standard set by the Polarus Ministry of Health.

