Hypothesis 2

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

<table>
<thead>
<tr>
<th>Aljana PHC</th>
<th>2010</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Payments</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries</td>
<td>98.1%</td>
<td>99.1%</td>
<td>99.0%</td>
</tr>
<tr>
<td>Goods and Services</td>
<td>91.6%</td>
<td>90.8%</td>
<td>88.3%</td>
</tr>
<tr>
<td>Medicines</td>
<td>93.9%</td>
<td>90.7%</td>
<td>89.9%</td>
</tr>
<tr>
<td><strong>Payments for Capital Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medical Equipment</td>
<td>91.3%</td>
<td>86.4%</td>
<td>90.7%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>95.7%</td>
<td>95.5%</td>
<td>95.3%</td>
</tr>
</tbody>
</table>
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.