

The effectiveness of formula based budget allocation on improved access and equitable health outcomes: the case of health sector basket funds in mainland Tanzania

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This study explores the effectiveness of resources allocation formula (FBA) in terms of improved access of primary health care and equitable health outcomes, specifically Under-five Mortality. It cites the health sector basket fund interventions' versus the Under-five Mortality to measure its efficiency in both budget allocation and access of primary health care across districts in mainland Tanzania. It further analyzes the allocation weights of the needs based indicators included in the FBA to measure its statistical significance. The study uses cross-sectional data and applies poisson regression analysis to measure the effectiveness of some variables associated to improved health outcomes, and ordinary least square to measure the level of significance of each variable included in FBA respectively. The study finds that, FBA has been a simple adaptive and transparent methodology in allocating health sector basket fund resources, but it has not taken into account socio-economic differences between regions, the influence of non-public health facilities on health outcomes and the economies of scale for other available attributes linked to health status within individual districts. The results on empirical test from 115 sampled districts using poisson regression, shows that, basing on the variables relationship stated within the model, an increase in the log count for one unit increase in HSBF (Health Sector Basket Fund) lead to an increase in improved health outcome (fall in Under-five Mortality) by log count of 1.2 times. The pictorial concentration curve index also signifies that there exists a statistical effectiveness of FBA on health outcomes as compared to the period before its introduction in 2004/05. Moreover, the assessment for the weighting indices of variables included in FBA shows that, the two variables namely weighted poverty index and weighted under-five mortality are facing co-linearity problem due to its nature. The co-linearity among them nullifies its statistical significance to be included in the resources allocation formula because both two indices are multiplied by population index which is also an independent variable within the same formula, thus, the two mentioned variables brings no meaningful inputs in the FBA, hence can be omitted.