

Financing and Managing the Health Workforce in the Public Sector

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The World Bank

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Outline of Presentation

- **What staffing levels are fiscally sustainable in the public sector?**
- **What are training costs to staff up to these levels?**
- **Would all migrants be able to find jobs if they did not migrate?**
- **What are the major fiscal and managerial bottlenecks to scaling up staffing?**
 - Wage bill policies
 - Management policies and practices



What staffing levels are fiscally sustainable in the public sector?

Total Economically Sustainable Staffing Levels

Health spending scenarios

Scenario	Annual Economic Growth (%)	Public Health Expenditures as % of Gov. Expenditures by 2015 (%)	Insurance Effect (as % of Out-of-Pocket Spending)
Worst case	-5	-5% change	0
Best case	5	15%	60
Projection of past trends	Average growth 1996-2005	Average HE 1996-2005	0

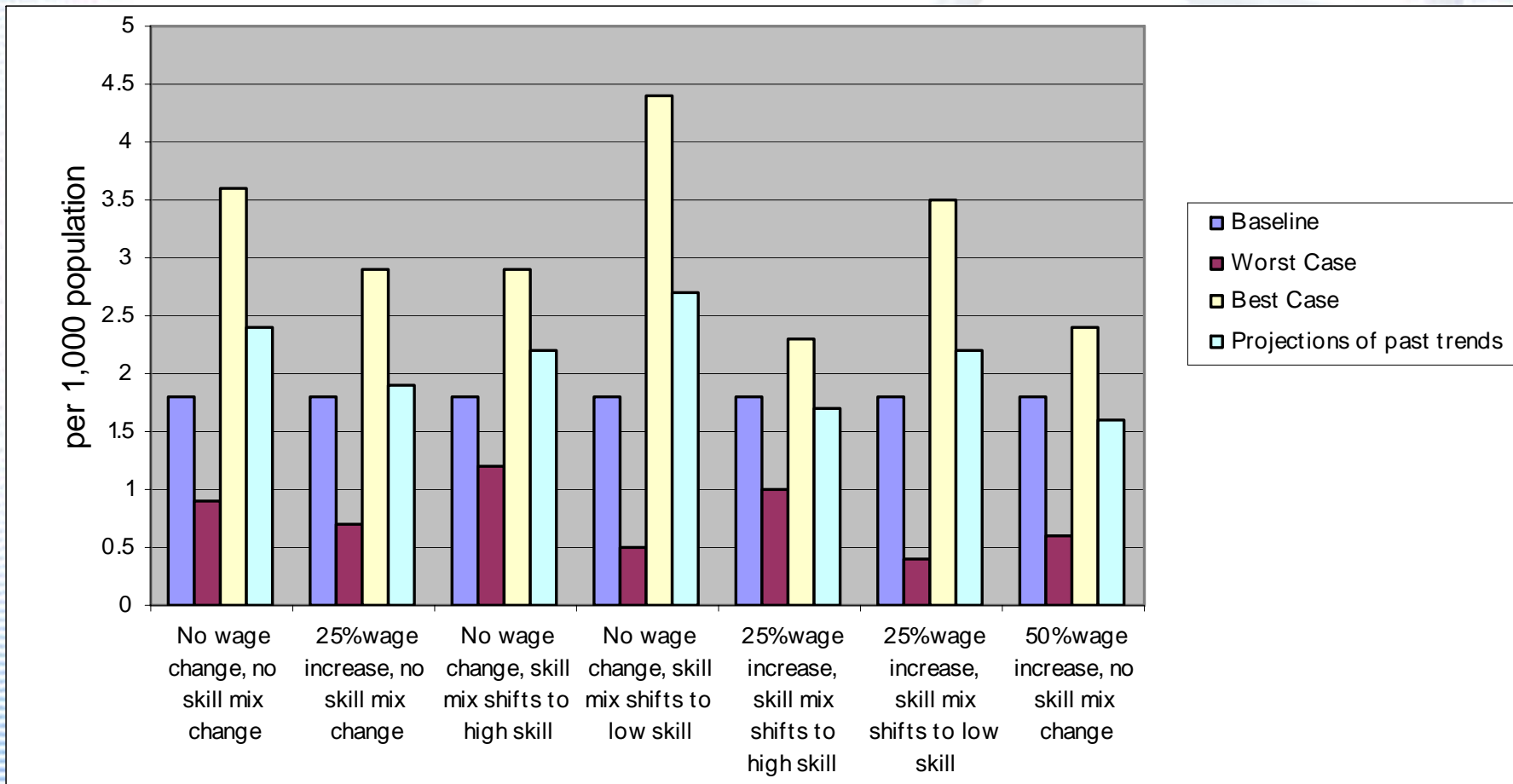
HRH scenarios

Scenario	Shift to low skill mix	No skills mix change	Shift to high skills mix
No wage change	Least expensive largest number of staff		
20% wage increase			Most expensive smallest number of staff

See: A. Preker, M. Vujicic, Y. Dukhan, C. Ly, H. Beciu, and P.N. Materu, "Scaling up Health Professional Education: Opportunities and Challenges for Africa, The World Bank, DRAFT, January 2008.



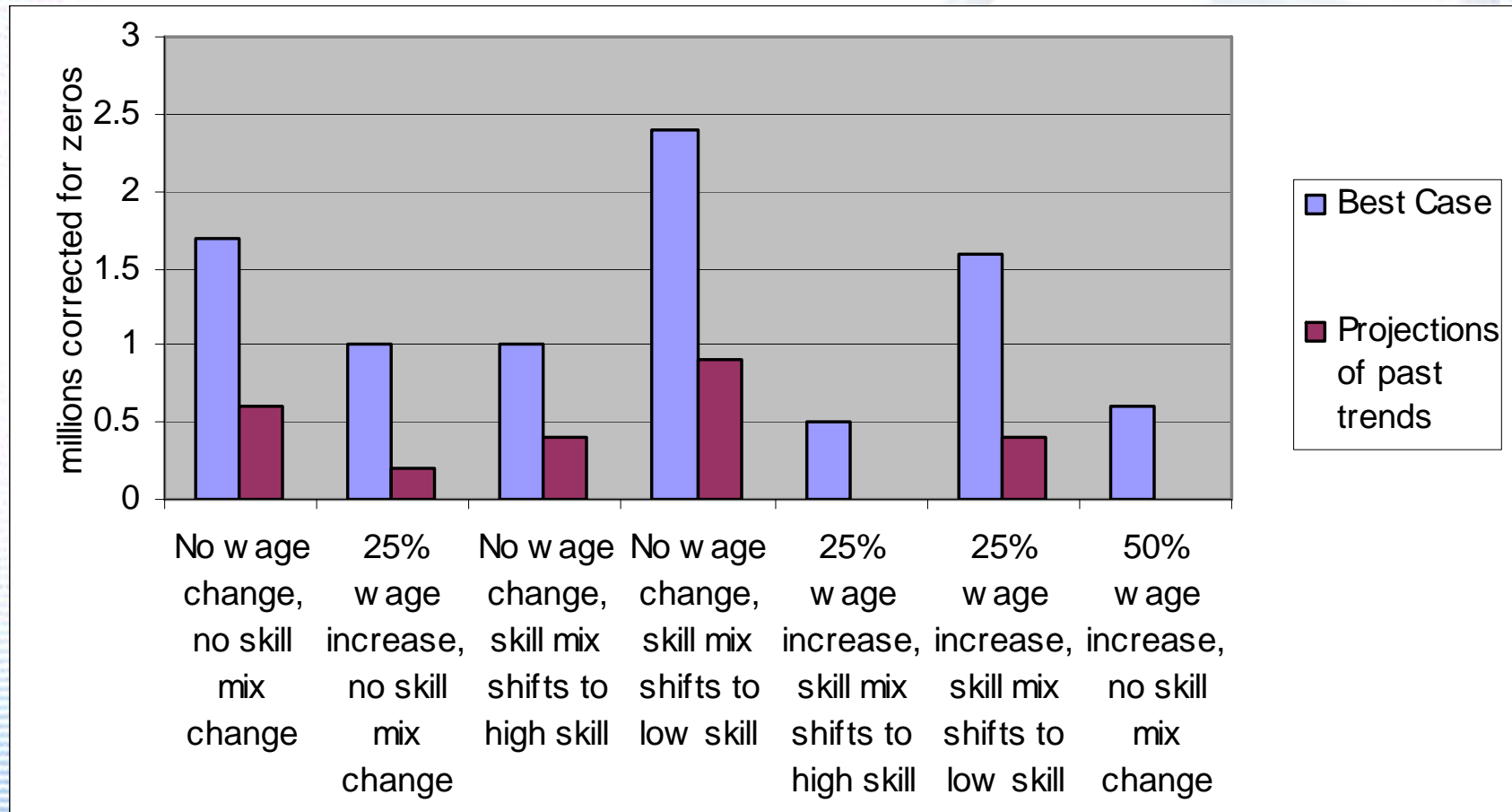
Total Economically Sustainable Staffing Levels



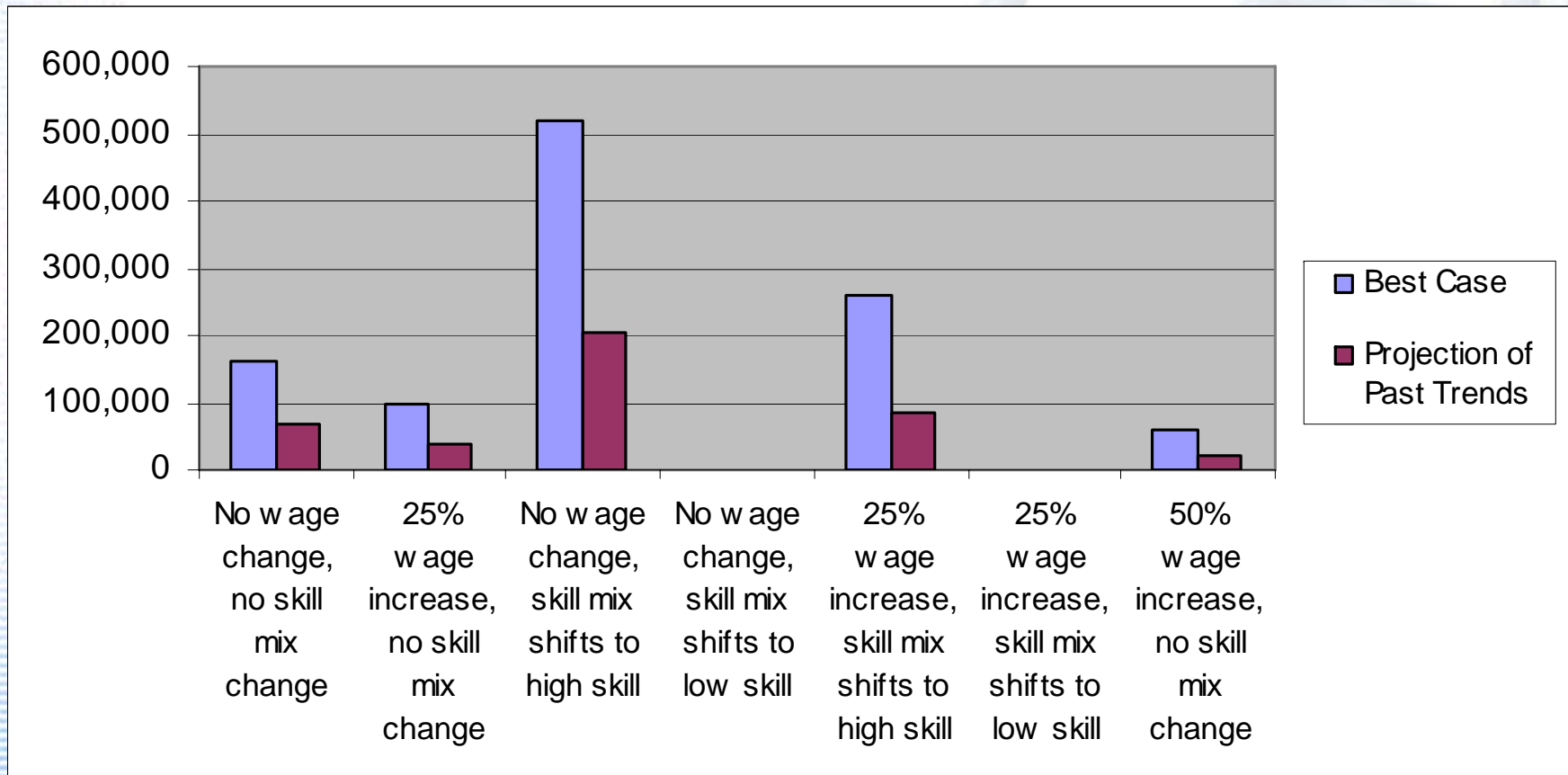


What are training costs to staff up to these levels?

Total Additional Training for All Staff

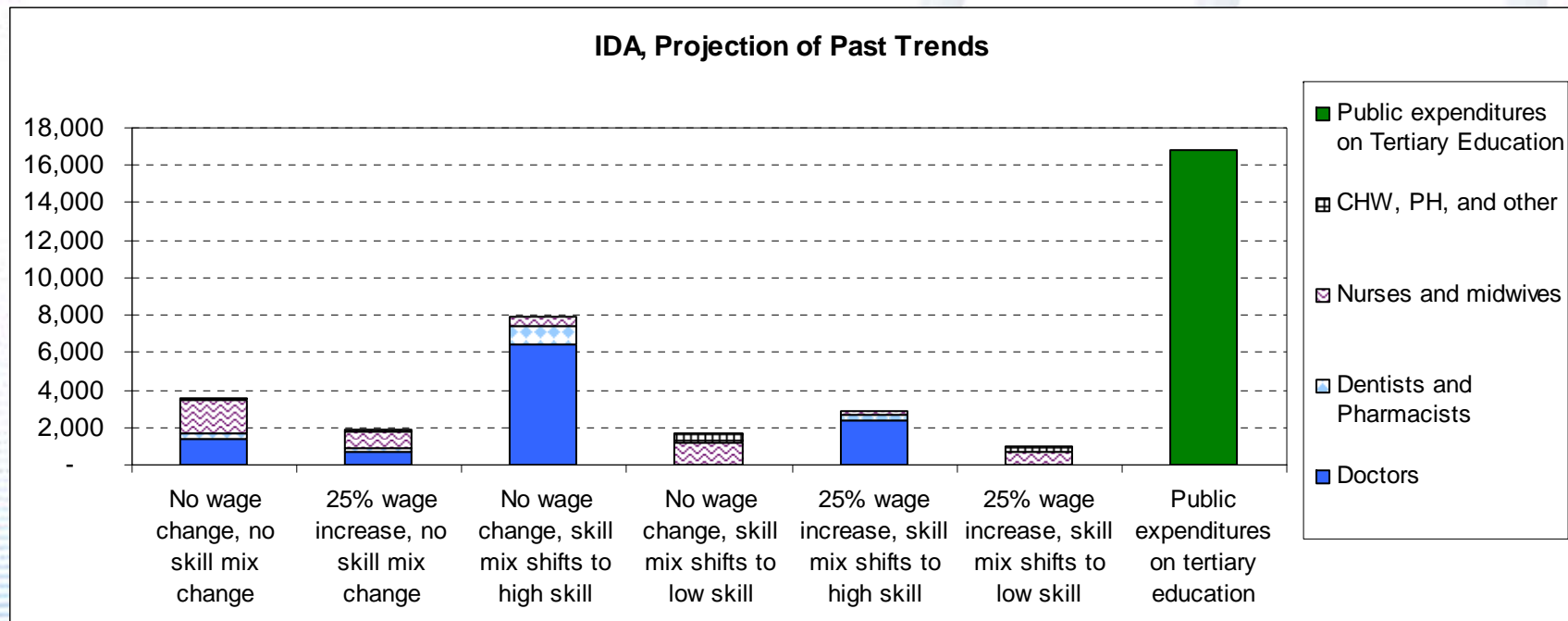


Total Additional Doctors to Be Trained



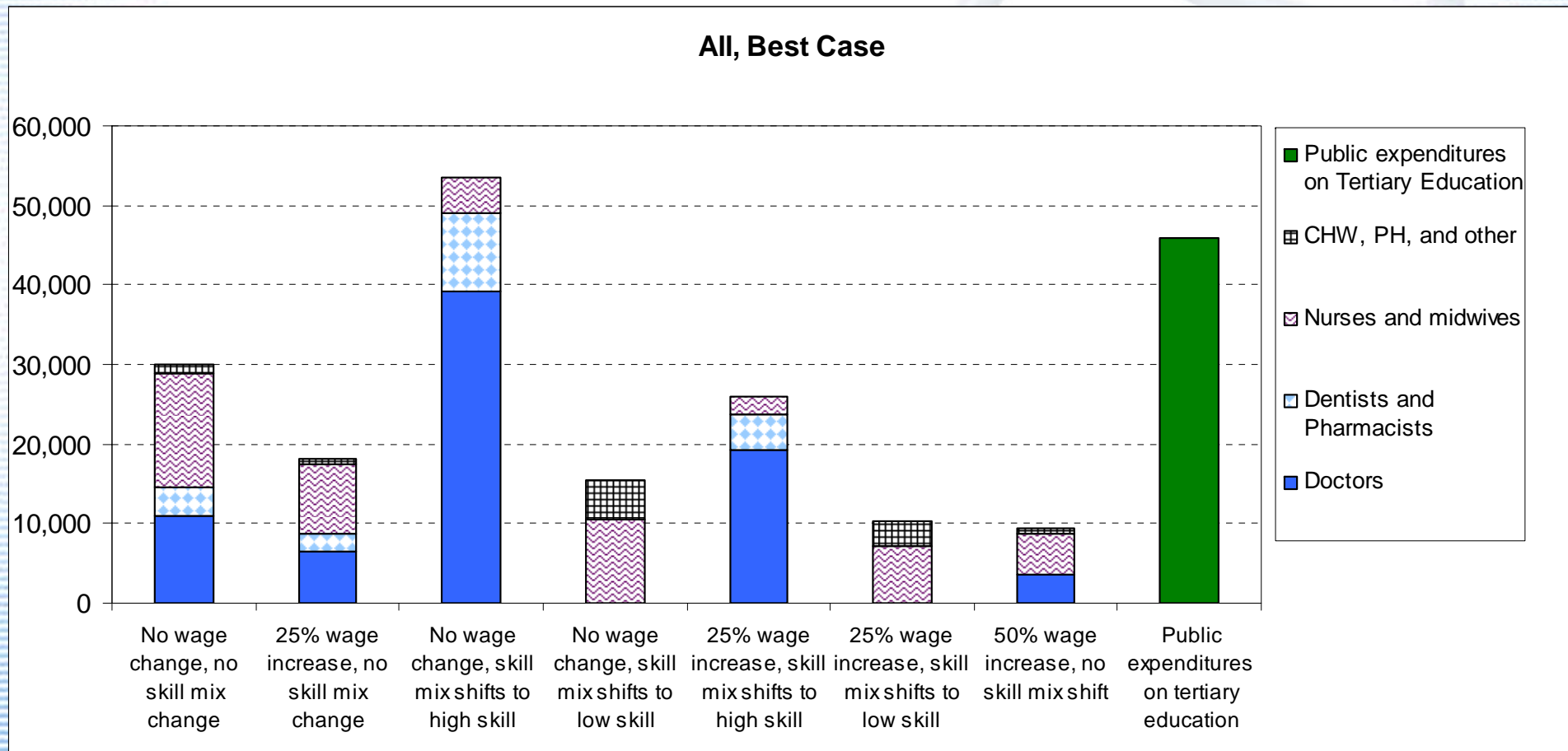


Total training Costs for IDA Countries under the Projection of Past Trends (millions, 2006 USD)





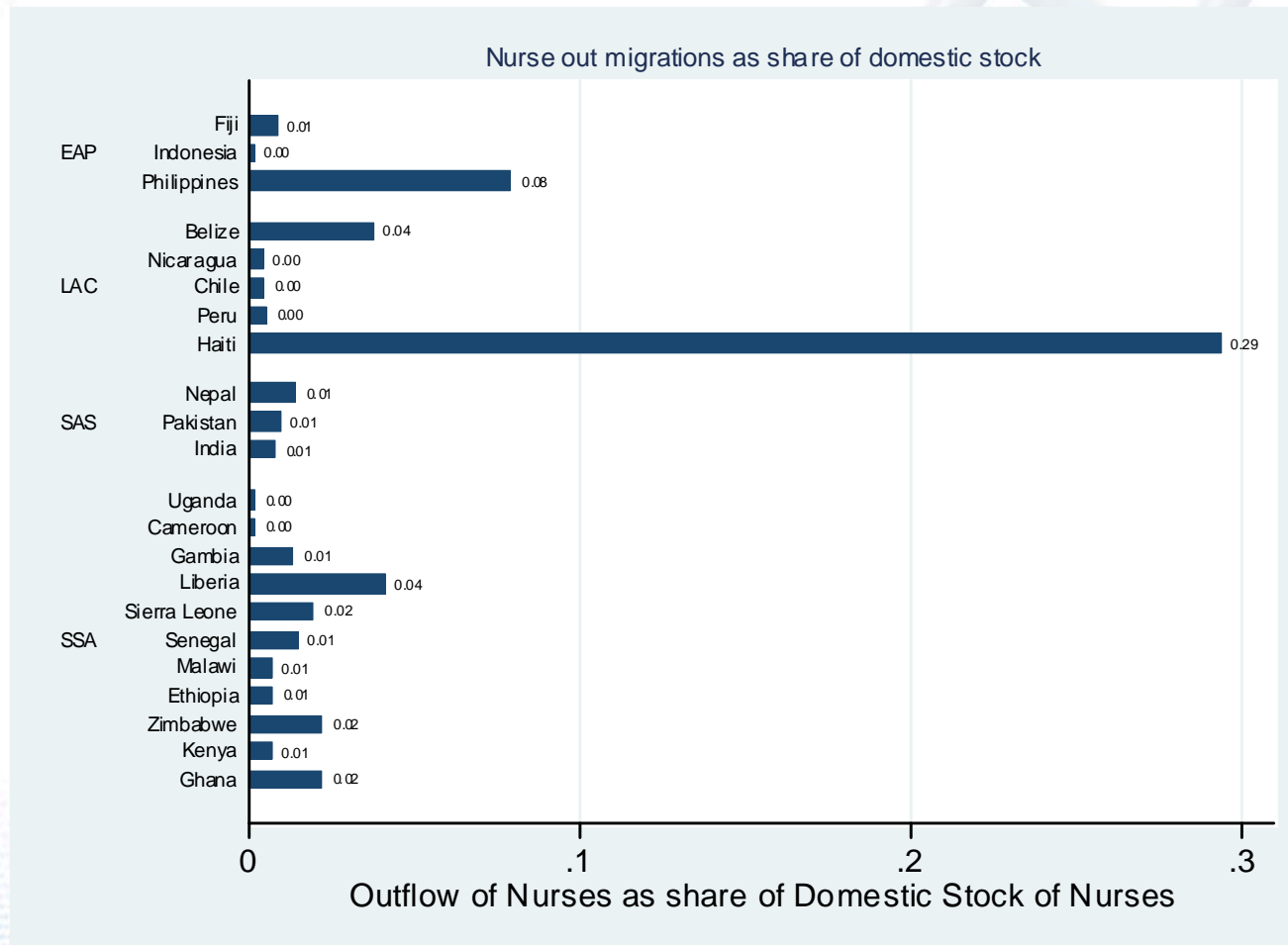
Cost of Training Additional Health Workers





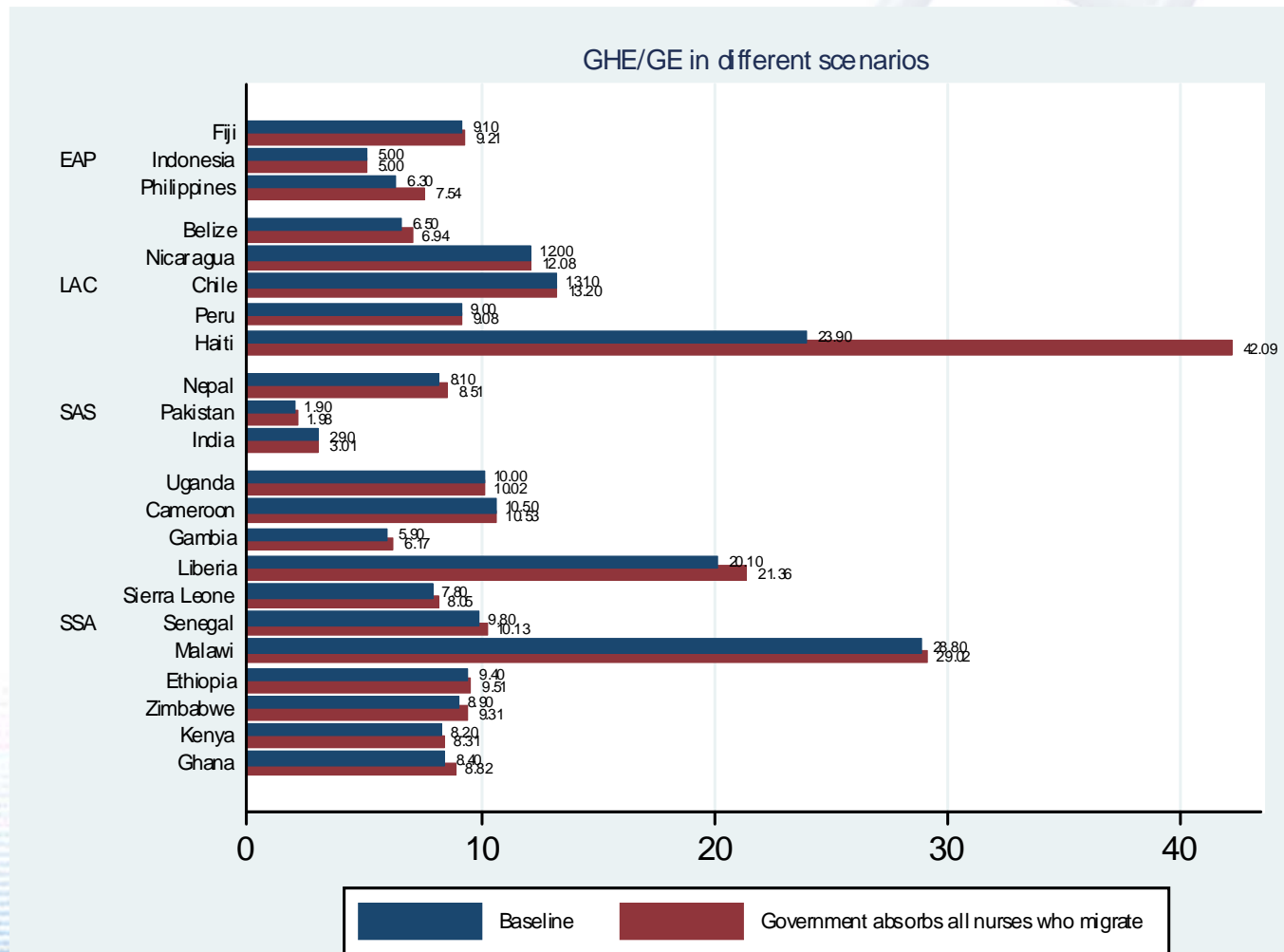
Would all migrants be able to find jobs if they did not migrate?

Nurse migration trends



See: "The Nurse Education and Labor Market in the English-Speaking CARICOM: Issues and Options for Reform," The World Bank, DRAFT June 2008.

Fiscal Space and Nurse Migration





What are the major fiscal and managerial bottlenecks to scaling up staffing?

What is the impact of government wage bill policies on the health workforce?

Are current human resources management policies and practices strategic?

Working in Health: Financing and Managing the Public Sector Health Workforce

Marko Vujicic, Kelechi Ohiri, and Susan Sparkes

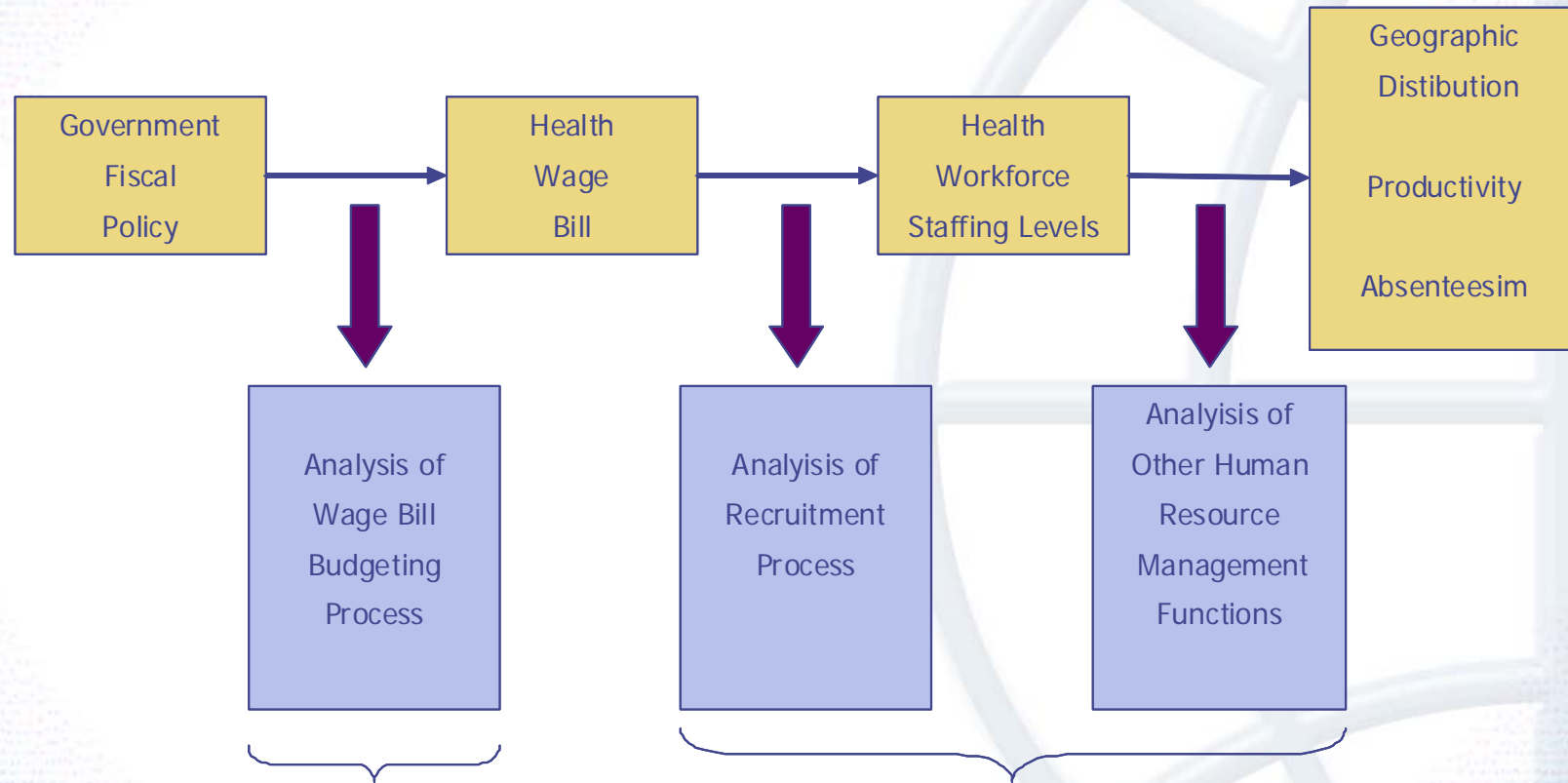
The World Bank

Forthcoming in spring 2009

Background

- Large gap between the workforce level needed to deliver essential services and current employment levels in developing countries
- Within the public sector a major issue is often lack of resources available to pay the salary costs of an expanded health workforce due, in turn, to restrictive policies on the overall public sector wage bill
- While the debate has been intense there is a lot of misinformation and little documented country experience

Objectives



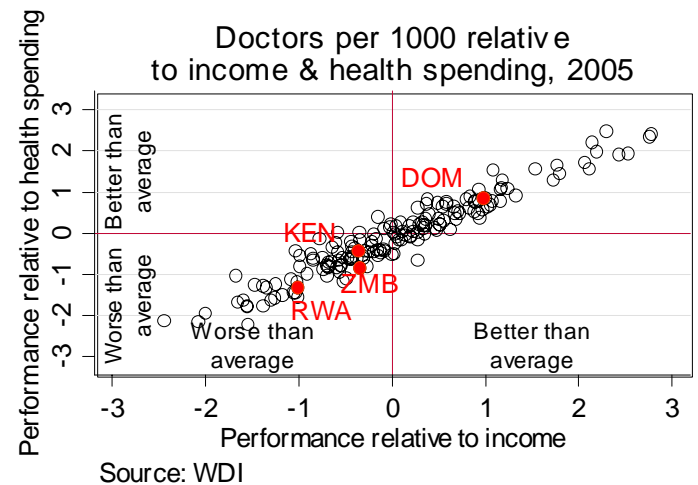
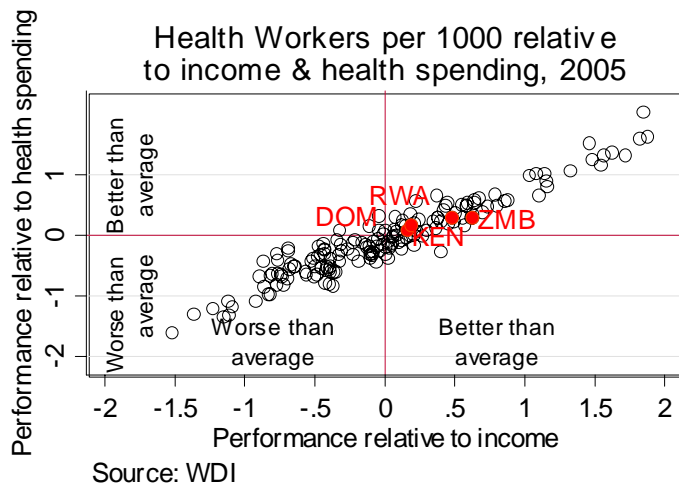
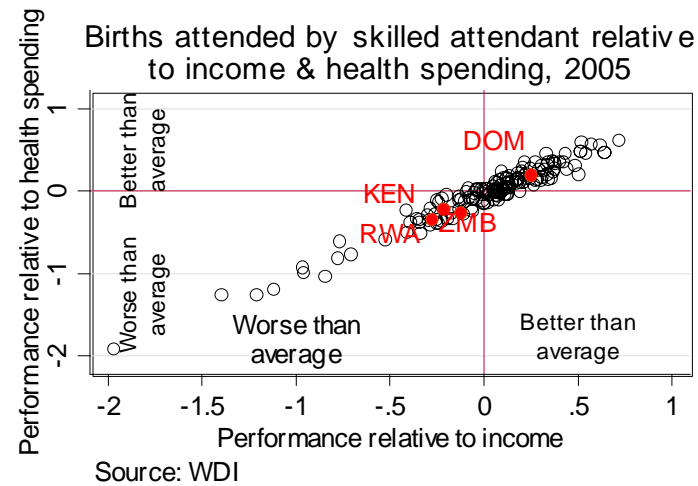
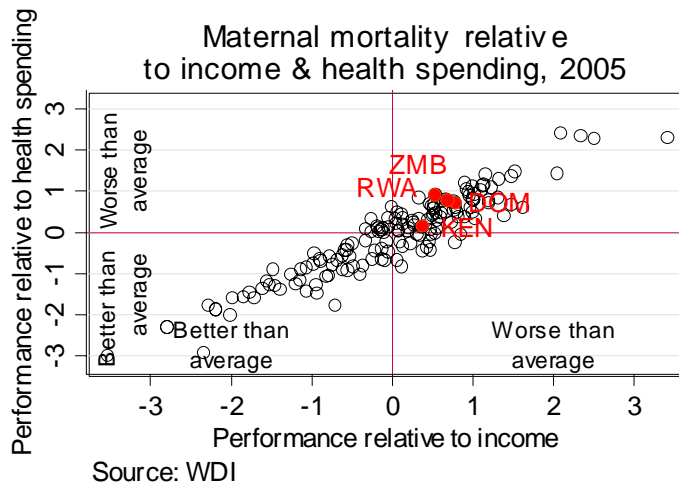
Policy Question #1 in Report:

What is the impact of government wage bill policies on the size of the health wage bill and on health workforce staffing levels in the public sector?

Policy Question #2 in Report:

Within the current health wage bill envelope, do the existing human resources management policies and practices lead to strategic use of wage bill resources?

Country Case Studies



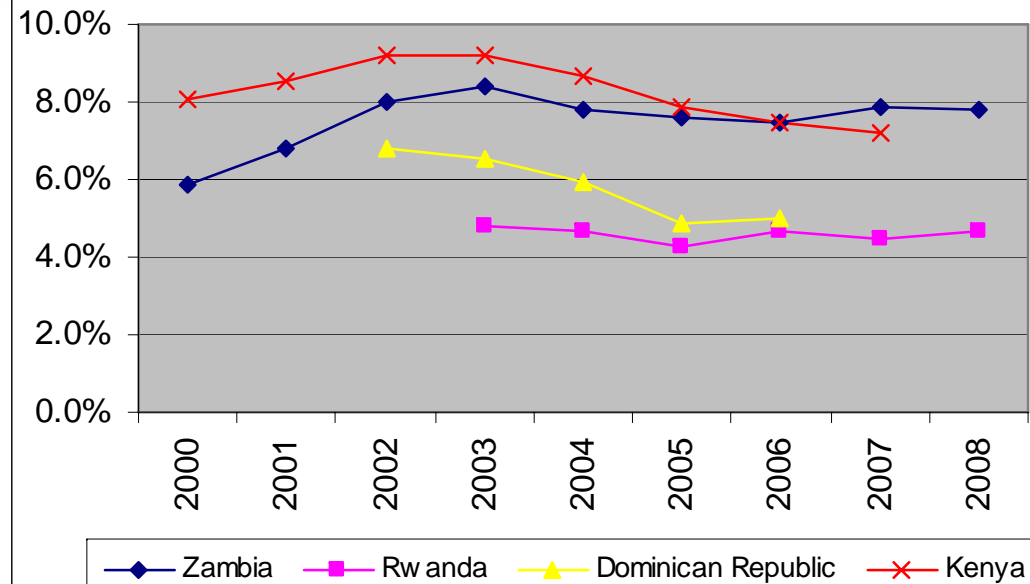
■ Zambia

- In 2002, the Government of Zambia implemented a hiring freeze as part of its program with the IMF, but explicitly excluded doctors and nurses.

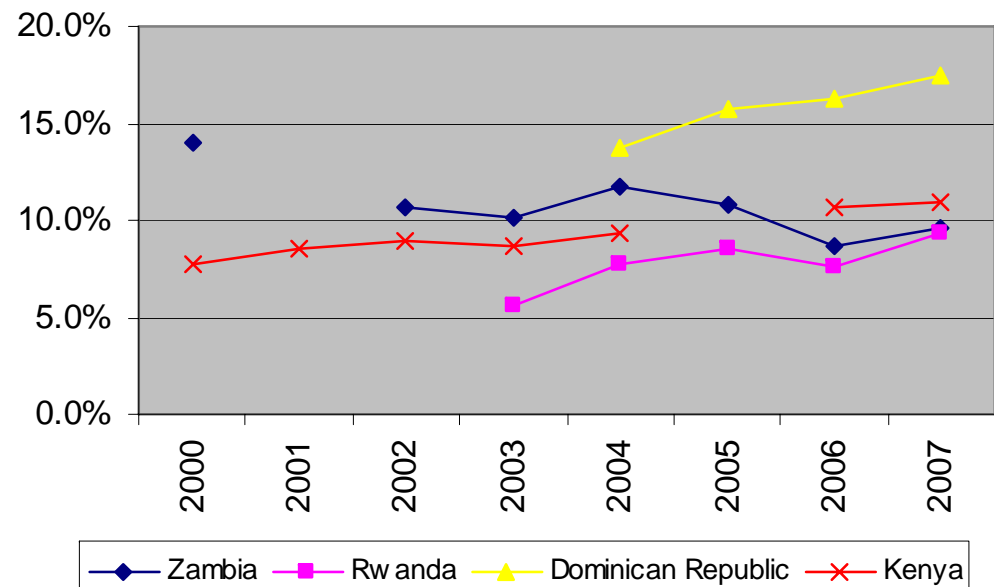
■ Kenya

- “Wage policy measures will include ... flexibility to allow for recruitment of medical personnel in order to aim at reaching the optimum level of personnel for the health sector and to move toward achieving the MDGs.”

Public Sector Wage Bill as Share of GDP



Health Wage Bill as Share of Overall Wage Bill



Recruitment

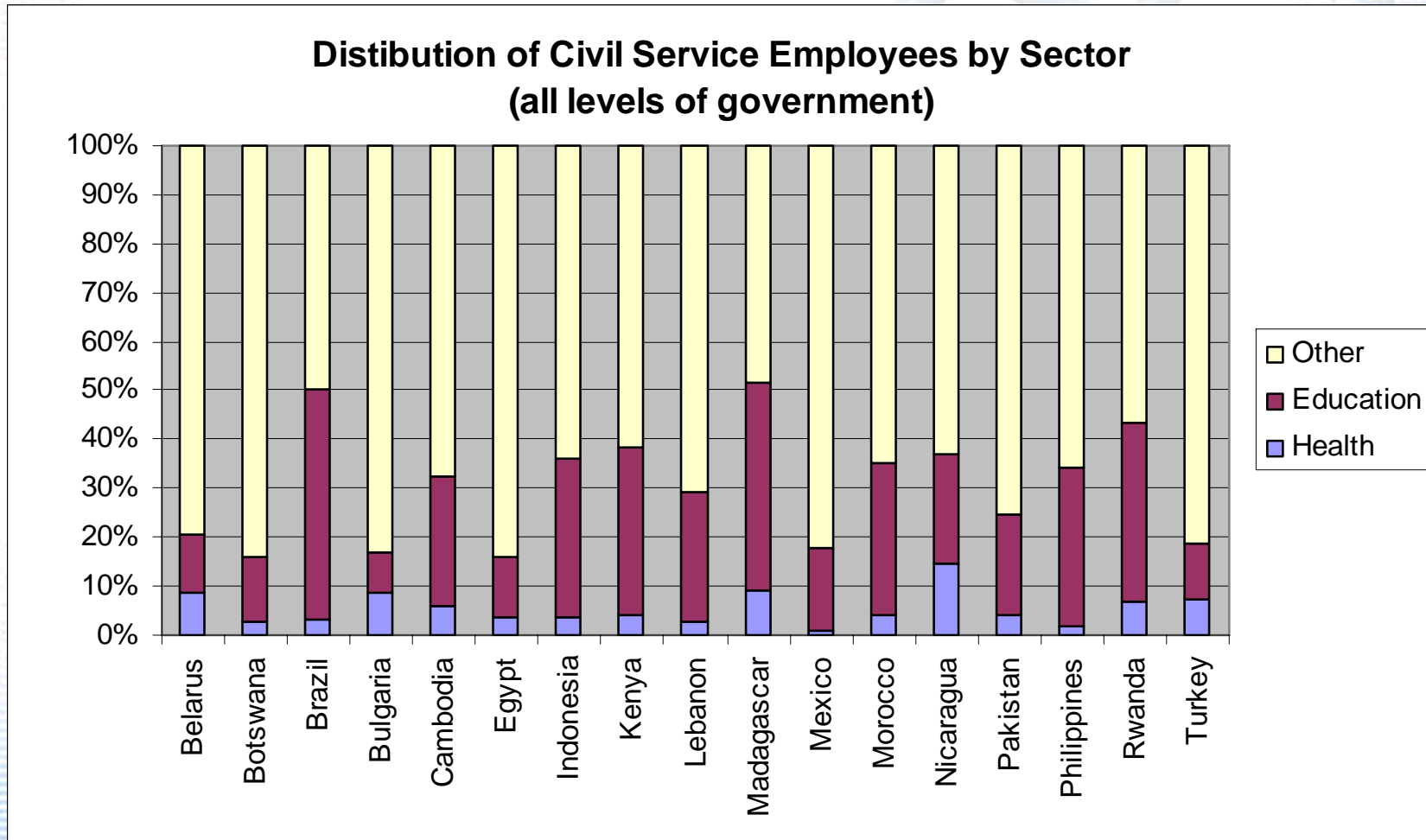
■ Zambia

- 1,700 funded positions
- MOH was able to fill only 1,400 positions within the budgetary timeframe
- Funding for 300 positions had to be returned to the Ministry of Finance

■ Kenya – different story

Current Status	Number
Unemployed	2064
Employed Private	1110
Other	661
Employed FBO	465
Employed MOH	166
Employed NGO	0
Total	4466

Wage Bill Budgeting



Source: World Bank Government Wages and Employment Dataset

Impact on the overall public sector wage bill of changing staffing and wages in the health sector – Kenya

Scenario	Health Wage Bill/Total Wage Bill BASELINE	Health Wage Bill/Total Wage Bill NEW	Increase
Increase doctors' salaries by 25% (or Increase number of doctors by 25%)	9.63%	9.87%	0.24%
Increase nurses' salaries by 25% (or Increase number of nurses by 25%)	9.63%	10.82%	1.19%
Increase salaries for all health workers by 25% (or increase number of all health workers by 25%)	9.63%	12.04%	2.41%

Impact on the overall public sector wage bill of changing staffing and wages in the health sector – Zambia

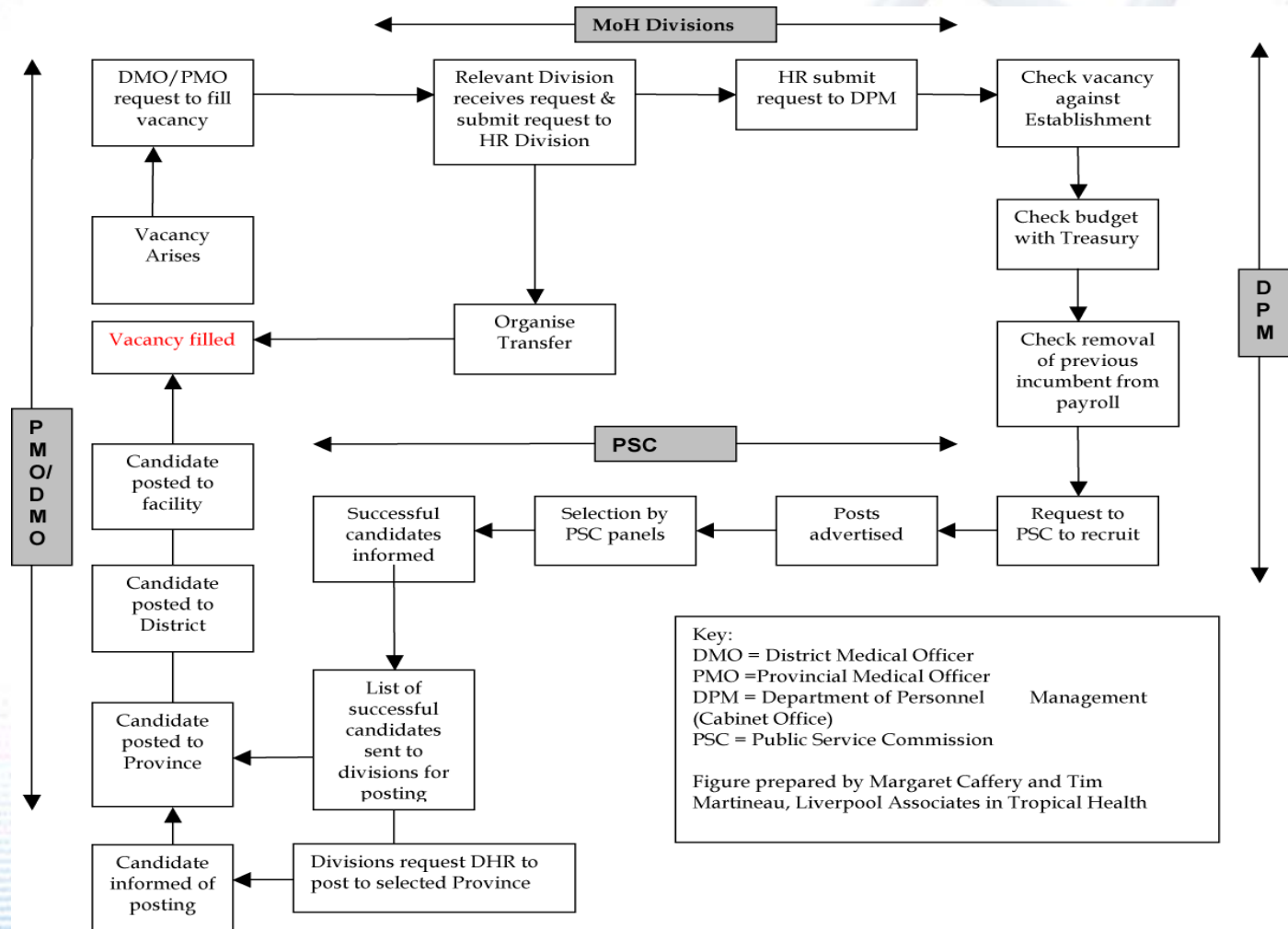
Scenario	Health Wage Bill/Total Wage Bill BASELINE	Health Wage Bill/Total Wage Bill NEW	Increase
Increase doctors' salaries by 25% (or Increase number of doctors by 25%)	10.80%	11.04%	0.24%
Increase nurses' salaries by 25% (or Increase number of nurses by 25%)	10.80%	11.70%	0.90%
Increase salaries for all health workers by 25% (or increase number of all health workers by 25%)	10.80%	13.50%	2.70%
	Education Wage Bill/Total Wage Bill BASELINE	Education Wage Bill/Total Wage Bill NEW	Increase
Increase teacher salaries by 25% (or Increase number of teachers by 25%)	12.38%	15.04%	2.66%



Key HRH management policies and practices

- Creation of vacancies
 - Often top down, not needs-based, no linked to geographic areas
- Recruitment of workers
 - Takes too long (14 months in Kenya) to recruit new staff and to fill up vacancies
 - Centrally managed
- Terms of service (mostly related to civil service constraints)
 - Tenure
 - Very little use of term contracts
 - Remuneration
 - Salary and non-performance based allowances
 - Promotion and transfers
 - Policies are not implemented
 - Not carried out in a strategic way
 - Sanctions
 - Rare

Process for Filling a Vacancy in Kenya





Emergency Hiring Program - Kenya

Characteristic	GOK	Emergency Hiring Program
Remuneration		As GOK without pension but with gratuity of 31% of basic salary per annum
Tenure	Permanent	3-year contract
Recruitment process	Through Public Service Commission (PSC)	Delegated by PSC to MOH with technical support from the Capacity Project and Deloitte & Touche. Tight control to ensure no interference in selection process
Recruitment conditions		Merit-based for all who meet job criteria except staff currently employed by faith-based organizations (FBOs)
Deployment conditions	Recruited to public service, so can be deployed anywhere	Can only be deployed to designated districts selected by MOH and Capacity on the basis of staff shortage
Length of funding	Unlimited	3 years
Funding channel		Salaries paid directly to employees (PEPFAR funds) Direct to government (Clinton Foundation, GFATM)
Monitoring and evaluation	None	Detailed monthly follow up to monitor numbers and location of staff
Time to fill a position	Varied; in some cases 10 months from advertisement to interview	Letters of appointments sent within 4 months of advertisement; first batch of staff in post within 5 months after receiving a 2-week induction course; second batch within 8 months



Is Money Scarce?

- Not always.
- Wage bill budget execution rates can be very low

Year	Dominican Republic	Kenya	Rwanda	Zambia
2004	95%	101%	99%	-
2005	93%	99%	91%	-
2006	107%	-	91%	50%
2007	-	-	-	70%



Are People Scarce in Kenya?

Location of Residence	Total Applicants M/F	Total Qualified Applicants (Short-listed)	Total Selected Applicants (Deployed MOH)
	6566	4466	677
Nairobi	494	338	7
Central Province	1197	898	71
Coast	224	143	49
Eastern	1138	834	36
North Eastern	100	72	110
Nyanza	1050	441	98
Rift Valley	1674	1247	149
Western	689	493	99

Conclusions

- In the case studies...
 - Fiscal constraints were not relevant in all countries
 - Public sector management issues were a major constraint everywhere

Policy options

- Strengthening accountability and improving human resources management capacity within the Ministry of Health;
- Using allowances more strategically and payment mechanisms other than salary;
- Enhancing the position of the Ministry of Health in the wage bill negotiation process;
- Improving the predictability of health wage bill budgets;
- Easing the fiscal constraint on the overall wage bill;
- Making better use of donor assistance for health;
- Transferring control of certain human resource management functions to the Ministry of Health while keeping the health workforce within the civil service;
- Decentralizing certain human resource management functions to the local level;
- Removing the health workforce from the civil service and the overall wage bill;