

# Financial and non-financial information flows in the Kenya health sector

## A pathway to health system accountability

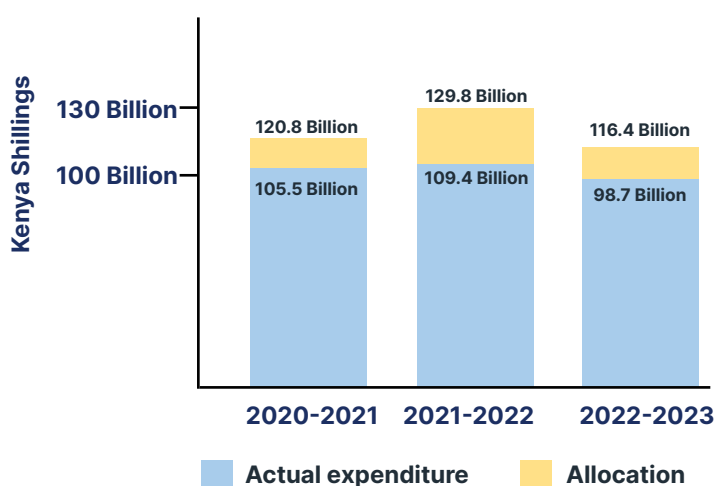
9th October 2024

### Background

**Strong health systems require robust data and evidence to support the design of effective policies and interventions as well as to ensure better accountability outcomes.** In theory, health facilities should report resource utilization to higher authorities to improve health programming and ensure accountability. However, the current information flow and accountability process primarily capture financial information with little to no integration with non-financial health information (activities, service outputs, and outcomes). This gap inevitably denies the health system the benefits of enhanced accountability—both as an end in itself and as a means of improving health services from the resultant effectiveness in the use of public health funds.

#### National Government spending on the health sector

Translates to absorption rates of 87.5%, 84.3%, and 84.8%.<sup>1</sup>



#### Maternal Mortality

2018-2020



2021-2022



**5,000** women and girls dying annually due to pregnancy and childbirth complications.

#### Neonatal Mortality

2018-2019



2019-2020



These trends reveal a disconnect between health spending and the impact on critical health outcomes. There is little integration with non-financial health information (activities, service outputs, and outcomes), limiting accountability processes and goals.

In response to these gaps and challenges, IDinsight, in partnership with the Gates Foundation, conducted a landscaping exercise to map health system financial and non-financial information flows and explore the pathways to accountability within the flow process in Kenya. This brief presents the findings of that exercise, undertaken between September 2023 and June 2024. As part of the process, IDinsight collaborated with Expertise Global<sup>3</sup> to conduct a comparative study of information flows and accountability mechanisms in the education sector, highlighting the practices from education that could apply to the health sector.

### Study Approach



Literature review of reports, publications, and datasets from databases and systems pertinent to Public Financial Management (PFM) and accountability in Kenya's health sector, including the Kenya Health Information System (KHIS).



We used purposive and snowball sampling to identify and interview key stakeholders with visibility on the data flow process.



Analyzed and coded the responses to identify key themes and validated the findings with sector experts and stakeholders.

<sup>1</sup> See Health Sector Report Medium Term Expenditure Framework (MTEF) For The Period 2024/25-2026/27, pp 7

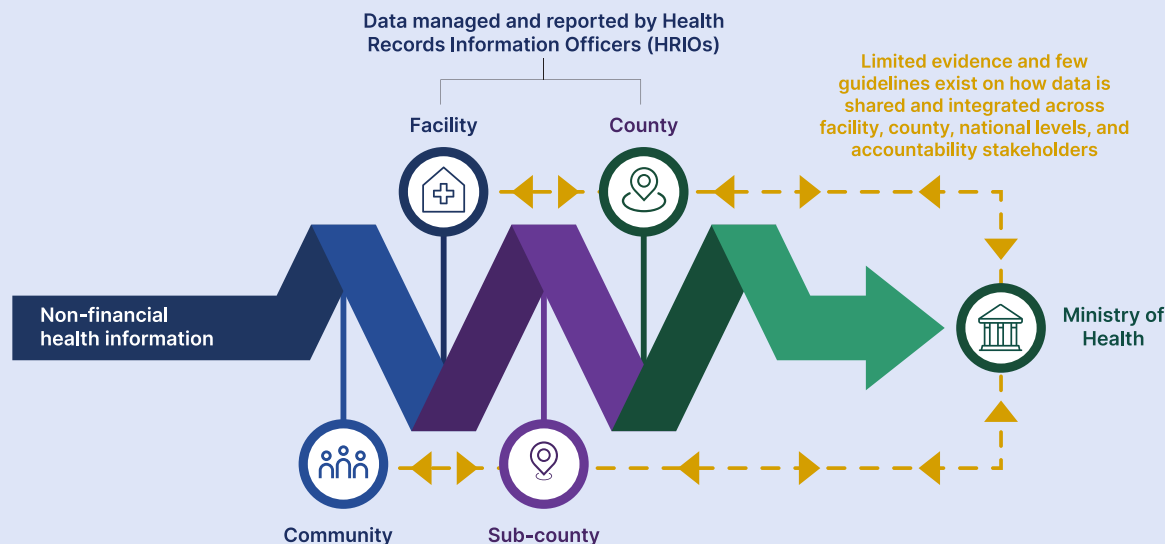
<sup>2</sup> This is below the SDG target 3.1: Reducing the global maternal mortality ratio to less than 70 per 100,000 live births. See Fourth Medium Term Plan 2023 – 2027, pp 67

<sup>3</sup> Expertise Global is a public finance management consulting firm based in Nairobi, Kenya, which works to develop innovative research, tools, and frameworks in Public Finance Management.

## Key Findings

The key findings from this landscaping exercise are as follows:

- **Overall, the integration of financial and non-financial health data is limited; when it happens, it is *ad hoc*.** This is partly due to the lack of a definitive framework to guide the integration of financial and non-financial health data. **As a result, it is difficult to ascertain if the allocations within the health sector budget (determined mainly by planning ceilings) and made on a line-item basis are effectively allocated to priority health programs.**



- **The Kenya Health Information System (KHIS) is the central platform for the aggregation and reporting of non-financial health data in Kenya in a coordinated hierarchy from the community, facility, sub-county, and county levels all the way to the Ministry of Health.** Health Records Information Officers (HRIOs) at the facility and sub-county levels manage and report this data. While local facilities diligently collect health data, they often fail to utilize it effectively for performance review, strategic planning, and monitoring. There is also limited evidence on how this data is shared with Public Financial Management and accountability stakeholders, resulting in poor tracking of health outcomes against budgets and weakened oversight of health funds, increasing the risk of fund diversion.
- **The Integrated Financial Management Information System (IFMIS) is the main system used for budgeting and financial reporting for all sectors.** However, KHIS and IFMIS are not interoperable, hindering the integration of financial and non-financial data. This lack of interoperability makes it challenging to access and analyze both sets of information simultaneously, hindering informed decision-making.
- **Accountability is not solely the responsibility of one stakeholder; it involves a multifaceted participation of various actors, e.g.** ( the County Assembly, the Office of the Controller of Budget (OCOB), the Office of the Auditor General (OAG) and, Parliament etc). This complexity obscures who is accountable to whom and for what and presents ample opportunities to shift blame between stakeholders. At its worst, this leads to growing governance problems that limits the ability of health sector managers to comply with multiple accountability demands, and thus act effectively.
- **Although Kenya's health and education sectors have relatively similar accountability frameworks, the education sector has a better-coordinated decentralised accountability structure.** Compared to similar-level health facility management committees, School Boards of Management play a key role in planning and accountability, with a defined mandate to approve budgets and monitor school performance. **The Directorate of School Audit (DSA) is responsible for auditing schools to promote accountability. The health sector lacks a similar institution to audit health facilities.** This happens even though sub-county facilities exercise new decision-making powers, e.g., in the use of Facility Improvement Financing.<sup>4</sup>

<sup>4</sup> Defined as the revenue, collected, retained, planned for and used by public health facilities and units, as per the Facilities Improvement Financing Act, 2023.

## Conclusion and Implications

The findings from this landscaping exercise will inform improvements in critical decisions such as health budgeting, development of health policies, strategic planning, and enhancing health system accountability. Below, we highlight some areas for consideration and action:

**The government should emphasize the implementation of the Programme Based Budgeting (PBB) framework, which has been hindered by weak governance structures and a lack of specificity, weakening accountability efforts across different levels (facility, county, and national government).** This will ensure the availability of consistent integrated non-financial and financial health indicators for use by the national and county governments to create trends that assess health outcomes, efficiency, and cost-effectiveness of health delivery in Kenya and influence budget allocations to priority health programs.

**At the subnational level, County Health Management Teams (CHMTs) and Hospital Facility Committees (HFCs) need robust monitoring and evaluation frameworks to assess the progress of health strategies and the capacity for financial management responsibilities. The government should develop tools for capturing, integrating, and analyzing healthcare data and the subsequent transmission to stakeholders for decision-making, resource allocation, and oversight** as per Section 14 of the Primary Healthcare Act 2023.

**Strengthen decentralized accountability mechanisms, i.e., County Assemblies, Budget and Appropriations Committees (BAC), Public Investment Committees (PIC), Public Accounts Committees (PAC), Liaison Committees, and their respective secretariats in the County Assembly, to effectively integrate, analyze, and draw insights from integrated non-financial and financial health reports for accountability and oversight purposes. For instance, the Office of the Controller of Budget to develop guidelines for the requisition and reporting on the withdrawals from the County Revenue Fund. This would require the submission of integrated financial and non-financial indicators to detect and deter fund diversion.**

**Strengthen cross-sectoral programming forums to leverage transferable lessons to ensure health policymakers, public budget officials, health providers, and external partners engage at each step of the PFM process, e.g. inter-governmental/sectoral working groups convened by the Council of Governors and includes the Ministry of Health, National Treasury and representation from the counties. This would enhance information sharing and collaboration on initiatives for improving accountability and healthcare delivery.**

**Explore the use of technologies (e.g., AI/ML, chatbots) and public data platforms to support PFM reforms and health service delivery, targeting mid-senior-level bureaucrats to access, integrate, and uptake financial and non-financial data for decision-making and service delivery. This could incentivize mid-to-senior-level bureaucrats to demand, interpret, and responsibly use data and evidence for performance accountability.**

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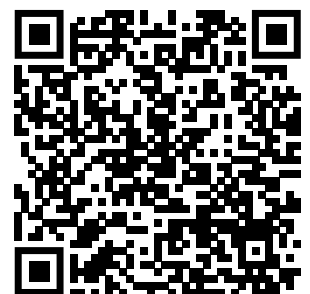
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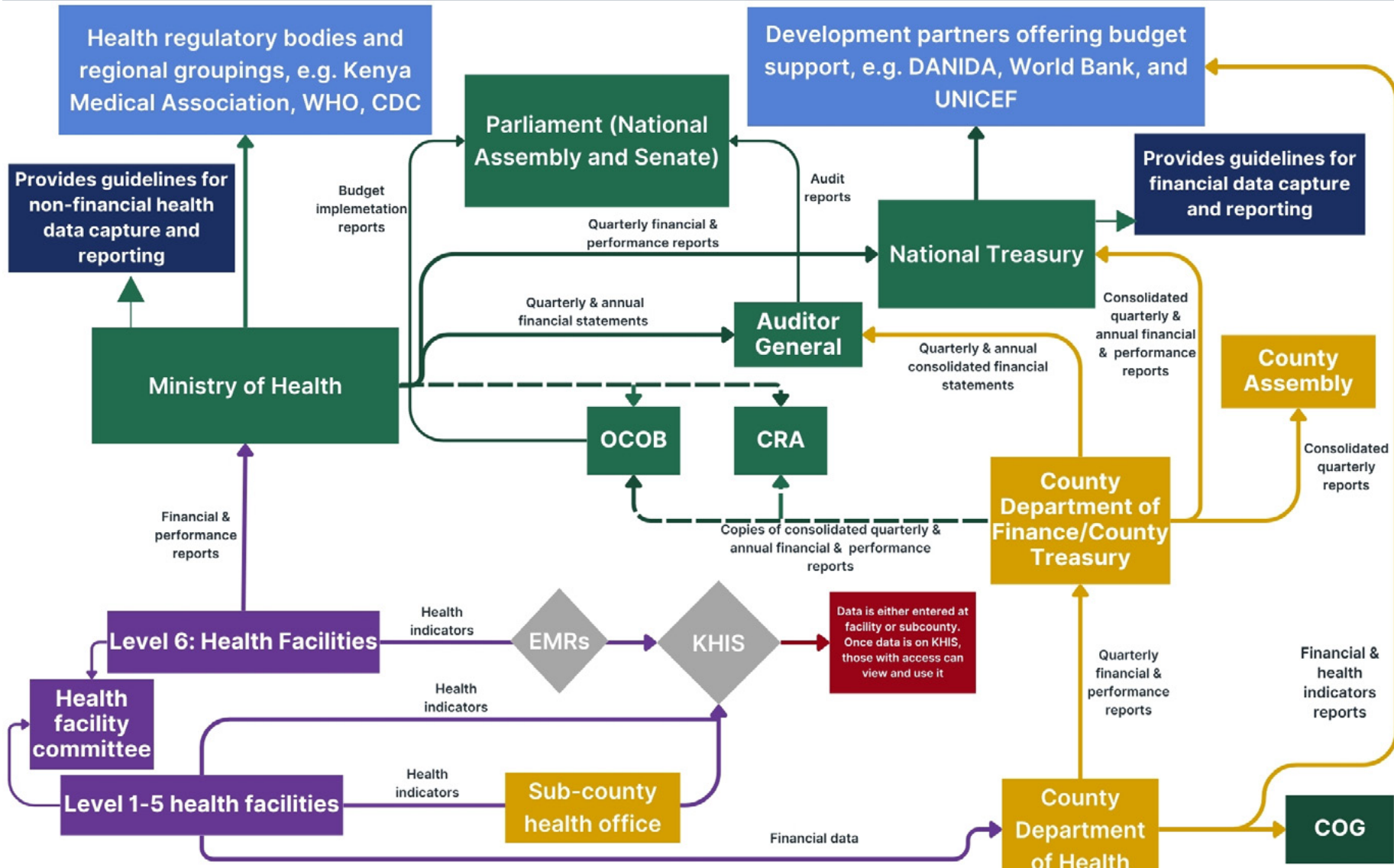
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  Health facility levels     
  Other actors     
  Flow guidelines