

EXPLAINING BUDGET DEVIATION

A BUDGET CREDIBILITY SNAPSHOT

April 2019

The study of budget credibility examines the extent, nature, causes and consequences of deviations from approved budgets. In this series, part of the International Budget Partnership's Assessing Budget Credibility Project, 24 civil society partners in 23 countries probed a specific area in which execution of the national budget repeatedly diverged from the approved plan to learn whether adequate reasons were provided for the deviation. The broader synthesis report on these findings can be found [here](#).

DOMINICAN REPUBLIC: MATERNAL AND CHILD HEALTH

Many countries in Latin America have prioritized maternal and child health, and the Dominican Republic is no exception. The Ministry of Health's Pluriannual Plan for 2017-2020 seeks to further reduce the maternal mortality rate from 106 per 100,000 live births to 70, and infant mortality from 31 per 100,000 births down to 18. One of the initiatives that contributes towards these targets is the maternal and child care "activity" or sub-program that falls under the Collective Health Services program and includes services for family planning, prenatal care, and child development.

BUDGET CREDIBILITY CHALLENGE

The maternal and child care activity has been significantly underspent since 2013 (by more than 20 percent in most years). This underspending occurs even in years when the parent program, Collective Health Services, is overspent. In 2017, the program was overspent by 20 percent, while the activity was underspent by 23 percent. Although it is not possible to directly link underspending to performance in previous years, one target that is likely related to this activity and has not been achieved in most years is the number of antenatal visits. In 2016, antenatal visits were only 67% of target.

Overall, the budget figures raise important questions about the credibility of the budget process. From 2013-2017, the maternal and child activity received nearly the same annual budget (roughly \$100 million Dominican pesos) but underspent it each year. Moreover, there is a consistent pattern where the budget for Collective Health Services is increased during the year, but then somewhat overspent against the original budget but underspent against the revised budget. For example, in 2015, the approved budget was increased from 2.4 to 3.2 billion pesos, but only 2.5 billion pesos were spent. There appears to be a deliberate underestimation of the initial budget for this program.

SPENDING ON COLLECTIVE HEALTH SERVICES PROGRAM AND MATERNAL AND CHILD CARE ACTIVITY, 2013-2017

Year	Collective Health Services Program				Maternal and Child Care Activity (sub-program)			
	Approved (mm RD\$)	Revised (mm RD\$)	Executed (mm RD\$)	Deviation Exec/approved	Approved (mm RD\$)	Revised (mm RD\$)	Executed (mm RD\$)	Deviation Exec/approved
2013	2,128	2,128	1,208	-43%	100	97	71	-29%
2014	1,742	2,101	1,764	1%	100	101	91	-9%
2015	2,442	3,198	2,519	3%	100	90	72	-28%
2016	1,843	1,894	1,877	2%	100	101	75	-25%
2017	2,363	2,498	2,831	20%	100	100	77	-23%

Source: DIGEPRES - SIGEF

WERE EXPLANATIONS FOR THE DEVIATIONS FOUND IN GOVERNMENT REPORTS?

To some extent. The following reports were reviewed for budget deviations:

- Enacted Budget (General Budget Office; known as DIGEPRES in Spanish): provides no reasons
- Supplementary Budget (DIGEPRES): provides general reasons for modifications to the aggregate budget
- Executed Budget (DIGEPRES): provides no reasons
- Annual Reports on the Evaluation of the Physical and Financial Execution (DIGEPRES): provides reasons at the “product” level. Products refer to specific goods or services that the government is supposed to produce. In the Dominican Republic, products are specified at the level of the program, but not at the level of the activity, making it unclear which activity delivers which product. Moreover, the relationship between how the budget is spent and what products are provided is not explicitly stated.
- Annual Report on Physical and Financial Goals (Ministry of Public Health): provides reasons at the product level.

DID THE GOVERNMENT AGREE TO BE INTERVIEWED TO EXPLAIN FURTHER?

Yes. Interviews were conducted with:

- DIGEPRES officials, who stated that the Collective Health Services program has been over-spent in recent years due to increases in the budget for another activity within the program, the Risk Management and Assistance for Emergencies and Disasters activity.
- A member of the Permanent Health Commission of the Chamber of Deputies, who stated that under-execution of the health sector budget results from insufficient time to fully utilize resources following revisions to the budget.

Attempts were made to interview an official in the Ministry of Health, but a response was not received.

WERE THE REASONS PROVIDED BY GOVERNMENT ADEQUATE?

The disconnect between products and activities means that the product-level explanations, though detailed, cannot be used to fully understand deviations at the activity level. For example, reasons are provided for deviations from target in the antenatal care product, but they do not directly or completely address the maternal and child services activity. The reasons that were provided in the interviews were inadequate because they do not explain why the maternal and child services activity, specifically, has been under-spent nor do they account for the variation in execution of the activities within Collective Health Services program. The increase in the Risk Management activity does not explain the reductions to the Maternal and Child Health activity. Also, there were no reasons offered to explain the in-year modifications to the program.