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Abstract

The phenomenon of increasing expenditures in the public health sector in Algeria has become a significant issue for the state, similar to other sectors, regardless of the adopted economic system compared to the quality of the provided health services. This increase is primarily due to the development of certain functions from time to time, along with the growing population and their evolving demands and mindsets. Consequently, there has been a need to consider the rationalization of financial behaviors concerning the general budget, by devising alternative plans and programs, and seeking new techniques for public authority decision-making. The study has concluded that the budgetary reform in Algeria, which came into effect in 2023, marks a significant shift in the management of public health. It incorporates internationally recognized mechanisms for public budget governance, adopts an expenditure rationalization approach, and enforces a results-based management style. Moreover, it introduces program budgeting instead of traditional management budgeting. These reforms enhance the transparency and credibility of financial information, reflecting the state's true financial situation, and contribute to improving the efficiency and effectiveness of performance in Algeria's public health sector.

Keywords: Budget, Expenditures, Revenues, Rationalization.

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Introduction

The concept of comprehensive stability has evolved from merely ensuring internal security and establishing justice among society members to encompassing broader social aspects, including the health of citizens and the development of a robust and comprehensive healthcare system capable of addressing both unexpected and modern diseases. Consequently, the state's financial needs have been continuously increasing in parallel with its obligations to fulfill its duties effectively. The management of public interests necessitates expenditures, leading to an increase in public spending. This raises the issue of determining the optimal level of public expenditure in the health sector, which involves making specific decisions related to certain projects and services.

Therefore, there is an urgent need to rationalize public spending decisions and implement a new budgetary reform based on the soundness of the methods and tools used in making projects and service-related decisions. In light of this introduction, the following research questions arise:

- How is the rationalization of public health expenditures achieved under the new budgetary reform?

Study Outline:

1. Chapter One: The Concept of Public Expenditure and Its Increase

○ Section One: The Concept of Public Expenditure

1. Public Expenditures

1.1 Definition of Public Expenditure:

- The use of a sum of money by a public authority to achieve public benefit.
- Public expenditure is the spending by public entities and administrations of a certain amount to meet a public need. Other definitions include:
 - Public expenditure: a sum of money used by the state or one of its official entities to achieve a public purpose.
 - Public expenditure: a monetary amount disbursed by the public treasury to satisfy a public need.
 - Public expenditure: monetary amounts approved by the legislative authority for a public person to spend in providing public goods and services and achieving economic and social goals.
 - Public expenditure: monetary amounts disbursed from the state's financial resources or one of its organizations to satisfy a public need.

○ 1.2 Classification of Public Expenditures:

- Studying the nature and subject of public expenditures is complex and highly significant. Public expenditures can be classified into several types, including:
 - **Administrative Classification:** Based on the structure of state institutions and divided into:
 - **Hierarchical Administrative Classification:** The oldest classification, where expenditures are categorized by ministries, and each ministry's expenditures are detailed, as seen in Algeria's management budget.
 - **Functional Classification:** Groups expenditures of several ministries into one category based on the state's role in bearing responsibilities and the nature of its activities, aiming to achieve its objectives.
 - **Economic Classification:** Highlights the state's primary functions in different sectors. In Algeria's equipment budget, expenditures for agriculture, industry, commerce, transportation, fishing, etc., are shown. Economically, expenditures can be distinguished as follows:

- **Actual Expenditures:** Expenditures related to the consumption of activities or public services of the administration, such as salaries or resource purchases.
- **Transfer Expenditures:** Expenditures in the form of transfers from one sector to another without consuming materials or services.
- **Management Expenditures:** Payments for public services.
- **Investment Expenditures:** Expenditures of an investment nature that increase the state's wealth.
- **Mandatory Expenditures:** All mandatory expenditures prescribed by the legislature, such as management expenses, including:
 - Employee salaries.
 - Maintenance of movable and immovable assets.
 - Road maintenance.
 - Contributions to the guarantee fund.
 - Management of local community services.
- **Optional Expenditures:** Expenditures the government can choose to include or exclude from the state's general budget.

Section Two: Reasons for the Increase in Public Health Expenditure

1. Studies by public finance and economic scholars have consistently shown that public expenditures have increased continuously and proportionally across various economies and countries, whether underdeveloped or developed, capitalist or socialist. This trend has become evident and inevitable, especially after the global crisis of 1929 and World War II (1939-1945), as the state's functional role has significantly transformed, requiring more active intervention in political, social, financial, investment, and production areas. The expansion of the state's activities in various fields has necessitated a shift from traditional to expanded expenditure, driven by several key factors:

1. **Economic Reasons:** Economic factors have significantly contributed to the increase and expansion of public expenditures to achieve ambitious developmental economic plans and objectives. There is a close relationship between the diversity in government spending and the processes of initiating economic development and stimulating desired economic growth. Key economic reasons include:

- **Increase in National Income:** Achieving this requires doubling public expenditures to inject more money into the national economy and various production sectors, enabling countries to implement projects and double their production, as an increase in national income signifies economic growth.

- **Raising Production Levels:** Achieving this requires doubling public expenditures, especially for underdeveloped economies characterized by low production due to factors like weak infrastructure, limited scientific, technical, technological, and industrial skills, and insufficient national and foreign capital resources.
 - **Building an Industrial Technological Base:** Achieving this requires doubling public expenditures by employing local and foreign capital, increasing the productive efficiency of human resources, and absorbing these resources into industrial production sectors, training them in modern technological methods, and providing scientific and technical expertise and skills.
 - **Improving and Developing Production Structures:** Achieving this also requires increasing public expenditures by modifying the relative structure of the national economy and changing its traditional nature. The production structures of underdeveloped economies are predominantly agricultural and primary production. Expanding public monetary expenditures to improve and develop diverse production structures and enhance the performance of human and material resources using scientific and technological means across various production sectors is essential to play a significant role in initiating development, stimulating economic growth, and achieving economic security and stability.
2. **Inflationary Reasons:** Inflation, characterized by rising prices, leads to a decrease in the purchasing power of the national currency. This inflation acts as a strong motivator for increased public expenditures to compensate for the reduction in the purchasing power of the national currency. There is a direct relationship between inflation and the increase in expenditures: as prices rise, public expenditures also increase. The state must intervene by increasing its monetary expenditures in the form of higher salaries or wages, allowances, aid, or compensations, creating new jobs, or launching new development projects. This puts more money in the hands of individuals to compensate for the lost purchasing power of their money, allowing them to purchase the same quantities of goods as before the price increase.
3. **Social Reasons:** Social factors are a significant incentive for increased public expenditures, as the state's developmental responsibilities extend beyond economic matters to include achieving social objectives in social development plans. This is done by directing public expenditures towards projects with social purposes such as healthcare, education, social care for the sick, disabled, elderly, widows, and orphaned children, as well as sports and youth centers, and other social expenditures. Additionally, public expenditures may be distributed in the form of assistance to those unable to work or by providing jobs for the unemployed. The goal of these social expenditures is to reduce income and wealth disparities among society's segments, preventing the concentration of wealth in the hands of a few who often fail to invest their money in productive, consumer, or luxury developmental projects. Thus, social necessity dictates increased public spending to finance economic and social projects, employing individuals in these projects, attracting skilled workers, and vocationally training them, thereby raising their incomes and reducing income disparities with the wealthy. Increased public expenditures aim not only to raise income as a social objective but also to improve the standard of living, a social goal desired by everyone.
4. **Political Reasons:** Political reasons are among the primary incentives for increased public expenditures, especially evident in the latter half of the century. Various political conditions, such

as political openness and joining different international organizations, participating in their activities, conferences, and seminars, require significant monetary expenditures and the allocation of a portion of the public budget.

5. **Administrative Reasons:** Administrative reasons pertain to the expenditures of the administrative apparatus, agencies, institutions, directorates, and administrative departments, known as public administration structures. The development of sectors and public administration has led to the allocation of a substantial portion of state budgets for spending on these sectors, ensuring their continuous development and improvement on one hand, and financing their various activities and tasks on the other. These include:

- **Hiring Administrative Personnel:** The need for administrative reasons has necessitated the employment of many administrative staff, professionals, workers, guards, drivers, experts, and others, increasing public expenditures.

- **Compensating for Low Productivity:** The decline in the productive efficiency of state employees forces the state to increase its expenditures to compensate for this decline by hiring more workers and employees and increasing the services provided to citizens.

6. **Demographic Reasons:** Demographic reasons are a strong motivator for increased public expenditures, as the provision of services to a growing population requires increased spending. There is a direct relationship between population growth and the increase in public expenditures, compelling the state to double its expenditures to expand and develop its traditional spending projects and facilities, thereby providing more services and meeting the living needs of its citizens. Thus, the state typically expands its necessary and sufficient financial expenditures to meet the increasing needs of a growing population in areas such as education, healthcare, security, justice, infrastructure, transportation, communications, roads, railways, postal services, and more.

7. **Security Reasons:** Security reasons include both internal and external security. The significance and importance of public security expenditures are as follows:

- **Achieving Security Goals:** Internal and external security are invaluable to citizens' psychological well-being, which cannot be measured in monetary terms. Security expenditures form the essential framework for other public expenditures that achieve their goals through it, including economic, social, financial, humanitarian, human, administrative, and functional developmental objectives that cannot be achieved without internal and external security for citizens and society.

- **Local and International Security Services:** Locally, security expenditures ensure public security and political stability, encouraging citizens to collaborate, fulfill their duties, excel in their work, demonstrate political loyalty to their country, and share political responsibilities. Internationally, security expenditures provide global security by implementing standards like armed peace, deterring aggressive nations.

- **Continuous Security Expenditures:** Security expenditures cover various types and extend indefinitely, being a persistent and increasing spending phenomenon in both peace and war, covering all expenditures related to achieving internal and external security objectives.

Section One: Optimal Resource Utilization Techniques

In any project, resources are the raw materials upon which the project's work is based, whether these resources are materials and equipment used to accomplish the work or human resources and workers who perform the tasks. Often, there is an imbalance between the available resources and those needed for the project, causing issues in the workflow. The project manager must ensure that the available and used resources are balanced throughout the project's lifecycle.

1. Optimal Resource Utilization Techniques

What Are the Techniques for Optimal Resource Utilization?

Optimal resource utilization techniques are the methods and strategies used to align project activities with its resources. This involves adjusting the start, execution, and end dates of project activities to match the state of the resources allocated to the project. The goal is to balance the available resources and those already used, ensuring that the resources used are less than or equal to the available resources. This aims to preserve the available resources and prevent their complete depletion before the project's completion. Optimal resource utilization adjusts the project schedule to match the available resources, whether material or human, by delaying or accelerating the completion of specific project activities according to a comprehensive plan that aligns the project schedule with the resources available for each activity and the project as a whole.

2. Techniques for Optimal Resource Utilization

A. Resource Leveling:

This is the most critical technique used in resource management and optimal utilization. It involves adjusting the start and end dates of activities to complete the most crucial work and efficiently use and employ resources.

B. Resource Smoothing:

This technique adjusts the project schedule activities to use fewer resources than initially planned.

C. Resource Schedule Adjustment:

This technique involves aligning the project schedule with the available resources, both material and human.

Section Two: Results of Budget Reform Experiments

Successful experiments have shown that achieving objectives must be comprehensive and parallel across all sectors. Variability in achievements between sectors contributes to the loss of a significant portion of existing and expected investments. For example, in the health sector, focusing on healthcare institutions and their outputs has increased, similar to many productive and service sectors. High costs of technologies and equipment used must be considered when evaluating the feasibility and diversity of requirements.

Section Three: Advantages of the New Budget Reform in Expenditure Rationalization

The goals of the new budget reform require governance of the public budget, focusing on rationalizing public spending. This involves comparing financial data with field information and assessing their compliance with recognized accounting laws, regulations, and governmental objectives. This goal is achieved through objective and independent audits that trace financial operations within the controlled system, presenting findings as reports or penalties for non-compliance, establishing administrative and criminal accountability to combat all forms of administrative corruption.

Section Four: Rationalizing Public Expenditure in the Health Sector

1. Concept of Rationalizing Public Expenditure in the Health Sector

Rationalizing public expenditure means reducing it. However, analyzing the causes of increased public spending, especially in developing countries, reveals whether this view is correct. If the increase in public spending stems from avoidable causes, such as the state undertaking unjustified spending programs, then it should be addressed.

Another meaning of rationalizing public expenditure is the commitment to effective resource allocation and usage, maximizing welfare. Effectiveness occurs during the budget preparation and approval stages, increasing with democratic decision-making in public policies. Effectiveness has two dimensions:

- **Output Efficiency:** Achieving more output with the same input, measured by the ratio of actual to expected output at a given input level.
- **Input Efficiency:** Achieving a certain output with fewer inputs, measured by the ratio of actual to expected inputs at a given output level.

A third meaning of rationalizing public expenditure, given the relative scarcity of resources and the difficulty of avoiding factors that increase public spending, is to achieve effective resource allocation and usage between the state and the private sector, committing to effectiveness.

2. Key Points for Rationalizing Expenditure

Three main points are essential for rationalizing expenditure:

- **Defining the Objective:** The goal the administration seeks to achieve when translating its burdens into reality during execution must align with the government's general political aspirations.
- **Using Analytical Tools:** Employing analytical and estimation tools to arrive at specific calculations.
- **Following a Systematic Approach:** Not theoretical, with a clear and known policy. Rationalizing public expenditure is driven by the rapid increase in public spending, necessitating consideration of economic balance results. In contrast, there is a noticeable decrease or stagnation in public revenues and a lack of quantitative adjustments to public spending despite continuous qualitative expression of public needs.

3. Goals of Rationalizing Public Expenditure

The goals of rationalizing public expenditure include:

- **Better Use of Public Resources:** Achieved by some institutions that adopted this method before some governments implemented it.
- **Reducing Waste:** Due to double usage, inefficiency, or conflicting objectives. There should be alignment between the administration and its economic and social environment to provide necessary communal services for economic development.
- **Providing a Structural Composition:** That helps the administration's internal management process succeed and sometimes facilitates future changes.
- **Planning and Programming Annual Budget Expenditures:** Beyond the one-year budget period, extending up to three years, some economists and financiers hope this approach compensates for the centralized general development plan.

4. Stages of Rationalizing Public Expenditure

Seven stages can be distinguished in the rationalization process:

- I. **First Stage:** Analyzing and defining objectives.
- II. **Second Stage:** Analyzing and defining means.
- III. **Third Stage:** Relating means to objectives.
- IV. **Fourth Stage:** Formulating alternative programs.
- V. **Fifth Stage:** Evaluating programs and analyzing costs and returns, clarifying programs at this level.
- VI. **Sixth Stage:** Decision-making.
- VII. **Seventh Stage:** Implementation and monitoring, the final and most crucial stage.

Conclusion

The phenomenon of increasing public expenditures is one of the most significant problems for public finance experts and scholars, not only in terms of causes but also in terms of its impact on public revenues. The state cannot increase its revenues without a valid reason, despite potential increases in individual income or wealth due to the state's increased public spending for both apparent and genuine reasons.

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