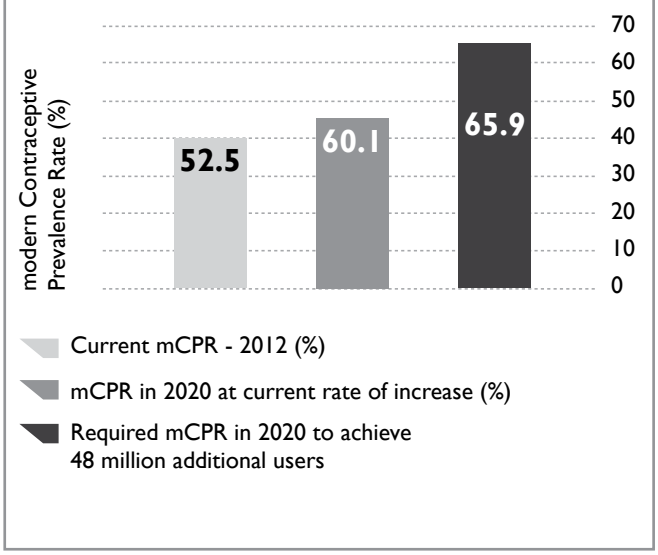
RESOURCE REQUIREMENT TO MEET INDIA'S FP 2020 COMMITMENTS

The policy brief is based on the findings of a study conducted by Prof. Barun Kanjilal of Indian Institute Of Health Management Research, Jaipur on behalf of Population Foundation of India.

A landmark event in the global discourse on Family Planning (FP) is the London Summit on Family Planning in 2012, where over 60 countries pledged to increase access for an additional 120 million women to family planning services by 2020. Commonly known as the FP2020 commitments, India too, committed an outlay of over USD 2 billion to provide family planning services to an additional 48 million women in the country in addition to sustaining the current coverage of about 100 million users by 2020.

Estimated from DHLS 4 and AHS (2012) data, the modern Contraceptive Prevalence Rate (mCPR) was 52.5 per cent in 2012. It was 47.1% in DLHS 3 (2007-08). Based on compounded annual growth rate (CAGR) derived from 2007-08 and 2012, the mCPR is projected to be 60.1 per cent by the year 2020, implying that India will have about 32.8 million additional users by 2020. This falls short of the committed goal of 48 million by about 15 million (See Figure 1).

Figure 1: Current trend in FP usage and required coverage



Attaining the commitment to FP2020 goal hinges on India's ability to scale up the coverage of spacing methods of contraception. As per Vision 2020, the Government of India expects a shift in the need for contraceptives with increasing preference for spacing methods (See Figure 2 and 3). This poses a challenge for India's family planning programme, which is largely focused on terminal methods.

Figure 2: Modern Contraceptive methods (Current share 2012)

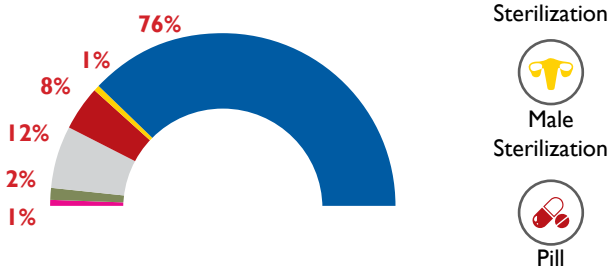
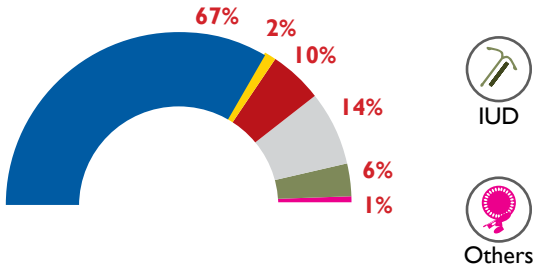


Figure 3: Modern Contraceptive methods (Projected share 2020)



Based on the secular trend of NFHS-3 and DLHS-4/AHS, the private sector is expected to cater to 42.5 per cent of all modern contraceptive users (between 2013 and 2020). But, considering only the spacing methods (pills, condoms and IUDs), 76.5 per cent of the users are expected to be catered to by the private sector. Therefore, the achievement of India's FP2020 goal is critically dependent on the role of private sector. At the current trend, the number of 'additional' users served by the private sector, is expected to be close to 10 million while the required number is almost 22 million to meet the FP2020 goal. This implies a gap of 12 million that is unlikely to be covered by the private market on its own. Meeting the FP2020 commitments for India requires active and sustained participation of the public and private sector delivery systems.

The scale and intensity of the programme needs to be enhanced in the ten high priority states (8 EAG states, Assam and Himach-al Pradesh), especially in Bihar, Odisha, UP, and Assam (Table 1).

Table 1: Gaps between current trend and FP2020 goal

States	Additional Users (2013-20) (millions)		Gap	Gap %	Rank
	Current Trend	FP2020 Goal			
Bihar	3.28	7.2	3.92	119.4%	1
Odisha	0.97	1.83	0.86	88.8%	2
Uttaranchal	0.25	0.46	0.22	88.5%	3
Assam	0.8	1.43	0.63	78.5%	4
Uttar Pradesh (UP)	6.72	11.09	4.37	65.1%	5
Jharkhand	1.47	2.1	0.63	42.7%	6
Himachal Pradesh	0.21	0.29	0.08	40.1%	7
Madhya Pradesh(MP)	2.04	2.78	0.73	36.0%	8
Chattishgarh	0.84	0.99	0.15	17.9%	9
Rajasthan	2.18	2.06	-0.12	-5.5%	10

As seen above, states such as Rajasthan, Madhya Pradesh, Chhattisgarh and Himachal Pradesh appear to be 'on-track' with respect to the FP2020 goal. On the other hand,

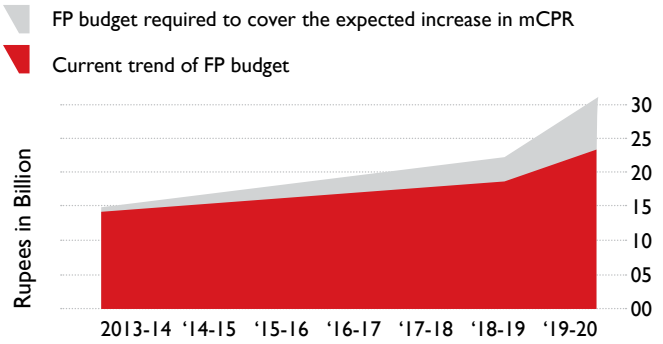
Require to scale up their family planning programmes to reach their respective FP2020 goal

CURRENT BUDGET
TRENDS IN FAMILY PLANNING

The central government funds the family planning programme through two funding channels: a. the treasury route under the Family Welfare (FW) budget head; b. the off-budget (Society) route for Family Planning (FP) under the National Health Mission (NHM). The treasury (FW) funds for family planning support: contraceptive procurement and free distribution, infrastructure maintenance (cost of sub-centres and ANMs), social marketing projects and FP linked health insurance (for compensations related to sterilization failures).

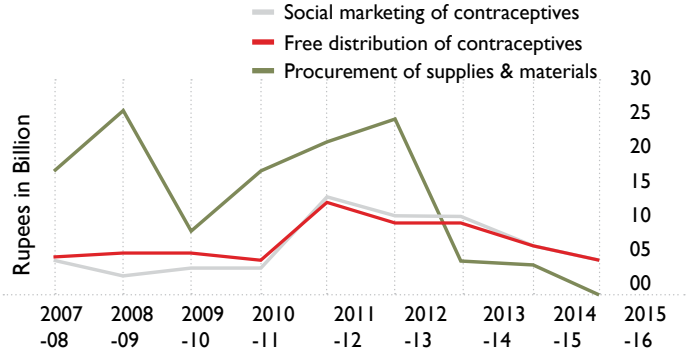
The FP component under NHM supports direct costs related to providing sterilization and IUD services in camp mode, family planning awareness activities and accreditation of private facilities for providing FP services. It does not include costs of the health staff providing family planning services, training of staff on family planning or the procurement of contraceptives and sterilization equipment. These are combined with others (for maternal, child health facility strengthening under IPHS) as separate budgets under the NHM. Family Welfare, which includes budgets for family planning components, constituted only 4 per cent of the 2014-15 Health and Family Welfare budget (Budget Estimates – BE). On the other hand, under the National Health Mission (NHM) FP was around 2 per cent of the total NHM resources in the year 2013-14 as per NHM budget allocation (ROP) and MIS.

Figure 4: FP budget - Estimated trend based on 2013-16 allocations



Notwithstanding the increases in NHM allocations for FP by 47 per cent between 2013-14 to 2015-16, shortfalls to the tune of Rs.1,500 crores persist. The current trend in budgetary increases thus makes it difficult to reach even 33 million additional users by 2020 (as per the current trend of increase in mCPR) (See Figure 4). The trend in allocation of resources from the central government is however, discouraging, with shifts in budgetary allocation indicating that there would be a significant deficit in terms of meeting the required support from this source. The resource allocations to family planning have shown a sharper declining trend in the last few years; for instance, central government allocations have been reduced by 54 per cent between 2013-14 and 2015-16. Since the contraceptives and IEC materials are obtained from this budget, the declining trend from 2011-12, clearly raises serious concerns about the possibility of attaining the FP2020 goals, if the trend is sustained (See Figure 5).

Figure 5: Trend in actual allocation through Central Sector budget for FP



At the state level, a review of the recent state NHM plans shows that most EAG states have raised state contributions to the resource envelope for FP. This is a clear indication that there is a need for the Centre to step-up with more resources (the central resource share matching state resources in 60-40 ratio) to meet the FP2020 goal. For example, the approved allocation in UP (under NHM) has risen from Rs. 115 crores in 2013-14 to Rs. 212 crores in 2015-16. This is an increase of 84 per cent in just two years. Similarly, the approved outlay in Odisha has increased from Rs. 27 crores in 2013-14 to Rs. 51 crores, i.e. an increase of 88 per cent. Bihar, on the other hand, showed a comparatively sluggish growth – just a 44 per cent increase between 2013-14 and 2015-16. It is also noteworthy that at least one of the EAG states (UP) has explicitly mentioned FP2020 in one of the PIP cost items.

BUDGETARY ALLOCATION
REQUIRED TO MEET FP2020 COMMITMENTS

To meet the FP2020 goal, the government would need to spend approximately Rs. 15,800 crores during 2013-2020 to provide family planning services by the public sector. This, however, may still not guarantee the additional 48 million users since private sector clients (users served by private sector) may not increase adequately to bridge the required gap.

If all the additional 48 million FP users are to be covered by both the public and private providers, at the current public-private mix (ratio of 70-30), an additional Rs. 11,150 crores is required over the next four years, i.e. an additional Rs. 2,800 crores per year approximately, from 2016 to 2020 (See Figure 6). If all the additional 48 million FP users are to be covered by the public health system, an additional Rs.18,730 crores is required over the next four years, i.e. an additional Rs. 4,700 crores per year, from 2016 to 2020 (See Figure 7). Projections in the 8 EAG states and Assam and Himachal Pradesh show that they are expected to fall short of financial resources by Rs.3,800 crores collectively, if all the additional users are catered to by the public health system.

Figure 6: FP budget for FP2020 goal- Additional users served by current public-private mix

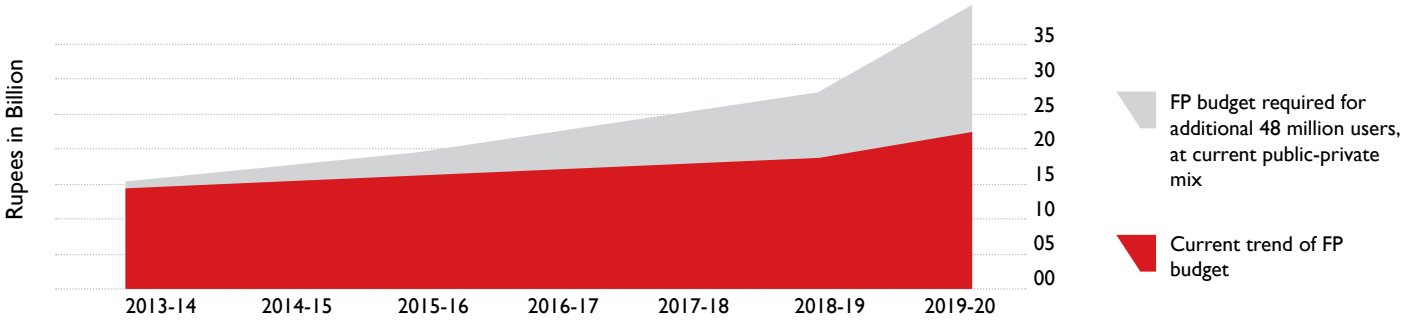
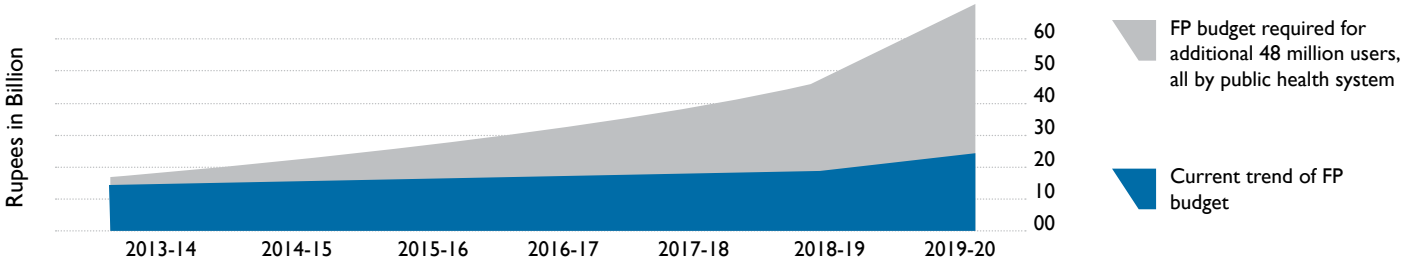


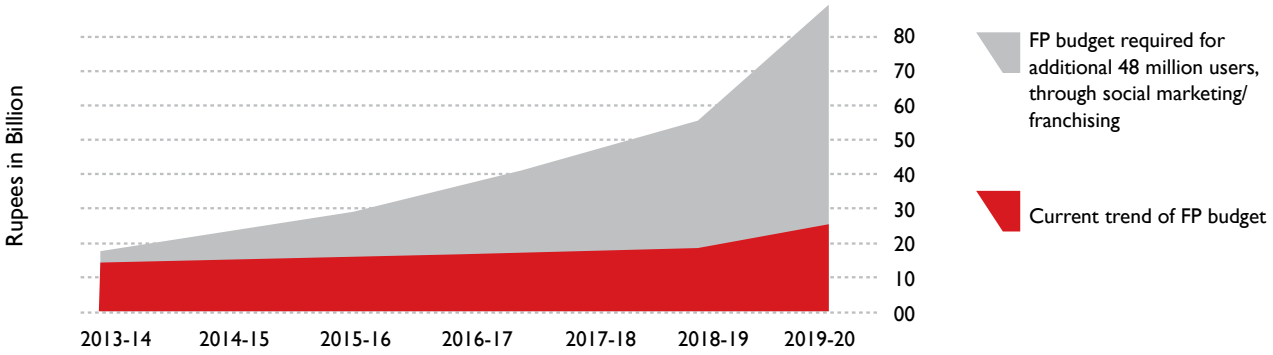
Figure 7: FP budget for FP2020 goal- Additional users served by public health system



In terms of the percentage of the current allocation trend, the government would require at least 32 per cent of additional financial resources from the central government, in order to meet the costs of just the additional public users. The requirement for the additional fund climbs to 95 per cent if the 'private gap' is to be filled by public providers. An alternative approach to address the gap is to involve private providers through the social franchising / social marketing (SF/SM) mechanisms, especially in select EAG states, such as, Bihar, Chhattisgarh and Odisha.

If all the additional 48 million FP users are to be covered by the SF/SM mechanisms, an additional Rs. 23,000 crores would be required over the next four years, i.e. an additional Rs. 5,750 crores per year from 2016 to 2020. This would need an increase of public finance by 131 per cent if the government finances the operation of the SF/SM channels. (Figure 8).

Figure 8: FP budget for FP2020 goal- Additional users served by social franchising/social marketing



POLICY RECOMMENDATIONS

TO ADDRESS THE CONCERNS

- A revision of the FP component in the Centre-State resource sharing formula is required to meet the FP2020 commitment
- More specifically, the resources for FP2020 need to be tightly ring-fenced with a maximum central share to assure the fulfillment of commitments

KEY POLICY RECOMMENDATIONS

- Though the overall budget for family welfare in the country has declined, the recent increase in family planning budget under the NHM (which is a small proportion of family welfare budget) should be sustained.
- Increase the central government budgetary allocation for contraceptives.
- Involve the private sector in contraceptive promotion and distribution through social marketing and social franchising.
- Introduce additional spacing methods that are safe and cost-effective.
- Invest in research on the cost-benefit and budgetary implications of new family planning methods.

Note: *The study focused on macro (national) level resource requirement for meeting India's commitment for FP2020. It is based on current method mix, provider mix and direct cost of the family planning programme in the national and state budgets of 10 high focus states under the National Health Mission.*

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