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Rwanda



# Health Budget Brief

## Investing in Children's Health in Rwanda

2021/2022

Health Budget Brief. Investing in Children's Health in Rwanda 2021/2022


November 2021

# Preface

This health budget brief explores the extent to which the Government of Rwanda addresses the health needs of children under 18 years of age and mothers in the country. The brief analyses the size and composition of budget allocations to the health sector for the 2021/22 financial year. The aim of the budget brief is to synthesize complex budget information and offer recommendations to strengthen budgeting for children. Financial data used in this analysis are drawn from the 2021/22 finance law as well as revised budgets from previous years.

# Key Messages

In 2021/22, the Government of Rwanda allocated FRW 377.1 billion to the health sector, up from FRW 282.3 billion in the 2020/21 revised budget. This reflects a nominal increase of 33.6 per cent. This commendable budget increase is largely attributed to COVID-19 response measures implemented under the health sector, including COVID-19 mass-testing, vaccine procurement and distribution, and treatment. **Further investments in risk communication will help ensure Rwanda's population uphold COVID-19 prevention measures and access the COVID-19 vaccine.**

Among health sector priority areas, the Maternal and Child Health programme was allocated more budget in 2021/22 due to the cost of COVID-19 vaccination. However, over the past three years, the budget allocation to the Health Services and Quality Improvement programme has shown a declining trend from FRW 68 billion in 2019/20 to FRW 19.9 billion in 2021/22, reflecting a budget reduction of 70.9 per cent. The main drivers of the programme's budget reduction are (i) the decrease in allocations for health infrastructure development and reforms under Medical Production, Procurement, and Supply, and (ii) the lack of budget allocated to the Hygiene and Environmental Health programme. While we recognize that the Ministry of Health is facing a difficult task of dealing with competing priorities and trade-offs to cater for COVID-19, **more resources for health sector infrastructure are needed, especially in rural areas, to strengthen equitable and modern health service access. Improving hygiene and environmental health should also be prioritized to help increase the country's resilience to climate change.**

Both domestic and external financing for the health sector have recently increased although much of the additional budget comes from external support. In 2021/22, domestic resources allocated to the health sector account for 43.2 percent of the budget compared to the 51.4 percent allocated in 2020/21, while the share of external funds increased from FRW 137.2 billion in 2020/21 to FRW 214.3 billion in 2021/22. The sector's dependence on external financing continues to pose a challenge to sustainability in the medium and long term. **Strategic measures need to be established, perhaps including fiscal reforms and innovative mechanisms for health sector financing, to reverse this trend. There is a need to foster greater domestic allocations for the health sector to increase budget predictability as well as stronger resilience to external shocks**.

# 1. Introduction

As with other countries globally, Rwanda has entered the second year of the COVID-19 pandemic, a period characterized by unprecedented health, social and economic crises. The Government of Rwanda has been implementing robust COVID-19 response and preparedness measures, contributing to health system resilience since the pandemic's early stages.

The health sector is coordinated by the Ministry of Health (MINISANTE), whose mission it is to provide and continuously improve affordable promotive, preventive, curative and rehabilitative health care services to the Rwandan population. MINISANTE is supported by the Rwanda Biomedical Centre (RBC) for the implementation of key programmes, improving research activities in the field of disease prevention, and providing treatment to people at all levels of the health system. Additionally, the Food and Drug Authority (FDA) established in 2018 is responsible, amongst other things, for the regulation of pharmaceutical products, vaccines, human and veterinary processed foods, and other biological products.

Health services in Rwanda are provided at various levels of the health system by public, faith-based, private for-profit and non-government organizations.

Three key levels for service provision can be identified:

1. *Sub-district health:* Basic treatments and preventive interventions are provided in health posts (HPs), health centres (HCs), and by Community Health Workers (CHWs).
2. *District health:* Upon referral from HCs, district hospitals (DHs) undertake advanced diagnosis and treatment.
3. *Province or national:* Upon referral from DHs, referral hospitals (RHs) address specialized medical diagnosis and treatment.

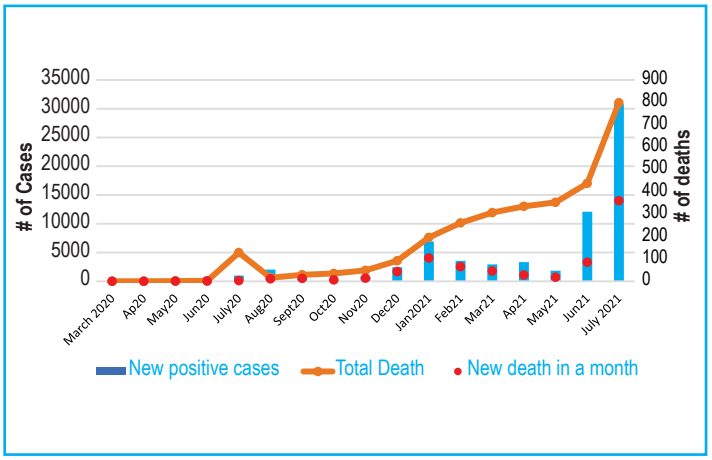
The health sector priorities are defined by; (i) the National Strategy for Transformation (NST1) for the period of2017–2024, (ii) the fourth Health Sector Strategic Plan (HSSP4) for 2018/19–2023/24, and iii) a Health Financing Strategic Plan for 2018-2024. The priorities are summarized under the pillar of **"Enhancing demographic dividend through ensuring access to quality health for all"**. Specifically, the following are the health sector priorities:

- *Reduction of prevalence of stunting from 38 percent in 2016 to 19 per cent in 2024 in children under five years,*
- *Improvement of maternal mortality and child health,*
- *Construction and improvement of health infrastructure,*
- *Strengthening health sector financing and health service delivery,*
- *Increasing quality of human resources for health,*
- *Ensure availability and sufficient resources to finance the delivery of health services in line with the Health Sector Strategic Plan,*
- *Digitalization of health services to enhance data driven decisions and prioritization of resources,*
- *Institutionalization and scaling up innovations and new proven impact interventions to accelerate Universal Health Coverage (UHC).*

## 1.1. COVID-19 Monthly Trajectory: March 2020 - July 2021

Since the beginning of 2021, the COVID-19 pandemic has continued to threaten lives within Rwanda. Between June and July 2021, the country experienced the third large surge of COVID-19 infections leading to another series of areas targeted lockdown. By the end of July 2021, the total number of COVID cases recorded stood at 69,838, with the number of recorded cases between June and July 2021 accounting for 61 per cent of the total cases since March 2020. The data also show that a total of 798 people lost their lives to COVID-19 between May 2020 and July 2021, with 88.4 per cent of COVID-19 deaths occurring between January and July 2021 (**Figure 1**). The increase of cases and associated deaths is largely attributed to the virus mutation and arrival of new variants in the country, but with rising COVID-19 vaccination rates, the situation is expected to improve.

**Figure 1: COVID-19 Trends in Rwanda**




*Source: Calculated using Our World in database University of Oxford*

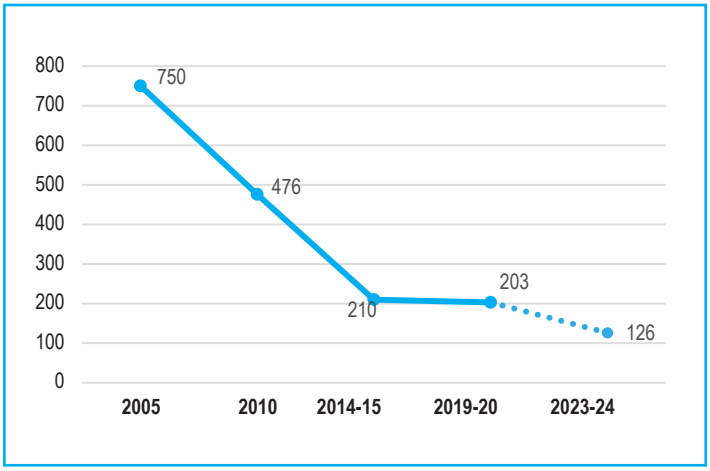
## 1.2. Health Sector Performance against Selected Indicators

**Rwanda has made significant progress over the past decade to improve health outcomes, but pace of improvement has stagnated.**

The data from Demographic and Health Surveys indicate that the maternal mortality ratio has been steadily reducing over the past 15 years, from 750 per 100,000 live births in 2005 to 203 per 100,000 in 2019/20. The GoR aims to reduce the maternal mortality ratio to 126 by 2024 (**Figure 2**). If the current trend is maintained, this target is unlikely to be achieved due to a plateauing trend observed between 2014/15 and 2019/20, calling for strategic measures and investments to accelerate the reduction of maternal mortality in the medium and long term. This requires focusing on high impact, innovative interventions, including digitalization of health services and increased quality of health care services by enhancing the community health service package, improving intrapartum/ neonatal programmes across District hospitals, and rolling out robust immunization programmes among others.

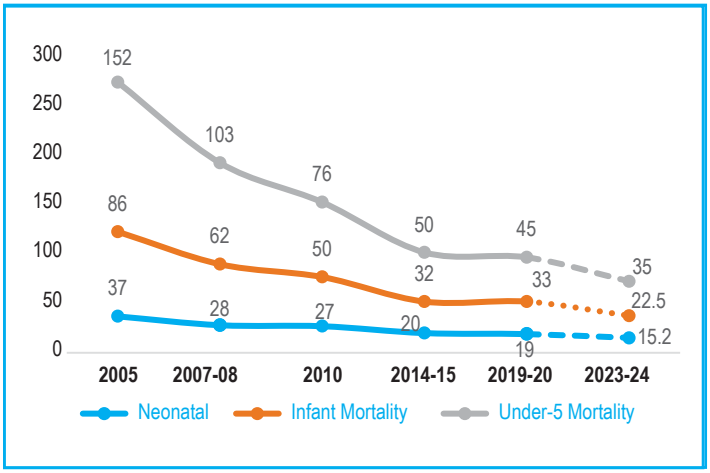
Child health has also seen commendable improvements in Rwanda. The neonatal death rate declined from 37 per 1,000 live births in 2005 to 19 in 2019/20. The infant mortality rate fell from 86 per 1,000 live births in 2005 to 33 in 2019/20; while the under-5 mortality rate declined from 152 per 1,000 live births to 45 in 2019/20 (**Figure 3**). Across the two indicators of child health (infant mortality and under 5 mortality), Rwanda has recorded a strong and positive trajectory towards achieving health targets of 2023/24. However, there is a need to strengthen interventions focussed on improving neonatal services, since the rate has stagnated for the past five years.

**Figure 2: Trend of Maternal mortality ratio per 100,000 live births (2005–2015)**




*Source: Demographic and Health Surveys (DHS) reports*

**Figure 3: Trends of Childhood mortality (deaths per 1000 live births)**

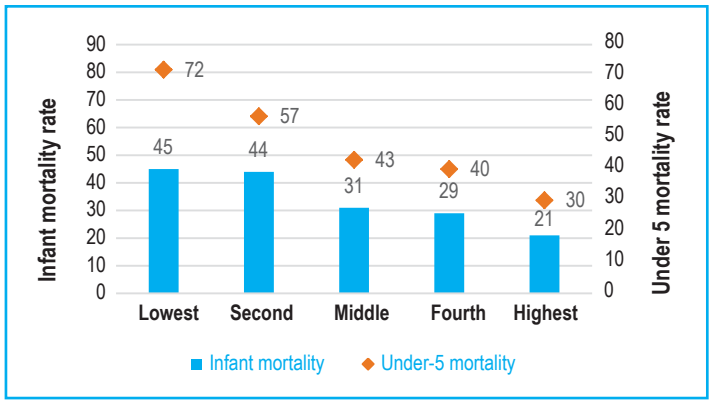



*Source: Demographic and Health Surveys (DHS) reports*

In reference to the data presented in the DHS5 (2019/20) detailed report, infant and under-five mortality show inequitable distribution across wealth quintiles, the under-five mortality rate among higher income quintile was 30 per 1000 live births while within the lowest income households it was 72 per 1000 live births. Furthermore, Infant mortality was 45 per 1000 live births among the lowest income quintile but reduces further to 21 per 1000 live births among the highest income quintile (**Figure 4).** Therefore, public measures to improve child health should give more priority to low income and poor households to ensure equitable health outcomes among Rwandan children.

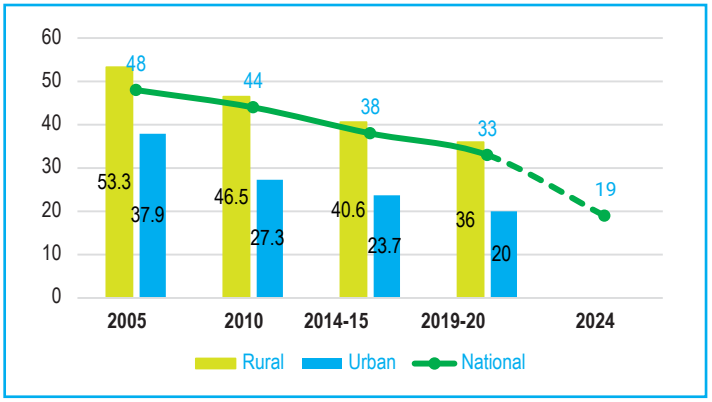
**Despite high levels of stunting, the nutrition status among children under-5 has continued to improve over the past ten years**. The DHS6 results show a reduction in stunting among children under 5 from 38 per cent in 2014/15 to 33 per cent in 2019/20 (**Figure 5).** As outlined in NST1, the GoR aims to reduce the stunting rate to 19 per cent by 2024. While, across the past five years, we recognise a stronger coordination in stunting reduction through the promotion of more multisectoral approaches and increased public investments to improve nutrition nationwide, large investments focussed on high impact interventions will be required to achieve national health targets.

**Figure 4: Infant and under-5 Mortality rates by wealth quintiles**




*Source: Demographic and Health Surveys (DHS) reports*

**Figure 5: Trend of Under-5 stunting rates (%)**

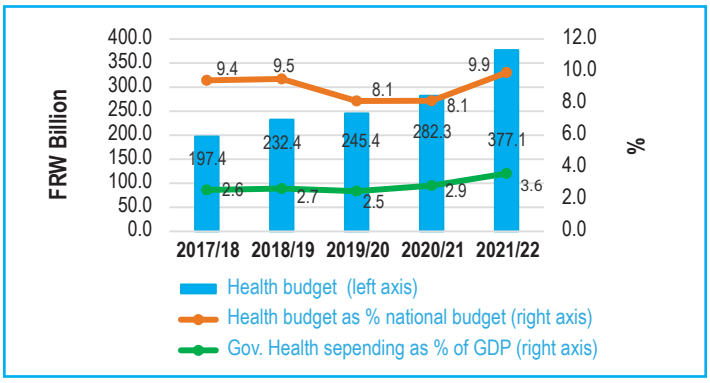



*Source: NISR , Demographic and Health Survey reports*

# 2. Trends in Government Spending in the Health Sector

The health sector budget has increased from FRW 282.3 billion in the 2020/21 revised budget to FRW 377.1 billion in 2021/22, reflecting a nominal increase of 33.6 per cent. The health sector budget as a share of the total national budget has increased from 8.1 per cent over the same period (**Figure 6**). This commendable budget increase for the health sector is largely attributed to the implementation of COVID-19 prevention and response measures which includeCOVID-19 mass-testing, vaccine procurement and treatment. Strengthening risk communication is critical to ensuring that the Rwandan population upholds instituted COVID-19 prevention measures and continues to access vaccination.

**Figure 6: Health budget in FRW billion and as a share of total budget and GDP**




*Source: Calculated using State finance laws and Macro-framework data*

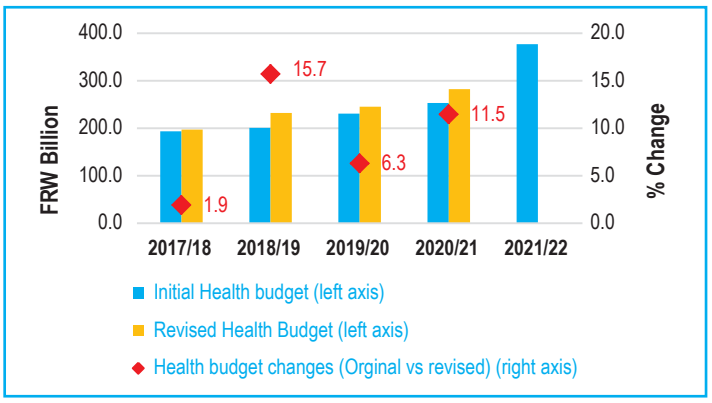
# 3. Health Sector Budget Changes

## 3.1. Health Budget Revisions

**The goal of budget revisions is to respond to emerging priorities during the mid-year, align expenditures with revenue flows, and capture new financial commitments from development partners that may be formalized halfway through the budget execution cycle.**

Over the past five years, the budget for the health sector has been consistently revised upward in nominal terms. In 2020/21, the health sector budget was revised up by 11.5 per cent, from FRW 253.2 billion to FRW 282.3 billion. The upward revision is an indication of the government's commitment to handle emerging priorities in the health sector (**Figure 7**).

**Figure 7: Initial vs. revised Health sector budget**




*Source: Calculated using the National Budget laws*

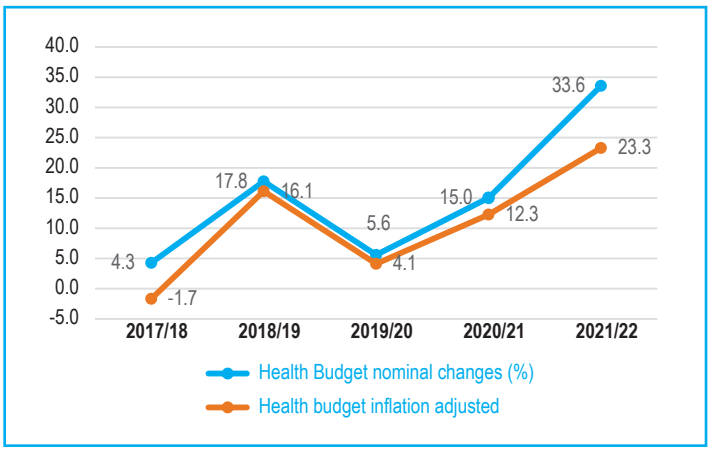
## 3.2. Changes in the Health Budget: Inflation-adjusted Changes

**While over the past years, Rwanda's macroeconomic stability resulted in low levels of inflation, the relatively high level of inflation (7.7 per cent)** in 2020 contributed to a large deviation between nominal and real budget changes.

In 2021/22, a nominal increase of 33.6 per cent was recorded in the health sector budget while the real (inflation adjusted) budget increase was narrower, recording 23.3 per cent. In 2020/21, the nominal budget increase was 15.0 per cent against 12.3 per cent of the real budget increase (**Figure 8**).

To reduce this inflationary effect on budgets, there is a need to strengthen macroeconomic stability including maintaining inflation at a minimum level, namely below 5 per cent as a national target of inflation.

**Figure 8: Health budget changes: inflation adjusted and nominal changes**




*Source: Calculated using State finance laws and inflation data*

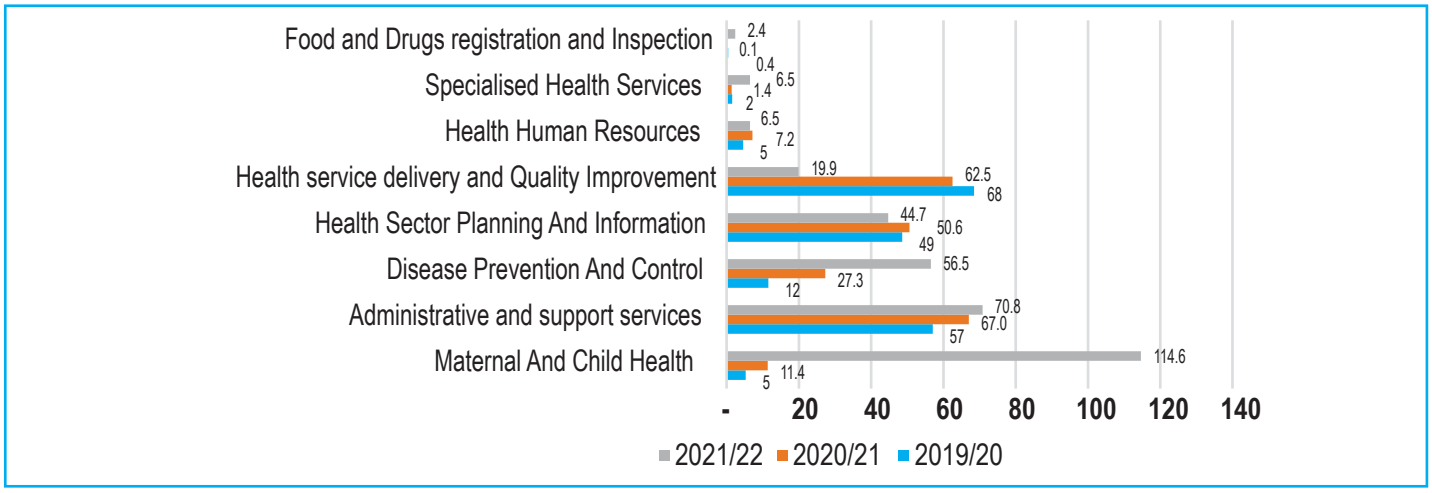
# 4. Composition of Health Spending

## 4.1. Health Sector Priorities: Budget Trends for Selected Programmes

There are five major health sector priority programmes in the national budget: (i) Health Service Delivery Quality Improvement, (ii) Health Sector Planning and Information including Health Financing, (iii) Disease Prevention and Control, and (iv) Administrative and Support Services (health sector governance), and (v) Maternal, Child and Adolescent Health**.** These five programmes account for the largest proportion of the health budget, but the Maternal, Child and Adolescent Health programme budget spiked in in 2021/22 because of COVID-19 vaccine costs, with a total of FRW 114.6 billion allocated to the programme, up from FRW 11.4 billion in 2020/21. On the other hand, the budget allocation for the Health Services and Quality Improvement programme has declined from RWF 68 billion in 2019/20 to FRW 19.9 billion in 2021/22, reflecting a budget reduction of 70.9 per cent for the past three years (**Figure 9**).

Further analysis of the Health Service and Quality Improvement programme reveals the following drivers of budget reduction: (i) the budget for health sector infrastructure reduced by 49.0 per cent from RWF 21.9 billion in 2019/20 to FRW 11.1 billion in 2021/22, (ii) there is no budget allocated to the Hygiene and Environmental Health sub-programme within 2021/22; (ii) the sub-programme of Medical Production and Procurement was transferred to a private agency known as the Rwanda Medical Supply Limited (RMS Ltd) which is responsible for the primary sourcing for pharmaceutical products to the public health facilities, and its budget does not appear in the finance law. More resources are needed to bolster health sector infrastructure, especially in rural areas, as a means of strengthening equitable access to modern health services. Moreover, hygiene and environment health should be prioritized to address gaps in social determinants of health and reinforce the country's resilience to climate change.

**Figure 9: Budget allocation by health sector priorities in billion FRW**

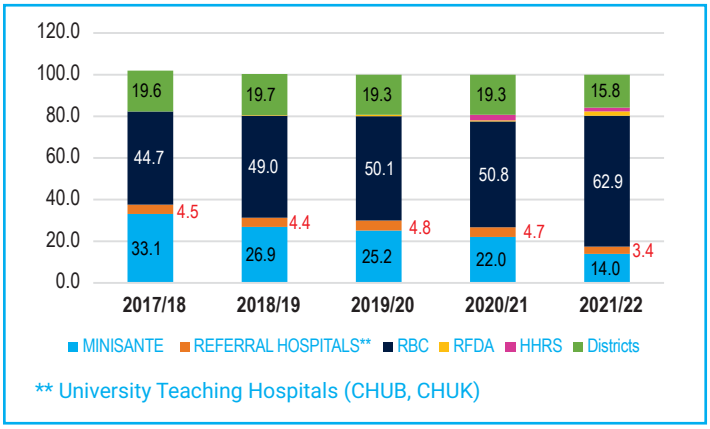



*Source: Calculated using state finance laws*

## 4.2. Budget Allocation by Agency

The budget allocations by spending agencies shows that the Rwanda Biomedical Centre (RBC) is allocated most of the health sector budget absorbing 62.9 per cent of the total health budget in 2021/22 compared to 50.6 per cent in 2020/21. However, both the budget shares of the Districts and the Ministry of Health reduced from 19.3 per cent and 22.0 per cent in 2020/21, to 15.8 per cent and 14.0 per cent in 2021/22 respectively. Furthermore, the 2021/22 allocations to referral hospitals including the Teaching University Hospital of Butare (CHUB), Teaching University Hospital of Kigali (CHUK) and Neuro Psychiatric Hospital of Ndera (HNN) account for 3.4 per cent, of the health sector budget down from 4.7 per cent in 2020/21 (**Figure 10**). The increase in budget allocations to RBC is justified by the additional resources mobilised to cover the costs related to COVID-19 vaccination and prevention measures. However, more resources are still needed to reach the national target of vaccinating over 60 per cent of the Rwandan population by 2022.

**Figure 10: Share of Health budget by spending agencies (%)**



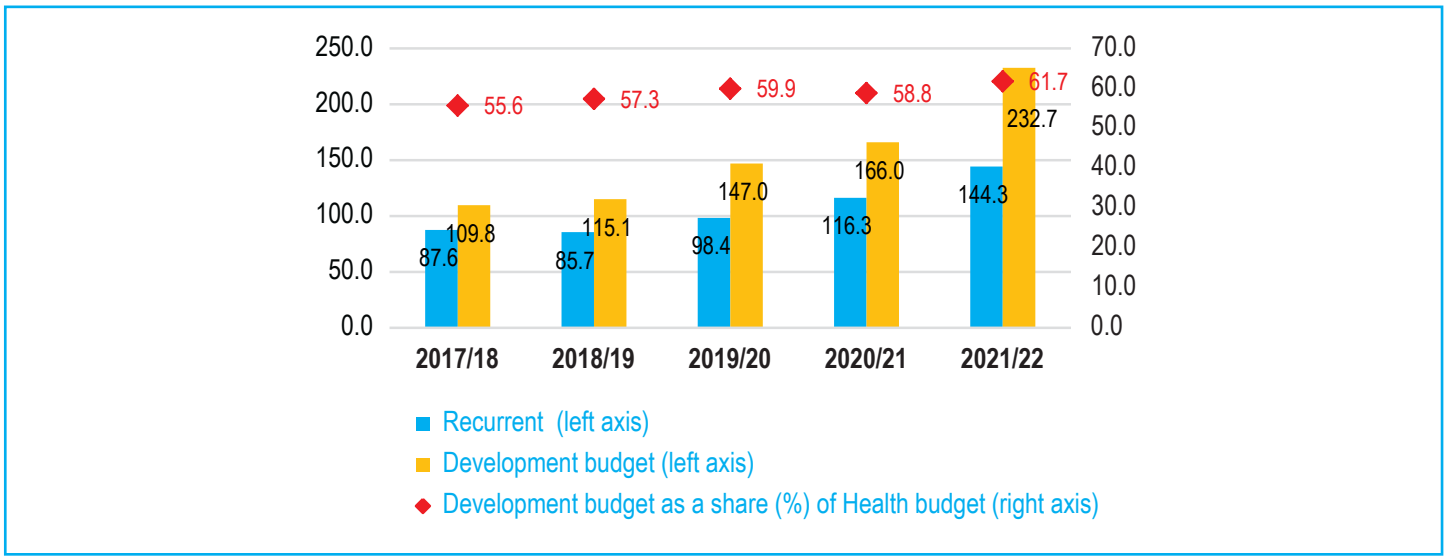

*Source: Calculated using state finance laws*



## 4.3. Health Budget by Recurrent and Development Categories

**Additional resources are being channelled through the development budget in 2021/22**. The health sector's development budget has increased from FRW 166.0 billion in 2020/21 to FRW 232.7 billion in 2021/22, representing 61.7 per cent of the total health sector budget. The allocations for the recurrent budget increased from FRW 116.3 billion in 2020/21 to FRW 144.3 billion in 2021/22 (**Figure 11**). It is worth noting that all externally financed activities are recorded under the development budget in the finance law even if also financing recurrent expenditure in nature. Since mid-2020, the critical mobilization of external resources channelled through government systems to combat COVID-19 can also explain the additional weight of the development budget over the recurrent budget for the health sector in this classification.

**Figure 11: Health budget allocation by recurrent and development budget categories**



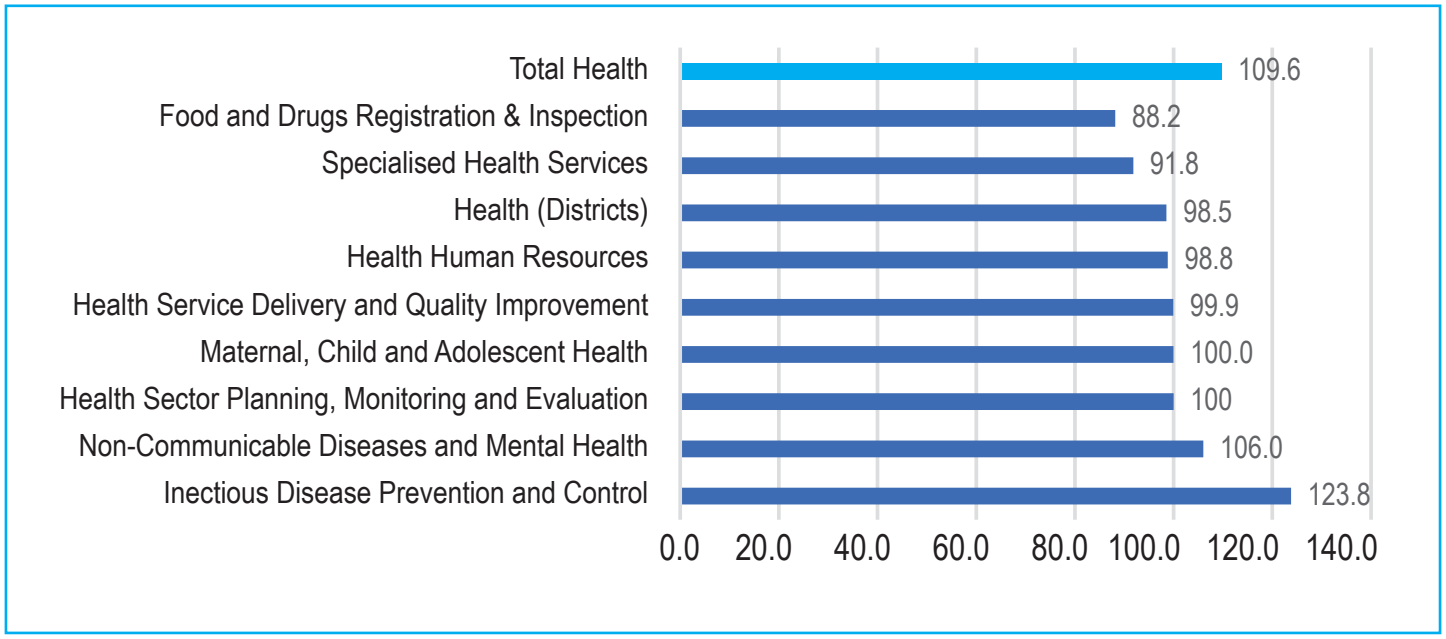

*Source: Calculated using state finance law*

# 5. Budget Execution

The available data show that the health sector budget was executed at 109.6 per cent in 2020/21, representing an overspend of 9.6 per cent. The Infectious Disease Prevention and Control Programme recorded the highest execution rate at 123.8 per cent, followed by the Non-Communicable Diseases and Mental Health programme with 106.0 per cent overspend, while the Health Sector Planning, Monitoring and Evaluation, and Maternal, Child and Adolescent Health programmes realized 100 per cent of their budget execution. However, a low budget execution rate was observed under the Food and Drug registration and Inspection programme which executed the allocated budget at 88.2 per cent (**Figure 12**).

The overspending for the health sector in 2020/21 is mainly explained by the emergency need to expand the capacity of laboratories to test COVID-19, build capacity amongst health professionals at decentralized level to collect and test COVID-19 samples, and construct health sector infrastructure.

**Figure 12: Health Budget execution rate (%) 2020/21**



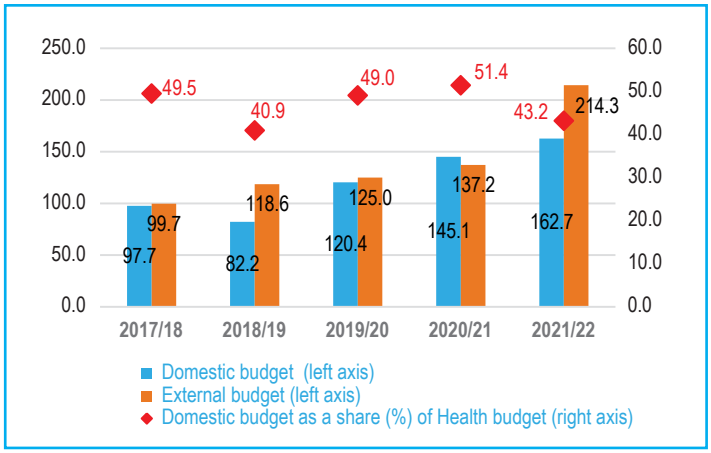

*Source: Calculated using the National budget execution data*

# 6. Financing of the Health Sector

**The Health Sector continues to attract external financing through support from donors and external loans, however, the nominal value of the domestic budget for health continues to rise.**

In 2021/22, domestic resources allocated to the health sector account for 43.2 per cent of the health sector budget, down from 51.4 per cent in 2020/21. However, domestic resources have increased in nominal terms from FRW 145.1 billion in 2020/21 to FRW 162.7 billion in 2021/22. The share of external funds increased from FRW 137.2 billion in 2020/21 to FRW 214.3 billion in 2021/22 (**Figure 13**). The sector's reliance on external financing continues to pose a challenge to sustainability in the medium and long term. Strategic measures which may include fiscal reforms and innovative finance for the health sector are expected to help reverse this trend and accrue further domestic allocations for the health sector, as well as making the health sector budget more predictable and resilient to external shocks.

**Figure 13: Source of Financing of the Health Sector**




*Source: Calculated using the national budget laws*

## 6.1. Major Health Sector Donors

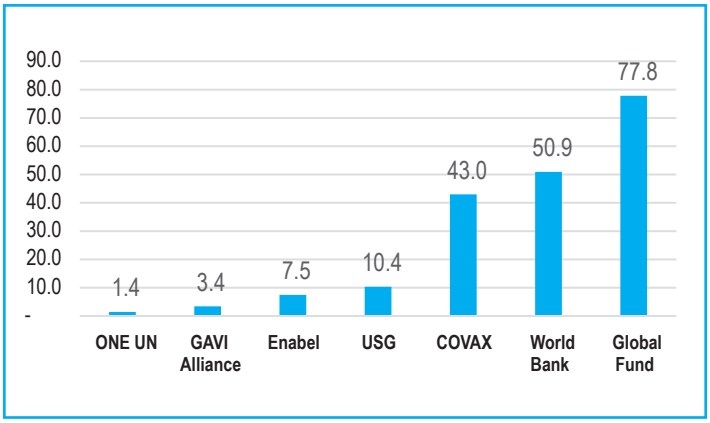
**The Global Fund, the World Bank, the multi-donor support through COVAX*, US Government through PEPFAR, the Belgian development agency (Enabel), the GAVI Alliance and ONE UN are the main partners financing the Health Sector budget in 2021/22.**

In the 2021/22 fiscal year, the Global Fund (GF) has committed FRW 77.8 million for the health sector budget. Through grants and loans, support from the World Bank amounts to FRW 50.9 billion. Support through the COVAX mechanism amounts to FRW 43.0 billion, with FRW 10.4 billion from the US Government through PEPFAR n, FRW 3.4 billion through GAVI (Global Vaccine Alliance), and FRW7.5 billion from Enabel. The ONE UN (UNFPA, UNICEF and WHO) contributions to the health sector amount to FRW 1.4 billion (**Figure 14**).

* COVAX is a global coalition of development partners co-led by the Coalition for Epidemic Preparedness Innovations (CEPI), GAVI, WHO, and UNICEF which aims to accelerate the development and manufacturing of COVID-19 vaccines, and guarantee fair and equitable access for every country in the world.

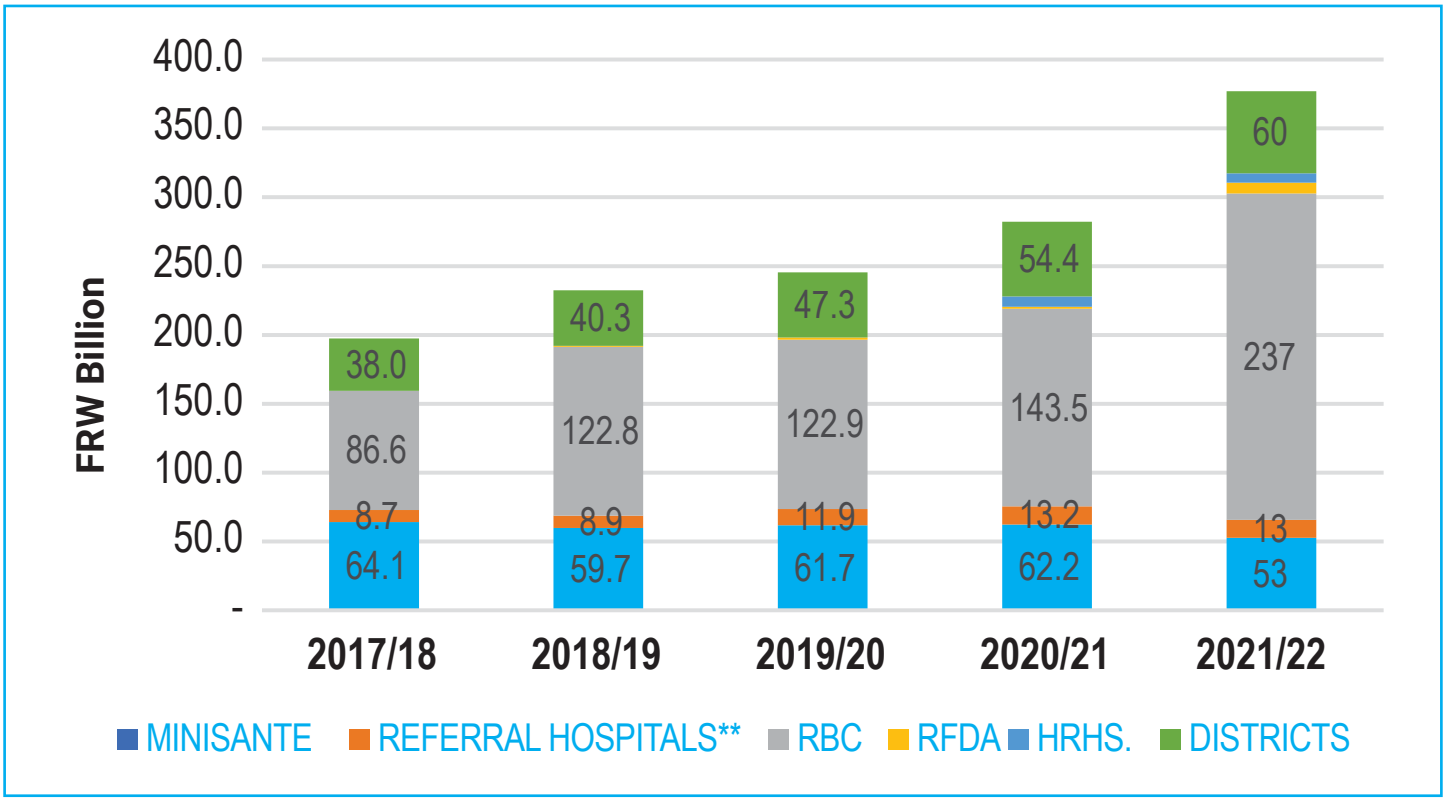
It is important to note that some donors and development partners agencies' financial and technical support to the Health sector is channelled outside of the national budget, therefore and that off-budget support is not covered under this budget brief.

**Figure 14: Major Development Partners in Health sector by funding size (FRW Billion)**




*Source: Calculated using the national budget laws*

# Annex 1: Budget allocations by agencies (FRW Billion)




** University Teaching Hospitals (CHUB, CHUK)

# Annex 2: Strategic documents and targets

| STRATEGIC DOCUMENTS | KEY SECTOR OUTCOMES AND TARGETS |
|---|---|
| **Rwanda Vision 2020: A long-term, 20-year development vision** | • A reduction of;<br>» The maternal mortality rate from 1,070 to 200 per 100,000,<br>» The infant mortality rate from 107 to 50 per 1,000,<br>» Fertility rate from 6.5 children in 2000 to 4.5 children in 2020. |
| **National Strategy for Transformation (NST1)-2017-24** | Enhancing demographic dividend through ensuring access to quality health for all:<br>• Construct and upgrade health facilities with adequate infrastructure (100% access to electricity and water)<br>• Improve Maternal Mortality and Child Health by reducing maternal mortality ratio to 126:100,000 in 2024 from 210:100,000 (2013/14), and under-five mortality rates to 35:1000 in 2024 from 50:1000 (2013/14)<br>• Digitalization of health services (comprehensive and integrated information systems) to enhance data driven decisions, quality, continuity, and prioritization,<br>• Institutionalization/scaling up innovations and new proven impact interventions to accelerate universal Health Coverage<br>• Ensure vaccination coverage and delivery at health facilities at above 90%<br>• Increase the number and quality of human resources (general practitioners, specialists, nurses and qualified administrators) to;<br>» One medical doctor per 7,000 people from 10,055<br>» One nurse per 800 people from 1,142<br>» One midwife per 2,500 from 4,037<br>• Scale up efforts to raise awareness on reproductive health and increase contraceptive prevalence from 48% (2013/14) to 60% in 2024<br>• Strengthen disease prevention awareness and reduce Communicable and Non-Communicable Diseases (NCDs) |
| **Health Sector Strategic Plan (HSSP) 4: 2018/19 – 2023/24** | • Reduce prevalence of Stunting from 38% in 2016 to 19% in 2024<br>• Ante Natal Care (ANC) coverage (4 recommended visit) increased from 44% in 2016 to 51% in 2024<br>• Newborns with at least one Post Natal Care (PNC) visit within the first two days of birth increased from 19% in 2016 to 35% in 2024 |
| **Health Financing Sustainability Policy-2015** | • Increased efficiency for improved quality and service delivery (value for money)<br>• Strengthened Health Insurances and risk pooling systems.<br>• Enhanced strategies and interventions for increasing domestic revenue for health, including the community and private sector to monetize available expertise<br>• Strengthened institutional environment for sustainable financing and ensure accountability in the Health Sector |

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[i] Ministry of Health, 'Third Health Sector Strategic Plan, July 2012–June 2018', Kigali, Rwanda, available at: <www.moh.gov.rw/fileadmin/templates/Docs/HSSP_III_FINAL_VERSION.pdf>.

[ii] Text of the Law establishing the RBC in 2011 available at <www.moh.gov.rw/fileadmin/templates/HLaws/RBC_law.pdf>.

[iii] Ministry of Health, 'National Community Health Service Strategic Plan, July 2013–June 2018', Kigali, Rwanda, May 2013, available at: <www.moh.gov.rw/fileadmin/templates/CHD_Docs/CHD-Strategic_plan.pdf>.

[iv] CHWs monitor antenatal care, and children younger than 9 months old, malnutrition screening, provision of contraceptives, preventive and behaviour change activities.

[v] National Institute of Statistics of Rwanda, et al., 'Rwanda Demographic and Health Survey (DHS), 2014–2015', Kigali, Rwanda, March 2016.

[vi] The development budget captures domestically and externally financed investments in development projects such as infrastructure construction of hospitals, purchase of drugs and consumables such as vaccines, capacity building initiatives of health personnel and acquisition of health equipment.

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