SAFEGUARDING PUBLIC INVESTMENTS IN THE HEALTH

IN THE ADVENT OF COVID-19

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KEY MESSAGES AND RECOMMENDATIONS

- **Total share of financing for health was already on a decline before the onset of COVID-19, though the trend was reversed in 2021/22. In addition, health spending has consistently been below the Abuja target of 15% of the total budget.**

  Recommendation: Though health spending has begun to increase since 2021/22, the proportion of health budget still needs to be improved to meet the Abuja target on health spending. Increases registered in 2021/22 and projected for 2022/23, mainly attributable to COVID-19 related spending need to be sustained.

- **Financing for Primary Health care has been declining from 42% of total health spending to 35% in 2018/19 and 2020/21. Between 2018/19 and 2020/21, financing for primary health care declined**

  Recommendation: As primary health care forms the backborn of the health system, it is critical for government to safeguard, and increase, allocation to the sub-sector to ensure access to health services by the poor and vulnerable

- **On-budget external financing began a declining trend in 2019/20, with an increase in off-budget support. Development partner expenditure on health through the budget system stood at 30.4% in 2019/20 and declined to 14.3% in 2020/21. On the other hand, Off-Budget expenditure proportion increased from 5.2% in 2019/20 to 27.5% in 2020/21.**

  Recommendation: With the shifts between on-budget and off-budget support, it is critical that co-ordination is strengthened to ensure effectiveness of aid support.

- **Health budgets remain largely recurrent (wage and non-wage recurrent). As a proportion of total budget GoU spending on wages accounted for 21% and projected to increase slightly to 23% as a result of adjustments related to scientist's compensation. Development spending is projected to increase slightly from 10% in 2021/22 to 15% in 2022/23.**

  Recommendation: It is necessary for the government to ensure a balance in spending, to ensure to adequate support to compensate workers to ensure quality service provision.

- **No significant shift is expected in spending on health, with central and regional levels consuming two thirds of the total health budget.**

  Recommendation: It is important, however, to pay due attention to transfers to local governments as this is the level that delivers primary health care, a key cog in health systems delivery, in alignment with NDPIII and the Parish Development Model Pillar on social services.

1 INTRODUCTION

This budget brief examines the extent to which the 2022/23 national budget responds to the needs of the health sector, in a bid to mitigate the COVID-19 impact and foster quick economic recovery. The brief assesses the size and composition of public spending on health and highlights a couple of pointers on efficiency, effectiveness, equity and adequacy of immediate past spending. The analysis is based on a review of key budget documents, including National Budget Framework Papers (NBFPs), Approved Budgets, Expenditure Reports, and Supplementary Budgets. Figures up to 2020/21 are actual spending, while 2021/22 and 2022/23 are based on approved budgets.

2 OVERVIEW OF THE HEALTH SECTOR

Uganda has made significant progress in the area of Reproductive, Maternal, Newborn, Child and Adolescent health (RMNCAH), though huge disparities still exist within the country. Uganda has set its targets within the NDP III to reduce IMR from 41 to 34; U5MR from 62.2 to 30 and MMR from 311 to 211 by 2025. Between 2011 and 2016 maternal and under-five mortality in Uganda declined from 438 to 368 per 100,000 and from 90 to 64 per 1,000 live births, respectively. Over the same period, immunization coverage against diphtheria-tetanus-pertussis (DPT3) and measles improved from 68 to 79 per cent and from 76 to 80 per cent, respectively[1]. Under 5 mortality declined from 64 per 1,00 in 2019/20 to 46 per 1,000 in 2020/21, while neonatal mortality rate also declined from 27 per 1,000 to 20 per 1,000 over the same period[2]. According to the reproductive, Maternal, Newborn, Child, Adolescent and Healthy Aging Sharpened Plan for Uganda 2020/21–2025/26, ending preventable maternal mortality (EPMM) requires Uganda to steepen the rate of MMR decline by ≥5.5% to achieve <140 by 2030, IMR has to reduce to at least 12 per 1000 live births and U5MR to 25 per 1000 live births by 2030. The proportion of women with at least four antenatal care visits increased from 48 to 60 per cent and deliveries in health facilities rose from 57 to 73 per cent between 2011 and 2016 (UDHS2016).

Primary Health Care in Uganda

Like in any health system, primary health remains a critical cog in Uganda's health service delivery. This refers to the first contact a person has with the health system when they have a health problem or issue that is not an emergency and remains the part of the health system that people use most. The principles of primary health care are accessibility, public participation, health promotion, appropriate technology and intersectoral cooperation. Uganda provides PHC through its National Minimum Health Care Package, which aims to provide equitable health promotion, disease prevention, and child and maternal health through providing access to a list of essential services to the entire population.

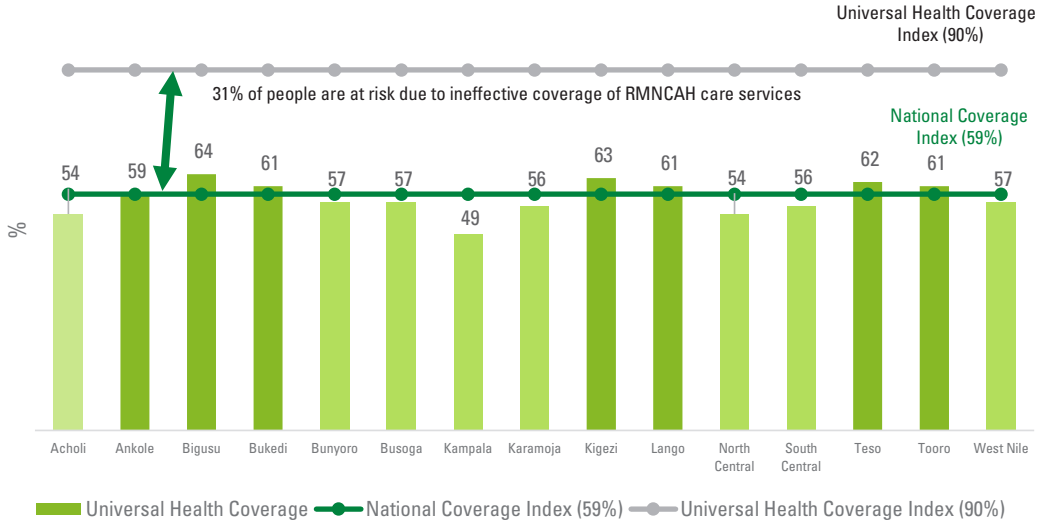
However, there remains huge disparities in universal health coverage across sub-regions in Uganda. On average, Uganda's Universal health coverage stands at 59% against a Universal Health Coverage of 90%. This leaves a huge gap of 41% of the population at risk due to weak coverage of RMNCH services (see Figure 1). This low coverage contributed highly to Years of Life Lost in the country, with 60% attributed to RMNCAH conditions in 2016.[3]

1 UNICEF Uganda CSD Programme Strategy Note, 2019

2 Ministry of Health Annual Healthy Sector Performance Report, 2020/21

3 Investment Case for the RMNCAH Sharpened Plan, 2016

Figure 1: RMNCH Services Coverage



Source: *Reproductive, Maternal, Newborn, Child, Adolescent and Healthy Aging Sharpened Plan for Uganda 2020/21– 2025/26*

The leading causes of newborn mortality in Uganda are preterm births, birth asphyxia and severe infection. One third of child deaths is due to largely preventable or treatable conditions, such as malaria, pneumonia and diarrhea.

Teenage pregnancies have become a huge challenge in child health. Before the advent of COVID-19, teenage pregnancy was already very high, and was one of the top causes of death among adolescent girls and their babies and is more common in rural (27 per cent) than urban areas (19 per cent)4. One in four adolescents aged 15–19 had begun childbearing in 2016 and was an important contributor to school drop-out (4 to 13.7 per cent).[5, 6]

Basic infrastructural challenges at health facilities and communities also contribute to poor health and nutrition outcomes. Energy source remains a huge challenge at many health facilities across the country, with approximately, 38% cent of health centers having reliable electricity, against a global estimated average of 41% of HCFs in low- and middle-income countries[7] This places a huge burden on the capacity if the health system to manage the cold chains, which is an integral part of health service delivery.

4 UCO CSD Programme Strategy Note, 2019

5 Uganda Bureau of Statistics, National Household Survey, 2017, p. 45.

6 Uganda Bureau of Statistics, Labour Market Transition of Young People in Uganda, 2016, p. 18.

7 UN Foundation Report, 2015.

Commodity availability in health facilities remains sub-optimal. According to the Ministry of Health, the availability of a basket of 41 tracer commodities was available on 73 of the 90 days (81%) in 4,198 health facilities in 2020/21, down from 83% in 2019/20. This level of stocking was below the annual target of 90%. The same report shared that, for the same period, the percentage of facilities having over 95% availability of a basket of commodities dropped to 43% from 53% in 2019/20 far below the annual target of 75%.

There is an emerging increase in the number of people suffering mental health. According to the Ministry of Health Annual Report of 2020/21, the country saw an increase in the number of mental health conditions reported to 550,373 in FY 2020/21 from 491,013 in the previous financial year. Mental health conditions contributed 1.2% (550,373/46,723,443) of all outpatients department attendances. Epilepsy is the commonest mental health condition constituting 61.9% followed by bipolar disorder at 8.1% and anxiety disorders at 7.7%. Also concerning is the Anxiety Disorder due to GBV which contributed 1.1% of mental health cases, indicating the grave impact GBV has on the mental wellbeing of society.

Paediatric ART coverage remains low in Uganda. Though the country has registered considerable progress in pediatric HIV management, ART coverage still remains quite low, at 70 per cent in 2017 (UNAIDS) but remained short of the national target of 95 per cent, mainly due to poor retention in HIV care. In addition, TB-HIV co-infection among children stands at 33 per cent, with only 68 per cent of these children successfully completing the treatment[8], against the global/national target of 90 per cent.[9] The key bottlenecks to achieving universal coverage of pediatric ART are primarily related to stigma and demand-side issues. These developments are not aligned to the global target of 90-90-90

CHILDREN UNDER 5 YEARS:

1 in 4 children under 5 years were stunted

1 in 10 children under 5 years were severly stunted

Almost 9% of children were born with a low birth weight

4 in 10 children under 5 years were anaemic

3% of children under 5 years were wasted

8% of children under 5 years were underweight

3.1% of children under 5 years were overweight

Uganda still faces high burden of undernutrition in children. One in Four children in Uganda is stunted, with about 9% having been born with low birth weight. In addition, 10% of the children in the country are severely stunted (MoH, 2021). As global evidence has shown, undernutrition plays a key role poor maternal, newborn and child survival and development, and Uganda bears the burden of this situation, and places the country out of track on potential to achieve the World Health Assembly (WHA) target on stunting.[10]

8 (MoH, 2017/2018)

9 UNGA High Level Meeting Resolution on the Fight Against Tuberculosis, 2018.

10 40 per cent reduction in the number of stunted children.

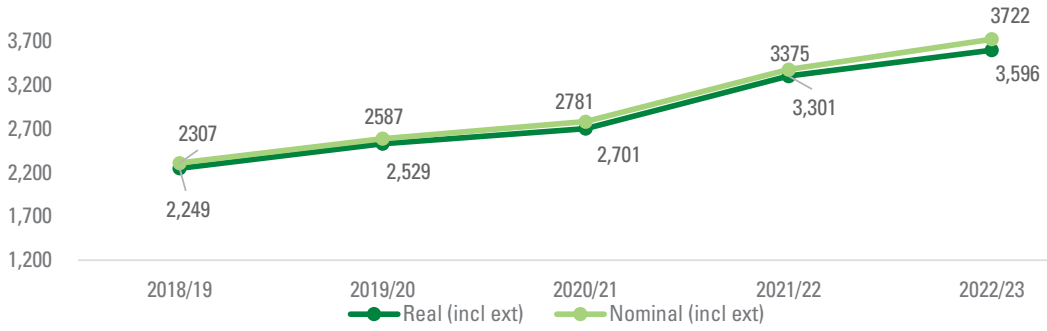
Key messages

- Before the advent of COVID 19, Uganda had made progress in many areas of health, including maternal, newborn and child health, nutrition and HIV. However, COVID-19 has put a huge burden on the sector, which could threaten gains made
- Coverage of reproductive, maternal, newborn child and adolescent health services in Uganda is much lower than the desired level to achieve universal coverage
- Nutrition deficiencies remain a huge burden on children, impacting on the developmental potential of children in the country

3 SIZE OF HEALTH BUDGETS

Spending on health has been increasing in both nominal and real terms since 2018/19[11]. Total health spending increased from UGX2307billion in 2018/18 to UGX2781billion 2020/21. Based on the approved allocation for 2021/22 and 2022/23, health budget is projected to increase to UGX3375billion and UGX3,722billion, respectively. The same trend has been observed for reall budgets, as shown on Figure 2 below.

Figure 2: Approved Budget Trends

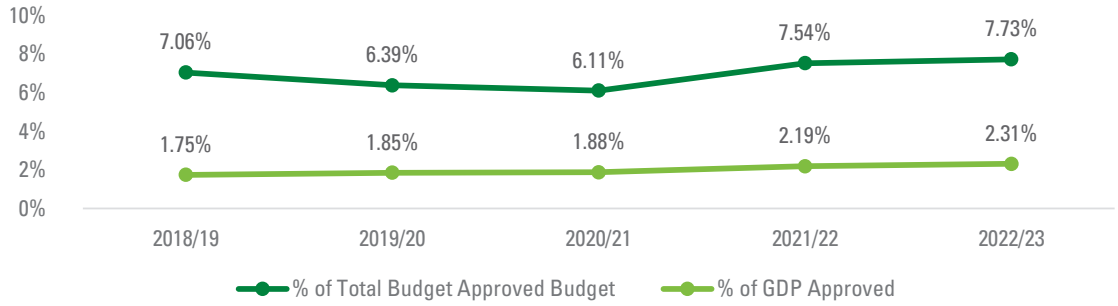


Source: *Budget Performance Reports and National Budget Framework Papers (2018/19 – 2022/23)*

Though there is an observed trend of an increase in nominal and real amounts allocated to health, the growth in the health budget has not been matching the overall growth in the budget, which has seen a declining trend in the proportion of the health budget. Before the advent of COVID-19, the health sector budget had already begun to decline as a proportion of the total budget, from 7.06% in 2018/19 to 6.11% in 2020/21. However, on the back of increased COVID-19 pandemic, health spending increased from 6.1% in 2020/21 to 7.73% in 2022/23, mainly as government increased health expenditures to contain the spread of the virus (see Figure 3). Though approved allocation for 2022/23 is estimated to increase slightly to 7.73%, this level of spending still lies below the Abuja Target of spending 15%, and may not be adequate to keep the country on a positive path to meet SDG targets, especially as the country continues to see stagnating neonatal mortality, vaccination rates and increased malnutrition.

11 Please note that figures to 2020/21 are actual spending, while 2021/22 is approved allocation, while 2022/23 is projected allocation

Figure 3: Trend in Budget Proportion



[12]*Source: Budget Performance Reports and National Budget Framework Papers (2018/19 – 2022/23)*

In line with increases in the budget, health spending as a proportion of GDP has been increasing, albeit at a slow rate. As shown on figure 2, health budget increased from 1.75% of GDP to 2.31% in 2022/23. Again this level of spending may require more introspection to align to the needs of the sector, and ability of the country to meet international targets on health.

Key takeaway

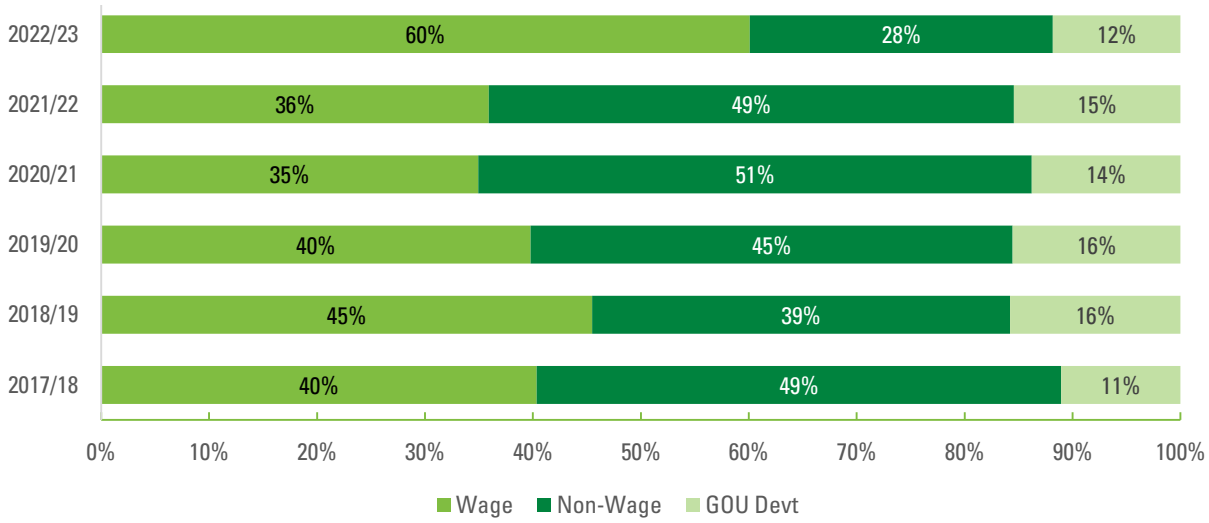
- The real and nominal allocations to health have been showing an increase since 202018/19, and much faster from 2020/21. However, the increases have not been fast enough compared to the growth in the national budget, leading to a slow growth in the proportion of the health budget, both in proportion to the overall budget and in relation to GDP.
- The proportion of the health budget was already on a declining trend pre-COVID-19, and the gains in expenditure began in 2021/22.
- The proportion of the health budget has constantly fallen short of the Abuja target. These levels of budgeting have the potential to reduce the capacity of the sector to meet targets as outlined in the 2030 Agenda.

12 For the approved budgets, actual expenditure data is used up to 2020/21, with allocation data used for 2021/22, and proposed used for 2022/23

4 COMPOSITION OF HEALTH SPENDING

Health budgets remain largely recurrent, with capital spending expected to remain flat. The proportion of the wage budget had been on a declining trend, from 45% of the 2018/18 health expenditure to 36% of total approved budget for 2021/22. However, due to an increase in the salaries for scientists, wage expenditures for health are expected to grow to 60% of the health budget (see Figure 4). On the other hand, non-wage recurrent is expected to shrink to 28%, from about 50% registered in 2020/21 and 2021/22. This will have huge implications for health supplies and operations by the sector, as this budget reduction will constrain their capacity to deliver.

Figure 4: Health Expenditure by Economic Classification.



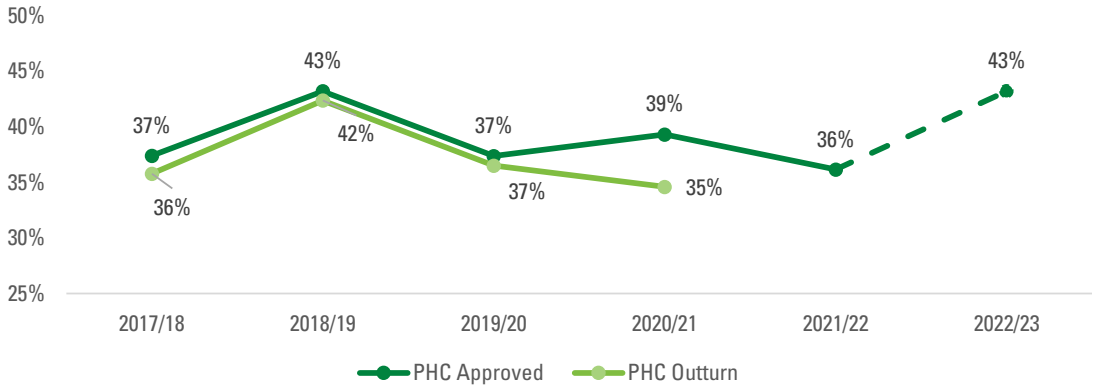
Source: Government Budget Documents (2018/19 – 2022/23)[13]

Aligned to the government's thrust on infrastructure, development spending for health is not expected to shift much. Development budget is expected to make a slight downward shift, from 15% in the approved 2021/22 budget to 12% in the 2022/23 budget. Though this proportion is very progressive, implying prioritisation is not the biggest challenge, more effort is required to ensure adequacy of such spending to be able to meet emerging needs, including targets to upgrade health facilities to meet quality standards and needs of the population.

The Share of Primary Health Care financing has been declining since 2018/19. On actual expenditure basis, primary health spending has been declining, from 42% of total expenditures in 2018/19 to 35% in 2020/21, with a projected 36% spending for 2021/22 (see Figure 5). However, the decline is expected to be tamed in 2022/23, when primary health expenditure is expected to surge to 43% of total government spending on health. **Considering that there were increases in health spending, including through supplementary budgets, a decline in primary health care spending signifies that such resources were not flowing to local levels to support COVID'19 health containment measures.** In line with decentralization, and the need to focus on primary health as the anchor of the health system, it is critical to ensure that more resources are channeled to primary health care, which plays a critical role in service delivery to the poor and marginalised.

13 Figures up to 2020/21 are actual expenditures, while 2021/22 is approved budget and 2022/23 is proposed budget

Figure 5: Primary health Care Budget Trend



Source: Government Budget Documents (2018/19 – 2022/23)

In order to supplement resources at primary health care level, it is thus critical to ensure that more efficient resource mobilization is enhanced to ensure a reduction in out-of-pocket payments. Much of the budgeting is still done using historical budgeting methods that hardly make use of emerging evidence, leading to sub-optimal allocation and expenditures on the sub-sector.

Key takeaways

- Wage expenditures are expected to increase, mainly as a result of the increased remuneration for scientists which mainly benefits health personnel.
- Development spending has largely remained constant, on average, for the period under review, and expected to follow the same trend in 2022/23
- Spending on primary health care has been declining since 2018/19, with the trend expected to be reversed in 2022/23.

5 BUDGET CREDIBILITY

Central Governments Units for health generally receive much lower releases than approved budgets. Though both central and local government tend not to receive full approved budgets, Central Government releases against approved budgets have been declining, from a high of 91% in 2019/20 to 86% in 2020/21; and projected to drop to 84% in 2021/22. Releases to local governments, however, remain nearly 100%, with 2020/21 seeing 101% of approved budget released (see Figure 6).

Figure 6: Heath Budget Release by Level of Spending

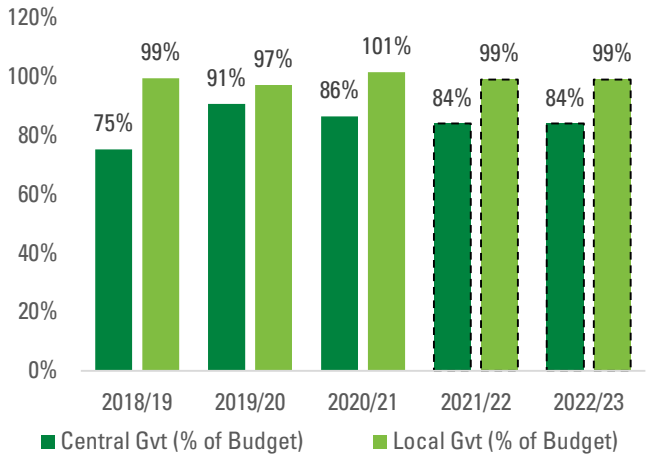
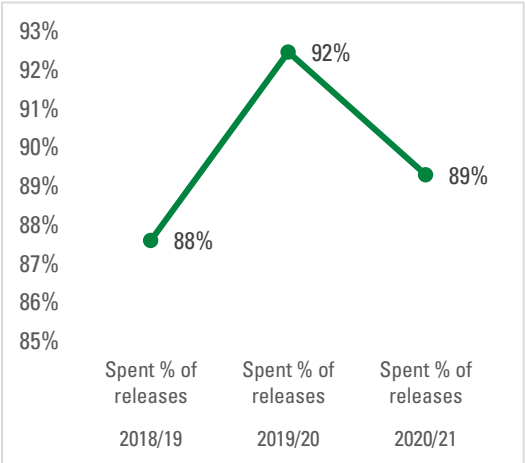


Figure 7: Central Gvt Spent (% of Budget)



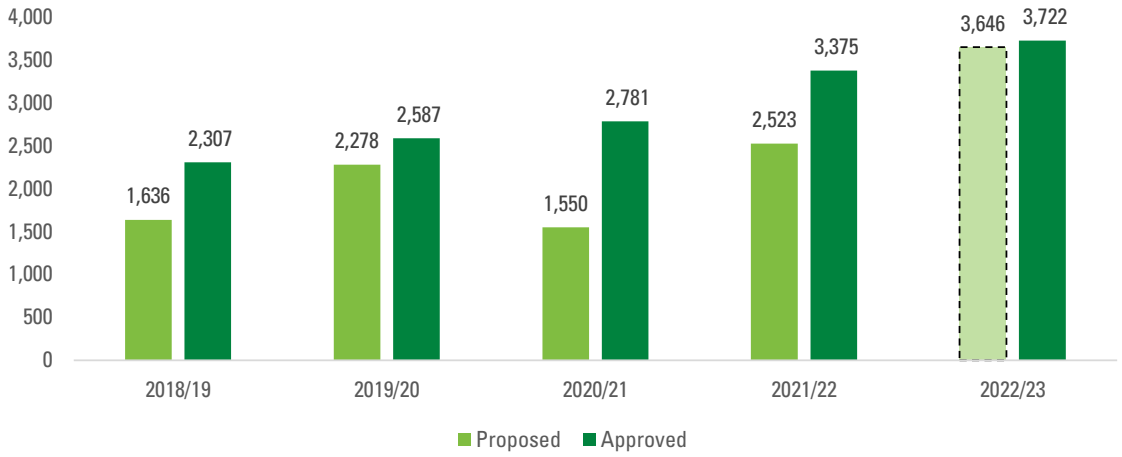
Source: Government Budget Documents (2018/19 – 2022/23)

The low level of releases for central government has a huge impact on the capacity of the responsible institutions to deliver results for health

On the other hand, central government[14] spending against releases remains suboptimal. In 2018/19, central government was only able to spend 88% of the resources released. However, this increased to 92% in 2019/20, but declined to 89% in 2020/21. This implies that despite resources having been released for spending in by the government, value is lots as resources return to treasury, impacting on service delivery for the sector

The Health Sector Budget requests are always less than the budgets finally approved. For all the years under view, the health sector proposed budgets are always lower than the final approved budgets (Figure 8). The situation was worse in the 2020/21 financial year where a request of UGX1,550billion (3.41%) was request, with a final approved figure of UGX2,789billion (6.13%). The difference may have been due to more efforts towards ensuring that government was adequately prepared to respond to COVID-19. However, considering the burden on the sector by the advent of COVID-19, keeping the trend would be the minimum requirement for the sector, though increased allocations would be critical in ensuring the sector in well-resourced to deal both with the pandemic as well as other health needs.

Figure 8: Approved versus Requested Budgets (UGXbillion)



Source: Government Budget Documents (2018/19 – 2022/23)

The disparity between requested and approved budgets raises many questions on the budget process, which could be sub-optimal and not informed by the emerging needs.

Takeaways

- Though releases are below approved budgets, central government expenditures fall far short of the released resources.
- Releases to Local Government largely remain aligned to the approved ceilings. This may imply that challenges for local spending for health remain due to either adequacy of the approved resources, or capacity to spend effectively and efficiently.
- Approved budgets for health remain higher that requested for all the years for the health sector

14 Data for Local authorities not readily available

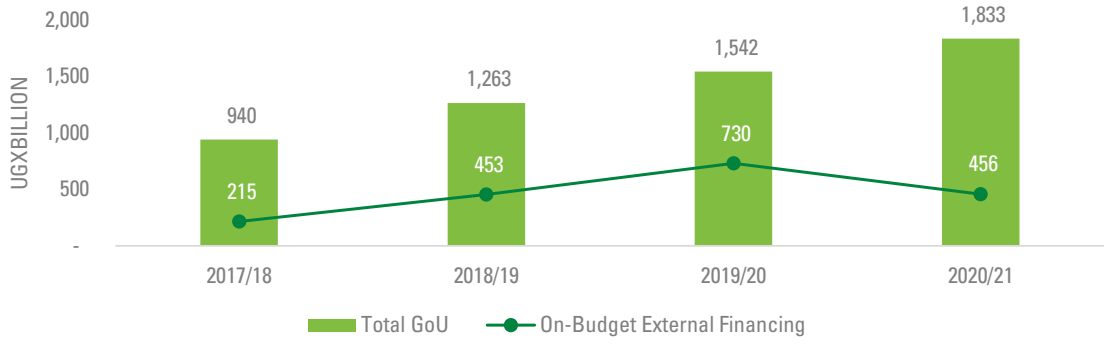
6 FINANCING SOURCES OF HEALTH SERVICES IN UGANDA

According to the 2020/21 annual health sector performance report, the health system in Uganda continues to be financed by a multiplicity of stakeholders, including government's own resources, borrowed funds both internal and external, locally raised revenues for subnational governments as well as external grants.

With lower spending levels on health, the sector sees high out-of-pocket spending, and frequent disruptions in service delivery. During 2014–2016, out-of-pocket spending oscillated between 41–42 per cent, while external financing was reported at about 42–43 per cent (National Health Accounts, 2018) posing sustainability challenges. The proliferation of districts without a commensurate increase (and even a decrease) in operational resources has also led to under-resourcing, understaffing and an inability of districts to fulfill their service delivery functions.

Domestic Financing for Health has been facing many challenges, especially in the face of COVID-19 (see Figure 9). Though there was a steady increase in the health budget domestic financing since 2017, the increase in expenditure has mainly been on account of increased COVID-19 spending, with a total of only UGX1,848.6billion spent in 2020/21, and expected to decline in 2021/22[15].

On-budget external support for health has begun to decline. Though there was a steady increase in external support till 2019/20 (to UGX730billion, from UGX215billion in 2017/18), the support has begun showing a steady decline starting 2020/21, with UGX456.4billion having been spent. The sharp increase in on-budget support in 2019/20 was in response to the early response to the COVID-19 pandemic, with the reduction in 2020/21 either due to overall slow inflows of a preference to off-budget support



Source: Government Budget Documents (2018/19 – 2022/23)

15 Expenditure data for 2021/22 not yet available

The health sector receives a lot of support off-budget, complementing on budget development partner support on-budget as well as government financing. Off budget support is estimated at 27.5% in 2020/21, up from 5.2%. on the other side, domestic financing for health is estimated to have declined from 64.4% in 2019/20 to 58.1% This funding mix for the health sector is unstainable. It is worth to note that although external financing towards the sector greatly supplements the limited domestic resources, it is not prudent for a crucial sector like health to greatly be dependent on external resources. (see Figures 10 and 11)

Figure 10: 2019/20 Health Sector Financing by Source

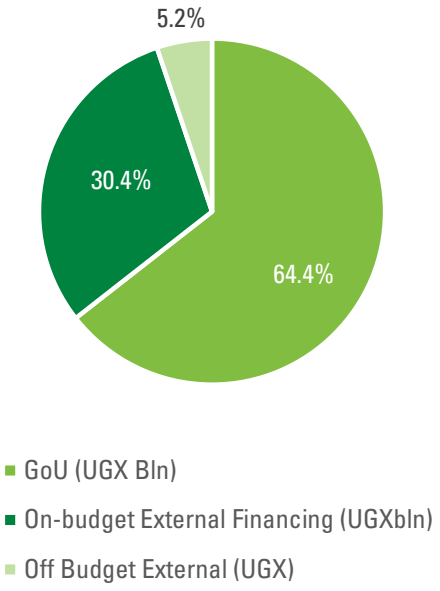
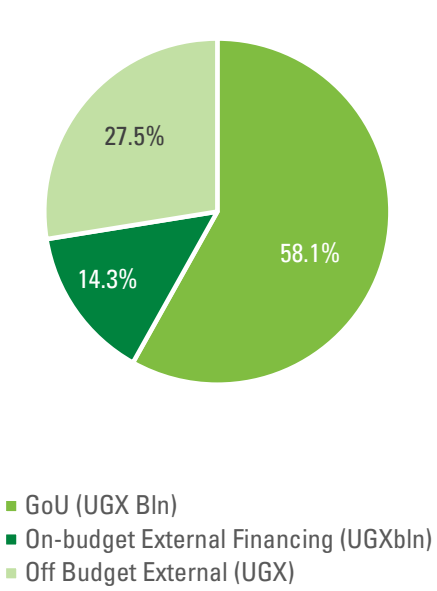


Figure 11: 2020/21 Health Sector Financing by Source



***Source:* Government Budget Documents (2018/19 – 2022/23)**

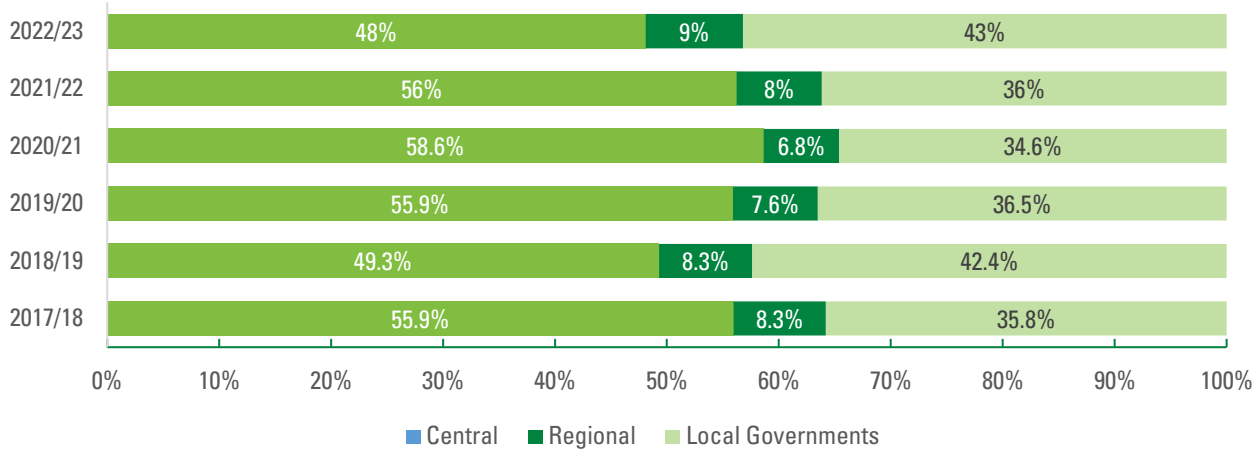
Key Takeaways

- Off- budget support to health increased from 5.2% in 2019/20 to 27.5% in 2020/21.
- Development partner funding has begun to be largely off-budget, which affects sector spending, at all levels of spending.
- With about 40% of total health budget being funded by development partner in 2021, the health sector is vulnerable to any changes in the global context.

7 FISCAL DECENTRALIZATION AND HEALTH BUDGETS

Expenditure at Central Government have dominated health spending since 2017/18. Though the situation is expected to shift slightly in favour of local government spending, central government spending, though the Ministry of Health, National Level Agencies and Central Hospitals, has been the major avenue of spending for the health sector, with more than 50% of the total expenditure between 2019/20 and 2021/22. 48% is projected for central government spending in 2022/23, with spending at local government level expected to increase from 36% to 43% for the same years. This shift, though inadequate, is progressive, as this aligns with the country's primary health care focus, and positions the country better to reach the poor and marginalised. Spending at regional level is expected to remain largely constant, with 9% of the budget projected for 2022/23.

Figure 12: Health Spending by Level of Spending



Source: Government Budget Documents (2018/19 – 2022/23)

Though at a very small scale, expenditures through local governments need strengthening to facilitate provision of primary health care. In order to complement fiscal transfers from central government, it will be critical to strengthen local government resource mobilisation capacity, either from own sources or raising form development partners, the share of the sector resources spent

Key Takeaways

- Health spending through local government remains low, trending below 40% till 2021/22, and expected to increase slightly to 43% in 2022/23. This has huge implications for primary health care provision.

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