

2022

# HEALTH BUDGET BRIEF

*Sustainable financing of healthcare delivery*

## KEY MESSAGES AND RECOMMENDATIONS

In 2022, the Government increased funding to the health sector by allocating K13.9 billion from K9.7 billion in 2021, a nominal increase of 44.1 percent. As a percentage of GDP, this increase translates to 3.0 percent of GDP in 2022 from 2.6 percent of GDP in 2021. In real terms, the increase is 25.3 percent.

1

### RECOMMENDATION:

Further investments are required to pay for emerging costs due to the COVID-19 and other public health emergencies, as well as recruit more health workers. The country still needs about 65,000 health workers to reach the desired level of service provision. This includes adding more Community Health Assistants onto the Government payroll, which is critical for strengthening primary health services and universal health coverage.

Despite being faced with the COVID-19 pandemic, the share of the budgetary allocation to primary health services has increased from 32.7 percent in 2021 to 34.3 percent in 2022. This underscores the Government's commitment to ensure that there are no disruptions in the delivery of routine primary health services.

2

### RECOMMENDATION:

With this commendable increase in budgetary allocation at a time when most resources are required to fight the COVID-19 pandemic, the Ministry of Health should ensure the security of essential health commodities, especially vaccines and essential medicines for Reproductive, Maternal, Neonatal, Child and Adolescent Health (RMNCAH) to sustain the delivery of services and contribute to the reduction of the high rates of maternal, neonatal and perinatal deaths.

A significant portion (80 percent) of the infrastructure development budget for Hospital Services and the K704 million funds towards the COVID response are funded from external sources, which is unsustainable.

3

### RECOMMENDATION:

The Government should revise the existing 2017-2027 Health Financing Strategy to address emerging demands as a result of increasing trends of epidemics and pandemics, the additional recruitment of health personnel, and widen the financing mix to reduce dependence on external funding sources.

With 4.7 million of the target population fully vaccinated for COVID-19 as at 12 July 2022, the target of reaching 70 percent of its adult population is in sight.

4

### RECOMMENDATION:

The Ministry of Health will need to re-invigorate a multisectoral financing approach to the COVID-19 response as well as strengthen community engagement and service provision outreach to make vaccines accessible to all, even in hard-to-reach areas.



## INTRODUCTION

**This health budget brief explores the extent to which the Government of the Republic of Zambia (GRZ) will support the health sector needs in 2022.** The brief analyses the size, composition of budget allocations and spending trends for the health sector for the fiscal year 2022. The brief also provides an analysis of the policy, strategies and legislation that will support the implementation of the 2022 health budget. The health budget will continue to be executed under challenging times as the COVID-19 pandemic enters its third year and the country also responds to a wild polio outbreak in a neighbouring country. The 2022 health budget is analysed to determine if there has been any expenditure reprioritisation to deal with the pandemic by comparing it to the 2021 budget.

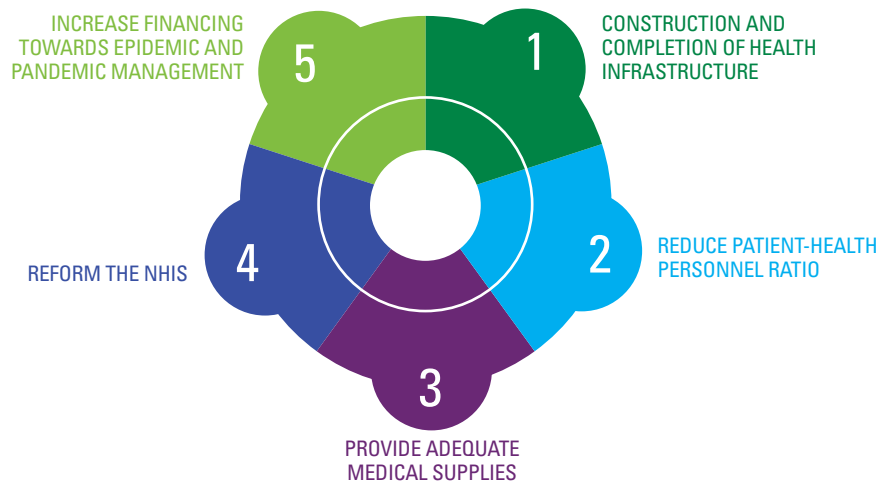
**Government expenditure on health not only includes expenditure by the Ministry of Health.** It also includes spending by the National Health Insurance Scheme, Military Health Services, and occupation safety and health under the Ministry of Labour and Social Security and the Ministry of Mines and Minerals Development.

# OVERVIEW OF THE HEALTH SECTOR

## Health sector policies, strategies and programmes

The 2022 Budget Speech and the 2022-2024 Medium Term Budget Plan<sup>1</sup> provides the policy direction for the health sector in the short to medium term. To increase access to quality and affordable healthcare, the Government intends to make interventions in five key areas described in Figure 1.

Figure 1: Key policy priorities for the health sector in the medium term



Source: Elaborated from the 2022-2024 Medium-Term Budget Plan

- 1. Continue with the programme of construction and completion of health infrastructure throughout the country.** At the local level, the Government will also use part of the Constituency Development Fund (CDF) towards improving health infrastructure and will be applied as best practice for the development of maternity wards to improve the level of care for women during pregnancy and childbirth and for the new-borns and infants.
- 2. Decongest the existing health institutions and reduce the patient-health personnel ratio.** Particularly in 2022, the Government plans to recruit and equitably deploy 11,200 health personnel as part of addressing the backlog of unemployed health personnel by 2026. Adequate funding has been provided in the 2022 Budget to put on payroll health staff who have been working without receiving salaries.
- 3. Provide health institutions with adequate medical supplies by improving supply management systems and ensure availability of essential medicines and medical supplies.** Measures include assigning the procurement of medicines and medical supplies, which hitherto was done by the Ministry of Health, to the Zambia Medicines and Medical Supplies Agency (ZAMMSA) in accordance with the Zambia Medicines and Medical Supplies Agency Act No.9 of 2019. The Government will also prioritise equipping and re-equipping of health facilities with modern equipment and enhance the use of ICT in health service delivery by encouraging partnerships between public and private health care providers. The centres of specialisation created in partnership with the private sector will ensure that Zambians can access specialised healthcare locally while attracting regional medical tourism.
- 4. Reform the National Health Insurance Scheme to benefit all.** This will be done by extending the coverage of social health insurance, which is currently in the formal sector, to include the informal sector. This means that a fully registered person from the informal sector, would be able to access free selected medical services at prescribed medical institutions. The registration of the informal sector to the scheme will be a continuous process.
- 5. Increase financing towards epidemic and pandemic preparedness and response to the public health emergencies of international concerns such as COVID-19.** In doing so, the Government will ensure there is no disruption in the delivery of routine health programmes, with particular attention to ensure the availability of essential health commodities and supplies to sustain the continuity of essential health services, including RMNCAH and non-communicable diseases.

<sup>1</sup> In keeping with the Planning and Budgeting Act of 2020, the Medium-Term Expenditure Framework is now called the Medium-Term Budget Plan.

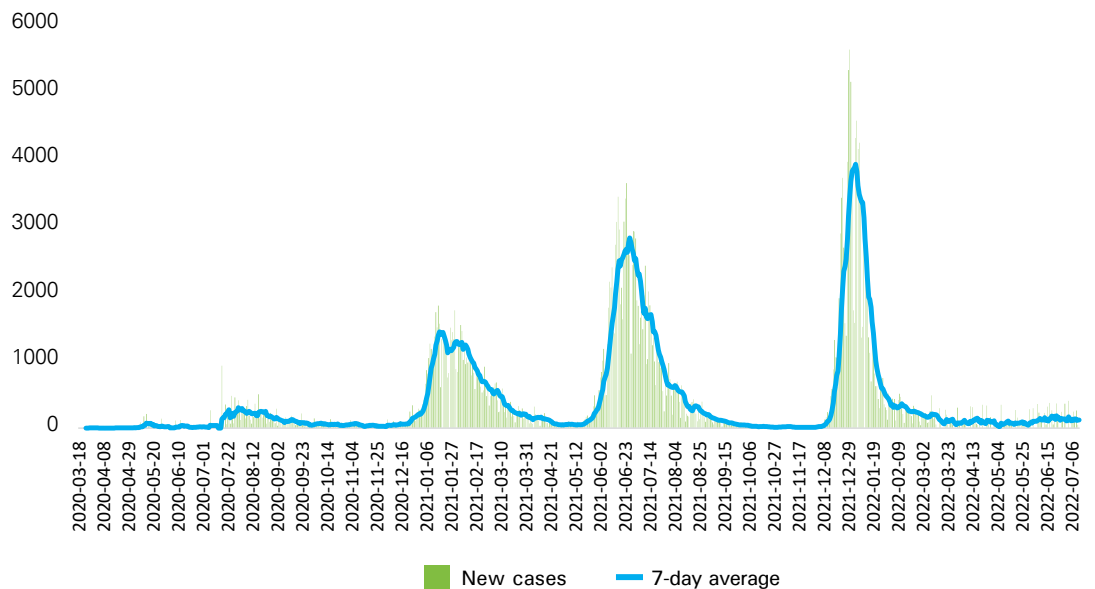


## Health sector performance

**The last two years have been dominated by the response to the COVID-19 pandemic.**

Zambia has gone through four waves of the COVID-19 pandemic. A surge in infections was most experienced towards the end of 2021 and early 2022 (Figure 2).

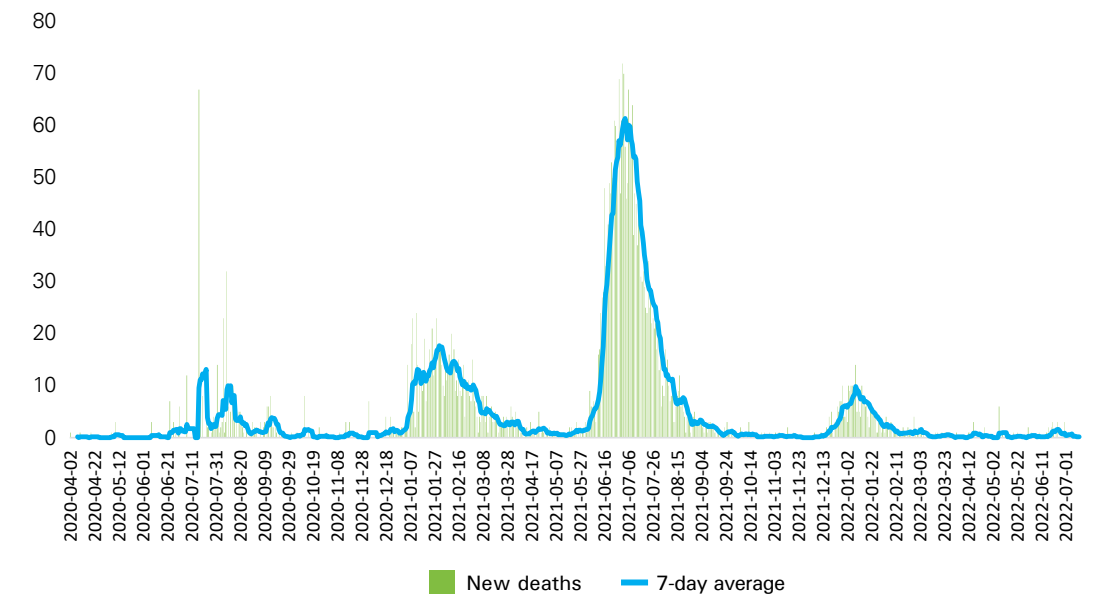
**Figure 2:** Active cases (number of people of infected) - 30 April 2020-12 July 2022



Source : <https://www.worldometers.info/coronavirus/country/zambia/>

The highest number of COVID-19 related deaths was experienced during June-September 2021. There were also notable number of deaths during December 2021-January 2022 (Figure 3).

**Figure 3:** Daily number of deaths from COVID-19 pandemic, Zambia (30 April 2020-12 July 2022)



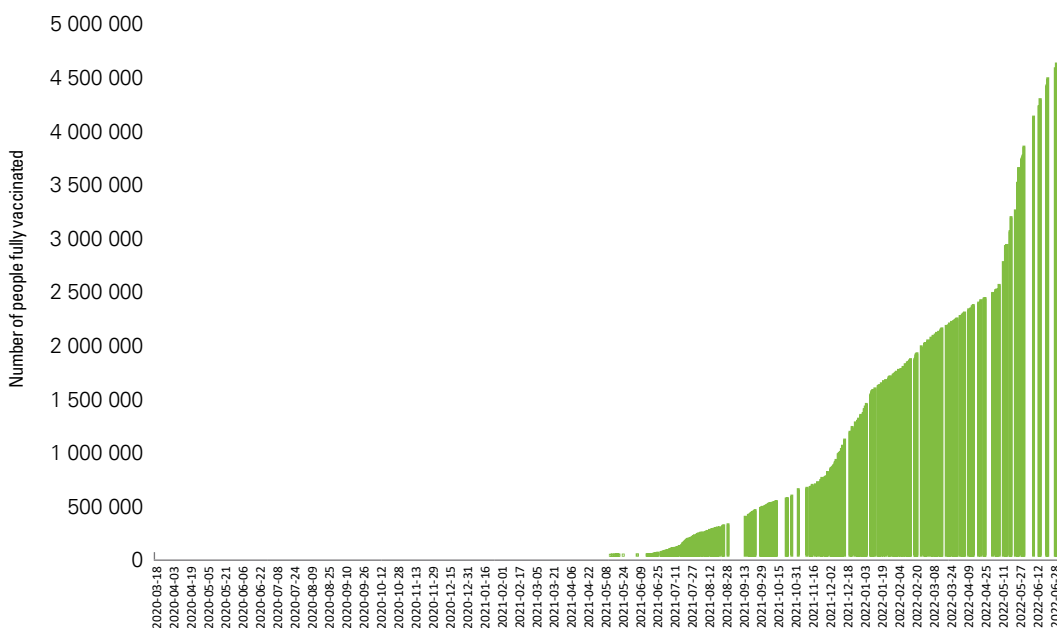
Source : <https://www.worldometers.info/coronavirus/country/zambia/>

**As the new waves and variants continue, this will undoubtedly introduce new costs that may make the implementation of the health budget challenging.** The Omicron variant, though less fatal, spreads more rapidly. While costs associated with hospitalisation are expected to reduce, the rapidly spreading variant introduces new costs related to testing as this must now be done at a larger scale due to the number of infections.

**The commitment of the new government to responding to the COVID-19 pandemic through, among others, increasing the coverage for COVID-19 vaccination is admirable.**

Further, the appointment of a Presidential Advisor on COVID-19 who now heads the Health Security and Disease Intelligence Unit of the Ministry of Health is an unambiguous strategic statement of intent. Vaccines are steadily being rolled out as the Government moves towards achieving its target of fully vaccinating 9.1 million eligible Zambians (estimated adult population in 2022). As of 12 July 2022, 4.7 million had been fully vaccinated, representing 25 percent of the total population and 52 percent of the adult population. Over 85,000 persons had received their booster shot (Figure 4).

**Figure 4:** Cumulative population that are fully vaccinated, up to 12 July 2022



Source : Compiled from <https://ourworldindata.org/coronavirus/country/zambia>

The COVID-19 pandemic threatens the delivery of primary health services, including Reproductive, Maternal, Newborn, Child and Adolescent Health, immunisation and malaria, which remain major public health issues in Zambia.

## RMNCAH

**There have generally been improvements in RMNCAH indicators between 2014 and 2018.**

The Maternal Mortality Ratio (MMR) for 2018 reduced from 398 deaths to 252 deaths per 100,000 live births. Over the same period, under-5 mortality rates reduced from 75 to 61 deaths per 1,000 live births; while neonatal mortality has reduced from 24 to 27 deaths per 1,000 live births (see figure 5).

**Between 2013 and 2018, there was a 37 percent reduction in the Maternal Mortality Ratio (MMR) from 398 deaths to 252 deaths per 100,000 live births.** Zambia would have to significantly scale up its MMR reduction efforts if it is to reach the global 2030 target from the Sustainable Development Goals (SDGs) of less than 70 deaths per 100,000 live births.

**Estimates of the under-5 mortality rate reduced from 75 to 61 deaths per 1,000 live births, while neonatal mortality has reduced from 24 to 27 deaths per 1,000 live births.** The proposed SDG target for child mortality aims to end, by 2030, preventable deaths of new-borns and children under 5 years of age, with all countries aiming to reduce under-5 mortality to at least as low as 25 deaths per 1,000 live births and neonatal mortality to at least as low as 12 deaths per 1,000 live births.

**The adolescent birth rate among women aged 15-19 marginally reduced from 141 per 1,000 females in 2013-14 to 135 per 1,000 females in 2018.** Having children this early in life exposes adolescent girls to unnecessary risks. Reducing adolescent fertility and addressing the multiple factors underlying it are essential for improving sexual and reproductive health and the social and economic well-being of adolescents.

**Figure 5:** Selected RMNCAH indicators, 2014 and 2018

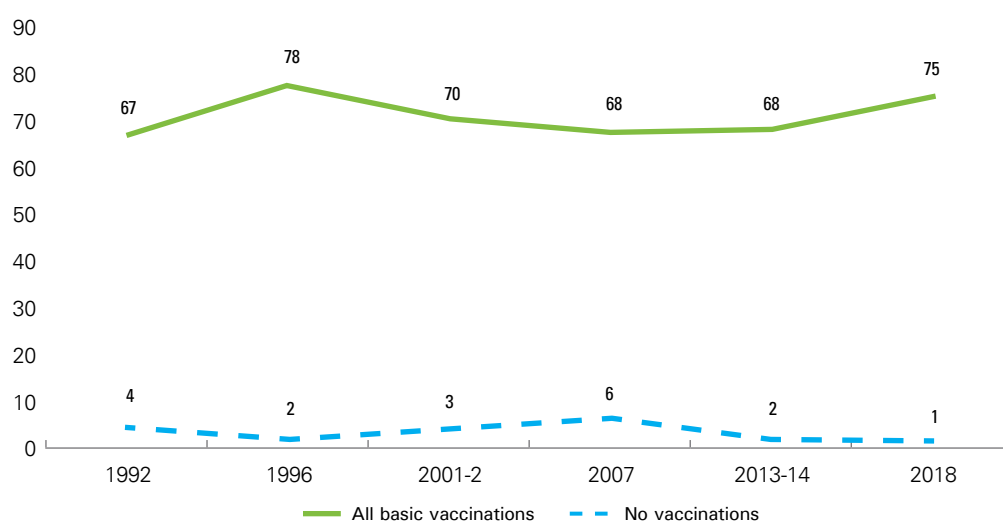
	2013-14	2018
Maternal Mortality Ratio (per 100,000 live births)	398	252
Under 5 Mortality Rate (per 1,000 live births)	75	61
Neonatal Mortality Rate (per 1,000 live births)	24	27
Adolescent Birth Rate - 15-19 (per 1,000 women)	141	135
Percent of births < 24 months after the preceding birth (%)	15.5	14.0
Stunting among children under 5 years of age (%)	40.1	34.6
Moderate to severe wasting among children under 5 years of age (%)	6.0	4.2
Stillbirths (per 1,000 total births)	13.3	12.1

Source: Zambia Demographic and Health Surveys

## Immunisation

**An important measure of vaccination coverage has been the proportion of children receiving all “basic” vaccinations.** Children are considered to have received all basic vaccinations if they have received the BCG vaccine, three doses each of the DPT and polio vaccines, and a single dose of the measles vaccine. The percentage of children aged 12-23 months who received all basic vaccination increased from 68 percent in 2013-14 to 75 percent in 2018. Figure 6 shows the trends in basic childhood vaccinations over two and half decades. It should be noted that the COVID-19 pandemic may have disrupted these trends.

**Figure 6:** Trends in childhood vaccinations, 1992-2018



Source: Zambia Demographic and Health Surveys

## Malaria

**Malaria remains a significant cause of morbidity and mortality in Zambia.** It tops the list of the ten major causes of morbidity in Zambia (Table 1). Zambia's plan to eliminate malaria by 2021 is not on track. Between 2016 and 2019, Zambia had made significant progress in malaria control by reducing the number of cases from 357 to 303 per 1,000 of the population at risk. However, in 2020, the National Malaria Elimination Centre reported an increase in malaria cases, malaria deaths and test positivity rates nationally. The high malaria incidence, which increased to 426 per 1,000 of the population at risk, was driven by disruptions in programming and intermittent low stock levels of anti-malaria medicines and tests particularly at community level arising from the disruption of the global supply chains due to COVID-19.

**Table 1:** Ten major causes of morbidity, 2017 to 2020

DISEASE NAME	INCIDENCE PER 1,000			
	2017	2018	2019	2020
Malaria	357	312	303	426
Respiratory infection non-pneumonia	415	397	371	158
Muscular skeletal and connective tissue (non-trauma)	75	73	75	76.2
Diarrhoea non-bloody	97	90	88	75
Digestive system non-infectious	54	50	26	49.5
Trauma other injuries wounds	31	28	21	25.3
Skin diseases (non-infectious)	27	23	52	24.6
Dental carries	23	21	18	18.8
Throat disease	23	21	19	17.4
Respiratory infection pneumonia	26	46	23	15.4

Source: 2020 Annual Economic Report/ Ministry of Health

**In order to improve access to healthcare services, the Ministry of Health has continued with the construction of health posts and mini-hospitals.** In 2014, the Government initiated a project to construct 650 health posts with an objective of increasing access to primary healthcare. As of June 2021, a total of 563 health posts were completed. Of these, 184 were completed in 2020 and 7 were completed by June 2021. In 2022 the target is to complete 40 health posts. In 2021, the Ministry operationalized 43 mini hospitals in selected provinces to reduce referral distances and improve access to health service delivery.

**The extension of the National Health Insurance Scheme to the informal sector has already commenced.** According to the National Health Insurance Management Authority (NHIMA), there are about 68,000 informal sector principal members, out of the 1.2 million principal members currently registered. This translates to about 6 percent of the 7 million beneficiaries who can access services from a network of over 200 accredited Health Care Providers.



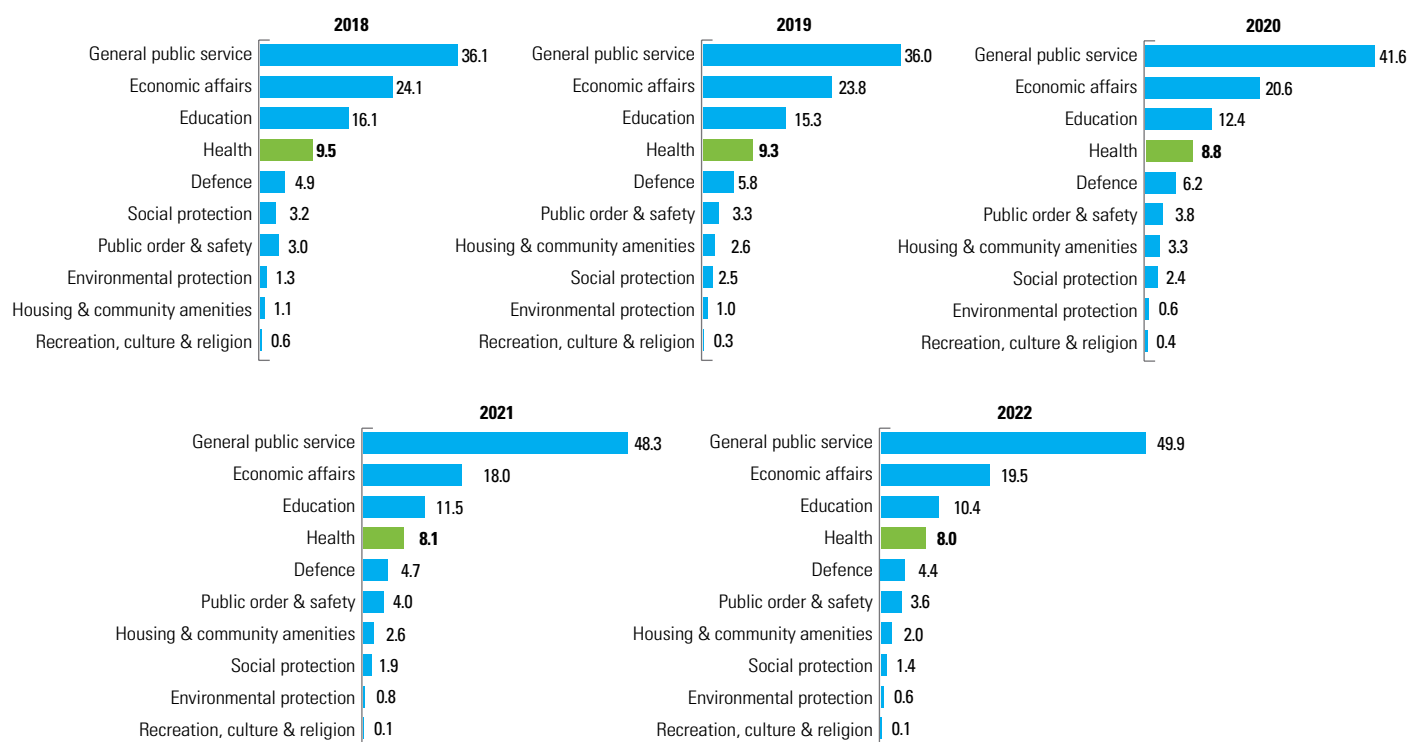
### KEY TAKEAWAYS

- COVID-19 has introduced additional costs including the need to vaccinate at least 70 percent of the adult population and made the implementation of the health budget challenging.
- COVID-19 also threatens the delivery of primary health services including RMNCAH, immunisation, malaria.
- Zambia continues to face high burden of child and maternal mortality especially the increasing trend of neonatal mortality.
- The increased infrastructure development is welcome but requires requisite HR, equipment, robust information systems and other support services to ensure quality health services.

## SIZE AND SPENDING TRENDS

**The Government plans to spend to K13.9 billion on health expenditure in 2022.** The planned health expenditure represents 8.0 percent of the total budget. This is a marginal reduction from 8.1 percent in 2021. As has been the trend over the last five years, the health budget is the fourth largest expenditure function after General Public Services (49.9 percent), Economic Affairs (19.5 percent) and Education (10.4 percent) (Figure 7).

**Figure 7: Rank of health budget in total expenditure by function, 2018-2022**



Source: Compiled from National Budget Speeches, 2018-2022

**The nominal increase in the 2022 health budget is driven by plans to recruit health workers and procure vaccines.** In an effort to cater for newly constructed health facilities, sustain the fight against COVID-19 and address critical staff shortages in the health sector, the Government plans to recruit 11,200 health workers in 2022. As of end-March 2022, the health sector had an approved staff establishment of nearly 140,000. With just under 64,000 staff on government payroll, the Ministry of Health has filled about 46 percent of the total staff complement. Despite the 2022 recruitments, Zambia still needs about 65,000 health workers to reach the desired level of service provision.



**Table 2: Medical personnel, as at 31st March 2022**

CADRE	ESTABLISHMENT	ACTUAL	% FILLED
Administration	52,111	20,490	39.3%
Audiology	132	0	0.0%
Community health assistants	4,007	1,374	34.3%
Clinical officer	8,053	3,455	42.9%
Dental services	1,928	499	25.9%
Environmental health	5,744	2,892	50.3%
Laboratory	3,215	2,540	79.0%
Doctor	6,240	2,835	45.4%
Midwifery	11,718	4,000	34.1%
Nursing services	36,397	21,471	59.0%
Nutrition	1,805	485	26.9%
Orthopaedics	141	15	10.6%
Pharmacy	2,910	1,735	59.6%
Physiotherapy	1,163	738	63.5%
Radiology	1,946	789	40.5%
Teaching	2,080	520	25.0%
Grand total	139,590	63,838	45.7%

Source: Ministry of Health

**The increased allocation to the health budget is the highest boost to the health budget during the period 2015-2022.** The health budget has been increased by over K4 billion from K9.7 billion in 2021, an increase of 44.1 percent. As a percentage of GDP, this increase translates to 3.0 percent of GDP in 2022 from 2.6 percent of GDP in 2021. In real terms, the increase is 25.3 percent.

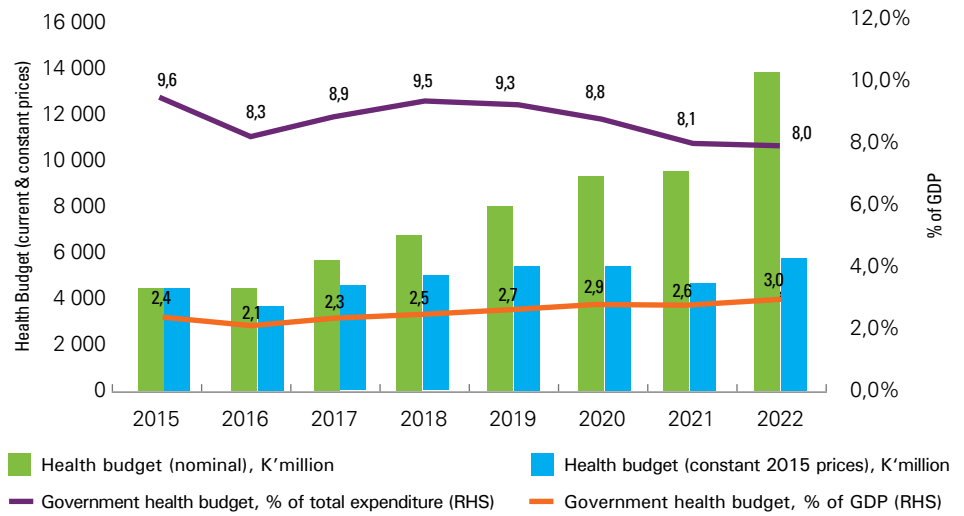
**However, as a share of the total expenditure, the Government health budget has marginally declined.** The health budget, which peaked at 9.6 percent in 2015, declined to 8.3 percent in 2016 and then increased to 9.5 percent in 2018. However, from 2019, it steadily declined from 9.3 percent to 8.8 percent in 2020, 8.1 percent in 2021 and further down to 8.0 percent in 2022 (Figure 4).



KEY TAKEAWAYS

- The Government has made a significant increase in the budget allocation to the health sector to, among other things, pay for the recruitment of 11,200 health workers and emerging costs due to the COVID-19 pandemic.
- The MoH needs to capitalise on the increased allocation to ring-fence funds for essential health commodity security to enable sustaining the continuity of essential health services.
- However, the increase still falls short of regional and international commitments to spend at least 15 percent of its annual budget on the health sector.

Figure 8: Share of health budget in total expenditure by function, 2015-2022



Source: Compiled from National Budget Speeches, 2015-2022, Consumer Price Indices and National Accounts

**The 8.0 percent share of national budget for health spending falls short of regional and international commitments.** Zambia’s health expenditure has averaged 8.8 percent during 2015-2022. This is below the Abuja Declaration of allocating at least 15 percent of the country’s annual government budget to the health sector. The declining share of the government health budget is partly reflective of the eroding fiscal space, leading to a subsequent decline in the budgetary allocation to not only to health, but other priority spending functions as well, and a prioritisation of debt servicing.

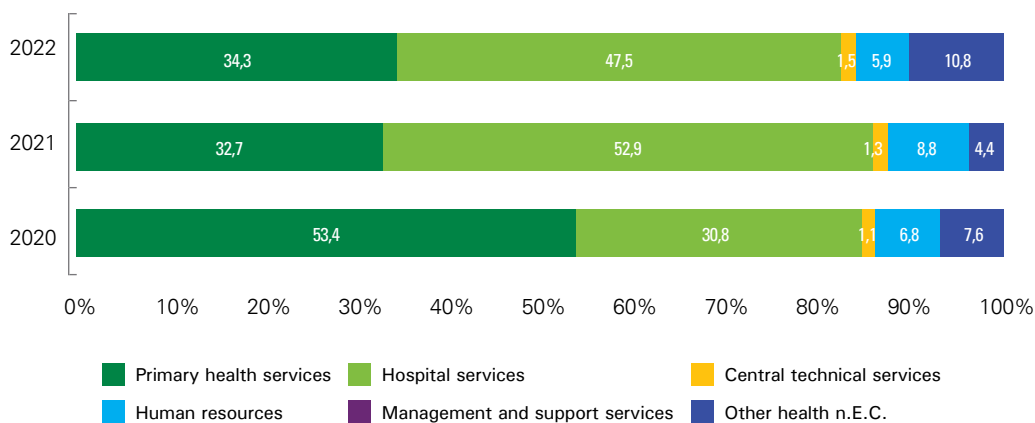


## COMPOSITION OF HEALTH SPENDING

### Spending by health programme

**Primary health services and hospital services are the two largest spending categories, collectively accounting for over 80 percent of the total health budget in 2022.** Similar to 2021, expenditure on primary health services received the second highest allocation despite the greater emphasis placed on it in the 2017-2021 National Health Strategic Plan. However, the allocation to primary health services increased by 51 percent in 2022 while the allocation for hospital services only increased by 29 percent. As result, there was a marginal increase in the share of the primary health services from 32.7 percent in 2021 to 34.3 percent in 2022 (Figure 9). This underscores the Government’s commitment to ensure that there are no disruptions in the delivery of routine primary health services.

**Figure 9:** Composition of health budget by programme, 2020, 2021 & 2022



Source: Compiled from Ministry of Finance Estimates of Revenue and Expenditure, 2020 and 2021

### The recruitment of additional health personnel is primarily targeted at hospital services.

In a bid to support an already strained health sector, the Government announced plans to recruit an additional 11,200 workers in 2022. The recruitment will complement the recruitment of 2,000 health worker in 2020. As a result, the budget allocation to personal emoluments is projected to increase from K5 billion in 2021 to K5.5 billion in 2022. The personal emoluments for Hospital Services have increased to K3.3 billion in 2022 from K2.7 billion in 2021, while personal emolument for primary services remained at about K1.5 billion. It is inferred that most of the newly recruited staff will be deployed to hospitals rather than primary service facilities such as clinics.

### Health budget by economic classification

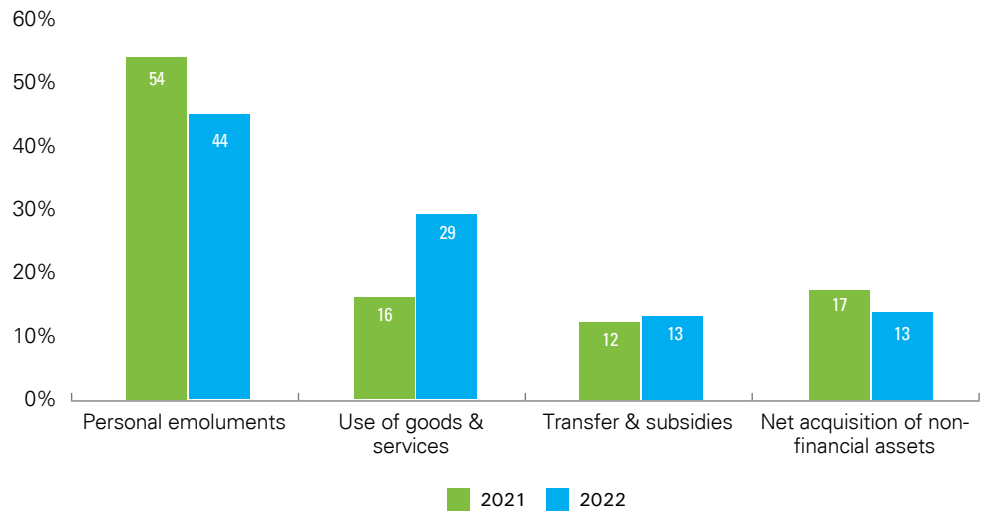
**While the share of personal emolument has declined, the share of Use of Goods and Services has increased.** The share of personal emoluments in 2022 declined to 44 percent compared to 54 percent in 2021. Compared to 2021, the share of use of goods and services increased from 16 percent to 29 percent. This increase is necessitated by, among other things, the increase in the allocation to drugs and medical supplies. The allocation to infrastructure projects only accounted for 13 percent of the 2022 budget compared to 17 percent in 2021. Transfers and subsidies account for 13 percent of the allocation, a marginal increase from 12 percent in 2021 (Figure 10).



**KEY TAKEAWAYS**

- Despite the significant increases to the budget to purchase of drugs and medical supplies, including the purchase of COVID-19 vaccines, the Government has increased its budgetary allocation to primary health services.
- The recruitment of additional health workers is primarily targeted at beefing up staff under Hospital Services who are in the frontline of combating the COVID-19 pandemic. It is cardinal that the recruitment also considers a significant number of community health workers, who are critical for delivering primary health services.

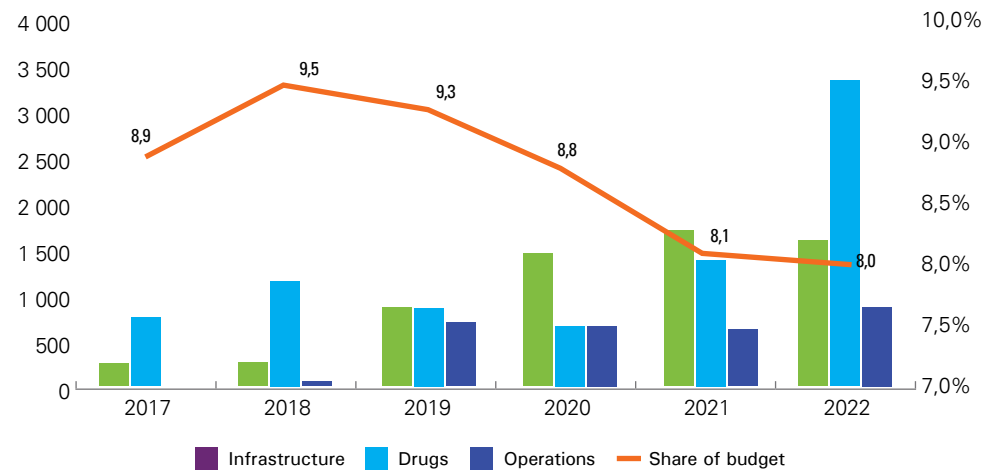
**Figure 10:** Composition of health budget by economic classification and programme, 2021 & 2022



Source: Compiled from Ministry of Finance Estimates of Revenue and Expenditure, 2021 & 2022

**The Government has continued to commit more resources towards the purchase of drugs.** In 2022, the Government allocated a total of K3.3 billion for the procurement of drugs and medical supplies. The K3.3 billion represents 135.7 percent increase compared to the 2021 allocation of K1.4 billion. The allocation for procurement of drugs and medicines includes K704 million allocated for the purchase of vaccines, which represents 40 percent increase compared to the 2021 allocation. The Government has also continued to receive vaccines through the COVAX facility [co-led by Gavi, the Coalition for Epidemic Preparedness Innovations (CEPI) and the World Health Organisation (WHO)] and from other cooperating partners. Figure 11 shows some of the selected expenditure allocations.

**Figure 11:** Selected expenditure allocations to the health sector, 2017-2022

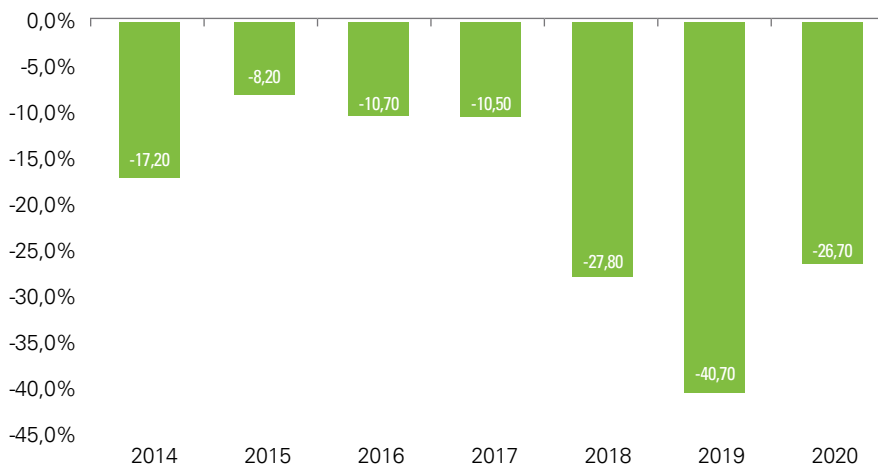


Source: UNICEF/ZIPAR 2022 Social Sector Brief

## BUDGET CREDIBILITY AND EXECUTION

**Budget credibility has continued to deteriorate.** While budgetary allocations are an indication of government’s commitment to the health sector, the actual amount and predictability of funds disbursed determine the outputs and outcomes generated. Over the period 2014-2020, the Government spent less than the planned budget on health. The deviations from the originally planned budget averaged 20 percent per annum. Over a six-year period, underspending steadily rose from 8 percent in 2015 to 26.7 percent in 2020 (Figure 12).

**Figure 12:** Deviations between planned and actual expenditure, 2014-2020

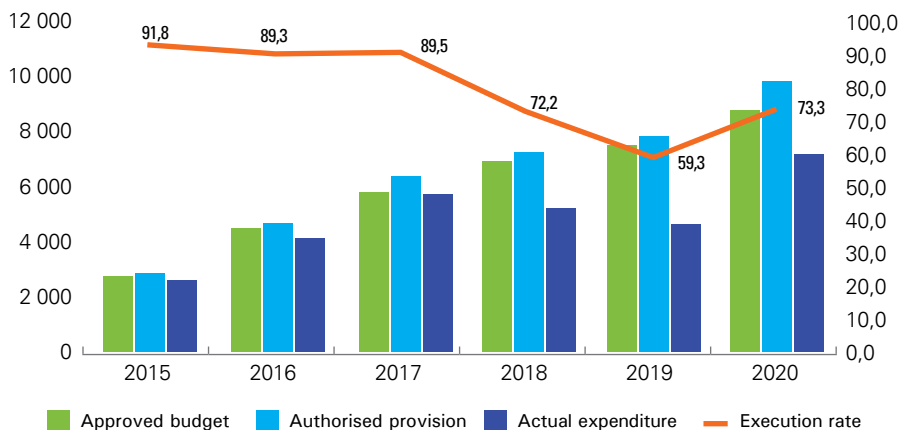


Source: Compiled from Ministry of Finance Annual Financial Reports, 2014-2020

### Actual spending only accounted for about two-thirds of the authorised budget.

The execution rate, which averaged 90 percent during 2015-2017, posted a sharp drop to an average of 68 percent during 2018-2020 period. The average actual spending was only 1.9 percent of GDP during the period 2015-2020. The weak budget execution rates coincide with the general decline in economic performance and increased budget allocation to debt servicing under the General Public Services function.

**Figure 13:** Approved & supplementary budgets, actual expenditures and budget execution rates, 2015-2020



Source: Compiled from Ministry of Finance Annual Financial Reports, 2015-2020



### KEY TAKEAWAYS

- Budget execution rates continue to weaken, thereby threatening the delivery of health services.





## KEY TAKEAWAYS

- Despite the significant increases to the budget to purchase of drugs and medical supplies, including the purchase of COVID-19 vaccines, the Government has increased its budgetary allocation to primary health services.
- The recruitment of additional health workers is primarily targeted at beefing up staff under Hospital Services who are in the frontline of combating the COVID-19 pandemic. It is cardinal that the recruitment also considers a significant number of Community Health Workers, who are critical for delivering primary health services.

## FINANCING OF THE HEALTH BUDGET

The on-budget health sector financing largely comes from Zambia's own resources, accounting for 85 percent of the Ministry of Health's budget. However, external financing remains significant. Compared to 2021, the share of external financing has reduced from 20 percent to 15 percent in 2022. Just under K1.9 billion of the K12.4 billion allocated to the Ministry of Health will be financed through loans and grants in 2022 as shown in Table 3. This is reduction from 20 percent in 2021. The financing will be for Primary Health Services and infrastructure development under Hospital Services.

**Table 3:** External Financing to the Ministry of Health

COOPERATING PARTNER	TYPE OF FACILITY	PROGRAMME	AMOUNT (KWACHA)
Global Fund	Grant	Primary Health Services	99,024,272
USAID	Grant	Primary Health Services	220,302,211
SIDA	Grant	Primary Health Services	38,691,711
IDA	Loan	Primary Health Services	282,433,044
SAUDI FUNDS FOR DEV	Loan	Hospital Services - Infrastructure Development	219,233,012
UK EF	Loan	Hospital Services - Infrastructure Development	562,823,599
OFID	Loan	Hospital Services - Infrastructure Development	85,498,000
BADEA	Loan	Hospital Services - Infrastructure Development	353,713,500
<b>Grand total</b>			<b>1,861,719,349</b>

Source: Compiled from Ministry of Finance Estimates of Revenue and Expenditure, 2022

**Loans account for about four-fifths of the external financing of the health sector in 2022.** Out of the K1.9 billion, loans account for K1.5 billion. Out of the K1.5 billion, K1.2 billion is earmarked for infrastructure development under Hospital Services. About 81 percent of the allocation for infrastructure development under Hospital Services is from external loans.

## KEY POLICY ISSUES

**A key issue is the recruitment of additional health personnel.** Ensuring that health facilities are appropriately staffed is critical to providing both a safe work environment for healthcare professionals and safe, effective patient care. This includes recruiting community health assistants who are key in strengthening primary health care and pillars of Universal Health Coverage (UHC). And the COVID-19 pandemic has put a spotlight on the colossal impact and sheer scale of consequences that staffing shortages mean for critical healthcare settings.

**The Government's drive to recruit more health personnel should consider addressing the inequitable distribution of health personnel in the country.** The greatest human resource gaps are in rural areas. To attract and retain staff in rural areas, the Government would have to improve working conditions, including providing decent housing, faster career advancement prospects, and incentives for working in rural areas – especially for women.

**More important is the need to ensure sustainable financing of emoluments as well as other non-emolument health requirements.** The low execution rates not only point to the limited fiscal space but also late disbursement of funds from the Ministry of Finance to the districts, and from the districts to the health facilities. Given that emoluments are ring-fenced, non-emoluments are likely to be affected in circumstances where funding is inadequate, or processes are inefficient. A case in point is the perennial problem of drugs and other medical supplies in the health facilities.

**Putting in place a robust procurement supply chain system that assures uninterrupted supply of essential medicines and supplies remains key in 2022.** This is critical given the recent disruptions in medicines and other medical supplies, invariably leading to poor service delivery. The shift of the procurement function from the Ministry of Health headquarters to the Zambia Medicines and Medical Supplies Agency requires better coordination and timely financing to ensure uninterrupted supply of essential medicines and other medical supplies and to ensure the new system is efficiently implemented.

**External financing remains a key source of financing for non-emolument health requirements.** The Government relies heavily on external financing, albeit largely off-budget funding. The 2018 Health Public Expenditure Review attributed the low on-budget support, accounting for 15 percent of the total health budget in 2022, to inadequate confidence in the existing public financial management system in Zambia and/or preference by donors to implement projects with visible results. There is therefore need to strengthen the public financial management system to build trust and encourage cooperating partners to channel their funds through the government budget. This requires, among other things, the extension of the existing Integrated Financial Management Information System (IFMIS) to the district and facility level in order to increase accountability and transparency.



**Having a social health insurance function, the National Health Insurance Management Authority is now under the supervision of the Ministry of Labour and Social Services, which could potentially cause coordination issues.** It will be critical to ensure close collaboration between the Ministry of Health and the Ministry of Labour and Social Services (which now supervises NHIMA) to ensure that national health insurance premiums are ring-fenced for health sector financing. Anecdotally, NHIMA funds to public health facilities have had a cushioning effect. Therefore, protecting its continued viability must be a priority for the government.

**The centres of specialisation that are envisaged to be created in partnership with the private sector will ensure that Zambians can access specialised healthcare locally while attracting regional medical tourism.** While this is commendable, care must be taken to ensure that the National Health Insurance is not used at the expense of primary health care services which mainly reach the poorest of the population.











# Zambia

*This budget brief has been authored by Mr Shebo Nalishebo with support from the UNICEF Zambia Social Policy and Research team.  
Special thanks to Claude Kasonka, Daniel Kumitz, Bob Muchabaiwa and Penelope Campbell for technical guidance and editorial support.*

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