



# SUSTAINING PUBLIC INVESTMENTS IN HEALTH SECTOR

UGANDA BUDGET BRIEF | FINANCIAL YEAR 2023/24

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**SUSTAINING PUBLIC INVESTMENTS IN HEALTH SECTOR | FINANCIAL YEAR 2023/24**

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# KEY MESSAGES AND RECOMMENDATIONS

- 1 Uganda has made steady progress to improve health outcomes over the past few years, but some child and maternal health indicators are lagging behind. Only a 3rd of pregnant women attend ANC in the 1st trimester, and institutional maternal mortality rate of 100/1000 deliveries is still higher than the target of 63/1000 deliveries.

  - **RECOMMENDATION:** It is critical to maintain an all-sector approach to safeguard positive gains in the sector, including ensuring adequate financing and resourcing.
- 2 Spending on health has been increasing steadily, in both nominal and real terms. However, the increase has not been fast enough to match financial needs to meet the goal of the National Health Financing Strategy to facilitate the attainment of Universal Health Coverage in Uganda through enabling the effective/efficient delivery of and access to the essential package of health services while reducing exposure to financial risk, by 2025.

  - **RECOMMENDATION:** More funding is required to allow the country to meet the objectives of the Health Financing Strategy to position better to meet the 2030 health sector outcome targets
- 3 Per capital Spending on health has remained very low. Though per capita spending on health has been steadily increase for more than half a decade, it still remains nearly a quarter of the benchmark target of US\$86 per person per year, estimated at US\$23 for 2023/24, slightly up from US\$21.7 in 2022/23.

  - **RECOMMENDATION:** More funding is required to ensure that the country is able to meet its core health targets set in NDP III, and aligned to the 2030 Agenda.
- 4 Primary health care continues to remain underfunded. Less than a 3rd of total health sector spending is on Primary Health Care, and this is expected to continue in 2024/24, posing risks to any prospects of a functional health system at all levels of care.

  - **RECOMMENDATION:** To strengthen the primary health care system, this needs a more critical look to improve the situation, especially for local governments who are the primary delivery agents, to improve access to and quality of services at primary health care level.
- 5 The proportion of the budget for pharmaceuticals and supplies has been declining from 42% in 2019/20 to 31% in the 2020/21, and 34% in the 2021/22.

  - **RECOMMENDATION:** Against a growing population, a critical re-look at the budget for the National Medical Stores will be important to improve commodity availability at all levels of care.
- 6 On-budget External Financing for development, which had declined during COVID-19, is expected to recover in 2023/24, contributing nearly 40% of total health sector budget in 2023/24.

  - **RECOMMENDATION:** As the external financing is projected to recover, it is critical that all stakeholders work to ensure priority spending is towards meeting core country priorities in line with the NDP III.

7

Budget Credibility remains a huge challenge for Uganda's health sector with an average of -26% over the past 5 years.

**RECOMMENDATION:** It is necessary to conduct a bottleneck analysis to establish the key factors militating against full release of approved resources, especially foreign development support.

8

Per capita spending on health varies across sub-regions, ranging from US\$9 per person in Kampala to US\$373 in Kigezi. The situation remains largely the same for the 2 years under review, and way below the desired threshold of \$86 per person for universal health coverage.

**RECOMMENDATION:** More efforts are required to link resources to the population per sub-region to ensure social justice for better outcomes for health.



# 01 INTRODUCTION

This budget brief examines how the 2023/24 National budget responds to the needs of the health sector, building on the recovery registered post the COVID-19 pandemic. The brief assesses the size and composition of public spending on health and highlights spending trends, efficiency, effectiveness, equity, and adequacy of immediate past spending on public health. The analysis is based on a review of key budget documents, including National Budget Framework Papers (NBFs), Approved Budgets, Expenditure Reports where available, and Supplementary Budgets for financial years 2017/18 to 2023/24. **All Figures up to 2021/2022 are based on the figures as included in the Annual Budget Performance Reports, while 2022/23 and 2023/24 are as per the Approved Budget.**

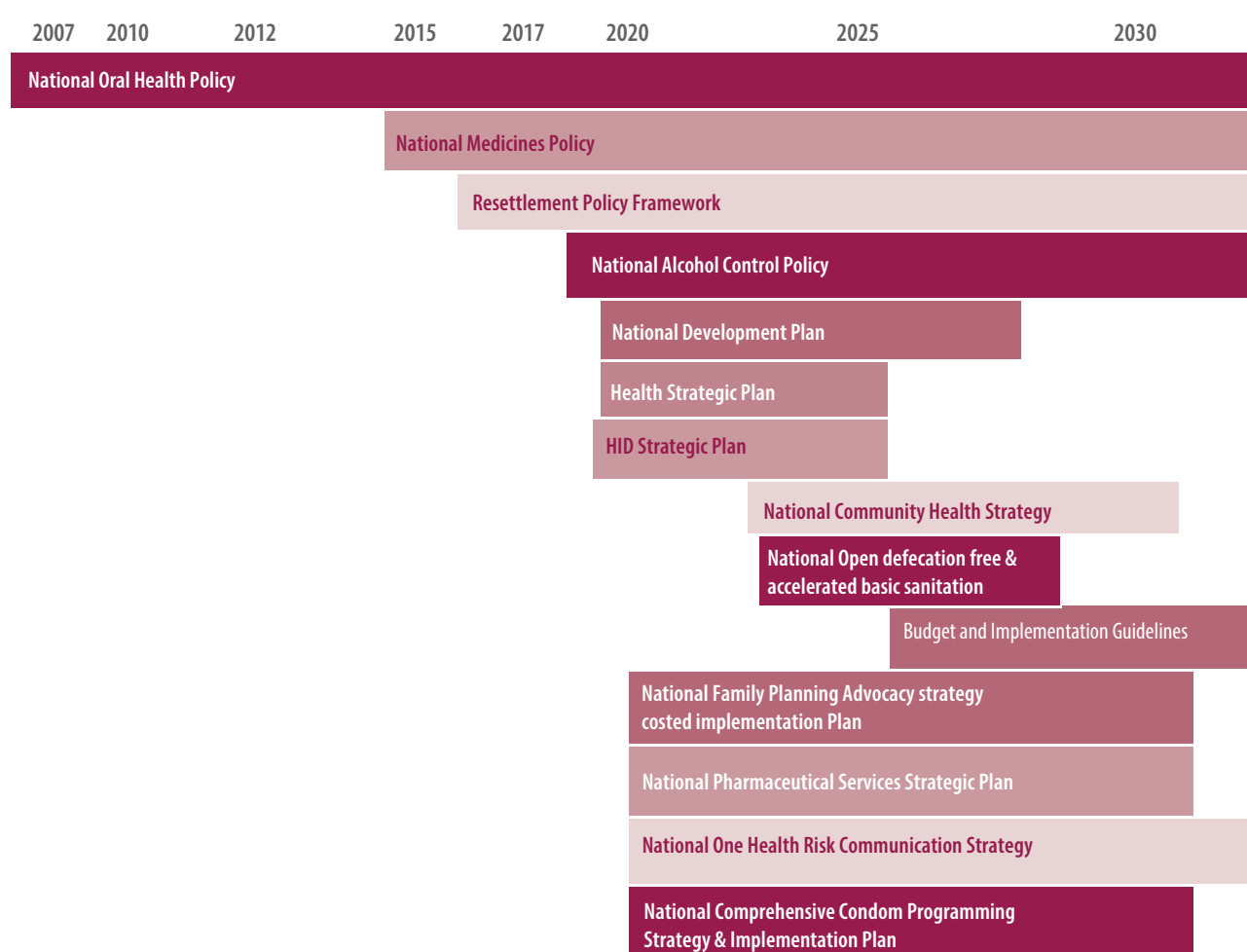
# 02 OVERVIEW OF THE HEALTH SECTOR

Over the years, Uganda has managed to make significant progress in its health sector, anchored on consistent interventions in infrastructure, disease surveillance, human resources for health, and health commodities. The country's National Development Plan III set the tone for further improvement, with a clear intention to improve coverage and quality of health services.

## 2.1 SECTOR STRATEGIC FRAMEWORK

The health sector in Uganda is comprised of many policies and frameworks that guide the delivery of the services. The different policy frameworks, stretching over the medium to long term, are rooted in many developments, including the country's vulnerabilities and its desire development aspirations, as outlined in the country's National Development plans. Table 1 below summarises some of the major policy frameworks guiding the health sector for Uganda.

**TABLE 1** POLICY FRAMEWORK FOR THE HEALTH SECTOR FOR UGANDA



Source: Various MoH Documents

## 2.2 KEY DEVELOPMENTS IN THE HEALTH SECTOR IN UGANDA

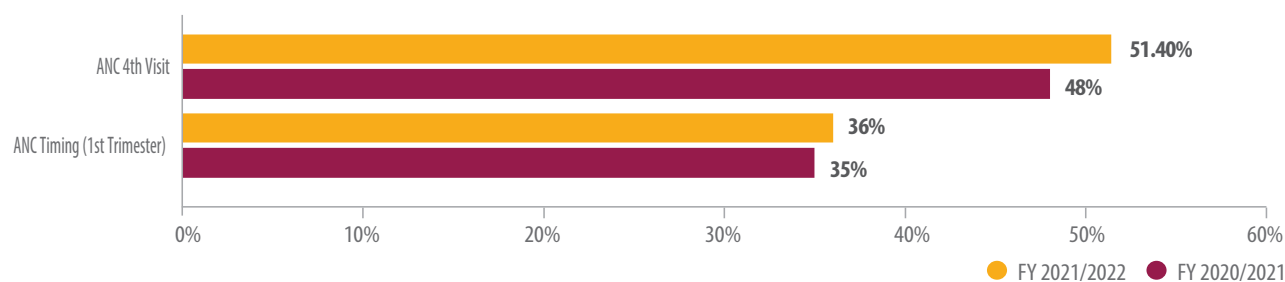
Uganda continues to register improvements in the health sector, albeit with many challenges. Access to and utilization of health services significantly improved over the years, with the population living within a 5km radius of a health facility increasing from 83 percent in 2012/13 to 86 percent in 2016/17 (NDPIII). Furthermore, NDPIII noted that the health infrastructure network improved significantly, with 2 national referral hospitals, 19 regional referral hospitals, 147 district hospitals, 193 Health Centre IVs (HC4s); 1250 Health Centre IIIs (HC3s), and 3610 Health Centre IIs (HC2s). Maternal deaths among 100,000 health facility deliverables declined from 92 in 2019/20 to 83 in 2021/22, Vitamin A supplementation more than doubled from 30% to 66.3%, while DPT3 coverage increased from 87% to 91% respectively.

Despite these many positive developments, many challenges still abound for the health sector in Uganda, which continues to be vulnerable to many shocks. Access to health insurance remains a huge challenge, with an estimated 0.8% of the total population accessing health insurance in 2022, down from 5.1% in 2019/20. This places a huge burden on financing for access to health services, with out-of-pocket payments constituting 37% of total health expenditure in 2021/22, slightly improving from 42% in 2019/20

The high disease burden continues to discount progress in the health sector. According to the 2021/22 Annual Health Sector Performance Report, the sector continues to face huge challenges in responding to the disease burden, led by Malaria accounting for 32.1% of all Outpatient Department attendances, followed by cough or cold (no pneumonia) at 20.4%, urinary tract infections (4.7%) and gastrointestinal disorders (no-infective) at 4%.

Antenatal attendance continues is a huge challenge for Uganda. In the FY2020/21, only 35% of pregnant women attended ANC in the 1<sup>st</sup> trimester, and 48% attended the 4<sup>th</sup> ANC Visit (See Figure 1). However, there was a slight improvement to 36% and 51.4% reported as having made the 1<sup>st</sup> and 4<sup>th</sup> ANC visit in 2021/22. The poor performance in 2020/21 could be attributable to the impact of COVID-19 pandemic, which were relaxed in 2022.

**FIGURE 1** TRENDS IN EARLY ANC ATTENDANCE & 4TH ANC VISITS



Source: Annual Health Sector Performance Report, 2021/2022

Institutional Deliveries Continue to improve. Since 2019/20, the proportion of deliveries at HC IIIs and IVs has been increasing gradually, though there has been a decline at the hospital level. According to the National Annual Health Sector Performance Report (2021/22), health facility deliveries increased by 145,440 (11.2%) from 1,301,434 (FY 20/21) to 1,446,874 (FY 21/22) (See Table 2). However, 1,226 maternal deaths were reported over the same period, translating to an Institutional Maternal Mortality Ratio (IMMR) of 85/100,000 deliveries, a reduction from 92/100,000 deliveries registered in the previous year.

**TABLE 2** HEALTH FACILITY DELIVERIES BY HEALTH FACILITY LEVEL

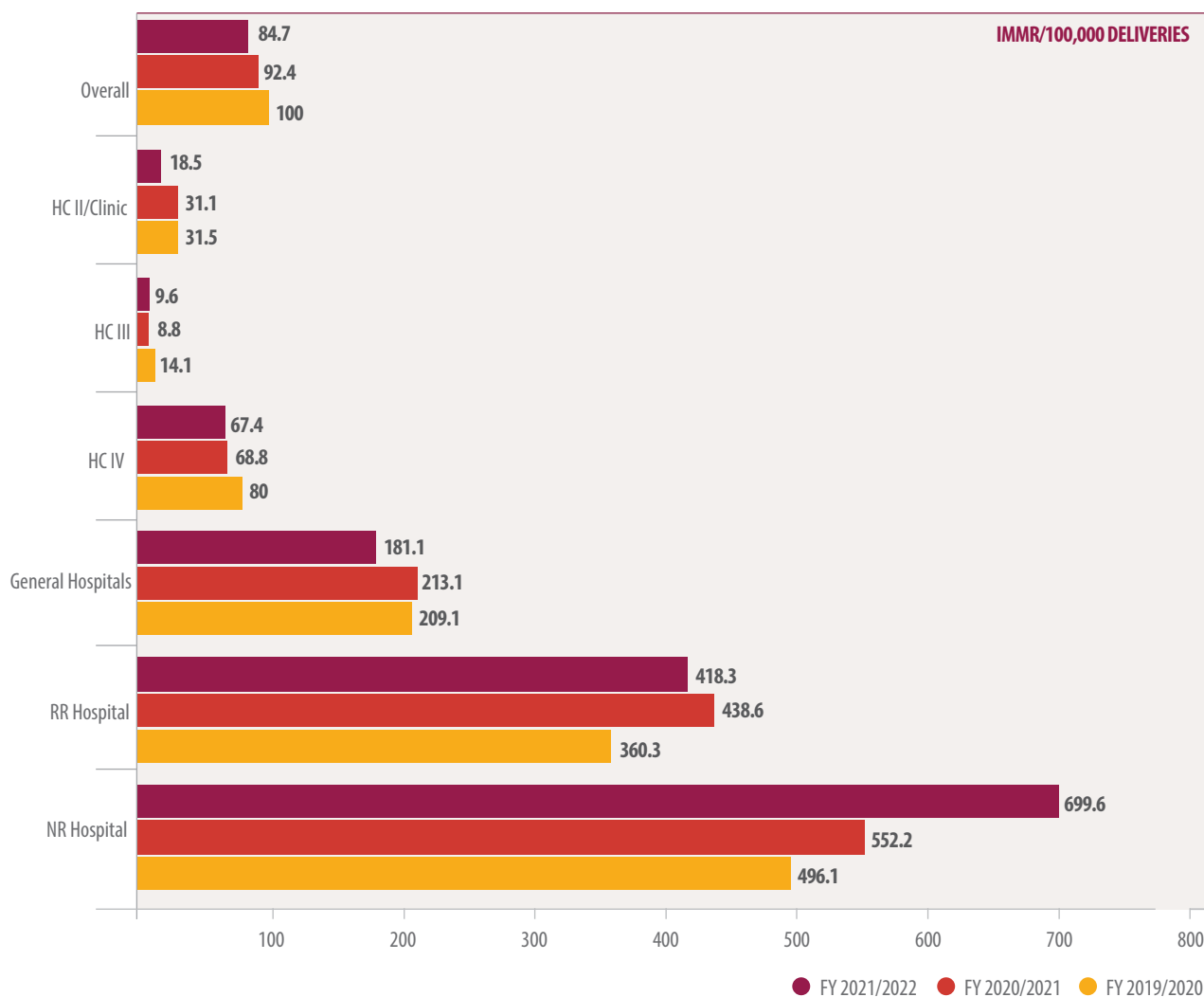
LEVEL	2019/20		2020/21		2021/22	
	NUMBER	%	NUMBER	%	NUMBER	%
Referral and Large PNFP Hospital	107,163	9%	98,740	7.6%	127,446	9%
General Hospitals	216,512	19%	219,386	16.9%	217,520	15%
HC IVs	216,944	19%	243,586	18.7%	276,168	19%
HC IIIs	475,284	42%	595,083	45.7%	679,577	47%
HC IIs	127,259	11%	134,161	10.3%	129,085	9%
Clinics			10,478	0.8%	17,078	1%
<b>Total</b>	<b>1,143,162</b>	<b>100%</b>	<b>1,301,434</b>	<b>100%</b>	<b>1,446,874</b>	<b>100%</b>

Source: Ministry of Health DHIS2

**Results-Based Financing is contributing to an improvement in institutional deliveries.** The improvement in institutional deliveries has been mainly attributable to the positive impact of the results-based financing, which is providing an incentive at these primary health care facilities to generate demand and manage delivery services, especially at HCIVs.

**Institutional Maternal Mortality Rate (IMMR) remains very high in Uganda.** Of great concern is that the highest number of the maternal deaths were reported in Referral and Large PNFP Hospitals. The IMMR has been worsening at National Referral Hospitals, increasing from 496.1 to 552.2 and 699.6 in 2019/20, 2020/21 and 2021/22 (see Figure 2 below). This level of IMMR at the NRH in FY 2021/22 is ten times higher than the national IMMR target of 63/100,000 deliveries in the NDPIII, and is six times and three times higher at RHH and GH, respectively<sup>1</sup>. The situation is much less at lower levels, possibly reflecting the potential for late presentation of the women at higher levels of service delivery.

**FIGURE 2** IMMR BY HEALTH FACILITY LEVEL



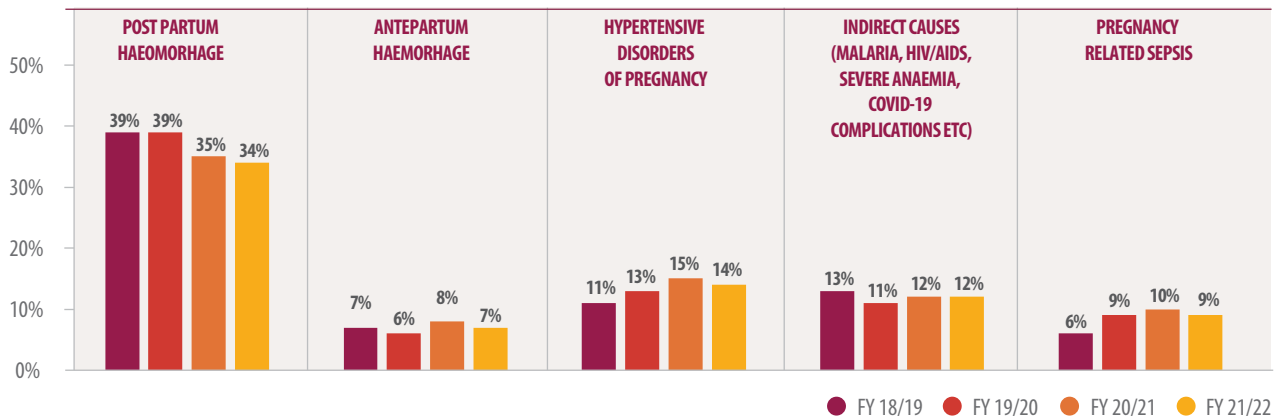
Source: Annual Health Sector Performance Report, 2021/2022

By district disaggregation, Kampala had a disproportionately higher IMMR compared to the rest of the regions over the period under review, together with Acholi and Bunyoro

**Haemorrhage remains the leading cause of maternal deaths since the 2019/20 Financial Year.** On average, 41% of deaths in the FY 2021/22 were attributable to Haemorrhage, with hypertensive disorders of pregnancy accounting for 14% (AHSPR 21/22) (See Figure 3).

<sup>1</sup> Annual national Health Sector Report 2021/22

**FIGURE 3** MAIN CAUSES OF MATERNAL DEATHS



Source: Annual Health Sector Performance Report, 2021/2022

Health emergencies have continued to impact on Uganda. As the COVID-19 pandemic subsided, the country was plunged into the Ebola Virus Disease outbreak in September 2019, mostly impacting 2 Districts of Mubende and Kassanda, with 55 confirmed deaths and 142 confirmed cases. This situation further contributed to the strain on the health, which was on a recovery path following the overwhelming impact of COVID-19 containment related measures that impacted on access and quality of other health related services.

Despite the challenges related to COVID-19 lockdown measures that restricted movement, Uganda managed to be one of the best performing countries on immunisation. In spite of the slight decline in 2019/20 and 2020/21, immunisation for both Diphtheria and Measles managed to recover above the 90% mark in 2021/22, a development critical for effective service delivery for children in the country (see Figure 4 below). Globally, Uganda remained one of the few countries that managed to keep immunisation rates high during the difficult period of COVID-19.

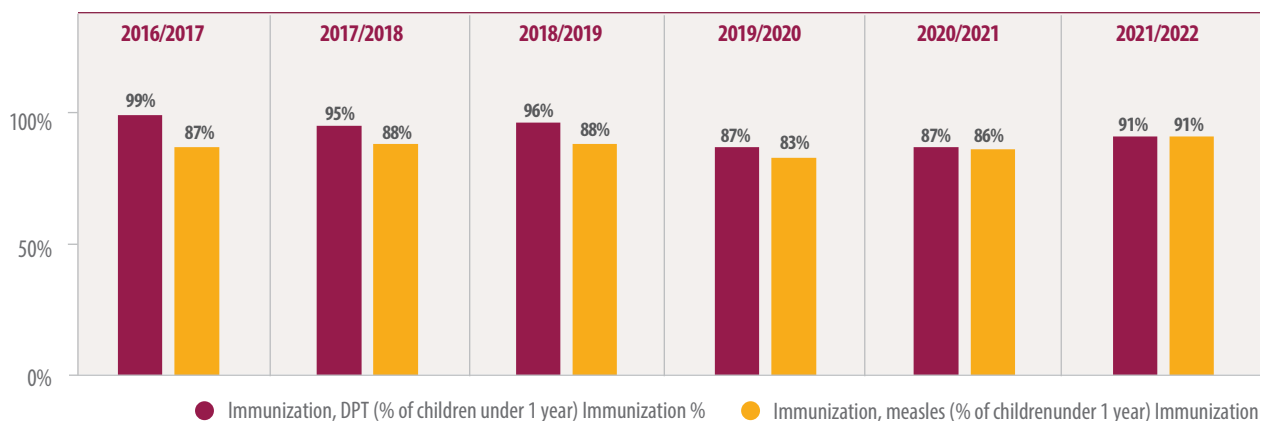
**SPOTLIGHT STATEMENT: TRAGEDY TO ONE FAMILY**

Muzafaru Matovu was the first person to contract EVD, he visited a clinic in Kikandwa Town Council to get treatment for Malaria. Unfortunately, he was admitted by a nurse who was later infected by EVD, unknown to the health workers at the clinic. She was later transferred to Mulago and later died of EVD.

Muzafaru later moved to another clinic after two days of not feeling any change. However, due to unaffordability of the cumulative bill in three days, he was forced to return home. He continued to weaken due to illness. The family decided to take him to hospital on a motorcycle and on the way, blood started coming out of the mouth and they took him back home to change the clothes. Many people came to see what was going wrong and that is how the virus moved. The clinic they took him to never knew that he was an EVD case. So, they worked upon him without any protective gear, and he later died. Jalia Nansimbwa, mother to Muzafaru, later came to look after her sick son and that is how she also contracted EVD and also later died. Same fate befell the brother, Mahad Kagugube who later also came to look after his sick brother; he also contracted EVD and died.

A 6-month-old baby of Muzafaru also got EVD and died. The family lost four people due to EVD.

**FIGURE 4** IMMUNISATION FOR DIPHTHERIA AND MEASLES



Source: Annual Health Sector Performance Report, 2021/2022



**Basic infrastructural challenges at health facilities and communities continue to contribute to poor health 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<sup>2</sup>. This places a huge burden on the capacity of the health system to manage the cold chains, which is an integral part of health service delivery.

**Commodity availability in health facilities remains sub-optimal.** According to the Ministry of Health, availability of a basket of 41 tracer commodities for the last quarter of the FY 2021/22 stood at 78% in 4,246 reporting health facilities (GoU & PNFPs), below the expected annual target of 90%. This was a decline from 81% recorded at the same point in 2020/21 financial year. Overall, the proportion of facilities having over 95% availability of a basket of commodities decline from 43% in 2020/21 to 37% in 2021/22 (see Table 3), a level that was already below the target threshold of 75%.

**TABLE 3** COMMODITY AVAILABILITY AT HEALTH FACILITIES

INDICATOR	DISAGGREGATION	Q4 FY 2019/20	Q4 FY 2020/21	TARGET FY 2021/22	Q4 FY 2021/22
Average percentage availability of a basket of 41 commodities based on all reporting facilities in the previous quarter	EMHS	82%	81%	90%	72%
	ARVs	70%	79%	90%	81%
	TB	86%	85%	90%	84%
	LAB	80%	78%	90%	72%
	RMNCAH	79%	83%	90%	80%
<b>Availability</b>	<b>Overall</b>	<b>79%</b>	<b>81%</b>	<b>90%</b>	<b>78%</b>
Percentage of facilities that had over 95% availability of a basket of commodities in the previous quarter	EMHS	49%	43%	75%	31%
	ARVs	33%	29%	75%	36%
	TB	67%	63%	75%	57%
	LAB	46%	39%	75%	31%
	RMNCAH	33%	39%	75%	28%
<b>95% availability (Overall Average)</b>		<b>46%</b>	<b>43%</b>		<b>37%</b>

Source: Annual Health Sector Performance Report, 2021/2022

## KEY TAKEAWAYS

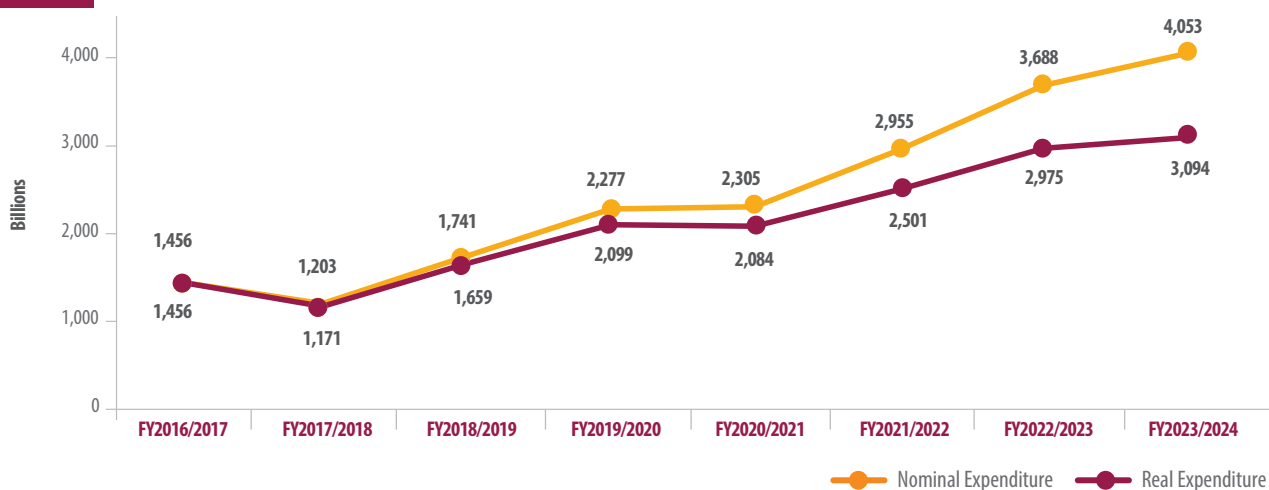
- Uganda has made steady progress on health outcomes over the past few years, with concerted investments across all the health sector areas, leading to a positive outlook on the major health indicators. However there have been recent challenges, especially in institutional deliveries and infrastructure capacity in the sector that have slowed down progress, more pronounced during the COVID-19 pandemic, with frequent disease outbreaks further militating against progress.
- The country's indicators for child health, including ANC and IMMR continue to show that the country still faces huge risks for child health, requiring more attention if the country is to meet its 2030 Targets.

## 03 HEALTH SPENDING TRENDS

### 3.1 NOMINAL AND REAL SECTOR SPENDING TRENDS

Health sector spending in Uganda has been on a steady increase in both nominal and real terms. Since the 2016/17 Financial Year, Health Sector Budget has more than doubled from UGX1,456billion to UGX4,053billion in the Approved 2023/24. Figure 5 below shows the trend in the approved budget.

**FIGURE 5** HEALTH SECTOR BUDGET TRENDS



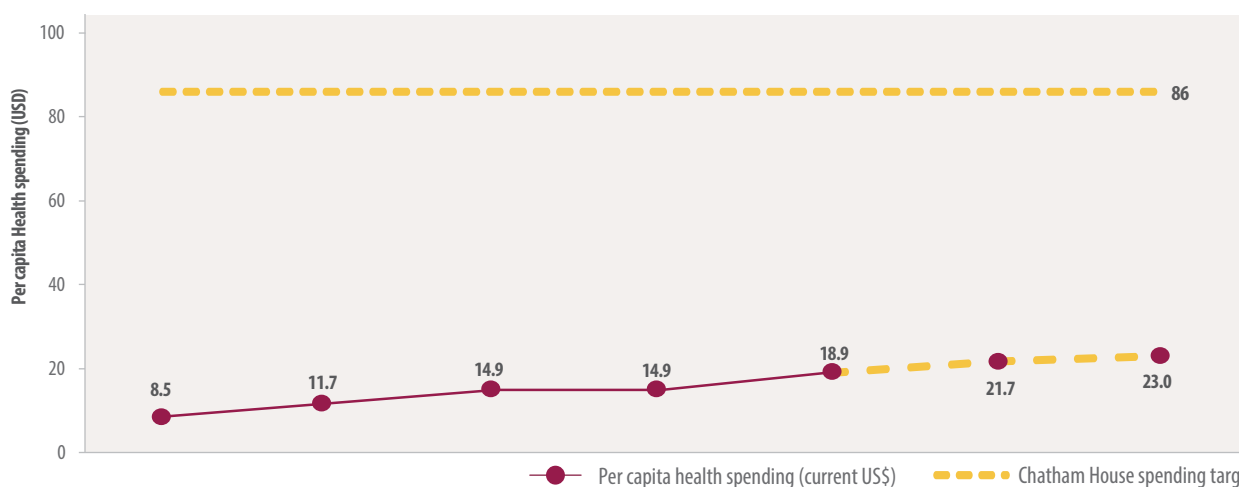
Sources: MFPED, Annual Budget Performance Report<sup>3</sup>

In real terms, the Uganda Health Budget has also been on an upward trajectory, doubling from UGX1,456 in 2016/17 to UGX3,094billion in the 2023/24 Approved Budget. The highest rate of increase was experienced in the 2020/21 and the 2021/22 financial years, which also coincided with the COVID-19 pandemic phase. If sustained the recent increase in the health budget provides the opportunity for the country to build on past investment gains to accelerate progress towards the 2030 health targets.

### 3.2 PER CAPITA HEALTH SPENDING

Uganda's per capita spending has remained way below the international threshold target of US\$86 per person. Until 2021/22 financial year, Uganda was spending less than \$20 in per capita terms. However, there has been a slight improvement to US\$23 in the Approved 2023/24 National budget (see Figure 6)

**FIGURE 6** PER CAPITA SPENDING ON HEALTH



Source: Ministry of Finance, Planning and Economic Development

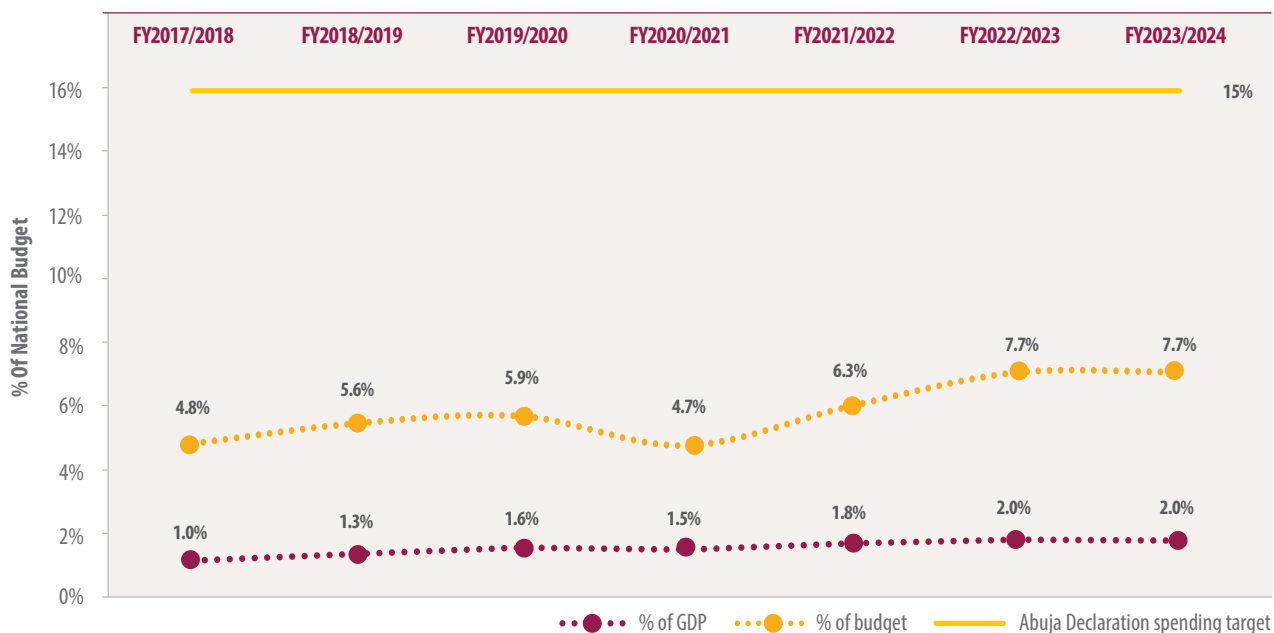
<sup>3</sup> 2016/17 – 2021/22 Figures are based on Expenditure Reports while 2022/23 and 23/24 are based on Approved Budgets.

The level of spending of \$23 in per capita health budget presents a huge risk to the health sector. Due to the growing population of Uganda, dominated by young people, a serious consideration is required to invest to the right levels in line with the need. With potential for more and frequent disease outbreaks, targeted investments, especially in primary health care, will be required to safeguard the country's preparedness to respond.

### 3.3 SPENDING AGAINST TARGETS

Over the years, Uganda has consistently been spending less than international targets on health in proportion terms. Figure 7 below shows the trends in health sector budgets to 2 international benchmarks, the Abuja Declaration and Centre on Global Health Security Working Group on Health Financing Target<sup>4</sup> (Chatham House Target).

**FIGURE 7** HEALTH SECTOR SPENDING AGAINST INTERNATIONAL TARGETS



Source: Ministry of Finance, Planning and Economic Development

**Health Spending Still remains below the Abuja Target.** Though the proportion of the health sector budget to total approved national budget has been increasing, nearly doubling from 4.8% in 2017/18 to 7.7% in 2022/23, the proportion has begun to flatten in 2023/24 where the approved budget still remained at 7.7%. This is far below the Abuja Declaration which stipulates a target of 15% spending on health. Furthermore, the increase accelerated faster mostly during the COVID-19 in 2021/22, with the momentum having been lost in the 2023/24 budget.

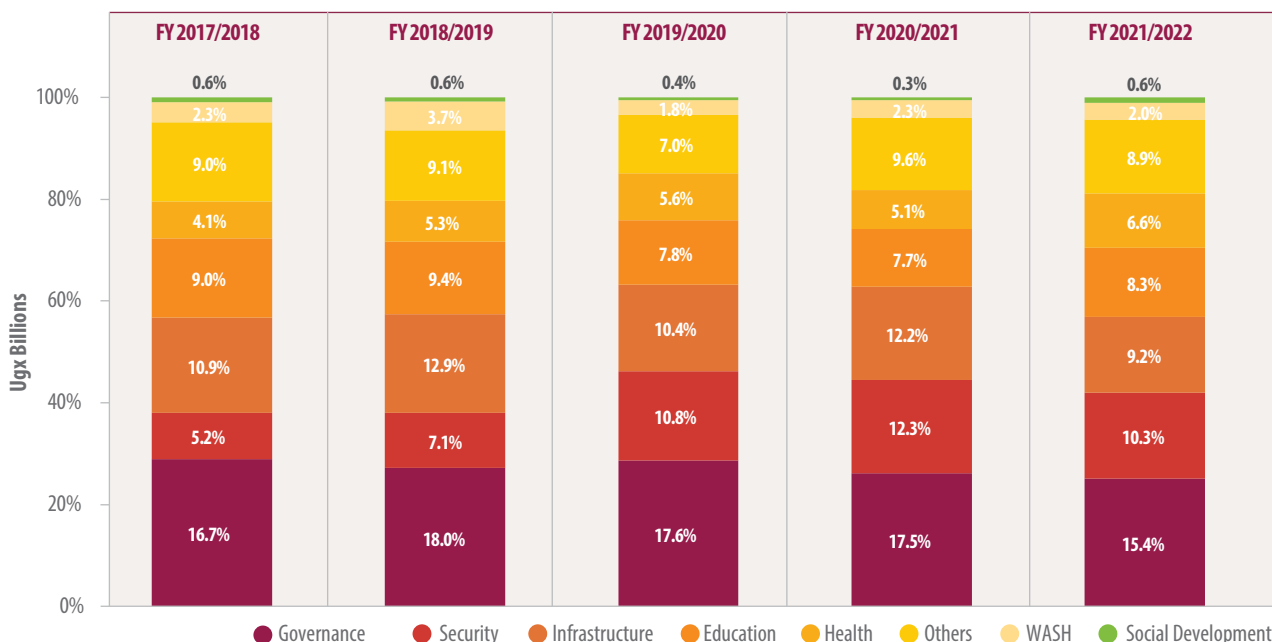
**Against an investment priority of 5% of the Gross Domestic Product, Uganda has been spending far less than half,** with the proportion flattening at 2% in 2023/24 approved budget, from the previous financial. This level of spending has the potential to militate against prospects to meet the 2030 targets, and thus more effort is thus required to meet the spending targets for better outcomes

<sup>4</sup> The Chatham House Target is based on the Report on “Shared Responsibilities for Health a Coherent Global Framework for Health Financing Final Report” of the Centre on Global Health Security Working Group on Health Financing

### 3.4 HEALTH SECTOR INVESTMENT PRIORITY

Based on actual expenditures incurred for the year under review, the health sector for Uganda ranks 6th in terms of overall budget proportions, after Governance, Security, infrastructure, and education, for all the years under review. Figure 8 below shows the summary for the investment priorities for the years 2017/18 to 2021/22

**FIGURE 8** HEALTH SECTOR PRIORITISATION IN BUDGETING



Source: Ministry of Finance, Planning and Economic Development

As shown in the figure above, actual expenditures on health were highest in 2021/22, at 6.6% of annual national expenditures. Before then, the expenditures were on average 5%, with only 5.6% spent in 2018/19. The improved proportion of expenditures in 2021/22 may be attributable to the increased expenditures in response to the COVID-19 epidemic.

#### KEY TAKEAWAYS

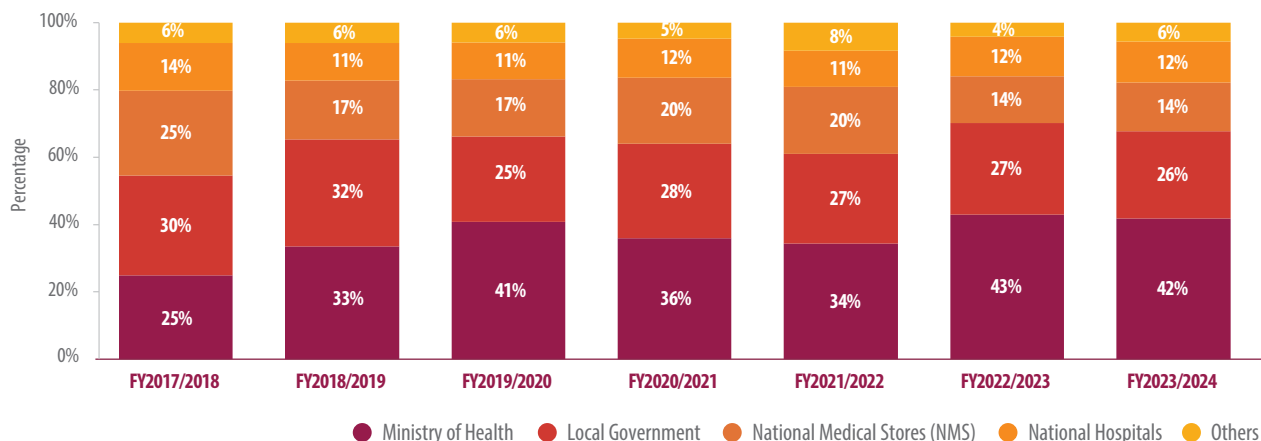
- Spending on health has been increasing steadily, in both nominal and real terms. However, the increase has not been fast enough to match the increase in total budget, resulting in the country continuing to miss the target against international spending benchmarks.
- Though per capita spending on health has been steadily increasing for more than half a decade, it still remains nearly a quarter of the international recommendation for low-income countries to spend at least US\$86 per person per year on health.

## 04 COMPOSITION OF HEALTH SPENDING

### 4.1 HEALTH SECTOR SPENDING BY INSTITUTION

The majority of health sector spending is through the Ministry of Health. This is mainly due to the Ministry of Health being the principal recipient of external health sector financing. This is followed by expenditures through Local Government, NMS, and National Hospitals. Figure 9 summarizes the prioritization of institutions under the health sector.

**FIGURE 9** HEALTH SECTOR SPENDING BY INSTITUTION



Source: Ministry of Finance, Planning and Economic Development

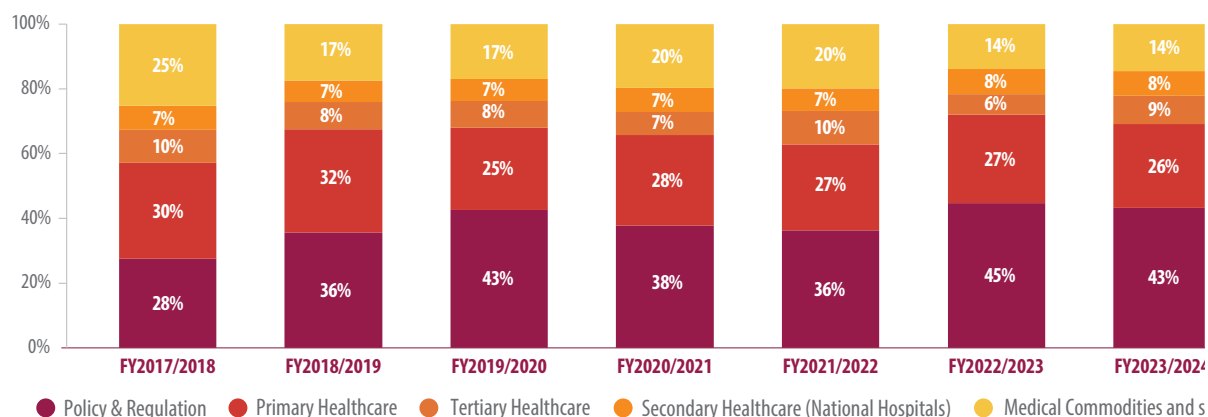
Though the Ministry of Health is the primary recipient of external financing, which is a substantial part of the health sector budget and spent across all levels, primary health care sector, funded primarily through local governments, needs a critical relook. Accounting for less than 30% of health sector spending, except for 2018/19, this level of prioritisation poses a huge risk to the primary health care sector, which is the anchor of the entire health service delivery.

### 4.2 SPENDING BY SERVICE

Health Sector Policy and Regulation receives the highest prioritisation for the health sector, accounting for the highest budget proportion, mainly on account of budget for the Ministry of Health (which includes external financing), leaving all other services sharing less than half of the budget.

**Health Commodity budget proportion declining:** Despite the growing population, the budget to Medical Commodities and Supplies has been declining to 14% of health sector budget since 2021/22, having peaked at 20% during the COVID-19 pandemic period in proportion terms. However, in value terms, there is a projected increase from Ugx 513.09Billion in 2022/23 to Ugx 587.7Billion in 2023/24 (see Figure 10).

**FIGURE 10** HEALTH SPENDING BY SERVICE

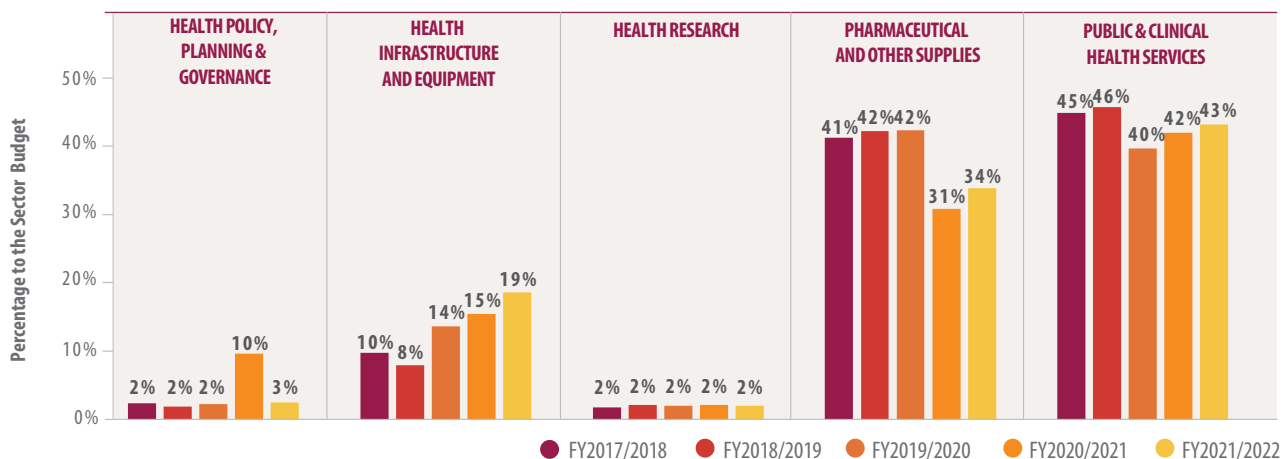


Source: Ministry of Finance, Planning and Economic Development

### 4.3 SPENDING BY PROGRAMME

Pharmaceuticals and other supplies and Public and Clinical Health Services are priority. Prioritisation by programme shows that health sector budget primarily targets Pharmaceuticals & other supplies and Public and Clinical Health Services. The prioritisation is aligned with high sector expenses. Figure 11 provides a summary of the programme prioritisation, from expenditure data for the years under review.

**FIGURE 11** HEALTH SECTOR PRIORITIZATION BY PROGRAMME



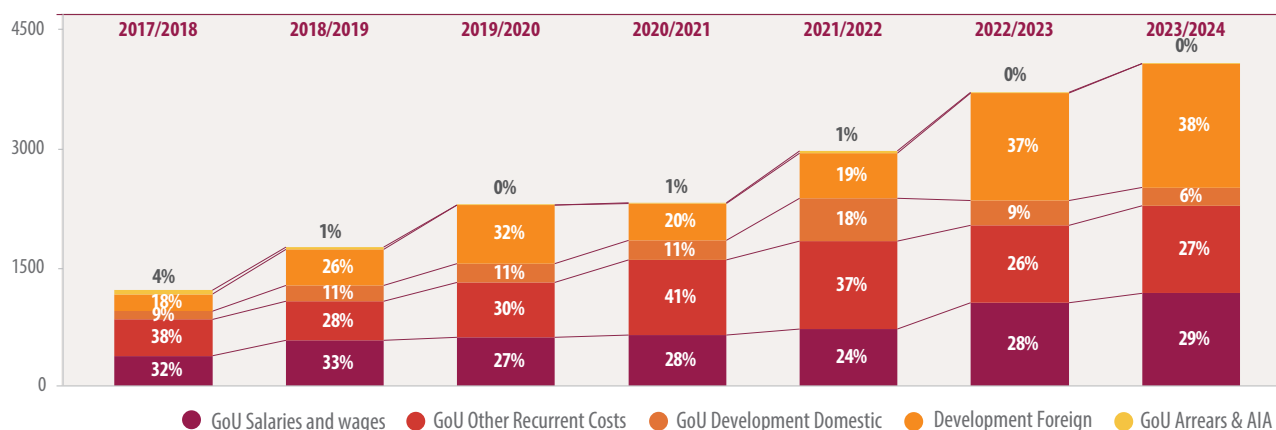
Source: Ministry of Finance, Planning and Economic Development

Pharmaceutical and Other Supplies Budget Proportion has been declining to levels before 2017/18. The major concern for the health sector is on the reduction in the proportion for pharmaceuticals from 42% in the spent resources for 2019/20 to 31% in the 2020/21 expenditures, and 34% in the 2021/22 expenditures. This reduction is mainly on account of overall increase in the health sector budget with a constant expenditure for pharmaceuticals.

### 4.4 SPENDING BY ECONOMIC CLASSIFICATION

The proportion of wages to total health sector budget has been declining. Until the 2021/22 financial year, the proportion of spending on wages had continued to decline, from 33% 2018/19 to 24% in 2021/22. This is on account of freeze in wages and recruitment, which impacted the whole of government until the recent wage enhancements were effected, against a higher than usual increase in the overall sector budget, mostly towards non-wage recurrent expenditures. Based on approved budgets, the proportion of wages is projected to 28% and 29% respectively, for 2022/23 and 2023/24. On the other hand, non-wage recurrent expenditure is projected to increase slightly to 27% in 2023/24, from 26% in 2022/23. This is after non-wage recurrent expenditures had peaked in 2019/20 at 41% mainly due to expenditures towards the COVID-19 response (see Figure 12).

**FIGURE 12** SPENDING BY ECONOMIC CLASSIFICATION



Source: Ministry of Finance, Planning and Economic Development

External financing for Development financing, which had declined to 19% of total spending in 2021/22, is projected to recover further in 2023/24 to 38%, slightly up from 37% in 2022/23. This increase in external financing is contributing to the crowding out of both GoU Development and other recurrent costs, both of which are projected for decline in the Approved 2022/23 and 2023/24 Budget in response to COVID-19.

## KEY TAKEAWAYS

- Primary health care, as reflected in financing through local governments, remains consistently underfunded, with less than a 3rd of total sector financing
- The proportion of the budget for pharmaceuticals and supplies has been declining from the peak during COVID-19, to proportions last seen in 2019/20 financial year
- External financing for development, which had declined during COVID-19, has begun to recover, contributing nearly 40% of total health sector budget in 2023/24.



## 05 BUDGET CREDIBILITY AND EXECUTION

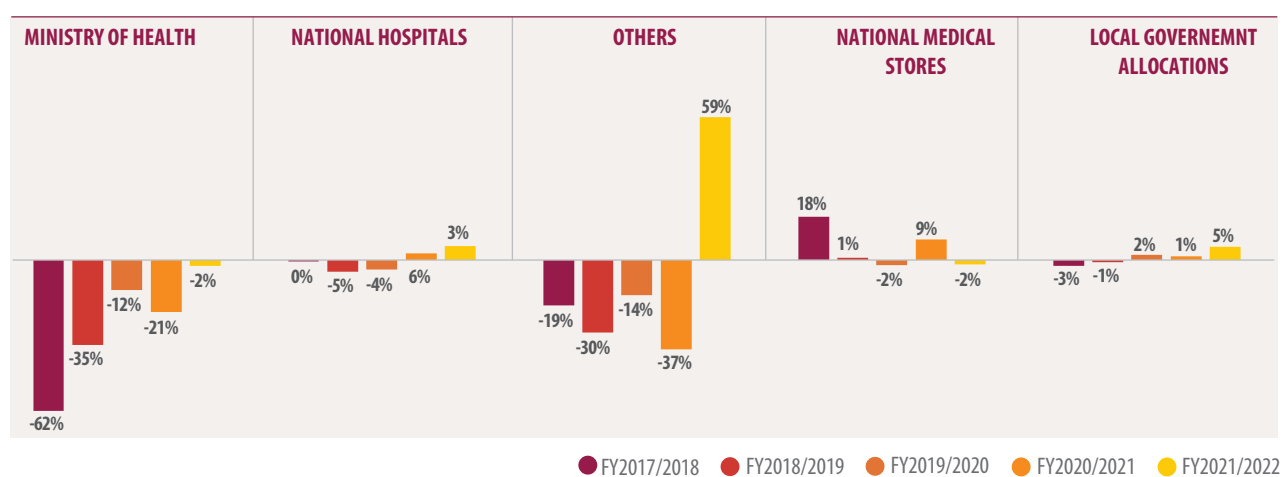
This section assesses the credibility of health budgets. It delves into the spending patterns against the approved budget, to better understand where government spending deviates from the approved budget and by how much.

Overall, budget credibility remains very poor in different institutions in the health sector. This implies that the budgeted amounts have either not been released in full, and also that some of the released resources are not spent, this militating against effective service delivery.

### 5.1 BUDGET CREDIBILITY IN SELECT INSTITUTIONS IN THE HEALTH SECTOR.

**Releases to the Ministry of Health have been improving over the years.** In 2017/18, the Ministry of Health had a total release of only 38% of the annual budget (-62% under release), which improved to 98% in 2021/22 (see Figure 13). Though this can be attributable to the attention brought about by the COVID-19 response, it is a positive development that needs to be sustained to improved credibility of the budget.

**FIGURE 13** BUDGET RELEASE VS APPROVED IN SELECTED INSTITUTIONS



Source: Ministry of Finance, Planning and Economic Development

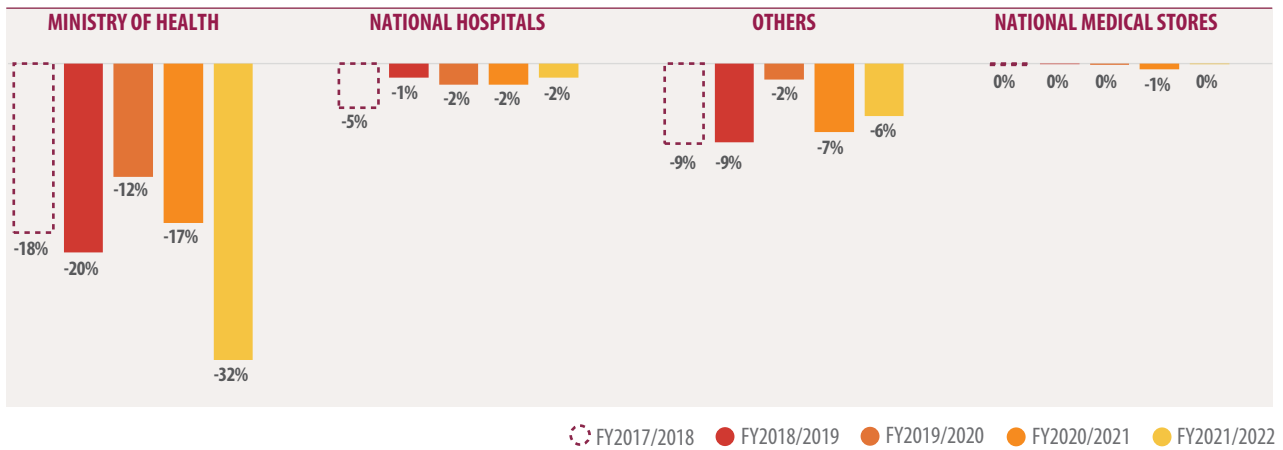
As shown on Figure 13 above, National hospitals, National Medical Stores and Local Governments have been receiving releases of over 90% (under release of less than -10%) (except NMS in 2020/21).

**However, there have been more challenges with regards to releases to other national level Institutions.** The Uganda AIDS Commission, Uganda Cancer Institute, Uganda Heart Institute, Health Service Commission, Uganda Blood Transfusion Service and Uganda Virus Institute have been experiencing poor releases over the years. Except in 2020/21, these institutions combined suffered poor releases, with 2020/21 financial year suffering under-releases of -34%. There was a huge upturn in 2021/22, where over-releases of 56% was to the Uganda Cancer Institute were realised, where releases of UGX163billion were received, against the approved budget of UGX78.8billion

**Expenditures against releases has remained consistently poor for the Ministry of Health, despite improvements in releases, especially for the Ministry of Health** (see Figure 14). Despite releases of 98% against the Approved 2021/22 Budget, Ministry of Health underspent by -32%, with the situation having worsened from -12% and -17% in 2019/20 and 2020/21 respectively. It is important to review this situation with the view to put in place measures to improve expenditure against available resources, more-so if the funds are borrowed and accumulating costs



**FIGURE 14** BUDGET EXPENDITURES VS RELEASES



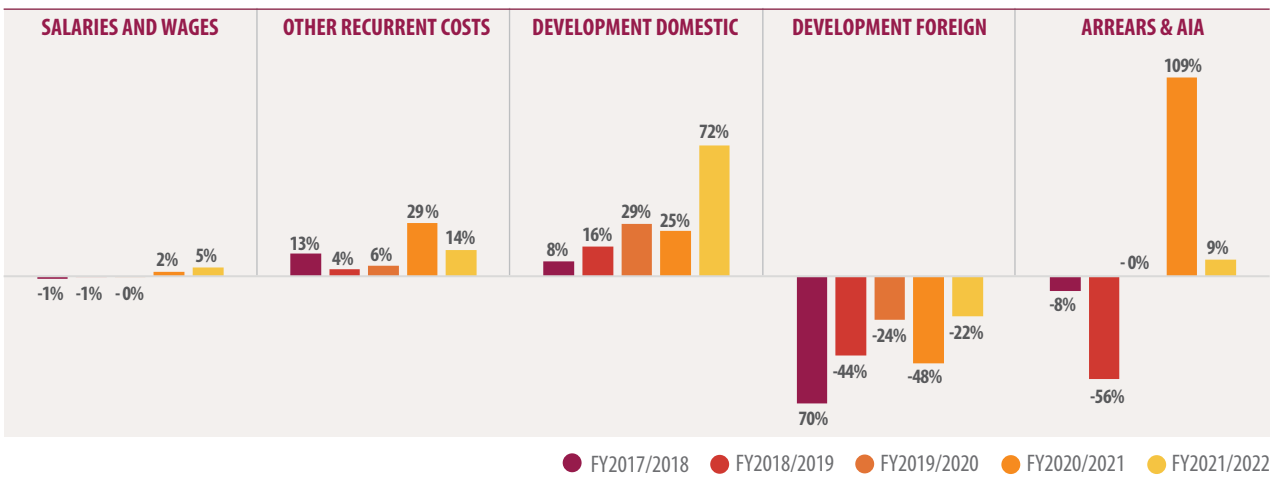
Source: Ministry of Finance, Planning and Economic Development

NMS is spending nearly all resources against releases. From Figure 14 above, the national Medical Stores as well as National Hospitals have largely performed well on expenditures against releases. This development is positive, especially in the quest to make medical supplies available for service delivery.

## 5.2 BUDGET CREDIBILITY BY ECONOMIC CLASSIFICATION

GoU budget performance has been much better than on-budget Development Partner support. By economic classification, there has generally been positive developments for releases against GoU budget compared to Development Partner budget support for development expenditures. Figure 15 below provides a summary of the releases against approved budgets by economic classification.

**FIGURE 15** RELEASES VS APPROVED BY ECONOMIC CLASSIFICATION



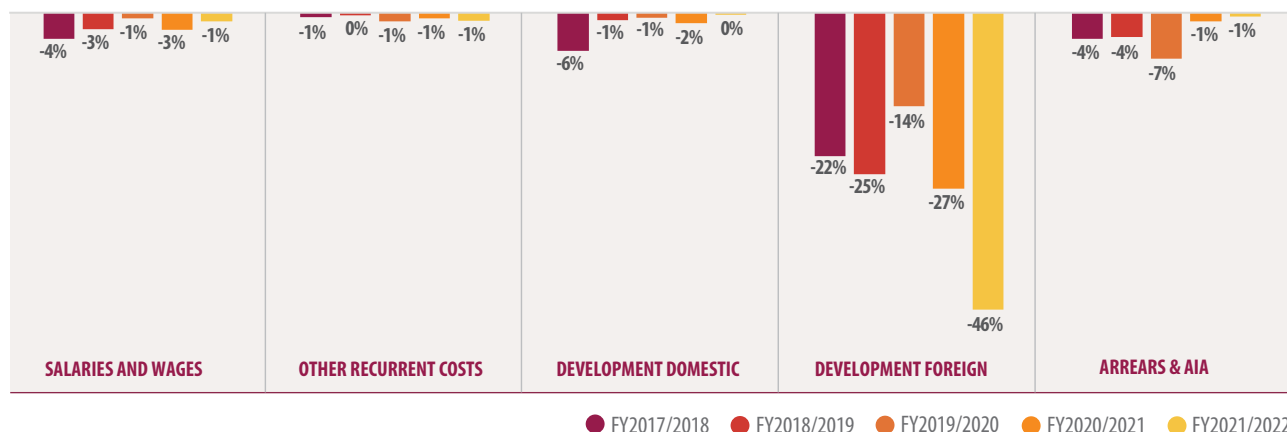
Source: Ministry of Finance, Planning and Economic Development

Domestic Development Budget has been receiving higher releases than budgeted for. In line with government thrust on infrastructure, releases against approved domestic financing for development has remained more than 100% and has been improving since 2017/18 (8%) to 2021/22 (72%).

On-Budget Foreign Development Partner Support releases are improving but remain sub-optimal. Though there has been a slight improvement in releases against foreign support for Development Projects from under release of -70% in 2017/18 to -22% in 2021/22, releases of less than 100% of pledged resources have a huge impact on implementation planning and project competition, calling for more attention to the need to improve management of pledged resources.

While releases against approved foreign development support is of great concern, it is more concerning to note that expenditure against released foreign funding further worsens the situation for the health sector. Figure 16 below provides a summary of expenditures against releases for the period under review.

**FIGURE 16** EXPENDITURE VS RELEASES BY ECONOMIC CLASSIFICATION



Source: Ministry of Finance, Planning and Economic Development

Expenditures against foreign support for development expenditures have continued to be of huge concern for the health sector in Uganda, especially considering that this financing stream already suffers from poor releases against approved budgets. Since 2019/20, the situation has been worsening, from -14% to -46% in 2021/22. Though this period coincides with the COVID-19 pandemic, the situation had also been concerning, having been -22% and -25% in 2017/19 and 2018/19, respectively. Considering that this comprises of not only Grants, but also Loans, the country suffers prejudice on service delivery and costs as the unspent resources continue to attract interests with no service accruing from their expenditures.

### KEY TAKEAWAYS

- Budget Credibility remains a huge challenge for Uganda’s health sector. While less resources are released to health sector votes, it is more concerning that even the released resources are also not spending in full. A more critical look is necessary to unlock the bottlenecks militating against full utilization, especially of foreign development support as this normally comes with costs.



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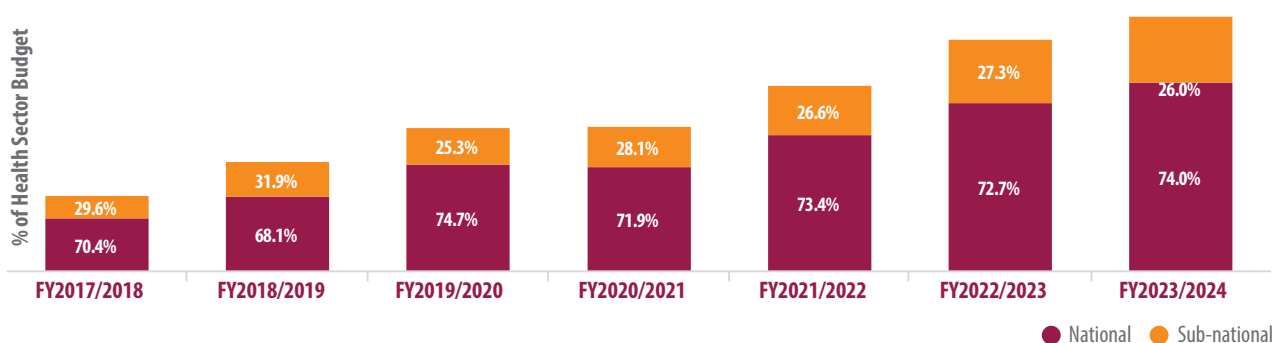
## 06 DECENTRALIZATION AND HEALTH SPENDING

This section takes a look at the level where the resources are spent and makes an analysis of how this impacts on both policy and regulation, and education service delivery.

### 6.1 NATIONAL AND SUBNATIONAL SPENDING.

**Majority of resources for health are spent at national level institutions.** As shown on Figure 17 below, only a quarter of the total spending for the health sector takes place at subnational government level (including in KCCA), with more than three quarters of total annual spending at national level institutions. The same situation is reflected in the 2022/23 and 2023/24 Approved budgets, signaling no major policy shift for the sector.

**FIGURE 17** NATIONAL VS SUB-NATIONAL LEVEL SPENDING ON HEALTH



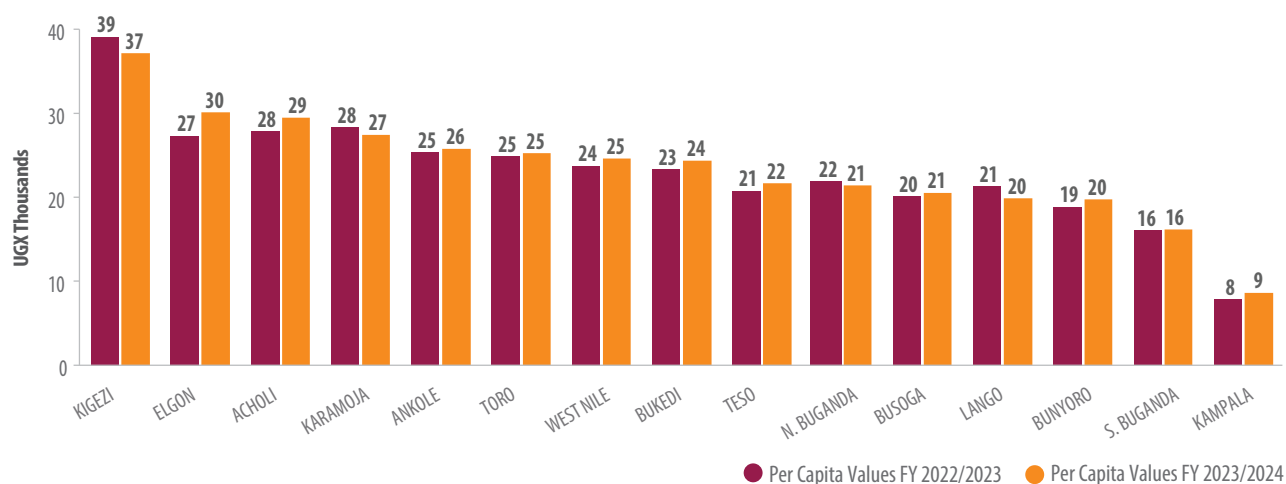
Source: Ministry of Finance, Planning and Economic Development

**Primary Health Care remains underfunded.** Considering that the Primary Health Care services are delivered through sub-national level service, this situation needs a critical re-look if the country is to harness the potential of anchoring its health system on primary health care. In a situation where Uganda remains vulnerable to frequent disease outbreaks, which are further being compounded by Climate Change, Uganda needs a stronger primary and community health care system to strengthen community surveillance and response.

### 6.2 HEALTH SPENDING BY SUB-REGIONS

Per capita spending on health differs greatly among the sub-regions in Uganda. Figure 18 below summarizes the situation for financial year 2022/23 and 2023/24.

**FIGURE 18** PER CAPITA SPENDING BY SUB-REGION



Source: Ministry of Finance, Planning and Economic Development and Uganda Bureau of Statistics (UBOS)

Due to the huge population of Kampala as the country's Metropolitan Capital, per capita allocations for health have remained lowest for the years under review (see Figure 18). On the other side, Kigezi, Elgon, Acholi and Karamoja remain the biggest beneficiaries per capita terms for the years under review

### KEY TAKEAWAYS

- More than two thirds of the resources for the health sector are spent at national level institutions, with less than a 3rd at local government level. To strengthen the primary health care system, this needs a more critical look to improve the situation for local government to improve access to and quality of services at primary health care level.
- Per capita spending on health differs across sub-regions, ranging from US\$9 per person in Kampala to US\$373 in Kigezi. the situation remains largely the same for the 2 years under review..

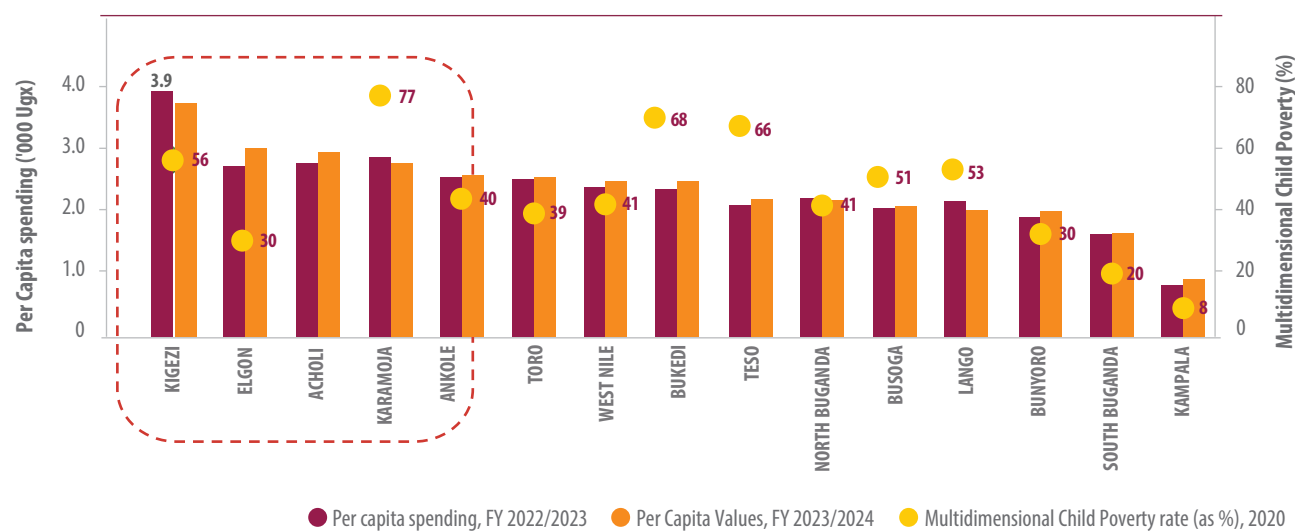
## 07 EQUITY IN HEALTH SECTOR SPENDING

This section explores the equity considerations of budget for the health sector for Uganda. As this is a critical element in access to health services, analysis of how this situation is across the sub-regions is crucial for future resource planning.

### 7.1 HEALTH SPENDING AND POVERTY RATES BY DISTRICT

The relationship between poverty and resource allocation for health remains very weak in Uganda. In per capita terms, Kigezi sub-region received the highest allocation, in both 2022/23 and 2023/24 Approved Budgets, though its multi-dimensional poverty remains way below Karamoja, Bukedi and Teso. Karamoja sub-region, despite having the highest multi-dimensional poverty in the country, at 77%, only ranked 4<sup>th</sup> in per capita allocations in both 2022/23 and 2023/24 Approved Budgets, a situation that needs more introspection to better the prospects of improved health outcomes in the country (see Figure 19 below).

**FIGURE 19** MULTI-DIMENSIONAL POVERTY AND HEALTH BUDGETS



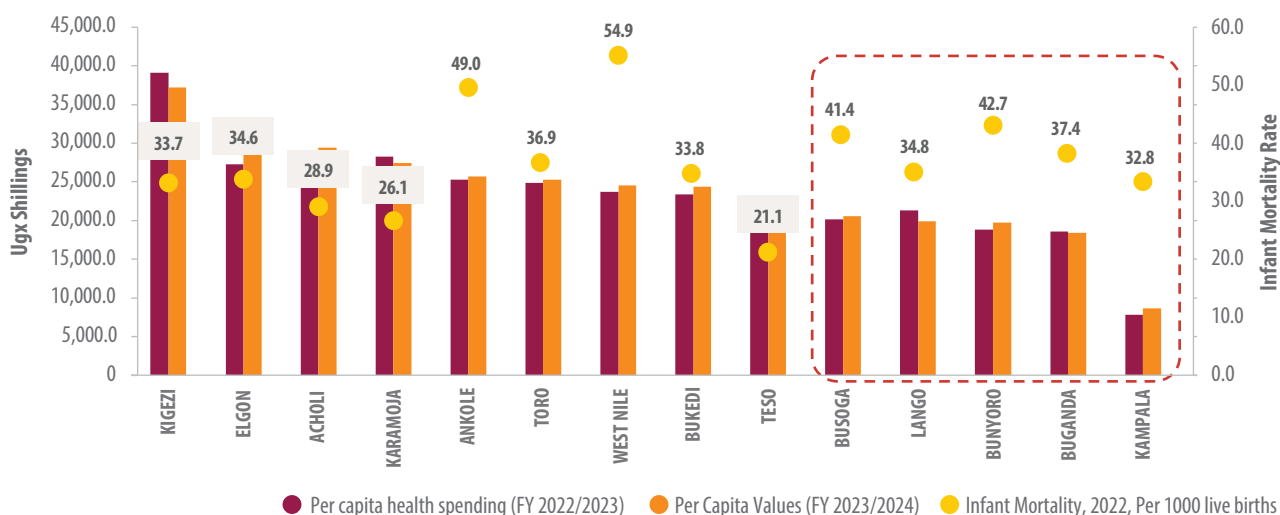
Source: Ministry of Finance, Planning and Economic Development

From Figure 19 above, it may be critical to relook at allocations to Busoga, Lango, Teso, Bukedi and Karamoja with they view to improve the per capita allocations for better health outcomes in the districts.

## 7.2 HEALTH SPENDING AND INFANT MORTALITY RATES BY DISTRICT

There is weak link between Infant Mortality Rate and budget resources in Uganda. Infant Mortality remains a huge challenge for Uganda, across all the districts. West Nile remains the most impacted, followed by Ankole, Bunyoro and Busoga, with over 40 deaths per 1,000 live births. Figure 20 below shows the situation of IMR in relation per capita budget allocations.

**FIGURE 20** PER CAPITA ALLOCATIONS AND INFANT MORTALITY RATE<sup>5</sup>



Source: Ministry of Finance, Planning and Economic Development and Uganda Bureau of Statistics (UBOS)

As shown on Figure 20 above, the 2 sub-regions of West Nile and Ankole that have the highest IMR are not the biggest recipients of health budget allocations per capita, in both 2022/23 and 2023/24. A reallocation formula may be necessary to ensure a reflection of the needs, as IMR is a critical indicator for the health of both the child and the parent.

### KEY TAKEAWAYS

- While multi-dimensional poverty and infant mortality rates as critical indicators for child health, their influence on financing decision making on budgeting remains unclear for both 2022/23 and 2023/24.



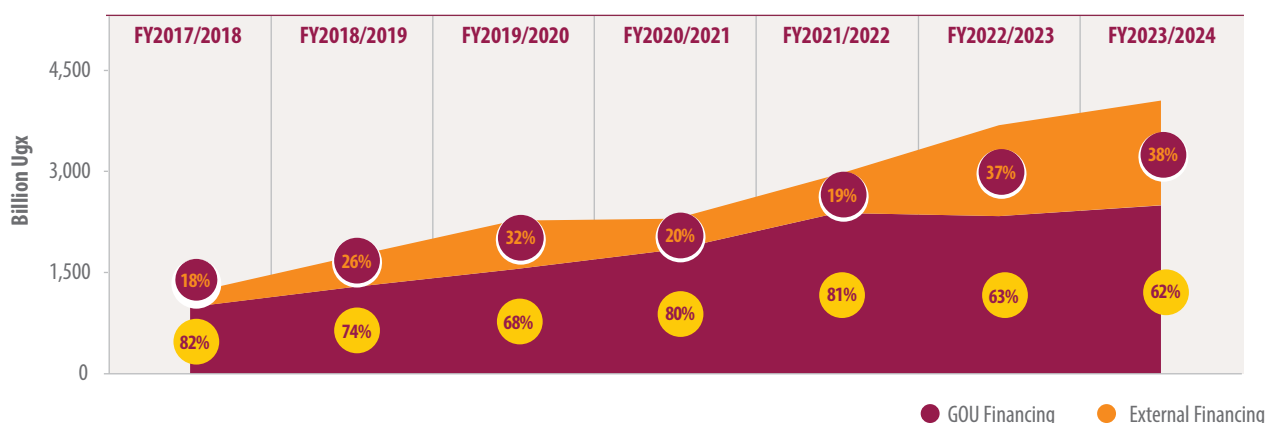
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5 GANDA DEMOGRAPHIC AND HEALTH SURVEY (UDHS) 2022 KEY FINDING, [https://www.ubos.org/wp-content/uploads/publications/09\\_2023UDHS\\_2022\\_Key\\_Findings\\_Presentation\\_B.pdf](https://www.ubos.org/wp-content/uploads/publications/09_2023UDHS_2022_Key_Findings_Presentation_B.pdf), Infant Mortality by Region, Page 18

## 08 SOURCES OF ON BUDGET FINANCING

Though GoU financing dominates budget support, external financing remains very significant contributor to total health sector financing. Financing through the budget is pre-dominantly from GoU resources, accounting for 80% in 2021/22, up from 74% in 2018/19 (this is based on actual expenditures reported for the year). However, Approved budgets for 2022/23 and 2023/24 show that this is projected to be partly offset by external financing, which on its own is projected to grow from 19% in 2021/22 to 37% and 38% for 2022/23 and 2023/24, respectively (See Figure 21).

**FIGURE 21** GOU VS ON-BUDGET EXTERNAL FINANCING FOR THE HEALTH SECTOR



Source: Ministry of Finance, Planning and Economic Development

However, it is important to note that external financing for the health sector is pre-dominantly through off-budget avenues, and if fully quantified will far offset the proportion of GoU Financing. Off-budget channels mostly target direct interventions in communities

### KEY TAKEAWAYS

- While government remains the biggest contributor to the health sector budget, on-budget support has remained consistently averaging a 5th of sector spending, and projected to increase to nearly 40% in both the 2022/23 and 2023/24 Approved Budgets





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