

2021/2022

# Health Sector Budget Brief



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# 01 KEY MESSAGES

- The Government of Lesotho has taken significant steps to address access and quality of primary health care services.
- Over the years, there have been significant annual increases in the allocation of financial resources to the health sector.
- Health outcomes remain low despite the high financial injection into the sector.
- Improving the quality and effectiveness of health care and increasing access to underserved populations remains a significant challenge for the Government.
- Highly centralized human resource and health management delays processes for effective and efficient primary health care.
- Spending in the health sector is dominated by recurrent expenditure, of which the bulk goes towards operating costs.
- The Government mainly covers recurrent expenditure, while donor grants primarily support capital spending.
- Available donor funds drive the planning and implementation of health sector activities and respond to donor priorities and aid mandates.
- Despite the high level of government health spending, outcomes remain low.
- Health spending still falls below the 15 per cent target under the Abuja Declaration.
- District Health Management Teams must be empowered to manage finances and make decisions to enhance Primary Health Care.

# 02 INTRODUCTION

The Government is committed to promoting, preventing, curing, rehabilitating and controlling diseases at all levels, focusing on the primary health level through well-developed health systems by competent health workers. In support of the stakeholders, the sector ensures responsiveness to the health sector clients' needs. It contributes to improved Basotho's health status and quality of life on the primary health level through well-developed health systems by competent health workers. In support of the stakeholders, the sector ensures responsiveness to the health sector clients' needs and contributes to improved health status and quality of life for Basotho. To provide health services, the Government, in collaboration with other stakeholders, ensures that facilities deliver according to their classified specifications in line with the decentralization process. Each facility has been given a unique identification label coding according to the district location, type of facility, specific serial number for each facility and the proprietor.

TABLE 1: HEALTH FACILITY LIST

Proprietor	No of General Hospitals	No of Primary Hospitals	No of health Centres	No of Filter Clinics	Total
GOL	12	0	85	4	101
CHAL	8	0	73	0	81
Red cross	0	0	4	0	4
Private	1	4	52	0	57
Total	21	4	214	4	243

Health services in Lesotho are delivered at three levels: primary, secondary, and tertiary. The primary level of health care includes health centres, health posts and all community-level initiatives, including all staff working at this level. A village health workers (VHW) programme exists in all districts to provide community-based health services. In each section, there is a district hospital, which is a referral facility for all health centres in the community; in addition to offering specialized services, district hospitals are still offering primary health care (PHC) services to the people living in towns that are in proximity to the hospital. These are often referred to as secondary levels. At the tertiary level, there is only one National Referral Hospital, which also refers patients to South Africa for quaternary care. Two specialized hospitals, Mohlomi Mental Hospital and Botšabelo Leprosy Hospital, cater to leprosy and MDR-TB patients. At the same time, Senkatana offers other specialized health care like HIV and AIDS Management and reproductive cancer screening.

Health service delivery at all levels of care involves the implementation of the Lesotho Essential Health Service Package (ESP). The ESP, as defined by WHO, is a set of the most cost-effective, affordable, and acceptable interventions for addressing conditions, diseases, and associated factors responsible for the more significant part of the disease burden of a community.

Among others, ESP includes indicatively but not exhaustively:

- **ESSENTIAL PUBLIC HEALTH INTERVENTIONS:** Health education and promotion; Child survival – Immunization; Nutrition; Management of common childhood illnesses; Environmental health.
- **COMMUNICABLE DISEASE CONTROL:** Sexually Transmitted Infections (STIs); HIV/AIDS; Tuberculosis (TB).
- **SEXUAL AND REPRODUCTIVE HEALTH:** Ante-natal care; Management of deliveries; Post-natal care; Family planning; Adolescent health; Cancer screening – cervix, breast and prostate.
- **ESSENTIAL CLINICAL SERVICES:** Common illnesses (diabetes; hypertension; eye infections; skin disease); Oral health; Mental health.

Although the list excludes other health conditions, it does not mean that those services are eliminated from the services provided by Government of Lesotho. Instead, this list will constitute the priority interventions for public spending at the described levels of care.

Even though there are many health facilities, the average lifespan is 54.79 years due to the burden of non-communicable diseases. In 2021, the incidence of HIV among adults (ages 15 years and older) in Lesotho was 8.1 per 1000 uninfected persons, while the prevalence of HIV among adults in Lesotho was 21.6 per cent, corresponding to approximately 328,000 adults living with HIV. HIV prevalence was markedly higher among women (8.9 per cent) than men (3.9 per cent).

Lesotho adopted the WHO statement on continuing TB services during the COVID-19 pandemic, which is meant to assist countries in actively combating the COVID-19 pandemic while maintaining the continuity of essential TB services. Globally, TB has been disrupted by the COVID-19 pandemic, and a percentage reduction in the absolute number of TB deaths has been reported to be 35 per cent. In comparison, the percentage TB incidence rate is 20 per cent, and zero per cent of the percentage of TB-affected households face catastrophic costs due to TB (source: Global Tuberculosis Report, 2021).

The Government has prepared a draft National Sexual, Reproductive, Maternal, Newborn, Child, and Adolescent Health (SRMNCAH&N) Strategic Plan covering 2021/2022 – 2025/2026. The Strategic Plan is aimed at addressing the shortcomings of previous strategies, namely the Road Map for Accelerating Reduction of Maternal and Newborn Morbidity and Mortality in Lesotho 2007-2015, and the MDG Acceleration Framework (MAF) 2013 to guide the development and implementation of the critical maternal and child morbidity and mortality reduction strategies towards the attainment of the MDGs (4 and 5) related to maternal and child morbidity and mortality. Consequently, the SRMNCAH&N will provide a unique and integrated SRMNCAH & N framework to guide and coordinate the actions of all stakeholders involved in implementing SRMNCAH&N interventions in Lesotho for better outcomes.

TABLE 2: KEY HEALTH INDICATORS

Life Expectancy (2020)	55
Total	58
Female	52
Male	
Infant Mortality (per 1000 live births) (2020)	69.88
Maternal Mortality (per 100,000 live births) (2017)	544
Antenatal Care (2016–2018)	76.6
Under-five Mortality (per 1000 live births) (2020)	89.52
Neonatal Mortality (per 1000 live births) (2020)	44.26
Stunting Rate (%) (2018)	32.1
HIV Prevalence (%) (2021)	21.6
of which: Women	27.9
Men	15.7
ARV Coverage (%) (2021)	81
Physicians per 1000 Population (2018)	0.5
Hospital Beds per 10,000	60.9
Births attended by Skilled Health Personnel (2010)	70
Immunization Coverage among 1-yr Old (%)	68
TB Treatment Coverage (%) (2017)	41.8

SOURCE: BUREAU OF STATISTICS; WORLD BANK

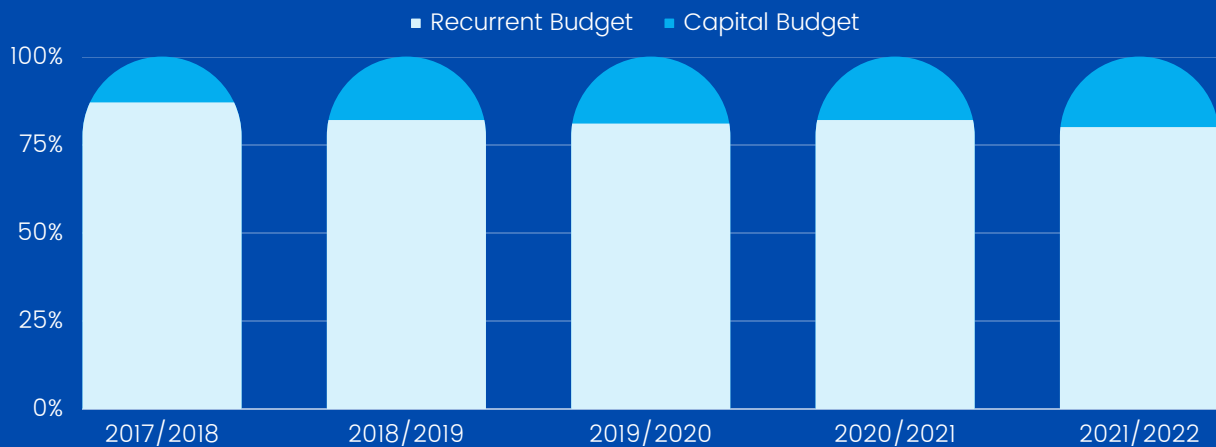


# 03 HEALTH SECTOR SPENDING

The Government of Lesotho has allocated M2,977.1 million, which represent 13 per cent of the national budget. The allocation is slightly below the Abuja Declaration target of 15 per cent. There was a slight decrease of 3.6 per cent in the budget allocation for 2021/22 despite the need to prioritize COVID-19-related mitigation measures to protect the livelihoods of the people, which was a significant concern.

The 2021/22 budget for health is classified into two main components: recurrent and capital budget, which occupy 80 per cent and 20 per cent of health allocated budget, respectively.

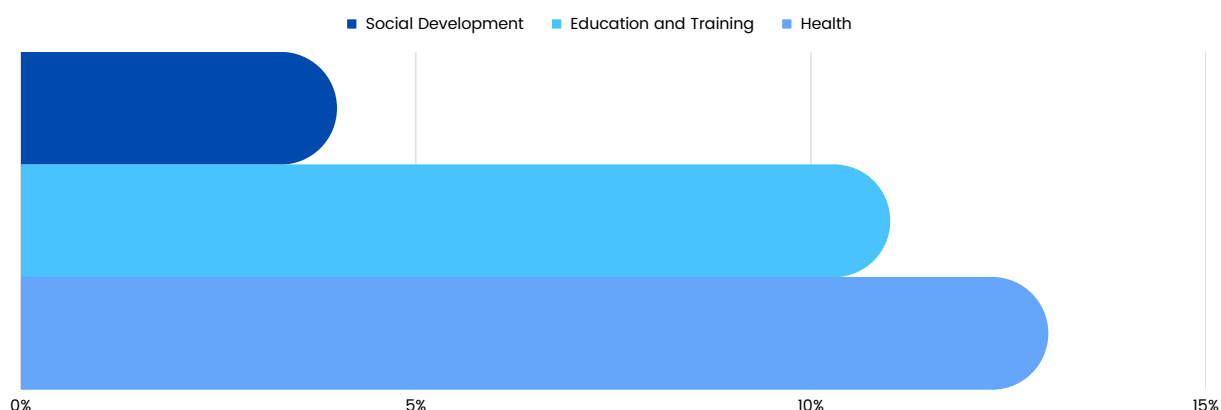
FIGURE 1: BUDGET CLASSIFICATION FOR 2021/22



SOURCE: BUREAU OF STATISTICS; WORLD BANK

The 2021/22 budget allocation for health as a percentage of the national budget is 13 per cent, slightly above that of education, which is M2,484.3 million, translating to 11 per cent of the budget. This remains significantly the same compared to 2020/21 budget allocation, which was M3,108.7 million translating to 13 per cent of the budget.

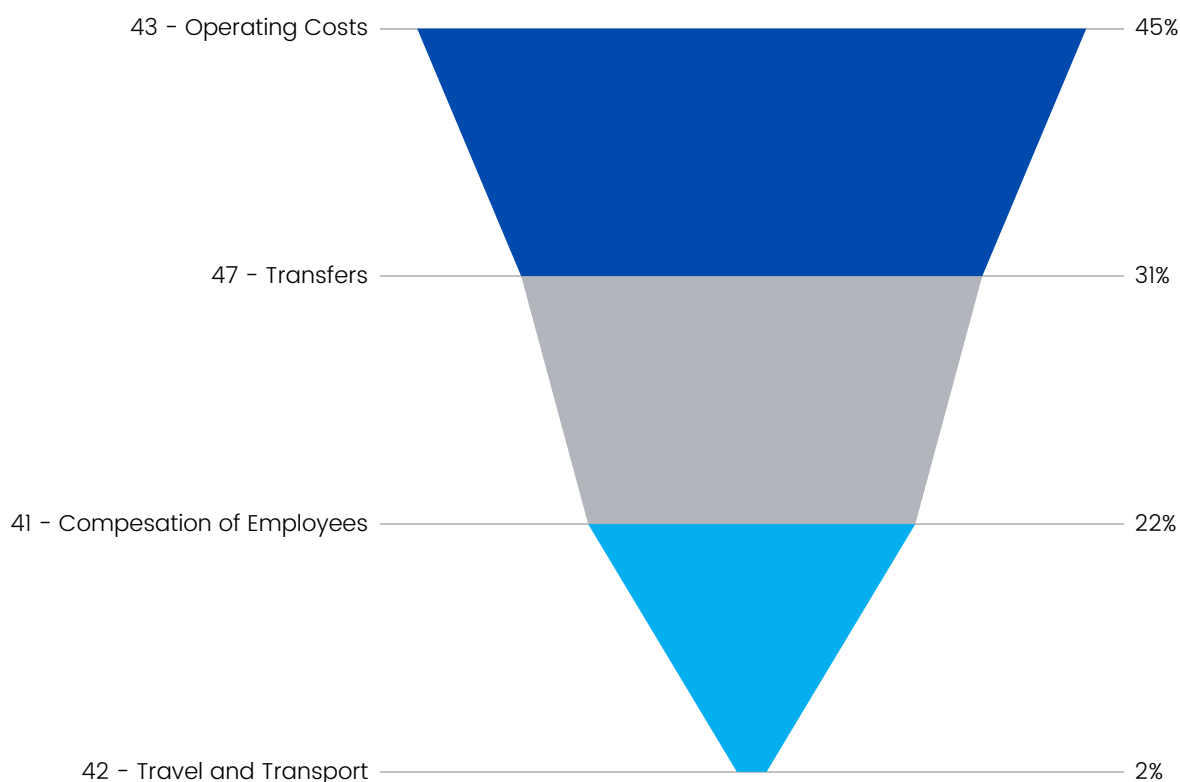
FIGURE 2: HEALTH SECTOR BUDGET AGAINST OTHER SOCIAL SPENDING SECTORS (AS PERCENT OF TOTAL BUDGET)



SOURCE: BUREAU OF STATISTICS; WORLD BANK

A significant portion of the health budget (78 per cent) goes towards recurrent spending, mainly funded by the Government of Lesotho. The more significant portion of the recurrent spending is on operating costs, of which purchases of health services and subsidies occupy 18 and 28 per cent, respectively.

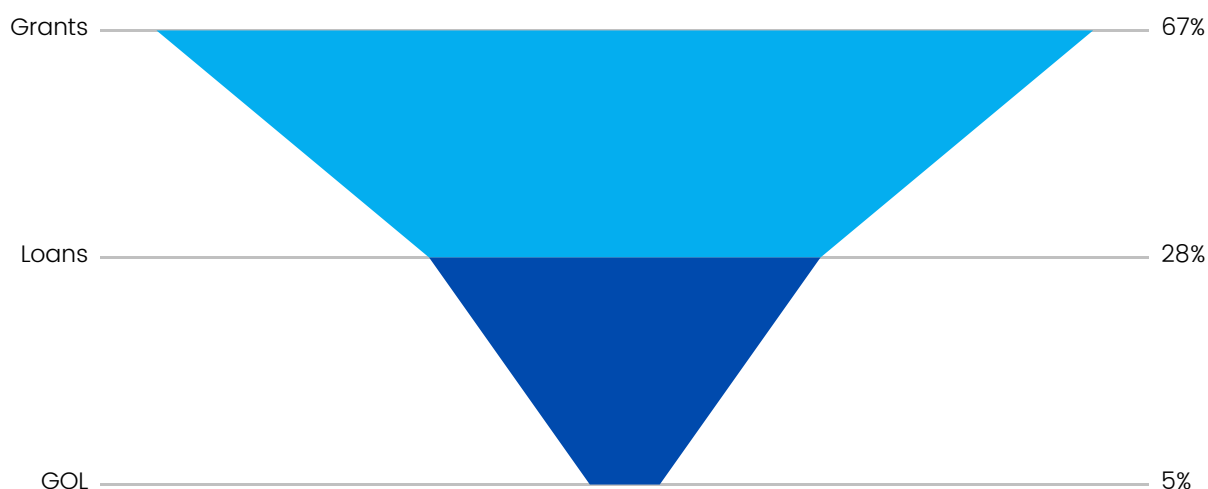
FIGURE 3: COMPOSITION FOR HEALTH SECTOR RECURRENT BUDGET FOR 2021/22



SOURCE: BUREAU OF STATISTICS; WORLD BANK

The Government's contribution to the health sector capital budget declined by 12 per cent as the sector prioritized COVID-19 mitigation activities during this period. The major development programmes are mostly budgeted through donor grants, amounting to M389.2 million and contributing for 67 per cent of the capital budget.

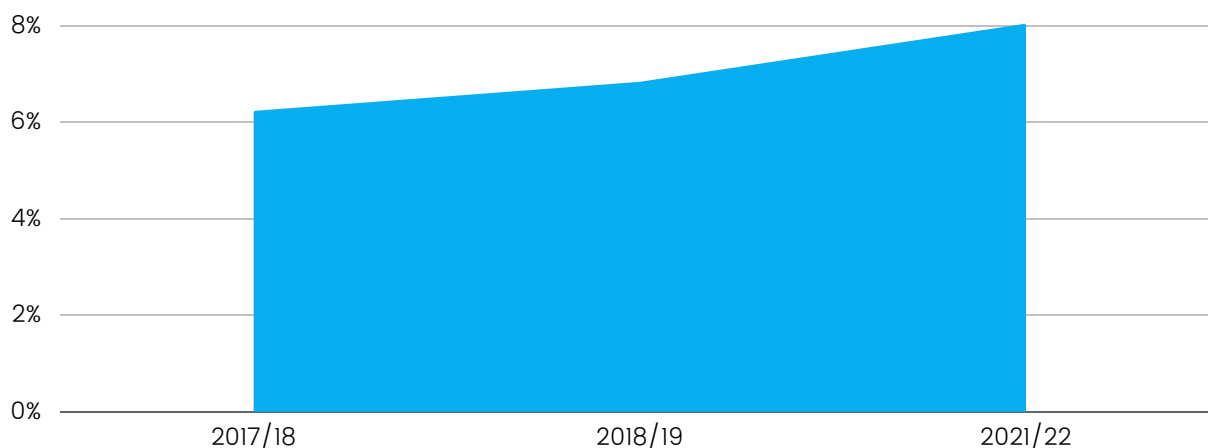
FIGURE 4: CAPITAL BUDGET COMPOSITION FOR HEALTH SECTOR FOR 2021/22



SOURCE: BUREAU OF STATISTICS; WORLD BANK

Health sector spending as a proportion of GDP remained at 6.2 per cent since 2017/18, increased slightly to 6.8 per cent in 2018/19, then progressively reached 8 per cent in 2021/22.

FIGURE 5 : HEALTH SPENDING AS % of GDP

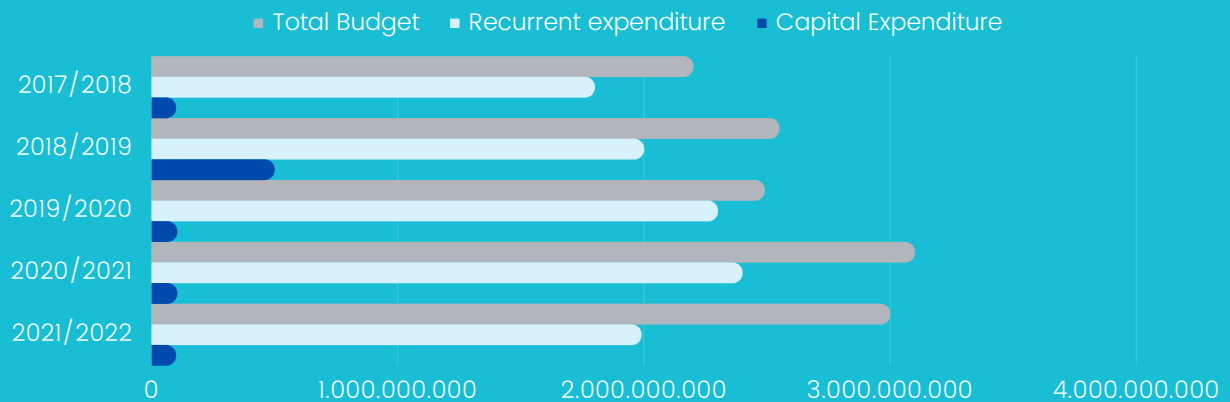


SOURCE: BUREAU OF STATISTICS; WORLD BANK

# 04 BUDGET EXECUTION AND CREDIBILITY

The government budget execution about expenditure has declined from 82 per cent in 2020/21 to 80 per cent in the 2021/22 fiscal year. The decline results from reduced warrant release due to liquidity problems resulting from less-than-expected revenue collections.

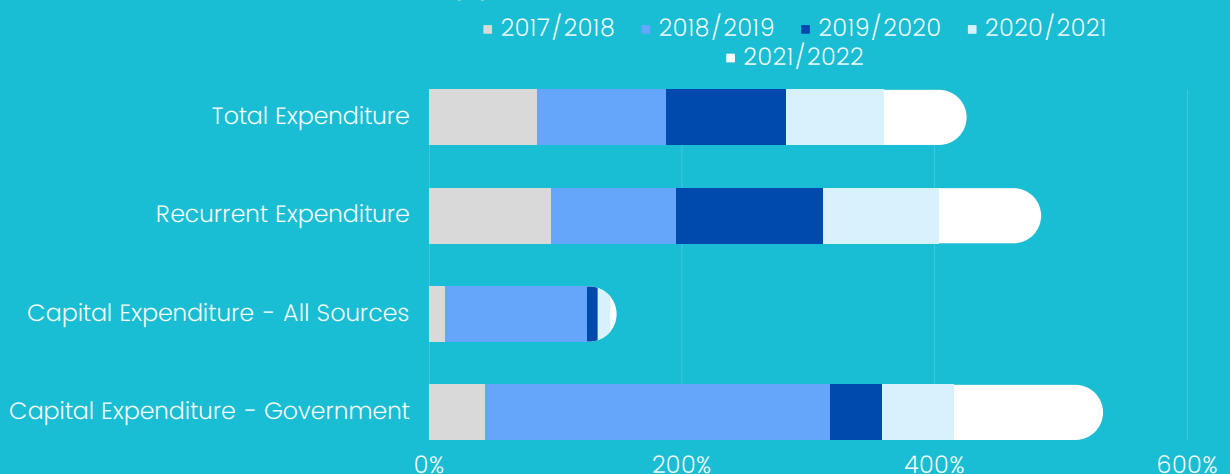
FIGURE 6: RECURRENT AND CAPITAL EXPENDITURE AGAINST TOTAL



SOURCE: BUREAU OF STATISTICS; WORLD BANK

The capital expenditure has performed poorly over the years, especially about Government execution. The 2021/22 capital expenditure for health increased considerably due to additional funding allocated to the National Drug Services Organization (NDSO).

FIGURE 7: BUDGET EXECUTION RATE (%)



SOURCE: BUREAU OF STATISTICS; WORLD BANK

# 05 FINANCING HEALTH

The recurrent budget for health is primarily comprised of ongoing operational expenses such as salaries, maintenance, and day-to-day functioning of healthcare facilities. The Government allocates a significant portion of its budget to sustain these recurrent activities within the health sector. This funding ensures that healthcare professionals are paid, equipment is maintained, and essential services are consistently provided to the population.

On the other hand, the capital budget is allocated for investments in infrastructure, equipment, and long-term development projects aimed at improving and expanding healthcare services. This includes building new hospitals, upgrading medical facilities, acquiring modern medical equipment, and implementing technological advancements to enhance healthcare delivery. The capital budget is crucial for the long-term growth and development of the healthcare system. The capital budget for health heavily relies on grants, constituting approximately 67 per cent of the funding. Grants are financial contributions provided by various organizations, including international donors and development partners, to support specific health-related projects and initiatives. These grants are essential for funding major healthcare projects that require significant financial investments.

Unfortunately, the Government's direct contribution to the capital budget has seen a decline of 12 per cent compared to the previous fiscal year (2020/21). This reduction in Government funding may pose challenges in adequately financing critical healthcare infrastructure and advancements. Efforts should be made to explore avenues to increase the Government's contribution to the capital budget to ensure a stable and sustainable healthcare infrastructure.

# 06 FINANCING FOR HEALTH SECTOR

In Lesotho, different stakeholders support investments in the health sector. Collectively, these concerted efforts translate to a significant aid amount of \$555,524,528, symbolizing a robust collaboration aimed at shaping a healthier future for the people of Lesotho. It's a vibrant mosaic of support, each piece contributing to the grand picture of improved healthcare and well-being in the country.

TABLE 3: PARTNERS FINANCING FOR CAPITAL BUDGET FOR HEALTH SECTOR FOR 2021/22

Partner	Partner Initiative	Form of support (Loan, Grant, ...)	Amount
UNICEF	Support To Health Sector Reforms	Grant	18,067,061
WHO	Support To Health Sector Reforms	Grant	14,336,865
GAVI	Support To Immunization	Grant	6,476,668
UNFPA	Support To Reproductive Health	Grant	7,526,130
VODA	Support For Emergency Transportation System	Grant	15,000,000
GLOBAL FUND	Support To TB Programme	Grant	192,838,003
IDA	Support To TB Programme	Loan	166,279,800
USAID	Support To Laboratory Services	Grant	135,000,001
<b>Total</b>			<b>555,524,528</b>

SOURCE: BUREAU OF STATISTICS; WORLD BANK 2022

# 07 DECENTRALIZATION AND HEALTH SPENDING

Between 2005 and 2009, the Government established District Health Management Teams (DHMTs) to support and supervise health facilities that deliver largely free health services in all the country's ten districts. However, DHMTs need more authority over human resources and limited fiscal authority, and therefore, limited autonomy and decision-making to ensure quality primary health care is delivered within their districts. DHMTs produce budget plans based on their estimated needs. However, the Ministry of Health-approved district budgets or district financial allocations often fall below the DHMT-required budgets, rendering the planning cycle futile. Furthermore, DHMTs often need more awareness of their approved and allocated budgets, which constrains their autonomy and ability to improve the quality and availability of services. In 2021/22, DHMTs were given M248 million.

