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Rwanda

Health Budget Brief

Investing in children's health in Rwanda

2020/21

Health Budget Brief: Investing in children's health in Rwanda
2020/2021

December 2020

Preface

This health budget brief explores the extent to which the Government of Rwanda addresses the health needs of children under 18 years of age and mothers in Rwanda. The brief analyses the size and composition of budget allocations to the health sector for the 2020/21 financial year. The aim of the budget briefs is to synthesize complex budget information and offer recommendations to strengthen budgeting for children. Financial data used in this analysis are drawn from the 2020/21 approved budget and revised budget estimates for the previous years.

Key Messages

- **The Health Sector budget has increased from FRW 245.4 billion in the 2019/20 revised budget to FRW 253.2 billion in 2020/21, reflecting a nominal increase of 3.2 percent.** However, considering the Health Sector budget required to deal with the COVID-19 pandemic, there is a need to increase the overall budget for health and establish measures for budget tracking to enable budget alignment with plans, ensure accountability and transparency around COVID-19 response, and improve the delivery of other health services.

- **A significant and commendable budget increase is observed under the Maternal, Child and Adolescent health program which recorded a two-fold budget increase from FRW 5 billion in 2019/2020 to FRW 11 billion in 2020/21.** However, the spending for the sub-program on community health under the same program was allocated a relatively lower budget. Therefore, there is a need to increase the budget allocated for the community health sub-program to ensure its financial and service sustainability.

- **In 2020/21 the domestic resources accounted for 48.3 percent of the total Health Sector budget, down from 49 percent, demonstrating the government's commitment to reduce reliance on external funds.** Increasing external financing under the Health Sector poses a sustainability risk in the medium and long term. There is a need to establish strategic and quick win measures such as tax reforms, allocation re-prioritization, and innovating financing for health to reverse that trend, by fostering more domestic allocations to the Health Sector.

1. Introduction

Since March 2020, the entire world has been facing an unprecedented health emergency, the COVID-19 pandemic and a socio-economic shock. Rwanda's health system has demonstrated resilience through its COVID-19 response and preparedness measures implemented by the Government of Rwanda at an early stage of the outbreak.

While the Prime Minister's office is taking the coordination role of the COVID-19 response, the Rwandan Health Sector is coordinated by the Ministry of Health (MINISANTE), whose mission it is to provide and continuously improve affordable promotive, preventive, curative and rehabilitative health care services to the Rwandan population[i]. MINISANTE is supported by the Rwanda Biomedical Centre (RBC)[ii], an implementing agency responsible for executing key programs, improving research activities in the field of disease prevention, and providing treatment to people at all levels of the health system. Additionally, the Food and Drug Authority (FDA) was established in 2018 and, among other activities, is responsible for regulating pharmaceutical products, vaccines, human and veterinary processed foods and other biological products.

Health services in Rwanda are provided at various levels of the health system by public, faith-based, private for-profit and non-government organizations[iii]. Three key levels for service provision can be identified:

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

The first positive tested case of COVID-19 in Rwanda was reported on 14th March 2020. Since then, virus containment and prevention measures were put in place by the government, characterised by a lockdown and movement restrictions across the country, social distancing, contact tracing, and mass testing, to name a few.

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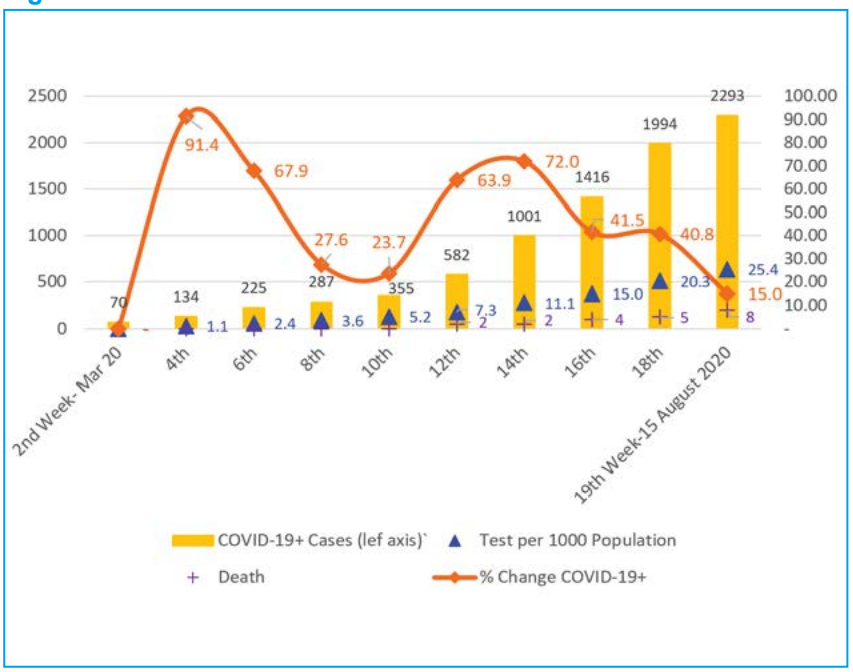
Figure 1 shows that by the 19th week (Mid-August 2020), less than 2,293 of the population had been tested COVID-19 positive. Rwanda's testing capability has continued to increase. By mid-August it was at 25.4 people per 1000 of the population, however, the rate of changes in bi-weekly COVID-19 positive cases show a fluctuation which makes it hard to forecast the future of COVID-19 transmission in Rwanda.

The Health Sector priorities are defined by the (i) National Strategy for Transformation (NST1)- 2017-24, (ii) Health Sector Strategic Plan (HSSP) 4: 2018/19 – 2023/24, and iii) Health Financing Strategic Plan 2018-2024. The health sector medium-term priorities are summarized under the following main pillars.

Figure 1: COVID-19 Trends in Rwanda



Source: Calculated using Our World in Database University of Oxford

Enhancing demographic dividend through ensuring access to quality Health for all through;

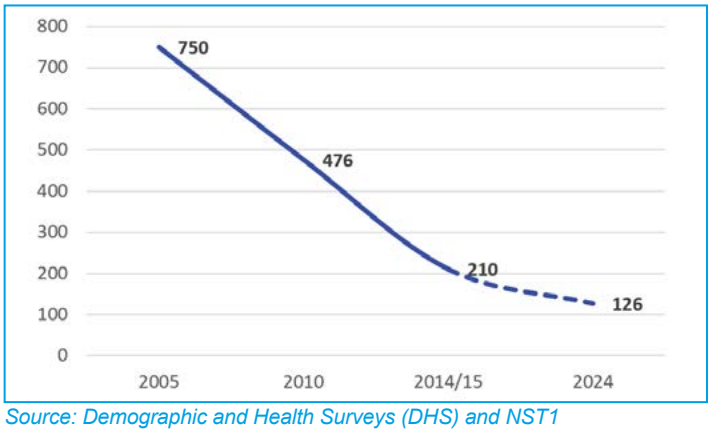
- Reduction of prevalence of stunting from 38 percent in 2016 to 19 percent in 2024 and under five years children
- Improvement of Maternal Mortality and Child Health
- Construction and improvement of health infrastructure
- Strengthening Health Sector financing and health service delivery
- Increasing quality of human resource for health

1.1. Health Sector Performance Against Selected Indicators

Rwanda has made significant progress over the past decade to improve health outcomes, but challenges remain.

The latest data available indicates that between 2005 and 2014, the maternal mortality ratio decreased by more than two thirds (from 750 per 100,000 live births in 2005, to 210 per 100,000 in 2014/15). Furthermore, the Government of Rwanda aims to reduce the ratio to a target of 126 by 2024, indicating a reduction of 40 percent (**Figure 2**).

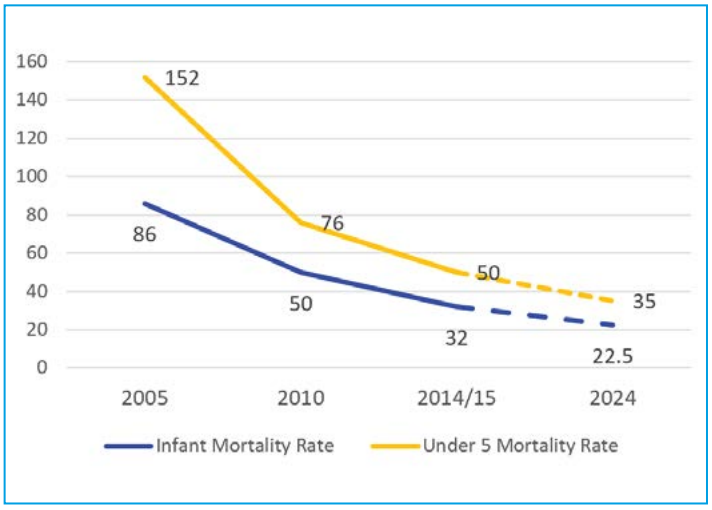
Figure 2: Maternal mortality ratio per 100,000 (2005–2015)



Source: Demographic and Health Surveys (DHS) and NST1

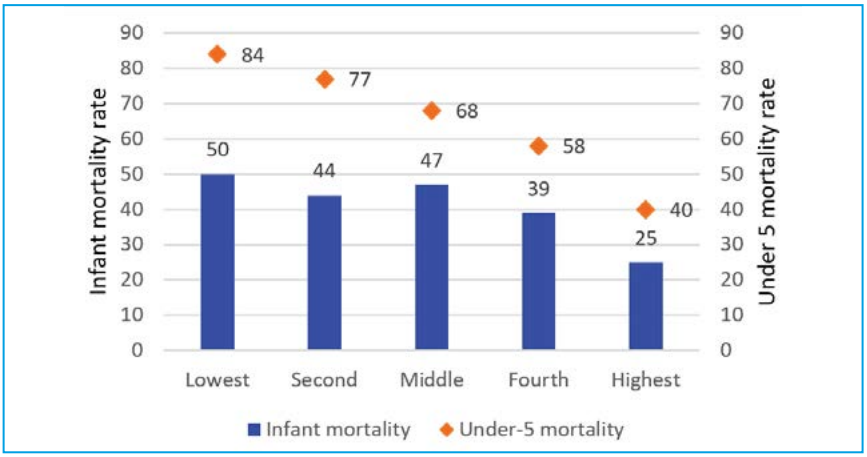
The under-five mortality rate fell from 152 to 50 per 1,000 live births in 2014/15, and the 2024 target sets an ambition to further reduce the under-five mortality rate to 35. Infant mortality[v] also significantly dropped from 86 to 32 per 1,000 live births over 10 years, with the 2024 target at 22.5 (**Figure 3**).

Figure 3: Infant and under-5 mortality rates



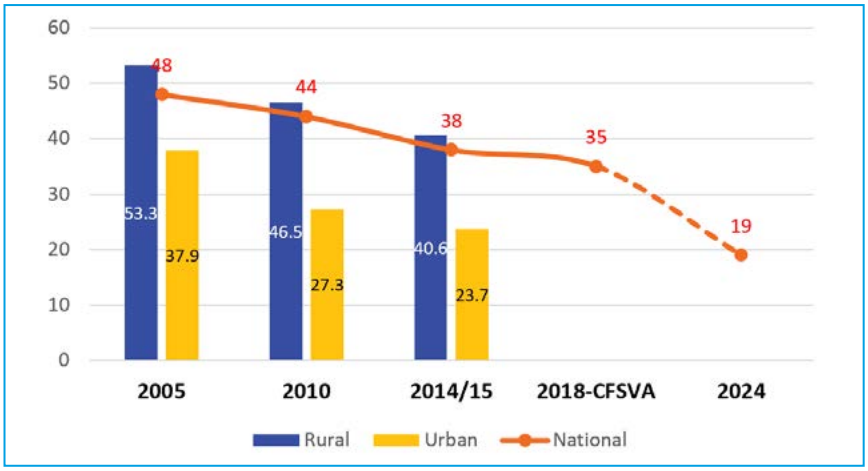
Source: Demographic and Health Surveys (DHS) and NST1

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



Source: Demographic and Health Surveys (DHS) and NST1

Figure 5: Trend of Children (Under 5) stunting rates (%)



Source: Demographic and Health Survey and CFSVA, NISR[viii]

While there are very commendable efforts in reducing infant and under-five mortality rates, the analysis by wealth quintiles shows significant inequities, with mortality rates among the lowest income households double to those within the highest income group (**Figure 4**). While this gap has been reducing over the years, there is still a greater need for strong equity-focused health measures to support the disproportionately affected poor households.

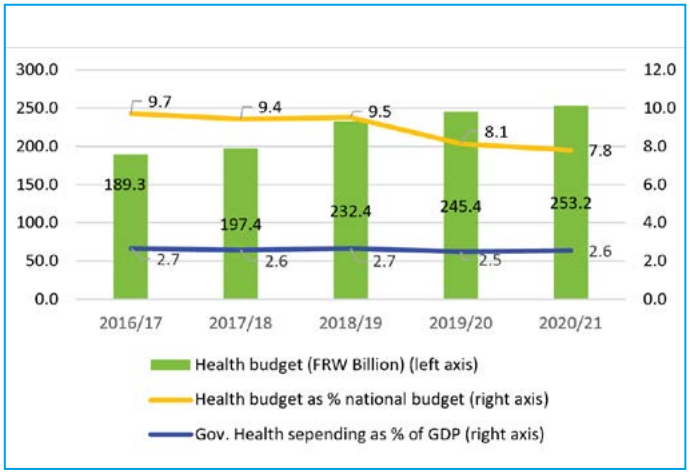
The nutrition status among children under five years of age continues to be a concern but shows a decreasing trend. The 2018 Comprehensive Food Security and Vulnerability Analysis (CFSVA[vi]) shows that stunting rate reduced to 35 percent, down from 38 percent in 2014/15[vii] (**Figure 5**). The Government of Rwanda aims to reduce the stunting rate to 19 percent by 2024. However, this ambitious target will require huge investments in addition to achieving strategic and highly coordinated measures.

1.1. Health Sector Performance Against Selected Indicators

2.1. Size of Government Spending

The Health Sector budget has increased from FRW 245.4 billion in the 2019/20 revised budget to FRW 253.2 billion in 2020/21, reflecting a nominal increase of 3.2 percent. When compared to the national budget, however, the health budget as a share of total budget continues to depict a declining fall, registering 7.8 percent in 2020/21 compared to 8.1 percent in 2019/20 despite COVID-19 which exerted pressure on the Health Sector (**Figure 6**). The Government of Rwanda has developed a costed COVID-19 National preparedness and response plan. The estimated cost of the plan up to September 2020 was FRW 69.4 billion, however, it is not possible to track the funds allocation related to COVID-19 under the Health Sector in the Finance Law. There is a need to set up measures for COVID-19 response budget tracking to ensure accountability and transparency.

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



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

Table 1: COVID-19 preparedness and response plan costed interventions

Preparedness plan Thematic Area	Cost RWF	Cost USD
Epidemiology & Surveillance	1,259,379,660	1,332,677
Infection Prevention and Control (IPC) and Case Management	19,186,907,295	20,303,606
Laboratory	3,976,675,050	4,208,122
Leadership and Coordination	102,379,640	108,338
Operational Support and Logistics	2,571,028,930	2,720,666
Risk Communication and Community Engagement	494,472,567	523,251
Sub-Total	27,590,843,142	29,196,659
Response Plan		
Epidemiology & Surveillance	1,686,055,574	1,784,186
Infection Prevention and Control (IPC) and Case Management	38,167,160,742	40,388,530
Laboratory	448,911,167	475,038
Leadership and Coordination	324,092,300	342,955
Operational Support and Logistics	624,855,423	661,223
Risk Communication and Community Engagement	588,894,440	623,169
Sub-Total	41,839,969,646	44,275,100
Grand Total	**69430812789**	**73,471,760**

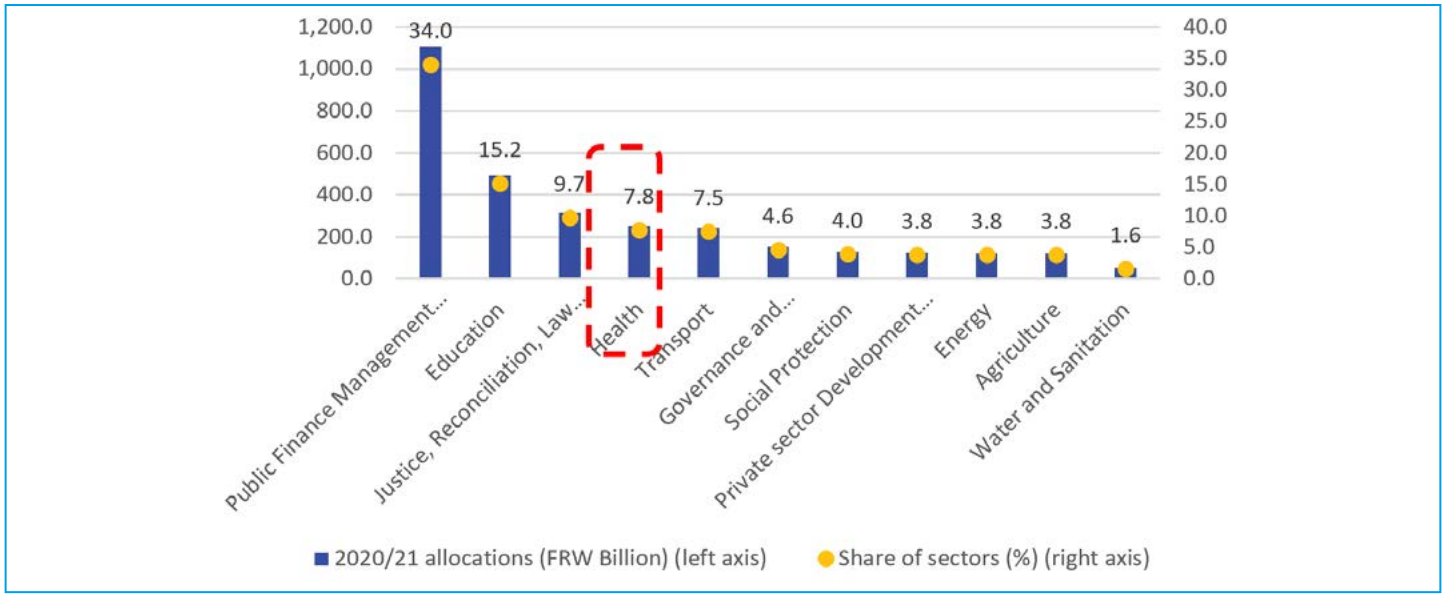
Source: Ministry of Health

**The health budget briefs exclude the budget allocations under the National Early Childhood Development Programme (NECDP), which is mandated for stunting reduction and early childhood development interventions in Rwanda. According to the budget law structure, NECDP interventions are planned under the social protection sector and its budget is recorded under the Ministry of Gender and Family Promotion (MIGEPROF).

2.2. Government Spending Trends in Different Sectors

Referencing the NST1 sectors, the Health Sector is the fourth largest in budget allocations with 7.8 percent, after Public Financial Management (PFM)[ix] with 34.0 percent, Education with 15.2 per cent, and Justice, Law and Reconciliation with 9.7 percent (**Figure 7**).

Figure 7: National budget allocations by NST1 Sectors 2020/21



Source: Calculated using National Finance Laws

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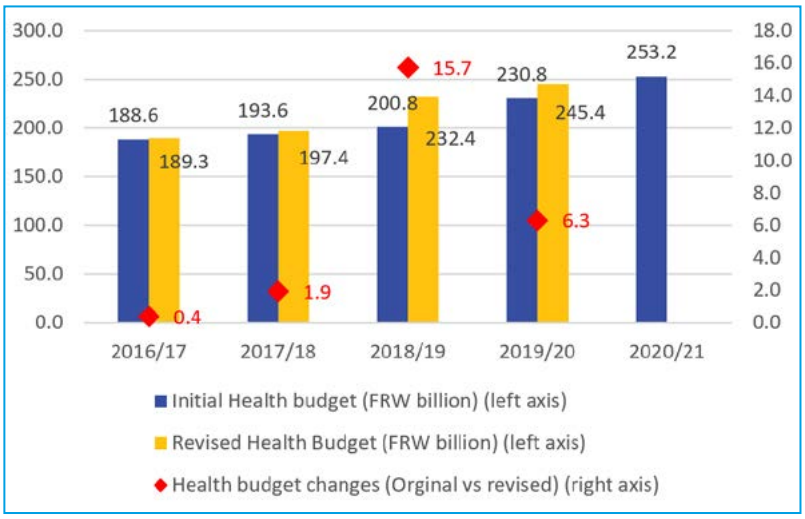
3. Health Sector Budget Changes

3.1. Health Budget Revisions

The aim of the budget revisions is to respond to emerging priorities during the budget year, align expenditures with revenue flows and capture new donor financing that may come in halfway through the budget execution cycle.

Over the past five years, the budget for the Health Sector has been consistently revised upward in nominal terms. In 2019/20, the budget was revised up by 6.3 percent, from FRW 230.8 billion to FRW 245.4 billion. The upward revision is an indication of the government's commitment to handle emerging priorities in the Health Sector (**Figure 8**).

Figure 8: Health budget allocations, initial vs. revised budget (in FRW billion and %)



Source: Calculated using the National Budget laws

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

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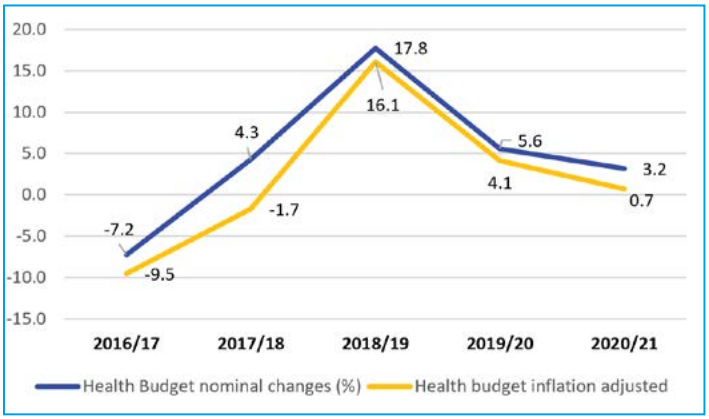
Rwanda's macroeconomic stability for the past years resulted in low levels of inflation. Therefore, the nominal budget increase has not been significantly affected by inflation.

In 2020/21, the recorded nominal increase in the Health Sector budget was 3.2 percent, while the real (inflation adjusted) budget increase was 0.7 percent. In 2019/20, the nominal budget increase was 5.6 percent against 4.1 percent of real budget increase (**Figure 9**). With the expected high level of inflation in 2020/21, the Government of Rwanda will need to substantially increase allocations for health to be able to finance the Health Sectors needs under the COVID-19 pandemic.

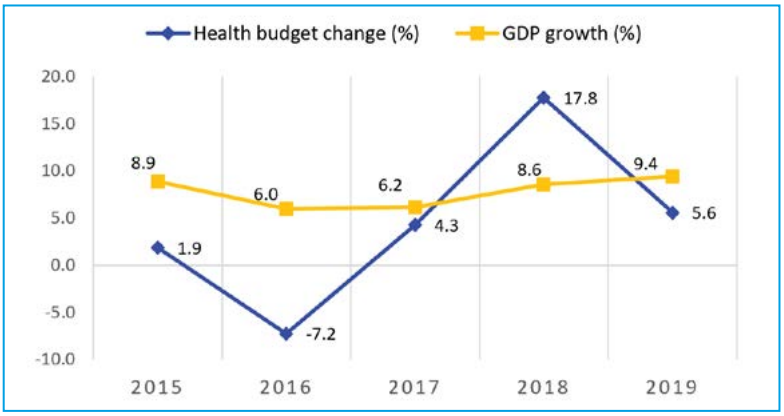
Figure 9: Health budget changes: inflation adjusted and nominal changes



Source: Calculated using the national budget laws

Health budget change over the past five years has not been on par with the GDP growth rate. For example, in 2019/20 the health budget increase was 5.6 percent while the GDP growth rate was 9.4 percent (**Figure 10**). This implies a possibility of the government increasing the health budget through growth enhanced fiscal space.

Figure 10: Health budget changes VS. GDP growth rate (%)



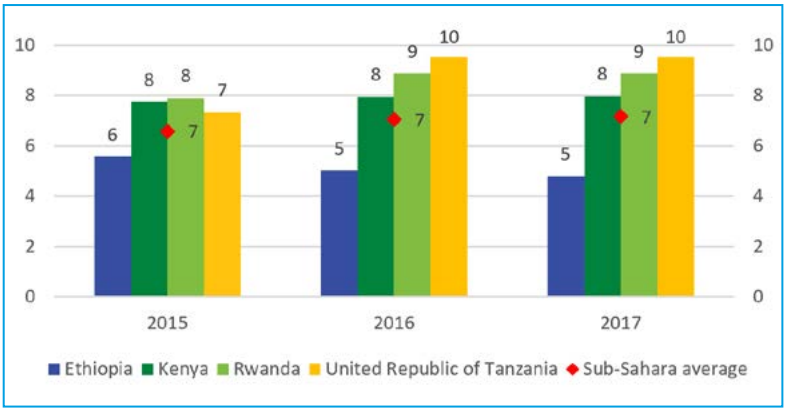
Source: Calculated using the national budget laws and microframework data

3.3. Health Sector Spending Compared with Other Countries

Rwanda's health spending as a share of total government expenditure is above the average spending of countries in sub-Saharan Africa.

Among the selected countries in regions where comparable data are available, Rwanda has consistently invested significant resources in health, above other Sub-Saharan countries. The United Republic of Tanzania has spent slightly more (10 percent of total national spending), while Rwanda spent 9 percent, and Kenya, 8 percent of the budget. Ethiopia has spent around 5 percent (**Figure 11**).

Figure 11:Domestic General Government Health Expenditure (GGHE-D) as % General



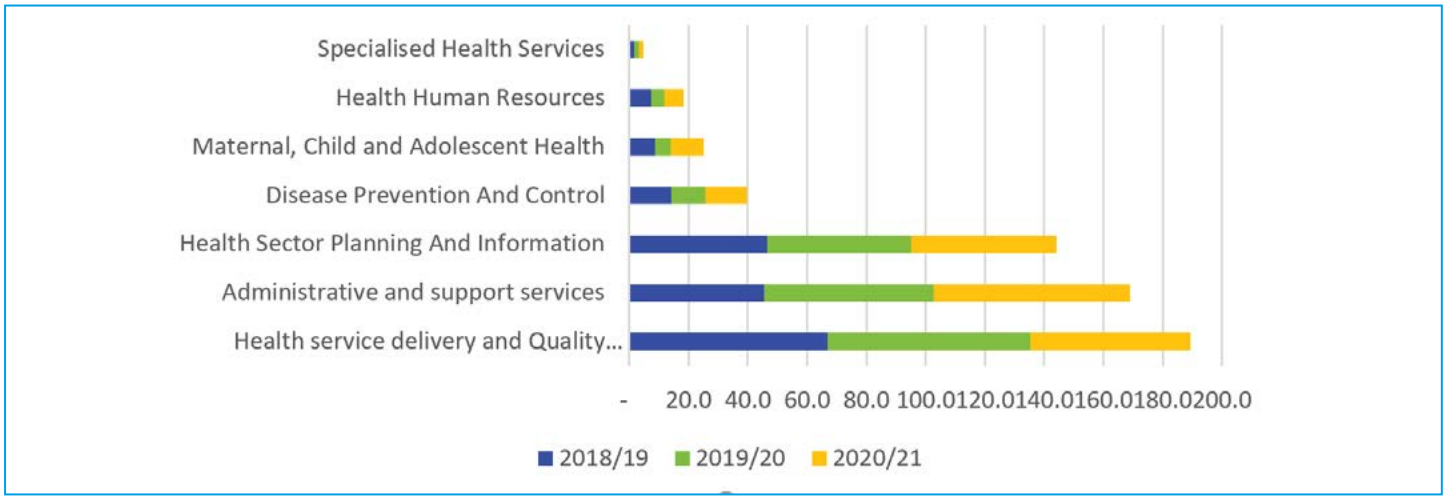
Source: WHO health expenditure database "http://apps.who.int/nha/database"

4. Composition of Health Spending

4.1. Health Sector Priorities: Budget Trends for Selected Programs

The major sector priority programs are (i) health service delivery, (ii) quality improvement, (iii) health sector planning and information including health financing, and (iv) health sector governance (administrative and support services). These four sectors take the largest proportion of the health budget. For 2020/21, the budget allocation to administrative and support services has increased from FRW 57 billion to FRW 66 billion, while the budget allocated to health service delivery and quality improvement declined from FRW 68 billion to FRW 54 billion. The budget allocation to health sector planning and information, including health financing, remained stable at FRW 49 billion. A significant and commendable budget increase is observed under the Maternal, Child and Adolescent health programme which recorded a two-time budget increase from 5 billion in 2019/2020 to FRW 11 billion (**Figure 12**).

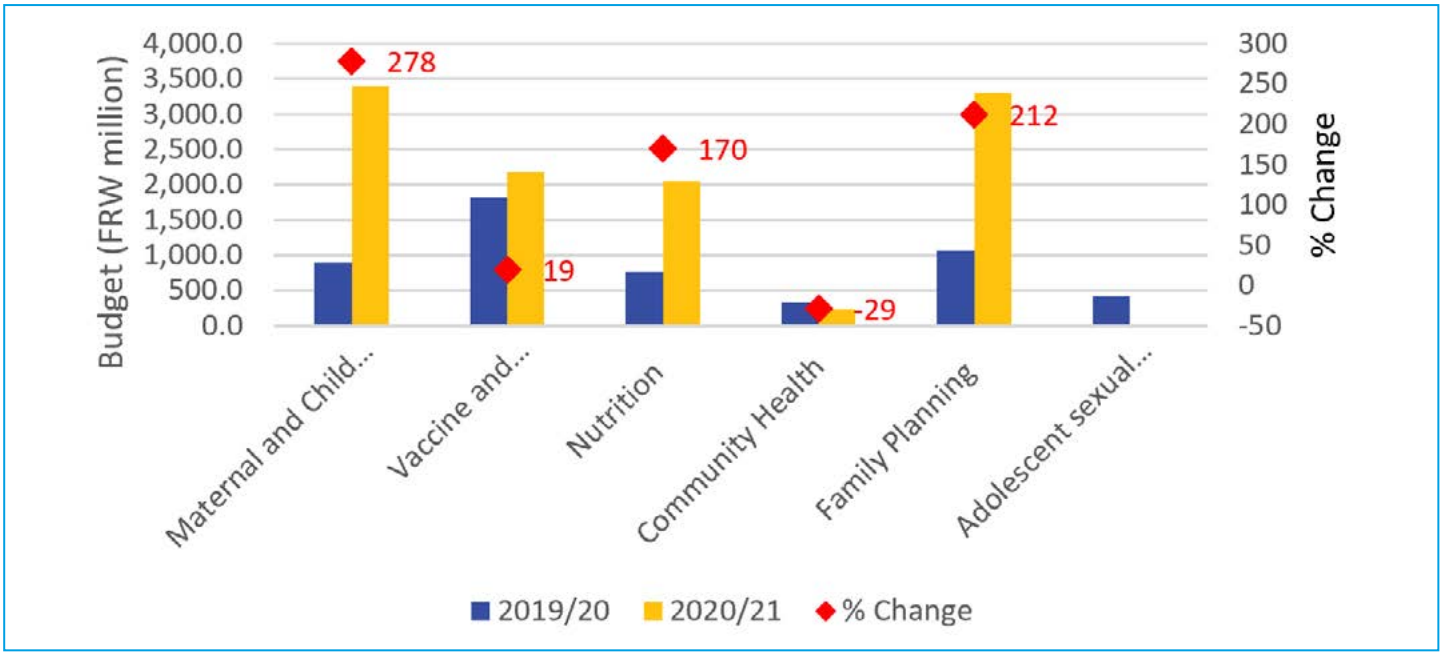
Figure 12: Budget allocation by Health Sector priorities in billion FRW



Source: Calculated using the national finance laws

Most sub-programs recorded a significant budget increase. The budget for Maternal and Child Health improvement increased by more than double (278 percent) due to more investments in acquisition of various equipment and machinery to strengthen quality of maternal and health services. The budget for family planning increased two-fold (212 percent), the nutrition budget under health increased by 170 percent, and allocations for Vaccine and preventable disease sub-programs recorded an increase of 29 percent. The increase of budget on different sub-components is a strong reflection of the government's commitment to improving maternal and child health holistically. However, allocations for community health reduced by 29 percent (**Figure 13**). The budget allocation for community health needs to be increased to ensure accessibility of health services and financial sustainability of community health.

Figure 13:Detailed allocations (FRW million) for maternal, child and adolescent health

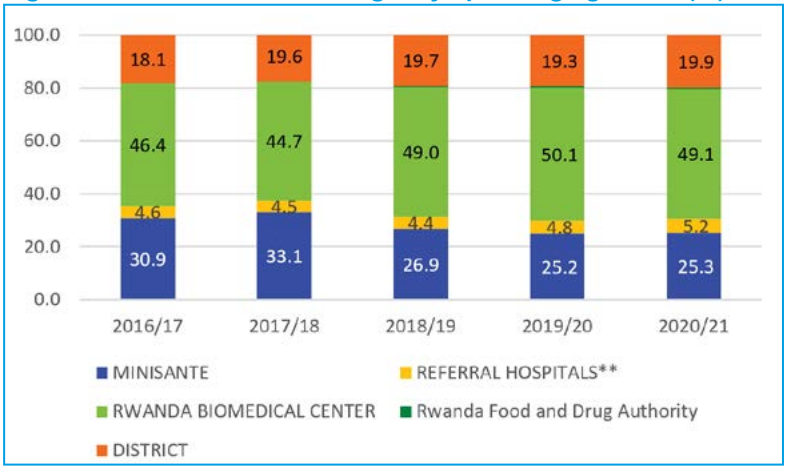


Source: Calculated using the national budget laws

4.2. Budget Allocation by the by Agencies

The allocations by spending agencies shows that the Rwanda Biomedical Centre (RBC) is allocated 49.1 percent of the total health budget in 2020/21, but slightly declined from its allocation of 50.1 percent in 2019/20. The districts were allocated 25.3 percent. The Ministry of Health was allocated 19.9 percent, up from 19.3 percent in 2019/20. The allocations to referral hospitals (Teaching University Hospital of Butare (CHUB), Teaching University Hospital of Kigali (CHUK) and (HNN[1]) account for 5.2 percent up (**Figure 14**). Trend analysis for the past three years shows that the budget share of health agencies remained relatively constant. However, more investments are needed at district level to strengthen the capacity of health centres, health posts and community health workers to deliver services closer to the community. Also, given the high levels of budget execution at district levels (as highlighted later) compared to that at national levels, increasing budget allocation to districts and further decentralization could be an efficient way of using resources to achieve results.

Figure 14: Share of Health budget by spending agencies (%)



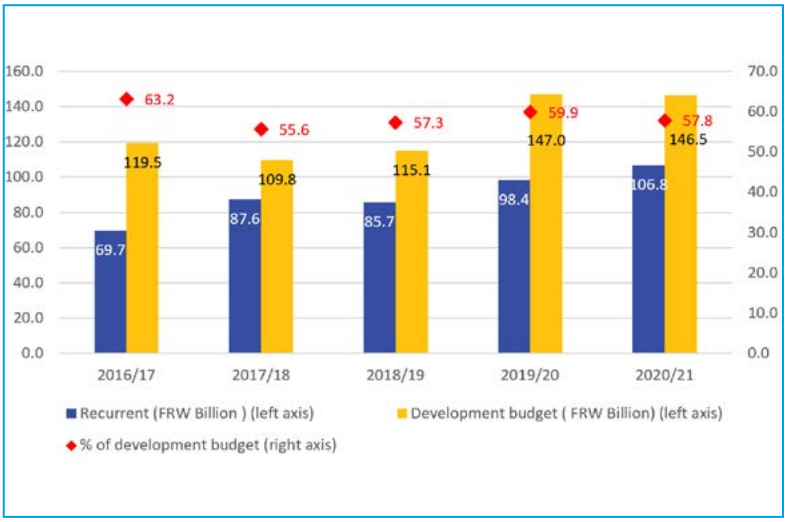
Source: Calculated using state finance law

4.3. Health Budget by Recurrent and Development Categories

While the development[x] budget for the Health Sector slightly reduced from FRW 147 billion in 2019/20 to FRW 146.5 billion in 2020/21, the allocations for the recurrent budget increased from FRW 98.4 billion to FRW 106.8 billion in 2020/21. The share of the development budget reduced from 59.9 percent in 2019/20 to 57.8 percent in 2020/21 (**Figure 15**).

The government continues to prioritize infrastructure development under health. This trend is in line with Rwanda's National Strategy for Transformation (NST1) to improve health infrastructure and construction of new ones. However, efforts to invest in health human resources are also needed to ensure that the government retains the quality personnel for service delivery.

Figure 15:Health budget allocation by recurrent and development budget categories



Source: Calculated using the national budget laws

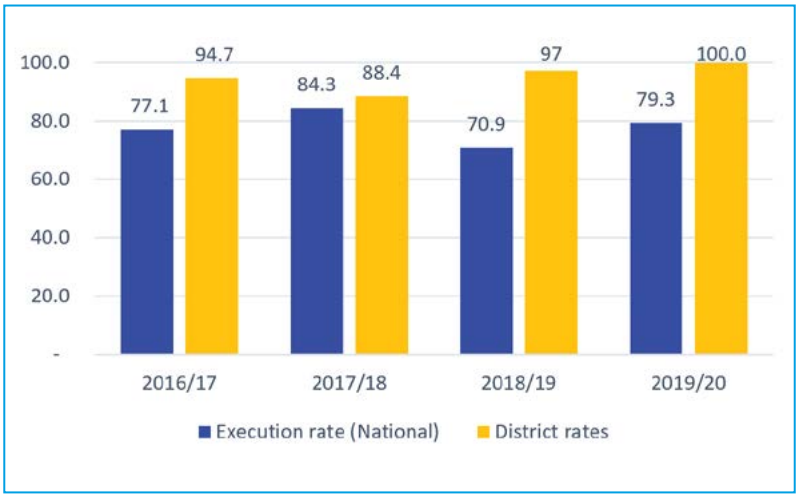
1 NEURO PSYCHIATRIC HOSPITAL OF NDERA

5. Budget Execution

While health budget execution within central government has improved from 70.9 percent in 2018/19 to 79.3 percent in 2019/20, it remains far below the district budget execution at 100 percent (Figure 16).

The low budget execution at national level can be explained by delays in the execution of development projects constituting a sector challenge. The anecdotal evidence suggests delays in procurement, and late disbursement of donors' financing. The budget execution rate is computed by comparing the revised health budget and the executed budget as reported by the Ministry of Finance and Economic Planning.

Figure 16: Health Budget execution rates



Source: Calculated using the National Budget execution data

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6. Financing of the Health Sector

The financing of the Health Sector still relies significantly on external finances, however, the nominal value of the domestic budget for health continues to rise.

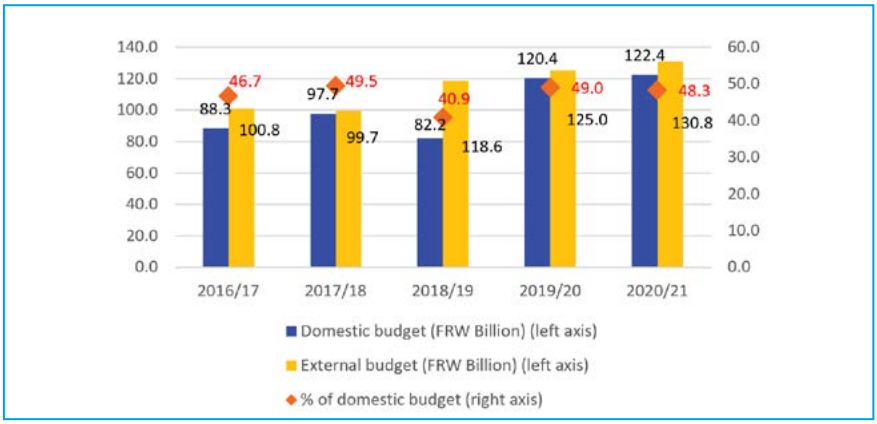
In 2020/21, domestic resources accounted for 48.3 percent of the Health Sector budget, similar to 2019/20. Nominally, however, the domestic resources increased from FRW 120.4 billion to FRW 122.4 billion in 2020/21. The external funds increased from FRW 125 billion in 2019/20 to FRW 130.8 billion in 2020/21 (**Figure 17**). The reliance on external financing under the Health Sector poses a sustainability risk in the medium and long term. There is a need to establish strategic measures which may include tax reforms and innovative finance for health to reverse the trend, by fostering more domestic allocations as the country moves towards becoming a middle-income country.

6.1. Major Health Sector Donors

The Global Fund, US Government through PEPFAR and the World Bank have been the largest donors under the Health Sector for the past three years.

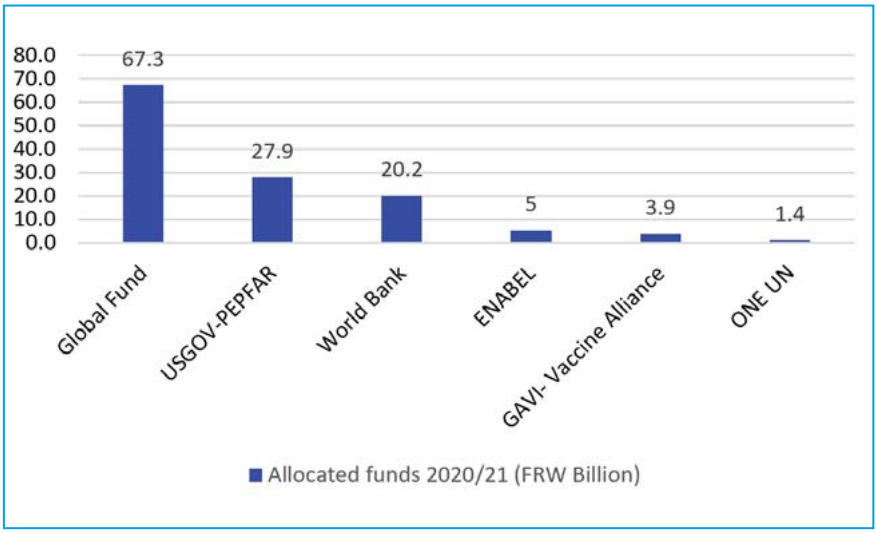
For the 2020/21 fiscal year, the Global Fund (GF) allocated FRW 67.3 billion to the Health Sector budget; the US Government- PEPFAR allocated 27.9 billion, the World Bank FRW 20.2 billion, Enabel (Belgian development agency) RWF 5 billion, GAVI- Vaccine Alliance 3.9 billion and ONE UN (UNFPA, UNICEF and WHO) joint contribution amount to FRW 1.4 billion (**Figure 18)**. However, some donors and agencies' financial and technical support to the Health Sector is channelled outside of the national budget and these figures are not captured under the budget brief.

Figure 17: Source of Financing of the Health Sector



Source: Calculated using the national budget laws

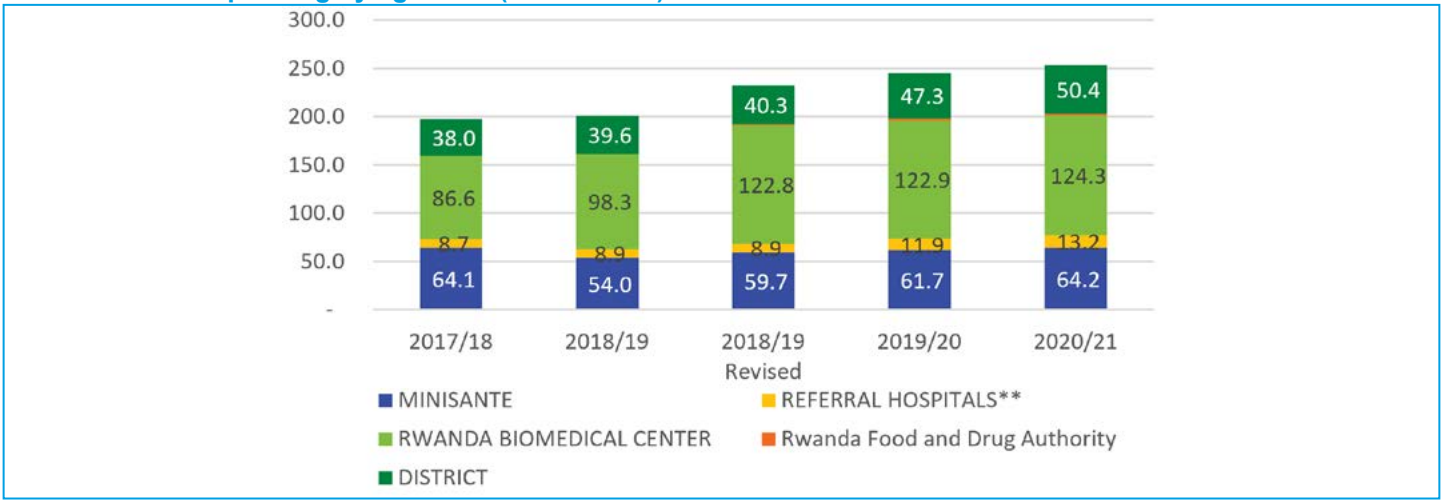
Figure 18: Major Development Partners in Health sector by funding size



Source: Calculated using the National Budget laws

Annexes

Annex 1: Health spending by agencies (FRW Billion)



Source: Calculated using the National Budget laws

Annex 2: Strategic documents and targets

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

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Endnotes

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

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

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

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

v Infant mortality rate (IMR) is the number of deaths per 1,000 live births of children under one year of age.

vi https://reliefweb.int/sites/reliefweb.int/files/resources/WFP-0000103863.pdf

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

viii NISR-National Institute of Statistics of Rwanda

ix This includes the allocation to support; (i) Administration, operation, or support of executive and legislative organs, (ii) Administration of fiscal affairs and services, (iii) Management of public funds and debt, (iv) the operations of treasury, the national budget office, planning and statistical services, (v) the administration of the external affairs and services.

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

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