



# HEALTH BUDGET BRIEF



## Introduction

The Government of Ghana has committed to achieving universal health coverage (UHC) and increasing access to essential health services. This is reflected by the Ministry of Health's Mid-Term Development Plan (2022-25), to "increase access to quality essential health care and population-based services for all by 2030", and the Government's commitment to the Abuja Declaration in 2001, which is to spend 15% of the government's budget on health.

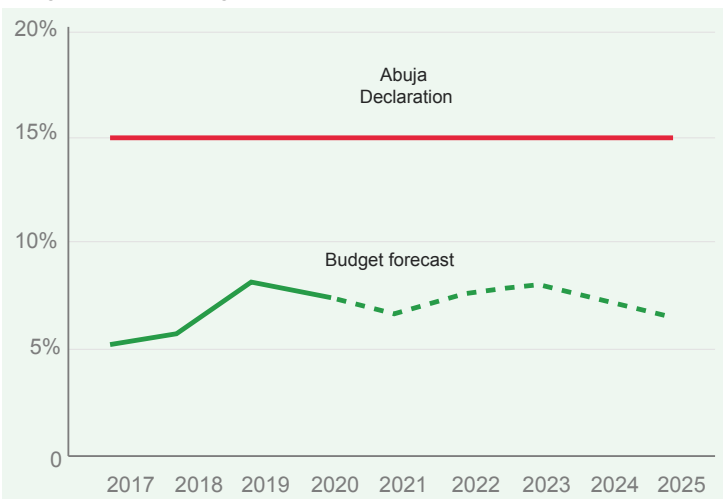
The Government's current spending plans, however, indicate that health spending is set to fall as a

percentage of the budget and of GDP. While these forecasts have been made in the context of tight financial constraints, funding reductions risk jeopardising the progress made in improving health outcomes. Indeed, the Government of Ghana has identified financial sustainability of the health system and strengthening of the Primary Health Care (PHC) system as national priorities that would benefit from collective action. There is a clear need for a strong political commitment to mobilize and protect domestic resources to help achieve the Ministry of Health's set objectives and achieve the Sustainable Development Goals.

## Health sector spending trends

The Ministry of Health (MoH) is responsible for the funding and delivery of health services in Ghana. As shown below, in Figure 1, health spending as a proportion of government spending peaked in 2019, at 8.1% of the budget. While the forecast is for an increase from 7.6% of the budget in 2022, to 8.0% in 2023, it is set to fall back to 6.4% in 2025.

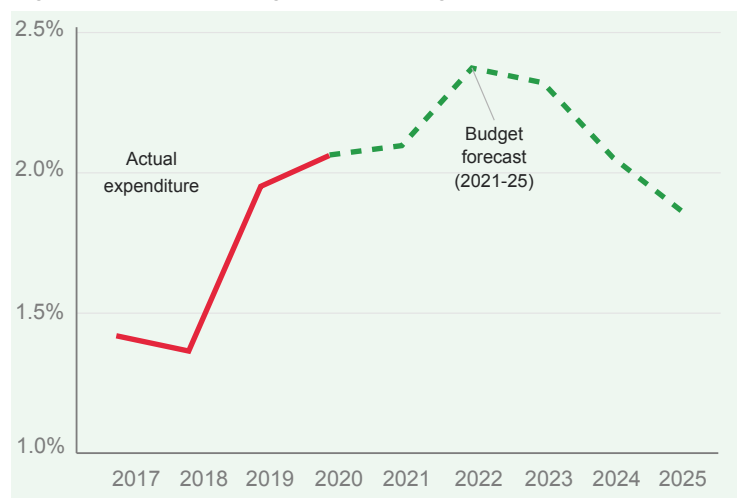
Figure 1: Health expenditure as a percentage of the government budget<sup>2</sup>



Given that this comes at a time of general fiscal consolidation, when we consider health spending as a percentage of GDP

as in Figure 2, the picture is even more stark, falling in each year from a high of 2.3% of GDP in 2022, to just 1.8% of GDP in 2025.

Figure 2: health spending as a percentage of GDP<sup>3</sup>



In order to draw an international comparison with other Lower-Middle Income Countries (LMICs), we have observed data from the World Health Organisation's (WHO) Global Health Expenditure Database (GHED). This shows that Ghana remains significantly below the LMIC average allocation of 2.3% of GDP.

<sup>1</sup> Health Sector Medium Term Development Plan (HSMTDP 2022-2025)

<sup>2</sup> Attorney-General Consolidated Fund Reports (2017-2020) and Ministry of Finance's 2022 'The Budget Statement and Economic Policy', UNICEF calculations

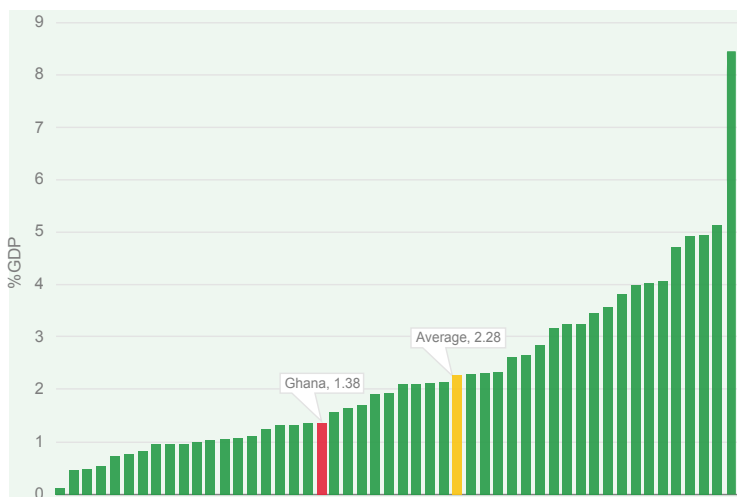
<sup>3</sup> Attorney General Consolidated Funds (2017-20), and Ministry of Finance's 2022 'The Budget Statement and Economic Policy', UNICEF calculations





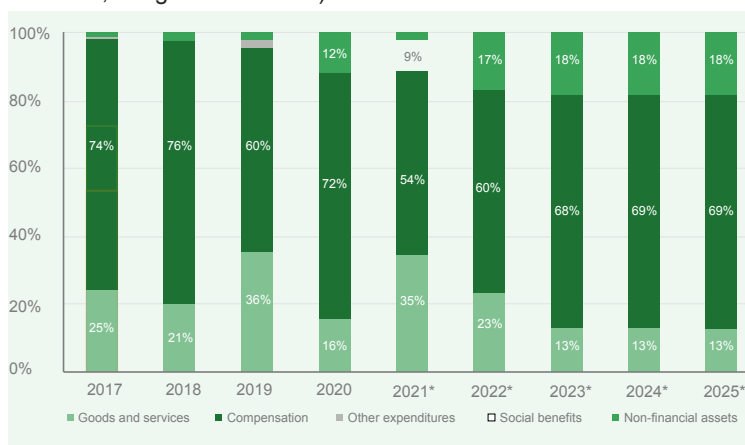
## Health sector spending trends

Figure 3: General government health expenditure as a % of GDP in LMI Countries<sup>4</sup>



The budget allocation for goods and services is set to drop to its lowest levels in 2023-25 over this time period, falling to just 13% of the budget. The increase in spending on non-financial assets, which is set to rise to 18% of the budget by 2025 offsets this in part. While this is welcome, we observe that the combined expenditure on both categories is predicted to drop from 40% in 2022, to 31% in 2025.

Figure 4: composition of health spending (actual expenditure for 2017-20, budget for 2021-25)



Budget credibility (the ability of governments to accurately and consistently meet their expenditure and revenue targets) remains a significant issue in the health sector in Ghana, with initial appropriation budgets seldom resembling released budgets or paid actuals. As shown below, in Table 1, the average variance between revised budgets and actuals between 2015 and 2020 is 10% at the Ministry level. This is within acceptable levels of variance.

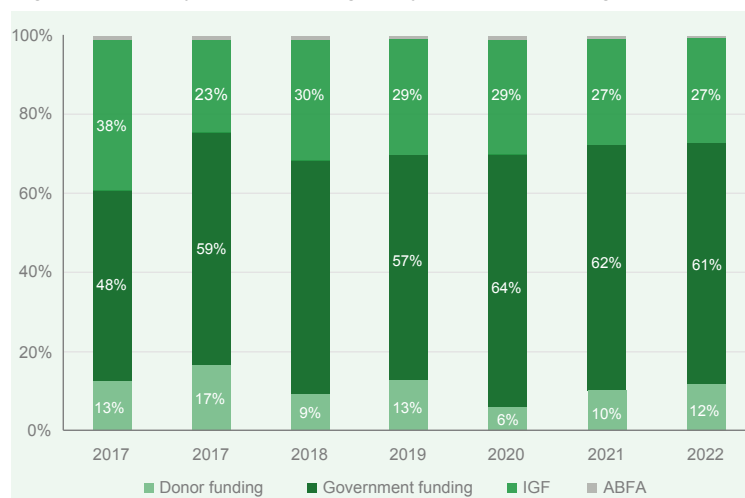
Table 1: Ministry of Health expenditure outturn<sup>5</sup>

Expenditure outturn	2015	2016	2017	2018	2019	2020	Average variance
<b>Total</b>	<b>-5%</b>	<b>-23%</b>	<b>-14%</b>	<b>-12%</b>	<b>8%</b>	<b>-10%</b>	<b>-10%</b>
Compensation	33%	22%	18%	12%	5%	11%	17%
Goods and services	-74%	-96%	-36%	-41%	49%	-47%	-41%
Other expenditures	-100%	-83%	-4%	-47%	2152%	273%	365%
Social benefits	-100%	-100%	-40%	-67%	-63%	-52%	-70%
Non-financial assets	-90%	-99%	-92%	-76%	-85%	-28%	-78%

However, when taking a more granular look at the variance in budgets, we can see that most spending categories have much wider variances between planned budgets and actual spending. Compensation has exceeded the government's budgets in every year since 2015; with an average overspend of 17% relative to budgets. On the other hand, expenditure on goods and services and non-financial assets are respectively, on average, 41% and 78% lower than the budgets. Indeed, between 2015 and 2020, there was no year in which expenditure met the total budget for these categories.

We can observe below the Ministry of Health's budget by source. This reveals that the proportion of the budget contributed by the Government has remained relatively stable since 2017, hovering between 59% and 62% - except in 2021, where it reached 64%. Donor funding has been less stable: it reached 17% of the budget in 2017 before falling to just 6% of the budget in 2020 after which it rebounded to

Figure 5: Ministry of Health budgets by source of funding<sup>6</sup>



12% in 2022. It is also important to highlight that the contribution from ABFA has fallen from 1.2% in 2017 to just 0.3% in 2022.

<sup>4</sup> World Health Organisation GHED, 2021

<sup>5</sup> Representing the variance between revised budgets and actual expenditures. Sources: Attorney General Consolidated Funds (2015-20)

<sup>6</sup> Ministry of Health Programme Based Budgets (PBB), 2016-2022



## Recommendations

- 1. Progressively increase or at least maintain current total health spending of 7.6% of the government's budget:** The projections of reduction of health sector funding challenge GoG's commitment to the Abuja Declaration and SDG Goals. For Ghana to meet its SDG 3 target and be on the trajectory to achieve Universal Health Coverage by 2030, the country's GP to health allocation must be increased incrementally. This effort is critical to enable the country to speed up progress in key maternal and child health indicators.
- 2. Ensure that the goods and services budget is increased and released in full, with a greater allocation to Community-Based Health Planning and Services (CHPS) to improve the quality of Primary Health Care services:** The budget for goods and services is set to drop to just 13% of the Ministry of Health's budget by 2023-25. From 2015-20, actual releases have on average been 40% below than budgets. This low allocation severely constrains delivery of key services, particularly for CHPS. Increasing the goods and services budgets and prioritizing allocations to CHPS for primary health care is essential for Ghana to achieve universal health coverage (UHC).
- 3. Ensure sustainable health care financing for Ghana through implementing sustainable financing strategies:** Ghana, like other LMICs, has experienced a dwindling and irregular inflow of donor support to finance the health sector. With the current global economic situation, Ghana must explore avenues to improve domestic resource mobilization and ensure sustainable health financing. There is the need to explore innovative and blended financing mechanisms including official development assistance (ODA) to ensure that the NHIA receives its full allocation.
- 4. Provide guidance to promote investment into interventions that tackle prevention and control of communicable diseases, neonatal health, and adolescent sexual reproductive health:** Evidence shows that communicable diseases and adolescent sexual reproductive health are costing the economy 6.9% and 3.1% of GDP respectively. The neonatal mortality rate in Ghana is 24.1 (per 1,000), which is more than double the SDG target of 12. Interventions in these areas are relatively low-cost and offer high impact.

# 1

## Progressively Increase or at Least Maintain Total Health Spending of 7.6% of the Government's Budget

The government's current plans are for a reduction in health funding, moving further from its commitment to the Abuja Declaration.



The current projection of reduced health sector funding will challenge GoG's commitment to the Abuja Declaration and SDG Goals.

The Government committed to the Abuja Declaration in 2001, in which participating governments committed to spending 15% of their budgets on health. This financial commitment is essential in order to achieve Universal Health Coverage (UHC), and improve access to essential health services.

However, the Government's current budgetary plans show a reducing trend in health spending compared to other sectors. As set out in Figure 1, the Government of Ghana's proportional allocations to the health sector are set to decline from a high of 8.1% of the budget in 2019, to just 6.4% by 2025. As in Figure 3, Ghana's performance was weak when benchmarked against LMIC comparators, spending less than most countries when considered as a proportion of GDP. It is essential that the Government prioritises healthcare sector spending to ensure it continues to achieve progress towards SDG 3.

### KEY FACT



Health funding is set to fall to 6.4% of government expenditure in 2025.





## 2

### Increase the Ministry of Health's Goods and Services Budget Allocation to at Least 10% to Support Service Delivery at Community-Based Health Planning (CHPS) to Improve the Quality of Primary Health Care services

The Ministry of Health's low allocation to goods and services severely constrains its ability to deliver critical services, particularly for CHPS.



Improved coverage of primary and promotive healthcare is critical to achieving sustainable and affordable UHC. As the backbone of primary healthcare service delivery in Ghana, CHPS facilities are the main vehicle for achieving this. However, allocations are not well balanced towards this goal. Goods and services represent an essential component of CHPS facilities, to ensure that they have the equipment, medicines and infrastructure needed to treat patients.

The Government's current spending plans indicate that the share of the budget allocated to goods and services is set to drop from 35% in 2021 to just 13% in 2023-25, as shown in Figure 4. This equates to a proportional reduction in the allocation to goods and services of 63%. At this trajectory, there is a significant risk that CHPS facilities will be unable to deliver their core mandate of providing quality primary health care services. It is essential that the Government increases its broad allocation for goods and services, dedicating at least 10% to CHPS compounds. We also acknowledge the need for capital investment, with only four new completed CHPS compounds announced in the 2022 Budget Statement<sup>7</sup>. There would, therefore, be a significant benefit from producing a medium-term cost plan to build, operationalise, and maintain CHPS compounds.

#### KEY FACT



The share of the Ministry of Health's budget allocated to goods and services is set to decline from 35% in 2021 to 13% in 2023-25.

## 3

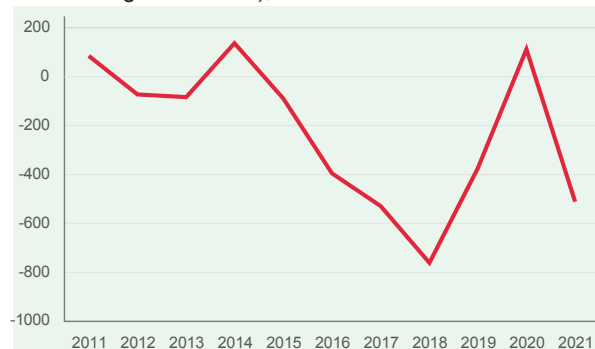
### Ensure Sustainable Healthcare Financing Through Implementation of Sustainable Financing Strategies.

The dwindling and irregular inflow of donor support to finance health sector calls for more domestic resources to finance and sustain the gains made in the health sector.



As shown above, in Figure 5, donor funding for Ghana's health sector has been inconsistent. In 2017, donor funding amounted to 17% of the health budget; this fell to 6% in 2020, before increasing to 12% in 2022. Meanwhile, the share of funding provided by the government has seen a modest increase from 48% in 2016 to 64% in 2020, dropping to 61% in 2022. In the current context of reduced Overseas Development Assistance (ODA), it would be prudent for the government to increase its share of the total health budget, both to reduce reliance on external sources, and to facilitate better long-term financial planning in the sector.

Figure 6: NHIA budget deficit (i.e., total releases minus total budget collected), GHS millions



#### KEY FACT



Since 2016, the NHIA has received GHS 2.46bn less than the amount collected.

This could be achieved, in part, by ensuring that NHIA receives its full budgetary allocation. As shown below, in Figure 6, the NHIS levy regularly records total releases that are lower than the total budget allocated. This has been the case in every year since 2014, except for 2020, when spending was affected during the pandemic.

Since 2016, releases to NHIA have fallen short of the budgeted amount by GHS 2.46 billion in nominal terms. This is funding that has been raised specifically for use by the NHIA but has not been released. In order to achieve Universal Healthcare Coverage (UHC), it is essential that NHIA's dedicated revenue streams are released in full and without delay.



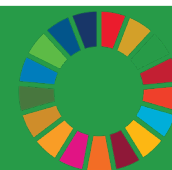
<sup>7</sup> There were seven new compounds completed in the 2022 Budget Statement. However, three of these had previously been announced in the 2021 Budget Statement.



## 4

### Issue Guidance to Promote Investment into Interventions that Tackle Prevention and Control of Communicable Diseases, Neonatal Health, and Adolescent Sexual Reproductive Health

Interventions in these areas are relatively low cost and offer high impact.



The Government's approach to programme-based budgeting is commendable. It is an important approach that facilitates a relatively decentralised model of health service delivery, which can be attuned to meet the needs of local populations. There are, however, several low-cost and high-impact interventions that are currently under-provided in the current system. The Ministry of Health, in tandem with the Ghana Health Service, could explore providing guidance to promote investment into these interventions at the local service delivery level.

The provision of adolescent sexual and reproductive health (ASRH) in Ghana is a prime example. Recent evidence<sup>8</sup> has found that the current provision of ASRH services costs the Ghanaian economy 3.11% of GDP, namely through its impact on worsening health and educational outcomes. This impact is felt most acutely by girls and women. Ghana lags other LMIC comparators in public expenditures on ASRH. The financing of ASRH services is predominantly self-funded, with just 34% of funding coming from public sources. As a result, the financing of ASRH services is largely regressive in nature, with larger proportional health financing burdens falling on poor households and rural residents.

Maternal and neonatal health treatment is another area that should be prioritised. Maternal and neonatal disorders are the largest contributors to childhood mortality and morbidity in Ghana, with associated productivity losses amounting to GHS 8.13bn in 2019<sup>9</sup>. Neonatal mortality rates have steadily improved since 1990 but remain at 27 (per 1,000 live births). Current trajectories suggest that, without an increase in funding, Ghana will miss the SDG goal of 12 neonatal deaths per 1,000 live births by 2030.

There is a similar need to provide further funding to tackle the spread of communicable diseases among children. Evidence has shown that communicable diseases resulted in productivity losses of US\$2.9bn in 2017<sup>10</sup>, equivalent to 6.9% of GDP. The 2020 Global Burden of Disease Study Database found that productivity losses of malaria (12.8%), diarrheal diseases (7.3%), lower respiratory infections (6.9%) and HIV/AIDS (4.5%) respectively in 2017.

Currently, interventions in malaria, tuberculosis and HIV are funded primarily by the Global Fund and PEPFAR. The continued high costs associated with communicable diseases are a strong indication of inadequate funding for the prevention and control of these diseases. It is important, that the Government prioritises the funding of interventions in the prevention and control of communicable diseases, particularly PMTCT and paediatric HIV, adolescent sexual and reproductive health and newborn health.

#### KEY FACT



Evidence shows that communicable diseases and adolescent sexual reproductive health are costing the economy 6.9% and 3.1% of GDP respectively



<sup>8</sup> 'Measuring the economic burden of adolescent sexual and reproductive health in Ghana', UNICEF Ghana, 2022

<sup>9</sup> UNICEF Ghana Health Budget Analysis 2020

<sup>10</sup> UNICEF Ghana Health Budget Analysis 2020