Health Budget Brief
Investing in children’s health in Rwanda
2017/2018
Preface

This health budget brief is one of four briefs that explore 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 the budget allocation for the 2017/18 fiscal year, and the adequacy of past spending under the health sector of Rwanda. The budget briefs aim to synthesize complex budget information and offer recommendations to strengthen budgeting for children.

Key messages

- Despite a nominal health budget increase, the ratio of the health budget to the national budget has declined in recent years: Over the past five years, the nominal health budget increased by 22.9 per cent, from 157.5 billion FRW in 2013/14 to 193.6 billion FRW in 2017/18. However, the ratio of the health sector budget as a proportion of the national budget shows a declining trend, from 10.8 per cent in 2014/15 to 9.2 per cent in 2017/18. Thus, the health budget is below the Health Sector Strategic Plan (HSSP) 3 target of a ratio of 15 per cent of the health budget to the national budget as well as the Abuja Declaration target.

- A high rate of budget execution indicates stronger planning and budget execution capacities of districts within the ongoing decentralization process: In 2015/16 the health budget execution rate was nearly 86 per cent at the national level and 99.6 per cent at district level.

- Declining external financing (donor funding): The health sector realized a major shift from donor-dominant financing to domestic financing. The share of external finance under the health sector was 57.2 per cent in 2013/14, while in 2017/18 it is estimated at 15.3 per cent.
1. Introduction

1.1 Understanding the Rwandan health sector

The Rwandan health sector is coordinated by the Ministry of Health (MINISANTE), whose mission is to provide and continually improve affordable promotive, preventive, curative and rehabilitative health-care services to the Rwandan population. MINISANTE is supported by the Rwanda Biomedical Centre (RBC) – an implementing agency responsible for coordinating and improving research activities in the fields of disease prevention, education and provision of treatment to people at all levels.

Health services in Rwanda are provided at various levels of the health-care system by public, faith-based, private for-profit and non-government organizations:

- **Community health**: Basic treatments are provided at health posts (HPs) and health centres (HCs), and Community Health Workers provide basic assistance at the household level.
- **District**: Upon referral from HCs, district hospitals (DHs) undertake advanced diagnosis and treatment; and
- **Province or national**: Upon referral from DHs, referral hospitals (RHs) address specialized medical diagnosis and treatment.

1.1.1 Guiding strategic documents and key targets

Table 1: Strategic documents and targets

<table>
<thead>
<tr>
<th>Strategic documents</th>
<th>Key performance indicators and targets</th>
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</thead>
</table>
| 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 |
  - Increase births in health facilities from 63 per cent (2011) to 82 per cent in 2018  
  - Reduce:  
    - Maternal mortality ratio (per 100,000 live births) from 476 (2011) to 220 in 2018  
    - Under-five mortality rate per/1,000 live births) from 76 (2011) to 42 in 2018 |
| Health Sector Strategic Plan (HSSP) |  
  - Increase percentage of births attended in a health facility from 69 per cent to 90 per cent  
  - Increase number of health centres with maternal health services from 16 per cent to 100 per cent  
  - Increase government budget for health as a share of the total budget from 11 per cent (2012) to 15 per cent by 2018 |
1.2 Health sector performance against selected indicators

Rwanda’s health sector realized impressive gains in achieving the Millennium Development Goals (MDGs), including Goal 4 on reducing child mortality and Goal 5 on improving maternal mortality (Figure 2 and Figure 3).

Between 2005 and 2014, the maternal mortality rate decreased by more than three times (from 750 per 100,000 live births in 2005 to 210 per 100,000 in 2014/15) and infant mortality fell from 152 per 1,000 live births to 50 per 1,000 in 2014/15. Table 2 presents additional indicators against which Rwanda has performed strongly in recent years.

Table 2: Key health indicators

<table>
<thead>
<tr>
<th>Key indicators</th>
<th>2000</th>
<th>2005</th>
<th>2010</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Neonatal mortality rate per 1,000 live births</td>
<td>44</td>
<td>37</td>
<td>27</td>
<td>20</td>
</tr>
<tr>
<td>Infant mortality rate per 1,000</td>
<td>107</td>
<td>86</td>
<td>50</td>
<td>32</td>
</tr>
<tr>
<td>Under-five mortality rate per 1,000</td>
<td>196</td>
<td>152</td>
<td>76</td>
<td>50</td>
</tr>
<tr>
<td>Maternal mortality rate per 100,000</td>
<td>1,071</td>
<td>750</td>
<td>476</td>
<td>210</td>
</tr>
<tr>
<td>Stunting (%)</td>
<td>51.1</td>
<td>48.3</td>
<td>44.2</td>
<td>37.9</td>
</tr>
<tr>
<td>Institutional deliveries (%)</td>
<td>27</td>
<td>28</td>
<td>69</td>
<td>91</td>
</tr>
</tbody>
</table>
However, the nutrition status among children under 5 years of age continues to be a public health concern, with stunting rates of 38 per cent at the national level, 41 per cent in rural areas and 24 per cent in urban areas.\(^5\)

Figure 4 and Figure 5 indicate the trends of stunting in Rwanda between 2005 and 2015.\(^6\)

**Key interventions to address malnutrition:**

- Strengthen multi-sectoral coordination to accelerate progress in reducing all forms of malnutrition;
- Scale up nutrition-specific interventions, including maternal, infant and young child nutrition, and micronutrient supplementation, among other priority actions;
- Implement nutrition-sensitive interventions in food-insecure areas;
- Bolster behaviour-change interventions to improve adolescent, maternal and child nutrition.
2. Trends in government spending in the health sector

2.1 Size of government spending

Rwanda’s health sector budget has increased from 157.5 billion FRW in 2013/14 to 193.6 billion FRW in 2017/18, reflecting an increase of 22.9 per cent. Despite the nominal increase, the share of the health budget to the total government budget declined from 10.8 per cent in 2014/15 to 9.2 per cent in 2017/18, and the share of the health budget to gross domestic product (GDP) decreased from 3.47 per cent in 2014/16 to 2.85 per cent in 2016/17 (Figure 6).

Figure 6: Percentage share of health budget to total budget and GDP

The budget allocation to national priority sectors selected for this budget analysis realized a decreasing trend. In addition to a decrease in health sector investment from 10.8 per cent in 2014/15 to 9.2 in 2017/18, the share of the transport budget decreased from 11.8 per cent in 2013/14 to 7.3 per cent in 2017/18, the share of the education budget fell from 15.2 per cent in 2013/15 to 11.5 per cent in 2017/18, and the share of the energy budget decreased from 11.6 per cent in 2013/14 to 4 per cent in 2017/18 (Figure 7).

This decreasing trend can be potentially attributed to an increase of the recurrent budget allocated to the newly established public institutions and reforms across government ministries and agencies.

2.2 Government spending in the health sector and other priority sectors

Figure 7: Percentage share of budget allocation to priority sectors

<table>
<thead>
<tr>
<th>Year</th>
<th>Health Budget (billion FRW)</th>
<th>Share of Health Budget to National Budget</th>
<th>Government Health Spending as % of GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013/14</td>
<td>157.5</td>
<td>10.8</td>
<td>3.47</td>
</tr>
<tr>
<td>2014/15</td>
<td>189.5</td>
<td>10.2</td>
<td>3.47</td>
</tr>
<tr>
<td>2015/16</td>
<td>180.4</td>
<td>9.7</td>
<td>3.03</td>
</tr>
<tr>
<td>2016/17</td>
<td>188.6</td>
<td>9.7</td>
<td>2.85</td>
</tr>
<tr>
<td>2017/18</td>
<td>193.6</td>
<td>9.2</td>
<td>2.85</td>
</tr>
</tbody>
</table>

Source: Calculated using National Budget Laws
While the Health Sector Strategic Plan (HSSP) aimed to increase the health budget ratio from 11 per cent in 2012 to 15 per cent in 2018, the budget has in fact declined. Therefore, a substantial increase in the budget allocated to the health sector is required to prevent undesirable effects on the realization of planned health outcomes and maintain the significant results achieved.

2.3 Health sector spending compared with other countries

A comparative analysis of health sector spending in Rwanda against that of the neighbouring Kenya, Uganda and the United Republic of Tanzania reveals that despite a slight reduction, Rwanda allocated the largest proportion of the budget towards health within period 2010 to 2014, followed by Uganda at 7.2 per cent, and Kenya at 5.7 per cent (Figure 8).

Figure 8: Government spending in comparison with other countries

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sub-Saharan Africa</td>
<td>5.8</td>
<td>5.6</td>
<td>5.5</td>
<td>5.7</td>
<td>5.5</td>
</tr>
<tr>
<td>Uganda</td>
<td>11</td>
<td>9.1</td>
<td>7.6</td>
<td>7.5</td>
<td>7.2</td>
</tr>
<tr>
<td>Tanzania</td>
<td>5.3</td>
<td>5.7</td>
<td>5.7</td>
<td>5.6</td>
<td>5.6</td>
</tr>
<tr>
<td>Rwanda</td>
<td>7.9</td>
<td>7.7</td>
<td>7.7</td>
<td>7.7</td>
<td>7.5</td>
</tr>
<tr>
<td>Kenya</td>
<td>4</td>
<td>5.2</td>
<td>5.5</td>
<td>5.6</td>
<td>5.7</td>
</tr>
</tbody>
</table>

Source: World Bank health statistics database

2.4 Changes in the health budget

The Government of Rwanda’s budget revision takes place mid-year (December–January), with the purpose of addressing emerging national priorities. From 2014/15 to 2017/18, the health budgets were revised upward in response to health-sector needs. For example, in 2014/15, the health budget was increased by 5.7 per cent, in 2015/16 it was increased by 13.1 per cent, and in 2016/17 it was increased by 0.4 per cent (Figure 9).

Figure 9: Initial vs. revised health budget

Source: Calculated using National Budget Laws
2.5 Changes in the health budget: Inflation-adjusted changes

The trend of the inflation-adjusted health budget indicates a less significant effect of inflation on the health budget. This is due to: (i) low level of inflation rates over the past four years, ranging between 1.8 per cent and 5.9 per cent; and (ii) annual nominal increase of the health budget, which curbed the inflationary effect (Figure 10).

Figure 10: Nominal and inflation-adjusted government health budget

Source: Calculated using National Budget Laws

2.6 Health sector priorities: Budget trends for selected programmes

The Third Health Sector Strategic Plan (HSSP 3) defines the following priorities for the health sector:

- Sustain the achievements in the fight for maternal and child health and against infectious diseases, and invest in prevention and control of non-communicable diseases;
- Improve access to health services (financial, geographical, community health);
- Improve the quality of health provision (quality assurance, training, medical equipment, supervision);
- Reinforce institutional strengthening (especially towards district health services, DHUs); and
- Improve the quantity and quality of human resources for health (planning, quantity, quality, management).
A large amount of the health budget over the past five years has been allocated to financial and geographic accessibility of health services, which include health infrastructure, subsidization to health insurance and performance-based financing (PBF). Financial and geographic accessibility of health services was allocated 43.3 billion FRW in 2017/18, indicating an increase of 20.9 per cent when compared with the 2016/17 budget. Procurement and distribution of medical equipment, the second-largest health programme, with 38.7 billion FRW in 2017/18, significantly increased when compared with 2016/17. Disease prevention and control takes the third position, as it was allocated 15.1 billion FRW. This includes vaccination against preventable diseases, HIV prevention and fighting epidemic infection diseases. The budget allocation for health human resources priority programme declined from 13.1 billion FRW in 2016/17 to 7.5 billion FRW in 2017/18 (Figure 11).

2.7 Budget allocated to nutrition-specific interventions

Malnutrition and stunting remain public challenges, and the Government of Rwanda, through the Ministry of Health (MINISANTE), Ministry of Agriculture (MINAGRI)/Rwanda Agriculture Board (RAB) and Ministry of Local Government (MINALOC)/Local Administrative Development Agency Government (LODA), has established specific budget lines to address nutrition challenges. From 2014/15 to 2016/17, the budget allocated to the nutrition programme has doubled (from 4 billion FRW to 8.2 billion FRW); however, in 2017/18, the budget allocated to nutrition-related interventions was significantly reduced and reached 5.9 billion FRW (Figure 12).

While the analyzed budgets for nutrition under this brief include only government allocations, there are numerous stakeholders involved in fighting malnutrition and stunting countrywide. Mapping of all off-budget investments is required to achieve understanding of the scale of spending for this national priority, to ensure equitable access to nutrition services across the country and avoid overlap and duplication.
3. Composition of health spending

3.1 Budget allocation by the Ministry of Health, agencies and districts

Health spending comprises budgets allocated to: Ministry of Health, Rwanda Biomedical Centre (RBC), referral hospitals and districts. RBC has been allocated a larger proportion of the health budget; however, RBC faced a decline in its budget allocations from 102.2 billion FRW in 2015/16 to 85.7 billion FRW in 2017/18, reflecting a reduction of 16.1 per cent. MINISANTE was allocated a considerable proportion of the budget – 59.2 billion FRW in 2017/18 – a slight increase in comparison to 2016/17. The budget allocated to districts shows an increasing trend; districts were allocated 40 billion FRW during 2017/18, indicating an increase of 16.6 per cent compared to 2014/15 budget (Figure 13).

3.2 Health budget per economic activity

The share of the development budget declined from 75.8 per cent of the total health budget in 2013/14 to 54.7 per cent in 2017/18. The decrease in the development budget is partly explained by a significant reduction in external financing to the health sector and a recent increase of recurrent costs associated with the increase in performance-based financing and other incentives offered to Community Health Workers (Figure 14).

To increase the decentralization of health services as well as to enhance equity, the Government of Rwanda will have to increase the budget allocated to districts and referral hospitals.
4. Budget execution

The available data indicate a decreasing trend in the annual budget execution rates, from 105 per cent in 2012/13 to 86 per cent in 2015/16. The district-level execution data were published for the first time in 2015/16 and indicated a high level of execution, at 99.6 per cent (Figure 15).

Figure 15: Budget execution rate

<table>
<thead>
<tr>
<th>Year</th>
<th>National budget execution (%)</th>
<th>% budget execution (health agencies)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012/13</td>
<td>105.7</td>
<td>93.8</td>
</tr>
<tr>
<td>2013/14</td>
<td>93.8</td>
<td>96.3</td>
</tr>
<tr>
<td>2014/15</td>
<td>87.1</td>
<td>101.2</td>
</tr>
<tr>
<td>2015/16</td>
<td>86</td>
<td>97.3</td>
</tr>
</tbody>
</table>

Source: Calculated using National Budget Laws

Availability of budget execution reports by spending agencies, programmatic and functional areas is required to strengthen monitoring of the health budget execution.
5. Financing of the health sector

Health-sector financing experienced a major shift from externally dominant financing to primarily domestic ownership. In the 2013/14 fiscal year, the external financing was more than a half of the national health budget (59.6 per cent) and has declined to estimated 15.3 per cent in 2017/18 budget (Figure 16).

Figure 16: Share of external financing to national budget

Rwanda has maintained consistent investment in health and other social sectors through domestic revenues amid external aid decline. Innovative approaches need to be devised to increase level of investment, including through broadening the tax base and private sector engagement.

6. Policy issues

1. Increased cost of health services

In December 2016, the Government of Rwanda increased the prices of health services. As a result, RAMA/RSSB health insurance (mostly covering government employees and their dependents) experienced an increase of 25 per cent, whereas population covered by MMI (mostly in national services) and private health insurance holders saw an increase of 15 per cent or more. While increasing health coverage costs will improve the quality of services provided by health facilities, it will also increase out-of-pocket expenses and can disproportionately affect the poorest households and individuals without any health insurance.

2. Malnutrition

Combating the high rates of stunting among young children, which stand at 38 per cent at the national level, have been highly prioritized by the Government of Rwanda. The disparities in stunting rates among the populations in rural and urban areas (with stunting rates of 40.6 and 23.8 respectively) require continued attention and an increased resource allocations that will adequately address the needs in rural areas and the most vulnerable districts.
Endnotes


4. To follow antenatal care, women after delivery and children younger than 9 months old, malnutrition screening, provision of contraceptives, preventive and behaviour change activities.


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