



2025/2026 HEALTH  
SECTOR BUDGET BRIEF

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# Health Sector Financing

Analysis and Strategic  
Recommendations (FY2025/26)



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**HEALTH SECTOR FINANCING: ANALYSIS AND STRATEGIC RECOMMENDATIONS (FY2025/26)**

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# Health Sector Financing

## Analysis and Strategic Recommendations (FY2025/26)

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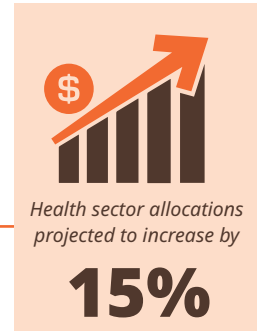
# KEY MESSAGES & RECOMMENDATIONS

## 1. Budget Growth and Per Capita Investment

Health sector allocations are projected to increase by 15% in both nominal and real terms—from UGX 4,006 billion to UGX 4,591 billion (nominal), and from UGX 3,057 billion to UGX 3,501 billion (real), respectively. This growth is driven by increased government and external financing. However, it remains misaligned with Uganda’s annual population growth rate of 2.9%.

### RECOMMENDATION

To accelerate progress toward achieving health-related Sustainable Development Goals (SDGs), Uganda must at least double current health sector investments to match demographic pressures and service delivery needs.

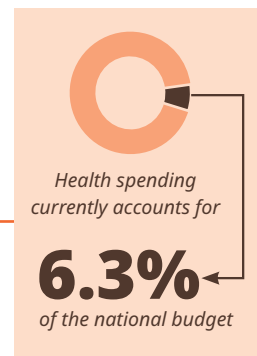


## 2. Budget Share and GDP Allocation

Health spending is projected to increase marginally from 5.6% to 6.3% of the national budget in FY2025/26, while remaining stagnant at 1.8% of GDP.

### RECOMMENDATION

The government should ensure that health sector budget growth is proportionate to the overall national budget growth. A significant scale-up in investment is required to meet the evolving health needs of the population.

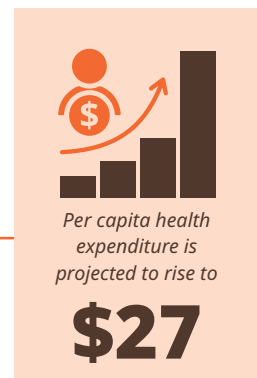


## 3. Per Capita Health Spending

Per capita health expenditure is projected to rise modestly from USD 23.6 to USD 27, far below the Universal Health Coverage (UHC) benchmark of USD 86. This reflects slow budget growth relative to rapid population expansion.

### RECOMMENDATION

To realize the benefits of a growing population and meet the minimum health benefit package, Uganda must substantially increase per capita health spending. Doubling current health spending will be ideal for optimum results.

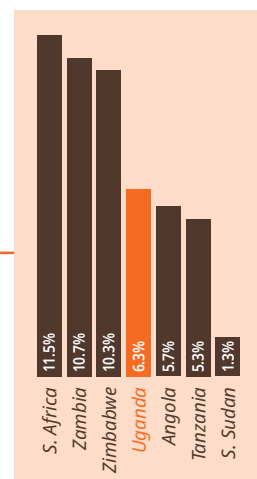


## 4. Regional Benchmarking

Uganda ranks among the lowest in the region in terms of health spending as a proportion of government budgets, trailing only Angola, Tanzania and South Sudan.

### RECOMMENDATION

Uganda should enhance its health sector investment to align with regional standards and improve health outcomes for its citizenry.



## 5. Primary Health Care (PHC) Investment

PHC spending remains low, projected to decline from 28.2% (UGX 1,130.12 billion) in FY2024/25 to 26.7% (UGX 1,225.17 billion) in FY2025/26.

### RECOMMENDATION

As the foundation of the health system, PHC requires adequate funding to deliver high-impact, cost-effective interventions and reduce pressure on tertiary care facilities.



PHC spending is projected to decline by

**95.1b**

## 6. Rising Arrears

Arrears in FY2025/26 are projected to reach UGX 101.74 billion (2% of the health budget), a dramatic increase of 9,149% from UGX 1.1 billion in FY2024/25. This reflects accumulated unpaid obligations and was flagged as a risk in the 2024 Auditor General's Report.

### RECOMMENDATION

The sector must prioritize timely payment for goods and services to avoid supplier incapacitation and speculative pricing, which could inflate future costs and disrupt service delivery.



In FY2025/26 arrears are projected to reach

**101.7b**

from 1.1b in FY2024/25

## 7. Budget Execution Challenges

While most institutions perform adequately in spending against releases, the Ministry of Health continues to face challenges—particularly with external financing—due to poor absorption and delayed disbursements.

### RECOMMENDATION

Strengthening institutional capacity to plan and execute externally financed programs is essential to avoid cost accumulation and ensure value for borrowed resources.



Budget absorption remains low for the Health sector.

## 8. Equity in Resource Allocation

Per capita health spending shows weak correlation with multi-dimensional child poverty and infant mortality rates. Regions with higher deprivation do not necessarily receive proportionately higher allocations.

### RECOMMENDATION

The government should integrate multi-dimensional poverty and health outcomes into the resource allocation formula to ensure equitable access to health services for all children.



Weak relationship between per capita health spending and infant mortality rates

## 9. External Financing Trends

External financing remains a significant contributor to the health budget—UGX 1,283.2 billion in FY2024/25, projected to increase slightly to UGX 1,370.8 billion in FY2025/26—with support from the Global Fund, GAVI, and Saudi Arabia.

### RECOMMENDATION

While external support is valuable, the government must ensure it complements rather than substitutes domestic financing. Building resilience through increased domestic investment is critical to mitigate risks from potential aid fluctuations.



External financing is projected to increase

**87.6b**

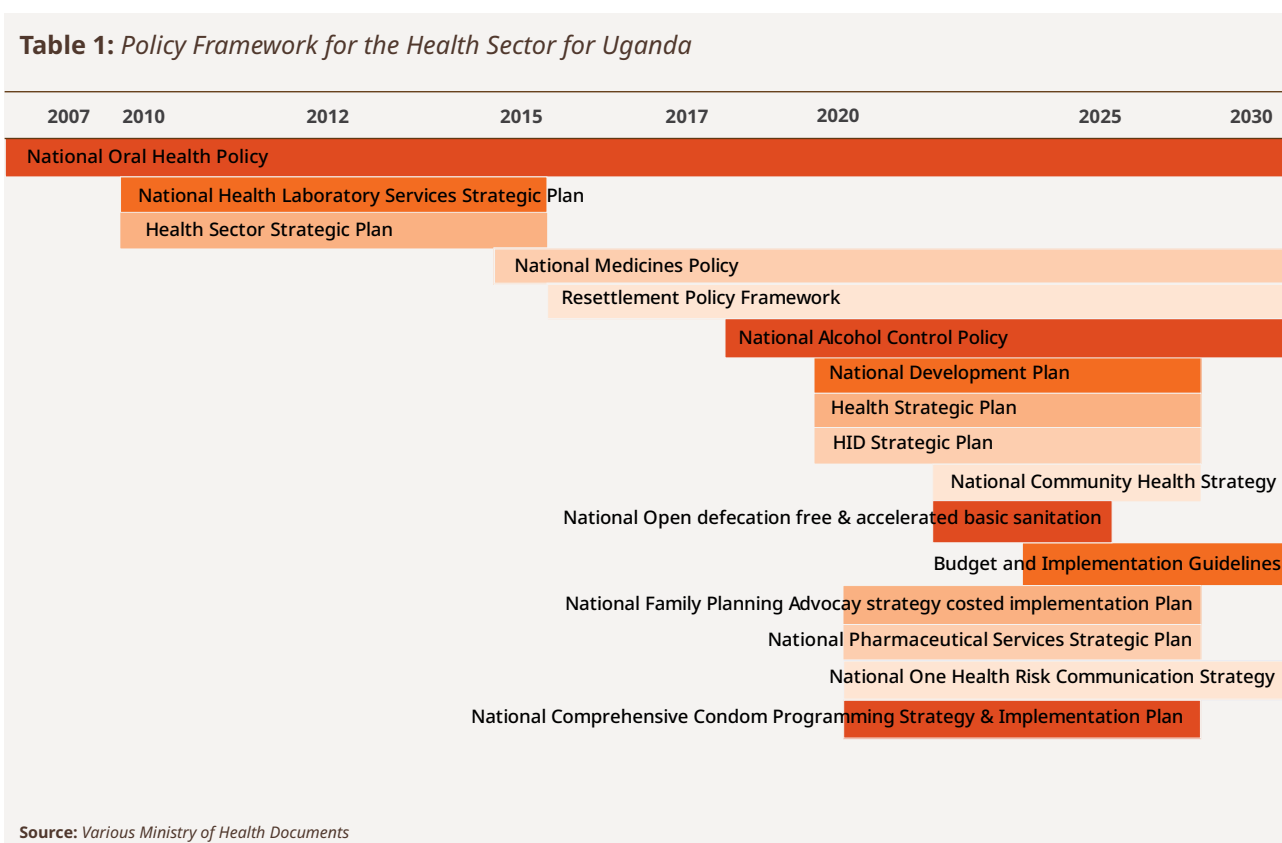
# 1. INTRODUCTION

This budget brief examines how the 2025/26 National budget responds to the needs of the health sector. The brief assesses the size and composition of public spending on health and highlights spending trends, efficiency, effectiveness, equity, and adequacy of 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 2025/26. **All figures up to 2023/2024 are based on the Annual Budget Performance Reports, while 2024/25 and 2025/26 are as per the Approved Budget.**

# 2. OVERVIEW OF THE HEALTH SECTOR

## 2.1 Sector Strategic Framework

The Health Sector in Uganda continues to have relevant policies and guiding frameworks, which have helped with sector coordination. The different policy frameworks, stretching over the medium to long term, are rooted in many developments, including the country’s 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.



## 2.2 Key Developments in the Health Sector in Uganda

Uganda has experienced positive gains in health outcomes in recent years, in the context of many challenges. According to the UDHS (2022), maternal mortality ratio reduced by 44% from 336/100,000 live births in 2016 to 189/100,000 live births. Under-five mortality rate reduced by 18.5% from 64/1,000 in 2016 to 52/1,000 live births in 2022, and infant mortality rate reduced by 16.3% from 43/1,000 in 2016 to 36/1,000 live births in 2022. In addition, neonatal mortality rate also reduced by 18.5% from 27/1,000 to 22/1,000 live births (see Table 2).

**Table 2: Some Key Health Indicators**

Health Indicator	2016 (UDHS Report)	2022 (UDHS Report)
Maternal mortality rate per 100,000 live births	336	189
Neonatal mortality rate per 1,000 live births	27	22
Infant mortality rate per 1000 live births	43	36
Under-5 mortality rate per 1000 live births	64	52
Prevalence of Teenage Childbearing (15-19 years, %)	25	23.5
Pregnancy related Mortality rate per 100,000 live births	368	228
Basic vaccination coverage (%; 12-23 months aged)	55	63
Antenatal Care Coverage (4+ ANC Visits)	73	68
Prevalence of stunting in children under 5 years of age (%ge)	29	26
Prevalence of Wasting in children under 5 years of age (%ge)	4	2.9
Prevalence of Underweight in children under 5 years of age (%ge)	11	10.2
Prevalence of Overweight in children under 5 years of age (%ge)	4	2.8

Source: UDHS report 2022

**Life expectancy at birth increased from 63.7 years in 2014 to 68.2 years in 2024**, though it fell short of the NDP III target 68.7 years<sup>1</sup>. This is attributed to reduction in childhood mortality rates as they are core in determining the life expectancies at birth, as well as increased effectiveness of other health and welfare interventions. **The proportion of mortality due to communicable diseases (Malaria, AIDS and TB) has also progressively reduced to 40.5% in FY 2023/24 compared to 50.8% in FY 2022/23** though above the planned target of 35% for FY 2023/24<sup>2</sup>.

**Despite these many positive developments, many challenges still abound for the health sector in Uganda, mainly due to many shocks. TB and malaria incidences are still high** although there was a reported 21% reduction in confirmed malaria cases to 230/1,000 population in FY 2023/24 compared to 375/1,000 in FY 2022/23. This was due to the very low utilization of ITNs despite household coverage being at 99% after mass net distribution<sup>3</sup>. **The coverage of the Measles-Rubella 2 (MR2) is still very low at 41%** implying that many children have not completed their full vaccination doses.<sup>4</sup>

**The high disease burden continues to hinder progress in the health sector.** According to the 2023/2024 Annual Health Sector Performance Report, Neonatal conditions have remained the leading cause of health facility deaths among all ages, accounting for 9.4% compared to 10.3% in FY 2022/23; followed by pneumonia (8.2%); malaria (6.5%), premature baby (4.8%); anaemia (4.5%); and hypertension (2.8%).

**Mental health conditions contributed 1% of all Outpatient Department attendances in FY 2023/24<sup>5</sup>. Up to 23.5% of adults 18 – 69 years have hypertension.** And what is of major concern is that 84.3% of population with raised blood pressure are not on medication for raised blood pressure and **the proportion of the same age group with diabetes has increased from 1.8% in 2014 to 3.3% in 2023<sup>6</sup>.**

1 Census Report, 2024. <https://www.ubos.org/wp-content/uploads/2024/12/National-Population-and-Housing-Census-2024-Final-Report-Vol-ume-1-Main.pdf>, Page 82

2 Annual Health Sector Performance Report 2023/24. <https://library.health.go.ug/monitoring-and-evaluation/annual-quarterly-performance-reports/annual-health-sector-performance-8>, Page 7

3 Annual Health Sector Performance Report 2023/24. *ibid*, 32

4 Annual Health Sector Performance Report 2023/24. *ibid*, Page 35

5 Annual Health Sector Performance Report 2023/24. *ibid*, Page 24

6 Annual Health Sector Performance Report 2023/24. *ibid*, Page 8

**Uganda's health insurance coverage is still very low, at 1.1% of the household population<sup>7</sup>.** This imposes a huge burden on citizens, thus the need to fast track legislation on the National Health Insurance Scheme, promote affordable health insurance schemes for complementary packages, and providing incentives for both private and public health insurance providers that can help increase coverage to reduce out-of-pocket expenses for families<sup>8</sup>.

**Alcohol consumption in Uganda is still high with 31.1% of population 18 – 69 years being current drinkers (past 30 days) compared to 28.5% in 2014<sup>9</sup>.** 10.9% of the same population consumes alcohol daily, while 4.4% are high-end level drinkers compared to 3.4% in 2014. 5% of the same population experienced family/partner problems due to someone else's drinking.

**The high patient volume at the Regional Referral Hospitals is affecting the quality of care and contributing to the high stock out of commodities has remained a challenge.** In terms of workload, Regional Referral Hospitals have the highest patient load per hospital, at 94,223 average Outpatient attendances per year compared to 31,529 at General Hospitals, 19,951 at HC IVs/Community hospitals and 9,022 at HC IIIs. There is need to establish a gatekeeping mechanism to allow referral hospitals provide quality secondary and tertiary care services **through strengthening the HC IV level to deliver the expanded range of services as per the Uganda Essential Health Care Package 2024<sup>10</sup>.**

#### KEY TAKEAWAYS

- The health sector is making huge gains in addressing some of the root causes of mortality in the country, though headwinds remain.
- Mental health conditions contributed 1% of all Outpatient Department attendances, an increase of 16% observed in FY 2023/24.in
- Preparedness of the primary health care system to respond to changes in the health context remains challenging, mainly on account of limited staff, and high patient loads at Regional referral hospitals.
- Neonatal conditions have remained the leading cause of health facility deaths among all ages accounting for 9.4%, followed by pneumonia (8.2%); malaria (6.5%), premature baby (4.8%); anaemia (4.5%); and hypertension (2.8%).



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7 Census Report, 2024. *ibid*, Page 62

8 Census Report, 2024. *ibid*, Page 11, Page 15

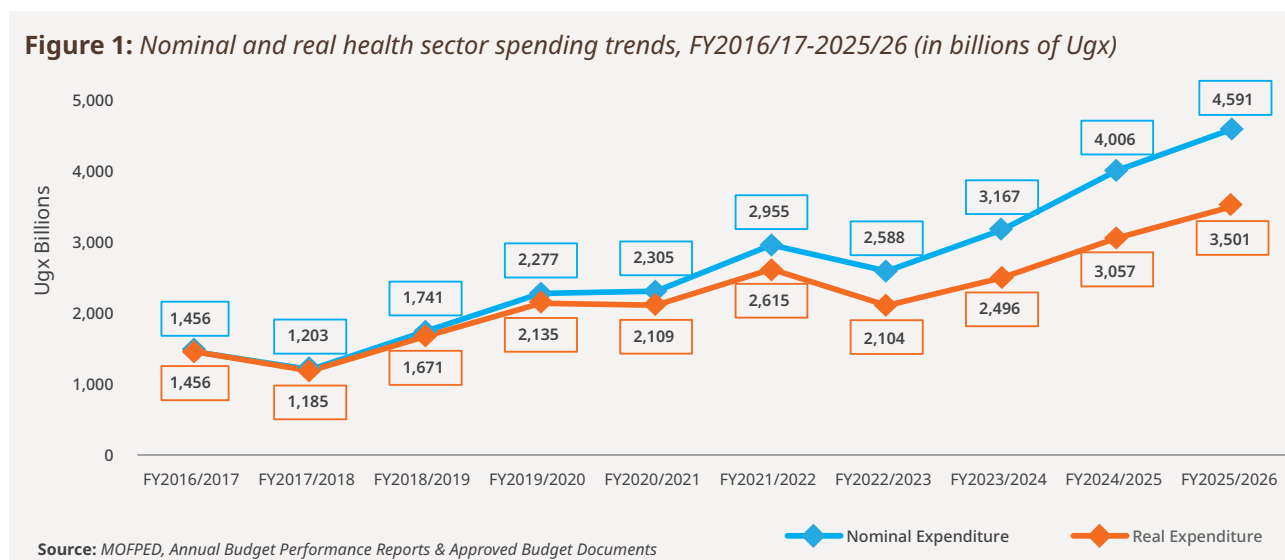
9 Annual Health Sector Performance Report 2023/24. *ibid*, Page 8

10 *ibid*, Page 17

### 3. HEALTH SPENDING TRENDS

#### 3.1 Nominal and Real Health Spending Trends

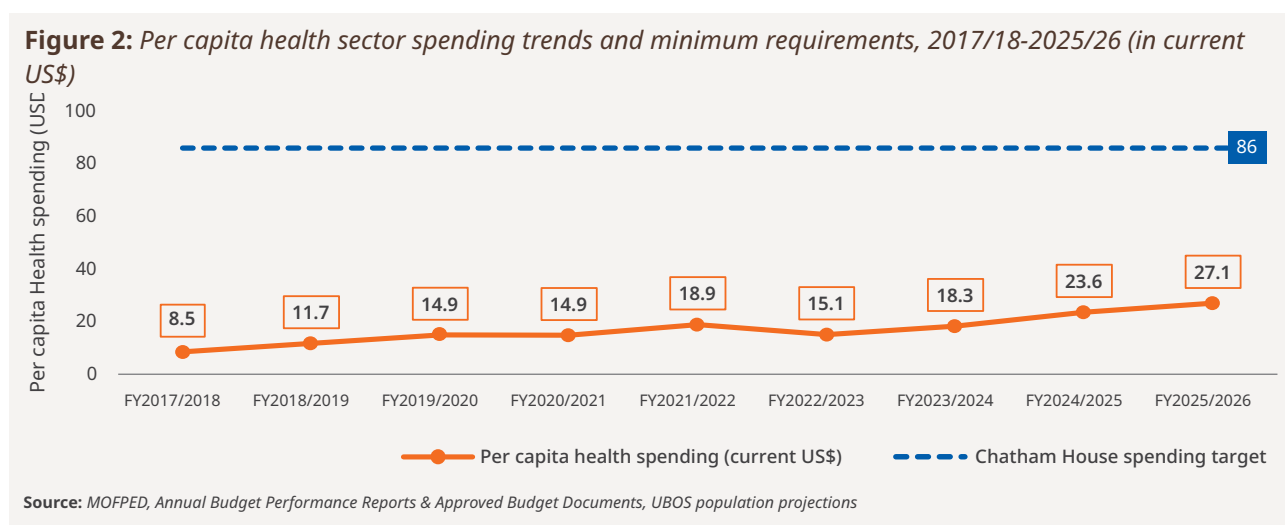
Total health sector spending is projected to increase, maintaining a general increasing trend since 2016/17. Compared to 2024/25, health spending is projected to increase by UGX585 billion, from UGX4,006 billion to UGX4,591 billion in 2025/26 in nominal terms. In real terms, health spending is also projected to increase by UGX444 billion. Figure 1 below provides a summary of the trends in the health sector spending since 2016/17.



Health spending has maintained an upward trend since 2016/17 (see Figure 1 above). However, there was a dip in spending in 2022/23, a period that coincided with the end of COVID-19. This was mainly as a result of the normalization of external financing which had been elevated due to the need to finance COVID-19 interventions.

#### 3.2 Per Capita Health Spending

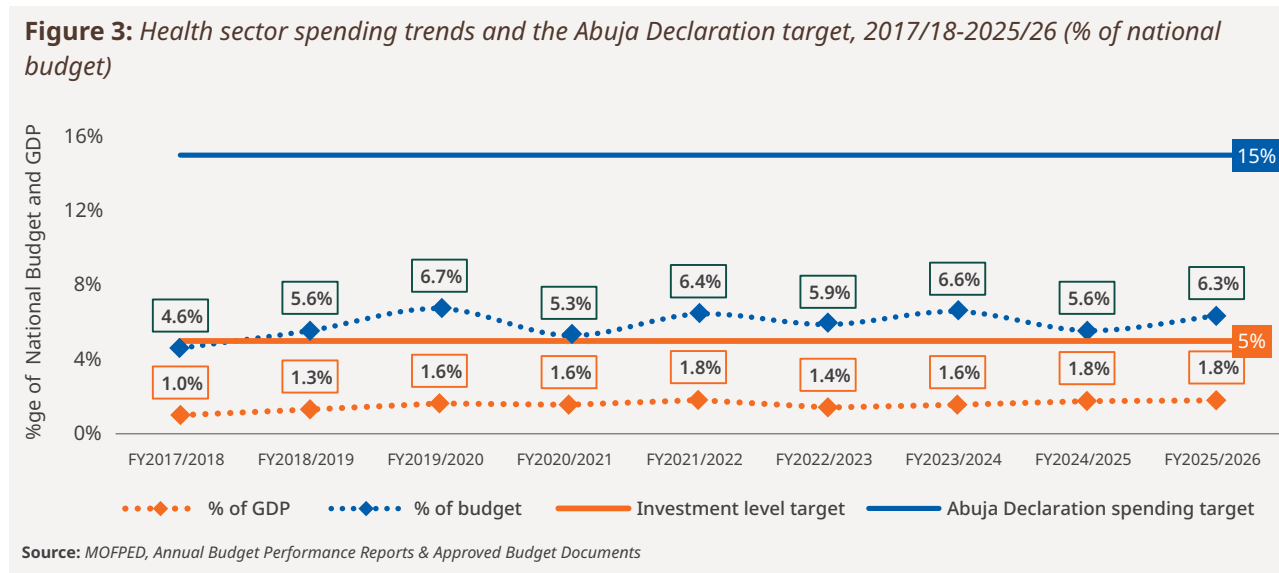
Uganda's per capita spending on health remains way below the expected threshold. Uganda is spending at approximately 31.5% of the expected threshold, at only USD 23.6 in 2024/25 and USD 27.1 in 2025/26 (See figure 2 below).



Despite the slight improvement in total health sector spending by about 4 times since 2017/18, growth in per capita spending has been only 3 times, mainly on account of high population growth, at 2.9%.

## 1.1 Spending Against International Targets

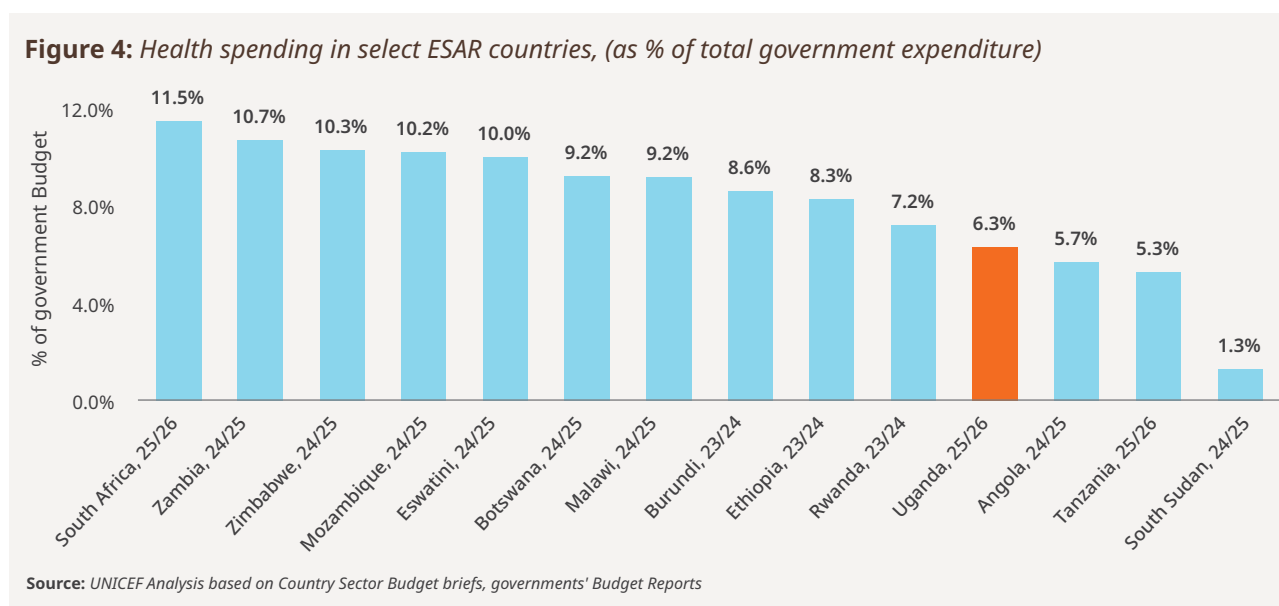
**Uganda's Spending on Health still lies below all international targets.** Uganda's spending on health is projected at 6.3% in FY 2025/2026, up from 5.6% in FY 2024/2025, levels that are less than half of the Abuja spending target. This slight increase is mainly a result of both the increase in the total health budget as well as an increase in the total national budget (see Figure 3 below).



**As a proportion of GDP, Uganda continues to trend below 2%, against an investment target of 5%.** Again, this is half of the expected spending proportion to GDP, with the potential to derail Uganda's ability to accelerate progress towards SDG targets.

## 3.3 Spending Against ESAR Countries

**Uganda remains one of the lowest-spending countries in the East and Southern African Region as a proportion of total annual health spending.** Uganda's health spending as proportion to the government budgets is the fourth lowest, only better than South Sudan (1.3%), Tanzania (5.3%) and Angola (5.7%) at 6.3% (see figure 4 below). There is need for Uganda to improve its health spending to align with its regional counterparts, including South Africa, Zambia, Zimbabwe, Mozambique and Eswatini who are spending double digit.



## KEY TAKEAWAYS

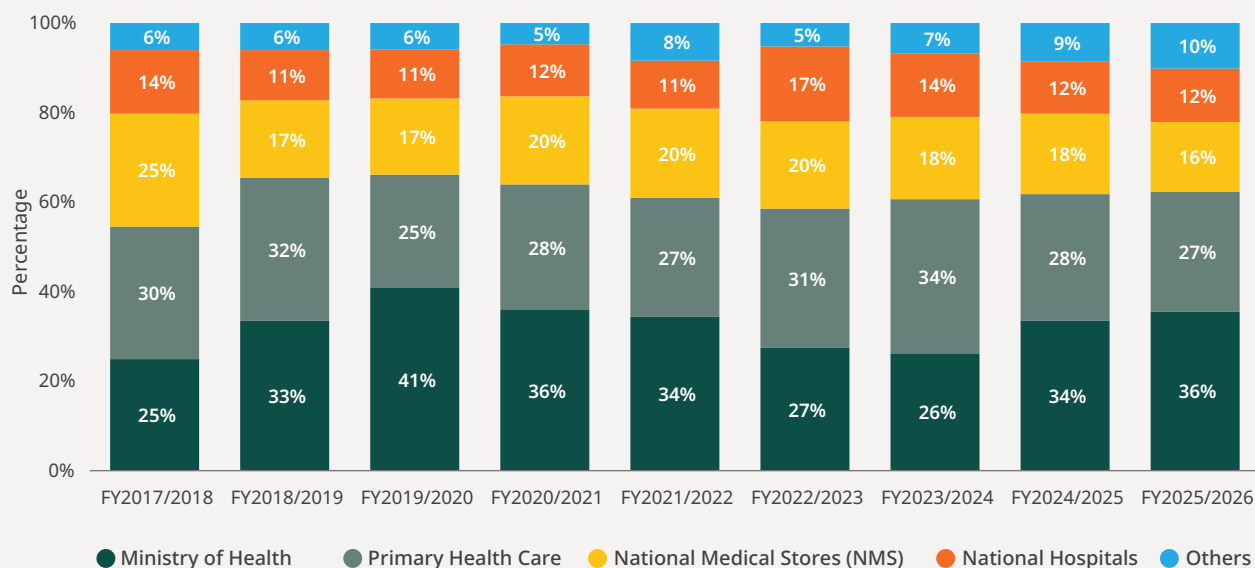
- Total health sector funding has been increasing over the years and is further projected to increase to UGX4.5 trillion in 2025/26. The growth is mainly driven by growth in both Government Financing and external financing.
- Per capita health spending has slightly increased to \$27 per person, way below the required \$86 required to achieve universal health coverage.
- Spending on health has remained below international targets, with 6.3% of total spending in 2025/26 and stagnated at 1.8% of GDP, against targets of 15% and 5% respectively.
- Uganda remains one of the lowest-spending countries as a proportion of total annual health spending in the region.

## 4. COMPOSITION OF HEALTH SPENDING

### 4.1 Spending by Institution

The Ministry of Health (MOH) accounts for the highest proportion of the funds spent in the health sector. This is mainly because of the Ministry's status as a recipient of external financing, which is then spent across Ministries, Departments and Agencies (MDAs). On the other hand, funding through local governments for Primary Health Care has remained largely constant at just above a quarter of the total sector resources and projected to decline from 28% in 2024/25 to 27% in 2025/26.

**Figure 6.** Health sector spending by institution, FY2017/18-2025/26 (as % of sector budget)



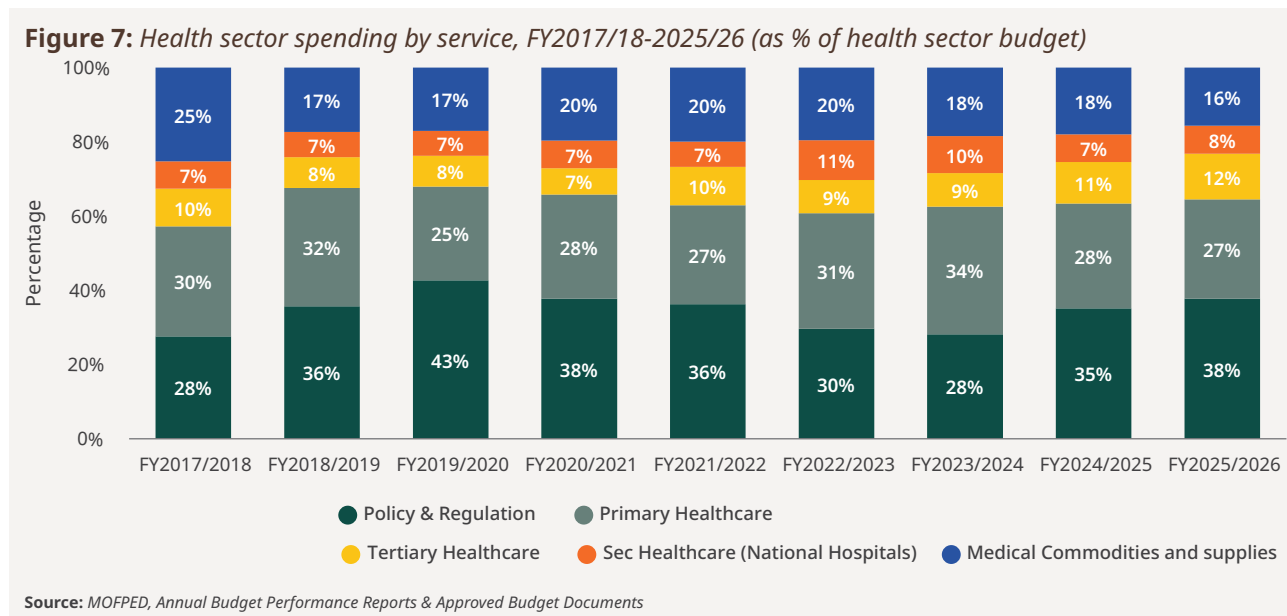
Source: MOFPED, Annual Budget Performance Reports & Approved Budget Documents

Funding for National Medical Stores has been fluctuating, with the lowest of 16% of total health spending projected in FY 2025/26 (see Figure 6), a decline from the 18% allocation in 2024/25. This is on account of removal of funds from the development budget on “the Retooling of National Medical Stores<sup>11</sup>” which accounted for UGX 5.99 billion in 2025/26. Spending on National Hospitals is projected to remain the same as in 2024/25, with 12% funding projected in 2025/26.

11 Draft Budget Estimates Report 2025/26. [https://budget.finance.go.ug/sites/default/files/National%20Budget%20docs/Draft%20Budget%20Estimates%20for%20Central%20Government%20Votes%20Vol.%201%20FY%202025-26\\_0.pdf](https://budget.finance.go.ug/sites/default/files/National%20Budget%20docs/Draft%20Budget%20Estimates%20for%20Central%20Government%20Votes%20Vol.%201%20FY%202025-26_0.pdf) , Page 1324

## 4.2 Spending by Service

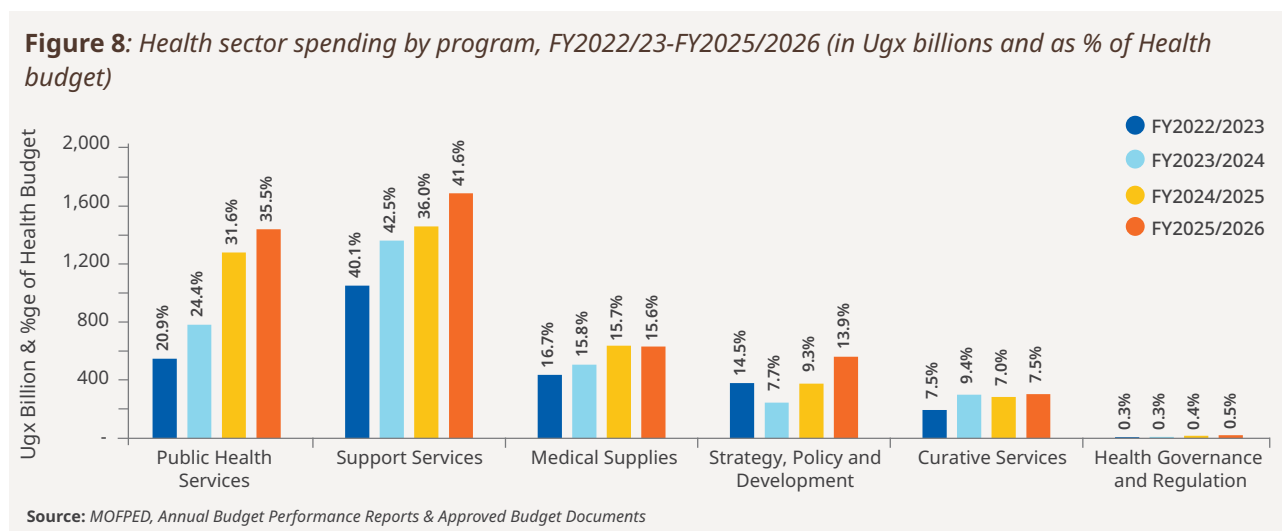
**Spending on Primary Health Care has continued to be low, below a third (27%) of total healthcare spending over the years.** As Primary Healthcare is the backbone of the health system, adequate funding is critical to ensure adequate service provision at that level to relieve higher levels of service delivery to provide service to more complex health services. However, funding for tertiary health is projected to increase from 11% to 12%. A rebalance is very critical to ensure that focus is not lost by moving away from low-cost high-impact primary health care interventions that cater for the majority of the population.



The policy and regulation spending is mostly the expenditure through the Ministry of Health, which is largely influenced by external financing which the Ministry receives on behalf of most MDAs.

## 4.3 Spending by Program

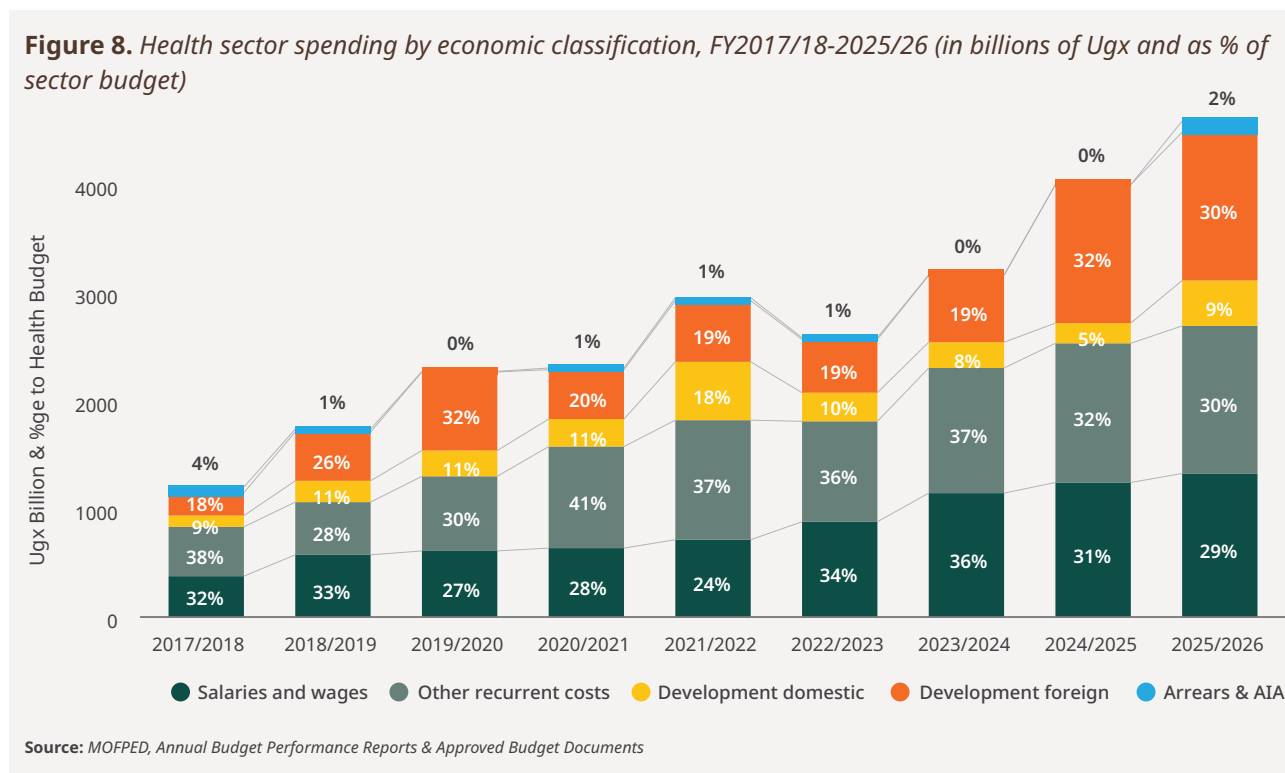
**The support services (including medical staff salaries) program's spending continues to dominate the health sector spending, and is projected to increase by UGX 226.4billion from 36% (UGX1.44 Trillion) in 2024/2025 to 41.6% (UGX1.67Trillion) in 2025/2026,** though lower than the 43% in 2023/24. Public Health Services program has also been on an increasing trend with budget allocation of UGX 1,423.1 billion (36%) in 2025/2026 over the years under review.



**The Strategy, Policy and Development program is projected to increase to 13.9% of the health sector Budget in 2025/26 from 9.3% in 2024/25.** This is mainly due to increases in the Uganda Cancer Institute budget by UGX 78.4 billion mainly for the Uganda Cancer Institute Project II, Ministry of Health budget by UGX 75.3 billion mainly for the Rehabilitation and Construction of General Hospitals. This is complemented by the Local governments vote 12, projected to increase by UGX 28.2 billion for the development budget on facility upgrades (+UGX3.99 billion), Formula and Performance (+UGX24 billion) and Transitional health adhoc (+UGX186 million)<sup>12</sup>.

#### 4.4 Spending by Economic Classification

**The health foreign development budget is crowding out domestic development spending.** Between 2018/19 and 2022/23, domestic development spending was at least 10% of the total sector budget, reaching its peak at 18% in 2021/22. However, as foreign development spending grew, doubling from 19% in 2022/23 to 30% in 2025/26, domestic development spending began to shrink, to 8% in 2023/24 and further to 5% in the approved 2024/25. However, there's a projected increase to 9% of the sector budget in 2025/26 (see Figure 8 Below).



As shown in Figure 8 above, both non-wage recurrent and wages and salaries have all trended below a third of total annual spending, each projected at 30% and 29% of the total sector budget in 2025/26 respectively.

**Arrears in FY 2025/26 are projected to stand at 2% (UGX 101.74 billion) of the total health budget, projecting a budget increase of 9,149% compared to the 2024/25 Approved Budget (UGX 1.1 billion).** This reflects accumulated unpaid obligations for goods and services provided in the same year, a development that was also noted in the 2024 Auditor General's Report as a risk for the health sector<sup>13</sup>.

12 Draft Budget Estimates Report 2025/26. <https://budget.finance.go.ug/sites/default/files/National%20Budget%20docs/Draft%20Budget%20Estimates%20for%20Local%20Governments%20Vol.%202%20FY%202025-26.pdf>, Pages 68-71

13 Office of the Auditor General's Report. <https://parliamentwatch.ug/wp-content/uploads/2025/01/OAG-REPORT-2024.pdf>, Pages 328, 362, 382, 403, 413, 414, 418, 492 and 529.

## KEY TAKEAWAYS

- Spending on primary health care constitutes less than a 3rd of total annual spending, projected at 27% in 2025/26.
- Health domestic development spending is projected to decline to its lowest from the 2021/22 level of 18% to 9% in 2025/26.
- Domestic arrears are standing out as one of the biggest problems in the health sector, with a projected budget increase of 9,149% in the 2025/26 Approved Budget compared to the 2024/25 Approved Budget, reflecting accumulated unpaid obligations for goods and services provided in the same year.



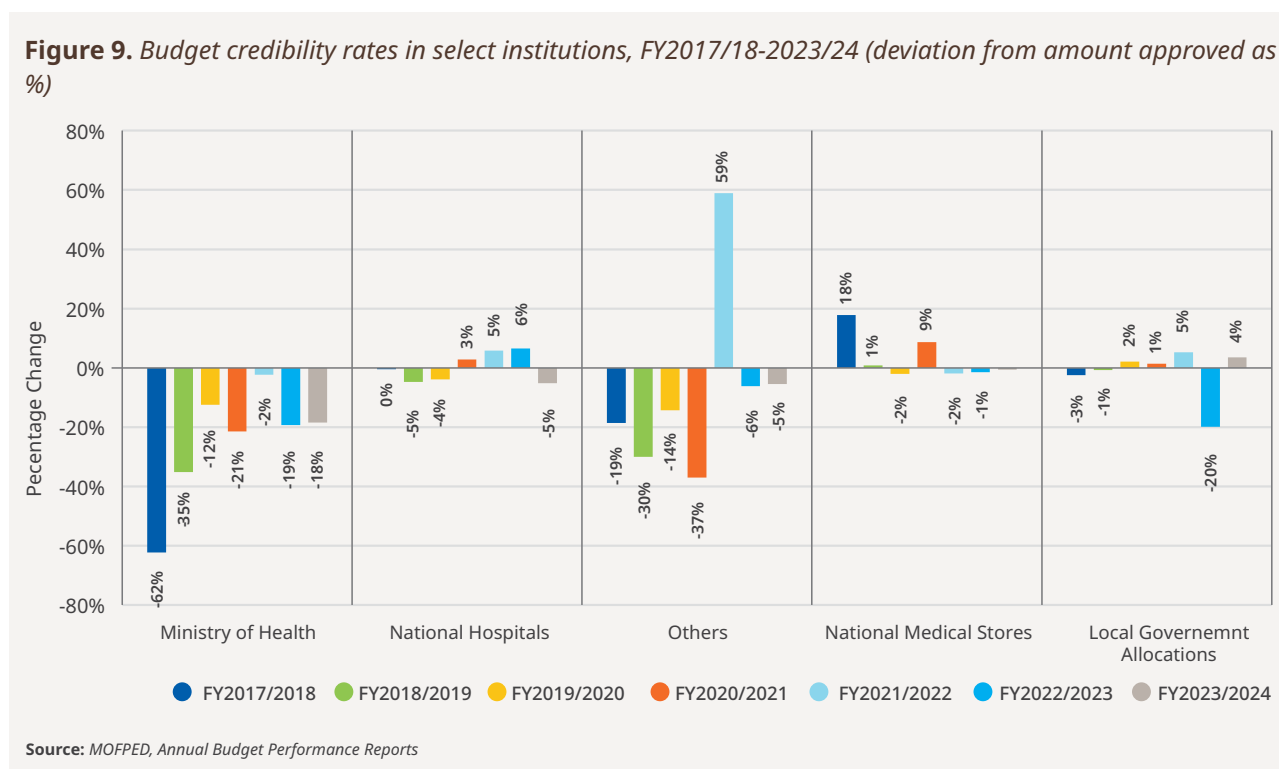
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## 5. BUDGET CREDIBILITY AND EXECUTION

### 5.1 Budget Credibility

#### 5.1.1 Budget Credibility Rates in Select Institutions

The release of budgets has continued to be a big challenge for the Ministry of Health. Though the Ministry of Health had registered a release of 98% of its approved budget in 2021/22, in 2022/23 the situation began to worsen, with only 81% of the budget released for spending. However, there was a slight improvement in 2023/24 with a release of 82% of the budget. This improvement in releases between 2022/23 and 2023/24 is attributed to the additional allocations in the non-wage budget, introduced through the supplementary budget for budget outputs “Medical Interns’ Coordination and Senior House Officer Coordination” under Curative services and “Facilities and Equipment Management” under Public Health Services<sup>14</sup> (see Figure 9 below)



As shown above, National Hospitals and National Medical Stores generally received nearly all the approved resources. **As for Local Governments, there was an over release of the Primary Health Care budget against the approved budget, specifically for Primary Health Care development projects.**

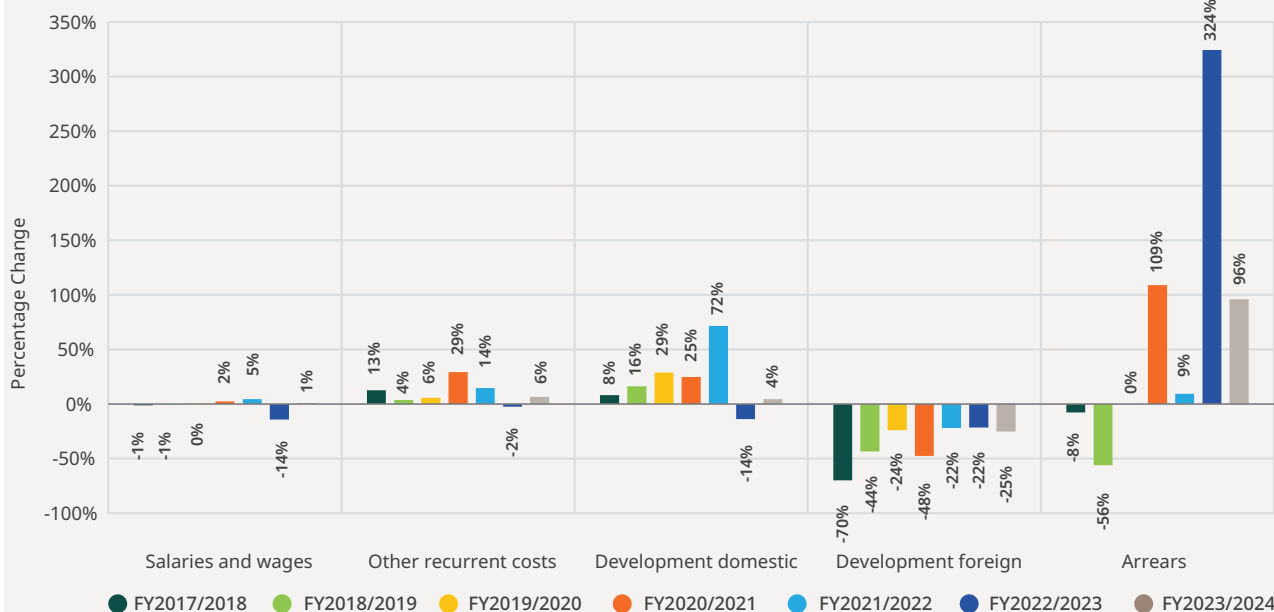
#### 5.1.2 Budget Credibility Rates by Economic Classification

**Development partner support consistently realized fewer releases than approved budgets.** Although the situation significantly improved, from -70% in 2017/18, to -22% in 2022/23, the situation in 2023/24 deteriorated to -25%. This was mainly on account of delays in project execution<sup>15</sup>. This situation is concerning as it impacts planning and implementation as some of the funding is borrowed funds whose costs continue to accrue while the services are not provided, requiring more concerted efforts to manage the situation and secure releases in time.

14 ABPR 2023/24. file:///C:/Users/pnalwadda/OneDrive%20-%20UNICEF/Desktop/UNICEF%20WORK/Annual%20Budget%20Performance%20Reports/National%20Annual%20Budget%20Performance%20Reports/Annual%20Budget%20Performance%20Report%20FY%202023-24.pdf, Page 2134-2135

15 *ibid*, Page 52.

**Figure 10: Budget credibility rates by economic classification, FY2017/18-2023/24 (deviation from amount approved as %)**



Source: MOFPED, Annual Budget Performance Reports

Despite all the challenges, **the financial year 2023/24 saw an over-release of 96% for arrears**, compared to the significant over release of the 324% in 2022/23 for the health sector. This was aimed at clearing the arrears backlog dating back to several years specifically for Naguru National Referral Hospital where a supplementary budget of arrears amounting to UGX 1.696 billion was released under the "Hospital Management and Support Services budget output"<sup>16</sup>

**There was an over release of 6% of the non-wage budget, contrasting with a -2% under release 2022/23.** This over release of the non-wage budget was **mainly due to a supplementary allocation to a tune of UGX 30Billion to Uganda Cancer Institute on outstanding commitments towards the nuclear medicine/PET Project**<sup>17</sup>.

## 5.2 Budget Execution Rates

### 5.2.1 Budget Execution Rates in Select Institutions

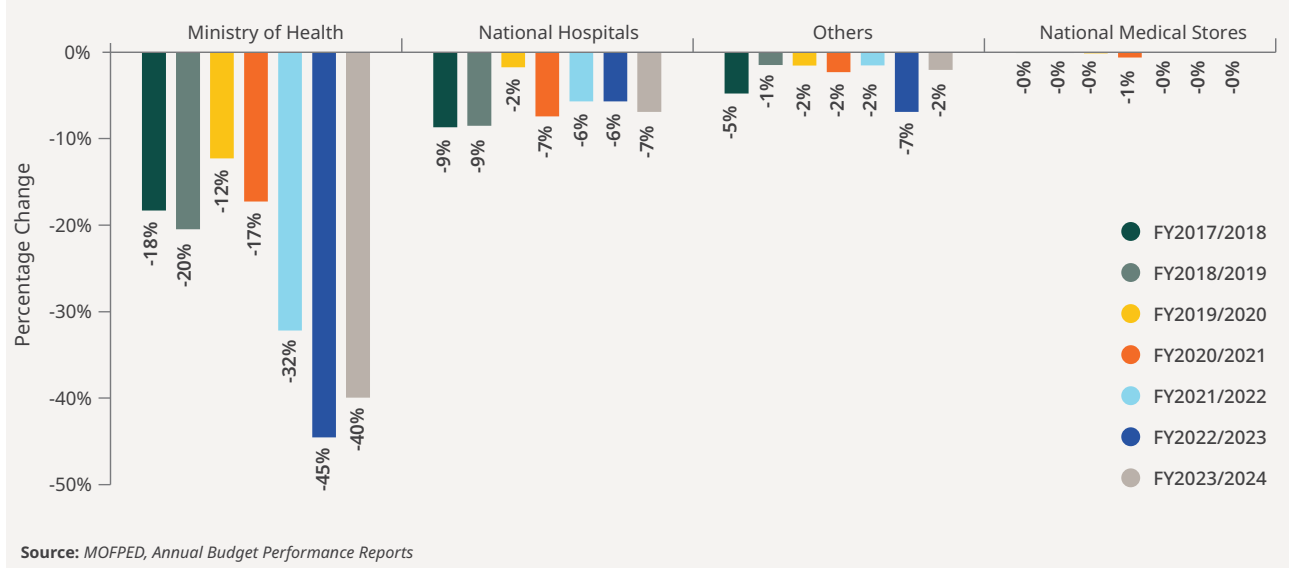
**Spending against released resources has continued to be weak for all institutions in the health sector.** Except for the National Medical Stores whose budget is predominantly for procurement, all other institutions, led by the Ministry of Health experience underspends against released resources (see Figure 11). The situation in the Ministry of Health has continued to deteriorate to levels worse than the pre-COVID period, declining from -12% in 2019/20 to -40% in 2023/24. This is mainly on account of shortfalls in its wage utilization due to incomplete staff transitions from the former Ministry of Science, delays in recruitment on replacement basis, Staff transfers, job re-alignment and salary scale adjustments. For non-wage underspends, the shortfalls were mainly due to unspent gratuity due to changes in retirement schedules. Under performance on external external financing was mainly due to the unapproved restructuring of UCREPP project by the World Bank and slow progress on UPDF Engineering Brigade works at various sites. Additionally, vaccine stockouts (Hep B Birth dose, HPV, BCG) and delays in releasing of funds for implementation of the quarterly work plans also contributed to lower expenditures against released resources.<sup>18</sup>

16 ibid, 9027

17 ibid, Page 4425

18 ibid, Page 2133

**Figure 11. Budget execution rates in select institutions, FY2017/18-2023/24 (deviation from amount released as %)**

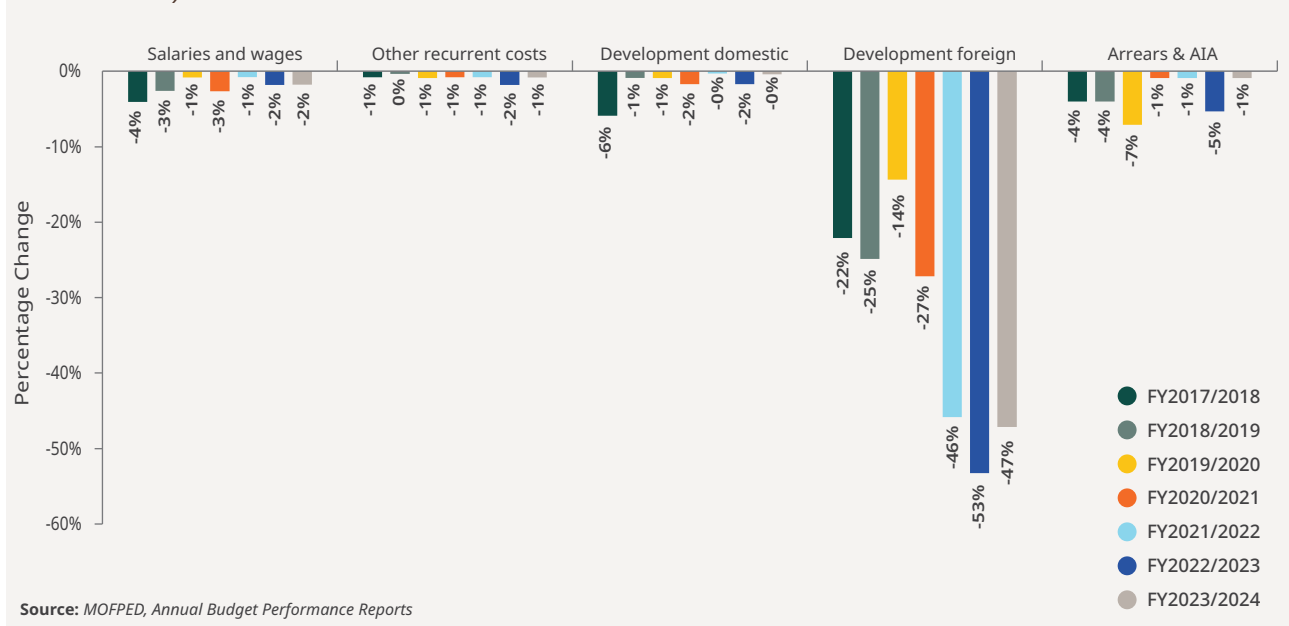


National hospitals had -7% under absorption of funds in 2023/24, slight decline in performance compared to the -6% under absorption in 2022/2023. This was mainly due to the procurement processes that were still ongoing and the excess pension that was released in the FY under Entebbe Referral Hospital. In addition, Kawempe Hospital also had delayed access to the HCM/IPPS system by Pensioners while Jinja Referral Hospital paused decision to retire Nursing Assistants.

### 5.2.2 Budget Execution Rates by Economic Classification

**Spending against released resources is the poorest for foreign-funded development projects.** As shown in Figure 12 below, the situation for foreign development funds spending has continued to deteriorate, from -14% in 2019/20 to -53% in 2022/23, with a slight recovery to -47% in 2023/24. The rest of the categories have improved, to within -5% in 2023/24, in line with PEFA standards.

**Figure 12. Budget execution rates by economic classification, FY2017/18-2023/24 (deviation from amount released as %)**



The situation on foreign development spending has mainly been a result of restructuring of the Uganda COVID-19 Response and Emergency Preparedness (UCREPP) project which the World Bank did not approve, slow progress of work under UPDF Engineering Brigade works at various sites yet funds were released on time, stockout of Hep B Birth dose, HPV and BCG vaccines due to inadequate funds and delays in releasing of funds for implementation of the quarterly work plans under Ministry of Health.

### KEY TAKEAWAYS

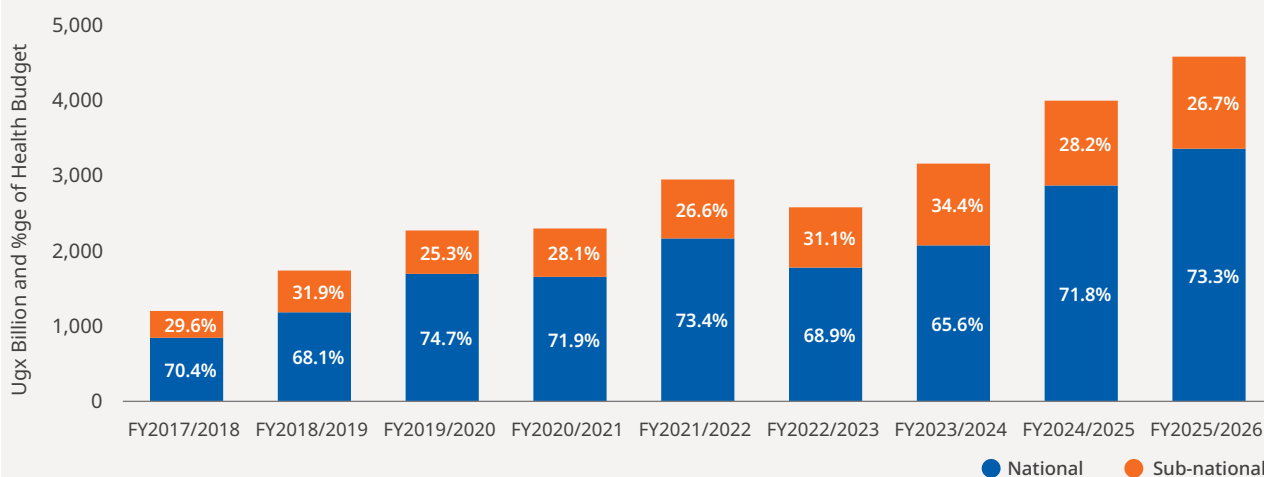
- The Ministry of Health continues to face challenges in the release of approved budgets though a slight improvement was realized between 2021/22 and 2023/24, mainly due to additional non-wage allocations in the supplementary budget for some budget outputs.
- Poor performance of external financing release against approved ceilings is a big contributor to poor budget credibility.
- Spending against the released budget continues to be stable for all institutions, except for the Ministry of Health which spent only 60% of released resources in 2023/24, an improvement from 55% in 2022/23. This is mainly due to poor spending on released External Financing.

## 6. DECENTRALIZATION AND HEALTH SPENDING

### 6.1 National versus Local Level Spending

Spending on primary health care has remained very low, accounting for less than a 3<sup>rd</sup> of total annual spending. The majority of the resources (about ¾ of the total sector budget) are spent through national level institutions, including the Ministry of Health, National Referral Hospitals and other Agencies under the Health sector. See Figure 13 below.

**Figure 13.** National and sub-national spending trends on the health sector FY2017/18-2025/26 (in billions Ugx and as % of total Sector Budget)



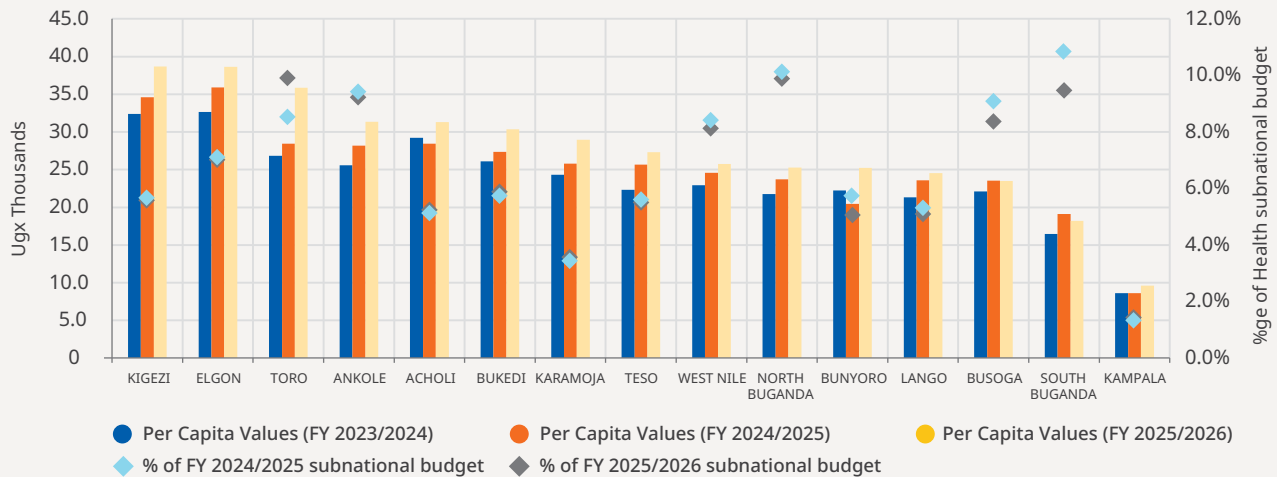
Source: MOFPED, Annual Budget Performance Reports & Approved Budget Documents

There is a projected decline in Primary Health Care budget from 28.2% (UGX1,130.12billion) of the Total health budget in 2024/25 to 26.7% (UGX1,225.17billion). This marks a further decline from the 2023/24 budget outturns, where PHC accounted for 34.4% of the total health budget, driven by over releases on non-wage recurrent budget and increased spending on PHC development budgets.

## 6.2 Health spending by Sub region

In per capita terms, Kigezi, Elgon and Toro remain the highest recipients of health spending for the 2024/25 and the 2025/26 Fiscal years (see Figure 14). However, huge challenges remain in Kampala, South Buganda and Busoga, with only UGX 9,593, UGX 18,204 and UGX 23,501 per capita spending, respectively.

**Figure 14:** Health sector spending by Sub region, FY 2023/2024 - FY 2025/2026 (in Ugx per capita and as % of subnational budget for health)



Source: MOFPED, Annual Budget Performance Reports & Approved Budget Documents

### KEY TAKEAWAYS

- The majority of health spending is through national level institutions, with primary health care receiving approximately a quarter of total sector spending, consistently over the years.
- The highest and lowest recipients of the Primary Health Care budget vary depending on the metric used. In per capita terms, Kigezi ranks as the highest recipient, while as a percentage of the subnational Budget, South Buganda receives the largest allocation.



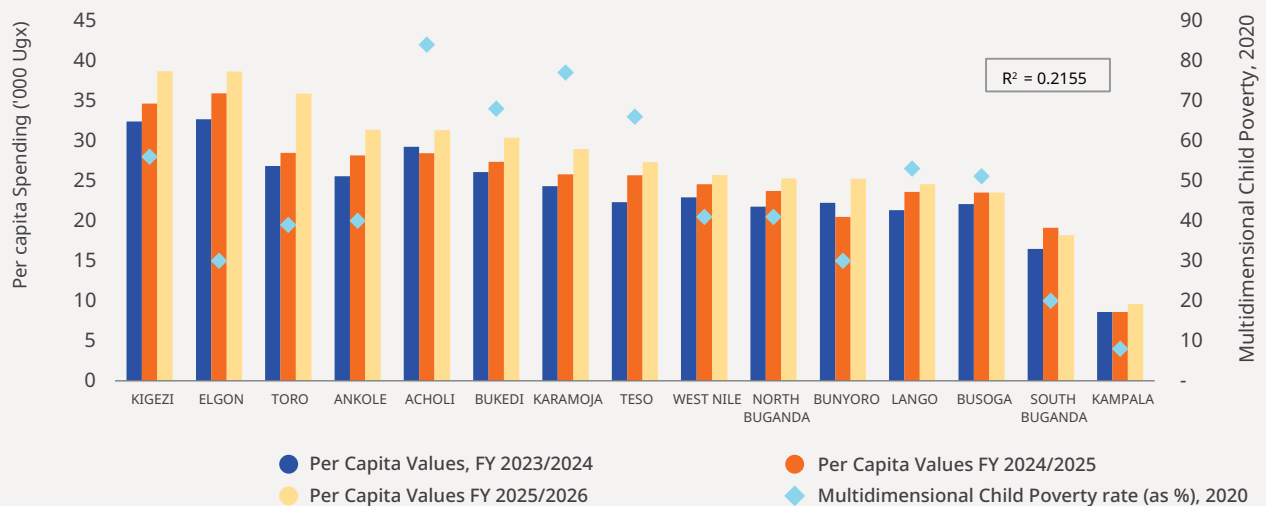
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## 7. EQUITY OF HEALTH SPENDING

### 7.1 Per capita health spending and poverty rates by sub region

Sub-regions with the highest multi-dimensional child poverty are not necessarily recipients of the highest per capita PHC allocations. As shown in Figure 14 below, the poorest sub-regions, led by Acholi and Karamoja, are not the recipients of the highest per capita allocations. However, Kigezi and Elgon, with multi-dimensional child poverty rates of 56% and 30% respectively, have the highest per capita allocations for the 3 years under review. This indicates a weak relationship between Per capita health spending and Multidimensional child poverty.

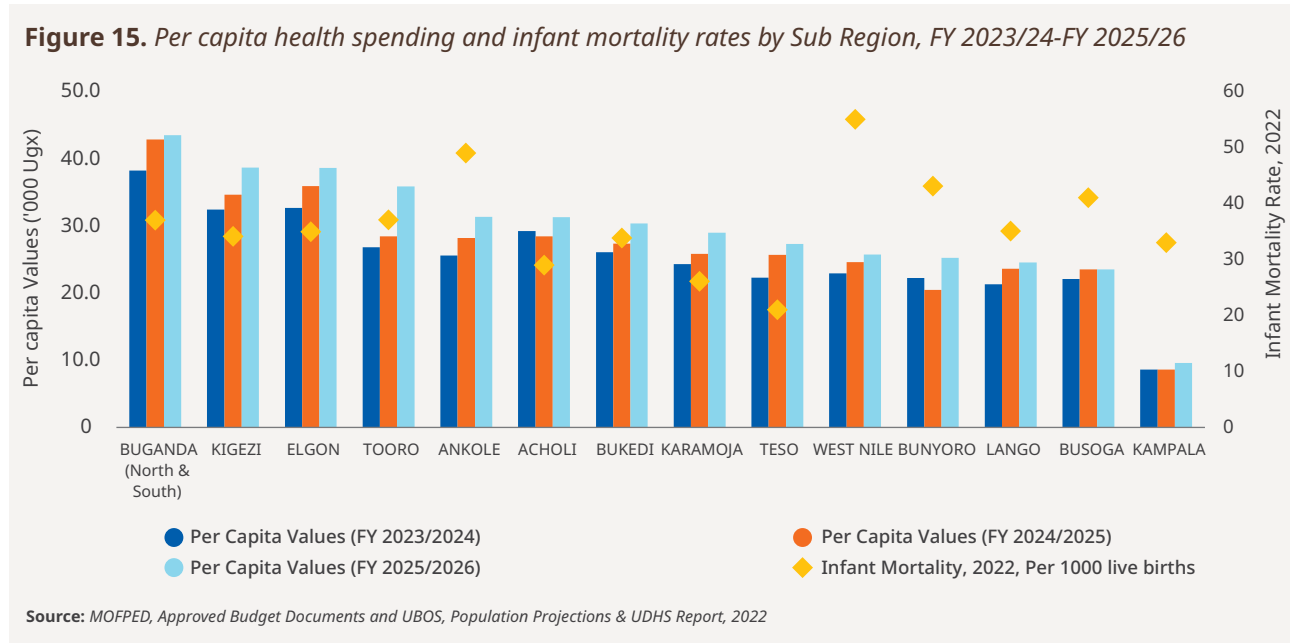
**Figure 14.** Per capita health spending and Multi-dimensional Child poverty rates by Sub region, FY 2023/24-FY 2025/26



Source: MOFPED, Approved Budget Documents and UBOS, Population Projections & Multi-dimensional Child Poverty Report, 2020

## 7.2 Per capita Health spending and infant mortality rates by Sub region

**Allocations to most of the sub regions do not align to the prevailing developments in mortality rates.** Though West Nile, Busoga and Bunyoro are the sub-regions with some of the highest Infant Mortality rates, they do not rank high on per capita allocations. On the other hand, Kigezi and Elgon, with some of the lowest Infant mortality rates rank high on per capita allocations.



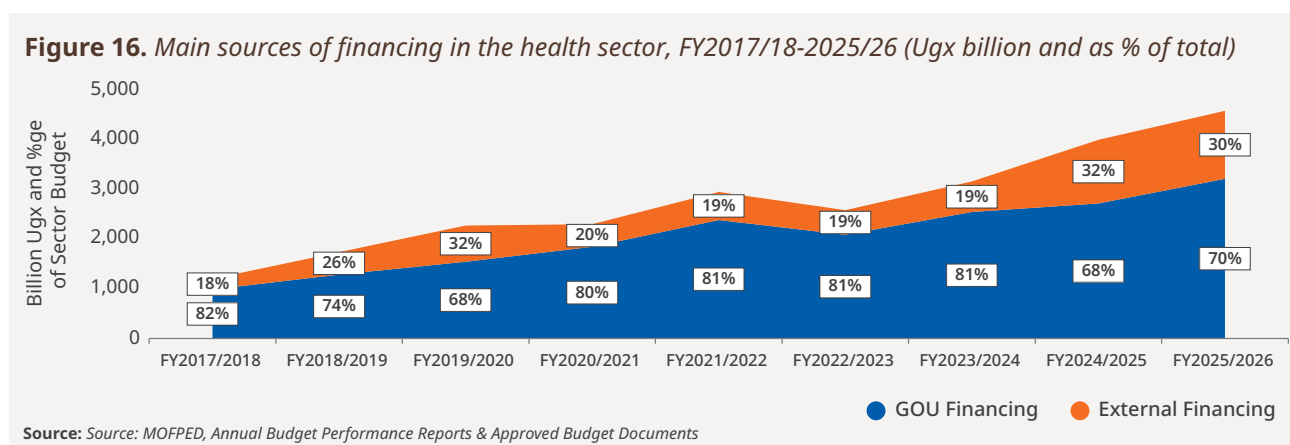
### KEY TAKEAWAYS

- Sub-regions with the highest multi-dimensional child poverty are not necessarily the highest recipients of health spending. The same pattern is observed in spending against Infant mortality and health spending.

## 8. FINANCING THE HEALTH SECTOR

### 8.1 Main Sources of Financing in Health

**GOU Financing remains the most important source of financing for the health sector.** Despite external financing leveling at 19% between 2020/21 and 2022/23, the proportion of external financing is projected to nearly double to 30% in 2025/26. However in absolute values, external financing is projected to increase by 87.6 billion from 1,283.17 billion in FY2024/25 to 1,370.82 billion in FY2025/26.

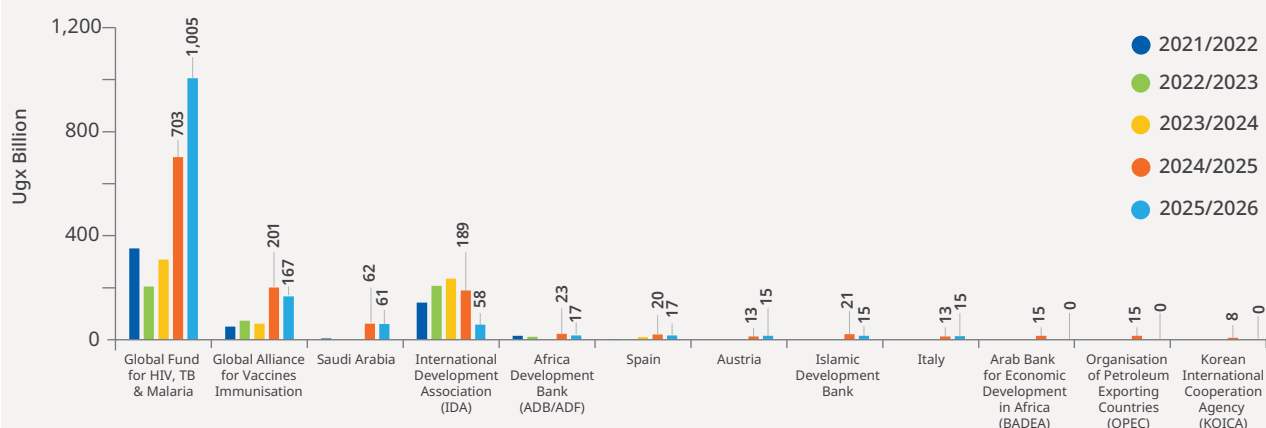


With the growing importance of external financing in health financing, the government needs to ensure that adequate measures are put in place to guard against any crowding-out effect on domestic sector financing.

## 8.2 On-Budget Donor Funding of the Health Sector by DAC and Non-DAC Members

The Global Fund for HIV, TB, and Malaria is the biggest contributor to on-budget support for the health sector with an increase in 2025/26 to UGX 1.01 trillion from UGX 703 billion in 2024/25. Although many bilateral donors are supporting the health sector, on-budget support remains the preserve of multi-laterals. Due to many reasons, including transparency deficiencies and the need to be able to track impact, many donors prefer supporting off-budget where there are possibilities to strengthen accountabilities.

**Figure 17: On Budget Donor Funding by DAC and non-DAC members, 2021/22-2025/26, average (in Ugx Billion)**



Source: MOFPED, Annual Budget Performance Reports & Approved Budget Documents

### KEY TAKEAWAYS

- External financing has grown in importance over the years, with a projected allocation at 30% in 2025/26.
- In FY 2025/26, Global Fund is still the biggest contributor to external financing for health, followed by GAVI, Saudi Arabia and then the World Bank-IDA.





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