

THE REPUBLIC OF UGANDA MINISTRY OF HEALTH



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TRACKING OFF-BUDGET FINANCIAL RESOURCES IN THE HEALTH SECTOR FY 2019/2020

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Acronyms

DFID	UK Department for International Development
ENABEL	Belgian Development Agency
EU	European Union
JICA	Japan International Cooperation Agency
KOFIH	Korea Foundation for International Healthcare
MoFPED	Ministry of Finance, Planning and Economic Development
МоН	Ministry of Health
RMNACH	Reproductive, Maternal, Neonatal, Adolescent and Child Health
SIDA	Swedish International Development Cooperation Agency
ТВ	Tuberculosis
UBTS	Uganda Blood Transfusion Services
UCI	Uganda Cancer Institute
UHI	Uganda Heart Institute
UNFPA	United Nations Population Fund
UNHCR	United Nations High Commission for Refugees
UNICEF	United Nations Children's Fund
URMCHIP	Uganda Reproductive Maternal and Child Health Services Improvement Project
USG	United States Government (Department of State)
WHO	World Health Organization

Ackowledgements

The Ministry of Health (MoH) has embarked on a transformative initiative to institutionalise the tracking, reporting on and management of off-budget financing in the health sector. This exercise represents a bold effort to improve health sector planning and coordination, resulting in better budget formulation and execution. The regular undertaking of this experience will ultimately improve health planning and health service delivery in Uganda.

The study and finalisation of this report was led by the Ministry of Health (MoH), in close collaboration with the Ministry of Finance, Planning and Economic Development (MoFPED), the Health Partners Development team and UNICEF Uganda in particular as a co-secretariate. The report would not have been possible without the input and support of development partners and individuals, who contributed to the quality of data collected: the Italian Agency for Development Cooperation (AICS), US Government Department of State (USG), UK Department for International Development (DFID) - now Foreign, Commonwealth and Development Office (FCDO), the Embassies of Belgium, Denmark, Ireland and the Netherlands, the Belgian Development Agency (ENABEL), Global Fund, Japan International Cooperation Agency (JICA), Korea Foundation for International Healthcare (KOFIH), Korea Organization International Cooperation Agency (KOICA), Swedish International Development Cooperation Agency (SIDA), United Nations Population Fund (UNFPA), United Nations High Commission for Refugees (UNHCR), United Nations Children's Fund (UNICEF), World Health Organization (WHO) and World Bank group.

Frances Ellery provided editorial inputs and Rachel Kanyana designed this publication and its associated advocacy materials.



Foreword

The importance of the health sector in achieving a healthy, prosperous and vibrant Ugandan society is irrefutable. The sector is critical to the attainment of Uganda's Vision 2040, promoting sustainable economic growth and most importantly improving the wellbeing of our people. As such, the Ministry of Health (MoH) is now more firmly committed than ever to enhancing programme delivery and sector performance by accelerating progress towards our national targets and the post-2030 Sustainable Development Goal (SDG) agenda.

For the health sector to deliver against its mandate, the Government of Uganda receives support from a number of international and domestic partners. However, many support activities are 'off budget' and therefore not fully integrated into the overall planning and budgeting process. This can lead to duplication of effort, weak accountability and reporting, and limits the ability of the health sector to provide lifesaving services. In order to enhance the transparency and effectiveness of these off budget resources, improved systems for tracking and managing off-budget support are needed, which will require strong collaboration with our funding partners.

The MoH, in close collaboration with the Ministry of Finance, Planning and Economic Development (MoFPED) and UNICEF, embarked on a transformative initiative to track, report and manage off-budget financing in the health sector to enhance alignment and harmonisation. As part of this effort, a data collection exercise was conducted in 2020 to gather detailed information on activities and interventions supported by development partners. This report summarizing key development partners contributions is the result of this exercise. It provides critical insight into who is doing what, how and where; who the beneficiaries are; and the outputs from these interventions. This information can now begin to fill the critical information gaps that have existed for years, thereby improving the health sector's budgeting and planning processes.

The aim is to integrate all resources allocated to the health sector into the Aid Management Platform (AMP) and the <u>Uganda Equity Atlas</u>, which the public can access on the Ministry of Finance, Planning and Economic Development, Economic Policy Research Centre <u>EPRC</u> and <u>national</u> <u>budget</u> websites. On these platforms, data will be presented visually to deepen our understanding of how off-budget financing fits with the national health sector strategy and supports strategic interventions.

Without better stakeholder collaboration, resulting in a well-coordinated, comprehensive sector plan and budget, we will fail to deliver vital, lifesaving services to our sisters, brothers and children across the country. It is our hope, therefore, that the information we have gathered about off-budget financing will enable the health sector to improve both the efficiency and effectiveness of the available resources in the country and enhance health service delivery.

Dr. Diana Atwine Permanent Secretary Ministry of Health

Introduction

Over the past decade, the Ministry of Finance, Planning and Economic Development (MoFPED) has been gathering information on off-budget financial resources in priority sectors, including Health, Education, Nutrition, and Water, Sanitation and Hygiene (WASH). In order to improve sector ownership and accuracy of the data collected, in close collaboration with MoFPED and UNICEF, the Ministry of Health (MoH) embarked on a transformative initiative to institutionalise the tracking, reporting on and management of off-budget financing in the health sector.

Building on the enormous success of the off-budget report tracking exercise for FY 2018/19 and the integration of data in the Uganda Equity ATLAS and Aid Management Platform (AMP), the MoH embarked on institutionalising the exercise to map all partner support and track off-budget financial resources in the health sector. The ultimate goal of this exercise is to improve health sector planning and coordination, resulting in better budget formulation, planning,prioritisation and execution.

In FY 2019/20, the MoH set out the following nine priorities for investments in the Budget Framework Paper:

- 1. Prioritizing health promotion, prevention and early intervention
- 2. Strengthening intersectoral collaboration to address the social determinants of health
- 3. Reducing referrals abroad
- 4. Improving health systems governance

- 5. Enhancing synergies and partnership with the private sector through public private partnership arrangements
- 6. Improving health worker performance
- 7. Maximizing efficiency by garnering cost savings within the existing domestic resources through programme-based budgeting (PBB) and moving from funding inputs to purchasing services through results-based financing (RBF)
- 8. Improving resource tracking of both on- and off-budget funds to ensure alignment and harmonization
- Adopting the last mile delivery mechanism with National Medical Stores and Joint Medical Stores to counter stock outages, waste and leakages along the supply chain and improve on supply side deficiencies.

While this exercise contributes directly towards achieving priority 8, it is of equal importance to assess the extent to which donor funding has been aligned to all nine government priorities.

The results of this analysis will be presented during the annual Joint Review Mission, National Health Assembly and other key opportunities for health sector stakeholder engagement.

Methodology

A standardized data collection tool was developed to collect data on offbudget financing for FY 2019/20 and commitments for financial year 2020/2021. Data requirements included information on types of projects implemented; their size, location and duration between FY 2015/16 and FY 2019/20; and planned activities for the subsequent three financial years. To avoid double counting, data were gathered only in relation to each partner's core financial resources.

Upon the development partners' identification of finance focal officers (FFOs), the MoH and UNICEF shared the data collection tool with individual FFOs. To ensure maximum compliance with COVID-19 regulations, the data collection exercise was conducted online.

The analysis examines the overall off-budget resource envelope in the health sector, key programmatic areas and their interdependency. Comparisons were made with the data provided in financial year 2018/19 and commitments for financial year 2020/2021 highlighted

From an initial pool of 20 development partners, 18 provided the required information. Sincere gratitude is expressed to the Italian Agency for Development Cooperation (AICS), US Government Department of State (USG), UK Department for International Development (DFID) - now the Foreign, Commonwealth & Development Office (FCDO), the Embassies of Belgium, the Netherlands, Denmark and Ireland, the Belgian Development Agency (ENABEL), Japan International Cooperation Agency (JICA), Korea Foundation for International Healthcare (KOFIH), Korea Organization International Cooperation Agency (KOICA), Swedish International Development Cooperation Agency (SIDA), United Nations Population Fund (UNFPA), United Nations High Commission for Refugees (UNHCR), United Nations Children's Fund (UNICEF), World Health Organization (WHO) and World Bank group.



Key Findings

Figure 1 shows the overall health financing envelope in FY 2019/20. Total on budget and off-budget financing amounted to UGX 4.351 trillion excluding out of pocket spending and other off-budget financing from the private sector. The Government of Uganda provided UGX 1,476 billion to the health sector, while major development partners contributed UGX 2,875 billion, 58 per cent of which was provided off budget. The data submitted indicate that, overall, donor financing has declined in nominal terms by UGX 1,091 billion relative to FY 2018/19, when UGX 3,966.1 billion was provided by development partners.

BUDGET BREAKDOWN	ALLOCATION
Government financing (34%)	1,476,040,874,743
Donors on budget (28%)	1,188,440,763,466
Donors off budget (38%)	1,686,660,219,169
TOTAL*	4,351,141,857,379

* The total excludes out of pocket expenditures, data from other minor donors, regional and international financing mechanisms.

Note that the above total is not total health expenditure or total health budget. This financing largely excludes out of pocket spending and other private health spending, plus some development partners funding that was not reported. Table 1 shows the detailed donor contributions. The category 'on-budget financing' displays the approved estimates of external financing reported on the FY 2019/20 Budget Framework Paper (BFP) of the MoH and 'off-budget financing' presents the data captured through this exercise categorized by donor.

TABLE 1 DONOR CONTRIBUTIONS

DONOR	AMOUNT UGX
ON BUDGET	
Global Fund for AIDS, TB and Malaria	757,728,132,935
Uganda Reproductive Maternal and Child Health Services Improvement Project (URMCHIP)	119,685,143,713
World Bank Uganda Intergovernmental Fiscal Transfer Project	69,100,000,000
Renovation and Equipping of Kayunga and Yumbe General Hospitals	67,652,100,265
GAVI Vaccines and Health Sector Development Plan Support	57,618,692,498
African Development Bank (ADB) Support to Uganda Cancer Institute (UCI)	57,288,212,136
Rehabilitation and Construction of General Hospitals	23,025,885,151
East Africa Public Health Laboratory Network Project Phase II	19,188,237,627
Italian Support to Health Sector Development Plan II	10,543,205,248
Uganda Sanitation Fund Project II	3,925,137,232
Health Development	2,686,016,661
SUBTOTAL	1,188,440,763,466
OFF BUDGET	
USG	1,384,380,709,553
DFID	64,487,381,953
SIDA	37,677,000,000
EU (COVID Response)	32,023,360,000
UN Agencies	31,191,900,844
COVID Donations (including Unitaid, Islamic Development Fund and private donations)	24,780,655,875
Netherlands	20,478,450,160
Belgium	20,269,982,082
JICA	18,291,487,500
Ireland	17,086,148,000
Denmark	14,635,400,000
KOICA	8,629,638,617
Saudi Fund	7,494,231,319
Japan	2,971,564,542
KOFIH	2,263,083,600
SUBTOTAL	1,686,660,994,046

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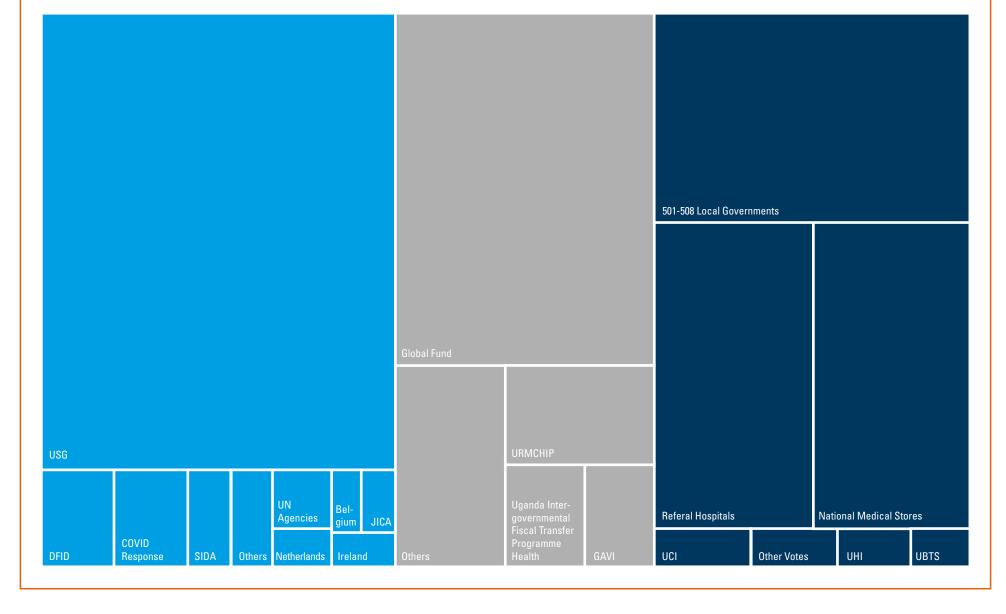


FIGURE 1 OVERALL HEALTH FINANCING RESOURCES ENVELOPE BY ACTIVITY AREA

ANALYSIS BY ACTIVITY AREA

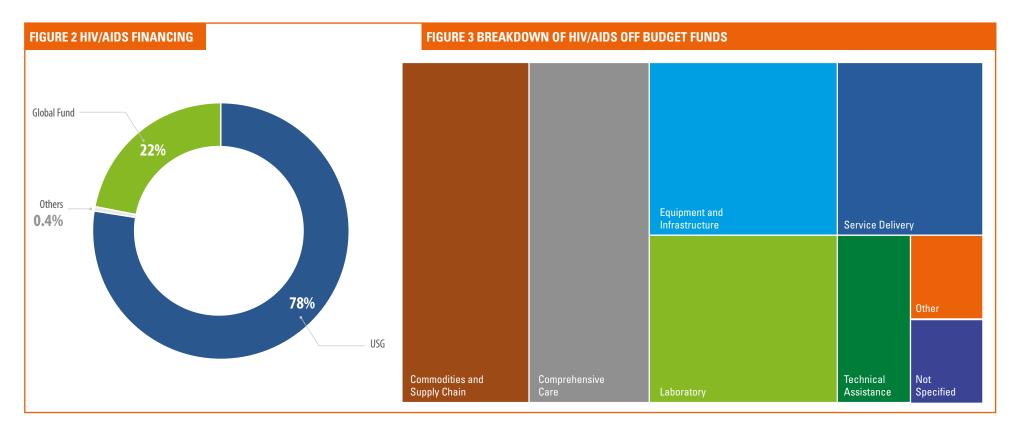
In FY 2019/20, most of the off-budget donor financing was channelled to HIV/AIDS activities (UGX 1,169 billion), Reproductive, Maternal, Neonatal, Adolescent and Child Health (RMNACH) (UGX 130 billion) and Malaria (UGX 129 billion).



HIV/AIDS SERVICES

The HIV/AIDS financing landscape is dominated by the funding provided by the USG and the Global Fund, which provide UGX 1,163.6 billion and UGX 323.4 billion respectively. Additionally, the Embassy of Ireland and the UN agencies provided an additional UGX 575 million and 5.2 billion to this activity area. Compared with FY 2018/19, the relative size of the USG's contribution declined from 88.6 per cent to 78 per cent, whereas the Global Fund's has increased from 10.7 per cent to 22 per cent. In nominal absolute terms, the reported data indicate a reduction in the contributions to HIV/AIDS services.

Off-budget funding is concentrated on the provision of commodities and supply chain activities (16%), the delivery of comprehensive HIV/AIDS, TB and RMNACH health services (16%), and the strengthening of Laboratory services (12%) and improving Equipment and Infrastructure (12%).



REPRODUCTIVE, MATERNAL, NEONATAL, ADOLESCENT AND CHILD HEALTH SERVICES (RMNACH)



A total of UGX 129 billion was allocated to finance Reproductive, Maternal, Neonatal, Adolescent and Child Health services (RMNACH).

The USG, SIDA and DFID were the largest contributors to this activity area, providing respectively 32 per cent, 29 per cent and 19 per cent of the overall funding to RMNACH. Compared with FY 2018/19, there was a 25 per cent reduction in the disbursement to this activity area in FY 2019/20.

Most of the projects provided general RMNACH services (23%), sexual and reproductive health rights (SRHS) interventions (18%) and childcare (18%).

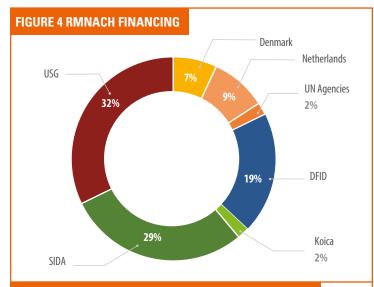
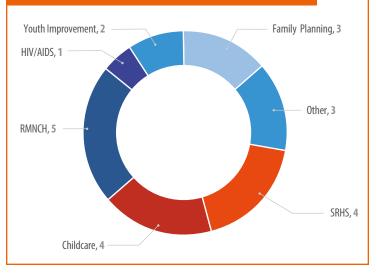


FIGURE 5 COMPONENT ANALYSIS OF THE OFF-BUDGET RMNACH PROJECTS



MALARIA

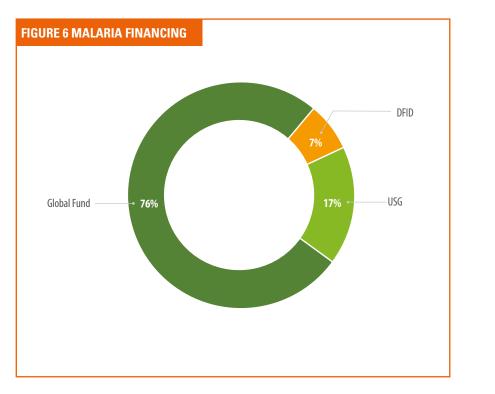
In FY 2019/20, Malaria was the third largest activity area by level of funding, with a total of UGX 128 billion, down from UGX 326 billion reported in FY 2018/19.

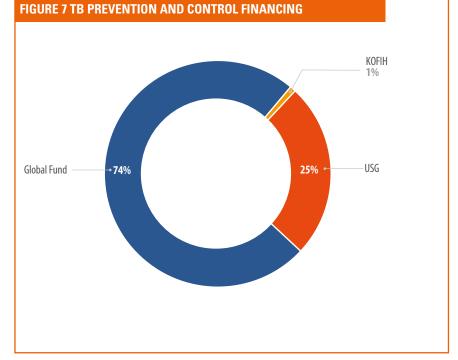
The main donors in this sector are the Global Fund, the USG and DFID. Compared with FY 2018/19, the Global Fund increased its contribution to this activity area significantly, from UGX 71.8 billion to UGX 401.4 billion, whereas USG's funds decreased from UGX 206 billion to 88.9 billion. Despite the expected reduction in DFID funding to this area in FY 2019/20, its absolute nominal contribution increased by over UGX 4 billion.

TB PREVENTION AND CONTROL

Out of the reported donors, only KOFIH and the USG have financed projects aimed at preventing and controlling the spread of Tuberculosis in FY 2019/20.

Most of the funding in the sector has been provided by the Global Fund (74%), followed by the USG (25%).



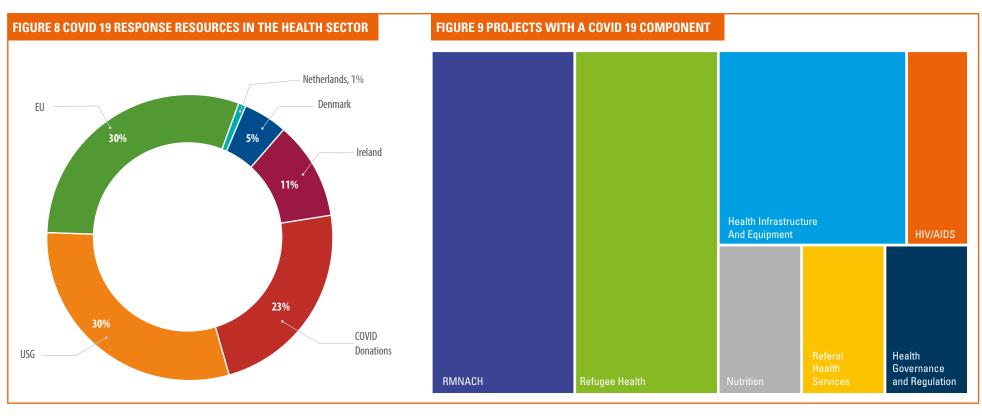




COVID 19 RESPONSE

A total of UGX 107 billion was disbursed by the USG, the EU, and the Embassies of Ireland, Denmark and the Netherlands to implement initiatives aimed specifically at preventing and containing the spread of COVID 19 in Uganda.

There have also been donations, both financial and in kind, amounting to UGX 7.5 billion, as well as contributions from Unitaid and the Islamic Development Fund. Additionally, the World Bank contributed to the response efforts reallocating UGX 56.4 billion from URMCHIP. These funds will be replenished from the Fast Track Facility. In addition, another 23 projects – financed by UNICEF, UNHCR, SIDA, KOICA, the Embassy of Japan, JICA and the USG – allocated some resources towards containing the pandemic. Most of these were initially aimed at improving RMNACH and refugee health outcomes.



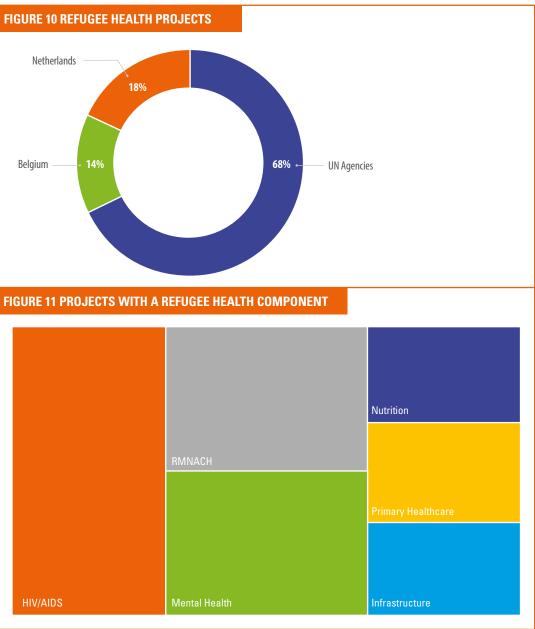
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REFUGEE HEALTH

A total of UGX 41.3 billion has been allocated for the provision of health services targeting refugee populations.

The funding envelope includes funds provided by the Embassy of Belgium (14%), the Embassy of the Netherlands (16%) and UN agencies (68%).

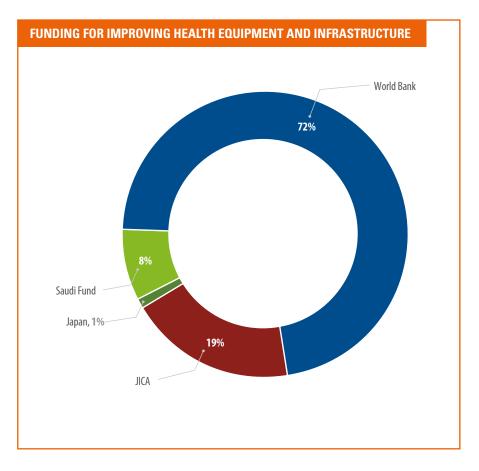




HEALTH EQUIPMENT, INFRASTRUCTURE AND LABORATORIES

KOICA, the Embassy of Japan, JICA and the Saudi Fund contributed a total of UGX 27 billion for the upgrade of health infrastructure, equipment and laboratories.

In addition, the World Bank contributed UGX 69.1 billion towards upgrading health centres under the Uganda Intergovernmental Fiscal Transfer Project.





DONOR PROFILES

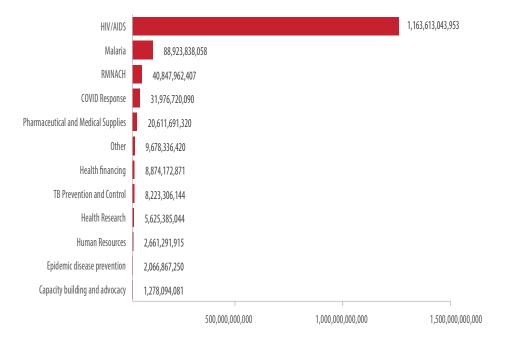


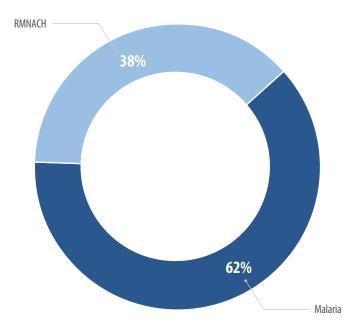


The US Department of State was the biggest donor in the health sector in FY 2019/20. Nevertheless, their contribution has significantly decreased compared with FY 2018/19, declining from UGX 2,603 billion to 1,384.4 billion. In absolute terms, their funding is most prominent in the provision of HIV/AIDS, Malaria and HIV/AIDS services.

DFID Department for International Development

In FY 2019/20, DFID was the second largest donor providing off-budget funding in the sector (UGX 64,487,381,953). Its financing resources were channelled to Malaria and RMNACH activities. Its overall contribution to the health sector has decreased by 12 per cent since FY 2018/19 as a result of one its projects aimed at improving nutrition-related health outcomes coming to a close in the previous year.







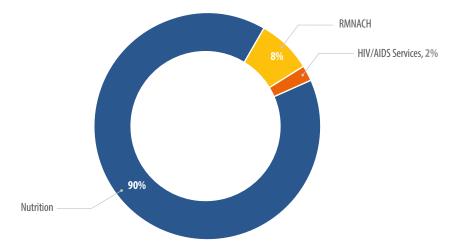


In FY 2019/20, SIDA supported two projects in the health sector, providing UGX 37 billion aimed at improving RMNACH health outcomes. Additionally, SIDA contributed UGX 39.6 billion to the URMCHIP project, which is reported on budget.

UN AGENCIES



UNFPA, UNHCR and UNICEF were the only three UN agencies that contributed to the off-budget resources tracking exercise. They disbursed a total of UGX 31.2 billion, supporting activities linked to nutrition, RMNACH and HIV/AIDS services.





Embassy of the Kingdom of the Netherlands

The Embassy of the Kingdom of the Netherlands provided over UGX 20 billion in FY 2019/20 to support three health-related projects, aimed mainly at improving the health outcomes of refugee and host populations.



JICA supported two projects in the health sector aimed at improving health infrastructure management and the conditions of regional referral hospitals in Northern Uganda for a total of UGX 18,291,487,500.

KOICA

KOICA supported three projects aimed at improving RMNACH rights and health service delivery for a total of UGX 8.6 billion.



MINISTRY OF FOREIGN AFFAIRS OF DENMARK

Denmark supported two projects in the health sector, providing a total of UGX 14 billion. Both initiatives were implemented through UN agencies.



Belgium provided a total UGX 20.2 billion to support efforts to establish a financial mechanism to enable strategic purchasing in Uganda and provide services to the South Sudanese refugees hosted in the country.



Ireland provided UGX 17 billion to prevent and control the spread of HIV in Karamoja and prepare and respond to the COVID 19 pandemic.



The EU provided UGX 32 billion towards efforts to prevent and contain the spread of COVID 19 in Uganda. These funds were used to provide a comprehensive package of health services in refugee settlements and at points of entry, and the procurement of personal protective equipment (PPE), ambulances and 19 mobile laboratories.



the People of Japan

The Embassy of Japan provided UGX 2.9 billion to support eight projects, most of which are aimed at improving the health infrastructure of Health Centre III facilities and supplying ambulances.



KOFIH provided UGX 2.2 billion to support two projects aimed at improving the national TB control capacity and strengthening the delivery of emergency medical care.

Limitations

The analysis presented represents an accurate reflection of core resources as reported by the development partners that participated in this exercise. However, there were some limitations to the exercise. These included:

- Only one development partner provided data disaggregated by recipient district and implementing partner. It is therefore impossible to conduct an in-depth analysis of the geographical allocation of off-budget financial resources in the health sector.
- None of the submissions provided information disaggregated between overhead and service delivery funding. As a result, the figures reported do not reflect the budget allocated to service delivery.
- Given that most development partners provided information based on their own financial year and in their own currency, conversions and arbitrary budget redistribution had to be performed to align the financial information provided with the Government of Uganda's financial year.
- Information on funding received through regional and international financial mechanisms was not gathered.

Key messages

- Most donors contribute to channel their resources off budget.
- Overall donor financing decreased by UGX 1,091 billion between FY 2018/19 and 2019/20.
- Donor financing remains concentrated in the provision of HIV/AIDS services and poses concerns for sustainability. Alignment with the government priorities outlined in the Third National Development Plan (NDP III) and the Second Health Sector Development Plan (HSDP II) has to be ensured.
- There are limited investments in preventive activities. None of the projects targeted non-communicable diseases (NCDs) and associated risk factors.
- There is a need to better understand how much funding is allocated to cover overhead costs and how much goes to service delivery, especially at district level.
- The information collected needs to form the basis of the donor transition plan and feed into studies on health financing reforms in the country.

Recommendations

- Develop a health financing transition plan to guide policy in the health sector.
- Harmonize and align all off-budget funding to the new HSDP II and NDP III.
- Scale up domestic financing and the share of the national budget allocated to health funding as the country moves towards universal health coverage.
- Undertake studies to understand the health market and policy formulation processes to ensure adequate financing for primary health care, prevention and health promotion.
- Study health expenditure trends and undertake health financing reforms.
- Reorient health spending and health systems to target the diseases and conditions that have the greatest impact on mortality and human capital development – e.g. interventions in WASH, infection protection and control, health promotion, new vaccines and community health.



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