INVESTING IN THE HEALTH SECTOR IN FY 2020/2021

BY

Economic Policy Research Centre (EPRC)
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Overview of the presentation

- Introduction
- Achievements in FY 2019/20
- Sector Budget allocations
- Health Programme Allocations FY 2020/21
- Health Development partners contributions in 2019
- Leveraging points for Government
Introduction

- The health sector is critical in the attainment of Uganda’s Vision 2040 by producing a healthy and productive population that effectively contributes to socio-economic growth

Rationale for Health sector financing according to the NDP III

- Provide inclusive and quality health care services through policy formulation and providing strategic direction, planning and coordination of health care provision in Uganda.

- Increasing financial risk protection of households against impoverishment due to health expenditures.

- Addressing the key determinants of health through strengthening of inter-sectoral collaborations and partnerships.

- Enhancing the health sector competitiveness in the region and globally
What was achieved during FY 2019/20 Budget: Vaccines

- GoU remains fully committed to long-term financing for immunization
- Chronic underfunding of traditional vaccines has been a persistent challenge in Uganda.
  - 60 per cent of the country’s immunization supplies continue to be supported by Gavi.
  - Historically, GoU allocated a flat annual amount of UGX 9 Billion (US$2.4m) for the procurement of traditional vaccines.
  - Based on 2018 annual vaccine forecasting exercise, this amount would only cover 60 per cent of the country’s annual requirement
  - In January 2019 (six months before the end of the fiscal year), funds for vaccines had already been exhausted.
- This potential health emergency demonstrated the actual impact of underfunding, but also created an opportunity to raise awareness about the problem.
FY 2019/2020 Vaccines (contd)

- Concerted advocacy and timely use of documented evidence to inform the formulation of the FY 2019/20 national budget resulted in the nearly doubling of the allocation to UGX 21 Billion (US$5.5m)

- Key to this major success was the understanding of supply financing problems, and strong partnerships between UNICEF, EPRC, MoH, MoFPED, the IMF generated real-time opportunities to table the issues in relevant forums.

- February 2019 Public dialogue was used to showcase the vaccine financing problem as one that could be addressed through reprioritization within the health sector.

- Increased budget for traditional vaccines advances the likelihood of improved vaccine availability at all levels of the supply chain, potentially minimizing vaccine stock-outs and missed vaccination opportunities.
  - Enables fewer repeated visits required of caregivers to ensure that children are vaccinated,
  - enhanced trust in the health system,
  - Leads to fewer deaths caused by vaccine-preventable diseases and improvement in health outcomes
The Health sector accounts for 5.1% of the National budget in FY 2020/21 down from 7.9% in FY 2019/20.

Total nominal allocation projected to decrease by 40% from UGX 2,589 Billion in FY 2019/20 to UGX 1,550 Billion in FY 2020/21.

The large reduction is due to the projected 90% decline in the level of on budget external financing to the sector—from UGX 1,119 Billion to UGX 100 Billion.

External/ODA financing represents a significant proportion of sector resources. However, there has been a progressive reduction in external support.

The development share of the sector budget will be 17.2% of total allocation, down from 43% in FY19/20.
The graph shows a decrease in development budget in 2020/21, primarily a result of a decline in external financing hence the need for sustainable financing within the sector.

Particularly given that external/ODA financing represents a significant proportion of sector resources (on and off budget resources). Off-budget financing is likely also to face a reduction over the coming years.

Moreover in FY 2020/21, Non-wage recurrent is roughly 42.6% of the budget, while wage recurrent will be equivalent to 40% of the budget given that Government recently enhanced health worker salaries and wages.

Health Non-wage Recurrent Transfers declined significantly, by 75%, in real per capita terms from their peak levels in the early 2000s. As of FY 18/19, nominal NWR transfers to Local Governments (LGs) average UGX1,187 per person ($0.32).
Programme Nominal Allocations FY 2020/21 (UGX Billion)

<table>
<thead>
<tr>
<th>Category</th>
<th>Allocation (UGX Billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional Referral Hospital</td>
<td>160</td>
</tr>
<tr>
<td>National Referral Hospital</td>
<td>69</td>
</tr>
<tr>
<td>Cancer services</td>
<td>34</td>
</tr>
<tr>
<td>Pharmaceutical and medical Supplies (NMS)</td>
<td>396</td>
</tr>
<tr>
<td>Primary Health care</td>
<td>549</td>
</tr>
<tr>
<td>Policy, Planning and Support Services</td>
<td>28</td>
</tr>
<tr>
<td>Pharmaceutical and other Supplies</td>
<td>21</td>
</tr>
<tr>
<td>Clinical and public health</td>
<td>47</td>
</tr>
<tr>
<td>Health infrastructure and equipment</td>
<td>127</td>
</tr>
<tr>
<td>Others</td>
<td>118</td>
</tr>
</tbody>
</table>

Programme Share allocation FY 2020/21

- Regional Referral Hospital: 10%
- National Referral Hospital: 5%
- Cancer services: 2%
- Pharmaceutical and medical Supplies (NMS): 26%
- Clinical and public health: 8%
- Health infrastructure and equipment: 8%
- Others: 8%
- Policy, Planning and Support Services: 2%
- Primary Health care: 35%
- Others: 3%
Percentage Change in allocations between FY 2019/20 and FY 2020/21

- Significant cuts in pharmaceutical supplies (97.5%), Health infrastructure (53.7%), equipment, Policy, planning and services (26.7%) and others (35%)
- Only allocation to Regional Referral Hospitals marginally increased by 0.3%

**SOURCE:** NBFP 2020/21
## Health Development partners’ contributions in 2019

<table>
<thead>
<tr>
<th>Government</th>
<th>Donor funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary Health Care (PHC); Wages (43.7%) of which (79.2%) for wage expenditure, Non wages (7.4%), Dev’pt 13.4%</td>
<td>HIV/AIDS (65%)</td>
</tr>
<tr>
<td>Pharmaceutical and other health supplies (20.5%)</td>
<td>Malaria (8.4%)</td>
</tr>
<tr>
<td>Referral hospitals (15%)</td>
<td>Reproductive, Maternal, Neonatal and Child Health (6%)</td>
</tr>
<tr>
<td>Others (20.8%) (Clinical services, RMNCH, Others)</td>
<td>Others (20.6%) (Refugee community health, Essential drugs and supply chain and others)</td>
</tr>
</tbody>
</table>

- In the FY 2018/19, donors’ contributions accounted for 76% of the total health sector resource envelope, excluding private contributions.
- Out of 3,945 billion, only 27% was on budget support while 73% of the donor was off budget support.
- Hence there is lack of a system for tracking off-budget commitments has been adversely impacting the delivery of health services through poor project implementation in the Health sector.
The health sector development partners concentrate their support around HIV/AIDS, whereas other areas of health, namely non-communicable diseases and men’s health, are only marginally funded for example Cancer services account for 2% of the Budget allocation.

**Leveraging points for the Government**

- Address service delivery constraints at decentralized levels; particularly health worker’s knowledge, absenteeism, inspection and pharmaceutical supplies.

- Strengthening the referral systems to ensure better health services delivery in the remote areas across the country.

- Implementation of Universal Health Coverage through fast-tracking the National Health Insurance (NHIS) and provision of funding.

- Strengthen the provision of basic health services like vaccines.

- Strengthen tracking of off budget external financing to improve health sector planning and coordination, resulting in better budget formulation and execution.
THANK YOU