

ISER Policy Advocacy Brief No. 3

A LOOMING CRISIS?

An analysis of the health sector budget performance for the financial year 2012/13 and allocations for 2013/14



Struggling for free specialist medical services - A typical free health camp in Karamoja

MAY 2013

Introduction

Over the years, the government of Uganda has committed to improving the health sector service delivery through a number of interventions and policies. The health sector has been identified as one of the key priorities in the National Development Plan (NDP) and it contributes to all NDP objectives, although it is particularly focused on objective 4 - “Increasing access to quality social services”. This is through provision and utilization of promotive, preventive, curative and rehabilitative services, and involves Strengthening Health Systems and ensuring universal access to the Uganda National Minimum Health Care Package (UNMHCP).

The UNMHCP as provided for under the Health Sector Strategic Plan (HSSP) consists of the most cost-effective priority healthcare interventions and services addressing the high disease burden that are acceptable and affordable within the total resource envelope of the sector. Universal access is one of the key underlying principles for delivery of the UNMHCP.

The package consists of the following clusters¹;

- Health promotion, environmental health, disease prevention and community health initiatives, including epidemic and disaster preparedness and response
- Maternal and Child Health
- Prevention, management and control of communicable diseases
- Prevention, management and control of non-communicable diseases

To achieve the above objectives, the health sector budget provision and performance should reflect the commitment made if government is to achieve universal access to health care service delivery especially to the most vulnerable groups who mostly reside in the rural areas, as well as women, children, minority groups and persons with disabilities. However, the health sector budget performance does not reflect the government commitment to deliver the minimum healthcare package, and the national budget has not addressed it in form of budget allocation to the health sector in the medium term. According to the National Budget Framework Paper (NBPF) for the FY 2013/2014, the health sector budget will reduce from the current provision of 862 Billion (BN) to 754 in the outer year. The current expenditure pattern is not adequate to address the enormous challenges, yet the further reduction in the sector share of the national budget will only serve to worsen

¹ Health Sector Strategic Plan 2010

service delivery in the health sector.

In the National Budget Framework Paper (2013/2014), government acknowledged persistent policy and implementation challenges to be addressed and these include gaps in access to health care between urban and rural areas, high and stagnant infant and maternal mortality rates and continued prevalence of communicable and non communicable diseases².

It is on the basis of the above that this report analyses the performance of the last FY 2012/13 budget as at end of December 2012 to show the magnitude of the problem with regard to universal achievement of the UNMHCP, and highlight the challenges that lie ahead if there are no significant reforms in the health sector.

2.0 BUDGET PERFORMANCE AND ALLOCATIONS FOR FY 2012/13

Table 1: BUDGETARY PERFORMANCE, RESOURCES ALLOCATIONS AND CHANGES IN THE FY 2013/14

	Approved Budget FY 2012/13 Ushs (Bn)	Half Year Performance FY 2012/13 Ushs (Bn)	Proposed Budget for FY 2013/14 ushs (Bn)	Half year Budget performance FY 2012/13	%ge Change in allocation in the FY 2013/14	% share of the sector Budget
Wage	234.962	102.63	277.962	43.7%	18%	29%
Non-Wage	316.958	169.691	319.545	53.5%	1%	34%
Total Recurrent	551.92	272.321	597.507	49.3%	8%	63%
GoU	80.581	30.003	75.693	37.2%	-6%	8%
External Support	221.431	0.82	259.052	0.4%	17%	27%
Development	302.012	30.823	334.745	10.2%	11%	35%
Non Tax Revenue	10.657	0.231	12.539	2.2%	18%	1%
Total Budget	864.589	303.375	944.791	35.1 %	9%	100%

Table 1: Source: Ministry of Finance Planning and Economic Development

IMPLICATIONS OF THE FIGURES IN TABLE 1

The health sector budget is projected to increase by 9% (Ushs 80.2bn) in the FY 2013/14 to Ush 944.791bn from Ushs 864.589bn during the FY 2012/13. The sector Medium Term Expenditure Framework (MTEF) allocation of ushs 930bn has marginally improved by 0.2% to account for 8% of the resource envelop in the

² National Budget Framework Paper 2013/14

FY 2013/14. This is still far below the Abuja declaration commitment of 15%. However the budget performance as at December 2012 reflects that the health sector is under performing and there should be reforms to strengthen the sector to make efficient use of available resources.

Overall health sector financing still below recommended standards

Table 1 shows that whereas the nominal budget increased by 9% over and above last year's provision, in real terms and as a percentage of the National budget it has only increased by 0.2 %, which is still far below what could make a difference in terms of achieving the UNMHCP. Despite the 9% increment, the sector budget falls short of providing the recommended USD 44 per capita for delivering the minimum health care package, and will still run on USD 27 per capita.

Overall budget performance

During the first half of the year, the health sector underperformed overall at 35%. This was most prominent in the development budget at 10%, with external financing registering a dismal 0.4%.

Poor performance on external support

Table 1 also indicates poor budget performance of external support with a dismal performance of only 0.4%. Out of the approved budget of Ushs 221.431bn, only Ushs 0.82bn was released and utilized by December 2012, half way into the budget cycle. This therefore implies that all activities that were to benefit from such funds have been affected. This either means lack of essential drugs or failure to procure required equipment.



A dysfunctional refrigeration system at Buwenge Health Center IV. The facility cannot operate a blood bank or keep drugs that require refrigeration.

Whereas donors could have cut the aid on the basis of fraud in the office of the prime minister and other government departments, this freeze of budget inflows to essential service delivery sectors like health mostly hurts the poor and most vulnerable. As a measure, government should have found alternative sources to fill the gap. On the contrary, government raided the treasury to pay back donors at the expense of Ugandans. The government also tabled a

supplementary budget proposal for Parliamentary approval worth Ushs. 45.64 billion of which Ushs.38.8 billion is to refund, Italy, Sweden , Norway and Denmark, while the rest is to refund DANIDA and DFID. This amount to be refunded is less than what the Ministry of Health had requested for to recruit health workers in all primary health care lower health units throughout the country. This kind of abuse of public resources by individual public officers should not be condoned by paying back money, but should also include concrete steps to recover the stolen funds from the culprits.

Underperformance on the development budget

Further to that, table 1 also indicates that the development budget underperformed so significantly at only 10.2 %. By December 2012, only Ushs. 30.823 bn had been utilized out of the approved budget of Ushs 302.012 bn,. This implies that all activities and components that were to be financed by this provision stalled. For example Mbale referral hospital received zero allocation for hospital construction and rehabilitation for the period under review. This trend cuts across other regional referral hospitals which received no funds for rehabilitation owing to non- release of approved budget by Parliament for those health facilities. These hospitals have not received funds even in the next FY2013/14 due to budget cuts by donors and lack of resources to fill the gaps by the government of Uganda. Accordingly, all the planned outputs and activities cannot be implemented. This in effect signals the failure of government to fulfill its health sector objectives and outcomes. It is important to note that the most affected groups are the poor, especially those residing in the rural areas and are reliant on government social services. On average 16 women die every day due to pregnancy-related complications in Uganda. The country is characterized by dilapidated and under-staffed health facilities that face acute shortages in medical equipment, which is an indication that the health sector is unable to cope with the needs of communities.

Decline in government allocations

Notably, the government of Uganda allocation to the development budget of the health sector, apart from being inadequate, has taken a declining trend. For example, the total development budget for the next FY2013/14 will decline by 6% from Ushs 80.581 bn to Ushs 75.693 bn. The activities that will be affected include the following projects which received zero allocation from government of Uganda development budget: rehabilitation of health facilities in the eastern region, hospital construction and rehabilitation, purchase of transport equipment including motorized boats for Namayingo, Kalangala, Mukono and Buvuma districts which have deep water islands and rehabilitation and equipping of health facilities in central region.

Decline in Non-tax revenue

Table 1 further indicates poor performance of the Non-Tax Revenue (NTR) component in the ministry of Health. This is the money collected at source from individuals who opt for the private wing and pay for health services. The poor performance reveals declining access to health services perhaps due to high levels of poverty in the country.

The poor performance in private services collections is an indicator of inability by the population to afford payments in most health facilities. No wonder it is common for mothers to die because of failure to purchase mamma kits or failure to make small payments to the health workers. Poverty has been on the increase in some regions especially those that have been affected by instability for a long time, although national figures show declining trends. According to the recent Poverty Status Report 2012 by the Uganda Bureau of Statistics, a whopping 7.5 million Ugandans are still living in poverty despite all government interventions. It further

reveals that 13 million Ugandans, representing over 43% of the population, though not in absolute poverty, are still insecure.

Therefore given the level of poverty in the country and limited allocation to health facilities that benefit the poor, the social right of access to healthcare is violated for a significant number of people.



A nurse checks on a drip for a sick child sharing a bed with other sick children

3.0 BUDGET ALLOCATION FOR FY 2013/14

Table 2: Health sector Institutions Budget allocation

	Approved Budget FY 2012/13	Proposed Budget FY 2013/14	% change in Allocation	% Budgetary Shares
Vote 014 Ministry of Health				
0801 Sector Monitoring and Quality Assurance	0.805	0.805	0%	0%
0802 Health systems development	121.649	111.363	-8%	37%
803 Health Research	2.413	2.413	0%	1%
804 Clinical and public health	37.15	27.066	-27%	9%
0805 Pharmaceutical and other Supplies	82.494	143.06	73%	47%
0849 Policy, Planning and Support Services	20.48	18.16	-11%	6%
Vote 014 Sub Total	264.991	302.867	14%	32%
Uganda AIDS Commission	5.475	10.652	95%	4%
Uganda Cancer Institute	5.899	6.168	5%	2%
Uganda Heart Institute	3.843	7.916	106%	3%
National Medical Stores	208.291	210.291	1%	71%
Kampala Capital City Authority	7.083	5.284	-25%	2%
Health Service Commission	3.586	3.55	-1%	1%
Uganda Blood Transfusion Service (UBTS)	3.691	3.635	-2%	1%
Mulago Hospital Complex	38.774	39.226	1%	13%
Butabika Hospital	18.293	9.013	-51%	3%
Sub Total Central Agencies	294.935	295.735	0%	31%
Regional Referral Hospitals Sub Total	59.287	58.507	-1%	6%
Sub Total Local Governments/PHC	245.375	287.681	17%	30%
Total sector Budget	864.588	944.79	9%	100%

Source: National Budget Framework Paper 2013/14

IMPLICATIONS OF HEALTH SUB-SECTOR BUDGET ALLOCATIONS

The health sector budget expenditure is projected to fall by 7% in FY 2014/15 in the medium term, whereas the national population is projected to increase and therefore increasing the demand for health services. The allocation to the sector by government shows a declining trend, coupled with a decline in external sources due to donor budget cuts. In essence, a crisis may be looming in the health sector if no intervention is made at this stage. For example, the NBFP shows no allocation for most of the development/capital investments in the

health sector, despite increasing need for new health infrastructure and rehabilitation of existing dilapidated facilities.

Concentration of resources at the centre

Table 2 indicates that the key health sector budget drivers include the Ministry of Health, with a budget allocation of 32% representing an increment of 14%, primary health care accounting for 30%, National Medical Stores (NMS) 22% and regional referral hospitals at 6%. Whereas the Heart institute's budget has been doubled and this is commendable, that of Butabika mental health Hospital been halved, indicating a 51% budgetary reduction. This is despite the fact that several studies have highlighted the magnitude of the problem of mental health in Uganda, and emphasised a need for adequate intervention.

The sector priority in allocation does not reflect the aspirations of universal and equitable service delivery because the bulk of the budget is skewed to the ministry headquarters. Whereas the districts or local governments are the entry points of the health service delivery mechanism in the country where most of the resources should be channelled, the allocation reveals a different story altogether. The bulk of the funds remain at the Headquarters for activities that do not reflect achievement of the minimum health care package. These include workshops, training and development of guidelines and strategies. Key outputs in this case are indicated as the number of awareness raising campaigns, number of guidelines and number of materials produced. Although these are important outputs, they become less of a priority when compared to immunisation, pregnant mothers requiring antenatal or ambulances services. Funds for awareness raising should be allocated to the local governments if it is to serve a preventive function that would in the long run reduce expenditure on treatment. It is crystal clear that the budget does not address the real challenges in the health sector, more especially for the most vulnerable group who may not even have access to televisions and radios where the bulk of the money on awareness raising is spent.

3.1 CRITICAL ACTIVITIES UNDERFUNDED IN THE FY 2013/14

The health sector has identified what they considered critical activities in the NBFP submitted for parliamentary scrutiny, yet they remained under or unfunded. These include

a) Wages for Staff in Post

It is reported that Ushs 277.962 has been provided for payment of wages for staff in post. This leaves a funding gap for payment of wages for staff in post as follows;

i) Ushs 2.5bn for regional referral hospitals

ii) Ushs. 1.4 bn for ministry of Health headquarters

Although government had promised to enhance wages for health workers, no funds have been provided for wage enhancement of the other health workers except Medical Officers at Health Centre IVs. This leaves a funding gap of Ushs. 129bn according to the documents submitted to the committee of health in Parliament.

This underfunding is likely to cause inefficiencies in service delivery and points to poor government planning and prioritization for improved health service delivery. For example, whereas doctors' salaries have been enhanced, those of nurses working at the same health centres have not been enhanced, but they are expected to perform their duties efficiently to support the now motivated doctors. This is social injustice not even accepted by the International Labour Conventions and conventional wisdom because if a doctor's pay is enhanced by the fact that he is in a hard to reach area for example, it is also logical that the nurse working with him is working under the same conditions and would therefore merit motivation. The situation is therefore bound to

escalate absenteeism and drug theft and low morale/motivation for the health workers. Since these are the people who primarily do the bulk of work in rural areas including hard to reach areas like the Island districts of Buvuma, Namayingo, Kalangala, Mukono and Parts of Wakiso, and the common man will be the final loser in terms of access to basic services. The pregnant mothers will continue to die and face the wrath of unmotivated health workers.



Government should stop this pay discrepancy and discrimination if universal access to health services is to be achieved.

b) Recurrent Expenditures to run Health Facilities

It is also reported that only Ushs.41.185 bn has been allocated as recurrent budget to run Health service delivery in 137 Local Governments with 56 General Hospitals, 61 Private Not For Profit (PNFP) Hospitals and 4,205 Lower Level Health Units.

Analysis of the Uganda Bureau of Standards (UBOS) price indices shows that prices of goods and services in general increased by 44% between 2008/09, while those of utilities alone (rent, fuel, water and electricity) increased by 20.4%. Therefore, the recent massive recruitment in Local Governments if not supported by additional investment in the recurrent budget may compromise the intended results.

It will remain a common characteristic to find health facilities in a black out with no electricity, running water or even fuel for the ambulance to save lives. The situation is even made worse due to budget cuts occasioned by government to fund the ever increasing supplementary requests. For example, this FY 2012/13, the Ministry of Finance reported to Parliament that the bulk of the funds to finance the huge supplementary budget of Ushs.555.6 bn will be obtained by suppression of non-core activities and reallocations. Usually, the health sector budget is not spared either.

3.2 KEY SECTOR INTERVENTIONS AND BUDGETARY ALLOCATIONS

Village Health Teams

In the next year's budget 2013/14, the ministry plans to scale up the visibility of village health teams in a bid to bolster primary health care services that includes immunization, malaria control and preventive measures for both communicable and non-communicable diseases. The budgetary allocation to the activity is programmed at Ushs 4.38bn - an increment of 10% from the previous FY 2012/13. This is welcomed especially if all the funds will be released in time and spent on those planned activities.

Immunisation

It should be noted that the immunization services require additional funding amounting to US\$ 3bn for increased protection against life threatening diseases as many infants are dying from pneumococcal pneumonia which is preventable. The requested funds are to scale up the introduction of the new vaccine which would impact (reduce) the infant mortality rate by 7%, reduce bacterial infection in children by 33% and pneumonia infection by 35%. This money is indicated in the NBFP as unfunded, most likely not to be funded given other government priority lists. We urge government to reconsider their other budget priorities and fund the vaccination for children who are very vulnerable.

It is also indicated in the NBFP for FY 2013/2014 that the health sector plans to reallocate US\$ 3.9 bn from primary health care operations. This will inevitably affect the output or the interventions in primary health care, and is contrary to the recommendations from Parliament and other stakeholders including Civil Society Organisations, and signifies indifference towards the healthcare needs of the general population.

The Supply of Artemisinin-Combination Therapies (ACTS), Antiretrovirals (ARVs) and Tuberculosis (TB) drugs to accredited facilities is projected to remain the same in the next financial year at Ushs 100bn despite the increase in the number of patients who are supposed to be on treatment. This is confirmed by the number of health centres reporting drug stock outs which is at 39.8% of the target of 60% facilities.

The ministry plans to procure a number of assorted items under GAVI funds, including the following; 10 Motorized boats for districts with Islands, 57 vehicles for districts & for central coordination, 4 insulated vaccine delivery trucks, 584 motorcycles for HCIII's and 5,000 bicycles for HCII's at a cost of Ushs 11.9 bn. Compared to other pressing needs of the health sector, we propose that the Ministry of Health and Parliament instead reallocates some of this money to procure essential medicines, vaccines and increase salaries for PHC givers to motivate staff and improve on service delivery.

The focus of maternal health in a bid to reduce maternal mortality has been antenatal care rather than family planning. This has been demonstrated by the targeted number of attendances but has only been able to realise 30% mothers delivering in health facilities, clearly showing little success. Efforts by the MOH should be geared towards reducing maternal mortality which the government acknowledges is still a major challenge facing the health sector through family planning.



Necessity creates innovation - Limited space in Masindi Hospital forces mothers and caretakers to place new born babies in the hospital abandoned sinks. The Medical Supretendant of Masindi Hospital checks on a newly born baby placed in a sink

4.0 RECOMMENDATIONS ON THE WAY FORWARD

Government, development partners and civil society organizations need to urgently address the challenges of health service delivery. There should be budget tracking to ensure that all the funds approved and disbursed are spent on the delivery of health outcomes especially in rural areas where the majority cannot afford private health services in a timely manner.

To the Ministry of Health

Establish an effective monitoring and evaluation system: There is need for the Ministry of Health to strengthen the health monitoring and evaluation framework by developing easy monitoring indicators especially of physical performance. There has been an over reliance on financial audits which do not give a realistic picture of what is happening on the ground.

An effective M&E system would require monitoring structures with appropriate staff, a good information network system with provision for early warning, and appropriate reporting formats/registers and procedures that enable maintenance of reliable statistics. The monitoring should also involve tracking the use of resources to support management and decision making by the stakeholders.

Allow for access to health sector information to promote transparency: All relevant Ministry of Health information should be made public to enable timely external analysis and intervention by other stakeholders where necessary in order to avert crisis.

Policy evaluation: There is need for policy evaluation to ensure that all the policies implemented deliver the expected health outcomes. For example, the policy shifts towards single procurement and disbursement of government medicine by the National Medical Stores. Reports have showed that some medicine gets expired before delivery to health units because of lack of transport, yet in actual sense many lower health units in local governments lack essential drugs.

Capacity building for district local governments: The Ministry of Health should assist districts to develop standardized methods of disaggregating health funds according to the various priorities. This will not only make it easy to track funding sources and expenditures but also promote accountability for funds from government, development partners and other sources by having clear indications of allocations against expenditure. This will also improve the absorptive capacity of the sector.

Re-prioritisation of health sector budget: Since the budget process is still on going up to the time of presentation of policy statements, we recommend that the Ministry of Health re-aligns its budget towards

more pressing needs at lower health units as opposed to large shares of resources left at the Headquarters. More money should be allocated to regional hospitals, district health budgets, mental health, vaccination, recruitment of health workers.

Universal access and equity in resource distribution should be ensured especially to cater for hard to reach areas e.g. the Island districts which include, Namiyango, Kalangala, Buvuma and parts of Wakiso and Mukono.

To the Central Government of Uganda

Health Financing: Currently, about 40% of health development budget resources are provided by donors. This is an over-reliance on external sources, and it subjects the health sector to external conditionality and unpredictability of aid flows—as the 2012/13 health budget cut demonstrates. It is recommended that the government of Uganda increases internal sources of health financing especially the development budget. It has been reported that investment in capital development of over Ushs. 50 bn annually has not been followed by commensurate increments in recurrent budgets. A clear way of improving health financing in the long run would be allocating some of the expected oil revenues towards the health sector. In the short time, government should prioritize service delivery at the primary level and limit the budgets going to non-wage expenditures at the central ministry level.

Enable effective participatory budgeting: This will ensure budget monitoring by the communities concerned and also ensure that resources are allocated where most needed.

To the Development Partners:

Development partners should participate in Uganda's official budgeting process, so that all allocations, releases and expenditures can be tracked. It is important to strengthen systems that have set realistic benchmarks for improved health, which must constantly be monitored to assess the desired progress. This role can also be enforced by policy makers in their oversight and advisory roles to government, development partners and stakeholders.

ISER is part of the Civil Society Budget Advocacy Group (CSBAG)

About the Initiative for Social and Economic Rights (ISER)

The Initiative for Social and Economic Rights (ISER) is a registered national not-for-profit human rights non – governmental organization (NGO) in Uganda. ISER was founded in February 2012 to ensure full recognition, accountability and realization of social and economic rights primarily in Uganda but also within the East African Region.

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