



WHAT MPS SHOULD CONSIDER WHEN DEBATING THE HEALTH SECTOR BUDGET FY 2019/20

*CSO Health Sector Position Paper on the Uganda National Budget
Framework Paper FY 2019/20*



**Developed by the Civil Society Budget Advocacy Group and Presented to the Health
Committee of Parliament by CSOs.**

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About CSBAG

The Civil Society Budget Advocacy Group (CSBAG) is a coalition formed in 2004 to bring together civil society actors at national and district Levels to influence Government decisions on resources mobilization and utilization for equitable, gender responsive and sustainable development. Since 2004, CSOs under the umbrella of CSBAG have engaged Government in influencing the budget process to ensure that both the local and national budgets address the needs and aspirations of the poor and marginalized groups of people in Uganda.

Members of the Civil Society Budget Advocacy Group (CSBAG) facilitated by the CSBAG Secretariat developed this health sector position paper for FY 2019/20. Specifically, this position paper was put together by Reproductive Health Uganda, World Vision Uganda, The National Union of Disabled Persons of Uganda (NUDIPU), Oxfam Uganda and Kick Corruption out of Uganda.

1.0. Introduction

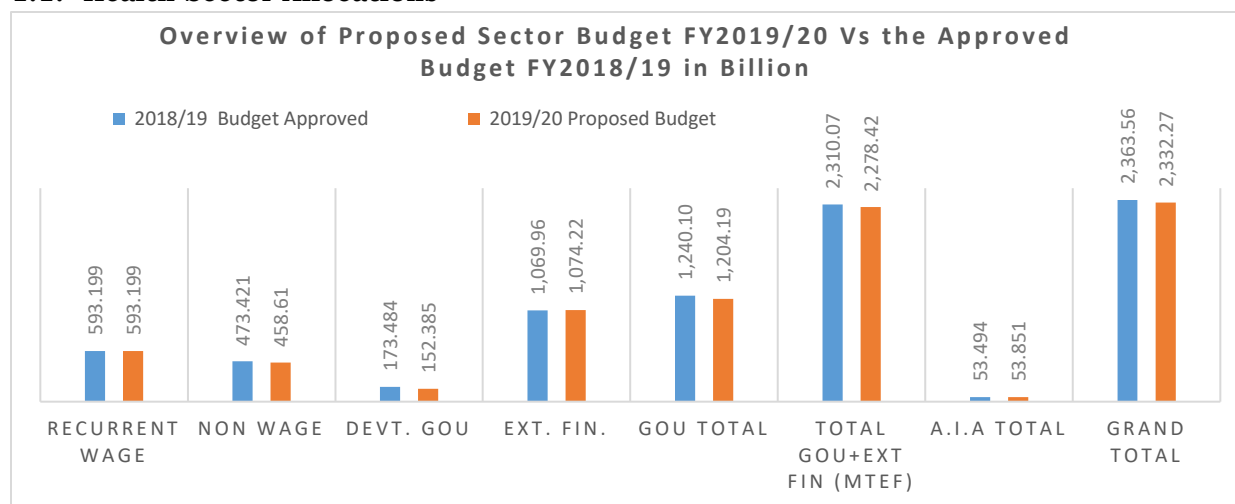
The health sector is critical in producing a healthy and productive population that will contribute to achievement of Uganda Vision 2040. The FY 2019/20 health sector priority actions and resource allocations are guided by positions agreed to in the Joint Review Mission (JRM) and the Sector Budget Working Group in alignment with the National Development Plan II (NDP II) and the Health Sector Development Plan (HSDP). Some of the sector strategic priorities for FY 2019/20 include:

- 1) Operationalisation of the health facilities which are currently being upgraded from health centre IIs to health centre IIIs by provision of adequate staffing and operational funds;
- 2) Operationalisation of the newly rehabilitated general and referral hospitals;
- 3) Speed-up approval of National Health Insurance Bill to enable implementation of the scheme;
- 4) Prioritisation of the preventive measures in health service delivery, including scaling up campaigns on health lifestyles beyond the National Fitness Day.

- 5) Strengthen referral systems to prioritise diagnosis and treatment of non-communicable diseases;
- 6) Fast-track implementation of community health extension workers;
- 7) Streamline systems for drug ordering and distribution, that is to say, balancing push and pull systems to address issues of drug stock-out and mismatch of drug with regional specific needs
- 8) Reducing referrals abroad. In the short term, the major focus is to improve diagnostics in Uganda Cancer Institute, Uganda Heart Institute and Mulago Hospital.

Achievement of these sector priorities will be through operations of agencies that include: regional and referral hospitals, the Uganda AIDS Commission (UAC), Uganda Cancer Institute (UCI), Uganda Heart Institute (UHI), National Medical Stores (NMS), Kampala Capital City Authority (KCCA), Health Service Commission (HSC), Uganda Blood Transfusion Services (UBTS), and Uganda Virus Research Institute (UVRI).

1.1. Health Sector Allocations



Source: National Budget Framework Paper FY 2019/20

The Health Sector financing is expected to reduce by UGX 31.294bn from UGX 2,363.562bn in 2018/19 to UGX 2,332.268bn in FY 2019/20. The proposed wage budget is expected to remain the same between FY 2018/19 and FY 2019/20, while the non-wage expenditure is expected to reduce by UGX 14.811bn from UGX 473.421 in FY 2018/19 to UGX 458.610 in FY 2019/20. Likewise, the Government of Uganda (GoU) development expenditure is expected to reduce by UGX 21.1bn in FY 2019/20. Though there is a slightly higher Government of Uganda financing at UGX 1,240.104bn compared to the UGX 1,074.223bn from donors in FY2019/20.

1.2. Health sector output outcome performance FY 2017/18

As Civil Society, we commend the Government of Uganda, the Ministry of Health and Parliament of Uganda for the enactment of the Mental Health Act 2018. We believe that this will go a long way in providing equitable health care for persons with intellectual and psychological disabilities. We appreciate the Ministry for the progress towards upgrading 124 HC IIs to HC IIIs in FY 2018/19, the completion of construction works for the Specialised Maternal and Neonatal Unit at Mulago Hospital, the Health Service Commission

recruitments of more than 900 health workers, among others.

a) Budget performance in FY2017/18:

According to the Annual Budget Performance Report FY 2017/18, by the end of June 2018, 68.7% (UGX 1,291.464bn) of the approved health sector budget had been released out of which 93.15% (UGX 1,202.993bn) was spent. This translates into an unspent balance of UGX 88.471bn. The overall low release performance is on account of the low donor release which performed at 30.2% of the approved budget.

b) Output and outcome performance in FY 2017/18:

The sector performed fairly at 64%. The achievement of sector-planned outputs (81%) was generally better than outcome achievements. Some of the best performing institutions in terms of outputs include: Mulago Hospital achieving 91% of the planned outputs, UHI 89%, Mbarara Regional Referral Hospital 88%, UBTS 83%, among others. However, institutions performed poorly in terms of outcome indicators with Mulago Hospital Complex and UCI each achieving only 59% of their outcomes indicators; UHI 57%; UBTS 54%; and Arua General

Hospital being the worst performing institution at 43%.

c) Outcome performance in FY 2017/18:

Sector under performance was noted in the blood shortages in 90% of health facilities visited due to equipment breakdown, low blood collections and lack of screening reagents which affected timely delivery of blood to health facilities (Annual Budget Performance Report, FY 2017/18). Furthermore, indicators on contraceptive prevalence rate, neonatal mortality, health centres with drug stockout among others were not achieved. This was exhibited through the absence of drugs for patients especially for the facilities located in high populated communities, causing other health facilities to refer patients to private pharmacies to buy drugs and other medical supplies.

d) Loans performance in FY 2017/18:

The Annual Government Performance Report FY 2017/18 indicates a reduction in fiscal performance of loan projects between June 2017 and June 2018. The fiscal performance of projects reduced on average to 9.1% (satisfactory performance) in June 2018 from 45% in June 2016 and projects that performed moderately satisfactorily also reduced from 18% in June 2017 to 9.1% in June 2018. Projects with poor performance included: Improvement of health Services at Mulago and KCC, Gavi Vaccines and Health Sector Development Plan Project, Reproductive Maternal and Child Health Services Improvement Project, Renovation and Equipping of Yumbe and Kayunga General Hospitals Project, to mention but a few. In particular, the Renovation and Equipping of Yumbe and Kayunga General Hospitals Project, only 1% of the funds had been disbursed by October 2018 yet the project was supposed to close by 31st December 2018.

2.0 Review of the Budget Strategy for the Health Sector

This section reviews the NBFP allocations in view of the sector strategic interventions for FY 2019/20 that the Ministry of Health and other agencies under health would like to undertake including:

a) Operationalization of the newly rehabilitated general and referral hospitals and the health facilities

which are currently being upgraded from Health Centre IIs (HC IIs) to Health Centre IIIs (HC IIIs), by providing adequate staffing and operational funds. However, the proposed wage budget is expected to remain the same between FY 2018/19 and FY 2019/20. This amount should however increase to match the increasing staffing levels to serve the growing population. The non-wage expenditure however is expected to reduce by UGX 14.811bn from UGX 473.421 in FY 2018/19 to UGX 458.610 in FY 2019/20. We expect that this amount should steadily increase if health centres are to meet the increasing operational costs especially as more HC IIs are upgraded to HC IIIs.

b) Speed-up approval of National Health Insurance Bill to enable implementation of the scheme;

c) Fast-track implementation of Community Health Extension Workers (CHEWs) and prioritize the

preventive measures in health service delivery, including scaling up campaigns on health lifestyles beyond the National Fitness Day. This will be complemented by placing emphasis on managing population growth to ensure it does not become detrimental to the desired demographic transition path through ensuring that girls remain in school to prevent early marriages/pregnancies and related complications and improving family planning/reproductive health services intake through increased sensitization. However, the budget for

primary health care has remained stagnant and so is the NMS budget. With the plan to rollout/operationalise the community extension health worker, there's need to increase the PHC budget to facilitate their work, especially sensitising communities.

- d) **Strengthening the referral systems** to prioritise diagnosis and treatment of non-communicable diseases; and reducing referrals abroad with the major focus on improving diagnostics in Uganda Cancer Institute, Uganda Heart Institute and Mulago Hospital. However, all the budgets for these institutions and referral hospitals and regional hospitals have been reduced.
- e) **Streamlining the systems for drug ordering and distribution:** that is to say, balancing push and pull systems to address issues of drug stock-out and mismatch of drug with regional specific needs; has not been matched with funds increase. How is the ministry planning to achieve this with the current funding to NMS, yet it already has funding gaps in both operation and drugs procurement?
- f) **Non-Alignment with the National Development II (NDPII).** In the fifth year of NDPII, the national total budget was projected to hit UGX 26,071.1bn (which has been greatly surpassed). In FY2019/2020, the NDPII projected the health sector to receive UGX 3,836bn. However, notwithstanding the national total surpassed the UGX 26,071.1bn projection, the health sector allocation for 2019/2020 falls way short of the NDPII projection by UGX 1,503.73bn.

3.0 Key Health Sector Concerns

We commend the Ministry of Health for the progress towards upgrading 124 HC IIs to

HC IIIs in FY 2018/19; the completion of construction works for the Specialised Maternal and Neonatal Unit at Mulago Hospital; the Health Service Commission recruitments of more than 900 health workers, among others. Despite these efforts though, some sector concerns still exist as detailed below:

3.1. Stagnating Wage bill and Primary Health Care (PHC) allocations:

According to the National Health Policy 2010, Primary Health Care (PHC) is the major strategy for the delivery of health services in Uganda and is based on the district health system.¹ The objective of the PHC programme is to offer quality PHC services right from the local government level.² Thereunder, PHC grants are provided to local governments and high-level health facilities with the aim of achieving Universal Health Coverage (UHC).³

In FY 2019/20 PHC will be allocated UGX 517.112bn, a slight decrease from UGX 538.639bn approved in the FY 2018/19, most of which will be towards upgrading of the health facilities and actual PHC remaining the same⁴. The proposed budget for FY 2019/20 cuts the funding for this programme further by UGX 21.527bn, a reduction which contradicts the Ministry of Health priority of preventive rather than curative strategy. Since PHC is vital in implementing preventive strategies, its reduction will impede these efforts and hence increase the disease burden.

Secondly, the Ministry of Health plans to upgrade 105 HC IIs to HC IIIs as an addition to 124 upgraded in FY 2018/19 bringing the

¹ Ministry of Health, National Health Policy II, 2010 at p. 11.

² National Budget Framework Paper, FY 2018/19 at p. 115.

³ Ministry of Health, Primary Healthcare Grants Guidelines FY 2016/2017 at p.19.

⁴ National Budget Framework Paper FY 2019/20 at p. 19.

total number to 229.⁵ This upgrade will therefore inevitably entail an increase in the operational expenditure of these health facilities and staff recruitment among others to meet the threshold required for a functional HC III. It has previously been acknowledged by the Ministry of Health that the PHC grants are insufficient to meet their core functions of management and quality service delivery. Further reduction of the PHC budgetary allocation will paralyse the operation of health facilities in Uganda, both high and low level.

Recommendation(s):

1. PHC is a high priority area in the health sector thus funding to it should not be cut but at the bare minimal maintained at the current funding level.
2. There is need for provision for both wage and non-wage for the upgraded facilities; (health centres need 9 staff for HC II, 19 for HC III; and 48 staff for HC IV. The government should therefore align the allocations for the wage bill and PHC to its plans to construct new HC IIIs and upgrade the existing HC IIs to HC IIIs, an intervention which is heavily reliant on PHC funds for effective functionality and operation.

3.2. Stagnant financing for drugs, medicines and supplies

As per the State of Uganda Population Report 2018, the Uganda population is estimated to be 39 million people, with an addition more than one million Ugandans expected to be added on the population, not forgetting the refugee population. Amidst this, the Annual Budget Performance Report FY 2017/18 highlights stock outs of medical supplies and laboratory reagents at 95% of health facilities visited and the general lack of laboratory reagents like CBC and CD4 in regional referral and general hospitals among the key health sector challenges. The

⁵ National Budget Framework Paper 2019/2020; Page 3

report states that issues of stock outs of essential supplies were noted at various health facilities during FY 2017/18.

According to the Ministry of Health Annual Health Sector Performance Report FY 2017/18, unavailability of medicines/supplies topped the list (at 23%) among the major concerns of the communities in Uganda (National Household Survey 2016/17 by UBOS). This was followed by long waiting time (13%), long distance (12%), limited range of services (14%) and understaffing (10%), at public health facilities.

Unfortunately, the budget allocation for pharmaceutical and medical supplies under National Medical Stores (NMS) has not been considered for increase in the financial year under review, remaining at UGX 276.964bn. If this remains the case, it means we shall continue to experience stockout of essential medicines at facilities at all levels.

Recommendation(s):

1. The Government should increase funding to National Medical Stores with prioritisation given to the 41 tracer items and laboratory reagents. This will increase citizen satisfaction with health service delivery and improve the quality and productivity of the population.

3.3. Reduced financing for regional referral hospitals and specialised institutions⁶

The National Budget Framework Paper FY 2019/20 – FY 2023/24 highlights priorities for the health sector as indicated in Section 3 above. It's however self-defeating to set such priorities and reduce funding to all the referral and regional hospitals and specialized institutions, especially when there is a notable increase in demand for services, which is attributed to limitations in

⁶ (Uganda Cancer Institute, UBTS and Uganda Heart Institutes, etc.)

functionality of lower health facilities as noted in the Annual Budget Performance Report FY 2017/18. The report also notes that, “Uganda recorded 731 Anemia deaths in a space of four months (January-April 2018), this means that about 6 deaths occur daily due to lack of blood or timely transfusions. This further translates into death of more than 2,000 people annually.”

Recommendation(s):

1. The Government should increase or at least maintain funding for the already underfunded specialised institutions and referral and regional hospitals to cater for the ever-increasing cases of patients. This will strengthen referral systems to prioritise diagnosis and treatment of non-communicable diseases; and reducing referrals abroad.
2. Government should allocate resources for the construction and equipping of the 200 beds at the Uganda Health Institute Complex and construction of blood banks, at Kabale, Arua, Moroto, Soroti and Lira regional referral hospitals

3.4. Delayed enactment of various legislations

- 3.4.1. **The National Health Insurance Bill, 2014:** As of FY 2015/16, the household out of pocket expenditure on health stood at 42%, way above the World Health Organization (WHO) recommended maximum out of pocket expenditure of 15%. This exceeds the Government expenditure currently standing at only 17%. This, thus, provides a strong case for establishment of a fair health insurance scheme to facilitate the provision of efficient, equitable, accessible, affordable and quality health care to all citizens. It is of utmost importance that prior to passing the Bill into law, it is amended to ensure fair coverage of all Ugandans, especially vulnerable

groups including children, persons with disabilities, older person and indigent persons.

- 3.4.2. **The Food and Drug Authority (FDA) Bill, 2010:** Uganda has been called variously as ‘Food basket of Africa’ in reference to its production and export of food to other countries of the East African region and across the world. This comparative advantage is however being threatened by food safety concerns and inability to control the quality of drugs in the market. The Food and Drug Authority (FDA) Bill seeks to regulate production, value addition, packaging and transportation of food and food products; and drugs/chemicals – both for humans and animals and is currently before Parliament for enactment into law. If enacted, the FDA Bill will transform the National Drug Authority (NDA) into an effective National Food and Medicines Authority. The Auditor General Report for the FY 2015/16 rates the NDA’s delay in reviewing the National Drug Policy and Authority Act (Cap 206) and institution of this new Authority as **highly significant** due to the adverse effects of unregulated food and drug supplements on the population.

- 3.4.3. **The Uganda National Health Laboratory Services Bill, 2016:** Clinical laboratory testing plays an essential part in the delivery of quality health care. Laboratory tests are critical in diagnosis and treatment of disease; as well as disease surveillance and outbreak investigations. Currently, there is no legislation governing the centralized coordination and management mechanism of laboratory services in Uganda. This increases the risks of illegal and

unsafe provision of laboratory services.

Rising developments in technology, emergence of new diseases and re-emergence of previously eradicated diseases brings to the forefront new complexities that require efficient and effective coordinated laboratory services. It also requires an equipped and specialised staff to oversee the regulation and coordination of these services.

The Central Public Health Laboratories (CPHL), a unit within the Ministry of Health to provide leadership and management of laboratory services in the country, with a lot of difficulties due to absence of a mandate to oversee laboratory services across the country. The Uganda National Health Laboratory Services Bill 2016, once enacted into law will streamline leadership and effective management of laboratory services in the country.

3.4.4. The Indigenous and Complementary Medicines Bill, 2015:

Herbal medicines are naturally occurring, plant-derived substances that are used to treat illnesses within local or regional healing practices. The World Health Organization Traditional Medicine Strategy 2014-2023 highlights traditional medicine as either the main stay of health care service delivery or a complementary aspect with increasing demand for its services. However, production and distribution of traditional medicine in Uganda is unregulated resulting in late referrals and poor management of various medical and surgical conditions. A law is therefore imperative to help in development of standards and to regulate the traditional health

practitioners' practices. The Indigenous and Complementary Medicine Bill, 2015 is currently before Parliament that seeks to control and regulate the practice of indigenous medicine is therefore essential.

Recommendation(s):

1. The Ministry should come up with clear performance indicators and budgetary allocation for the finalisation and presentation of the above critical legislation before the Parliament.
2. Parliament and cabinet need to expedite enactment and passing the bills

3.5. Reduced indicator targets set out in the NBFP FY2019/20

The Ministry of Health is commended for highlighting the performance indicators to assess its performance under the various programmes suggested for the sector in FY 2019/20. However, there is a reduction for many programme indicator targets for FY 2019/20 compared to the actuals for FY 2017/18 as shown in the table below:

Programme Performance Indicators	2017/18 Actual	2019/20 Target
Proportion of sub-counties with functional HC IIIs;	76%	40%
Proportion of medicines and supplies procured and distributed against the consolidated procurement plan	99%	87%
Proportion of health facilities without drug stock out for 41 tracer medicines in previous 3 months	90%	87%
Source: <i>National Budget Framework</i>		

This does not reflect the magnitude and scope of the programme outcome which aim at achieving inclusive and quality health care services for all. This observation cuts across several programmes, an issue which will affect the delivery of health services.

Recommendation(s):

1. The Ministry needs to revisit and revise the outcome indicator targets, some of which had been surpassed by end of the first quarter.

4.0. Conclusion and recommendations

The civil society health sector fraternity applauds government on the achievements in a number of areas that includes recruitment of health workers to fill the vacant positions, the on-going training of the community health extension workers, the high performance in terms of expenditure of funds released by MoFPED by more than 90% on most of the votes in FY2017/18, etc.

However, we request Government to reconsider the position of cutting the health budget, but rather to increase allocation to the health sector that is critical in the attainment of Uganda Vision 2040 by producing a healthy and productive population that effectively contributes to socio-economic growth.

Therefore, we recommend:

1. PHC is a high priority area in the health sector thus funding to it should not be cut but at the bare minimal maintained at the current funding level. There is need for provision for both wage and non-wage for the upgraded facilities; (health centres need 9 staff for HCII, 19 for HCIII; and 48 staff for HCIV. The government should therefore align the allocations for wage bill and PHC to its plans to construct new HCIIIs and upgrade the existing HCIIIs to HCIIIs, an intervention which is heavily reliant on

PHC funds for effective functionality and operation.

2. The Government should increase funding to National Medical Stores with prioritisation given to the 41 tracer items and quantities of laboratory reagents. This will increase citizen satisfaction with health service delivery and improve the quality and productivity of the population.
3. The Government should increase or at least maintain funding for the already underfunded specialised institutions and referral and regional hospitals to cater for the ever-increasing cases of patients. This will strengthen referral systems to prioritise diagnosis and treatment of non-communicable diseases; and reducing referrals abroad.
4. Government should allocate resources for the construction and equipping of the 200 beds at the Uganda Heart Institute complex and construction of blood banks, at Kabale, Arua, Moroto, Soroti and Lira regional referral hospitals.
5. The Ministry should come up with a clear performance indicators and budgetary allocation for the finalisation and presentation of the above critical legislation before the Parliament.
6. Parliament and cabinet need to expedite enactment and passing the bills that include:
 - a) The National Health Insurance Bill; 2014;
 - b) The Food and Drug Authority (FDA) Bill, 2010.
 - c) The Uganda National Health Laboratory Services Bill, 2016.
 - d) Indigenous and Complementary Medicines Bill, 2015.
7. The Ministry needs to revisit and revise the outcome indicator targets, some of which had been surpassed by end of the first quarter.

References:

1. GAPR 2018

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