BRIEF

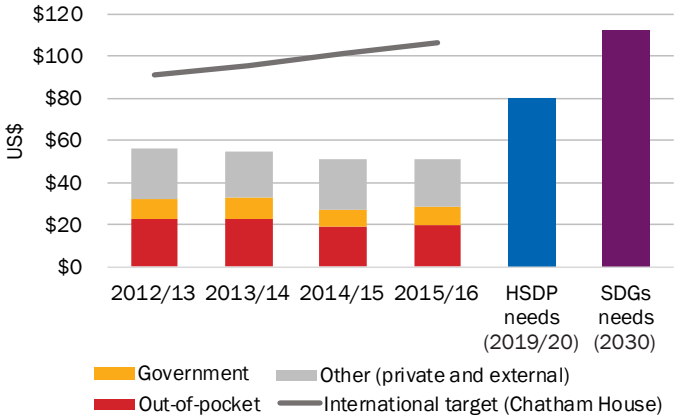
April 2019

Key Priorities to Improve Sustainable Financing of Uganda's Health Sector

Uganda has identified ambitious health sector targets that will be difficult to attain with current levels of funding and fiscal management of the health sector. The Government of Uganda aims to increase public spending for health to 15% of total government expenditure by 2020, however, in fiscal year (FY) 2017/18 health accounted for just 7% of the total government budget (MOH, 2018). Without greater prioritization, available funds for health will be well below the US$80 per capita required by Uganda's Health Sector Development Plan (HSDP) for FY 2019/20 and below the amount needed to achieve the country's health-related Sustainable Development Goals (SDGs) by 2030. As shown in Figure 1, the health sector is heavily dependent on external, development partner resources and out-of-pocket payments from households to fund essential programs and is well below international targets for health sector financing.

Funding gaps and inefficiencies result in low-quality health services, stock-outs, low utilization of health services, and an increased disease burden. The most recent Global Fund audit (2016) identified pervasive stock-outs across HIV, tuberculosis, and malaria programs due to both funding and management challenges. The Government of Uganda's most recent annual health sector and budget performance reports (2018) indicated challenges with human resource performance, effective use of clinical protocols, and adequate disbursement and absorption of external funding. Increasing domestic funding to health, improving efficiency, and investing in the development of health financing reforms, such as national health insurance, will be critical for the sustainability of the health sector and attaining national and global targets.

Figure 1. Per Capita Health Expenditure, Historical and Targets



Sources: McIntyre and Meheus, 2014; MOH, 2014, 2016; Stenberg et al., 2017

Priorities to Improve Sustainable Financing for Health

Based on a Global Fund-supported analysis by Palladium (Lang et al., 2019), there are four priority areas the Government of Uganda should focus on to improve sustainable financing for health:

1) Increase domestic funding for health
2) Improve budget efficiency
3) Improve allocative and technical efficiency
4) Establish and implement a national health insurance scheme

The following sections identify key stakeholders, contextual opportunities and challenges, and recommended actions in each of these priority areas to help Uganda's health sector achieve greater sustainability.

PRIORITY 1

The Government of Uganda must commit a greater share of its domestically generated resources to health. The current government allocation to health is insufficient to meet the goals and estimated needs outlined in the Health Sector Development Plan. There is not only a dependence on external funding and insufficient government allocations to the health sector as a whole, but also for individual disease programs. HIV and tuberculosis programs are 83% and 67% funded by external sources, respectively (MOH, 2016). A midterm review of the Malaria Reduction Strategic Plan indicated that the program was 95% donor-funded and only 5% government-funded, not including private expenditure (MOH, 2017).

ADVOCACY OUTCOME: INCREASE DOMESTIC FUNDING FOR HEALTH	
Key stakeholders	Ministry of Health (MOH); Ministry of Finance, Planning and Economic Development (MOFPED); parliament; and development partners
Opportunities and challenges	There is high-level political commitment to increasing domestic funding for health, but the Ugandan government is not currently allocating enough funding to achieve the goals set out in the Health Sector Development Plan. Limited fiscal space and significant donor funding provides little incentive for the difficult decisions that would have to be made to increase domestic contributions to health.
Key Activities	
Data-based decision making	• Determine funding needs from a costing and resource gap analysis • Document evidence of the impact and risk of not supporting health through a modeling exercise (using Spectrum, for example) • Model and document health's relevance and impact on other sectors, including education and the economy
Feasible resource mobilization options	• Estimate resources that could be mobilized through earmarked taxes, calculate program financing gaps, and determine management and allocation regulations for the HIV and AIDS Trust Fund and a Malaria Fund • Integrate vertical disease programs in the development of the universal health coverage roadmap to inform how the HIV and AIDS Trust Fund, Malaria Fund, and Immunization Fund will contribute to the broader health financing strategy
Collaborative decision making	• Institutionalize the relationship between the MOH and MOFPED with regular meetings and individuals tasked with liaison responsibilities
Coalition support	• Integrate health strategies, initiatives, and funding priorities with sectors adjacent to the MOH, including the Ministry of Education and Ministry of Water and Environment, for mutually beneficial outcomes
MOH advocacy capacity	• Conduct national and local budget workshops to develop the MOH's capacity to use data and take advantage of opportunities to influence budget processes
Political momentum and capacity to act	• Use ministerial policy statements to motivate government leadership • Discuss with development partners how to align approaches to incentivize domestic resource mobilization and develop a common plan with the government on a multi-year roadmap and co-financing expectations

PRIORITY 2

The Government of Uganda needs to increase the efficiency of financial management procedures while continuing donor coordination. Only 30% of on-budget external funding for health was released in FY 2017/18, indicating financial management and/or donor coordination challenges. In addition, less than 80% of these funds were spent (MOFPED, 2018). Previous annual reports indicate that this is a recurring issue.

ADVOCACY OUTCOME: IMPROVE BUDGET EFFICIENCY	
Key stakeholders	MOH, MOFPED, and development partners
Opportunities and challenges	The Ugandan government consistently reports financial performance and effectively disburses and executes allocated domestic funding to the health sector. However, external funding remains difficult for the government to predict, plan for, and disburse.

Key Activities	
Awareness and data-based decision making	• Conduct a bottleneck/financial flows analysis to accurately diagnosis any financial management challenges related to low disbursement of external funding, including the cash limit per quarter placed on the MOH and other ministries • Use the Aid Management Platform to monitor development partner contributions and disbursements and verify and share this information at health and HIV technical working groups and the Global Fund Country Coordinating Mechanism (CCM)
Collaborative decision making	• Continue regular communication through the health and HIV technical working groups and Global Fund CCM to improve coordination between the government and development partners and ensure clearer previsions of external funding availability and annual agreement on common vision/priorities
Political momentum and capacity to act	• Create accountability, monitoring, and reporting measures for financial management systems

PRIORITY 3

The Government of Uganda needs to improve efficiency in health service delivery. There is a lack of adequate qualified health providers and key informants indicate that there continues to be significant challenges with health worker attendance and performance, although the absentee rate is low at 9%. For malaria, the positive test rate is below 40% while the treatment rate among people who received a negative malaria test was 40%, indicating inefficient testing and overtreatment (MOH, 2018).

ADVOCACY OUTCOME: IMPROVE ALLOCATIVE AND TECHNICAL EFFICIENCY	
Key stakeholders	MOH, MOFPED, development partners, public and private health providers, and patient advocates
Opportunities and challenges	Relative to other low-income countries, the health provider absentee rate is low, however, health sector worker contracts do not incentivize high performance.
Key Activities	
Feasible policy options	• Identify performance-based options to motivate health providers and ensure high-quality care; options could include performance-based contracts (instead of tenured, government contracts) or incentives to work in rural areas, such as grants to cover medical school expenses in return for a multi-year post in a rural area • Modify and enforce clinical protocols to capture efficiencies and ensure effective and efficient outcomes
Data-based decision making	• Conduct a national gap analysis to identify the number of personnel, skillsets needed, and cost for each region to adequately support health outcomes; also consider the health workforce needed to support refugees • Analyze financial and service delivery impacts of performance-based contracts and incentive options; implement and evaluate a pilot program • Work closely with the National Medical Stores to conduct a study of the appropriate market price for rapid diagnostic tests for malaria to determine if a lower price could be negotiated
Collaborative decision making	• Establish a joint technical working group consisting of government officials, public and private healthcare providers, and patient advocates to develop a policy on performance-based contracts and incentives • Discuss strategies with development partners to transition development partner-supported health providers and administrators to the government
Patient advocate capacity	• Train patient advocates on technical and administrative/management content related to performance-based contracts and incentives
Political momentum and capacity to act	• Identify and address concerns related to performance-based contracts to create momentum for policy and practice change • Identify and address concerns related to current clinical protocols to create demand and momentum for policy and practice change

PRIORITY 4

The Government of Uganda needs to accelerate progress on the develop of a national health insurance scheme. Less than 3% of the population is covered by a pre-payment scheme for health. The government has been drafting a national health insurance bill that is currently awaiting cabinet review before being sent to parliament for approval. A health insurance scheme that offers coverage to the formal and informal sector, and is well implemented, has the potential to significantly change the funding landscape for health and reduce catastrophic health expenditure.

ADVOCACY OUTCOME: ESTABLISH AND IMPLEMENT A NATIONAL HEALTH INSURANCE SCHEME	
Key stakeholders	The president of Uganda; MOH; MOFPED; Uganda Revenue Authority; National Social Security Fund; community-based health insurance schemes, including Save for Health Uganda; Uganda Health Federation; and development partners
Opportunities and challenges	There is strong political will to advance the development of a national health insurance scheme. Lessons can be learned from the National Social Security Fund and community-based health insurance schemes. The political approval process, legal establishment, and development of the scheme will take time, but will help to secure financial protection for health in the long term.
Key Activities	
Awareness and data-based decision making	• Develop an investment case that provides evidence of the medium- and long-term savings of the health insurance scheme and the beneficial impacts it could have on the health of the population and economic growth • Cost the agreed-upon benefits package and conduct a willingness/ability to pay survey at the community level among informal sector workers and rural households to inform an appropriate premium • Determine a methodology for identifying indigents through community engagement and best practices
Coalition support	• Build on the development of the universal health coverage roadmap to engage stakeholders to develop a roadmap for establishing and implementing national health insurance and agree on clear action steps, responsibilities, and timelines
Influencer advocacy capacity	• Engage political champions, including the president of Uganda, to publicly voice support for the bill • Engage civil society organizations to add to the MOH's advocacy efforts • Enlist the National Social Security Fund to advocate to government leadership
Implementation	• Gradually scale up and implement the national health insurance scheme, progressively increasing the covered population and benefits package • Develop a clear management structure, legal framework, and guidelines for the fund and apply lessons learned from the National Social Security Fund in managing, monitoring, and disbursing funds • Develop monitoring and evaluation mechanisms and regulations • Learn from community-based health insurance schemes' use of Meso technology to enroll individuals, particularly those in the informal sector and rural communities

REFERENCES

Global Fund. 2016. *Audit Report; Global Fund Grants to the Republic of Uganda.*

Lang, E. and T. Fagan. 2019. *Achieving Sustainable Health Financing in Uganda: Prospects and Advocacy Opportunities for Domestic Resource Mobilization.* Washington, DC: Palladium.

McIntyre, D. and F. Meheus. 2014. *Fiscal Space for Domestic Health Funding and Other Social Services.* Centre on Global Health Security Working Group Paper 5. London: Chatham House.

Ministry of Finance, Planning and Economic Development (MOFPED). 2018. *Annual Budget Performance Report FY 2017/18.* Kampala: Republic of Uganda.

Ministry of Health (MOH). 2014. *Uganda Health Accounts–National Health Expenditure FY2012/2013 and FY 2013/2014.* Kampala: Republic of Uganda.

Ministry of Health (MOH). 2016. *National Health Expenditure Uganda–FY2014/2015 and FY 2015/2016.* Kampala: Republic of Uganda.

Ministry of Health (MOH). 2017. *Mid-term Review of the Uganda Malaria Reduction Strategic Plan 2014-2020.* Kampala: Republic of Uganda.

Ministry of Health (MOH). 2018. *The Annual Health Sector Performance Report Financial Year 2017/18.* Kampala: Republic of Uganda.

Stenberg, K., O. Hanssen, T. Edejer, M. Bertram, C. Brindley, et al. 2017. "Financing Transformative Health Systems towards Achievement of the Health Sustainable Development Goals: A Model for Projected Resource Needs in 67 Low-Income and Middle-Income Countries." *Lancet Global Health* 5(9): E875-887.

Cover photo credit: Lucien Alexe, courtesy of Photoshare

The Global Fund

Palladium
MAKE IT POSSIBLE