Improving Health Financing through Stronger Budget Planning and Execution in Uganda
Overview

• Context
• Approach
• Initial results
• Challenges and lessons learned
Context: Uganda Health Sector

- Challenges:
  - Dual burden of both communicable and non-communicable diseases
  - Young demographic profile

<table>
<thead>
<tr>
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<th>Uganda</th>
<th>Low Income Countries</th>
<th>Sub-Saharan Africa</th>
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<tbody>
<tr>
<td>Mortality from CVD, cancer, diabetes or CRD between ages 30 and 70 (%)</td>
<td>22.0</td>
<td>21.6</td>
<td>21.4</td>
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<tr>
<td>Prevalence of HIV, total (% of population ages 15-49)</td>
<td>6.5</td>
<td>2.7</td>
<td>4.3</td>
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<tr>
<td>Population under 15</td>
<td>48.6</td>
<td>43.4</td>
<td>43.5</td>
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World Development Indicators (March 2018 update)

- Limited resource envelope with high cost of medicines and medical technologies
Context: Uganda Health Financing

- **Government Health Spending =**

  - Uganda: $10 per capita
  - WHO target for Sub Saharan African Countries: $34 per capita

- **Sources of funds:**
  - Donors, 41.5%
  - Public, [VALUE]

- **About 1% population with voluntary insurance**

Sources: Ministry of Health data and Health Accounts 2013/14
Context: USAID/SFI and LPFM II

• 2 year activity funded under USAID’s Sustainable Financing Initiative (SFI)
  • Shared financial responsibility with host country governments for health financing, especially for HIV/AIDS

• **Major tools:**
  • advocacy and analytics,
  • public financial management,
  • technical efficiency and
  • private sector

• Implemented under global Leadership in Public Financial Management II (LPFM II)
Approach

• Aims to increase sustainable domestic financing for health by:
  • Supporting transition to program-based budgeting
  • Improving health sector budget execution
  • Work at both the central and the sub-national levels
Approach: Program Based Budgeting

• What is program based budgeting (PBB)?
  • Links spending to programs and their activities allowing results to be measured
  • Aligns spending priorities with national and sectoral development plans

• Why PBB to “mobilize resources for health”? 
  • Linkages between inputs, outputs and outcomes 
  • Clearer trade-offs 
  • Easier to advocate for resources
## Approach: Budgeting Preparation

<table>
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<tr>
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<th>Tools and systems</th>
<th>Skills sets</th>
<th>Institutional commitment</th>
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</table>
| • Refocus organizational structures  
  • Emphasis shifted from departments to programs  
  • Enforcing accountability through strengthening key performance indicators | • Performance Based System (PBS) to be linked to IFMS and Pensions system  
  • Format and volume of budget documents changed  
  • PBB Manual  
  • Public Expenditure Review | • Training of Trainers  
  • Coordinated PBB and PBS training  
  • Coaching of staff | • Emphasis on outputs & outcomes to assess achievement of strategic objectives  
  • Top Management fully involved in sector budget process |
Approach: Budget preparation

Critical role of coordination

Ministry of Finance, Planning and Economic Development (including National Planning Authority)

Health Sector (including regional hospitals)

Local Governments

Ministry of Local Government

USAID LPFM II Technical Assistance
Initial Results: Budget Preparation

• Finalize PBB frameworks and Ministerial Policy Statements for
  • FY2017/18 (national only) and
  • FY2018/19 (national and local)
• Trained 15 MOH PBB trainers,
  • supported trainings funded by the government, USAID and other donors (UNICEF)
• Led 3 trainings for 300+ officials at the sub-national level (20 districts; 6 municipalities; 2 RRHs)
• Supported MOFPED to draft PBB Manual
• Hands on mentoring and coaching in 16 districts
Approach: Budget Execution

- Assessing expenditure bottlenecks
  - Initial: Assessment of bottlenecks to budgetary and procurement process in MOH (and select districts) and outline of strategy
  - Ongoing monitoring: prioritized list of recommendations and working with MOH on a coordinated approach to resolving the bottlenecks

- Addressing expenditure bottlenecks
  - Procurement tracking, reporting and capacity building
  - Budget execution monitoring, analysis and timely early warning reporting
  - Strengthening governance structures
## Approach: Budget Execution

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<td>• Process mapping for procurement planning, contract management, pre-audit, and payments&lt;br&gt;• SOP review and recommendations for improvement</td>
<td>• Expenditure bottleneck analysis&lt;br&gt;• Legal and regulatory analysis&lt;br&gt;• Procurement tracker</td>
<td>• Coordinated procurement trainings&lt;br&gt;• Focused PFM trainings especially for program and subprogram managers&lt;br&gt;• Coaching and mentoring of staff</td>
<td>• Top Management ownership of bottleneck analysis and steps to address</td>
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Initial Results: Budget Execution

- Uganda Health Sector Budget Execution Bottlenecks Report
  - 26 expenditure bottlenecks and 51 recommendations
  - Embraced by MOH Top Management
  - MOFPED echoed recommendations in annual Budget Execution Circular (June 2017)
- Early warning reports for timely management action
- First time efforts towards consolidation of on and off budget figures
Initial Results: Budget Execution

• Progress on several of the recommendations:
  • Improved frequency and attendance for Health Sector Budget Technical Working Group meetings (rec 29-30)
  • Decreased time lapses in payment issuance due to streamlined pre-audit (rec 34)
  • Initiation of quarterly performance reviews by top management (rec 37)
  • Increased regularity and compulsory attendance for Finance Committee meetings (recs 19-21)
  • PS/MOH requested MOFPED for access to IFMS and training for Heads of Departments for better budget monitoring (rec 42)
  • Regular memos from PS on procurement issues affecting execution
Key lessons learned

• “Big Bang” approach to PBB implementation not practical
• With strong buy-in, a clear, action-oriented document can help catalyze reform (e.g., expenditure bottleneck report)
• Importance of coordinating sector (i.e., Health) PFM initiatives with those of the Ministry of Finance and other players
• Need to engage both leadership and transaction processors in trainings
• Support from both political and technical leadership is critical for success
• Concerted change management efforts very important
• Performance based culture needs to be reinforced
Questions?