

IMPLICATIONS OF THE DECLINING HEALTH SECTOR SPENDING IN UGANDA

**By
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Situation Analysis

Demographic Variable	Proportion	Projected Population (2015)
Total population	100%	35,756,800
Males	48.6%	17,377,805
Females	51.4%	17,915,056
Children under 1 year	4.3%	1,537,542
Children under 5 years	17.7%	6,328,954
Children below 18 years	55.1%	19,701,996
Adolescents and youth (young people) (10 – 24 years)	34.8%	12,443,366
Expected pregnancies	5%	1,787,840
Women of reproductive age(15-49 years)	20.2%	7,222,874

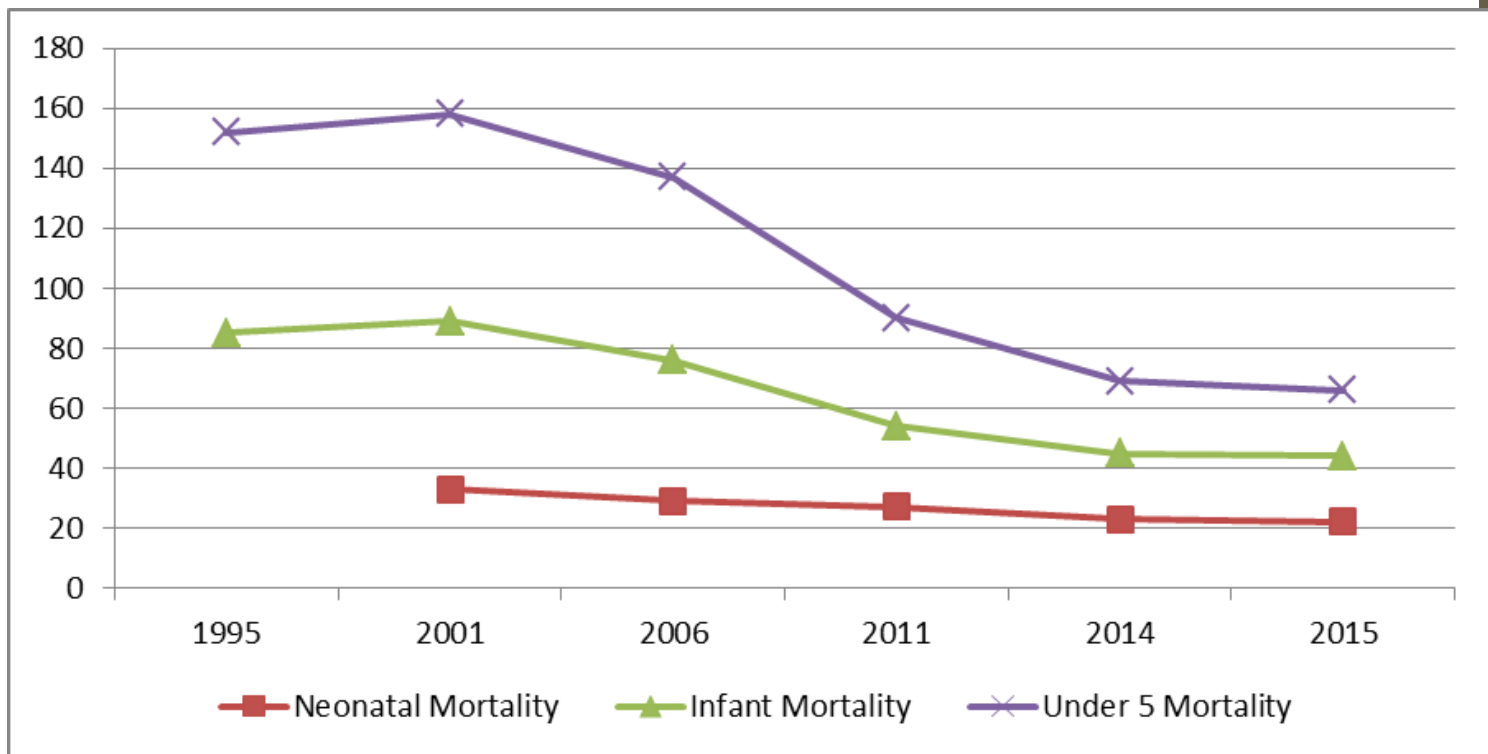
Situation Analysis-*Cont...*

Key interventions:

- Scaled up immunization, including introduction of the pneumococcal vaccine
- Increased use of Long Lasting Insecticide Treated Nets (LLINs),
- Elimination of mother to-child transmission of HIV (eMTCT), and
- Improved water and sanitation.
- Training programs for skilled birth attendants and other health workers launched by the MoH

Situation Analysis-Cont...

Trends In Newborn, Infant And Child Mortality In Uganda per 1000 live births



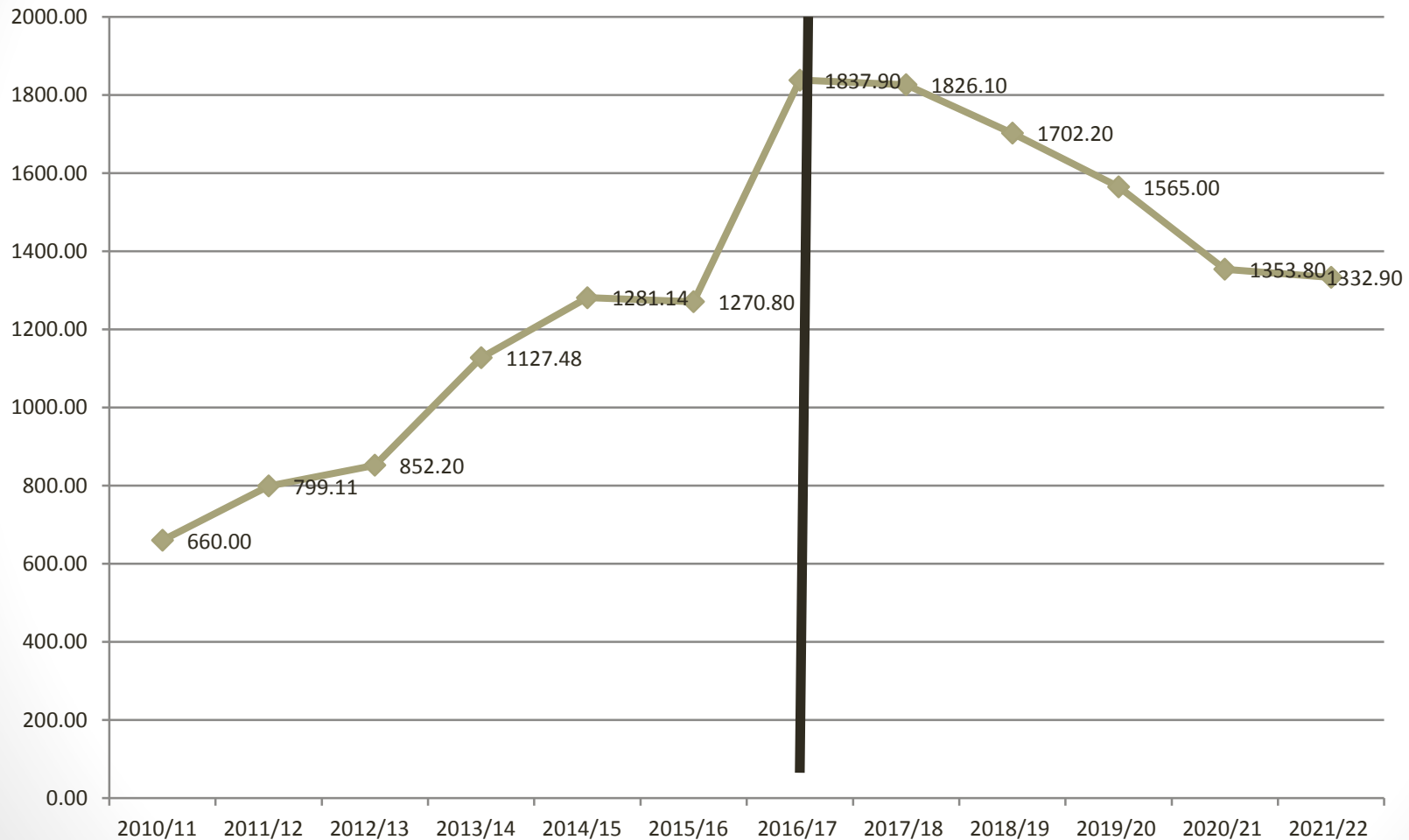
Sector Objectives

The overall strategic direction for the sector is provided by the strategic objectives of the HSDP namely;

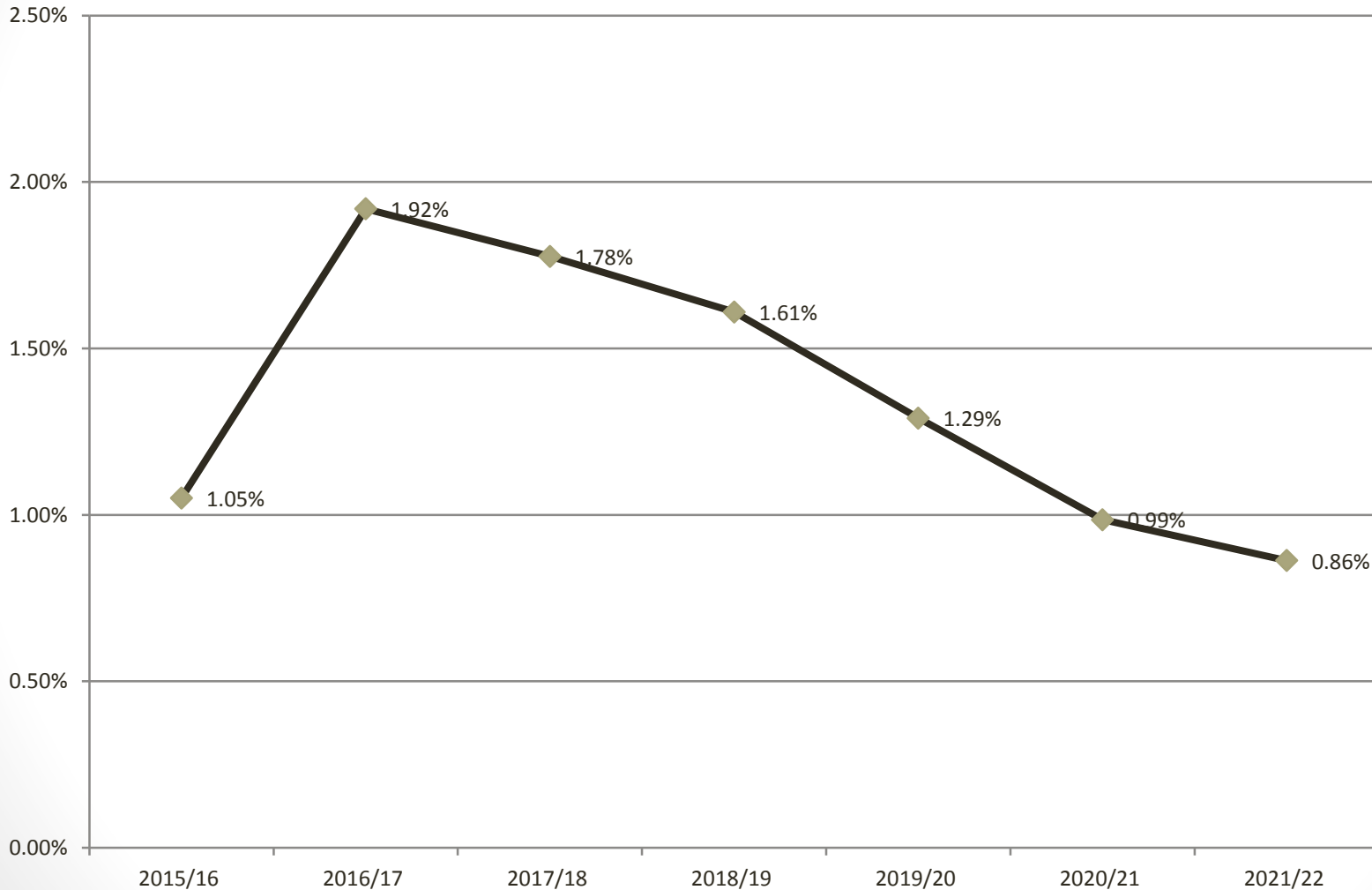
- To contribute to production of a healthy human capital for wealth creation through provision of equitable, safe and sustainable health services.
- To address the key determinants of health through strengthening inter-sectoral collaboration and partnerships.
- To increase financial risk protection of households against impoverishment due to health expenditures.
- To enhance the health sector competitiveness in the region and globally.

Health Spending in Uganda

FY 2010/11 – FY 2015/16 and FY 2016/17 - 2021/22 (Ushs. bn)



Health Spending as a percentage of GDP



Budget Proposals for the Health Sector

Over the Medium Term (shs. bn)

Category	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Wage	373.0	384.1	400.8	418.4	436.9	456.4
Non-wage	394.7	397.8	471.3	516.4	591.0	591.0
Domestic Devt	142.8	101.5	125.6	146.4	171.5	171.5
<i>External Devt</i>	903.1	912.7	681.1	457.2	124.9	82.4
Arrears	4.2	7.9	-	-	-	-
AiA	19.1	21.1	22.5	25.4	28.5	30.5
Total	1,837.9	1,826.1	1,702.2	1,565.0	1,353.8	1,332.9
Total Exp / GDP	1.92%	1.78%	1.61%	1.29%	0.99%	0.86%

Assumption and Questions

Assumption:

- There is a reduction in funding to the health sector by 7.47% (nominal) 14.54% (real), on annual average over the medium term.

Questions:

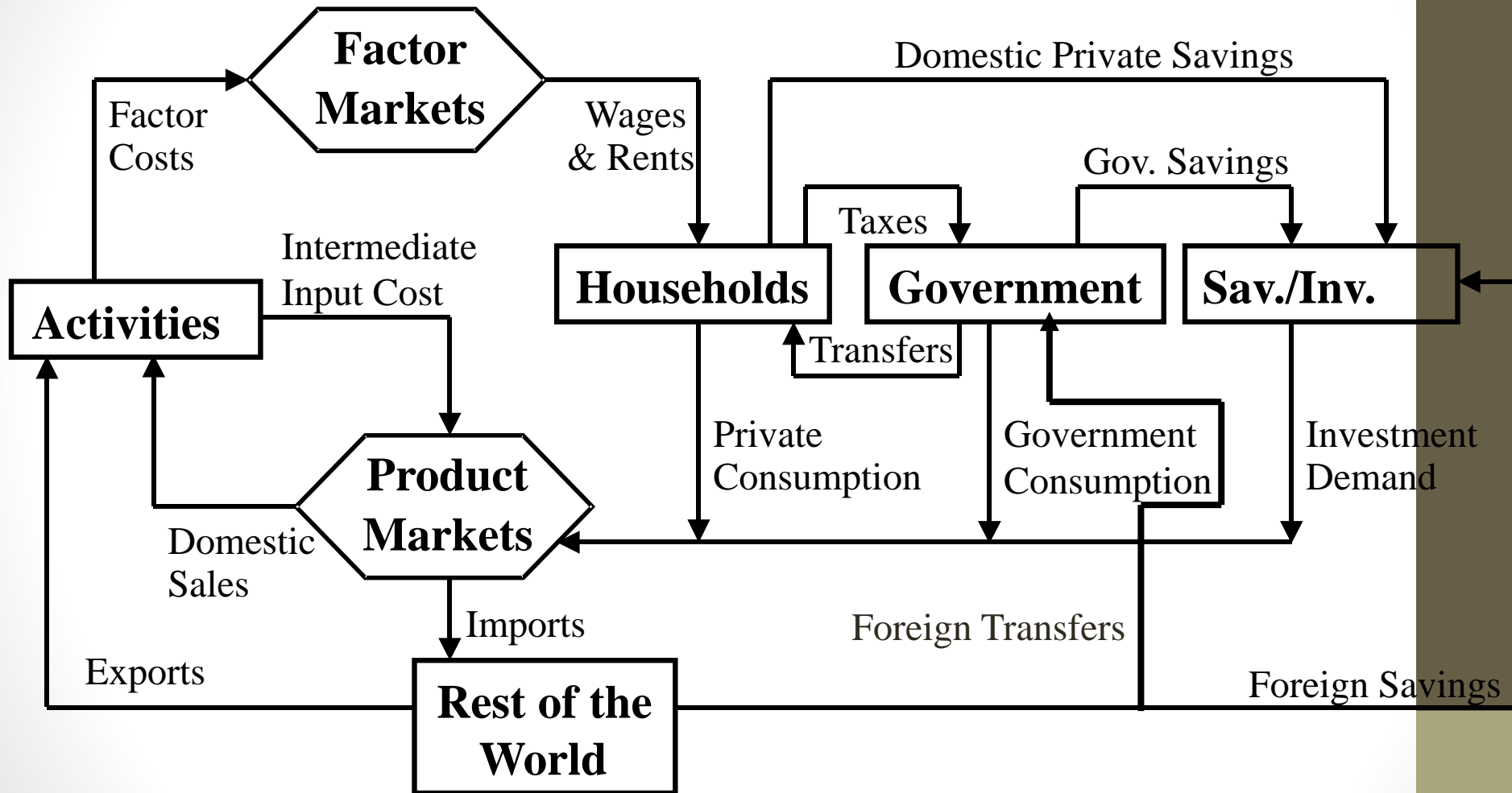
- What is the implication of declining funding to the Health Sector?
- What happens to Labour Productivity, Real GDP, Employment and Capital Stock in the Country?
- Which Sectors will be affected and to what extent?

What happens?

Methodology

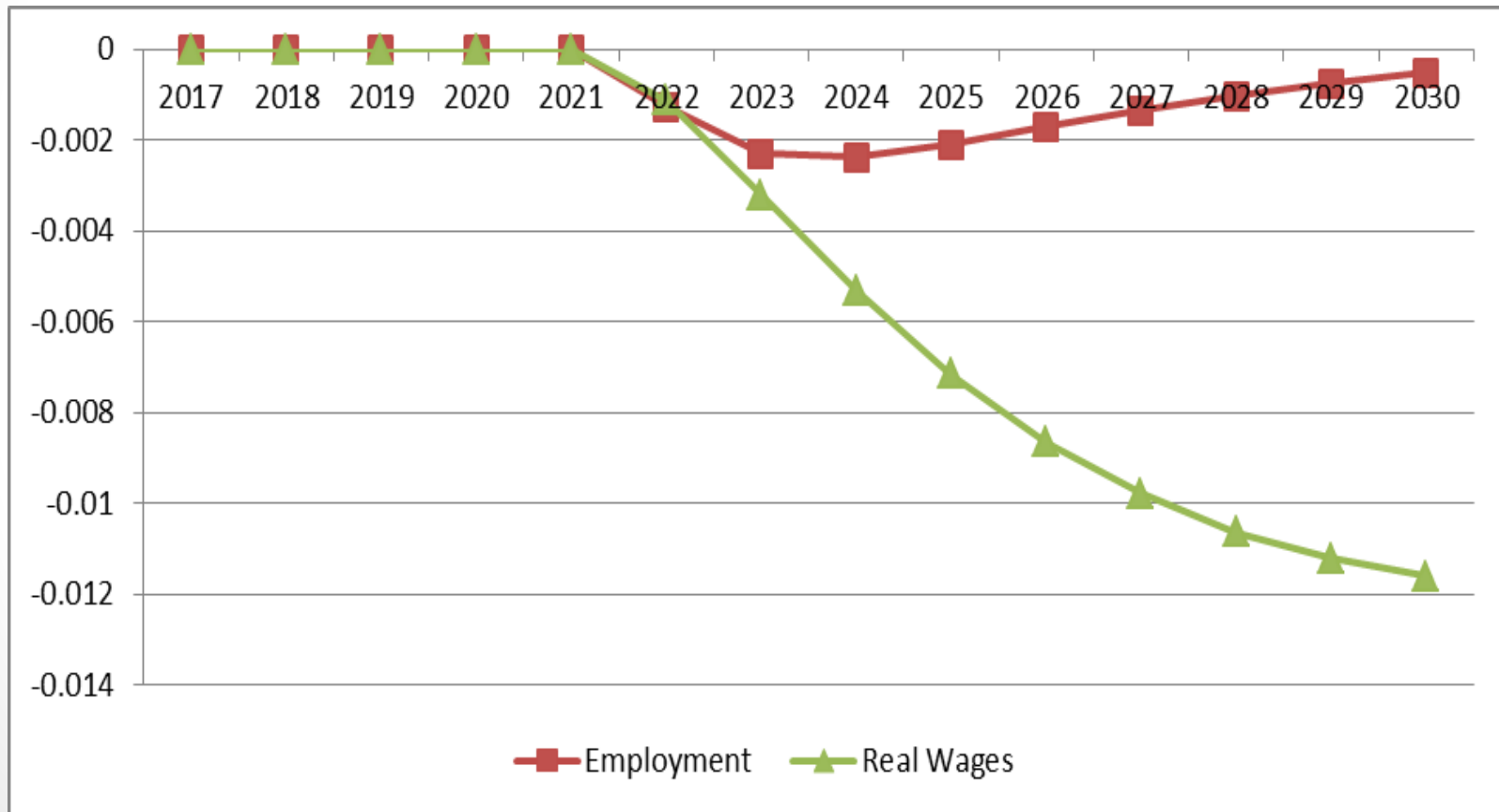
- Utilized the **Integrated Macroeconomic Model** for Uganda
- **Macro** and **Computable General Equilibrium (CGE)** models
- Macro-Model to obtain a set of forecast results over a chosen time horizon
- CGE model with Economic Agents (Producers, Investors, Household, Export, Government and Stocks)
- CGE model with 72 commodities,
- CGE model to create and run a baseline simulation
- Using the CGE model, run a policy simulation incorporating the baseline features and a policy shock

Payment flows in CGE model (simplified)



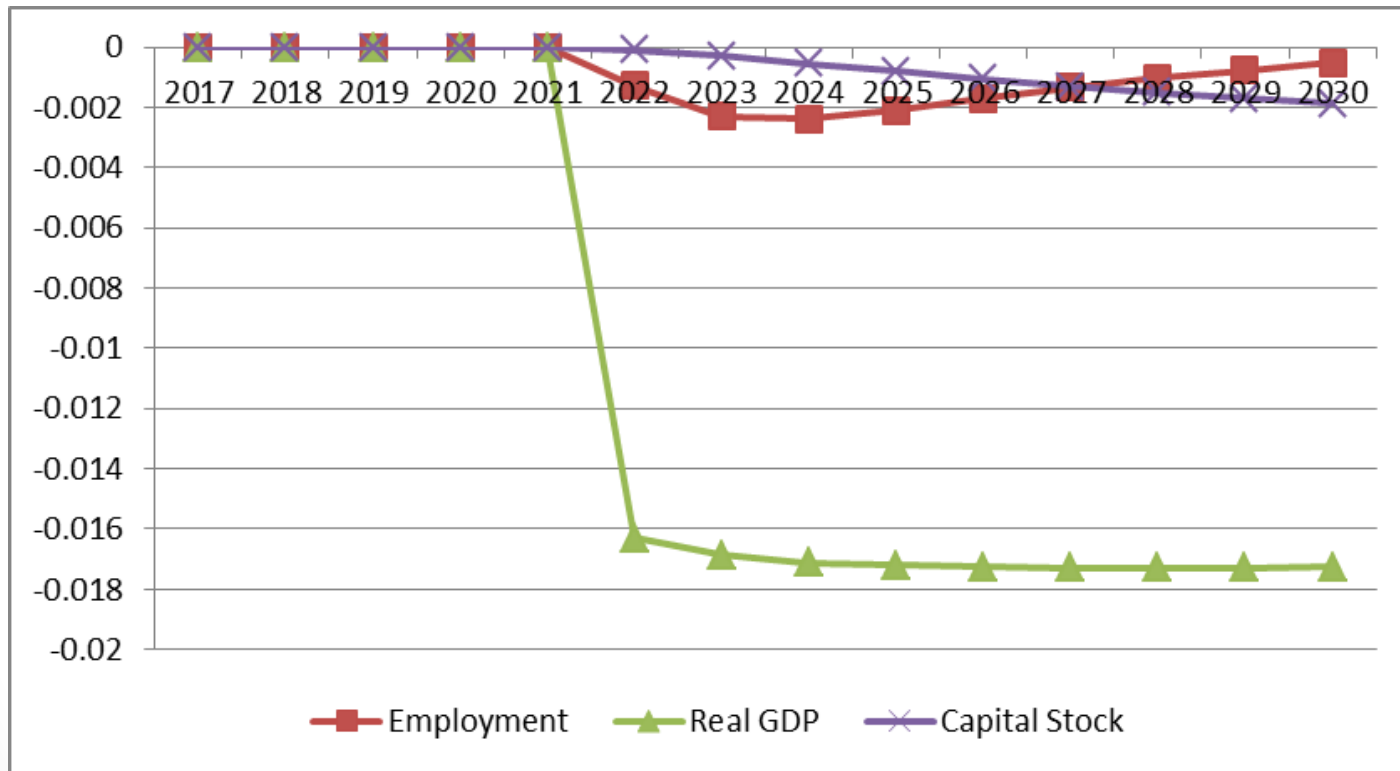
Impact on the Economy

Percentage Change - Wages and Employment (Health Sector)



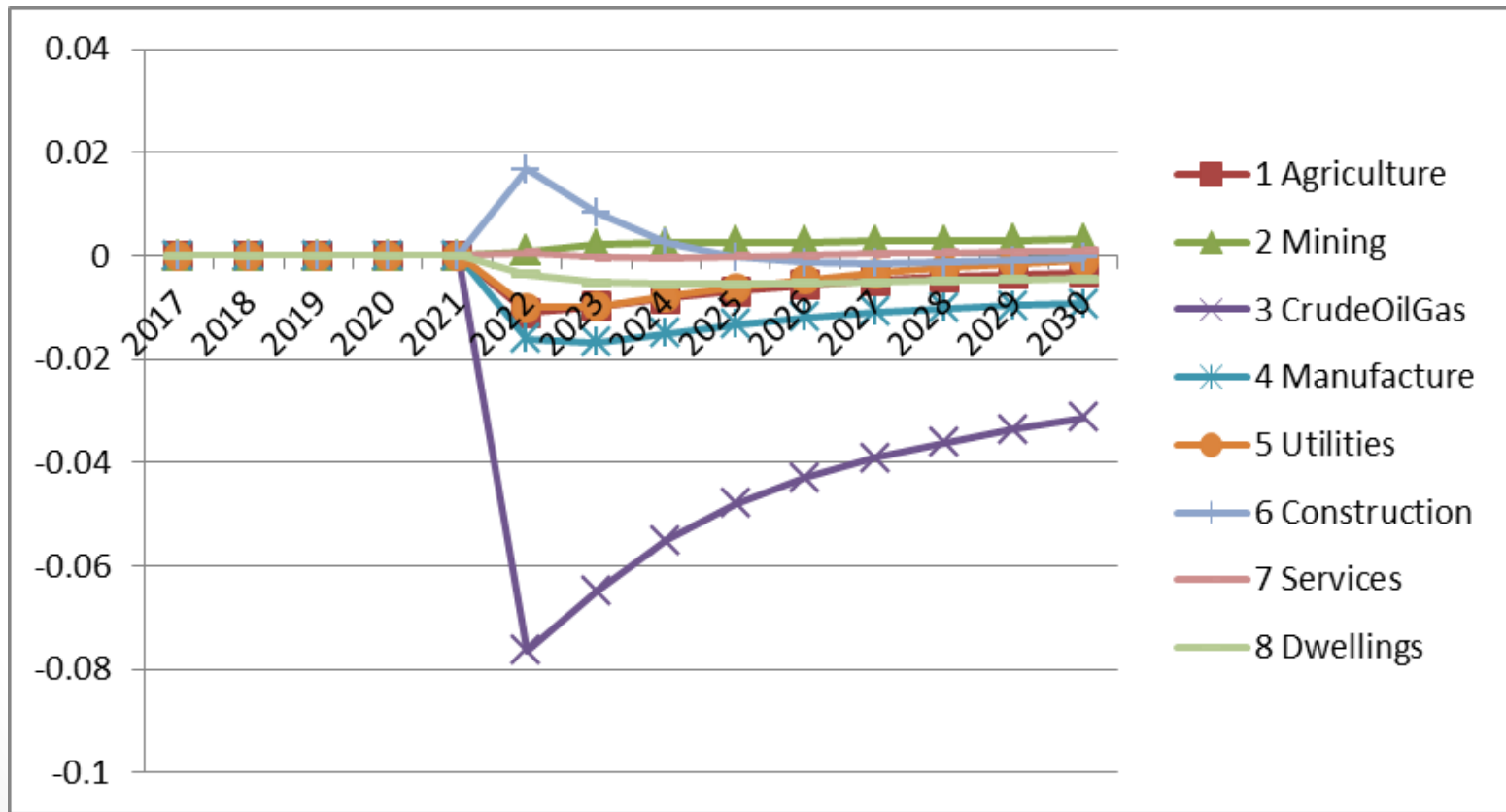
Impact on the Economy –Cont....

Percentage Change - Real GDP, Employment and Capital Stock



Impact on the Economy –Cont....

Employment in selected 8 sectors



Conclusion

- The health sector in Uganda has registered significant progress based on outcome indicators, however, sustainability of this progress will depend on how government sustains public investments and interventions that have propelled the country towards this progress.
- Any decline in the productivity in the health sector has consequences in other sectors like Agriculture, Oil and Gas, and Manufacturing, as switches to construction and mining sectors.