UGANDA AMIDST COVID-19

HEALTH CARE FINANCING THROUGH EXTERNAL DEBT CANCELLATION.

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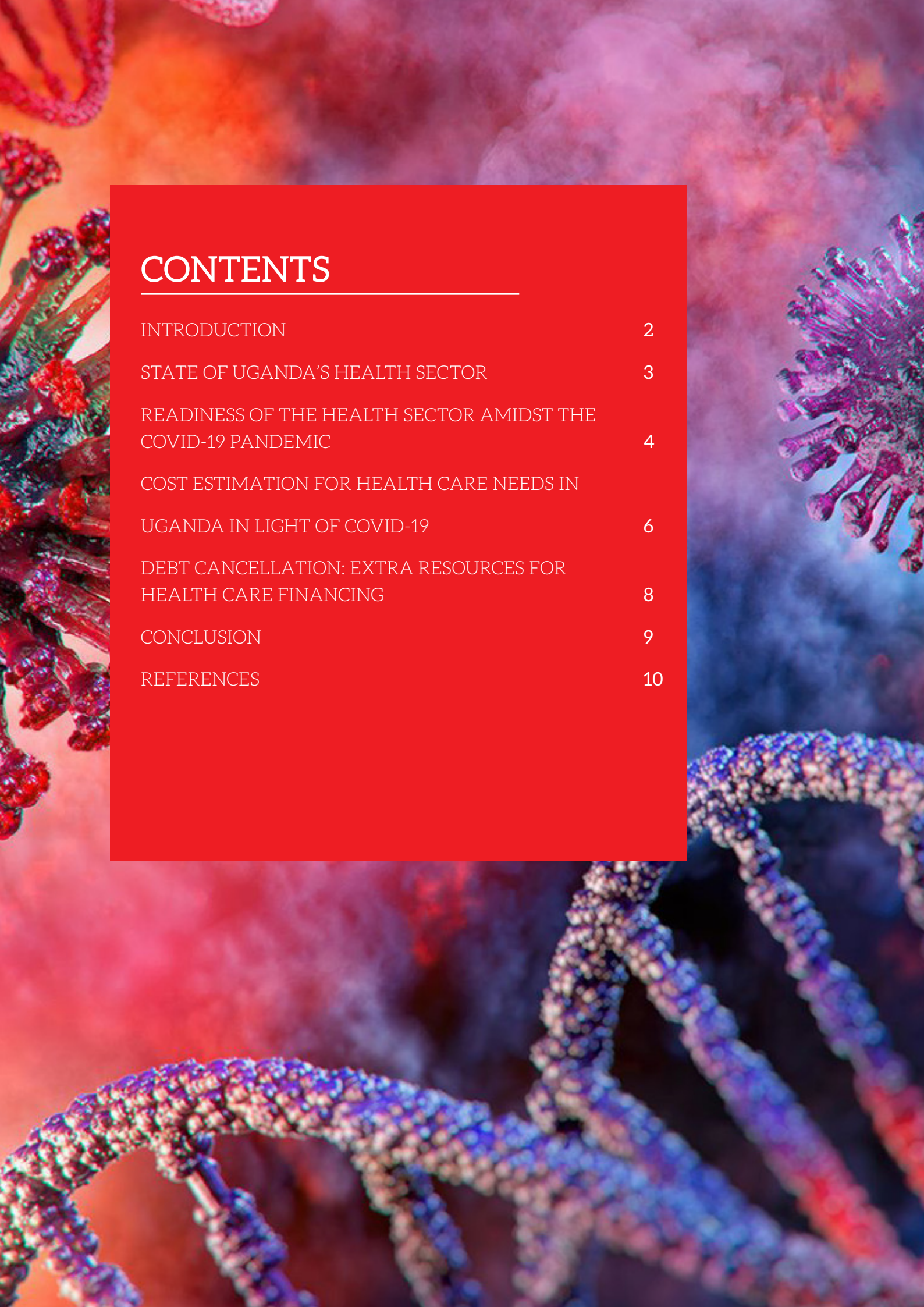

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INTRODUCTION

The Abuja Declaration (2001) agreed to allocate at least 15% of the Country's annual public expenditure to the health sector. The declaration also called upon donor countries to meet the Overseas Development Assistance (ODA) target to developing countries equivalent to 0.7% of Gross National Income (GNI).[1] This was done to aid equitable and sustainable health coverage. Correspondingly, the 2030 Agenda for Sustainable Development also advocates for increased health expenditures to safeguard against the deteriorating health care systems in Africa.

The Third National Development Programme (NDPIII) reiterates the rationale for health financing. This is through enhancing the regional and global competitiveness of the country's health sector as well as reducing household impoverishment emanating from high health expenditures through increasing financial risk protection. Furthermore, one of the prerequisites stipulated in the attainment of the Uganda's Vision 2040 underpins the need to produce a healthy and productive population which will in turn contribute to socio economic growth. This however can only be attained by increased budgetary allocation to the country's health sector whilstt improving budget allocative and technical efficiency.

On the contrary, Uganda has fallen short of the 15% budgetary allocation to the health sector and the FY 2020/2021 has not proved any different with a meagre 7.6% health sector budgetary allocation. The priority sectors were rather Infrastructure, Security and interest payments. The average expenditure on the health sector in the last five years stood at 7.7% (Table 1). This is 2.1 percentage points short of the Health Sector Development Plan (HSDP) 2015/16-2019/20 target of 9.8%. Generally, the government budget allocation on health sector shows a downward trend and has no steady pattern (Figure 1).

Similarly, per capita spending on health remains about UGX 54,000 which is not commensurate with Uganda's population of over 45 million people. This is attributed to low tax capacity coupled with high and rising debt ratio accruing from increased non-concessional borrowing for infrastructural investment.

This paper, therefore, details the need for healthcare financing amidst the COVID-19 pandemic whilst providing a case for increased Government financing of the health sector beyond donors. It also makes a case for external debt cancellation to reserve extra resources to further finance the de-prioritized heath sector whilst reducing budget under spends[2].

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1 World Health Organization (2016) Public financing for health in Africa: from Abuja to the SDGs.

2 UDN appreciates support of the Technical Team: Dr. Enock Nyorekwa, Patrick Tumbwebaze, Julius Kapwepwe, Priscilla Naisanga, Penninah Mbabazi

STATE OF UGANDA'S HEALTH SECTOR

Uganda's health service delivery system is decentralized with most health care needs at Districts and Sub-Districts. According to the 2018 National Health Facility Master list, 45.16% (3,133) of health facilities are Government owned, 14.44% (1,002) are Private and Not For Profit (PNFP) while the remaining 40.29% (2,795) are Private For Profit (PFP) and 0.10% (7) are community-owned facilities.[3] While 75% of the population resides in rural areas and mostly utilizes public facilities, health care providers and health workers are inequitably concentrated in urban areas.

Currently, the country has 15 community-based health insurance schemes coordinated by the Uganda Community Based Health Financing Association and overseen by MOH. The private health insurance coverage contributes less than 1% to total health expenditure and it targets private individuals and formal sector workers.

Over the period of NDP II and NDP III, the Government has prioritized preventive, promotive, curative and palliative as well as rehabilitative healthcare services. This is expected to reduce costs for curative health care services. The Government is also focusing on development of health infrastructure, reducing maternal, neonatal and child morbidity and mortality. It has also increased comprehensive and universal access to family planning services.

Consequently, notable milestones have been achieved in the health sector over the years. This is mainly attributed to an increase in the proportion of the people accessing Universal Healthcare. The progress is supported by improvement in the key health indicators as highlighted in Table 1.

Table 1: Uganda's key health indicators (2011-2020)

	2011	2020	2025
Maternal mortality ratio	438/100,000	336/100,000	299/100,000
Under 5 mortality rate	76 per 1,000	64 per 1,000	52/1,000
Life expectancy	54 years	63.41 years	70 years

Source: MoFPED

Figure 1 highlights the consistent falling trend of health financing. The proportion of the budget allocated to health has reduced to 7.6% in FY2020/21 from 9.2% and 8% in FY2018/19 and FY2019/20 respectively. Whereas nominal allocation to the health sector has increased by 5.6%, the increase is below 12.5% increase in the total national budget for the FY2020/21. This has been attributed to the projected 90% decline in the level of budget external financing to the sector from UGX 1,119 Billion to UGX 100 Billion[4].

The main external funders of the health sector are USAID, which under the USAID/ Uganda private health support program aims at credibility and cohesiveness of the private sector and expanding the capacity of service providers. Others include the IMF, which in May 2020 approved $491.5m under the Rapid Credit Facility (RCF), 30% of which was used for financing health care and social protection programs for the most vulnerable.[5] UNAIDS support mainly comes in form of technical assistance and policy formulation as well as resource mobilisation and efficiency. The Chinese Government also finances health infrastructure investment

3 The National Health Facility Master List provided a complete list of all health facilities in Uganda, the data was however last updated in November 2018

4 ECONOMIC POLICY RESEARCH CENTRE; Investing in Health Sector in FY 2020/2021, 2020.

5 INTERNATIONAL MONETARY FUND; Country Report No. 20/165 (May 2020), Request for disbursement under the rapid credit facility-press release, staff report and statement by the Executive Director for Uganda.

READINESS OF THE HEALTH SECTOR AMIDST THE COVID-19 PANDEMIC

In January 2020, the Ministry of Health with the technical support from World Health Organization formulated a National COVID-19 Preparedness Plan with an estimated cost of USD125 million. Consequently, Entebbe Grade B Hospital, Mulago Specialized Hospital and Naguru China Uganda Hospitals were designated to manage COVID-19 cases. Capacity building is also underway for all the 15 regional hospitals to manage the spiked cases. There is an improvement of medical equipment like ICU beds, test kits. Personal Protective Equipment as well as oxygen ventilators and recruitment of more health personnel and support staff.

Other areas, which were given priority on the onset of the COVID-19 outbreak, include:

- Activation of emergency operational centers and incident management system
- Production and mass dissemination of COVID-19 related information
- Issuance of health guidelines for clinical management and mass gathering
- Following up high risk travelers was also given priority including heightened active case surveillance and contact tracing
- Revamping the Uganda Virus Research Institute's capacity to diagnose COVID-19 cases.

The advent of COVID-19, however, found Uganda's health sector contending with a variety of challenges. These were mainly emanating from inadequate and untimely funding, as well as inadequate planning and prioritization. The onset of the pandemic escalated the health challenges on top of creating new health care needs, which required immediate attention.

The diagnostic laboratory and imaging services have for instance left a lot to be desired with limited test kits and longer waiting hours. The surging number of COVID-19 cases has greatly overwhelmed the isolation centers and public hospitals putting a strain on the already poor amenities. Surprisingly, the UGX 284 billion supplementary budget which was passed to fight COVID-19 instead prioritized security sector with allocation UGX 82 billion compared to UGX 62 billion allocated to the Health sector on the pretext of enforcing stay at home orders.

It is noteworthy that health focus and priority has shifted to management and treatment of COVID-19, coupled with stringent lockdown measures. Other essential health care services have been ignored and negatively impacted.

A case in point is the distribution of essential malaria commodities like anti malarial drugs, diagnostic test kits and mosquito nets which was disrupted by lockdowns. This came at a time when Uganda was among one of the 11 countries that account for 70% of all malaria cases globally (WHO, 2020). This is supported by a 60% increase in the number of severe forms of malaria requiring admission by the end of 2019. Currently 144,000 children die before their fifth birthday in Uganda each year; 40% of these deaths are caused by pneumonia, malaria and diarrhea (WHO, 2020).

The onset of the COVID -19 pandemic further worsened the 5.7% HIV prevalence rate as accessibility to hospitals became increasingly difficult. Consequently HIV Positive pregnant women receiving ARVs declined by 12% and HIV Exposed Infants (HEI) who received ARVs at birth declined by 18%, (Uganda Aids Commission, 2019). At the same time, there is reduction Antenatal care visits attendance by 7%, health facilities deliveries also declined by 10% and a 20% drop, in immunization services for children receiving DPT-3[6] as highlighted in Table 3.

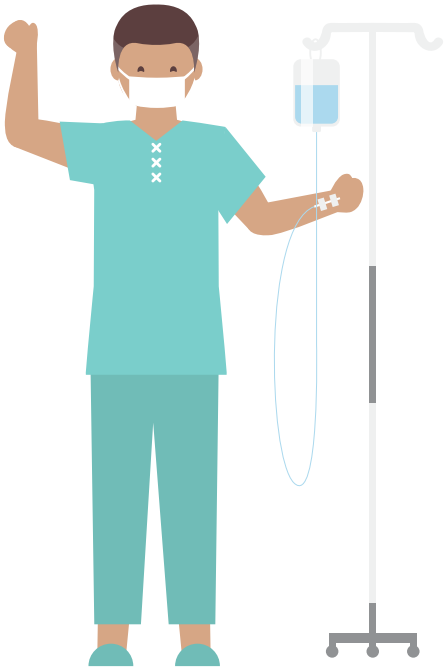
Table 2: Impact of Covid-19 on selected health indicators.

Health Service Variable / Indicator	Status
Antenatal Care visits attendance	Decreased by 7%
HIV positive pregnant women receiving ARVs	12% decline
HIV Exposed Infants (HEI) who received ARVs at birth	18% decline
Health facilities deliveries	10% decline
Immunization services	20% drop in children receiving DPT-3
Severe Acute Malnutrition (SAM)	Cases of SAM have increased by 8%
Number of children born with low birth weight	Increased by 0.8%
HIV services	Number of HIV+ individuals declined by 36%

Source: Ministry of Health, 2020.

On a positive note, nevertheless, the COVID-19 pandemic has encouraged local innovation and production of Personal Protective Equipment like hand sanitizers, locally produced face masks and gloves as well as Antibody test kits. Kiira Motors Corporation has for instance manufactured ventilators christened 'Bulamu' costing $4,000 instead of a global price of $ 25,000. Fast tracking the development of a COVID-19 vaccine is also already underway.

6 United Nations (June, 2020), Analyses of the Socio Economic Impact of COVID-19 in Uganda.



COST ESTIMATION FOR HEALTH CARE NEEDS IN UGANDA IN LIGHT OF COVID-19

COVID-19 pandemic has not only escalated the health sector challenges but also created new and emerging healthcare needs. A Number of health care needs, which require immediate attention, include;

Diagnostic and laboratory services: The Polymerase Chain Reaction (PCR) and Rapid Diagnostic Tests (RDT) are currently being used to test for COVID-19. They cost UGX 244,000 and UGX 92,500 respectively per test. However, the RDT which consists the Antigen and the Antibody tests purchased by the MOH are currently being used for survey purposes as they are still under validation as per Country protocols and WHO guidelines[7]. The average number of tests conducted per day using PCR tests is currently 2,000. A sum of UGX 488 million is required to carry out these PCR tests daily translating into UGX 170 billion annually. This is not commensurate with the UGX 2 billion which was allocated for the procurement of test kits in the FY2019/2020 supplementary budget through National Medical Stores. The assumption could be that the Government is expecting more donor support in form of test kits and PPE.

Personal Protective Equipment (PPE): Due to an increase in global demand, PPE prices have increased over 1,000% internationally as a result according to the National Budget Framework Paper FY 2020/2021 **UGX** 5.4billion was allocated to National, Regional and Specialized Health Facilities to finance purchase of protective gear, uniforms and beddings . On top of a budget reduction of approximately UGX 5.7 billion some Referral hospitals like Kawempe, Mubende, Lira and Jinja didn't receive any allocation towards purchase of PPE.

Additionally, the recommended and standard face masks to be used by the healthcare workers is **N95 face mask.** However, this was copyrighted by the US Center for Disease Control hence costing about UGX 42,000. By April 2020 a total of 341 more health workers were recruited to help with the country's COVID-19 response. This is in addition to the already existing 3,000 key health workers recorded in the Human Resource Audit of 2017 bringing the total number of key and frontline health workers to about 3,341.

7 *The Ministry of Health clarification on the cost of COVID -19 testing made on 5th June 2020 indicated that the Rapid Diagnostic Test is not singularly used for diagnosis because people who could be infected with COVI-19 and not produced antibodies will present a false negative test.*

As a result the required funds for the purchase of the N95 face masks for the above key health workers will be over UGX 140 million daily translating into UGX 51 billion annually. On the contrary, only UGX 8 billion was allocated to all forms of PPE in the 2019/2020 supplementary budget. With such a meager allocation coupled with the increased prices of PPE globally, it is therefore no surprise that frontline health workers have been decrying the inadequacy of PPE. Many have been threatening to lay down their tools. There is therefore a need to reallocate health resources to cover protective equipment with major emphasis on all National and Regional hospitals.

The Permanent Secretary in Uganda's Ministry of Health Diana Atwine leads a team of officials during a visit to Busia, Malaba and Lwakhakha to assess the COVID-19 response activities at the various border points, 13 August 2020. /Photo courtesy: Ministry of Health Uganda.

Key and frontline health care workers: The outbreak of COVID-19 created an urgent need for the recruitment of emergency, technical and intensive care workers. Following the gap analysis, a sum of UGX 18.8 billion was required for the recruitment and remuneration for the period of only 3 months. However, only 16.6 billion was provided for in the COVID-19 supplementary budget of FY 2019/20 leaving a gap over 2 billion UGX. It should be noted that there is a need for more funds to cater for the rest of the financial year's salaries, allowances and social security contribution as COVID-19 is expected to keep on spreading until a vaccine is discovered. Therefore, an estimated UGX 75.2 billion will be required to cater for staff remuneration and allowances for the rest of the Financial year.

Drill by Emergency care providers convey a casualty into an ambulance during First Aid Skills Training by Uganda Red Cross at Kololo Airstrip.

Ambulances and rapid emergency response: Uganda has a total of 449 functional ambulances as per the Ambulance census of 2019. In the FY 2019/2020 a supplementary budget, UGX 11 billion was set aside for the procurement of 38 new ambulances translating into UGX 289 million per ambulance. The Gap Analysis of COVID-19 Plan indicated a deficit of 225 ambulances. This implies that Uganda still needs an estimated UGX 62 billion for the procurement of the ambulances nationwide excluding maintenance and fuel expenses.

Health infrastructure, equipment and space: The emergence of COVID 19 further created a need of taking into account expansion of intensive care units and beds. It also includes construction and equipping of isolation centers at Regional Referral Hospitals, ventilators, oxygen therapy apparatus and patient etc. for boarder points and Regional Referral Hospitals. UGX 43 billion was therefore allocated for the procurement of emergency equipment in the FY 2019/2020 supplementary budget. A gap of 85 billion was however indicated in the gap analysis of the National Emergency Medical Services COVID-19 action plan. Noteworthy, construction and equipment of the seven health boarder points was not taken into consideration as well as a testing centers at the Entebbe International Airport to cater for returnees. This could further widen the UGX 85billion gap earlier indicated in the gap analysis.

Mental Health: The stringent lockdown measures in Uganda for the past 5 months have translated into heightened incidences of depression, desperation, loneliness, drug and alcohol abuse. As a result, suicidal thoughts and increased cases of domestic violence all of which have been triggered. This has escalated mental illness, with a number of mental cases reported at Butabika Mental Hospital have almost doubled from 250 patients per day in February 2019 to over 400 patients daily by May 2020. However, in the FY 2020/21 Butabika hospital and other Regional Referral Hospitals received a budget cut of UGX 2.8 billion which has greatly impacted procurement of medical equipment supplies and utilities. There is therefore a need to not only close this funding gap but to also increase the budgetary allocation by at least UGX 10 billion due to the spike in the number of mental illness cases amidst the COVID-19 pandemic.

DEBT CANCELLATION: EXTRA RESOURCES FOR HEALTH CARE FINANCING

In May 2020, the President of Uganda called on the wealthy countries to cancel African multi-lateral and bilateral loans to enable the Low Income Countries save enough funds to tackle the impacts of the pandemic. This came at a time when the continent's total sovereign debt burden had reached a record high of £230 billion. China which holds more than a third of Africa's sovereign debt directed towards infrastructure projects has completely remained silent about the possibility of cancelling their loans to Africa. On a positive note however, the G-20, IMF and World Bank have already taken steps to relieve some of these debts

Like many Sub-Saharan African countries, Uganda has accumulated a large debt load in the recent years, raising concerns about its ability to pay back. Noteworthy, Bilateral creditors account for 35% of the total debt stock and Multilateral Creditors hold 64% of the total debt stock. By the end of June 2020, the country's public debt was UGX 57.5 trillion accounting for 41.6% of GDP. It is however projected to rise to 49.5% by the end of 2020 with external lenders making up 65% of the debt. Debt repayments had taken 20% of Uganda's public revenues by June 2020 this is however projected to rise over to 46% through the fiscal year 2020/2021.

For the FY2019/2020, external debt amortization is expected to increase to 1,229 billion UGX equivalent to 0.8% of GDP up from 723 billion in FY 2019/20. Interest payments are projected to amount to UGX 4,087 billion in FY 2020/21, of which UGX 822 billion will cater for foreign interest payments. This translates into a 2.6% of GDP.

Debt write-off will save up to UGX 1,229 billion that is meant for external debt amortization and UGX 822 billion meant for foreign interest payments. This money can then be utilized to finance health sector needs and cover funding gaps therein. For instance, procurement of more PCR tests estimated at UGX 170billion and UGX 51 billion for N95 will easily be financed in the FY2020/21. The write-off will also save funds for procurement of ambulances as well as remuneration of frontline health staff and their allowances. Funding gaps for expansion and remodeling of health infrastructure, equipment and increased costs associated with increased mental illness cases space can be covered.

A COVID-19 contact undergoing testing.

CONCLUSION

The need to align health sector funding to the 2001 Abuja Declaration which advocates for at least a 15% budgetary allocation cannot be overemphasized. This accompanied by external debt cancellation will further create extra resources for health financing. Consequently, the merging COVID -19 induced health care needs like procurement of PPE, PCR tests, Ventilators, ambulances and emergency rescue services as well as sufficient funding to Mental health hospitals and staff recruitment. Furthermore, an improvement in budget, allocative and technical efficiency in health spending will help maximize gains in the health sector which will in the long run reduce over dependence on external health care donors.

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