Budget Brief

Preliminary Analysis of Health and Nutrition Sector Expenditure Allocation for 2013

March 2013

KEY MESSAGES

- Overall, Ghana's total health budget allocation (Discretionary & Statutory) has increased from GHS 1,799,434,809 in 2012 to GHS 3,529,444,056 in 2013, an increase of 96 % over the 2012 allocation.

- The GoG component of expenditure allocation to healthcare decreased from 39.7% in 2012 to 19.5% in 2013. A significant decline of 20.2 percentage points and this could have implications for sustainable quality health service delivery and infrastructure provision at all levels of health care. As the sector becomes increasingly dependent on Internally Generated Funds (IGF now makes up 70% of the sector's total discretionary budget, up from 42% in 2012) it could potentially increase the cost of services provided to citizens, particularly the most vulnerable including women and children and also skew the provision of services away from primary health care services which do not generate IGF and slow down efforts towards MDG attainment.

- The NHIL allocation for 2013 reduced from 37.9% in 2012 to 26% in 2013 as a percentage of total health sector allocation. This could have a negative impact on access to health care by the vulnerable population, specifically women and children.

- Primary Health Care (PHC) which is the main access point to health care by the poor and vulnerable groups particularly women and children is receiving dwindling levels of expenditure allocations from GoG. Total PHC allocations reduced from GHS 735,013,395 in 2012 to GHS 733,551,372.36 reducing by 0.2 %. Expenditure allocation to PHC as a percentage of total health sector allocation reduced from 40% in 2012 to 20% in 2013. Service delivery at this level of health care could suffer a setback and ultimately impact negatively on the lives of women and children in rural poor districts.

isodec Integrated Social Development Centre

Institute for Fiscal Policy IFP Developing Policy Alternatives

unicef United Nations Children's Fund

Prepared by ISODEC in collaboration with IFP and UNICEF

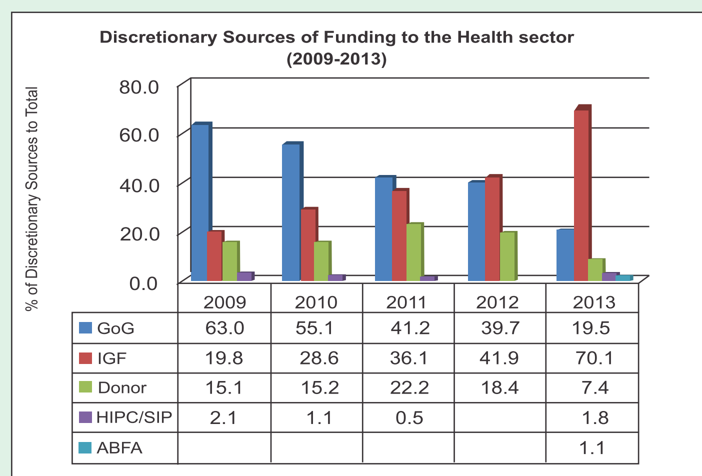
SOURCES OF FUNDING TO THE HEALTH AND NUTRITION SECTOR BUDGET

Discretionary Sources of funding

Health Funding by Source

Total discretionary funds for the health sector for 2013 amounted to GHS 2,611,585,647. An increase of 133% on 2012. Out of this GoG accounted for 19.5%, whilst IGF accounted for the highest of 70.1% with Donor and SIP funds accounting for 7.5% and 1.8% respectively. Annual Budget Funding Amount (ABFA) from oil revenue also contributed about 1.1%.

Figure 1: *Trends in Discretionary Sources of Funding to the Health Sector (2009-2013)*



	2009	2010	2011	2012	2013
GoG	63.0	55.1	41.2	39.7	19.5
IGF	19.8	28.6	36.1	41.9	70.1
Donor	15.1	15.2	22.2	18.4	7.4
HIPC/SIP	2.1	1.1	0.5		1.8
ABFA					1.1

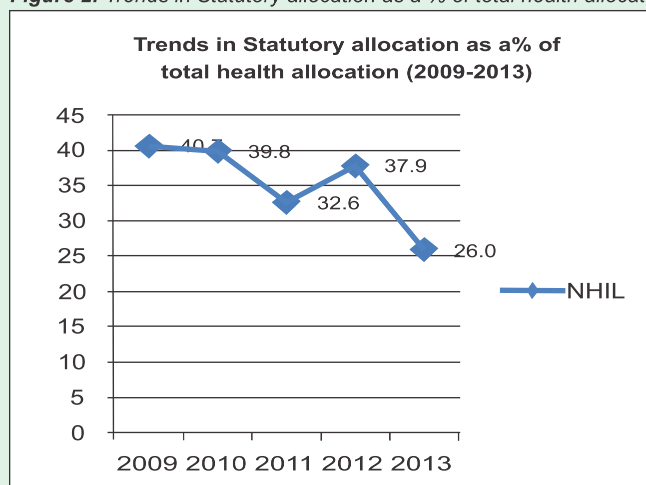
Source: *Author generated from 2009 to 2013 Budget Appendices*

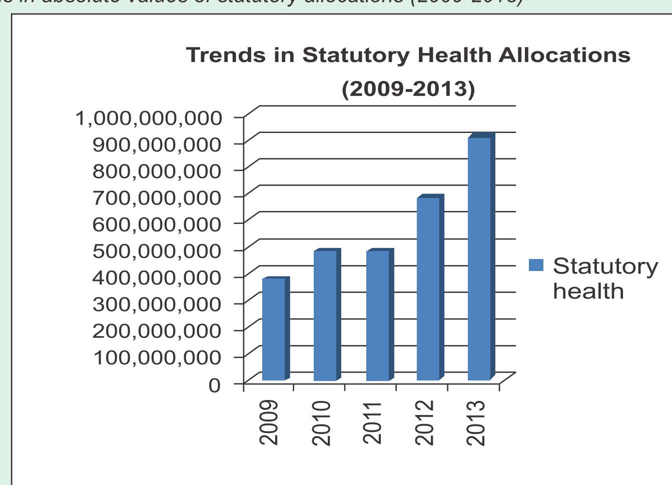
Note: *HIPC was for 2009 and 2010, whereas 2011 and 2013 it was captured as SIP.*

Trends in Statutory funding to the health sector

Total Statutory funding to the health sector for 2013 was GHS 917,858,409, increasing by GHS 235,714,342, or about a 25.7 % increase on 2012.

Figure 2: *Trends in Statutory allocation as a % of total health allocation and Trends in absolute values of statutory allocations (2009-2013)*





Source: *Author generated from 2009 to 2013 Budget Appendices*

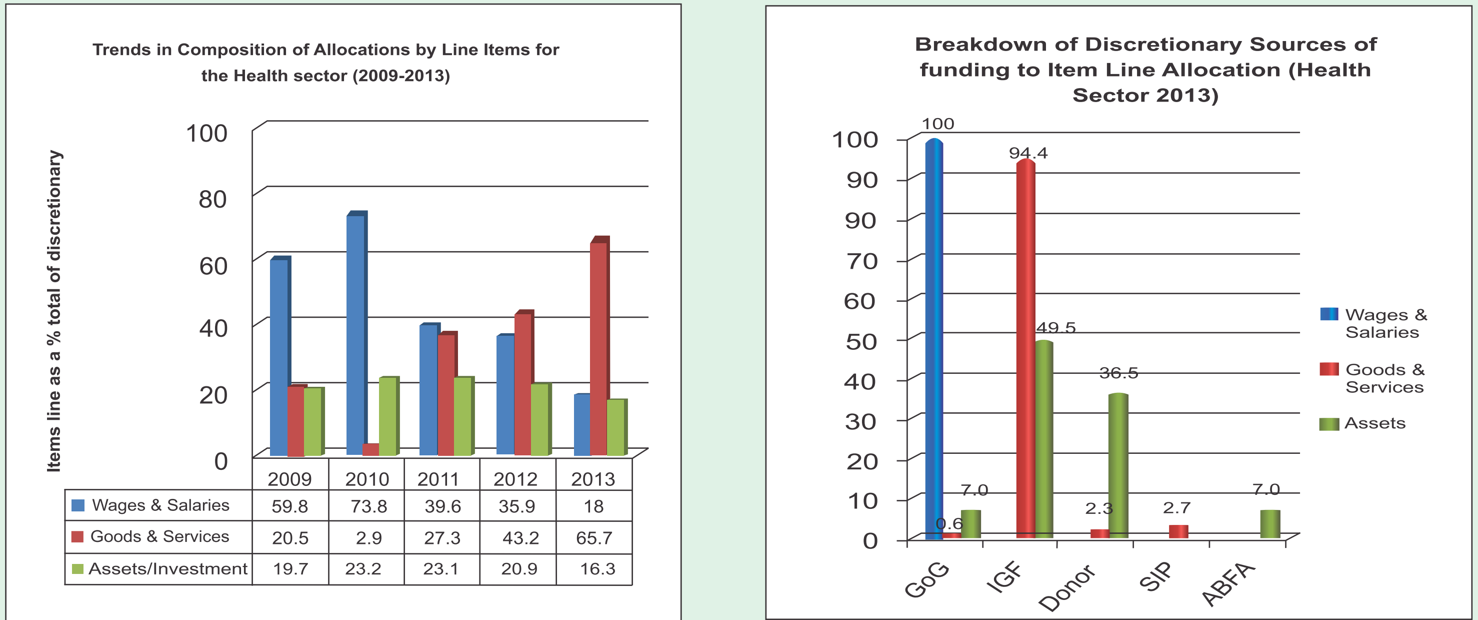
However statutory health allocation which is mandatory towards (NHIL) as a percentage of total health allocation (discretionary & statutory) for 2013 reduced by 2.8 % from that of 2012.

COMPOSITION OF ALLOCATION TO HEALTHCARE BY LINE ITEM (Discretionary)

The graph on the left below shows a rapidly increasing trend for allocation to Goods & Services in the health sector, with a proportional decline in allocation to wages and salaries to just 18% of the health budget in 2013, down from 36% of the health budget in 2012. However, this is attributable to the large arrears paid in 2012 due to Single Spine. In 2013 since there are no arrears this figure has come down. It is interesting to note that the expenditure for wages and salaries is mainly from GoG only, thus the other sources do not contribute to wages and salaries.

Whereas IGF mainly funds Goods & services, as well as assets, as seen in the graph below on the right, Donor funding mainly is directed to Assets and investment

Figure 3: *Trends in composition of Allocations by Line items and Breakdown of Discretionary sources of funding to Item line Allocations for the health sector*



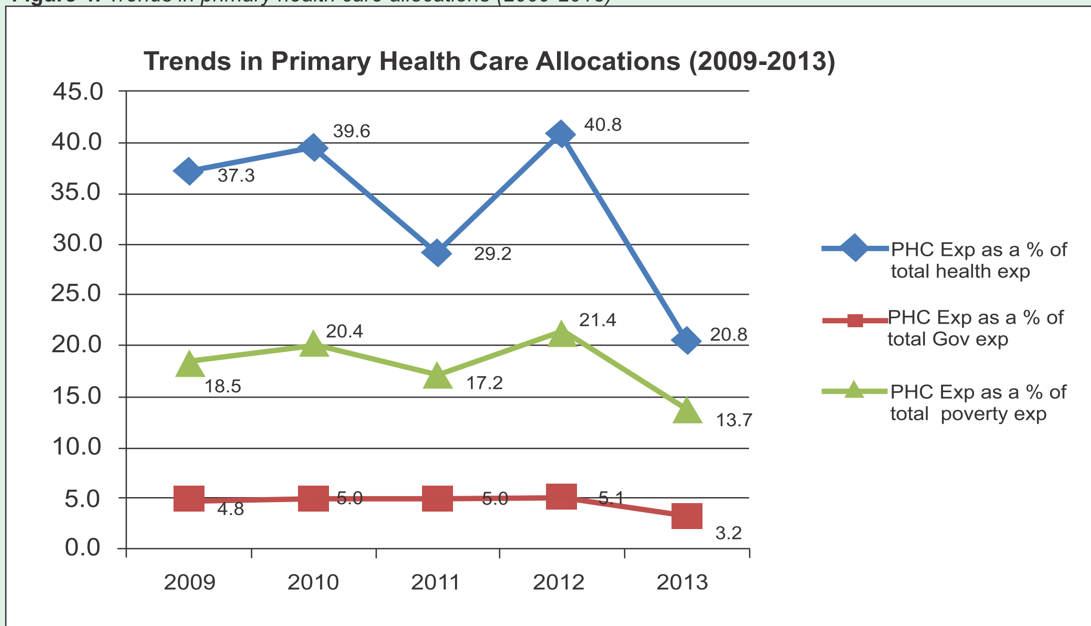
	2009	2010	2011	2012	2013
Wages & Salaries	59.8	73.8	39.6	35.9	18
Goods & Services	20.5	2.9	27.3	43.2	65.7
Assets/Investment	19.7	23.2	23.1	20.9	16.3

Source: *Author Generated from 2009-2013 Budget Appendices*

The graph to the right above also indicates that the allocation of GoG to Goods & Services and Assets is 0.6% and 7% respectively.

Trends in Primary Health Care Allocations for (2009-2013) as a Share of total health Allocations (Discretionary & Statutory) and total Poverty reduction Allocations

Figure 4: *Trends in primary health care allocations (2009-2013)*

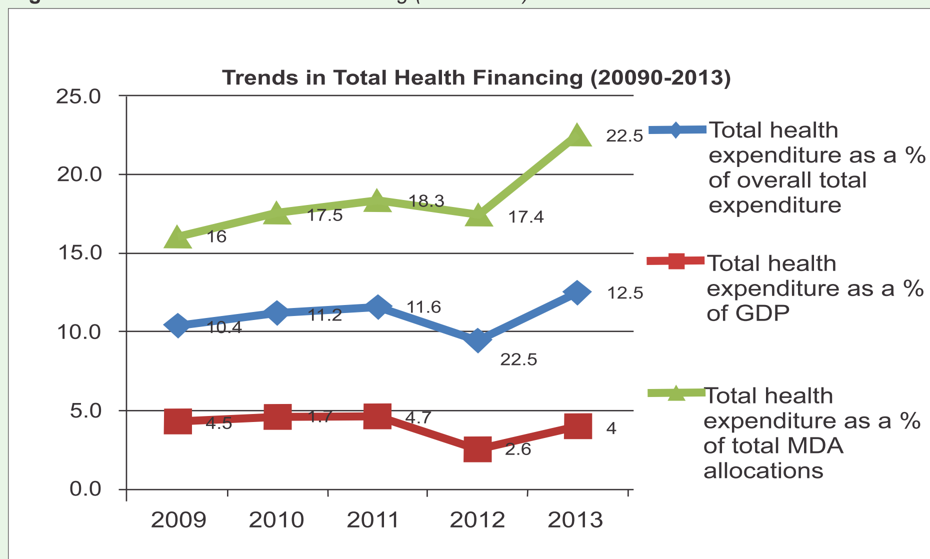


Source: *2009-2013 Budget Appendices*

From the graph above, it can be seen that PHC as a % of total health expenditure has reduced by half, from 41% in 2012 to 21% in 2013. In the same way, PHC as a % of total poverty expenditure also declined in the 2013 allocations by a third, or by 7.7 percentage points.

Health and nutrition budget as a share of overall budget and GDP

Figure 5: *Trends in health sector financing (2009-2013)*



Source: *Author Generated from 2009-2013 Budget Appendices*

GAPS & OPPORTUNITIES

Although the 2012 budget made provision for the implementation of the nutrition policy, it did not project the current status of the policy. The 2013 budget however outlines plans to scale up nutrition services to women and children by training more nutrition officers. It is necessary to link these nutrition officers to CHPS particularly in deprived districts in the country.

Out of the 500 new additional CHPS to be established in 2012, only 209 were completed. The 2013 budget outlines 450 CHPS to be completed. These CHPS should not just be routinely outlined as a measure to be undertaken by demarcating and earmarking them but should be made functional and should be equipped with clinical tools as well as cell phones. Adequate supervision and monitoring must be set in place to enhance service delivery of Community Health Officers.

The 2013 budget also outlines measures to achieve MDG 4 & 5 by evaluating the free maternal health service. Free maternal health can be accessed through the NHIS and there is a need to evaluate the scheme to ensure that it provides the necessary maternal services to achieve the MDGs.

The 2012 budget outlined plans of developing a health financing and sustainability strategy and thus in the 2013 budget it has been outlined to be completed. However it does not lay out a clear alignment to the soon to be developed health policy and sector medium term development plan.

RECOMMENDATIONS

- The current structure of health sector spending cannot lead to significant poverty reduction unless government increases significantly the share of health spending to investment (capital) and service expenses. It is also necessary for government to strengthen its monitoring mechanism in the health sector in order to reduce the leakages in the sector.

- The piloted health capitation should be closely monitored to assess the quality of care provided to clients. It is also necessary to continuously and closely monitor the per capita rate to make sure that it is and remains fair as a reimbursement for the package of services covered.

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