

HEALTH BUDGET BRIEF

SUSTAINABLE FINANCING OF HEALTHCARE DELIVERY

unicef 
for every child

2023



KEY MESSAGES AND RECOMMENDATIONS

1

In 2023, the Government of the Republic of Zambia (GRZ) increased funding to the health sector by allocating K17.4 billion from K13.9 billion in 2022, a nominal increase of 25.1 percent. As a percentage of GDP, this increase translates to 3.3 percent of GDP in 2023 from 3 percent of GDP in 2022. In real terms, the increase is 15.2 percent.

RECOMMENDATION:

Further investments are required to pay for escalating costs of public health programming due to the re-emergence of public health emergencies (polio, measles, cholera), and to build back better from the devastating consequences of COVID-19 pandemic on Zambia's health systems, including rebuilding infrastructure and recruitment of more health workers. The country still needs about 65,000 additional health workers to reach the desired level of service provision. This includes adding more community health assistants onto the Government payroll, which is critical for strengthening primary health care services towards attaining the universal health coverage.

2

The share of the budgetary allocation to primary health care services has increased from 34.3 percent in 2022 to 36.8 percent in 2023. This underscores the Government's commitment to ensure that there are no disruptions in the delivery of routine primary health care services.

RECOMMENDATION:

With this commendable increase in budgetary allocation at a time when most resources are required to fight the re-emergence of polio, measles and cholera outbreaks on top of COVID-19 pandemic, the Ministry of Health should ensure the security of essential health commodities, especially for vaccines and essential medicines for Reproductive, Maternal, Neonatal, Child and Adolescent Health (RMNCAH) to sustain the delivery of services and contribute to the reduction of the high rates of avoidable maternal, neonatal and perinatal deaths.

3

A significant portion (63 percent) of the infrastructure development budget for Hospital Services and the K500 million towards the COVID-response are funded from external sources, which is unsustainable.

RECOMMENDATION:

The Government should revise the existing 2017-2027 Health Financing Strategy to address emerging demands as a result of increasing trends of epidemics and pandemics, the additional recruitment of health personnel and widen the financing mix to reduce dependence on external funding sources.

4

With over 8 million of the targeted population fully vaccinated for COVID-19 as at 30 November 2022, the 70 percent target of its adult population has been reached.

RECOMMENDATION:

The Ministry of Health will need to continue to re-invigorate a multisectoral programming and financing approach to the COVID-19 response as well as strengthen community and primary health care system with provisions of outreach, and community engagement to make vaccines accessible to all, even in rural and other hard-to-reach areas. Government should also strengthen ongoing efforts to ensure full vaccination of other communicable diseases that may have seen dropped vaccination rates during the COVID-19 pandemic.

5

The Government of the Republic of Zambia and its development partners are investing significantly less resources in the early years of life (0-6 years) compared to older children. From 2016 to 2020, the Government spent an average of K397 and K406 per child under 2 years and between 3-6 years of age, respectively. This is compared to K2,123, and K1,485, per child between the ages of 7-17, and 18 to 22, respectively.¹

RECOMMENDATION:

The Government should reorient social sector budgets to ensure that the early years get a fair share of available public resources. A body of evidence exist to show that investments done in the early years achieve considerably more returns than those made later in life.

¹ 2022 Heckmann Analysis



INTRODUCTION

This health budget brief explores the extent to which the Government of the Republic of Zambia (GRZ) will support the Health Sector needs in 2023. The brief analyses the size, composition of budget allocations and spending trends for the health sector for the fiscal year 2023. The brief also provides an analysis of the policy, strategies and legislation that will support the implementation of the 2023 health budget. The 2023 health budget is analysed to determine if there has been any expenditure reprioritisation to deal with the re-emergence of polio, measles, and cholera outbreaks on top of COVID-19 pandemic by comparing it to the 2021 and 2022 budget.

Government expenditure on health not only includes expenditure by the Ministry of Health. It also includes spending by the National Health Insurance Scheme, Military Health Services, and Occupation Safety and Health under the Ministry of Labour and Social Security and the Ministry of Mines and Minerals Development.

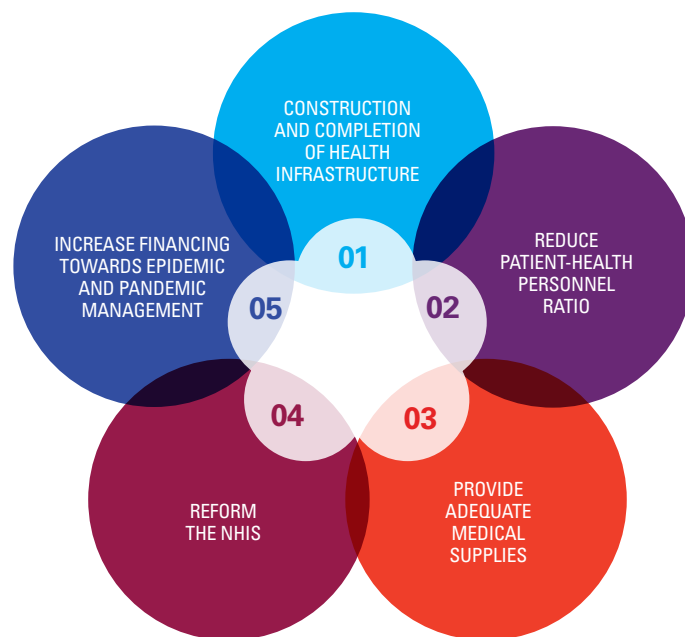


OVERVIEW OF THE HEALTH SECTOR

HEALTH SECTOR POLICIES, STRATEGIES AND PROGRAMMES

The 2023 Budget speech and the 2023-2025 Medium Term Budget Plan provide the policy direction for the health sector in the short to medium term. To increase access to quality and affordable healthcare, the Government intends to make interventions in five key areas described in Figure 1.

FIGURE 1: KEY POLICY PRIORITIES FOR THE HEALTH SECTOR IN THE MEDIUM TERM



Source: Elaborated from the 2023-2025 Medium-Term Budget Plan

01

Continue with the programme of construction and completion of health infrastructure throughout the country.

At the local level, the Government will also use part of the Constituency Development Fund (CDF) towards improving health infrastructure and will be applied as best practice for the development of maternity wards to improve the level of care for women during pregnancy and childbirth and for the new-borns and infants.

02

Decongest the existing health institutions and reduce the patient-health personnel ratio.

In 2023, the Government plans to recruit and equitably deploy an additional 3,000 health personnel from the 11,200 health personnel recruited in 2022 as part of addressing the backlog of unemployed health personnel by 2026. Adequate funding has been provided in the 2023 Budget to put on payroll health staff who have been working without receiving salaries.

03

Provide health institutions with adequate medical supplies by improving supply management systems and ensure availability of essential medicines and medical supplies.

Measures include assigning the procurement of medicines and medical supplies, which hitherto was done by the Ministry of Health, to the Zambia Medicines and Medical Supplies Agency (ZAMMSA) in accordance with the Zambia Medicines and Medical Supplies Agency Act No.9 of 2019. The Government will also prioritise equipping and re-equipping of health facilities with modern equipment and enhance the use of ICT in health service delivery by encouraging partnerships between public and private health care providers. The centres of specialisation created in partnership with the private sector will ensure that Zambians can access specialised healthcare locally while attracting regional medical tourism.

04

National Health Insurance Scheme to benefit all.

The NHIS will continue being rolled out by extending the coverage of social health insurance, which is currently in the formal employment sector, to include the informal sector. This means that a fully registered person from the informal sector, would be able to access free selected medical services at prescribed medical institutions. The registration of the informal sector to the scheme will be a continuous process.

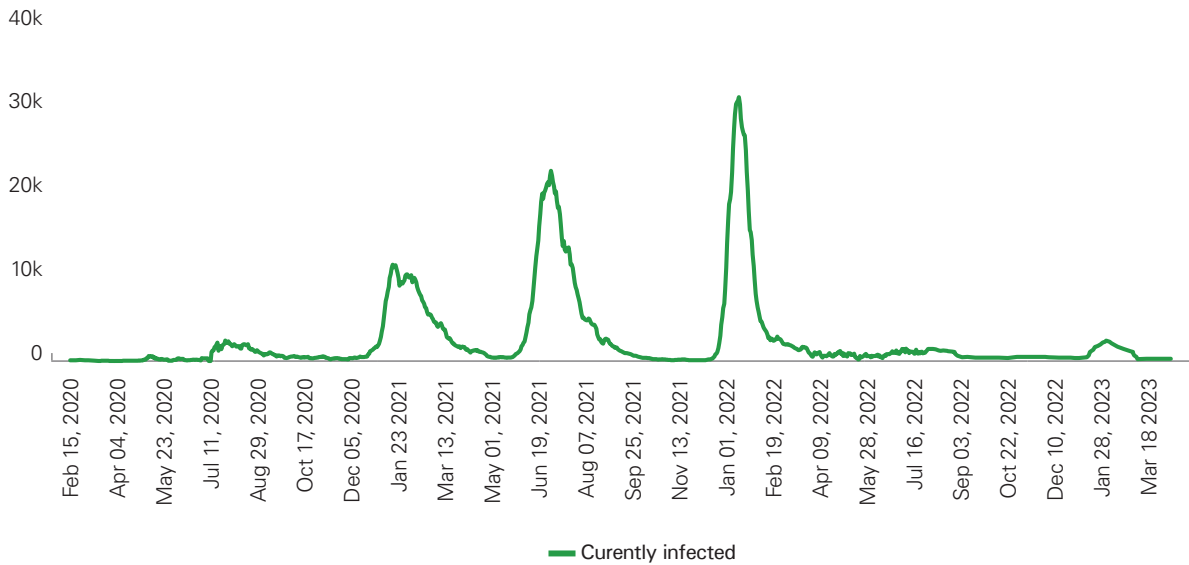
05

Increase financing towards epidemic and pandemic preparedness and response to the public health emergencies of international concerns such as COVID-19.

In doing so, the Government will ensure there is no disruption in the delivery of routine health programmes, with particular attention to ensure the availability of essential health commodities and supplies to sustain the continuity of essential health services, including RMNCAH and non-communicable diseases. Other outbreaks than COVID-19, such as measles, polio and cholera add pressure and urgency to this objective.

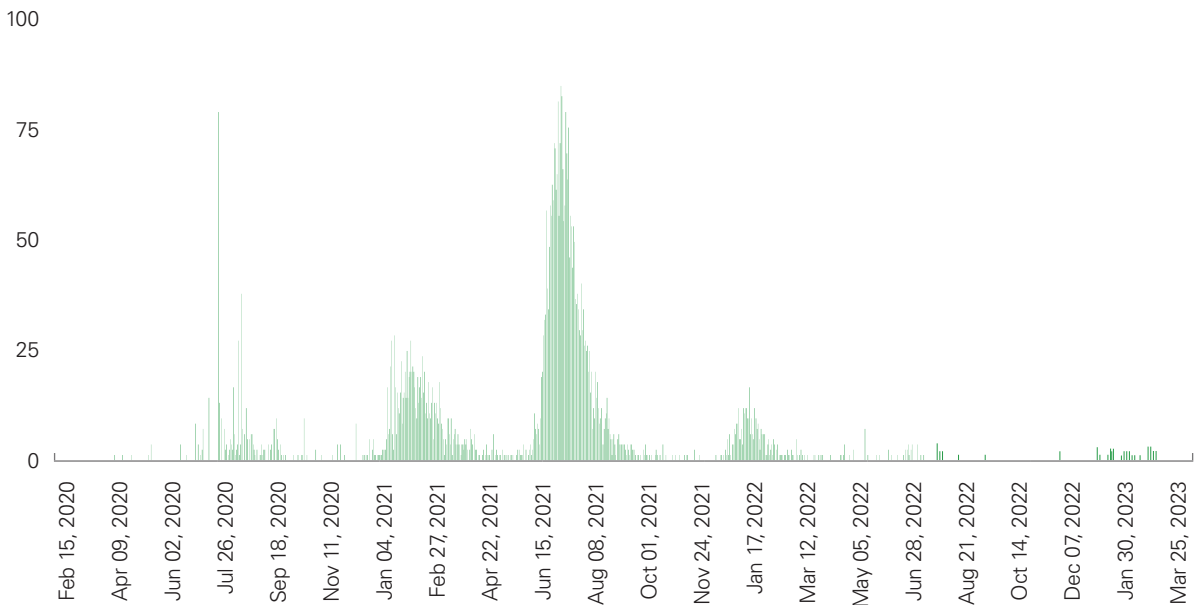
HEALTH SECTOR PERFORMANCE

The last two years have been dominated by the response to the COVID-19 pandemic and recently a re-emergence of measles, polio and cholera outbreak. Zambia has gone through five waves of the COVID-19 pandemic. A surge in infections was most experienced towards the end of 2021 and early 2022 (Figure 2).

FIGURE 2: ACTIVE CASES (NUMBER OF PEOPLE OF INFECTED) - 15 FEBRUARY 2020-18 MARCH 2023

Source : <https://www.worldometers.info/coronavirus/country/zambia/>

The highest number of COVID-19 related deaths was experienced during June-September 2021. There were also notable number of deaths during December 2021-January 2022 (Figure 3).

FIGURE 3: DAILY NUMBER OF DEATHS FROM COVID-19 PANDEMIC, ZAMBIA (15 FEBRUARY 2020-25 MARCH 2023)

Source : <https://www.worldometers.info/coronavirus/country/zambia/>

As the new waves and variants may continue, this will undoubtedly introduce new costs that may make the implementation of the health budget challenging. The fifth variant though less fatal, spreads more rapidly. While costs associated with hospitalisation are expected to reduce, the rapidly spreading variant introduces new costs related to testing as this must now be done at a larger scale due to the number of infections.

The commitment of the Government to responding to the COVID-19 pandemic through among others, increasing the coverage for COVID-19 vaccination is admirable. Further, the appointment of a Presidential Advisor on COVID-19 who now heads the Health Security and Disease Intelligence Unit of the Ministry of Health is an unambiguous strategic statement of intent. Vaccines are steadily being rolled out as the Government moves towards achieving its target of fully vaccinating 9.1 million eligible Zambians (estimated adult population in 2022). As at 31 December 2022, over 8.6 million had been fully vaccinated representing 48 percent of the total population or 79 percent of the eligible population, and over 1 million persons had received their booster shot.

The COVID-19 pandemic continues to threaten the delivery of primary health services including Reproductive, Maternal, Newborn, Child and Adolescent Health, immunisation and malaria which remain major public health issues in Zambia.

RMNCAH

There have generally been improvements in RMNCAH indicators between 2014 and 2018. The Maternal Mortality Ratio (MMR) for 2018 reduced from 398 deaths to 252 deaths per 100,000 live births. Over the same period, under-5 child mortality rates reduced from 75 to 61 deaths per 1,000 live births; while neonatal mortality has reduced from 24 to 27 deaths per 1,000 live births (see figure 4).

Between 2013 and 2018, there was a 37 percent reduction in the Maternal Mortality Ratio (MMR) from 398 deaths to 252 deaths per 100,000 live births. Zambia would have to significantly scale up its MMR reduction efforts if it is to reach the global 2030 target from the Sustainable Development Goals (SDGs) of less than 70 deaths per 100,000 live births.

Estimates of the under-5 mortality rate reduced from 75 to 61 deaths per 1,000 live births; while neonatal mortality has reduced from 24 to 27 deaths per 1,000 live births. The proposed SDG target for child mortality aims to end, by 2030, preventable deaths of new-borns and children under 5 years of age, with all countries aiming to reduce under-5 mortality to at least as low as 25 deaths per 1,000 live births and neonatal mortality to at least as low as 12 deaths per 1,000 live births.

The adolescent birth rate among women aged 15-19 marginally reduced from 141 per 1,000 females in 2013-14 to 135 births per 1,000 females in 2018. Having children this early in life exposes adolescent women to unnecessary risks. Reducing adolescent fertility and addressing the multiple factors underlying it are essential for improving sexual and reproductive health and the social and economic well-being of adolescents.

FIGURE 4: SELECTED RMNCAH INDICATORS, 2014 AND 2018

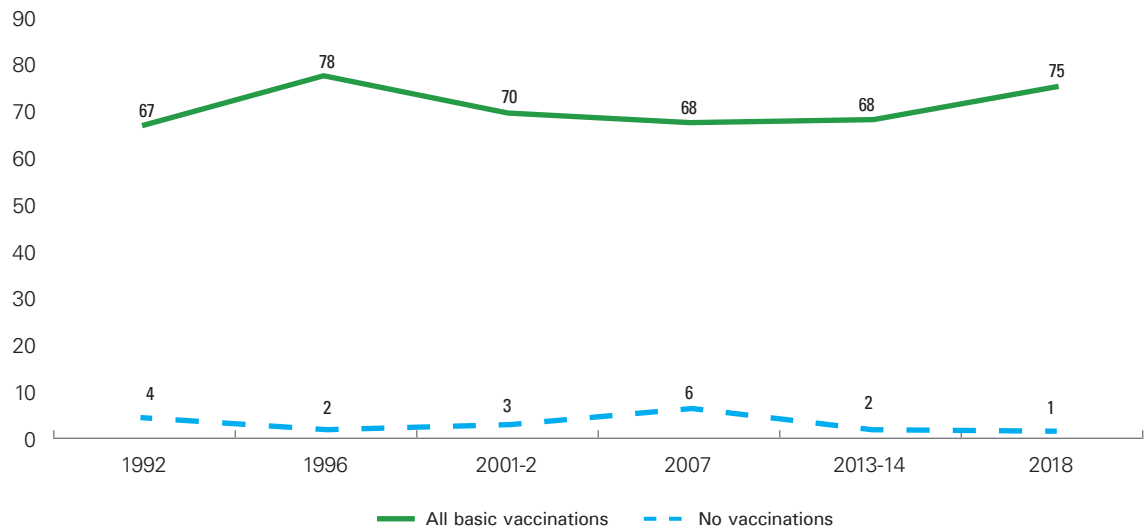
	2013-14	2018
Maternal Mortality Ratio (per 100,000 live births)	398	252
Under 5 Mortality Rate (per 1,000 live births)	75	61
Neo-natal Mortality Rate (per 1,000 live births)	24	27
Adolescent Birth Rate - 15-19 (per 1,000 women)	141	135
Percent of births < 24 months after the preceding birth (%)	15.5	14.0
Stunting among children under 5 years of age (%)	40.1	34.6
Moderate to severe wasting among children under 5 years of age (%)	6.0	4.2
Stillbirths (per 1,000 total births)	13.3	12.1

Source: Zambia Demographic and Health Surveys

IMMUNISATION

An important measure of vaccination coverage has been the proportion of children receiving all “basic” vaccinations. Children are considered to have received all basic vaccinations if they have received the BCG vaccine, three doses each of the DPT and polio vaccines, and a single dose of the measles vaccine. The percentage of children aged 12-23 months who received all basic vaccination increased from 68 percent in 2013-14 to 75 percent in 2018. Figure 5 shows the trends in basic childhood vaccinations over two and half decades.

FIGURE 5: TRENDS IN CHILDHOOD VACCINATIONS, 1992-2018



Source: Zambia Demographic and Health Surveys

MALARIA

Malaria remains a significant cause of morbidity and mortality in Zambia. It tops the list of the ten major causes of morbidity in Zambia (Table 1). Zambia’s plan to eliminate malaria by 2021 is not on track. Between 2016 and 2019, Zambia had made significant progress in malaria control by reducing the number of cases from 357 to 303 per 1,000 of the population at risk. However, in 2020, the National Malaria Elimination Centre reported an increase in malaria cases, malaria deaths and test positivity rates nationally. The high malaria incidence, which increased to 426 per 1,000 of the population at risk, was driven by disruptions in programming and intermittent low stock levels of anti-malaria medicines and tests particularly at community level arising from the disruption of the global supply chains due to COVID-19.

TABLE 1: TEN MAJOR CAUSES OF MORBIDITY 2017 TO 2020

DISEASE NAME	INCIDENCE PER 1,000				
	2017	2018	2019	2020	2021
Malaria	357	312	303	425	313
Respiratory Infection Non-Pneumonia	415	397	371	318	334
Muscular Skeletal and Connective Tissue (Non-Trauma)	75	73	75	76	42
Diarrhoea Non-Bloody	97	90	88	75	66
Digestive System Non-Infectious	54	50	26	49	36
Trauma Other Injuries Wounds	31	28	21	25	21
Skin Diseases (Non-infectious)	27	23	52	24	17
Dental Carries	23	21	18	18	18
Throat Disease	23	21	19	17	17
Respiratory Infection Pneumonia	26	46	23	15	12

Source: 2021 Annual Economic Report/ Ministry of Health

CHOLERA

In 2022, Zambia experienced a cholera outbreak in Lusaka District where 16 cases were recorded and was contained within a short period of time.

Because the outbreak was contained to two regions of Lusaka, it was easy to manage because the majority of people had received the vaccine. In January 2023, the Ministry of Health announced a new cholera outbreak. The first case was recorded on January 21, 2023, in the Vubwi District. Later, instances were also being reported in the Mwansabombwe and Chipata Districts. Four cases were reported in the Vubwi region at the outset of the outbreak, but within three weeks, the number of cases began to rise. 224 instances and five deaths had been reported across the country as of March 2023.² Compared to the prior epidemic, the current outbreak is occurring in a more rural setting. The population is more susceptible to the outbreak in the affected and high-risk areas due to a poor health system, inadequate infrastructure, and inadequate WASH facilities. Situation may become worse during the flooding season, particularly in Lusaka and Southern provinces.³

The Government has continued to respond in a multisectoral manner by heightening surveillance activities including Active Case Search, enhancing Risk Communication and Community Engagement sensitization activities, utilizing public health emergency operation centres at national and sub-national levels to monitor and respond to the outbreak using an Incident Management System and through having round table meetings with participation from all stakeholders using the District Epidemic Preparedness Prevention Control and Management Committee platform.⁴

² https://apps.who.int/iris/bitstream/handle/10665/366482/AFRO%20Cholera%20Bulletin.03_Final.pdf

³ <https://reliefweb.int/report/zambia/zambia-cholera-outbreak-operational-update-mdrzm018#:~:text=In%202022%2C%20Zambia%20experienced%20a,were%20vaccinated%20against%20the%20disease>

⁴ <https://www.moh.gov.zm/?p=3134>

MEASLES

Zambia has made many strides in enhancing access to health care services. However, the trend for disease outbreaks continues to be evident of which measles is one of them. Unvaccinated children are frequently affected by this severe disease, which, if not handled right away, can rapidly result in death. In Zambia, there were over 2,200 cases of measles between January 2022 and February 2023, and 44 children died as a result of the disease. The impacted areas span 21 different districts of the country, including Lusaka. The Government launched the universal health coverage campaign, which states that children should have access to life-saving vaccinations in order to safeguard them from diseases for which they are immunized. Zambia will support the improvement of the primary healthcare system while attempting to reinforce routine immunization and monitoring. The two doses of the measles-rubella vaccine had poor immunization coverage compared to the 95 percent level needed to guarantee community protection. For instance, only 67 percent of the target population received the first dosage and 53 percent received the second dose of the vaccine in the Lusaka in 2022. The unvaccinated children remain carriers of the disease that has led to loss of lives.⁵

In order to improve access to healthcare services, the Ministry of Health has continued with the construction of health posts and mini-hospitals. In 2014, the Government initiated a project to construct 650 health posts with an objective of increasing access to primary healthcare. As at June 2021, a total of 563 health posts were completed. Out of these, 184 facilities were completed in 2020 and 7 were completed by June 2021. In 2023, the target is to complete 83 health posts. In 2021, the Ministry operationalized 43 mini hospitals in selected provinces to reduce referral distances and improve access to health service delivery.

The extension of the National Health Insurance Scheme to the informal sector has already commenced. According to the National Health Insurance Management Authority (NHIMA), there are about 68,000 informal sector principal members, out of the 1.2 million principal members currently registered. This translates to about 6 percent of the 7 million beneficiaries who can access services from a network of over 200 accredited health care providers.



- The re-emergence of polio, measles, and cholera outbreaks on top of COVID-19 pandemic threatens the delivery of primary health services including RMNCAH, immunisation, malaria.
- Zambia continues to face high burden of child and maternal mortality especially the increasing trend of neonatal mortality.
- The increased infrastructure development is welcome but requires requisite HR, equipment, robust information systems and other support services to ensure quality health services.

TAKEAWAY

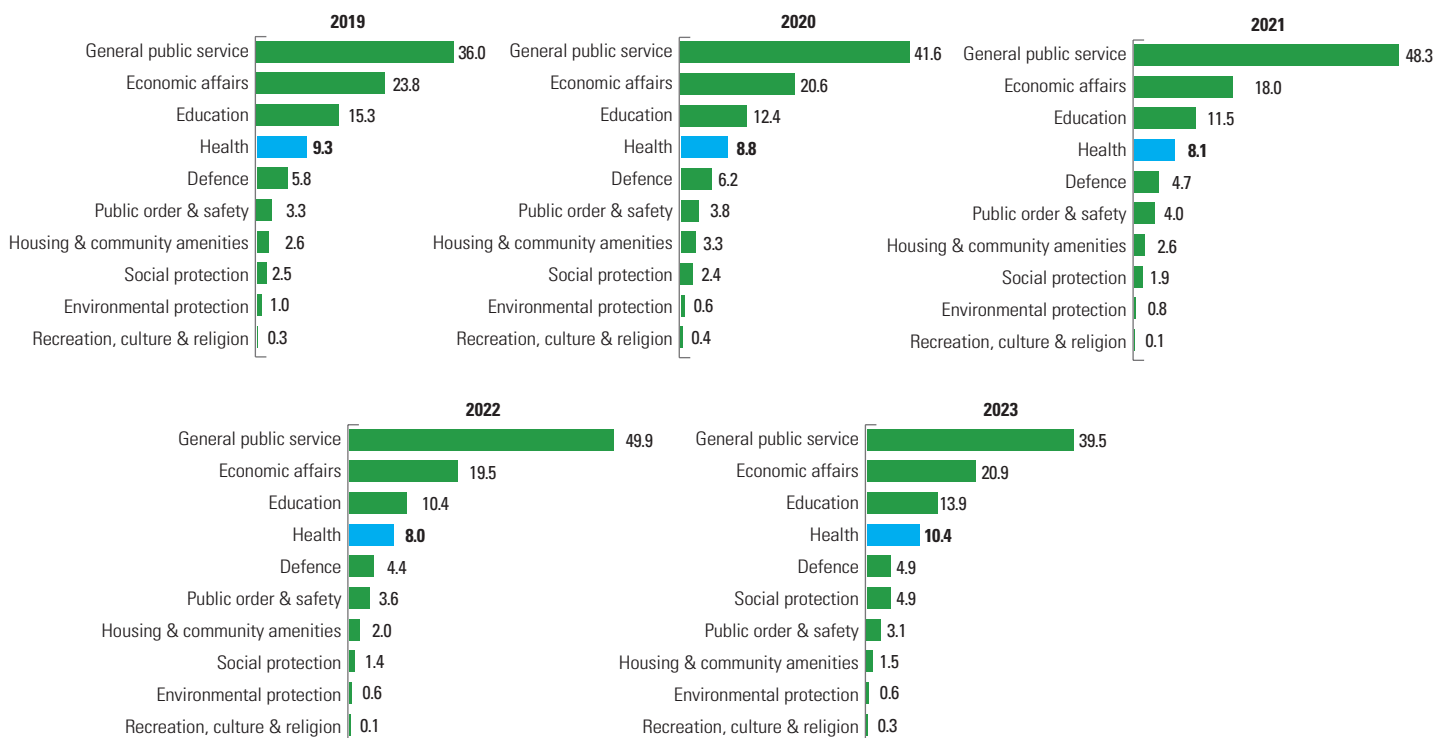
⁵ <https://www.moh.gov.zm/?p=3129>



SIZE AND SPENDING TRENDS

The Government plans to spend to K174 billion on Health Expenditure in 2023. The planned health expenditure represents 10 percent of the total budget. This is an increase from 8 percent in 2022 which has been a change in the trend over the last five years, the health budget is the fourth largest expenditure function after General Public Services (39.5 percent), Economic Affairs (20.9 percent) and Education (13.9 percent) (Figure 6).

FIGURE 6: RANK OF HEALTH BUDGET IN TOTAL EXPENDITURE BY FUNCTION, 2019-2023



Source: Compiled from National Budget Speeches, 2019-2023

The nominal increase in the 2023 health budget is driven by plans to recruit health workers and procurement of drugs and medical supplies. In an effort to cater for newly constructed health facilities, and address critical staff shortages in the health sector, the Government plans to recruit 3,000 health workers in 2023. This is an addition to the 11,000 already recruited in 2022 to reach the desired level of service delivery.

TABLE 2: MEDICAL PERSONNEL, AS AT 31ST MARCH 2022

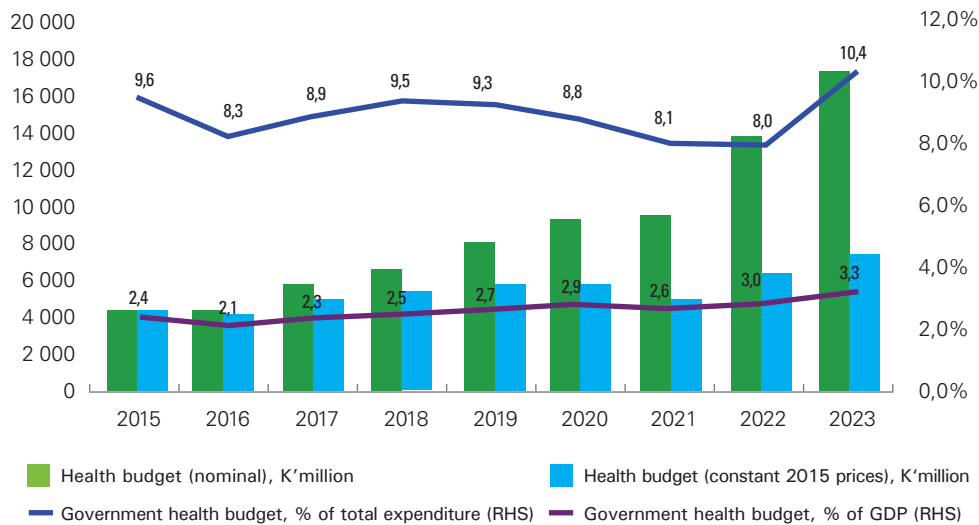
CADRE	ESTABLISHMENT	ACTUAL	% FILLED
Administration	52,111	20,490	39.3%
Audiology	132	0	0.0%
Community Health Assistants	4,007	1,374	34.3%
Clinical Officer	8,053	3,455	42.9%
Dental Services	1,928	499	25.9%
Environmental Health	5,744	2,892	50.3%
Laboratory	3,215	2,540	79.0%
Doctor	6,240	2,835	45.4%
Midwifery	11,718	4,000	34.1%
Nursing Services	36,397	21,471	59.0%
Nutrition	1,805	485	26.9%
Orthopaedics	141	15	10.6%
Pharmacy	2,910	1,735	59.6%
Physiotherapy	1,163	738	63.5%
Radiology	1,946	789	40.5%
Teaching	2,080	520	25.0%
Grand Total	139,590	63,838	45.7%

Source: Ministry of Health

The increased allocation to the health budget is the second highest boost to the health budget during the period 2015-2023 after 2022. The health budget was increased by over K3.4 billion from K13.9 billion in 2022, an increase of 25 percent. As a percentage of GDP, this increase translates to 3.3 percent of GDP in 2023 from 3 percent of GDP in 2022. This is below the Abuja Declaration which Zambia is signatory to, which recommends allocations of 15% of annual national budgets to healthcare. In real terms, the increase is 15.2 percent.

As a share of the total government expenditure, the Government health budget has increased. The health budget which peaked at 9.6 percent in 2015 declined to 8.3 percent in 2016 and then increased to 9.5 percent in 2018. However, from 2019, it steadily declined from 9.3 percent to 8.8 percent in 2020, 8.1 percent in 2021 and further down to 8.0 percent in 2022 but increased to 10.4 percent in 2023 (Figure 7).

FIGURE 7: SHARE OF HEALTH BUDGET IN TOTAL EXPENDITURE BY FUNCTION, 2015-2023



Source: Compiled from National Budget Speeches, 2015-2023, Consumer Price Indices and National Accounts

The 10.4 percent share of national budget for health spending falls short of regional and international commitments. Zambia’s health expenditure has averaged 9 percent during 2015-2023. This is below the Abuja Declaration of allocating at least 15 percent of the country’s annual government budget to the health sector.

TAKEAWAY

- The Government has made a significant increase in the budget allocation to the health sector to, among other things, pay for the recruitment of an additional 3,000 health workers and emerging costs due to the re-emergence of polio, measles, and cholera outbreaks.
- The MoH needs to capitalise on the increased allocation to ring-fence funds for essential health commodity security to enable sustaining the continuity of essential health services.
- However, the increase still falls short of regional and international commitments to spend at least 15 percent of its annual budget on the health sector.



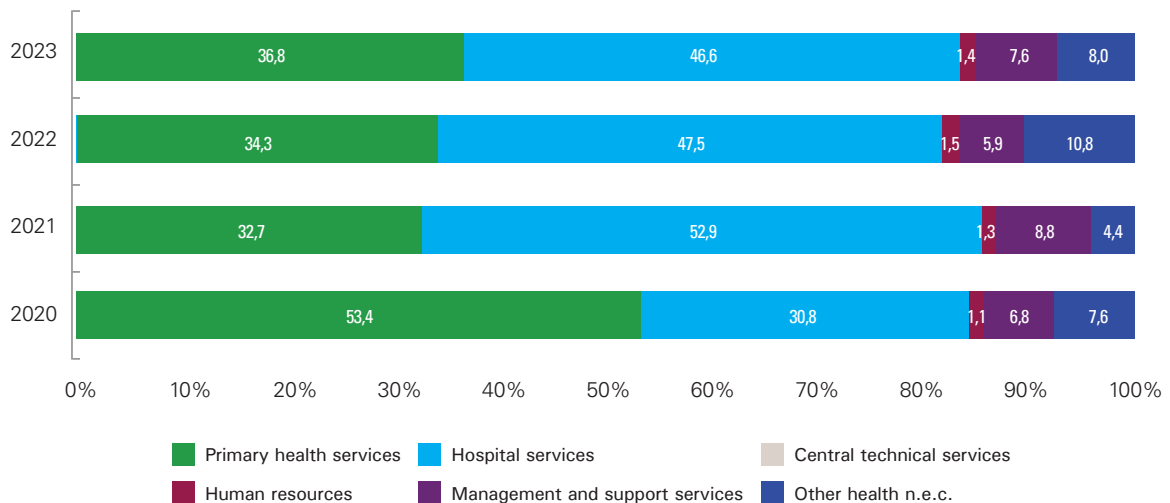


COMPOSITION OF HEALTH SPENDING

SPENDING BY HEALTH PROGRAMME

Primary Health Services and Hospital Services are the two largest spending categories, collectively accounting for over 80 percent of the total health budget in 2023. Similar to 2022, expenditure on Primary Health Services received the second highest allocation. However, the allocation to Primary Health Services increased by 34 percent in 2023 while the allocation for Hospital Services only increased by 23 percent. As result, there was a marginal increase in the share for Primary Health Services from 34.3 percent in 2022 to 36.8 percent in 2023 (Figure 8). This underscores the Government's commitment to ensure that there are no disruptions in the delivery of routine primary health services.

FIGURE 8: COMPOSITION OF HEALTH BUDGET BY PROGRAMME, 2020-2023



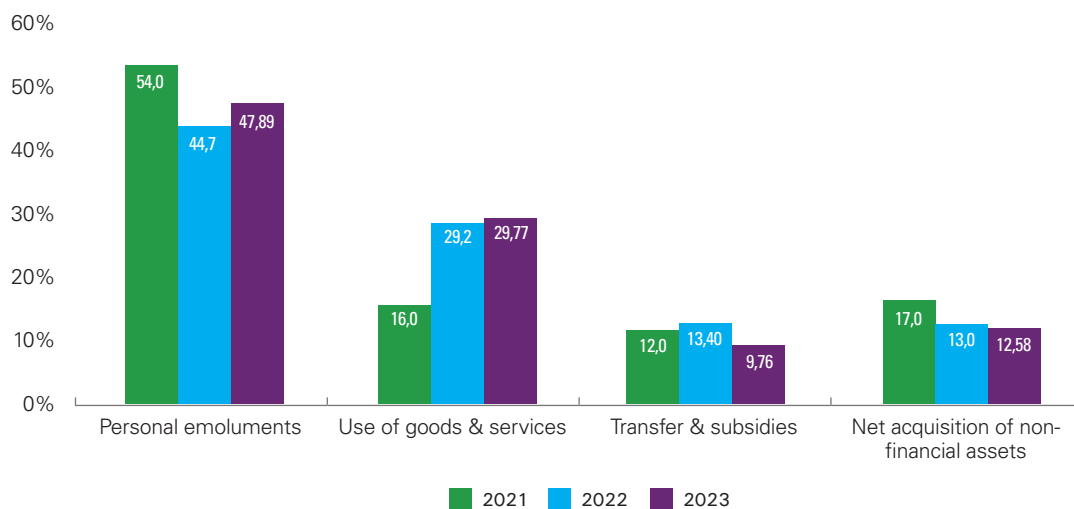
Source: Compiled from Ministry of Finance Estimates of Revenue and Expenditure, 2020-2023

The recruitment of additional health personnel is primarily targeted at Primary Health Care and Hospital Services. In a bid to support an already strained health sector, the Government announced plans to recruit an additional 3,000 workers in 2023. This will complement the recruitment of 11,200 health workers in 2022 including 613 Community Health Assistants (CHAs) (professional and salaried CHWs). The government planned to train 5000 CHAs between 2017 and 2021. However, only 3,400 were trained and 2,288 were deployed.⁶ As a result, the budget allocation to personal emoluments is projected to increase from K5.5 billion in 2022 to K7.7 billion in 2023. The personal emoluments for Hospital Services have increased to K4.1 billion in 2023 from K3.3 billion in 2022, while personal emolument for primary services increased from K1.5 billion in 2022 to K2.4 billion in 2023.

HEALTH BUDGET BY ECONOMIC CLASSIFICATION

While the share of personal emolument has increased in 2023, the share of Transfers and Subsidies has declined. The share of Personal Emoluments in 2023 increased to 47.9 percent compared to 44.4 percent in 2022. Compared to 2022, the share of Use of Goods and Services increased from 29.2 percent to 29.8 percent. This increase is necessitated by, among other things, the increase in the allocation to drugs and medical supplies. The allocation to infrastructure projects only accounted for 12.58 percent of the 2022 budget compared to 13 percent in 2022. Transfers and Subsidies account for 9.76 percent of the allocation, a decrease from 13.4 percent in 2022 (Figure 9).

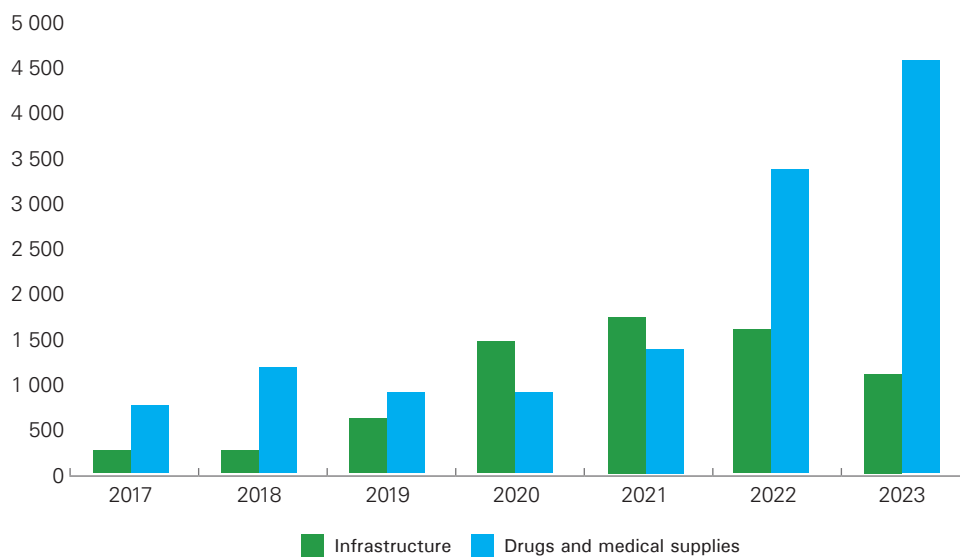
FIGURE 9: COMPOSITION OF HEALTH BUDGET BY ECONOMIC CLASSIFICATION AND PROGRAMME, 2021-2023



Source: Compiled from Ministry of Finance Estimates of Revenue and Expenditure, 2021-2023

The Government has continued to commit more resources towards the purchase of drugs. In 2023, the Government allocated a total of K4.6 billion for the procurement of Drugs and Medical Supplies. The K4.6 billion represents 35.7 percent increase compared to the 2022 allocation of K3.4 billion. However, the 2023 allocation for procurement of drugs and medicines includes K500 million allocated for the purchase of vaccines. For COVID-19 vaccination, the Government has continued to receive vaccines through the COVAX facility [co-led by Gavi, the Coalition for Epidemic Preparedness Innovations (CEPI) and the World Health Organisation (WHO)] and from other cooperating partners. Figure 10 shows some of the selected expenditure allocations.

⁶ For Zambia, there are two (2) types of Community Health Workers, the Community Health Assistants (salaried) and Community Based Volunteers (volunteers)

FIGURE 10: SELECTED EXPENDITURE ALLOCATIONS TO THE HEALTH SECTOR, 2017-2023

Source: UNICEF/ZIPAR 2023 Social Sector Brief



- There have been significant increases to the budget to purchase of drugs and medical supplies, including the budgetary allocation to primary health services.
- It is cardinal that the recruitment of health workers considers a significant number of community health workers, who are critical for delivering primary health services.

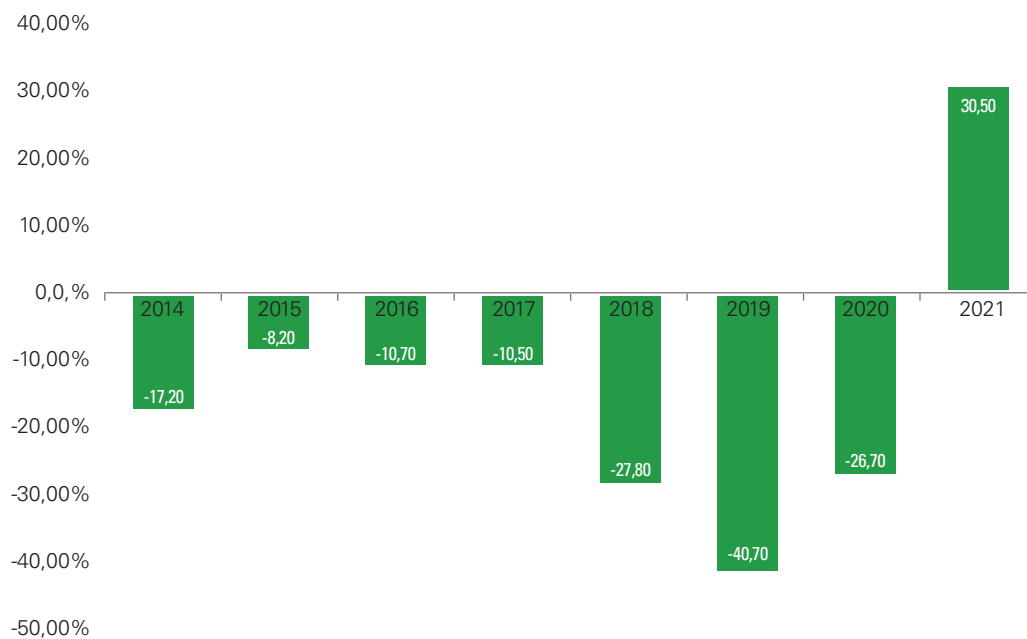
TAKEAWAY



BUDGET CREDIBILITY AND EXECUTION

Budget credibility has improved in 2021. While budgetary allocations are an indication of government's commitment to the health sector, the actual amount and predictability of funds disbursed determine the outputs and outcomes generated. Over the period 2014-2020, the Government spent less than the planned budget on Health but this improved in 2021. The deviations from the originally planned budget averaged 14 percent per annum. Over a seven-year period, underspending steadily rose from 8 percent in 2015 to 26.7 percent in 2020 (Figure 11).

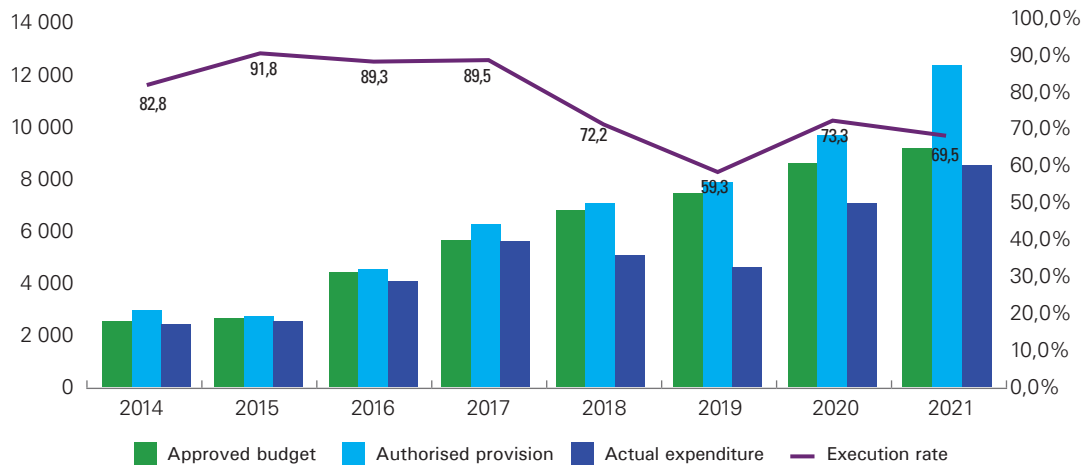
FIGURE 11: DEVIATIONS BETWEEN PLANNED AND ACTUAL EXPENDITURE, 2014-2021



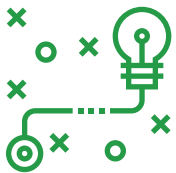
Source: Compiled from Ministry of Finance Annual Financial Reports, 2014-2021

Actual spending only accounted for about two-thirds of the authorised budget. The execution rate, which averaged 88.4 percent during 2014-2017, posted a sharp drop to an average of 69 percent during 2018-2021 period. The average actual spending was only 2 percent of GDP during the period 2015-2021. The weak budget execution rates coincide with the general decline in economic performance and increased budget allocation to debt servicing under the General Public Services function.

FIGURE 12: APPROVED & SUPPLEMENTARY BUDGETS, ACTUAL EXPENDITURES AND BUDGET EXECUTION RATES, 2015-2021



Source: Compiled from Ministry of Finance Annual Financial Reports, 2015-2021



- Budget execution rates are still very low, thereby threatening the delivery of health services.

TAKEAWAY



FINANCING OF THE HEALTH BUDGET

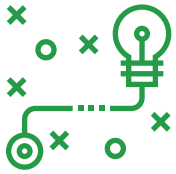
The on-budget health sector financing largely comes from own resources, accounting for 92 percent of the Ministry of Health's budget. However, external financing remains significant, especially from HIV-related sources. Compared to 2022, the share of external on-budget financing has reduced from 15 percent to 8 percent in 2023. Just under K1.4 billion of the K16 billion allocated to the Ministry of Health will be financed through loans and grants in 2023 as shown in Table 3. This is reduction from 15 percent in 2022. The on-budget financing will be for Primary Health Services and infrastructure development under Hospital Services.

TABLE 3: EXTERNAL FINANCING TO THE MINISTRY OF HEALTH 2023

COOPERATING PARTNER	TYPE OF FACILITY	PROGRAMME	AMOUNT (KWACHA)
Global Fund	Grant	Primary Health Services	86,230,113
USAID	Grant	Primary Health Services	162,006,304
SIDA	Grant	Primary Health Services	45,000,000
IDA	Loan	Primary Health Services	149,985,438
SAUDI FUNDS FOR DEV	Loan	Hospital Services - Infrastructure Development	208,907,034
UK EF	Loan	Hospital Services - Infrastructure Development	602,359,205
OFID	Loan	Hospital Services - Infrastructure Development	45,864,000
BADEA	Loan	Hospital Services - Infrastructure Development	36,848,000
Grand Total			1,337,200,094

Source: Compiled from Ministry of Finance Estimates of Revenue and Expenditure, 2023

Loans account for about four-fifths of the on-budget external financing of the health sector in 2023. Out of the K1.3 billion, loans account for K1 billion. Out of the K1 billion, K894 million is earmarked for infrastructure development under Hospital Services. About 63 percent of the allocation for infrastructure development under Hospital Services is from external loans.



- Zambia is dependent on external loans and grants to finance its health capital budget.
- The external on-budget financing requirements for the health sector have reduced from 15 percent in 2022 to 8 percent in 2023
- A significant part of the allocation for infrastructure development under Hospital Services is from external loans, which is unsustainable

TAKEAWAY





KEY POLICY ISSUES

A key issue in 2023 is the recruitment of additional health personnel. Ensuring that health facilities are appropriately staffed is critical to providing both a safe work environment for healthcare professionals and safe, effective patient care. This includes recruiting community health assistants who are key in strengthening Primary Health Care and pillars of Universal Health Coverage (UHC). And the COVID-19 pandemic as well as the re-emergence of polio, measles, and cholera outbreaks has put a spotlight on the colossal impact and sheer scale of consequences that staffing shortages mean for critical healthcare settings.

The Government's drive to recruit more health personnel should consider addressing the inequitable distribution of health personnel in the country. The greatest human resource gaps are in the rural areas. To attract and retain staff in rural areas, the Government will have to improve working conditions in the rural areas, including providing decent housing, faster career advancement prospects and incentives for working in rural areas, especially for women staff.

More important is the need to ensure sustainable financing of emoluments as well as other non-emolument health requirements. The low execution rates not only point to the limited fiscal space but also late disbursement of funds from the Ministry of Finance to the districts, and from the districts to the health facilities. Given that emoluments are ring-fenced, non-emoluments are likely to be affected in circumstances where funding is inadequate, or processes are inefficient. A case in point is the perennial problem of drugs and other medical supplies in the health facilities.

Putting in place a robust procurement and supply chain system that assures uninterrupted supply of essential medicines and supplies remains key in 2023. This is critical given the recent disruptions in medicines and other medical supplies, invariably leading to poor service delivery. The shift of the procurement function from the Ministry of Health headquarters to the Zambia Medicines and Medical Supplies Agency requires better coordination and timely financing to ensure uninterrupted supply of essential medicines and other medical supplies and to ensure the new system is efficiently implemented.

External financing remains a key source of financing for non-emolument health requirements.

The Government relies heavily on external financing, albeit largely off-budget funding. The 2018 Health Public Expenditure Review attributed the low on-budget support, accounting for 8 percent of the total health budget in 2023, to inadequate confidence in the existing public financial management system in Zambia and/or preference by donors to implement projects with visible results. There is therefore need to strengthen the public financial management system to build trust and encourage cooperating partners to channel their funds through the government budget. This requires, among other things, the extension of the existing Integrated Financial Management Information System (IFMIS) to the district and facility level in order to increase accountability and transparency.

Having a social health insurance function, the National Health Insurance Management Authority is a key player to drive up universal access to healthcare. As it under the supervision of the Ministry of Labour and Social Services it will be critical to ensure close collaboration with the Ministry of Health to ensure that national health insurance premiums are ring-fenced for health sector financing.

Anecdotally, NHIMA funds to public health facilities have had a cushioning effect. Therefore, protecting its continued viability must be a priority for the government. In the same vein, as the NHIS provides for free enrolment of vulnerable populations as prescribed by its legal framework, it is paramount to provide subsidy financing for free enrolment from other sources such as the treasury.

The centres of specialisation that are envisaged to be created in partnership with the private sector will ensure that Zambians can access specialised healthcare locally while attracting regional medical tourism. While this is commendable, care must be taken to ensure that the National Health Insurance is not used at the expense of primary health care services, which mainly serve women and children whilst reaching the poorest of the population.

Zambia

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