

THE 2023/24 HEALTH BUDGET ANALYSIS

PRESENTED TO THE PARLIAMENTARY COMMITTEE ON HEALTH

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Outline

- 1) Introduction**
- 2) Key Findings**
 - a. Overall Highlights of the 2023/24 Budget*
 - b. 2022/23 Health Budget Performance*
 - c. Analysis of the 2023/24 Health budget*
- 3) Conclusion**
- 4) Recommendations**

1.0 Introduction

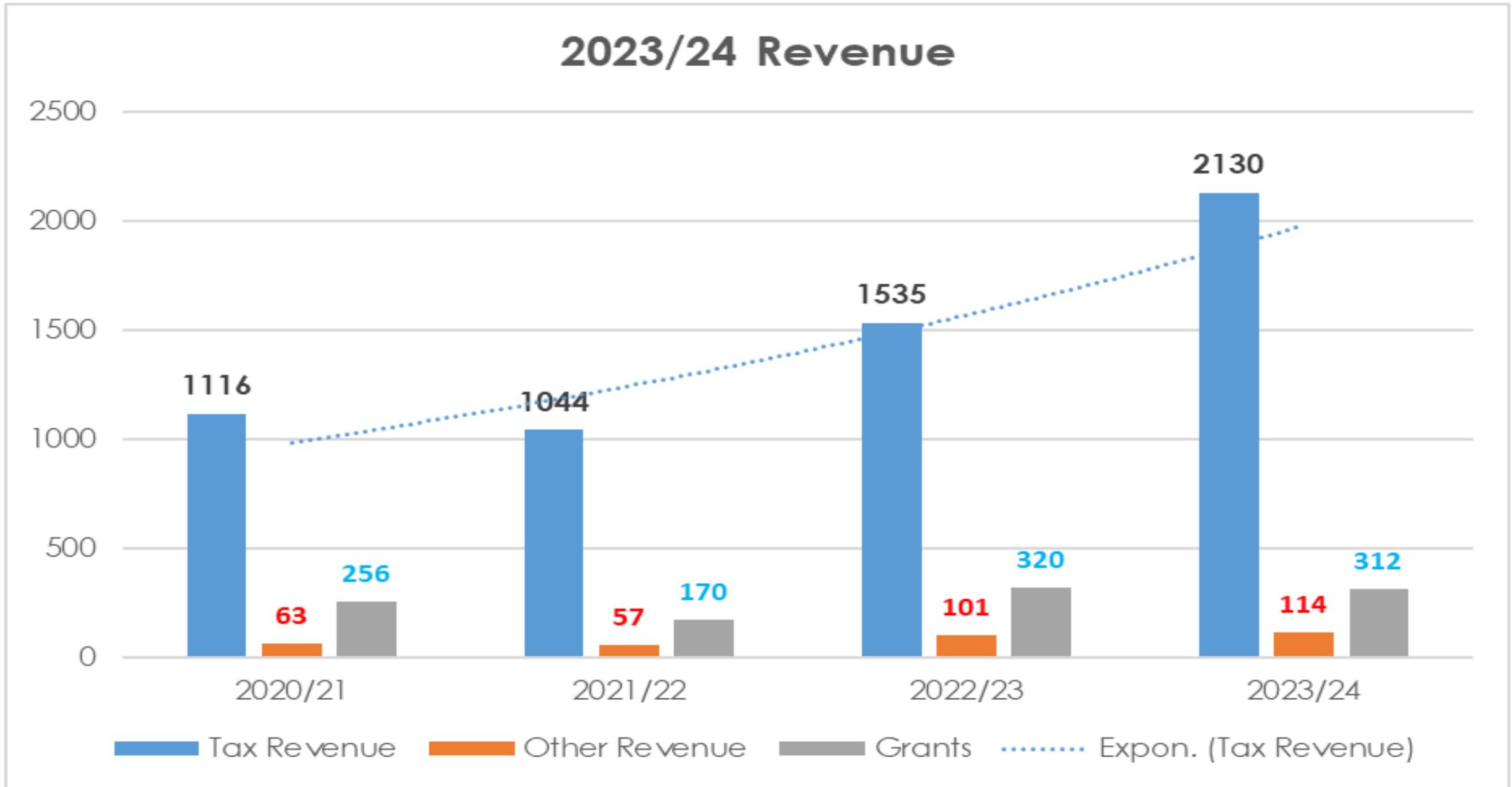
- **Review of the health sector budget was commissioned by Malawi Health Equity Network (MEHN) through the UHC Coalition.**
- **Aimed at analyzing the health sector budget in general, and drugs and supplies, HIV/AIDs and SRH services, immunization financing, and social determinants of health in particular.**
- **MHEN and its partners intend to utilize the findings to inform its advocacy activities including deliberations in the National Assembly during this budget sitting.**





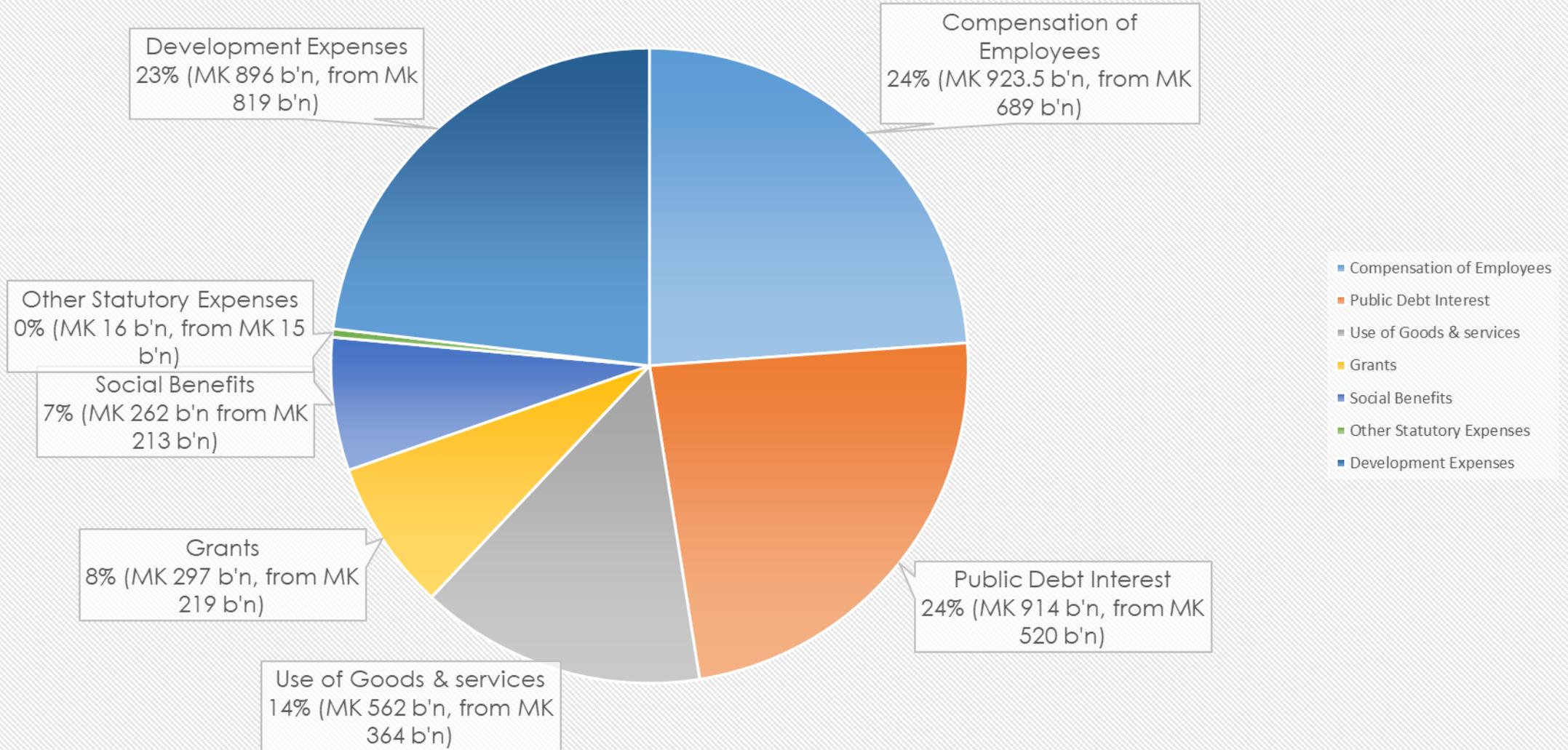
2.a Overall Highlights of the 2023/24 Budget

2.a Highlights of the 2023/24 Budget - Revenue



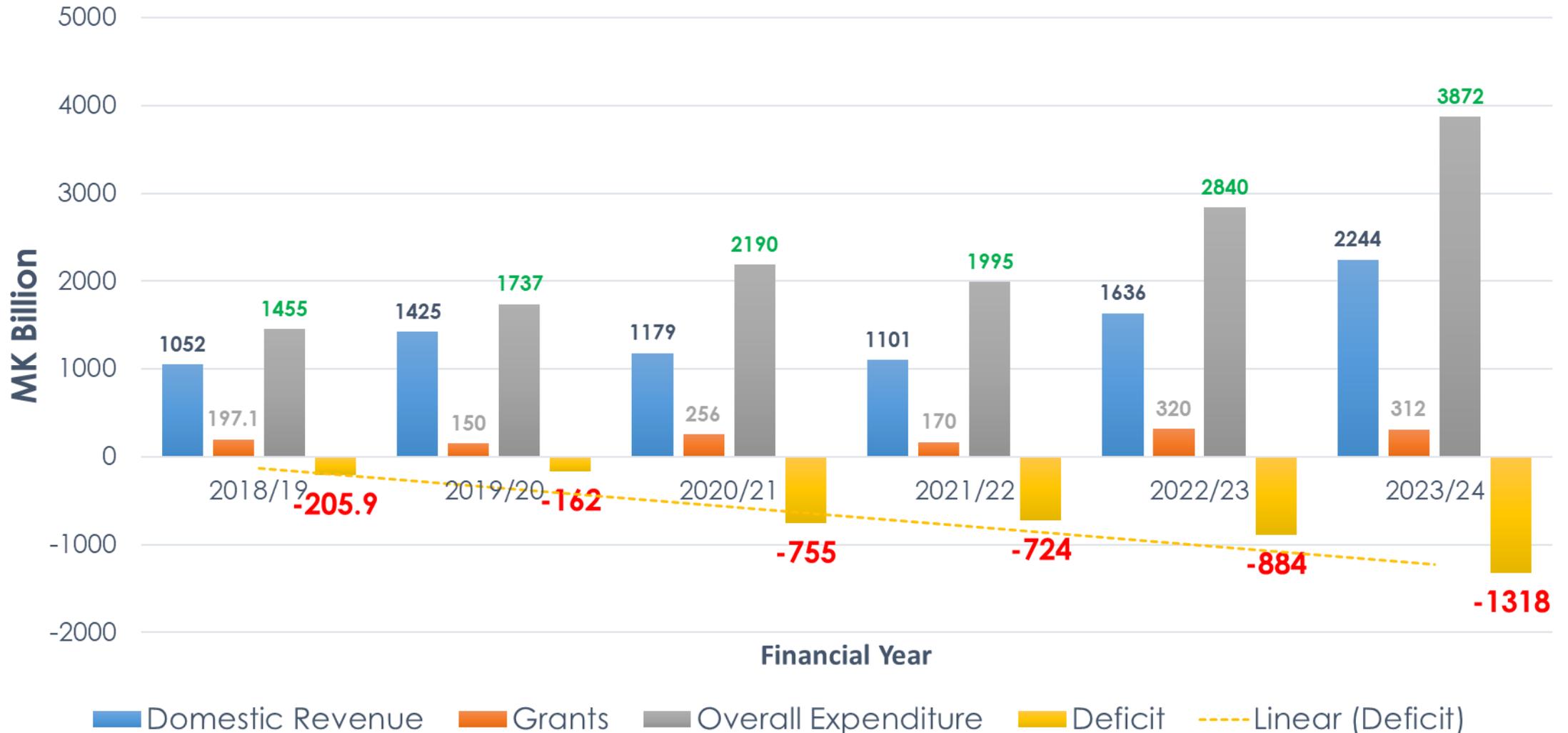
Highlights of the 2023/24 Budget - Expenditure

2023/24 Budget Expenditure Lines



Highlights of the 2023/24 Budget – Budget Balance

Budget Deficit Trends - Revenue Vs Expenditure





2.b Performance of the 2022/23 Health Budget

2.b The 2022/23 Health Budget

- **The sector was allocated MK 284.0 billion, up from MK 183.4 billion approved in 2021/22 FY, 55% nominal increase.**
 - *MK 161.6 billion (up by 56% from MK 103.4 billion) for MoH HQs, and*
 - *MK 122 billion (up by 53% from MK 79.9 billion) for DHOs.*
- **At mid-year, the amount was revised downwards to MK 251.7 billion.**
 - *Ministry HQs budget was the most affected with a 25% cut i.e. from MK 161.6 billion to MK 120.7 billion (MK 41 billion cut).*
 - *DHO budget was however increased by MK 8.8 billion as addition allocation for Drugs under NLGFC.*

Budget Type	2022/23 Estimate MK B'n	2022/23 Revised MK B'n	% Change
MoH - Vote 310	161.6	120.7	-25%
PE	57.9	57.9	0%
ORT	35.5	33.9	-5%
Development	68.2	28.9	-58%
Part 1 donor	59.2	25.0	-58%
Part 2 GoM	9.0	3.9	-57%
DHOs	122.01	131.0	7%
Medicines	16.5	26.1	58%
ORT	10.4	9.7	-7%
Covid-19 Response	2.7	2.7	0%
Personal Emoluments	92.5	92.5	0%
Total Health Budget	283.6	251.7	-11%

Performance

- Overall disbursement of the HQs budget at 86%.
- ORT disbursement at 86% - worrisome as the financial year is less than a month away from closure.
- Disbursement on Govt-funded project the lowest at 64%:
 - MK 2.35 billion of the MK 3 billion (78%) for construction of Mponela Hospital has been disbursed; and
 - Zero disbursement on construction of Health Posts.
- Donor-funded projects at 78% disbursement.
- Overall utilization impressive at 96%. ORT, however, at 86% due to delays in payments.

Budget Type	Allocated	Disbursed	Spent	Disbursement (%)	Utilization (%)
<i>PE</i>	57.9	53.2	53.2	92%	100%
<i>ORT</i>	33.9	29.1	24.9	86%	86%
Recurrent	91.8	82.3	78.1	90%	95%
<i>Donor-funded</i>	25.0	19.6	19.6	78%	100%
<i>Govt-funded</i>	3.9	2.48	2.43	64%	98%
Total Development	28.9	22.08	22.03	76%	100%
Total Sector	120.7	104.4	100.1	86%	96%

Achievements

- **Provided youth friendly health services family planning information and counselling to 1,655,113 youths across the country.**
- **Recruited 1,013 health care workers on permanent basis and 784 health care workers on temporary.**
- **Developed the Health Sector Strategic Plan III (HSSP III, 2022 - 2030).**
- **95% of under-1 Children fully immunized.**
- **Co-financed the procurement of traditional vaccines amounting to MK1 billion.**

Achievements Cont'd

- **Eye Equipment installed, commissioned and operational at KCH.**
- **National Oral Cholera Vaccines (OCV) campaigns conducted and 3 million doses delivered to at-risk people**

Challenges

- **Lack of sufficient funds;**
- **Insufficient community health workforce which negatively affects smooth community healthcare service delivery;**
- **Unavailability of some essential medical supplies in most districts;**
- **Poor record keeping and information sharing at health facilities;**

Challenges Cont'd

- **High Vacancy rates (55% in C.Hosp & 55% new positions at District level) coupled with unavailability of funds for recruitment of health personnel.**
- **Fragmented reporting systems and information sharing;**
- **Delays in payments for both ORT and Development;**
- **Mid-Year budget reductions affected implementation of the budget; and**
- **Arrears totaling MK 15 billion affecting budget implementation.**

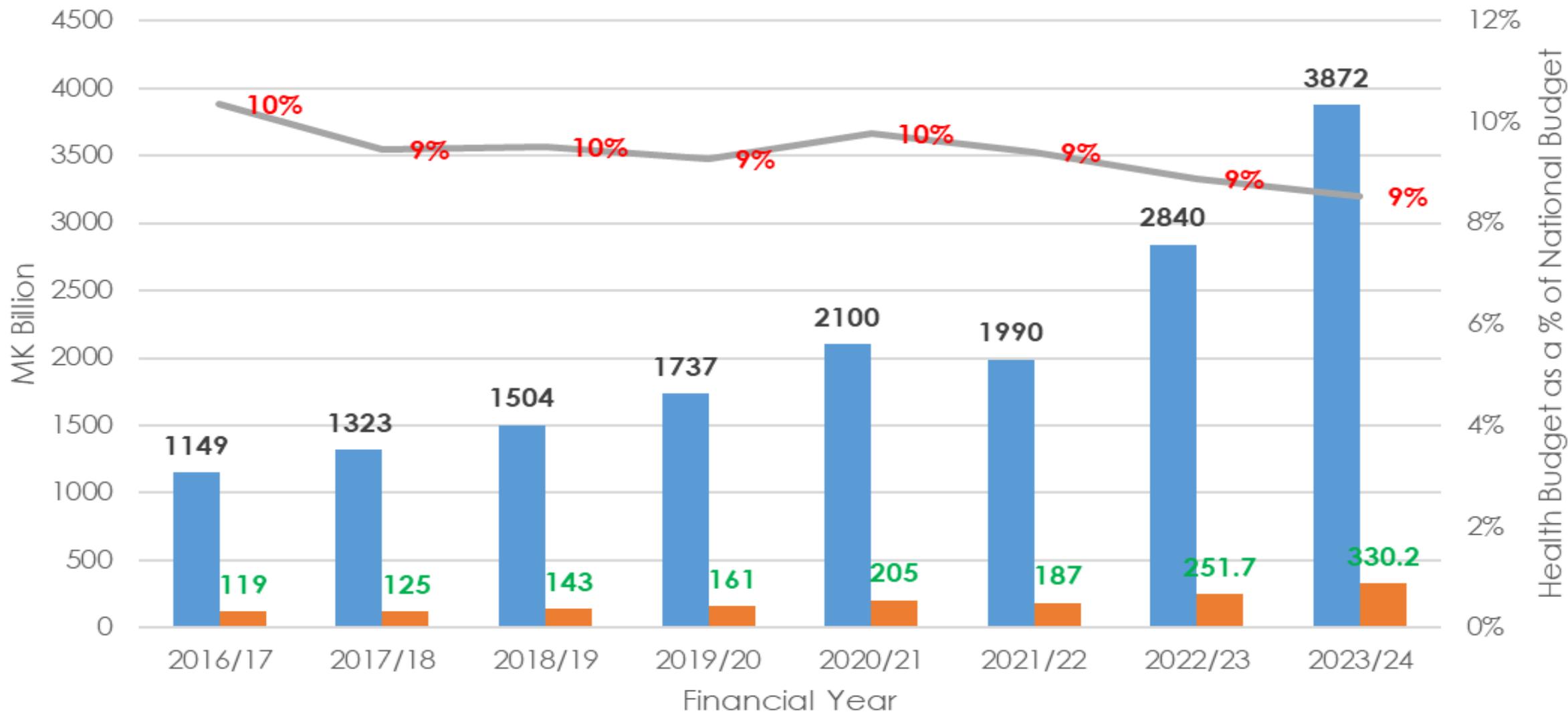


2.c The 2023/24 Health Budget

Overall Budget

- **The sector has been allocated MK 330 billion, up from MK 251.7 billion mid-year revised allocation – representing a 31% increase.**
 - *MoH HQs budget has seen a 40% increase i.e. from MK 121 billion to MK 169 billion.*
 - *DHO budget up by 23% - from MK 131 billion to MK 161 billion.*
- **Sector budget is 8.5% of the National budget and remains far below the 15% Abuja threshold, a trend that has been maintained for over 7 years.**
 - *Signals lack of Government commitment to fulfilling the agreements under the same.*

Trend: Health Sector Vs National Budget



■ National Budget ■ Health Budget — Health as a % of National

Overall Budget Cont'd

- **Donor-funded projects have seen a 118% increase, from MK 29 billion to MK 54.6 billion.**
 - **Development budget in the sector remain donor-driven – 90% of the 2023/24 development budget.**
- **Government-funded projects up by 49% i.e. from MK 3.9 billion to MK 5.8 billion.**
- **District blood budget has dropped by 90% to MK 0.3 billion – this is despite the MK 3.5 billion requirement.**
- **District drug budget down by 13% (from MK 23 billion to MK 19.9 billion) and remains below the MK 25 billion requirement as per the Drug Quantification report.**

Budget Type	2022/23 Approved MK B'n	2022/23 Revised MK B'n	2023/24 Estimates	% Change
MoH - Vote 310	161.6	120.7	168.8	40%
PE	57.9	57.9	64.8	12%
ORT	35.5	33.9	43.6	29%
Development	68.2	28.9	60.4	109%
Part 1 donor	59.2	25.0	54.6	118%
Part 2 GoM	9.0	3.9	5.8	49%
DHOs	122.01	131.0	161.4	23%
Drugs	16.5	26.1	20.2	-23%
Procurement & Arrears	12.	23.0	19.9	-13%
Blood	-	3.1	0.3	-90%
ORT	10.4	9.7	12.5	29%
Covid-19 Response	2.7	2.7	3.3	22%
PE	92.5	92.5	125.5	36%
Total Health Budget	283.6	251.7	330.2	31%

ORT – Key Issues

- **Overall ORT budget falling short of the required amount by almost MK 23 billion thus excluding MK 13.7 billion for Arrears & MK 20 billion for recruitment.**
- **Central Hospital Drug budget have been increased by 19% (MK 11.2 billion to MK 13.3 billion):**
 - The C.Hosp Drug budget, however, is MK 5 billion less than the required amount (MK 18 billion).
 - Cancer drugs at QECH allocated MK 0.5 billion against MK 2.5 billion – may affect almost 9,000 patients who seek services at the facility.
- **Budget for vaccine for immunization falling short of the required budget (MK 4 billion) by MK 2.6 billion – 65% gap.**
- **Zero allocation for procurement of Ambulances against the MK 1.5 billion required for 30 Ambulances.**
- **No provision for procurement of ARTs (MK 500 million required: co-financing)**

ORT Issues Cont'd

- **MK 0.5 billion shortfall on training of health workers against MK 1.6 billion required – 31% gap.**
- **Blood budget at C.Hosp increased by 165% (MK 1 billion to MK 2.7 billion).**
- **No provisions for recruitment of Health Personnel.**
 - *Ministry estimates that MK 20 billion will be required to cover for Central Hospitals (MK 8 billion) and DHOs (MK 11.5 billion).*
- **MK 1.3 billion allocated for Arrears against the MK 15 billion accumulated – over 91% outstanding.**
- **Procurement of Family Planning Commodities up by MK 100 million (20%).**
 - **MK 1.7 billion allocated cumulatively on two FP commodities (Implant and Injectables) as per HSSP II.**
 - **6.5% of the MK 25.9 billion proposed in the Family Planning Costed Implementation Plan (FP-CIP) that was to be spent on FP commodities as of end of 2020/21 FY.**

Budget Line	2022/23 Approved	2023/24 Estimate	% Change
Central Hospital Allocations	25.9	33.6	30%
<i>Central Hospital Drugs</i>	11.2	13.3	19%
<i>Blood</i>	1	2.65	165%
<i>LION Operations</i>	0	0.7	-
<i>Cancer Centre Operations</i>	1.43	1.5	5%
Ambulances	1.5	0	-100%
Payment of Utilities	3.2	3.7	16%
Family Planning Commodities	0.475	0.570	20%
ART Co-financing	0.17	0	-100%
DNHA	0.333	0.399	20%
Medical Referrals	1.4	1.4	0%
Medical equipment	0.8	1	25%
Vaccines	1	1.4	40%
Training Budget	0.5	0.66	32%
Generic ORT	0.76	1.42	87%
TOTAL	35.9	42.2	17%

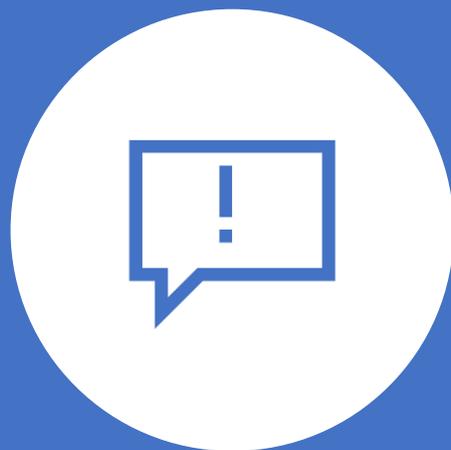
Development – Part I Projects

- **Four main projects funded by donors. They include:**
 - **Joint Health Fund: MK 8 billion (down from MK 14 billion);**
 - **Multi-Sectoral Nutrition Program: MK 4.3 billion (down from MK 4.7 billion);**
 - **Southern Africa TB Health Systems and Support: MK 1.6 billion (down from MK 11.3 billion); and**
 - **Emergency Project on EHS: MK 40.6 billion.**

Development – Part II Projects

- **Government projects falling short of the required amount by MK 7.5 billion – 44% gap.**
- **MK 1 billion provided for Construction of Cancer Centre against MK 4 billion required – 75% gap.**
- **MK 1 billion for New Phalombe Vs MK 4.4 billion required – 77% gap.**
- **No provisions for the following projects:**
 - *Construction of Chikwawa District Hospital (MK 100 million);*
 - *Feasibility Studies for Rumphu & Dowa District Hospitals (MK 100 million);*
 - *Upgrading of Urban Health Centres to Community Hospitals (MK 200 million); and*
 - *Completion of the Health Sciences Lilongwe Campus (MK 500 million).*

Project	2022/23 Approved	2022-23 Revised	2023/24 Budget	Percentage Change
Joint Health Fund	14.0	13.7	8.0	- 42%
Multi-Sectoral Nutrition Program: Reducing Stunting	4.7	0.7	4.3	514%
Southern Africa TB Health Systems and Support	11.3	7.3	1.6	-78%
Emergency Project on Essential Health Package Covid-19 Response	-	-	40.6	-
Total Development Budget Part I	59.3	25.0	54.5	118%
Construction of Cancer Centre	1.5	0.7	1.0	43%
Construction of Domasi Community Hospital	1.0	0.5	0.8	60%
Construction of Mponela Hospital	5.0	2.0	2.0	-
Feasibility Studies and Detailed Designs of Construction of Rumphi and Dowa District Hospitals	0.3	0.1	0	-100%
Construction of 55 Health Posts (Phase 1) - Counterpart	1.0	0.5	1.0	100%
Construction of New Phalombe Hospital	-	-	1.0	-
Total Development Budget Part II	8.8	3.8	5.8	53%
Total Development Budget	68.1	28.8	60.3	109%



3. Conclusion

3.1 Summary

- Unprecedented levels of borrowing raises doubt on the practicability of the budget. Resources towards health interventions may not be fully disbursed by the end of the FY.
- Overall health budget below the Abuja declaration threshold. Now at 8.5% of the National budget, 6.5% short.
- ORT budget falling short of the required amount by almost MK 23 billion.
- Inadequate provisions for vaccines, blood, FP commodities, training of Health Workers and drugs (HQs and DHOs).
- No provisions for Ambulances, ART, recruitment of health personnel and some projects.

3.2 Implications

- **Pressure on general health services as there will be division of little resources available.**
- **Unavailability of blood, essential drugs and transport/Ambulances leading to preventable deaths and complications.**
- **Sub-optimal operation of the Cancer Centre as it may not serve the required number of patients.**
- **Difficult to control current e.g. Cholera and other re-emerging pandemics e.g. Polio due to shortage of Staff and funding.**
- **Overwhelmed and disgruntled health workforce leading to poor quality service delivery**

Implications Cont'd

- **Population increments due to increased cases of pregnancies among young people.**
 - The increase has impact on economy, education, general health services, national progress and pressure on resource envelop.
 - *It is estimated that in Malawi there are 106,000 adolescent pregnancies every year costing \$ 57 million (Population Reference Bureau, USA).*
- **Youth failing to access youth friendly health services that are comprehensive, of good quality, non-judgmental and inclusive.**
- **Increased cases of STIs that will have a footprint on health services, and leading to loss of lives.**



4. Recommendations



5.0 Recommendations (MoH)

- MoH through the Parliamentary Committee on Health should lobby with MoF to allocate resources to the under-funded budget lines e.g. drugs for DHOs & Central Hospitals (extra MK 10 billion), vaccines (MK 2.6 billion), FP commodities (MK 1 billion), ARTs (MK 0.5 billion) and Blood DHOs (MK 3.2 billion).
- The Ministry should lobby with MoF to allocate resources (MK 20 billion) for recruitment of health personnel in general and SRHR experts in particular, especially in rural health centers. High vacancy rate in the sector putting pressure on centers to use unskilled labor to provide services.
- MoH should also lobby with MoF to allocate resources for capacity building of current staff (extra MK 0.5 billion) in the health centers to provide SRH services to adolescents and youth.
- The Ministry must revise intra-sectoral allocations to ensure that some programs that have been grossly underfunded such as SRHR, ARTs, FP Commodities, drugs, training of health workers are well covered.
- The Ministry must also speed-up implementation of various on-going infrastructure Projects to help address the various health related gaps.



Recommendations (MoF)

- MoF should increase the sector's budget by about MK 64 billion to allow for effective programme implementation and service delivery. Resources to cater for the notable gaps.**
 - MK 7.5 billion for Devt II; MK 23 billion ORT; MK 20 billion recruitment & MK 13.7 billion Arrears.**

- Ministry of Finance (MoF) should ensure that Funding and disbursement should match resource needs defined by the individual sectors and programmes for effective programme implementation and service delivery.**

- MoF must revise some Tax Expenditure measures in order to reduce losses resulting from the same and consequently generating resources that would help address budget gaps including those in health.**

- The Ministry should enforce result-oriented reforms on MDAs that have low absorptions on their budgets and slow implementation progress. Govt is losing already secured resources.**



Recommendations (CSOs, Pvt Sector & DPs)

- CSOs should continue to intensively add a voice to advocate for various noted gaps in the health sector's budget which if ignored under the country's investment plans, will continue to cripple this country.

- The private sector must also consider financing the notable gaps in the health sector as a CSR.

- Non-state actors should raise awareness to citizens to realize their right to SRHR as means of demand creation for uptake of services in the sector.

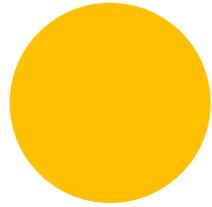
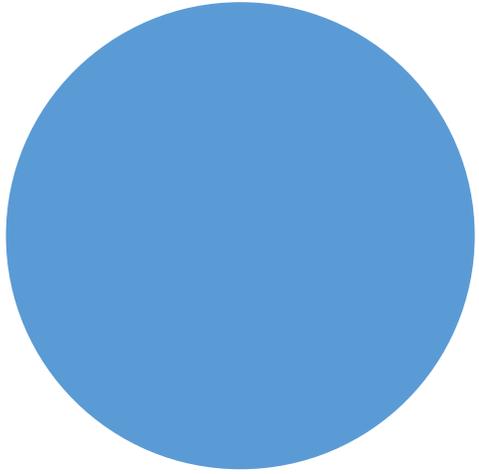
- Development partners and CSOs should support efforts aimed at strengthening SRHR programming in the health sector in order to ensure that the relevant policy objectives as stipulated in the Malawi 2063, HSSP II and sector specific policies (e.g., SRHR Policy) are well accomplished.



Recommendations Parliamentary Committee on Health

- The Committee should lobby for equitable resource provision within the health sector vote including an upward adjustment of no less than MK 60 billion.

- It should also take a leading role in holding various MDAs accountable in ensuring that they effectively implement and deliver on various budgetary allocations in the sector.
 - Low disbursement among key areas.



Thank you

