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IMPACT STORY

USAID/Uganda Strengthening Supply Chain Systems (SSCS) Activity

June 2024

Domestic Resource Mobilization and Financing for Health Commodities in Uganda

INTRODUCTION

Funding for Uganda's public health sector is predominantly donor-dependent; in particular, **66%** of health commodities in public health facilities (HFs) and over **90%** commodities for disease programs such as HIV, TB, and reproductive health are funded by donors¹. However, donor funding to the health sector, and specifically for health commodities, is drastically decreasing with competing priorities.

Reduced donor funding and limited domestic resources affect the availability of health commodities and therefore the quality of health care service delivery. To address this issue, the USAID Strengthening Supply Chain Systems (SSCS) Activity, led by Management Sciences for Health (MSH) in collaboration with Advocates Coalition for Development and Environment (ACODE) and Uganda Healthcare Federation (UHF), has supported local stakeholders to advocate for increased financing for health commodities. Under SSCS, ACODE has led these advocacy activities with government as well as strengthened the capacity of ministries, departments, and agencies (MDAs), district local governments, and hospitals to integrate supply chain activities in their annual workplans and budgets.

¹ Ministry of Health (2023). *Integrated Commodity Quantification for Essential Medicines and Health Supplies for Financial Years 2023/24 – 2025/26*

APPROACH

SSCS aligns its domestic resource mobilization strategy with the Government of Uganda's (GOU) fiscal year budgeting activities through seven critical steps (Figure 1):

- (i) **Advocacy** – SSCS holds strategic meetings to discuss advocacy statements informed by data to justify the need for increased domestic financing for health commodities. Specific engagements are held with the Ministry of Finance, Planning and Economic Development (MOFPED); Members of Parliament on the committees of Health, Finance, and Budget; and Members of the Presidential Advisory Committee on Budget.
- (ii) **Circular calls** – SSCS presents and discusses the Ministry of Health (MOH)'s commodity quantification data with the MOFPED, highlighting the priorities of the 10-year Health Supply Chain Roadmap that the MDAs, districts, and hospitals need to implement. SSCS provides technical support to the Office of the Prime Minister through the resolutions of the Inter-Ministerial Task Force to request MOFPED to include the health supply chain (HSC) roadmap priorities in the budget call circular. Upon the budget call circular's release, the SSCS team supports the Ministry of Local Government (MOLG) and MOH to write a call-to-action circular for the leadership of the district local governments and hospitals to implement priorities indicated in the budget circular call. The leaders then guide their district departments and HFs to include activities in their annual workplans and budgets to address budget call circular priorities.
- (iii) **Budgeting** – SSCS helps facilitate planning and budgeting retreats for MDAs, emphasizing the importance of budgeting for supply chain priorities. The MDAs report on their progress at Inter-Ministerial Task Force meetings. SSCS also works with districts and hospitals to reinforce the call-to-action circular and the key HSC priorities for them to consider in their budgets. SSCS's face-to-face training in leadership management and governance with some districts and hospitals has a finance training module that helps them step by step to plan for supply chain priorities.

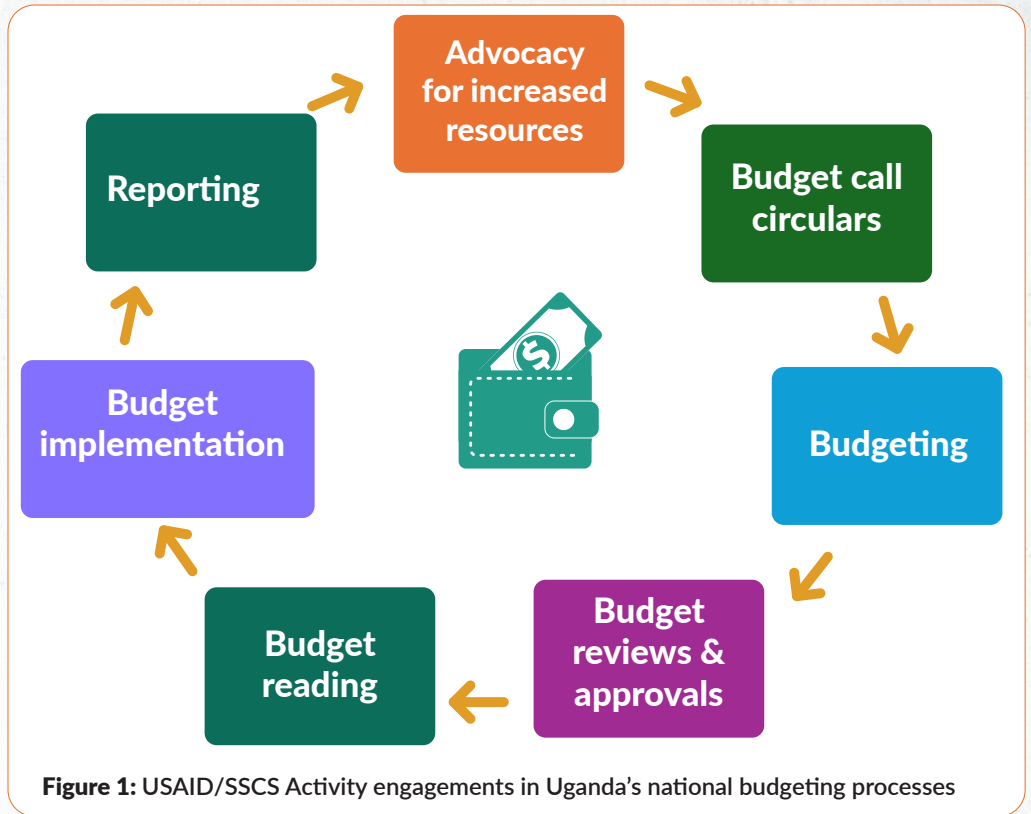


Figure 1: USAID/SSCS Activity engagements in Uganda's national budgeting processes

- (iv) **Reviews and approvals** – The MDAs, district local governments, and district hospitals review their draft budgets internally to agree on the activities to fund and produce final budgets.
- (v) **Budget reading** – The finalized budgets from MDAs, districts, and hospitals are submitted to MOFPED, consolidating the national budget that is eventually read on the floor of Parliament.
- (vi) **Budget implementation** – SSCS follows up with districts and hospitals to verify whether they are implementing the priorities included in their budget and workplan.
- (vii) **Reporting** – All entities report to MOFPED on their quarterly financial performance before the next quarter's budget release.

RESULTS

As a result of these interventions there has been an increase in HSC budgets, allocations, and planning. Specific gains include:

Increased GOU annual budget allocations for health commodities

MOFPED has over the years increased domestic resource allocations to health commodities. In FY 2020/21 the GOU provided 30% of the funding for health commodities of about UGX 405B (USD ~109M) and by FY 2024/25 that level had increased to 36% - about UGX 699B (USD ~189M) (Figure 2).

Despite these gains, the allocation still falls short of the **40%** three-year (short-term) target of the National 10-Year Health Supply Chain Roadmap.

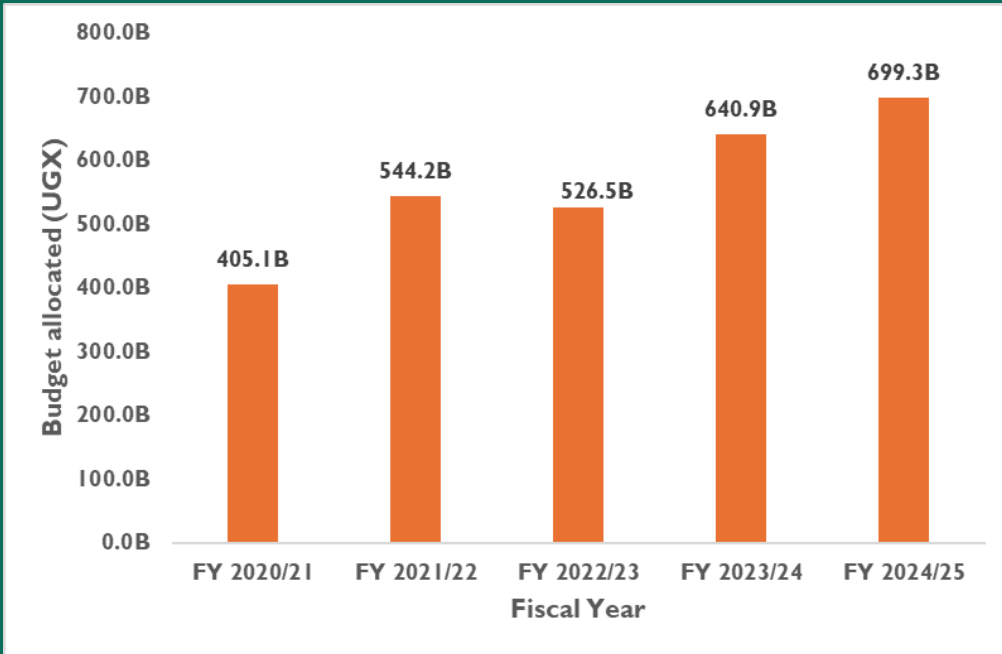


Figure 2 GOU's annual budget allocations for health commodities over the years⁴

³ Exchange rate: 1 USD equivalent to 3700 UGX

⁴ Source: MoFPED budget data analytics (2024), MoH Integrated commodity quantification report (2023) and National Medical Store quantification reports (2021 and 2022).

Enhanced Local governments and hospitals' annual planning and budgeting for HSC priorities

By the end of June 2024, SSCS found that **114** of **136** districts, **6** of **10** cities, **10** of **133** general hospitals, and **5** of **23** regional referral hospitals (RRHs) had allocated resources to **5** health supply chain priorities between FY 2021/22 to FY 2024/25. There has been a steady increase in the number of districts budgeting for HSC over the years with a **2.5** times increase from FY 2021/22 to FY 2024/25 (Figure 3). HSC priorities include infrastructure development for medicine stores; procurement/maintenance of information, communication, and technology infrastructure and equipment; recruitment of HSC personnel; supervision of HSC issues in HF; and management meetings to discuss HSC issues.

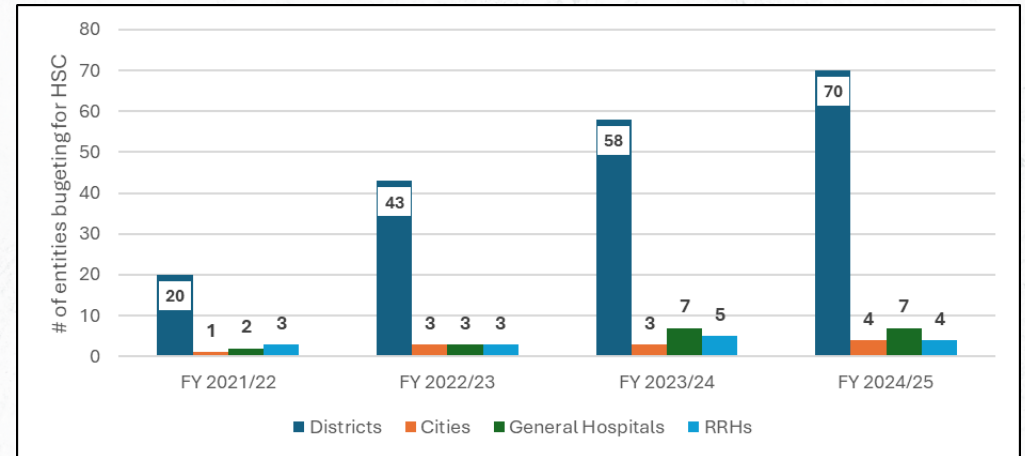



Figure 3: Districts, cities, and hospitals' budget allocations for HSC activities for FY 2021/22-2024/25

 **Enhanced MDAs' annual planning and budgeting for HSC priorities**

Eight MDAs allocated resources for FY2024/25 (Figure 4a and 4b) to implement their institutional mandates' HSC priorities that include:

- HSC financing
- Training and capacity strengthening
- District and HF HSC support supervision, inspection, and monitoring
- Electricity connection to HFs
- Internet connection to HFs
- HSC public health emergencies (zoonotic)
- HSC regulations and quality assurance
- Procurement, storage, and distribution of essential medicines and health supplies
- Coordination of 10-year HSC roadmap implementation

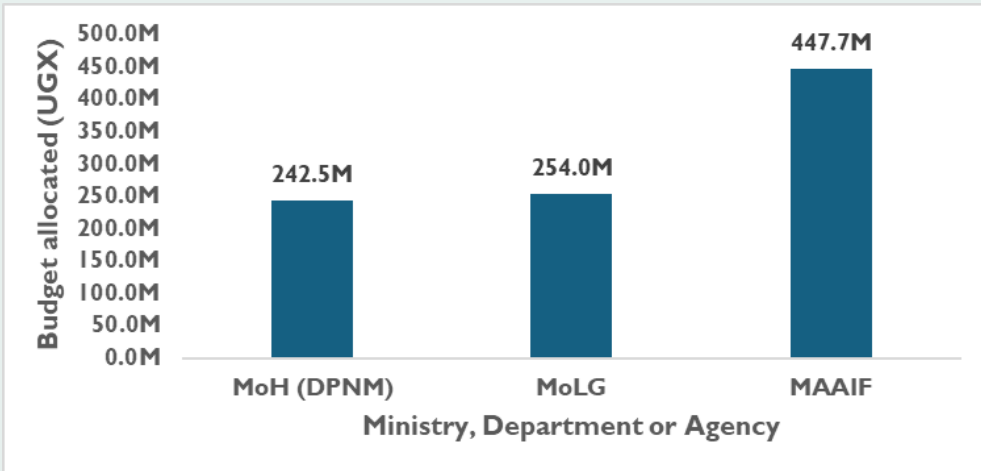


Figure 4a: MDA's budget allocations for health supply chain priorities for FY 2024/25

MoH (DPNM) – Ministry of Health Department of Pharmaceuticals and Natural Medicines; **MAAIF** – Ministry of Agriculture, Animal Industry and Fisheries

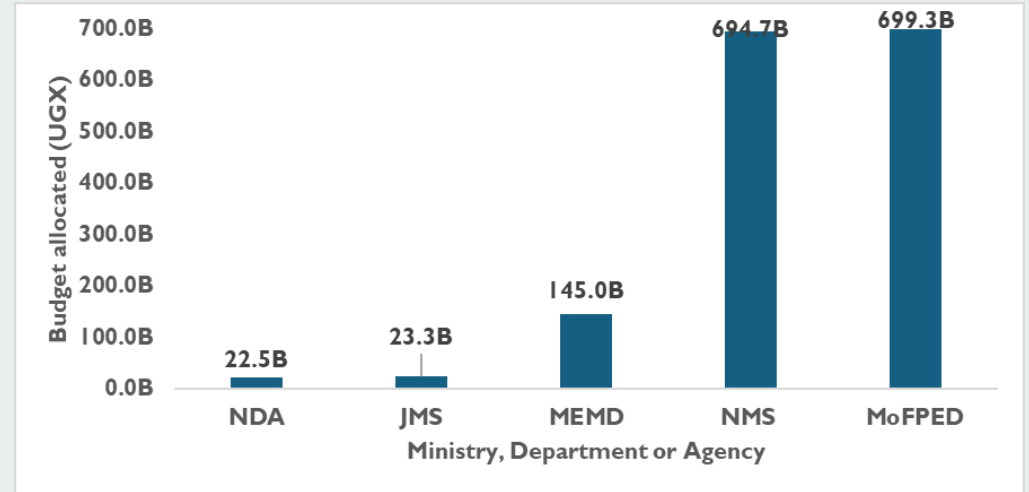


Figure 4b: MDA's budget allocations for health supply chain priorities for FY 2024/25

NDA – National Drug Authority; **JMS** – Joint Medical Store; **MEMD** – Ministry of Energy and Mineral Development; **NMS** – National Medical Stores





About USAID SSCS Activity

The USAID-funded Strengthening Supply Chain Systems Activity aims to support the Government of Uganda to move its health supply chain system further to accelerate local capacity development by improving performance to ensure uninterrupted availability of quality essential medicines and health supplies (EMHS), improving the health status of all Ugandans. The SSCS Activity is implemented by Management Sciences for Health (MSH), in collaboration with Advocates Coalition for Development and Environment (ACODE) and Uganda HealthCare Federation (UHF).

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LESSONS LEARNED

- ▶ The GOU has demonstrated commitment and buy-in to increase budget allocation towards HSC activities and commodities.
- ▶ The MOFPED has the will to increase budget allocations for health commodities, despite the limited national resources envelop and competing national priorities.
- ▶ Advocacy for increasing GOU domestic financing of health commodities in Uganda requires data on the country's needs and funding gaps, which stimulate GOU action.
- ▶ Advocacy for increased GOU domestic financing of health commodities requires concerted efforts of government entities beyond the MOFPED that is reinforced by implementing and development partners and civil society organizations.

RECOMMENDATION

- ▶ Despite significant gains in budget allocation for health commodities, more is required if Uganda is to remain on pace with the 10-year HSC roadmap financing requirement. An increase in Uganda's total need for health commodities, coupled with a reduction in donor funding and larger funding gap requires the GOU's deliberate annual increase of domestic financing for health commodities in line with the roadmap's aspiration for HSC self-reliance.
- ▶ If the GOU continues to allocate an additional **UGX 100B** annually as was done in FY 2024/25, the government will meet the **50:50** funding equilibrium with the development partners in the 6th year of the roadmap implementation (FY 2027/28). At that time, it is anticipated that on attainment of equilibrium, external funding for health commodities will continue to decrease and the GOU will fill the remaining financing gaps through innovative approaches to mobilize additional domestic resources.

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