Community Working Group on Health (CWGH)

POST BUDGET ANALYSIS - HEALTH SECTOR 2020

POSITION ON BUDGET ALLOCATIONS FOR THE HEALTH SECTOR

KEY ASSUMPTIONS

1. Health is a basic human right. This relates not only to constitutional obligations on the state to meet a basic standard of health care, but also to meeting statutory obligations in public health at central and local government level. Unless a conducive and stable macroeconomic and political environment is created, communities and individuals will not be in a position to attain a reasonable level of health nor make their own contributions to health.
2. Poverty, poor living conditions, sub-standard housing, poor diet and social insecurity are the fundamental causes of ill health. These social determinants of health need to be addressed holistically and comprehensively.
3. For poor Zimbabweans, public health investments have an impact in reducing household spending through provision of accessible, equitable and affordable disease prevention, health care, and consequent reduction in losses of time and costs of consumption due to ill health. For poor Zimbabwean, public health services are the primary vehicle for accessing health services.

Key sectoral spending targets/benchmarks that a National Budget must attain to demonstrate commitment and ensure the realisation of pro-poor, inclusive and sustainable growth and development include:

Table 1: Sectoral spending targets[i]

Sector	Agreement	Target
Social protection	Social Policy for Africa (2008)	4.5% GDP
Health	Abuja Declaration (2001)	15% government expenditure
Education	Education for All Initiative (2000)	20% government expenditure
Water & Sanitation	eThekwini Declaration (2008) Sharm El-Sheik Commitment (2008)	1.5% GDP
Agriculture	Maputo Agreement (2003)	10% government expenditure
Infrastructure	African Union Declaration (2009)	9.6% GDP

2.0 Situational Analysis and Macroeconomic Framework

The National Budget is coming at a time when the economy is mired in chronic high inflation which makes national budgeting a very complicated matter. The risk is that by the time the 2020 National Budget comes into effect in January 2020, it could have been overtaken by inflationary developments rendering it inadequate thereby necessitating a supplementary budget very early on during the year.

The economy is expected to contract by an estimated -6.5% in 2019 down from 3.4% recorded in 2018. In 2020, economic growth is projected at 3.0%. This is however strongly dependent on good rainfall which should have a positive impact on the agricultural sector as well as power generation at Kariba. In the short to medium term the economy will continue to face structural challenges arising from high levels of informality, weak domestic demand, high public debt, lack of confidence, a fluid/uncertain political environment and institutional weaknesses. This will continue to weigh down on economic growth. The doing business environment remains very challenging. The country has made some marginal progress in terms of doing business. The 2020 Doing Business Report of the World Bank shows that

3.0 Key National Budget Thrust and Highlights

The major thrust of the 2020 National Budget is on, 'Gearing for Higher Productivity, Growth and Job Creation.' While the National Budget is placing an emphasis on employment creation, there are no employment targets. There is need to ensure the economic growth employment-rich and poverty-reducing. This can be achieved by mainstreaming employment and poverty targets in the macroeconomic targets.

While the Ministries of Basic Education and Health got the second and third highest votes after agriculture, their allocations at 13.3% (primary and secondary education) and 10.1% (health and child care) still remain below the Dakar Declaration (20%) and Abuja Declaration (15%) targets respectively. The combined vote to military and the security sectors remain worrying for a country that is at peace. Renowned scholar, Professor Paul Collier from Oxford University shows that military expenditure retards development by diverting government resources that could be put to better development use. He argues that military expenditure is not an effective deterrent of rebellion, and, if it is reduced in a coordinated manner across a country then external security interests would be unaffected. The resources freed by reduced military expenditure can be used to enhance development which in turn would reduce the risk of internal conflict. Hence development, not military deterrence, is the best strategy for a safer society.

4.0 Implications on Health

The 2020 Health Budget has remained static and largely uninspiring given that it has not addressed the critical issues that we raised in our Pre-Budget position paper. It falls far short of the Abuja Declaration Target of 15%. Moreover, there is greater emphasis on the allocation of more resources to curative services at the expense of preventive services and it is also very silent on how it would respond to the doctor's incapacitation crisis and the conditions of service for health workers.

It is inconceivable and unconscionable that in a country which has faced a cholera epidemic, severe typhoid outbreaks amongst other serious and fatal environmental diseases we continue to give little priority to preventive health services. The ability of the health sector to deliver and organize the health services needed to manage the increasing disease burden faced in Zimbabwe depends on a reasonable per capita allocation to health

The current dispute between the hospital doctors and government is the culmination of a build up over the years of an inadequate balance between spending on salaries and on the resources and supplies needed for the effective professional practice of personnel, a contraction of real wages in the sector and an inadequate industrial relations system to manage these issues. It is extremely

difficult to see how a nominal increase on salaries in medical services will enable the Ministry of Health to deal with the growing dissatisfaction with salaries and the attrition of personnel.

The decline in real terms of public health funding over the years has come in the wake of Government's implementation of the economic reform programme which endeavors to reduce Government expenditure. In light of this, the Ministry of Health needs to put in place an efficient system in drug procurement, stock management, distribution etc. to ensure that drugs are available where they are needed.

Government has proposed to increase the excise duty on tobacco by reviewing the specific rate from ZWL$50 to ZWL$100 per 1 000 cigarettes. The position of the CWGH is that the additional resources mobilized by this increase in 'sin taxes' must be channeled towards the public health sector.

4.1 Allocation and Spending

Table shows the sectoral spending performance of Zimbabwe based on the 2019 and 2020 National Budget estimates.

Table 2: Sectoral spending targets and performance for Zimbabwe based on 2019 estimates

Sector	Agreement	Target	2019 Estimate	2020 Estimate
Social protection	Social Policy for Africa (2008)	4.5% GDP	0.26%	0.7%
Health	Abuja Declaration (2001)	15% government expenditure	7%	10.1%
Education	Education for All Initiative (2000)	20% government expenditure	14.6%	13.3%
Water & Sanitation	eThekwini Declaration (2008) Sharm El-Sheik Commitment (2008)	1.5% GDP	0.7%	0.7%
Agriculture	Maputo Agreement (2003)	10% government expenditure	12.7%	17.5%
Infrastructure	African Union Declaration (2009)	9.6% GDP	12.6%	7.2%

Government allocation on health and child care as a percentage of total public expenditure rose to 10.1% in 2020 up from 7% in 2019. The Abuja target still remains an elusive target for the country. Total government expenditure on health as a percentage of total government expenditure is less than 15% (Abuja target) over the period 2012-2020 as shown in Table 3. The Sub Saharan African average is 13%. The Government also spends a relatively small share of its gross domestic product (GDP) on health care projected at 1.9% in 2020 down from an estimated 2.8% in 2019. The inadequate public financing of health has resulted in an overreliance on out-of-pocket and external financing which is highly unsustainable. Development assistance towards the health sector is projected at US$360,745,139 in 2020 up from US$316,224,754 in 2019. The high dependency on external financing is unreliable, unpredictable, unsustainable and highly dependent on the political environment, raising concerns on the sustainability of health financing and the vulnerability of government's budget should external funding be withdrawn.

Table 3: Trends in Public Health Expenditure, 2012-2020

	2012	2013	2014	2015	2016	2017	2018	2019	2020
Public Health Expenditure (% of Total Government Expenditure)	9.7	9.6	8.5	6.6	8.3	6.9	9.0	7.0	10.1
Per Capita Public Health Expenditure					24	22	31	41	430.6
Public Health Expenditure (% of GDP)	2.8	2.8	2.5	2.1	2.3	1.9	2.7	2.8	1.9

Source: Calculations based on Ministry of Finance figures.

4.2 Breakdown of the 2020 Health Vote

Table 4 shows the economic/financial classification of the 2019 revised estimates and the projected expenditure for 2020. Current expenditure will account for 67.8% of the total appropriation for 2020 (down from 84.8% in 2019) with compensation of employees constituting a projected 22.3% in 2020 down from 33.7% in 2019. In an environment of chronic high inflation, it may be difficult and indeed unrealistic to expect a percentage reduction in compensation.

Table 4: Economic Classification of the 2020 Health Appropriation

	2019 Revised Estimate	**% of 2019 Revised Estimate**	**2020 Appropriation**	**% of 2020 Appropriation**
CURRENT EXPENDITURE	**1,076,315,000**	**84.8**	**4,382,000,000**	**67.8**
Compensation of employees	427,769,000	33.7	1,443,000,000	22.3
Use of goods and services	402,643,000	31.7	2,238,413,000	34.7
Current grants	237,403,000	18.7	694,179,000	10.7
Social benefits	500,000	0.04	2,408,000	0.04
Other expenses	8,000,000	0.6	4,000,000	0.06
CAPITAL EXPENDITURE	**192,583,000**	**15.2**	**2,077,100,000**	**32.2**
Buildings and structures	88,952,000	7.0	687,200,000	10.6
Machinery and equipment	79,931,000	6.3	1,321,500,000	20.4
Capital grants	23,700,000	1.9	68,400,000	1.06
TOTAL	**1,268,898,000**	**100**	**6,459,100,000**	**100**

Source: Proposed Budget Estimates.

Table 5 shows the programmatic disaggregation of the 2020 health appropriation. About 90% of the health vote is allocated towards primary health care and hospital down from 91.2% in 2019; about 6.7% is allocated to public health (up from 4.4% in 2019); and about 3.7% is appropriated towards policy and administration in 2020 down from 4.4% in 2019. However in terms of the primary health care and hospital care appropriation about 64.9% is employment costs related with 35.1% being capital expenditure (see Table 6). About $335 million was allocated to rural health centre and community care; $1.2 billion was allocated to district/general hospital services; $915 million to provincial hospital services; and about $1.2 billion to central hospital services. The district and community health systems are the foundation of the national primary health care system. In terms of public health, Government appropriated about $96 million to the fight against communicable diseases; $129 million to non-communicable diseases; about $98 million to research and development; and about $76 million to family health as shown Table 7. These

amounts are grossly inadequate to deal with the scourge of the communicable and non-communicable disease burden.

Table 5: Programmatic Disaggregation of the 2020 Health Appropriation

Programme	2019 Revised Estimate	% of 2019 Revised Estimate	2020 Appropriation	% of 2020 Appropriation
Programme 1. Policy and Administration	55,727,000	4.4	242,178,000	3.7
Programme 2: Public Health	56,296,000	4.4	427,859,000	6.7
Programme 3: Primary Health Care and Hospital Care	1,156,875,000	91.2	5,789,063,000	89.6
TOTAL	**1,268,898,000**	**100**	**6,459,100,000**	**100**

Source: Proposed Budget Estimates.

Table 6: Disaggregation of Primary Health Care and Hospital Care

	2020 Appropriation	% of 2020 Appropriation		2020 Appropriation	% of 2020 Appropriation
Sub-programme 1: programme Management	2,105,990,000	36.4	**CURRENT EXPENDITURE**	3,755,463,000	64.9
Sub-programme 2: Rural health centre and community care	335,385,000	5.8	Employment Costs	1,384,186,000	23.9
Sub-Programme 3: District/General Hospital Services	1,198,788,000	20.7	Goods and services	1,739,085,000	30.0
Sub-programme 4: Provincial Hospital Services	914,802,000	15.8	Current grants	629,784,000	10.9
Sub-programme 5: Central Hospital Services	1,234,098,000	21.3	Social benefits	2,408,000	0.04
			CAPITAL EXPENDITURE	2,033,600,000	35.1
			Buildings and structures	677,200,000	11.7
			Machinery and equipment	1,298,000,000	22.4
			Capital grants	58,400,000	1.01
TOTAL	**5,789,063,000**	**100**	**TOTAL**	**5,789,063,000**	**100**

Source: Proposed Budget Estimates.

Table 7: Disaggregation of Public Health

	2020 Appropriation	**% of 2020 Appropriation**		**2020 Appropriation**	**% of 2020 Appropriation**
Sub-programme 1: Programme Management	19,629,000	4.6	**CURRENT EXPENDITURE**	412,859,000	96.5
Sub-programme 2: Communicable Diseases	95,501,000	22.3	Employment Costs	13,225,000	3.1
Sub-programme 3: Non-Communicable Diseases	128,644,000	30.1	Goods and services	361,609,000	84.5
Sub-programme 4: Environmental Health	10,313,000	2.4	Current grants	38,025,000	8.9
Sub-programme 5: Research & Development	97,691,000	22.8			
Sub-programme 6: Family Health	76,081,000	17.8			
			CAPITAL EXPENDITURE	15,000,000	3.5
			Machinery and equipment	10,000,000	2.3
			Capital grants	5,000,000	1.2
TOTAL	**427,859,000**	**100**	**TOTAL**	**427,859,000**	**100**

Source: Proposed Budget Estimates.

5.0 Conclusion

- In nominal terms the health budget appropriation improved marginally from about 7% to about 10.1% in 2020. The health budget remains grossly inadequate to fund the critical needs in the health sector within the context of chronic high inflation. The current health financing model remains unsustainable as it heavily relies on external financing as well as OOP financing. In line with regional and global best practice, government must bear the greatest burden in terms of health financing. Government must explore options and strategies for innovative mobilisation of resources building on best practices emerging both regionally and internationally.
- The political commitment in getting the health allocations come third after basic education and agriculture is a good start and greatly appreciated. Government should, as a starting point make health delivery a top priority if it is to save its health institutions from imminent collapse. The budget allocation to the health sector is inadequate in the

face of rising disease and mortality levels, particularly those allocations to preventing disease

- The massive increase in essential drug costs, drop in drug purchase by low income people and fall in use of essential health care services due to cost barriers; these trends being noted to be exacerbated by the "Government failing to look into the cost of Health services sufficiently".
- The Ministry of Health and Child Care's Allocation is inadequate, with only the hope that…the Ministry will manage the funds as efficiently and effectively as possible in order to maintain good health standards.. in the face of "collapsing" health services.

The Community Working Group on Health (CWGH) comprises 40 national and regional community based organisations representing or serving various constituent community interests (labour, peasant farmers, women, disabled, church, residents consumers etc) who have joined to collectively review experiences of health and health care and propose strategies for enhancing health and the health sector, and in particular community participation in health

For further information, please contact:

The Executive Director
Itai Rusike
Community Working Group on Health (CWGH)
4 O'Connor Crescent
Cranborne
Harare
Zimbabwe

Tel: +263-242- 573285/6
Cell: +263-772 363 991 / +263 – 719 363 991
Email: itai@cwgh.co.zw / cwgh@mweb.co.zw
Website: www.cwgh.co.zw
Twitter: @itairusike
Facebook.com/CWGH