Health Budget Brief
Investing in children’s health in Rwanda
2018/2019
Preface

This health budget brief is one of four briefs that explores the extent to which the Government of Rwanda addresses the health needs of children under 18 years of age and mothers in Rwanda. The brief analyses the size and composition of the budget allocation for the 2018/19 fiscal year (FY), and the adequacy of past spending under the health sector of Rwanda. The budget briefs aim to synthesize complex budget information and offer recommendations to strengthen budgeting for children. The budget data for 2018/19 are from the original budget, while for previous years’ budgets, the data were based on the revised budgets.

Key messages

Budget structure is aligned to HSSP4 and NTS1: The 2018/19 is the first budget released under the new National Strategy for Transformation (NTS1, 2017–2024) and Health Sector Strategy (HSSP) that specify a new set of ambitious goals for the health sector in Rwanda.

Budget allocation for health as a share of the total government budget is declining: The Government of Rwanda allocated FRW 200.8 billion to the Health Sector in 2018/19, up from FRW 197.4 billion in 2017/18. Though this constitutes a nominal increase of 1.8 per cent, when inflation is taken into consideration, the health budget shows a decrease of -3.2 per cent compared to the 2017/18 budget. This suggests that there is a need for indexing the health budget with inflation during the budget planning phase.

• Despite the average nominal health budget increase of 6.1 per cent over the past three years, the health budget as a share of national budget continued to decline from 9.7 per cent in 2016/17 to 8.2 per cent 2018/19

• The health budget for 2018/19 is strongly aligned with the new Health Sector Strategy (HSSP 4) priorities, with a notable increase in budget allocated to administrative and support service (a fourfold increase) and health sector planning and information (a sixfold increase). The budget for nutrition-specific programmes has increased sixfold.

Budget execution shows a decreasing trend: While the budget execution remains high, it has shown a decreasing trend in recent years. At national level, the budget execution rate fell from 87.1 per cent in 2014/15 to 84.3 per cent in 2017/18, while at district level, it declined from 99.6 per cent in 2015/16 to 88.4 per cent in 2017/18.
1. Introduction

1.1. Understanding the Rwandan health sector

The Rwandan health sector is coordinated by the Ministry of Health (MINISANTE), whose mission is to provide and continually improve affordable promotive, preventive, curative and rehabilitative health-care services to the Rwandan population.\(^1\) MINISANTE is supported by the Rwanda Biomedical Centre – an implementing agency responsible for coordinating and improving research activities in the fields of disease prevention, education and provision of treatment to people at all levels.

Health services in Rwanda are provided at various levels of the health-care system by public, faith-based, private for-profit and non-governmental organizations:

- **Community health**: Basic treatments are provided at health posts and health centres, and community health workers provide basic assistance at the household level.
- **District**: Upon referral from health centres, district hospitals undertake advanced diagnosis and treatment.
- **Province or national**: Upon referral from district hospitals, referral hospitals address specialized medical diagnosis and treatment.

1.2. Guiding strategic documents and key targets

**Table 1: Strategic documents**

<table>
<thead>
<tr>
<th>Strategic documents</th>
<th>Key sector outcomes and targets</th>
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| Rwanda Vision 2020: A long-term, 20-year development vision. | A reduction of:  
  - The maternal mortality rate (MMR) from 1,070 to 200 per 100,000;  
  - The infant mortality rate from 107 to 50 per 1,000;  
| National Strategy for Transformation (NST1): 2017–2024 | Improve maternal mortality and child health by reducing (MMR) to 126/100,000 in 2024 from 210/100,000 (2013/14) and under 5 years’ mortality rate to 35/1000 in 2024 from 50/1000 (2013/14);  
  - Ensure that vaccination coverage and deliveries at health facilities are above 90 per cent;  
  - Increase the number and quality of human resources:  
    - One medical doctor per 7000 people from 10,055  
    - One nurse per 800 people from 1,142  
    - One midwife per 2,500 from 4,037  
  - Strengthen disease prevention awareness and reduce communicable and non-communicable diseases. |
| Health Sector Strategic Plan (HSSP) 4: 2018/19–2023/24 | Reduced prevalence of stunting from 38 per cent in 2016 to 19 per cent in 2024;  
  - Antenatal care coverage (four standard visits) increased from 44 per cent in 2016 to 51 per cent in 2024;  
  - Newborns with at least one postnatal care visit within the first two days of birth increased from 19 per cent in 2016 to 35 per cent in 2024. |
1.3. Health sector performance against selected indicators

Rwanda’s health sector realized impressive gains in achieving the Millennium Development Goals, including Goal 4 on reducing child mortality and Goal 5 for improving maternal mortality. Between 2005 and 2014, the maternal mortality rate decreased more than threefold (from 750 per 100,000 births in 2005 to 210 per 100,000 in 2014/15) and infant mortality fell from 152 per 1,000 live births to 50 per 1,000 in 2014/15 (Figure 2). Table 2 presents additional indicators against which Rwanda has performed strongly in recent years.

Table 2: Other health sector performance indicators

<table>
<thead>
<tr>
<th>Key indicators</th>
<th>2000</th>
<th>2005</th>
<th>2010</th>
<th>2015</th>
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<tbody>
<tr>
<td>Neo-natal mortality rate per 1,000 live births</td>
<td>44</td>
<td>37</td>
<td>27</td>
<td>20</td>
</tr>
<tr>
<td>Infant mortality rate per 1,000</td>
<td>107</td>
<td>86</td>
<td>50</td>
<td>32</td>
</tr>
<tr>
<td>Stunting (%) – national</td>
<td>51.1</td>
<td>48.3</td>
<td>44.2</td>
<td>37.9</td>
</tr>
<tr>
<td>Stunting rate (%) – urban</td>
<td>33.1</td>
<td>37.9</td>
<td>27.3</td>
<td>23.7</td>
</tr>
<tr>
<td>Stunting rate (%) – rural</td>
<td>51</td>
<td>53.3</td>
<td>46.5</td>
<td>40.6</td>
</tr>
<tr>
<td>Institutional deliveries (%)</td>
<td>27</td>
<td>28</td>
<td>69</td>
<td>91</td>
</tr>
</tbody>
</table>

Nutrition status among children under 5 years of age continues to be a public health concern, with stunting rates of 38 per cent at the national level, 41 per cent in rural areas and 24 per cent in urban areas (2014/15). The Government of Rwanda has committed to reducing the level of stunting to less than 20 per cent by 2024.

1.3.1. Key interventions to address malnutrition and promote early childhood development

The Government of Rwanda has established the National Early Childhood Development Programme, (NECDP) to strengthen multi-sectoral coordination to accelerate progress in reducing all forms of malnutrition and to improve overall early childhood outcomes in Rwanda. The Early Childhood Development Single Action Plan was developed in 2018 to spearhead implementation of integrated interventions:

- Scaling up nutrition-specific interventions, targeting maternal, infant and young child nutrition, and micronutrient supplementation
- Continued implementation of nutrition-sensitive interventions
- Improving food security and consumption
- Bolstering behaviour-change interventions to improve adolescent, maternal and child nutrition
- Improving water, sanitation and hygiene services and behaviours
- Improving access to early childhood development services
- Implementing social protection measures supporting improved nutrition.
2. Trends in government spending in the health sector

2.1. Size of government spending

The health sector budget has fluctuated between FY2014/15 and 2018/19. Over the past three years, the health budget has nominally increased from FRW 189.3 billion in 2016/17 to FRW 200.8 billion in 2018/19, reflecting an increase of 6.1 per cent. Despite the nominal increase, the health budget as share of total government budget continues to realize a decrease (from 11.4 per cent in 2014/15 to 8.2 per cent in 2017/18) and a similar trend is observed when comparing health spending to GDP, as its share declined from 3.5 per cent in 2014/15 to 2.6 per cent in 2017/18 (Figure 3).

If Rwanda is to realize the Sustainable Development Goal targets for health and maximize the benefits of the demographic dividend, the Government of Rwanda will need to significantly increase investments in the health sector. Priority investments should include developing human resources and strengthening infrastructure.

Source: Calculated using the National Budget Laws and Macro-framework data
2.2. Government spending trends in different sectors

In the past five years, the Government of Rwanda’s budget has increased by 39 per cent (from FRW 1,762 billion to FRW 2,444 billion in 2018/19). However, the health sector budget has not increased substantially, although it is still among the top four sectors and has remained a priority area for the past five years (Figure 4). The only sector that realized a significant increase (59.3 per cent) was general public service, which, according to IMF government finance statistics, includes all budget allocations in support of administration, operation, or support services of executive and legislative organs.

The budget allocated to health is lower than the costed financing needs contained in the Health Sector Strategic Plan (HSSP4). According to HSSP4 costing, the health sector will encounter a financing gap of 42.3 per cent in 2018/19. The Government of Rwanda, in collaboration with its development partners, will need to identify and set up a strategic framework to mobilize additional resources for the health sector to maintain the significant health sector gains realized over the past years and deal with emerging health sector demands. These include cancer diagnostics and treatment, and other non-communicable diseases (hypertension, diabetes), which are generally not covered under the current Community Based Health Insurance (CBHI), and require significant out-of-pocket expenditure.

Figure 4: Public spending trend by different sectors (FRW billion)
2.3. Health sector spending compared with other countries

Rwanda’s per capita health expenditure (domestic revenues) declined from US$ 14.7 in 2011 to US$ 12.1 in 2015. However, Rwanda still spends slightly more than the average for sub-Saharan Africa (US$ 11). In the region, Kenya (the only middle-income country) ranks first in per capita health expenditure, with US$ 23.3 in 2015 (Figure 5).

When looking at health budgets as a share of total government budgets in selected countries, where budget briefs were developed by UNICEF country offices in 2017/18, Rwanda ranks second in allocating a large share of its budget to the health sector (9.4 per cent). This is below South Africa, which allocated 14.1 per cent of total government expenditure in its 2017 budget (Figure 6).

2.4. Changes in the health budget

From 2014/15 to 2017/18, the health budgets were revised upward. This shows the government’s commitment and ability to allocate additional funds in response to health sector needs. Specifically, in 2014/15, the health budget was increased by 5.7 per cent, in 2015/16 it was increased by 13.1 per cent, and in 2016/17 there was an increase of 0.4 per cent. During the past three years, the budget revision did not significantly change the initially approved budget, which could imply an improved capacity for health sector planning and budgeting (Figure 7).
2.5. Changes in the health budget: Inflation-adjusted changes

The trend and comparison of the inflation-adjusted and nominal health budget indicate that over the past two years inflation has negatively impacted budget allocation to the health sector. This was due to the following: (i) the budget increase had not taken into consideration the inflation rates, and (ii) the inflation rates were relatively high when compared to the previous years (Figure 8).

2.6. Per capita health spending

Per capita spending on health over the past five years (including domestic and external finance as contained in the National Budget Laws) has decreased slightly from FRW 18,210 (US$ 26.2) in 2014/15 to FRW 16,612 (US$ 19) in 2018/19. This translates into a nominal decrease of -8.8 per cent or -27.1 per cent in real terms, when compared to 2014/15 (Figure 9).

During planning and budgeting for health and other sectors, there is a need to consider indexing with inflation. This will prevent the budgeted increases from being diminished by inflation.
2.7. Health sector priorities: Budget trends for selected programmes

The fourth Health Sector Strategic Plan (HSSP4) has established clear linkages with the National Strategy for Transformation. The strategy has dedicated sections mapping its outcomes against relevant Sustainable Development Goals (1, 2, 4, 5, 6, 8, 10, 13, 16 and 17).

The HSSP 4 defines the following priorities and innovations:

- Improving health across the life course:
  - Focus on decreasing maternal and neonatal mortality
  - Increase antenatal and postnatal care uptake
  - Reducing stunting through early childhood development

- Strengthening human resources for health (family-based physiciians, palliative care, home-based care practitioners)

- Developing and maintaining infrastructure

- Improving efficiency in health service delivery through use of tele-medicine

- Strengthening leadership and governance, health financing and monitoring and evaluation systems.

In 2018/19, health services delivery and quality improvement, health sector planning and information, and administrative and support services (governance) took a large share of the health budget (62.5 per cent): (i) Administrative and support services (health governance) have increased fourfold, from FRW 8.9 billion in 2014/15 to FRW 32.5 billion in 2018/19; (ii) The health sector planning and information budget increased sixfold, from FRW 6.9 billion in 2014/15 to FRW 40.9 billion in 2018/19, due to budget programme restructuring; (iii) The allocation to health human resources has declined from FRW 11.8 billion in 2014/15 to FRW 7.3 billion in 2018/19, reflecting a reduction of 38.1 per cent; (iv) The disease control and prevention programme, which includes vaccination, among other sub-programmes, also realized a drop in budget allocation from FRW 20.0 billion to FRW 13.6 billion (or a decrease of 47.2 per cent). On a more positive level, the allocations for the mother and child health sub-programme doubled within the same period (FRW 7.4 billion to FRW 13 billion), and there was a significant increase in budget allocated to the health service delivery and quality improvement sub-programme (FRW 31.7 billion to FRW 51 billion) (Table 3).

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<tbody>
<tr>
<td>Administrative and support services</td>
<td>8,903,424,372</td>
<td>16,816,566,217</td>
<td>20,804,447,081</td>
<td>16,880,783,680</td>
<td>32,542,435,806</td>
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<tr>
<td>Health sector planning and information</td>
<td>6,947,404,558</td>
<td>3,800,252,543</td>
<td>10,983,152,212</td>
<td>12,533,392,800</td>
<td>40,953,392,257</td>
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<tr>
<td>Health human resources</td>
<td>11,887,873,853</td>
<td>11,369,297,316</td>
<td>13,071,360,554</td>
<td>6,908,994,100</td>
<td>7,309,178,255</td>
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<tr>
<td>Financial and geographical health accessibility</td>
<td>51,153,466,974</td>
<td>47,339,965,004</td>
<td>35,786,880,357</td>
<td>43,542,001,585</td>
<td>–</td>
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<tr>
<td>Policy development and health service regulation</td>
<td>18,927,801,513</td>
<td>14,851,154,648</td>
<td>20,322,657,215</td>
<td>8,659,339,337</td>
<td>–</td>
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<tr>
<td>Maternal and child health</td>
<td>7,439,290,014</td>
<td>5,568,573,263</td>
<td>5,036,719,509</td>
<td>6,440,895,413</td>
<td>13,090,472,295</td>
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<td>Specialized health services</td>
<td>10,553,698,950</td>
<td>10,180,446,848</td>
<td>10,232,856,476</td>
<td>9,760,201,368</td>
<td>1,697,694,117</td>
</tr>
<tr>
<td>Health service delivery and quality improvement</td>
<td>31,785,315,222</td>
<td>46,322,747,331</td>
<td>27,112,953,198</td>
<td>36,702,063,955</td>
<td>52,011,495,764</td>
</tr>
<tr>
<td>Disease prevention and control</td>
<td>20,046,660,351</td>
<td>12,519,277,022</td>
<td>11,498,520,903</td>
<td>17,899,147,397</td>
<td>13,617,254,132</td>
</tr>
</tbody>
</table>

US$1 equivalent to FRW 865  
Source: Calculated using the National Budget Laws

The allocation structure in the 2018/19 budget shows a strong focus on health institutional strengthening through administrative support, and health planning and information. It also shows an increased focus on health service delivery and quality improvement. However, there is still a need to increase allocation for health human resources to achieve the NST1 targets and the Sustainable Development Goals.
2.8. Budget allocated to nutrition interventions

Malnutrition and stunting remain public challenges, and the Government of Rwanda has established specific budget lines to address nutrition challenges through the Ministry of Health; Ministry of Agriculture/Rwanda Agriculture Board; Ministry of Local Government/Local Administrative Development Agency; and the Ministry of Gender and Family Promotion/National Early Childhood Coordination programme. From 2014/15 to 2018/19, the budget allocated to the nutrition programme increased from FRW 4 billion to FRW 26.3 billion. This indicates a high level of commitment by Rwanda to eradicate malnutrition, particularly among children under 5 years and pregnant women in the poorest households (Figure 10).

The high level of commitment to nutrition is being translated into Rwanda’s ability to attract more external finance for nutrition and this partly explains the budget increase. In addition to ongoing investment by USAID, the Government of the Netherlands (through UNICEF) and SDC and the EU, a new stunting prevention and reduction project of US$ 55 million is being supported by the World Bank.

While the analysed budgets for nutrition under this brief include only government allocations, there are numerous stakeholders, including development partners and civil society organizations, involved in fighting malnutrition and stunting countrywide. Consistent and periodic mapping of all off-budget investments is required to achieve understanding of the scale of spending on this national priority to ensure equitable access to nutrition services across the country and avoid overlap and duplication.
3. Composition of health spending

3.1. Budget allocation by the Ministry of Health, agencies and districts

Health spending comprises budgets allocated to the Ministry of Health, Rwanda Biomedical Centre, referral hospitals and districts.

Rwanda Biomedical Centre has been allocated a larger proportion (around 50 per cent) of the health budget as the main implementing agency in the health sector; the budget share of MINISANTE shows a decreasing trend over the past two years, from 33.1 per cent in 2017/18 to 26.9 per cent in 2018/19.

The budget allocated to districts shows a slightly increasing trend over the past five years, from 16.3 per cent in 2014/15 to 19.7 per cent in 2018/19. However, the share of the referral hospital budget has remained relatively constant in recent years (around 4.5 per cent) (Figure 11).

The analysis of the earmarked budget at district level shows that 94.2 per cent of earmarked funds covers health staff management costs, which include salaries and other benefits; 2.6 per cent is allocated for health infrastructure, equipment and goods; and 3.2 per cent is allocated for disease control, mainly to support community health workers’ cooperatives and performance incentives.

To increase the decentralization of health services as well as to enhance equity, the Government of Rwanda will have to increase the budget allocated to districts and referral hospitals.

3.2. Health budget per economic activity

The budget allocated to development projects under the health sector declined from FRW 132.6 billion to FRW 115.1 billion in 2018/19. Its share of the total health budget also dropped, from 66.2 per cent to 57.3 per cent.

The recurrent budget increased from FRW 67.6 billion to FRW 85.7 billion, reflecting an increase of 27 per cent by 2018/19. The decrease in the development budget is partly explained by a significant increase in administrative and support services budgets, and performance-based financing (Figure 12).

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**Figure 11: Percentage share of health budget spending agencies**

Source: Calculated using the National Budget Laws

**Figure 12: Health budget allocation per economic activities**

Source: Calculated using the National Budget Laws
4. Budget execution

Between 2014/15 and 2017/18, budget execution under the health sector decreased slightly from 87.1 per cent to 84.3 per cent (national rates) while at district level it decreased from 99.6 per cent in 2015/16 to 88.4 per cent in 2017/18 (Figure 13). One of the main reasons for this decrease is delay in procurements.

The decreasing trend of health budget execution is concerning and needs strategic policy interventions, particularly for those related to expediting procurement processes.

5. Financing of the health sector

The financing source of the health sector budget shows a modest increase in external financing, from FRW 36.0 billion in 2014/15 to FRW 43.5 billion in 2018/19. However, domestic financing declined from FRW 164.3 billion to FRW 157.3 billion during the same period (Figure 14). The fiscal space analysis conducted by UNICEF (2018) has indicated that the Government of Rwanda could increase the domestic budget for health without creating a fiscal gap or increasing public debt.

In the State Finance Laws, under the health sector, Global Fund funding is recorded as domestic revenue, in lieu of external funds. If the adjustment is made, the share of domestic financing to the health sector decreases from to 78.3 per cent to 60.2 per cent in 2018/19.
There are several possibilities to increase fiscal space for health sectors among other social sectors. These include (i) Improved value-added tax collection efficiency; (ii) Reprioritization of expenditure to fund priority expenditure and (iii) Higher GDP and revenue growth to fund priority expenditure. Each of these options could contribute to an increase of expenditure for priority sectors by around 57 per cent by FY2023/24, while also lowering debt levels.

In FY2018/19, the Government of Rwanda has adopted a new financial sustainability model of community-based health insurance, which includes, among other options, increasing traffic fines, vehicle inspection fees and medical research fees.

6. Policy issues

6.1. Non-communicable diseases

In 2015, the Ministry of Health developed a Non-Communicable Disease (NCD) Policy. The policy pointed out that based on 2013 health management information system statistics, NCDs accounted for at least 51.86 per cent of all district hospital outpatient consultations and 22.3 per cent of district hospital admissions. Strengthening of NCD prevention and control in Rwanda is characterized by a number of challenges, including but not limited to: (i) lack of trained health care providers, (ii) lack of integration and accessibility of NCD services at all levels of the health care system and specialized NCD services and high NCD costs; (iii) limited basic equipment and specialized infrastructure for NCDs.

In light of the above, the Rwanda NST1 aims at reducing the incidence of NCDs (cancer, cardiovascular diseases, eye diseases, chronic lung diseases and diabetes) and the mortality due to NCD (cancer and diabetes) and injuries, from 16.4 per cent in 2016 to 12 per cent in 2024. To reach this target, both monetary and non-monetary investments (institutional capacity strengthening) will be required.

6.2. Malnutrition

The Government of Rwanda has prioritized combating the high rates of stunting among young children, which stand at 38 per cent at the national level. The disparities in stunting rates among the populations in rural and urban areas (with stunting rates of 40.6 per cent and 23.8 per cent respectively) require continued attention and increased resource allocation that will adequately address needs in rural areas and the most vulnerable districts.
Endnotes


