



Institute of Public Finance
Somalia

Budget Execution in the Health Sector of Somalia: Why It Matters?

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Budget execution in the health sector plays a critical role in ensuring that allocated financial resources translate into improved healthcare services and outcomes. In Somalia, the health sector faces numerous challenges, including limited funding, systemic inefficiencies, and the need to address public health crises. Between 2018 and 2024, the Somali Ministry of Health experienced a significant increase in budget allocation. However, the execution of these budgets—how effectively the funds were utilized—has fluctuated, raising concerns about the overall efficiency of the health financing system.

This article explores trends in Somalia’s health sector budget execution, examining both the allocation and utilization of funds. It highlights the significance of effective financial management in strengthening Somalia’s healthcare system and provides policy recommendations

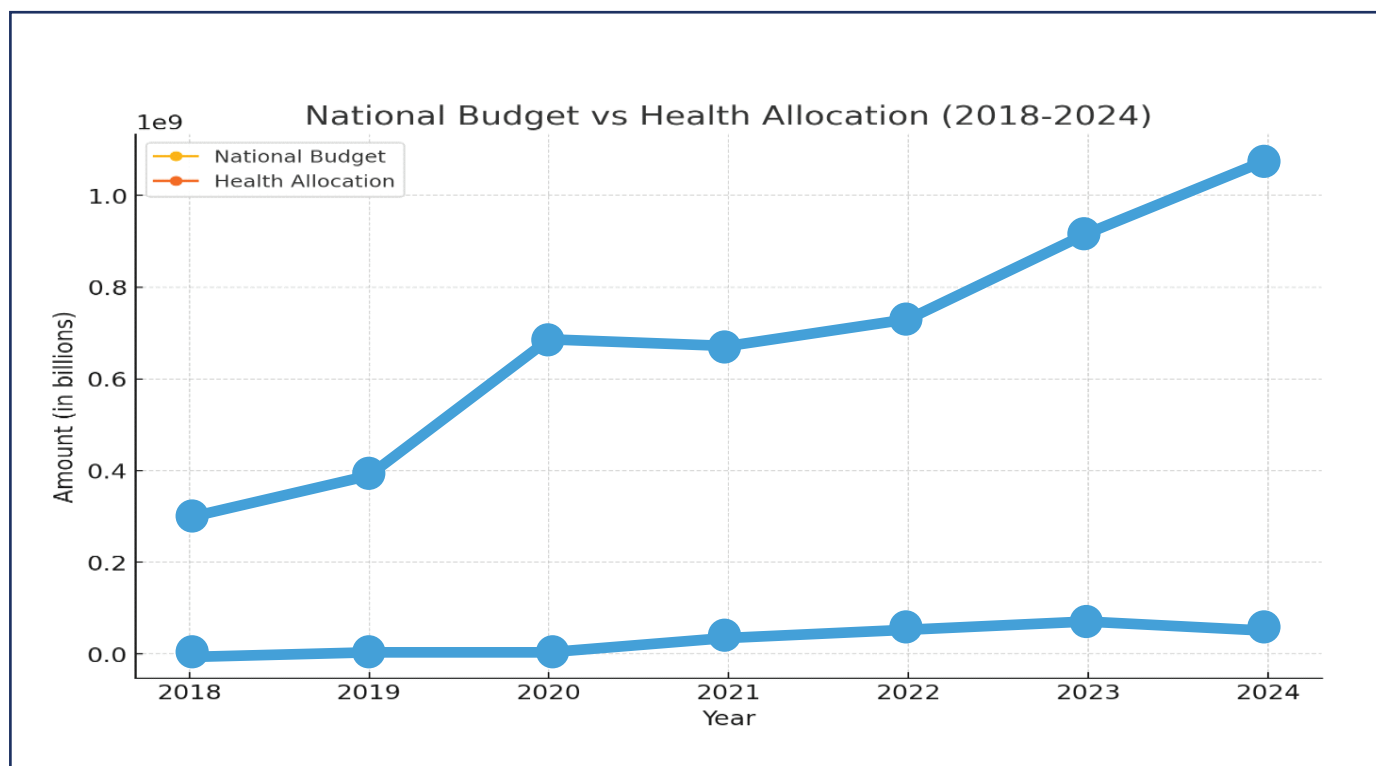
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Trends in Health Budget Allocation and Utilization (2018–2024)

Health Sector Allocation Compared to the National Budget

Somalia's health sector allocations have grown steadily over the years. In 2018, the health budget stood at approximately **\$1.4 million**, rising to nearly **\$58.6 million** by 2022. Despite this increase, health spending represents only a fraction of the national budget. In 2018, the health sector accounted for just **0.47%** of the total national budget, and even with growth, this figure only reached **7.98%** in 2022. Refer below of Figure 1; (Government of Somalia, Finance Ministry, 2023).

Figure 1: National Budget vs Health Allocation (2018-2024)

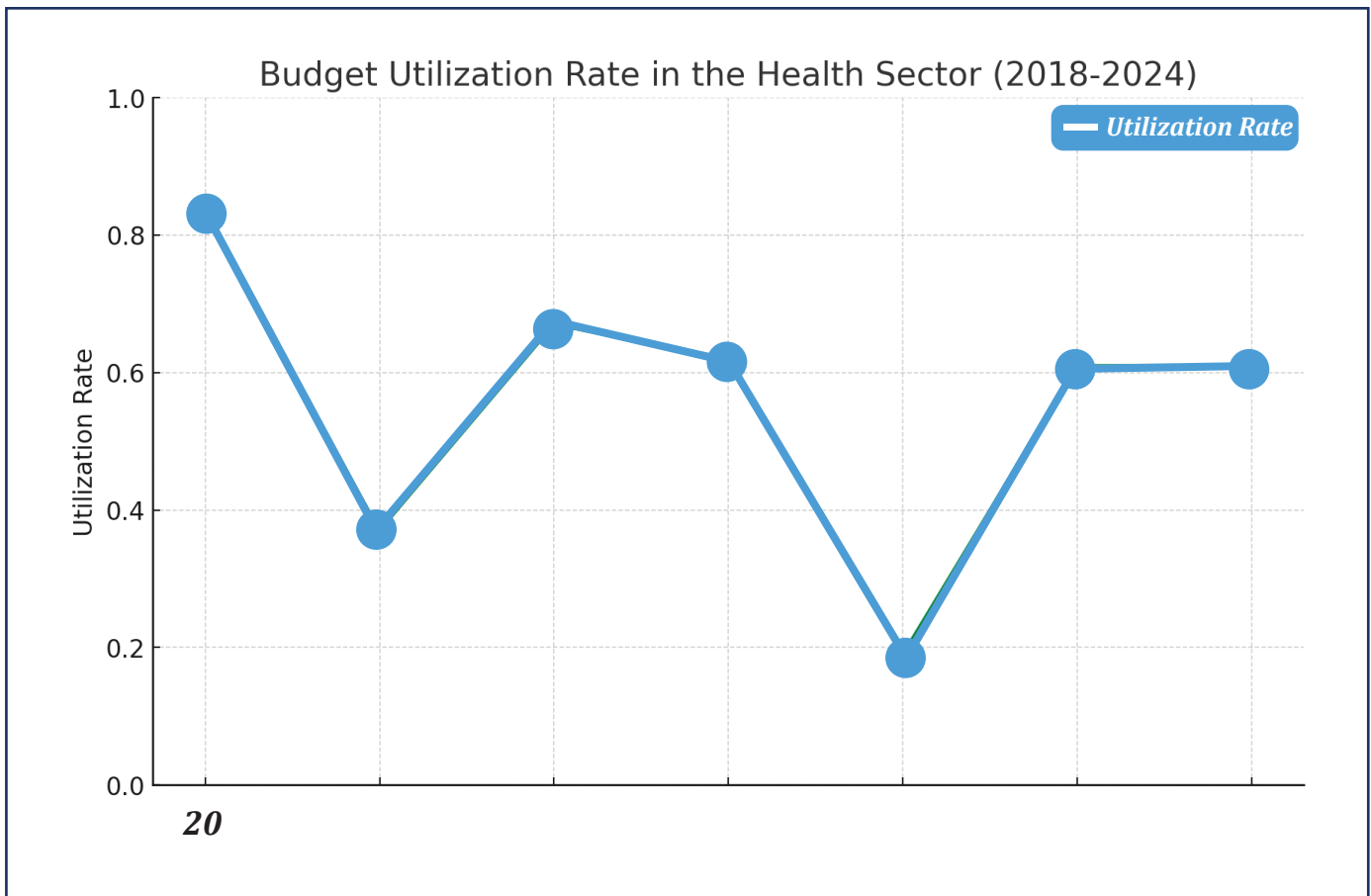


According to the Abuja Declaration, African Union member states committed to allocating at least **15%** of their national budgets to health (African Union, 2001). Somalia's health allocations remain below this threshold, reflecting a continued need to prioritize healthcare funding. Although the government has made efforts to increase health sector spending, the sector's funding gap remains a significant barrier to achieving universal health coverage.

Budget Utilization Rates: An Indicator of Execution Capacity

While budget allocation is important, the ability to execute the budget effectively is essential for translating funding into real healthcare services. The utilization rate—the percentage of the allocated budget that is actually spent—provides an indication of the Ministry of Health’s capacity to implement its programs. Somalia’s health budget utilization has shown inconsistent trends, with utilization rates fluctuating from 83% in 2018 to a low of 19% in 2022. See below figure 2; (Ministry of Health, 2024).

Figure 2: Budget Utilization Rate in the Health Sector (2018-2024)



The sharp decline in utilization rates in certain years, particularly 2019 and 2022, indicates underlying challenges such as administrative delays, procurement system issues, and insufficient institutional capacity. These factors hinder the effective use of allocated resources, resulting in missed opportunities to improve healthcare services and outcomes. For instance, the failure to fully utilize the health budget in 2022 meant that critical investments in maternal health, child health, and disease prevention were delayed or insufficiently funded.

02 *Why Effective Budget Utilization Matters*

Improving Access to Healthcare

Somalia's health indicators remain among the poorest globally. The country faces high rates of maternal and child mortality, malnutrition, and preventable diseases. According to the World Health Organization, Somalia has one of the highest maternal mortality rates in the world, with approximately 692 maternal deaths per 100,000 live births (WHO, 2023). Effective budget utilization is crucial for addressing these challenges by ensuring that resources are used to expand access to essential services such as antenatal care, emergency obstetric services, and immunization programs.



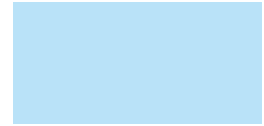
Inadequate budget execution exacerbates the healthcare access gap, particularly in rural and underserved areas. For instance, low budget utilization in 2022, when only 19% of the allocated funds were spent, meant that planned health interventions could not be implemented as intended. These delays hinder the progress of vital health programs, resulting in continued poor health outcomes.

Accountability and Donor Confidence

Somalia's health sector relies heavily on external funding from international donors and development partners. Organizations such as UNICEF, USAID, and the World Health Organization provide critical financial support for health programs. However, the inconsistent utilization of allocated funds can undermine donor confidence. International donors expect that their contributions will be spent efficiently and for their intended purposes. If funds are left unspent, there is a risk that future funding may be reduced or subject to stricter conditions (OECD, 2022).

Improving budget utilization through strengthened financial management systems can enhance accountability and transparency. By demonstrating the effective use of funds, Somalia can build trust with donors and secure more sustained investments in its health sector. Furthermore, enhanced budget execution could unlock additional funding to address pressing health challenges and achieve the government's universal health coverage (UHC) goals.

Strengthening Financial Governance and Efficiency



The utilization of health funds is also tied to overall financial governance. Weak financial management practices can lead to delays in disbursements, inefficient procurement processes, and even misallocation of resources. Addressing these systemic inefficiencies is essential for improving the delivery of healthcare services.

One potential solution is to implement a results-based financing (RBF) approach, in which funding is tied to measurable outcomes. RBF models have been successfully used in other developing countries to incentivize healthcare providers to deliver better services in exchange for financial rewards (World Bank, 2021). By linking health funding to specific outcomes, Somalia could improve both accountability and the efficient use of funds, ensuring that budget allocations directly contribute to health improvements.

03 Policy Recommendations for Improving Budget Execution

Increase Health Sector Funding:

Somalia must continue to increase its health sector allocation in line with the Abuja Declaration target of 15% of the national budget. This will require sustained political commitment and prioritization of health in fiscal policies to address the country's significant healthcare needs.

Build Institutional Capacity:

Strengthening the institutional capacity of the Ministry of Health is essential for improving budget execution. This includes investing in human resources, training staff in financial management, and improving procurement and disbursement processes. Capacity-building initiatives will enable the ministry to more effectively manage and execute its budget.

Improve Financial Management Systems:

Strengthening financial oversight and adopting modern public financial management (PFM) tools will help reduce inefficiencies and delays. The Ministry of Health should work closely with the Ministry of Finance to improve the alignment of health financing with national budget cycles and ensure timely disbursement of funds.

Leverage Donor Support:

Somalia should work to attract more donor support by improving budget utilization and demonstrating accountability. This can be achieved by implementing transparent monitoring and reporting systems that allow donors to track the impact of their contributions.

Target Vulnerable Populations:

It is important to ensure that health funds are directed toward programs that benefit the most vulnerable populations, including women, children, and rural communities. Prioritizing maternal and child health services, nutrition programs, and primary healthcare can have a substantial impact on improving overall health outcomes.

Conclusion

Somalia's health sector has made progress in increasing budget allocations over recent years, but the inconsistent utilization of these funds remains a challenge. Effective budget execution is essential for improving healthcare delivery and addressing the country's pressing public health needs. By strengthening financial management systems, building institutional capacity, and ensuring that health resources are used efficiently, Somalia can improve health outcomes and build a more resilient healthcare system.

As the country works toward achieving *universal health coverage* and meeting its Sustainable *Development Goals (SDGs)*, addressing the gaps in budget execution will be crucial for success. By focusing on transparency, accountability, and improved financial governance, Somalia can ensure that its health budget translates into tangible benefits for its population.

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