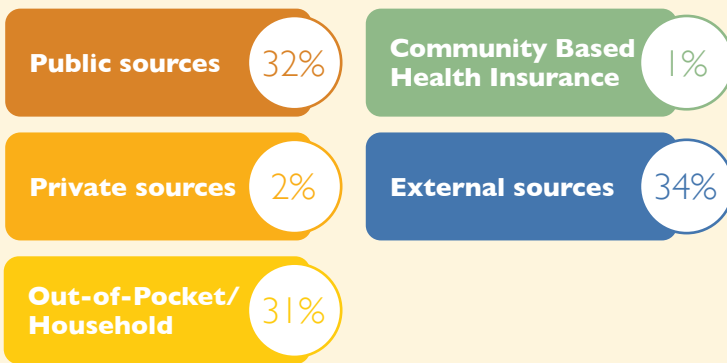


Ethiopia

Stronger, more effective Primary Health Care (PHC) provides a critical backbone for universal health coverage (UHC). There is consensus that public funding should be the predominant source of health funding including funding of PHC services. In this series of country profiles, we describe how public funding is allocated to the health sector (resource allocation), how those resources are transferred to health providers (provider payment) and the decision space primary care providers have to use PHC funds.

Sources of Total Health Expenditure (2022)

The largest source of health expenditure are external, from development partners (34%), while 32% of health expenditure are from public sources including the federal government (10.5%) and regional governments (21.7%).



Source: Ethiopia NHA 2022

Providers of Health Services (2025)

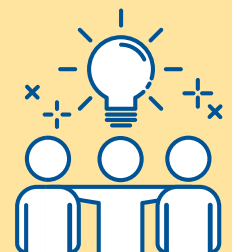
Source: 2025 Master Facility Register



How are public funds allocated to PHC?

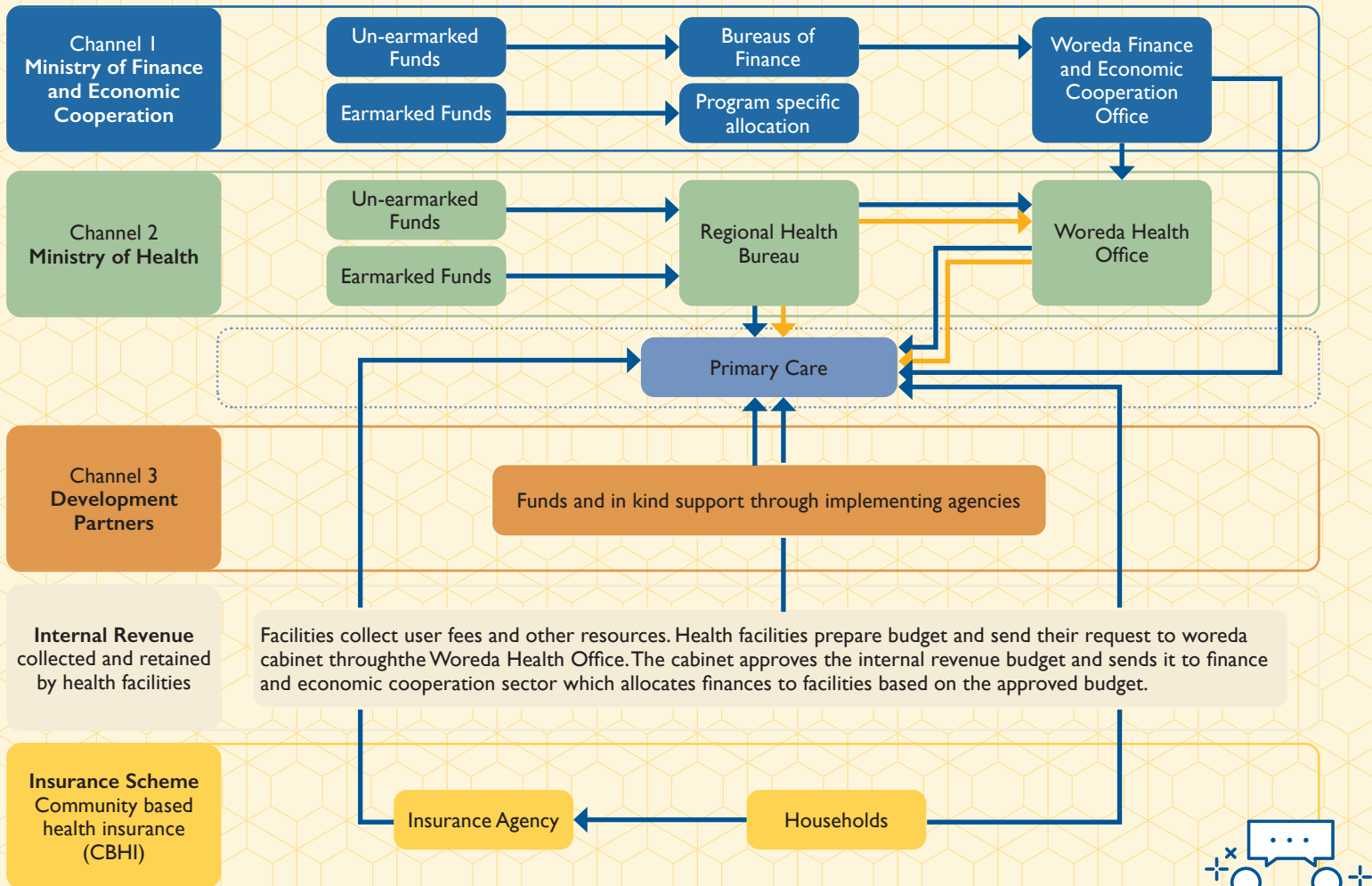
Resource Allocation describes the rules and criteria to distribute public funds to various sectors including health.

- » The Federal Ministry of Finance transfers public funds from the federal government to 13 regional Bureaus of Finance and through the Federal Ministry of Health to the Regional Health Bureaus and Woreda Health Offices.
- » Federal Ministry of Finance allocates block grants to the regions based on their revenue raising capacity and expenditure requirements to meet the gap. The ministry also considers regional disparities to ensure equitable distribution.
- » Regional Bureaus of Finance allocate resources to woredas and various sectors, including health, based on the sector needs, previous year performance and priorities of the region.
- » The Woreda Finance and Economic Cooperation Office is responsible for primary care facilities' budgeting, execution and reporting. They allocate resources to facilities taking into consideration the number of health facilities, catchment population, number of staff, infrastructure and other local investment needs. Some regions have provided directives to woredas that at least 15% of the total budget is allocated to primary care facilities.
- » The federal Ministry of Finance and Health transfers additional resources for specific programs.



How do PHC funds flow to the primary care providers?

→ funds
→ items procurement



Main provider payment mechanisms used for primary care services



| | |
|---|--|
| National Government | Line-item budget |
| Community Based Health Insurance (CBHI) | » Fee-for-service » Capitation (pilots) |

| | |
|------------------------------|---|
| Development Partners/ Donors | » Line-item budget » Performance-based financing (pilot) |
| Individuals/Households | Out of pocket |

Primary care facilities autonomy for financial management

- » Primary care is delivered in Health Centres and Health Posts, which are under the oversight of the *woreda* (districts).
- » The *Woreda* Finance and Economic Cooperation Office is responsible for primary care facilities' budgeting, execution and reporting.
- » Each source of funds has different financial management rules. For example unused funds from the Federal Ministry of Finance and Health are returned at the end of the year, while they can retain fee-for-service and capitation funds from the Community Based Health Insurance across financial years.

Accountability mechanisms for primary care facilities

- » There are different reporting platforms for each source of funds.
- » There are three levels of accountability arrangements at the PHC level a) Health Facility Finance Staff; b) Health Facility Management Committee; c) Health Facility Governing board and d) *Woreda* Finance and Economic Cooperation Office is responsible for Health Center audits.