

ISSUE BRIEF: NATIONAL HEALTH BUDGET ANALYSIS

NIGERIAN ECONOMIC ENVIRONMENT

The 2019 Budget of the Federal Government of Nigeria was presented to the National Assembly by the Nigerian President, Muhammadu Buhari on December 19, 2018. The Budget was prepared on some key assumptions, which form key performance indicators for the achievement or non-achievement of the Budget. These assumptions are presented in the table below:

Table 1: Key Budget Assumptions

Indicator	Assumption
Oil Production	2.3 mbpd
Oil Price	\$60/b
Exchange Rate	N305/\$
Inflation Rate	9.98%
Nominal Consumption	N119.28 trn
Nominal GDP	N139.65 trn
GDP Growth Rate	3.01%

Source: Ministry of Budget and National Planning, 2018.

As at the time these assumptions were documented, Inflation Rate was at 11.28% (November 2018), Oil Price was at \$56 (December 18, 2019), Oil Production capacity was at 1.8 mbpd (November 2018) and the Gross Domestic Product as at Q3 2018 was at 1.81%. These key indicators clearly are behind their assumed performance rate and showed that if the 2019 Budget is to be achieved, there must be a drastic change on the basis of which these indicators are derived.

Upon the statutory responsibility of the National Assembly to review and debate the budget, it was approved by the Nigerian Senate on the April 30, 2019. The assumption was this may have been occasioned by the fact that the 2019 electioneering and General Elections held before the approval – taking a total of 132 days (4 months plus) before the National Assembly was able to approving the budget and not without increasing it from N8.83 trillion to N 8.91 trillion. However, the last two Budgets (2017 & 2018) where approved by the National Assembly after 149 and 190 days of submission respectively.

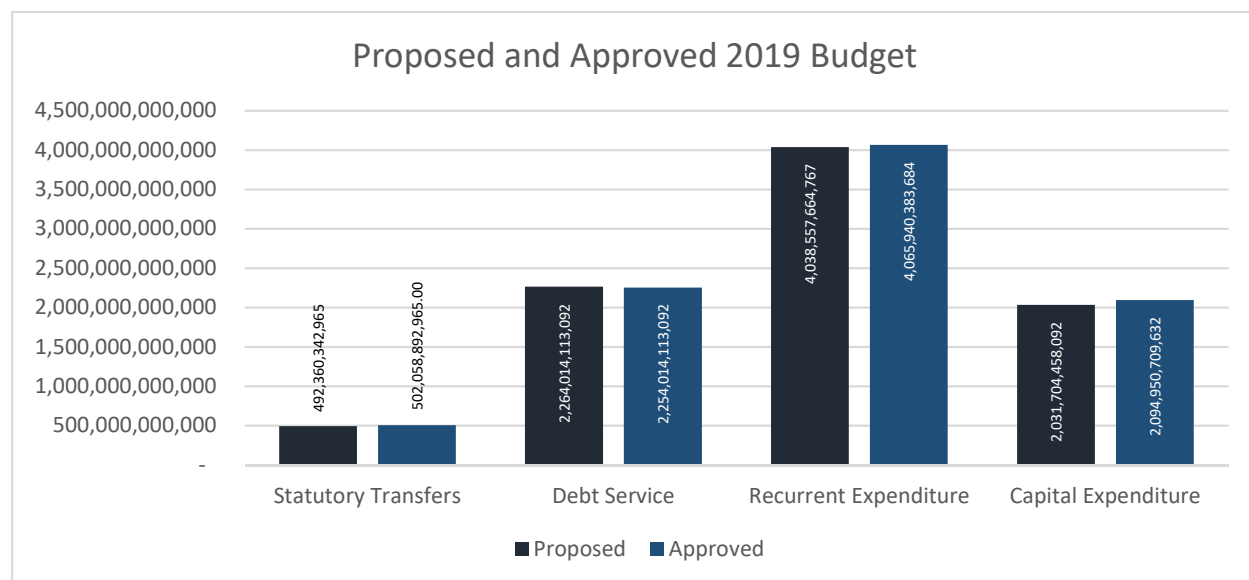
The President eventually signed the 2019 Budget into law on May 27, 2019. Hence, it became a law and a basis to assess the performance of the current administration. The Table below shows the Proposed and the Approved 2019 Budget.

Table 2: Proposed and Approved 2019 Budget

Budget Component	Proposed	Approved	Difference
Statutory Transfers	492,360,342,965	502,058,892,965	+9,698,550,000
Debt Service	2,264,014,113,092	2,254,014,113,092	-10,000,000,000
Recurrent Expenditure	4,038,557,664,767	4,065,940,383,684	+27,382,718,917
Capital Expenditure	2,031,704,458,092	2,094,950,709,632	+63,246,251,540
Grand Total	8,826,636,578,915	8,916,964,099,373	+90,327,520,458

Source: Ministry of Budget and National Planning, 2019

Chart: Proposed and Approved 2019 Budget



Source: Ministry of Budget and National Planning, 2018

While the cumulative increase in the Budget by the National Assembly was N90.33 billion; N9.7bn was added to Statutory Transfers, Debt Service reduced by N10bn, Recurrent and Capital Expenditure increased by N27.38bn and N63.25bn respectively.

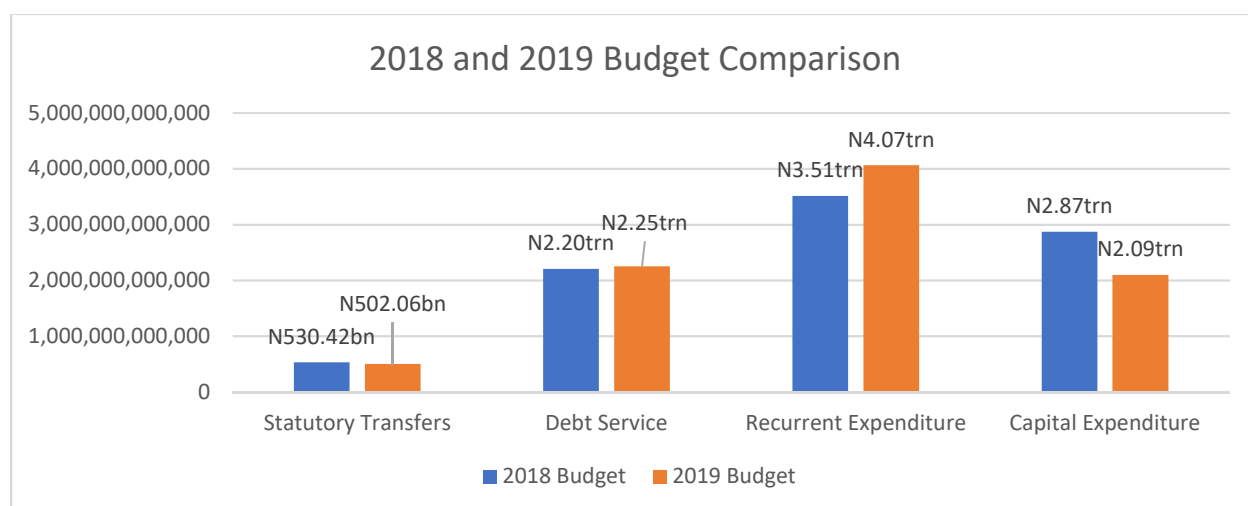
2018 AND 2019 BUDGET COMPARISON

The 2018 Budget remains the highest in Nigeria's budget history at N9.12 trillion. The 2019 budget is a reduction of N203.37 billion from N9.12 trillion to N8.92 trillion. The bulk of the difference is reflected in the Recurrent and Capital Expenditures; Capital Expenditure was 32% in 2018 but now 23% in the 2019 Budget with a difference/reduction of N778.45bn in value. Recurrent Expenditure was increased from 39% in 2018 Budget to 46% in the 2019 Budget, with an increase of N553.26bn. This clearly indicates that Government priority has shifted from investing in projects to maintain personnel and their benefits.

Table 3: 2018 and 2019 Budget Comparison

Budget Component	2018 Budget	2019 Budget	% Change
Statutory Transfers	530,421,368,624	502,058,892,965	-5.65%
Debt Service	2,203,835,365,699	2,254,014,113,092	+2.23%
Recurrent Expenditure	3,512,677,902,077	4,065,940,383,684	+13.61%
Capital Expenditure	2,873,400,351,825	2,094,950,709,632	-37.16%
Grand Total	9,120,334,988,225	8,916,964,099,373	-2.28%

Source: Ministry of Budget and National Planning, 2019



2019 HEALTH BUDGET

The Federal Government initially proposed a budget of N365.76 billion to the Federal Ministry of Health (FMoH) comprising of N315.62 billion (86.3%) for Recurrent Expenditure and N50.15 billion (13.7%) for Capital Expenditure. The implication of this is that most expenditures from the FMoH budget goes to maintaining Salaries, Pensions & Overheads as against investing in providing healthcare facilities and other related infrastructures.

While provision of N51.22 billion was made for the Basic Health Card Fund (BHCF) for the implementation of the National Health Act (2014), even though it is a statutory provision as enacted by a law of the National Assembly, it was not properly recognized so, as such was placed as a budget line under the Ministry of Budget and National Planning, as against where it should be rightly identified under the Statutory Transfers component of the Budget. This misplacement of the BHCF budget began in 2018 when the National Assembly inserted the provision into the budget while it was neglected by the Federal Ministry of Health.

In considering the FMoH Budget together with the BHCF Budget, the total proposed sum of the FMoH Budget for 2019 came to N416.98 billion, which is a 4.72% of the Federal Government total budget. Upon the review of the 2019 Budget by the National Assembly, the FMoH budget was increased from N416.98 billion to N423.92 billion, which is as a result of an additional N6.94 billion on the Capital Expenditure budget. Despite the increase, the 2019 Budget at 4.75%, still falls far below stakeholders and statutory expectations, and therefore cast a doubt on government commitment to improving the Nigerian health environment and related health indices.

Table 4: 2019 Federal Ministry of Health Proposed and Approved Budgets

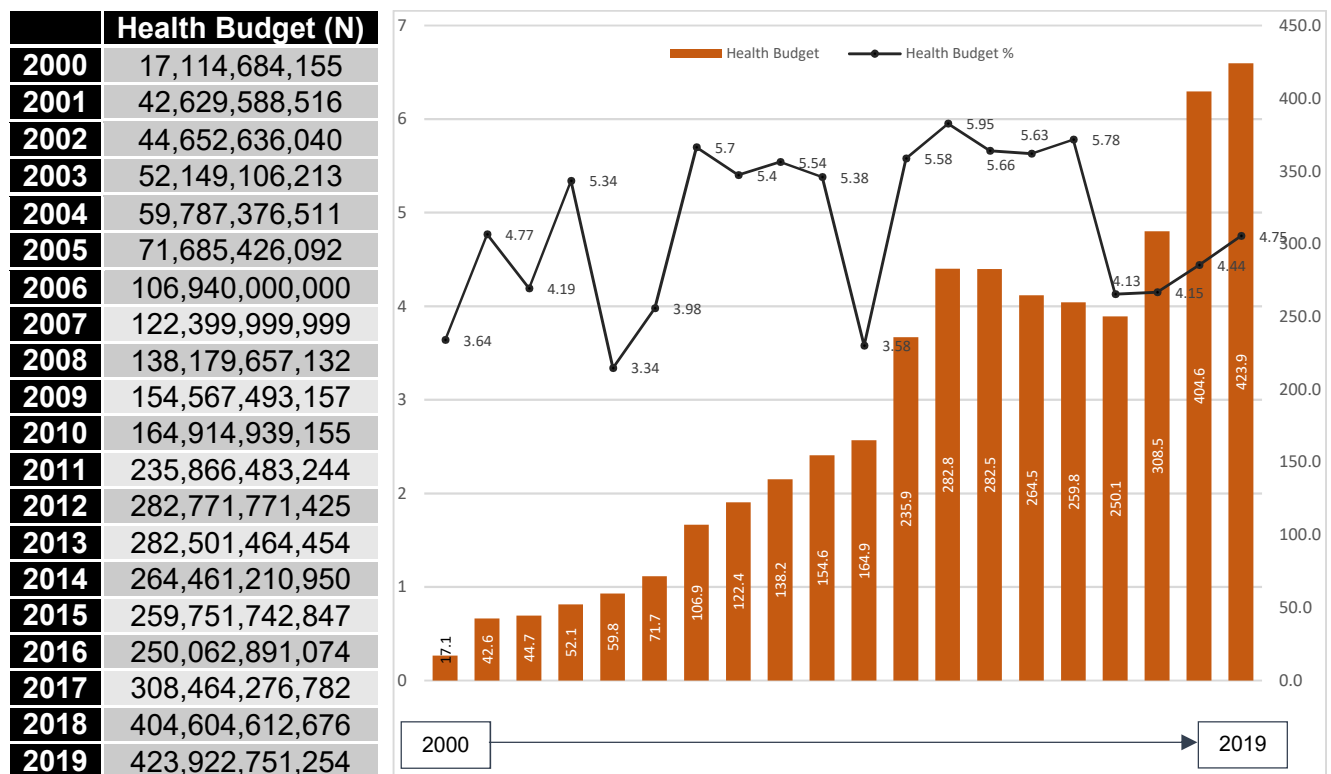
Budget Component	Proposed	Approved	Remarks
Overhead	4,371,538,665	4,371,538,665	No cut
Recurrent	315,617,344,056	315,617,344,056	Not cut
Capital	50,146,387,170	57,085,655,234	Improved (N6.94 bn)
Total	365,763,731,226	372,702,999,290	
Basic Health Care Fund	51,219,751,964	51,219,751,964	No cut
Grand Total	416,983,483,190	423,922,751,254	

Source: Ministry of Budget and National Planning, 2019

TREND ANALYSIS OF FEDERAL MINISTRY OF HEALTH BUDGET

Data from the Budget Office of the Federation shows that allocation to the Federal Ministry of Health (FMOH) has not improved over the years. From when 3.64% was allocated in year 2000, the best the country has allocated to its Health Ministry is 5.95%, which was in 2012.

Table 5: Federal Ministry of Health Budgets (2000 – 2019)



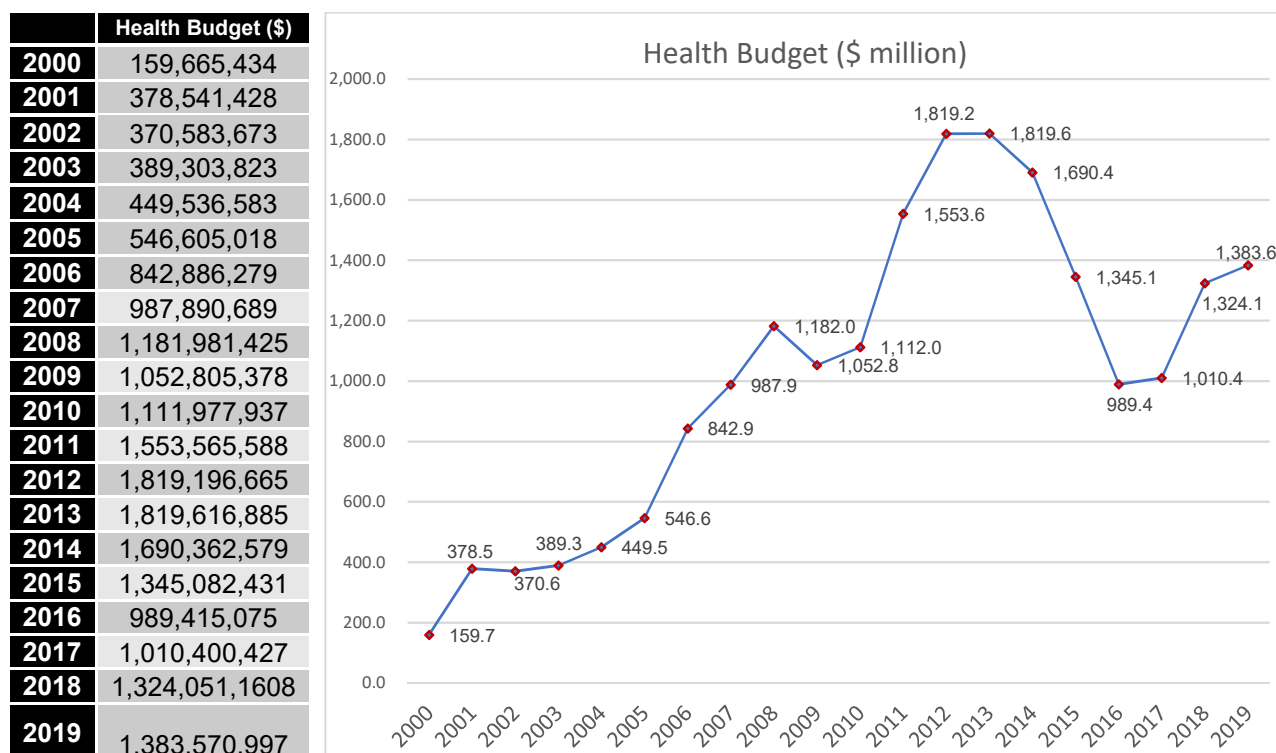
Source: Ministry of Budget and National Planning, 2019

In April 2001, the Head of Governments of African Nations gathered in Abuja and agreed 15% of their annual budget to the health sector. Nigeria has barely done a maximum of 5.95%. Unfortunately, unlike Nigeria, many other African countries like Rwanda, Botswana, Niger, Malawi, Zambia and Burkina Faso have all surpassed the 15% mark, and leaves in the question “when will Nigeria arise?” in the mouth of many.

While it shows that there has been increase in the value of allocation, with Nigeria’s population growth estimated at 3% annually and the depreciation in the value of Nigeria’s currency, the FMOH Budget is not growing in the same and equal proportion. Therefore, if the Nigerian FMOH budget is viewed from the prism of the influence of foreign exchange on the Naira, it indeed appears that investment in healthcare in Nigeria have either been stagnant or amounted to nothing.

In fact, the best allocation to Health was in 2012 and 2013 when \$1.82 billion each were allocated to the FMOH and the current 2019 allocation of \$1.38 billion is 76% of the 2013 allocation. If this is further evaluated from the perspective that the Nigeria’s population in 2013 was 176m and now in 2019 about 206m, the implication therefore is that Nigeria health system is overstretched and inadequate to meet the health needs of a growth population.

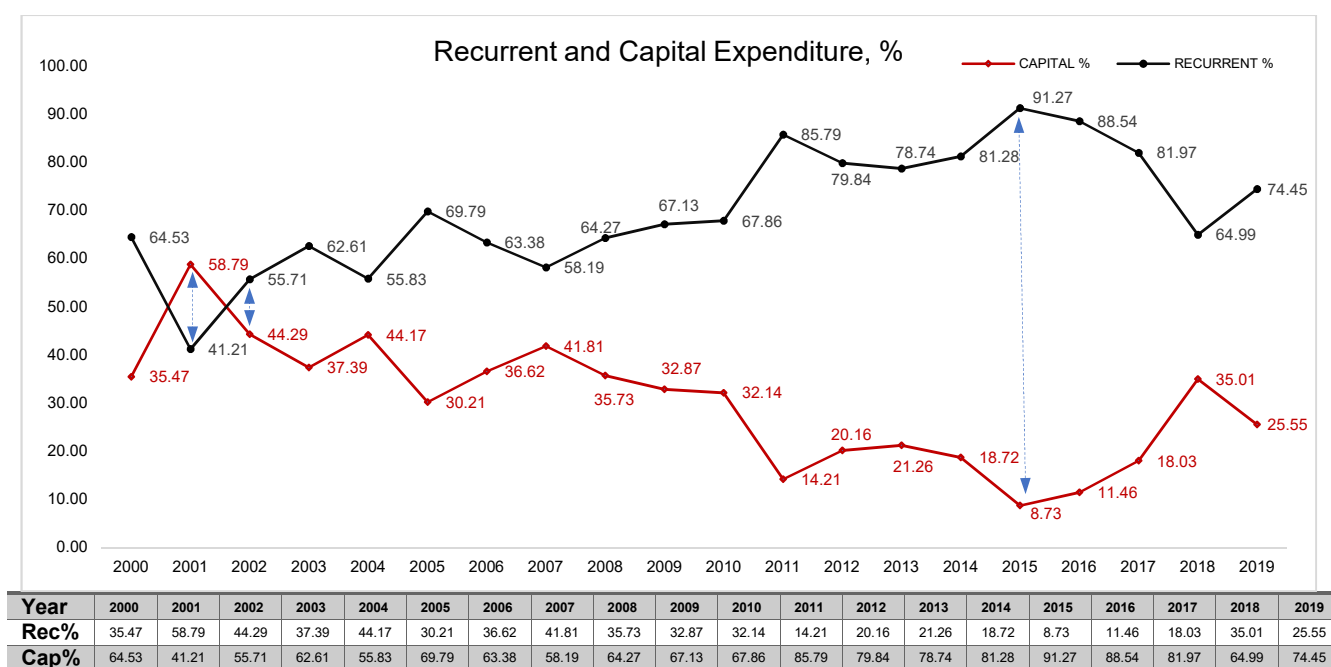
Table 6: Federal Ministry of Health Budgets, 2000 – 2019 (in USD)



Source: Compiled and calculated by the Author, 2019

TREND ANALYSIS OF RECURRENT AND CAPITAL EXPENDITURE

Recurrent and capital expenditures trend show allocation to salaries, pensions and overheads on one hand and investment in health infrastructure on the other hand. See Table 7: Recurrent and Capital Expenditure, % below.



Source: Ministry of Budget and National Planning, 2019

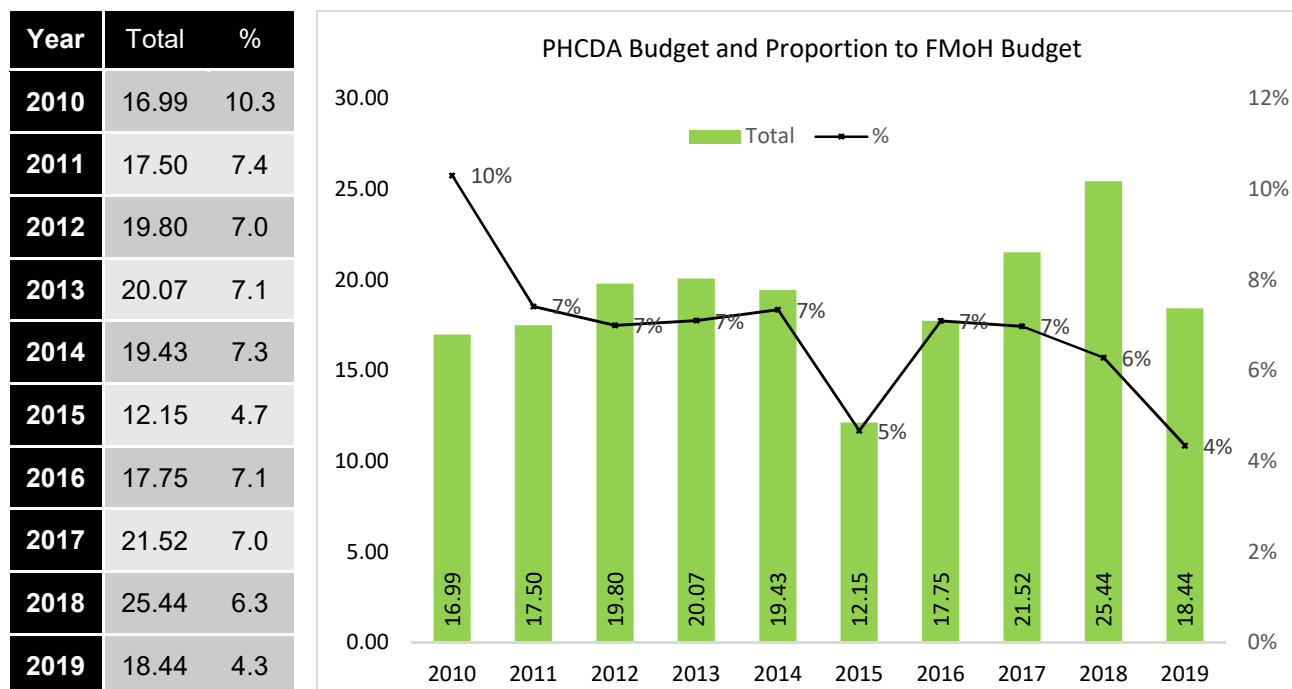
In 2001, allocation to capital expenditure versus recurrent expenditure was 58.79% to 41.21%, it was the only year that more funds was allocated to capital expenditure than recurrent expenditure. While the overall proportion of FMoH budget to 4.77%, it was the same year that the Abuja Declaration held in Nigeria, even though it was 15% that was recommended. If this was more than a coincidence, it therefore could be explained that probably the Abuja Declaration made some immediate impact making government allocate more funds to capital expenditure. However, this impact was not sustained as the following year, 2002, showed that the position was reversed, with 55.71% going to recurrent expenditure and 44.29% to capital expenditure.

The trend has been widening since 2002. The federal government or FMoH has consistently allocated more funds to recurrent expenditure. In 2015, 91.27% was allocated to recurrent expenditure while 8the balance of 8.73% was left for capital expenditure – this means for every N10.00 spent on health, approximately N9.10k was spent on salaries, pensions and overheads while just N0.90k was spent on health infrastructures. While the trend in widening gap between recurrent and capital expenditure was reversed for 2016, 2017, and 2018, the 2019 allocation has returned it back to the usual pattern with 74.45% to recurrent and 25.55% to capital.

PRIMARY HEALTH CARE DEVELOPMENT AGENCY BUDGET

Availability of primary healthcare services for citizens is a measure of the health and wellbeing of nations, therefore the more funds are allocated to the Primary Health Care Development Agency (PHCDA), the earlier diseases are prevented, identified and treated.

In 2019 Budget, FMoH allocated N18.44 billion to the PHCDA, and as usual, the bulk of the allocation goes to capital expenditure. The 2019 PHCDA budget is lower than that of its 2018 budget by N7 billion with capital expenditure going from N23.30 billion in 2018 to N16.01 billion in 2019 – a difference of N7.3 billion. Further analysis shows that the PHCDA budget, as a proportion of the FMoH, has dropped from 6.3% in 2018 to 4.3% in 2019, making it the least allocation since the last 10 years. Table 8: PHCDA Budget and Proportion to FMoH Budget.



Source: Ministry of Budget and National Planning, 2019

It is important to note that this reduction is not as a result of the action of the National Assembly. As observed from the 2019 proposed budget, while the FMOH proposed N17.32 billion (capital – N14.89 billion & recurrent – N2.43 billion), the National Assembly reviewed it upward to what was eventually approved.

Amongst others, below are some of the observation from the PHCDA budget:

- a. There were 524 budget lines for 2018 capital expenditure while the 2019 budget lines are 203.
- b. The 2019 budget is Polio Eradication Initiative (PEI) left budget line; while N1.20 billion was allocated to this budget line in 2018, a paltry N100 million has been allocated in the 2019 budget – that is a huge N1.10 billion reduction.
- c. Same goes for the budget line: Procurement of RI Vaccines, Devices and Operational Cost; in 2018 N8.90 billion was allocated but reduced to N7.63 billion in 2019 – N1.26 billion reduction.

COUNTERPART FUNDING

Donor organizations such as the United Nations Population Fund Activities (UNFPA), the United State Agency for International Development (USAID), the Bill & Melinda Gates Foundation (BMGF), and the United Nations International Children's Emergency Fund (UNICEF) support the Federal Government of Nigeria in the form of matching grants to encourage the continuous commitment to investing in specific areas of development such as Education, Agriculture, Health, etc, to improve Nigeria's development indicators in these concerned.

In the 2019 Budget, the FMOH did not make provision for the counterpart fund to match grants from UNFPA, USAID, BMGF & UNICEF budget line as the Budget Code: ERGP25115182 used for same allocation in 2019 was conspicuously missing in the 2019 budget. The budget line for "Improve Family Planning Services Through Contraceptives Use Interventions and Counterpart Funding" was from N500 million in 2018 to N300 million in 2019, although N1.2 billion was initially proposed by the FMOH to the National Assembly.

Table 8: Counterpart Funding.

Budget Line	2018	2019 Proposed	2019 Approved
Improve Family Planning Services Through Contraceptives Use Interventions and Counterpart Funding	500,000,000	1,200,000,000	300,000,000
Counterpart Funding Including Global Fund/Health and Gavi/Global Fund	3,500,000,000	3,500,000,000	3,500,000,000
Counterpart Funding to Match Grants from UNFPA, USAID, BMGF & UNICEF	2,400,000,000	Nil	Nil

Source: Ministry of Budget and National Planning, 2019

FAMILY PLANNING AND ROUTINE IMMUNIZATION FUNDING

Family Planning

Family planning is the voluntary practice of controlling the number of intervals between their births, particularly by means of contraceptives and voluntary sterilization.

Allocation to Family Planning in the 2019 Budget under the budget line: “IMPROVE FAMILY PLANNING SERVICES THROUGH CONTRACEPTIVES USE INTERVENTIONS AND COUNTERPART FUNDING” is N300 million. The FMoH proposed N1.50 billion at the time of submission to the National Assembly for review, the National Assembly however reduced the allocation to N300 million. This is not only a drastic reduction, it is also a far cry from the 2018 Budget to the same budget line, which was at N500 million

Table 9a: Budgetary Allocation to Family Planning (2015 – 2019)

Year	Budget Line	Amount
2015	MDG-IMNCH: ON-GOING PROCUREMENT AND DISTRIBUTION OF CONTRACEPTIVE COMMODITIES; CAPACITY BUILDING FOR SERVICE PROVIDERS AND INFORMATION MANAGEMENT.	624,739,731
2016	COUNTERPART FUND FOR THE PROCUREMENT AND NATIONAL DISTRIBUTION OF CONTRACEPTIVE COMMODITIES BASED ON 2016 FORECAST	791,000,000
	DEVELOPMENT OF COSTED IMPLEMENTATION PLAN FOR NIGERIA FP BLUE PRINT	1,217,662
	LAST MILE DISTRIBUTION OF CONTRACEPTIVE COMMODITIES	1,534,799
	TRAINING OF FAMILY PLANNING (FP) SERVICE PROVIDERS	1,827,224
	TRAINING OF COMMUNITY HEALTH EXTENSION WORKERS (CHEWS) ON LONG ACTING REVERSIBLE CONTRACEPTIVES (LARC)	1,827,224
		797,406,909
2017	SUPPORT TO STATES IN THE DEVELOPMENT OF A COSTED IMPLEMENTATION PLAN FOR THE NIGERIA FAMILY PLANNING BLUEPRINT.	9,000,000
	REPRODUCTIVE HEALTH- TRAINING OF COMMUNITY HEALTH EXTENSION WORKERS ON FAMILY PLANNING METHODS IN 6 ZONES	30,000,000
	10-DAY TRAINING OF COMMUNITY HEALTH EXTENSION WORKERS ON THE PROVISION OF LONG ACTING REVERSIBLE CONTRACEPTIVES (LARCS)	5,000,000
	TRAINING OF COMMUNITY HEALTH EXTENSION WORKERS (CHEWS) ON LONG ACTING REVERSIBLE CONTRACEPTIVES (LARCS)	1,827,224
	LAST MILE DISTRIBUTION OF CONTRACEPTIVE COMMODITIES.	5,296,827
	CO-FUNDING FOR THE PROCUREMENT & NATIONAL DISTRIBUTION OF CONTRACEPTIVE COMMODITIES BASED ON 2016 FORECAST	915,000,000
		966,124,051
2018	IMPROVE FAMILY PLANNING SERVICES THROUGH CONTRACEPTIVES USE INTERVENTIONS & COUNTERPART FUNDING	500,000,000
2019	IMPROVE FAMILY PLANNING SERVICES THROUGH CONTRACEPTIVES USE INTERVENTIONS & COUNTERPART FUNDING	300,000,000

Source: Ministry of Budget and National Planning

The highest allocation to Family Planning budget line was in 2017, which was N966,124,051, and has been on downward progression thereafter.

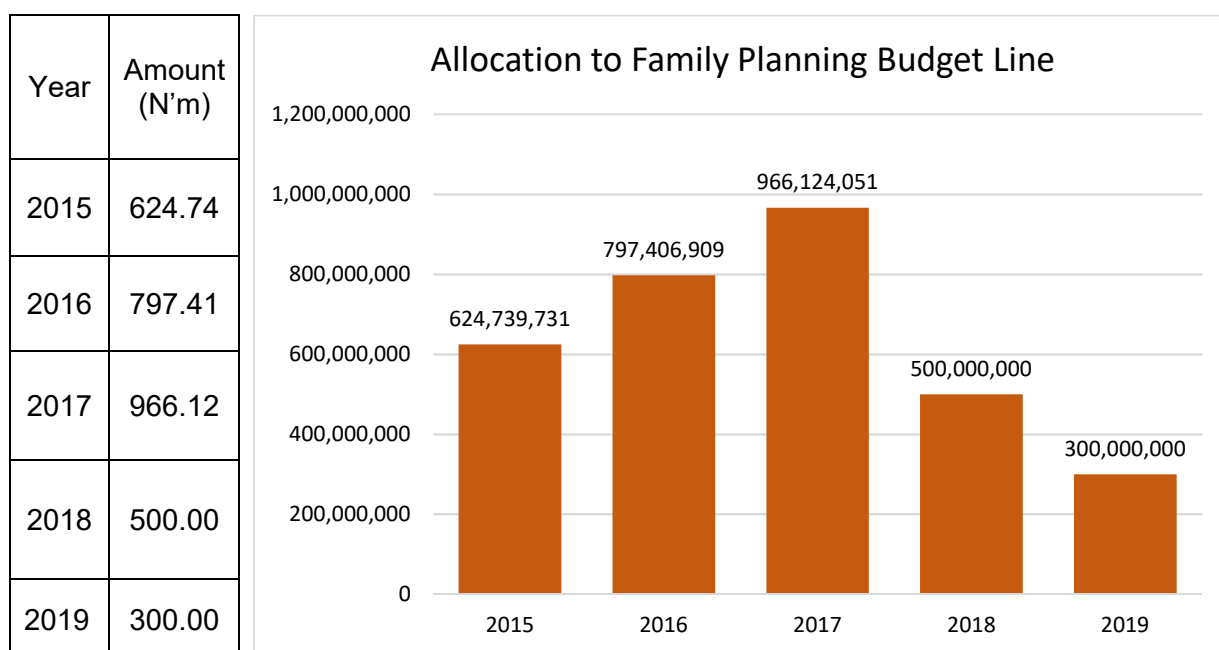


Table 9b: Budgetary Allocation to Family Planning (2015 – 2019)

ROUTINE IMMUNIZATION

Immunization is a proven tool for controlling and eliminating life-threatening infectious diseases and is estimated to avert between 2 and 3 million deaths each year. Immunization prevents against Diphtheria, Hepatitis B, Haemophilus Influenzae type B (Hib), Measles, Pertussis (whooping cough), Pneumococcal, Polio (poliomyelitis), Rotavirus, congenital rubella syndrome (SRS), Mothers and newborns contract tetanus, Tuberculosis (TB), Yellow fever.

Table 10a: Budgetary Allocation to Routine Immunization (2015 – 2019)

Year	Budget Line	Amount
2015	ROUTINE IMMUNIZATION (PROCUREMENT OF VACCINE INCLUDING NEW VACCINES NEW VACCINES FOR CHILDREN BELOW 1 YEAR AND PREGNANT WOMEN) (MDGS)	2,615,055,925
2016	DEVELOPMENT OF NATIONAL VACCINE POLICY	3,281,461
	TRADITIONAL VACCINES AND DEVICES PROCUREMENT INCLUDING FEIGHT AND HANDLING CHARGES	1,017,495,128
	CLEANING AND DISTRIBUTION OF VACCINES AND DEVICES	76,973,426
	POLIO ERADICATION INITIATIVE (PEI - INCLUDING OPV DEVICES PROCUREMENT AND OPERATIONAL COSTS)	9,821,331,311
	NON-POLIO SIAs (MEASLES, YELLOW FEVER CAMPAIGNS, MNTE, ETC, INCLUDING VACCINES AND DEVICES PROCUREMENT AND OPERATIONAL COSTS	1,743,406,067
	HAJJ VACCINES	220,473,202
		12,882,960,595
2017	PROCUREMENT OF ROUTINE VACCINES AND DEVICES	4,114,129,529
	POLIO ERADICATION INITIATIVE (PEI)	4,859,785,272
	PROCUREMENT OF SUPPLEMENTARY VACCINES AND DEVICES	3,537,079,970
	NATIONAL VACCINE POLICY	1,281,461
		12,512,276,232
2018	PROCUREMENT OF RI VACCINES, DEVICES AND OPERATIONAL COST	8,895,468,504
	POLIO ERADICATION INITIATIVE (PEI)	1,204,190,831

Year	Budget Line	Amount
	PROCUREMENT OF NON POLIO SIA VACCINE AND DEVICE FOR OPERATION	540,000,000
	PROCUREMENT OF OUTBREAK (EMERGENCY) RESPONSE VACCINE, DEVICES AND OPERATIONAL COST	1,500,000,000
	PROCUREMENT OF HAJJ VACCINES	174,574,043
		12,314,233,378
2019	PROCUREMENT OF RI VACCINES, DEVICES AND OPERATIONAL COST	7,630,956,878
	POLIO ERADICATION INITIATIVE (PEI)	100,000,000
	PROCUREMENT OF NON POLIO SIA VACCINE, DEVICE AND OPERATION COST	1,263,720,002
	PROCUREMENT OF OUTBREAK (EMERGENCY) RESPONSE VACCINE, DEVICES AND OPERATIONAL COST	292,978,967
	PROCUREMENT OF TRAVELERS AND PILGRIMS VACCINES	201,191,026
	VACCINE DISTRIBUTION AND TRANSPORT (NATIONAL TO STATES & HEALTH FACILITIES)	301,060,200
	VACCINE SUPPLY CHAIN GOVERNANCE	70,681,215
	IMMUNIZATION SUPPLY CHAIN STRENGTHENING AT NSCS AND ZONAL COLD STORES	72,548,800
	GAV/IMMUNISATION	21,250,424,823
	DEVELOPMENT AND PUBLICATION OF NATIONAL VACCINE POLICY	28,017,363
	PROCUREMENT OF RI VACCINES, DEVICES AND OPERATIONAL COST	7,630,956,878
		23,580,622,396

Source: Ministry of Budget and National Planning

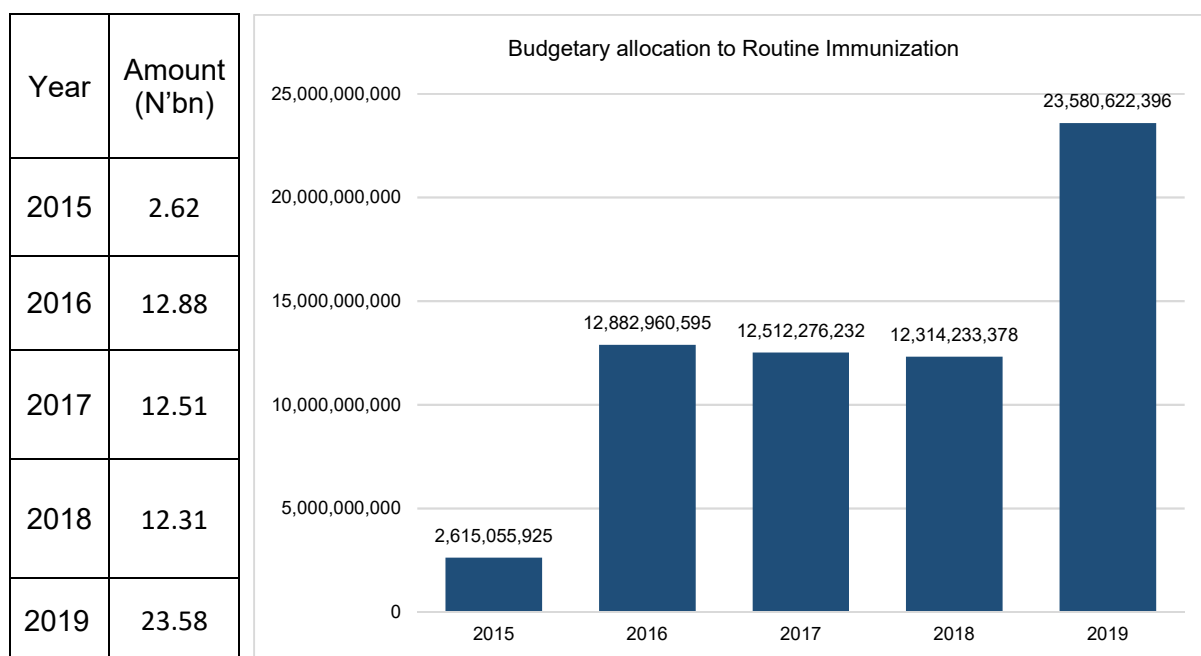


Table 10b: Budgetary Allocation to Routine Immunization (2015 – 2019)