

ISSUE BRIEF

COMPARATIVE ANALYSIS OF THE REVISED 2020 HEALTH BUDGET ALLOCATIONS

(A review of the released versions with the latest version dated 10TH JUNE 2020)

Contextual Background

With Nigeria's economy struggling to endure the effect of the coronavirus pandemic which has claimed 500 deaths and individuals and groups denied business opportunities, the government is finding it very difficult to maintain the status quo, including the approved 2020 budget estimate. While more resources are needed to mitigate the effect of the pandemic, there was no corresponding revenue to fill the gap making the budget review a necessity. Between December 17th, 2019 when the 2020 budget was signed into law¹ and June 2020 when the National Assembly finalized the budget review process, Nigeria's budget has gone through a series of amendments. This issue brief examines some of these amendments and how they impact the health allocations.

Proposed 2020 Revised National Budget

The Nigeria budget estimate was signed into law in December 2020, however, with the emergence of the covid-19 pandemic which created a setback to the revenue prospect, the government took measures with the review of the approved 2020 budget. The reasons for this may not be unconnected with the need to prepare the budget based on the current revenue trends and also improve efforts to cushion the effect of covid-19 pandemic on the socio-economic activities of the people. In essence, N10.509tn budget was proposed as a revised estimate. This was an 0.7% decrease from the approved budget estimate. However, this figure met with a huge reaction by the NASS who believed that the Budget should be increased rather than decreased. Firstly, due to the pandemic, the exchange rate has increased leaving nothing in doubt that all foreign transaction concerning the approved budget will be impacted. Secondly, many businesses have closed down, those who still exist are not operating in full capacity and 42% of Nigerians have lost their jobs. Thirdly, the health sector needs more funding to be able to overcome the pandemic. Fourthly, there was an indication that the price of crude oil may increase in the nearest months as more countries are opening their economies. The budget was however increase to N10.801tn and subsequently N10.810tn. The budget compared to the approved budget is now increased by 2.05% (see table 1 below).

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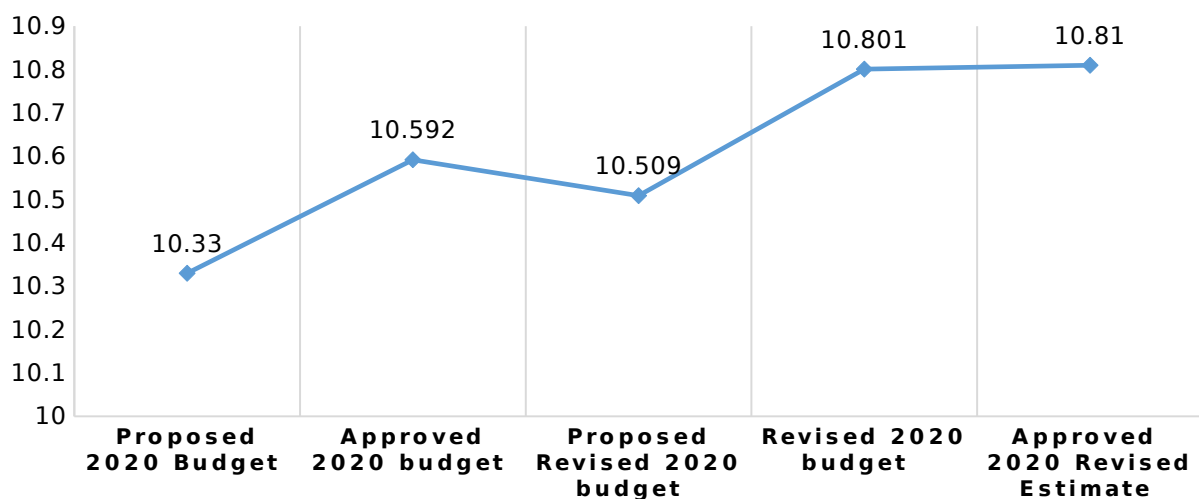
Timileyin Omilana, Buhari signs 2020 budget into law, Punch Newspaper, 17 December 2019, <https://guardian.ng/news/buhari-signs-2020-budget-into-law/>

Table 1: 2020 Budget

Budget components	Proposed 2020 Budget	Approved 2020 budget	Proposed Revised 2020 budget	Revised 2020 budget	Approved Revised 2020 Estimate	Variance of approved to final approved revised	% Increase/decrease
Statutory transfer	556bn	560bn	398bn	422bn	428bn	-128bn	-22.8%
Debt services	2.749tn	2.725tn	2.951tn	2.951tn	N.a	-	-
Recurrent expenditure	4.880tn	4.840tn	4.928tn	4.938tn	N.a	-	-
Capital expenditure	2.145tn	2.465tn	2.230tn	2.488tn	N.a	-	-
Total	10.330tn	10.592tn	10.509tn	10.801tn	10.810tn	+218bn	+2.05%

Source: Budget Office of the Federation

Fig 1: Trends in the 2020 Revised Budget (in Billion)



Source: Appropriation Act 2020 & Order papers.

Health Budget

A total of 441bn was approved for the health budget in 2020. The federal government proposed a reduction of 34bn mostly from the capital budget which was reduced from 59bn to 44bn. However, the National Assembly increased the health budget to 413bn from 2016 proposed revised, representing 1.7% increase. The overall reduction is now 6.3% from the initial approved budget estimate. This change was mainly from the health capital allocation which was increased by the NASS from 44bn submitted by the federal government to 51bn. Leaving the total reduction from the approved health capital budget to 13%. Also, the 51bn revised health capital budget is 15% increase from the proposed 44bn revised estimate by the Federal government.

Table 2: 2020 Health Budget

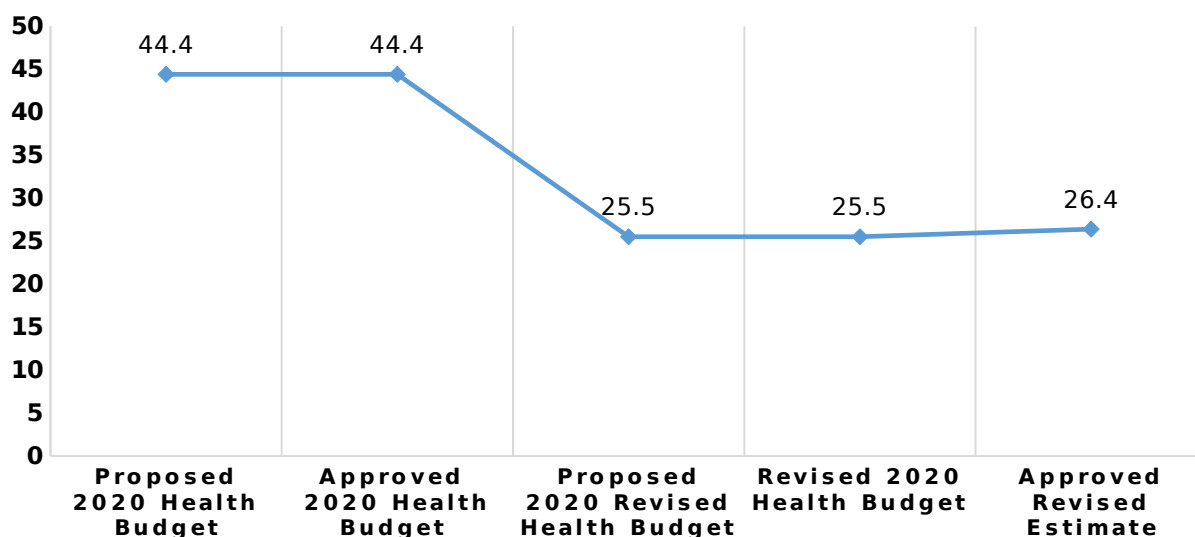
Health Budget Component	Proposed 2020 Health Budget	Approved 2020 Health Budget	Proposed 2020 Revised Health Budget	Revised 2020 Health Budget	Approved Revised Estimate	Variance of approved to final approved revised	% Increase/decrease
Recurrent	336.bn	336.5bn	336.5bn	336.5bn	336.5bn		-
Capital	46.4bn	59.9bn	44.7bn	51.4bn	51.4bn		-
Basic Health Care Fund	44.4bn	44bn	25.5bn	25.5bn	26.4bn	-18.04bn	-40.5%
Total	427.2bn	441bn	406bn	413bn	414.3bn	N.a	-

Source: Budget Office of the Federation

The reduction in the Basic Health Care Provision Funds (BHCPF) was met with reactions. The BHCPF was supposed to be financed by not less than 1% Consolidated revenue of the Federal government of Nigeria and other sources². Thus, with the revenue reduced, 1% for the BHCPF was also affected. Therefore, poor revenue projection led to the BHCPF reduced from 44bn to 25bn, a 42.5% reduction. As the revenue projection increases during the budget review, the 1% consolidated revenue for the BHCPF also increased to 26.4bn, leaving the total reduction to 40.5% from the approved budget, (see the fig 2 below).

² Section 11, National Health Act 2014

Fig 2: Trends in the 2020 Revised BHC PF Budget (in Billion)



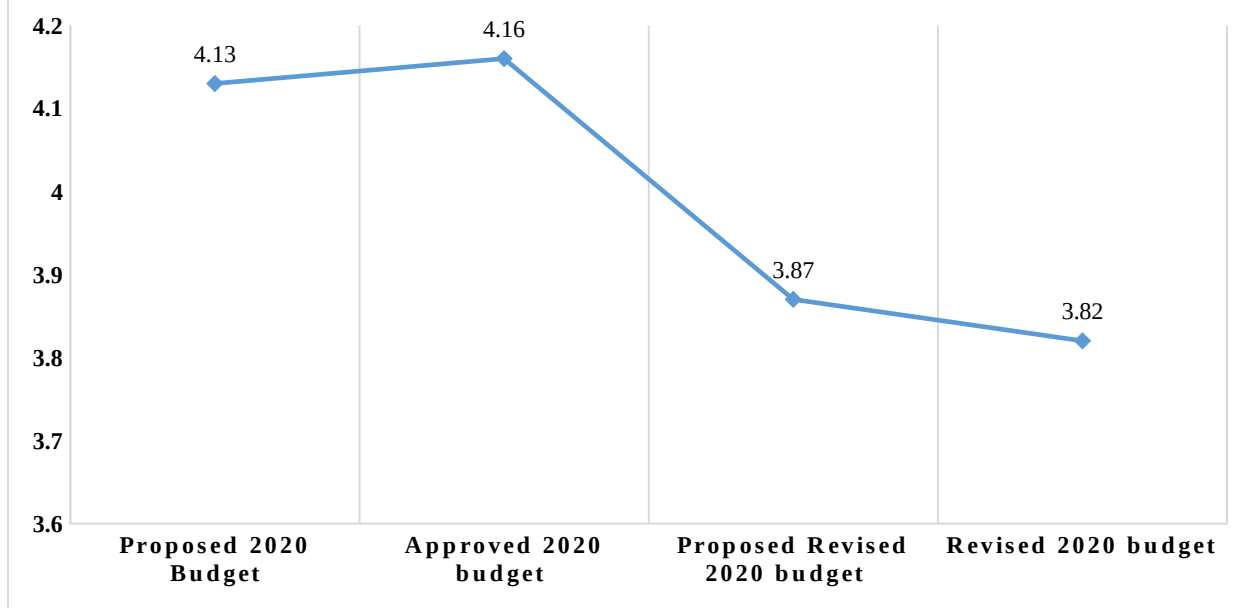
Source: Budget Office of the Federation

More so, from the first approval in December 2019 to the revised made in June 10, 2020, the percentage of the health budget to the overall budget was on downward slope from 4.16%, 3.87% to 3.82%, (see table 3 and fig 2 below). There are shortfalls of 10.85%, 11.13%, 11.18% respectively. More explanation is needed on the final revised budget which has not been released for public scrutiny to establish the final impact on the overall health sector.

Table 3: Percentage of health budget to total budget

2020 Budget	Total Budget	Health Budget	% of Health to Total Budget
Proposed 2020 Budget	10,330,416,607,347	427,298,544,020	4.13%
Approved Budget	10,592,062,364,830	441,005,142,552	4.16%
Proposed Revised Budget	10,509,654,033,053	406,889,740,113	3.87%
Revised Budget	10,801,544,664,640	413,560,449,806	3.82%
Approved Revised Estimate	10,810,800,872,072	N.a	-

Fig 3: Percentage of 2020 Health Budget to Total Budget SIZE



Source: Budget office of the Federation.

Area of possible health care supports in the 2020 revised budget

Box 1

Given the current wave of the covid-19 virus, the sum of 500,000,000,000 was budgeted as Covid-19 Crisis Intervention Fund. 186 billion of part of which is to upgrade healthcare facilities as earlier identified and finance the Federal Government's Interventions to support States in improving healthcare facilities³.

PAS ISSUE AREAS

³ FMOF, Ministerial Press Statement On Fiscal Stimulus Measures In Response To The Covid-19 pandemic & Oil Price Fiscal Shock, https://pwnigeria.typepad.com/files/hmfbnf_fiscal-policy-response-to-covid-19.pdf

National Primary Health Care Development Agency (NPHCDA) 2020 Budget Cut

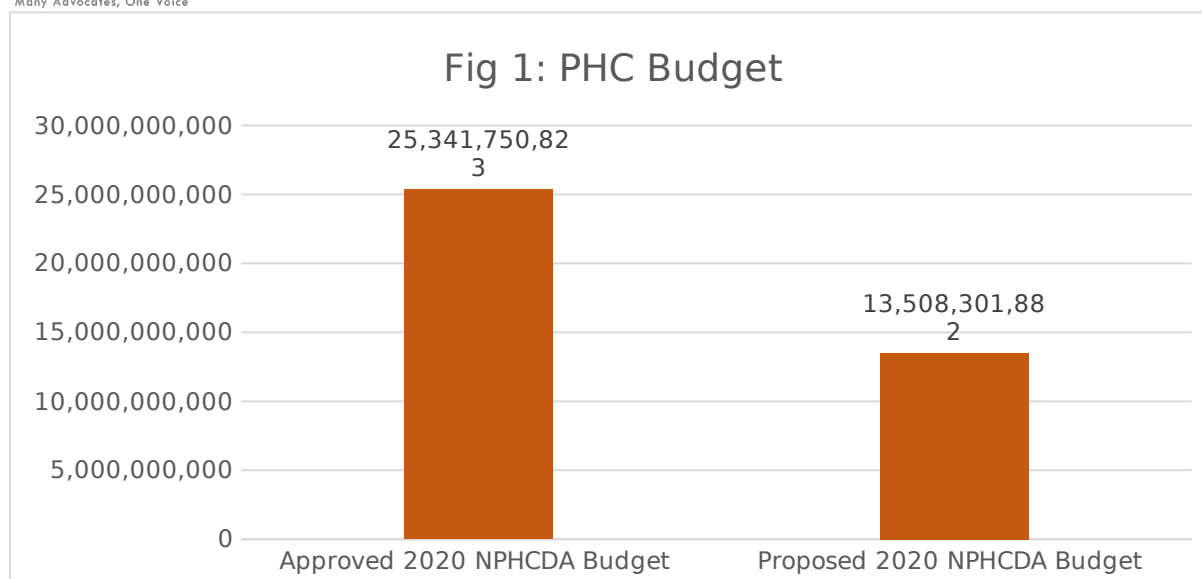
The sum of 25 billion naira was approved as NPHCDA 2020 budget expenditure. Of this amount, 2 billion naira was meant for the recurrent expenditure and 22 billion for capital expenditure. The sum of N11.1bn was to be removed from the capital budget in the proposed revised budget. This represents about 51.1% reduction. With this figure, the total NPHCDA budget now stood at N13.5bn. Thus, the total proposed budget is now 46.6% of the initial approved overall 2020 NPHCDA budget.

Table 3: Primary Health Care Budget

Approved NPHCDA 2020 Budget	Amount in Billion
Approved recurrent	2,381,295,699
Approved Capital	22,960,455,123
Total approved budget	25,341,750,823
Proposed capital Cut	11,127,006,183
% proposed to approved NPHCDA capital	51.5%
Proposed NPHCDA Revised Budget	13,508,301,882
%Proposed to approved NPHCDA 2020 budget	46.6%

Source: Budget Office of the Federation

Further analysis of the health budget revealed that the proposed NPHCDA capital budget cut of 11,127,006,183 represents about 73.3% of the total 15,177,255,917 proposed Health capital budget cut. These cuts include provision for drugs and medical equipment to PHC, vaccine devices, operational costs, etc.



Family planning (FP), Routine Immunization (RI), and Ending Childhood Killer Disease (CKD)

The family planning and CKD approved 2020 budget lines were not included in the proposed budget adjustment document submitted to the National Assembly (see table 4 and 6). This means that they were preserved. However, some budget allocations on RI-related budget line items as seen in table 5 below were also removed.

Table 4: FP 2020 budget

Code	Budget line	Approved 2020 budget	Proposed 2020 Revised Budget Cut	Revised provision
ERGP25112207	Procurement and distribution of family planning commodities through counterpart funding to UNFPA	1,200,000,000	Nil	1,200,000,000

Source: Budget Office of the Federation

The procurement for the outbreak (emergency) response vaccine device and operational cost of 1,228,363,525 has been removed. The Disease control and operational cost for surveillance activities 77,563,500 was also removed. Apart from the 521,804,444 pilgrimage vaccine that was also removed, others are left untouched.

Table 5: RI 2020 budget

Code	Line items	Approved	Proposed	Increase	Revised
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		2020 budget	2020 Revised Budget Cut		provision
ERGP25112666	Procurement of RI Vaccines, Devices And Operational Cost	533,584,491	Nil	Nil	533,584,491
ERGP25112672	Polio Eradication Initiative (PEI)	4,800,000,000	Nil	Nil	4,800,000,000
ERGP25112677	Procurement Of Non Polio SIA Vaccine, Device And Operational Cost	615,206,326	Nil	Nil	615,206,326
ERGP25112679	Procurement Of Outbreak (Emergency) Response Vaccine, Devices And Operational Cost	1,228,363,525	1,228,363,525	Nil	00
ERGP25112686	Disease Control And Operational Cost For Surveillance Activities	77,563,500	77,563,500	Nil	00
ERGP25126379	Procurement of Travelers And Pilgrims Vaccines	521,804,444	521,804,444	Nil	00
ERGP25126400	Vaccine Distribution And Transport (National To States & Health Facilities)	319,660,200	Nil	Nil	319,660,200
ERGP25126416	Vaccine Supply Chain Governance	76,942,400	Nil	Nil	76,942,400
ERGP25126430	Immunization Supply Chain Strengthening At NSCS And Zonal Cold Stores	81,188,000	Nil	Nil	81,188,000
116	GAVI/ Immunization	22,734,412,586	Nil	4,099,648,171	26,834,060,757

Source: Budget Office of the Federation

The budget provision for the IMCH Strategy - Articulation of Policy and Strategy Plans of Newborn in Child Health in Line with SDG Targets on Integrated Management of Childhood

Illnesses (IMCI) Follow Up, Integrated Supportive Supervision (ISS) And Kangaroo Mother Care (KMC) is preserved.

Table 6: CKD 2020 budget

Code	Budget Line	Approved 2020 Budget	Proposed 2020 Budget Cut	Revised provision
ERGP25112202	IMCH Strategy - Articulation of Policy and Strategy Plans of Newborn in Child Health in Line with SDG Targets on Integrated Management of Childhood Illnesses (IMCI) Follow Up, Integrated Supportive Supervision (ISS) And Kangaroo Mother Care (KMC)	235,057,243	Nil	235,057,243

Source: Budget Office of the Federation

Conclusion and Recommendation

As Nigerians awaits the approval of the final revised budget estimate from Mr. President, the current analysis of the 2020 budget review process so far shows that the percentage of the health to total budget has been on a downward slope from 4.16%, 3.87% to 3.82%. Although, the federal government has noted that the health care sector in 2020 will also be financed through the 500bn naira Covid-19 Intervention Fund, out of this, 126bn naira is set aside for the health sector⁴. A critical look at the revised budget revealed that the sum of NGN313,630,000,000 was the actual sum budgeted in the Covid-19 intervention funds, casting doubt about the possibility of ascertaining the 126bn from the fund as claimed.

Apart from the PHCUOR and RI, the other aspect of the PAS-project issue areas namely, family planning and CKD were not affected by the review process.

Lastly, as the health capital is reduced to NGN 51bn, there is need to monitor closely, the NGN 126bn to be released for the upgrading of the health care facilities across the 36 States of the federation and the FCT from the NGN313,630,000,000 Covid-19 Intervention Fund. Since the money will be released under the service wide vote. Close cooperation with the finance ministry is important to ensure that such fund and other related funds for the health care are released for the purpose they are meant to serve.