

NATIONAL & STATES' BUDGETS AND COVID19 CONSIDERATIONS

BACKGROUND

The 2020 Federal Government of Nigeria's budget was passed early compared to previous budgets. The Legislative and the Executive arms made a commitment to return the fiscal year to run from January to December every year. That commitment made the President submit the 2020 Budget to the National Assembly on October 8, 2019 – the earliest in the last 13 years. The National Assembly having made necessary evaluations and adjustments, finally approved the 2020 Budget on December 5, 2019. This approval paved way for the President to assent to the 2020 Budget on December 17, 2019 making it feasible to truly begin the 2020 fiscal year in January 2020.

The potential smooth running of the 2020 Budget was halted by the global pandemic – COVID19 – that grinded global economies to an unplanned halt. The implications were far reaching as its effect on Nigeria became apparent in its inability to meet its 2020 Budget expectations, hence the need to have a second look at the 2020 Budget as well as take other measures to reduce the impact of Coronavirus on Nigeria. This piece reviews the Federal Government of Nigeria's 2020 Budget, its allocation to the Federal Ministry of Health, and revision of Federal Government's and that of the States' Budgets as a result of COVID19 with a view to highlighting which components of the Budget were affected as well as special budgetary considerations for COVID19.

2020 APPROVED BUDGETS – NATIONAL AND STATE LEVELS

The Federal Government on December 17, 2019 signed into law the 2020 Budget amounting to a total of approximately Ten Trillion, Five-Hundred and Ninety-Four Billion Naira [N10.594Bn]. The budget is shown below with its four components.

BUDGET COMPONENT	AMOUNT	%
Statutory Transfer	560,470,827,235	5.29%
Debt Service	2,725,498,930,000	25.73%
Recurrent Expenditure	4,842,974,600,640	45.71%
Capital Expenditure	2,465,418,006,955	23.27%
Total Budget	10,594,362,364,830	

Similarly, the 2020 Budgets of our States of interest were also approved and are presented below.

STATE	AMOUNT
Lagos	1.169Tn
Kano	206.27Bn
Niger	155.46Bn
Kaduna	259.25Bn
Enugu	169.56Bn
Anambra	137.14Bn
Taraba	215.82Bn

2020 APPROVED HEALTH BUDGETS – NATIONAL AND STATE LEVELS

The Federal Government [FG] allocates funds to Health through the Federal Ministry of Health [FMoH]. In 2018, it began to honour the National Health Act (2014) provision to also allocate one percent [1%] of the Consolidated Revenue Funds [CRF] to Health through the Basic Health Care Fund [BHCF]. The table below shows the 2020 approved Health Budget.

HEALTH BUDGET COMPONENT	AMOUNT	%
Recurrent Expenditure	336,597,463,881	84.89%
Capital Expenditure	59,909,430,837	15.11%
Total Health Budget	396,506,894,718	
Basic Health Care Fund [BHCF]	44,498,247,834	
Grand Total Health Budget	441,005,142,552	
		4.16%
Total 2020 Budget of Federal Govt	10,594,362,364,830	

Approximately 85% of the Federal Ministry of Health budget goes to recurrent expenditures such as Salary & Pensions, Travels, Allowances, etc. while the balance 15% is left for capital expenditures such as repairs, capital projects, infrastructure development, etc. With a total Budget of N10.594 trillion, the 2020 Health Budget of N441.01 billion therefore comes to 4.16%. During the Abuja Declaration of April 2001, the Heads of Governments committed to allocating 15% of their Budget to Health, since the declaration in 2001, Nigeria has not met even half that commitment. Still, Nigeria's 2020 Budget is at 4.16% which is a far cry from the Abuja Declaration. While Recurrent Expenditures are fully utilized year in year out, Capital Expenditures funds are not fully released and the released are not fully utilized. Which means even though funds have been allocated for Capital Projects/Programmes, at the end of the day, not all this funds are released and that puts further pressure on the Nigeria health sector.

State Governments' allocation to Health is through their respective States' Ministry of Health as shown below.

STATE	TOTAL BUDGET	HEALTH BUDGET	%
Lagos	1.169Tn	111.78Bn	9.56%
Kano	206.27Bn	31.29Bn	15.17%
Niger	155.46Bn	9.96Bn	6.41%
Kaduna	259.25Bn	42.91Bn	16.55%
Enugu	169.56Bn	10.88Bn	6.42%
Anambra	137.14Bn	10.26Bn	7.48%
Taraba	215.82Bn	20.49Bn	9.49%

Lagos State with a N1.169 trillion budget, allocated N117.78 billion to Health which comes to 9.56%; Kano allocated N31.29 billion to Health which comes to 15.17%; Niger, Kaduna, Enugu, Anambra, and Taraba allocation to Health come to 6.41%, 16.55%, 6.42%, 7.48%, and 9.49% respectively. Only Kano and Kaduna surpassed the 15% allocation benchmark of the Abuja Declaration 2001.

REVISED 2020 BUDGETS – NATIONAL AND FEDERAL MINISTRY OF HEALTH

Following the impact of COVID19 on the ability of Nigeria earning from Oil as budgeted, It became pertinent to take a second look at the Budget and make appropriate adjustments to accommodate the new reality as well as reduce the impact of COVID19 on the economy. The Table below shows both the 2020 Appropriation and Revised Budgets and the respectful differences between the two Budgets.

BUDGET COMPONENT	APPROPRIATION	REVISED	DIFFERENCE
Statutory Transfer	560,470,827,235	428,032,186,792	-132,438,640,443
Debt Service	2,725,498,930,000	2,951,710,000,000	+226,211,070,000
Recurrent Expenditure	4,842,974,600,640	4,942,269,251,934	+99,294,651,294
Capital Expenditure	2,465,418,006,955	2,488,789,433,344	+23,371,426,389
Total Budget	10,594,362,364,830	10,810,800,872,072	+216,438,507,242

The FG Budget was increased by 2.04% amounting to N216.44Bn. While the Statutory Transfers component got cut by 23.63% [N132.44Bn], the three other components were increased; Debt Service by 8.30% [N226.21Bn], Recurrent Expenditure by 2.05% [N99.29Bn] and Capital Expenditure by 0.95% [N23.37Bn] respectively.

The FMOH Budget was reduced by 6.02% from N441.01Bn to N414.46Bn resulting to a total of N26.55Bn. Except for the Recurrent Expenditure component where no adjustment was made, Capital Expenditure and the Basic Health Care Fund [BHCF] were both reduced; Capital Expenditure was reduced by 14.20% [N8.51] while the BHCF got reduced by 40.54% [N18.04Bn].

HEALTH BUDGET [N]	APPROPRIATION	REVISED	DIFFERENCE
Recurrent Expenditure	336,597,463,881	336,597,463,881	0
Capital Expenditure	59,909,430,837	51,402,884,613	8,506,546,224
BHCF	44,498,247,834	26,457,743,000	18,040,504,834
Total	441,005,142,552	414,458,091,494	-26,547,051,058

REVISED 2020 BUDGETS – STATE GOVERNMENT TOTAL & HEALTH BUDGETS

Some State Governments also revised their budgets due to the impact of COVID19 on their ability to meet initial revenue projections. Lagos State reduced its Budget by 21.21% from N1.169 trillion to N920Bn. Three other States also reduced theirs; Kano – 32.48%, Kaduna – 13.50%, and Anambra – 1.46%.

BUDGET	LAGOS	KANO	NIGER	KADUNA	ENUGU	ANAMBRA	TARABA
APPROPRIATION	1.169Tn	206.27Bn	155.46Bn	259.25Bn	169.56Bn	137.14Bn	215.82Bn
REVISED	920Bn	138.28Bn	NA	223.60Bn	NA	114.9Bn	NA
DIFFERENCE	-249Bn	-68Bn	-	-35.65Bn	-	-22.24Bn	-

In a similar trend, the reduction in some States' budgets also affected the allocation earlier made to their respective States' Ministries of Health.

HEALTH BUDGET	APPROPRIATED	REVISED	DIFFERENCE	DIFF %
Lagos	111.78Bn	–	–	–
Kano	31.29Bn	26.90Bn	–N4.39Bn	14.03
Niger	9.96Bn	–	–	–
Kaduna	42.91Bn	39.89Bn	–N3.02Bn	7.04
Enugu	10.88Bn	–	–	–
Anambra	10.26Bn	–	–	–
Taraba	20.49Bn	–	–	–

Kano and Kaduna States revised their Health budgets by 14.03% and 7.04% respectively, while other States maintained the status quo.

COVID19 CONSIDERATIONS IN NATIONAL STATE LEVELS BUDGET REVISIONS

COVID19 was never in the picture at the planning of the 2020 Fiscal Year. Its emergence requires also some intervention to help reduce its impact on the already stressed healthcare infrastructure and personnel.

Federal Government of Nigeria

The FGN introduced two Budget Lines in the 2020 Budget specifically for COVID19. They are captured as:

Budget Code	Budget Type	Budget Line	Allocation (N)
ERGP18145345	Capital Expenditure	COVID-19 CRISIS INTERVENTION FUND - INCREMENTAL CAPITAL	286,022,119,333
22021080	Recurrent Expenditure	COVID-19 CRISIS INTERVENTION FUND	213,977,880,667
Total			500,000,000,000

The Budget Lines are captured under the Federal Ministry of Finance, Budget, and National Planning instead of the Ministry of Health. While there is no detail regarding what makes up each budget line, capturing each under Recurrent and Capital Expenditures show that one budget line may focus on personnel maintenance while the other may be used for COVID19-related capital projects/programmes.

Unlike the FGN, there is no record of States that made any improvement in their Budget, especially consideration for COVID19. COVID19 infection is on a daily increase in different States in Nigeria. Many States have limited healthcare facilities to meet this rising cases and it speaks more to the need to reprioritize and take health care services for citizens a critical social contract between people and Government. The State Governments, and by extension, Local Governments as well, are by far closer to the People and have more direct and immediate impact on the health and wellbeing of Citizens faster and more effective than the Federal Government. This therefore puts States as the primary First-Line of Defense for the People in terms of Healthcare services with the Federal Government providing the necessary support and a coordinating role. Without States' actionable commitment, very little or nothing can be achieved healthcare-wise.

According to publicly available information collated by StatiSense, private institutions, Faith-based Organizations and individuals made donations in cash and kinds to Federal & State Governments to support in the fight against COVID19. The judicious use of these funds and gifts for the purpose of COVID19 and other health needs is important in improving the health indices of Nigeria.

CONCLUSION AND RECOMMENDATION

The 2019 Global Health Security Index report published its overall finding as: *“National health security is fundamentally weak around the world. No country is fully prepared for epidemics or pandemics, and every country has important gaps to address”*. Nigeria with major health funding gap, is more affected with the current global pandemic. It further buttresses the point that Government (national and subnational) must make healthcare funding a critical aspect of governance.

Nigeria has failed to meet the Abuja Declaration in successive years and this further puts financial pressure on citizens who then have to meet their health needs from out-of-pocket expense. For a country with over 80 million of its citizens in poverty, the ability to afford basic health services therefore becomes an uphill task, the impact on the economy, health and well-being is far reaching. While COVID19 may have taken its tow on the economy, the further restrictions it placed on overseas travel is an indication that Nigerian Governments and institutions cannot continue to depend on other countries for their healthcare services.

The following are recommendations for immediate consideration in applying the lessons from COVID19 to improving Nigeria's health sector:

- Nigeria must make substantial improvement at investing in the Health sector – both at National and Subnational levels. In the immediate, the Federal Government must allocate at least 10% of its 2021 budget to Health and many State Governments that are currently below par must emulate the likes of Kaduna and Kano by allocating at least 15% of their 2021 Budgets to Health.
- The Federal and State Governments must immediately establish an open and transparent accountability mechanism for all funds and gifts donated towards COVID19 by Private Institutions, Faith-Based Organizations, and Citizens to build trust in government.
- Nigerian State Governments must as a matter of urgency set aside a Healthcare Emergency Fund sufficient enough to meet emergency services. States may leverage and explore Corporate Social Responsibility (CSR) vehicles of most corporate organizations to partner with them in delivering affordable healthcare services. Government may use their goodwill to appeal to the general public to support its effort at improving healthcare in their respective States.
- Each State Government should establish a Centre for Disease Control & Prevention under the management of their States' Ministry of Health, working in collaboration and leveraging the expertise of the Nigeria Centre for Disease Control (NCDC). This Agency should be saddled with the responsibility of disease identification, control and prevention.
- The Federal Government should consider the need to ensure special health interventions that are situated under the Ministry of Health for ease of management and integration into existing capital projects/programmes. This will afford the Ministry of Health who is the primary custodian of the Country's Health strategy fix such interventions into its appropriate scope for tracking and reporting.