

WHAT IS 1% OF THE CONSOLIDATED REVENUE FUND?

The National Assembly in its wisdom, establishes Agencies of government it deems necessary to help implement projects and advance the achievement of government's development plans. In establishing these agencies, it sees the importance of financing as a key requirement to enable these agencies function optimally and there provides in the legal framework a financial sustainability plan which often are made statutory and as first line charges to the Consolidated Revenue Fund (CRF) – an account that is owned and managed by the Federal Government, where all its revenues are paid – showing their importance and the commitment of government.

One of such Agencies is the Universal Basic Education Commission that was established in 2004 with the Compulsory, Free Universal Basic Education Act, 2004. In this Act, 2% is mandated to be deducted from the CRF for the funding of Basic Education. This provision has been honoured since 2005 and the funds charged at first line basis to the CRF.

In 2014, the National Assembly signed into law the National Health Act. One of the provisions of the Act is: *The Basic Health Care Provision Fund (BHCF) shall be financed from the Federal Government Annual Grant of not less than one per cent of its Consolidated Revenue Fund.* While this provision was honoured starting 2018, it is however disputable that the right amount is being provisioned in the budget for the financing of the BHCF, hence the question: what is 1% of the CRF?

There has been different school of thoughts on what exactly makes up the CRF. The first argues that it is the entire annual budget (total expenditure) of the Federal Government; The second says the CRF is instead the annual revenue. The third and the last maintains that CRF is annual budget excluding the Debt Service component. Below are Federal Government's annual budget and revenue for 2018, 2019, and 2020.

CRF	2018 (NBn)	2019 (NBn)	2020 (NBn)
Annual Budget	9,120.33	8,916.96	10,594.36
Annual Revenue	7,165.87	7,594.02	8,419.16
Annual Budget (Excluding Debt Service)	6,916.50	6,662.95	7,868.86

Table 1: Federal Government Annual Budget, Annual Revenue and Annual Budget excluding Debt Service

In 2018 when the provision for BHCF in the National Health Act (2014) was first honoured and budgeted for, the sum of N55.15 billion from a total budget of N9,120,334,988,225. In 2019, N51.22 billion was allocated to BHCF from a total budget of N8,916,964,099,373. Finally, in 2020, the sum of N44.50 billion was allocated to BHCF from N10,594,362,364,830.

Evaluating the provision in the National Health Act (2014) of “at least 1% of its CRF”, the table below shows the respective calculation considering the three school of thoughts on what the CRF is.

1% CRF	2018 (NBn)	2019 (NBn)	2020 (NBn)
Annual Budget	91.20	89.17	105.94
Annual Revenue	71.66	75.94	84.19
Annual Budget (Excluding Debt Service)	69.17	66.63	78.69
BHCF Allocation (1% of CRF)	55.15	51.22	44.50

Table 2: 1% of Consolidated Revenue Fund using the Federal Government Annual Budget, the Annual Revenue and the Annual Budget excluding Debt Service

Clearly, BHCF allocations since 2018 all fall below each of the three school of thoughts proposition. This all make it assume a new dimension and leaves the question hanging all the more – What really is 1% of CRF?

Stretching this a little further and considering the Compulsory, Free Universal Basic Education Act, 2004 also have similar provision, albeit 2%, it might be easier to calculate 50% of UBE allocation as this would amount to 1% of CRF. The table below shows 50% of UBE.

Allocation to UBE & BHCF	2018 (NBn)	2019 (NBn)	2020 (NBn)
UBE (2% of CRF)	109.06	112.47	111.79
50% of UBE (BHCF calculated)	54.53	56.24	55.90
BHCF (1% of CRF)	55.15	51.22	44.50

Table 3: Allocation to UBE and BHCF as 2% of CRF, 50% of UBE, and 1% of CRF

Nevertheless, the calculation did not match what has been allocated to BHCF since 2018. Having considered all these different perspectives, and still not able to provide an exact opinion of how BHCF or UBEC is calculated from the CRF, it is therefore necessary for the Ministry of Finance, Budget and National Planning to provide clarification and shed light on any context to help the public understand what constitute the Consolidated Revenue Fund and how the likes of UBE, BHCF are calculated

References

1. Compulsory, Free Universal Basic Education Act, 2004
2. National Health Act, 2014
3. Public Presentation of the 2018 FGN Budget, Ministry of Budget & National Planning
4. Citizens Guide to 2019 FGN Approved Budget, Ministry of Budget & National Planning
5. Highlights/Breakdown of the 2020 Approved Budget, Ministry of Finance, Budget & National Planning