

A REVIEW OF THE APPROVED 2021 FEDERAL GOVERNMENT HEALTH BUDGET

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Background

A 2021 approved N13.58 trillion budget was signed into law on the 31st of December 2020 by President Muhammed Buhari. This is ten days after it was passed into law by the National Assembly on the 21st of December 2020. The approved budget was based on the daily oil production estimate of 1.86 million barrels, \$40 per barrel benchmark and exchange rate of N379 per US Dollar ¹. The GDP growth is projected at 3.0 percent at the end of the fiscal year. As of the time the budget was passed into law, the inflation rate stood at 14.89%, it was hoped that this will close at 11.95 percent at the end of the fiscal year.

Overview of the Federal Government Approved 2021 Budget Size

According to the world bank, oil alone accounts for 40% of Nigeria GDP, 70% of budget revenues, and 95% of foreign exchange earnings. Nigeria's dependence on petroleum is much greater than that of many other major producing countries². However, the current global health emergency has taken a serious toll on Nigeria revenue. With many businesses still struggling to stand, the sum of N13.588trn is approved for the 2021 fiscal year. This is N2.77trn more than revised 2020 budget and also represents a 25.7% increase. The capital budget was increased from N2.488trn in the revised 2020 budget to 4.125trn, (65.7% increase). While the statutory transfer and recurrent (Non-debt) expenditure are also increased by 16% and 14% respectively, the amount expected to service debt was also increased by 12.6% compared to the revised 2020 budget.

It must note from the proposed budget that statutory transfer constitutes about 3.6% of its total approved budget size. While 30.4% of the fund will be used for the capital budget, 24.4% of the fund will be used to service debt and the remaining 41.5% will be used to pay salaries, wages, and office running costs.

Table 1: Analysis of the Approved 2021 FG Budget – in Billions of Naira

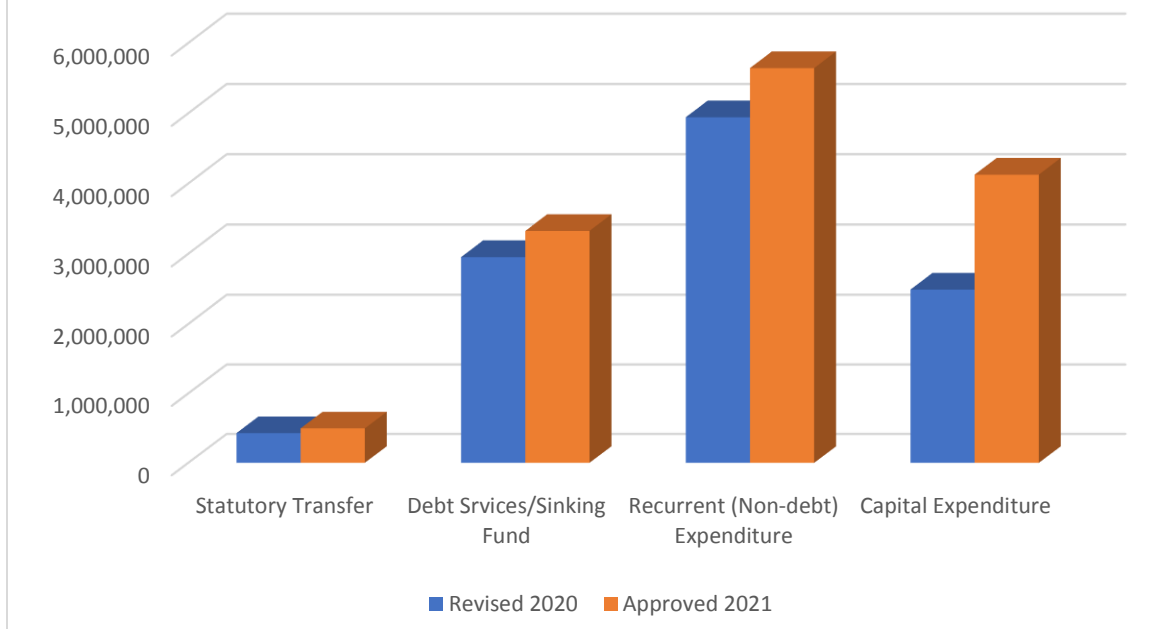
Budget Components	Revised 2020 Budget	Proposed 2021 Budget	Approved 2021 Budget	% Change (Revised 2020 & Approved 2021 Budgets)	% Change (Proposed 2021 & Approved 2021 Budgets)
Statutory transfer	428,032	484,488	496,528	16%	2%
Debt services/Sinking fund	2,951,710	3,344,380	3,324,380	12.6%	0.6%
Recurrent (Non-Debt) expenditure	4,942,269	5,649,872	5,641,970	14%	-0.1%
Capital expenditure	2,488,789	3,603,680	4,125,149	65.7%	14%
Total	10,810,800	13,082,420	13,588,027	25.7%	3.8%

Source: Budget Office of the Federation

¹ <https://www.cbn.gov.ng/>

² World bank, Taxation and State Participation in Nigeria's Oil and Gas Sector, <https://openknowledge.worldbank.org/handle/10986/18078>

Fig 1: Revised 2020 to Approved 2021 FG Budget Component



Federal Government Approved 2021 Health Budget

Given the increase in the FG budget size, the health budget also shows an increase compared to the revised 2020 budget. out of the N13.58 trillion budget for 2021, about N600 billion was budget for the health sector. This fund comprised of the allocation for the Federal Ministry of Health - HQTRS (and its agencies) and the Service-Wide Vote (SWV). While the FMOH budget was increased by 32.6%, the allocation for the SWV for health (excluding Health Zonal Intervention Projects)³ is reduced by 68%. Thus, the FMOH recurrent health budget was increased by 12.9% compared to the revised 2020 budget, the Basic Health Care Provisions Fund (BHCPF), and the capital health budget was also increased by 32% and 162% respectively.

It is also important to note that there are not significant changes between proposed and approved 2021 budget., the FMOH recurrent, the BHCPF remain as they were proposed by the FG in October 2020, the FMOH capital budget was increased N2.8 billion, this is 2% increase.

Therefore, the overall FG 2021 approved health budget is 4.4% to budget size despite the increase in the allocation. This is 10.6% below the 15% recommended by the 2001 Abuja declaration.

³ Notes that as of the time of preparing this report, the details of the N100 billion Zonal Intervention Project is yet available. See <https://budgetoffice.gov.ng/index.php/resources/internal-resources/budget-documents/2021-budget/>, Access 5th January 2021, Time 12:58 pm

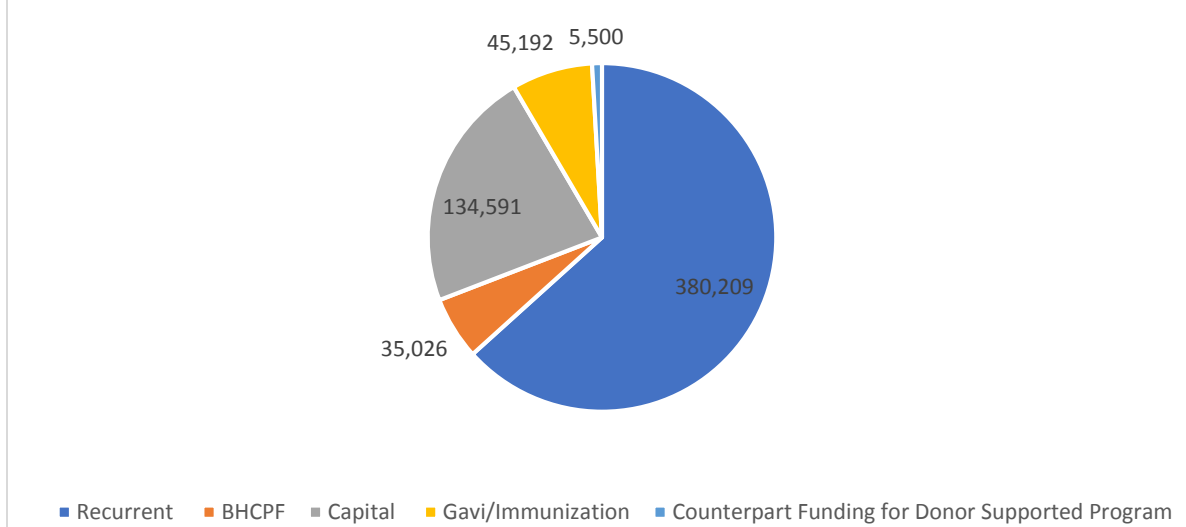
Table: FG 2021 Approved Health Budget – in Billions of Naira

Health Budget Component	Revised 2020 Budget	Proposed 2021 Budget	Approved 2021 Budget	% Change (Revised 2020 & Approved 2021 Budgets)	% Change (Proposed 2021 & Approved 2021 Budgets)
Recurrent	336,597	380,209	380,209	12.9%	0%
BHCPF	26,458	35,026	35,026	32%	0%
Capital	51,403	131,742	134,591	162%	2%
Total Health Budget	414,458	546,977	549,826	32.6%	0.5%
GAVI/Immunization	26,834	45,192	45,192	68%	0%
Counterpart Funding For Donor Supported Program Including Global Fund	5,500	5,500	5,500	0%	0%
Health Zonal Intervention Projects	2,438	N.A	N. A	-	-
Covid-19 Health Intervention Fund	126,000	Nil	Nil	-	-
Total Service Wide Vote for Health	160,772	50,692	50,692	-68%	0%
Overall Health Allocation	575,330	597,669	600,518	4%	0.4%
Overall Budget size	10,810,801	13,082,421	13,588,027	25.7%	3.8%
% of Overall Health Allocation	5.32%	4.57%	4.4%		

Source: Budget Office of the Federation

It could be seen from the above that the health budget comprises of various components not only the allocation from the FMOH (and its agencies). These include the Gavi/immunization and the counterpart funding for health program and are mainly from the Service Wide Vote (SWV) under the Federal Ministry of Finance, Budget and National Planning budget estimate. In essence, they are not under the direct supervision of the FMOH and its agencies (See also fig 2 below).

Fig 2: Approved 2021 Health Budget Components

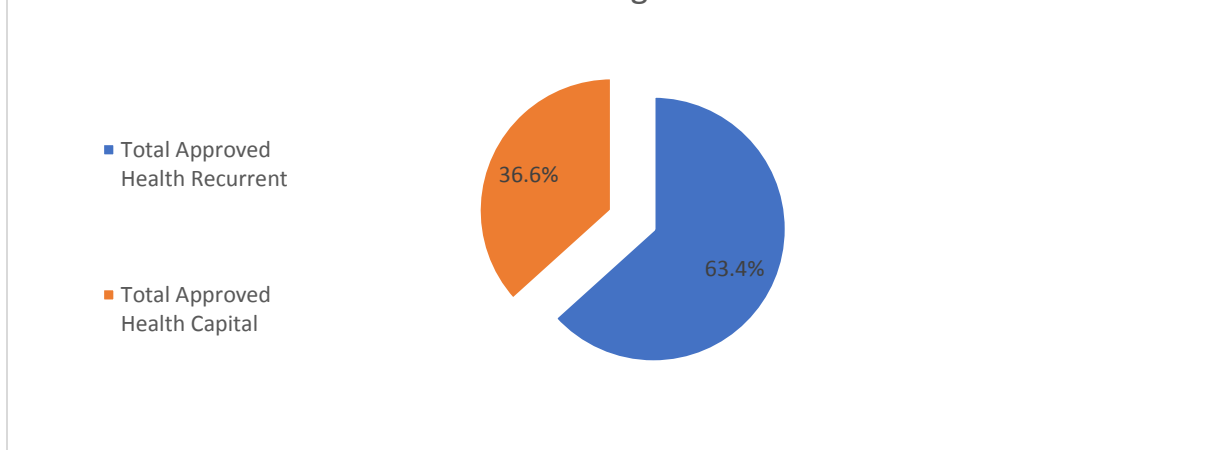


Note: Allocation to Health and Education Excludes Service Wide Vote and BHC PF for Health.

Overall Approved 2021 Health Capital Budget

Other funding commitments considered as health capital expenditure by the Federal Ministry of Finance Budget and National Planning (FMoFBNP) but not directly captured as such in the FMoH (and its agencies) budget is the N35 Billion for the Basic Health Care Provision Fund (BHC PF), the N45 billion Gavi/immunization and the N5.5 billion counterpart funding for Health program⁴. When these figures are added to the N134 billion directly captured as health capital expenditure above, it means that about N220 billion is for the health capital budget. This does represent about 36.6% of the total health budget with recurrent constituting about 63.4% of the overall health budget for the 2021 fiscal year.

Fig 3: % of the Approved 2021 Recurrent to Capital Health Budget in Billion



Note: Health capital above Includes Service wide vote, BHC PF

⁴ Public Presentation Of 2021 Fgn Approved Budget–Breakdown & Highlights

FMoH Capital (and its agencies) and Other Key Sectors

The table shows that the approved health capital budget is one of the lowest among the top 8 capital budget in 2021 approved budget among the key sectors, it could be observed that it received a significant response with the highest 162% increase compared to the revised 2020 budget.

Table 4: FMoH Capital (and its agencies) and Other Key Sectors– in Billions of Naira

Sector	Revised 2020 Budget	Approved 2021 Budget	% Changes
Defence	115,873	127,850	10%
Health	51,402	134,591	162%
Transport	109,348	209,736	92%
Education	75,173	156,172	107%
Agriculture	102,493	211,077	105%
Work and Housing	265,868	399,694	50%
Power	128,005	206,745	62%
Water	80,701	159,745	98%

Note: Allocation to Health and Education Excludes Service Wide Vote and Statutory transfer.

COVID 19 AND NON-COVID-19 ESSENTIAL HEALTH SERVICES

Federal Government Approved 2021 Covid-19 and Non-Covid19 Health Budget Lines

With about 20,616 active cases and 1,449 deaths⁵, about N1,023 million was budgeted for different covid-19 interventions under FMOH (and its agencies) 2021 approved budget. The amount which is mainly from the health capital budget constitutes only about 0.17% of the total health budget and 0.76% of the health capital budget. Also, the non-covid-19 essential health services constitute about 99.83% of the total health budget and 99.24% of the total capital health budget.

Table 3: Covid19 and Non-Covid-19 Approved 2021 Health Budget – in Billions of naira

Description	Approved Health Recurrent	Approved Health Capital	BHCPF	Service Wide Vote	Total Approved 2021 Health Budget
Covid-19 Health Budget Lines	N. A	1,023	Nil	Nil	1,023
Non-Covid-19 Health Budget Lines	380,209	133,568	35,026	50,692	599,495
Total Proposed 2021 Health Budget Lines	380,209	134,591	35,026	50,692	600,518

Source: Approved 2021 Appropriation Act

Unlike under the revised 2020 budget where a dedicated fund was allocated for the covid-19 intervention response under the SWV, there was not such dedicated fund in the 2021 SWV approved budget. With the above impression that less than 1% is allocated for the covid-19 related health response, the current trend in the covid-19 cases (i.e increase number of cases and deaths)⁶ may likely force the government to move fund from the essential services to non-essential or covid-19 emergency response. This may likely affect funding commitment to other critical health related issues and diseases needing more attention like the corona virus pandemic.

⁵ <https://covid19.ncdc.gov.ng/>, retrieved, 19th January 2021, Time 4:38pm

⁶ <https://covid19.ncdc.gov.ng/>, retrieved, 19th January 2021, Time 4:38pm

PAS-ISSUE AREAS

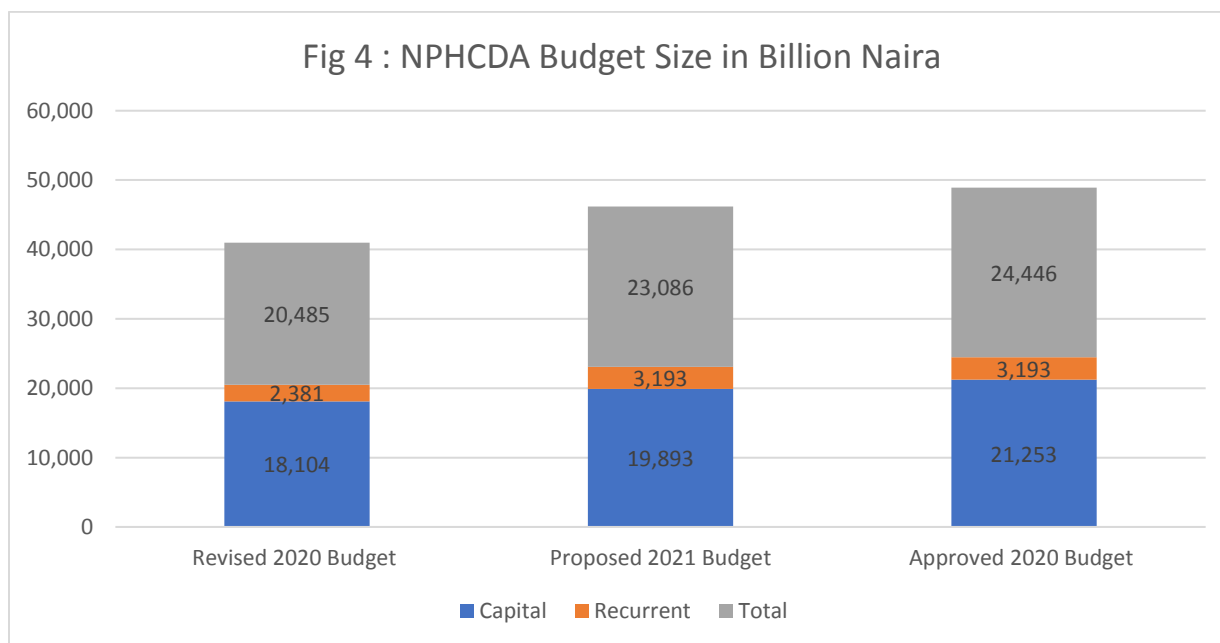
Primary Health Under One Roof (PHCUOR)

The approved 2021 National Primary Health Care Development Agency (NPHCDA) budget shows a capital budget being increased from N18 billion to N21 billion, an increase of 17%. The recurrent budget was also increased from N2.1 billion to N3.2 billion, an increase of 34%. Thus, the overall budget increase from N20.4bn in the revised 2020 to N24.4 billion in the approved 2021 budget. This represents an increase of 19%.

Table 3: NPHCDA Proposed 2021 Budget – in Billions of Naira

Budget components	Revised 2020 Budget	Proposed 2021 Budget	Approved 2020 Budget	% Change (Revised 2020 & Approved 2021 Budgets)	% Change (Proposed 2021 & Approved 2021 Budgets)
Capital	18,104	19,893	21,253	17%	7%
Recurrent	2,381	3,193	3,193	34%	0%
Total	20,485	23,086	24,446	19%	6%

Source: Budget Office of the Federation



Family Planning

With a particular reference to the Federal Ministry of Health Budget – HQTRS, the Family planning has two specific budget lines (see table 4 below) with about N809 million approved in the 2021 budget, although the approved allocation is less than the N1.2bn allocated for procurement and distribution of family planning commodities through counterpart funding to UNFPA in the revised 2020 budget. Recall that 300 million was budget for the FP in 2019 instead of N1.2 billion as part

of the government commitment for the procurement and distribution of family planning commodities. The N900 million shortfall was neither included in the approved nor the revised 2020 budget with the promised that the balance would be released through the Service-Wide Vote. However, neither the 2019 FP balance nor the N1.2bn FP budget allocation for the 2020 fiscal year has been released. Thus, the Family planning funding under the FMOH budget was reduced by 32% in the approved 2021 budget compared to the revised 2020 budget.

Also, there is also evidence of N60 million allocation under the Ministry of Youth & Sports Development, mainly for advocacy/sanitization on youth and sexual reproductive health-related issues in 2021

Table 4: Federal Ministry of Health – HQTRS Approved FP budget – in Millions of Naira

Code	Budget lines	Revised 2020 Budget	Proposed 2021 Budget	Approved 2021 Budget	% Change (Revised 2020 & Approved 2021 Budgets)	% Change (Proposed 2021 & Approved 2021 Budgets)
ERGP25112207	Procurement and Distribution of Family Planning Commodities Through Counterpart Funding To UNFP	1,200	Nil	Nil	-	-
ERGP25158195	Scale Up of Implementation of The National Family Planning Programme Through Capacity Building of Critical Human Resource for Health & System Strengthening	Nil	44	36	100%	-18%
ERGP25143462	Procurement of Kits and Commodities for Community Health Influencers, Promoters and Servicers (Chips) & Operationalisation.	Nil	954	772	100%	-19%
Total		1,200	999	809	-32%	-19%

Routine Immunization

On routine immunization, while the previous budget lines are retained, new lines were added namely while the Procurement of Outbreak (Emergency) Response Vaccine, Devices and Operational Cost; and Procurement of Travelers and Pilgrims Vaccines. Also, the Counterpart Funding Including Global Fund/Health/ Refund to GAVI as indicated under the service vote in the revised budget now termed Counterpart Funding for Donor Supported Program, Including Global Fund. In essence, it cannot be ascertained whether or not the new line covers immunization as noted in the revised budget.

Overall, the routine immunization allocation increases significantly from about N38bn to N57 billion in the Approved 2021 budget. This shows an increase of 49%. The Gavi/Immunization alone was raised from N26 billion to N45 billion. This is a huge commitment on the part of the government.

Table 5: RI Approved 2021 Budget - in Millions of Naira

Budget Lines	Revised 2020 Budget.	Proposed 2021 Budget	Approved 2020 Budget	% Change (Revised 2020 & Approved 2021 Budgets)	% Change (Proposed 2021 & Approved 2021 Budgets)
Procurement of Ri Vaccines, Devices and Operational Cost	533	2,819	2,678	302%	-5%
Polio Eradication Initiative (Pei)	4,800	2,321	2,204	-54%	-5%
Procurement of Nonpolio Sia Vaccine, Device and Operational Cost	615	672	639	4%	-5%
Procurement of Outbreak (Emergency) Response Vaccine, Devices And Operational Cost	Nil	677	643	100%	-5%
Procurement of Travelers and Pilgrims Vaccines	Nil	301	286	100%	-5%
Vaccine Distribution and Transport (National to States & Health Facilities)	319	414	393	23%	-5%
Vaccine Supply Chain Governance	76	85	81	6%	-5%
Immunisation Supply Chain Strengthening at NSCS And Zonal Cold Stores	81	131	106	31%	-19%
Development of The National Vaccine Policy (NYP) Document, Validation of The NYP DRAF; Printing and Dissemination of The Policy Across The 6 Geopolitical Zones of Country	21	40	29	36%	27%
Gavi / Immunisation	26,843	45,191	45,191	68%	0%
Counterpart Funding for Donor Supported Programs including Global Fund/Health/ Refund to GAVI.	5,500	5,500	5,500	0%	0%
	38,788	58,151	57,750	49%	0.6%

Source: Budget Office of the Federation

Childhood Killer Diseases (CKD)

Under this, there is no allocation for **IMNCH** Strategy - Articulation of Policy and Strategy 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) in the proposed budget. While the related budget lines were identified as seen in Table 6 below one new budget line emerges that is the “Optimised Bi-Annual Maternal, Newborn and Child Health Weeks In 774 LGAs” with the sum of N80 million approved budget. Also, the allocation for the Articulation of Policy and Strategic Plans to Improve Quality of Newborn and Child Health Care Services” was earlier raised from N6 million to N357 million in the proposed budget was removed with no funding commitment in 2021 approved budget. Thus, the CKD related budget lines as in the table below was increased by 35% in the approved 2021 budget.

Table 6: CKD Approved 2021 Budget – in Millions of Naira

Budget Lines	Revised 2020 budget	Proposed 2021 Budget	Approved 2021 Budget	% Change (Revised 2020 & Approved 2021 Budgets)	% Change (Proposed 2021 & Approved 2021 Budgets)
IMNCH Strategy - Articulation of Policy and Strategy 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	Nil	Nil	-	-
Articulation of Policy and Strategic Plans to Improve Quality of Newborn and Child Health Care Services	6	357	Nil	-	-
Optimised Bi Annual Maternal, Newborn and Child Health Weeks In 774 LGAs	Nil	99	80	100%	-19%
Strategic Programme on Accelerated Reduction of Maternal Mortality and Morbidity through the Provision of Timely, Safe, Appropriate and Effective Healthcare Services Before, During and After Child Birth	5	104	66	1,113%	-36%
Maternal and Child Healthcare (MCH)	51	191	70	37%	-63%
National/Zones/States/LGA Emergency Maternal and Child Intervention Centre (NEMCHIC) Operationalisation in All 36+1 States.	98	394	319	225%	-19%
Total	395	1,145	535	35%	-53%

Source: Budget Office of the Federation

Key Findings

- The total Budget size was increased from 10.810trn to 13.58trn, a 25.7% increase.
- The total FMoH budget was increased from N414bn in the revised budget to N549bn in the approved budget. This also shows an increase of 32.6%
- The percentage of the overall health to budget size is reduced from 5.32% in the revised 2020 budget to 4.4% in the approved 2021 budget despite an increase in both the health budget and the budget size. This is 10.6% shortfall compared to the 15% recommended in the National Health Act, 2014 in line with the 2001 Abuja Declaration.
- The Basic Health Care Provision Fund (BHCPF) was increased from N26bn to N35bn, an increase of 32%.
- The health recurrent gulped to N380bn (12.9%) from N336bn in the 2020 revised budget
- The FMoH (and its agencies) directly dedicated capital budget was increased to N134bn. This is 83bn (162%) more than the N51bn in the 2020 revised budget. Thus, the overall health capital budget including the N35 billions for BHCPF, N45 billions for Gavi/immunization and N5.5 billion for Counterpart Funding for Donor Supported Program shows a N220 billion allocation for health capital budget. This is 36.6% of the overall approved 2021 health budget. Hence, the recurrent health budget constitutes 63.4% of the total health budget in the 2021 approved budget.
- While the NPHCDA budget was increased by 19%, the FP related new budget lines were allocated N809 million. Note that the 2021 health budget has no allocation for the

procurement and distribution of family planning commodities through counterpart funding in the 2021 budget.

- The RI budget was increased to N57bn from the N38bn budget in the previous project. This constitutes about 49% increase.
- No fund was approved for the IMNCH Strategy - Articulation of Policy and Strategy 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). About N535 million is approved for the maternal, newborn and childhood related programs issues in the approved 2021 budget.
- It was observed that some health budget lines relating to the Family planning, maternal and newborn, routine immunization earlier increased in the proposed 2021 budget were either removed outrightly with no funding or reduced in the approved budget.
- The Covid-19, essential and non-essential health services are not properly defined in the budget. How much the recurrent health expenditure the government will be spending on covid-19 in 2021 cannot be ascertained. This shows a continuous practice of unclear definition of budget lines along the aforementioned headings.
- The health capital budget received the highest response among the other 8 key sectors namely Education, Defence, Agriculture, transport, Power, Water, Works and Housing, with a 162% increase in funding commitment compared to the revised 2020 allocation for the same component.

Recommendations

- There is a need for strong engagement with various state actors on the need to improve on the health sector funding.
- Prompt and timely releases of funds to health sectors.
- There is a need for the government to ensure that budget components (recurrent and capital) are clearly defined along covid-19, essential and non-essential services for clarity.
- Government should ensure that the detailed information about the N100 billion zonal intervention fund is uploaded on the website of the Federal Ministry of Finance, Budget and National Planning for easy access.

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