

ADVOCACY MEMORANDUM ON THE 2023 FEDERAL HEALTH BUDGET PROPOSALS

1. INTRODUCTION

The total sum allocated to the Ministry of Health out of the overall expenditure of N20,507,942,180,704 is N1,097,703,830,504 inclusive of the N47,649,312,042 provided for the Basic Health Care Provision Fund (BHCPF). This is 5.35% of the proposed budget expenditure. This is just about one-third of the 15% Abuja Declaration commitment.

However, there are other provisions related to health in the budget vis, provisions for the National Health Insurance Scheme fund of MDAs (N105,797,840,669), NHIS for Military Retirees (N4,481,145,223), NHIS for Corps Members (N5,000,000,000) and GAVI/Immunisation Counterpart Funding (N69,570,142,633). These add up to an extra N184,849,128,525. This increases the health vote to N1,282,552,959,029 being 6.25% of the proposed overall expenditure. This is just 41.5% of the Abuja Declaration. 15% of the overall budget vote would have amounted to N3,076,500,000,000. The extant health vote leaves a funding gap of N1,978,796,169,496.

2. ISSUES FROM THE HEALTH BUDGET PROPOSAL

2.1 Independent Revenue: It is imperative to start with the revenue potential and capacity to contribute to the public expenditure of health MDAs. The major poser is the basis of the projections in the health budget. Is it based on the empirical evidence of previous retained revenue or the proposals of the agencies or the calculation of the Mother Ministry or Budget Office of the Federation/Ministry of Finance? For instance, University College Ibadan has a projection in excess of N4billion while the Lagos University Teaching Hospital has a projection of a paltry N48million and Ahmadu Bello University Teaching hospital only N8.1million. The gap is very wide and unaccounted for. Many health agencies that should contribute to the revenue have zero contributions. There should be a transparent, accountable empirical standard, on the basis of which these Teaching Hospitals operate. As such, the variance between their respective retained revenue should be within respectable margins. Beyond Teaching Hospitals, this empirical approach should be applicable to the retained revenue of other agencies under the Ministry.

2.2 Centralisation of Capital Votes at the Headquarters: Out of the Ministry's total capital vote of N404,075,205,746, the sum of N319,667,639,056 is reserved and programmed for the Ministry's headquarters. This is 79.11% of the entire capital vote. However, the headquarters share of the entire health vote is 29.76%. This is over-centralisation of resources at the headquarters.

2.3 Bulk Capital Votes without Details: There are allocations of huge sums of money without details totaling N310,252,155,300. This opacity is usually the foundation of the absence of value for money, creating opportunities for mismanagement of funds. These include ERGP25195089 on MULTILATERAL/BILATERAL TIED LOANS-NIGERIA COVID-19 PREPAREDNESS AND RESPONSE PROJECT (COPREP)-WORLD BANK in the sum of N43,557,000,000; MULTILATERAL/BILATERAL TIED LOANS-ACCELERATING NUTRITION RESULTS IN NIGERIA(ANRN)-WORLD BANK in the sum of N24,500,812,500; ERGP25195091 MULTILATERAL/BILATERAL TIED LOANS-IMMUNIZATION PLUS & MALARIA PROGRESS BY ACCELERATING COVERAGE AND TRANSFORMING SERVICES (IMPACT)-WORLD BANK in the sum of N67,966,342,800; and ERGP25195092 on MULTILATERAL/BILATERAL TIED LOANS-NIGERIA COVID-19 PREPAREDNESS AND RESPONSE PROJECT -ADDITIONAL FINANCING (COPREP -AF)-WORLD BANK in the sum of N174,228,000,000. There is also the provision for special interventions in SDG's 1 and 2 under Service Wide Votes in the sum of N55billion and N10billion respectively. These interventions would definitely include SDGs on health. However, there are no details and disaggregation beyond the lump sum provisions.

2.4 Personnel and Overheads Mix: For recurrent expenditure, the proposal is 97.4% for personnel and 2.6% for overheads. However, there is a challenge with this scenario. This recurrent mix of personnel and overheads cannot facilitate functional health institutions that focus on effective service delivery when the overhead costs are simply not provided for. Institutions must be run properly to facilitate service delivery.

2.5 Primary Health Care: Although there are a number of construction of PHC facilities that seem to be constituency projects of legislators, the allocation to the NPHCDA seems paltry considering that PHC is the first level of contact for citizens and the community with the national (and state) healthcare system. It focuses on the primary health problems in the community, providing preventive, curative, rehabilitative and promotional health services. It engages the broad determinants of health through a multi-sector/stakeholder approach anchored on the understanding of the complex interplay of factors that lead to improved health.

2.6 Basic Health Care Provision Fund (BHCPF): There are concerns around the 1% Consolidated Revenue Fund (CRF) for BHCPF in the 2023 FGN budget proposal. The N47,649,312,042 provided for the BHCPF was included in the vote of the Ministry of Health as well as in statutory transfers. This amounts to double counting. The National Health Act anticipates that the BHCPF should be a statutory transfer. If it is retained under the Ministry of Health, this poses a challenge because section 28 of the Fiscal Responsibility Act (FRA) stipulates as follows regarding the duties of the Finance Minister on budgetary matters:

“Where, by the end of three months, after the enactment of the appropriation Act, the minister determines that the targeted revenues may be insufficient to fund the heads of the expenditure in the Appropriation Act, the minister shall, within the next 30 days of such determination, take appropriate measures to restrict further commitments and financial operations according to the criteria set in the Fiscal Risk Appendix- such provisions shall not apply to statutory or constitutional expenditure.”

The above implies that if there is a paucity of resources for budget implementation, the vote provided for BHCPF would be subject to budget cuts alongside other budget lines that are not statutory transfers. This is very likely to happen considering the huge deficit financing of the 2023 budget.

The second challenge associated with the allocation is that S.11 of the National Health Act did not provide that the BHCPF must get only 1% of the CRF. It merely states that it must not be less than 1%. Thus, 1% is the minimum threshold and not the maximum. Since inception, the BHCPF had not got more than 1% allocation. This should not be the case. Beefing up the vote to the BHCPF is imperative because of its knock-on effect on access to primary health care.

2.7 Vulnerable Group Fund of the National Health Insurance Authority Act: The VGF established by S.25 of the National Health Insurance Authority Act (NHIAA) has many sources of funding. The first is the resources accruing from the BHCPF which apparently has been activated before the enactment of the Act. The second source of funding is the health insurance levy which has not been fixed or imposed. It is not clear, in view of the prevalent negative macroeconomic indicators, which sets of individuals, companies, or organisations that can afford to pay any extra levies. The third is the special intervention fund to be allocated by Government and appropriated to the Fund. Surprisingly, there was no vote for the expenditure head in the 2023 budget proposal.

2.8 Nutrition: The National Strategic Plan of Action for Nutrition (2021 - 2025) Intervention projects a Moderate and Ambitious Scenario. The Moderate in 2023 is to cost N39.5billion while the Ambitious will cost N57.5billion. The bulk of the resources provided for nutrition is Multilateral/Bilateral Tied Loans-Accelerating Nutrition Results in Nigeria (ANRN)-World Bank in the sum of N24,500,812,500. Also, there is Maternal, Infant and Young Child Feeding Interventions in Nigeria including Micronutrient Deficiency Control and Nutrition Information Surveillance System including Counterpart Funding in the sum of N64,466,952 and ERGP25167987 Procurement of Ready to use therapeutic food (RUTF) for treatment of Severe Acute Malnutrition (SAM) in Children Under 5-Years in Humanitarian Health Intervention and Locally Develop Alternative in the sum of 20,232,600. However, funding nutrition and its related projects with borrowed money is not sustainable in the short, medium to long term. And the funding neither meets the Moderate or Ambitious Scenario targets.

2.9 Family Planning: According to the Nigeria Family Planning 2030 Commitment: *“By the end of 2030, Nigeria envisions a country where everyone including adolescents, young people, populations affected by crisis and other vulnerable populations are able to make informed choices, have equitable and affordable access to quality family planning and participate as equals in society’s development”*

Nigeria promised to improve financing for FP by leveraging both existing and additional innovative domestic mechanisms but there is virtually no provision for FP in the health proposal. However, Nigeria had committed as follows and costed family planning for the year 2023 in the sum of N24,881,451,900.

2.10 Vesicovaginal Fistula (VVF) Scourge: About 800,000 Nigerian women and girls are reported to be suffering from the VVF scourge. Treating each patient at a cost of N123,000 for surgery, remediation and rehabilitation will cost a total of N98,507,728,608. The expectation is that these numbers will be reduced in a phased manner over a period of time. A period of four years would have been ideal to phase the implementation of this initiative. A total vote of N9.268billion in the 2023 proposal will be insufficient to address the VVF crisis.

2.11 Funding of Maternal, New Born and Child Health (MNCH): MNCH constitutes a core content of the right to health as well as the minimum core obligation of the state. It is very strategic for the realization of the rights of women, girls and the rights of the child. Essentially, it is a part of the right to health that is very inseparable from the right to life, from the context of dealing with life-bearing and life-saving issues. Considering Nigeria's poor MNCH indicators, it is evident that the proposed vote of N19.371billion (we calculated all MNCH related expenditure in the Ministry) will not be sufficient to deal with existing and emerging challenges.

2.12 Sin and Other Health-Related Taxes/Levies: In accordance with the recommendations of the Nigeria Health Care Financing Policy and Strategy:¹ *“Government shall earmark a percentage of the taxes on tobacco, alcohol, harmful environmental pollutants, and unhealthy foods as Sin Taxes to generate revenue for health as follows: 5% on Alcohol Tax; 20% on Tobacco Tax; 3 kobo/second on all phone calls; 0.5% of Companies Income Tax (CIT) and; 0.5% on all aviation air tickets”*. Furthermore, the justification for the imposition of Sugar and other Sin Taxes is related to promoting good and healthy lifestyles and reducing obesity and other non-communicable diseases such as type two diabetes, cardiovascular diseases, dental caries, liver disease, etc. however, these taxes are not dedicated to the Health Sector.

2.13 Frivolous, Inappropriate and Wasteful Expenditure: There are expenditure heads considered frivolous, inappropriate and wasteful totaling N1,666,190,653. They should be reviewed, saved and reprogrammed.

¹ At page 32.

LINE ITEM	INAPPROPRIATE, UNCLEAR AND WASTEFUL EXPENDITURE (N)	OUR RECOMMENDATION POSITION/	SAVINGS (N)
PURCHASE OF 2 NOS OF TOYOTA COASTER BUS FOR MONITORING AND EVALUATION OF MINISTRY'S PROJECTS, AND OTHERS UTILITY PURPOSES (ii) 2 TOYOTA HILUX PICKUP (POOL VEHICLES) (iii) TWO PRADO JEEPS FOR 2022 MODEL FOR TWO (2) HON. MINISTERS FOR HEALTH	100,000,000	This is inappropriate and wasteful because new cars cannot be a priority in these lean times. New PRADO JEEPS is misplacement of priority. It is not permitted in procurement law to put the name of a brand in the budget. It should have been about the functional specification of the vehicle.	100,000,000
ONE-STOP (OCTONNIEL) SPECIAL PUBLICATION ON THE ACHIEVEMENT OF THE FEDERAL MINISTRY OF HEALTH AND ALL ITS AGENCIES	110,000,000	A one-stop special publication should not cost this much. Save this vote and publish on an electronic portal. There is already a vote for the publication of the annual state of health in accordance with the National Health Act- ERGP25156739	110,000,000
ARTICULATION OF POLICIES AND STRATEGIC PLANS FOR RETENTION OF MEDICAL AND HEALTH WORKERS TO STEM BRAIN DRAIN IN NIGERIA	159,669,287	Do you really need this sum to articulate policies and plans? Do you really need a special policy and plan to address brain drain of medical and health workers? Save and re-programme this sum	159,669,287
PHC ICT INCLUDING DEVELOPMENT OF E-LEARNING SYSTEMS FOR SUSTAINABLE PHC	186,307,072	This line item lacks specificity and clarity. The line item is vague. Save and re-programme this sum.	186,307,072
PROCUREMENT OF POOL VEHICLES	616,305,000	This is inappropriate and wasteful because new cars cannot be a priority in these lean times. Save and re-programme this sum.	616,305,000
CAPACITY DEVELOPMENT	60,000,000	This line item lacks specificity and clarity. The line item is vague. Capacity development for who? Save and re-programme this sum.	60,000,000
PURCHASE OF A UTILITY VEHICLE	42,646,780	This cannot be part of the priority for now.	32,646,780.00

COORDINATION OF THE IMPLEMENTATION OF THE NATIONAL HEALTH ACT (NHAAct) 2014	49,294,980	Specific votes have been provided for different and specific aspects of coordination and implementation of the NHA. This one is hanging and goes to no issue. Save this vote.	49,294,980
STRENGTHENING AND PROMOTION OF HEALTH SDGS (SDG 3) ACTIVITIES IN NIGERIA; CAPACITY BUILDING FOR INTERNATIONAL COOPERATION ON DEVELOPMENT OF MOUs AND AGREEMENTS, INTERNATIONAL HEALTH DIPLOMACY	7,532,387	This is a very vague and frivolous provision without any tangible deliverable. Save this vote	7,532,387
HEALTH SYSTEM STRENGTHENING: FROM FRAGILITY TO RESILIENCE; REBUILDING THE NATIONAL HEALTH SYSTEM POST-COVID-19 PANDEMIC	24,044,728	This lacks any clear activities or programmes; lacking in specificity and goes to no deliverables. Save this vote.	24,044,728
INSTITUTIONALIZATION OF SUSTAINABLE FINANCING MECHANISMS FOR HEALTH SYSTEM RESILIENCE AND RESOURCE MOBILIZATION POST COVID-19	23,894,757	This is a jargon without meaning and goes to no issue. Reconcile this vote with the one immediately above - ERGP25193792. Save this vote.	23,894,757
MINISTERIAL MONITORING OF KEY HEALTH PROJECTS/PROGRAMMES IN LINE WITH NSHDP II	250,000,000	So many specific monitoring votes have been provided and this is a general omnibus monitoring vote. Save this vote	250,000,000
STAFF AUDITING TO ASCERTAIN THE ACTUAL STAFF STRENGTH ON GOVERNMENT PAYROLL IN THE MINISTRY HQTRS, LIAISON OFFICES IN THE STATE AS WELL AS THE BORDERS BOUNDARIES AND PORT-HEALTH CENTER IN THE 36 STATES OF THE COUNTRY	46,495,662	What is the role and function of IPPIS and associated human resources and personnel reforms? This is a duplication, save this vote	46,495,662
Total			1,666,190,653

3. RECOMMENDATIONS

On the basis of the foregoing, this Advocacy Memo makes the following recommendations:

3.1 Increase Allocation to Health: The vote to the Ministry of Health should be increased to at least 10% of the overall vote in the sum of N2,050,794,218,070.4. If meeting the 15% benchmark is difficult because of lean resources, the budget should at least target two-thirds of the benchmark. The N1,666,190,653 frivolous, inappropriate and wasteful expenditure identified in the Ministry should be reallocated to beef up the resources in underfunded areas identified below.

3.2 Independent Revenue: It is imperative for the legislature in collaboration with the executive to design a transparent, accountable and empirical standard, on the basis of which all agencies including Teaching Hospitals under the Ministry of Health would account for their independent revenue and ensure that it is part of the budget figures.

3.3 Decentralize Capital Votes to the Implementing Agencies: The Ministry's headquarters should not retain 79.11% of the entire capital vote. It should be disaggregated and only those for operations at the headquarters retained there and others sent to the responsible agencies.

3.4 Provide Details of Bulk Capital Votes without Details: The details of all bulk votes without details totaling N310,252,155,300 and the service-wide votes for health should be provided to the National Assembly and made public to the Nigerian people.

3.5 Increased Allocation to Overheads: Provide not less than 10% of recurrent expenditure for overhead costs. The recurrent mix of personnel (97.4%) and overheads (2.6%) cannot facilitate functional health institutions that deliver effective services.

3.5 Increased Funding for Primary Health Care: Considering the foundational nature of primary health care, the vote to the National Primary Health Care Development Agency and other programmes related to PHC should be increased to not less than 15% of the overall health vote.

3.6 Basic Health Care Provision Fund (BHCPF): The vote to the BHCPF should be further increased beyond the 1% the Consolidated Revenue Fund which is the statutory minimum. Nigeria's poor health indicators demand not less than 2% due to the emergency at hand. Furthermore, the BHCPF should be provided in statutory transfers as a first line charge.

3.7 Vulnerable Group Fund of the National Health Insurance Authority Act (NHIAA): The budget should, in accordance with S.25 of the NHIAA, provide a minimum of N100billion for the special intervention fund to kickstart the Vulnerable Group Fund.

3.8 Increase Provision for Nutrition: Provide for nutrition in accordance with the National Strategic Plan of Action for Nutrition (2021 - 2025) to meet the Moderate and Ambitious Scenarios of 2023 either in the sum of N39.5billion or N57.5billion.

3.9 Increase Provision for Family Planning: According to the Nigeria Family Planning 2030 Commitment, make provision for the sum of N24,881,451,900 to meet the policy standard.

3.10 Provision for the Vesicovaginal Fistula (VVF) Scourge: Provide a total vote of not less than N24,626,932,152 for treatment, surgery, remediation and rehabilitation of VVF patients to reduce the VVF crisis.

3.11 More Funding for Maternal, New Born and Child Health (MNCH): Nigeria's poor MNCH indicators demand increased funding to meet SDG targets and goals. A provision of not less than 10% of the health vote should be channeled to MNCH.

3.12 Programme Sin and Other Health-Related Taxes/Levies to the Health Sector: All sin taxes and levies should be channeled to the increased funding of the health sector.



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