

# IS HEALTH TRULY UNDER-FUNDED?

Yes: Current levels of public health spending are vastly inadequate to achieve Universal Health Coverage (UHC)

## COMMITMENTS MADE BY THE FEDERAL GOVERNMENT



### THE ABUJA DECLARATION

The Government of Nigeria has committed to allocate at least 15% of total government budget to the health<sup>1</sup>



### NIGERIA'S HUMAN CAPITAL DEVELOPMENT (HCD) VISION

All Nigerians to be 'Healthy, Educated and Productive for a globally competitive Nigeria by 2030'<sup>2</sup>



### BASIC HEALTH CARE PROVISION FUND

Commitment by the Federal Government to earmark 1% of the Consolidated Revenue Fund (CRF) to provide basic minimum package of health services to all Nigerians<sup>3</sup>



### HOUSE OF REPRESENTATIVES LEGISLATIVE AGENDA

Commitment by the House of Representatives to "to progressively increase allocation to health"<sup>4</sup>

## GOVERNMENT SPENDING ON HEALTH IS ONLY \$12 PER CAPITA

**\$12**  
GOVERNMENT  
SPENDING ON  
HEALTH PER  
CAPITA

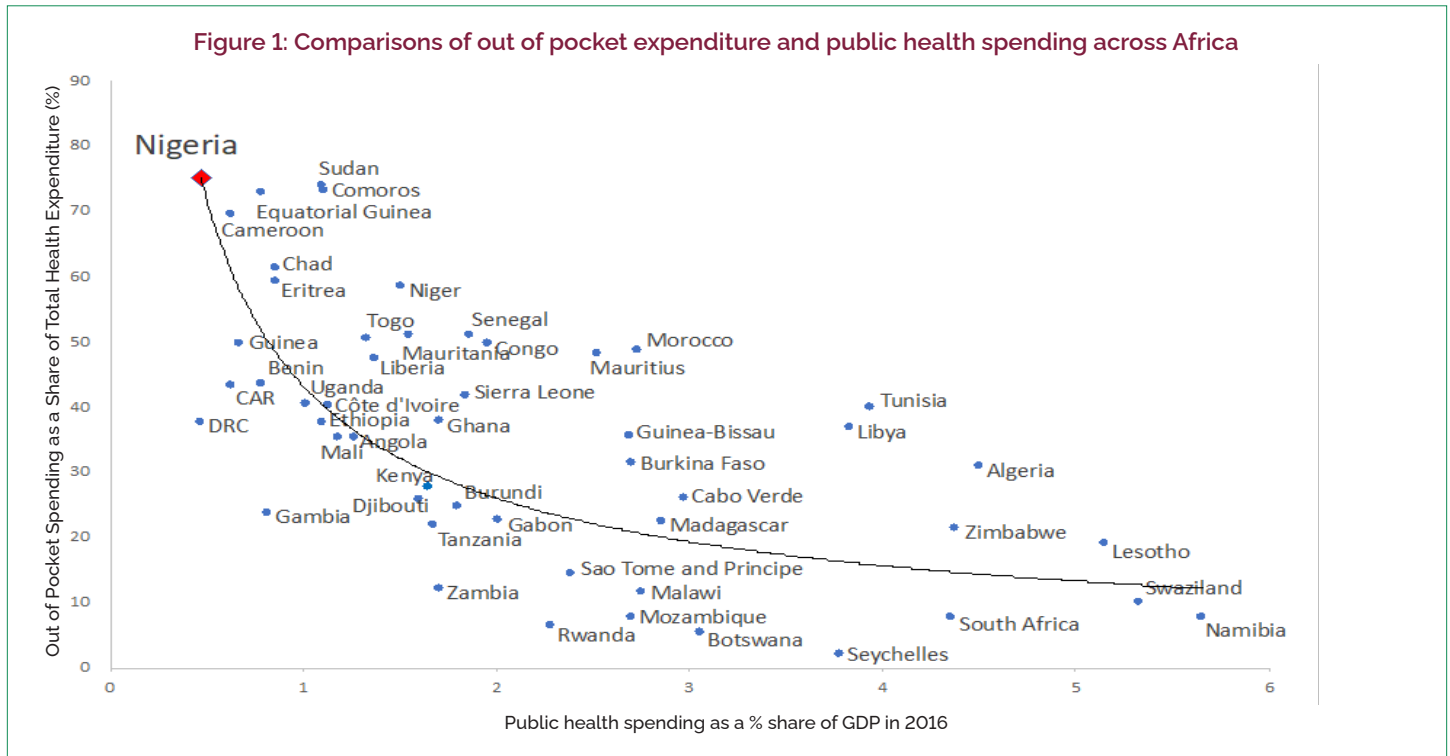


←  
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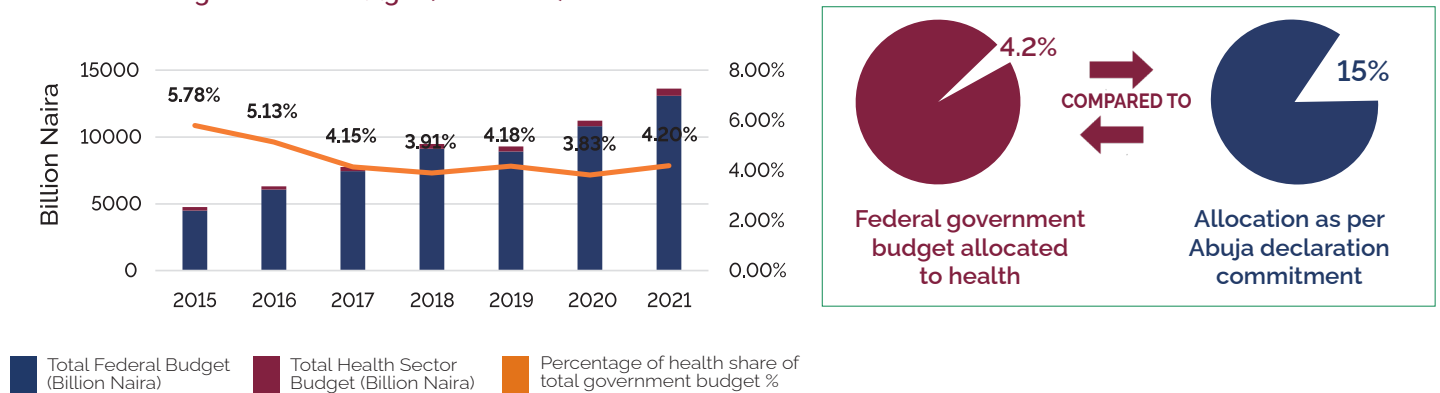
**\$86**  
GOVERNMENT  
SPENDING PER  
CAPITA NEEDED  
FOR UHC

A seven-fold increase in government spending per capita would be needed to reach the \$86 estimated amount needed to ensure universal health coverage (UHC) of basic healthcare services for all. Public spending accounts for only 0.7% of GDP, which is far below the 5% benchmark recommended by WHO, and is among the lowest proportion of any country in Africa (see **Figure 1** below)



**ONLY 4-5% OF THE FEDERAL GOVERNMENT BUDGET IS ALLOCATED TO HEALTH**

**Figure 2: Health sector allocation as a proportion of total government budget (2015-2021)<sup>5</sup>**

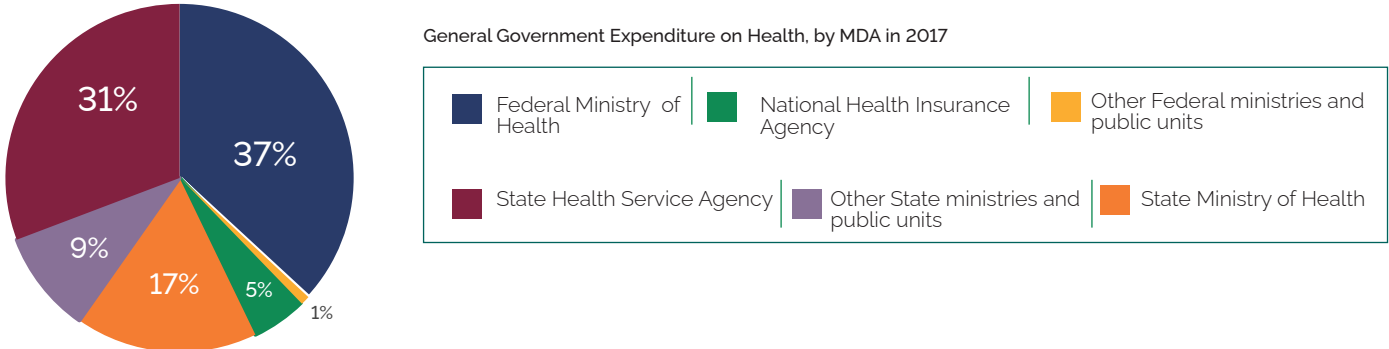


Federal Government budget allocation to health has hovered between 4-5% of the total for the past few years. This is far below the Abuja Declaration commitment of 15%. Furthermore, late and incomplete releases of health budget allocation has often led to low budget execution rate by health Ministries Departments and Agencies (MDAs).

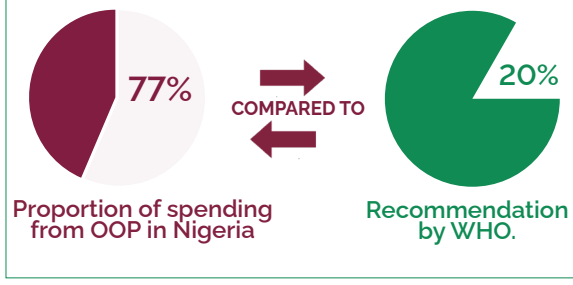
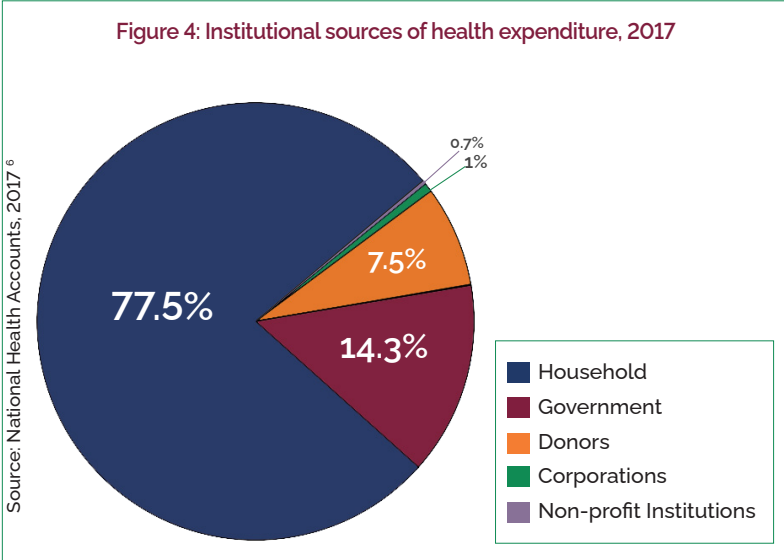
## HEALTH EXPENDITURE IS FAR BELOW COMMITMENTS, EVEN WHEN TAKING INTO ACCOUNT EXPENDITURE ON HEALTH ACROSS ALL MINISTRIES DEPARTMENTS AND AGENCIES (MDAs)

The National Health Accounts (NHA) is designed to capture all expenditure on health, regardless of source. The NHA 2017 shows that 90% of government expenditure on health is from health MDAs including Federal Ministry of Health, State Ministries of Health and State Health Service Agency (which includes the State Primary Health Care Development Agency (SPHCDA), Hospital Management Board (HMB), Drugs Management Agency (DMA) and other similar state statutory agencies)<sup>7</sup>. Only 10% of government expenditure is channeled through other MDAs including education, military, and police. While it is important to include all government expenditure on health when assessing resource availability, the NHA data show that including non-health MDAs does not change the fact that health is hugely underfunded.

**Figure 3: Contributions of Government MDAs to Health Expenditure at the Federal and State level (2017). Source: National Health Accounts 2017**



## MORE THAN ¾ OF HEALTH EXPENDITURE IS FROM HOUSEHOLDS, INDICATING HUGE INEQUITIES IN THE SYSTEM



Given the low level of public spending, the burden of healthcare spending is predominantly borne by households; 77.5% of current health expenditure. As seen in figure 1 above, this is one of the highest rates of Out of Pocket (OOPs) expenditures in Africa. The World Health Report 2010 notes that a high share of OOP expenditure is closely linked to the incidence of financial catastrophe and impoverishment. It also indicates that for financial catastrophe or impoverishment to be minimised, out-of-pocket health payments should account for 15-20% of total health spending.

The level of financial protection in Nigeria is extremely low. Social and voluntary health insurance contributes a meagre 0.7% and 0.5% of current health expenditures respectively with population coverage remaining below 5%<sup>5</sup>

## CONSEQUENCES OF LOW GOVERNMENT SPENDING ON HEALTH



### Poor Health Indices

Maternal mortality ratio of 512 deaths per 100,000 live births, and under 5 mortality rate of 132 deaths per 1000 live births<sup>8</sup>



### Catastrophic and Impoverishing health spending

High out of pocket expenditure (77.5% of total spend) makes households vulnerable to financial catastrophe or impoverishment



### Slow progress towards achieving UHC and improving HCD

Slow progress towards achieving UHC and HCD vision which aims to half under five mortality and maternal mortality from the 2017 baseline by 2030

## CALL TO ACTION



### Federal Ministry of Finance

- To progressively increase health budget allocation towards the Abuja Declaration benchmark
- To prioritize timely and complete budgetary releases for health to improve budget execution



### Legislature

- To fulfil health funding commitment set out in the House of Representative Legislative Agenda;
- To use appropriation and accountability function to ensure the Abuja declaration benchmark is met



### Federal Ministry of Health

- To strengthen proactive engagement with the finance and budget MDAs as part of the annual budget process
- To use the 'off-budget' season as an opportunity to present evidence of previous performance and financing gaps

## References

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<sup>1</sup>McIntyre, D.M., F. Shared Responsibilities for Health: A Coherent Global Framework for Health Financing, in Final Report of the Centre on Global Health Security Working Group on Health Financing. 2014, Chatham House: London, UK.