
Post-Pandemic Health Financing by State Governments in Nigeria 2020 to 2022



Introduction

With an estimated population of 213 million people, more than 70 per cent of whom are under the age of 30, Nigeria's youthful population could be an asset to drive its economic transformation and end extreme poverty.¹ But poor human capital outcomes stand in the way. The country ranks very low on the World Bank's Human Capital Index (HCI), surpassing only six out of 174 countries globally in 2020.² The HCI measures the tendency that a child born today will survive and contribute productively to the economy when they grow up. In Nigeria, life expectancy at birth is barely over 55 years, the fourth lowest in the world.³ Similarly, a Nigerian-born child is least likely to survive beyond the age of 5, and those who do will grow up to attain only 36% of the potential productivity attainable with full health and education.⁴ Chronic diseases, a high infectious disease burden, and a heightened risk of epidemics present additional problems. Therefore, it is crucial to improve the performance of Nigeria's health sector to enhance the quality of life for the most vulnerable in the society.

Transforming Nigeria's health system into one that is modern, efficient, and effective requires ambitious strategies and plans. In 2001, African leaders came together in Abuja⁵ to address the issues besetting health systems across the continent. They agreed to several commitments, including allocating 15% of public funding annually to strengthen healthcare across Africa. But ever since, Nigeria has failed to spend anything close to the Abuja declaration requirement, leaving the country's healthcare system poorly funded and unable to respond to major outbreaks. The Federal Government (FG) budget allocation to the sector averaged 4.7% in the last 20 years.⁶ The highest the country has ever assigned to the Ministry of Health was 6.1% in 2012. Even when other health-related budget lines are added to the budget mix, the average allocation to the sector increased marginally to about 5%, representing only a third of the required funding. At 3.9% in 2019, Nigeria's share of the budget for health was far below the levels in related countries - South Africa (15.4%), Kenya (8.2%), and Ethiopia (4.8%).⁷

The COVID-19 pandemic exposed some of the gaps in Nigeria’s healthcare system. While valuable lessons were learnt from Nigeria’s handling of the Ebola outbreak, Polio, and Lassa Fever, the country lacked emergency preparedness for an outbreak of COVID-19 magnitude. Hospitals were poorly equipped, with inadequate infrastructure and a shortage of qualified healthcare workers. In response, stakeholders have increasingly advocated for the government to allocate more money to strengthen the health systems and provide equitable access to healthcare for all, especially for the poorest and vulnerable populations.⁸ But in calling for more funding for health, advocates often focus their attention on the Federal Government.

Yet, State and Local Governments have the biggest role to play in addressing these issues because they account for the bulk of public expenditure every year. But more importantly, the Nigerian law grants the States autonomy to manage their health systems and to provide leadership of governance structures for health within the states, through the State Ministry of Health and its departments and agencies. In this brief, we examined the responses of the 36 states to the increasing need to prioritize investment toward health since the pandemic hit. Using available budget data covering 2020 to 2022 from official websites, we analyzed sub-national and federal government health expenditure trends.



1. <https://ourworldindata.org/explorers/population-and-demography?facet=none&Metric=Population&Sex=Both+sexes&Age+group=Total&Projection+Scenario=None&country=~NGA>
2. https://databankfiles.worldbank.org/data/download/hci/HCI_2pager_NGA.pdf?cid=GGH_e_hcpexternal_en_ext
3. <https://data.worldbank.org/indicator/SP.DYN.LE00.IN?locations=NG>
4. https://databankfiles.worldbank.org/data/download/hci/HCI_2pager_NGA.pdf?cid=GGH_e_hcpexternal_en_ext
5. <https://au.int/sites/default/files/pages/32894-file-2001-abuja-declaration.pdf>
6. <https://drpcngr.org/wp-content/uploads/2021/04/15-BENCHMARK-TO-HEALTH-SECTOR-IN-NIGERIA-MODIFIED-03.pdf>
7. https://public.tableau.com/app/profile/gbemisola.joel.osoba/viz/ONEsDomesticResourceMobilisationDashboard2_0/CoverPage#1
8. <https://thenationonlineng.net/stakeholders-advocate-increased-budgetary-allocation-to-health/>

Summary of findings

1 Collectively, state governments budget more money than the FG for health. The combined budgetary allocation to the health Sector by subnational governments in Nigeria has improved since 2020. Allocation grew from N728.6 billion in 2020 to N821.5 billion in the fiscal year 2022. But when the combined fiscal allocations (for the 36 states) were adjusted for inflation, the health sector received less money in 2022 when compared with 2020. At the same time, the money earmarked for health as a share of the total budget is on a downward trajectory, shrinking from 11.2% in 2020 to 8.6% in 2022.

2 Between 2020 and 2022, twenty-three states have at least increased their nominal spending on health. Thirteen (13) states (Akwa Ibom, Anambra, Benue, Edo, Enugu, Jigawa, Kano, Katsina, Kebbi, Lagos, Niger, Rivers and Yobe) consistently increased budgetary allocation to the health sector in the fiscal year 2021 and 2022. By 2022, Yobe, Imo, and Bayelsa states have more than doubled their 2020 budgetary level. However, 13 state governments, especially

Ebonyi and Plateau State, have reduced fiscal allocations to the health sector despite the poor health outcomes that are documented in the country and the lessons from the pandemic on the need for a strong and resilient health system.

3 The combined Health sector allocation between 2020 and 2022 is notably short of the “Abuja conference” target, where African Union countries, including Nigeria, pledged to invest at least 15% of their annual budget in improving the health sector. Only Kaduna and Sokoto states have consistently hit the required target between 2020 and 2022. Sub-national governments’ persistent under-allocation of resources to the health sector has led to a funding gap of N1.36 trillion between 2020 and 2022 alone. For context, Nigeria needs NGN1.89 trillion to execute its 5-year malaria plan by 2025.⁹

4 Per capita, health allocations have fallen from the 2020 level of \$10.8 per person to \$8.5 per person per year in 2022 - significantly lower than the World Health Organization (WHO) recommended target of \$86 per capita to address health challenges.

5 State governments appear to spend significantly more on capital projects when compared with the FG. The combined capital allocation to the health sector by the 36 state governments has been reasonably stable, averaging 51% of total health allocation between 2020 and 2022. In contrast, the FG budgeted an average of 20% in the same period. The composition of the health sector budget is skewed heavily toward capital expenditure in Ebonyi, Rivers, Kwara, Katsina, Kaduna and Cross River- in most cases, higher than 70%.

6 Higher budgetary allocation does not necessarily translate to better health outcomes. State governments need to pay attention to what they spend on, learning from each other.

9. <https://punchng.com/buhari-inaugurates-anti-malaria-council-appoints-dangote-as-chairman/>

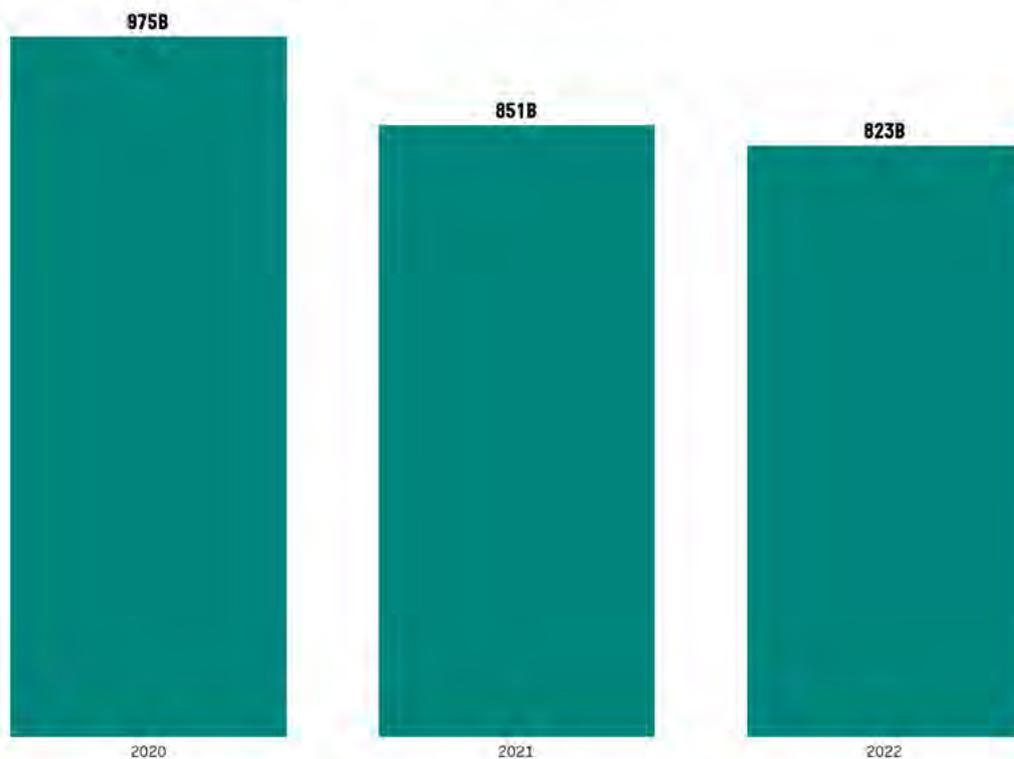
State	Budget allocation 2020 (Naira) 'Bn	Budget allocation 2021 (Naira) 'Bn	2020-2021 budget growth (%)	Budget allocation 2022 (Naira) 'Bn	2021-2022 budget growth (%)	2020-2022 budget growth (%)
Abia	11.61	10.95	-5.7%	11.33	3.5%	-2.4%
Adamawa	18.89	9.31	-50.7%	12.18	30.8%	-35.6%
Akwa Ibom	14.32	16.82	17.4%	24.36	44.8%	70.1%
Anambra	9.39	10.27	9.5%	10.99	7.0%	17.1%
Bauchi	24.45	25.67	5.0%	21.97	-14.4%	-10.1%
Bayelsa	5.72	15.85	177.0%	12.56	-20.8%	119.5%
Benue	14.87	17.36	16.8%	18.46	6.3%	24.1%
Borno	18.04	16.56	-8.2%	24.54	48.2%	36.1%
Cross River	22.64	15.80	-30.2%	22.39	41.7%	-1.1%
Delta	25.78	22.66	-12.1%	26.46	16.8%	2.6%
Ebonyi	22.67	15.23	-32.8%	7.63	-49.9%	-66.4%
Edo	8.95	10.28	14.9%	16.64	61.8%	85.8%
Ekiti	8.17	8.43	3.2%	6.35	-24.8%	-22.4%
Enugu	10.78	15.13	40.4%	19.82	31.0%	83.9%
Gombe	14.58	12.14	-16.7%	13.92	14.7%	-4.5%
Imo	8.58	20.08	134.1%	18.00	-10.4%	109.8%
Jigawa	14.48	21.27	46.9%	28.70	34.9%	98.2%
Kaduna	39.89	38.58	-3.3%	40.97	6.2%	2.7%
Kano	28.34	29.03	2.4%	34.00	17.1%	20.0%
Katsina	30.25	35.98	18.9%	39.95	11.0%	32.1%
Kebbi	9.03	12.66	40.3%	16.76	32.4%	85.7%
Kogi	15.05	17.19	14.2%	16.58	-3.6%	10.2%
Kwara	22.52	17.45	-22.5%	16.74	-4.0%	-25.7%
Lagos	91.02	99.18	9.0%	127.69	28.8%	40.3%
Nasarawa	9.72	7.03	-27.7%	7.14	1.5%	-26.6%
Niger	13.95	15.93	14.2%	21.83	37.0%	56.5%
Ogun	54.90	34.98	-36.3%	34.30	-1.9%	-37.5%
Ondo	16.22	16.02	-1.2%	18.21	13.7%	12.3%
Osun	12.46	19.01	52.6%	16.25	-14.5%	30.5%
Oyo	13.15	13.12	-0.2%	17.42	32.8%	32.5%
Plateau	29.22	13.99	-52.1%	9.63	-31.1%	-67.0%
Rivers	21.87	34.04	55.6%	35.86	5.4%	64.0%
Sokoto	25.65	30.71	19.7%	29.62	-3.6%	15.5%
Taraba	18.06	14.03	-22.3%	13.60	-3.0%	-24.7%
Yobe	7.65	10.17	33.0%	18.91	85.8%	147.1%
Zamfara	15.66	12.98	-17.1%	11.21	-13.7%	-28.5%
Number of States that cut budgetary allocation to the Health Sector						13
% of States that cut budgetary allocation to the Health Sector						36%

Detailed Analysis

A State governments play a critical role in public financing for health. But their combined real budget allocation to the sector has been shrinking since 2020 despite the incidence of the Covid-19 pandemic.

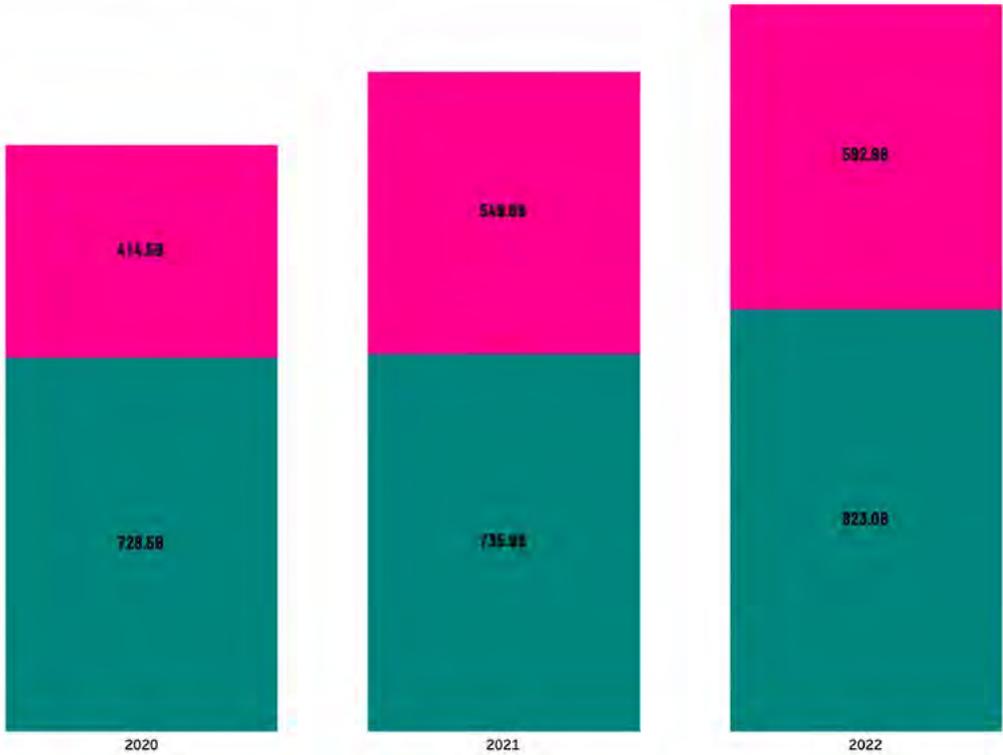
State governments play a significant role in public financing for health. Over the last three years, they collectively appropriated 50% more money than the Federal Government of Nigeria. Generally, the combined Budgetary allocation (for the 36 states) to the Health Sector in Nigeria has improved since 2020. Allocation grew from the 2020 level of N728.55 billion to N821.5 billion in the fiscal year 2022. But when the combined Budgetary allocation (for the 36 states) is adjusted for inflation, health sector allocation in 2022 remains well below 2020. Per capita, health allocations have fallen from the 2020 level of \$10.78 per person to \$8.53 per person per year in 2020 - significantly lower than the World Health Organization (WHO) recommended target of USD86 per capita¹⁰ to address health challenges.

Combined State-level Health Budget adjusted for Inflation



10. "...Every Low Income Country (LIC) Government should ensure public health expenditure per capita of at least US\$86 wherever possible" (Chatham House Centre on Global Health Security Working Group on Health Financing, 2014) - https://www.chathamhouse.org/sites/default/files/field/field_document/20140521HealthFinancing.pdf

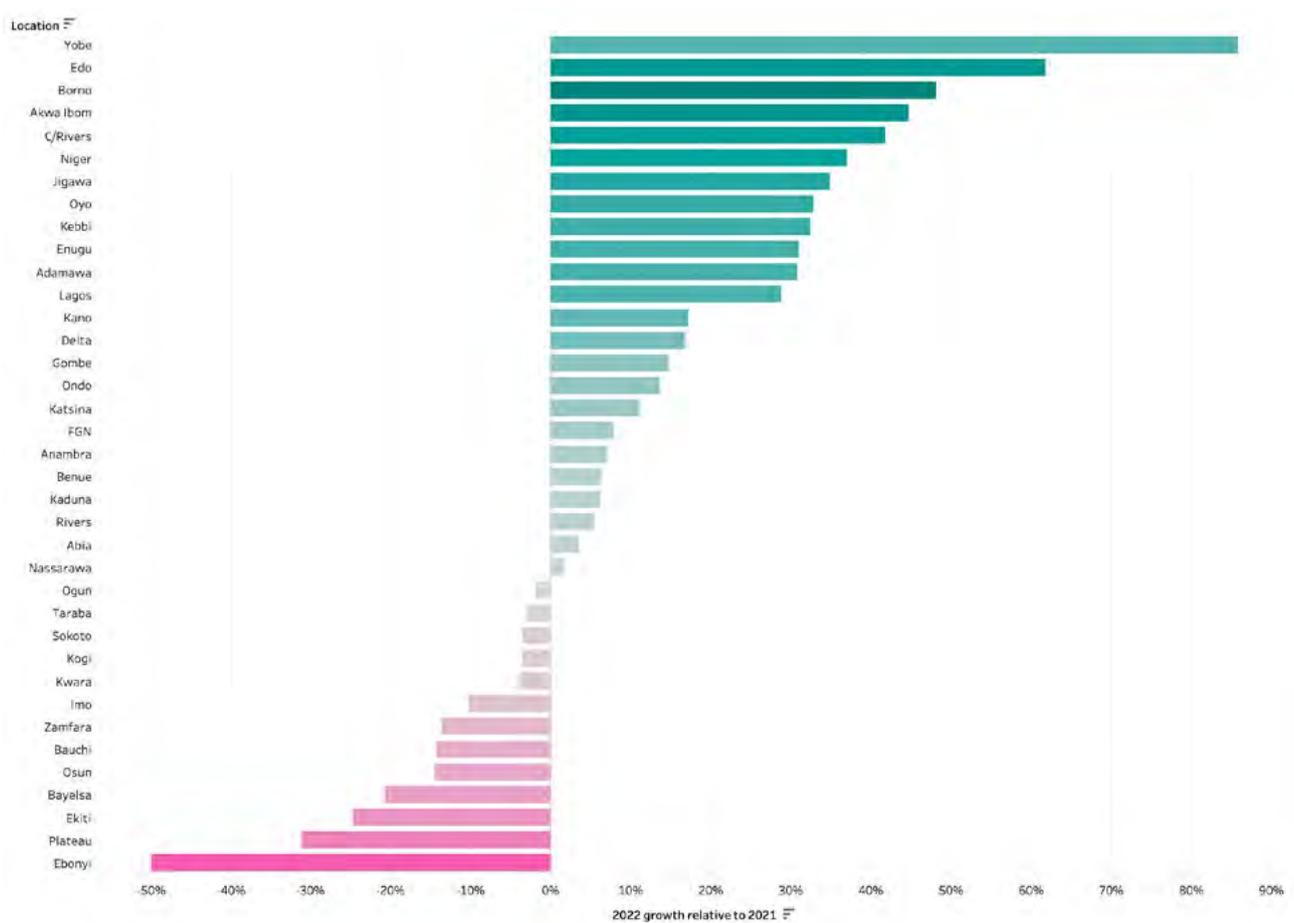
State and FG Budget on Health



B While most state governments have increased nominal budgetary allocations for health in response to the COVID-19 shock, others have slashed their budgets significantly.

Between 2020 and 2022, twenty-three (23) states have at least increased their health budgets. 13 states (Akwa Ibom, Anambra, Benue, Edo, Enugu, Jigawa, Kano, Katsina, Kebbi, Lagos, Niger, Rivers and Yobe) consistently increased budgetary allocation to the health sector in the fiscal year 2021 and 2022. By 2022, Yobe, Imo, and Bayelsa have more than doubled their 2020 budgetary level. However, thirteen (13) state governments have reduced budgetary allocations to the health sector despite the poor health outcomes that are documented in the country and the lessons from the pandemic on the need for a strong and resilient health system. Ebonyi and Plateau state governments made the sharpest cut to the health sector budget over the last two years, with allocation shrinking by over 60% in both states. The full data on state health budget can be found [here](#).¹¹

Change in Health budget (2020-2022)

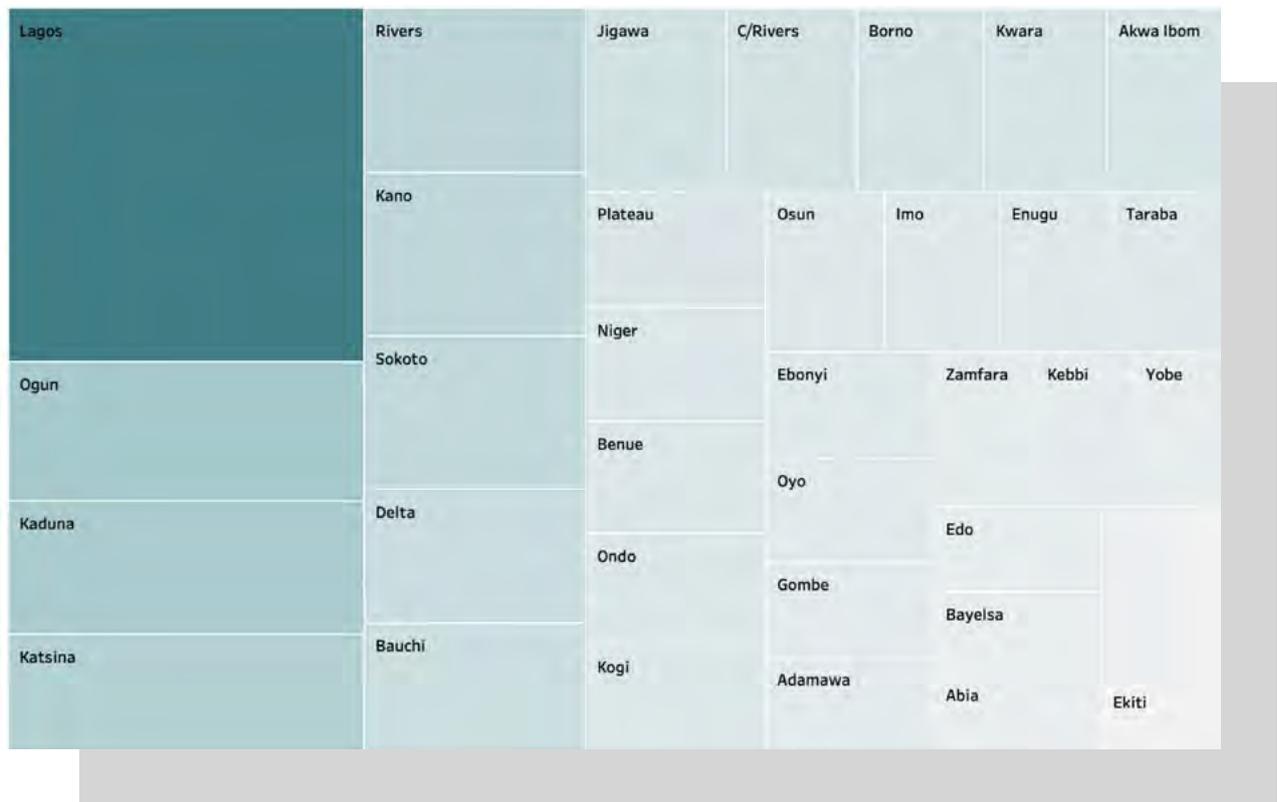


11. https://docs.google.com/spreadsheets/d/1AGnw7CS_f6jm18knyAMgcvpE71jo_yChBFAk2hpxKnl/edit#gid=1119920252

C Lagos state continues to spend the most on health, both grossly and per head.

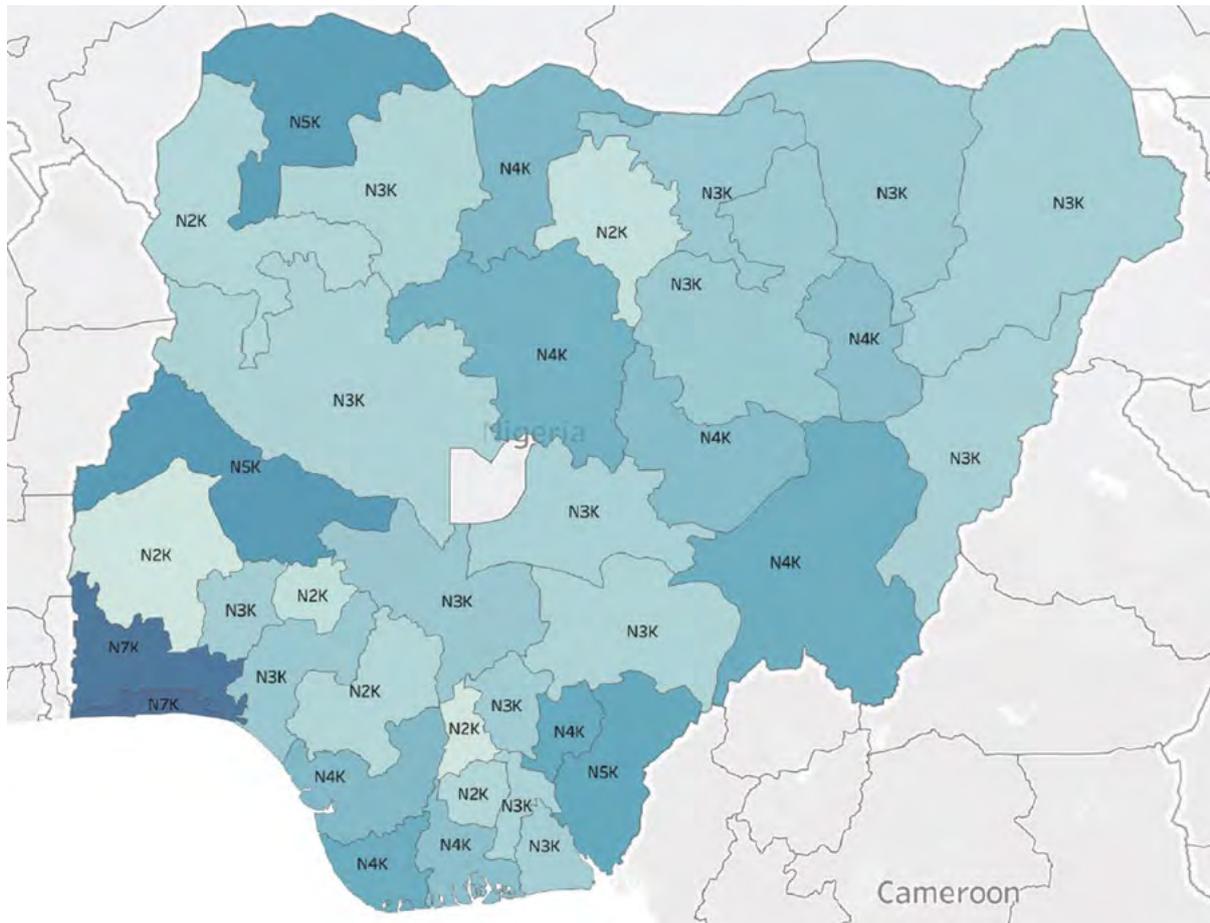
With an average expenditure of N7,000 per head per year, Lagos state appropriates the most to the health sector. In contrast, Oyo state appears to spend the lowest, allocating an average of N1,560 per head in the last three years.¹²

Health budget size (2020-2022)



12. ONE Analysis of State Governments budget (2020-2022). See the link to the data below https://docs.google.com/spreadsheets/d/1AGnw7CS_f6jm18knyAMgcvpE71jo_yChBFAk2hpxKnl/edit?usp=sharing

State health budget per head ranges between an average NGN2,000 to NGN7,000 per year



Average health Budget per Head

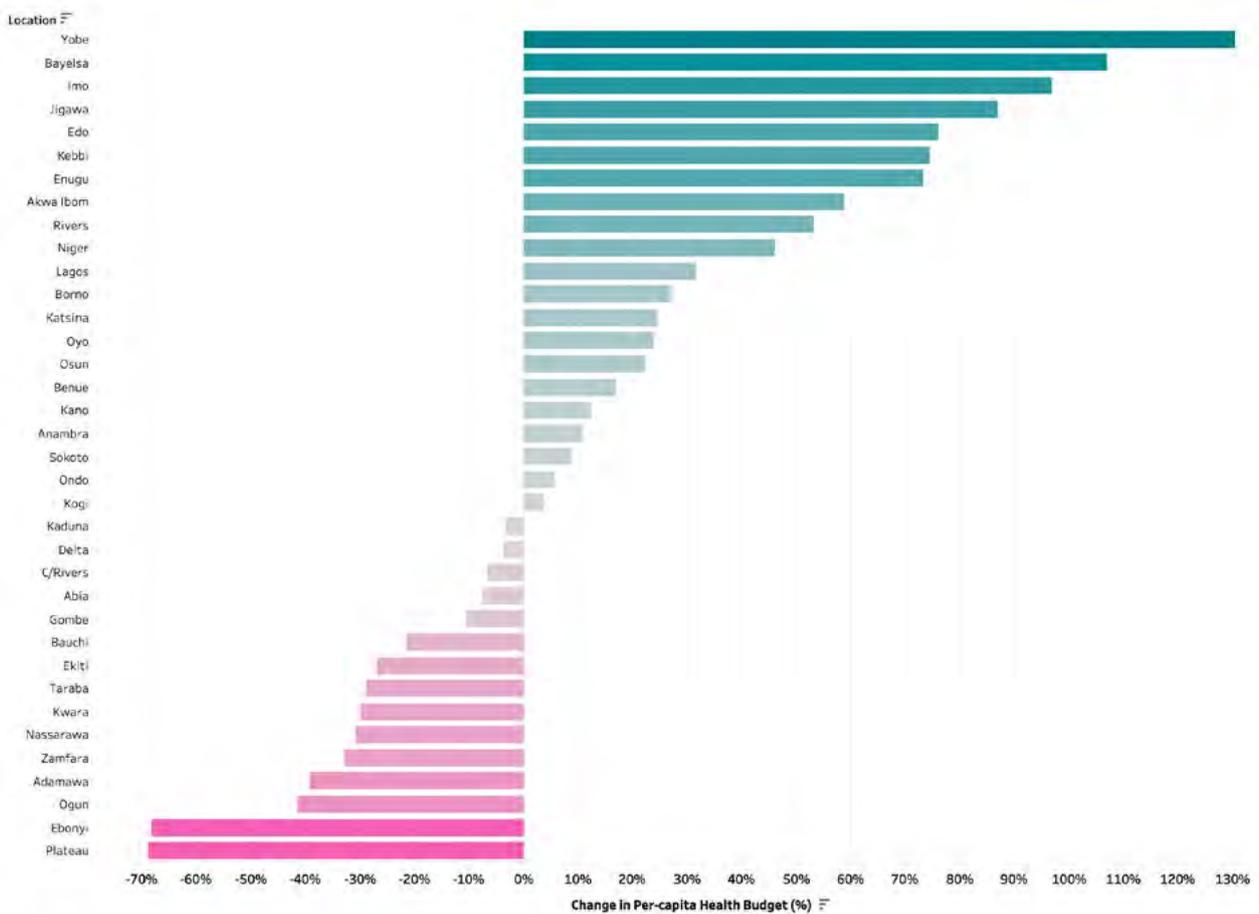




D The per-capita budget for health has increased in most states.

Twenty-one (21) states improved budgetary allocation per person to the health sector since 2020. In contrast, fifteen (15) states recorded a decline. Again, Ebonyi and Plateau states recorded sharp declines, largely reflecting lower budgetary provisions for health.

Per-capita Health expenditure change

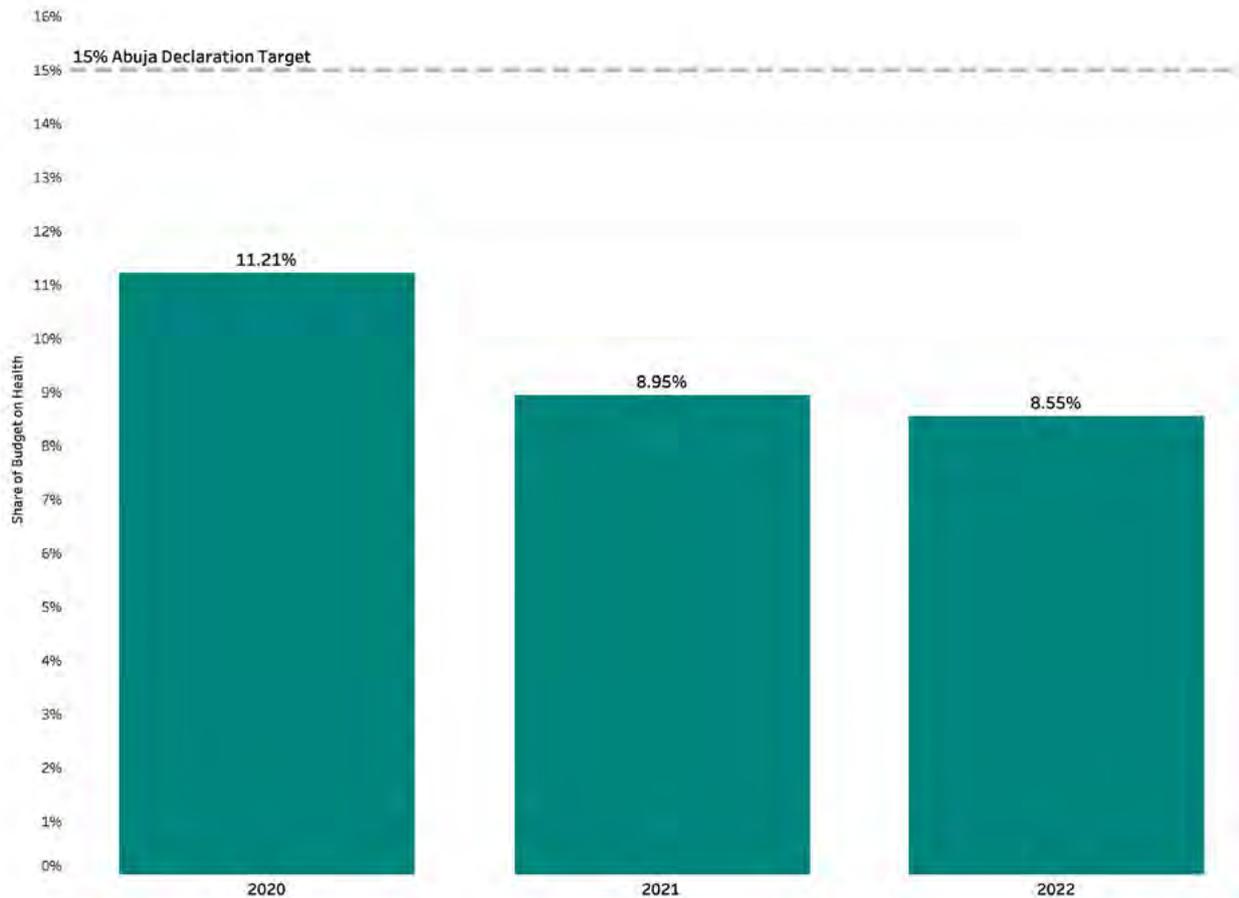




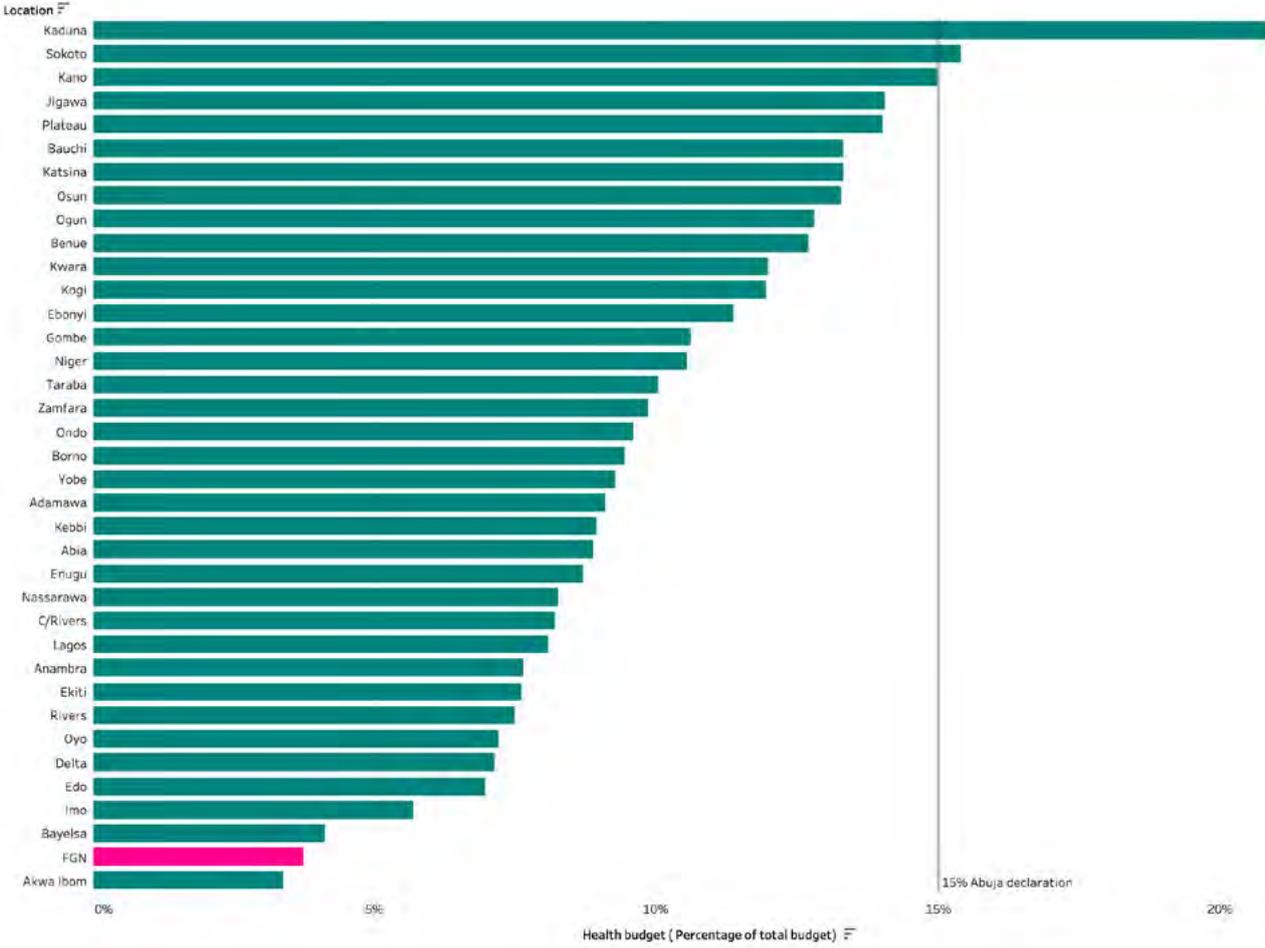
E Although state governments allocate a higher share of their budgets to health when compared to the Federal Government, they have also consistently fallen short of the Abuja declaration. Additionally, the share of the budget for health has been shrinking since 2020.

While the combined budgetary allocation to the health sector seems to be growing nominally, it has been falling relative to the total budget. Like the FG, most state governments have not met the target set at the Abuja conference in 2001. Only Kaduna and Sokoto have consistently hit the required threshold of 15% between 2020 and 2022. In the last 3 years, twenty-three (23) states never met the target once.

Annual Share of Public Budget on Health



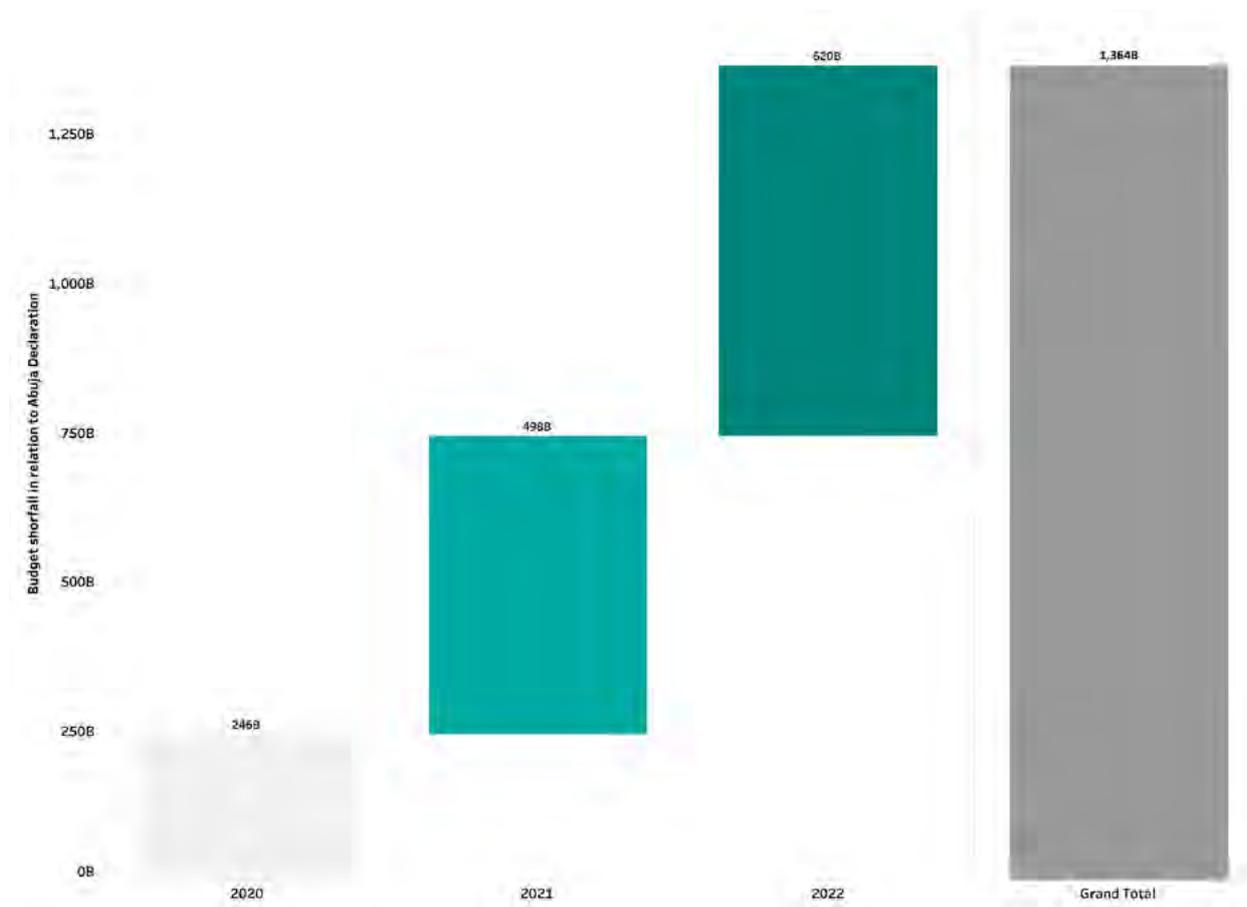
Share of Health Budget 2020-2022



F The under-allocation of budgetary resources to the health sector by state governments has translated to a combined shortfall of N1.36 trillion between 2020 and 2022.

Allocation to the health sector was only a paltry N2.28 trillion as against the desirable level of N3.65 trillion if the sub-national governments had aligned their spending with the “Abuja declaration”. This had led to an investment shortfall of N1.36 trillion during this period. For context, Nigeria needs NGN1.89 trillion to execute its 5-year malaria plan by 2025. If this shortfall had been deployed towards eradicating malaria, Nigeria could be on track to save about N2trillion per year by 2030, preventing hundreds of thousands of deaths every year.¹³

Budget shortfall since the COVID-19 pandemic hit

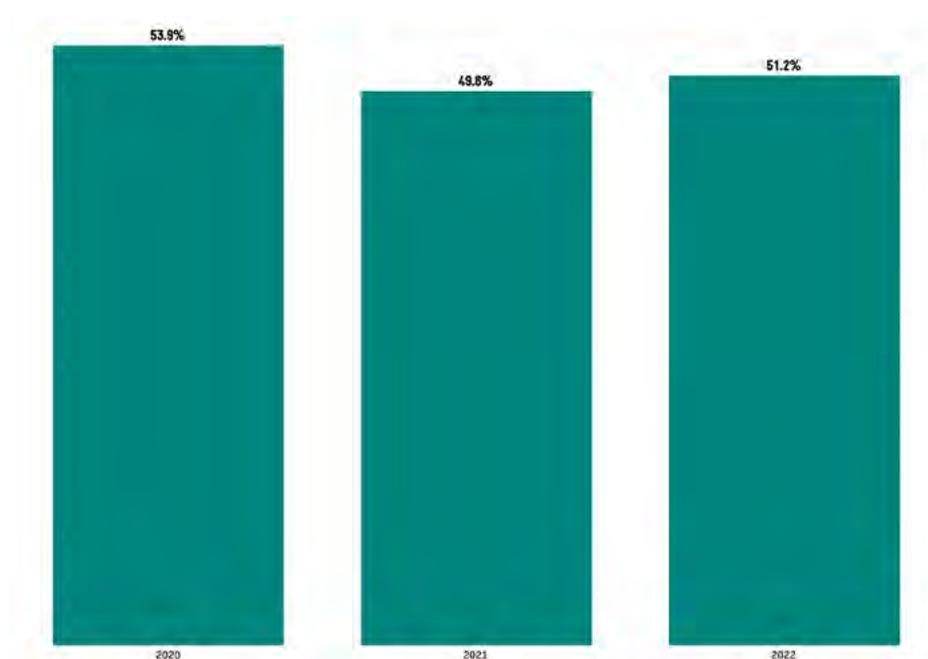


13. <https://punchng.com/buhari-inaugurates-anti-malaria-council-appoints-dangote-as-chairman/>

G On Average, 51.5 percent of budgetary allocation to the health sector by the combined 36 state governments is directed at capital projects/programs.

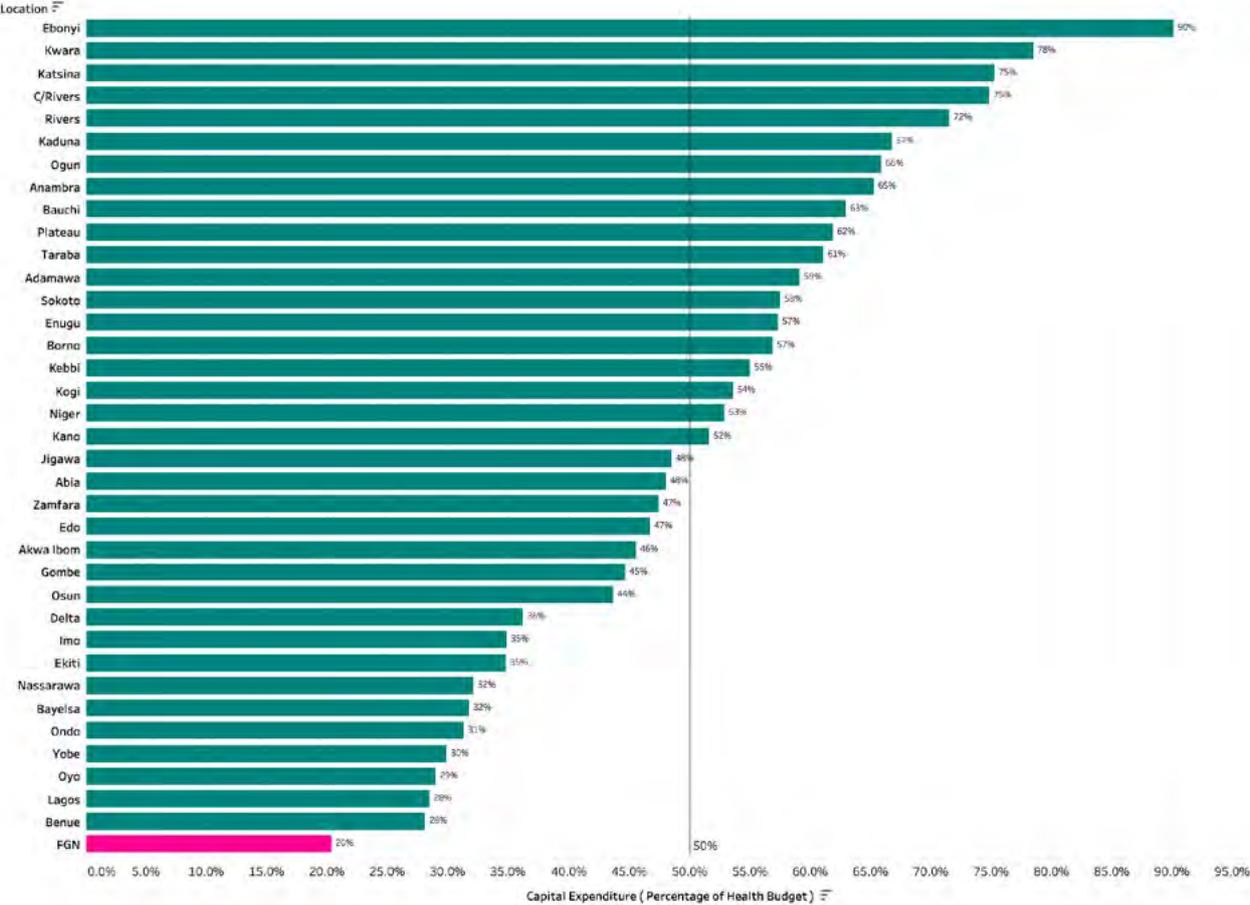
State governments spend most of their health budget on capital projects when compared with the Federal government. FGN's provision for capital projects for every Naira budget on health was lower than that of any state government. Between 2020 and 2022, the aggregate share of capital allocation to the health sector has been fairly constant, ranging between 49.8% and 53.9%. However, the share of capital allocation in 2022 is below the 2020 level.

Capital Allocation (as share of Health Budget) Trend



The composition of the health sector budget is skewed heavily towards capital expenditure in Ebonyi, Rivers, Kwara, Katsina, Kaduna and Cross River - Components of capital expenditure were in most cases higher than 70 per cent. In the fiscal year 2022, the component of capital expenditure in health sector allocation was higher than 50 per cent in nineteen (19) states.

Capital Allocation as share of Health Budget 2020-2022





H Higher budgetary allocation does not necessarily translate to better health outcomes. State governments need to pay attention to what they spend on and other factors, learning from each other.

Earlier this year, ONE Campaign and its partners launched a scorecard to assess state-level health care service delivery.¹⁴ According to the scorecard, Nigerian citizens are likely to enjoy better healthcare when living in a state with higher health delivery scores. In this section, we briefly examined the link between the level of government spending and the performance of the sub-national healthcare system. Looking at the figure below, we noted three key observations.

- 1. Budgetary allocation is critical but may not automatically translate into actual spending, as poor budget utilization is widespread across Nigeria,** where federal and state governments hardly meet their capital expenditure target. Since Covid-19 hit, revenue shortages have become prevalent due to disruptions to global trade, inhibiting governments' ability to release allocated funds.¹⁵
- 2. State governments spend their money in different ways.** While some states spend on high-impact interventions, others may have been spending on issues/programs with limited impact. For example, Lagos spends almost five times as much as Anambra spends per head but has a lower health delivery score. There are also instances where some state governments built new health facilities or rehabilitated old ones without providing sufficient resources to maintain and operate them.¹⁶ Therefore, governments must commit to appropriate, efficient and transparent use of their resources to maximize the social benefit of their programs.
- 3. Non-monetary factors such as governance structures, regulations of private for-profit health facilities, adequate personnel, and the quality of service delivery are crucial to ensuring better health outcomes.** Spending more money is necessary but not sufficient to strengthen the health systems. The health sector requires strong oversight and adequately trained personnel working with the right medicines and equipment. Government must provide the right environment for citizens to access primary healthcare and stimulate private sector investment in healthcare.

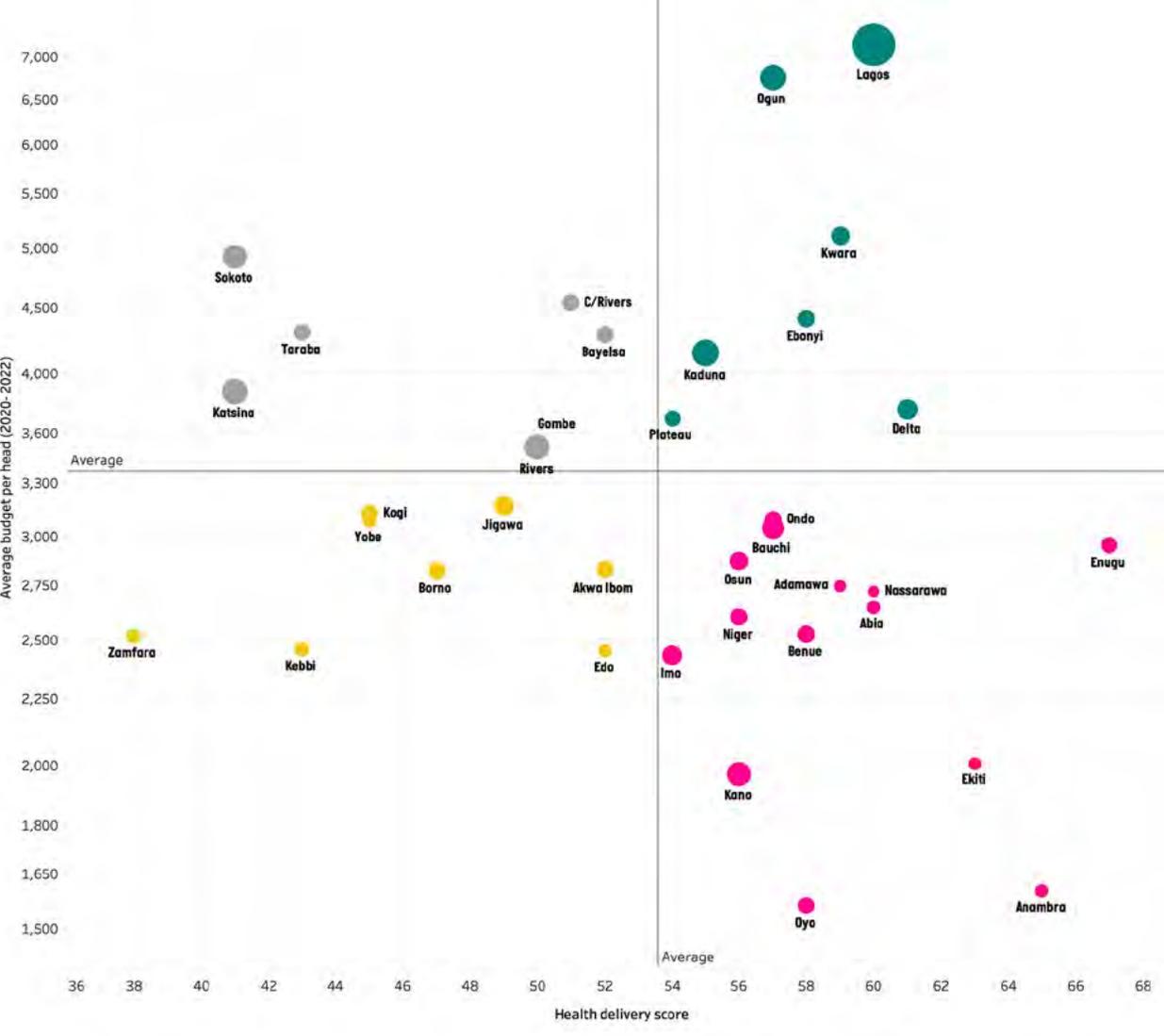
In Sokoto, Taraba, and Katsina, governments must critically examine what they spend on, alongside other enablers, to improve health outcomes. For states like Zamfara, Kebbi, Kogi, Yobe and Borno, governments would need to increase both budget allocations and the quality of service delivery.

14. For more information, read the report using the link below
<https://sphcn.ng/wp-content/uploads/2022/07/Final-State-of-Primary-Health-Care-Service-Delivery-In-Nigeria-2019-2021-v.compressed.pdf>

15. <https://www.devex.com/news/sponsored/2-decades-on-nigeria-falls-short-of-landmark-health-pledge-99555>

16. <https://guardian.ng/features/health/non-functional-primary-healthcare-centres-persist-despite-govts-promises-investments/>

Budget per head versus Health delivery score



Consistent with our previous report on the state of primary health care service delivery in Nigeria, State governments must take five key actions to improve health outcomes.¹⁷

- 1. Governments must demonstrate strong political will and commitment to the Abuja Declaration** by spending at least 10% of their total budget on Health. Kaduna and Sokoto states are good examples of states that have met this obligation since the pandemic hit. Budgetary provisions for health must translate to actual fund releases, especially counterpart funding for Basic Health Care Provision Fund and other donor-supported funding.
- 2. Commitment to evidence-based and transparent programming.** Beyond spending more money, governments must commit to appropriate, efficient, and transparent use of their resources to maximize the social benefit of their programs. Governments need to balance and disaggregate investment allocation between core infrastructure and health programs. By improving accountability, state governments can attract additional sources of financing from donor countries, development partners, and the private sector.
- 3. Ensure effective stakeholder participation in budgeting processes and health system governance.** The report on the state of primary health care service delivery in Nigeria highlights the need for increased stakeholders' participation in policy and budget processes.¹⁸ Citizens' voices need to be heard and prioritized for better outcomes.
- 4. State governments must invest in making sure that primary health centres are ready to provide essential health services.** This requires investments in renovating one PHC per ward, equipping the facilities, and creating a system for these facilities to access drugs and health products needed to provide essential health services. In many states, this is happening in a very patchy and uncoordinated manner, and this ends up leaving many citizens without access to essential health services.
- 5. Funding alone will not be enough. Governments must complement adequate spending with adequate healthcare workers and effective health system governance.** This is particularly key for States that make considerable resource commitments but with relatively poor health outcomes. The shortage of health workers that plagues the primary health system means that State Governments must deliberately commit resources to train, employ, retain, and replace health workers of all cadres including community health workers, doctors, nurses, and allied health professionals.

17. <https://sphcn.ng/>

18. <https://sphcn.ng/wp-content/uploads/2022/07/Final-State-of-Primary-Health-Care-Service-Delivery-In-Nigeria-2019-2021-v.compressed.pdf>



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