Program Budgeting Report on Education and Health

2nd Annual Seminar
December 9, 2010

Golda Nwadike
Project Overview

Program Budgeting Analysis is designed to provide better understanding of Governments’ expenditure pattern. It also identifies administrative outlets of spending for each of the sectors in the federal budget and presents, in a comprehensible manner, a general overview of governments’ expenditure per facility level and per sector.

This presentation presents findings that relate to the Federal Government spending on Education and Health.
Methodology

• This research is based on the examination of budget data, some articles and data publication from related government bodies such as the Central Bank of Nigeria, Budget Office of the Federation and other government parastatals

• **Data sources**
  - Budget office of the Federation (2006 to 2009 actual expenditures and 2010 appropriation expenditures)
  - Nigerian Demographic and Health Survey 2008
  - The State of the World’s Children, 2009
  - World Health Statistics 2009
Assumptions

- Actual recurrent expenditure
- Actual capital expenditure per facility level
- Foreign donor funding
Findings: Sources of Spending (Education)


- National: 45%
- State: 31%
- Household: 17%
- Donor/Foreign Assistance: 7%
Findings: Sources of Spending (Health)

Percentage of Government and Non-Government Spending on Health, 2008

- Donor/Foreign Assistance: 34%
- National: 28%
- State: 27%
- Household: 11%
Findings: Federal Government Recurrent and Capital Spending on Education (per sector analysis)

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL Education Expenditures</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recurrent</td>
<td>166,870</td>
<td>171,808</td>
<td>198,906</td>
<td>179,631</td>
</tr>
<tr>
<td>Wages</td>
<td>146,069</td>
<td>143,849</td>
<td>170,812</td>
<td>151,147</td>
</tr>
<tr>
<td>Non-wages</td>
<td>20,801</td>
<td>27,959</td>
<td>28,094</td>
<td>28,484</td>
</tr>
<tr>
<td>Capital</td>
<td>33,995</td>
<td>28,116</td>
<td>43,825</td>
<td>34,362</td>
</tr>
</tbody>
</table>
Findings: Federal Government Recurrent and Capital Spending on Education (per sector analysis)

<table>
<thead>
<tr>
<th>Total Education Expenditures</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of Total</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Recurrent</td>
<td>83%</td>
<td>86%</td>
<td>82%</td>
<td>84%</td>
</tr>
<tr>
<td>Capital</td>
<td>17%</td>
<td>14%</td>
<td>18%</td>
<td>16%</td>
</tr>
<tr>
<td>% of Recurrent</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Wages</td>
<td>86%</td>
<td>84%</td>
<td>84%</td>
<td>88%</td>
</tr>
<tr>
<td>Non-wages</td>
<td>14%</td>
<td>16%</td>
<td>16%</td>
<td>12%</td>
</tr>
</tbody>
</table>
## Findings: Federal Government Recurrent and Capital Spending on Health (per sector analysis)

<table>
<thead>
<tr>
<th>Summary</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TOTAL Health Expenditures</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recurrent</td>
<td>61,195</td>
<td>64,414</td>
<td>72,486</td>
<td>78,540</td>
</tr>
<tr>
<td>Wages</td>
<td>56,635</td>
<td>57,933</td>
<td>66,433</td>
<td>72,854</td>
</tr>
<tr>
<td>Non-wages</td>
<td>4,560</td>
<td>6,481</td>
<td>6,053</td>
<td>5,686</td>
</tr>
<tr>
<td><strong>Capital</strong></td>
<td>38,744</td>
<td>47,221</td>
<td>39,445</td>
<td>38,453</td>
</tr>
</tbody>
</table>

*Note: All amounts are in millions of naira.*
Findings: Federal Government Recurrent and Capital Spending on Health (per sector analysis)

<table>
<thead>
<tr>
<th>Recurrent and Capital Spending by Sector, Percent (%) - Health</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Health Expenditures</strong></td>
</tr>
<tr>
<td>% of Total</td>
</tr>
<tr>
<td><strong>Recurrent</strong></td>
</tr>
<tr>
<td><strong>Capital</strong></td>
</tr>
<tr>
<td>% of Recurrent</td>
</tr>
<tr>
<td><strong>Wages</strong></td>
</tr>
<tr>
<td><strong>Non-wages</strong></td>
</tr>
</tbody>
</table>
Findings: Education (per facility analysis)

Education

Total Actual Expenditure on Education per facility level from 2006 to 2009

Actual Expenditure (in millions of naira)

Total Amount spent per facility between 2006 and 2009

- Primary
- Secondary
- Tertiary/University
- Other Education
- Ministerial and Regional Administration
Findings: Health (per facility analysis)

Health

Total Actual Expenditure on Health per facility level from 2006 to 2009

Actual Expenditure (in millions of naira)

Hospital
Health Center/Dispensary
Preventative
Other Health
Ministerial and Regional Administration

Total Amount spent per facility between 2006 and 2009
Findings: Trend analysis (per facility level)

Education

Trend Analysis of Government Spending by Facility Level in the National Education Budget from 2006 to 2009

Actual Expenditure (in millions of naira)

Year

- Primary
- Secondary
- Tertiary/University
- Other Education
- Ministerial and Regional Administration

2006 2007 2008 2009
Trend Analysis of Government Spending by Facility Level in the National Health Budget from 2006 to 2009

Findings: Trend analysis (per facility level)

Health

Trend Analysis of Government Spending by Facility Level in the National Health Budget from 2006 to 2009

Actual Expenditure (in millions of naira)

2006 2007 2008 2009

Hospital
Health Center/Dispensary
Preventative
Other Health
Ministerial and Regional Administration

Year (budgeted)
Findings: Kaduna State Expenditure on Education

Kaduna State Education Expenditure distribution from 2006 to 2009

<table>
<thead>
<tr>
<th>Year</th>
<th>Actual Expenditure (in millions of naira)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
</tr>
<tr>
<td>2006</td>
<td>7,728.00</td>
</tr>
<tr>
<td>2007</td>
<td>8,838.00</td>
</tr>
<tr>
<td>2008</td>
<td>9,339.08</td>
</tr>
<tr>
<td>2009</td>
<td>10,583.36</td>
</tr>
</tbody>
</table>
Findings: Kaduna State Expenditure on Health

Kaduna State Actual Expenditure on Health distribution, 2008 - 2009

<table>
<thead>
<tr>
<th>Year</th>
<th>Total</th>
<th>Recurrent</th>
<th>Capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>5,020.99</td>
<td>2,914.36</td>
<td>2,106.63</td>
</tr>
<tr>
<td>2009</td>
<td>6,225.71</td>
<td>2,888.45</td>
<td>3,337.26</td>
</tr>
</tbody>
</table>

Actual Expenditure (in millions of naira)
Findings: Lagos state government expenditure on Education

Distribution of Lagos State Actual Expenditure on Education, 2006 to 2008

Actual Expenditure (in millions of naira)

- Personnel Expenditure
- Overhead Expenditure
- Recurrent Expenditure
- Capital Expenditure

Year

2006 2007 2008

10,000.00
8,000.00
6,000.00
4,000.00
2,000.00
0.00

18,000.00
16,000.00
14,000.00
12,000.00
10,000.00
8,000.00
6,000.00
4,000.00
2,000.00
0.00
Findings: Lagos state government expenditure on Health

Distribution of Lagos State Actual Expenditure on Health, 2006 to 2008

- Personnel Expenditure
- Overhead Expenditure
- Recurrent Expenditure
- Capital Expenditure

Actual Expenditure (in millions of naira)

Key points

Per Sector Analysis

- FG spent more on recurrent expenditure (wages) in both sectors Kaduna and Lagos states:
  - Education: both states show a rising trend of recurrent expenditure
  - Health: Both states reveal a rising trend of capital expenditure

Per Facility Analysis

- In Education, FG spent the most on tertiary education and least on Other education.
- Health: FG spent the most on Hospitals and least on Other Health.
Conclusions

Education
- Government needs to increase spending on capital development.
- Low efficiency of capital expenditure further compounds the ability of the government to ‘crowd-in’ the private sector, embark on development projects that would alleviate poverty and generate multiplier effects from public expenditure.

Health
- Need for government to increase spending in the health sector, and to improve the country’s human capital development. Compared to some other African countries, 39.7% of Nigerian children are health deprived.
- Government should increase uptake in preventive activities.
- Government should encourage non-profit health institutions established to provide primary healthcare services to low income and most vulnerable groups.

There is an urgent need for government to ensure accountability and transparency, so that huge government spending can be translated into substantial outcomes and value for money.
Thank you!