

UNDERSTANDING THE BASIC HEALTH CARE PROVISION FUND (BHCPF) ALLOCATION AND RELEASES

SYNOPSIS

The issue of Basic Health Care Provision Fund (BHCPF) has always generate controversy among individuals, groups and organizations at all levels, given the long period it takes before its implementation and various health challenges ravaging the country. The recent poor releases and dwindling nature of the fund since the 2018 has call for concern, with many stakeholders blaming the government for the poor funding commitment. This analysis examines the accuracy or otherwise of the current 1% Consolidated Revenue Fund (CRF) for BHCPF.

BASIC HEALTH CARE PROVISION FUND

The Basic Health Care Provision Fund (BHCPF) was created under section 11 paragraph (2) of the National Health Act, 2014¹. According to the section, “there is hereby created a Fund to be known as Basic Health Care Provision Fund. Establishment of Basic Health Care Provision Fund”. Paragraph (2) of the section states that the Basic Health Care Provision Fund shall be financed from the Federal Government Annual Grant of not less than one per cent of its Consolidated Revenue Fund. The fund is meant to provide for essential drugs, vaccines, and consumable; provisions and maintenance of facilities, equipment, and transportation in PCSs; and emergency medical treatments. After four years of its creation, the provision of the Act was finally implemented in 2018 with the N55.15 billion allocation. Since then, the fund has been on a downward trend. The fund was reduced by 40.6% in

the revised 2020 budget. However, in the proposed 2021 budget, the fund was increased to N35.03bn from N26.46bn approved revised 2020 budget. This is 32.38% increased. This is still lower compared to the approved 2020 budget.

ACCURACY OR OTHERWISE OF THE 1% BHCPF

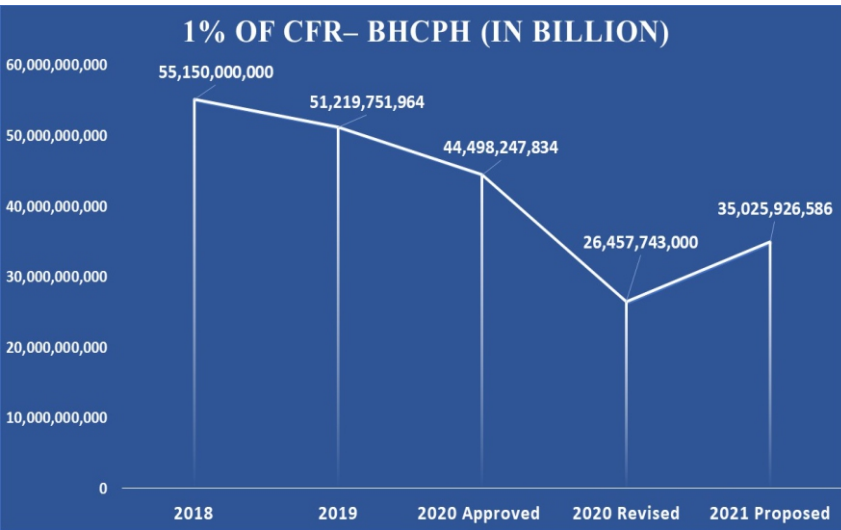
The Consolidated Revenue Fund (CFR) is the account of the federal government where funds are released to carry out various activities in line with the statutory provision. The CFR is funded through the Federation account (an account for the whole nation). This is after the shares of the local government and the states has been deduced from the federation account. It is from the CRF that 1% is calculated for BHCP. The table 1 below shows the actual budget size, the federation revenue projection and the shares of the federal government after the state and local government has been deducted. For instance, in 2020 approved budget out of the N4.8 trillion revenue projection for the federation account, FG share from the account is N2.5 trillion while the States and Local governments are projected to get N1.3trillion and N1 trillion, respectively. In the proposed 2021 budgets out of the N4.8 trillion revenue projection for the federation account, FG share from the account is N3.5 trillion while the States and Local governments are projected to get N1.7trillion and N1.3 trillion, respectively. although the way the Federal government would calculate its 1% might not be known to us, but the actual 1% from the projected shares of FG in the revised

Year	Budget size	Approved Federal Account Revenue (Main Pool) (in Trillion)	Projected Shared of FG/CRF from FAR (in Trillion)	1% of CFR– BHCPH (in Billion)
2018	9,120,334,988,225	7,165,870,000,000	N/A	55,150,000,000
2019	8,916,964,099,373	10,139,455,531,493	5,341,465,173,990	51,219,751,964
2020 Approved	10,509,654,033,053	8,614,725,916,72	4,515,546,424,868	44,498,247,834
2020 Revised	10,810,800,872,072	4,893,871,873,398	2,565,201,244,392	26,457,743,000
2021 proposed	13,082,420,568,233	6,716,252,560,381	3,516,213,077,486	35,025,926,586

¹ National Health Act, 2014

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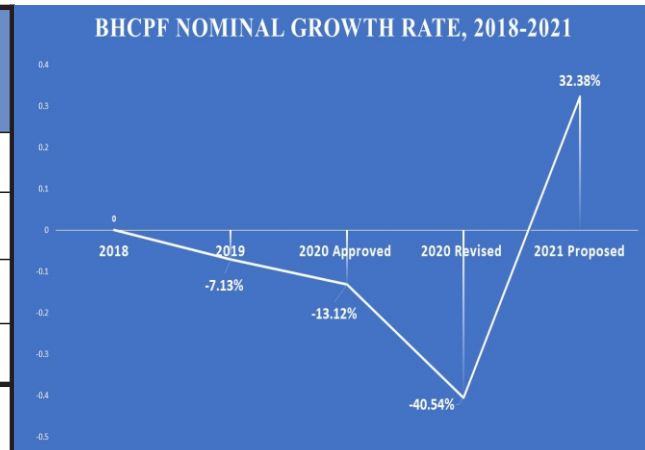
2020 and proposed 2021 budgets is N25 billion and N35 billion respectively.

While the proposed 2021 may not need much explanation as could be seen below, it could be recalled that N25 billion was the initial approval for the BHCPh in the revised 2020. This was later increased having discovered that the Crude Oil Bench Mark price increased from \$25 to \$28 per barrel during the review of the revised 2020 budget having initially erroneously omitted. Hence, the N897,641,688 that statutory transfer shared of the Basic Health Care Fund from the N5,256,207,430 omitted was later added². It was against this background that the BHCPh was raised from N25 billion to 26 billion in the revised 2020 budget. This clear all doubt about the insinuation that the BHCPh for the 2020 revised and proposed 2021 is not 1% of CRF as noted by the National Health Act, 2014.

BHCPh NOMINAL GROWTH RATE, 2018-2021

It could be seen from the table below that as the Consolidated revenue shared of the federal government reduced, the 1% of CFR for the BHCPh also reduced. In essence, while the government has tried as much as possible to fulfil its promises by ensuring the allocation of the fund, the poor revenue projection affects the fund yearly.

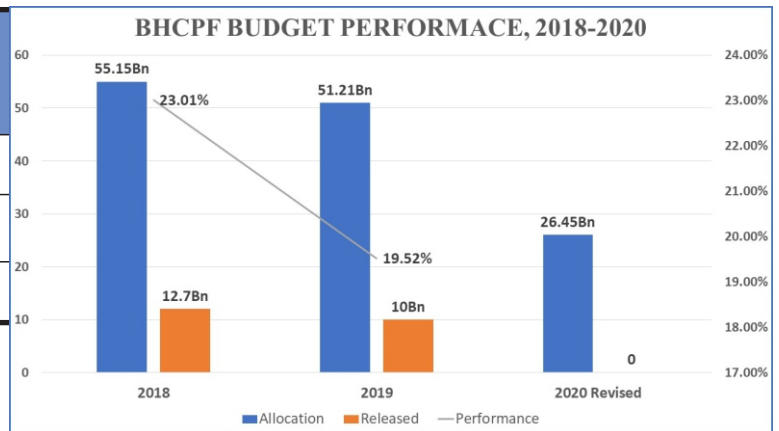
Year	Projected Shared of FG/CRF from FAR (in Trillion)	Nominal Growth Rate	1% CFR - BHCPh (in Billion)	Nominal Growth Rate
2018	N/A	-	55,150,000,000	-
2019	5,341,465,173,990	-	51,219,751,964	-7.13%
2020 Approved	4,515,546,424,868	-15.46%	44,498,247,834	-13.12%
2020 Revised	2,565,201,244,392	-34.19%	26,457,743,000	-40.54%
2021 proposed	3,516,213,077,486	37.07%	35,025,926,586	32.38%



BHCPR FUND PERFORMANCE ANALYSIS

The releases for the BHCPh is not forthcoming. While 23.03% of the N55 billion budgeted for the BHCPh in 2018 was released, only 19.52% of the 51 billion budgeted in 2019 was released. The downward in BHCPh releases call for concern.

Year	BHCPh (in Billion)	Released	Performance
2018	55.15Bn	12.7Bn	23.02%
2019	51.21Bn	10 Bn	19.52%
2020 Revised	26.45	N/A	-



²Order Paper, House of Representative, June 11, 2020

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KEY FINDINGS

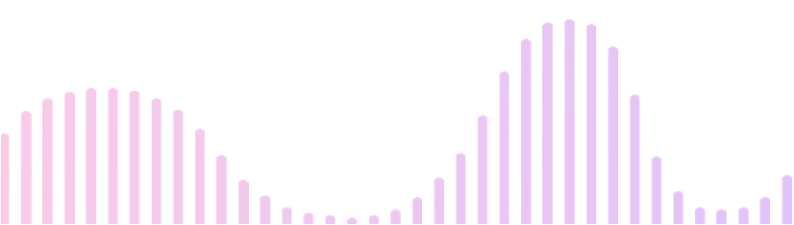
- The 2020 and 2021 BHCPF budgeted are the actual 1% of the CFR as noted by the National Health Act, 2014.
- The downward trend in the BHCPF is due to the poor revenue projection by the federation the government.
- There are inadequate releases of fund by the FG for the BHCPF. Since inception, government has not released up to the 1 quarter of the fund budgeted as BHCPF.

RECOMMENDATIONS

- Effective engagement with the executive by the health stakeholders.
- Government should ensure timely releases of fund for the BHCPF and other health related issues in the budget.

DATA SOURCES

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