# NIGER STATE GOVERNMENT

## Resource Tracking Study.

## Profiling of the Budget Preparation Process in Niger State

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# Executive Summary

Nigeria has been working relentlessly to improve its healthcare delivery system, reduce inequalities and also address its poor health indices. Government's efforts in this regard have been two-pronged. On one hand is the continued expansion of access to health services through interventions that focus on measurable outcomes like the integrated maternal and child health plan, while on the other is the willingness to explore the causes of operational and allocative inefficiencies within the health system.

The Resource Tracking Study being carried out by the World Bank and the Saving One Million Lives (SOML) Initiative in Ekiti and Niger state will help answer questions around the efficiency and equity in health care services. A technical team comprising staff from the World Bank and SOML conducted an initial diagnostics and reviewed existing data. The report recommended a more detailed evaluation of the budgeting process in both states.

This analysis presents the report of the budget planning and preparation process in the Niger health sector, as a first step in analyzing the flow of resources in the sector. While the emphasis of the Report is the planning and budgeting process, it also goes further to briefly examine elements of budget execution as well as budget reporting and accounting.

**Policy planning and analysis-** Niger State has a defined medium term sector strategy that is linked to the broader developmental objectives of the state. The link between annual budgets and the sector strategy is however weak. In addition, sector strategies have focused heavily on inputs and processes rather than outcomes.

In order to achieve adequate value for money, the state will need to focus more on impacts of health interventions to its populace. The end goal of any capital investment in health should therefore be able to address outcome measures such as number of malaria cases treated or number of lives saved per Naira spent.

De-emphasizing inputs and processes will allow the state to channel its resources to areas of highest need. This in turn will improve allocative efficiency and reduce inequality.

**Budget formulation** – The budget calendar year commences with the issuance of the call circular by the budget unit of the state planning commission. Ministries Departments and Agencies (MDAs) upon receiving the circular put together an annual workplan and are expected to discuss it with the planning commission within 6weeks of receipt. Recurrent budgets are defended independently by relevant agencies while the capital expenditure for both the State Ministry of Health (SMOH) and Hospital Management Board (HMB) is defended and executed by SMOH.

Costing for capital projects are done by obtaining a bill of quantity from the ministry of works. Commodities and equipment are also procured using a competitive bidding process. However the state admitted to a lack of capacity to carry out cost benefit and incidence analysis of capital projects. At the moment, projects in Niger State are implemented based on the need to ensure equality of health investments across the three senatorial districts. This mode of allocation is highly inefficient and may not achieve any desirable outcome. There will be a need to improve the skills of the state government planning officers in the participatory budgeting methodologies and the development of demand-driven budgets.

The SPHCDA does not recruit, pay or discipline the health workers at the PHC level. Although this is one of its statutory functions, the transfer of the human resource for health from the local government to the SPHCDA is yet to occur. This defeats the purpose of the "health under one roof" goal and limits the influence of the SPHCDA to impact health policy in line with the state's objective.

**Budget execution –** Weak accounts reconciliation between the Accountant General's office, the ministry of health and the ministry of budget and economic planning has led to wide discrepancies in the figures quoted for capital expenditure.

Results show that actual capital expenditure varied between 7% and 40% between 2010 and 2013. While recurrent expenditure for the same period was above a 100%. The state will need to drastically improve on the release of funds for capital expenditure if it's to achieve the objectives stated in the state strategic development health plan.

Finally, there may be a need for a comparative analysis of the budgeting process between Ekiti and Niger State. This will encourage healthy competition, allow both states to learn from each other and provide useful insight for other states in Nigeria.