PUBLIC FINANCIAL ASSESSMENT OF HIV SPENDING: BENUE STATE

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The Health Finance and Governance Project
USAID's Health Finance and Governance (HFG) project helps to improve health in developing countries by expanding people's access to health care. Led by Abt Associates, the project team works with partner countries to increase their domestic resources for health, manage those precious resources more effectively, and make wise purchasing decisions. The five-year, $209 million global project is intended to increase the use of both primary and priority health services, including HIV/AIDS, tuberculosis, malaria, and reproductive health services. Designed to fundamentally strengthen health systems, HFG supports countries as they navigate the economic transitions needed to achieve universal health care.

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DRAFT REPORT ON PFM ASSESSMENT OF HIV SPENDING: BENUE STATE

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ACRONYMS

BCC	Budget Call Circular
BENSACA	Benue State Action Committee on AIDS
CRFC	Consolidated Revenue Fund Charges
ExCo	Executive Council (of Benue State Government)
GAVI	Global Alliance for Vaccines and Immunisations
HFG	Health Finance and Governance
HIV/AIDS	Human Immune-Deficiency Virus/Acquired Immune Deficiency Syndrome
HSDPII	Health Sector Development Programme II
IGR	Internally Generated Revenue
MDAs	Ministries, Departments and Agencies
MoH	Ministry of Health
MTEF	Medium Term Expenditure Framework
MTFF	Medium Term Fiscal Framework
MTSS	Medium Term Sector Strategy
NACA	National Agency for the Control of AIDS
NASCAP	National HIV/AIDS and Sexually Transmitted Infections Control Programme
PFM	Public Financial Management
SASCP	State HIV/AIDS and Sexually Transmitted Infections Control Programme
SDP	State Development Plan
SHoA	State House of Assembly
UNFPA	United Nations Population Fund
UNICEF	United Nations Children Fund

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EXECUTIVE SUMMARY

The budget process in Nigerian states cuts across planning, allocation, providing cash backing for budget execution, and expenditure. This process often lacks budget realism and there are highly centralised processes, which cause delays in the provision of cash backing for budgeted funds. Adequate budget appropriation does not always translate to commensurate releases and expenditures. Also, providing cash backing for HIV/AIDS activities does not always translate to efficient or effective expenditure for HIV/AIDS interventions, as spending is not focused on service delivery interventions.

This assessment seeks to provide an understanding of the existing public financial management (PFM) process and capacity in Benue State, with a view to identify the bottlenecks that constitute obstacles in improved and sustained allocation and provision of cash backing for health and HIV/AIDS interventions.

Bottlenecks identified in the planning and budgeting process of the state are the following:

- Highly centralised decisions on budget allocations;
- Lack of a cohesive plan and agreed priorities;
- Poor engagements with relevant stakeholders (influencers) to align priorities;
- Absence of evidence-based advocacy in budget review meetings; and
- Absence of advocacy regarding budget scrutiny and approval.

Below are the main bottlenecks identified in funding the budget execution of HIV/AIDS initiatives:

- Differences in the priorities of top government functionaries and line managers in Ministries, Departments, and Agencies (MDAs);
- Perception of HIV/AIDS funding by top government functionaries;
- Lack of budget realism;
- Paucity of funds in the State Treasury;
- Challenges in the preparation of a memorandum requesting cash backing for budget execution;
- Lethargy and delays in preparing and forwarding memoranda requesting for cash backing; and
- The recurrent expenditure nature of HIV/AIDS interventions.

The following are recommendations for addressing the identified bottlenecks in the planning, budgeting and budget execution processes:

- **Advocating for HIV/AIDS interventions and funding needs:** Stakeholders should embark on advocacy at the highest level of government to create awareness of the mandate of the Benue State Action Committee on AIDS (BENSACA) and the State HIV/AIDS and Sexually Transmitted Infections Control Programme (SASCP) and their strategic initiatives for service delivery. Awareness should be created with top government functionaries on the fact that funding for HIV/AIDS interventions by international donors are reducing significantly.
- **Preparation of Medium Term Sector Strategies (MTSS):** The planning and budget formulation process should be based on the preparation of MTSS to derive annual budget plans of

MDAs in the sectors, with multi-year expenditure plans. The budget call circulars issued to MDAs for the preparation of budget estimates should contain expenditure ceilings based on the state macro-fiscal framework, approved prior to circulation by the ExCo and endorsed by the SHoA.

- **Realistically budgeting for revenue and expenditure:** The Medium Term Expenditure Framework (MTEF) should be introduced in the planning and budgeting process in the state. Revenue forecasts in MTEF and expenditure estimates should be made more realistic. Only estimates of revenue that will be achieved should be included in the budget and applied on realistic expenditure estimates. This process would ensure that the budget is realistic, fundable and implementable.
- **Preparing and implementing quarterly work plans**: In order to significantly enhance the level of budget implementation, the Budget Department should ensure that MDAs use the annual budget to produce quarterly work plans after the approval of the budget. The work plans submitted to the Budget Department would be forwarded to the Ministry of Finance and Accountant General to plan quarterly release of funds for budget implementation by MDAs, especially key service delivery MDAs.
- **First line charge for strategic budget initiatives**: Strategic projects and programmes of MDAs, especially within the health sector, should be identified, and first line charge provided for them in the disbursement of funds by the Accountant General.
- **Profiling the budget and ensuring cash management:** The Office of the Accountant General should be supported to undertake the profiling of annual revenue and expenditure forecasts into monthly totals, and preparing an annual cash plan based on the monthly revenue and expenditure profiles.
- **Processing payment requests by MDAs on a timely basis:** BENSACA and SASCP should effectively plan their budget implementation to enable them to process requests for cash backing early in the fiscal year. This would reduce delays in the processing of requests for cash backing.
- **Building capacity for HIV/AIDS MDAs to prepare memorandum requesting cash payment:** There is need to provide capacity building to officials of BENSACA and SASCP on the preparation of memorandum requesting cash backing for budget execution. Such capacity building would improve the skills of the officials to identify relevant issues to address in the memorandum, and to provide adequate justification for requesting cash backing from the treasury.
- **Changing the legal framework setting up BENSACA:** At both the national and state levels, there is need to change the legal framework which established the National Agency for the Control of AIDS (NACA) and BENSACA. The change should place the agencies in the health sector and require them to report to the Ministry of Health at both the federal and state levels.

1. INTRODUCTION

1.1 Background

The Health Finance and Governance (HFG) project has been working with several states in Nigeria to improve health financing and governance. One particular focus is encouraging domestic resource mobilisation for HIV/AIDS interventions. The budget process of states covers planning, allocation, cash payments from the treasury for budget execution, and expenditure. This process is often complicated and political with a lack of budget realism and highly centralised processes, causing delays in the provision of cash backing for budgeted funds. Adequate budget appropriation does not always translate to commensurate provision of cash by the treasury from HFG's experience in some states. Similarly, providing cash backing for HIV/AIDS activities does not always translate to efficient or effective expenditure for HIV/AIDS interventions, as expenditure is focused on overhead and staff costs as opposed to service delivery interventions.

A strong public financial management (PFM) system should enhance the allocation of sufficient funds for the health sector, and HIV/AIDS interventions in particular, to meet sector objectives and accomplish strategic plans given the macro-fiscal realities of the state. Consequently, this assessment seeks to understand the capacity and process in Benue State with a view to identify PFM barriers that create obstacles in ensuring sustainability, efficiency and accountability in optimal allocation, provision of cash for budget execution by the treasury, and execution of health and HIV/AIDS interventions.

1.2 Rationale and Objectives

The assessment will provide an understanding of the existing PFM process and capacity within Benue State, with a view to identify the bottlenecks that create obstacles in improved and sustained allocation and provision of cash backing for health and HIV/AIDS interventions. Additionally, appropriate recommendations for future interventions will be made based on the PFM findings.

1.3 Approach and Methodology

The approach and methodology adopted to undertake the assessment involved the following activities and tasks:

- Desk review of documents, including HFG's Guided Self-Assessment of Public Financial Management Performance (PFMP-SA) Toolkit; HFG's Data for Efficiency – A Tool for Assessing Health Systems' Resources Use Efficiency; Benue State Budgets, 2013-2018; Benue State Reports of Auditor General and Accountant General, 2013-2015, etc.
- Interviews with key officials of Benue State Government, including the Permanent Secretary, State Planning Commission (SPC); Permanent Secretary, Ministry of Health; Accountant General of Benue State; Director of Economic Planning, SPC; State Director of Budget; Director of Planning, Research and Statistics, Ministry of Health; Chairman, Finance and Appropriation Committee, Benue State House of Assembly (SHoA), Executive Director, BENSACA; Programme Manager, SASCP, Ministry of Health, etc.

- Compilation of financial data on Benue State budgets and actual performance, including the budget performance of the health sector as well as Ministry, Departments and Agencies (MDAs) in the sector and BENSACA.
- Analysis of quantitative data and qualitative information on the state planning, budgeting and budget execution processes.
- Identification of bottlenecks in optimal resource allocation and cash payments by the treasury for budget execution.
- Drafting the report of the assessment.

2. REVIEW OF PLANNING, BUDGETING AND BUDGET EXECUTION PROCESSES IN THE STATE

2.1 Brief Profile of State

Benue State is named after the Benue River, and is one of the middle belt states in the north-central geo-political zone of Nigeria. It was formed from the former Benue-Plateau state on February 3, 1976. In 1991, a part of Benue State, along with areas in the old Kwara State, were carved out to become Kogi State.

The state has a landmass of approximately 34,059 square kilometres. It lies within the lower river Benue trough, and shares boundaries with Nasarawa State to the north, Taraba State and the Republic of Cameroon to the east, and Cross River State, Enugu and Ebonyi State to the south. The state had a population of about 4,253,641 in the 2006 National Population Census.

Benue State is inhabited predominantly by the Tiv, Idoma and Igede peoples, with the Tiv as the dominant ethnic group. The state is the acclaimed food basket of Nigeria, due to its rich agricultural produce that includs yam, rice, beans, cassava, sweet potato, maize, soybean, sorghum, millet, sesame, cocoyam, etc. It accounts for over 70% of Nigeria's soybean production.

2.2 Planning and Budgeting Process

Since the expiration of the Benue State Economic and Empowerment Development Strategy (SEEDS), the State Planning Commission (SPC) has not prepared a State Development Plan approved by the State Government to guide the planning of development. Currently, there is no high level policy document that puts together the agreed priorities of the major sectors, as well as the contributions of the sectors and their linkages to the overall development of the state.

There are high level policy documents for the health sector and HIV/AIDS interventions in the state. These include the State Health Strategic Operational Plan and the State HIV/AIDS Strategic Operational Plan. The Health Strategic Operational Plan was developed with the support of a development partner, while the State HIV/AIDS Strategic Operational Plan is the domesticated version of the National HIV/AIDS Strategic Plan.

At the commencement of the annual planning and budgeting process in the state, the Budget Department holds a pre-budget preparation sensitization meeting with all Ministries, Departments and Agencies (MDAs). The Revenue Reconciliation Committee provides data for budget revenue forecasts. Thereafter, the Budget Department issues a Budget Call Circular (BCC) to MDAs to prepare and submit their budget proposals.

The planning and budgeting process in the state is not based on a Medium Term Expenditure Framework (MTEF) involving a realistic forecast of a Medium Term Fiscal Framework (MTFF) and the allocation of expenditure ceiling to sectors in a Medium Term Budget Framework. Also, a Medium Term Sector Strategy (MTSS) is not prepared to derive multi-year forward expenditure budget plans of MDAs in the

sectors. The budget call circulars issued to MDAs do not contain expenditure ceilings based on the state macro-fiscal framework, approved prior to circulation by the Executive Council (ExCo) of the State Government and endorsed by the State House of Assembly (SHoA).

Budget proposals submitted to the Budget Department are consolidated to form the state proposed budget estimates. Then, the Budget Department facilitates bilateral discussion sessions for the MDAs to meet with the Budget Defense Committee chaired by the Commissioner for Finance, to justify their proposed initiatives and their estimated costs. MDAs are represented at the bilateral discussions by the relevant Commissioner, Permanent Secretary and all heads of departments. After adjusting the initiatives and cost estimates in the proposed budget, based on the decisions reached in the bilateral discussion sessions to fit the revenue forecasts, the budget proposal is submitted to the State Economic Team. This team is composed of the Commissioner for Finance; Director General, SPC; Accountant General; Auditor General; Chairman, State Internal Revenue Service; Special Adviser to Governor on Revenue Generation; Head of Service; and Director of Budget as the Secretary. The Economic Team reviews the proposed budget, makes input and sends it to the Governor, who reviews it and forwards it to ExCo.

The ExCo reviews the proposed budget and makes further input and adjustments in the allocations based on the priorities of Government. The MDAs are not consulted and have no input into the various adjustments in allocations during the finalization the proposed budget. After the review by ExCo, the Budget Department makes a clean copy of the proposed budget for submission to the SHoA for scrutiny and approval.

The scrutiny of the budget estimates for approval by the SHoA is undertaken through its various committees that align with the planning sectors. However, the SHoA is not provided with relevant documents on the macro-economic and fiscal framework of the state to guide it. These documents include high level policy documents for planning, realistic forecast of a Medium Term Fiscal Framework (MTFF), medium term allocation to sectors and expenditure ceiling, and medium term priorities of sectors. The budget scrutiny and approval process involves significant political involvement and centralization of allocations in the approved budget.

The annual budgets of the state are approved and enacted into law during the first quarter of the fiscal year. Delays in the approval of the budget do not adversely affect the effective execution of the approved expenditure in the fiscal year.

The tasks and activities carried in the planning and budgeting process in the state are summarized below:

1. The Budget Department holds a pre-budget preparation sensitization meeting with all MDAs.
2. The Revenue Reconciliation Committee provides data for budget revenue forecasts.
3. There is an Issuance of Budget Call Circulars by the Budget Department.
4. Budget proposals and costed estimates are prepared based on initiatives of MDAs.
5. MDAs submit the budget estimates to the Budget Department.
6. The Budget Department collates and consolidates the State proposed budget estimates.
7. MDAs meet with the Budget Defense Committee in Bilateral Discussions Sessions to defend their initiatives and estimates.

8. The consolidated budget estimates are finalized based on decisions of the bilateral discussions, adjustments of allocations to fit revenue forecasts and submission to the State Economic Team.
9. The State Economic Team reviews the proposed budget and provides input and submits to the Governor and ExCo.
10. The Governor and State ExCo reviews the proposed initiatives and estimates, makes adjustments of allocations in line with the priority of Government and submits the proposed budget and Appropriation Bill to the SHoA.
11. The SHoA reviews the proposed budget, approves estimates and passes the Appropriation Law.

2.3 Budget Execution Process

Cash backing is provided for budget execution in the state through the central processing and payments of monthly personnel costs vouchers, as well as the issuance of General Warrants to authorise expenditure by the Accountant General after the budget has been approved and signed into law. The management of an MDA wishing to execute an approved budget expenditure meets to take a decision on the budget item, prepares a memorandum requesting for cash and addresses it through the Commissioner responsible for the MDA to the Governor for approval. The Commissioner recommends and endorses the memorandum to the Governor for approval.

When the Governor approves the memorandum, it is sent to the originating Commissioner, who sends it to the Director, Finance and Accounts of the MDA to prepare a voucher for payment by the Treasury. The voucher and approved memorandum are sent to the Ministry of Finance, and the Commissioner of Finance forwards it to the Accountant General, as head of the Treasury, for processing and payment. At the Office of the Accountant General, all vouchers for payments and the approved memorandum by the Governor are scheduled for payments. On the availability of cash for payment, the Accountant General transfers cash to the bank account of the relevant Ministry. When the Commissioner of the MDA is advised on the receipt of cash from the Treasury, approval is given for the cash to be transferred to the bank account of the MDA for its utilization.

A memoranda requesting cash payment for budget execution by BENSACA is addressed to the Governor, through the Permanent Secretary, Government House, though the Secretary to the State Government (SSG). The law setting up BENSACA made it an agency in the Office of the Governor and it reports to the Governor through the SSG. On receipt of a memorandum from BENSACA, the SSG directs it to the Permanent Secretary, Government House for further action.

When the memorandum is approved by the Governor, the Permanent Secretary, Government House informs the Executive Director of BENSACA. The approved memorandum is collected and a voucher is raised by the Director, Finance and Accounts of BENSACA. Then, the voucher accompanied by the approved memorandum is forwarded to the Ministry of Finance. The Commissioner of Finance then forwards the voucher and the memorandum requesting for cash to the Treasury for scheduling and payment.

The state does not have a procurement law. Public procurement procedures are undertaken by Ministerial Tenders Boards and the State Tenders Board in the Office of the Governor. Depending on the value of a transaction, when the limits of the State Tenders Board is exceeded the transaction is forwarded to the Governor or ExCo for approval. The procurement procedures would be concluded and attached to the memorandum requesting for cash to execute expenditure.

After the approval of a memorandum requesting for cash by the Governor, there would be need to confirm cash availability in the cash system before payments is made.

The following is the summary of the tasks involved in the budget execution process in the state:

1. The management of MDAs decide on the approved budget expenditure to be executed.
2. The MDA prepares a memorandum requesting for cash payment addressed to the Governor through the Commissioner of the relevant MDA.
3. The Commissioner recommends and endorses the memorandum to the Governor supporting the request for cash payment.
4. When the Governor approves the memorandum, it is sent to the originating Commissioner.
5. On receipt of the approved memorandum, the Commissioner minutes it to the Director of Finance and Accounts of the Ministry.
6. The Director of Finance and Accounts raises a payment voucher for the request for cash attaching the approved memorandum by the Governor, and sends it to the Ministry of Finance.
7. The Commissioner for Finance forwards the voucher and the memorandum to the Accountant General in the Treasury.
8. At the Office of the Accountant General, the voucher and approved memorandum are scheduled for payments depending on the cash position of the state.
9. On the receipt of cash from the Accountant General, the Commissioner of the originating Ministry gives approval and the fund is transferred to the bank account of the MDA that is the beneficiary or the implementing agency for its use.
10. Contracting procedures for the execution of capital expenditure are undertaken by the Ministerial Tenders Board or State Tenders Board. Depending on the value of the transaction, the transaction forwarded to the Governor or ExCo for approval. The procurement procedures would be concluded and attached to the memorandum requesting for cash to execute expenditure.
11. After the approval of a memorandum requesting for cash by the Governor, there would be need for confirmation of cash availability in the cash system before payments is made.

3. BUDGET PERFORMANCE

3.1 Aggregate Expenditure Performance

Table 1 shows budgeted and actual expenditure data for 2013 to 2015 fiscal years in Benue State. The data show that the performance of actual personnel cost compared with the budget was 87.72% in 2013, while overhead cost and consolidated revenue fund charges was 61.39%. Actual recurrent expenditure compared with the budget was 74.37%, while the performance of actual capital expenditure compared with the budget was 53.81%. Total actual expenditure compared with the total budgeted expenditure was 64.35% in 2013.

In 2014, the budget out turn of actual total expenditure in relation to the total budgeted figure was 92.15%. The budget out turns of personnel cost and overhead cost were 75.22% and 97.80%, respectively, while the performance of actual recurrent expenditure and actual capital expenditure when compared with the budget were 86.84% and 211.9%, respectively. The high level of performance of capital expenditure was due to the small amount budgeted for capital expenditure, which was exceeded by actual capital expenditure.

In 2015, actual total expenditure performance in relation to total budgeted expenditure was 86.58%. The budget out turn of personnel cost and overhead was 91.77% and 94.18%, respectively. Actual recurrent expenditure when compared with the budget was 92.99%, and the performance of actual capital expenditure was 49.01% when compared with the budget.

The data indicates that the performance of actual total expenditure when compared with the budget was 64.35% in 2013 to 92.15% in 2014 and 86.58% in 2016. Generally, the budget out turn of recurrent expenditure was higher than the out turn for capital expenditure in the three years reviewed. The significant deviations between budgeted and actual expenditure indicate that the state budgets were not realistic and could not be executed as planned.

Table 1: Benue State Aggregate Expenditure Performance, 2013-2015

Year	Details	Budget N	Actual N	Performance %
2013	Personnel Cost	37,658,869,527	33,035,183,487	87.72
	Overhead Cost/CRFC	38,741,325,401	23,782,178,745	61.39
	Recurrent Expenditure	**76,400,194,928**	**56,817,362,232**	**74.37**
	Capital Expenditure	72,662,768,286	39,097,756,537	53.81
	Aggregate Expenditure	**149,062,963,214**	**95,915,118,769**	**64.35**
2014	Personnel Cost	35,256,470,600	26,519,123,218	75.22
	Overhead Cost/CRFC	37,388,702,438	36,565,619,554	97.80
	Recurrent Expenditure	**72,645,173,038**	**63,084,742,772**	**86.84**
	Capital Expenditure	3,220,617,183	6,824,443,608	211.90
	Aggregate Expenditure	**69,909,186,380**	**69,909,186,380**	**92.15**
2015	Personnel Cost	36,225,928,580	33,243,729,950	91.77
	Overhead Cost/CRFC	37,242,332,162	35,073,018,362	94.18
	Recurrent Expenditure	73,468,260,742	68,316,748,312	92.99
	Capital Expenditure	12,542,070,520	6,147,269,955	49.01

Aggregate Expenditure	**86,010,331,262**	**74,464,018,267**	**86.58**

3.2 Health Sector Budget Performance

Table 2 shows data on the budget performance of the health sector in the state. Based on the data, the budget out turn of recurrent expenditure was 81.70% in 2013, 47.90% in 2014 and 80.04% in 2015. Capital expenditure performance when compared with the budget was 8.26% in 2013, 10.82% in 2014 and 59.78% in 2015. As can be seen in the table, MDAs are allowed to retain and spend some of the internally generated revenue (IGR) generated by them in Benue State. This contributed to enhancing the performance of overhead and recurrent expenditure.

The data show that the performance of actual recurrent expenditure when compared with the budget is relatively higher than the performance of capital expenditure in relation to the budget. This arose from the relatively high performance of actual personnel cost, which forms part of recurrent expenditure. The performance of actual capital expenditure of the sector when compared with the budget is relatively low, indicating a low level of cash backing provided for investment in the sector.

This situation shows lack of budget realism. Consequently, the budget of the health sector could not be executed according to the plan.

Table 2: Benue State Health Sector Budget Performance, 2013-2015

Year	Details	Budget N	Actual N	Performance %
2013	Personnel Cost	6,271,438,986	5,742,477,920	91.57
	Overhead Cost	1,534,591,120	375,709,511	24.48
	Retained IGR	17,284,410	273,457,647	1,582.11
	Recurrent Expenditure	**7,823,314,516**	**6,391,645,078**	**81.70**
	Capital Expenditure	921,166,714	76,051,989	8.26
	Total Expenditure	**8,744,481,230**	**6,467,697,067**	**73.96**
2014	Personnel Cost	8,807,972,340	4,683,070,397	53.17
	Overhead Cost	1,291,904,580	154,697,586	11.97
	Retained IGR	n.a.	n.a.	n.a.
	Recurrent Expenditure	**10,099,876,920**	**4,837,767,983**	**47.90**
	Capital Expenditure	100,000,000	10,815,363	10.82
	Total Expenditure	**10,199,876,920**	**4,848,583,346**	**47.54**
2015	Personnel Cost	6,924,440,000	6,807,163,013	98.31
	Overhead Cost	1,686,160,000	60,660,240	3.60
	Retained IGR	n.a.	24,221,542	n.a.
	Recurrent Expenditure	**8,610,600,000**	**6,892,044,795**	**80.04**
	Capital Expenditure	450,200,000	269,135,149	59.78
	Total Expenditure	**9,060,800,000**	**7,161,179,944**	**79.03**

3.3 Budget Performance of HIV/AIDS Interventions Initiatives

Initiatives for HIV/AIDS interventions in the state are implemented by BENSACA and SASCP. BENSACA is an extra-ministerial agency in the Office of the Governor and serves as the coordinating

agency for all HIV/AIDS interventions. SASCP is a programme in the Public Health Department of the Ministry of Health (MoH) and it undertakes service delivery on HIV/AIDS response to citizens in health facilities.

Data on the details of the budget performance of MDAs in the health sector, including BENSACA, is presented in Table 3. The data indicate that very little cash backing has been provided for the activities of SACA in the state over the years. The activities of BENSACA have been funded mainly by international donors.

SASCP has also depended largely on international donors for the funding of its activities. In addition, it receives support for its operation from the National AIDS and Sexually Transmitted Control Programme (NASCP) and BENSACA. The budget performance of SASCP is not reported separately. Budget lines for its activities are included in the budget of the Public Health Department of Ministry of Health and Human Services.

However, the actual capital expenditure of the Ministry of Health and Human Services in 2015 includes counterpart funding paid by the state government for interventions by the World Bank, UNICEF, UNFPA, HSDPII, GAVI and other donors on HIV/AIDS initiatives by BENSACA, as well as malaria and other diseases control programmes.

Table 3: Benue State - Details of Health Sector Budget Performance, 2013-2015

Year	Details	Budget N	Actual N	Performance %
Ministry of Health and Human Services				
2013	Personnel Cost	613,399,850	1,083,724,735	176.68
	Overhead Cost	104,140,199	18,761,793	18.02
	Recurrent Expenditure	**717,540,049**	**1,102,486,528**	**153.65**
	Capital Expenditure	921,166,714	76,051,989	8.26
	Total Expenditure	**1,638,706,763**	**1,178,538,517**	**71.92**
2014	Personnel Cost	984,487,650	699,189,423	71.02
	Overhead Cost	64,416,199	23,452,783	36.41
	Recurrent Expenditure	**1,048,903,849**	**722,642,200**	**68.89**
	Capital Expenditure	100,000,000	10,815,363	10.82
	Total Expenditure	**1,148,903,849**	**733,457,563**	**63.84**
2015	Personnel Cost	1,030,000,000	1,097,689,310	106.57
	Overhead Cost	25,810,000	10,873,090	42.13
	Recurrent Expenditure	**1,055,810,000**	**1,108,562,400**	**105.00**
	Capital Expenditure	450,200,000	269,135,149	59.78
	Total Expenditure	**1,506,010,000**	**1,377,697,549**	**91.48**
BENSACA				
2013	Personnel Cost	0	0	
	Overhead Cost	151,372,000	7,830,000	5.17
	Total Recurrent Expenditure	**151,372,000**	**7,830,000**	**5.17**
2014	Personnel Cost	6,840,000	0	0.00
	Overhead Cost	151,372,000	2,500,000	1.65
	Total Recurrent Expenditure	**158,212,000**	**2,500,000**	**1.58**
2015	Personnel Cost	6,840,000	500,000	7.31
	Overhead Cost	20,510,000	2,500,000	12.19
	Total Recurrent Expenditure	**27,350,000**	**3,000,000**	**10.97**
Hospital Management Board				
2013	Personnel Cost	3,073,470,390	2,992,680,434	97.37

	Overhead Cost	41,400,000	3,117,718	7.53
	Retained IGR	9,000,000	93,261,914	1,036.24
	Total Recurrent Expenditure	**3,123,870,390**	**3,089,060,066**	**98.89**
2014	Personnel Cost	3,252,171,170	2,045,718,921	62.90
	Overhead Cost	122,411,460	46,744,803	38.19
	Retained IGR	n.a.	n.a.	n.a.
	Total Recurrent Expenditure	**3,374,582,630**	**2,092,463,724**	**62.01**
2015	Personnel Cost	3,325,000,000	3,296,666,094	99.15
	Overhead Cost	29,690,000	1,787,150	6.02
	Retained IGR	n.a.	21,351,867	0.00
	Total Recurrent Expenditure	**3,354,690,000**	**3,319,805,111**	**98.96**
Benue State University Teaching Hospital				
2013	Personnel Cost	1,605,969,906	1,170,145,678	72.86
	Overhead Cost	953,704,921	265,000,000	27.79
	Retained IGR	0	171,911,323	
	Total Recurrent Expenditure	**2,559,674,827**	**1,607,057,001**	**62.78**
2014	Personnel Cost	1,170,145,678	1,526,715,310	130.47
	Overhead Cost	265,000,000	953,704,921	359.89
	Retained IGR	n.a.	n.a.	n.a.
	Total Recurrent Expenditure	**2,480,420,231**	**1,390,719,000**	**56.07**
2015	Personnel Cost	1,862,600,000	1,243,300,000	66.75
	Overhead Cost	497,650,000	15,000,000	3.01
	Retained IGR	n.a.	2,869,675	0.00
	Total Recurrent Expenditure	**2,360,250,000**	**1,261,169,675**	**53.43**
Benue State College of Health Science				
2013	Personnel Cost	978,598,840	495,927,073	50.68
	Overhead Cost	283,974,000	81,000,000	28.52
	Retained IGR	8,284,410	8,284,410	100.00
	Total Recurrent Expenditure	**1,270,857,250**	**585,211,483**	**46.05**
2014	Personnel Cost	3,037,758,210	774,443,053	25.49
	Overhead Cost	0	35,000,000	0.00
	Retained IGR	n.a.	n.a.	n.a.
	Total Recurrent Expenditure	**3,037,758,210**	**809,443,053**	**26.65**
2015	Personnel Cost	700,000,000	1,169,007,609	167.00
	Overhead Cost	1,112,500,000	30,500,000	2.74
	Retained IGR	0	0	0.00
	Total Recurrent Expenditure	**1,812,500,000**	**1,199,507,609**	**66.18**

4. IDENTIFIED BOTTLENECKS AND INEFFICIENCY IN SPENDING

4.1 Identified Bottlenecks in Optimal Resources Allocation to HIV/AIDS Initiatives

The following are the major bottlenecks identified in the planning and budgeting process, which adversely impact optimal allocation of resources to HIVAIDS interventions in the state:

1. **Highly centralised decisions on budget allocations:** The final decisions on budget allocations to MDAs in the state is highly centralised within top government functionaries. Adjustments made in the allocations in budget proposals are submitted for approval without the input of MDAs that planned the initiatives in the proposals.
2. **Non-availability of plan and agreed priorities:** There is no subsisting approved State Development Plan or agreed priorities of each of the major sectors showing the contributions and linkages of the various sectors to the overall development of the state. Therefore, there is no set of policy priorities for implementation generally agreed by all stakeholders in the budget formulation and execution process.

   Currently, budget provisions may not align with the priorities of top government functionaries. It appears the priority of top government functionaries in the state is on building physical projects which citizens can see. The existence of an approved Development Plan or agreed priorities would create a balance in budget execution by indicating the contribution of social sector projects and programmes, like HIV/AIDS interventions, to the development of the state and its sustenance through its human resources.
3. **Poor engagements with relevant stakeholders (influencers) to align priorities:** The implementing agencies of health sector and HIV/AIDS interventions have not adequately undertaken engagements with stakeholders capable of influencing top government functionaries to align priorities such that adjustments in allocations at various levels of budget formulation do not impact the interventions negatively.
4. **Absence of evidence-based advocacy in budget review meetings:** At the budget bilateral discussions, there is no evidence-based advocacy to ensure effective justification and defense of allocations to HIV/AIDS interventions. Such evidence-based advocacy would improve allocations to HIV/AIDS interventions.
5. **Absence of advocacy at budget scrutiny and approval:** After the budget is sent to the SHoA for scrutiny and approval, the implementing agencies do not carry out advocacy to legislators in relevant committees that approve budget estimates to prioritise allocations to strategic health sector and HIV/AIDS interventions.

4.2 Identified Bottlenecks in Funding Budget Execution on HIV/AIDS Initiatives

Below are the main bottlenecks identified in funding budget execution of HIV/AIDS initiatives:

1. **Differences in the priorities of top government functionaries and line managers in MDAs:** Top government functionaries responsible for approving memoranda requesting cash backing for budget execution appear to set priorities for the use of government funds that are different from the priority of service delivery by MDAs in sectors. During budget execution, the priorities of top government functionaries who approve requests for cash backing do not align with the priorities of MDAs in approved budget provisions. This is reflected in the fact that memoranda requesting for cash backing to execute sector priorities by line managers, such as HIV/AIDS interventions, are not approved.
2. **Perception of HIV/AIDS funding by top government functionaries:** There appears to be a perception by top government functionaries that the funding of HIV/AIDS interventions comes from international donors. Therefore, minimal cash backing is provided from the revenue of the State Government for the execution of the interventions. Top government functionaries are oblivious of the fact that donor funding of the interventions have been reducing in the course of time.
3. **Lack of budget realism:** The planning and budgeting process lacks budget realism. Low budget out turns leading to significant deviations between budgeted expenditure and actual expenditure in budget execution indicate that the state budgets are not realistic and cannot be implemented as planned. This arises from the fact that planning and budgeting are not based on a rigorous process for realistic forecasting of a medium term and multi-year fiscal framework. Budget limits of MDAs and sectors which are derived from the state macro-fiscal framework are not set and adhered to.
4. **Paucity of funds in the State Treasury:** A major issue which contributes to the refusal and delays in approving memoranda requesting for cash backing for budget execution is paucity of funds to effectively finance government activities. The downturn in the Nigerian economy in recent years has severely affected government revenues, leading to low level of cash available in the treasury. Associated with this challenge is a lack of realistic forecasts of medium term fiscal framework for budget formulation and execution. The inability to provide cash backing for the execution of budgeted expenditure has created a lack of severe lack of predictability and control by line managers in MDAs in budget execution.
5. **Challenges in the preparation of the memorandum requesting cash backing for budget execution:** Some of the memoranda requesting cash backing addressed to the Governor have been turned down because of the quality of the presentations and lack of adequate justification of the requests.
6. **Lethargy and delays in preparing and forwarding memoranda requesting for cash backing:** Due to the fact that most memoranda for cash backing prepared and forwarded by MDAs have not been approved, there is lethargy to prepare and forward memoranda for approval by officials. In some cases, there have been delays by officials in MDAs to comply with procurement and contracting procedures, as well as prepare and forward memoranda requesting for cash payment on time. These situations cause a large number of requests to be forwarded for the attention of approving and paying authorities at particular periods, like towards the end of the fiscal year. Consequently, some of the requests may not be attended to.

7. **Recurrent expenditure nature of HIV/AIDS interventions:** Expenditure on most HIV/AIDS projects and programmes are usually classified as overhead cost, i.e. recurrent expenditure. Since these projects and programmes are not capital expenditure, they do not attract the attention of approving and paying authorities, as is the case with capital expenditure.

4.3 Areas of Inefficiency in Spending on HIV/AIDS Interventions

The bulk of HIV/AIDS interventions involve overhead cost. A significant proportion of the funds for HIV/AIDS interventions are utilised by MDAs to finance staff travelling costs to attend training, as well as the payment of training fees. Therefore, such funds are not devoted to addressing actual service delivery interventions to citizens.

5. CONCLUSIONS AND RECOMMENDATIONS

5.1 Conclusions

The planning and budgeting process in Benue State is not based on a Medium Term Expenditure Framework (MTEF) involving realistic forecasts of a Medium Term Fiscal Framework (MTFF) and allocation of expenditure ceiling to sectors. Also, Medium Term Sector Strategy (MTSS) are not prepared to derive multi-year forward expenditure budget plans of MDAs in the sectors.

The State Budget Defense Team makes adjustments to initiatives and allocations proposed by MDAs in the consolidated budget estimates of the state to fit the revenue forecast before submitting the budget proposal to ExCo. In addition, the ExCo headed by the Governor reviews the proposed budget and makes further adjustments in the allocations based on the priorities of Government. MDAs are not consulted and have no input into the various adjustments in allocations during the finalisation the proposed budget.

The provision of cash backing for budget execution in the state is made through the central payment of personnel costs, i.e. salaries and allowances, and the issuance of General Warrants to incur expenditure after the budget has been approved and signed into law. Payments of cash for all expenditure have to be approved and confirmed by the Governor before instructions for the transfer of funds to the bank accounts of MDAs are made by the Accountant General. In addition, further confirmation of the availability of funds is required before transfers are made to the accounts of MDAs.

Bottlenecks identified in the planning and budgeting process of the state are the following:

- Highly centralised decisions on budget allocations;
- Non-availability of plan and agreed priorities;
- Poor engagements with relevant stakeholders (influencers) to align priorities;
- Absence of evidence-based advocacy in budget review meetings; and
- Absence of advocacy at budget scrutiny and approval.

The main bottlenecks identified in funding budget execution of HIV/AIDS initiatives are as indicated below:

- Differences in the priorities of top government functionaries and line managers in MDAs;
- Perception of HIV/AIDS funding by top government functionaries;
- Lack of budget realism;
- Paucity of funds in the State Treasury;
- Challenges in the preparation of the memorandum requesting for cash backing for budget execution;
- Lethargy and delays in preparing and forwarding memoranda requesting for cash backing; and
- The recurrent expenditure nature of HIV/AIDS interventions.

5.2 Recommendations for the Mitigations of Bottlenecks

The following are recommendations for addressing the identified bottlenecks in the planning, budgeting and budget execution processes:

- **Advocating for HIV/AIDS interventions and funding needs:** Stakeholders should embark on advocacy at the highest level of government to create awareness on the mandate of the BENSACA and SASCP and their strategic initiatives for service delivery. Awareness should be created with top government functionaries on the fact that international donor funding for HIV/AIDS interventions are reducing significantly. This would facilitate the provisions of more funds to meet requests for cash backing of HIV/AIDS interventions in the state.
- **Preparing Medium Term Sector Strategies:** The planning and budget formulation process should be based on the preparation of MTSS to derive annual budget plans of MDAs in the sectors, with multi-year expenditure plans. The budget call circulars issued to MDAs for the preparation of budget estimates should contain expenditure ceilings based on the state macro-fiscal framework, approved prior to circulation by the ExCo and endorsed by the SHoA.
- **Realistically budgeting for revenue and expenditure:** MTEF should be introduced in the planning and budgeting process in the state. Revenue forecasts in MTEF and expenditure estimates should be made more realistic. Only estimates of revenue that will be achieved should be included in the budget and applied on realistic expenditure estimates. This process would ensure that the budget is realistic, fundable and implementable. Therefore, the level of budget implementation would be raised significantly.
- **Preparing and implementing quarterly work plans**: In order to significantly enhance the level of budget implementation, after the approval of the budget, the Budget Department should ensure that MDAs use the annual budget to produce quarterly work plans. The work plans submitted to the Budget Department would be forwarded to the Ministry of Finance and Accountant General to plan quarterly release of funds for budget implementation by MDAs, especially key service delivery MDAs.
- **First line charge for strategic budget initiatives**: Strategic projects and programmes of MDAs, especially within the health sector, should be identified, and first line charge provided for them in the disbursement of funds by the Accountant General. This arrangement would enable funds to be dedicated for strategic initiatives by providing first line charge from revenue.
- **Profiling the budget and ensuring cash management:** The Office of the Accountant General should be supported to undertake the profiling of annual revenue and expenditure forecasts into monthly totals, and the preparation of an annual cash plan based on the monthly revenue and expenditure profiles. This would ease the process of using monthly revenue realised to meet the profiled monthly payment needs of MDAs.
- **Processing payment requests by MDAs on a timely basis:** BENSACA and SASCP should effectively plan their budget implementation to enable them process requests for cash backing early in the fiscal year. This would reduce delays in the processing of requests for cash backing.
- **Building the capacity for HIV/AIDS MDAs to prepare memorandum requesting cash payments:** There is need to provide capacity building to officials of BENSACA and SASCP on the preparation of the memorandum requesting for cash backing for budget execution. Such capacity building would improve the skills of the officials to identify relevant issues to address in the memorandum, and provide adequate justification for requesting for cash backing from the treasury.

- **Changing the legal framework setting up BENSACA:** At both the national and state levels, there is need to change the legal framework which established the National Agency for the Control of AIDS (NACA) and BENSACA. The change should put the agencies in the health sector and make them to report to the Ministry of Health at both the federal and state levels.

5.3 Recommendations for Improvements of Areas of Inefficiency

It is recommended that MDAs involved in HIV/AIDS interventions should be sensitised to focus most of the funds received for budget execution of HIV/AIDS initiatives toward service delivery interventions. This would improve the level of efficiency in the application of cash backing provided for the interventions.

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