Health Expenditures in Nigeria: MDG Trends and Lessons for the SDGs

Saheed O. Olayiwola, saheedolayiwola@yahoo.com, Health Policy Research and Training Programme, Department of Economics, University of Ibadan,

 Stephen O. Abiodun, Department of Economics, Tai Solarin College of Education, Ogun State, abiodunlalekan@gmail.com. +234-803-506-4188.

**ABSTRACT**

***Background***

Developing countries bear 93% of the world disease burden but account for 18% of world income and 11% of global health spending, hence, still far from achieving universal health coverage. Nigeria is among the African countries that failed to meet its MDG health targets due to health financing crisis. The structure of health financing in Nigeria shows that public health expenditure is still below private health expenditure. Public health expenditure as a proportion of total health expenditure was still around 30%; households’ health expenditure was around 67%, donor agencies and development partners financing are around 4% and 16% while health insurance constitutes about 2.4% of total health expenditures respectively. In 2001, African countries pledged to set a target of allocating at least 15% of their government expenditure to improve their health systems ‐ in what became known as the Abuja commitment. Using available data on sources of health financing, this study examines the trends and growth rate of health financing means in Nigeria and the extent to which Nigeria is meeting Abuja commitments. This was intended to take a stock of current progress on spending targets in Nigeria, as the world stands on the verge of the end of the MDG pledges and at the beginning of Sustainable Development Goals (SDGs).

***Methods***

The study utilized growth rate and percentages to determine the contributions of each source of health financing in total health financing from 2002-2014. Growth rate was employed to determine the growth of each spending means for the thirteen year period.

***Results***

The results show that the growth rate of out-of-pocket spending is the highest throughout the period. The proportion of government health spending though fluctuates over the years recorded the second highest contributions with a dwindling growth rate while health insurance fund shows an increasing growth trajectory.

***Conclusions***

The major conclusion was that since out-of-pocket and insurance health spending as domestic source of financing shows a positive growth trajectory over the years, government should concentrate more on increasing individuals spending capacity and charge both the formal and informal sectors employees an affordable insurance premium to provide a sustainable financing means for SDGs health goals. This can be complemented by government health budget of 15% of yearly fiscal appropriation when feasible to do so. The accepted norm in the international health community that UHC‐related spending needs to be predominately public may not be currently feasible in Nigeria.