

MARGINAL BENEFIT INCIDENCE ANALYSIS OF PUBLIC SPENDING IN NIGERIA

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Outline of the Presentation

- Introduction
- Objectives of the Study
- Methodology
- Results and Discussions
- Conclusion and Recommendations

Introduction

- Nigeria has population of more than 140million
- Earned over \$400 billion from oil and gas.
- Nigeria has the potential to build a prosperous economy, reduce poverty significantly, and provide the health, education, and infrastructure.
- However, 0.76% and 0.30% of GNP were allocated to education and health sectors respectively.

Introduction(ctd)

- Low access to Social Utilities
- How much poor benefit from these scarcely provided social services should be of interest to development economist because of the inherent inequality that may be imbedded in their distribution and the social distortion that can generate.
- This makes the analysis of distributional impact of public spending in Nigeria an interesting study.

Objectives of the Study

- The core objective of this study is to estimate the marginal benefit incidence of government spending on education (primary and secondary school enrolment) and health (pre and postnatal consultation and child vaccination) and on infrastructure (electricity and pipe-borne water) in Nigeria.

Methodology

Data collection and Sources

- Nigeria Living Std Household Survey, 2004
- Information on education, health and infrastructure were extracted and used for this study.
- Distributive Analysis Stata Package(DASP) 2.1 was used for the estimation of MBI

Methodology(ctd)

Analytical Technique

- Followed Ajwad and Wodon(2007) approach.
- The method of estimation of MBI consists of using the geographic variation in access (both between households and between states).
- This was done by regressing the benefit incidence in each of the intervals against the state means.

Results and Discussion

Average Benefit Incidence

Utilities	Poorest	Poor	Average	Rich	Richest
Pry Sch	0.15	0.19	0.20	0.22	0.23
Sec Sch	0.14	0.18	0.20	0.24	0.25
Vaccination	0.19	0.20	0.20	0.19	0.24
Prenatal	0.13	0.16	0.19	0.25	0.28
Postnatal	0.11	0.16	0.19	0.24	0.29
Water	0.14	0.16	0.18	0.24	0.29
Electricity	0.13	0.15	0.19	0.24	0.29

Results and Discussion(ctd)

Marginal Benefit Incidence

Utilities	Poorest	Poor	Average	Rich	Richest
Pry Sch	1.16	1.03	1.02	0.95	0.84
Sec Sch	1.04	1.02	1.10	1.05	0.79
Vaccination	1.10	0.93	1.40	0.72	0.87
Prenatal	1.16	1.10	1.03	1.00	0.71
Postnatal	0.92	1.24	1.17	0.93	0.74
Water	0.78	0.78	0.96	1.31	1.18
Electricity	1.01	0.98	1.12	1.01	0.88

Conclusion and Recommendation

- Marginal benefit of incidence of spending on social utilities in Nigeria indicates that the poorest group will benefit more on the social utility in which the current accessibility rate is high
- There is a need for pro-poor policies in order to accelerate the speed at which the poor benefit more from increases in access to social utilities in Nigeria.

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The working paper is available on the internet at <http://www.pep-net.org/publications/working-papers/>

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