



**2022
Federal Government
Budget Analysis
Consultation Memo**

**Leveraging Budget Reforms
for Economic Development**

February 2022



About BudgIT

BudgIT is a civic organisation driven to make the Nigerian budget and public data more understandable and accessible across every literacy span. BudgIT's innovation within the public circle comes with a creative use of government data by either presenting these in simple tweets, interactive formats or infographic displays. Our primary goal is to use creative technology to intersect civic engagement and institutional reform.

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Background

BudgIT's Consultation Memos are a simple and effective way of providing our perspectives, ideas and honest position on critical issues. They serve the purpose of informing key stakeholders and the government on BudgIT's position and they also help inspire meaningful public dialogue.

In the past 10 years, BudgIT has conducted an annual analysis of the federal government's Budget to highlight areas of improvement in the country's public finance value chain. BudgIT has set up more than 10 different interventions, including Tracka, a framework for monitoring the implementation of public projects across 33 of the 36 states in Nigeria to ensure that citizens get value for money. In the past two years, BudgIT has also expanded to 4 other countries, Ghana, Liberia, Sierra Leone, and Senegal to ensure citizens get value from public funds.

The ongoing need for public finance management reform and optimisation cannot be overemphasised, especially in the fiscal year 2022, given the scale and scope of loopholes for corruption, expenditure inefficiencies and weak budget realism observed during our preliminary analysis of the federal government's 2022 budget.

Throughout this memo, we advocate for reform in areas of Nigeria's public financial management that affect the very core of governance, separation of powers, expenditure efficiency, and the livelihoods of millions of Nigerians; 86 million of whom live below the poverty line. The content of this Consultation Memo provides not only talking points for reformers but also evidence that can hopefully move the needle in creating long-lasting budget reforms that can provide a pathway for Nigeria in its quest for economic development.



The State of Play

Five quick takeaways from the 2022 budget

1

Duplications are not the Whole Story: While the duplication of projects—one of the many manifestations of corruption risks in the 2022 budget—may be considered more newsworthy in media circles, it is only a fraction of the critical issues. Stakeholders should ensure that this does not drown out other vital observations highlighted for reform. For example, there are critical budget realism issues that heighten the risk of abandoned public projects, which have nothing to do with corruption; this is expounded on page 10 amongst other issues in the Consultation Memo.

2

Top brass of the Executive and Legislature foster expenditure inefficiency: We note that some budget alterations are connected to the leadership of the Legislative and the Executive arms. For example, the budgets of the Nigerian Stored Products Research Institute and Nigerian Centre for Agricultural Mechanization both in Ilorin, Kwara had cumulative allocations of N1.45bn for the “Construction of Femi Gbajabiamila Public Junior Secondary School, Itire Ikate”¹.

According to allocations in the 2022 budget, which is now a law (the 2022 Appropriation Act), the Nigerian Stored Products Research Institute in Ilorin, Kwara State, would award the contract for constructing half of the secondary school in Lagos State (Blocks D, E, F) while the Nigerian Centre for Agricultural Mechanization (also in Ilorin, Kwara State) would award contracts for constructing the other half of the same school (Blocks A, B, C) in Lagos State. Both agencies in Kwara State have no expertise in supervising the construction or staffing of a school in Lagos State.

Furthermore, the National Assembly inserted N1bn for installation of street lights into the budget of the Nigerian Institute of Marine and Oceanography in Delta Central Senatorial District, represented by the Deputy Senate President, Hon. Ovie Omo-Agege.

1. See Federal Republic of Nigeria. 2022 Appropriation Act, at pages 436 and 533. Budget Office of the Federation (Website).



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While the budget of the Industrial Arbitration Panel has an insertion of N200m for the construction of streetlights in Yobe North Senatorial District represented by the Senate President, Hon. Ahmed Lawan. In these two additional examples, both federal agencies have no capacity or mandate to implement or supervise contracts for which they have allocations.

Likewise, we also noticed inflated costs for public projects. For example, the State House also got a potentially inflated allocation of N20.8bn for the construction of a 14-bed Presidential Wing of the State House Medical Centre.

Page 16 to 22 of this document highlights a few more project examples from the 2022 budget reflecting the different manifestations of corruption risks.

BudgIT notes that except the 2022 Appropriation Act (also known as the FG budget) is amended to address problematic projects in the budget, it is illegal to withhold funds from the aforementioned projects no matter the public outcry.

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An instance of what happens when public funds are invested in projects flagged as a loophole for corruption is the Ohanmi Road in Owan East LGA, Edo State.² which was ultimately awarded by the country's Ministry for Agriculture in 2021. The picture below shows the state of the road within one 1-month of construction due to the ministry's weak capacity to supervise such contracts and the contractor's weak capacity to execute the contract.

When projects are arbitrarily inserted into the budgets of agencies that do not have the capacity to execute them effectively, the citizens bear the consequences in form of substandard infrastructure, abandoned projects, and projects awarded to "briefcase contractors" for wholesale diversion of public funds to the pockets of vested political interests.



Poorly constructed Ohanmi Road in Owan East LGA, Edo State. Photo Credit © Tracka

2. See "Flood Washes Away Edo Road Two Months After Completion" by Sahara Reporters, on 4 August 2021. Available at: <http://saharareporters.com/2021/08/24/flood-washes-away-edo-road-two-months-after-completion>. TrackaNG, a Civil Society Organisation focused on monitoring and evaluation of federal capital projects, brought the above project into the public space.



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In the 2022 FG budget, 87 different federal agencies have allocations for Construction/Provision of Roads; a sizable number of these agencies do not have the capacity and in some cases, the mandate for such construction projects. Even worse, an overwhelming majority of the allocations to MDAs that have the capacity to execute road construction projects are for roads that are the responsibility of States and Local Governments, whereas the federal government's primary responsibility, inter-state roads,³ continue to wallow in a state of neglect.

Beyond substandard public projects and poor value for money, there are dangers to human life in allocating funds to agencies without the capacity to execute. For example, 100 students of the College of Health Sciences Technology, Ekiti State, were hospitalized⁴ in May 21, 2021, as a result of a fumigation exercise carried out by the Federal Fire Service. According to the Environmental Health Officers Registration Council of Nigeria (EHORECON) an agency under the Ministry of Environment, the Federal Fire Service is not licensed to fumigate.⁵

3 Intergovernmental Coordination - An Emerging Necessity: There is: (a) weak coordination between different federal agencies and (b) between the different tiers of government (FG, State and Local) in the budget planning process and this could significantly derail Nigeria's Medium-Term National Development Plan (MTNDP) 2021-2025. For example, there are **1,200+** streetlight projects across different communities⁶ worth over N140bn even though according to Schedule IV of the Constitution of the Federal Republic of Nigeria, provision of streetlights is under the purview of the Local Government. This is a different tier of government that constitutionally gets its fair share of Nigeria's federally allocated revenue. Going forward, the need for a framework for joint budget planning, coordination and alignment with the MTNDP between the FG, State and Local Government budget offices is very critical.

3. See generally, Odewale, A. (2020). Local Government and Road Infrastructure Delivery: Nigeria Experience, at pages 182 to 184. In the Journalish: Social and Government. Volume 1, Nomor 4, Desember, 2020: Hal. 178-189. Available at: <http://thejournalish.com/ojs/index.php/thejournalish/article/view/92/76>.

4. See '100 Students' Hospitalised in Ekiti after Fumigation Exercise, by Olusola Oladiran, on 7 May 2021, in the Cable (Online) Newspapers. Available at: <https://www.thecable.ng/100-students-hospitalised-in-ekiti-after-fumigation-exercise/amp>.

5. See "Fumigation Poison: Federal Fire Service not Authorised to Decontaminate, Says EHORECON", by Bennett Oghifo, on 1 June 2021, in Thisday (Online) Newspapers. Available at: <https://www.thisdaylive.com/index.php/2021/06/01/fumigation-poison-federal-fire-service-not-authorised-to-decontaminate-says-ehorecon/>

6. Note, street lights included as part of school building projects, police barracks are not included in this count



The State of Play

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This is because the MTNDP 2021-2025 was launched late in 2021 when some states had already sent in their 2022 budget proposals to their respective Houses of Assembly. The implication of this is that the subnational governments have missed out on financing 2 years (2021 and 2022) out of the 5-year MTNDP through the primary public financing instrument; their budgets. Better inter-tier coordination and funding the MTNDP would better motivate the private sector which is expected to commit N298tn to compliment the funding of the plan by the federal and subnational governments.

4 Budget Guidelines and Thresholds-Some things are Sacrosanct: Another cause for concern is the timeframe within which the 6,576 capital projects were generated and inserted⁷ into the FG budget by legislators. We have valid concerns on whether Project Design Documents (PDD) were used and enforced or feasibility studies were conducted, as required by the 2022 Budget Public Investment Guidelines.⁸ A poorly designed and costed public sector project is almost destined to fail *ab initio* and lead to poor value for money for taxpayers. Also, the insertions of these 6,576 projects bloated the budgets of different federal ministries, contributing to a breach of the budget ceiling safeguards announced by the Budget Office of the Federation on August 19, 2021. These also contributed to bloating the FG budget deficit to N6.39tn, an amount greater than 3% of the country's GDP. The latter is a breach of the Fiscal Responsibility Act which sets 3% as a safe threshold for a budget deficit, except there is a present threat to national security or sovereignty of the Federal Republic of Nigeria.⁹

5 The Gloves Need to Come Off: The Growing Need for Improved Budget Transparency and Accountability Enforcement; The federal government is still exhibiting selective opacity in its budget transparency as it concerns certain MDAs and Government Owned Enterprises (GOEs) that have been indicted for fraud. Opacity has engulfed the budgets of several MDAs and GOEs including, Nigeria Ports Authority, Niger Delta Development Commission (NDDC), Nigeria Customs Service, Galaxy Backbone, Federal Inland

7. See "Buhari Worried As Lawmakers Insert Over 6,000 Fresh Projects Into 2022 Budget", by Daily Trust, on 31 December 2021, in Daily Trust (Online) Newspapers. Available at: <https://dailytrust.com/buhari-worried-over-national-assemblys-insertion-of-over-6000-fresh-projects-into-2022-budget>.

8. See the Federal Ministry of Finance, Budget and National Planning. 2022 Budget Call Circular, 19 August 2021, at p. 29. Federal Republic of Nigeria.

9. Section 12(2) Fiscal Responsibility Act, 2007



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Revenue Service (FIRS), Nigeria National Petroleum Corporation (NNPC), amongst many others. For emphasis, the breakdown of The Niger Delta Development Commission, NDDC's capital budget is withheld from the 2022 FG budget released to the public. This is an agency that has been enmeshed in numerous corruption scandals, that according to the 2019 Auditor General of the Federation's report, N485.12m of budgeted funds was awarded by the NDDC for "Studies and Design" of Amabo-Umuechima Road, Bende Local Government Area, Abia State,¹⁰ a few years after the construction of the road was already completed. In a similar instance, the NDDC awarded a N10bn contract to Starline Consultancy Ltd, to collect the statutory 3% levy from Oil and Gas companies, But the company instead, served as a conduit for distributing the contract sum to various senior individuals in NDDC and legislators in the National Assembly committee overseeing the NDDC's budget and activities. The court case between the Economic and Financial Crimes Commission, EFCC and the accused persons in this N10bn NDDC contract fraud is ongoing but only N150m has been recovered so far according to the EFCC.¹¹ This situation could have been avoided in the first place if this was published in the breakdown of NDDC proposed budget for that year.

Continuous shielding of the NDDC budget breakdown from public scrutiny simply creates the exact conditions that made fraud possible within the agency in the first place.

The Fiscal Responsibility Act 2007 has clear provisions aimed at fostering prudent management of Nigeria's resources and ensuring fiscal transparency and accountability. However, the Fiscal Responsibility Commission (FRC), established by Act to be a watchdog, has been limited to a dog that can bark but not bite. MDAs and GOEs have continued to breach fiscal rules established in the Act, largely due to the

10. See Office of the Auditor General of the Federation. Report of the Auditor-General For the Federation On Special Periodic Checks On the Activities and Programmes of Niger Delta Development Commission (NDDC), For the Period Starting 1 January, 2013 to 30 June, 2018, at p. 17. Federal Republic of Nigeria. Available at <https://www.oaugf.ng/docman/11-nddc-report-of-2013-to-2018/file>.

11. See "Alleged N4.8m Fraud: EFCC Presents Evidence against Ebomo, Ex-NDDC House Committee Chair" by Media & Publicity, on 6 March 2020, on the Economic and Financial Crimes Commission Official Website. Available at: <https://www.efccnigeria.org/efcc/news/7465-alleged-nddc-fraud-trial-of-nicholas-mutu-former-nddc-committee-chair-continues-nov-24>.



The State of Play

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fact that there are neither punitive measures nor clear sanctions for breaching provisions of the Act. In 2021, the Chairman of the FRC disclosed that MDAs and GOEs had not remitted N1.5 trillion in operating surpluses.¹² There is an amendment of the Fiscal Responsibility Act currently sitting before the National Assembly that includes clear sanctions for breaching provisions of the Act. However, the bill is lying cold and waiting to die at the end of the life of this assembly. It is imperative that the bill is given a new lease of life: a speedy hearing and corresponding presidential assent to empower the FRC to enforce fiscal discipline in the utilization of the nation's scarce resources.

“The rest of this consultation memo provides more examples for different forms of corruption risks, expenditure inefficiencies and budget realism issues observed. To limit the size of this consultation memo, only a few examples per issue are provided in this document. More examples are available upon request.”

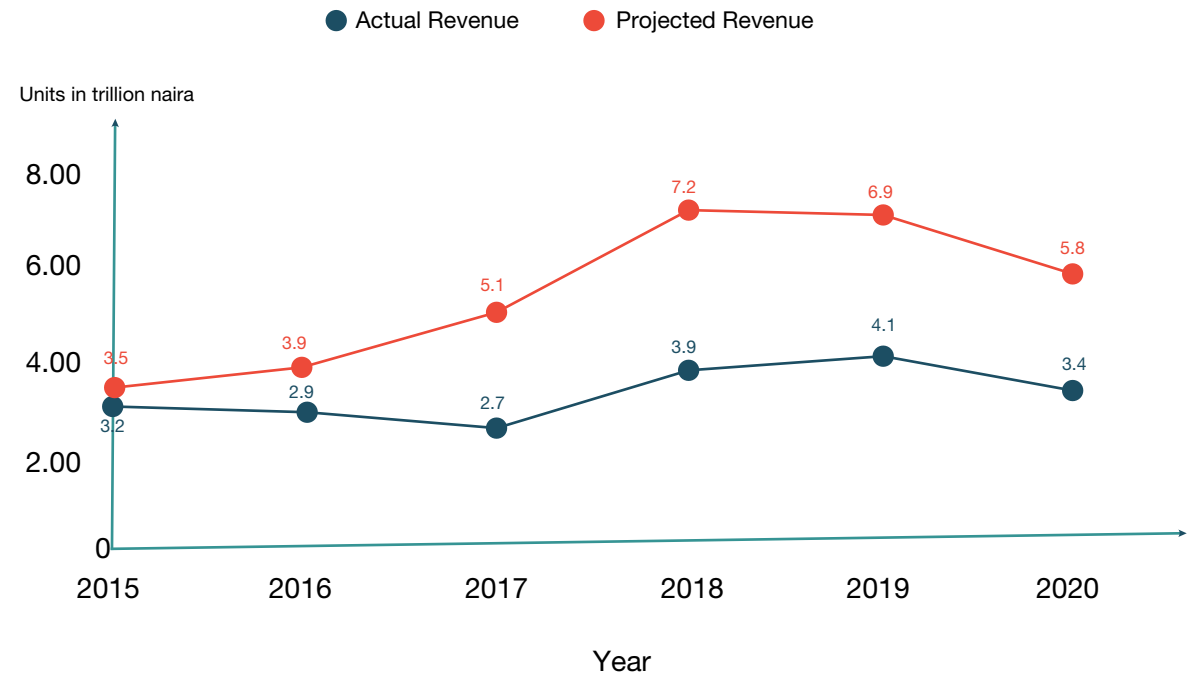
12. See “Amid borrowings, MDAs keep N1.5tr operating surpluses, FRC reveals” by Joke Falaju, on October 16th, 2021, in the Guardian (online) Newspapers.. Available at <https://guardian.ng/news/amid-borrowings-mdas-keep-n1-5tr-operating-surpluses-frc-reveals/>

Heightened Risks of Abandoned Projects

In practice, contracts for public projects are awarded to contractors based on the strength of projected government revenue. If the government misses its revenue target, it often leads to defaults on payment obligations to contractors. The resultant ripple effect of missed revenue targets include: unpaid salaries for both workers and contractors, unfulfilled financial obligations to banks, increase in non-performing loans in-country, and ultimately, abandoned public projects.

The government has disappointingly missed all of its revenue targets in recent years due to unrealistic revenue projections in the budget. As an example, the Federal Government projected to earn N333bn from Stamp Duties¹³ between Jan-Aug 2021 but was only able to raise N9.8bn, representing a meager 2.94% of its target for that revenue line item. To the right is a chart of FG's projected versus actual revenue from 2015 to 2020.

Projected Revenue Vs Actual Revenue



13. See BudgIT Foundation. (2021). 2021 Budget Implementation Report, at p. 4. Available at: https://yourbudget.com/wp-content/uploads/2021/11/2021_BIR_Infographics-updated-1.pdf.



Heightened Risks of Abandoned Projects

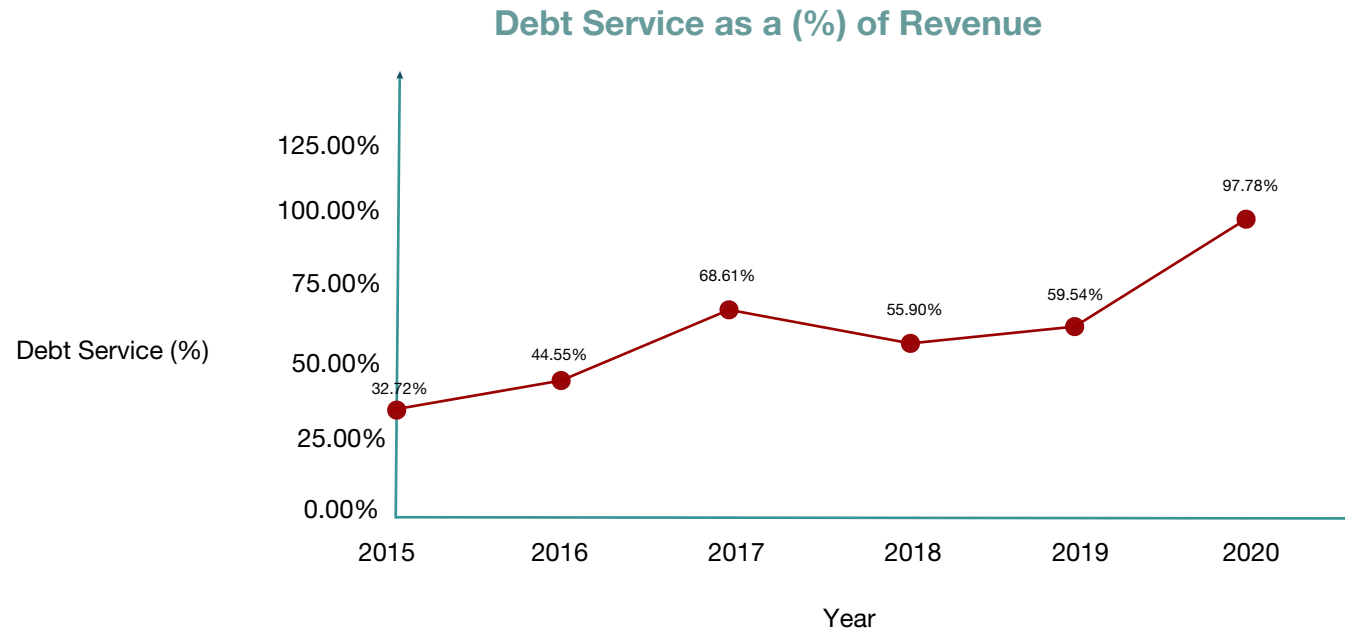
Weak budget realism including unrealistic revenue projections is a key reason why Nigeria has had over 50,000 abandoned public projects¹⁴ across the country: however there may be other reasons as highlighted by the Nigerian Institute of Quantity Surveyors (NIQ). If Nigeria misses its revenue target, as it has done in the past 5 years, a sizable number of the 21,108 capital projects in the 2022 budget could end up being abandoned.

14. See "Nigeria's 56,000 abandoned Projects", by Vanguard Media Nigeria Limited, on November 6 2021, in the Vanguard (Online) Newspaper, available at: <https://www.vanguardngr.com/2021/11/nigerias-56000-abandoned-projects/>.

Emerging Threat to Debt Service-to-Revenue Ratio

The Federal Government's debt servicing costs has soared over the past 7 years. While it wiped out 32.7% of the FGs revenue in 2015, it eroded as much as 98% of FGs actual revenue in 2020 and about 87% of FGs revenue in the first half of 2021. This is one reason the government needs to be cautious of its budget deficit which is a key driver of further debt collection and the resultant increase in debt servicing cost for future debt.

Below is a line chart of FG's rising debt service-to-revenue ratio since 2015.



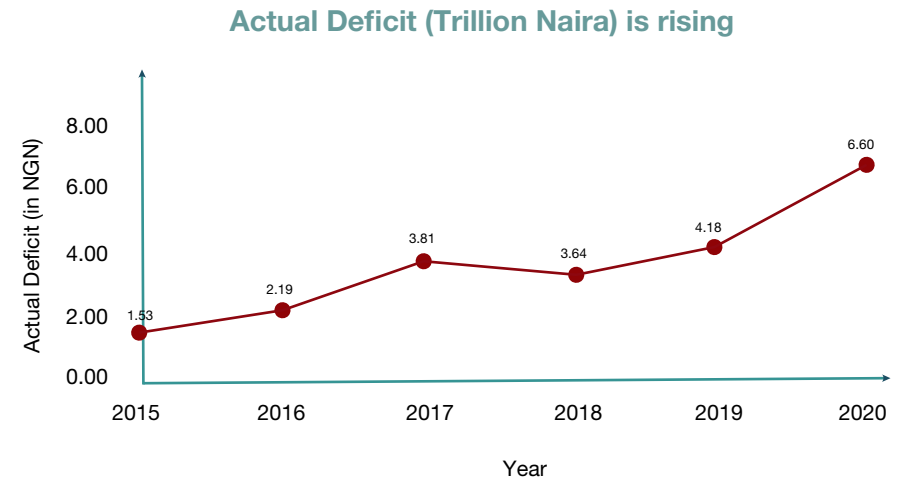
Emerging Threat to Debt Service-to-Revenue Ratio

Nigeria's 2022 budget deficit, the difference between anticipated 2022 Revenue (N10.74tn) and planned Expenditure (N17.13tn), is N6.39tn - more than four times the actual budget deficit in 2015. The recent additional approval of N3tn for petrol subsidy will significantly increase FG's deficit, even if the total subsidy bill will be borne by all three tiers of government.¹⁵

This is dangerously above the safeguards guaranteed in section 12(1) of the Fiscal Responsibility Act (FRA), 2007 which stipulates that the budget deficit must not be higher than 3% of the country's estimated GDP. However, the proposed 2022 deficit is 3.39% of the GDP, higher than the legal threshold.

Furthermore, we note that 98.5% or N6.29tn of the N6.38tn 2022 deficit would be borrowed, making FG's total new debt in a single year larger than the entire country's budget in 2015. This is an emerging threat to the debt service-to-revenue ratio as it would lead to higher cost of future debt servicing. This will further crowd out available revenue for future infrastructure in addition to exposing the country's fiscal fundamentals to risks of exchange rate volatility and higher interest rates from CBN 'Ways and Means'.

The chart below shows the actual deficit, the gap between FG's revenue and expenditure per year from 2015 to 2020.



15. See 'Cash-strapped FG Approves N3trn, 17.5% of 2022 Budget to Sustain Subsidy', by Deji Elumoye, Chuks Okocha, Emma Okonji and Nosa Alekhuogbe, on January 27 2022, in Thisday (Online) Newspapers. Available at: <https://www.thisdaylive.com/index.php/2022/01/27/cash-strapped-fg-approves-n3trn-17-5-of-2022-budget-to-sustain-subsidy/>.



Critical Issues for Reform

Inflated and Vague Projects

At the top of our list of potentially inflated projects is the N20.8bn allocated for the construction of a 14-bed presidential wing at the existing State House Medical Center. This amount is equivalent to the entire N20.7bn capital budget of the National Primary Health Care Development Agency (NPHCDA) in 2022. For better context, there are 28,036 public Primary Healthcare Centres (PHCs), many of which are dilapidated, serving millions of Nigerians across the federation. In addition, the proposed N20.8bn, 14-bed presidential wing of the State House Hospital is the same one conceptualized in 2012. We note that the sums of N395m, N416m, and N1.06bn were earmarked for the presidential wing of the State House Hospital in 2019, 2020 and 2021 Federal Budgets respectively.¹⁶ Why the approximately 2000% increase in the cost for this project?

On the problem of vague project descriptions, a total of N67bn is provided for three vague projects as shown in the table below with no further breakdown or specificity. These vague omnibus projects without detailed descriptions present a corruption risk especially because it allows the Office of the Senior Special Assistant to the President (OSSAP) to generate any new project and redirect the contract to vested interests when the need arises.

16. See "Construction Of Presidential Wing At The State House Medical Center" which featured in the budgets of 2019, 2020 and 2021.

Unique ERGP Code	Project Occurrence	Amount	Occurrence in FG Budget
ERGP16160518	OSSAP - SDGs: SDG PROJECTS 3	2,000,000,000	Page 565
ERGP16160517	OSSAP - SDGs: SDG PROJECTS 2	10,000,000,000	Page 566
ERGP16160516	OSSAP - SDGs: SDG PROJECTS 1	55,000,000,000	Page 567

A case in point is the set of five (5) contracts awarded for the construction of “Street Lights” in Adamawa state totalling N1bn awarded to five (5) different companies by the Office Of the Senior Special Assistant to the President - SDGs (OSSAP-SDGs) (then under the Presidency).¹⁷ All five companies were paid equal amounts of N217.75m on the last day of December 2019.

At least three of the five companies, Biosecureone Ltd, I.C Data Solution Ltd, and Zaco Construction and Engineering Ltd, belong to the same secret beneficial owners.¹⁸

17. Note that the Office of the Senior Special Assistant To the President (OSSAP) office has now been moved to the Ministry of Humanitarian Affairs, Disaster Management And Social Development.

18. See “Under Buhari’s Watch: Over a billion naira allegedly stolen in imaginary streetlight contracts in Adamawa” by Elijah Akoji, on 9 January 2022, in the International Centre for Investigative Reporting (ICIR) Website. Available at: <https://www.icirnigeria.org/under-buharis-watch-over-a-billion-naira-allegedly-stolen-in-imaginary-streetlight-contracts-in-adamawa/>

Projects Outside MDAs' Mandates

One of the biggest afflictions of the 2022 Appropriations Act is the rampant allocation of funds to agencies that do not have the capacity or mandate to execute them. This is happening despite warnings from the Budget Office of the Federation on September 16, 2021, that agencies who collaborate with vested interests to pad their budget with projects outside their mandates would be reported to the Independent Corrupt Practices Commission, ICPC.

In the next few pages, we provide a listing of projects in the 2022 Appropriation Act allocated to MDAs that do not have the capacity or mandate to implement. For example, the Nigerian Export Promotion Council, NEPC has budget allocations for importing motorcycles for constituency projects in Jigawa State, while the National Drug Law Enforcement Agency, NDLEA is building Town Halls for communities in Plateau State.

See more examples in the table to the right.

General

CODE	LINE ITEM	AMOUNT	MDAs
ERGP71778967	SUPPLY OF MOTORCYCLE AND VEHICLES FOR EMPOWERMENT IN JIGAWA SOUTH WEST SENATORIAL DISTRICT, JIGAWA STATE	25,000,000	NIGERIAN EXPORT PROMOTION COUNCIL
ERGP552712435	CONSTRUCTION AND FURNISHING OF TOWN HALL IN KANKE LGA, PLATEAU CENTRAL SENATORIAL DISTRICT, PLATEAU STATE	50,000,000	NATIONAL DRUG LAW ENFORCEMENT AGENCY
ERGP202203221	SUPPLY OF MOTORCYCLES TO THE PEOPLE OF GARKI, JIGAWA NORTHWEST SENATORIAL DISTRICT	50,000,000	NATIONAL AGENCY FOR GREAT GREEN WALL HQTRS
ERGP202201258	PROVISION OF CUSTOMIZED EXERCISE BOOKS AND WRITING MATERIALS IN SURULERE 1, LAGOS	150,000,000	INDUSTRIAL ARBITRATION PANEL
ERGP202202703	CONSTRUCTION OF SOLAR-POWERED BOREHOLES IN SELECTED AREAS OF GOMBE NORTH SENATORIAL DISTRICT, GOMBE STATE.	100,000,000	NIGERIAN EXPORT PROMOTION COUNCIL
ERGP202200320	CONSTRUCTION AND PROVISION OF SOLAR STREET LIGHT AT SOME SELECTED LGA IN EKITI SOUTH FEDERAL CONSTITUENCY AND OTHER AREAS OF EKITI STATES	500,000,000	CENTRE FOR MANAGEMENT DEVELOPMENT
ERGP202202585	CONSTRUCTION OF COMMUNITY TOWN HALL AND FURNITURE'S IN JIGAWA SOUTHWEST SENATORIAL DISTRICT, JIGAWA STATE	50,000,000	NATIONAL HUMAN RIGHTS COMMISSION
ERGP202201058	CONSTRUCTION AND INSTALLATION OF INTEGRATED SOLAR STREET LIGHTS IN VARIOUS COMMUNITIES OF BALI/GASSOL FEDERAL CONSTITUENCY, TARABA	50,000,000	NATIONAL POPULATION COMMISSION



Petroleum Training Institute

The Petroleum Training Institute, Delta State should have no business supplying fire extinguishers to Sokoto State when there is a Federal Fire Service and the Sokoto State Fire Service.

CODE	LINE ITEM	STATUS	AMOUNT	MDAs
ERGP20220738	SUPPLY OF 1 UNIT OF FIRE ENGINE 6,000 LITRE WATER AND CHEMICAL @ N55,000,000 IN GADA/GORONYO FEDERAL CONSTITUENCY SOKOTO STATE	NEW	55,000,000	PETROLEUM TRAINING INSTITUTE
ERGP20220737	SUPPLY OF 50 UNITS OF 5KG CO2 FIRE EXTI-NGUISHER @ 40,000 IN GADA/GORONYO FEDERAL CONSTITUENCY, SOKOTO STATE	NEW	2,000,000	PETROLEUM TRAINING INSTITUTE
ERGP20220736	SUPPLY OF 150 UNITS OF 6KG DRY CHEMICAL FIRE EXTINGUISHER @ 32,000 IN GADA/GORONYO, FEDERAL CONSTITUENCY, SOKOTO STATE	NEW	4,800,000	PETROLEUM TRAINING INSTITUTE
ERGP20220735	SUPPLY OF 150 UNITS OF 9KG DRY CHEMICAL POWDER FIRE EXTINGUISHER @ 35,000 IN GADA/GORONYO, FEDERAL CONSTITUENCY SOKOTO STATE	NEW	5,250,000	PETROLEUM TRAINING INSTITUTE
ERGP20220734	SUPPLY OF 15 UNITS OF 25KG CO2 FIRE EXTI-NGUISHER @ 280,000 IN GADA/GORONYO FEDERAL CONSTITUENCY, SOKOTO STATE	NEW	4,200,000	PETROLEUM TRAINING INSTITUTE
ERGP20220733	SUPPLY OF 10 UNITS OF 45KG DRY CHEMICAL POWDER FIRE EXTINGUISHER @ 320,000 IN GADA/GORONYO FEDERAL CONSTITUENCY SOKOTO STATE	NEW	3,200,000	PETROLEUM TRAINING INSTITUTE
ERGP20220732	SUPPLY OF 15 UNITS OF 50KG DRY CHEMICAL POWDER @ 350,000 IN GADA/GORONYO FEDERAL CONSTITUENCY, SOKOTO STATE	NEW	5,250,000	PETROLEUM TRAINING INSTITUTE
			79,700,000	



Federal College Of Education, Umunze

This College of Education is based in Anambra State and should not be concerned with repairing traditional centres in Ondo State or purchasing cars for empowerment in Lagos.

Also, the projects listed have nothing to do with the purpose of a College of Education.

CODE	LINE ITEM	STATUS	AMOUNT	MDAs
ERGP202300758	RENOVATION, REP AIR AND PROVISION OF AMENITIES TO TRADITIONAL CENTERS IN ILAJE/ESE-OD O FEDERAL CONSTITUENCY, OND O STATE	NEW	50,000,000	FEDERAL COLLEGE OF EDUCATION UMUNZE
ERGP202201237	PROVISION OF E-HAILING CARS AS EMPOWERMENT IN SURULERE ,LAGOS	NEW	200,000,000	FEDERAL COLLEGE OF EDUCATION UMUNZE
ERGP202201236	CONSTRUCTION OF PERIMETER FENCING IN GOVERNMENT/COMMUNITY SECONDARY SCHOOL, IHEAKPU-A WKA FOR SECURITY.	NEW	200,000,000	FEDERAL COLLEGE OF EDUCATION UMUNZE
ERGP202201235	ESTABLISHMENT OF INTEGRA TED SOLAR STREET LIGHTS IN AGU-O GBARA, ITCHI AND UNADU, ENUGU.	NEW	210,000,000	FEDERAL COLLEGE OF EDUCATION UMUNZE
ERGP202201232	CONSTRUCTION AND RECONSTRUCTION OF INNER ACCESS ROAD IN ONITSHA SOUTH	NEW	244,600,000	FEDERAL COLLEGE OF EDUCATION UMUNZE
			904,600,000	



Projects linked to the leadership of the National Assembly: Hon. Femi Gbajabiamila

While the construction of a school is a worthwhile project in principle, these have been flagged because they are cited in agencies that have no capacity or mandate to implement them. In our 10-year journey of budget tracking, this typically happens when vested political interests want to maintain control over the contract award process in agencies they have better influence over.

Also, curiously, two different agencies (who do not have a mandate in the first place) have allocations for constructing different blocks of classrooms within the same school, so there would be two separate contract award processes for the same school.

CODE	LINE ITEM	STATUS	AMOUNT	MDAs
ERGP20220 1263	CONSTRUCTION OF FEMI GBAJABIAMILA PUBLIC JUNIOR SECONDARY SCHOOL, ITIRE IKATE (BLOCK A)	NEW	200,000,000	NATIONAL CENTRE FOR AGRICULTURAL MECHANISATION-ILORIN
ERGP20220 1264	CONSTRUCTION OF FEMI GBAJABIAMILA PUBLIC JUNIOR SECONDARY SCHOOL, ITIRE IKATE (BLOCK B)	NEW	200,000,000	NATIONAL CENTRE FOR AGRICULTURAL MECHANISATION-ILORIN
ERGP20220 1265	CONSTRUCTION OF FEMI GBAJABIAMILA PUBLIC SECONDARY SCHOOL, ITIRE IKATE (BLOCK C)	NEW	200,000,000	NATIONAL CENTRE FOR AGRICULTURAL MECHANISATION-ILORIN
ERGP20220 1266	CONSTRUCTION OF FEMI GBAJABIAMILA PUBLIC SENIOR SECONDARY SCHOOL, ITIRE IKATE (BLOCK D)	NEW	200,000,000	NIGERIA STORED PRODUCTS RESEARCH, ILORIN
ERGP20220 1267	CONSTRUCTION OF FEMI GBAJABIAMILA PUBLIC SENIOR SECONDARY SCHOOL, ITIRE IKATE (BLOCK E)	NEW	200,000,000	NIGERIA STORED PRODUCTS RESEARCH, ILORIN
ERGP20220 1268	CONSTRUCTION OF FEMI GBAJABIAMILA PUBLIC SENIOR SECONDARY SCHOOL, ITIRE IKATE (BLOCK F)	NEW	200,000,000	NIGERIA STORED PRODUCTS RESEARCH, ILORIN
ERGP20220 1269	PROVISION OF ICT CENTER/SCHOOL HALL/LIBRARY/ AT FEMI GBAJABIAMILA PUBLIC SCHOOL, ITIRE	NEW	250,000,000	NIGERIA STORED PRODUCTS RESEARCH, ILORIN
			1,450,000,000	



Projects linked to the leadership of the National Assembly: Hon. Ovie Omo-Agege

Provision of streetlights (on roads and highways outside Trunks “A” and “F”) is the responsibility of local governments.

Furthermore, provision of streetlights is outside the mandate of the Nigeria Institute of Oceanography And Marine Research. Setting up and construction of the Federal Polytechnic in Orogun, Delta State is not the responsibility of the Nigeria Stored Products Research, Ilorin, but the Ministry of Education.

CODE	LINE ITEM	STATUS	AMOUNT	MDAs
ERGP202202252	PROVISION AND INSTALLATION OF ALL-IN-ONE SOLAR POWERED STREET LIGHTS IN SELECTED COMMUNITIES ACROSS FIVE (5) LGAS OF DELTA CENTRAL SENATORIAL DISTRICT, NAMELY: UGHELLI NORTH, UGHELLI SOUTH, ETHIOPE EAST, SAPELE AND UDU, LGAS AT N200,000,000 EACH	NEW	1,000,000,000	NIGERIA INSTITUTE OF OCEANOGRAPHY AND MARINE RESEARCH
ERGP202203751	CONSTRUCTION OF WING “A” OF SIX (6) FACULTY BUILDINGS, NAMELY: (FACULTY OF ENGINEERING, FACULTY OF COMPUTER SCIENCES, FACULTY OF ARCHITECTURE AND ENVIRONMENTAL SCIENCES, FACULTY OF PURE AND APPLIED SCIENCES, FACULTY OF AGRICULTURE AND FOOD SCIENCE AND FACULTY OF MANAGEMENT, ARTS AND HUMANITIES) IN FEDERAL POLYTECHNIC, OROGUN, DELTA CENTRAL SENATORIAL DISTRICT, DELTA STATE, AT N250,000,000.00 PER WING OF EACH FACULTY BUILDING	NEW	1,500,000,000	NIGERIA STORED PRODUCTS RESEARCH, ILORIN
ERGP202203753	CONSTRUCTION OF WING “B” OF SIX (6) FACULTY BUILDINGS, NAMELY: (FACULTY OF ENGINEERING, FACULTY OF COMPUTER SCIENCES, FACULTY OF ARCHITECTURE AND ENVIRONMENTAL SCIENCES, FACULTY OF PURE AND APPLIED SCIENCES, FACULTY OF AGRICULTURE AND FOOD SCIENCE AND FACULTY OF MANAGEMENT, ARTS AND HUMANITIES) IN FEDERAL POLYTECHNIC, OROGUN, DELTA CENTRAL SENATORIAL DISTRICT, DELTA STATE, AT N250,000,000.00 PER WING OF EACH FACULTY BUILDING	NEW	1,500,000,000	NIGERIA STORED PRODUCTS RESEARCH, ILORIN
ERGP202203747	CONSTRUCTION OF ONE (1) UNIT ADMINISTRATIVE BLOCK IN FEDERAL POLYTECHNIC, OROGUN, DELTA CENTRAL SENATORIAL DISTRICT, DELTA STATE (WING A, B, C & D AT N250,000,000.00 PER WING.)	NEW	1,000,000,000	SHEDA SCIENCE AND TECHNOLOGY COMPLEX - ABUJA
			5,000,000,000	



Projects linked to the leadership of the National Assembly: Ahmad Lawan

Provision of streetlights (on roads and highways outside Trunks “A” and “F”) is the responsibility of local governments. Furthermore, the provision of streetlights is outside the mandate of the Industrial Arbitration Panel.

Also, the construction of boreholes is not the responsibility of the Nigerian Building And Road Research Institute, which was set up for researching and developing road and building materials for the Nigerian building industry. Furthermore, the Constitution allows the FG to only be involved in the provision of water resources that stem from a source that affect more than one state.¹⁹

CODE	LINE ITEM	STATUS	AMOUNT	MDAs
ERGP202202754	CONSTRUCTION OF SOLAR POWERED BOREHOLES IN FULANI SETTLEMENTS OF YOBE NORTH SENATORIAL DISTRICT	NEW	150,000,000	NIGERIAN BUILDING AND ROAD RESEARCH INSTITUTE - LAGOS
ERGP202202767	CONSTRUCTION AND INSTALLATION OF SOLAR STREET LIGHT IN JAKUSKO, JAJIMAJI AND MACHINA LGAs	NEW	200,000,000	INDUSTRIAL ARBITRATION PANEL
ERGP202200206	CONSTRUCTION OF SOLAR POWERED BOREHOLE AND PROVISION OF SOLAR STREET IN MALLAM KUNU VILLAGE KARASUWA LGA, YOBE STATE	NEW	100,000,000	FEDERAL COLLEGE OF HORTICULTURE, DADIN-KOWA, GOMBE
ERGP202200617	CONSTRUCTION OF WATER HAND PUMPS BOREHOLES IN NGURU/YUSUFARI/MACHINA/KARASUWA CONSTITUENCY YOBE STATE	NEW	100,000,000	SMEDAN - HQTRS

19. See Item 64, Schedule II: Legislative Powers, Part I: Exclusive Legislative List the Constitution of the Federal Republic of Nigeria, 2011, (as amended).



Federal Polytechnic, Ukana

This Polytechnic is based in Akwa Ibom State and should not be involved in conducting medical outreaches in Lagos State or constructing town halls in Enugu State amongst other issues.

CODE	LINE ITEM	STATUS	AMOUNT	MDAs
ERGP202300745	MEDICAL OUTREACH, PROVISION OF MEDICATIONS AND PRESCRIPTION GLASSES IN OGUNOLOKO, OSHODI/SOLO FEDERAL CONSTITUENCY, LAGOS STATE	NEW	100,000,000	FEDERAL POLYTECHNIC UKANA
ERGP202200443	REHABILITATION OF OVOKO COUNCIL HALL, IGBO-EZE SOUTH LGA, PHASE 1	NEW	50,000,000	FEDERAL POLYTECHNIC UKANA
ERGP202300852	SKILL AQUISITION AND TRAINING OF YOUTHS AND WOMEN ON SKILLS IN RINGIM/TAURA FEDERAL CONSTITUENCY, JIGAWA STATE.	NEW	50,000,000	FEDERAL POLYTECHNIC UKANA
ERGP202200867	SUPPLY AND PROVISION FO SPORTS EQUIPMENT IN SELECTED SCHOOLS IN NSUKKA/IGBO-EZE SOUTH FEDERAL CONSTITUENCY OF ENUGU STATE	NEW	100,000,000	FEDERAL POLYTECHNIC UKANA
ERGP202301093	PROVISION OF COLD ROOM IN ABO ANANG MARKET IN ESSIEN UDIM LGA, IN IKOT EKPENE /OBOT AKARA/ ESSIEN UDIM FEDERAL CONSTITUENCY, AKWA-IBOM STATE	NEW	18,750,000	FEDERAL POLYTECHNIC UKANA
ERGP202301088	CONSTRUCTION OF OPEN AND LOCK UP SHOPS IN SELECTED MARKETS IN IKOT EKPENE FEDERAL CONSTITUENCY, AKWA IBOM STATE	NEW	68,750,000	FEDERAL POLYTECHNIC UKANA
ERGP202301086	CONSTRUCTION OF MINI STADIUM PHASE 1, IKPE MBAKEYOP, OBOT AKARA IN IKOT EKPENE /OBOT AKARA/ ESSIEN UDIM FEDERAL CONSTITUENCY, AKWA-IBOM STATE	NEW	87,500,000	FEDERAL POLYTECHNIC UKANA
			475,000,000	

Duplicated Projects

Our analysis of the 21,108 capital projects in the 2022 budget indicates that there are about 461 duplicated projects amounting to N378.9bn in the approved budget. This includes 155 project line items that occurred more than once within the same agency or an external agency and 306 capital projects that had their otherwise unique identifiers (ERGP Codes) duplicated across multiple projects. We note that an overwhelming majority of these duplications, about 87.8%, were not present in the 2022 budget proposal presented to the National Assembly, which we also analyzed.

Recall that BudgIT observed 316 duplicated projects inserted into the 2021 FG Budget. The Independent Corrupt Practices Commission, ICPC verified 257 duplications, while the Budget Office confirmed the existence of only 185 duplicated projects worth N20.13bn and informed the public that funds were not released to the affected projects in 2021.²⁰ A cross-section of some of the duplicated projects highlighted are listed below:

CODE	LINE ITEM	STATUS	AMOUNT	MDAs	Page #
Line Item Duplications					
ERGP28100690	PROVISION OF HANDPUMP BOREHOLES ACROSS ADAVI/OKEHIFEDERAL CONSTITUENCY, KOGI STATE	NEW	18,796,857	LOWER NIGER RBDA	
ERGP28150471	PROVISION OF HANDPUMP BOREHOLES ACROSS ADAVI/OKEHIFEDERAL CONSTITUENCY, KOGI STATE	NEW	18,796,857	LOWER NIGER RBDA	
ERGP202200188	PROVISION AND INSTALLATION OF 500KVA TRANSFORMERS IN ILARO ANDENVIRONS	NEW	250,000,000	NIGERIA INSTITUTE OF OCEANOGRAPHY AND MARINE RESEARCH	
ERGP202200189	PROVISION AND INSTALLATION OF 500KVA TRANSFORMERS IN ILARO ANDENVIRONS	NEW	250,000,000	NIGERIA INSTITUTE OF OCEANOGRAPHY AND MARINE RESEARCH	

20. See "FG reveals why funds meant for some projects in 2021 budget were withheld", by Chike Olisah, in Nairametrics, on December 3 2021. Available at: <https://bit.ly/35ss1M7>.

ERGP23187988	REHABILITATION OF HOSTELS AT SAMARU COLLEGE OF AGRICULTURE, ABUZARIA.	ONGOING	9,500,000	DIVISION OF AGRICULTURAL COLLEGE, ABU ZARIA	
ERGP23187992	REHABILITATION OF HOSTELS AT SAMARU COLLEGE OF AGRICULTURE, ABUZARIA.	ONGOING	9,500,000	DIVISION OF AGRICULTURAL COLLEGE, ABU ZARIA	
ERGP28165366	PROVISION OF SOLAR POWERED BOREHOLES IN KATSINA SOUTHSENATORIAL DISTRICT	NEW	154,000,000	UPPER NIGER RBDA	
ERGP28172530	PROVISION OF SOLAR POWERED BOREHOLES IN KATSINA SOUTHSENATORIAL DISTRICT	NEW	93,984,286	FEDERAL MINISTRY OF WATER RESOURCES - HQTRS	
ERGP202200911	AGRO-ENTERPRENURSHIP TRAINING AND CAPACITY BUILDING FOR WOMEN AND YOUNG PEOPLE IN OYO NORTH SENATORIAL DISTRICT, OYO STATE	NEW	300,000,000	NIGERIA INSTITUTE OF OCEANOGRAPHY AND MARINE RESEARCH	
ERGP202202630	AGRO-ENTERPRENURSHIP TRAINING AND CAPACITY BUILDING FOR WOMEN AND YOUNG PEOPLE IN OYO NORTH SENATORIAL DISTRICT, OYO STATE	NEW	100,000,000	NIGERIA INSTITUTE OF OCEANOGRAPHY AND MARINE RESEARCH	
ERGP202200318	CONSTRUCTION AND PROVISION OF SOLAR STREET LIGHT AT SOME SELECTED LOCAL GOVERNMENT IN CROSS RIVER SOUTH SENATORIAL ZONE AND OTHERS AREAS OF CROSS RIVER STATE	NEW	500,000,000	CENTRE FOR MANAGEMENT DEVELOPMENT	
ERGP202200326	CONSTRUCTION AND PROVISION OF SOLAR STREET LIGHT AT SOME SELECTED LOCAL GOVERNMENT IN CROSS RIVER SOUTH SENATORIAL ZONE AND OTHERS AREAS OF CROSS RIVER STATE	NEW	250,000,000	BORDER COMMUNITIES DEVELOPMENT AGENCY (BCDA) HQTRS	



Capital Budget Padding with Recurrent Items

As a prelude to this section, it is important to highlight three things for context. One, the Fiscal Responsibility Act, 2007 defines a "Capital Expenditure" as spending on an asset that lasts for more than one financial year and expenses associated with the acquisition of such assets. Two, we define capital budget padding, as the practice of misrepresenting recurrent expenditures as capital expenditures (as a way of subverting the recurrent expenditure ceilings).

Three, flagging projects in this specific category is not necessarily a commentary on the importance or otherwise of that project. It is to emphasize that what citizens think is going to be FG's total spending on capital infrastructure-as announced by the federal government-is indeed not the case as a significant number of projects listed as capital expenditures are indeed not infrastructure investments.

For example, N5.6bn was allocated to over 150 Meetings, Conferences, and Board Meetings listed as capital expenditures across different MDAs. A case in point is the "Federal Ministry Of Information & Culture - HQTRS" earmarked N28m for "Quarterly Interaction With Foreign Media/Pr Lobby" in its capital budget.²¹

Other examples are listed below:

21. See the Federal Republic of Nigeria. 2022 Appropriation Act, at p. 253. The Budget Code for this item is: ERGP9124027.

CODE	LINE ITEM	STATUS	AMOUNT	MDAs
ERGP9124027	QUARTERLY INTERACTION WITH FOREIGN MEDIA / PR LOBBY	ONGOING	28,890,490	FEDERAL MINISTRY OF INFORMATION & CULTURE - HQTRS
ERGP16151979	ANNUAL RETREAT OF THE HONOURABLE MINISTERS WITH PS, DIRECTORS OF THE MINISTRY AND CEOS OF AGENCIES	ONGOING	100,000,000	FEDERAL MINISTRY OF TRANSPORT - HQTRS
ERGP30125378	NACA BOARD MEETING ACTIVITIES	ONGOING	45,100,000	NATIONAL AGENCY FOR THE CONTROL OF AIDS (NACA)
ERGP9124026	TOWN HALL MEETINGS ON TOPICAL ISSUES	ONGOING	28,590,630	FEDERAL MINISTRY OF INFORMATION & CULTURE - HQTRS
ERGP6124146	PARTICIPATION AT THE CONFERENCE OF MINISTERS OF CULTURE IN EDINBURGH, SCOTLAND	ONGOING	48,775,921	FEDERAL MINISTRY OF INFORMATION & CULTURE - HQTRS
ERGP30143506	NATIONAL RETREAT FOR THE 774 LOCAL GOVERNMENT CHAIRMEN	ONGOING	10,012,917	FEDERAL MINISTRY OF SPECIAL DUTIES & INTER - GOVERNMENTAL AFFAIRS HQTRS
ERGP9176509	POLICY AND MEDIATION MEETINGS WITH PROVOSTS, LABOUR LEADERS AND STAKEHOLDERS ON TEACHER EDUCATION	NEW	9,863,903	NATIONAL COMMISSION FOR COLLEGE EDUCATION SECRETARIAT

While only examples using “Meetings & Conferences” are highlighted in the section, across the 21,108+ capital projects in the budget, there are several projects that do not meet the definition for capital expenditures according to the country’s Fiscal Responsibility Act.



Weak Incentives For Budget Accountability In 2022

Several MDAs indicted in the recent Auditor General's report have been allocated additional resources without being held accountable for the issues highlighted by the Auditor General. Multiple agencies were indicted for making payments for contracts and services not executed, to the tune of N6.28bn. Others were indicted for misappropriation of funds/misapplication of funds to the tune of N18.2bn, while extrabudgetary spending/virement without approvals stood at N49.5bn.²² The total amount of money unaccounted for across these three areas and 15 other cross-cutting issues raised by the Auditor General stood at N377bn in 2019.

This situation weakens the incentives for MDAs involved in the various forms of fiscal indiscipline to be more prudent and less corrupt with public funds allocated to them in the 2022 budget. This is critical, as this is an election campaign year when many of the political appointees heading the different agencies may not return to office (even if their political party wins in 2023 due to expiration of their tenures).



Weak Coordination Between The Three Tiers Of Government On Strategic Plans

Nigeria operates a federal system with constitutionally delineated governmental mandates. So, in reality, Nigerians are citizens of a Local Government, a State, and a Federation all at the same time. This means that plans, policy actions, and mandates must seek to consider the consequences of the other tier, insofar as clear provisions are not breached.

The one area where cooperation can be made productive and be the least invasive of the jurisdiction of the respective tiers is in the area of coordinated budgeting and alignment of each tier's annual budget with the country's development plan. Incidences of any tier of government abandoning its primary responsibility while embarking on the responsibilities of other tiers need to be minimized. As an example, in the 2022 Federal Government budget, there are over 1,200 projects for the provision of streetlights worth N140bn across several communities. Again, there there are more than 689 community boreholes even though the federal government is only supposed

22. See Paradigm Leadership Support Initiative (PLSI) (Website). The Federal Government of Nigeria 2019 Audit Report. Available at: <https://plsinitiative.org/2019-audit-report-of-the-federation-cross-cutting-issues/>

to be involved in the provision of water resources that benefit more than one state. There are 476 markets and hundreds of community roads funded through the Federal Government's 2022 budget; these types of projects are the responsibility of State and Local Governments and not the federal government. The federal government is responsible for inter-state roads, many of which are begging for attention.

There is a need for joint budget planning and an alignment with the National Development Plan to minimize the duplication of initiatives and projects between different tiers of governments and optimize scarce financial resources, a significant portion of which is borrowed.

Persistent, Selective Opacity

Although, N306bn will be generated from the Education Tax (TETFUND), this amount is not listed on the expenditure side of the appropriation act and the specific listing/breakdown of projects is not provided in the 2022 approved budget. However, a provision for expenditure for TETFUND was mentioned in the 2022 Citizen's Budget.

Also in this category is the Niger Delta Development Commission, NDDC which has a capital budget of N98.7bn but the breakdown of this is omitted from the public document. The opacity surrounding NDDC's budget is worrisome especially as corruption in the NDDC was so rampant that the Niger Delta Governors petitioned the President to conduct a forensic audit. Continuing to withhold the NDDC capital budget breakdown from public scrutiny creates the exact conditions that made fraud in NDDC possible in the first place.

Also worrisome is the omission of allocations for payment for electricity subsidy, petrol subsidy, and INEC's budget breakdown from the details published by the government. The doctrine of separation of powers presupposes that one arm of government serve as a 'check' to the other. Unfortunately, this appears not to be the case for certain GOEs, as they enjoy a level of intimacy with the committees of the National Assembly, that has no public presence. Ironically, the very arm of government that ought to insist on 'budget openness' due to their historical position of standing against concentrations of monarchical power, is the very arm in Nigeria creating more opacity. The implication of some government budgets not being made public (while not illegal) certainly points to a gross lack of transparency. This is to mean that the budgets of these GOEs are definitely presented and defended before the National Assembly but as they are not made public,

it effectively means that only the National Assembly and the GOEs themselves are aware of the full breakdowns of these budgets. The very group of persons that ought to know, i.e. Nigerian citizens, are completely kept in the dark. This segment does not insinuate that any fraud will occur, but in our experience in reviewing government financial documents in the past 10years, we have observed that accountability dies in darkness, while corruption thrives in it.

In the end, the country is often enmeshed in endless probes of corruption and scandals that would have been prevented in the first place through introduction of the appropriate reforms.



Recommendations

General

- 1 **Improved coordination between National Assembly Budget Research Office (NABRO) and Budget Office of the Federation (BOF):** At the budget proposal development phase there should be better and deeper collaboration between the Budget Office of the Federation and the National Assembly Budget Research Office, NABRO. Coordination between these two institutions is key to improving the quality of the federal government budget. Project recommendations from legislators can be channeled to MDAs through NABRO/BOF as part of a participatory budgeting framework.

This would minimize scenarios where over 6,000+ projects without available project design documents or feasibility studies are arbitrarily inserted into the budget by legislators before the approval. The capacity of NABRO needs to be rapidly improved to facilitate collaboration with BOF.

For the National Assembly

- 1 **Strengthen Budget Proposal Evaluation/Defence Process:** The National Assembly must demonstrate a stronger commitment to vetting and appraising the budget proposal from the Executive especially using feedback from the country's Auditor General to assess allocations to agencies involved in misappropriations, extra-budgetary allocations, and other forms of corruption in the previous years.

There is an estimated N377bn not accounted for by several agencies since 2019, and these agencies were granted fresh allocations in the 2022 budget. This widens the trust deficit between citizens and legislators who now perceive the much-televised "budget defense" panels set up by the National Assembly as more of a TV show than an actual "check" on the Executive.
- 2 **Improve Citizens/Civil Society Inclusion away from tokenistic "Public Hearings":** The National Assembly should provide for more lengthy and robust participation of Civil Society and Citizens, as opposed



Recommendations

to the tokenistic inclusion currently practiced where critical feedback from civil society is taken in principle, but not considered or used in assessing opportunities.

- 3 **Expedite action on the Amendment of the Fiscal Responsibility Act 2007:** The National Assembly should, as a matter of urgency, address the Fiscal Responsibility Act 2007 amendment bill sitting before it. This will grant the Fiscal Responsibility Commission the powers to enforce sanctions against erring MDAs in breach of clear provisions of the Fiscal Responsibility Act. This will ensure some level of fiscal discipline among MDAs and raise considerable revenue for the government.
- 4 **The National Assembly must open up the budgeting process of GOEs that are not included in the 2022 Appropriation Act:** The National Assembly owes Nigerians, the highest level of transparency, as part of its constitutional oversight function. It is not expected that it shields certain GOEs, as this aura of secrecy could create serious suspicions as to the ethics and integrity of the Parliament and potential loopholes for corruption.

For the Executive

- 1 **Enforce existing policies requiring the conduct of feasibility studies and submission of Project Design Documents (PDDs) before admitting projects into the budget:** The budget proposal and defense process must enforce the rules and procedures for budget proposal preparation, as contained in the Budget Office of the Federation's 2022 Budget Call Circular. The latter contains, among other things, an annexure on Public Investment Management Guidelines For MDAs. These guidelines set detailed rules and procedures for capital projects (for instance project Concept Notes, Feasibility studies, Implementation Plans, etc.).
- 2 **Develop an AI-driven Decision Support System to detect known corruption loopholes:** Instances of inflated projects, projects with vague descriptions, those outside the mandate of agencies, duplicated projects, amongst other issues, can automatically be prevented from being accepted into the budget if an AI-driven Decision Support System is deployed to complement the budget preparation process. This would not only greatly cut down instances of inflated



Recommendations

projects etc., but provide an opportunity for precise analysis that can substitute for tasking line-by-line analysis.

- 3 **Deploy political will:** In addition, when interfacing with the National Assembly, the Executive should demonstrate the will to reject Appropriation Bills that do not represent the interests of the citizens.²³ It is expected that when members of Parliament make politically motivated proposals in the budget, the Executive can counter the same, with evidence-based policy rebuttals.
- 4 **Deeper engagement with government research agencies:** With an existing capacity within government think tanks and research institutes (for example, the Nigerian Institute for Social and Economic Research, NISER and the Nigerian Institute for Policy and Strategic Studies, NIPSS), budget proposals ought to be based on the most accurate data and evidence-based policy analysis available

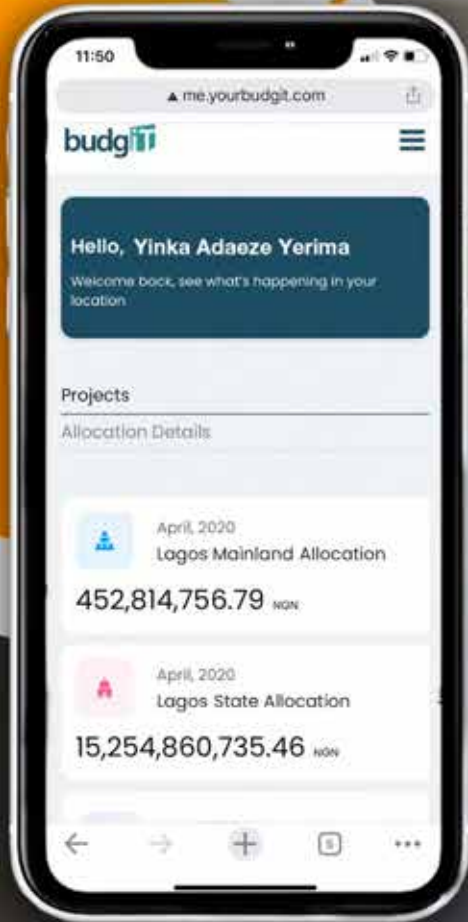
For the Judiciary

- 1 **Judicial Interpretation:** The Judiciary, though ordinarily not part of the budgetary process can make a significant impact specifically in Nigeria's case. For some time now, there has been uncertainty about whether or not the National Assembly-by virtue of Constitutional provisions of powers of appropriation, oversight and review-has powers to insert new projects (line items) into the budget proposal without recourse to the Executive. There needs to be final judicial pronouncement on the scope of the powers of appropriation granted the National Assembly in the constitution, especially as it regards the authority to arbitrarily insert new capital projects in the annual budget.

23. This has been done but has been met with stiff resistance by the National Assembly in the past, by previous administrations. See "SPECIAL REPORT: How Obasanjo, Yar'Adua, Jonathan tackled Nigerian lawmakers on budget padding", by Festus Owete, in Premium Times (Online) Newspapers, on July 30 2016. Available at: <https://bit.ly/3G2KSts..>

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