



Nigeria 2023 FG Budget Review: **Pulse for a New Administration**





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Abbreviations

ATAF:	African Tax Administration Forum
AU:	African Union
CAPEX:	Capital Expenditure
CBN:	Central Bank of Nigeria
CEIC:	Census and Economic Information Center
CIT:	Companies Income Tax
COPREP:	Covid-19 Preparedness and Response Project
CPPA:	Corporate Power Purchase Agreements
CRF:	Consolidated Revenue Fund
DMO:	Debt Management Office
EIA:	Energy Information Administration
ERGP:	Economic Recovery and Growth Plan
EU:	European Union
FCT:	Federal Capital Territory
FG:	Federal Government
FGN:	Federal Government of Nigeria
FIRS:	Federal Inland Revenue Service
FMARD:	Federal Ministry of Agriculture and Rural Development
FMOF:	Federal Ministry of Finance
FRA:	Fiscal Responsibility Act
FRL:	Fiscal Responsibility Law
GDP:	Gross Domestic Product
GOEs:	Government Owned Enterprises
GRB:	Gender Responsive Budgeting
GW:	GigaWatt
HMFBNP:	Honorable Minister of Finance, Budget and National Planning
HQRTS:	Headquarters
ICPC:	Independent Corrupt Practices Commission
IDA:	International Development Association

Abbreviations

IDIT:	Industrial Development Income Tax
IMF:	International Monetary Fund
MACN:	Maritime Anti-Corruption Network
MDAs:	Ministries, Departments and Agencies
MTEF:	Medium Term Expenditure Framework
NAPHS:	National Action Plan for Health Security
NBS:	National Bureau of Statistics
NDP:	National Development Plan
NELML:	National Electricity Liability Management Limited
NEMSA:	National Electricity Management Service Agency
NNPC:	Nigerian National Petroleum Corporation
NPA:	Nigerian Port Authority
NREA:	National Rural Electrification Agency
NSCDC:	Nigeria Security and Civil Defence Corps
NSIPSS:	Nigeria Strategy for Routine Immunization and Primary Health care Systems Strengthening
OAUGF:	Office of the Auditor General of the Federation
PAC:	Public Accounts Committee
PPT:	Petroleum Profit Tax
RICTS:	Road Infrastructure Tax Credits
SERAP:	Socio-economic Rights and Accountability Project
SOEs:	State Owned Enterprises
SWV:	Service Wide Vote
TCN:	Transmission Company of Nigeria
TES:	Tax Expenditures Statement
TETFUND:	Tertiary Education Trust Fund
TEUs:	Twenty-Foot Equivalent Units
UN:	United Nations
UNESCO:	United Nations Educational, Scientific and Cultural Organization
VAT:	Value Added Tax

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Nigeria's Socio-economic Assessment

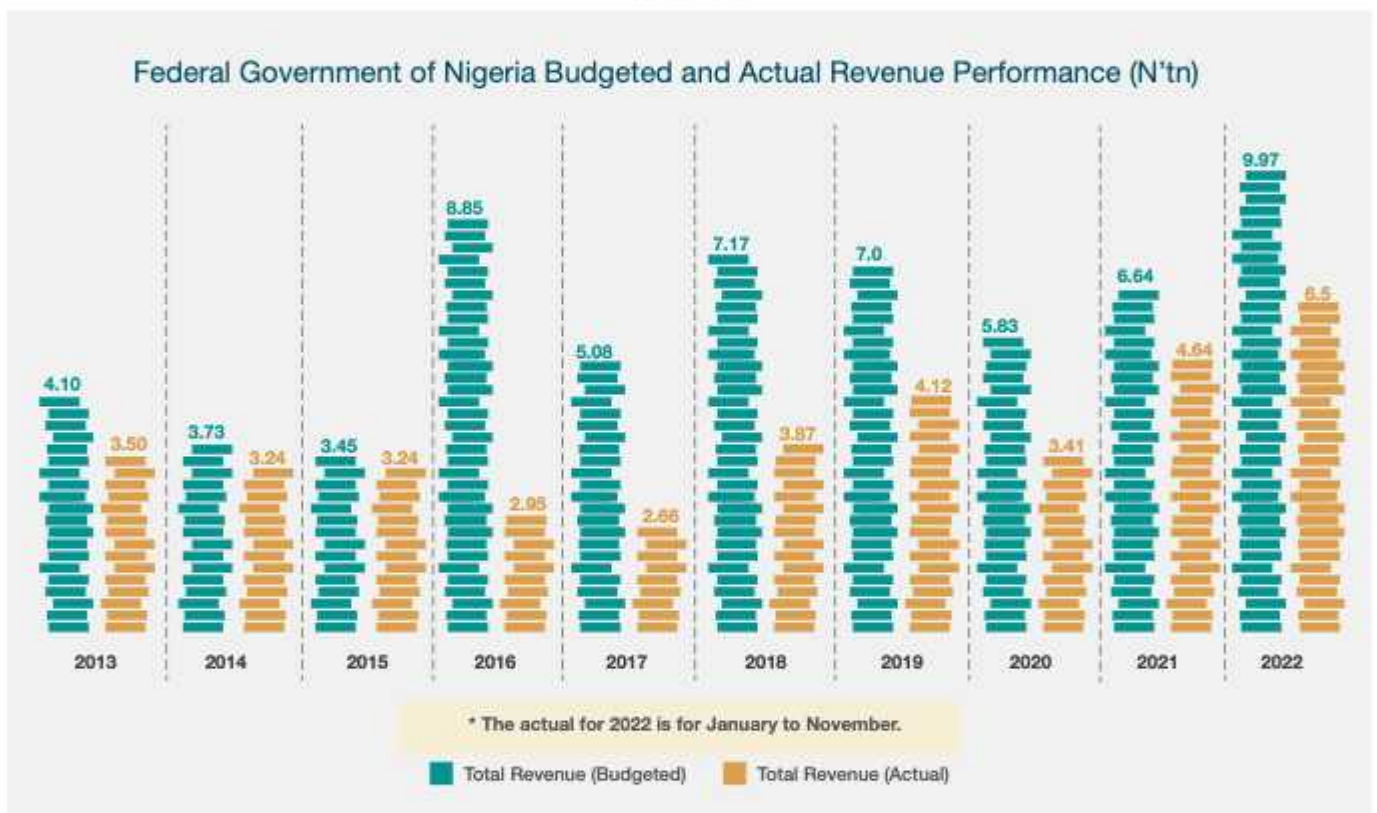




However, as well-conceived as the plans may be, they must be underscored against an economy performing at 4.18% capacity in terms of Gross Domestic Product (GDP) and federal government revenue fluctuations that have missed their targets on several occasions (see Figure 1 below).

The government, unable to meet its revenue projections will have to source funding elsewhere and, this implies, that an already debt-laden government will slide into deeper debt if sustainable sources are not found.

Figure 1.



Source: Budget Office of the Federation

The Ministry for Finance, Budget and National Planning, in the NDP, held that the plan is to create opportunities for growth in rural areas (notoriously vulnerable to the disparity between it and urban areas, across a number of parameters) balanced development and competitiveness.

Reviewing previous term plans, the NDP identified gaps in implementation and made recommendations emphasising how better monitoring and evaluation and legislative backing could ensure that national plans achieve their aims.

In particular, the NDP acknowledges the: "Need to recognize the hierarchical relationship among a perspective [sic] plan, medium-term plan and the annual budget and hence adopt the perspective [sic] plan as the framework of the medium-term plan"⁸. This position ensures that decision-making at all levels is conversant with fiscal realities.

But the problem of budget credibility will obscure the success of any medium-term plan, as past budgets have had low credibility,⁹ majorly in terms of revenue (see Figure 1 above and Table 1 below) but also in terms of expenditure.

Table 1.

Budget Performance Trend (in billions)

Fiscal Year	Budgeted Expenditure	Actual Expenditure	Variance
2016	6,060	5,141	-15.16%
2017	7,441	6,463	-13.14%
2018	9,120	7,511	-17.64%
2019	8,916	8,298	-6.93%
2020	8,916	10,017	12.34%
2021	12,512	11,079	-11.45%

Source: Yearly 4th Quarter Budget Implementation Report

⁸ See the Ministry of Finance, Budget and National Planning (2021). National Development Plan (NDP), 2021-2025, Volume 1, at p. 25. The Federal Republic of Nigeria. Available at https://nationalplanning.gov.ng/wp-content/uploads/2021/11/NDP-2021-2025_AA/PNAL_PRINTING.pdf

⁹ See generally, Samuel, A., and Lakin, J. (March 2018). That's Incredible! The Contours of Budget Credibility in Nigeria. Budget Foundation and the International Budget Partnership. Available at <https://www.budget.org/wp-content/uploads/2018/03/that-s-incredible-the-contours-of-budget-credibility-in-nigeria-ibp-2018.pdf>.



*The government aims to increase the number of jobs created per annum from **1.95 million** (in 2021) to **5.67 million** (in 2025).*

The NDP is generous with the details of how the plan intends the economy will resemble in the medium term. The plan projects various sub-sectors of the economy—real sector, external sector, fiscal sector and monetary sector—to grow at specific rates. For instance, the plan envisions the following: a Real GDP growth rate to average 4.61% between 2021 and 2025; a Non-Oil GDP to average 4.91%; an Oil GDP to average 1.54%; an unemployment rate to average 22.78% and a per capita GDP to average at \$2,927.58 thousand dollars.

For the external sector, the NDP intends to improve the amount of Foreign Direct Investment to 0.41% and Foreign Portfolio Investment to 0.92%. The labour force is also expected to grow to significant levels from 67.05 million persons in 2022 to 74.01 million persons in 2025. The labour force growth rate is also projected to move from a negative of -3.77% (2021) to a positive of 2.51% (2025). Perhaps one of the most ambitious of the projections aims to increase the total number of full-time jobs in the medium term.

The government aims to increase the number of jobs created per annum from 1.95 million (in 2021) to 5.67 million (in 2025). The second most ambitious projection seeks to reduce the number of persons living in poverty. Having “moved” 3.06 million persons out of poverty in 2021;⁴⁰ the government intends to pull out 9.45 million persons by 2025: an average of 6.98 million people every year. This is a tall order, as the government admitted that the number of people living in multidimensional poverty moved from 98 million in 2019 to 133 million in 2022.⁴¹

Not only do economic conditions and ease of doing business considerations have to improve but the number of people seeking to be removed would have to be widened to accommodate additional ones that have slid into poverty.

⁴⁰ See the Ministry of Finance, Budget and National Planning, *National Development Plan (NDP), 2021-2025*, Volume 1, at p. 38, [ip.cit](#).

⁴¹ See “Poverty index, 21.47% inflation rate... MIS reports that gdp Nigeria taking in 2022”, by Victor Ejorin, on the 31st of December 2022, in the *Daily Trust* Newspaper. Available at <https://www.dailytrust.com/multidimensional-poverty-index-21-47-inflation-rate-mis-reports-that-gdp-nigeria-taking-in-2022>.

O2

Macroeconomic Assumptions





The continuation of the Russia-Ukraine war deep into 2023 accompanied by the EU ban of sea-borne crude from Russia, is expected to keep the price of crude oil above pre-pandemic levels. The federal government of Nigeria approved a conservative oil price benchmark of \$75 per barrel, \$15 more than

the 2022 average price for Brent crude, for the 2023 fiscal year.¹² The 2023 oil price benchmark equally falls below the 2023 Brent crude oil forecast of \$83 per barrel put forward by the US Energy Information Administration (EIA).¹³

Figure 2

Underlying Assumptions of the 2023 Budget



Source: Ministry of Finance, Budget & National Planning; NNPC; BOF; NBS

¹² https://www.eia.gov/energyexplained/energy_prices/energy_prices.php

¹³ https://www.eia.gov/energyexplained/energy_prices/energy_prices.php



With a fixed exchange rate and depleted/insufficient foreign reserves, the naira is expected to continuously fall freely in the parallel market, accompanied by regular increases in the price of commodities.

Fortunately, Nigeria is on a path to recovery from appalling oil production levels of less than a million barrels per day in August 2022. Owing to oil theft, pipeline vandalism, maturing oil fields and the movement of operations from onshore fields to the deep sea, Nigeria's oil production declined to as low as 937,766 barrels of oil per day in September 2022, displacing it as Africa's largest oil producer.¹⁴

Pegging the exchange rate at N437.57 naira to the dollar signals that the government intends to maintain a multiple exchange rate window. With the exchange rate kept at N437.57 naira to \$1 dollar, there still exists a considerable margin (about 71.69%) between the official exchange rate and parallel market rate, which continuously leaves room for arbitrage.¹⁵ Nigeria's current exchange rate regime encourages rent-seeking through 'round-tripping' as the dollar is currently subsidised for medical tourism, business and personal travel, and foreign education.

Seeing that crude oil is responsible for at least 80% of Nigeria's foreign exchange earnings,¹⁶ it is logical to forecast that high crude oil prices will result in significantly increased foreign reserves. However, the reverse is the case for Nigeria as the foreign exchange earned funds its expensive petroleum subsidy program. With a fixed exchange rate and depleted/insufficient foreign reserves, the naira is expected to continuously fall freely in the parallel market, accompanied by regular increases in the price of commodities.

The 2023 approved budget pegs inflation rate at 17.16%, which is 475 basis points short of the 21.91% recorded in February 2023. The revenue and expenditure estimates are premised on the projected inflation rate. Since the budget is formulated on a price basis, under-forecasting the rate of inflation would not only impair the allocative efficiency¹⁷ of government but also significantly impact the expenditure programs and procurement arrangements of government MDAs.¹⁸

14. <https://www.biodigestive.com/index.php/2022/11/10/nigeria-oil-production-falls-nine-month-high-of-1.02m-bpd-in-december/>

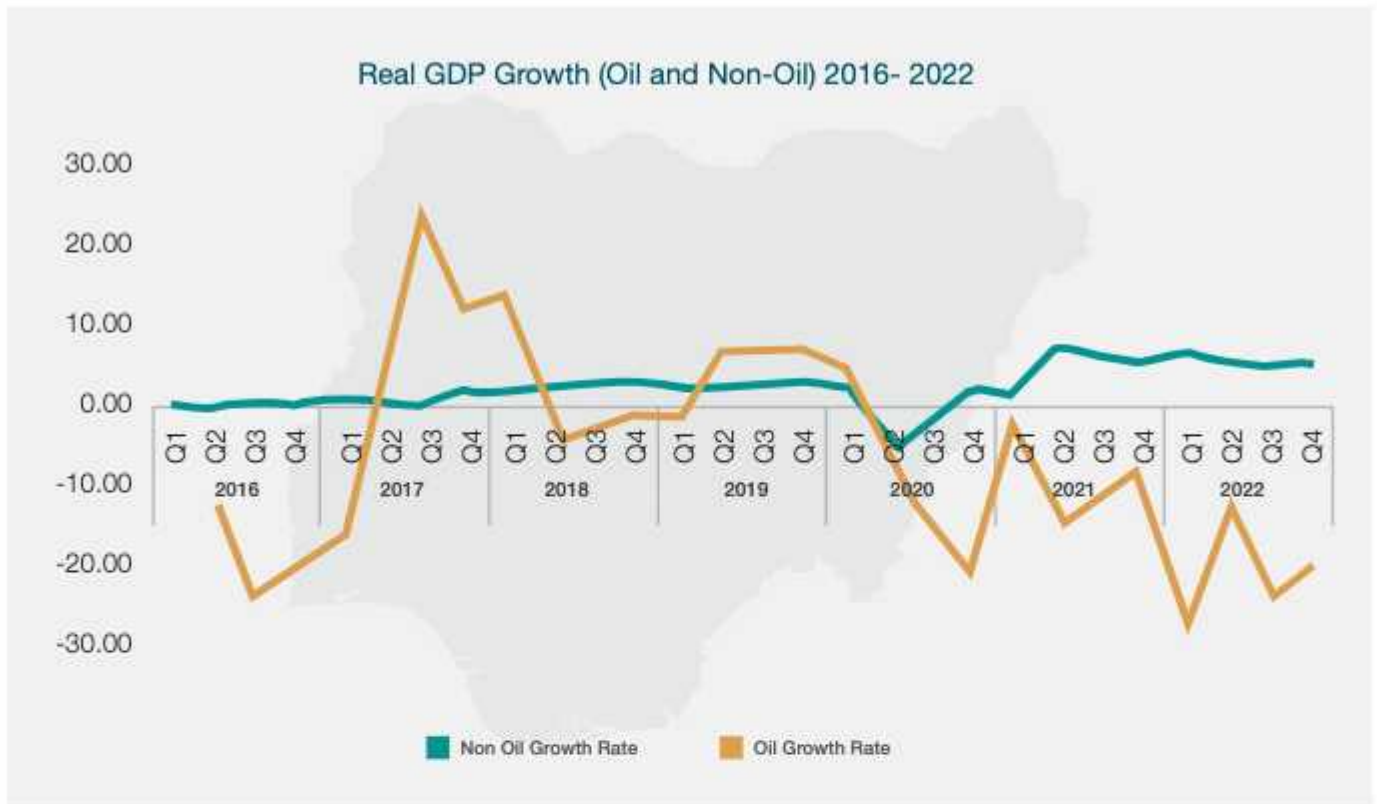
15. <https://www.ngnews.com/market/exchange-rate/naira-dollar-to-market-rate/>

16. <https://www.biodigestive.com/index.php/2022/10/31/replacing-ol-economy-of-nigeria-economy/>

17. Allocative efficiency is a situation where there is an optimal distribution of public goods and services that takes into consideration the preferences and requirements of consumers, or in the case, the citizens.

18. <https://www.afreemint.org/https://doi.org/10.2139/ssrn.4252123>

Figure 3.



Source: National Bureau of Statistics (NBS)

According to the National Bureau of Statistics (NBS), the oil sector contributed 4.34% to Nigeria's GDP in the last quarter of 2022 while the non-oil sector contributed 95.66%. Due to declining investment in the oil sector, divestment of oil majors, and climate change demands/necessities recently, Nigeria's oil sector has been in constant decline in the last few years. According to the NBS, the oil sector saw a 13.38% decline (year-on-year) in the last quarter of 2022, as its contribution to total real GDP fell from 5.19% (recorded in Q4 2021) to 4.34% in Q4 2022. Conversely, the non-oil sector grew by 4.44% (year-on-year) in the last quarter of 2022.¹⁵

¹⁵ <https://nbs.gov.ng/infocentre/1341288>

03

8-year Trend Charts
(Budget, Revenue,
Expenditure, Debt,
Debt Service)



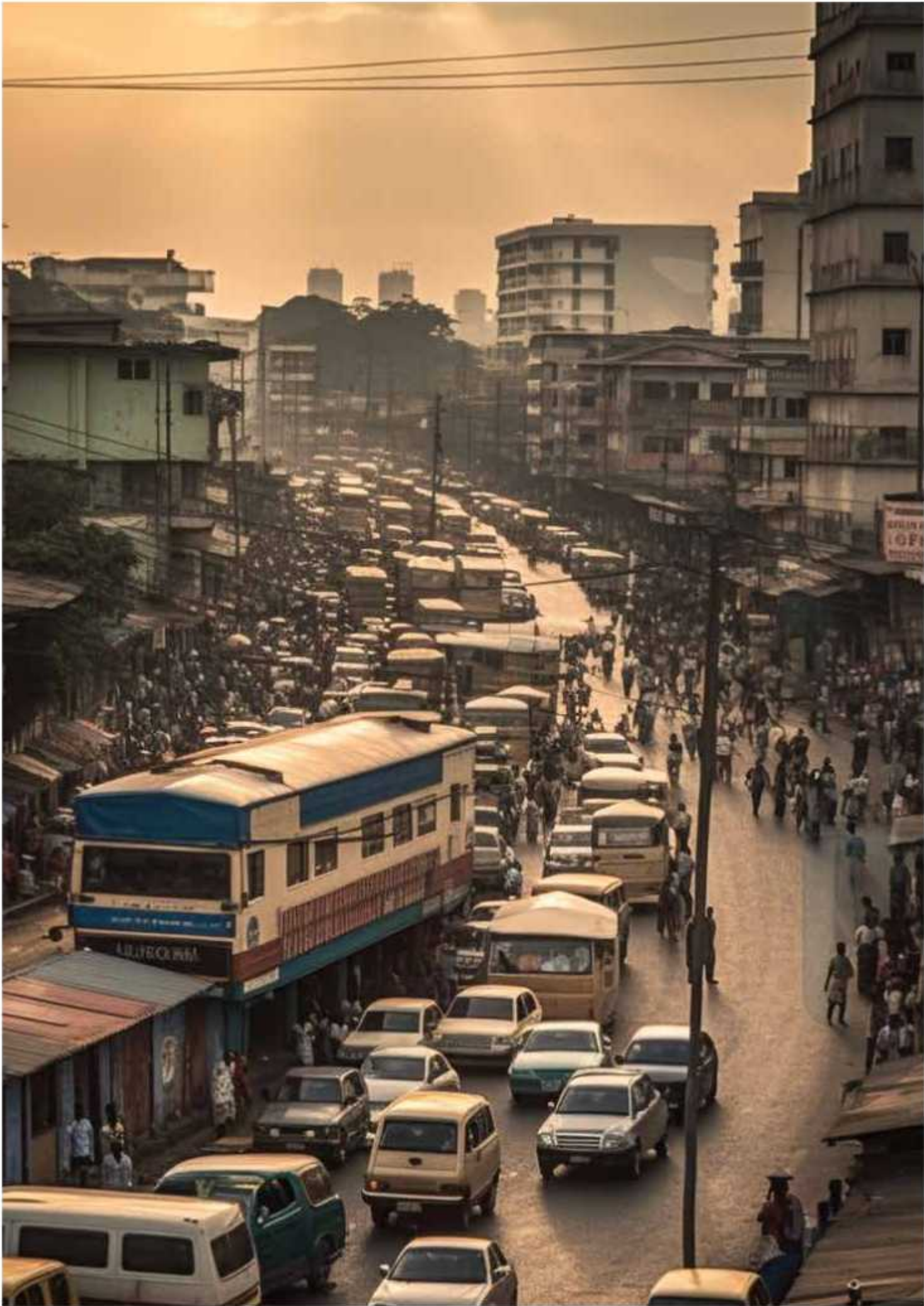


Figure 4

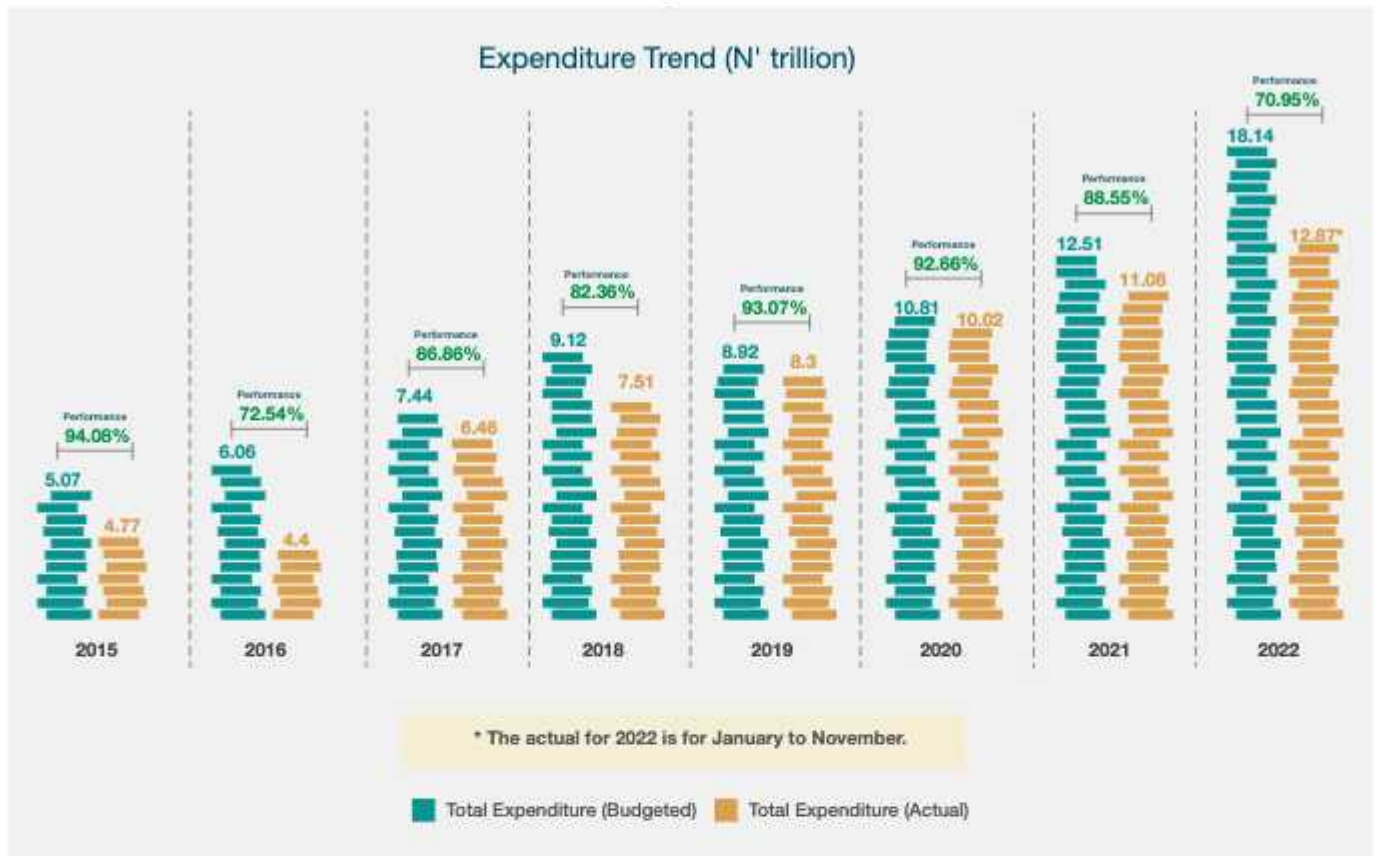


Figure 5

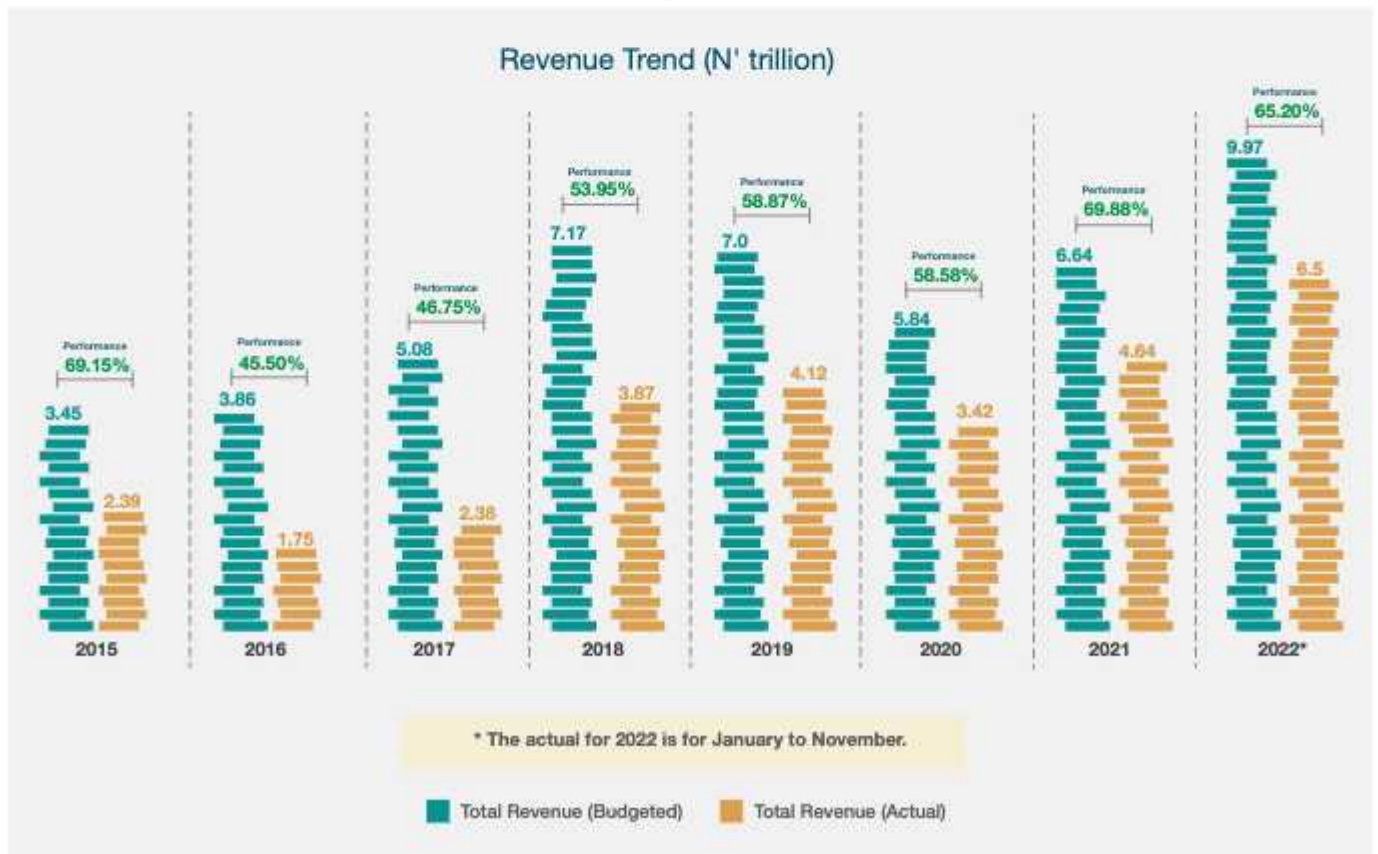


Figure 6

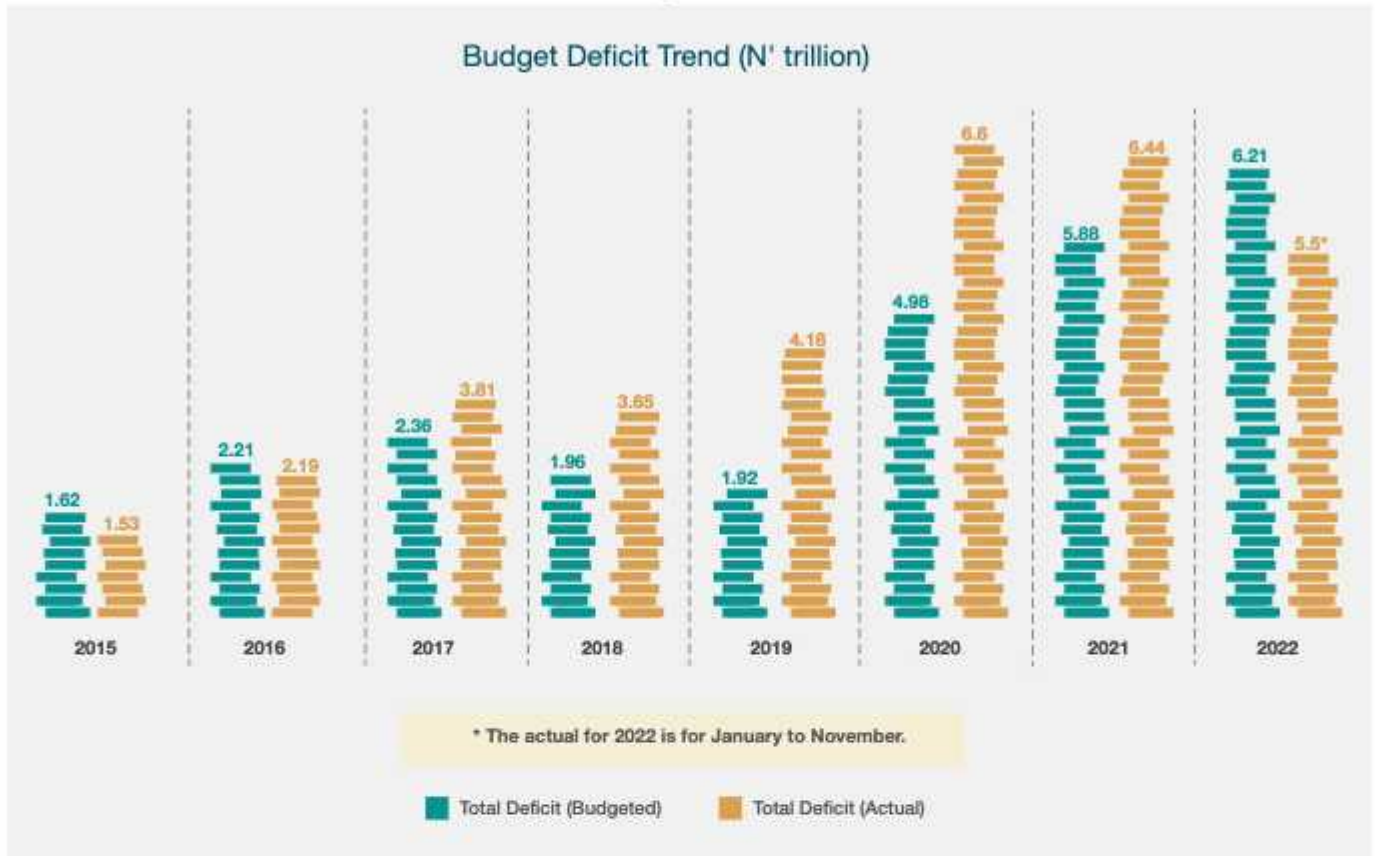
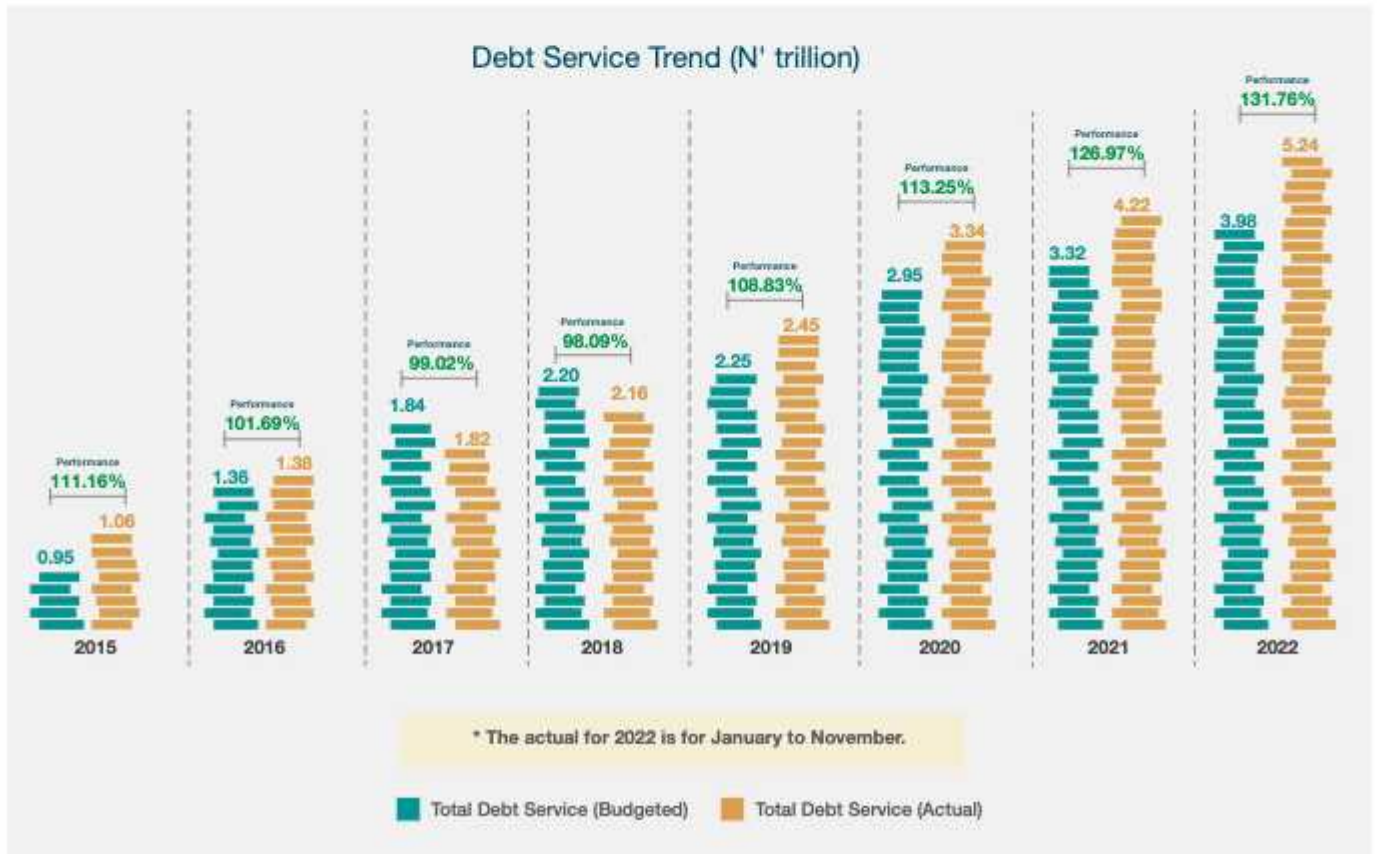


Figure 7



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2023 Budget Framework





Figure 8

Entire budget at a glance



Unit = NGN

Revenue

Oil Revenue	2.23tn
Non Oil Revenue	2.43tn
Independent Revenue	3.17tn

Share of Minerals & Mining	3.64bn
Other Revenue	790.49bn
Retained Rev from GOEs	2.42tn



Expenditure

Statutory Transfers	967.48bn
Debt Service	6.56tn
Personnel Cost	5.02tn
Overheads	1.12tn
Pensions, gratuity and retirees benefit	854.81bn

Presidential Amnesty	65.00bn
Other Service Wide Votes (including GMV / Immunisation)	200.00bn
TETFUND - Recurrent	12.41bn
Special Intervention Programme	200.00bn
Capital Expenditure	5.97tn

Source: Budget Office of the Federation

4.1

Revenue

Figure 9

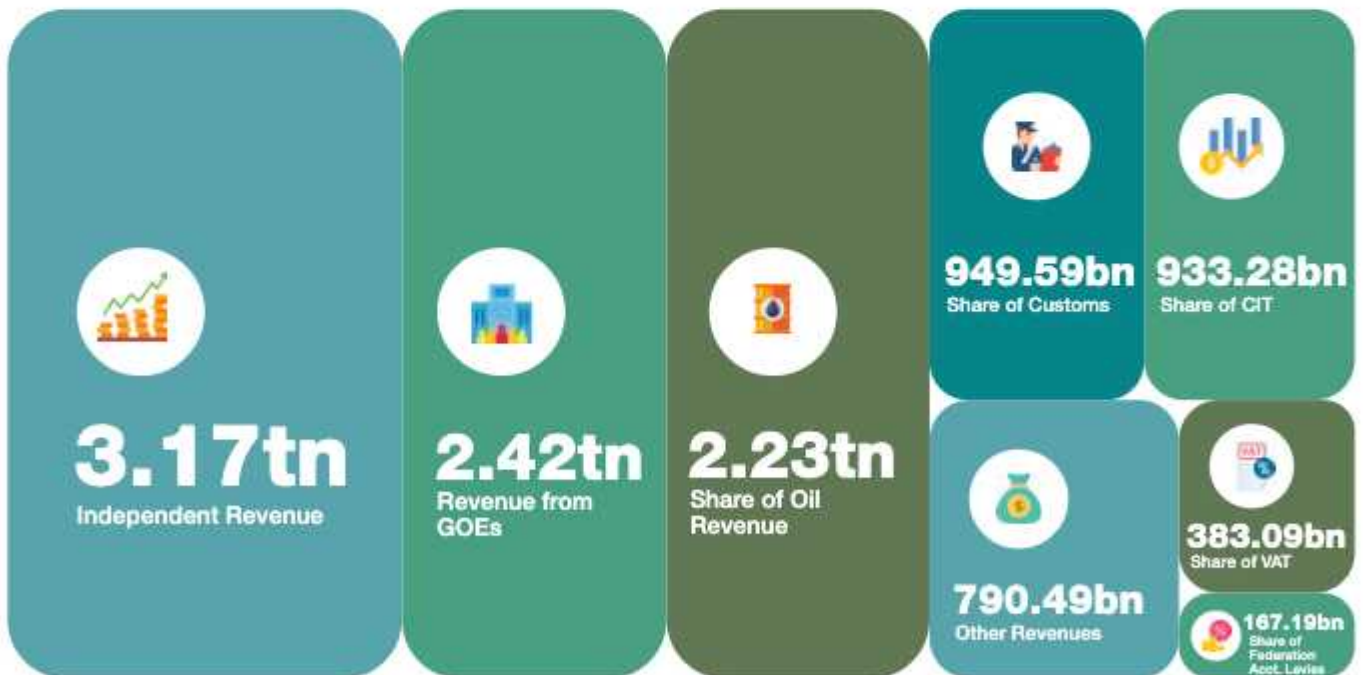


Unit = NGN



Total Revenue

11.05tn



Source: Budget Office of the Federation

Table 2

**2022 FG Revenue Performance and 2023 FG Revenue
Breakdown (Amounts in Naira)**

	Revenue	2022 Amended Budget	2022 Actual (Jan-Nov)	2022 Performance	2023 Approved Budget	Year-on-Year (2022 Amended Budget vs 2023 Approved Budget)
1	Share of Oil Revenue	2.19 tn	586.71 bn	26.79%	2.23 tn	1.79%
2	Share of Minerals & Mining	2.92 bn	3.99 bn	136.64%	3.64 bn	24.80%
3	Share of Non-Oil Taxes	2.26 tn	2.09 tn	92.47%	2.43 tn	7.74%
i	Share of CIT	909.30 bn	1081.76 bn	118.97%	933.28 bn	2.64%
ii	Share of VAT	316.69 bn	295.21 bn	93.22%	383.09 bn	20.97%
iii	Share of Customs	834.12 bn	639.65 bn	76.69%	949.59 bn	13.84%
iv	Share of Federation Acct. Levies	71.97 bn	55.34 bn	76.89%	167.19 bn	132.30%
4	Revenue from GOEs	1.73tn	0.00	0.00%	2.42 tn	39.96%
5	Independent Revenue	2.62tn	1.32 tn	50.39%	3.17 tn	21.13%
6	Other Revenues ²⁰	1.17 tn	2.50 tn	213.21%	790.49 bn	-32.60%
	Total FGN Revenue	9.97 tn	6.50 tn	65.18%	11.05 tn	10.79%

Source: 2023 Appropriation Act; HMFBNP Public Presentation of the 2023 Budget.

The total expected Federal government revenue for the 2023 budget cycle comes to the sum of N11.05tn with Oil revenue at N2.23tn, FG share of Non-Oil taxes at N2.43tn, Independent Revenue at N3.17tn, Retained earnings from Government Owned Enterprises (GOEs) at N2.42tn, 'Other Revenue'²¹ at N790.49bn and Share of Non-Minerals & mining at N3.64bn. The Federal government's share of oil revenue which is projected to be in the region of N2.23tn in 2023 witnessed a 1.79% increase from the N2.19tn expectations in the 2022 fiscal year, the 2023 share of oil revenue only constitutes 20.18% of the total FGN revenue.

²⁰ Other Revenues include

²¹ 2023 BUDGET SPEECH, Budget of Fiscal Consolidation and Transitioning 13. Revenue estimate

<https://www.budgetoffice.gov.ng/index.php/2023-budget-speech-presented-by-president-muhammadu-buhari/2023-budget-speech-presented-by-president-muhammadu-buhari/issuerecord/201>



Oil revenue performed poorly in 2022 as just 26.7% (586.71bn) of the projection was realised as of November 2022.

The 2023 approved budget was prepared with the assumption that oil will trade at \$75 per barrel and Oil production will average 1.69 million barrels. Oil revenue performed poorly in 2022 as just 26.7% (586.71bn) of the projection was realised as of November 2022. In light of the recent events, Nigeria's dependence on oil-related revenue has dropped; Between January and November 2022, the Federal government of Nigeria's oil output fell by 28 million²² barrels as a result of situations within the country, endangering the Federal Government's N2.19tn oil and gas income target for the year.

The Federal Government blamed oil production shutdowns on pipeline vandalism, crude oil theft, and high fuel subsidy costs in the 2023-2025 medium-term expenditure Framework & Fiscal Strategy Paper recently given by Dr Zainab Ahmed, Minister of Finance, Budget, and National Planning. The majority of oil industry professionals blame the fall on oil theft, which appears to defy remedies. Nigeria's crude oil production fell from 1.399 million barrels per day in January 2022 to 1.084 million barrels per day in July 2022.²³

Furthermore, expectations from the Independent revenue are much higher than usual, this is a result of the 2021 Finance Act that has remodelled FIRS²⁴ and that has transferred the power for tax and levy collection from virtually all of the over 900 federal MDAs & Admin Units that were previously doing so to the FIRS. It is expected that all tax leakages will be blocked and this explains the recent high expectations of the tax revenue.

The FG's projected share of Oil Revenue in 2021, was in the region of N2.01tn and the total revenue projected was N6.64tn. However, the end of the budget year saw a heavy deficit in revenue, as oil revenue recorded a sum of N990bn and total revenue stood at N4.64tn. When compared with the budget target, there was a deficit of 49.23% and 69.96% in the FG's share of oil revenue and total revenue, respectively. Nigeria's Non-Oil revenue in recent times has witnessed constant growth. The FG's share of Non-Oil remittances grew to N1.65tn in 2021, from N1.26tn in 2020, representing 30.98% growth year on year.

²² <https://punchng.com/nigeria-oil-revenue-threatened-by-theft/>

²³ See PunchNewspaper, Nigeria's Oil revenue threatened, FG blames theft. <https://punchng.com/nigeria-oil-revenue-threatened-by-theft/>

²⁴ Finance Act, Section 22

In 2023, the Federal Government is projecting a Non-Oil revenue uptake of N2.43tn; this being 23.2% of the total revenue for the 2023 fiscal year. The FG's share of customs collection-at N949.59bn-is the largest composite of Non-Oil revenue. Government projection in this regard is somewhat achievable, as the numbers in recent times have been met. In addition, the Federal Government is projecting a VAT uptake of N383.09bn, corporate income tax of N933.28bn and Share of Federal Account Levies²⁵ at N167.19bn.

4.2 Expenditure

Figure 10



Source: Budget Office of the Federation

²⁵ - The taxes in the form of Electronic money transfer, court fees, fines and grants from revenue generating agencies of the government are real time in charge of the source of revenue.

Table 3

**2022 FG Expenditure Performance and 2023 FG
Expenditure Breakdown (In Naira)**

		2022 Amended Budget + Supplementary Budget	2022 Actual (Jan-Nov)	2022 Performance	2023 Approved Budget	Year-on-Year (2022 Amended Budget vs 2023 Approved Budget)
A	Statutory Transfers	817.7 bn	745.2 bn	91.14%	967.5 bn	18.32%
B	Recurrent Expenditure	11.09 tn	10.25 tn	92.44%	14.89 tn	34.28%
1	Non-Debt Recurrent Expenditure	7.11 tn	5.01 tn	70.44%	8.33 tn	17.17%
<i>i</i>	<i>Personnel Cost</i>	<i>4.34 tn</i>	<i>3.58 tn</i>	<i>82.66%</i>	<i>5.02 tn</i>	<i>15.70%</i>
<i>ii</i>	<i>Pensions & Gratuities including Service wide pension</i>	<i>577.9 bn</i>	<i>356.3 bn</i>	<i>61.66%</i>	<i>854.8 bn</i>	<i>47.93%</i>
<i>iii</i>	<i>Overheads</i>	<i>827.4 bn</i>	<i>551.4 bn</i>	<i>66.65%</i>	<i>1.11 tn</i>	<i>34.72%</i>
<i>iv</i>	<i>Presidential Amnesty</i>	<i>65.0 bn</i>	<i>59.6 bn</i>	<i>91.68%</i>	<i>65.0 bn</i>	<i>0.00%</i>
<i>v</i>	<i>TETFUND - Recurrent</i>	<i>15.3 bn</i>	<i>16.1 bn</i>	<i>105.03%</i>	<i>12.4 bn</i>	<i>-18.87%</i>
<i>vi</i>	<i>Special Intervention Programme</i>	<i>350.0 bn</i>	<i>.0 bn</i>	<i>0.00%</i>	<i>200.0 bn</i>	<i>-42.86%</i>
2	Debt Service	3.98 tn	5.24 tn	131.76%	6.56 tn	64.84%
C	Appreciate Capital Expenditure	6.23 tn	1.88 tn	30.12%	5.97 tn	-4.20%
	Total FGN Expenditure	18.14 tn	12.87 tn	70.96%	21.83 tn	20.33%

Source: 2023 Appropriation Act; HMFBNP Public Presentation of the 2023 Budget.

N21.83tn, Nigeria's largest budget size to date, was earmarked for spending in the 2023 fiscal year. The 2023 approved budget is a 20.33% increase from the N18.14tn approved for spending in 2022. A look at the 2023 budget breakdown reveals that while N14.89tn (68.2% of the total budget) has been allocated to recurrent expenditure, N5.97tn, representing 27.36% of the total budget, has been earmarked for capital spending, leaving the remaining N967.5bn for statutory transfers.



The federal government exceeded its debt service projections by 8.83% in 2019, 13.25% in 2020, 26.97% in 2021, and 31.76% in 2020.

Personnel cost is posed to gulp about 33.33% (N5.02tn) of the recurrent budget while 44.05% has been earmarked for debt service. The N1.11tn set aside for overheads in the 2023 budget was a 34.72% improvement on the 2022 allocation of N827.4bn. Allocations to TETFUND (recurrent) and the Special Intervention Project in 2023 declined by 18.87% and 42.86% respectively from the 2022 allocations.

The estimate for debt service seems to be conservative as the government has incrementally exceeded its projections for debt service in the last 4 years. As seen in table 5, the federal government exceeded its debt service projections by 8.83% in 2019, 13.25% in 2020, 26.97% in 2021, and 31.76% in 2020. According to Nigeria's 2023-2025 MTEF, Nigeria is expected to expend N6.42tn on debt service in a business-as-usual scenario in 2023.

Furthermore, all things being equal, Nigeria's debt service cost is expected to rise to N8.06tn and N10.43tn in 2024 and 2025 respectively. It is instructive to note that Nigeria expended 97.72% of its revenue on debt service in 2020, 90.95% in 2021, and 80.62% of its revenue for the first eleven months of 2022.

Worrisomely, the 2022 capital budget was poorly implemented as just 30.12% of the N6.23tn allocation was spent. Although expenditure inefficiency and other issues bothering on allocative efficiency still holds sway as clearly articulated in other sections of this paper, it is imperative that the federal government makes a deliberate effort to effectively and efficiently implement its capital budget by disbursing resources to areas that will stimulate economic growth, create jobs, and reduce poverty.

4.3

Fiscal Deficit



As of November 2022, the country had secured 85% (about N6.37tn) of the financing (N7.49tn) it ought to have obtained in 11 months.

The federal budget provides for a N21.83tn budget expenditure and a N11.05tn revenue projection, leaving a deficit of N10.78tn. This translates to 4.78% of the country's GDP in 2022; more than the 3% allowed by the Fiscal Responsibility Act FRA 2007. In addition, the 2023 budget deficit is 32% higher than the 2022 final budget deficit (approved and supplementary) and surpasses the actual funds borrowed between January and November 2022 by 69%. Moreover, debt servicing between January and November 2022, which amounted to N5.24tn represented 82% of total actual borrowings (N6.37tn) from January to November. It can consequently be argued that the federal government borrowings in 2022 was 98% of its total revenue earned, underscoring the precarious fiscal state of the country.

As of November 2022, the country had secured 85% (about N6.37tn) of the financing (N7.49tn) it ought to have obtained in 11 months. Domestic and foreign sources accounted for the totality of deficit financing in 2022. No funds were secured through multilateral/bilateral loans or privatisation proceeds as of November.

While N6.37tn out of N7.49tn may be impressive, viewed within the context of a poorly performing oil sector and huge petrol subsidy bills; the borrowed funds were used mostly to fund recurrent expenditure rather than utilised to fund development/capital projects, as only N1.88tn was spent on capital expenditure.

Following a similar pattern, the 2023 budget deficit is expected to be financed mainly by borrowings, broken down as follows: N7.04tn from domestic sources, N1.76tn from foreign sources and N1.77tn from multilateral/bilateral loan drawdowns. Privatisation proceeds are expected to provide N206.18bn. Considering the increasingly precarious debt burden amassed by the government, more attention should be placed on increasing the efficiency of revenue generation from a diversified stream of sources while reducing reckless spending.

05

Nigeria's Public Debt





5.1

Domestic Debt



The concern is that excessive domestic borrowing could crowd out private-sector investment, as the government competes with the private sector for available funds.

Domestic debts are debt instruments issued by the federal government and denominated in local currency. State and Local governments can also issue debt instruments, but the debt instrument currently in issue consists of Nigerian treasury bills, federal government development stocks, and treasury bonds. Out of these, treasury bills and development stocks are marketable and negotiable, while treasury bonds and Ways and Means advances are not marketable and held solely by the Central Bank of Nigeria (CBN).

The short maturity of most domestic government debt—as well as the fact that the CBN continues to be the primary holder of federal government debt instruments—have added to worries about sustainability. The fact that government domestic debt is the main interest-bearing financial instrument in circulation (and thus plays a significant role in the implementation of monetary policy) only serves to increase these worries.

Much less attention has been given to the issue of domestic debt in developing Nigeria, despite its potentially significant impact on economic growth, government budgets, macroeconomic stability, and private-sector lending. The concern is that excessive domestic borrowing could crowd out private-sector investment, as the government competes with the private sector for available funds.

The federal government has experienced escalating levels of domestic indebtedness, and Nigeria's domestic debt is clearly on the high side. The dramatic growth in domestic debt has raised many doubts about the fiscal sustainability of the current debt profile.

Nigeria's domestic debt as of 31st December 2022 stood at N27.54tn (\$61.42 billion), of which the federal government's share is N22.01tn (\$49.52 billion). Nigeria's domestic debt is 59.56% of the total public debt of Nigeria. While 80.62% of Nigeria's total domestic debt is owed by the federal

government, the rest is owed by 36 states plus the FCT. The country's domestic debt has grown astronomically by 72.77% in the past five years from N15.94tn in 2017 to N27.54tn in 2022.

5.2

Foreign Debt



Nigeria's dollar-denominated debt rose from \$18.91bn in 2017 to \$41.69bn as of Dec 2022, of which \$37.24bn (89.32%) is debt owed by the federal government.

Nigeria has been experiencing escalating levels of government external indebtedness in recent years. Nigeria's external debt is not only high but has more than doubled in size in the past five years, as its dollar-denominated debt rose from \$18.91bn in 2017 to \$41.69bn as of Dec 2022, of which \$37.24bn (89.32%) is debt owed by the federal government. Numerous factors contributed to the increase in external debt, some of which are rapid growth of public expenditure (particularly on capital projects), borrowing from the international community at non-concessional

interest rates, and dependence on imports (which contributed to the emergence of trade arrears) among others. The above developments resulted in an increase in debt service, thus compounding the debt situation. Furthermore, upward movements in the interest rate have adversely affected the size of the external debt stock.³⁶ The dramatic growth in debt to revenue ratio has raised doubts about the fiscal sustainability of the current debt profile.

36. <http://www.ficabank.org/press-articles/nigeria-to-extend-80-of-revenue-to-debt-service-in-2023/> - (n) (Accessed 10/04/2023)

Table 4

Nigeria's Foreign Debt as of December 31, 2022

Category	Outstanding Debt (\$ million)	Percentage of Total
MULTILATERAL		
International Monetary Fund	3,266.46	
World Bank Group		
International Development Association	13,446.12	
Int'l Bank for Reconstruction and Devpt.	487.03	
African Development Bank Group	3,001.87	
Sub-Total (Multilateral)	20,201.48	48.45%
BILATERAL		
Eurobonds	15,618.35	37.46%
Promissory Notes	547.91	1.31%
Syndicated Loan	260	0.62%
Total	41,694.93	

Source: Debt Management Office

According to the most recent data from the Debt Management Office (DMO), the International Development Association (IDA) is Nigeria's largest creditor, with a portfolio worth \$13.45 billion. 48.45% of Nigeria's foreign borrowing is lending from multilateral agencies, including the International Monetary Fund (IMF) and the World Bank, 12.5% are bilateral loans, 37.46% are borrowings from foreign commercial banks in the form of Eurobonds and the rest are promissory notes from local contractors and syndicated loans.

China (Exim Bank of China), a member of the World Bank Group, comes in second with credit facilities totalling \$4.30 billion, and the International Monetary Fund (Fund) is third with credit facilities totalling \$3.27 billion.²⁷

The nation's economic growth is seriously threatened by the rising fiscal deficits brought on by a higher level of external debt servicing. The country is exposed to a high debt burden as a result of the enormous debt accumulation.

Nigeria's external debt as of December 31, 2022, stood at \$41.69bn (N18.7tn) which is 36.12% of total public debt.²⁸

The Federal Government's external debt accounted for approximately 89.31% of the total external debt obligation while the external debt obligation of the states plus the FCT came to 10.69% of the country's total external debt accumulation.

5.3

“Ways and Means” Advances

For the purpose of context, “Ways and Means” can be defined generally as the methods and resources for raising necessary revenues for the expenses of a nation or state.²⁹ In Nigeria, the CBN finances government deficits through advances which are statutorily subject to set limits. Section 38 of the CBN Act, 2007 stipulates that the total amount of advances outstanding:

“Shall not at any time exceed 5% of the previous year's actual revenue of the Federal government”.³⁰ These limits are put in place as safeguards to prevent macroeconomic instability which may result from the abuse of such provisions.

27. <https://www.imf.org/dbt-profile/external-debt/external-debt-45594233-nigeria-external-debt-stock-as-of-december-31-2022file>

28. <https://imf.org/dbt-profile/total-public-debt/4223-nigeria-total-public-debt-stock-as-of-december-31-2022file>

29. Merriam-Webster Dictionary. Ways and means. Available at: https://www.merriam-webster.com/dictionary/ways%20and%20means#:~:redir_esc=url&from_opened=520144%3E14523Archen

30. CBN Act, 2007. <https://www.cbn.gov.ng/OUT/PUBLICATIONS/ISSUES/007/CBNACT.PDF>



“The direct consequence of Central Banks financing of deficits are distortions or surges in the monetary base, leading to adverse effects on domestic prices and exchange rates”.

According to the CBN: “The direct consequence of Central Banks financing of deficits are distortions or surges in the monetary base, leading to adverse effects on domestic prices and exchange rates”³¹. Simply put, financing of deficits by the CBN could result in macroeconomic instability because of excess liquidity that has been injected into the economy. The CBN Act also stipulates that the advances must be repaid before the end of the financial year in which the money was borrowed and prevents the CBN from giving additional advances to the government when the loans have not been repaid.

Sadly, the federal government and the CBN have consistently failed to adhere to legislation governing the release of such advances. As of December 2021, the Ways and Means advances had hit N17.5tn and between January and October 2022, they increased by N6.3tn to N23.8tn³². The figure for 2022 alone is equivalent to 97% of the federal government’s aggregate revenue between January and November of the same year (which amounted to N6.49tn).

Certainly, the adverse effects on the economy, which include inflationary pressure on domestic prices and exchange rate challenges, are evident. Efforts have been made by the executive arm of government to securitize the FG’s borrowings from the CBN through Ways and Means.

However, this will be a contravention of Section 38(3b) of the CBN Act, 2007, raising additional questions about the legality of such steps. The National Assembly rejected the President’s request for securitisation on the grounds that the limits had been exceeded and that they were not privy to the process of approval, let alone the details of expenditure for the borrowed funds³³. Moreover, the securitization of the Ways and Means advances would increase the country’s debt-to-revenue ratio which is already at an alarming 80% to more precarious territory and push the debt-to-GDP ratio much closer to the 40% limit.

31- <http://www.cbn.gov.ng/PAGES/PAGE.aspx?Category=Monetary+Policy>

32- <http://www.bicabik.com/2022/10/20/ways-and-means-10-months/>

33- <http://www.vanguardngr.com/2022/01/17/nas-rejects-n22-7tn-ways-and-means-request/>

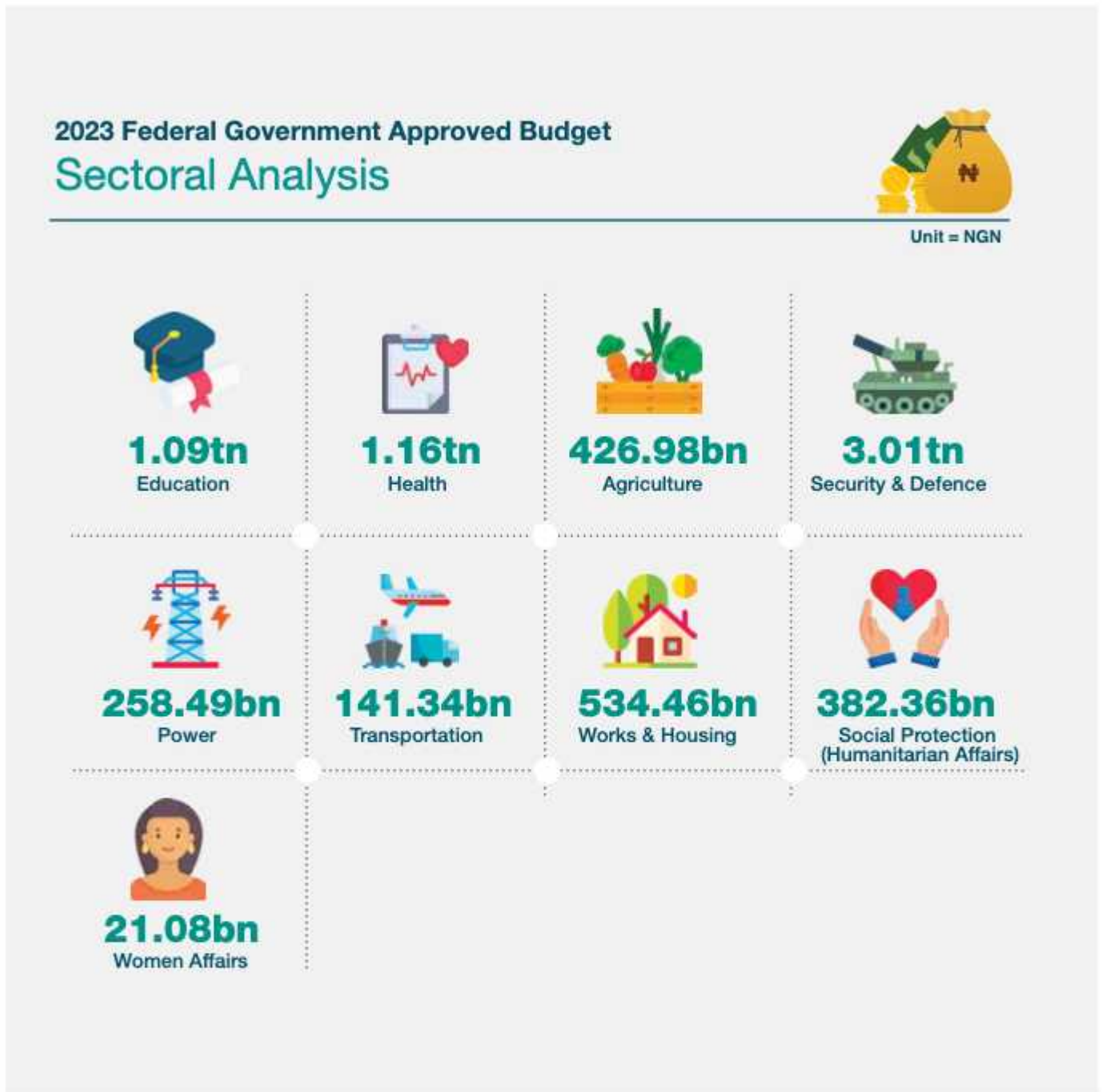
06

Sectoral Analysis





Figure 11



Source: Budget Office of the Federation

6.1 Education

The N1.09trn budget of the Ministry of Education accounts for 4.9% of the total budget of the federal government. This is a 20% increase from the previous year which had a budget of N900bn and represented 5.2% of the total 2022 budget. Despite the significant rise in the total allocation to education, it still falls below the UNESCO recommended level of 15%-20%. Accounting for the drop in the value of the naira against the dollar (using official exchange rates, at the beginning of financial years 2022 and 2023) reduces the rise in budget allocation to the sector to 13%. In 2023, personnel costs will gulp the largest share of 66.4%, followed by capital expenditure at 28.7%. Overhead cost is expected to attract 4.9% of the total education budget.

Figure 12
Budget Breakdown for the Federal Ministry of Education (N'bn)



Source: Budget Office of the Federation



The additional Wide provision of N470bn for salary negotiation and the revitalisation of tertiary institutions and the N12.9bn TETFUND refund will bring the total education budget to N1.56tn.

Furthermore, in the 2023 budget, a sum of N300bn was allocated for ‘Tertiary Institution Revitalisation’ (ERGP23195535), while another N170bn was included for ‘Tertiary institutions salary negotiations’ (ERGP22195538). This is a response to long-standing demands from the federal government by university teaching staff for increased funding for universities as well as a review of remuneration of university lecturers. The additional Wide provision of N470bn for salary negotiation and the revitalisation of tertiary institutions and the N12.9bn TETFUND refund will bring the total education budget to N1.56tn.

However, that these provisions were included under Service Wide Votes (SWV) and not in the budget of the Ministry of education raises some curiosity. SWVs are budgetary provisions disbursed by the Accountant General of the Federation at the authorisation of the Minister of Finance. Its purpose is to address unforeseen recurrent and capital expenditures which may arise during a fiscal year.

The University Revitalization fund cannot be categorised as an unforeseen expenditure as it was an initiative of the federal government aimed at addressing, for the most part, the infrastructural decay in public universities across the country. The fund comprises a sum of N1.1tn, initially to be spread over 6 years and given to administrators of Nigerian universities at federal and state levels.³⁴

Secondly, It is not expected that the renegotiated salaries for tertiary education teaching staff would be a one-off but rather a permanent development and should expectedly be part of the budget of the education ministry.

Certainly, the federal government should have valid reasons for including these provisions under SWV rather than in the ministry's budget. Even if arguments can be made for the domiciling of the revitalization fund with the FMOF, salaries and other forms of remuneration on the other hand are recurrent expenditures that should traditionally be part of ministry budgets.

34. See ‘9% of ASUU proposed revitalisation fund - Uninor’, by Daniels Igboi, on September 09, 2023, in the Punch (Online) Newspapers. Available at: <https://punchng.com/9-percent-asuu-proposed-revitalisation-fund-uninor/>

Also, considering the enormity of arguments and advocacy from academics regarding the poor state of tertiary education infrastructure in Nigeria, one would expect that their budgets are tailored more towards capital projects to address the infrastructural decay.

Table 5

2023 Budgetary Allocation to Federal Government
Tertiary Institutions (NGN)

Institution Category		Personnel	Overhead	Capital	Total
Polytechnics	Allocation	99,876,041,128	5,485,636,135	31,172,246,102	136,533,923,365
	Share	73.15%	4.02%	22.83%	
Colleges of education	Allocation	68,922,925,969	3,002,112,495	17,076,612,070	89,001,650,534
	Share	77.44%	3.37%	19.19%	
Universities	Allocation	352,485,245,926	7,307,907,588	36,192,569,905	395,985,723,419
	Share	89.01%	1.85%	9.14%	

Source:

However, of the N395.98bn allocated to federal Universities in the 2023 budget, just 9.14% was devoted to capital expenditure while 89.01% was devoted to recurrent expenditure. Federal colleges of education devoted 19.19% of their N89bn budgetary allocation to capital expenditure while recurrent expenditure gulped 77.44%. Federal Polytechnics budgeted to spend a cumulative sum of 136.53bn in 2023 of which 22.83% was set aside for capital expenditure while 73.15% was allocated to recurrent expenditure. Universities, Polytechnics and Colleges of Education, together account for 57.75% of the total N1.1tn budget of the Federal Ministry of Education.

6.2

Health

Table 6

Comparison between the 2022 FG Amended Budget and
2023 FG Approved Budget for Nigeria's Health Sector

Expenditure	2022 Amended Budget (N'bn)	2023 Approved Budget (N'bn)	% Change
Personnel	494.49	614.18	24.21%
Overhead	12.71	16.45	29.45%
Capital	207.39	445.16	114.65%
Service Wide Votes	104.71	87.07	-16.85%
Total Allocation	819.29	1162.86	41.94%

Source: Budget Office of the Federation

Commendably, the federal government increased its health sector budget by 41.94% from the N819.29bn allocated in 2022 to N1.16tn (5.31% of total budget) in 2023. As shown in Table 6 above, the budget increase happened across the board, save for a 16.85% decline in the service-wide votes for the health sector. The capital expenditure component of the health sector budget recorded the most significant increase, as the N445.16bn allocated in 2023 represents a 114.65% growth when compared to the 2022 earmarked figure of N207.39bn.

Table 7

Top 5 Health Sector Allocations in 2023 Approved Budget

CODE	PROJECT NAME	TYPE	AMOUNT	MDA
ERGP25195092	MULTILATERAL/BILETARAL TIED LOANS-NIGERIA COVID-19 PREPAREDNESS AND RESPONSE PROJECT -ADDITIONAL FINANCING (COPREP -AF)-WORLD BANK	NEW	174.23 bn	FEDERAL MINISTRY OF HEALTH - HQTRS
ERGP25195091	MULTILATERAL/BILATERAL TIED LOANS-IMMUNIZATION PLUS & MALARIA PROGRESS BY ACCELERATING COVERAGE AND TRANSFORMING SERVICES (IMPACT)-WORLD BANK	NEW	67.97 bn	FEDERAL MINISTRY OF HEALTH - HQTRS
ERGP25195089	MULTILATERAL/BILETARAL TIED LOANS-NIGERIA COVID-19 PREPAREDNESS AND RESPONSE PROJECT (COPREP)-WORLD BANK	NEW	43.56 bn	FEDERAL MINISTRY OF HEALTH - HQTRS
ERGP25195090	MULTILATERAL/BILATERAL TIED LOANS-ACCELERATING NUTRITION RESULTS IN NIGERIA(JANRN)-WORLD BANK	NEW	24.50 bn	FEDERAL MINISTRY OF HEALTH - HQTRS
ERGP202302650	PROVISION OF MODERN CANCER TREATMENT EQUIPMENTS FOR FEMI GBAJABIAMILA ONCOLOGY CENTER, FEDERAL MEDICAL CENTER EBUTE-METTA	ONGOING	4.00 bn	FEDERAL MEDICAL CENTRE, EBUTE METTA

Source: Budget Office of the Federation

The 2023 Approved Budget contains 1,473 capital projects, 10 of which are expected to cumulatively gulp approximately 72.98% of the health sector capital budget allocation. As seen in Table 11, N174.23bn has been earmarked for the COVID-19 Preparedness and Response Project (COPREP). This is quite instructive considering the fact that the National Action Plan for Health Security (NAPHS) is expected to have terminated in December 2022. The NAPHS—which has an implementation cost of N134bn (\$439m)³⁵—has 19 technical areas and was expected to run between 2018 and 2022. However, very minimal investment was made in the plan which has, to a large extent, compromised Nigeria's ability to efficiently and effectively prevent, detect and respond to major disease outbreaks.

35- <https://cat.gov.ng/thenewcommon/files/0886/2023/445535/702202643.pdf>

Table 8

Allocations to Immunization in the 2023 Approved Budget

CODE	PROJECT NAME	AMOUNT	MDA
ERGP25195091	MULTILATERAL/BILATERAL TIED LOANS-IMMUNIZATION PLUS & MALARIA PROGRESS BY ACCELERATING COVERAGE AND TRANSFORMING SERVICES (IMPACT)-WORLD BANK	87.97 bn	FEDERAL MINISTRY OF HEALTH - HQTRS
ERGP25112686	PROCUREMENT OF ROUTINE IMMUNIZATION (R) VACCINES, DEVICES AND OPERATIONAL COST	3.62 bn	NATIONAL PRIMARY HEALTH CARE DEVELOPMENT AGENCY
ERGP25126430	IMMUNIZATION SUPPLY CHAIN STRENGTHENING AT NSCS AND ZONAL COLD STORES INCLUDING THE USE OF TECHNOLOGY FOR LAST MILE	757.95 mn	NATIONAL PRIMARY HEALTH CARE DEVELOPMENT AGENCY
ERGP25171813	STRENGTHENING OF PHCS FOR THE IMPLEMENTATION OF UNIVERSAL NEWBORN SCREENING FOR SCD POLICY IN SIX (6) GEO-POLITICAL ZONES OF NIGERIA FOR EARLY DIAGNOSIS AND INTERVENTION INCLUDING INTEGRATION WITH THE NATIONAL IMMUNIZATION PROGRAMME	7.22 mn	FEDERAL MINISTRY OF HEALTH - HQTRS
ERGP25112677	PROCUREMENT OF NON POLIO SIA VACCINE, DEVICE AND OPERATIONAL COST	1.32 bn	NATIONAL PRIMARY HEALTH CARE DEVELOPMENT AGENCY
ERGP25112679	PROCUREMENT OF OUTBREAK (EMERGENCY) RESPONSE VACCINE, DEVICES AND OPERATIONAL COST	605.76 mn	NATIONAL PRIMARY HEALTH CARE DEVELOPMENT AGENCY
ERGP25126379	PROCUREMENT OF TRAVELERS AND PILGRIMS VACCINES	320.79 mn	NATIONAL PRIMARY HEALTH CARE DEVELOPMENT AGENCY
ERGP25126400	VACCINE DISTRIBUTION AND MOVEMENT FROM NATIONAL STRATEGIC COLD STORE (NSCS) TO SIX ZONES AND FROM THE ZONES TO THE 36 STATES PLUS FCT	240.17 mn	NATIONAL PRIMARY HEALTH CARE DEVELOPMENT AGENCY
ERGP25174121	COVID-19 PANDEMIC RESPONSE RESEARCH FOR HEALTH SECURITY STRENGTHENING THE NATIONAL HEALTH RESEARCH ECOSYSTEM TO SUPPORT VACCINE AND PHARMACEUTICAL DEVELOPMENT	94.66 mn	FEDERAL MINISTRY OF HEALTH - HQTRS
ERGP25192735	MEDICAL EQUIPMENT AND STOCK (VACCINES AND DEVICES) TRACKING FROM NATIONAL TO LAST MILE FOR FISCAL REPORTING	32.20 mn	NATIONAL PRIMARY HEALTH CARE DEVELOPMENT AGENCY
Total		74.97 bn	

A major cost driver of the NAPHS is Nigeria's Immunisation Plan, costing N81bn, under the Nigeria Strategy on Immunization and Primary Health Care Systems Strengthening (NSIPSS). It is noteworthy that 10 immunisation-related projects, with a cumulative sum of N74.97bn, were identified in the 2023 approved budget as depicted in Table 12. It is imperative that Nigeria aims to fully implement its immunisation budget to ensure better health outcomes for Nigerians by keeping them free from vaccine-preventable diseases.

6.3

Agriculture

The Ministry of Agriculture's N426.98bn budget provides for 1.96% of the federal government's overall budget. This is an 11.01% decrease over the previous year's budget of N479.79bn and 2.8% of the entire 2022 budget of N17.13tn. Capital expenditure will gulp the lion's share of the agricultural sector budget in 2023, accounting for 80% (N341.57 billion), followed by personnel costs at 18.96% (N80.94 billion), and overhead costs accounting for 1.05% (N4.48 billion).

Table 9

Comparison between the 2022 FG Amended Budget and
2023 FG Approved Budget for Nigeria's Agriculture Sector

Expenditure	2022 Amended Budget	2023 Approved Budget	% Change
Personnel	71,840,009,245	80,936,552,369	12.66%
Overhead	3,704,219,404	4,482,648,985	21.01%
Capital	404,248,924,564	341,570,705,889	-15.50%
Total Allocation	479,793,153,213	426,989,907,243	-11.01%

The Nigerian agriculture sector has over the years suffered neglect as it is continually underfunded over the years, with the sector constituting between 25% and 30% of all economic activity.³⁶ It is expected that the sector should be receiving nothing less than the 10% of the national budget as advised by the Maputo declaration of 2003. The AU 2003 Maputo Declaration on Agriculture and Food Security included numerous key agricultural decisions, the most notable of which was the "Commitment to allocating at least 10% of national budgetary resources to agriculture and rural development policy execution within five years"³⁷

In recent years (2017-2022), the Federal Government of Nigeria has budgeted N1.23tn for core ministerial functions in the Federal Ministry of Agricultural and Rural Development (FMARD) and the 46 MDAs housed under the ministry. According to available data, this amounts to N205.48bn each year on average. With 1.84% as the average annual agricultural allocation in relation to the federal budget, there are concerns about whether the allocations have the stature/impetus to drive the Agricultural Promotion Policy for programmatic foci: food security, import substitution, job creation, and economic diversification.³⁸

Table 10

Budgetary Investment in Agriculture (2017 -2022)

Year	Federal Budget Size	Expected Share*	Actual Share	Actual Share (%)	Discrepancy (Expected - Actual)
2017	7,441.11	744.11	123.44	1.66	620.67
2018	9,120.33	912.03	203.01	2.23	709.02
2019	8,916.96	891.69	164.9	1.85	726.79
2020	10,810.80	1,081.08	160.46	1.48	920.62
2021	13,082.42	1,303.24	280.32	2.14	1,022.92
2022	17,126.87	1,712.68	479.79	2.80	1,232.89
2023	21,827.19	2,182.71	426.99	1.96	1,755.72

All figures in NGN billion *Amount is based on budgetary commitments (10%) in the Maputo/Malabo Declaration.

36. See Statista, January 2023, Contribution of agriculture to GDP in Nigeria from the 3rd quarter of 2019 to the 3rd quarter of 2021. Available at <https://www.statista.com/statistics/1182000/contribution-of-agriculture-to-gdp-in-nigeria/#:~:text=Nigeria%20agriculture%20sector%20contribution%20to%20the%20economy%20quarter>

37. See African Union Development Agency, AU 2003 Maputo Declaration on Agriculture and Food Security <https://www.maputo.org/wp-content/uploads/2010/05/maputo-declaration-agriculture-and-food-security>

38. See Budget, Budgeting for Development: Spotlight on Nigeria's Agricultural Sector Policy Brief

Table 11

Top 5 Agriculture Sector Allocations in 2023 Approved Budget

CODE	PROJECT NAME	TYPE	AMOUNT	MDA
ERGP6195107	MULTILATERAL/BILATERAL TIED LOANS - SPECIAL AGRO INDUSTRIAL PROCESSING ZONES (SAPZ)	ONGOING	43,557,000,000	FEDERAL MINISTRY OF AGRICULTURE AND RURAL DEVELOPMENT HQTRS
ERGP12195106	MULTILATERAL/BILATERAL TIED LOANS - RURAL ACCESS AND AGRICULTURAL MARKETING PROJECT (RAAMP)	ONGOING	14,809,360,000	FEDERAL MINISTRY OF AGRICULTURE AND RURAL DEVELOPMENT HQTRS
ERGP6195113	MULTILATERAL/BILATERAL TIED LOANS - VALUE CHAIN DEVELOPMENT PROJECT (VCDP)	ONGOING	10,889,250,000	FEDERAL MINISTRY OF AGRICULTURE AND RURAL DEVELOPMENT HQTRS
ERGP6195108	MULTILATERAL/BILATERAL TIED LOANS - AGRICULTURE TRANSFORMATION AGENDA (ATAPS)	ONGOING	8,711,400,000	FEDERAL MINISTRY OF AGRICULTURE AND RURAL DEVELOPMENT HQTRS
ERGP6195111	MULTILATERAL/BILATERAL TIED LOANS - AGRO PROCESSING PRODUCTIVITY ENHANCEMENT AND LIVELIHOOD IMPLEMENTATION SUPPORT PROJECT (APPEALS)		8,711,400,000	FEDERAL MINISTRY OF AGRICULTURE AND RURAL DEVELOPMENT HQTRS

Furthermore, the agriculture sector is still dominated by and driven by crop production. Yet, the industry is struggling with two major problems: its failure to attain food self-sufficiency and its inability to export at the requisite levels of quality. Poor road systems that transport agricultural products from farms to markets, a lack of a market for improved seeds, problems with fertilizer and the distribution system, a lack of funding, and educational gaps that result in poor agronomy practices are a few of the major obstacles that contribute to low productivity. A weak inspection system, a lack of food testing facilities dispersed throughout Nigeria, and inadequate coordination between various but pertinent entities working

primarily on important agricultural reforms all contribute to the sector's problems. Moreover, between 30% and 40% of the food produced in Nigeria is lost due to a lack of proper storage facilities.³⁹ Also, food inflation is accelerating as a result of the agriculture sector's low productivity and other related issues. Food inflation increased from 13.46% in January 2019 to a high of 22.79% in March 2021. Nonetheless, food inflation decreased to a level of 20.54% in May 2022, which is still significantly higher than a sustainable level.⁴⁰ The cost of basic foods including potatoes, yams, and other tubers, vegetables, bread, cereals, fish, oils, and fats, as well as fruits, is increasing more quickly.

39 - See The Guardian, (January 2022), 'FC centre moves to address post-harvest losses by farmers', Available at <https://guardian.ng/news/fc-centre-moves-to-address-post-harvest-losses-by-farmers/>

40 - See Statista, (December 2022), 'Inflation rate for food in Nigeria from January 2019 to June 2022', Available at <https://www.statista.com/statistics/1388925/food-inflation-rate-in-nigeria/>

Table 12

Projects Outside the Mandate of the Federal Ministry of Agriculture and Rural Development

CODE	PROJECT NAME	TYPE	AMOUNT	MOTHER MINISTRY	MDA
ERGP202301173	CONSTRUCTION OF ONE (1) UNIT OF ONE STOREY BUILDING WITH SIX LECTURE HALLS AT THE GROUND FLOOR AND SIX LECTURE HALLS AT THE FIRST FLOOR AT THE FACULTY OF MANAGEMENT, ARTS AND HUMANITIES AT THE FEDERAL POLYTECHNIC, OROGUN, DELTA CENTRAL SENATORIAL DISTRICT, DELTA STATE. (WING A & B AT 450,000,000.00 PER WING.)	NEW	900.00 m	FEDERAL MINISTRY OF AGRICULTURE AND RURAL DEVELOPMENT HQTRS	FEDERAL CO-OPERATIVE COLLEGE- OJI RIVER
ERGP202301174	CONSTRUCTION OF ONE (1) UNIT OF ONE STOREY BUILDING WITH SIX LECTURE HALLS AT THE GROUND FLOOR AND SIX LECTURE HALLS AT THE FIRST FLOOR AT THE FACULTY OF PURE AND APPLIED SCIENCES, AT THE FEDERAL POLYTECHNIC, OROGUN, DELTA CENTRAL SENATORIAL DISTRICT, DELTA STATE.(WING A & B AT 450,000,000.00 PER WING.)	NEW	900.00 m	FEDERAL MINISTRY OF AGRICULTURE AND RURAL DEVELOPMENT HQTRS	FEDERAL CO-OPERATIVE COLLEGE- OJI RIVER
ERGP10175045	PROVISION AND INSTALLATION OF SOLAR POWERED STREETLIGHT IN RURAL COMMUNITIES IN THE 8 GEO-POLITICAL ZONES	ONGOING	849.88 m	FEDERAL MINISTRY OF AGRICULTURE AND RURAL DEVELOPMENT HQTRS	FEDERAL MINISTRY OF AGRICULTURE AND RURAL DEVELOPMENT HQTRS
ERGP202342855	CONSTRUCTION OF TOWNSHIP ROAD WITH SOLAR STREET LIGHTS IN KANTA ROAD, KADUNA		700.00 m	FEDERAL MINISTRY OF AGRICULTURE AND RURAL DEVELOPMENT HQTRS	FEDERAL COLLEGE OF HORTICULTURE, DADIN-KOWA, GOMBE
ERGP202303399	PURCHASE OF NEW COASTER BUSES TO SUPPORT RELIGIOUS ORGANIZATIONS AND COMMUNITIES	ONGOING	650.00 m	FEDERAL MINISTRY OF AGRICULTURE AND RURAL DEVELOPMENT HQTRS	NIGERIA INSTITUTE OF OCEANOGRAPHY AND MARINE RESEARCH
ERGP202302914	SUPPLY OF ALL-IN-ONE SOLAR STREET LIGHTS TO SELECTED COMMUNITIES IN AKOKO	NEW	500.00 m	FEDERAL MINISTRY OF AGRICULTURE AND RURAL DEVELOPMENT HQTRS	FEDERAL COLLEGE OF AGRICULTURE - ISHIAGU

The Federal Ministry of Agriculture and Rural Development (FMARD) has been notorious for riddling its budgets with projects it neither has the mandate nor the capacity to implement. The 2023 budget was no different, as seen in table 12, as MDAs under FMARD were assigned projects visible outside the mandates of the MDAs. This practice unabated will continue to result in huge revenue loss for the country as it always constitutes a loophole for massive corruption.

6.4

Security & Defence

A budgetary allocation of N3.01 trillion was given to the defence sector in 2023, which represents 13.80% of the entire 2023 budget; the largest allocation for a sector in 2023. The amount, which includes recurrent and capital expenditures-provisioned for the military, police, intelligence, and paramilitary-is increased by 11.92% from the 2022 figure of N2.65tn (2.49tn represents 15.49% of the 2022 budget). The majority of the security and defence budget in 2023 will be spent on personnel costs, accounting for 75.20% (N2.09tn), followed by capital expenditure at 16.55% (N461 bn), and overhead costs at 8.25% (N230bn).

Table 13

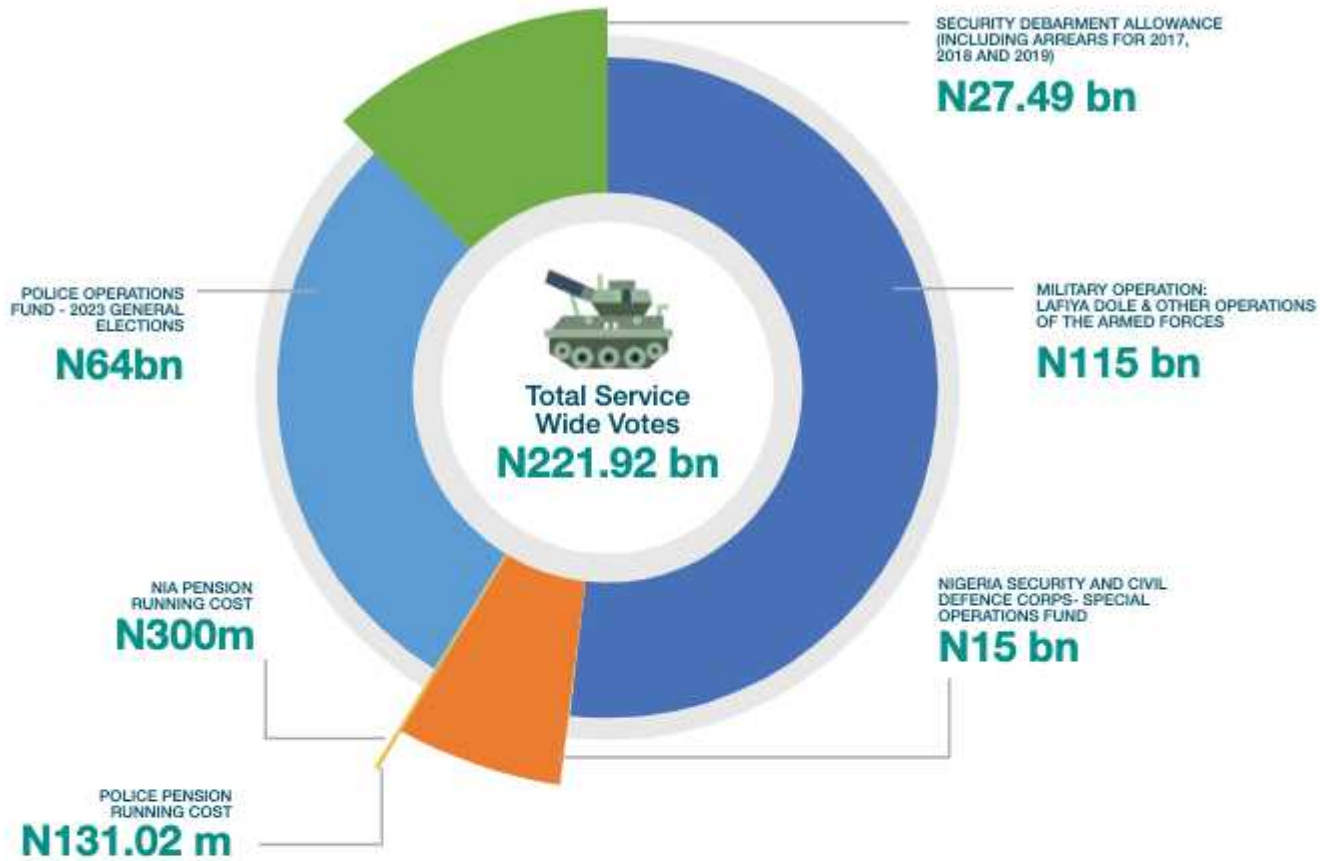
2023 Federal Government Security & Defence Budget

MDA	Personnel	Overhead	Capital	Allocation
MINISTRY OF DEFENCE	1,001,764,480,725	97,111,440,428	285,045,254,555	1,383,921,175,708
MINISTRY OF INTERIOR	241,782,574,774	36,912,657,652	45,622,057,393	324,317,289,819
FEDERAL MINISTRY OF POLICE AFFAIRS	728,565,655,775	50,843,135,384	60,649,679,826	839,058,470,985
NATIONAL SECURITY ADVISER	127,578,733,206	45,027,965,357	70,331,453,273	242,938,151,836
POLICE SERVICE COMMISSION	735,004,234	225,145,717	66,476,299	1,026,626,250
	2,098,426,448,714	230,120,344,536	461,714,921,346	2,790,261,714,596

A cumulative sum of N221.92bn was set aside as service wide votes for security and defense. As is the tradition in the budget of the last few years, N115bn was earmarked for Operation Lafiya Dole—a counterinsurgency operation in the North East of Nigeria—and other military operations. Similarly, N15bn and N64bn were allocated to the NSCDC Special Operations Fund and Police Operations Fund for the 2023 general elections respectively.

Figure 13

2023 Service Wide Votes for Security and Defense



In the 2023 security and defence budget, the ministry of defence got 49.60% of the sector allocation, followed by the ministry of police affairs with 30.04%, the interior ministry with 11.62%, the national security adviser with 8.71%, and the Police Service Commission with 0.04%. As the top ministry with the legal obligation to oversee and supervise the Nigerian Armed Forces, the ministry of defence received half of the sector allocation. Of the N60.64bn dedicated for capital expenditure by the Ministry of police affairs, 41% amounting to approximately N25bn

is expected to be used for the construction/provision of fixed assets comprising police stations/barracks (N6.8bn) and infrastructure (N18.2bn). Additionally, N182mn has been devoted to the rehabilitation/repairs of existing police stations/barracks. This is in addition to the N5bn spent on police stations and barracks across the country between 2019 and 2022.⁴¹ To tackle crime, close to N2bn will be spent on the procurement of arms and ammunition for the police force by the Ministry of Police affairs.

41. See 'IG spends N5bn on rehabilitation of police stations, barracks in 3 years', by Muliken Olanbi Olawuwole, on December 23 2022, in Daily Trust (Online Newspaper). Available at: <https://dailytrust.com/ig-spends-n5bn-on-rehabilitation-of-police-stations-barracks-in-3-years/>

A sample of the top 10 projects across the security agencies for the provision of security and defence as shown in table 20 below indicate a significant allocation of funds to the provision of arms and ammunition as well as tactical equipment. This is expected as major attention has been devoted to combating terrorism and banditry in parts of the country.

Table 14

2023 Top 10 Projects in the Security & Defence Sector Budget

CODE	PROJECT NAME	TYPE	AMOUNT	MDA
ERGP202310002	PROCUREMENT OF ARMS, AMMUNITION AND EQUIPMENT FOR GUARDS BRIGADE, NIGERIAN ARMY		36,000,000,000.00	NATIONAL SECURITY ADVISER
ERGP202340001	PROCUREMENT OF AMMUNITIONS		27,738,056,945.00	MINISTRY OF DEFENCE - MOD HQTRS
ERGP14194490	ADDITIONAL PAYMENT FOR PROCUREMENT OF QUANTITY 6 X T - 129 ATTACK HELICOPTERS	NEW	27,302,804,065.00	NIGERIAN AIRFORCE
ERGP202341063	PROCUREMENT OF EQUIPMENT/PLATFORMS, ARMS AND AMMUNITIONS		18,000,000,000.00	NIGERIAN AIRFORCE
ERGP202341110	SPECIAL INTERVENTION FOR THE ENHANCEMENT OF SAFETY AND SECURITY OF THE NIGERIAN CORRECTIONAL SERVICE FACILITIES		15,000,000,000.00	NIGERIA CORRECTIONAL SERVICE
ERGP202340021	PROCUREMENT OF PATROL BOATS FOR THE NIGERIAN NAVY		12,500,000,000.00	NIGERIAN NAVY
ERGP202303552	UPGRADE OF FACILITIES IN KARU, LAGOS ANNEX AND MISSIONS	NEW	10,000,000,000.00	DEFENCE INTELLIGENCE AGENCY
ERGP14184373	PROCUREMENT OF OCEA3X32 FAST PATROL BOAT, 6X SPECIAL FORCES BOAT, 6X RHIBs, 3X FUEL CLEANING STATIONS AND 4 YEARS INTEGRATED LOGISTICS SUPPORT.	ONGOING	9,163,226,200.00	NIGERIAN NAVY
ERGP14195264	REFURBISHMENT AND PROCUREMENT OF HARRIS RF-5/7800 MILITARY COMMUNICATION EQUIPMENT	NEW	8,600,000,000.00	MINISTRY OF DEFENCE - MOD HQTRS
ERGP14195380	PROCUREMENT OF ARMS, AMMUNITION, WEBBING AND BALLISTIC PROTECTION EQUIPMENT	NEW	8,500,000,000.00	NIGERIAN NAVY

The top ten projects within the security and defence sector totalled N173bn, representing 37.43% of the total allocation for capital expenditure, out of the sector's total capital expenditure of N462bn.

6.5 Power

In 2023, the Federal Ministry of Power has an expenditure projection of N258.49bn spread thus: 97.3% to CAPEX, 2.1% to personnel and 0.6% to overheads. N247.3bn representing 98.3% of total CAPEX and 95.67% of the Ministry's total budget is allocated to the provision of electricity. This is not unexpected as the country is in desperate need of reliable power infrastructure with the aim of increasing operational grid-connected capacity beyond the present epileptic 5,000MW.⁴³ In addition, critical projects are needed to expand grid/electricity access to more than 44%⁴⁴ of Nigerians currently without electricity, especially in rural areas. The 2023 power ministry budget is, however, a 14% drop compared to the 2022 power sector budget which was pegged at N302.9bn.

Figure 14
Budget Breakdown for the Federal Ministry of Power (2022 & 2023)



Source: Budget Office of the Federation

⁴³ See 'IG: Nigeria's installed electricity capacity stands at 18,000MW, Generates 6,200MW daily', by Ojo Ounoye, in *Trustly Online* newspaper. Available at <https://www.trustlylive.com/index.php/2022/03/04/ig-nigeria-installed-electricity-capacity-stands-at-18000mw-generates-6200mw-daily/>

⁴⁴ World Bank. Access to electricity (% Population) - Nigeria Available at <https://data.worldbank.org/indicator/EG.ELC.ACCE.ZS?locations=NI>



Based on the allocation to individual capital projects under the top three MDAs, it appears that attention is being given to upgrading the transmission infrastructure.

In terms of MDA allocation, the Ministry's headquarters received the largest amount totalling N162.89bn representing 63% of total allocation. This is closely followed by the National Rural Electrification Agency with 58.65bn; equivalent to 22.69%. The Transmission Company of Nigeria received 28.36bn, 19.97% of the total budget allocated to the power ministry.

These three MDAs account for 96.67% of the total budget allocated. The remaining 3.23% is shared by the Nigerian Electricity Management Services Agency (NEMSA), the National Power Training Institute (NAPTIN) and the National Electricity Liability Management Limited (NELML). Based on the allocation to individual capital projects under the top three MDAs, it appears that attention is being given to upgrading the transmission infrastructure.

These include ongoing federal government-funded projects as well as donor-funded projects such as the World Bank-funded interventions like the "Power Sector Recovery Operation"⁴⁴, and the "Nigeria Electricity Transmission Project"⁴⁵. The distribution segment of the power supply chain would receive N1.1bn in 2023 to facilitate the uptake of stranded power from the grid. This would help to increase the grid's distribution capacity from the current level of less than 4GW.⁴⁶

Interestingly, the largest allocations to individual projects are tied to donor funding. The following chart shows the respective allocations to the MDAs under the Ministry of Power while the table highlights the top projects by allocation under the three MDAs with the largest budgetary allocations.

44. World Bank. *Who we are: News: Nigeria - Power sector recovery operation*. June 23, 2021. Available at <https://www.worldbank.org/en/news/press-release/2021/06/23/nigeria-power-sector-recovery-operation>

45. Nigeria - Electricity Transmission Project (English). Washington, D.C.: World Bank Group. <http://documents.worldbank.org/curated/en/704121513822028941/Nigeria-Electricity-Transmission-Project>

46. National Development Plan (2021-2025), Pg 82

Figure 15

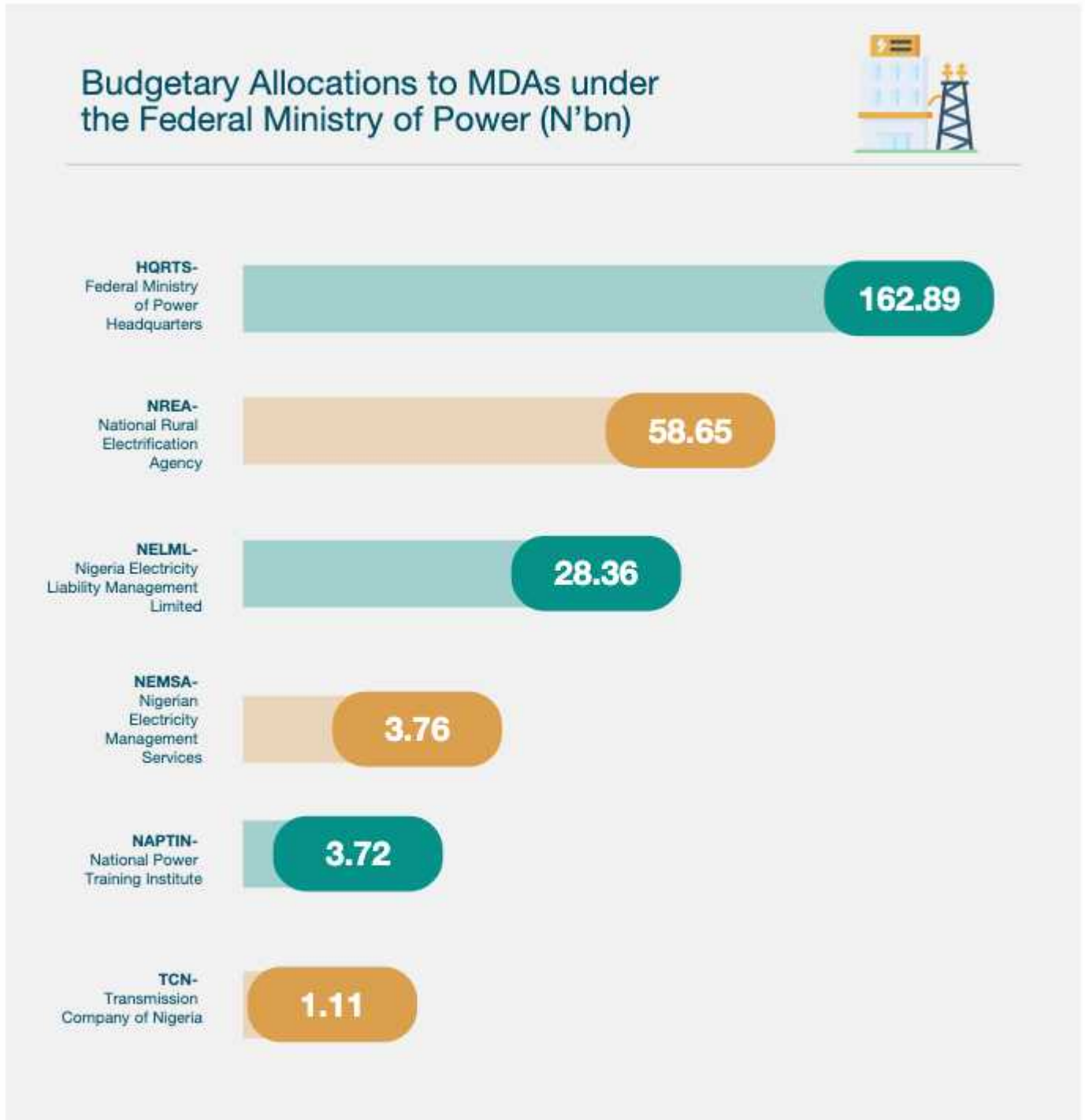


Table 15

2023 Top Projects under the Federal Ministry of Power

MDA	CODE	PROJECT NAME	TYPE	AMOUNT
HQRTS	ERGP10180309	MULTILATERAL/BILATERAL PROJECT-TIED LOANS - ZUNGERU HYDRO- ELECTRIC POWER PROJECT	NEW	76,554,541,791
HQRTS	ERGP10195062	MULTILATERAL/BILATERAL PROJECT-TIED LOANS - POWER SECTOR RECOVERY OPERATION (PSRO)	NEW	70,562,340,000
TCN	ERGP10195064	MULTILATERAL/BILATERAL PROJECT-TIED LOANS - NIGERIA ELECTRICITY TRANSMISSION PROJECT	NEW	24,391,920,000
NREA	ERGP10180294	MULTILATERAL/BILATERAL PROJECT-TIED LOANS - NIGERIA ELECTRIFICATION PROJECT	NEW	23,956,350,000
TCN	ERGP202302124	CONSTRUCTION OF 132KVA 2X60 MVA SUBSTATION IN DAWANAU, KANO STATE	NEW	2,000,000,000
HQRTS	ERGP10175479	DISTRIBUTION EXPANSION PROGRAMME PROJECTS TO UTILISE THE STRANDED POWER FROM THE GRID.	ONGOING	1,601,000,000
TCN	ERGP10189212	COMPENSATION FOR TRANSMISSION LINE AND SUBSTATION PROJECTS. PAYMENT OF COMPENSATION TO PROJECT AFFECTED PERSONS AND COMMUNITIES (PAPS) FOR CROPS, ECONOMIC TREES AND STRUCTURES NATIONWIDE	ONGOING	1,258,714,947
NREA	ERGP202301043	PROVISION AND ESTABLISHMENT OF HIGH OUTPUT SOLAR STREET LIGHTS ACROSSSELECTED LOCATIONS IN 4 GEOPOLITICAL ZONES (SOUTH EAST, SOUTHWEST, NORTHEAST AND SOUTH SOUTH).	ONGOING	1,100,000,000
NREA	ERGP202303465	SOLAR SECURITY LIGHTS INSTALLATION ACROSS SELECTED RURAL AREAS IN KOGI/NORTH-CENTRAL	ONGOING	800,000,000
HQRTS	ERGP10175564	SUPPLY AND CONSTRUCTION OF 2X30MVA, 132/33KV SUBSTATION AT IBIONO IBOM, AKWA IBOM STATE. (II) CONSULTANCY SERVICES FOR THE PROJECT MANAGEMENT AND SUPERVISION OF 2X30MVA SUBSTATION AT IN IBINON IBOM)	ONGOING	750,000,000
NREA	ERGP202303059	SUPPLY AND INSTALLATION OF SOLAR STREET LIGHTS IN VARIOUS MARKETS ACROSS LAGOS STATE	ONGOING	650,000,000
HQRTS	ERGP1175590	KASHIMBILLA TRANSMISSION (EVACUATION OF 40MW TO BE GENERATED FROM KASHIMBILLA HYDROPOWER STATION TSEHE TO ATOGBENDA K/ALA LGA, BENUE STATE)	ONGOING	600,000,000
HQRTS	ERGP1175579	COUNTERPART FUNDING (PROVISIONAL SUM - PRE COMMENCEMENT ACTIVITIES)FOR 3,050 MANBILLA HYDROPOWER PROJECT TARABA STATE	ONGOING	550,000,000
HQRTS	ERGP10175573	COUNTERPART FUNDING OF EARMARKED TRANSMISSION LINES AND SUBSTATIONS PROJECTS UNDER DONOR AGENCIES (WORLD BANK,AFDB,AFD,JICA AND ISDB)	ONGOING	500,000,000

6.6

Transportation



The bulk of urban transportation in Nigeria is biased towards roads (for both human and freight conveyance), leaving rail lines and waterways at a minimum.

According to the World Bank, 53% of Nigerians live in urban areas.⁴⁷ Considering the nation's population, this means over 110 million Nigerian citizens live in cities. The urgency to provide efficient and safe transportation is critical to improving the productivity of cities across the country. For this, the federal government allocated N18.01bn as the total recurrent budget (N17.15bn for total personnel and N855.83mn as total overhead) for the transportation sector. While the total capital budget is N112.33bn. This translates to 13.16% of the budget for personnel, 0.66% for overhead and 86.18% for capital expenditure. The bulk of urban transportation in Nigeria is biased towards roads (for both human and freight conveyance),⁴⁸ leaving rail lines and waterways at a minimum.

However, the biggest capital projects in the 2023 budget, are overwhelmingly in favour of improving rail infrastructure and supporting systems.

It is instructive to point out that the projects of the Nigerian Ports Authority (NPA), as an MDA under transportation generally, are not included in the budget of the Ministry of Transport.⁴⁹ This means that a relevant agency budget has been defended and passed without public participation: the budget is largely unknown and the projects are unknown and this is unacceptable for public monitoring processes and transparency.

The table below depicts what the government intends to prioritise, this fiscal year and also (if the line item is an 'ongoing' project) provides information on how much was allocated in the previous fiscal year. This will show the actual budgeted cost of the project.

47. See the World Bank, Urban population (% of total population) - Nigeria, United Nations Population Division, World Urbanization Prospects, 2018 Revision. Available at <https://data.worldbank.org/indicator/SH.UR.TD.TS.IN25?locations=NG>.

48. See generally, Ezeorika, A. (2022), A Comparative Analysis of Road and Rail Performance in Freight Transport: An Example from Nigeria, in the Journal of Urban Planning and Transport Research. Available at: [https://www.landonline.com/doi/pdf/10.1186/s13001-022-00207-3#f4f149428e%202202073#f4f149428e%202202073](https://www.landonline.com/doi/pdf/10.1186/s13001-022-00207-3#f4f149428e%20202202073#f4f149428e%202202073).

49. See "N250bn Port Reconstruction Project Missing in 2023 Budget", by Anselm Egoke, on October 13th 2022, in the Punch Online Newspapers. Available at: <https://punchng.com/n250bn-port-reconstruction-project-missing-in-2023-budget/>.

Table 16

Top 2023 Budget Allocations in the Transport Sector

ERGP Code	Project Name	Amount (N)	Type	Previous Amount
ERGP13195169	MULTILATERAL/BILATERAL PROJECT-TIED LOANS -NIGERIAN RAILWAY MODERNIZATION PROJECT (LAGOS - IBADAN SECTION)	38,068,773,392	Ongoing	Unavailable
ERGP13177707	RAILWAY PROJECTS: 1. SEGMENT 1: COMPLETION OF ABUJA-KADUNA. 2. SEGMENT 2: COMPLETION OF LAGOS-IBADAN AND ITS ASSOCIATED ADDITIONAL WORKS. 3. REHABILITATION OF ITAKPE-AJAKUTA RAIL LINE AND CONSTRUCTION OF 12 NOS STATION BUILDING AND TRACKS LAYING WORKS AT RAILWAY ANCILLARY FACILITIES AREA AGBOR. 4. COMPLETION OF ADDENDUM 2A AND RAILWAY ANCILLARY FACILITIES AREA AGBOR. 5. DESIGN, MANUFACTURE, SUPPLY AND INSTALLATION OF ROLLING STOCK. SUPPLY OF SPAREPARTS AND MAINTENANCE EQUIPMENT FOR THE ONGOING RAILWAY MODERNIZATION PROJECT. 6. INSTALLATION OF SIGNAL AND TELLECOMMUNICATION [sic] SYSTEM ON ITAKPE-AJAKUTA-WARRI RAILWAY LINE. 7. INSTALLATION OF ACOUSTAL SENSING SECURITY SURVEILLANCE SYSTEM FOR THE ABUJA (IDU)-KADUNA RAILWAY SYSTEM. 8. COMPLETION OF FEASIBILITY STUDIES FOR NEW STANDARD GAUGE RAIL LINE: KANO-DAYI-KASTINA-JIBIYA INCLUDING REALIGNMENT TO DAMBATA-KAZAURE-KASTINA-JIBIYA-MARA DI IN NIGER REPUBLIC. 9. COMPLETION OF FEASIBILITY STUDIES FOR NEW STANDARD GAUGE RAIL LINE:KANO-NGURU-GUSUA	30,759,220,905	Ongoing	59,036,077,921
ERGP13195543	PROVISION FOR RAILWAY MODERNIZATION	10,000,000,000	Ongoing	Unclear
ERGP13102578	PROVISION OF ELECTRICAL POWER SUPPLY AND WATER SUPPLY. CONSTRUCTION OF PROTECTIVE FENCES ALONG THE CORRIDOR IN ABRAKA, ORIA, ORUWHORUM, FOR ITAKPE-AJAKUTA-ALADJA RAILWAY SYSTEM ⁵⁰	4,064,859,215	Ongoing	2,020,362,755
ERGP13175570	PROCUREMENT/REHABILITATION OF ROLLING STOCK (NARROW GAUGE)	3,734,165,589	Ongoing	4,007,856,854

Source: Federal Government of Nigeria-Appropriation Act, 2023

50 - This line item was itself "ongoing" in 2022, meaning it was carried over from 2021. As at the 2023 fiscal year, the line item has passed over N6,000bn.

Table 16 (Continued)

Top 2023 Budget Allocations in the Transport Sector

ERGP Code	Project Name	Amount (N)	Type	Previous Amount
ERGP13180284	MULTILATERAL/BILATERAL PROJECT-TIED LOANS AND THEIR CONSULTANCY: 1. IMPLEMENTATION OF KADUNA-KANO 2. IMPLEMENTATION OF IBADAN-MINNA-ABUJA 3. CONSTRUCTION OF KANO-MARADI (NIGER REPUBLIC) RAILWAY PROJECT WITH LINE TO DUTSE IN JIGAWA STATE. 4. CONSTRUCTION OF PORT HARCOURT TO MAIDUGURI EASTEREN RAILWAY PROJECT, BONNY DEEP SEA PORT AND PORT HARCOURT INDUSTRIAL PARK PROJECT. 5. CONSTRUCTION OF ABUJA-ITAKPE AND ALADJA (WARRI)-WARRI PORT AND REFINERY INCLUDING WARRI NEW HARBOUR. 6. NIGERIAN COASTAL RAILWAY PROJECT: LAGOS-CALABAR	1,500,000,000	Ongoing	69,315,350,000
ERGP27189702	CONSTRUCTION OF OFFICE ACCOMMODATION FOR THE MINISTRY	1,212,000,000	New	Nil
ERGP13138766	REHABILITATION OF NARROW GAUGE TRACK FROM MINNA TO BARROW WITH EXTENSION TO THE BARO RIVER PORT ⁵¹	1,186,725,335	Ongoing	500,000,000
ERGP13127490	PROCUREMENT OF DIESEL (AGO) FOR THE POWER CARS AND LOCOMOTIVES	710,000,000	Ongoing	510,000,000
ERGP13195396	BUILDING OF STATION, PLATFORM AND CANOPY AT KM 31 ON ITAKPE-ALADJA RAILLINE ⁵²	575,000,000	Ongoing	2,020,362,755

Source: Federal Government of Nigeria-Appropriation Act, 2023

A cursory glance at the table above shows some discrepancies in the use of ERGP codes and the description of line items. With such a level of uncertainty in the actual amounts set aside for critical government planning, it bodes poorly for the quality of infrastructure that will come out of this budget. Be that as it may, this is an indication that the government intends to shift a large percentage of the nation's transportation burden-for humans and commodities-to rail. Of the 10 top capital projects, 8 are directly related to rail transportation. While the improvement of rail infrastructure is well-intentioned, the government is encouraged to focus on improving the other components of public transport, namely: modes, networks, infrastructures and flows.⁵³ In addition, attention should be paid to the ports, which have an impact on improving transport and economic activity. As it stands, the 2023 budget only has 2 capital projects (within one line item) dedicated to port infrastructure.

51- This line item is identical to "ERGP100255274" in the 2022 Appropriation Act. This raises concerns about the function of ERGP codes and whether or not they are fully used as unique identifiers for specific items or used indiscriminately. This further raises questions about the management of the budget process and the integrity of the allocations.

52- It is unclear if this line item is truly "ongoing" or new, as the ERGP code for the 2023 budget does not correspond with any in the 2022 budget. This is extremely problematic, as it shows there is little systematic management of the budget of the Ministry of Transport and its various, its agencies. Moreover, that these line items are the largest within their budget is a call for serious Audit by the Auditor General of the Federation.

53- Modes of transport generally concern the different forms of movement (ferriboat, motorcycle, car, bus, train). Networks are the spread of the mode of transport, the form of connectivity and the nature of management/administration of its endpoints or terminals (for train, it would be rail line, for buses, it would be dedicated roads, for ferries it would be designated waterways). Infrastructure comprises all the essential components of transport, including the mode of transport (rail, i.e., tracks, signages, traffic control facilities, vehicles, etc). Flows refer to the volume and quality of movement of the particular mode of transport, within its designated network.

6.7

Works & Housing

The Federal Ministry of Works and Housing has been allocated a budget of N534.46bn for the 2023 fiscal year, which is a 5.17% decrease from the N563.59bn budgeted in 2022. The ministry plays a key role in the infrastructural development of the country and needs to be adequately funded to curtail the existing infrastructure inadequacies. The ministry as always has given a high prioritisation of 93.45% to capital expenditure with N499.47bn allocated, N16.5bn for personnel and N18.5bn for overhead costs up from the 2022 allocations of N15.05bn and N16.89bn

respectively. The ministry is saddled with the responsibility of construction, repairs and maintenance of over 32,000 kilometres of federal government roads across the country,³⁴ constructing, rehabilitating and maintaining subsidised housing initiatives, public service buildings and numerous infrastructural projects. Allocations to these obligations are shown in the table below as some activities experienced growth and others decreased funding.

Table 17

2023 Works and Housing Capital Budget Summary

Key Ministry Activities	2022 Total Allocation	2023 Total Allocation
CONSTRUCTION/PROVISION OF ROADS	185,877,609,381	189,871,045,240
CONSTRUCTION/PROVISION OF INFRASTRUCTURE	76,052,833,118	174,251,859,497
CONSTRUCTION/PROVISION OF HOUSING	15,098,794,978	11,738,076,587
REHABILITATION/REPAIRS - ROADS	232,773,526,640	101,626,923,480
MAINTENANCE OF ROADS AND BRIDGES	13,343,606,779	14,625,234,573
CONSTRUCTION/PROVISION OF HOSPITALS/HEALTH CENTRES	2,077,000,000	2,866,751,317
CONSTRUCTION/PROVISION OF PUBLIC SCHOOLS	3,534,524,800	180,000,000
REHABILITATION/REPAIRS OF OFFICE BUILDING	7,297,013,801	4,670,126,282

34. <https://www.aic.gov.ng/1350006n-ssal-netssknggela-un-famed-icm/>

From this table, we can note that Construction and Provision of roads take the highest chunk of allocation of N189.87bn followed closely by the allocation to Construction and Provision of infrastructure which grew from the N76.05bn allocation in 2022 to N174.25bn. Provisions for housing saw a rather large decrease from N15.1bn in 2022 to N11.74bn in 2023 and same goes for the rehabilitation and repair of roads across the ministry, departments and agencies from N232.77bn in 2022 to N101.62bn in 2023.

Table 18

Top project allocations within the Federal Ministry of Works and Housing

CODE	PROJECT NAME	TYPE	AMOUNT
ERGP12172273	COUNTERPART FUNDING FOR THE EXPANSION OF ABUJA-KEFFI DUAL CARRIAGEWAY AND DUALIZATION OF KEFFI-AKWANGA-LAFIA-MAKURDI ROAD IN NASARAWA AND BENUE STATES PHASE I AND CONSTRUCTION OF LAFIA BYPASS AND 9TH MILE(ENUGU)-OTUKPO-MAKURDI ROAD IN ENUGU AND BENUE STATES PHASE II	ONGOING	32,500,000,000
ERGP12180289	MULTILATERAL/BILATERAL PROJECT-TIED LOANS - UPGRADING AND REHABILITATION OF KEFFI-AKWANGA - LAFIA ROAD PROJECT	ONGOING	101,195,585,090
ERGP12190485	CONSTRUCTION OF ROADS IN ALIERO, KEBBI STATE	ONGOING	5,925,000,000
ERGP27168391	FEDERAL GOVERNMENT NATIONAL HOUSING PROGRAMME NATIONWIDE	ONGOING	10,693,108,587
ERGP202302756	REHABILITATION OF KABBA-AYERE-ISUA-IPELE ROAD ROUTE NO.220 IN KOGI AND ONDO STATE PHASE I: KABBA-AYERE-ISUA SECTION (52KM)	NEW	6,500,000,000
ERGP12195332	CONSTRUCTION OF GORGARAM - GURI ROAD	NEW	5,200,000,000

6.8

Social Protection

Since the emergence of the Federal Ministry of Humanitarian Affairs, Disaster Management and Social development in 2019, the ministry has enjoyed a minimal allocation growth of 2.8%. The 2023 approved budget allocation to the ministry is a significant decrease over the 2022 budget, with expenditures allocated to the Ministry totalling N382.36bn. This includes a total recurrent expenditure of N67.40bn and a total capital allocation of N314.96bn.

Table 19

Federal Ministry of Humanitarian Affairs, Disaster Management and Social Development

Year	Budgeted Amount	% growth
2020	376,605,828,596	
2021	465,077,357,298	23.48%
2022	514,743,928,310	10.68%
2023	382,358,506,329	-25.72%

The 2023 approved budget is set to achieve the basic mandates of the Federal Ministry of Humanitarian Affairs in Nigeria to improve social protection. The ministry has earmarked funds for the National Emergency Management Agency at N2.057bn and this funding is expected to help ensure access to emergency shelter, food, medication and other necessities for displaced individuals.



National Commission for Refugees allocations stood at N10.36bn providing short-term financial and material assistance for those in need due to unexpected circumstances in their countries.

With the flood that ravaged several states in 2022 recording over 660 deaths, more than 3000 injured and over 2.4 million people displaced;⁵⁵ one will believe that allocations to this MDA should experience a double-fold increase from the N3.30bn allocated in 2022 but rather experienced a decrease of 37.69% to N2.057bn.

National Commission for Refugees allocations stood at N10.36bn providing short-term financial and material assistance for those in need due to unexpected circumstances in their countries. Allocations to National Social Investment Office is N3.25bn for supporting small producers' cooperatives with agricultural inputs, equipment and extension services and poverty alleviation programs. The National Senior Citizens Center also received an allocation of N605.88mn for operating an elderly care program to provide basic income and health care to elderly citizens providing senior citizens coverage.

The budget also set aside funds for the Commission for Persons Living with Disability at N1.69bn, the Commission for the Prohibition of Traffic in Person at N2.88bn, the North East Development Commission was also allocated the sum of N136.15bn and lastly, the office of the Senior Special Assistant to the President MDGs took an allocation of N16.43bn.

One cannot consider social protection and not mention the office of the National Human Rights Commission and the National Drug Law Enforcement Agency under the Federal Ministry of Justice with allocations of N4.5bn and N40.85bn respectively. It remains to be seen how these cutbacks in funding will affect the strategic implementation of projects aimed at tackling humanitarian challenges in the country.

⁵⁵ <https://guardian.ng/news/two-2-million-nigerians-displaced-by-flood-in-2022-again.html>

Table 20

Top Allocations to Humanitarian Affairs, Disaster Management & Social Development

CODE	PROJECT NAME	TYPE	AMOUNT	MDA
ERGP22195099	NATIONAL SOCIAL SAFETY NETS PROJECT-SCALE UP (NSSNP-SU)		206.24 bn	MINISTRY OF HUMANITARIAN AFFAIRS, DISASTER MANAGEMENT AND SOCIAL DEVELOPMENT
ERGP202343682	DUALIZATION OF ILE - OLUJI TOWNSHIP ROAD FROM ITA - NLA TO BUNNELLI JUNCTION THAT CONNECTS IPETU AND AKURE PHASE I AND PHASE II		5.00 bn	OFFICE OF THE SENIOR SPECIAL ASSISTANT TO THE PRESIDENT MDG (OSSAP-MDGS)
ERGP18152816	RESETTLEMENT CITY, REHABILITATION AND RE-INTEGRATION PROJECTS IN NORTH WEST, NORTH CENTRAL, SOUTH SOUTH AND SOUTH WEST ZONES	ONGOING	1.50 bn	NATIONAL COMMISSION FOR REFUGEES
ERGP1193200	JCU (N-POWER + BUILD & EQUIP+ SKILLS FOR JOBS + INNOVATION HUBS)	NEW	1.00 bn	NATIONAL SOCIAL INVESTMENT OFFICE
ERGP1193205	HOME-GROWN SCHOOL FEEDING	NEW	1.00 bn	NATIONAL SOCIAL INVESTMENT OFFICE
ERGP202303477	CONSTRUCTION OF AGBOYI INTER-COMMUNITY BRIDGET PROJECT IN AGBOYI KETU IN KOSOFE LGA, LAGOS STATE	ONGOING	1.00 bn	OFFICE OF THE SENIOR SPECIAL ASSISTANT TO THE PRESIDENT MDG (OSSAP-MDGS)

As seen on table 24, 65.48% (N206.24bn) of the humanitarian affairs, disaster management and social development budget was allocated to the scale up of the National Social Safety Nets Project. It is quite commendable that N1.5bn was earmarked for resettling, rehabilitating, and rehabilitating refugees that had been displaced due to the Boko haram insurgency, banditry, flooding and other natural disasters. Furthermore, N1bn has been devoted to the home-grown school feeding program across the federation.

6.9

Women Affairs



In the 2023 approved budget, a total sum of N21.08bn was allocated to the Ministry of Women Affairs which is a reduction of 50.6% from the N42.69bn allocated to the ministry in 2022

According to the World Bank population estimates released in December of 2022, Nigeria has the largest female population in Africa and the 7th in the world,³⁶ with a total estimated number of 108 million women and girls constituting 49.9% of the population. This shows that budgeting for women's affairs is no longer contestable and for the nation to achieve its highly ambitious development goals, certain investments in women's affairs are required.

In the 2023 approved budget, a total sum of N21.08bn was allocated to the Ministry of Women Affairs which is a reduction of 50.6% from the N42.69bn allocated to the ministry in 2022,³⁷ although the allocation only amounts to 0.10% of the total annual budget of N21.83tn which was approved.

The importance of Gender Responsive Budgeting (GRB) to the socio-economic development of a country cannot be overemphasised, the budget can help promote women's empowerment, financial inclusion, gender equity and women's health. Despite not having a significant priority in the total approved budget, the ministry's allocation has improved over the past 6 years by an average of 48.23% from N7.01bn in 2018.

This improvement is significant as women's rights, policies and social welfare ought to be better funded as the years go by. However, in terms of prioritisation of this in the federal budget a lot more needs to be done.

36. <https://datacatalog.worldbank.org/dataset/population-estimates-and-projections>

37. <https://www.pensionservice.gov.ng/press/554820-2023-budget-women-affairs-ministry-get-ready-50-cut.html#u:1>

Table 21

2018 - 2023 Allocations to the Federal Ministry of Women Affairs
and Its Prioritisation in the Total budget

Year	Budgeted Amount	% prioritisation to total budget
2018	7,409,748,628	0.08%
2019	5,566,696,400	0.06%
2020	8,193,235,758	0.08%
2021	12,919,466,492	0.10%
2022	42,685,646,713	0.25%
2023	21,088,003,478	0.10%

Such a drastic reduction in allocations in the 2023 approved budget means that the Federal Ministry of Women Affairs will struggle to implement and monitor projects targeting women. The breakdown of this year's allocation shows that capital expenditure stood at N19.26bn, overhead cost at N532.58mn and personnel costs at N1.28bn. The Federal Ministry of Women Affairs headquarters was allocated N15.19bn (down from N33.58bn in 2022) and the National Center for Women Development got N5.89bn (also down from N9.11bn in 2022). The federal budget ought to be gender sensitive to achieve equality in the country as well as overcome obstacles surrounding women

empowerment in the country. Women economic empowerment serves as the biggest element or component of women affairs alongside health, education, rights and justice, as women suffer a high rate of poverty as 43.7mn⁵⁸ women in Nigeria are poor and are easily displaced by economic and social issues in the country. Some key line items in the 2023 budget showing allocations to Women economic empowerment, gender-based violence, nutrition, health, education, equality rights and justice are shown in the table below:

58. <https://www.datista.com/visuals/122727/number-of-people-living-in-extreme-poverty-in-nigeria-by-gender/>

Table 22

**Key Allocations to the numerous elements of Women's Affairs
in the 2023 Approved Budget**

CODE	PROJECT NAME	TYPE	AMOUNT	COMPONENT
ERGP22193361	WOMEN ENROLMENT FOR SECOND CHANCE, FORMAL AND NON-FORMAL EDUCATION	NEW	85,000,000	EDUCATION
ERGP22193391	PROMOTION OF WOMEN'S RIGHTS AND SOCIAL JUSTICE	NEW	80,173,498	RIGHTS AND JUSTICE
ERGP202302982	SUPPLY OF VOCATIONAL ITEMS TO WOMEN AND YOUTHS IN SOUTH EAST, NIGERIA	NEW	240,000,000	ECONOMIC EMPOWERMENT
ERGP22158374	GENDER BASED VIOLENCE DASHBOARD: DESIGNING AND POPULATING THE GBV DASHBOARD	ONGOING	40,000,000	GBV
ERGP22178666	LEGAL LITERACY PROGRAMMES FOR TRADITIONAL GATEKEEPERS AND OTHER STAKEHOLDERS FOR THE ELIMINATION OF GENDER DISCRIMINATORY PRACTICES IN NIGERIA	ONGOING	20,000,000	EQUALITY
ERGP22193374	NATIONWIDE COMMUNITY/WARD LEVEL SOCIAL MOBILIZATION ON THE ELIMINATION OF HARMFUL TRADITIONAL PRACTICES (HTPS) AND ALL FORMS OF VIOLENCE AGAINST WOMEN, GIRLS AND OTHER VULNERABLE GROUPS	NEW	110,000,000	GBV
ERGP30193575	ESTABLISHMENT OF NUTRITION DEPARTMENT	NEW	90,300,000	NUTRITION
ERGP22195105	NIGERIA FOR WOMEN PROJECT		10,257,673,500	ECONOMIC EMPOWERMENT
ERGP26178664	EQUIPPING AND PROVISION OF MEDICAL APPARATUS TO NCWD CLINIC	ONGOING	25,000,000	HEALTH
ERGP202303726	SENSITIZATION AND ADVOCACY IN CHILD MOLESTATION AND TRAFFICKING IN DAWAKIN KUDU/WARAWA CONSTITUENCY KANO	NEW	50,000,000	GBV
ERGP30172551	COOKING GAS PROJECTS: ADVOCACY AND COMMUNITY MOBILIZATION OF WOMEN IN THE 774 LGAs	ONGOING	350,000,000	WELFARE
ERGP20230069	WOMEN EMPOWERMENT PROGRAM IN SELECTED SENATORIAL DISTRICT OF SOUTH-SOUTH, SOUTH- EAST, SOUTH- WEST AND NORTH-EAST	NEW	102,116,569	ECONOMIC EMPOWERMENT

07

Expenditure Inefficiency





7.1

Persistence of Duplicated Projects and projects outside the mandates of MDAs



BudgIT identified 316 duplicated projects in the 2021 Federal Government Approved Budget, and 461 duplicated projects with a cumulative cost of N378.9bn in the 2022 Federal Government Approved Budget.

Occasioned by advocacy efforts by BudgIT and Civil Society Organizations active in the public financial management space, the incidence of duplicated projects seemed to have significantly reduced in 2023 budget as 26 incidences of duplication by ERGP code with a cumulative value of N14.23bn. Recall that BudgIT identified 316 duplicated projects in the 2021 Federal Government Approved Budget, and 461 duplicated projects with a cumulative cost of N378.9bn in the 2022 Federal Government Approved Budget.

Albeit, the Independent Corrupt Practices Commission, ICPC, reportedly verified 257 duplications, while the Budget Office confirmed the existence of only 185 duplicated projects worth N20.13bn, there is no report on any ongoing prosecution of the perpetrators of the budget infractions/violations. The government needs to create a strong deterrent for these sorts of infractions by sanctioning and prosecuting perpetrators of infractions committed in the past.

The practice of inserting projects in budgets of MDAs that neither have the mandate nor the capacity to implement the projects seems not to have abated as hundreds of projects outside the mandate of implementing MDAs were identified in the 2023 federal government-approved budget. Nigeria continues to lose scarce revenue to the aforesaid practice as a good number of the projects are either poorly implemented or not implemented at all, as implementing MDAs are understandably unable to effectively and efficiently monitor and evaluate the projects.

Furthermore, the aforementioned practice derails the trajectory of the country's development agenda, as it stands at cross-purposes with strategic objectives of implementing MDAs aimed at achieving Nigeria's development plan.

7.2

Projects on the Concurrent Legislative list featured in the Federal Government of Nigeria Budget

Table 23

Line Items Within the Scope of Sub-national Government

CODE	PROJECT NAME	AMOUNT	MDA
ERGP202202703	Construction of solar-powered boreholes in selected areas of Gombe North Senatorial District, Gombe State.	100m	Nigerian Export Promotion Council
ERGP202200320	Construction and provision of solar street light at same selected LGA in Ekiti South Federal Constituency and other areas of Ekiti state.	500m	Centre for Management Development
ERGP202202585	Construction of community town hall and furnitures in Jigsaw South-west Senatorial district, Jigawa state.	50m	National Human Rights Commission
ERGP202201058	Construction and installation of integrated solar street lights in various communities of Bali/Gassol Federal Constituency, Taraba.	500m	National Population Commission
ERGP202200867	Supply and provision for sports equipment in selected schools in Nsukka/Igbo-Eze South Federal Constituency of Enugu state.	100m	Federal Polytechnic, Ukana, Akwa Ibom

Source: Nigerian Appropriation Act, 2022

The Nigerian federal budget is no stranger to manipulation and compromise. The Budget Foundation has exposed infractions in several instances⁵⁹ and one particular specie of those infractions is the appearance of projects meant for execution by states, in the federal budget.

⁵⁹ See generally Uken, I., and Kwaga, V. (2022) How the National Assembly is Abusing its Appropriation Powers, Fueling Inefficiency and Waste. A Policy Memo. The Budget Foundation. Available at: <https://www.budget.gov.ng/wp-content/uploads/2022/11/2022-Appropriation-Policy-Memo-2.pdf>. See also, Akani, A., Uken, I., Kwaga, V., et al. (2022) 2022 Federal Government Budget Analysis Consultation Memo: Leveraging Budget Reform for Economic Development. The Budget Foundation. Available at: <https://www.budget.gov.ng/wp-content/uploads/2022/10/2022-Consultation-Memo-on-FG-Budget-Referrals-web-1.pdf>



It appears the Constitution is unclear as to when the federal government should have the ultimate authority and when the states should have the ultimate authority.

The effect of this policy misalignment is that precious public funds meant for national projects are diverted to the remit of the states. This also has an impact on the nature of federalism in Nigeria, as it confuses the work of two levels of government. It also means that important responsibilities are being avoided by one tier of government and left for another. In fact, this could foster a situation where a shift in the responsibility of subnational units becomes the order of the day and the scope of one tier of government becomes the de facto responsibility of another.

Housed within the Constitution of the Federal Republic of Nigeria, 2011 (as amended), the Concurrent legislative list provides for items which the federal and state governments can legislate on⁸⁵. The items that are within the exclusive preserve of the Executive are contained in the 'Exclusive' list (Powers not expressly listed in the constitution are under a 'Residual' legislative list). From the reading of the above provision, it appears the Constitution is unclear as to when the federal government should have

the ultimate authority and when the states should have the ultimate authority. Figure 2 below shows an example of how the budget allocates functions that ought to be actioned by the state or local government and handled by the Federal government.

In the main, permitting both tiers of government to decide on an ad hoc basis, which remit is theirs alone, has the potential to lead to conflict. Though the judicial system is set up to mediate between these areas of conflict, the resultant time wasted on relatively slow judicial decision-making can have far-reaching effects on the quality of governance.

85- The items on the Concurrent list, include: allocation of revenues; antiquities and monuments; archives; collection of taxes; electrical law; electric power; exhibition of cinematography films; industrial, commercial, or agricultural development; scientific and technological research; statistics; governmental, cadastral, and topographical surveys; universities; technological and post-primary education. See

7.3

Misalignment between the Budget and National Development Plans



With clear objectives, the NDP provides for improvements in several sectors of the economy.

The Nigerian national budget (and the Medium Term Expenditure Frameworks, to no small extent) is a means to ensure that public goods and services have a clear financial plan. This financial document is meant to project how the government aims to discharge its obligations and meet its responsibilities. However, for the budget to promote stability, be effective and be strategic; it must be grounded on a comprehensible plan.

With clear objectives, the NDP provides for improvements in several sectors of the economy. The mechanism of the plan has it commence with specific baselines for each sub-sector. Alongside the baselines, targets are stated, which the plan aims to meet. Budgets ought to be tied to the NDP to ensure the latter finds articulation.

In addition, with the absence of an agreed-upon means to monitor and evaluate government programs and projects, it will be difficult to link any plan to actual budgeting. This is because the plan does not state in clear terms, how much ought to be spent on moving the country to the desired target.

One way to ensure the process of budgeting and planning is tied together is to provide unique identifiers to specific projects that aim to meet the targets of the NDP. Similar to what the federal government did with the Economic Recovery and Growth Plan (ERGP) and the tagging of specific items in the budget, the NDP should have its projects marked accordingly in the national budget as is done in Figure 6 below.

Table 24

Budget Showing ERGP codes Tied to Specific Projects

CODE	PROJECT NAME	TYPE	AMOUNT
ERGP13102578	PROVISION OF ELECTRICAL POWER SUPPLY AND WATER SUPPLY, CONSTRUCTION OF PROTECTIVE FENCES ALONG THE CORRIDOR IN ABRAKA, ORIA, ORUWHORUM, FOR ITAKPE-AJAKUTA-ALADJA RAILWAY SYSTEM	ONGOING	2,020,382,755
ERGP13102717	ENGAGEMENT OF TRANSACTION ADVISOR TO DRIVE CONCESSION FO THE 1. CONSTRUCTION OF ABUJA-BAPO-ITAKPE AND THE SEGMENT ALADJA-WARRI PORT AND 2. KANO-MARADI RAILWAY LINE	NEW	130,969,575
ERGP13134334	ENGINEERING RESEARCH AND DEVELOPMENT OF RAIL AND MARINE INFRASTRUCTURE	ONGOING	20,000,000
ERGP13151720	RAILWAY INFRASTRUCTURE, DESIGN, CONSTRUCTION AND OPERATION	ONGOING	30,000,000

Source: National Development Plan (2021 -2025)

This can allow for adequate and focused tracking of the projects and provide a means for evaluation of the projects themselves, against the targets set in the planning document. Without this, the NDP will remain a mere vision, with no means to monitor and verify. The various states are also enjoined to be a part of the planning process, especially during the yearly federation Joint Planning Meetings between the states and the federal government. During these exercises, the states and the federal government can intimate each other about the various initiatives they intend to carry out. This can allow both entities to allocate resources to items within their respective remits and work jointly on those that can be taken together.

7.4

Weak Monitoring and Evaluation of Capital Projects



An audit of the activities of the Niger Delta Development Commission between 2013 and 2018 showed, among many other issues, payments for various contracts that were awarded and paid for without evidence of completion of execution.

Capital projects are vehicles through which public resources are distributed to serve a community. When done properly, they facilitate development by delivering the unique needs of a particular society across various sectors. For example, road access, properly routed and constructed, can facilitate economic development as well as improve access to social services such as health care and education facilities for thousands of people and businesses spread around a geographical area. As a result, capital projects are very crucial. Also, they are usually very expensive to execute and consume a substantial amount of public funds.

Unfortunately, corrupt public officials can abuse the process for selfish gain, consequently hindering the efficient delivery of public goods. This has been the case with several projects across the country with many projects abandoned or sometimes left unexecuted even after funds have been allocated and released for such purposes.

For example, an audit of the activities of the Niger Delta Development Commission between 2013 and 2018 showed, among many other issues, payments for various contracts that were awarded and paid for without evidence of completion of execution.⁶¹ Similar patterns were also observed in other MDAs and reported by the auditor general of the federation in annual reports.⁶² However, the malady keeps repeating itself.

This places additional pressure on public funds and taxpayers as far fewer results are obtained from huge efforts and enormous resources. In 2022, the federal government launched a digital platform “Eyemark” which empowers the public and civil society actors to monitor and report on the status of public projects.⁶³ It is expected that this would help oversight and anti-corruption agencies improve the efficiency in monitoring the use of public funds for the execution of capital projects.

61- Report of the auditor general of the federation on special periodic checks on the activities and programmes of the Niger Delta Development Commission (NDDC), for the period 1st January 2013 to 30th June 2018.

62- Auditor General for the Federation's annual report on the Federal Government of Nigeria consolidated financial statements for the year ended 31st December 2018.

63- See “Guber launches digital application to monitor capital projects” by Teremba Doko, on December 22 2022 in The Guardian (Online Newspaper). Available at: <https://guardian.ng/news/guber-launches-digital-application-to-monitor-capital-projects/>

08

Revenue Challenges





8.1

Taxation Issues: Tax Waivers, broadening of the Tax Net



The logic behind the waiver is that it would encourage the beneficiaries of the waivers to reinvest money in their own companies that they would have ordinarily spent on paying taxes.

The fiscal mandate of the federal government consists of taxation and spending. These policy tools, in some instances, can be mutually reinforcing but they must follow a clear and focused direction. One common fiscal policy tool of the government has been the issuance of tax waivers for certain businesses, in specific sectors.

The logic behind the waiver is that it would encourage the beneficiaries of the waivers to reinvest money in their own companies that they would have ordinarily spent on paying taxes. This would then result in a higher level of economic activity and a greater potential for tax collection by the government. Several pieces of legislation have provided for tax waivers (or tax breaks) for different businesses, with the most recent being the Finance Act, of 2022. As summarized by PWC, The latter provides for: “The partial tax exemption from Companies Income

Tax (CIT) granted on income in convertible currencies derived from tourists by a hotel is to be repealed”⁶⁴. The repeal of this tax waiver is seen by the government as a means to ensure that revenue is not lost to firms that could pay their taxes in the first place. In early April of 2022, the federal government embarked on providing tax waivers for nearly 50 companies, under the Industrial Development Income Tax (IDIT) Act.⁶⁵

However, this move appeared to be reversed in November, as the federal government, during a forum on African Tax Administration, announced its decision to withdraw the several exemptions it had issued. According to a joint statement by the government and the African Tax Administration Forum (ATAF), the parties noted that: “[R]esources from tax are better alternatives than borrowing to fund deficits ...”

⁶⁴ See “Nigeria Finance Bill 2022: Critical Changes You Need to Know”, by PricewaterhouseCoopers, on December 22nd 2021, in PWC (Online) blog. Available at: <https://www.pwc.com/tax/taxation/nigeria/2022/12/nigeria-finance-bill-2022-critical-changes-you-need-to-know.html>. 5.17 of the Companies Income Tax Act, is the portion that would be repealed to expunge the tax credit.

⁶⁵ See “Nigeria: 2022 Nigerian govt approves Tax Waivers for 40 firms; PricewaterhouseCoopers, on April, 22nd 2022. Available at: <https://www.pwc.com/tax/taxation/nigeria/nigeria-govt-approves-tax-waivers-for-40-firms-pwc-waivers-offered>.

While the principle behind waivers is undeniable, they can only be effective where the government has the administrative capacity and will to ascertain precisely how much companies (eligible for the waiver) are making. This is because firms may be more inclined to exploit loopholes in tax administration that range from avoidance to evasion. In any event, where taxes are available to fund the government's fiscal initiatives and plans, they should be collected.

8.2

Rationalising tax expenditures

Section 56 of the Fiscal Responsibility Act 2007 defines tax expenditures as the amount utilised in granting tax relief or tax holiday.⁶⁶ Tax expenditures—which take the form of tax exemptions, concessional tax rates, deductions or offsets, and deferrals of tax liability⁶⁷—can be a veritable tool for stimulating investments and attracting foreign direct investment; however, if not properly administered, tax expenditures can become a loophole for corruption since a bulk of the exemptions and concessions seem to be concessionary with incentives for officials to exchange tax exemptions/concessions for bribes.



⁶⁶ <http://www.paidng.org/News/Reports/2007/Fiscal%20Responsibility.pdf>

⁶⁷

8.3

Subsidy Regime and Intended Termination



Subsequent panels set up to inquire into the scheme revealed a cesspool of corruption amounting to millions in public expenditure.

For at least a decade the petrol subsidy regime in Nigeria has been a hot button that has evaded resolution through successive administrations. The first major public scuffle over petrol subsidies occurred in 2012 when an attempt to end the scheme faced vehement public opposition. Without downplaying the government's poorly conceived approach to stop the subsidy scheme, the move failed due to opposition from several quarters which can be attributed to a dearth of information or inadequate sensitisation.

Subsequent panels set up to inquire into the scheme revealed a cesspool of corruption amounting to millions in public expenditure. In 2011, the country's expenditure on petrol subsidy was estimated at over N730bn. In the same year the landing price for petrol was N141.55 while the product was sold at the pump for N65 per litre (CPPA, 2011).⁷⁰

In 2022, the government's subsidy bill had risen to N4.39tn according to the NNPC (Reuters, 2023).⁷¹ Meanwhile, the official pump price ranged from N165 to N175 and the landing cost was over N300 per litre. In the same 2022, the Federal government was able to retain only N586.7bn of oil revenue between Jan-Nov (HMFBNP, 2023).⁷² Although oil revenue performance in 2022 was severely hampered by a myriad of challenges including oil theft and vandalism, the projected oil revenue target of N2.2tn for the year, even if it was achieved, still fell short of covering the subsidy bill by 50%.

Evidently, the continuation of petrol subsidies is detrimental to the country's economy, however, the perennial problem of a suitable approach to discontinue the scheme still persists, especially now when the country is faced with a multiplicity of economic challenges including inflation, exchange rate volatility, fuel scarcity, etc.

70 - CPPA, 2011, Nigeria Fuel Subsidy. Available at https://papers.ssrn.com/sol3/cfp.cfm?abstract_id=1915301 (Fuel Subsidy_Study_Report_2011.pdf).

71 - See "Nigeria/NNPC spent \$10 billion on fuel subsidy in 2022," by Cecilia Ekeh, on January 20, 2023, in Reuters (Online). Available at: <https://www.reuters.com/business/energy/nigeria-ncpc-spent-10-billion-fuel-subsidy-2022-2023-01-20/#:~:text=ABUJANNNPC%20Jan%202022%20Reuters,latest%20to%20winning%20public%20finance>.

72 - See Public presentation of approved 2023 FGN budget: breakdown and analysis, 4th January, 2023, Office of the Honourable Minister of Finance.

The federal government has set the middle of 2023 as the time limit to stop the petrol subsidy. In doing so, it committed half, that is N3.36tn, of the projected total subsidy cost (N6.72tn) for 2023 (HMFBNP, 2023, Reuters, 2022)⁷³. Notwithstanding, the deadline comes just a month after a new administration is sworn into power. Although most of the leading aspirants in the elections have expressed support for removal of the scheme, it is doubtful that the new government would be willing to face a sensitive issue immediately after taking power. The country may have no choice but to wait and see how the incoming administration handles the transition to a petrol subsidy-less regime.

8.4

Solid Minerals Revenue

Nigeria is endowed with many mineral resources spread across the country. These include precious metals like gold; industrial minerals such as iron, aluminium and coal; as well as minerals used in construction such as Gypsum found in abundant quantities in northern Nigeria. The country is also endowed with transition metals like lithium and lead, which are very important to the global economy as the world moves from the consumption of fossil fuels to cleaner forms of energy. Unfortunately, the solid minerals sector in Nigeria historically has been more or less ignored, receiving little attention. Based on the latest data from the CBN,⁷⁴ solid minerals (that is the mining sector excluding crude petroleum and natural gas) contribute less than 1% to Nigeria's GDP. In 2021, solid minerals (including coal mining) contributed N1.1tn to the country's GDP which was valued at over N173tn that year. Deliberate steps to create an enabling environment for investors in solid minerals as well as practical and less predatory policies for generating revenue are required to boost the performance of the sector.

⁷³ - See "Nigeria petrol subsidy seen nearly 70% higher at \$16.2bn next year" by Carlus Eboh, on July 22 2022, in Reuters Content. Available at <https://www.reuters.com/world/africa/nigeria-petrol-subsidy-cost-162-billion-2023-firmly-2022-07-21/>

⁷⁴ - Central Bank of Nigeria, 2021 Statistical Bulletin- Real Sector: Gross Domestic Product at current base prices.

8.5

FGN Independent Revenue issues



According to the DG of the Budget Office of the Federation, the N40tn investment of the federal government in GOEs overtime had yielded less than a 1% return on investment as of August 2018.

Federal Government independent revenue comprises the income, profit, interest, surpluses and dividends of government-owned enterprises and MDAs established to provide public goods and services.⁷⁵ Section 22 of the Fiscal Responsibility Act 2007 mandates MDAs and Government Owned Enterprises (GOEs)—a statutory corporation, government agency and a company in which government has controlling interest—to allocate 20% of their operating surpluses⁷⁶ to a general reserve fund established by the GOE and remit the 80% balance of operating surpluses to the Consolidated Revenue Fund (CRF) account of the federal government.

According to the DG of the Budget Office of the Federation, the N40tn investment of the federal government in GOEs overtime had yielded less than a 1% return on investment as of August 2018. He further affirmed that as of August 2018, the federal government was being owed at least N10tn in operating surpluses by MDSs and GOEs.

To reinforce the earlier claim, the Chairman of the Fiscal Responsibility Commission averred in May 2021 that although the federal government had realised N2.15tn in operating surpluses, it lost N1.2tn to non-remittance of operating surpluses by MDAs and GOEs. More worrisome is the fact that many MDAs and GOEs⁷⁷ fail to comply with Section 23(3) of the Fiscal Responsibility Law (FRL), 2007 which mandates them to prepare and publish their audited financial statements not later than three months after the end of the financial year.⁷⁸

The non-compliance with the aforestated provision of the law inhibits the Fiscal Responsibility Commission from determining the operating surplus appropriate liabilities of the erring MDAs and GOEs, leading to massive revenue loss for the country.

⁷⁵ <http://budget.gov.ng/calculating-operating-surplus-of-government-owned-enterprises/>

⁷⁶ Operating Surplus is the excess of income over expenditure of the government-owned corporation from the result of their operation over a period of one fiscal year.

⁷⁷ <http://www.premiumtimesng.com/business/business-news/201822-cbr-appeals-against-agencies-fail-to-remit-n10-billion-surplus-official.html?storyid=1>

⁷⁸ Ibid.

Although little progress has been made in recent times as evidenced by the 180% growth in federal government independent revenues from N395bn in 2018 to N1.104tn for the first 11 months of 2021, the government still needs to not only enforce total compliance with the FRL, 2007 especially as it regards the remittance of revenues and the preparation and publishing of audited financial statements but also empower the Fiscal Responsibility Commission and other law enforcement agencies to punish erring MDAs and GOEs.

8.6

Government-Owned Enterprises Revenue



In 2021, the Chairman of the Fiscal Responsibility Commission, Victor Muruako disclosed that a number of GOEs were keeping significant portions of their operating surpluses, to the tune of N1.5trn.

In many parts of the world, Government-Owned Enterprises (GOE or SOE) play a critical role in providing public goods and services. In addition, they contribute precious needed revenue to the government. However, for Nigeria, the number of GOEs (according to the Fiscal Responsibility Act, 2007 these entities are 122 in number) can be construed to not be commensurate to the amount of revenue that they provide.

In 2021, the Chairman of the Fiscal Responsibility Commission, Victor Muruako disclosed that a number of GOEs were keeping significant portions of their operating surpluses, to the tune of N1.5trn⁷⁸. In addition, these entities are being run with limited transparency and accountability which contributes to the overall poor standards of governance.

More broadly, optimal fiscal management is fundamental because it helps to create situations where the fiscal decisions of the government are influenced by a collective and (more or less) precise evaluation of its contemporary financial position, the price and gains to be made from a policy alternative taken and the likely threats to the government's fiscal stance⁷⁹. This is because SOEs often enjoy government support, in the way of subsidies, access to capital or even information that is unavailable to their competitors in the private sector. This has its downsides because, without adequate competition, SOEs have very little incentive to be efficient and grow.

⁷⁸ See "Acid borrowings, MDAs keep N1.5trn operating surplus, FRC reveals", by Jide Fajana, on October 16th 2021, in the Guardian (Online) Newspaper. Available at: <https://guardian.ng/news/acid-borrowings-mdas-keep-n1-5trn-operating-surplus-reveals/>

⁷⁹ See the International Monetary Fund-Fiscal Affairs Department, (2018) Fiscal Transparency Handbook, at p. 1, International Monetary Fund. Available at:

Consequently, this means SOEs require more scrutiny, to ensure the government and citizens are getting value for money. At the moment, one of the most pressing reasons why GOEs (those that are partially or fully funded by the federal government) ought to improve the remittance of their Operating Surpluses, which form the core of the government's independent revenue. This will have the direct effect of improving the government's total revenue portfolio and enhancing its diversity, at the very least, moving it further away from dependence on revenue from sale of crude oil.

8.7

Inefficiencies in the Collection of Port Revenues

Nigeria has six container ports located in the southern and western parts of the country. They are Apapa and Tin Can Island Ports in Lagos state, Rivers and Onne Port in Rivers state, Calabar Port in Cross River state and Delta port in Delta state. Between 2012 and 2017, these ports together recorded a cargo throughput of 76,741,382.5 metric tonnes on average (NBS, 2018).⁸¹ In terms of container numbers, Nigeria averages 1,484,000 TEUs (Twenty-foot equivalent Units) annually according to data provided by CEIC.⁸²



⁸¹ - NBS, 2018, Nigeria port statistics

⁸² - Nigeria Container Throughput, <https://www.ceicdata.com/en/indicator/nigeria/container-port-throughput>



It appears the Constitution is unclear as to when the federal government should have the ultimate authority and when the states should have the ultimate authority.

Three ports, Tin Can, Apapa and Onne account for over 80% of total container throughput, while the two Lagos ports are responsible for nearly half of all cargoes that flow in and out of Nigeria based on NBS data. As a result, port congestion is a usual occurrence at these ports. The port authorities appear to be overwhelmed by the volume of cargo traffic, as inefficiencies such as logistical and administrative delays are rife. A 2021 research⁸³ on Nigerian ports using Apapa port as a case study concluded that administrative, operational and infrastructural factors were three major challenges causing inefficiencies and congestion in Nigerian ports.

The infrastructural component had the greatest impact. These factors form the basis for other related problems such as port congestion and corruption by some personnel of agencies that oversee port activities. The inefficiencies translate to losses in revenues and also clients, who may be forced to turn to more efficient ports in the region to process their cargo.

It, therefore, was no surprise that in the World Bank's 2021 container port assessment index, Nigerian ports were ranked among the most inefficient ports with Tin Can, Onne and Apapa ranking in 339, 342 and 358 positions respectively out of 370 ports assessed. In addition, according to the Maritime Anti-Corruption Network (MACN), the Nigerian government and businesses lose over \$7 billion annually to inefficiency, corruption and bottlenecks associated with cargo clearing.

In January 2023, Nigeria opened a deep sea port off the coast of Lagos—the Lekki Deep Sea Port—to address some of the aforementioned challenges. The port was built in part with China and Singapore and it is expected that the facility would run without the inefficiencies associated with the other ports.

⁸³ Oluwaluwa, Adebisi Mimi. 'An assessment of factors causing port congestion in Nigeria: a case of Lagos/Apapa Port' (2021). World Maritime University Dissertations. 1726. <https://commons.wmu.se/bit/dissertation/1726>

09

**Other Critical Public
Financial Management
Issues**





9.2

Amendment of the Fiscal Responsibility Act



The Fiscal Responsibility Act, of 2007 has clear provisions aimed at engendering sensible and judicious management of Nigeria's resources and ensuring fiscal transparency and accountability. However, the Commission established by Act to be a watchdog has been limited to being a lap dog.

A post-1999 creation, the Fiscal Responsibility Commission was established in 2007 by the administration of Olusegun Obasanjo. According to the Commission itself, it has the mandate to ensure a transparent and accountable Executive government, specifically relating to its financial management framework. The Commission also has the responsibility to ensure that revenue-raising policies, resource allocation decisions, and debt management decisions are carried out in a prudent, transparent and timely fashion, as provided for by law.⁸⁵

However, as is common for the Nigerian government, the Commission and its broad objectives are restrained from acting on existing mandates, as a result of its enabling statute. In particular, the Fiscal Responsibility Act, of 2007 has clear provisions aimed at engendering sensible and judicious management of Nigeria's resources and ensuring fiscal transparency and accountability.

However, the Commission established by Act to be a watchdog has been limited to being a lap dog. MDAs and Government Owned Enterprises (GOE) regularly breach fiscal rules contained in the Act, largely due to the fact that there are no 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 N1.5tn in operating surpluses.⁸⁶

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. While it is unlikely that the amendment will be given attention or priority, BudgIT urges the National Assembly to consider it as one of its lasting legacies to ensure that an incoming government has a clear law to guide its behaviour.

⁸⁵ See the Fiscal Responsibility Commission (Woodbe, "Who We Are About the FRC", 2020, The Presidency, Federal Republic of Nigeria. Available at: http://frc.gov.ng/responsibility/frcpage_04_11.

⁸⁶ See "Fiscals bonanzas, MDAs keep N1.5tr operating surpluses, FRC reveals" by John Falusi, on October 16th, 2021. In the Guardian (print) Newspapers. Available at: <https://guardian.ng/news/fiscals-bonanzas-mdas-keep-n1-5tr-operating-surpluses-frc-reveals/>.

9.3

Late Submission and Publication of Audit Reports



Weaknesses in internal control systems in the consolidation process coupled with failure to deploy sanctions against erring institutions accommodate and embolden their defiance.

The responsibility of oversight over public finances is domiciled with certain government agencies, including the Office of the Auditor General of the Federation (OAuGF). The Auditor General presides over the process through which all public institutions have their accounts audited by approved professional auditing firms. The OAuGF utilises the audited financial statements of the Ministries, Departments and Agencies (MDAs) to prepare its final report which is submitted to the Public Accounts Committee (PAC) of the National Assembly for review and action where necessary.

Certain guidelines are provided to ensure that the Auditor General can prepare his report for onward submission to the PAC within a specified time. The Fiscal Responsibility Act, 2007 states that: "The federal government shall publish their audited accounts not later than six months following the end of the financial year". As a result, all MDAs are expected to submit audited financial

statements early enough for consolidation by the accountant general of the federation for submission to the Auditor General. However, The auditor's reports reveal several cases of non-compliance with this requirement by MDAs. For instance, in 2017, 265 agencies failed to submit their audited accounts. This resulted in N300bn not being accounted for."

Weaknesses in internal control systems in the consolidation process coupled with failure to deploy sanctions against erring institutions accommodate and embolden their defiance. The risks include impediments to PAC oversight as well as the possibility of sub-optimal decisions by those charged with governance according to the Auditor General of the Federation." As of February 2023, the last audit report prepared and published on the website of the OAuGF was for the year ended 2019. Subsequent annual reports for 2020 and 2021 are astoundingly behind schedule.

87. Nigeria Natural Resource Director (NNRD) 2019 Benchmarking Exercise Report: Pg.03

88. See Auditor General for the Federation's annual report on the Federal Government of Nigeria consolidated financial statements for the year ended 31st December 2019.

9.4

Administration of Criminal Justice: Prosecution of financial crimes related to the budget process



Though a lengthy process is followed before funds are released, monies budgeted, disbursed and cash-backed must remain within the realm of legality.

While the budget is an aspirational document, it has real-world consequences. Though a lengthy process is followed before funds are released, monies budgeted, disbursed and cash-backed must remain within the realm of legality. It is in these instances that laws are established and prosecution aims to ensure that those found culpable of allegations face the very law they have broken.

For instance, the nefarious (and perennial) 'budget padding' fiascos, have been argued by some observers and even the government itself, to be classified as outrightly fraudulent—a criminal offence²⁰. The malfeasance continues to occur because there are no consequences for either the budget insertions or line item duplications. For instance, the Chairman of the Independent Corrupt Practices Commission, Mr Bolaji Owasanoye, held that:

"In the 2017-2018 fiscal year, the balances recorded for personnel [in the Appropriation Act] were 'wrongfully utilised by MDAs for other purposes due to lack of proactivity by late enforcement and related agencies. That sum amounted to N18.39 billion'²¹. The argument is that without tying insertions and duplications to legitimate projects, the government officials who pad the budget are at the very least aiding and abetting corruption.

This is not without disagreement, however, as a former Speaker of the House of Representatives, Hon. Yakubu Dogara claimed that 'budget padding' was unknown to Nigerian criminal legislation."

20- See 'MDAs and Padded Budget', by the Editor, on October 23rd, 2002 in *THISDAY* (Online Newspaper). Available at: <https://www.thisdaylive.com/index.php/2002/10/23/mdas-and-padded-budget/>.

21- See 'MDAs and Padded Budget', by the Editor: *ibid.*

21- See 'Budget Padding in Corrupt, BIPAP tells Digber', by John Rowland, on August 7th, 2010 in *The Punch* (Online Newspaper). Available at: <https://punchng.com/budget-padding-corruption-says-ibid-digber/>.

This has been countered by the Socio-economic Rights and Accountability Project (SERAP), where the latter held that: “Budget padding was in the class of offences such as abuse of office, embezzlement, diversion and misappropriation of public funds, conspiracy to act corruptly and illicit enrichment, which, it said were a violation of the UN Convention against Corruption to which Nigeria is a state party”⁴². Preliminary findings by BudGIT show that the 2023 Appropriation Act itself, is not immune to padding.

⁴² See “Budget Padding in Context”, SERAP Issue Digest, by John Rowland, pp. 45.

10

Conclusions and Recommendations





10.1

Conclusions



The Nigerian federal budget serves to communicate critical information on how much the government aims to earn and spend. Citizens have a profound duty to be interested in the document and the overall process.

National Budget documents tend to be arid and technical. With pages upon pages of numbers, complex accounting and governmental terminology, they are challenging to read and comprehend. However, they remain the most important document to the government of any nation (second only to the Constitution). The Nigerian federal budget is no different and serves to communicate critical information on how much the government aims to earn and spend. With the livelihoods of millions dependent on this process, referring to it as greatly consequential would not be overstating it. It also means that citizens have a profound duty to be interested in the document and the overall process.

At the moment, Nigeria is a country in transition. The current administration of Muhammadu Buhari is winding down and a new President will be sworn in on the 29th of May, 2023. As expectant and hopeful as some might be, the 'old guard' of Nigeria's structural and macroeconomic challenges will need to be dealt with.

Adding to the fact that the 2022 fiscal year budget was extended for 90 days into the following year,⁴³ The 2023 budget will only have barely 2 months for its implementation by Buhari. The next President will then take on that responsibility after being sworn in and the responsibilities range from: growing unemployment, poverty, revenue generation challenges, debt problems, expenditure inefficiencies and unique states of distress featured in many economic sub-sectors.

Adding to all this are Nigerians who are impatient with the rate of public service delivery, that despite a seeming effort by the government, is not delivering fast enough.

43. See "N Assembly Passes 2023 Budget, Raises Proposed Spending by N1.22tn to N21.82tn", by Sunday Adeniyi and Udzo Odu, on the 21st of December 2022, in ThisDay Online Newspaper. Available at: <https://www.thisdaylive.com/index.php/2022/12/21/nassembly-passes-2023-budget-raises-proposed-spending-by-n1-22tn-to-n21-82tn/>

10.2

Recommendations



Our recommendations revolve around certain aspects of the formulation, passage and implementation of the budget.

Budget has written on³⁴ and spoken extensively³⁵ on the need to reform the Nigerian budget process. Our recommendations revolve around certain aspects of the formulation, passage and implementation of the budget. The recommendations below are certainly not exhaustive but capture some critical points of the budget process.

For starters, the budget formulation process requires adherence to set rules and guidelines on Expenditure ceilings, stipulated in the Budget Circular of the fiscal year in question. This will ensure that the nation's scarce financial resources are allocated for those critical and developmental issues. Unfortunately, a quick glance at the 2022 Budget showed broad sector Ministries breaching these rules. Though the only way compliance would be enforced is likely through actual sanctions, MDAs must be made to see that their compliance helps the public and their flagrant disregard of the rules only harms the public.

Another critical point requiring urgent attention is the role of the National Assembly. The latter has to commit more strongly to vetting and evaluating the budget proposal, immediately after it is sent by the Executive. The Special Assistants, legislative Aides and legislative Research bodies can provide useful research and policy analysis on the contents of the budget proposal and its implications. It is understood that budget defences are often highly charged political processes but the interest of Nigerians must always be at the forefront of decisions to approve proposed budget lines.

In tune with this aspiration, it may be instructive for Civil Society to file a civil action, asking the Court to determine if the Constitution allows the National Assembly to vary the size of the budget proposal.

³⁴ See Akint, A., Uken, I., Kwaga, Y. et al., 2022 Federal Government Budget Analysis Consultation Memo: Leveraging Budget Reforms for Economic Development, pp. 41.

³⁵ See TVC, Nigeria, 2021, July 13, Business Nigeria: Analyzing Budget's '2020 Budget Implementation Report', YouTube. Available at: <https://www.youtube.com/watch?v=CF8z9MNg>.

Conclusions and Recommendations

Where the Court can make an authoritative pronouncement on the powers of the National Assembly, the dreaded 'budget padding' menace may be finally laid to rest.

Finally, the National Assembly must address the Fiscal Responsibility Act 2007 amendment bill sitting before it. This will provide the Fiscal Responsibility Commission with the power 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. Though it is unlikely that the current National Assembly will take up this matter, it would be a significant way for the incoming Assembly to cement itself as a key arm of government that improves accountability in government.

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