

Budget Accountability and Transparency in Nigeria

(4-5 page background piece on budget accountability and transparency in Nigeria)

The budget of a country or an entity is a document that details the financial plan for a period, often one year, stating estimates of revenue and expenses, and evaluated on a periodic basis. This document is usually prepared by an executioner and presented to a body for review and final approval. For organizations, the budget is prepared by the Finance and Business Lines or the Managing Director and presented to a Committee or the Board for review and approval. Sometimes, the final figure does not change from what is presented, but often, budgets presented for review do not remain the same.

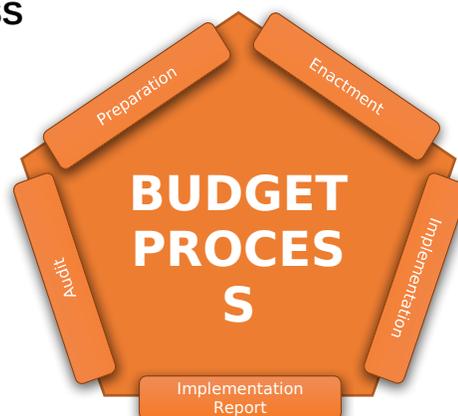
This process is to align with the priority of the organization, in terms of their strategic thrusts and focus. Once approved, the budget therefore goes through the execution process. The budget process of a country is not much different from that of private organizations. Through this piece, the Nigeria budgeting process will be discussed along with the role of different players or stakeholders in ensuring there is accountability and transparency in the use of the nation's wealth.

The Nigeria annual budget is a document of intention developed by the government to deliver its pacts promised and commitments made to the citizenry during the electioneering campaign. In order to ensure budget accountability and transparency, it is important to understand the Nigeria budgeting process and the key players involved in the process.

While the governance of Nigeria, in part, stands on a tripod of the three tiers of government, namely the Executive, Legislative and Judiciary, the Nigeria annual budget is more or less the responsibility of both the Executive and the Legislative arms and it goes through the processes described below.

THE FEDERAL GOVERNMENT BUDGET PROCESS

1. Budget Preparation Phase
2. Budget Enactment Phase
3. Budget Implementation Phase
4. Budget Implementation Report Phase
5. Budget Audit Phase



The Federal Government of Nigeria budgeting process happens between the Executive and the Legislative arms; the President, working with its Ministries, Departments, and Agencies (MDAs), develops an annual budget that is then presented to the National Assembly as the intention of the Government to executive projects for the coming

financial year, usually a 12 months calendar year. This process is known as the *Budget Preparation Phase*. This Phase involves the development of a Medium-Term Expenditure Framework (MTEF), which contains the budget assumptions, and engagement with Organized Private Sector, Civil Society Organizations, National Assembly and the Governor's Forum for input following which a Circular is issued to MDA and forms a basis for the development of Fiscal Strategy Paper (FSP), together with the MTEF for presentation and approval of the Federal Executive Council. The Budget Officer of the Federation then collates all submission and after evaluation become the budget the President presents before a joint session of the National Assembly.

The National Assembly on receipt gets its Appropriation Committee to begin a process of reviewing the budget in line with priority focus and to ensure it ultimately delivers the dividend of democracy to the people. Sessions are held on the one hand between the lawmakers and the Executive arms through respective Ministers and Heads of Government Agencies for budget defense, and on the other hand engagement with Citizens through a public hearing session where citizens are given the opportunity to critique the budget. All things being equal and to the satisfaction of the Appropriation Committee, the budget is either increased or reduced to accommodate feedbacks and then sent to the Mr. President for assent. A concurrence by the President then makes the budget a law of the federation. This is the *Budget Enactment Phase*.

The third and fourth Phases run concurrently; at the *Implementation Phase*, Government releases funds for the implementation of the budget and on a quarterly basis, which is the *Budget Implementation Report Phase*, a Budget Implementation Report (BIR) is published on the website of the Budget Officer of the Federation (BOF). The final Phase is the *Budget Audit Phase*; which provides an independent assurance that funds released have been judiciously used and in line with the budget.

SUBNATIONAL BUDGETS

Budgeting at the Subnational government level is somewhat different from that of the Federal Government. For most of the 36 State governments, apart from a few, especially Kaduna State, most budgets are not open and available for the public. The budget though presented to the States' Houses of Assembly, there is no input from the public like that of the Federal Government.

IMPROVING THE COUNTRY'S BUDGETING PROCESS

To ensure budget accountability and transparency, there are three elements Nigeria budgeting process must imbibe; open budgeting, participatory budgeting and budget oversight.

Open Budgeting

Open Budgeting is about ensuring the availability, understanding and usability of budget information at every stage of the budgeting process. The usual practice has been the release of budget information in press statements, with very limited details about the budget revenues and expenditures lines. This does not provide enough information for engagement and creates an unintentional mindset of alienation with the public. Ensuring that the budgeting process is open could begin from the use of the website of government to share information about the budget. Hosting budget documents in a usable and understandable format on the website makes it open to all and demonstrates government's commitment to accountability and transparency.

Budget Participation

Principle 10 of the GIFT High Level Principles on Fiscal Transparency asserts that citizens have a right to participate directly in fiscal policy design and implementation. It further states that "Citizens and non-state actors should have the right and effective opportunities to participate directly in public debate and discussion over the design and implementation of fiscal policies". Citizens' participation in the budgeting process does not begin when the President or the Governor makes a presentation of the budget before law makers, it however must begin from the point where government is conceptualizing its objective for the year.

Ensuring budget documents are available and the government doesn't only expect the people to provide feedbacks but has gone a step further to create that community of a 'listening government' that values the opinion of its citizen. The lack of a functioning participatory budgeting process results in setting unrealistic objectives and poor understanding of governments plan to deliver the dividends of democracy. Government therefore should make effort to ensure it allows the Organized Private Sector, Civil Society Organizations (CSOs), professional associations, and citizens at large engage government fiscal policies and budget assumptions that will afford government take feedback to its projections and projects.

Budget Oversight

This is a critical part of ensuring budget accountability and transparency, and it should occur in three ways; oversight before enactment, during budget implementation and after the financial year. This oversight function is primarily the responsibility of law makers as the 'checker' of the Executive arms at both the national and the subnational levels.

Oversight before budget enactment – In addition to the Government budgeting process, a much more important process is documented in the Fiscal Responsibility Act (2007), for which the Minister of Finance must follow in the development of the Annual budget together with the consultations with all necessary parties. The National Assembly – and as equally recommended for adoption in the FRA 2007 for States and Local governments, must ensure that the Act is followed, and all processes stated therein are adhered to.

Oversight during budget implementation – Law makers must ensure they perform oversight function by visiting MDAs and locations where the respective projects are being executed and if need be, interface with the respective contractors executing the projects. Sometimes, projects are more than 8,000 in a budget year, while it is humanly impossible to visit each project site, the lawmakers may leverage the CSOs that are in the advocacy and transparency space to fulfill this oversight responsibility on their behalf.

Oversight after budget implementation – Section 85(2) of the Nigeria Constitution (1999) provides that the Public Accounts of the Federation be audited and reported on by the Auditor-General to the National Assembly. The Constitution also vest the power to conduct period checks on all MDAs on the Auditor-General's Office. The audits and checks involve reviewing how money was spent or not for the approved purpose and with due regard to efficiency, economy and effectiveness.

While this function is being carried out at the National level, it is rather performed late. For instance, the 2017 Financial Year was just audited, and the report published at the tail end of 2019. The 2018 and the 2019 Financial Years are currently pending. The implication is that it is then too late for any immediate corrective action to take place and the lesson-learned forgotten. This oversight involving the auditing of projects and expenditures, periodic checks, and audit of the public account should happen more frequently and timely so that where possible, corrective and preventive actions can be implemented to forestall reoccurrence.

The National Assembly must review submitted Financial Year Audit Reports and based on the recommendation of the Auditor-General and working with Executive arm, take appropriate steps to implement the recommendations and if need be, prosecute individuals, including project contractors, who have deliberately misappropriated government funds or performed poorly on assigned responsibility. This measure will send signals to all stakeholders involved in budget implementation and serve as deterrent to similar future behavior.

State and Local Governments Areas must equally implement similar measures for budget transparency. It is sad that majority of the States do not have their budget details published. This is particularly very critical for because there has been very limited improvement in their internally generated revenues, dependence on the monthly Federation Account Allocation Committee (FAAC), and the absence of a Bureau for Public Procurement (BPP). Without a BPP, the ability of the State to implement fiscal discipline measures through competitive bidding and awarding of projects is extremely limited.

To achieve budget accountability and transparency at both the National, Subnational and Local Government Levels, there must be openness in governments' budget, publication of fiscal policies and strategy papers, budgetary participation with Citizens and other interested Stakeholders, and the much-needed oversight from both citizens and the lawmakers to ensure funds are being judiciously used efficiently and effectively for the purpose for which they were released. A transparent budgeting process is more likely to achieve for the government, citizens engagement and improvement in development indicators for the country.