REVIEW OF THE 2021 FEDERAL APPROPRIATION BILL AND ESTIMATES

Citizens Wealth Platform

(***Public Resources Are Made To Work And Be Of Benefit To All***)

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(A Platform of non-governmental and faith-based organizations, professional associations and other citizens groups dedicated to ensuring that public resources are made to work and be of benefit to all)

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ABBREVIATIONS

AGG	Aggregate
AuGF	Auditor General for the Federation
BHCPF	Basic Health Care Provision Fund
CAPEX	Capital Expenditure
CBN	Central Bank of Nigeria
CIT	Company Income Tax
COVID-19	Coronavirus disease 2019
CRF	Consolidated Revenue Fund
CSJ	Centre for Social Justice
DISCOs	Electricity Distribution Companies
ECA	Excess Crude Account
ERGP	Economic Recovery and Growth Plan
ESIAs	Environmental and Social Impact Assessment
ESMPs	Environmental and Social Management Plans
EXP	Expenditure
FGN	Federal Government of Nigeria
FMARD	Federal Ministry of Agriculture and Rural Development
FME	Federal Ministry of Education
FMoE	Federal Ministry of Environment
FRA	Fiscal Responsibility Act
FRC	Fiscal Responsibility Commission
GDP	Gross Domestic Product
GOEs	Government Owned Enterprises

HQs	Headquarters
IGR	Internally Generated Revenue
INEC	Independent National Electoral Commission
IPPIS	Integrated Payroll and Personnel Information System
LGAs	Local Government Areas
LPG	Liquefied Petroleum Gas
MBPD	Millions of Barrels per Day
MDAs	Ministries, Departments and Agencies of Government
MICS	Multiple Indicator Cluster Survey
MTEF	Medium Term Expenditure Framework
MTSS	Medium Term Sector Strategies
NALDA	National Agricultural Lands Development Authority
NASS	National Assembly
NBS	National Bureau of Statistics
NDC	Nationally Determined Contributions
NDDC	Niger Delta Development Commission
NEEDS	National Economic Empowerment and Development Strategy
NGN	Nigerian Naira
NGRD	National Grazing Reserve Development
NHA	National Health Act
NICS	National Immunization Coverage Survey
NLNG	Nigeria Liquefied Natural Gas
OGP	Open Government Partnership
OPEC	Organization of Petroleum Exporting Countries
PIB	Petroleum Industry Bill

PPA	Public Procurement Act
PWH	Power, Works and Housing
SDGs	Sustainable Development Goals
SGF	Secretary to the Government of the Federation
SOEs	State Owned Enterprises
SPESSE	Sustainable Procurement, Environmental & Social Standard Enhancement Project
SUVs	Sport Utility Vehicles
SWV	Service Wide Vote
TES	Expenditure Statement
TSA	Treasury Single Account
UBEC	Universal Basic Education Commission
UNESCO	United Nations Organization for Education, Science and Culture
USD	United States Dollar
VAT	Value Added Tax

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SUMMARY OF RECOMMENDATIONS

0.1 Revenue

- To realise the expected sum of N677.015bn from signature bonus in 2021, greater transparency and accountability should be introduced into the licensing process. Publish the overall rules for the various license award processes including timelines and application requirements, and clear technical and financial criteria against which companies are being assessed, and information about appeal processes. Ensure beneficial ownership information is disclosed to Nigerians.

- Full and meticulous implementation of the rules requiring automatic deduction at source of past due operating surplus remittances by GOEs; capping cost to revenue ratio of GOEs to a maximum of 60%-70%. It is further recommended that FGN considers domiciling the accounts of relevant GOEs and agencies in sub accounts of the Treasury Single Account (TSA) and deduct the due percentages at source before transferring the residue to the GOEs and agencies. This will ensure that all due operating surplus and portion of due IGR is deducted at source. Also, the Fiscal Responsibility Commission should be strengthened by law and policy to fully implement the mandate of empirically calculating and collecting due operating surplus as provided in the FRA.

- Furthermore, a follow up on the recommendations of the Auditor-General for the Federation on all monies due to the treasury but held up in several MDAs will increase the independent revenue of FGN as well as the funds available for sharing at the Federation Account by the three tiers of government.

- FGN should fully account for revenue from stamp duties which has accrued trillions of naira at the Central Bank of Nigeria. It is unimaginable that accruals into this account has remained outstanding for years at a time when the country is borrowing to fund the deficit.

- NLNG dividend should not be included as a revenue source until it is declared. Including NLNG dividend as a source of revenue when the dividend has not been declared, money has not come into treasury and from the experience of previous years, there is no certainty of its accrual - is not revenue forecasting based on empirical evidence.

- FGN's expected revenue from minerals and mining in the sum of N2.650bn is grossly underestimated. It should be increased to not less than N100bn considering available evidence from the Zamfara State Government and CBN transaction.

- Recoveries and fines (N32.6bn) should only be included as revenue source if the proceedings have already been concluded and the money is already in the treasury. If it is an expected sum, then it should not be made a revenue source as there is no certainty that it will be realized. It should only be appropriated when it has already been realized through a supplementary appropriation.

- Expedited passage and assent to the Petroleum Industry Bill for reforms in the oil and gas sector as this will also increase revenue available from oil and gas extraction.

- Expeditiously review tax expenditures currently estimated at (i) CIT N1.18tn; (ii)VAT N3.1tn; (iii) Customs duties N347bn and (iv) VAT on imports N64bn bringing the total to N4.691tn. With the huge deficit incurred by FGN and the states over the years and the level of public debt, it is imperative that tax expenditures be reviewed and capped at not more than 20% of total estimated value of each tax category. Indeed, if possible, the review should be done by the 2021 Finance Act.

0.2 Debts and Borrowing

- Increasing public private partnerships through well prepared projects involving MDAs, the Infrastructure Concession Regulatory Commission and the private sector.

- To reduce borrowing, establish special purpose vehicles that garner and aggregate resources from a plethora of sources including institutional and retail investors to fund priority capital projects.

- The President and NASS should set the Consolidated Debt Limits of the three tiers of government in accordance with section 42 of the FRA mandating these limits, as well as in obedience to the un-appealed judgement of the Federal High Court in ***Centre for Social Justice v The President of the Federal Republic of Nigeria & 4 Others*** (Suit No. FHC/ABJ/CS/302/2013).

- Consider a moratorium on new borrowing and stop funding recurrent expenditure from proceeds of borrowing.

0.3 Process and Structure Issues

- Amend S.81 of the Constitution to fix a definite timeframe for the President and Governors to present the budget estimates by the first week of September while the legislature should conclude the approval process not later than the second week of December every year.

- New budget preparation templates that are MDA specific should be designed and this should take into consideration the special and strategic needs and core mandate of each MDA. For ongoing projects, it should include the amount budgeted in the previous year and what has been released up till the budget preparation date and outcomes expected after the expenditure of resources at the end of the year.

- NASS should demand that the executive submits the evaluation of results of programmes financed with budgetary funds in the outgone year so as to inform the meticulous consideration of the proposals for the New Year. This should be about outcomes in terms of number of people who got jobs, persons reached with services, improvements in health, education, etc.

- Separate the Ministry of Finance, Budget and National Planning into two separate ministries - the Ministry of Finance and the Ministry of National Planning. The Ministry of Finance will naturally take care of treasury issues while National Planning reverts to its former developmental planning mandate and combines it with budgeting. This recommendation is based on the importance of the ministries to the economy and the fact that combining them seems contradictory. It is evidently difficult to combine the competencies required to run these disparate ministries in one person or group of persons.

- The details and disaggregation of all statutory transfers should be provided to Nigerians. They are the votes of the National Assembly, National Judicial Council, National Human Rights Commission, Public Complaints Commission, Independent National Electoral Commission, Niger Delta Development Commission, North East Development Commission and Basic Health Care Provision Fund. This is in accordance with the un-appealed decision of the Federal High Court in ***Centre for Social Justice v Honourable Minister of Finance*** (Suit No.FHC/ABJ/CS/301/2013).

- The details and disaggregation of votes for Sustainable Development Goals in the Service Wide Votes should be provided.

- The votes in Service Wide Votes should be reduced through their allocation to specific MDAs charged with the subject matter of the votes. The aggregate SWV should not exceed 5% of the budget estimates.

- Consider voting the N100bn used on a yearly basis for zonal intervention projects for a national intervention on health which will create an entitlement to basic services and thereby touch the lives of majority of Nigerians instead of the current discretionary process that lacks value for money.

0.4 Agriculture

- Increase funding to agriculture to not less than 5% of the overall budget which is 50% of the Malabo/Maputo commitment.

- NASS should insist on the executive providing the details of the lumped humungous votes for agriculture value chains.

- The Ministry should indicate the exact locations of projects in its estimates to enable citizens monitor project implementation.

- The estimates should be made gender sensitive by providing specific provisions for small scale women farmers for the procurement of gender friendly and drudgery reducing low cost farm equipment and machinery.

- The Ministry has so many research institutes and centres. Extension service is weak to take research findings (if any) to the farmers. The repeated sums the institutes get year after year has not improved our poor farming indicators including yield per hectare, level of mechanization or the fabrication of modern local farm equipment, reduced post-harvest losses or improved beneficiation of raw agriculture produce. These institutes seem to have developed capacity in some fields of agriculture. But the resources available to the institutes is very limited. It is imperative that the Agencies are mandated to concentrate in not more than two ventures and develop them to full market and user stage. They should be made to liaise and consult with private sector operatives and public sector agencies in their area of research and find out their needs which are currently imported. Targets should be set for them so that the country may not be engaged in perpetual research without evidence of use of research findings. Allocation of public resources to these Agencies after some years, would no longer be automatic but based on output/outcome which is seen to be serving a sectoral public or private need. It is time to rationalize and demand value for money from these agencies.

- The Ministry should fully harness its internal revenue generation capacity to ensure contributions to FGN's revenue.

0.5 Health

- Increase funding to not less than 50% of the Abuja Declaration, being 7.5% of the overall vote, and the new funds should be channeled to developmental capital expenditure.

- Universal health coverage will not be possible without a universal and compulsory health insurance scheme for its financing. Therefore, consider making universal health insurance compulsory.

- Establish the Health Bank of Nigeria to provide single digit capital for the development of the sector beyond budgetary appropriations. The share capital of the Bank will be subscribed to by the Ministry of Finance and regional and international Development Banks.

- Apart from providing for the Fund, ensure that the Basic Health Care Provision Fund is fully disbursed.

0.6 Education

- FME should set up mechanisms for increased accountability in the tertiary education system so that internally generated revenue can be more optimally utilized.

- Increase funding to education to at least 50% of the UNESCO commitment (i.e.13% of the overall FGN budget) to beef up the developmental capital vote of the sector.

- A moratorium on the establishment of new tertiary institutions while improving funding to increase the carrying capacity of existing institutions.

0.7 Environment

- Increase the funding of the sector and tie it to policies and plans to ensure a seamless implementation of policies and plans through the plan, policy, budget continuum.

0.8 Works

- Road sector financing can be improved through a Road Fund and Road Management Authority Act that will raise funds from a plethora of sources including toll gates, special surcharge on some commodities, etc.

- Establish special purpose vehicles to garner and aggregate resources from institutional and retail investors for investments in the sector.

0.9 Housing

- Re-organise the National Housing Fund and mobilise funds for the benefit of contributors over the short, medium and long term. Make contributions a basis for benefitting and drawing money from the Fund. If the Fund had been well managed since inception during the Military President Ibrahim Babangida days, it could have garnered trillions of naira in its kitty.

- Re-organise the Mortgage and Housing Finance Industry for optimal performance.

0.10 Power Sector and Electricity

- Opening the window of investments into the electricity sector, especially in transmission and distribution is overdue. The current managers and operators of DISCOs do not have the technical, managerial and financial capacity to move the sector to the next level whilst government has no resources to improve the transmission subsector.

- Bring in new investors to pair with existing core investors to ensure new inflows for capital and operation expenditure.

0.11 The Niger Delta Conundrum

- The allocations and investments to the region needs to be streamlined, made more transparent and infused with value for money based on the ascertained empirical needs of the people. NDDC has a vote of N63.5bn; Ministry of Niger Delta gets N26.5bn while the Amnesty Programme has a vote of N65billion. The total of these figures for the

Niger Delta comes up to N155.098bn. The Niger Delta Master Plan should be the basis of budgeting instead of the current uncoordinated approach.

0.12 Transport

- Reorganize railway development to ensure that it is no longer a federal monopoly so as to bring in private sector investments. This will require an amendment of extant laws. Even if government continues the construction of the rail lines, bring in the private sector to run the coaches and wagons.

- Run the railways on a cost recovery and reasonable profit basis to guarantee sustainability.

- New railways tracks should be constructed on the evidence of studies showing the viability of the corridor in terms of existing passengers and goods to be moved.

0.13 Aviation

- Discontinue with the proposal to establish a National Carrier as well as the Aerospace University in Abuja. These are white elephant projects

0.14 Science and Technology

- The Ministry is suffused with so many research agencies, centres and institutes and they seem to have developed capacity in a multiplicity of research, engineering, bioresource spheres. But the resources available to them is very limited. It is imperative to mandate the agencies to concentrate in not more than two ventures and develop them to full market and user stage. They should be made to liaise and consult with private sector operatives and public sector agencies in their area of research and find out their needs which are currently imported. Targets should be set for them so that the country may not be engaged in perpetual research without evidence of use of research findings. Otherwise, resources are being too thinly spread and as such leading to little impact and no value for money for the country. Allocation of public resources to these Agencies after some years, would no longer be automatic but based on output which is seen to be serving a sectoral public or private need. It may also make sense to rationalize these Agencies.

SECTION ONE: BACKGROUND TO THE BUDGET ESTIMATES

1.1 INTRODUCTION

President Muhammadu Buhari on the 8th day of October 2020, in accordance with section 81 of the Constitution of the Federal Republic of Nigeria 1999 (as amended), presented the 2019 federal budget estimates to the National Assembly (NASS). The budget is tagged a "budget of economic recovery and resilience" as it is intended to reposition the economy on the path of recovery, promote growth, diversification and resilience. The budget is presented against the background of the disruptions in trade, economic and social activities occasioned by the COVID 19 pandemic; Nigeria's negative GDP growth of -6% in the second quarter of 2020 and projected third quarter negative growth implying that the country will enter into recession. Nigeria is also witnessing reduced revenues to fund the federal budget.

The budget expenditure for 2021 - aggregate FGN expenditure (inclusive of GOEs and project-tied loans) is projected to be N13.08tn**,** which is 21% higher than the revised 2020 Budget. The proposed retained revenue is N7.89tn, which is 35% more than the 2020 Revised Budget of N5.84trillion and a deficit of N5.196tn which represents 3.64% of GDP. The key assumptions are the benchmark price of $40 per barrel of crude oil; daily oil production of 1.86m barrels per day (mbpd) and an average exchange rate of N379 to 1USD. The real GDP is expected to grow at 3% while inflation rate is projected at 11.95%.

1.2 POSITIVE NOTES

We welcome the following key positive points in the budget and the supporting budget policy statement:

- The early presentation of the budget on October 8th 2020 which gives the legislature sufficient time to conclude the approval before the New Year. However, there is the need to amend the Constitution to provide for early budget presentation and approval.

- The commitment to provide a Tax Expenditure Statement (TES) as part of documents accompanying the 2021 Budget to the National Assembly which seeks to dimension the cost of tax waivers/concessions and evaluate their policy effectiveness.

- The recognition of the deep revenue challenges facing the Federal Government of Nigeria (FGN) and the attempt to address this through the Strategic Revenue Growth Initiative and the Performance Management Framework.

- The inclusion of the revenue plans of 60 Government Owned Enterprises (GOEs) at N1.348trn net of operating surplus as well as bilateral and multilateral tied loans (N354.8bn) into the 2021 estimates. This is expected to improve comprehensiveness and transparency of the overall revenue and expenditure plan.

- 31% of aggregate revenue is expected from oil related sources while 69% is to be earned from non-oil sources - this implies a step towards diversification of revenue sources away from oil.

- The deregulation of the price of petroleum products and the implementation of service-based electricity tariffs.

1.3 SOME CHALLENGES AND CONCERNS

Some key challenges arising from the budget speech and the proposals include:

- The poor performance of the revenue projections in 2020 at -29%, which followed the trends in 2018 and 2019 financial years.

- The recurring deficit (N5.196tn which represents 3.64% of GDP) and in excess of the 3% rule in section 12 of the Fiscal Responsibility (FRA) which states that aggregate expenditure can only exceed the ceiling imposed by the FRA when there is a clear and present threat to national security or sovereignty of the Federal Republic of Nigeria.

- The dependence on sovereign debts to finance key infrastructure and budgetary provisions. This is the result of the failure to activate key domestic resource mobilization mechanisms (or utilize existing ones) and build the fiscal architecture needed to harness the economic potentials, resources and energy of the Nigerian people for development.

- The fact that a good part of the new borrowing in the sum of N4.28trillion will be used for recurrent expenditure and consumption in contravention of sections 41 and 44 of the FRA. This is the conclusion from the fact that the projected capital expenditure of ministries, departments and agencies of government (MDAs) is N1.812trn.

- The poor performance of capital expenditure over the years including the year 2020 fiscal year. As at August 2020, the capital budget has underperformed by -41%.

- The estimates failed to account for monies realized from stamp duties, recoveries and NLNG dividends in the period January to August 2020 claiming that they are yet to be booked into the fiscal account. This is against the rules of transparency and accountability provided in the FRA.

- The continued failure to provide the details of Statutory Transfers and Service Wide Votes (SWV) and simply stating them as lump sums. This is against the rules of fiscal responsibility as no one or agency, in a constitutional democracy, is authorized to spend public resources in a way and manner that is unknown to the citizens who are the ultimate sovereigns.

- There is no indication as to whether the 1.86mbpd projected is exclusive or inclusive of volumes for repayment of pre-2016 joint venture cash call arrears.

1.4 EVALUATION OF RESULTS OF PROGRAMMES FINANCED WITH BUDGETARY RESOURCES

Section 19 (d) of the FRA demands that the executive reports to the legislature on the evaluation of the results of programmes financed with budgetary resources. The word evaluation is defined to mean; to form an opinion of the amount, value or quality of something after thinking about it carefully – some form of assessment. This would essentially involve an analysis of the impact of the programmes on the population or segments of the population targeted by specific programmes. It should deal with such issues as increase in school enrolment and improvements in learning outcomes, greater number of mothers and children reached with maternal and child health services, increased access to immunization, number of new households that have access to portable water, etc. The evaluation of results is not about the fiscal projections in terms of revenue and expenditure projected versus the actual(s) and the reasons for realizing or not realizing the forecasts which the quarterly budget reports are assigned to do. The evaluation should lead us to what has changed positively or negatively through the expenditure of government resources. However, neither the Appropriation Bill nor the accompanying documents provided the evaluation of results of programmes financed through budgetary resources in 2020 as required by section 19 (d) of the FRA.

1.5 OTHER DEVELOPMENTAL TARGETS AND THE FISCAL TARGET APPENDIX

Section 19 (e) of the FRA requires the Appropriation Bill to be accompanied by:

> *A Fiscal Target Appendix derived from the underlying macroeconomic framework setting out the following targets for the financial year-*
>
> *(i) Target inflation rate*
>
> *(ii) Target fiscal account balances*
>
> *(iii) Any other development target deemed appropriate*

The Appropriation Bill and the MTEF have provided information on the target inflation rate, target fiscal balances, GDP growth rate and exchange rate of the Naira. It however has nothing on development targets. Fiscal targets and balances are different from development targets which ideally should include targets on the right to an adequate standard of living including targets on the attainment of the Sustainable Development Goals (SGDs), job creation, targets for the rights to adequate housing, health, education, access to water, reduction of carbon emissions, etc. Considering that the FRA is anchored on section 16 of the Constitution, the explanation of the dictates of this provision appears to be the only reasonable intention of the legislature in providing for developmental targets. Section 16 of the Constitution provides inter alia that:

> *(2) The State shall direct its policies towards ensuring:*
>
> *(d) that suitable and adequate shelter, suitable and adequate food, reasonable national minimum living wage, old age care and pensions, unemployment and sick benefits and welfare of the disabled are provided for all citizens.*

Nigeria is faced with massive unemployment and underemployment challenges. Unemployment and underemployment as at Quarter 2 2020 stood at 27.1% and 28.6% respectively while youth (15-34years) unemployment and underemployment were 34.9% and 28.2% respectively. A budget that seeks to strengthen the economy should tie expenditure and its underlying policies to reducing unemployment and job creation. But the budget was entirely silent on how its proposals would reduce the high unemployment as there was no mention of these keywords in the basic assumptions. NASS should insist that the President submits these targets to inform the full consideration of the budget. The questions to be answered by the targets will include; how many new jobs will be created through budget expenditure and in which sectors? What are the programmes and policies to facilitate inclusive growth? These targets will also facilitate reporting on the evaluation of the results achieved through budget implementation at the end of the year.

SECTION TWO: THE 2021 BUDGET PROPOSALS

2.1 KEY ASSUMPTIONS AND MACROECONOMIC FRAMEWORK

The budget expenditure for 2021 - aggregate FGN expenditure (inclusive of GOEs and project-tied loans) is projected to be N13.08tn**,** which is 21% higher than the revised 2020 Budget. The proposed retained revenue is N7.89tn, which is 35% more than the 2020 Revised Budget of N5.84trillion and a deficit of N5.196tn which represents 3.64% of GDP. The key assumptions are the benchmark price of $40 per barrel of crude oil; daily oil production of 1.86m barrels per day (mbpd) and an average exchange rate of N379 to 1USD. The real GDP is expected to grow at 3% while inflation rate is projected at 11.95%.

The budget was prepared on the following underlying macroeconomic assumptions as laid out in Table 1 below.

Table 1: Assumptions of the 2021 Federal Budget

Oil Price Per Barrel	$40	Inflation Rate	11.95%
Crude Oil Production (mbpd)	1.86mbpd	GDP Growth Rate	3.01%
Exchange Rate	N379=1USD	Nominal Consumption	N118.887trillion
Retained Revenue	N7.89trillion	Nominal GDP	N142.695trillion
Deficit	3.64% of GDP		

Source: Ministry of Finance, Budget and National Planning, NNPC, CBN, BOF and NBS

2.1.1 Monetary Policy Variables – The Exchange Rate and Inflation Rate: The ***Exchange Rate*** of N379 to 1 USD seems contentious as economic agents in the country do not access foreign exchange at this rate; they access the dollar at rates in excess of this. It would make better economic sense if the Central Bank of Nigeria (CBN) worked towards a harmonized rate that would merge both the official and parallel rates as this would also release more naira to the three tiers of government who share from the Federation Account. The expected income from crude oil is N2.011tn at the N379=1USD rate ($5.31bn) but if it is converted at average rate of N430=1USD, it will amount to N2.28trn. This will release an extra N270.61bn for the Federal Government to spend.[1]

[1] N430 =1USd is used as an average between the official and parallel rates which sometimes moves up to N470 to 1USD.

2.1.2 Inflation: With the current inflation rate at 13.71% and an unstable and depreciating national currency, it will be extremely difficult to maintain inflation at the proposed rate. Also, the full effect of the increase in petroleum price and electricity tariff increase will help fuel inflation due to their impact on the cost of production and transportation of goods and services. Nigeria is an import dependent economy. The value of Nigeria's total imports amounted to N4,022.90bn in the second quarter of 2020. This represents an increase of 10.69 percent when compared with the level recorded in the first quarter of 2020. Exports in second quarter of 2020 stood at N2,219.50bn, indicating a decrease of 45.64% and 51.73% when compared with the figures recorded in the first quarter of 2020 and the second quarter of 2019 respectively. The 2020 half year export amounted to N6,302.40bn reflecting a 31% decline from the half year performance of 2019. The above development resulted in the further deterioration of trade balance to a deficit of N1,803.30bn compared to a deficit of N421.3bn and N579.06bn recorded in first quarter of 2020 and the fourth quarter of 2019 respectively.[2] Furthermore, the unstable political situation in the North East and North West geopolitical zones coupled with the farmers-herders crisis will further push up inflation considering the impact on productivity especially in the agricultural sector.

2.1.3 GDP Growth Rate: The GDP growth rate of 3% appears ambitious considering the negative growth of -6% in the second quarter of 2020, the projection of negative growth in the third quarter and the probability of Nigeria entering a recession. However, for a country, where the leadership has made a commitment to lift 100m persons out of poverty, 3% growth cannot scratch the surface for the growth required to achieve this.

2.1.4 Oil Production and Benchmark Price: The first issue to be considered is the expected revenue from oil. The 1.86 mbpd oil projection for 2021 is realistic considering that the actual oil production between January and July averaged 1.88mbpd. However, there is no information on whether additional volumes will be produced for the repayment of previous joint venture cash call arrears. Furthermore, the proposed benchmark price of $40 per barrel is realistic given the current price of crude oil, the expected gradual recovery of the global economy and geopolitics of the international oil market.

[2] See Budget Office of the Federation, Second Quarter Budget Implementation Report.

2.2 THE REVENUE FRAMEWORK

Table 2 shows the Revenue Framework for the year 2021.

Table 2: Revenue Framework of the 2021 Budget Proposal

Total Proposed Revenue: N7,886,412,575,941		
Revenue Head	**Amount (N'Bn)**	**Percentage**
Share of Oil Revenue	2,011,017,892,674	25.50
Share of Dividend (NLNG)	208,540,960,000	2.64
Share of Minerals & Mining	2,650,393,903	0.03
Share of Non-Oil (CIT, VAT, Customs and Fed. Acct. Levies)	1,488,924,372,031	18.88
Revenue from GOEs	2,173,860,133,098	27.56
Top 10 GOEs Operating Surplus (80% of which is captured in Independent Rev.)	-825,023,025,138	-10.46
Independent Revenue	961,898,590,939	12.20
FGN's Balances in Special Levies Accounts	300,000,000,000	3.80
FGN's Share of Signature Bonus	677,015,511,478	8.58
Domestic Recoveries + Assets + Fines	32,675,085,307	0.41
Stamp Duty	500,000,000,000	6.34
Grants and Donor Funding	354,852,661,650	4.50
Total	**7,886,412,575,942**	**100.00**

Source: Budget Office of the Federation

A review and quick comments on some of the underlying assumptions and the Revenue Framework is provided below.

2.2.1 Actual Revenue Inflow in 2020 as a Guide for Key Oil and Non-Oil Revenue in 2021: The Minister of Finance stated in the budget breakdown that the actual revenue inflow from January to August 2020 was N2.522trn as against the prorated expectation of N3.576tn and this is a -29% variance. This variance should be contextualized with the challenges of the COVID 19 pandemic and its associated economic downturn. Furthermore, the fact that some revenue heads like stamp duties have not been brought into the fiscal account may have contributed to the negative variance.

- *Oil revenue inflow:* The above performance was facilitated by oil revenue performance which represents 164% of the prorated sum in the revised budget. This is understandable considering the revised benchmark price of $28pb as against the actual price of $38.64pd.[3] The 2021 projection of N2.011trn is realistic following the extant performance, international oil forecasts and the gradual recovery of the global economy.

- *Companies Income Tax (CIT):* The performance is 82% of the prorated projection for the period January to August 2020. A total of N547.78bn was expected while N447.52bn was realized leading to -18% variance.[4] The 2021 full year projection of N681.7bn is realistic if the actuals of 2020 is the guide. Furthermore, as the economy gradually recovers from the impact of COVID 19 and the associated economic shock in 2021, more CIT will likely accrue.

- *Value Added Tax (VAT):* The expectation for the prorated period is N189.41bn while the sum of N117.75 was realized amounting to a performance of 62% and 38% variance.[5] This is a very wide variance. However. the projection of N238.4bn for 2021 is realistic. As the economy gradually recovers from the impact of COVID 19 and the associated economic shock in 2021, more VAT will likely accrue from increased economic activities. The COVID 19 experience did not allow the government to realise the full benefits of the recent increase in VAT.

[3] Public Presentation of 2021 FGN Budget Proposal - Breakdown and Highlights by the Minister of Finance, Budget and National Planning.
[4] Public Presentation of 2021 FGN Budget Proposal - Breakdown and Highlights by the Minister of Finance, Budget and National Planning.
[5] Public Presentation of 2021 FGN Budget Proposal - Breakdown and Highlights by the Minister of Finance, Budget and National Planning.

- Customs collections recorded 84% performance during the prorated period. Out of N300.46bn, N251.48bn was realized leading to a variance of -16%.[6] The projection is realistic. Customs duties is likely to improve with increased imports and gradual economic recovery in 2021.

2.2.2 Signature Bonus: The estimates expect the sum of N677.015bn from signature bonus in 2021. However, this revenue head is fraught with a number of challenges. The opaque system of managing this revenue head has led to revenue losses for the FGN in past rounds. It is therefore imperative that clear rules of transparency and public access to information be mainstreamed in the licensing rounds leading to the realization of this revenue. In the revised 2020 budget, a prorated sum of N233.68bn was projected for January to August whilst only N78.72 has been realized. Therefore, the greatest transparency and accountability should be the norm if the estimated revenue is to be realised. CSJ adopts the recommendations of civil society experts[7]:

> *Publish overall rules for the various license award processes including timelines and application requirements, and clear technical and financial criteria against which companies are being assessed, and information about appeal processes. Publish the names of all the companies applying for the oil and gas prospecting and mining licenses, including during prequalification. Request and publicly disclose information on the Beneficial Owners of bidding companies and use this information to screen applicants for conflicts of interest and corruption risks at the point of prequalification or prior to license award. Insist on and disclose information about consultative processes with communities (including Free Prior and Informed Consent processes) around the awarding of oil and gas prospecting and mining licenses, especially on matters that directly concern the community, including community development agreements, and make publicly available all documents on Environmental and Social Impact Assessments (ESIAs) and Environmental and Social Management Plans (ESMPs) for all future licenses. Publish the current and historic owners and operators of all oil blocks, including marginal fields and transferred licenses, and the total reserves of oil and gas, including total amounts recovered thus far and total revenues outstanding. Disclose for each oil block license awarded, the full text of the main agreements/contracts, as well as annexes and amendments in user-friendly and machine-readable formats in line with Nigeria's open contracting commitments at the 2016 UK Anti-Corruption Summit[8] and via the Open Government Partnership (OGP).*

[6] Public Presentation of 2021 FGN Budget Proposal - Breakdown and Highlights
[7] See Joint Press Statement, See Joint Press Statement signed by Tijah Bolton-Akpan of Policy Alert; Olarewaju Suraj of Human and Environmental Development Agenda (HEDA) and Gabriel Okeowo of BudgIT Foundation, Nigeria.
[8]https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/523799/NIGERIA-_FINAL_COUNTRY_STATEMENT-UK_SUMMIT.pdf

2.2.3 Independent Revenue: N961.8bn is expected from independent revenue in 2021. In 2020, out of the N621.89bn for the prorated period of January to August, only N281.82bn was realized which is a 45% performance and a variance of 55%. In 2019, out of N631bn expected from this revenue source, the sum of N557.34bn was realised. This revenue head over the years has been fraught with leakages. It is a welcome development that FGN had introduced some measures to improve the collection of independent revenues. These include ensuring automatic deduction at source of past due operating surplus remittances by GOEs; capping cost to revenue ratio of GOEs to a maximum of 60%-70% and a Presidential Revenue Monitoring and Reconciliation Committee. It is further recommended that FGN considers domiciling the accounts of relevant GOEs and agencies in sub accounts of the Treasury Single Account (TSA) and deduct the due percentages at source before transferring the residue to the GOEs and agencies. This will ensure that all due operating surplus and portion of due IGR is deducted at source. Also, the Fiscal Responsibility Commission should be strengthened by law and policy to fully implement the mandate of empirically calculating and collecting due operating surplus as provided in the FRA. Furthermore, a follow up on the recommendations of the Auditor-General for the Federation on all monies due to the treasury but held up in several MDAs will increase the independent revenue of FGN as well as the funds available for sharing at the Federation Account by the three tiers of government.

2.2.4 Revenue from Stamp Duties: The budget estimates project the sum of N500bn as revenue from stamp duties. The budget estimates and MTEF were however silent on accruals from previous years which have not been accounted for. Nigerians suffered deductions from their bank accounts and the money seems to have been lost in a black hole as no one accounted for the previous years. Even the accruals from January 2020 till date is not reflected in the fiscal accounts. At a time of poor revenues, the country can ill afford this humungous leakage of funds. NASS must insist on full accounting of all previously accrued stamp duties. It is projected that from past unaccounted for stamp duties, the nation can raise not less than N5trillion while a proper collection for 2020 can fetch not less than N1trillion.

2.2.5 Share of NLNG Dividend: The Revenue Profile estimates that the sum of N208.540bn is to accrue from the FGN share of dividends from the NLNG. However, in 2018, the sum of N31.25billion was expected from the NLNG source and not a single kobo came into treasury. In 2019, the sum of N39.89billion was expected from the same source and nothing was realized and there are no clear indicators that any revenue will come in 2021[9]. In the 2020 revised budget, the prorated sum of N53.58bn is expected from this revenue head for the prorated period of January to August and nothing has come into treasury. It would have been better to include the NLNG dividend as a source of revenue when the money has come into treasury - thus making it available for use in subsequent years. This is better than projecting expenditure based on an expectation that is not likely to materialize[10].

2.2.6 Revenue from Minerals and Mining: The FGN's expected revenue from minerals and mining in the sum of N2.650billion is a scandal considering FGN's investments in the mining sector and the proposals for realizing revenue from the sector. When this projection is pitched against recent media reports on the gold transaction between the Central Bank of Nigeria and Governor Matawalle of Zamfara State, the massive short changing of the treasury going on in the sector will be clear. The value and quantum of solid minerals mined in Nigeria on a yearly basis will be in hundreds of billions if all the resources are brought into the fiscal account. Available information from many parts of the country including the North West where mining activities have facilitated criminality shows that the revenue from this source is grossly underestimated. NASS should insist on a proper review of the royalty and revenue due from mining leases and other revenues due to the Federation Account (from which FGN will get its due share) from the exploitation of solid minerals.

2.2.7 Recoveries and Fines: In 2018, N374billion was the revenue expected from domestic recoveries, assets and fines. Nothing came to the treasury from that source. In 2019, the sum of N203.38billion was expected, only N55.78bn was realised. Earlier in 2017, the sum of N565billion was expected from recoveries and nothing came into treasury[11]. In 2020, the sum of N237billion is expected as revenue from the same source and as at August, nothing has come into treasury.[12] Recoveries should only be included as funding source if the proceedings have already been concluded and the money is already in the treasury. If it is an expected sum, then it should not be made a revenue source as there is no certainty that it will be realized. It should only be appropriated when it has already been realized through a supplementary appropriation.

[9] See the MTEF 2020-2022.
[10] The 2017 Fourth Quarter and Consolidated Budget Implementation Report shows that there was a projection of FGN Share of Investments funded by FAAC in the sum of N29.59billion. However, not a single kobo came into treasury.
[11] See the MTEF 2020-2022 and Consolidated and Fourth Quarter Budget Implementation Reports for the years in question.
[12] Public Presentation of 2021 FGN Budget Proposal - Breakdown and Highlights by the Minister of Finance, Budget and National Planning.

Table 3 shows the budgeted versus actual retained revenue 2014 to August 2020.

Table 3: Budgeted Retained Revenue vs Actual Retained Revenue 2014 – 2020

Year	Retained Revenue		Variance (N Bn)
	Budgeted (N Bn)	Actual (N Bn)	
2014	3,731.00	3,242.30	488.70 (13.10%)
2015	3,452.36	2,776.36	676 (19.58%)
2016	3,855.74	2,621.15	1,234.59 (32.02%)
2017	5,084.40	2,377.01	2,707.39 (53.25%)
2018	7,165.87	3,480.90	3,684.97 (51.42%)
2019	6,998.49	4,120.09	2,878.40 (41.13%)
2020*	3,576.95	2,522.08	1,054.87 (29.49%)

Source: BOF, Budget Implementation Reports

**2020 figures are prorated for Jan-Aug., 2020 (HMBNP's Public Presentation of the Budget)*

Table 3 shows the wide variance, over the years, between actual and proposed retained revenue. This calls for a step towards evidence based and realistic revenue projection from the executive and meticulous evidence-based approval from the legislature.

2.2.8 The Challenge of Oil Revenue and Diversification: Notwithstanding the prevalent mantra of economic diversification and the reduced oil revenue, the nation is still faced with the dominance of oil as the single most important revenue source and export earnings. It has been stated that oil GDP growth has a strong positive correlation with real GDP growth in Nigeria. This shows that the diversification efforts have not yielded the desired dividends. The efforts need to be intensified for non-oil sources to gain ascendancy as both a source of revenue and export earnings. However, Nigeria is yet to fully explore, exploit and expound the frontiers of oil-based revenue through income from refineries, petrochemical complexes and the full value chain of the sector. Thus, while diversifying, we need to fully explore the potentials of the sector. This brings to the fore the need for NASS and the executive to agree on the contours of the Petroleum Industry Bill (governance, fiscals and community relations) and full reforms in the petroleum industry to attract local and foreign investors to explore the full value chain of oil and gas products and services. The increased oil earnings should then be invested to improve revenues in non-oil sector.

2.2.9 The Deficit: The 2021 FGN budget deficit is in the sum of N5.196tn which represents 3.64% of GDP. This is in excess of the 3% rule in section 12 of the FRA which states that aggregate expenditure can only exceed the ceiling imposed by the FRA when there is a clear and present threat to national security or sovereignty of the Federal Republic of Nigeria. It is doubtful if it can be stated that there are clear and present threats to national security and sovereignty of Nigeria of the magnitude required to trigger a deficit in excess of the 3% ceiling. This can be the case if the threat to national security is interpreted from the economic angle.

The deficit is to be financed by N4.28trn new debt to be sourced from N2.14tn domestic and foreign borrowing respectively. This new debt comes at a time when Nigeria total debt as at June 2020 is $85.89bn. The new borrowing of N4.28tn is $11.292bn (at the official rate of N379=1USD) which when added to existing debts will amount to a new phenomenal debt of $97.18bn. Borrowing N4.28tn when proposed capital expenditure is N3.6tn (out of which only N1.81tn is MDA capex) indicates that overall, not less than N600bn will be dedicated to recurrent expenditure. This is contrary to the letter and spirit of sections 40 and 44 of the Fiscal Responsibility Act which provides that borrowing shall only be for capital expenditure and human development. Furthermore, there will be a drawdown of N709.69bn multilateral and bilateral loans. Only N205.15bn is expected from privatization proceeds. Thus, the deficit is simply about incurring new debts and drawing down existing loans. This is not sustainable. There is nothing in the face of the proposals or any extant government policy on how the accrued debts will be repaid.

2.2.10: Tax Expenditure Statement: The executive has for the first time prepared a Tax Expenditure Statement which will accompany the estimates to the NASS. Tax expenditures are equivalents of appropriating public revenue for the specific use of particular individuals or class of taxpayers. Experts have defined tax expenditure as:[13]

> *Tax expenditures are usually defined as a government's estimated revenue loss that results from giving tax concessions or preferences to a particular class of taxpayer or activity. The revenue loss, or "expenditure," is calculated as the difference between whatever tax would have been paid under a defined benchmark tax law (which identifies what tax structure should normally apply to taxpayers) and the lower amount that was actually paid after the tax break. Tax expenditures are used instead of direct spending to deliver a government subsidy to a class of taxpayer or encourage a desired activity. They can take many*

[13] Guide to Transparency in Public Finances; Looking Beyond the Budget- Tax Expenditures (at page 4) by International Budget Project.

forms, including tax exemptions; tax deductions; tax offsets (or credits); and concessional tax rates or timing rules, such as accelerated depreciation of capital assets, that either reduce or defer a taxpayer's tax liability.

Tax expenditures are currently estimated at (i) CIT N1.18tn; (ii)VAT N3.1tn; (iii) Customs duties N347bn and (iv) VAT on imports N64bn bringing the total to N4.691tn. With the huge deficit incurred by FGN and the states over the years and the level of public debt, it is imperative that the tax expenditures be reviewed in the nearest future. Indeed, if possible, the review should be done in the 2021 Finance Act. The justification is as follows:

- Actual CIT available to the Federation Account (before deductions) for sharing by the three tiers of government was N1.517tn in 2019 and N1.429tn in 2018. Incurring a CIT tax expenditure of N1.18tn means retaining 56.2% and giving away 43.8% of due CIT in 2019.[14] The tax expenditure as a percentage of the accrued CIT is 78%.

- Actual VAT available to the Federation Account (before deductions) for sharing by the three tiers of government was N1.141tn in 2019 and N1.046tn in 2018. Incurring a VAT tax expenditure of N3.1tn in 2019 meant retaining only 26.9% of due VAT while giving away 73.1%.[15] The tax expenditure is 353% of the accrued VAT.

- Actual Customs duties available to the Federation Account (before deductions) for sharing by the three tiers of government was N792.06bn in 2019 and N657.88tn in 2018. Incurring a custom duties tax expenditure of N347bn in 2019 meant retaining only 69.5% of due customs duties while giving away 31.5%.[16] The tax expenditure is 43.8% of the accrued Customs duties.

NASS is therefore called upon to amend the requisite laws and nudge the executive to take action on others to reduce the tax expenditures to not more than 20% of total estimated value of each tax category.

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[14] N1.517tn +N1.18tn gives a total due CIT of N2.697tn; See 2019 Fourth Quarter BIR Report and the Finance Minister's 2021 Budget Breakdown.
[15] N1.141tn +N3.1trn gives the total due VAT of N4.241tn; See 2019 Fourth Quarter BIR Report and the Finance Minister's 2021 Budget Breakdown.
[16] N792.06bn +N347bn gives the total due Custom duties of N1.139tn; See 2019 Fourth Quarter BIR Report and the Finance Minister's 2021 Budget Breakdown.

2.3 THE EXPENDITURE FRAMEWORK

The Expenditure Framework of the 2021 Appropriation Bill is as shown in Table 4 below.

Table 4: Expenditure Framework of the 2021 Appropriation Bill

Overall Allocation N13,082,420,568,233		
Expenditure Head	**Amount (N'Bn)**	**Percentage**
1. Recurrent Non-Debt	5,649,872,137,888	43.19
a. Personnel Cost (MDAs)	3,063,825,348,605	
b. Personnel Cost (GOEs)	701,162,016,535	
c. Overheads (MDAs)	313,420,076,635	
d. Overheads (GOEs)	312,081,710,125	
e. Pensions, Gratuities & Retirees Benefits	501,191,130,679	
f. Other Service wide Votes (Including GAVI/Immunisation)	343,191,855,311	
h. Presidential Amnesty Programme	65,000,000,000	
Special Interventions (Recurrent)	350,000,000,000	
2. Aggregate Capital Expenditure (excluding CAPEX in Statutory Transfers)	3,603,679,959,070	27.55
3. Statutory Transfers	484,488,471,273	3.70
4. Debt Service	3,124,380,000,000	23.88
5. Sinking Fund to Retire Maturing Bonds to Local Contractors	220,000,000,000	1.68
Total	**13,082,420,568,233**	**100.00**

Source: Breakdown of the 2020 Budget Proposal by Hon. Minister of Finance

2.3.1 Low Capital Vote Proposal: The first issue is that capital expenditure is to take 27.55**%** of the budget while MDA capex is N1.81tn. This is not good enough. Previous experience indicates that the capital vote is very poorly implemented. For instance, out of the 2020 capital vote of about N1.960trn, only N761.79bn had been released as at the end of August 2020 which represents 38.8% of the overall capital vote for the year. This is a very poor record in an infrastructure starved economy. It is also imperative for the administration to ensure that in these times of lean revenue, priority is given to developmental capital expenditure rather than administrative expenditure. This will ensure that the expenditure has a direct impact on the majority of citizens.

It is imperative to note that budgetary funding alone cannot scratch the surface of Nigeria's demand for infrastructure. NASS should therefore consider alternative funding sources for key capital projects, especially in the Ministries of Health, Works, Power and Housing, Transport, Water Resources, etc. NASS should play an active role in collaboration with MDAs and the Infrastructure Concession Regulatory Commission in designing the modalities for funding existing projects through public private partnerships, dedicated bonds, etc. This brings to the fore the need to expeditiously consider and pass bills such as the Federal Road Fund Bill and the Development Planning and Projects Continuity Bill[17] into law.

More so, with the big picture for the 2021 budget in view, the budget needs to be anchored on a robust and realistic economic, fiscal and developmental framework which emphasizes domestic resource mobilization and popular capitalism driven by the commitment of all members of society; where every ready and willing Nigerian partakes in the baking of the national cake and as such, claims a right to be at the table in the sharing of the proceeds of national investments. This big picture is not found in any extant FGN policy framework. In this direction, a number of sectors can benefit from funds raised to support their development. A few examples can point in the direction of needed change and transformation:

- Universal health coverage will not be possible without a universal and compulsory health insurance scheme for its financing. Thus, making health insurance compulsory is imperative.

- Road sector financing can be improved through a Road Fund and Road Management Authority that will raise funds from a plethora of sources including toll gates, special surcharge on some designated commodities, etc. Special purpose vehicles to aggregate resources from institutional and retail investors will direct other resources into the sector.
- Reorganizing railway development to remove it as a federal monopoly so as to bring in private sector investments, (especially from those already operating in the transport sector) is missing from our projection and radar. States will also be brought into the picture. This will require an amendment of the Constitution.

[17] The Development Planning and Projects Continuity Bill guarantees proper documentation, planning, costing and prioritization of capital projects; ensuring continuity and reducing abandonment of projects, etc.

- The National Housing Fund needs to be reorganized to mobilise funds that will benefit contributors over the short, medium and long term. If the Fund had been well managed since inception during the Ibrahim Babangida days, it could have garnered trillions of naira in its kitty.

- Opening the window of investments into the electricity sector especially in transmission and distribution is overdue. The current managers and operators of the DISCOs do not have the technical, managerial and financial capacity to move the sector to the next level whilst FGN has no resources to improve the transmission subsector.

- The delayed passage and assent to the Petroleum Industry Bill has denied the treasury of improved revenue. This reform in the oil and gas sector should have happened some years ago.

Ultimately, these changes will relieve the treasury of and or reduce the undue burden of funding key infrastructure projects and as such, reduce the need for borrowing whilst the infrastructure still gets built. It will also reduce the demand for funds to pay back and service debts. A new paradigm of fundraising should involve the traditional core and institutional investors, organized labour and workers, cooperatives, community groups, religious and faith based organisations, women and youth groups, etc. This will build a broad-based ownership of national infrastructure and capital, rather than the extant exclusive arrangements that focus on the rich few who can only invest if undue terms and conditions are met. This new paradigm will ultimately affect by way of reduction, the quantum of resources that will be provided by the public treasury for infrastructure.

NASS should streamline the number of projects being funded, continue with existing projects and discountenance new ones unless they are absolutely necessary. Essentially, NASS should take steps to ensure that capital resources are not spread too thin. NASS should seek to build consensus with the executive and other stakeholders and decide on key national infrastructure projects that should be completed in the short to medium term and channel the bulk of the expenditure to them. In other words, NASS should prioritise the projects so that budgetary funding can achieve the desired results.

2.3.2 Rising Debt Service: The second issue is that the rising debt service (N3.344tn) is crowding out expenditure in critical infrastructure and human development. At the end of the day, if there is a shortfall in revenue, salaries and overheads will be drawn down, debts will be serviced whilst capital projects suffer. At 25.56% of overall expenditure, the debt service is high and it is just slightly lower than capital expenditure on paper. When the 2020 experience is used, it shows that Nigeria has already spent N2.137tn (as at the end of August 2020) in debt service at a time when only N761.79bn has been released for capital expenditure. This clearly shows the prioritization of spending.

2.3.3 Recurrent Non-Debt Expenditure/Cost of Governance: The third issue is to resolve the contradiction between the FGN mantra of cutting down waste, improving efficiencies and removing ghost workers from the payroll and its relationship with the rising recurrent non debt expenditure. Actual recurrent non debt expenditure was N2.511trillion in 2016, N2.76 trillion in 2017, N3.238trillion in 2018 and N4.251tn in 2019. The 2020 January to August expenditure is N2.996tn. the proposal for 2021 is N5.649tn. This increment cannot be the sign of a system that is taking steps to remove waste and inefficiencies[18]. Even though a new minimum wage is kicking in, efforts should be made to reduce the cost of governance through the implementation of fit and good practices contained in the Oronsaye Committee Report on the restructuring of federal MDAs.

2.3.4 Bulk Votes Without Details: All the agencies on statutory transfers got bulk votes of which the details are not available to Nigerians. They are the National Assembly, National Judicial Council, National Human Rights Commission, Public Complaints Commission, Independent National Electoral Commission, Niger Delta Development Commission, North East Development Commission and the Basic Health Care Fund. Again, votes for Special Intervention Programmes and Sustainable Development Goals in the SWV do not have details. This is an abnormal situation that lacks transparency and should be remedied by providing the details to the public through the electronic portals of the Budget Office of the Federation or the National Assembly.

2.3.5 Zonal Intervention Projects: Some of the zonal intervention projects of NASS are problematic in the sense that they are projects within the competence of states and local governments. Such projects include primary heath care centres, local water projects, town halls, etc. The federal budget can pay for the capital costs but cannot pay for the recurrent costs. Therefore, in the past, some of the projects have been completed but states and local governments left them to rot away. In the circumstances, money has been spent and no value delivered. Again, when a new legislator comes on board, he will hardly vote money to repair or make functional an existing project done by his predecessor and the resources earlier invested will be wasted. It is therefore proposed that zonal intervention projects should focus on projects for which the

[18] See Consolidated Budget Implementation Reports for the years in question and the Medium-Term Expenditure Frameworks for the years.

federal budget will pay for the capital and recurrent costs to ensure that resources are not wasted. The NASS, voting for money to execute a project outside its legislative competence is illegal and unconstitutional.

Furthermore, the disbursement of the proceeds of zonal intervention projects like motorcycles, grinding and sewing machines, fridge, freezers, etc. raises fundamental jurisprudential questions about the criteria for disbursement to constituents. A senator representing over a million persons gets goods worth for instance N200m. There is no policy benchmark for the selection of beneficiaries. It becomes a matter within the exclusive discretion of the legislator and this is exercised in favour of party loyalists, supporters and relations. This is not a reasonable and sustainable way to dispense public resources. It would have made eminent sense if the yearly N100bn allocated to zonal intervention projects is pulled together and used for the fulfilment of a component of a defined right. For instance, in the right to health, the N100bn can be used to finance free medical consultation in all government hospitals for defined ailments or to provide free treatment for all persons diagnosed of malaria or even free ante-natal and post-natal service across the federation. In this scenario, the criteria to be met to become a beneficiary is clear and known to all and the beneficiaries can claim it as an entitlement, a right whose violation will be redressed through appropriate apriori defined mechanisms.

SECTION THREE: EXPENDITURE SPECIFICS

3.1 THE ALLOCATIONS AND PRIORITIES

Table 5 shows the allocations detailing the priorities of government in the recurrent (personnel and overheads) and capital votes. Tables 5, 6, 7 and 8 hereunder are based on the overall budget vote as submitted by the President to NASS.

Table 5: Summary of MDA Votes

S/N	CODE	MDA	TOTAL PERSONNEL	TOTAL OVERHEAD	TOTAL RECURRENT	TOTAL CAPITAL	TOTAL ALLOCATION
1	111	PRESIDENCY	34,389,345,839	14,669,206,997	49,058,552,836	23,859,896,903	72,918,449,739
2	112	NATIONAL ASSEMBLY	128,000,000,000	-	128,000,000,000	-	128,000,000,000
3	116	MINISTRY OF DEFENCE	774,853,568,977	65,705,513,128	840,559,082,105	121,243,674,984	961,802,757,089
4	119	MINISTRY OF FOREIGN AFFAIRS	51,791,743,820	23,806,565,318	75,598,309,138	7,809,517,523	83,407,826,661
5	123	FEDERAL MINISTRY OF INFORMATION & CULTURE	48,749,617,366	4,292,188,355	53,041,805,721	14,156,788,252	67,198,593,973
6	124	MINISTRY OF INTERIOR	200,808,195,166	26,207,363,915	227,015,559,081	44,650,912,144	271,666,471,225
7	125	OFFICE OF THE HEAD OF THE CIVIL SERVICE OF THE FEDERATION	4,811,663,069	3,008,394,358	7,820,057,427	2,862,379,379	10,682,436,806
8	140	AUDITOR GENERAL FOR THE FEDERATION	2,436,674,382	1,984,230,795	4,420,905,177	251,071,350	4,671,976,527
9	145	PUBLIC COMPLAINTS COMMISSION	5,200,000,000	-	5,200,000,000	-	5,200,000,000

10	147	FEDERAL CIVIL SERVICE COMMISSION	744,546,830	472,853,041	1,217,399,871	124,981,870	1,342,381,741
11	148	INDEPENDENT NATIONAL ELECTORAL COMMISSION	40,000,000,000	-	40,000,000,000	-	40,000,000,000
12	149	FEDERAL CHARACTER COMMISSION	2,688,616,559	472,635,537	3,161,252,096	410,475,876	3,571,727,972
13	155	FEDERAL MINISTRY OF POLICE AFFAIRS	420,604,423,350	20,788,223,253	441,392,646,603	13,551,890,302	454,944,536,905
14	156	FEDERAL MINISTRY OF COMMUNICATIONS AND DIGITAL ECONOMY	21,127,073,318	679,734,945	21,806,808,263	17,529,285,343	39,336,093,606
15	157	NATIONAL SECURITY ADVISER	112,446,153,738	21,648,992,917	134,095,146,655	43,047,587,613	177,142,734,268
16	158	CODE OF CONDUCT TRIBUNAL	548,758,100	232,310,234	781,068,334	145,760,756	926,829,090
17	159	INFRASTRUCTURE CONCESSION REGULATORY	1,013,246,438	176,088,460	1,189,334,898	406,527,532	1,595,862,430
18	160	POLICE SERVICE COMMISSION	655,330,612	211,369,318	866,699,930	280,475,876	1,147,175,806
19	161	SECRETARY TO THE GOVERNMENT OF THE FEDERATION	46,530,826,918	12,834,061,679	59,364,888,597	24,779,374,267	84,144,262,864
20	164	FEDERAL MINISTRY OF SPECIAL DUTIES & INTER -	3,076,148,863	799,543,448	3,875,692,311	5,146,746,381	9,022,438,692

		GOVERNMENTAL AFFAIRS					
21	215	FEDERAL MINISTRY OF AGRICULTURE AND RURAL DEVELOPMENT	66,031,435,074	3,186,620,895	69,218,055,969	110,240,273,239	179,458,329,208
22	220	FEDERAL MINISTRY OF FINANCE, BUDGET AND NATIONAL PLANNING	615,258,823,795	3,660,673,216,428	4,275,932,040,223	1,128,073,059,436	5,404,005,099,659
23	222	FEDERAL MINISTRY OF INDUSTRY, TRADE AND INVESTMENT	13,761,107,578	2,414,575,510	16,175,683,088	51,856,800,796	68,032,483,884
24	227	FEDERAL MINISTRY OF LABOUR AND EMPLOYMENT	11,840,112,499	1,675,869,939	13,515,982,438	35,946,721,396	49,462,703,834
25	228	FEDERAL MINISTRY OF SCIENCE AND TECHNOLOGY	47,350,558,745	3,385,911,282	50,736,470,027	64,840,659,041	115,577,129,068
26	229	FEDERAL MINISTRY OF TRANSPORT	13,469,055,550	758,400,000	14,227,455,550	255,889,687,022	270,117,142,572
27	230	FEDERAL MINISTRY OF AVIATION	6,194,320,132	812,200,003	7,006,520,135	89,973,271,722	96,979,791,857
28	231	FEDERAL MINISTRY OF POWER	4,904,729,516	1,164,377,295	6,069,106,811	198,278,398,642	204,347,505,453
29	232	MINISTRY OF PETROLEUM RESOURCES	26,111,734,197	1,301,138,795	27,412,872,992	2,804,758,759	30,217,631,751

30	233	MINISTRY OF MINES AND STEEL DEVELOPMENT	10,133,236,650	1,736,419,717	11,869,656,367	10,188,565,772	22,058,222,139
31	234	FEDERAL MINISTRY OF WORKS AND HOUSING	14,791,984,671	15,885,462,684	30,677,447,355	404,641,706,671	435,319,154,026
32	242	NATIONAL SALARIES, INCOMES AND WAGES COMMISSION	645,693,877	193,981,274	839,675,151	126,960,649	966,635,800
33	246	REVENUE MOBILISATION, ALLOCATION AND FISCAL COMMISSION	1,654,784,707	344,762,287	1,999,546,994	223,629,814	2,223,176,808
34	250	FISCAL RESPONSIBILITY COMMISSION	166,128,689	181,767,615	347,896,304	208,242,071	556,138,375
35	252	FEDERAL MINISTRY OF WATER RESOURCES	8,717,349,459	1,356,260,604	10,073,610,063	152,774,322,341	162,847,932,404
36	318	JUDICIARY	110,000,000,000	-	110,000,000,000	-	110,000,000,000
37	326	FEDERAL MINISTRY OF JUSTICE	19,121,019,813	4,156,804,988	23,277,824,801	5,747,771,296	29,025,596,097
38	341	INDEPENDENT CORRUPT PRACTICES AND RELATED OFFENCES COMMISSION	9,076,474,438	1,812,886,014	10,889,360,452	363,636,403	11,252,996,855
39	344	CODE OF CONDUCT BUREAU	1,707,857,991	435,616,600	2,143,474,591	799,441,851	2,942,916,442

40	437	FEDERAL CAPITAL TERRITORY ADMINISTRATION	-	-	-	45,527,118,338	45,527,118,338
41	451	FEDERAL MINISTRY OF NIGER DELTA	64,949,263,284	877,089,120	65,826,352,404	24,272,359,581	90,098,711,985
42	513	FEDERAL MINISTRY OF YOUTH & SPORTS DEVELOPMENT	151,201,844,634	19,433,062,757	170,634,907,391	10,469,445,094	181,104,352,485
43	514	FEDERAL MINISTRY OF WOMEN AFFAIRS	1,215,256,235	500,000,001	1,715,256,236	8,496,793,398	10,212,049,634
44	517	FEDERAL MINISTRY OF EDUCATION	579,742,394,994	35,410,765,996	615,153,160,990	127,364,671,980	742,517,832,970
45	521	FEDERAL MINISTRY OF HEALTH	407,638,199,630	7,597,382,102	415,235,581,732	131,741,625,377	546,977,207,109
46	535	FEDERAL MINISTRY OF ENVIRONMENT	19,429,061,560	2,107,257,809	21,536,319,369	20,828,035,046	42,364,354,415
47	543	NATIONAL POPULATION COMMISSION	7,853,524,593	615,073,952	8,468,598,545	5,902,379,381	14,370,977,926
48	544	MINISTRY OF HUMANITARIAN AFFAIRS, DISASTER MANAGEMENT AND SOCIAL DEVELOPMENT	204,366,572,834	181,682,244,682	386,048,817,516	60,048,896,301	446,097,713,817
49		OTHER EXPENDITURE					1,349,037,107,926
		Total	**4,317,808,458,490**	**4,147,688,424,047**	**8,465,496,882,537**	**3,267,886,577,768**	**13,082,420,568,231**

Source: Proposed 2021 Budget- BOF **and Author's Calculation**

Table 6: 2021 FGN Budget Proposal – MDAs Allocation as a Percentage of the Aggregate Budget Expenditure

NO	MDA	TOTAL PERSONNEL	Personal Cost as a % of Agg Personnel Exp	TOTAL OVERHEAD	Overhead Cost as a % of Agg Overhead Exp	TOTAL RECURRENT	Total Recurrent as % of Agg Recurrent Exp	TOTAL CAPITAL	Capital Cost as % of Agg Capital Exp	TOTAL ALLOCATION	Total Allocation as a % of Agg Budget Exp
1	PRESIDENCY	34,389,345,839	0.80%	14,669,206,997	0.35%	49,058,552,836	0.58%	23,859,896,903	0.73%	72,918,449,739	0.56%
2	NATIONAL ASSEMBLY	128,000,000,000	2.96%	-	0.00%	128,000,000,000	1.51%	-	0.00%	128,000,000,000	0.98%
3	MINISTRY OF DEFENCE	774,853,568,977	17.95%	65,705,513,128	1.58%	840,559,082,105	9.93%	121,243,674,984	3.71%	961,802,757,089	7.35%
4	MINISTRY OF FOREIGN AFFAIRS	51,791,743,820	1.20%	23,806,565,318	0.57%	75,598,309,138	0.89%	7,809,517,523	0.24%	83,407,826,661	0.64%
5	FEDERAL MINISTRY OF INFORMATION & CULTURE	48,749,617,366	1.13%	4,292,188,355	0.10%	53,041,805,721	0.63%	14,156,788,252	0.43%	67,198,593,973	0.51%
6	MINISTRY OF INTERIOR	200,808,195,166	4.65%	26,207,363,915	0.63%	227,015,559,081	2.68%	44,650,912,144	1.37%	271,666,471,225	2.08%
7	OFFICE OF THE HEAD OF THE CIVIL SERVICE OF THE FEDERATION	4,811,663,069	0.11%	3,008,394,358	0.07%	7,820,057,427	0.09%	2,862,379,379	0.09%	10,682,436,806	0.08%
8	AUDITOR GENERAL FOR THE FEDERATION	2,436,674,382	0.06%	1,984,230,795	0.05%	4,420,905,177	0.05%	251,071,350	0.01%	4,671,976,527	0.04%
9	PUBLIC COMPLAINTS COMMISSION	5,200,000,000	0.12%	-	0.00%	5,200,000,000	0.06%	-	0.00%	5,200,000,000	0.04%
10	FEDERAL CIVIL SERVICE COMMISSION	744,546,830	0.02%	472,853,041	0.01%	1,217,399,871	0.01%	124,981,870	0.00%	1,342,381,741	0.01%

11	INDEPENDENT NATIONAL ELECTORAL COMMISSION	40,000,000,000	0.93%	-	0.00%	40,000,000,000	0.47%	-	0.00%	40,000,000,000	0.31%
12	FEDERAL CHARACTER COMMISSION	2,688,616,559	0.06%	472,635,537	0.01%	3,161,252,096	0.04%	410,475,876	0.01%	3,571,727,972	0.03%
13	FEDERAL MINISTRY OF POLICE AFFAIRS	420,604,423,350	9.74%	20,788,223,253	0.50%	441,392,646,603	5.21%	13,551,890,302	0.41%	454,944,536,905	3.48%
14	FEDERAL MINISTRY OF COMMUNICATIONS AND DIGITAL ECONOMY	21,127,073,318	0.49%	679,734,945	0.02%	21,806,808,263	0.26%	17,529,285,343	0.54%	39,336,093,606	0.30%
15	NATIONAL SECURITY ADVISER	112,446,153,738	2.60%	21,648,992,917	0.52%	134,095,146,655	1.58%	43,047,587,613	1.32%	177,142,734,268	1.35%
16	CODE OF CONDUCT TRIBUNAL	548,758,100	0.01%	232,310,234	0.01%	781,068,334	0.01%	145,760,756	0.00%	926,829,090	0.01%
17	INFRASTRUCTURE CONCESSION REGULATORY COMMISSION	1,013,246,438	0.02%	176,088,460	0.00%	1,189,334,898	0.01%	406,527,532	0.01%	1,595,862,430	0.01%
18	POLICE SERVICE COMMISSION	655,330,612	0.02%	211,369,318	0.01%	866,699,930	0.01%	280,475,876	0.01%	1,147,175,806	0.01%
19	SECRETARY TO THE GOVERNMENT OF THE FEDERATION	46,530,826,918	1.08%	12,834,061,679	0.31%	59,364,888,597	0.70%	24,779,374,267	0.76%	84,144,262,864	0.64%
20	FEDERAL MINISTRY OF SPECIAL DUTIES & INTER - GOVERNMENTAL AFFAIRS	3,076,148,863	0.07%	799,543,448	0.02%	3,875,692,311	0.05%	5,146,746,381	0.16%	9,022,438,692	0.07%

21	FEDERAL MINISTRY OF AGRICULTURE AND RURAL DEVELOPMENT	66,031,435,074	1.53%	3,186,620,895	0.08%	69,218,055,969	0.82%	110,240,273,239	3.37%	179,458,329,208	1.37%
22	FEDERAL MINISTRY OF FINANCE, BUDGET AND NATIONAL PLANNING	615,258,823,795	14.25%	3,660,673,216,428	88.26%	4,275,932,040,223	50.51%	1,128,073,059,436	34.52%	5,404,005,099,659	41.31%
23	FEDERAL MINISTRY OF INDUSTRY, TRADE AND INVESTMENT	13,761,107,578	0.32%	2,414,575,510	0.06%	16,175,683,088	0.19%	51,856,800,796	1.59%	68,032,483,884	0.52%
24	FEDERAL MINISTRY OF LABOUR AND EMPLOYMENT	11,840,112,499	0.27%	1,675,869,939	0.04%	13,515,982,438	0.16%	35,946,721,396	1.10%	49,462,703,834	0.38%
25	FEDERAL MINISTRY OF SCIENCE AND TECHNOLOGY	47,350,558,745	1.10%	3,385,911,282	0.08%	50,736,470,027	0.60%	64,840,659,041	1.98%	115,577,129,068	0.88%
26	FEDERAL MINISTRY OF TRANSPORT	13,469,055,550	0.31%	758,400,000	0.02%	14,227,455,550	0.17%	255,889,687,022	7.83%	270,117,142,572	2.06%
27	FEDERAL MINISTRY OF AVIATION	6,194,320,132	0.14%	812,200,003	0.02%	7,006,520,135	0.08%	89,973,271,722	2.75%	96,979,791,857	0.74%
28	FEDERAL MINISTRY OF POWER	4,904,729,516	0.11%	1,164,377,295	0.03%	6,069,106,811	0.07%	198,278,398,642	6.07%	204,347,505,453	1.56%
29	MINISTRY OF PETROLEUM RESOURCES	26,111,734,197	0.60%	1,301,138,795	0.03%	27,412,872,992	0.32%	2,804,758,759	0.09%	30,217,631,751	0.23%
30	MINISTRY OF MINES AND STEEL DEVELOPMENT	10,133,236,650	0.23%	1,736,419,717	0.04%	11,869,656,367	0.14%	10,188,565,772	0.31%	22,058,222,139	0.17%

31	FEDERAL MINISTRY OF WORKS AND HOUSING	14,791,984,671	0.34%	15,885,462,684	0.38%	30,677,447,355	0.36%	404,641,706,671	12.38%	435,319,154,026	3.33%
32	NATIONAL SALARIES, INCOMES AND WAGES COMMISSION	645,693,877	0.01%	193,981,274	0.00%	839,675,151	0.01%	126,960,649	0.00%	966,635,800	0.01%
33	REVENUE MOBILISATION, ALLOCATION AND FISCAL COMMISSION	1,654,784,707	0.04%	344,762,287	0.01%	1,999,546,994	0.02%	223,629,814	0.01%	2,223,176,808	0.02%
34	FISCAL RESPONSIBILITY COMMISSION	166,128,689	0.00%	181,767,615	0.00%	347,896,304	0.00%	208,242,071	0.01%	556,138,375	0.00%
35	FEDERAL MINISTRY OF WATER RESOURCES	8,717,349,459	0.20%	1,356,260,604	0.03%	10,073,610,063	0.12%	152,774,322,341	4.68%	162,847,932,404	1.24%
36	JUDICIARY	110,000,000,000	2.55%	-	0.00%	110,000,000,000	1.30%	-	0.00%	110,000,000,000	0.84%
37	FEDERAL MINISTRY OF JUSTICE	19,121,019,813	0.44%	4,156,804,988	0.10%	23,277,824,801	0.27%	5,747,771,296	0.18%	29,025,596,097	0.22%
38	INDEPENDENT CORRUPT PRACTICES AND RELATED OFFENCES COMMISSION	9,076,474,438	0.21%	1,812,886,014	0.04%	10,889,360,452	0.13%	363,636,403	0.01%	11,252,996,855	0.09%
39	CODE OF CONDUCT BUREAU	1,707,857,991	0.04%	435,616,600	0.01%	2,143,474,591	0.03%	799,441,851	0.02%	2,942,916,442	0.02%
40	FEDERAL CAPITAL TERRITORY ADMINISTRATION	-	0.00%	-	0.00%	-	0.00%	45,527,118,338	1.39%	45,527,118,338	0.35%

41	FEDERAL MINISTRY OF NIGER DELTA	64,949,263,284	1.50%	877,089,120	0.02%	65,826,352,404	0.78%	24,272,359,581	0.74%	90,098,711,985	0.69%
42	FEDERAL MINISTRY OF YOUTH & SPORTS DEVELOPMENT	151,201,844,634	3.50%	19,433,062,757	0.47%	170,634,907,391	2.02%	10,469,445,094	0.32%	181,104,352,485	1.38%
43	FEDERAL MINISTRY OF WOMEN AFFAIRS	1,215,256,235	0.03%	500,000,001	0.01%	1,715,256,236	0.02%	8,496,793,398	0.26%	10,212,049,634	0.08%
44	FEDERAL MINISTRY OF EDUCATION	579,742,394,994	13.43%	35,410,765,996	0.85%	615,153,160,990	7.27%	127,364,671,980	3.90%	742,517,832,970	5.68%
45	FEDERAL MINISTRY OF HEALTH	407,638,199,630	9.44%	7,597,382,102	0.18%	415,235,581,732	4.91%	131,741,625,377	4.03%	546,977,207,109	4.18%
46	FEDERAL MINISTRY OF ENVIRONMENT	19,429,061,560	0.45%	2,107,257,809	0.05%	21,536,319,369	0.25%	20,828,035,046	0.64%	42,364,354,415	0.32%
47	NATIONAL POPULATION COMMISSION	7,853,524,593	0.18%	615,073,952	0.01%	8,468,598,545	0.10%	5,902,379,381	0.18%	14,370,977,926	0.11%
48	MINISTRY OF HUMANITARIAN AFFAIRS, DISASTER MANAGEMENT AND SOCIAL DEVELOPMENT	204,366,572,834	4.73%	181,682,244,682	4.38%	386,048,817,516	4.56%	60,048,896,301	1.84%	446,097,713,817	3.41%
49	Other Expenditure	-	0.00%	-	0.00%	-	0.00%	-	0.00%	1,349,037,107,926	10.31%
	Total	**4,317,808,458,490**	**100%**	**4,147,688,424,047**	**100%**	**8,465,496,882,537**	**100%**	**3,267,886,577,768**	**100%**	**13,082,420,568,231**	**100%**

Source: BOF and Author's Calculation

There is a discrepancy between the details in the Appropriation Bill and the detailed appropriation both presented in the website of the Budget Office of the Federation. This is as shown in Table 7.

Table 7: Discrepancy Between Appropriation Bill and Detailed Appropriation Bill

	Appropriation Bill	Detailed Appropriation	Difference
Statutory Transfer	484,488,471,273.00	-	
Debt Service	3,344,380,000,000.00	-	
Recurrent Expenditure	5,649,872,137,888.00	8,465,496,882,537.00	2,814,624,744,649
Capital Expenditure	3,603,679,959,070.00	3,267,886,577,768.00	333,793,381,302
Total	**13,082,420,568,231.00**	**11,733,383,460,305.00**	**1,349,037,107,926.00**

Source: BOF and Author's Calculation

It is imperative to note that the term "other expenditure" is used in Tables 5, 6 and 7 is due to the fact that in pages 1 and 2 of the Appropriation details, the expenditure aggregates to N11,733,383,460,305. The outstanding sum of N1,349,037,107,926 is unexplained. The detailed recurrent expenditure is N8.465tn as against N5.649tn in the Appropriation Bill being a difference of N2.814tn while the capital expenditure in the Appropriation Bill is N3.603tn as against N3.267tn in the detailed version being a difference of N333.79bn. These discrepancies need to be harmonized before the budget is approved by the NASS.

Tables 5 and 6 show the allocations to various MDAs disaggregated by expenditure heads and also their worked out percentages. The Ministry of Finance, Budget and National Planning got the highest allocation of N5.404tn being 41.31% of the overall budget expenditure, which is lower than the 44.26% it got in the 2020 reviewed budget. This includes the N3.344tn for debt service and sinking fund for the retirement of maturing bonds and N1.654tn for service wide votes. Service Wide Votes (SWVs) is 12.6% of the overall budget vote. This is not a fit and good practice because the bulk of the SWVs could be better programmed and managed. Centralizing votes and managing them outside the traditional MDAs with little or no accountability is not in line with best practices. The Oronsaye Committee on reforming the cost of governance stated as follows of SWV:

> *The Committee noted the widely held view of the abuse of the utilization of Service Wide Votes. It was the view of the Committee that budget heads currently captured under that vote could actually be captured either under specific MDAs or the Contingency Vote. Considering the constitutional provision for the Contingency Vote, it is believed that the Service*

Wide Vote is not only an aberration, but also an avoidable duplication. The Committee therefore recommends that Service Wide Votes should be abolished and items currently captured under it transferred to the Contingency Vote or to the appropriate MDAs.

Other ministries following the above in terms of allocation size include: Ministry of Defence got N961.8bn which is 7.35%; followed in third place by the Ministry of Education which got N742.5bn which is 5.68%; Ministry of Health came fourth with N546.9bn being 4.18% while Ministry of Police Affairs came fifth with N454.9bn being 3.48% of the votes and Ministry of Humanitarian Affairs, Disaster Management and Social Development came sixth with N446.097bn, being 3.41% of the votes. Ministries of Works and Housing (seventh) got 3.3% of the votes at N435.3bn. Next at eight is Ministry of Interior with N271.66bn which is 2.08% of the votes; ninth at N270.1bn is Ministry of Transport at 2.06% of the votes. Agriculture got a paltry vote of N179.4bn which is 1.37% of the votes. The fairly low vote to the Ministry of Works and Housing points in the direction of the need to activate alternative funding for infrastructure beyond budgetary provisions.

The very infinitesimal vote of N556.1m given to the Fiscal Responsibility Commission (FRC) flies in the face of its responsibilities to ensure the remittance of operating surplus revenue from MDAs. If FGN is serious about raising revenue to finance the budget, it must properly fund agencies such as the FRC which can enhance the revenue. Again, funding a core anti-corruption office such as the Auditor-General for the Federation with N4.6bn representing 0.04% of the votes and in the face of enormous duties imposed on the office presents a clear mismatch between mandate and available fiscal resources. The vote of the security architecture with Defence at 7.35%; Police Affairs at 3.48% and National Security Adviser at 0.01% totals 12.19% of the overall budget. All the foregoing demonstrates our national priorities as determined by the political leadership.

The Ministry of Finance, Budget and National Planning is managing a humungous vote. It is imperative to divide the Ministry of Finance, Budget and National Planning into two separate ministries - the Ministry of Finance and the Ministry of National Planning and Budget. The Ministry of Finance will naturally take care of treasury issues while National Planning reverts to its former developmental planning mandate and combines it with budgeting. This recommendation is based on the importance of the ministries to the economy and the fact that combining them seems contradictory. It is evidently difficult to combine the competencies required to run a “recurrent ministry” like Finance with the disparate forward-looking National Planning and Budget Ministry in one person or group of persons.

Table 8 shows breakdown of MDAs allocations as a percentage of the aggregate allocation to the MDAs.

Table 8: Breakdown MDAs Allocation as a Percentage of the Aggregate Allocation to the MDAs

NO	MDA	TOTAL PERSONNEL	Personnel Cost as a % of MDA Allocation	TOTAL OVERHEAD	Overhead Cost as a % of MDA Allocation	TOTAL RECURRENT	Total Recurrent as % of MDA Allocation	TOTAL CAPITAL	Capital Cost as % of MDA Allocation	TOTAL ALLOCATION
1	PRESIDENCY	34,389,345,839	47.16%	14,669,206,997	20.12%	49,058,552,836	67.28%	23,859,896,903	32.72%	72,918,449,739
2	NATIONAL ASSEMBLY	128,000,000,000	100.00%	-	0.00%	128,000,000,000	100.00%	-	0.00%	128,000,000,000
3	MINISTRY OF DEFENCE	774,853,568,977	80.56%	65,705,513,128	6.83%	840,559,082,105	87.39%	121,243,674,984	12.61%	961,802,757,089
4	MINISTRY OF FOREIGN AFFAIRS	51,791,743,820	62.09%	23,806,565,318	28.54%	75,598,309,138	90.64%	7,809,517,523	9.36%	83,407,826,661
5	FEDERAL MINISTRY OF INFORMATION & CULTURE	48,749,617,366	72.55%	4,292,188,355	6.39%	53,041,805,721	78.93%	14,156,788,252	21.07%	67,198,593,973
6	MINISTRY OF INTERIOR	200,808,195,166	73.92%	26,207,363,915	9.65%	227,015,559,081	83.56%	44,650,912,144	16.44%	271,666,471,225
7	OFFICE OF THE HEAD OF THE CIVIL SERVICE OF THE FEDERATION	4,811,663,069	45.04%	3,008,394,358	28.16%	7,820,057,427	73.20%	2,862,379,379	26.80%	10,682,436,806
8	AUDITOR GENERAL FOR THE FEDERATION	2,436,674,382	52.16%	1,984,230,795	42.47%	4,420,905,177	94.63%	251,071,350	5.37%	4,671,976,527
9	PUBLIC COMPLAINTS COMMISSION	5,200,000,000	100.00%	-	0.00%	5,200,000,000	100.00%	-	0.00%	5,200,000,000
10	FEDERAL CIVIL SERVICE COMMISSION	744,546,830	55.46%	472,853,041	35.22%	1,217,399,871	90.69%	124,981,870	9.31%	1,342,381,741

11	INDEPENDENT NATIONAL ELECTORAL COMMISSION	40,000,000,000	100.00%	-	0.00%	40,000,000,000	100.00%	-	0.00%	40,000,000,000
12	FEDERAL CHARACTER COMMISSION	2,688,616,559	75.27%	472,635,537	13.23%	3,161,252,096	88.51%	410,475,876	11.49%	3,571,727,972
13	FEDERAL MINISTRY OF POLICE AFFAIRS	420,604,423,350	92.45%	20,788,223,253	4.57%	441,392,646,603	97.02%	13,551,890,302	2.98%	454,944,536,905
14	FEDERAL MINISTRY OF COMMUNICATIONS AND DIGITAL ECONOMY	21,127,073,318	53.71%	679,734,945	1.73%	21,806,808,263	55.44%	17,529,285,343	44.56%	39,336,093,606
15	NATIONAL SECURITY ADVISER	112,446,153,738	63.48%	21,648,992,917	12.22%	134,095,146,655	75.70%	43,047,587,613	24.30%	177,142,734,268
16	CODE OF CONDUCT TRIBUNAL	548,758,100	59.21%	232,310,234	25.07%	781,068,334	84.27%	145,760,756	15.73%	926,829,090
17	INFRASTRUCTURE CONCESSION REGULATORY	1,013,246,438	63.49%	176,088,460	11.03%	1,189,334,898	74.53%	406,527,532	25.47%	1,595,862,430
18	POLICE SERVICE COMMISSION	655,330,612	57.13%	211,369,318	18.43%	866,699,930	75.55%	280,475,876	24.45%	1,147,175,806
19	SECRETARY TO THE GOVERNMENT OF THE FEDERATION	46,530,826,918	55.30%	12,834,061,679	15.25%	59,364,888,597	70.55%	24,779,374,267	29.45%	84,144,262,864
20	FEDERAL MINISTRY OF SPECIAL DUTIES & INTER - GOVERNMENTAL AFFAIRS	3,076,148,863	34.09%	799,543,448	8.86%	3,875,692,311	42.96%	5,146,746,381	57.04%	9,022,438,692
21	FEDERAL MINISTRY OF AGRICULTURE AND RURAL DEVELOPMENT	66,031,435,074	36.79%	3,186,620,895	1.78%	69,218,055,969	38.57%	110,240,273,239	61.43%	179,458,329,208

22	FEDERAL MINISTRY OF FINANCE, BUDGET AND NATIONAL PLANNING	615,258,823,795	11.39%	3,660,673,216,428	67.74%	4,275,932,040,223	79.13%	1,128,073,059,436	20.87%	5,404,005,099,659
23	FEDERAL MINISTRY OF INDUSTRY, TRADE AND INVESTMENT	13,761,107,578	20.23%	2,414,575,510	3.55%	16,175,683,088	23.78%	51,856,800,796	76.22%	68,032,483,884
24	FEDERAL MINISTRY OF LABOUR AND EMPLOYMENT	11,840,112,499	23.94%	1,675,869,939	3.39%	13,515,982,438	27.33%	35,946,721,396	72.67%	49,462,703,834
25	FEDERAL MINISTRY OF SCIENCE AND TECHNOLOGY	47,350,558,745	40.97%	3,385,911,282	2.93%	50,736,470,027	43.90%	64,840,659,041	56.10%	115,577,129,068
26	FEDERAL MINISTRY OF TRANSPORT	13,469,055,550	4.99%	758,400,000	0.28%	14,227,455,550	5.27%	255,889,687,022	94.73%	270,117,142,572
27	FEDERAL MINISTRY OF AVIATION	6,194,320,132	6.39%	812,200,003	0.84%	7,006,520,135	7.22%	89,973,271,722	92.78%	96,979,791,857
28	FEDERAL MINISTRY OF POWER	4,904,729,516	2.40%	1,164,377,295	0.57%	6,069,106,811	2.97%	198,278,398,642	97.03%	204,347,505,453
29	MINISTRY OF PETROLEUM RESOURCES	26,111,734,197	86.41%	1,301,138,795	4.31%	27,412,872,992	90.72%	2,804,758,759	9.28%	30,217,631,751
30	MINISTRY OF MINES AND STEEL DEVELOPMENT	10,133,236,650	45.94%	1,736,419,717	7.87%	11,869,656,367	53.81%	10,188,565,772	46.19%	22,058,222,139
31	FEDERAL MINISTRY OF WORKS AND HOUSING	14,791,984,671	3.40%	15,885,462,684	3.65%	30,677,447,355	7.05%	404,641,706,671	92.95%	435,319,154,026

32	NATIONAL SALARIES, INCOMES AND WAGES COMMISSION	645,693,877	66.80%	193,981,274	20.07%	839,675,151	86.87%	126,960,649	13.13%	966,635,800
33	REVENUE MOBILISATION, ALLOCATION AND FISCAL COMMISSION	1,654,784,707	74.43%	344,762,287	15.51%	1,999,546,994	89.94%	223,629,814	10.06%	2,223,176,808
34	FISCAL RESPONSIBILITY COMMISSION	166,128,689	29.87%	181,767,615	32.68%	347,896,304	62.56%	208,242,071	37.44%	556,138,375
35	FEDERAL MINISTRY OF WATER RESOURCES	8,717,349,459	5.35%	1,356,260,604	0.83%	10,073,610,063	6.19%	152,774,322,341	93.81%	162,847,932,404
36	JUDICIARY	110,000,000,000	100.00%	-	0.00%	110,000,000,000	100.00%	-	0.00%	110,000,000,000
37	FEDERAL MINISTRY OF JUSTICE	19,121,019,813	65.88%	4,156,804,988	14.32%	23,277,824,801	80.20%	5,747,771,296	19.80%	29,025,596,097
38	INDEPENDENT CORRUPT PRACTICES AND RELATED OFFENCES COMMISSION	9,076,474,438	80.66%	1,812,886,014	16.11%	10,889,360,452	96.77%	363,636,403	3.23%	11,252,996,855
39	CODE OF CONDUCT BUREAU	1,707,857,991	58.03%	435,616,600	14.80%	2,143,474,591	72.84%	799,441,851	27.16%	2,942,916,442
40	FEDERAL CAPITAL TERRITORY ADMINISTRATION	-	0.00%	-	0.00%	-	0.00%	45,527,118,338	100.00%	45,527,118,338
41	FEDERAL MINISTRY OF NIGER DELTA	64,949,263,284	72.09%	877,089,120	0.97%	65,826,352,404	73.06%	24,272,359,581	26.94%	90,098,711,985

42	FEDERAL MINISTRY OF YOUTH & SPORTS DEVELOPMENT	151,201,844,634	83.49%	19,433,062,757	10.73%	170,634,907,391	94.22%	10,469,445,094	5.78%	181,104,352,485
43	FEDERAL MINISTRY OF WOMEN AFFAIRS	1,215,256,235	11.90%	500,000,001	4.90%	1,715,256,236	16.80%	8,496,793,398	83.20%	10,212,049,634
44	FEDERAL MINISTRY OF EDUCATION	579,742,394,994	78.08%	35,410,765,996	4.77%	615,153,160,990	82.85%	127,364,671,980	17.15%	742,517,832,970
45	FEDERAL MINISTRY OF HEALTH	407,638,199,630	74.53%	7,597,382,102	1.39%	415,235,581,732	75.91%	131,741,625,377	24.09%	546,977,207,109
46	FEDERAL MINISTRY OF ENVIRONMENT	19,429,061,560	45.86%	2,107,257,809	4.97%	21,536,319,369	50.84%	20,828,035,046	49.16%	42,364,354,415
47	NATIONAL POPULATION COMMISSION	7,853,524,593	54.65%	615,073,952	4.28%	8,468,598,545	58.93%	5,902,379,381	41.07%	14,370,977,926
48	MINISTRY OF HUMANITARIAN AFFAIRS, DISASTER MANAGEMENT AND SOCIAL DEVELOPMENT	204,366,572,834	45.81%	181,682,244,682	40.73%	386,048,817,516	86.54%	60,048,896,301	13.46%	446,097,713,817
49	**Other Expenditure**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,349,037,107,926 10.31%**
	Total	**4,317,808,458,490**	**37%**	**4,147,688,424,047**	**35%**	**8,465,496,882,537**	**72%**	**3,267,886,577,768**	**28%**	**13,082,420,568,231**

Source: BOF and Author's Calculation

Table 8 speaks to the preponderance of recurrent expenditure across all MDA allocations. With the level of infrastructural deficit in the education and health sectors, it is surprising that the Ministries of Education and Health got a low capital vote of 17.15% and 24.09% of their respective allocations. Similarly, there is a staggering recurrent vote in the Ministry of

Humanitarian Affairs, Disaster Management and Social Development (86.54%) which goes against the grain of the capital needs of the sector. However, the vote of the Federal Capital Territory Administration is 100% capital expenditure. The Ministry of Power is second at 97.03% capex; Transport is third at 94.73%; Water Resources is fourth with 93.81%; Works and Housing is fifth in this category with 92.95% capital vote; Aviation is sixth with a capital vote of 92.78% while Women Affairs is seventh with 83.20%. The Ministry of Industry, Trade and Investment came eight with 76.22% followed in the ninth position by Labour and Employment at 72.67%. At 26.9% of its ministry's vote, the low capital vote of the Ministry of Niger Delta is surprising considering that the Ministry should ideally focus on the infrastructure deficit in the Niger Delta.

Table 9 below shows the breakdown of statutory transfers.

Table 9: Statutory Transfers in the 2021 Federal Estimates

STATUTORY TRANSFERS				
HEAD	**STATUTORY TRANSFER**	**ALLOCATION**	**% OF TOTAL STATUTORY TRANSFER**	**% OF 2021 BUDGET**
15	NATIONAL JUDICIAL COUNCIL	110,000,000,000	22.70%	0.84%
16	NIGER DELTA DEVELOPMENT COMMISSION	63,506,151,945	13.11%	0.49%
17	UNIVERSAL BASIC EDUCATION	70,051,853,172	14.46%	0.54%
18	NATIONAL ASSEMBLY	128,000,000,000	26.42%	0.98%
19	PUBLIC ACCOUNTS COMMITTEE	5,200,000,000	1.07%	0.04%
20	INEC	40,000,000,000	8.26%	0.31%
21	NATIONAL HUMAN RIGHTS COMMISSION	3,000,000,000	0.62%	0.02%
22	NORTH EAST DEVELOPMENT COMMISSION	29,704,539,570	6.13%	0.23%
23	BASIC HEALTH CARE FUND	35,025,926,586	7.23%	0.27%
		484,488,471,273	**100%**	**3.70%**

The vote for statutory transfer in the 2021 estimates is a 13% increase from the 2020 vote. The National Judicial Council and National Assembly got the same amount in the 2020 and 2021 fiscal years. National Human Rights Commission got a 33% increase compared to 2020; UBEC had a 32% increase; NDDC got a 38% increase; INEC got 11% increase; Public

Complaints Commission got 11% increase; North East Development Commission got 37% increase. Just like in 2018, the Basic Health Care Provision Fund got 32% increase. Reducing the vote of the NASS is a perennial request of Nigerians which needs to be restated here. Not more than the extant 50% of the estimates is enough to proficiently run NASS. Recovering the funds looted from NDDC over the years should also be a priority for FGN. Furthermore, statutory transfers are stated as lump sums without disaggregation. This is illegal and against the un-appealed decision of the Federal High Court in ***Centre for Social Justice v Honourable Minister of Finance*** (Suit No.FHC/ABJ/CS/301/2013). They should be disaggregated and their details should be in the public domain because no individual or authority is entitled to spend public money in a presidential democracy in a way and manner unknown to the people.

SECTION FOUR: SOME KEY SECTORAL ALLOCATIONS AND ISSUES

This subsection will review sectoral policy issues and votes of some key MDAs.

4.1 Agriculture: The role of agriculture through its value chains in engendering economic growth cannot be over-emphasized. It is important for food security, job creation, provision of raw materials for industries and improved livelihoods. Table 10 below shows the trajectory of the Agriculture vote for the period 2016-2021.

Table 10: Allocations to Agriculture: 2016-2019

Years	Total Recurrent	% Increase or Decrease	Total Capital	% Increase or Decrease	Total Allocation	% Increase or Decrease	Agric Allocation as % of Total Budget
2016	29,632,584,416		46,173,963,859		75,806,548,275		1.25
2017	31,752,144,051	7.15	103,793,201,010	124.79	135,545,345,061	78.80	1.82
2018	53,811,953,706	69.48	149,198,139,037	43.75	203,010,092,743	49.77	2.23
2019	57,677,415,129	7.18	107,218,344,102	-28.14	164,895,759,231	-18.77	1.85
2020	57,964,818,432	0.50	102,493,492,597	-4.41	160,458,311,029	-2.69	1.48
*2021	69,218,055,969	19.41	110,240,273,239	7.56	179,458,329,208	11.84	1.37

Source: Budget Office of the Federation
** Implies that figures are projected*

The amount allocated to Agriculture in the estimates is 11.84% increase from the 2020 budget figure of ₦164.4bn. The trajectory shows that the allocation to the sector has been increasing up to 2018 but it decreased in 2019 and further decreased in 2020. In real value terms and considering the continued depreciation of the Naira, the Agriculture vote has been converted to the US Dollar (USD) as shown in Table 11 below. Table 11 shows that the Agriculture vote has been on the increase up till 2018 and dropped in 2019 when the allocation was reduced to N164.895bn. It further dropped in 2020 before the proposal for marginal increase in 2021. Table 11 shows the conversion of Ministry of Agriculture Budget to USD using the exchange rate for the preparation of the budget for the period of 6 years (2016-2021).

Table 11: **Conversion of Budget Figures to USD**

Years	Total Allocation (NGN)	Rates	USD ($)
2015	40,659,020,717	190	213,994,845.88
2016	75,806,548,275	197	384,804,813.58
2017	135,545,345,061	305	444,410,967.41
2018	203,010,092,743	305	665,606,861.45
2019	137,967,423,076	305	452,352,206.81
2020	160,458,311,029	360	445,717,530.64
2021*	179,458,329,208	379	473,504,826.41

Source: Budget Office of the Federation

* *Implies that figures are projected*

Flowing from Table 10 is the fact that the sector's 2021 allocation, even though an increase in nominal terms compared to the 2020 allocation, but as a proportion of the overall budget proposal, it is 1.37%, a reduction from the 1.48% of 2020. This is very paltry when juxtaposed with the Maputo/Malabo commitments which requires 10% allocation of the overall budget. In terms of composition of the sector's allocation, 38.57% is for recurrent expenditure while 61.43% is for capital expenditure. A huge chunk of the sector's budget was allotted to the Ministry's headquarters – N67.584bn out of N179.458bn. In percentage terms, this represents 37.66% of the entire sector's allocation while the remaining 45 out of the 46 MDAs in the sector got the remaining 62.34% of the sectoral allocation. In addition, the headquarters capital expenditure of N59.796 billion is 54.24% of the total sectoral capital expenditure which seems so high a figure when compared with the headquarters' overhead (15.16%) and personnel (11.06%). This is not proper and may result in sub-optimal performance for the sector. The Ministry has 17 Departments, 6 Regional Offices, 37 State Offices, 11 Agencies, 15 Research Institutes and 14 Colleges of Agriculture and a number of Universities of Agriculture.

Beyond the foregoing, a number of other issues arise from the estimates. The first issue is that the Ministry's budget proposals do not give explicit expression to the prescriptions of national and international standards governing agriculture. Neither the Sustainable Development Goals, International Covenant on Economic, Social and Cultural Rights, Convention on the Elimination of all Forms of Discrimination against Women, National Gender Policy on Agriculture (NGPA), Maputo and Malabo commitments and the Comprehensive Africa Agricultural Programme were respected. The Green Alternative which is FGN's major agriculture promotion policy 2016-2020 will expire at the end of the year and no successor programme has been designed. Policies and plans find expression and are the anchor of fiscal allocations. Otherwise, the allocations would simply be based on the fancy of the authorities without being tied to specific outcomes and desired impact. Thus, it is difficult to benchmark the estimates since the policy and plan legs of the policy, plan budget continuum is missing. There is a contentious National Grazing Reserves Development Project proposed for funding in the sum of N2.131bn[19] without a clear framework of whether what is required is ranches or just grazing reserves. Where is the evidence of investments from previous approvals for this line item?

The second issue is that the estimates are filled with big sums of money without specifics and enough details and if no clarity is provided, Nigerians would be in the dark as to what the votes to those line items are for. As such, citizens cannot carry out any project monitoring without knowing the activities and deliverables for the projects. This is clearly not the ideal way for budget crafting; transparency which leads to accountability is imperative for budget monitoring. For instance, just stating a lump sum as done in these estimates for a particular crop value chain does not reveal what the expenditure is for. Table 12 shows instances of the lump sums.

Table 12: Lump Sum Provisions in the Estimates of the Federal Ministry of Agriculture and Rural Development

Code	Project Name	Amount (N)
ERGP30105076	PROMOTION AND DEVELOPMENT OF WHEAT VALUE CHAIN	907,291,412
ERGP30105109	PROMOTION AND DEVELOPMENT OF SOYA BEANS VALUE CHAIN	460,493,182
ERGP30105123	PROMOTION AND DEVELOPMENT OF MAIZE VALUE CHAINS	482,764,766
ERGP30105133	PROMOTION AND DEVELOPMENT OF FISHERIES AND AQUACULTURE VALUE CHAIN	553,774,787
ERGP30105134	PROMOTION AND DEVELOPMENT OF CASTOR	196,891,361
ERGP30105144	PROMOTION AND DEVELOPMENT OF ANIMAL PRODUCTION & HUSBANDRY VALUE CHAIN	546,156,792
ERGP30105160	PROMOTION AND DEVELOPMENT OF CASSAVA VALUE CHAIN	481,127,980

Source: Estimates of Ministry of Agriculture and Rural Development: BOF

[19] ERGP5105208

These provisions need to be disaggregated and clarified for stakeholders to follow through. Even in a programme that seems like a counterpart funding arrangement (Agricultural Transformation Agenda Support Program - Phase 1; Multilateral and Bilateral Funded Project), the details of the specific projects that require counterpart funding in the hefty sum of N4.9bn are missing.[20] Also, there is a Counterpart Funding of Agricultural Projects with Donor Agencies in the sum of N1.024bn and the details of the donor agencies and specific sums going to them is not available.[21] Again, a contentious National Grazing Reserves Development Project is being proposed for funding in the sum of N2.1bn without a clear framework of whether what is required is ranches or just grazing reserves. Where is the evidence of investments from previous approvals for this line item? The third issue is that most of the projects in the Ministry's estimates have no locations. There is nothing about the state, local government or exact site of the investments to enable a follow through by the public. This is evident in the value chain provisions in Table 12 above. The fourth issue is that even though the mandate of the Ministry is wide, projects like road construction and big infrastructure do not seem to be an area of strength and comparative advantage for the Ministry. Such projects are better left with the Ministry of Works. Some of the projected are as shown in Table 13.

Table 13: Estimates that are better handled by other MDAs

Code	Project Name	Amount (N)
ERGP10160834	PROVISION AND INSTALLATION OF SOLAR STREET LIGHT NATIONWIDE	800,000,000
ERGP30155532	RURAL INFRASTRUCTURE DEVELOPMENT	7,295,033,645
ERGP1161140	CONSTRUCTION OF RURAL ROADS IN SELECTED STATES	1,000,000,000
ERGP1161229	2.2KM ROAD TARRING AND DRAINAGE CONSTRUCTION FROM EWEKORO (IYANAAKINBO) TO AKINBO VILLAGE	250,000,000
ERGP12160827	CONSTRUCTION OF SELECTED RURAL ROADS WITHIN NGURU/MACHINA/YUSUFARI/JAKUSKO/BADE AND KARASUWA LGAs IN YOBE STATE	1,000,000,000
ERGP12160908	COMPLETION OF ONGOING BABS ANIMASHAUN RURALACCESS ROAD AND BRIDGE, SURULERE, LAGOS	981,224,490
ERGP12161096	REHABILITATION OF OBIZI UGA ROAD WITH SPUR TO ST JAMES CHURCH 10KM, ANAMBRA	70,000,000

[20] ERGP5161042.
[21] ERGP30159116.

ERGP28160831	PROVISION/CONSTRUCTRION OF MINI WATER TREATMENT PLANT NATIONWIDE	900,000,000

Source: Budget Office of the Federation

Furthermore, the fifth issue is that provisions of the estimates of the Ministry are not gender friendly. The provision for Agriculture gender policies in the sum of N29.4m is unclear.[22] What exactly is the deliverable of the investment? There is also FGN support for women in agribusiness in the sum of N416.5m.[23] But the nature, type and details of the support is not stated. There is also support for youths in agribusiness in the sum of N549.9m[24] without any further elaboration on the nature of the support or the expected deliverables after the expenditure of public resources. The total sum targeting women farmers is N2.411billion, which is just 2.18% of the overall capital vote of the Ministry. This is paltry and needs to be increased considering that women constitute half of the population and have numerical superiority in agricultural production, processing, forestry, aquaculture and animal husbandry. In recognition of the socially and culturally constructed roles for women and men which limits women's access to resource support, budgets must specifically target women and consider affirmative action votes in deserving cases to move women towards equality and equity. The votes in the estimates appear to be an afterthought, not the product of conscious targeted gender responsive estimates which recognize the fundamental obligation to mainstream the concerns of all members of the Nigerian family - women and men into the budgeting process.

The sixth issue is that the Ministry has 11 Agencies, 15 Research Institutes and 14 Colleges of Agriculture and a number of Universities of Agriculture. Even though there is a provision of N2.015bn for extension services and provisions made in previous budgets, extension service is weak and has not been successful in taking research findings to farmers. There is no clear linkage between federal extension services, State Ministries of Agriculture and local government Agriculture Departments. Actual farming takes place in the localities of states and LGAs. The repeated sums the agriculture agencies and research institutes get year after year has not improved our poor farming indicators including yield per hectare, level of mechanization or the fabrication of modern local farm equipment, reduced post-harvest losses or improved beneficiation of raw agriculture produce. These institutes seem to have developed capacity in some fields of agriculture. But the resources available to them is very limited. It may make eminent sense to let the Agencies concentrate in not more than two ventures and develop them to full market and user stage. They should be made to liaise and consult with private sector operatives

[22] ERGP30105238
[23] ERGP30105261
[24] ERGP30105267

and public sector agencies in their area of research and find out their needs which are currently imported. Targets should be set for them so that Nigeria may not be engaged in perpetual research without evidence of use of research findings. Allocation of public resources to these Agencies after some years, would no longer be automatic but based on output which is seen to be serving a sectoral public or private need. It is time to rationalize and demand value for money from these agencies.

There is a National Agricultural Lands Development Authority (NALDA) which is outside of the Ministry of Agriculture and domiciled in the Presidency with a N10.1bn vote. The estimate is made of N1.093bn recurrent and N9.082bn capital votes. All their projects except the administrative ones dealing with headquarters of state offices are without location and are prefixed with “in the six geopolitical zones”. This is extremely difficult to monitor; it is opaque and lays the foundation for mismanagement of resources. It made provisions for extension service delivery to farmers nationwide at N50m. It is not clear how this is linked to the extension services of the Ministry. Again, it made provisions for establishment of ranches in selected states in the sum of N100m;[25] how this is linked with the grazing reserves project of the Ministry is not clear. The qualifying words in this provision for ranches is “in selected states” - but the states are not identified in the budget estimate. There is a N120m provision for purchase of utility vehicles which in the present circumstances should not have been a priority for NALDA.[26] NALDA, like the Ministry of Agriculture is also involved in construction of roads and infrastructure.[27] This does not seem to be its area of core competence. There is provision for “professional and technical enhancement for professional locally and Internationally” in the sum of N30m.[28] This seems to be a meaningless jargon that denotes nothing. The estimates appear gender neutral or gender insensitive because the only recognition of the female gender is in “professional and technical enhancement for 180 female fish farmers and18 processors in the six geo-political zones” for the paltry sum of N10m.[29]

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[25] ERGP1157454
[26] ERGP1157969
[27] ERGP1157439 CONSTRUCTION OF ON-FARM ROADS OF 330KM ON NALDA FARMS IN THE SIX GEOPOLITICAL ZONES FOR NYFS in the sum of N99,000,000; ERGP1157440 CONSTRUCTION OF ACCESS ROAD (SURFACE DRESSING) OF 18 KM TO THE NALDA FARMS IN THE SIX GEOPOLITICAL ZONES FOR NYFS in the sum of N500,000,000; ERGP1155623 CONSTRUCTION AND INSTALLATION OF 180 COMPLETE BOREHOLES, OVERHEAD TANKS AND GENERATORS IN THE SIX GEOPOLITICAL ZONES N456,813,000.
[28] ERGP1157450
[29] ERGP1155635

It appears that NALDA should be a candidate for fairly large internally generated revenue and operating surplus. A good number of its estimates are capable of yielding revenue. These are shown in Table 14.

Table 14: Revenue Generating Possibilities of NALDA

Code	Project Name	Amount (N)
ERGP1155629	PROVISION OF FEEDS AND MEDICATION FOR 180 FARMERS IN THE SIX GEOPOLITICAL ZONES	208,800,000
ERGP1157438	PROVISION OF TRACTOR OPERATION SERVICES FOR SEED BED PREPARATION/SECONDARY TILLAGE OF 3,000 HA IN SELECTED STATES IN THE SIX GEOPOLITICAL ZONES FOR NYFS	336,276,854
ERGP1157441	PROVISION FOR EQUIPMENTS, TOOLS, FARMER KITS FOR THE NALDA FARMERS IN THE SIX GEOPOLITICAL ZONES FOR NYFS	100,000,000
ERGP1157445	PROVISION OF FARM INPUTS (SEEDS/CUTTINGS, PLANTING MATERIALS, AGROCHEMICALS, FERTILIZER, GROWTH ENHANCER, AFLASAFE FOR 3,000 HA IN SELECTED STATES IN THE SIX GEOPOLITICAL ZONES) FOR NYFS	700,190,285
ERGP1157449	PURCHASE OF LAND PREPARATION EQUIPMENTS (TRACTORS, TILLER AND IMPLEMETS) UNDER PPP ARRANGEMENT, 82 TRACTORS FOR THE SIX GEOPOLITICAL ZONES.	1,788,562,000
ERGP1157454	ESTABLISHMENT OF RANCHES IN SELECTED STATES	100,000,000
ERGP1157482	ESTABLISHMENT OF BANANA/RICE PLANTATIONS IN PARTNERSHIP WITH SOME STATE GOVERNMENTS	523,100,000
ERGP1157522	LAND DEVELOPMENT-BUSH CLEARING AND SOIL TESTING SERVICES (3000 HA FOR THE 6 GEOPOLITICAL ZONES) FOR NYFS	1,535,000,000
ERGP1158826	STORAGE, PACKAGING, DISTRIBUTION AND MARKETING OF THE FINISHED FISH PRODUCE IN THE SIX GEOPOLITICAL ZONES	66,700,000

Tractor services cannot be provided free of charge if it is to be sustainable. Land preparation equipment under a Public Private Partnership (PPP) must yield revenue while ranches should be run commercially and profitably. Banana/rice plantation yields crops which have commercial value while farm tools and kits bought with enormous resources are not to be distributed free of charge. In a worst-case scenario, the cost of purchase should be recovered.

4.2 Health: The total sum allocated to health in the 2021 budget proposal is N546.977bn out of a total national budget of N13.082tn. This sum represents just 4.18% of the total budget sum of N13.082tn which is a marginal increase from 3.6% allotted in 2020 (N388bn out of the approved budget of N10.81tn). The proposal is a 49.97% increase from the 2020 allocation. Table 15 shows the progression and trajectory of the health budget 2016-2021.

Table 15: Trajectory of Health Votes: 2016-2021

Years	Total Recurrent (N Bn)	% Increase or Decrease	Total Capital (N Bn)	% Increase or Decrease	Total Allocation (N Bn)	% Increase or Decrease	Health Allocation as % of Total Budget
2016	221,412,548,087		28,650,342,987		250,062,891,074		4.13
2017	252,854,396,662	14.20	55,609,880,120	94.10	308,464,276,782	23.35	4.15
2018	269,965,117,887	6.77	86,485,848,198	55.52	356,450,966,085	15.56	3.19
2019	315,617,344,056	16.91	57,085,655,234	-33.99	372,702,999,290	4.56	4.18
2020	336,597,463,881	6.65	51,402,884,613	-9.95	388,000,348,494	4.10	3.59
2021*	415,235,581,732	23.36	131,741,625,377	156.29	546,977,207,109	49.97	4.18

Source: Calculated from Figures Released by Budget Office of the Federation

**2021 is still a Proposal*

It should be noted that the 4.18% total proposed allocation to the Ministry of Health is not up to a third of the 15% of budget recommended in the Abuja Declaration. There are other health related expenses in the budget which slightly increases the health sector vote. These are the Basic Health Care Provision Fund of N35,025,926,586; GAVI Immunization N45,191, 855,311; NACA N6,550,595,368; State House Medical Centre of N687,425,876, etc. These add up to N87.455bn. When added to the original health vote, it adds up to N634.43bn which is now 4.85% of the overall 2021 budget estimates. This is still very low and a less than one third of the Abuja Declaration benchmark.

Table 16 shows the conversion of Ministry of Health Budget to USD using the exchange rate used in the preparation of the budget for the period of 7 years (2015-2019).

Table 16: Real Value of the Health Budget, 2015 -2021: Conversion of Ministry of Health Budget to USD

Years	Total Allocation (NGN)	Rates	USD ($)
2015	259,751,742,847	190	1,367,114,436.04
2016	250,062,891,074	197	1,269,354,777.03
2017	308,464,276,782	305	1,011,358,284.53
2018	356,450,966,085	305	1,168,691,692.08
2019	372,702,999,290	305	1,221,977,046.85
2020	388,000,348,494	360	1,077,778,745.82
2021*	546,977,207,109	379	1,443,211,628.26

Source: Calculated from BOF and CBN documentation

Table 16 shows that the 2015 health budgetary allocation was higher than 2016 while that of 2016 was higher than that of 2017. The trend changed as from 2018 as the allocation in that year was higher, in comparative terms, than that of 2017. Same was the case with the 2019 proposal which is higher than that of 2018. There was decline in 2020 and now an increase in the proposal for 2021. However, this is insufficient to meet the needs of the sector.

Capital allocation in the sector within the last six years has been low with the 2021 proposal being the highest. With the level of infrastructural deficit in the sector, there is need to improve capital allocation in the sector. The COVID pandemic, poor maternal and child health indicators, very low life expectancy, low doctor patient ratio, less than 5% of the population with access to health insurance; then it crystallizes that the sector is in dire need of increased funding. Essentially, the FGN is yet to deploy the maximum of available resources for the progressive realization of the right to health. The right to health is inextricably linked to the right to life and the easiest way of depriving a person of his life is to deny him of health supporting conditions to the point of abrogation. There is need to channel more resources to the health sector so as to improve Nigeria's chances of achieving the health targets in the Sustainable Development Goals (SDGs). It is therefore recommended that the health allocation be increased to a minimum of 50% of the requirement of the Abuja Declaration i.e. 7.5% of the overall budget. This should be used to beef up the developmental capital vote. Furthermore, there are concerns about releases of sums previously appropriated under the BHCPF. There are indications that the funds are not fully released.

The NASS in exercising its powers of budgetary approval is called upon to urgently:

- Take concrete, urgent, targeted and meticulous steps for aggressive domestic resource mobilization for health care especially in making health insurance compulsory and universal for all Nigerians who earn not less than the minimum wage.

- Establish the Health Bank of Nigeria Incorporated to deepen capital health financing and to provide funds for the health sector beyond budgetary allocations and health insurance funds.

4.3 Education: The total amount proposed for the Education Sector including the Universal Basic Education Programme in 2021 is N742.517bn which is just 5.68% of the overall vote. The vote to the Ministry is broken down as N615.153bn for recurrent expenditures which is 82.85% of the education budgetary proposal and capital expenditure of N127.364bn representing 17.5% of the education vote. Table 17 shows the trend of FGN's allocations to capital and recurrent expenditure in the education sector.

Table 17: Budgetary Allocations to Education: 2016-2021

Years	Total Recurrent (N Bn)	% Increase or Decrease	Total Capital (N Bn)	% Increase or Decrease	Total Allocation (N Bn)	% Increase or Decrease	Education Allocation as % of Total Budget
2016	444,844,727,222		35,433,487,466		480,278,214,688		7.92
2017	398,686,819,418	-10.38	56,720,969,147	60.08	455,407,788,565	-5.18	6.12
2018	439,255,776,145	10.18	102,907,290,833	81.43	542,163,066,978	19.05	5.94
2019	575,867,253,947	31.10	58,689,905,930	-42.97	634,557,159,877	17.04	7.12
2020	532,491,493,218	-7.53	75,173,387,778	28.09	607,664,880,997	-4.24	5.62
2021*	615,153,160,990	15.52	127,364,671,980	69.43	742,517,832,970	22.19	5.68

Source: Approved Budgets, Budget Office of the Federation

* Implies that figures are proposals

The vote is an increase of 22.19% over the 2020 vote. The poor funding of the capital needs of the education sector can be seen from the above Table. The 2021 proposal is a reduction of the overall percentage of 7.92% in 2016, 7.12% in 2019, 6.12% in 2017 and 5.945 in 2018. The fact that only 17.5% of the education vote was allocated to capital expenditure will guarantee that deficits in terms of school buildings, libraries, computer facilities, information technology, laboratories, etc. will not be met in the near future. To properly contextualise this vote, this is to pay for the running of 44 federal universities, 27 polytechnics, 21 colleges of education, 78 government secondary schools, 4 major examination bodies, UBEC which supplements basic education funding across the federation, several commissions, councils and institutes all aggregating to 218 agencies including the headquarters of the Ministry. As the ministry charged with building capacity and training for all sectors of the economy, this vote is grossly inadequate. It is proposed that the vote for education be increased to not less than 13% of the overall vote which is 50% of the UNESCO benchmark demand of 26%.

In the light of the bloated number of institutions and poor funding, there should be a moratorium on the establishment of new tertiary institutions. To meet the demands for spaces in tertiary education, the carrying capacity of existing institutions should be expanded through new lecture halls, libraries, laboratories, hostels and other facilities as well as the computerisation of facilities to make shool management easier and more proficient. This will be more cost effective than establishing new ones.

It is pertinent to state that empirical evidence shows that the personnel expenditure of universities is bloated as the institutions are overstaffed. The Needs Assessment of Nigerian Universities Report 2012 showed a trend of prepondenrance of non academic staff that have little or no contribution to make to the system. Therefore, a thorough audit of the non academic personnel of universities shoud be done and savings channelled towards capital expenditure. Furthermore, a proper decision should be made by FGN as to the proper management and accounting of the internally generated revenue of tertiary institutions. A situation where the Auditor General of the Federation on a yearly basis, reports about IGR witheld by tertiary institutions at a time the institutions are underfunded is a contradiction in terms.[30]

To supplement the public funding of universities, the university authorities should learn from fit and good practices in other jurisdictions where the alumni contribute to funding of institutions. However, this must be premised on utmost transparency, accountability and value for money to enable contributors to continue to part with their money for the institutions.

[30] The AuGF in the 2017 Federal Audit report indicates that the University of Abuja withheld N603m; University of Uyo N635m; Kaduna Polytechnic N438m and Federal University of Technology Owerri N748m.

4.4 Environment: Table 18 shows the budgetary allocation to Federal Ministry of Environment (FMoE) from 2016 to 2021.

Table 18: Budgetary Allocation to FMoE from 2016-2021

Years	Total Recurrent (N Bn)	% Increase or Decrease	Total Capital (N Bn)	% Increase or Decrease	Total Allocation (N Bn)	% Increase or Decrease	Environment Allocation as % of Total Budget
2016	14,515,408,468		4,957,964,638		19,473,373,106		0.32
2017	16,108,983,841	10.98	12,479,369,455	151.70	28,588,353,296	46.81	0.38
2018	17,885,452,791	11.03	17,492,955,833	40.17	35,378,408,624	23.75	0.39
2019	18,774,175,241	4.97	13,719,898,877	-21.57	32,494,074,118	-8.15	0.36
2020	17,701,929,679	-5.71	10,794,666,376	-21.32	28,496,596,056	-12.30	0.26
2021*	21,536,319,369	21.66	20,828,035,046	92.95	42,364,354,415	48.66	0.32

Source: Budget Office of the Federation

* Implies that figures are proposals

Table 18 shows that the sector received 0.32% of the overall vote and there is an increase in the figures allocated in 2021 when compared to 2020. Between 2020 and 2021, it is a 48.66% overall increase but the recurrent vote increased by 21.66% while the capital vote increased by 92.95%. The vote is broken into 50.84% for recurrent expenditure and 49.16% for capital expenditure.

The environment provides the milieu and setting for every human activity. In this era of accelerated climate change, its negative impacts and the attendant need for adaptation and mitigation, it is crucial that public resources and policies are dedicated to mobilise all facets of society for the task of maintaining a healthy and productive environment. The Policy Objectives for Environmental Sustainability in the now concluded ERGP include: Promote sustainable management of natural resources; address severe land degradation and desertification; attract financing for sustainable development projects; reduce gas flaring by 2 percentage points a year so that it is eliminated by 2020. Others include installation of 3,000 MW of solar systems over the next 4 years; increase the number of households transiting from kerosene to cooking gas (LPG) to 20 percent by 2020 and increase the number of households replacing kerosene lanterns with solar lamps by 20 per cent by 2020. Key activities expected under the ERGP were to implement projects under the Great Green Wall initiative to address land degradation and desertification, and support communities adapting to climate change (e.g. plant trees); implement environmental initiatives in the Niger Delta region (e.g. continue the Ogoni Land Clean-up and reduce gas flaring); and raise a Green Bond to finance environmental projects. Others are to establish one forest plantation in each state; rehabilitate all forest reserves and national parks to enhance eco-tourism; establish a functional database on drought and desertification and encourage and promote the development of green growth initiatives. Unfortunately, none of the policy objectives were met. The sector requires increased funding.

There are line items which need to be reviewed. Budget implementation, budget preparation and monitoring of revenue generation at N40m is a vote that goes to no issue.[31] This can be done without a special budget line item. Developmental sustainability on environmental governance for N70m has no deliverable(s) and cannot be an expenditure head.[32] The N6.064bn sustainable procurement, environmental and social standard enhancement (SPESSE) project (multilateral/bilateral funded loan) needs to be fleshed out with details of what it is expected to deliver.[33] Afforestation/Reforestation Programme Nationwide for N154.6m has no location. Where is the location called "nationwide"?

4.5 Works and Housing: Table 19 shows the allocation to the Ministry of Works and Housing in 2020 and 2021.

Table 19: Allocations to Works and Housing 2020-2021

WORKS AND HOUSING							
Years	Total Recurrent (N Bn)	% Increase or Decrease	Total Capital (N Bn)	% Increase or Decrease	Total Allocation (N Bn)	% Increase or Decrease	Power Allocation as % of Total Budget
2020	22,966,885,146		265,868,039,092		288,834,924,238		2.67
2021*	30,677,447,355	33.57	404,641,706,671	52.20	435,319,154,026	50.72	3.33

Source: Budget Office of the Federation

* Implies that figures are proposals

[31] ERGP19104607
[32] ERGP19104643
[33] ERGP19161129

The proposed FGN 2021 allocation to the Ministry of Works and Housing is a total sum of N435.3bn which represents 50.72% increase over the 2020 approved budget figure of N288.8bn. Between 2020 and 2021, recurrent expenditure increased by 33.57% while capital expenditure increased by 52.20%. The sectoral vote is 3.3% of the overall vote. The breakdown shows that 92.95% of the vote is allotted to capital expenditure while 7.05% goes to recurrent expenditure. However, the allocation is grossly inadequate and cannot scratch the surface of the needs of the sector. The underperforming works and housing sector is, to a large extent, responsible for the comatose state of the economy in terms of the economy not being competitive. The challenge of roads, bridges and other infrastructure under works, to a great extent, contributes to loss of lives and property, high cost of distribution of goods and services and a lot of waste in terms of productivity hours slowed down by use of bad roads. The housing sector on the other hand is the highest store of personal and national wealth and over 20 million Nigerian housing deficit is a great challenge to development. It is therefore pertinent that considering the poor revenue situation of FGN, alternative non budgetary sources should be used to fund infrastructure in works and housing. The recommendations include:

- Road sector financing can be improved through a Road Fund and Road Management Authority Act that will raise funds from a plethora of sources including toll gates, special surcharge on designated commodities, etc.

- Establish special purpose vehicles to garner and aggregate resources from institutional and retail investors for investments in the sector.

- Re-organise the National Housing Fund, ensure that all contributors either voluntarily or by compulsion of the law remit their dues to the Fund. Mobilise funds for the benefit of contributors over the short, medium and long term. Increase the transparency and accountability of the management of the Fund. Make contributions a basis for benefitting and drawing money from the Fund. If the Fund had been well managed since inception during the Ibrahim Babangida days, it could have garnered trillions of naira in its kitty.

- Re-organise the Mortgage and Housing Finance Industry for optimal performance.

4.6 Power: Power is a vital intermediate input into production and service delivery. The reform and increased funding of the sector is critical for improving economic growth and sustainable livelihoods in both the urban and rural areas. Table 20 shows the allocations to the sector in 2020 and 2021.

Table 20: Allocations to the Power Sector 2020 and 2021							
Years	Total Recurrent (N Bn)	% Increase or Decrease	Total Capital (N Bn)	% Increase or Decrease	Total Allocation (N Bn)	% Increase or Decrease	Power Allocation as % of Total Budget
2020	5,473,441,612		128,005,929,363		133,479,370,975		1.23
2021*	6,069,106,811	10.88	198,278,398,642	54.90	204,347,505,453	53.09	1.56

Source: Budget Office of the Federation

* Implies that figures are proposals

The sector got N204.347bn which is a 53% increment over its 2020 vote. Recurrent and capital expenditure increased by 10.88% and 59.40% respectively. The vote is 1.56% of the overall federal budget. The disaggregation of the vote is 97.03 for capital expenditure and 2.97 for recurrent expenditure.

Considering the paucity of public resources and that the generation and distribution components of the power sector has been privatised, it is imperative that reforms should focus on opening the window of investments into the sector especially in distribution and transmission to attract new investors. The current managers and operators of the DISCOs do not have the technical, managerial and financial capacity to move the sector forward while government has no resources to improve the transmission subsector. New investors should be brought in to pair with existing core investors to ensure new inflows of capital to fund operations. Government should fine tune and continue the implementation of the new cost/service reflective tariff. The continued funding of rural electrification projects by the Rural Electrification Agency is of doubtful legal validity considering the privatisation of the distribution sub part of the electricity value chain. The scenario is like this: FGN through the Rural Electrification Agency invests heavily in extending electricity to rural areas including providing/replacing transformers and as soon as this is done, the DISCOs move in to start collection of tariffs. A clear case of DISCOs reaping where they did not sow.

Investments in special funds by the Central Bank of Nigeria for electricity meters and other components should be used as a measure to boost the capacity of local manufacturers to create jobs, improve capacity utilisation and thereby strengthen the economy.

4.7 Science and Technology: Table 21 shows the allocations to the Ministry of Science and Technology from 2016 to 2021.

Table 21: Budgetary Allocations to Science and Technology: 2016-2021

Years	Total Recurrent (N Bn)	% Increase or Decrease	Total Capital (N Bn)	% Increase or Decrease	Total Allocation (N Bn)	% Increase or Decrease	Science & Technology Allocation as % of Total Budget
2016	25,554,038,310		27,006,179,073		52,560,217,383		0.87
2017	27,785,074,208	8.73	41,699,655,490	54.41	69,484,729,698	32.20	0.93
2018	32,447,451,387	16.78	43,230,296,244	3.67	75,677,747,631	8.91	0.83
2019	35,020,953,172	7.93	31,802,350,262	-26.44	66,823,303,434	-11.70	0.75
2020	41,740,823,964	19.19	45,663,279,672	43.58	87,404,103,636	30.80	0.81
2021*	50,736,470,027	21.55	64,840,659,041	42.00	115,577,129,068	32.23	0.88

Source: Budget Office of the Federation: * Implies that figures are proposals

A total of N115.5bn was allocated to the Ministry which represent a 32.3% increase over the 2020 allocation. From the 2020 allocation, the recurrent and capital expenditures increased by 21.55% and 42% respectively. However, the Ministry got 0.88% of the overall vote. It is disaggregated as 43.9% recurrent expenditure and 56.1% capital expenditure.

The Federal Ministry of Science and Technology has a very high number of parastatals and agencies. It has a total of 138 agencies, councils, institutes, etc. including the head office of the parent Ministry. It is very poorly funded. It seems the resources are spread too thin over so many research centres, institutions, technology incubation centres, etc. The research activities seem to be all encompassing and virtually cover everything imaginable under the sun. However, the research is not demand driven and there is little or no evidence of the link between the research centres and their outcomes, local industries and enterprises. In essence, a good part of the research is not targeted at solving existential national or local problems and the few that do, end up as prototypes without utilization and being bought into by entrepreneurs for mass production and utilization. It may be imperative to cut down on the number of parastatals, agencies, institutes, etc. and focus on a few critical ones identified at the highest level of policy governance. These identified ones should also be properly funded and linked with industries. Alternatively, let the Agencies concentrate in not more than two ventures and develop them to full market and user stage. They should be made to liaise and consult with private sector operatives and public sector agencies in their area of research and find out their needs which are currently imported. Targets should be set for them so that the country may not be engaged in perpetual research without evidence of use of research findings. Allocation of public resources to these Agencies after some years, would no longer be automatic but based on output which is seen to be serving a sectoral public or private need.

Essentially, there should be a next step which will be a research and production continuum. When research products and outcomes reach a certain competitive level, the collaboration between science and technology, industry and trade ministries, relevant sectoral ministries and strategic financing ought to set in, if Nigeria is to attain a measure of development required to lift the bulk of the population out of poverty and grow the economy. NASS should be strategic in its consideration of the estimates and make appropriate adjustments to reflect the new trend.

4.8 Transport: Transportation is a critical sector of the economy. It is mainly focused on railways and waterways in FGN's budgets. Table 21 shows the allocation of resources to the transport sector 2016-2021.

Table 21: Budgetary Allocations to Transportation, 2016-2021

Years	Total Recurrent (N Bn)	% Increase or Decrease	Total Capital (N Bn)	% Increase or Decrease	Total Allocation (N Bn)	% Increase or Decrease	Transport Allocation as % of Total Budget
2016	13,667,122,591		188,674,679,674		202,341,802,265		3.34
2017	14,810,103,581	8.36	241,709,000,000	28.11	256,519,103,581	26.78	3.45
2018	15,725,582,503	6.18	251,420,000,000	4.02	267,145,582,503	4.14	2.93
2019	19,170,761,142	21.91	179,384,331,427	-28.65	198,555,092,569	-25.68	2.23
2020	12,359,859,095	-35.53	109,348,029,912	-39.04	121,707,889,007	-38.70	1.13
2021*	14,227,455,550	15.11	255,889,687,022	134.01	270,117,142,572	121.94	2.06

Source: Budget Office of the Federation

* Implies that figures are proposals

Nigerian Railways which is a key investment of the Ministry is still a federal monopoly as item 55 on the Exclusive Legislative List of the Constitution. It is time that the National Assembly allows states and private investors to come into railways so that it can be built and run professionally in a value for money manner. This would also reduce the sovereign debts being incurred for the building of railways. New rail lines should be approved only after a proper cost benefit analysis is done. New laws guiding investments and the management of railways which involves the private sector is long overdue so that public finances are not so thinly stretched. Also, ports and harbours need to be properly positioned under a new legal framework.

Performance audit in the sum of N169m, of agencies under the Ministry seems to be a task better left to the Auditor-General for the Federation.[34] Coordination of the processes of representing the Transport Sector Reform Bills in the sum of N60m is a strange provision because there is no need to spend money for representation of a bill to NASS.[35] A proposal for N200m for human capital development and capacity building for special and intervention programmes/initiatives in the sector is hanging as it has no deliverables.[36] This is not the kind of project that should be in the budget at a time of grave financial crisis. Purchase of sports equipment for N48m is an unwarranted frivolity at this time.[37] Capital budget implementation/monitoring schedule by Budget Office of the Federation and officials of budget division of the Ministry at N60m is intriguing to the extent that the BOF already has its vote for budget monitoring.[38] Ideally, BOF should not wait to be sponsored by an MDA before monitoring the MDAs budget implementation. There is a further proposal for N90m for monitoring and evaluation of capital projects of the ministry.[39] The Nigerian Institute of Transport Technology proposes N450m for human capital development - a term with no fixed meaning and no discernible deliverables.[40] Another N55m is proposed for sustainable research. Pray, other research provided in the estimates are not sustainable?[41] All these unnecessary expenditures should be removed from the proposals before approval.

4.9 Aviation: The Ministry got a vote of N96.979bn made up of N6,194,320,132, N812,200,003 and N89,973,271,722 as personnel, overheads and capital expenditure respectively. There is a concern about the merger and de-merge of this ministry with transportation and the president needs to take a definite stand to retain a cognizable structure for the remainder

[34] ERGP15138410
[35] ERGP16153163
[36] ERGP18143064
[37] ERGP26138160
[38] ERGP30134349
[39] ERGP7152835
[40] ERGP30124570
[41] ERGP30124584

of his term. The insistence of the establishment of a national carrier and the vote of N1bn for working capital and N250m for consultancy contradicts the privatization agenda that authorised the liquidation of Nigerian Airways and government's withdrawal from running an airline.[42] No new policy framework supports this drive to establish a national carrier. There is a vote for consultancy for socio-economic impact study of air transport, Covid-19 effect in the sum of N200m. What exactly will this achieve that is not already known and what will the outcome report be used for? This is waste of money. There is a vote of N3bn for the development of Aerospace University in Abuja[43]. Studies in aerospace do not need a special new university. To cut costs and benefit from already established structures, a faculty or department on the subject matter can be established in an existing university.

4.10 Niger Delta Challenge: A total of N155,098,711,985 was provided in the estimates for the development of the Niger Delta. This is disaggregated as follows:

Table 22: Votes to the Niger Delta

Expenditure Head	**Amount (N)**
Presidential Amnesty Programme: Reintegration of Transformed Ex-Militants	65,000,000,000
Niger Delta Development Commission	63,506,151,945
Ministry of Niger Delta	26,592,560,040
Total	155,098,711,985

Source: Budget Office of the Federation of Nigeria

With the recent revelations in the probe of the NDDC at the NASS, steps should be taken to ensure that these votes touch the lives of poorest of the poor in Niger Delta. There is overwhelming evidence in the public domain that previous allocations have not been managed in a value for money manner.

[42] ERGP30142403 and ERGP31144149
[43] ERGP31157357

SECTION FIVE: RECOMMENDATIONS

5.1 Revenue

- To realise the expected sum of N677.015bn from signature bonus in 2021, greater transparency and accountability should be introduced into the licensing process. Publish the overall rules for the various license award processes including timelines and application requirements, and clear technical and financial criteria against which companies are being assessed, and information about appeal processes. Ensure beneficial ownership information is disclosed to Nigerians.

- Full and meticulous implementation of the rules requiring automatic deduction at source of past due operating surplus remittances by GOEs; capping cost to revenue ratio of GOEs to a maximum of 60%-70%. It is further recommended that FGN considers domiciling the accounts of relevant GOEs and agencies in sub accounts of the Treasury Single Account (TSA) and deduct the due percentages at source before transferring the residue to the GOEs and agencies. This will ensure that all due operating surplus and portion of due IGR is deducted at source. Also, the Fiscal Responsibility Commission should be strengthened by law and policy to fully implement the mandate of empirically calculating and collecting due operating surplus as provided in the FRA.

- Furthermore, a follow up on the recommendations of the Auditor-General for the Federation on all monies due to the treasury but held up in several MDAs will increase the independent revenue of FGN as well as the funds available for sharing at the Federation Account by the three tiers of government.

- FGN should fully account for revenue from stamp duties which has accrued trillions of naira at the Central Bank of Nigeria. It is unimaginable that accruals into this account has remained outstanding for years at a time when the country is borrowing to fund the deficit.

- NLNG dividend should not be included as a revenue source until it is declared. Including NLNG dividend as a source of revenue when the dividend has not been declared, money has not come into treasury and from the experience of previous years, there is no certainty of its accrual - is not revenue forecasting based on empirical evidence.

- FGN's expected revenue from minerals and mining in the sum of N2.650bn is grossly underestimated. It should be increased to not less than N100bn considering available evidence from the Zamfara State Government and CBN transaction.
- Recoveries and fines (N32.6bn) should only be included as revenue source if the proceedings have already been concluded and the money is already in the treasury. If it is an expected sum, then it should not be made a revenue source as there is no certainty that it will be realized. It should only be appropriated when it has already been realized through a supplementary appropriation.
- Expedited passage and assent to the Petroleum Industry Bill for reforms in the oil and gas sector as this will also increase revenue available from oil and gas extraction.
- Expeditiously review tax expenditures currently estimated at (i) CIT N1.18tn; (ii)VAT N3.1tn; (iii) Customs duties N347bn and (iv) VAT on imports N64bn bringing the total to N4.691tn. With the huge deficit incurred by FGN and the states over the years and the level of public debt, it is imperative that tax expenditures be reviewed and capped at not more than 20% of total estimated value of each tax category. Indeed, if possible, the review should be done by the 2021 Finance Act.

5.2 Debts and Borrowing

- Increasing public private partnerships through well prepared projects involving MDAs, the Infrastructure Concession Regulatory Commission and the private sector.
- To reduce borrowing, establish special purpose vehicles that garner and aggregate resources from a plethora of sources including institutional and retail investors to fund priority capital projects.
- The President and NASS should set the Consolidated Debt Limits of the three tiers of government in accordance with section 42 of the FRA mandating these limits, as well as in obedience to the un-appealed judgement of the Federal High Court in ***Centre for Social Justice v The President of the Federal Republic of Nigeria & 4 Others*** (Suit No. FHC/ABJ/CS/302/2013).

- Consider a moratorium on new borrowing and stop funding recurrent expenditure from proceeds of borrowing.

5.3 Process and Structure Issues

- Amend S.81 of the Constitution to fix a definite timeframe for the President and Governors to present the budget estimates by the first week of September while the legislature should conclude the approval process not later than the second week of December every year.

- New budget preparation templates that are MDA specific should be designed and this should take into consideration the special and strategic needs and core mandate of each MDA. For ongoing projects, it should include the amount budgeted in the previous year and what has been released up till the budget preparation date and outcomes expected after the expenditure of resources at the end of the year.

- NASS should demand that the executive submits the evaluation of results of programmes financed with budgetary funds in the outgone year so as to inform the meticulous consideration of the proposals for the New Year. This should be about outcomes in terms of number of people who got jobs, persons reached with services, improvements in health, education, etc.

- Separate the Ministry of Finance, Budget and National Planning into two separate ministries - the Ministry of Finance and the Ministry of National Planning. The Ministry of Finance will naturally take care of treasury issues while National Planning reverts to its former developmental planning mandate and combines it with budgeting. This recommendation is based on the importance of the ministries to the economy and the fact that combining them seems contradictory. It is evidently difficult to combine the competencies required to run these disparate ministries in one person or group of persons.

- The details and disaggregation of all statutory transfers should be provided to Nigerians. They are the votes of the National Assembly, National Judicial Council, National Human Rights Commission, Public Complaints Commission, Independent National Electoral Commission, Niger Delta Development Commission, North East Development Commission and Basic Health Care Provision Fund. This is in accordance with the un-appealed decision of the

Federal High Court in ***Centre for Social Justice v Honourable Minister of Finance*** (Suit No.FHC/ABJ/CS/301/2013).

- The details and disaggregation of votes for Sustainable Development Goals in the Service Wide Votes should be provided.

- The votes in Service Wide Votes should be reduced through their allocation to specific MDAs charged with the subject matter of the votes. The aggregate SWV should not exceed 5% of the budget estimates.

- Consider voting the N100bn used on a yearly basis for zonal intervention projects for a national intervention on health which will create an entitlement to basic services and thereby touch the lives of majority of Nigerians instead of the current discretionary process that lacks value for money.

5.4 Agriculture

- Increase funding to agriculture to not less than 5% of the overall budget which is 50% of the Malabo/Maputo commitment.

- NASS should insist on the executive providing the details of the lumped humungous votes for agriculture value chains.

- The Ministry should indicate the exact locations of projects in its estimates to enable citizens monitor project implementation.

- The estimates should be made gender sensitive by providing specific provisions for small scale women farmers for the procurement of gender friendly and drudgery reducing low cost farm equipment and machinery.

- The Ministry has so many research institutes and centres. Extension service is weak to take research findings (if any) to the farmers. The repeated sums the institutes get year after year has not improved our poor farming indicators including yield per hectare, level of mechanization or the fabrication of modern local farm equipment, reduced post-harvest losses or improved beneficiation of raw agriculture produce. These institutes seem to have developed capacity in some fields of agriculture. But the resources available to the institutes is very limited. It is imperative that the Agencies are mandated to concentrate in not more than two ventures and develop them to full market and user stage. They should be made to liaise and consult with private sector operatives and public sector agencies in their area of research and find out their needs which are currently imported. Targets should be set for them so that the country may not be engaged in perpetual research without evidence of use of research findings. Allocation of public resources to these Agencies after some years, would no longer be automatic but based on output/outcome which is seen to be serving a sectoral public or private need. It is time to rationalize and demand value for money from these agencies.

- The Ministry should fully harness its internal revenue generation capacity to ensure contributions to FGN's revenue.

5.5 Health

- Increase funding to not less than 50% of the Abuja Declaration, being 7.5% of the overall vote, and the new funds should be channeled to developmental capital expenditure.
- Universal health coverage will not be possible without a universal and compulsory health insurance scheme for its financing. Therefore, consider making universal health insurance compulsory.
- Establish the Health Bank of Nigeria to provide single digit capital for the development of the sector beyond budgetary appropriations. The share capital of the Bank will be subscribed to by the Ministry of Finance and regional and international Development Banks.
- Apart from providing for the Fund, ensure that the Basic Health Care Provision Fund is fully disbursed.

5.6 Education

- FME should set up mechanisms for increased accountability in the tertiary education system so that internally generated revenue can be more optimally utilized.

- Increase funding to education to at least 50% of the UNESCO commitment (i.e.13% of the overall FGN budget) to beef up the developmental capital vote of the sector.

- A moratorium on the establishment of new tertiary institutions while improving funding to increase the carrying capacity of existing institutions.

5.7 Environment

- Increase the funding of the sector and tie it to policies and plans to ensure a seamless implementation of policies and plans through the plan, policy, budget continuum.

5.8 Works

- Road sector financing can be improved through a Road Fund and Road Management Authority Act that will raise funds from a plethora of sources including toll gates, special surcharge on some commodities, etc.

- Establish special purpose vehicles to garner and aggregate resources from institutional and retail investors for investments in the sector.

5.9 Housing

- Re-organise the National Housing Fund and mobilise funds for the benefit of contributors over the short, medium and long term. Make contributions a basis for benefitting and drawing money from the Fund. If the Fund had been well managed since inception during the Military President Ibrahim Babangida days, it could have garnered trillions of naira in its kitty.

- Re-organise the Mortgage and Housing Finance Industry for optimal performance.

5.10 Power Sector and Electricity

- Opening the window of investments into the electricity sector, especially in transmission and distribution is overdue. The current managers and operators of DISCOs do not have the technical, managerial and financial capacity to move the sector to the next level whilst government has no resources to improve the transmission subsector.

- Bring in new investors to pair with existing core investors to ensure new inflows for capital and operation expenditure.

5.11 The Niger Delta Conundrum

- The allocations and investments to the region needs to be streamlined, made more transparent and infused with value for money based on the ascertained empirical needs of the people. NDDC has a vote of N63.5bn; Ministry of Niger Delta gets N26.5bn while the Amnesty Programme has a vote of N65billion. The total of these figures for the Niger Delta comes up to N155.098bn. The Niger Delta Master Plan should be the basis of budgeting instead of the current uncoordinated approach.

5.12 Transport

- Reorganize railway development to ensure that it is no longer a federal monopoly so as to bring in private sector investments. This will require an amendment of extant laws. Even if government continues the construction of the rail lines, bring in the private sector to run the coaches and wagons.

- Run the railways on a cost recovery and reasonable profit basis to guarantee sustainability.

- New railways tracks should be constructed on the evidence of studies showing the viability of the corridor in terms of existing passengers and goods to be moved.

5.13 Aviation

- Discontinue with the proposal to establish a National Carrier as well as the Aerospace University in Abuja. These are white elephant projects

5.14 Science and Technology

- The Ministry is suffused with so many research agencies, centres and institutes and they seem to have developed capacity in a multiplicity of research, engineering, bioresource spheres. But the resources available to them is very limited. It is imperative to mandate the agencies to concentrate in not more than two ventures and develop them to full market and user stage. They should be made to liaise and consult with private sector operatives and public sector agencies in their area of research and find out their needs which are currently imported. Targets should be set for them so that the country may not be engaged in perpetual research without evidence of use of research findings. Otherwise, resources are being too thinly spread and as such leading to little impact and no value for money for the country. Allocation of public resources to these Agencies after some years, would no longer be automatic but based on output which is seen to be serving a sectoral public or private need. It may also make sense to rationalize these Agencies.