REVIEW OF THE 2019 FEDERAL APPROPRIATION BILL AND ESTIMATES

FRIEDRICH EBERT STIFTUNG
Nigeria Office

CWP
Citizens Wealth Platform

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

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Citizens Wealth Platform

Citizens Wealth Platform (CWP)

(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)

C/o Centre for Social Justice (CSJ)

17 Yaounde Street, Wuse Zone 6, Abuja

Tel: 08055070909, 09092324645. Website: **www.csj-ng.org**; Email: **censoj@gmail.com**; Facebook: CSJ Nigeria

Twitter: @censoj

First Published in March, 2019

By

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ABBREVIATIONS AND ACRONYMS

AGG	Aggregate
BHCPF	Basic Health Care Provision Fund
CAPEX	Capital Expenditure
CBN	Central Bank of Nigeria
CRF	Consolidated Revenue Fund
CIT	Company Income Tax
DISCOs	Electricity Distribution Companies
ECA	Excess Crude Account
ERGP	Economic Recovery and Growth Plan
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
HQs	Headquarters
INEC	Independent National Electoral Commission
IPPIS	Integrated Payroll and Personnel Information System
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
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
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
SUVs	Sport Utility Vehicles
SWV	Service Wide Vote
UBEC	Universal Basic Education Commission
UNESCO	United Nations Organization for Education, Science and Culture
USD	United States Dollar
VAT	Value Added Tax

ACKNOWLEDGEMENT

Centre for Social Justice (CSJ) appreciates Friedrich Ebert Stiftung for the partnership and financial support.

SUMMARY OF RECOMMENDATIONS

0.1 New Sources of Revenue

- The President and NASS should consider increasing VAT from 5% to 7.5% and also initiate measures to increase collection efficiency.

- FGN should account for and utilize stamp duties which has accrued trillions of naira at the Central Bank of Nigeria.

- Review Petroleum Production Sharing Contracts as recommended in various Nigerian Extractive Industries Transparency Initiative studies. This will bring in additional revenue of not less than $1.6billion every year.

- 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.

0.2 Consider the Reduction of Domestic and Foreign Borrowing and Instead Focus on

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

- Special purpose vehicles that garner and aggregate resources from a plethora of sources including institutional and retail investors to fund priority capital projects.

0.3 Process and Structure Issues

- MTEFs should be presented early enough by the executive to the legislature (latest in early July); and approved by NASS in July before they proceed on their mid-year vacation to forestall the illegality of preparing a budget not based on an approved MTEF.

- 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 in 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 Ministries of Power, Works and Housing into three separate ministries. This recommendation is based on their importance to the economy and the massive funds and other resources needed to lift the sectors to the next level.

- 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 and Niger Delta Development Commission. 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 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).

0.4 Agriculture

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

- 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 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.

0.5 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.

- Unbundle the huge capital allocation to the headquarters of the ministry to other agencies in the Ministry who will actually implement the programmes.

0.6 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.

- Move the Basic Health Care Provision Fund from Service Wide Votes to Statutory Transfer to ensure that it is not affected by the perennial failure to meet revenue targets.

0.7 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 including fuel, etc.

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

0.8 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 Ibrahim Babangida days, it could have garnered trillions of naira in its kitty.

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

0.9 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.

0.10 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 N95.188billion; Ministry of Niger Delta gets N41.60billion while the Amnesty Programme has a vote of N65billion. The total of these figures for the Niger Delta comes up to N201.789billion. The Niger Delta Master Plan should be the basis of budgeting instead of the current uncoordinated approach.

0.11 Petroleum Sector

- Remove subsidy/under recovery in the petroleum sector and save not less than 1trillion naira annually.

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.

- 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 Mines and Steel

- Establish the Environmental Protection Rehabilitation Fund to be funded by mineral extracting companies as provided in section 121 of the Nigerian Minerals and Mining Act 2007. Enough resources should have been saved in the Fund since 2007 so that pressure to fund remediation will not be put on the Treasury. This will be in accordance with best practices in the Polluter Pays Principle and Miners' Responsibility for environmental remediation.

- Properly fund the Solid Minerals Development Fund including the provision of funds to empower artisanal miners.

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 19th day of December 2018, 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 continuity" as it is intended to further reposition the economy on the path of higher, inclusive, diversified and sustainable growth; invest in Nigerians and build a globally competitive economy.

The budget expenditure is in the sum of N8.826trillion including grants and donor funds of N209.82billion. The 2019 proposal represents a 3.18% decrease when compared to 2018 appropriation of N9.12trillion. The proposed revenue is N6.97trillion and a deficit of N1.86trillion. The key assumptions are the benchmark price of $60 per barrel of crude oil; daily oil production of 2.3 million barrels per day (mbpd) and an average exchange rate of N305 to 1USD. The real GDP is expected to grow at 3.01% while inflation rate is projected at 9.98%.

1.2 POSITIVE NOTES

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

- The emphasis on the completion of existing capital projects instead of starting new ones and abandoning the existing ones. These would lead to faster completion of capital projects.

- The inclusion of the expenditure plans of large Government Owned Enterprises (GOEs; N275.88billion) as well as bilateral and multilateral tied loans (N556.02billion) into the 2019-2021 Medium Term Fiscal Framework. This is expected to improve comprehensiveness and transparency of the overall expenditure plan.

- Continued expenditure on Social Intervention Projects (SIP), Presidential Amnesty Programme in the Niger Delta and the North East Intervention Fund.

- The recapitalization of the Bank for Agriculture and the Bank of Industry with the sum of N15billion; and N10billion for subsidizing interest rates for Small and Medium Scale Enterprises in a bid to pave way for single digit interest rates at the Bank of Industry. However, the sums for the foregoing could have been increased for greater economic impact.

- The earmarking of 1% of the Consolidated Revenue Fund (CRF) amounting to N51.22 billion for the Basic Health Care Provision Fund (BHCPF). However, going by previous experience, a commitment to full disbursement of the Fund is needed.

1.3 SOME CHALLENGES AND CONCERNS

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

- Presentation of the budget on December 19, very late in the year, and a few days to the start of the legislative Christmas and New Year Break. 2019, being an election year, the late presentation assures that the budget will not be ready until the middle of the year, 2019. Again, an opportunity to restore the fiscal year to the statutory January to December has been missed.

- The fact that the Medium-Term Expenditure Framework (MTEF) 2019-2021 has not been approved. Section 18 of the Fiscal Responsibility Act (FRA) states:

> *"Notwithstanding anything to the contrary contained in this Act or any other law, the Medium-Term Expenditure Framework shall- (1) be the basis for the preparation of the estimates of revenue and expenditure required to be prepared and laid before the National Assembly under section 81 (1) of the Constitution. (2) The sectoral and compositional distribution of the estimates of expenditure referred to in subsection (1) of this section shall be consistent with the medium-term developmental priorities set out in the Medium-Term Expenditure Framework".*

Thus, strictly speaking in law, there cannot be an executive budget proposal submitted for legislative approval without the approval of the MTEF. Illegality may have occurred in the preparation and presentation of the budget.

- The poor performance of the revenue framework in 2018 which followed the trends in 2015, 2016 and 2017 financial years.

- The recurring deficit and 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 and build the fiscal architecture needed to harness the economic potentials, resources and energy of the Nigerian people for development.

- The poor performance of capital expenditure over the years including the year 2018 fiscal year.

- The budget fails to provide details of releases in the previous year. This would give greater insight into the appropriateness of the projections. Merely stating that a project is ongoing reveals nothing as to what has been invested and what is required to complete the project.

- 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.

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 2018 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 as at Quarter 3 2018 stood at 23.1% while underemployment was 20.1% and youth unemployment/underemployment stood at 55.4%. 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 2019 BUDGET PROPOSALS

2.1 KEY ASSUMPTIONS AND MACROECONOMIC FRAMEWORK

The proposed expenditure is in the sum of N8.826trillion which is a 3.2% decrease from the 2018 appropriation of N9.12 trillion. The retained revenue of N6.967trillion is a 2.77% decrease from the 2018 budget figure of N7.165trillion. The deficit of N1.859trillion is 1.33% of the Goss Domestic Product (GDP) which is within the threshold stipulated by the FRA.

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

Table 1: Assumptions of the 2019 Federal Budget

Oil Price Per Barrel	$60	Inflation Rate	9.98%
Crude Oil Production (mbpd)	2.3mbpd	GDP Growth Rate	3.01%
Exchange Rate	N305=1USD	Nominal Consumption	N119.28trillion
Retained Revenue	N6.967trillion	Nominal GDP	N139.65trillion
Deficit	1.33% of GDP		

Source: Budget Office of the Federation

2.1.1 Monetary Policy Variables – The Exchange Rate, Inflation Rate and Interest Rate: The ***Exchange Rate*** of N305 to 1 USD seems contentious as economic agents in the country do not access foreign exchange at this rate; they access the dollar at N360-N365 to 1 USD. 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 amounts to (at the proposed exchange rate) N3,688.28 billion. But if it is converted at N365=1USD, it will amount to N4,413.8 billion. This will release an extra N725.563 billion for the Federal Government to spend.

Implications on Inflation: Firstly, the gap of N2.006 trillion between recurrent and capital expenditure in the 2019 FGN proposed budget is high enough to trigger inflation. Secondly, the 2019 budget is projected to have a fiscal deficit of approximately N2trillion and this will increase money supply. With increase in money supply, rise in general price level becomes inevitable. Thirdly, another major concern is the source for financing of the budget deficit. A budget deficit financed with government's domestic debt instrument like treasury bills and bonds would serve not only to mop excess liquidity but also to curb inflation. Unfortunately, that is not the case here. Following the macroeconomic realities, the reduction in the fiscal deficit and escalation in recurrent expenditure in the proposed budget as against the previous (2018 Approved) budget cannot sustain the projected inflation.

Implications on Interest Rate: The traditional Keynesian macroeconomic causation maintains a link between interest rate, money supply and cost of capital. There is always an inverse relationship between interest rate and money supply, general price level (inflation) and consequently the cost of capital. Three budgetary issues are likely to affect interest rate in 2019. Firstly, a deficit of approximately N2trillion must be financed. There is every likelihood that this may increase before passage making things worse. Secondly, Inflationary pressure has an impact in determining interest rate: it tends to raise the market interest rates. Thirdly, the expected real GDP growth of 3.01 percent could have an implication on increasing interest rate if oil price remains less than the benchmark price.

Also, neither the Fiscal Strategy Paper nor the budget addresses the gulf between the deposit and lending rates. While the deposit rate is below the inflation rate, the lending rate is above 20%. It is so high that borrowers cannot afford to pay back and this leads to defaults. The deposit rate discourages savings considering that money loses value at the end of the year.

2.1.2 Oil Production and Benchmark Price: The first issue to be considered is the expected revenue from oil. The 2.3 mbpd oil projection for 2019 is unrealistic considering that the average oil production for 2018, based on National Bureau of Statistics (NBS) GDP reports, is 1.9mbpd. In addition, there is a potential OPEC production ceiling to be observed as there is no guarantee of a continued exemption from the cartel's ceilings. It would however seem realistic if condensates are included. Furthermore, the proposed benchmark price of $60 per barrel seems optimistic given the actual price of crude in the last few months and that there is no guarantee that oil price would remain above $60/barrel. Therefore, a more realistic price of $55 per barrel is recommended. The excess (if any) can be saved in the Excess Crude Account (ECA). This is safer option than having a shortfall scenario below the benchmark price.

2.2 THE REVENUE FRAMEWORK

Table 2 shows the Revenue Framework for the year 2019.

Table 2: Revenue Framework of the 2019 Budget Proposal

Total Proposed Revenue: N6,966.99Billion					
Revenue Head	**Amount N' Billion**	**Percentage**	**Revenue Head**	**Amount N' Billion**	**Percentage**
Share of Oil Revenue	3,688.28	52.94%	FGN's Balances in Special Levies Accounts	12.91	0.19%
Share of Dividend (NLNG)	39.89	0.57%	FGN's Share of Signature Bonus	84.23	1.21%
Share of Minerals & Mining	1.29	0.02%	Domestic Recoveries + Assets +Fines	203.38	2.92%
Share of Non-Oil (CIT, VAT, Customs and Fed. Acct. Levies)	1,385.54	19.89%	JV Ownership Restructuring	710	10.19%
Independent Revenue	624.58	8.96%	Grants and Donor Funding	209.92	3.01%
FGN's Share of Actual Bal. in Special Accounts	6.97	0.10%			
Total (%) 100					

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 for 2018 as a Guide for 2019: The President stated in the budget speech that the actual revenue inflow as at Quarter 3 2018 was just 53% (which when prorated becomes 17.6% per quarter out of expected 25%). It would make sense if the 2017 and 2018 actual figures serve as a guide for the 2019 projections unless there have been changes in circumstances justifying enhanced revenue generation. Variations between the projected and actual revenue should not be so wide and variations should not be a permanent feature of the revenue projection system.

- *Oil revenue inflow* for the first 3 quarters of 2018 underperformed by 36.02%. But the 2018 oil revenue projection was N2.988trillion[1]. In addition, the average oil price (Bonny Light Crude) January to September 2018 stood at $73.79[2]. Again in 2017, oil revenue underperformed by 33%[3]. Thus, projected oil revenue is over-projected.

- *Independent revenue* was reduced to N624.58 billion from N847.9 billion projected in 2018. This is still not realistic as independent revenue underperformed by 52.1% in the first 3 quarters of 2018[4] and by 63% in the whole of 2017[5]. The circumstances have not changed to demand insistence on the proposed figures. Thus, independent revenue is over-projected. The issue of reoccurring under-remittance of operating surpluses by State Owned Entities (SOEs) should be tackled to ramp up independent revenues. The Fiscal Responsibility Commission (FRC) and other revenue collecting agencies should be given the necessary fiscal support to champion this cause.

- *Company Income Tax (CIT)* underperformed by 33% in 2017[6] and by 16% in the first three quarters of 2018[7]. There has been no change in circumstances to show increased economic activity to warrant the optimism. Thus, CIT is over-projected.

- *Value Added Tax (VAT)* underperformed in 2017 by 46%[8] and in the first three quarters of 2018, it underperformed by 29.73%[9]. Thus, VAT is over-projected. However, Nigeria's VAT rate is the lowest in the subregion. It needs to be increased to not less than 7.5% to raise more money for the Treasury.

- In *Domestic Recoveries*, nothing came in for the first 3 Quarters of 2018[10]. It would have been more reasonable to provide for only the part of recoveries that have already been recovered so that expenditure projections are not based on expectancies that might not materialize. If the expectancies are actually recovered within the year, a supplementary budget can be prepared for their use or they may be used to further reduce the deficit.

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[1] See 3rd Quarter Budget Implementation Report 2018.
[2] Central Bank of Nigeria website; https://www.cbn.gov.ng/rates/crudeoil.asp?year=2018&month=8. Export Crude Oil Production and Price.
[3] See page 8 of the draft MTEF 2019-2021.
[4] See 3rd Quarter Budget Implementation Report.
[5] See page 8 of the drat MTEF 2019-2021.
[6] Page 8 of the Draft MTEF 2019-2021.
[7] See 3rd Quarter Budget Implementation Report 2018.
[8] Page 8 of the Draft MTEF 2019-2021.
[9] See 3rd Quarter Budget Implementation Report 2018.
[10] See 3rd Quarter Budget Implementation Report 2018.

Table 3 shows the budgeted versus actual retained revenue 2014 to 3rd quarter 2018.

Table 3: Budgeted Retained Revenue vs Actual Retained Revenue 2014 – 2018

Year	Retained Revenue	
	Budgeted (N Bn)	Actual (N Bn)
2014	3,731.00	3,242.30
2015	3,452.36	2,776.36
2016	3,855.74	2,621.15
2017	5,084.40	2,377.01
2018	5,374.40*	2,578.39*

Source: BOF, Budget Implementation Reports

** 2018 figures are prorated for the first to third quarter*

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.

2.2.2 The Challenge of Oil Revenue and Diversification: Notwithstanding the prevalent mantra of economic diversification, the nation is still faced with the dominance of oil as the single most important revenue source. This shows that the diversification efforts have not yielded the desired dividends. The efforts need to be intensified for non-oil revenue to gain ascendancy. At 52.94% of expected revenue, oil is still the dominant factor. 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 be invested to improve revenues in non-oil sector.

2.2.3 The Deficit: The 2019 FGN budget deficit is at 1.33% of the GDP. Although this is in tandem with the stipulations of the FRA, there are still challenges with it. The deficit is in the sum of N1.859 trillion, 21.06% of the overall expenditure and 26.68% of the retained revenue. It is to be financed mainly by borrowing the sum of N1.649trillion from external and domestic sources – N824.82billion from each source. However, this leaves a balance of N210 billion to be funded from privatization proceeds. This is an expectancy which is yet to materialise. From the experience of the 2016, 2017 and 2018 budgets implementation, the President and NASS need to start the approval and implementation of the borrowing process early, so that funds can be available to implement the proposed 2019 capital budget when approved.

2.2.4 Silence on Accruals from Stamp Duties: The revenue framework is silent on the trillions of Naira accruing to it as stamp duties over the years. Nigerians suffer deductions from their bank accounts and the money seems to have been lost in a black hole as no one accounts for it. At a time of poor revenues, the country can ill afford not to utilize this money.

Essentially, a combination of revenue projections that seem overly optimistic, poor revenue collection and a deficit financing that may take time to materialize may frustrate the timely implementation of the 2019 federal budget.

2.3 THE EXPENDITURE FRAMEWORK

The Expenditure Framework of the 2019 Appropriation Bill is given in the Table below.

Table 4: Expenditure Framework of the 2019 Appropriation Bill

Breakdown of 2019 Proposed Expenditure	Amount	As a % of Total Expenditure
Statutory Transfers	492,360,342,965	5.58%
Debt Service	2,144,014,113,092	24.29%
Sinking Fund to Retire Maturing Loans	120,000,000,000	1.36%
Recurrent (Non-Debt) Expenditure	4,038,557,664,767	45.75%
Capital Expenditure	2,031,704,458,092	23.02%
Total Expenditure	**8,826,636,578,916**	**100.00%**

Source: Budget office of the Federation

2.3.1 Capital Expenditure: This is 23.02% of the overall total expenditure. It becomes 25.24% when the capital component of the statutory transfers is added. It should be noted that this figure (25.24%) is less than 30% of the overall proposed expenditure and represents a 5.56% difference from its corresponding value in the 2018 budget (30.8%). Previous experiences have shown that capital expenditure has been poorly implemented. For instance, out of the N2.873trillion capital expenditure provision for 2018 budget, only the sum of N820.57billion had been released as at 14th December, 2018[11]. This represents a meager 28.56% of the capital expenditure. It therefore follows that it is not enough to make proposals; following the implementation up to the letter is paramount. In addition, it is also crucial that the government ensures that the bulk of

[11] 2019 Budget Speech by President Muhammadu Buhari.

the capital expenditure is developmental rather than administrative. This is the only way it can have 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 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 into law.

More so, with the big picture for the 2019 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 the Economic Recovery and Growth Plan. 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 commodities including fuel, 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. This will require an amendment of extant laws.

- 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 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 Debt Service: The debt service is on the increase. It is 24.29% of the overall expenditure; it also becomes 25.65% of the overall expenditure when Sinking Fund for the retirement of maturing bonds is added to it. This is marginally above one quarter of the proposed budgetary expenditure for 2019. If it happens that there is a revenue shortfall, salaries and overheads would be paid, debt would be serviced while capital projects would suffer. Simply put, at 25.65% of the overall expenditure, the amount budgeted for servicing of debt is high.

Further borrowing projected in 2019 would increase the stock of public debts which would require additional resources to service in the coming years. The trajectory of debt service and capital budget implementation over the years buttresses this point. In 2014, FGN spent N941.67 billion to service debts whilst deploying only N585.61 billion to capital expenditure. Again in 2015, FGN spent N1.060 trillion for debt service whilst investing only N384.07billion for capital expenditure. As at the end of 2016, available figures indicate that we spent N1.384trillion in debt service and N1.219 trillion capital expenditure. In 2017, a total sum of N1.823 trillion was spent in servicing debts while N1.563trillion was released and cash backed to MDAs for their 2017 capital projects and programmes[12]. As at December 14, 2018, N1.769trillion[13] has been spent on debt service while capital expenditure got N820billion[14]. These show a significant margin between debt service and capital expenditure.

When it is considered that some of the expected sources of revenue may not likely materialize, the high debt service becomes an undue burden. Furthermore, debt service as a percentage of retained revenue is growing. The retained revenue is N6.967 trillion whilst the debt service and sinking fund is N2.264trillion. Therefore, debt service is 32.48% of the retained revenue while it is 25.66% of the overall budgetary expenditure of N8.826trillion. This is on the high side. To understand the opportunity cost of debt service in the proposed 2019 budget, it will be compared to the capital expenditure of six key and strategic ministries. Table 5 taken from the budget estimates shows Debt Service versus Capital Vote of Strategic MDAs.

Table 5: Debt Service Versus Capital Votes of Strategic MDAs

S/No	MINISTRY	CAPITAL ALLOCATION
1	Power, Works and Housing	408,028,437,602
2	Education	47,291,333,320
3	Health	50,146,387,170
4	Defence	158,115,439,614
5	Agriculture & Rural Development	80,290,007,947
6	Niger Delta Affairs	39,400,583,997
Total		783,272,189,650

[12] Budget Office of the Federation, Quarter 4, 2017 Budget Implementation Report. It should also be noted that only N1.439 trillion was utilised by the MDAs out of the released N1.563 trillion.
[13] Quarter 3 Budget Implementation Report
[14] President Buhari's 2019 Budget Speech, December 2018.

The total capital allocation to these six sectors as a percentage of debt service is 36.53% which implies that the federal government intends to utilise about three times the capital allocation to these six ministries for debt servicing for the year 2019. Overall, this is the first time our projected debt service is higher than projected capital expenditure. Debt service is higher than capital expenditure by 2.63%.

2.3.3 Recurrent Non-Debt Expenditure: The third issue is to resolve the contradiction between the FGN mantra of cutting down waste, improving efficiencies, IPPIS and removing ghost workers from the payroll and its relationship with the rising recurrent non debt expenditure. Recurrent non debt expenditure got N2.607trillion in 2015, moved up to N2.645 trillion in 2016, N2.987trillion in 2017[15] and the sum of N3.512trillion in 2018. The recurrent non-debt expenditure is expected to rise by 34.17% from N3.52trillion in 2018 to N4.038trillion in 2019[16]. It should be noted that the 2019 projection did not take the new minimum wage into contemplation. Thus, when the new minimum wage increases personnel expenditure, recurrent non debt will not be less than N5trillion. These increases (without a wage increase), cannot be reflective of a system that is taking giant strides towards eliminating waste and inefficiencies. The Oronsaye Committee Report on the Rationalization of Federal MDAs needs to be revisited for the reduction of federal government recurrent non debt expenditure[17]. Also, the Monetization Programme which proceeded under a legal regime should be revisited as it will greatly prune expenditure.

2.3.4 Alignment of Capital Provisions and other Policies: A number of budgetary provisions for poverty reduction, empowerment and wealth creation such as skills acquisition, purchase of tricycles and foreign made vehicles do not align with our trade and local content policies. Acquiring non-competitive skills in a sector that is buffeted by dumped imports would not lead to sustainable employment or value addition in the economy. The National Automobile Policy which seeks to build local capacity and value added in the automobile industry is undermined by constant budgetary requests for foreign vehicle brands which on its own is contrary to the provisions of the Public Procurement Act 2007 (PPA). The PPA simply demands general functional specifications to be stated in the budget against the prevalent brand specifications.

[15] This includes salaries, pensions and gratuities including Service Wide Pension, overheads, Service Wide Votes including Presidential Amnesty Programme, refund to special accounts and Special Intervention (recurrent),
[16] "Breakdown of 2019 FGN Budget Proposal", BOF. It was noted that this was to reflect the increases in salaries and pensions including provisions for implementation of a new minimum wage.
[17] The Committee made far reaching recommendations on the rationalization of federal MDAs and savings that could be made from such exercise.

Capital budget provisions should facilitate local value addition, employment creation, capacity building and increasing the retention capacity of the local economy. A situation where more than 70% of budgeted capital funds end up putting pressure on the Naira by fueling the demand for foreign currencies is a recipe for underdevelopment.

2.3.5 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. Again, votes for Sustainable Development Goals in the SWV do not have details. It appears that public attention is focused on the vote of the NASS and these other agencies do not feature in the demand for transparent budgeting. This is an abnormal situation that should be remedied by providing the details.

2.3.6 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, 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 functionalize an existing project done by his predecessor and this will be wasted. It is therefore proposed that zonal intervention projects should focus on projects for which the federal budget will pay for the capital and recurrent costs to ensure that resources are not wasted.

SECTION THREE: EXPENDITURE SPECIFICS

3.1 THE ALLOCATIONS AND PRIORITIES

Table 6 shows the allocations detailing the priorities of government in the recurrent (personnel and overheads) and capital votes. Tables 7, 8 and 9 hereunder are based on the overall budget vote as submitted by the President to NASS.

Table 6: Summary of MDA Votes

S/N	CODE	MDA	TOTAL PERSONNEL	TOTAL OVERHEAD	TOTAL RECURRENT	TOTAL CAPITAL	TOTAL ALLOCATION
1	111	PRESIDENCY	21,373,761,673	11,683,081,281	33,056,842,954	16,251,016,840	49,307,859,794
2	112	NATIONAL ASSEMBLY	125,000,000,000	-	125,000,000,000	-	125,000,000,000
3	116	MINISTRY OF DEFENCE	380,212,407,940	55,405,513,126	435,617,921,066	158,115,439,607	593,733,360,673
4	119	MINISTRY OF FOREIGN AFFAIRS	42,629,454,814	23,377,621,870	66,007,076,684	7,616,902,457	73,623,979,141
5	123	FEDERAL MINISTRY OF INFORMATION & CULTURE	40,341,067,927	4,260,491,434	44,601,559,361	6,697,672,066	51,299,231,427
6	124	MINISTRY OF INTERIOR	533,178,234,242	35,888,537,929	569,066,772,171	47,404,712,421	616,471,484,592
7	125	OFFICE OF THE HEAD OF THE CIVIL SERVICE OF THE FEDERATION	3,932,771,680	1,410,394,360	5,343,166,040	2,621,326,734	7,964,492,774
8	140	AUDITOR GENERAL FOR THE FEDERATION	1,977,081,170	984,230,795	2,961,311,965	188,451,747	3,149,763,712
9	145	PUBLIC COMPLAINTS COMMISSION	4,200,000,000	-	4,200,000,000	-	4,200,000,000
10	147	FEDERAL CIVIL SERVICE COMMISSION	600,200,139	472,853,041	1,073,053,180	173,062,977	1,246,116,157
11	148	INDEPENDENT NATIONAL ELECTORAL COMMISSION	45,500,000,000	-	45,500,000,000	-	45,500,000,000
12	149	FEDERAL CHARACTER COMMISSION	2,352,692,308	372,635,538	2,725,327,846	386,373,456	3,111,701,302
13	156	MINISTRY OF COMMUNICATION TECHNOLOGY	12,316,928,145	266,974,561	12,583,902,706	5,581,670,923	18,165,573,629
14	157	NATIONAL SECURITY ADVISER	62,910,425,431	12,448,992,917	75,359,418,348	34,372,448,872	109,731,867,220
15	158	CODE OF CONDUCT TRIBUNAL	469,240,479	232,310,234	701,550,713	380,007,563	1,081,558,276
16	159	INFRASTRUCTURE CONCESSIONARY REGULATORY COMMSSION	898,616,533	176,088,460	1,074,704,993	320,586,147	1,395,291,140
17	160	POLICE SERVICE COMMISSION	571,953,855	211,369,318	783,323,173	967,950,858	1,751,274,031

18	161	SECRETARY TO THE GOVERNMENT OF THE FEDERATION	50,888,801,882	12,511,480,846	63,400,282,728	31,972,810,031	95,373,092,759
19	215	FEDERAL MINISTRY OF AGRICULTURE AND RURAL DEVELOPMENT	55,688,750,162	1,988,664,967	57,677,415,129	80,290,007,947	137,967,423,076
20	220	FEDERAL MINISTRY OF FINANCE	7,441,185,081	2,267,415,308,335	2,274,856,493,416	1,829,895,478	2,276,686,388,894
21	222	FEDERAL MINISTRY OF INDUSTRY, TRADE AND INVESTMENT	12,213,797,863	2,288,128,510	14,501,926,373	61,065,445,870	75,567,372,243
22	227	FEDERAL MINISTRY OF LABOUR AND EMPLOYMENT	8,648,586,627	1,556,869,941	10,205,456,568	6,701,351,842	16,906,808,410
23	228	FEDERAL MINISTRY OF SCIENCE AND TECHNOLOGY	31,952,041,764	3,068,911,408	35,020,953,172	31,802,350,262	66,823,303,434
24	229	FEDERAL MINISTRY OF TRANSPORTATION	17,720,761,139	1,450,000,003	19,170,761,142	194,242,331,427	213,413,092,569
25	231	FEDERAL MINISTRY OF POWER WORKS & HOUSING	16,580,864,821	16,949,839,979	33,530,704,800	408,028,437,602	441,559,142,402
26	232	MINISTRY OF PETROLEUM RESOURCES	65,858,222,046	1,992,410,877	67,850,632,923	5,562,408,145	73,413,041,068
27	233	MINISTRY OF MINES AND STEEL DEVELOPMENT	8,559,365,940	1,726,419,857	10,285,785,797	10,194,271,952	20,480,057,749
28	238	MINISTRY OF BUDGET AND NATIONAL PLANNING	662,158,102,372	832,243,288,645	1,494,401,391,017	655,984,823,976	2,150,386,214,993
29	242	NATIONAL SALARIES, INCOMES AND WAGES COMMISSION	624,649,314	93,981,274	718,630,588	212,681,670	931,312,258
30	246	REVENUE MOBILISATION, ALLOCATION AND FISCAL COMMISSION	1,829,437,854	344,762,287	2,174,200,141	206,491,685	2,380,691,826
31	250	FISCAL RESPONSIBILITY COMMISSION	146,564,952	181,767,615	328,332,567	117,753,671	446,086,238
32	252	FEDERAL MINISTRY OF WATER RESOURCES	7,385,452,975	986,260,606	8,371,713,581	73,577,504,864	81,949,218,445
33	318	JUDICIARY	110,000,000,000	-	110,000,000,000	-	110,000,000,000
34	326	FEDERAL MINISTRY OF JUSTICE	19,423,618,626	4,399,999,998	23,823,618,624	1,202,262,589	25,025,881,213
35	341	INDEPENDENT CORRUPT PRACTICES AND RELATED OFFENCES COMMISSION	4,067,222,626	1,312,886,013	5,380,108,639	605,110,673	5,985,219,312
36	344	CODE OF CONDUCT BUREAU	1,946,711,277	435,616,600	2,382,327,877	514,099,154	2,896,427,031
37	437	FEDERAL CAPITAL TERRITORY ADMINISTRATION	-	-	-	30,704,674,051	30,704,674,051
38	451	FEDERAL MINISTRY OF NIGER DELTA	96,511,522,577	877,089,123	97,388,611,700	39,400,583,997	136,789,195,697

39	513	FEDERAL MINISTRY OF YOUTH & SPORTS DEVELOPMENT	103,304,957,069	19,363,062,754	122,668,019,823	3,884,143,683	126,552,163,506
40	514	FEDERAL MINISTRY OF WOMEN AFFAIRS	1,021,618,085	500,000,001	1,521,618,086	3,417,168,277	4,938,786,363
41	517	FEDERAL MINISTRY OF EDUCATION	539,689,537,187	33,522,298,519	573,211,835,706	47,291,333,322	620,503,169,028
42	521	FEDERAL MINISTRY OF HEALTH	311,245,805,391	4,371,538,665	315,617,344,056	50,146,387,170	365,763,731,226
43	535	FEDERAL MINISTRY OF ENVIRONMENT	16,866,917,431	1,907,257,810	18,774,175,241	8,353,238,696	27,127,413,937
44	543	NATIONAL POPULATION COMMISSION	5,598,775,979	415,073,952	6,013,849,931	3,319,267,388	9,333,117,319
		TOTAL	**3,435,838,107,376**	**3,359,094,013,449**	**6,794,932,120,825**	**2,031,704,458,090**	**8,826,636,578,915**

Source: Proposed 2019 Budget- BOF

Table 7: 2019 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	21,373,761,673	0.62%	11,683,081,281	0.35%	33,056,842,954	0.49%	16,251,016,840	0.80%	49,307,859,794	0.56%
2	NATIONAL ASSEMBLY	125,000,000,000	3.64%	-	0.00%	125,000,000,000	1.84%	-	0.00%	125,000,000,000	1.42%
3	MINISTRY OF DEFENCE	380,212,407,940	11.07%	55,405,513,126	1.65%	435,617,921,066	6.41%	158,115,439,607	7.78%	593,733,360,673	6.73%
4	MINISTRY OF FOREIGN AFFAIRS	42,629,454,814	1.24%	23,377,621,870	0.70%	66,007,076,684	0.97%	7,616,902,457	0.37%	73,623,979,141	0.83%
5	FEDERAL MINISTRY OF INFORMATION & CULTURE	40,341,067,927	1.17%	4,260,491,434	0.13%	44,601,559,361	0.66%	6,697,672,066	0.33%	51,299,231,427	0.58%
6	MINISTRY OF INTERIOR	533,178,234,242	15.52%	35,888,537,929	1.07%	569,066,772,171	8.37%	47,404,712,421	2.33%	616,471,484,592	6.98%
7	OFFICE OF THE HEAD OF THE CIVIL SERVICE OF THE FEDERATION	3,932,771,680	0.11%	1,410,394,360	0.04%	5,343,166,040	0.08%	2,621,326,734	0.13%	7,964,492,774	0.09%
8	AUDITOR GENERAL FOR THE FEDERATION	1,977,081,170	0.06%	984,230,795	0.03%	2,961,311,965	0.04%	188,451,747	0.01%	3,149,763,712	0.04%
9	PUBLIC COMPLAINTS COMMISSION	4,200,000,000	0.12%	-	0.00%	4,200,000,000	0.06%	-	0.00%	4,200,000,000	0.05%
10	FEDERAL CIVIL SERVICE COMMISSION	600,200,139	0.02%	472,853,041	0.01%	1,073,053,180	0.02%	173,062,977	0.01%	1,246,116,157	0.01%
11	INDEPENDENT NATIONAL ELECTORAL COMMISSION	45,500,000,000	1.32%	-	0.00%	45,500,000,000	0.67%	-	0.00%	45,500,000,000	0.52%

12	FEDERAL CHARACTER COMMISSION	2,352,692,308	0.07%	372,635,538	0.01%	2,725,327,846	0.04%	386,373,456	0.02%	3,111,701,302	0.04%
13	MINISTRY OF COMMUNICATION TECHNOLOGY	12,316,928,145	0.36%	266,974,561	0.01%	12,583,902,706	0.19%	5,581,670,923	0.27%	18,165,573,629	0.21%
14	NATIONAL SECURITY ADVISER	62,910,425,431	1.83%	12,448,992,917	0.37%	75,359,418,348	1.11%	34,372,448,872	1.69%	109,731,867,220	1.24%
15	CODE OF CONDUCT TRIBUNAL	469,240,479	0.01%	232,310,234	0.01%	701,550,713	0.01%	380,007,563	0.02%	1,081,558,276	0.01%
16	INFRASTRUCTURE CONCESSIONARY REGULATORY COMMSSION	898,616,533	0.03%	176,088,460	0.01%	1,074,704,993	0.02%	320,586,147	0.02%	1,395,291,140	0.02%
17	POLICE SERVICE COMMISSION	571,953,855	0.02%	211,369,318	0.01%	783,323,173	0.01%	967,950,858	0.05%	1,751,274,031	0.02%
18	SECRETARY TO THE GOVERNMENT OF THE FEDERATION	50,888,801,882	1.48%	12,511,480,846	0.37%	63,400,282,728	0.93%	31,972,810,031	1.57%	95,373,092,759	1.08%
19	FEDERAL MINISTRY OF AGRICULTURE AND RURAL DEVELOPMENT	55,688,750,162	1.62%	1,988,664,967	0.06%	57,677,415,129	0.85%	80,290,007,947	3.95%	137,967,423,076	1.56%
20	FEDERAL MINISTRY OF FINANCE	7,441,185,081	0.22%	2,267,415,308,335	67.50%	2,274,856,493,416	33.48%	1,829,895,478	0.09%	2,276,686,388,894	25.79%
21	FEDERAL MINISTRY OF INDUSTRY, TRADE AND INVESTMENT	12,213,797,863	0.36%	2,288,128,510	0.07%	14,501,926,373	0.21%	61,065,445,870	3.01%	75,567,372,243	0.86%
22	FEDERAL MINISTRY OF LABOUR AND EMPLOYMENT	8,648,586,627	0.25%	1,556,869,941	0.05%	10,205,456,568	0.15%	6,701,351,842	0.33%	16,906,808,410	0.19%
23	FEDERAL MINISTRY OF SCIENCE AND TECHNOLOGY	31,952,041,764	0.93%	3,068,911,408	0.09%	35,020,953,172	0.52%	31,802,350,262	1.57%	66,823,303,434	0.76%
24	FEDERAL MINISTRY OF TRANSPORTATION	17,720,761,139	0.52%	1,450,000,003	0.04%	19,170,761,142	0.28%	194,242,331,427	9.56%	213,413,092,569	2.42%
25	FEDERAL MINISTRY OF POWER WORKS & HOUSING	16,580,864,821	0.48%	16,949,839,979	0.50%	33,530,704,800	0.49%	408,028,437,602	20.08%	441,559,142,402	5.00%
26	MINISTRY OF PETROLEUM RESOURCES	65,858,222,046	1.92%	1,992,410,877	0.06%	67,850,632,923	1.00%	5,562,408,145	0.27%	73,413,041,068	0.83%
27	MINISTRY OF MINES AND STEEL DEVELOPMENT	8,559,365,940	0.25%	1,726,419,857	0.05%	10,285,785,797	0.15%	10,194,271,952	0.50%	20,480,057,749	0.23%
28	MINISTRY OF BUDGET AND NATIONAL PLANNING	662,158,102,372	19.27%	832,243,288,645	24.78%	1,494,401,391,017	21.99%	655,984,823,976	32.29%	2,150,386,214,993	24.36%

29	NATIONAL SALARIES, INCOMES AND WAGES COMMISSION	624,649,314	0.02%	93,981,274	0.00%	718,630,588	0.01%	212,681,670	0.01%	931,312,258	0.01%
30	REVENUE MOBILISATION, ALLOCATION AND FISCAL COMMISSION	1,829,437,854	0.05%	344,762,287	0.01%	2,174,200,141	0.03%	206,491,685	0.01%	2,380,691,826	0.03%
31	FISCAL RESPONSIBILITY COMMISSION	146,564,952	0.00%	181,767,615	0.01%	328,332,567	0.00%	117,753,671	0.01%	446,086,238	0.01%
32	FEDERAL MINISTRY OF WATER RESOURCES	7,385,452,975	0.21%	986,260,606	0.03%	8,371,713,581	0.12%	73,577,504,864	3.62%	81,949,218,445	0.93%
33	JUDICIARY	110,000,000,000	3.20%	-	0.00%	110,000,000,000	1.62%	-	0.00%	110,000,000,000	1.25%
34	FEDERAL MINISTRY OF JUSTICE	19,423,618,626	0.57%	4,399,999,998	0.13%	23,823,618,624	0.35%	1,202,262,589	0.06%	25,025,881,213	0.28%
35	INDEPENDENT CORRUPT PRACTICES AND RELATED OFFENCES COMMISSION	4,067,222,626	0.12%	1,312,886,013	0.04%	5,380,108,639	0.08%	605,110,673	0.03%	5,985,219,312	0.07%
36	CODE OF CONDUCT BUREAU	1,946,711,277	0.06%	435,616,600	0.01%	2,382,327,877	0.04%	514,099,154	0.03%	2,896,427,031	0.03%
37	FEDERAL CAPITAL TERRITORY ADMINISTRATION	-	0.00%	-	0.00%	-	0.00%	30,704,674,051	1.51%	30,704,674,051	0.35%
38	FEDERAL MINISTRY OF NIGER DELTA	96,511,522,577	2.81%	877,089,123	0.03%	97,388,611,700	1.43%	39,400,583,997	1.94%	136,789,195,697	1.55%
39	FEDERAL MINISTRY OF YOUTH & SPORTS DEVELOPMENT	103,304,957,069	3.01%	19,363,062,754	0.58%	122,668,019,823	1.81%	3,884,143,683	0.19%	126,552,163,506	1.43%
40	FEDERAL MINISTRY OF WOMEN AFFAIRS	1,021,618,085	0.03%	500,000,001	0.01%	1,521,618,086	0.02%	3,417,168,277	0.17%	4,938,786,363	0.06%
41	FEDERAL MINISTRY OF EDUCATION	539,689,537,187	15.71%	33,522,298,519	1.00%	573,211,835,706	8.44%	47,291,333,322	2.33%	620,503,169,028	7.03%
42	FEDERAL MINISTRY OF HEALTH	311,245,805,391	9.06%	4,371,538,665	0.13%	315,617,344,056	4.64%	50,146,387,170	2.47%	365,763,731,226	4.14%
43	FEDERAL MINISTRY OF ENVIRONMENT	16,866,917,431	0.49%	1,907,257,810	0.06%	18,774,175,241	0.28%	8,353,238,696	0.41%	27,127,413,937	0.31%
44	NATIONAL POPULATION COMMISSION	5,598,775,979	0.16%	415,073,952	0.01%	6,013,849,931	0.09%	3,319,267,388	0.16%	9,333,117,319	0.11%
	TOTAL	**3,435,838,107,376**	**100.00%**	**3,359,094,013,449**	**100.00%**	**6,794,932,120,825**	**100%**	**2,031,704,458,090**	**100%**	**8,826,636,578,915**	**100.00%**

Tables 6 and 7 show the allocations to various MDAs disaggregated by expenditure heads and also worked out their percentages. The Ministry of Finance got the highest allocation (25.79% of the overall budget expenditure) which is lower than the 26.10% it got in the 2018 proposal. This includes the N2.264trillion for debt service and sinking fund for the retirement of maturing bonds. The Ministry of Budget and National Planning got 24.36% allocation out of the overall budget (higher than 20.73% allocated to the Ministry in the 2018 proposal), the bulk of which is going to Service Wide Votes (SWVs). By implication, these two ministries' allocations amount to 50.15% of the overall budgetary allocation. 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 two in terms of allocation size include: Ministry of Education got 7.03%, followed in fourth place by the Ministry of Interior with 6.98%, Ministry of Defence came fifth with 6.73% while Ministry of Power, Works and Housing came sixth with 5% of the votes. Ministries of Health and Agriculture got a paltry 4.14% and 1.56% of the votes respectively. The very low vote of N446.08 million, representing 0.01% of the budget, was given to the Fiscal Responsibility Commission (FRC) 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. All the foregoing demonstrates our national priorities as determined by the political leadership.

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	21,373,761,673	43.35%	11,683,081,281	23.69%	33,056,842,954	67.04%	16,251,016,840	32.96%	49,307,859,794
2	NATIONAL ASSEMBLY	125,000,000,000	100.00%	-	0.00%	125,000,000,000	100.00%	-	0.00%	125,000,000,000
3	MINISTRY OF DEFENCE	380,212,407,940	64.04%	55,405,513,126	9.33%	435,617,921,066	73.37%	158,115,439,607	26.63%	593,733,360,673
4	MINISTRY OF FOREIGN AFFAIRS	42,629,454,814	57.90%	23,377,621,870	31.75%	66,007,076,684	89.65%	7,616,902,457	10.35%	73,623,979,141
5	FEDERAL MINISTRY OF INFORMATION & CULTURE	40,341,067,927	78.64%	4,260,491,434	8.31%	44,601,559,361	86.94%	6,697,672,066	13.06%	51,299,231,427
6	MINISTRY OF INTERIOR	533,178,234,242	86.49%	35,888,537,929	5.82%	569,066,772,171	92.31%	47,404,712,421	7.69%	616,471,484,592
7	OFFICE OF THE HEAD OF THE CIVIL SERVICE OF THE FEDERATION	3,932,771,680	49.38%	1,410,394,360	17.71%	5,343,166,040	67.09%	2,621,326,734	32.91%	7,964,492,774
8	AUDITOR GENERAL FOR THE FEDERATION	1,977,081,170	62.77%	984,230,795	31.25%	2,961,311,965	94.02%	188,451,747	5.98%	3,149,763,712
9	PUBLIC COMPLAINTS COMMISSION	4,200,000,000	100.00%	-	0.00%	4,200,000,000	100.00%	-	0.00%	4,200,000,000
10	FEDERAL CIVIL SERVICE COMMISSION	600,200,139	48.17%	472,853,041	37.95%	1,073,053,180	86.11%	173,062,977	13.89%	1,246,116,157
11	INDEPENDENT NATIONAL ELECTORAL COMMISSION	45,500,000,000	100.00%	-	0.00%	45,500,000,000	100.00%	-	0.00%	45,500,000,000
12	FEDERAL CHARACTER COMMISSION	2,352,692,308	75.61%	372,635,538	11.98%	2,725,327,846	87.58%	386,373,456	12.42%	3,111,701,302

13	MINISTRY OF COMMUNICATION TECHNOLOGY	12,316,928,145	67.80%	266,974,561	1.47%	12,583,902,706	69.27%	5,581,670,923	30.73%	18,165,573,629
14	NATIONAL SECURITY ADVISER	62,910,425,431	57.33%	12,448,992,917	11.34%	75,359,418,348	68.68%	34,372,448,872	31.32%	109,731,867,220
15	CODE OF CONDUCT TRIBUNAL	469,240,479	43.39%	232,310,234	21.48%	701,550,713	64.86%	380,007,563	35.14%	1,081,558,276
16	INFRASTRUCTURE CONCESSIONARY REGULATORY COMMSSION	898,616,533	64.40%	176,088,460	12.62%	1,074,704,993	77.02%	320,586,147	22.98%	1,395,291,140
17	POLICE SERVICE COMMISSION	571,953,855	32.66%	211,369,318	12.07%	783,323,173	44.73%	967,950,858	55.27%	1,751,274,031
18	SECRETARY TO THE GOVERNMENT OF THE FEDERATION	50,888,801,882	53.36%	12,511,480,846	13.12%	63,400,282,728	66.48%	31,972,810,031	33.52%	95,373,092,759
19	FEDERAL MINISTRY OF AGRICULTURE AND RURAL DEVELOPMENT	55,688,750,162	40.36%	1,988,664,967	1.44%	57,677,415,129	41.81%	80,290,007,947	58.19%	137,967,423,076
20	FEDERAL MINISTRY OF FINANCE	7,441,185,081	0.33%	2,267,415,308,335	99.59%	2,274,856,493,416	99.92%	1,829,895,478	0.08%	2,276,686,388,894
21	FEDERAL MINISTRY OF INDUSTRY, TRADE AND INVESTMENT	12,213,797,863	16.16%	2,288,128,510	3.03%	14,501,926,373	19.19%	61,065,445,870	80.81%	75,567,372,243
22	FEDERAL MINISTRY OF LABOUR AND EMPLOYMENT	8,648,586,627	51.15%	1,556,869,941	9.21%	10,205,456,568	60.36%	6,701,351,842	39.64%	16,906,808,410
23	FEDERAL MINISTRY OF SCIENCE AND TECHNOLOGY	31,952,041,764	47.82%	3,068,911,408	4.59%	35,020,953,172	52.41%	31,802,350,262	47.59%	66,823,303,434
24	FEDERAL MINISTRY OF TRANSPORTATION	17,720,761,139	8.30%	1,450,000,003	0.68%	19,170,761,142	8.98%	194,242,331,427	91.02%	213,413,092,569

25	FEDERAL MINISTRY OF POWER WORKS & HOUSING	16,580,864,821	3.76%	16,949,839,979	3.84%	33,530,704,800	7.59%	408,028,437,602	92.41%	441,559,142,402
26	MINISTRY OF PETROLEUM RESOURCES	65,858,222,046	89.71%	1,992,410,877	2.71%	67,850,632,923	92.42%	5,562,408,145	7.58%	73,413,041,068
27	MINISTRY OF MINES AND STEEL DEVELOPMENT	8,559,365,940	41.79%	1,726,419,857	8.43%	10,285,785,797	50.22%	10,194,271,952	49.78%	20,480,057,749
28	MINISTRY OF BUDGET AND NATIONAL PLANNING	662,158,102,372	30.79%	832,243,288,645	38.70%	1,494,401,391,017	69.49%	655,984,823,976	30.51%	2,150,386,214,993
29	NATIONAL SALARIES, INCOMES AND WAGES COMMISSION	624,649,314	67.07%	93,981,274	10.09%	718,630,588	77.16%	212,681,670	22.84%	931,312,258
30	REVENUE MOBILISATION, ALLOCATION AND FISCAL COMMISSION	1,829,437,854	76.84%	344,762,287	14.48%	2,174,200,141	91.33%	206,491,685	8.67%	2,380,691,826
31	FISCAL RESPONSIBILITY COMMISSION	146,564,952	32.86%	181,767,615	40.75%	328,332,567	73.60%	117,753,671	26.40%	446,086,238
32	FEDERAL MINISTRY OF WATER RESOURCES	7,385,452,975	9.01%	986,260,606	1.20%	8,371,713,581	10.22%	73,577,504,864	89.78%	81,949,218,445
33	JUDICIARY	110,000,000,000	100.00%	-	0.00%	110,000,000,000	100.00%	-	0.00%	110,000,000,000
34	FEDERAL MINISTRY OF JUSTICE	19,423,618,626	77.61%	4,399,999,998	17.58%	23,823,618,624	95.20%	1,202,262,589	4.80%	25,025,881,213
35	INDEPENDENT CORRUPT PRACTICES AND RELATED OFFENCES COMMISSION	4,067,222,626	67.95%	1,312,886,013	21.94%	5,380,108,639	89.89%	605,110,673	10.11%	5,985,219,312

36	CODE OF CONDUCT BUREAU	1,946,711,277	67.21%	435,616,600	15.04%	2,382,327,877	82.25%	514,099,154	17.75%	2,896,427,031
37	FEDERAL CAPITAL TERRITORY ADMINISTRATION	-	0.00%	-	0.00%	-	0.00%	30,704,674,051	100.00%	30,704,674,051
38	FEDERAL MINISTRY OF NIGER DELTA	96,511,522,577	70.55%	877,089,123	0.64%	97,388,611,700	71.20%	39,400,583,997	28.80%	136,789,195,697
39	FEDERAL MINISTRY OF YOUTH & SPORTS DEVELOPMENT	103,304,957,069	81.63%	19,363,062,754	15.30%	122,668,019,823	96.93%	3,884,143,683	3.07%	126,552,163,506
40	FEDERAL MINISTRY OF WOMEN AFFAIRS	1,021,618,085	20.69%	500,000,001	10.12%	1,521,618,086	30.81%	3,417,168,277	69.19%	4,938,786,363
41	FEDERAL MINISTRY OF EDUCATION	539,689,537,187	86.98%	33,522,298,519	5.40%	573,211,835,706	92.38%	47,291,333,322	7.62%	620,503,169,028
42	FEDERAL MINISTRY OF HEALTH	311,245,805,391	85.09%	4,371,538,665	1.20%	315,617,344,056	86.29%	50,146,387,170	13.71%	365,763,731,226
43	FEDERAL MINISTRY OF ENVIRONMENT	16,866,917,431	62.18%	1,907,257,810	7.03%	18,774,175,241	69.21%	8,353,238,696	30.79%	27,127,413,937
44	NATIONAL POPULATION COMMISSION	5,598,775,979	59.99%	415,073,952	4.45%	6,013,849,931	64.44%	3,319,267,388	35.56%	9,333,117,319
	TOTAL	**3,435,838,107,376**		**3,359,094,013,449**		**6,794,932,120,825**		**2,031,704,458,090**		**8,826,636,578,915**

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 7.62% and 13.71% of their respective allocations. Similarly, a staggering recurrent vote of the Ministry of Environment (69.21%) 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, Works and Housing is second in this category with 92.41% capital vote; Ministry of Transportation came third with a capital vote of 91.02% while Water Resources was fourth with 89.78%. The Ministry of Trade and Investment came fifth with 80.81% followed at the sixth position by Women Affairs with 69.19%. The Ministry of Agriculture and Rural Development is next with a capital vote of 58.19%. At 28.80% 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 2019 Federal Estimates

HEAD	STATUTORY TRANSFERS	ALLOCATION	As a % of Total Statutory Transfer	As a % of Total Budget
1	NATIONAL JUDICIAL COUNCIL	110,000,000,000	22%	1.25%
2	NIGER-DELTA DEVELOPMENT COMMISSION	95,188,921,129	19%	1.08%
3	UNIVERSAL BASIC EDUCATION	110,971,421,836	23%	1.26%
4	NATIONAL ASSEMBLY	125,000,000,000	25%	1.42%
5	PUBLIC COMPLAINTS COMMISSION	4,200,000,000	1%	0.05%
6	INEC	45,500,000,000	9%	0.52%
7	NATIONAL HUMAN RIGHT COMMISSION	1,500,000,000	0.3%	0.02%
	TOTAL	**492,360,342,965**	**100%**	**5.58%**

Source: Budget Office of the Federation

The vote for statutory transfer is a 7.17% decrease from the 2018 vote. The National Judicial Council got the same amount in the two years under review. National Human Rights Commission had a vote reduction by about 50%. UBEC had a marginal increase of about N1bilion. Just like in 2018, the Basic Health Care Provision Fund was missing from statutory transfers but provided for in SWV.

3.2 SOME KEY SECTORAL ALLOCATIONS AND ISSUES

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

3.2.1 Agriculture: The role of this sector in engendering economic growth cannot be over-emphasized. It is important for food security, job creation, provision of raw materials and improved livelihoods. Table 10 below shows the trajectory of the Agriculture vote for the period 2016-2019.

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%	80,290,007,947	-46.19%	137,967,423,076	-32.04%	1.56%

Source: Calculated from Approved Budget and the 2019 Estimates

The amount allocated to Agriculture in the estimates is a 32.04% decrease from the 2018 budget figure of ₦203.010 billion. The trajectory shows that the allocation to the sector has been increasing up to 2018. 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 10 below. Also, the Table shows that the Agriculture vote has been on the increase up till 2018 and dropped in 2019 when the proposed allocation was reduced to N137.96 billion.

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 5 years (2015-2019)

Table 11: Conversion of Ministry of Agriculture Budget 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

Source: Calculated from BOF and CBN documentation

Flowing from Table 10 is the fact that the sector's allocation as a proportion of the overall budget proposal is 1.56%. This is not even up to 50% of the Maputo/Malabo commitments which requires 10% allocation from the overall budget. In terms of composition of the sector's allocation, 41.81% is for recurrent expenditure while 58.19% is for capital expenditure. A huge chunk of the sector's budget was allotted to the ministry's headquarters – N64.145 billion out of N137.967 billion. In percentage terms, this represents 46.5% of the entire sector's allocation while the remaining 45 out of the 46 MDAs in the sector got the remaining 53.5% of the sectoral allocation. In addition, the headquarters capital expenditure of N56.934 billion is 70.91% of the total sectoral capital expenditure which seems so high a figure when compared with the headquarters' overhead (12.6%) and personnel (9.77%). This is not proper and may result in sub-optimal performance for the sector.

The Ministry's budget proposals 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 really 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. It needs to be further disaggregated and clarified for stakeholders to follow through. In the same vein, proposing N3.268 billion for National Grazing Reserve Development at a time the bill proposing to set up Grazing Reserves is yet to be passed by NASS is an illegality that cannot be justified under any jurisprudential canon. The vote should be re-programmed.

The Ministry has so many research institutes and centres. There is weak extension service to take the research findings to 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 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 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. It is time to rationalize and demand value for money from these agencies.

3.2.2 Health: The total sum allocated to health in the 2019 budget proposal is N365.763 billion out of a total national budget of N8.826 trillion. This sum represents just 4.14% of the total budget. When the sector's 2019 proposed budget allocation is compared to that of 2018 (N356.450 billion), a 2.61% increase is observed. Table 12 shows the progression and trajectory of the health budget 2016-2019.

Table 12: Trajectory of Health Votes: 2016-2019

Years	Total Recurrent	% Increase or Decrease	Total Capital	% Increase or Decrease	Total Allocation	% Increase or Decrease	Health budget 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%	3.91%
2019	315,617,344,056	16.91%	50,146,387,170	-42.02%	365,763,731,226	2.61%	4.14%

Source: Calculated from Approved Budgets and the 2019 Estimates

It should be noted that the 4.14% total proposed allocation to the sector 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 add up to N181,979,138,391. These are the Basic Health Care Provision Fund of N51,219,751,964; GAVI Immunization N21,250, 424,823; NHIS 97,550,437,495.00; NACA N7,635,082,443; State House Medical Centre of 823,441,666; Counterpart Funding for health N3,500,000,000; drugs, etc. When added to the original health vote, it adds up to N547,742,869,617 which is 6.21% of the overall vote. This is still very low and a little over one third of the Abuja Declaration benchmark.

Table 13 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 5 years (2015-2019).

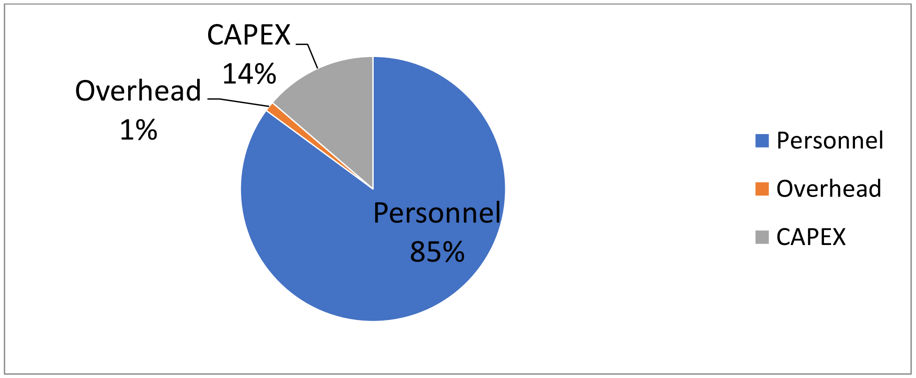
Table 13: Real Value of the Health Budget, 2015-2019

Conversion of Health Budget to USD			
Years	**Total Allocation**	**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	365,763,731,226	305	1,199,225,348.28

Source: Calculated from BOF and CBN documentation

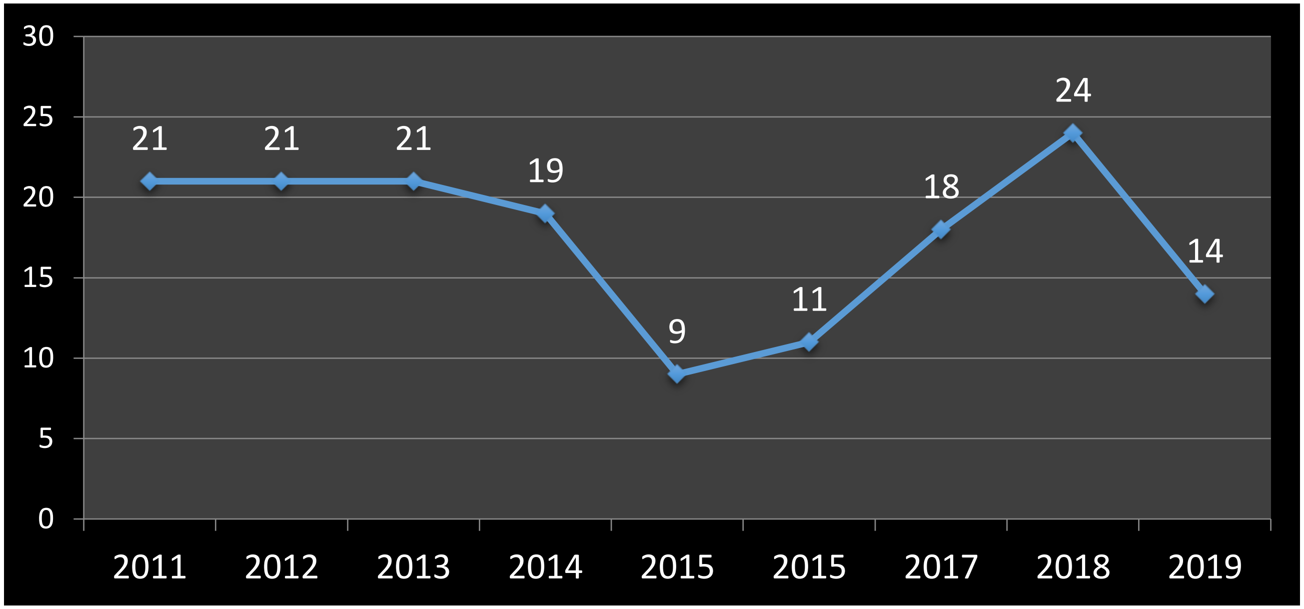
Table 13 shows that the 2015 health budgetary allocation was higher than 2016 while that of 2016 was higher than that of 2017. The trend changed as from 2018 as the allocation in that year was higher, in comparative terms, than that of 2017. Same was the case with the 2019 proposal which is higher than that of 2018. This new trend notwithstanding, the health vote is insufficient to meet the needs of the sector. Chart 1 shows the composition of sectoral allocation.

Chart 1: Sectoral Allocation to Health



Capital allocation in the sector within the last decade has hovered just under 21% with the exception of 2019 which is still at the proposal stage. With the level of infrastructural needs in the sector, there is need to improve capital allocation in the sector. Chart 2 below shows the trend of capital allocation of the FGN health budget for the last decade. Values are approximated to the nearest whole number.

Chart 2: Trend of Capital Health Budget 2011-2018 (As Percentages of Total Health Budgets)



Source: Calculated from Approved Budgets

2019 value is the value in the FGN budget proposal

The continued low budgetary provision for health and the feet dragging by the federal government to implement the Basic Health Care Provision Fund (BHCPF)[18] would contribute to worsening health outcomes. To buttress this point, with the poor maternal and child health indicators, very low and poor life expectancy, low doctor patient ratio, declining funding, withdrawal of donors and less than 5% of the population with access to health insurance; then it crystallizes that the sector is in dire

[18] Although the 1% for BHCPF was included in the 2018 approved budget by the National Assembly (N55.2 billion), implementation is still at a slow pace as only 25% of this sum was approved for release in 2018. In the 2019 FGN budget proposal, the N51.22billion was also proposed as a SWV.

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 vote. This should be used to beef up the developmental capital vote.

Furthermore, there are concerns around the 1% Consolidated Revenue Fund (CRF) for BHCPF in the 2019 FGN budget proposal. The N51.22 billion provided for BHCPF was included in the Service Wide Votes (SWVs) instead of statutory transfer as stipulated in the National Health Act. This poses a challenge because section 28 of the Fiscal Responsibility Act (FRA) stipulates as follows regarding the duties of the Finance Minister on budgetary matters:

> *Where, by the end of three months, after the enactment of the Appropriation Act, the Minister determines that the targeted revenues may be insufficient to fund the heads of expenditure in the Appropriation Act, the Minister shall, within the next 30 days of such determination, take appropriate measures to restrict further commitments and financial operations according to the criteria set in the Fiscal Risk Appendix - such provisions shall not apply to statutory or constitutional expenditure.*

The above implies that if there is shortage of resources for budget implementation, the N51.22 billion provided for BHCPF would be subject to budget cuts alongside other budget lines that are not statutory transfers. Therefore, the federal government should ensure that the BHCPF is captured appropriately under statutory transfers so that it can get the priority it deserves in the event there is paucity of funds. In addition, the NASS in exercising its powers of budgetary approval is called upon to:

- 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 and health insurance funds.

3.2.3 Education: The total amount proposed for the Education Sector in 2019 is N620,503billion (including the vote of the Universal Basic Education Scheme). The vote to the Ministry excluding UBEC is N506,576,265,482 broken down as recurrent expenditures (N462,240,413,870) which is 91.25% of the education budgetary proposal and capital expenditure of N44,335,851,612 representing 8.75% of the education vote. The vote of the Ministry including UBEC allocation is 7.03% of the overall vote while excluding UBEC allocations, it amounts to 5.74% of the overall vote. Table 14 shows the trend of FGN's allocations to capital and recurrent expenditure in the education sector.

Table 14: Trend of FGNs Allocations to Capital and Recurrent Expenditure and Composition of Education Allocations 2014-2019

Year	Total Allocation to Education (N Millions)	Recurrent Expenditure (N Millions)	% of Recurrent Expenditure to Total Education Allocation (N Million)	Capital Expenditure (N Millions)	% of Capital Expenditure to Total Education Allocation (N Million)
2014	495,283,130,268.00	444,002,095,037.00	89.65%	51,281,035,231.00	10.35%
2015	483,183,784,654.00	459,663,784,654.00	95.13%	23,520,000,000.00	4.87%
2016	480,278,214,688.00	444,844,727,222.00	92.62%	35,433,487,466.00	7.38%
2017	455,407,788,565.00	398,686,819,418.00	87.55%	56,720,969,147.00	12.45%
2018	542,163,066,978.00	439,255,776,145.00	92.4%	102,907,290,833.00	7.6%
2019	N506,576,265,482	N506,576,265,482billion	91.25%	N44,335,851,612	8.75%

Source: Calculated from Approved Budgets-Budget Office of the Federation

The poor funding of the capital needs of the education sector can be clearly seen from the above Table. The fact that only 8.75% of the education vote was allocated for 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. 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%.

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 personnel of universities shoud be done and savings channelled towards capital expenditure.

3.2.4 Environment: 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 of ERGP for Environmental Sustainability 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 are 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.

Table 15 shows the budgetary allocation to Federal Ministry of Environment (FMoE) from 2015 to 2019.

Table 15: Budgetary Allocation to FMOE from 2015-2019

Year	FGN Overall Budget	Allocation to Environment	% of Environment to Overall Budget
2015	4,493,363,957,158	17,499,334,341	0.39%
2016	6,060,677,358,227	19,473,373,106	0.32%
2017	7,441,175,486,758	28,588,353,296	0.38%
2018	9,120,334,988,225	35,378,408,624	0.39%
2019	8,826,636,578,915	27,127,413,937	0.31%

Source: Budget Office of the Federation

Table 16 shows the conversion of FMoE Budget to USD using the exchange rates that were used in the preparation of the budget for the period of 5 years (2015-2019). It shows that the trend of budgetary allocation to the sector has, in USD terms, been undulating. The 2018 Federal Ministry of Environment allocation was above US$115 million while the 2019 proposal is a 23.32% decline from the 2018 value.

Table 16: Real Value of the Federal Ministry of Environment (FMoE) Budget, 2015-2019

Year	FGN Overall Budget	Allocation to Environment	Exchange Rate	USD
2015	4,493,363,957,158	17,499,334,341	190	92,101,759.69
2016	6,060,677,358,227	19,473,373,106	197	98,849,609.68
2017	7,441,175,486,758	28,588,353,296	305	93,732,305.89
2018	9,120,334,988,225	35,378,408,624	305	115,994,782.37
2019	8,826,636,578,915	27,127,413,937	305	88,942,340.78

Source: Calculated from Approved Budget and the 2019 Estimates

Regarding the recurrent and capital expenditure allocation, Table 17 shows the breakdown of FMoE budget into Capital and Recurrent Vote for 5 years (2015-2019).

Table 17: Capital and Recurrent Vote to the FMoE

Year	Overall Allocation to Environment	Capital Vote	% of Capital to Overall	Recurrent Vote	% of Recurrent to Overall
2015	17,499,334,341	1,900,000,000	10.86	15,599,334,341	89.14
2016	19,473,373,106	4,957,964,638	25.46	14,515,408,468	74.54
2017	28,588,353,296	12,479,369,455	43.65	16,108,983,841	56.35
2018	35,378,408,624	17,492,955,833	49%	17,885,452,791	51%
2019	27,127,413,937	8,353,238,696	31%	18,774,175,241	69%

Source: Calculated from Approved Budget and the 2019 Estimates

It can be observed from the Table above that the bulk of the allocation to the Ministry has been to the recurrent component with the proposed 2019 figure for capital expenditure being 31%. The 2018 capital allocation was the highest figure voted for capital expenditure within the period under review. In conclusion, the sector needs increased capital vote which would increase its overall vote to not less than 2% of the N8.826trillion budget.

3.2.5 Power, Works and Housing: The proposed FGN 2019 allocation to the Ministry of Power, Works and Housing is a total sum of N408.028 billion which represents 5% of the overall 2019 proposed budget. It also represents a 2.84% decrease from the actual appropriated figure for 2018 (N682.959 billion) and a 2.88% decrease from that of 2017 (N553.713 billion). Table 18 shows the breakdown of Federal Ministry of Power, Works and Housing Budget into recurrent and capital and also the percentage of PWH budget to overall federal budget for 4 years (2016-2019).

Table 18: Composition of PWH Allocations 2016-2019

Year	**Total Budget**	**Allocation to PWH**	**PWH Recurrent (Non-Debt)**	**% Recurrent to PWH Allocation**	**PWH Capital**	**% Capital to PWH Allocation**	**% of PWH Budget to Overall Budget**
2016	6,060,677,358,227	456,936,811,203	33,971,882,707	7.43%	422,964,928,495	92.57%	7.54%
2017	7,441,175,486,758	586,535,786,168	32,821,929,055	5.60%	553,713,857,113	94.40%	7.88%
2018	9,120,334,988,225	714,668,969,899	31,709,419,657	4.44%	682,959,550,242	95.56%	7.84%
2019*	8,826,636,578,915	441,559,142,402	33,530,704,800	7.59%	408,028,437,602	92.41%	5.00%

Source: Calculated from Approved Budget and the 2019 Estimates

* Implies that the figures for the year are still proposals

The constituent sub-ministries under this ministry are crucial for achieving economic growth and development. They seem to be too big to be under one ministry considering the importance of each sub-ministry. The underperforming power sector is, to a large extent, responsible for the comatose state of the economy in terms of the economy not being competitive and the lack of access to a vital intermediate input into production and service delivery. 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. Therefore, these three sectors need to be separated and put in different ministries with different ministers so that appropriate focus can be brought to bear on them. It will also facilitate the appreciation of the adequacy or otherwise of the funds appropriated to the sectors. The current lump sum vote to the sectors creates a very wrong impression of sectoral votes.

3.2.6 Science and Technology: The Federal Ministry of Science and Technology has a very high number of parastatals and agencies. It has a total of 99 agencies and 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 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 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.

3.2.7 Transport: The Ministry of Transport should clearly define how its projects and programmes fit into existing policy frameworks. Should the Ministry be building hotels at an international airport (N36.6million) and starting a national carrier (N8.7billion), in the era of private sector led development? Such activities should be left to the private sector. A new law 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. The proposed railway going into the Republic of Niger should be discontinued.

SUMMARY OF RECOMMENDATIONS

4.1 New Sources of Revenue

- The President and NASS should consider increasing VAT from 5% to 7.5% and also initiate measures to increase collection efficiency.

- FGN should account for and utilize stamp duties which has accrued trillions of naira at the Central Bank of Nigeria.

- Review Petroleum Production Sharing Contracts as recommended in various Nigerian Extractive Industries Transparency Initiative studies. This will bring in additional revenue of not less than $1.6billion every year.

- 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.

4.2 Consider the Reduction of Domestic and Foreign Borrowing and Instead Focus on

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

- Special purpose vehicles that garner and aggregate resources from a plethora of sources including institutional and retail investors to fund priority capital projects.

4.3 Process and Structure Issues

- MTEFs should be presented early enough by the executive to the legislature (latest in early July); and approved by NASS in July before they proceed on their mid-year vacation to forestall the illegality of preparing a budget not based on an approved MTEF.

- 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 in 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 Ministries of Power, Works and Housing into three separate ministries. This recommendation is based on their importance to the economy and the massive funds and other resources needed to lift the sectors to the next level.

- 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 and Niger Delta Development Commission. 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 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).

4.4 Agriculture

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

- 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 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.

4.5 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.

- Unbundle the huge capital allocation to the headquarters of the ministry to other agencies in the Ministry who will actually implement the programmes.

4.6 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.

- Move the Basic Health Care Provision Fund from Service Wide Votes to Statutory Transfer to ensure that it is not affected by the perennial failure to meet revenue targets.

4.7 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 including fuel, etc.

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

4.8 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 Ibrahim Babangida days, it could have garnered trillions of naira in its kitty.

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

4.9 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.

4.10 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 N95.188billion; Ministry of Niger Delta gets N41.60billion while the Amnesty Programme has a vote of N65billion. The total of these figures for the Niger Delta comes up to N201.789billion. The Niger Delta Master Plan should be the basis of budgeting instead of the current uncoordinated approach.

4.11 Petroleum Sector

- Remove subsidy/under recovery in the petroleum sector and save not less than 1trillion naira annually.

4.12 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.

- 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.

4.13 Mines and Steel

- Establish the Environmental Protection Rehabilitation Fund to be funded by mineral extracting companies as provided in section 121 of the Nigerian Minerals and Mining Act 2007. Enough resources should have been saved in the Fund since 2007 so that pressure to fund remediation will not be put on the Treasury. This will be in accordance with best practices in the Polluter Pays Principle and Miners' Responsibility for environmental remediation.

- Properly fund the Solid Minerals Development Fund including the provision of funds to empower artisanal miners.

4.14 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.