REVIEW OF THE 2018 FEDERAL APPROPRIATION BILL AND ESTIMATES

Citizens Wealth Platform

(*Public Resources are Made to Work and be of Benefit to All*)

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

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Undertaken

By

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(With the support of the CSJ Fiscal Governance Team: CSJ for the Citizens Wealth Platform)

First Published in January, 2018

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
DISCOs	Electricity Distribution Companies
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	Head Quarters
INEC	Independent National Electoral Commission
IPPIS	Integrated Payroll and Personnel Information System
LPG	Liquefied Petroleum Gas
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
NDC	Nationally Determined Contributions
NDDC	Niger Delta Development Commission
NEEDS	National Economic Empowerment and Development Strategy
NGN	Nigeria Naira
NGRD	National Grazing Reserve Development
NHA	National Health Act
NICS	National Immunization Coverage Survey
OPEC	Organizations of Petroleum Exporting Countries
SGDs	Sustainable Development Goals
SGF	Secretary to the Government of the Federation
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

ACKNOWLEDGEMENT

Centre for Social Justice appreciates the contribution of the Fiscal Governance Team notably Victor Abel, Uzochukwu Eke, Fidelis Onyejegbu, Victor Emejuiwe, Kingsley Nnajiaka, Gregory Okere and Omale Samuel. We also appreciate the inputs of all participants at CWP's Civil Society Summit on the 2018 Budget Proposals.

EXECUTIVE SUMMARY

Part 1 is the introductory part and reviews the positive developments, challenges and concerns. It examines the anchor and policy framework for the budget, the missing development indicators and the failure of the executive to produce the evaluation of the results of programmes financed with budgetary resources in 2017.

Part 2 reviews the key assumptions and the macroeconomic framework. It notes that the benchmark price of oil is realistic but can be slightly increased to gain more revenue and to reduce the deficit. The oil production volume should be based on realistic estimates considering our membership of OPEC. The non-oil revenue projections should be based on the actuals of the previous year. Capital expenditure estimates should be based on a realistic revenue profile; the resources should not be too thinly spread on so many projects whilst NASS and the executive should consider reforms that will relieve the Treasury of the immense funding demand for capital projects through alternative funding sources. Debt service is to consume 23.22% of the overall budget and it is 33.81% of the retained revenue. The recurrent non debt expenditure is on the increase and needs to be properly scrutinized. Also, the proposals contain a lot of frivolous, inappropriate, unclear and wasteful expenditure which should be trimmed before passage by NASS.

Part 3 is on the expenditure specifics which showed the highest allocation going to the Ministry of Finance (26.10%) and Ministry of Budget and National Planning at the second place with 20.73%. The Ministry of Education came third with 7.03%, followed in the fourth place by the Ministry of Power, Works and Housing with 6.85% of the votes. The Ministries of Interior and Defence followed with 6.67% and 6.59% respectively. The Ministries of Health and Agriculture got a paltry 3.95% and 2.01% of the vote respectively. The details of the allocation to the Ministries of Agriculture, Health, Environment, Education, Transport, Power, Works and Housing were analysed and sector specific recommendations made.

Part 4 is the recommendations which, summarizes the key points made in the Analysis to improve the efficiency and effectiveness of the budget; save and re-programme money to priorities; introduce new sources of public funding for key infrastructure programmes and generally guarantee value for money and respect for fiscal laws and policies.

SECTION ONE: BACKGROUND TO THE BUDGET ESTIMATES

1.1 INTRODUCTION

The 2018 federal budget is tagged a ***budget of consolidation***. The name appears to be a response to the fact that Nigeria had just exited economic recession and there is the need to consolidate on the recovery and spur economic growth to previously attained levels. The 2018 federal budget proposal was presented by President Muhammadu Buhari on the 7th day of November 2017 in accordance with section 81 of the Constitution of the Federal Republic of Nigeria 1999, as amended. The budget expenditure is in the sum of N8.612 trillion which is a 16% increase over the 2017 figure; retained revenue of N6.607 trillion being 30% above the 2017 estimates and a deficit of N2.005 trillion. The key assumptions are the oil benchmark price of $45 per barrel of crude oil; daily oil production of 2.3 mbpd and an average exchange rate of N305 to 1USD. The real GDP growth is projected at 3.5% and inflation rate of 12.4%.

Even though the projected expenditure of N8.612 trillion is high in Naira terms, it amounts to a paltry $28.24 billion[1]; and when divided by 180 million Nigerians amounts to a per capita federal expenditure of N47,844.44k (forty seven thousand, eight hundred and forty four naira, forty four kobo).

1.2 POSITIVE NOTES

We welcome the following key positive points in the Budget Speech and the supporting budget policy statement.

- The early presentation of the budget estimates which is a departure from previous years when the budget was presented very late in December. This gives the legislature ample time to work on the budget and get it ready early in the New Year. This will also restore the certainty of the financial year as anticipated in S.318 of the Constitution of the Federal Republic of Nigeria 1999, as amended and the Financial Year Act.

- The promise of improvements and reforms in the Ease of Doing Business and Nigeria having moved 24 places to the 145th position in 2017.

- The promise to improve tax administration and move our Tax-GDP-Ratio above the current 6% which is one of the lowest in the world.

- Steps being taken for improvements in the productivity of Agriculture and reduction of the food import bill.

- Continued implementation of the Social Investment Programme

[1] At the official exchange rate of N305 to $1. But when the real exchange rate of N360 to $1 is used, it amounts to $23.92 billion.

1.3 SOME KEY CHALLENGES AND CONCERNS

Some key challenges arising from the Budget Speech and the presentation include:

- That the Medium Term Expenditure Framework 2018-2020 (MTEF) has not been approved and as such, could not have been the basis for the preparation of the 2018 budget as required by S.18 of the Fiscal Responsibility Act (FRA). S.18 of the 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".* The available MTEF is still a proposal that is subject to legislative alteration before approval.

- The poor implementation of the capital component of the 2017 federal budget which followed the trends in 2014. 2015 and 2016 financial years. Only N450bn has been released in a capital vote of N2.174 trillion. This amounts to a paltry 20.70% of the capital vote, just one month before the end of the financial year by December 31, 2017. The released sum of N450bn does not necessarily mean that the full sum has been cash backed and even if cash backed, could not have been fully utilised by the appropriate MDAs. The announcement by the Minister of Finance, in late December 2017, that FGN was set to release N750bn for capital expenditure, to bring the total to N1.2trillion was not confirmed because it came at a time MDAs were closing their accounts for year. Assuming the N1.2trillion has actually been released, it only amounts to a paltry 55% capital budget implementation.

- The poor performance of the revenue framework in 2017 which followed the trends in 2014, 2015 and 2016 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 our people for development.

1.4 WHERE IS THE BUDGET ANCHORED?

The budget like the Medium Term Expenditure Framework (MTEF) should be anchored on high level national policies and planning frameworks such as Vision 20:2020 and its implementation plans or the recently approved Economic Recovery and Growth Plan (ERGP). Virtually all the budget codes start with "ERGP" which implies that they are drawn from the Economic Recovery and Growth Plan. This is a good development considering that previous budgets of the administration lacked an anchor. However, merely using the ERGP code does not necessarily show an anchor. Substantial compliance lies with interrogating the actual provisions to see if they are in tandem with the goals and objectives of the ERGP.

1.5 EVALUATION OF RESULTS OF PROGRAMMES FINANCED WITH BUDGETARY RESOURCES: Section 19 (d) of the FRA demands the executive to report 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 2017 as required by section 19 (d) of the FRA.

1.6 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.

NASS should insist that the President submits these targets to inform the full consideration of the budget particularly in consideration of the fact that the President declared the budget to be for consolidation of economic recovery and growth. 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 2018 BUDGET PROPOSALS

2.1 KEY ASSUMPTIONS AND MACROECONOMIC FRAMEWORK

The budget expenditure is in the sum of N8.612 trillion which is a 16% increase over the 2017 figure; retained revenue of N6.607 trillion being 30% more than the 2017 budget estimate and a deficit of N2.005trillion being 1.77% of the GDP. The key assumptions are the benchmark price of $45 per barrel of crude oil; daily oil production of 2.3 mbpd including condensates and an average exchange rate N305 to 1USD.

Table 1 indicates the macroeconomic assumptions of the 2018 federal budget estimates.

Table 1: Assumptions of the 2018 Federal Budget

Oil Price Per Barrel	$45	Inflation Rate	12.4%
Crude Oil Production (mbpd)	2.3mbpd	GDP Growth Rate	3.5%
Exchange Rate	N305=1USD	Nominal Consumption	N83.69 trillion
Retained Revenue	N6.607 trillion	Nominal GDP	N113.09 trillion
Deficit	-1.77%		

Source: Budget Office of the Federation

Table 2 shows the Revenue Framework for the year 2018.

Table 2: Revenue Framework of the 2018 Appropriation Bill

Revenue Framework of the 2018 Appropriation Bill					
Aggregate Retained Revenue NGN 6,606,890,000,000					
Revenue Head	**Amount N**	**Percentage**	**Revenue Head**	**Amount N**	**Percentage**
Oil Revenue	2,441,560,000,000.00	36.95%	FGN's Balances in Special Levies Accounts	17,210,000,000.00	0.26%
Share of Dividend (NLNG)	29,920,000,000.00	0.45%	FGN's Unspent Balance of Previous Fiscal year	250,000,000,000.00	3.78%
Share of Minerals & Mining	1,170,000,000.00	0.02%	FGN's Share of Signature Bonus	114,300,000,000.00	1.73%
Non Oil Revenue (CIT, VAT, C & E and Federation Account Levies)	1,385,280,000,000.00	20.97%	Domestic Recoveries + Assets+ Funds	374,000,000,000.00	5.66%
FGN's Share of Tax Amnesty Income	87,840,000,000.00	1.33%	Other FGN Recoveries	138,440,000,000.00	2.10%
Independent Revenue	847,950,000,000.00	12.83%	FGN's Share of Actual Balance in Special Accounts	9,300,000,000.00	0.14%
Earmarked Funds (Proceeds of Oil Assets Restructuring)	710,000,000,000.00	10.75%	Grants and Donor Funding	199,920,000,000.00	3.03%
Total 100%					

Source: Budget Office of the Federation

A review and quick comment on some of the assumptions and the Revenue Framework is imperative.

2.1.1 Monetary Policy Variables - The Exchange Rate, Inflation Rate and Interest Rate: The exchange rate of N305 to 1USD seems contentious due to the fact that there are other rates that economic agents use in exchanging and getting access to the dollar. It would have made eminent sense for the Central Bank of Nigeria to work for a harmonized rate that merges both the official and parallel rates. With the 2018 proposal of an inflation rate of 12.42% when the lending rate is as high as 25%, economic growth may continue being tepid. No investor or economic player borrows, becomes competitive and makes profit at that rate. On the other hand, having inflation at such a high rate can only create distortions and uncertainty that will hurt the economy. Reducing inflation may be difficult if FGN increases fuel prices considering that the landing cost of PMS now exceeds the official pump price. The other option is to resort to subsidy. Again, if FGN accedes to the demand of the Electricity Distribution Companies for increase in electricity tariff, it would be difficult to bring down inflation.

Monetary and fiscal policy managers need to engage in more sober strategizing about these three variables of exchange rate, inflation and interest rate. Monetary and fiscal policy cannot be said to have converged when fiscal policy is about recovery and growth while these monetary policy indicators are at an all-time high. Some experts including the authors of Nigeria's former economic policy framework (the National Economic Empowerment and Development Strategy-NEEDS) have stated that the above challenges stem from the method of infusion of oil dollar proceeds into the Nigerian economy. They have therefore asserted that:

> *The country's unrealistic exchange rate, high inflation and high-interest rates are traceable to the persistent excess liquidity in the system, which is the characteristic of excessive fiscal deficits. The excessive fiscal deficits result from implementing over 50 per cent of the yearly budgets of the tiers of government with implicitly borrowed freshly printed naira funds, which the CBN inappropriately substitutes for withheld dollar allocations. So, the antidote to the gamut of negative economic conditions created by the excessive fiscal deficits is to stop withholding Federation Account dollar allocations by allowing the beneficiaries to properly convert respective dollar allocations to realised naira revenue, which is not only non-inflationary but also ends the excess liquidity occasioned by substituted CBN deficit financing. That can be done through a simple and corruption-free process[2].*

2.1.2 Oil Production and Benchmark Price: The first challenge of the Revenue Framework is on the expected revenue from oil. The projected oil production of 2.3mbpd is unrealistic considering the actual production in recent years and the 2017 third quarter figure of 1.9mbpd. What has changed that will shoot up production to 2.3mbpd in the next couple of months? It seems realistic if condensates are included. Also, the President in the Budget Speech acknowledged that OPEC exempted Nigeria in the production cuts in January 2017 and renewed same in September 2017. It must be acknowledged that the exemption was based on the recession in our economy. There is therefore no guarantee that this exemption will continue in 2018. However, the benchmark price of $45 is realistic considering extant prices of crude oil at around $68pb. But it can be slightly increased to $47.5pb to gain more revenue and reduce the deficit.

[2] Editorial of the Guardian Newspaper of May 24 2016 which is the same position canvassed in the National Economic Empowerment and Development Strategy (NEEDS).

2.1.3 The Challenge of Oil Revenue and Diversification: Despite 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 started yielding the desired dividends and needs to be intensified for non-oil revenue to gain ascendancy. At 37% of expected revenue, it 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 to expedite action on the passage 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.

2.1.4 Actual Revenue Inflow for 2017 as a Guide for 2018: From the actual revenue inflow of 2017, the President indicated that as at September 2017, we missed the prorated revenue projections by 14%[3], mainly due to the shortfall in non-oil revenues. It would have made sense to use the actual figures of 2017 as a guide to the projections unless the circumstances and conditions have changed in favour of enhanced revenue generation. Especially, the projection for independent revenue should be kept within the bounds of the 2017 actuals. However, the increased number of agencies that have been brought under the schedule of the Fiscal Responsibility Act as liable to pay operational surplus should ginger the Fiscal Responsibility Commission and revenue collecting agencies to increase independent revenue of the FGN.

2.1.5 Projections for Recoveries: Expected recoveries are part of the funding items of the budget in the sum of N512 billion being 8% of the retained revenue. It would have been more reasonable to have provided for only the part of the expected recoveries that are already recovered so that expenditure projections are not based on expectancies that will 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.

2.1.6 The Deficit: Although, the deficit is 1.77% of the GDP which is in tandem with the demands of the Fiscal Responsibility Act, there are still challenges inherent in its quantum. The deficit is in the sum of N2.005 trillion. It is 23% of the overall expenditure and 30% of the retained revenue. It is to be financed mainly by borrowing the sum of N1.699 trillion from external and domestic sources. This will further add to our already high debt profile and increase provisions for debt repayment and servicing in subsequent years. The balance of N306billion is to be financed from proceeds of the privatization of some non-oil assets by the Bureau of Public Enterprises. There is no certainty about the actual non-oil assets to be privatized. Thus, the process of identification of the assets and the actual privatization needs to start early enough. Also, from the experience of 2016 and 2017 budget implementation, the President and NASS need to start the approval and implementation of the

[3] Confirmed by the Minister of Budget and National Planning in his briefing but extended the date of the position to the end of the third quarter of 2017.

borrowing process early, so that funds can be available to implement the 2018 capital budget when approved. To reduce the deficit to manageable proportions, NASS needs to consider a slight increase in the benchmark price of crude oil to $47.5pb.

2.1.7 Silence on Employment and Job Creation: Nigeria is faced with massive unemployment and underemployment challenges. Unemployment as at the end of 2017 stood at 18.8% while underemployment was 21.2%. However, youth unemployment/underemployment stood at 56.65%. A budget that seeks to regenerate 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 figures.

2.2 THE EXPENDITURE FRAMEWORK

The Expenditure Framework of the Budget is as detailed in Table 3 below.

Table 3: Expenditure Framework of the 2018 Appropriation Bill

Breakdown of 2018 Proposed Expenditure	Amount (Trillion)	As a % of Total Expenditure
Capital Expenditure (Excluding the capital component of Statutory Transfers)	2.428	28%
Recurrent Expenditure	3.494	41%
Debt Service	2.014	23%
Statutory Transfers	0.456	5%
Sinking Fund	0.22	3%
Total Expenditure	**8.612**	**100%**

Source: Budget office of the Federation

2.2.1 Capital Expenditure: The first issue is that capital expenditure is to take 28% of the overall vote. However, if the capital component of statutory transfers is added, it gets up to 30.8% of the budget. While this looks good on paper, previous experience indicates that the capital vote is very poorly implemented. For instance, out of the 2017 capital vote, only N450 billion has been released at the time of budget presentation in a capital vote of N2.174 trillion. This amounts to a paltry 20.70% of the capital expenditure. It is not therefore sufficient to make proposals which may not be followed through at the end of the day. It is also imperative for the administration to ensure that the bulk of the capital expenditure is developmental rather than administrative. This is the only way it can have a direct impact on the majority of citizens. But the 2017 figures show that many MDAs dedicated a good part of their capital vote to administrative capital.

It is clear that budgetary funding can hardly scratch the surface of Nigeria's demand for infrastructure. It is imperative that NASS considers 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.

Also, the big picture is missing in the 2018 budget projections. 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 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.

- 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 have neither the technical, managerial and financial capacity to move the sector to the next level whilst government has no resources to improve the transmission subsector.

- Consideration, passage and assent to the Petroleum Industry Bill for reforms in the oil and gas sector.

Ultimately, these changes will relive the Treasury of, 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 thinly. 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.

2.2.2 Debt Service: The second issue is that the rising debt service appears to be crowding out expenditure in critical infrastructure and human development. The debt service, which is 23% of the overall vote when added to the sinking fund for the retirement of maturing bonds add up to 23.22% of the overall vote. This is almost one quarter of the expenditure. At the end of the day, if there is a shortfall in revenue, salaries and overheads will be drawn down, debts will be serviced whilst capital projects suffer. At 23.22% of overall expenditure, the debt service is high.

By borrowing, we are further increasing the stock of public resources that will be laid out for debt service in subsequent years. The trajectory of debt service and capital budget implementation over the years speaks to the challenge. 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 N384.07 billion for capital expenditure. As at the end of 2016, available figures indicate that we spent N1.384 trillion in debt service. In 2016, FGN claimed that it invested N1.2trillion in capital expenditure which is 76.81% of the overall capital vote[4]. All these show a wide margin between the 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. Further, debt service as a percentage of retained revenue is growing. The retained revenue is N6.607 trillion whilst the debt service and sinking fund is N2.234 trillion. Therefore, debt service is 33.81% of the retained revenue while it is 26% of the overall budgetary expenditure of N8.612trillion. This is on the high side. To understand the opportunity cost of debt service in 2018, it will be compared to the capital expenditure of five key and strategic ministries.

[4] The word “claimed” is used because the expenditure figure of N1.2trillion came out of the blues as FGN refused to indicate the exact projects where it invested the money. There were no visible railways, schools, hospitals, roads, airports to show for the investments and there were no project commissioning ceremonies, which is the tradition in Nigeria.

Table 4: Debt Service v Capital Vote of Strategic MDAs

S/No	MINISTRY	CAPITAL ALLOCATION
1	Power, Works and Housing	590,087,014,099
2	Education	605,795,857,907
3	Health	340,456,412,880
4	Defence	567,433,895,517
5	North East Intervention Fund	45,000,000,000
Total		2,148,773,180,403

Source: Budget Office of the Federation

The total capital allocation to these sectors as a percentage of debt service is 96.18%. We have been spending and will likely spend more on debt service than on capital expenditure in 2018 and subsequent years.

2.2.3 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 N2.59 trillion in 2015, moved up to N2.64 trillion in 2016 and got the sum of N2.990.92trillion in 2017[5]. And now, it got a vote of N3.494trillion in the 2018 proposal; these increments cannot be the sign of a system that is taking steps to remove waste and inefficiencies. Personnel and overhead expenditure are projected to rise by 12% respectively from the value of their 2017 projection[6].

2.2.4: The Missing Basic Health Care Provision Fund: The National Health Act provides for 1% of the Consolidated Revenue Fund to be appropriated as a statutory transfer to the Basic Health Care Provision Fund. For the past three years, the executive and legislature have ignored this provision and this has continued in the 2018 estimates. The statutory transfers indicate that FGN failed, refused and neglected to provide for the Basic Health Care Provision Fund which is one percent of the Consolidated Revenue Fund. This is clearly an act of bad faith, an illegality and outright contempt for the rule of law, constitutionalism and the rights to life and health of the poorest of the poor. NASS is left with two options; either repeal the law

[5] 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).
[6] See page 15 of the President's Budget Presentation Speech at the NASS.

or specifically amend the law and remove the section (which will be a nightmare) or alternatively, implement the provision. The choice is narrowed to implementing the law before NASS joins the executive in the law breaking mode.

2.2.5: Frivolous, Inappropriate, Unclear and Wasteful Expenditure: The term frivolous implies not having any serious purpose or value as some of the expenditure proposals cannot be supported by any high level national plan or policy. They ignore the pressing problems and challenges while providing for the fancy, whims and caprices of the budget crafters. Inappropriate provisions focus on their not being suitable or proper in the circumstances. These provisions cannot meet policy goals declared by the government. Unclear provisions are deliberately crafted by Ministries, Departments and Agencies (MDAs) to deceive the uninitiated. They are made to confuse and most times, do not have any fixed meaning and they are without clear activities, services, goods, construction and deliverables that any reasonable person can understand. Wasteful expenditure on the other hand contributes nothing to the general welfare but rather incurs loss to the Treasury.

In the age of "Buy Made in Nigeria", most MDAs are insistent on buying foreign products and brands and even have the temerity to put the foreign brands in the budget when there are equally good locally made alternatives. This is more pronounced in the quest for foreign SUVs. Huge proposals for cleaning and fumigation and subscription to professional bodies which could be done for less than 50% of the requested sums were discovered whilst the annual ritual of buying computers and computer software was common. This raises the posers; should the government be buying computers and software every year? What happened to previously acquired computers and software? At the State House, Presidential Villa, there are large requests for annual maintenance, repairs and rehabilitation far in excess of the reasonable needs of the Villa. This tradition is followed by a number of MDAs.

Agriculture votes lump sums running into billions for value chains of maize, potato, cassava, etc. The meaning of this is only known to the person who crafted the budget. Voting N208 million for subscription to professional bodies under the SGF's office raises the poser of how many staff works in the office. Some MDAs simply played on words like "empowerment", "capacity building" and "human capital development" to request for large sums of money. But the word empowerment is devoid of specificity, it is hanging and must be contextualized. Also, capacity building ought to be done within the context of developing specific competencies. Again, there are many requests for research and development which are hanging and not specifically tied to any deliverables. These estimates should be clarified and or removed from the budget and the sums saved should be reprogrammed to capital expenditure. Nigeria is still planning to build a nuclear power plant but we lack the capacity to manage a nuclear power plant. This is coming at a time major world powers are decommissioning their nuclear power plants. It makes no sense and it is suicidal to continue this quest. A total of Two Hundred and Nineteen Billion, Three Hundred and Seventy Million, Two Hundred and Seventy Two Thousand, Seven Hundred and Thirty Nine Naira, Forty Kobo Only has been identified as resources to be saved and reprogrammed by the National Assembly.

SECTION THREE: EXPENDITURE SPECIFICS

3.1 THE ALLOCATIONS AND PRIORITIES

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

Table 5: Summary of MDAs Votes

S/NO	MDA	TOTAL PERSONNEL	TOTAL OVERHEAD	TOTAL RECURRENT	TOTAL CAPITAL	TOTAL ALLOCATION
1	PRESIDENCY	17,792,597,551	11,683,081,282	29,475,678,833	21,969,999,975	51,445,678,808
2	NATIONAL ASSEMBLY	125,000,000,000	-	125,000,000,000	-	125,000,000,000
3	MINISTRY OF DEFENCE	370,628,382,459	51,805,513,127	422,433,895,586	144,999,999,931	567,433,895,517
4	MINISTRY OF FOREIGN AFFAIRS	38,814,576,592	23,277,621,873	62,092,198,465	10,795,042,441	72,887,240,906
5	FEDERAL MINISTRY OF INFORMATION & CULTURE	38,893,979,743	4,210,491,435	43,104,471,178	8,373,248,823	51,477,720,001
6	MINISTRY OF INTERIOR	476,434,920,344	34,438,537,929	510,873,458,273	63,261,062,487	574,134,520,760
7	OFFICE OF THE HEAD OF THE CIVIL SERVICE OF THE FEDERATION	4,592,276,319	1,410,394,352	6,002,670,671	3,755,176,735	9,757,847,406
8	AUDITOR GENERAL FOR THE FEDERATION	1,947,674,911	984,230,795	2,931,905,706	290,509,818	3,222,415,524
9	PUBLIC COMPLAINTS COMMISSION	4,200,000,000	-	4,200,000,000	-	4,200,000,000
10	FEDERAL CIVIL SERVICE COMMISSION	573,147,419	472,853,041	1,046,000,460	46,171,826	1,092,172,286
11	INDEPENDENT NATIONAL ELECTORAL COMMISSION	45,500,000,000	-	45,500,000,000	-	45,500,000,000
12	FEDERAL CHARACTER COMMISSION	2,121,540,028	372,635,539	2,494,175,567	593,080,989	3,087,256,556
13	MINISTRY OF COMMUNICATION TECHNOLOGY	11,449,606,934	266,974,561	11,716,581,495	7,544,159,142	19,260,740,637
14	NATIONAL SECURITY ADVISER	59,575,825,137	12,448,992,916	72,024,818,053	49,706,125,631	121,730,943,684

15	CODE OF CONDUCT TRIBUNAL	451,843,901	232,310,234	684,154,135	513,616,706	1,197,770,841
16	INFRASTRUCTURE CONCESSIONARY REGULATORY COMMSSION	831,800,198	176,088,460	1,007,888,658	534,310,245	1,542,198,903
17	POLICE SERVICE COMMISSION	501,757,311	211,369,318	713,126,629	758,900,000	1,472,026,629
18	SECRETARY TO THE GOVERNMENT OF THE FEDERATION	50,070,017,684	8,557,216,850	58,627,234,534	23,249,819,276	81,877,053,810
19	FEDERAL MINISTRY OF AGRICULTURE AND RURAL DEVELOPMENT	51,938,288,739	1,873,664,967	53,811,953,706	118,984,139,037	172,796,092,743
20	FEDERAL MINISTRY OF FINANCE	7,375,606,631	2,237,236,560,943	2,244,612,167,574	2,965,210,224	2,247,577,377,798
21	FEDERAL MINISTRY OF INDUSTRY, TRADE AND INVESTMENT	10,390,132,014	2,065,004,599	12,455,136,613	82,917,147,560	95,372,284,173
22	FEDERAL MINISTRY OF LABOUR AND EMPLOYMENT	6,355,193,714	1,356,869,941	7,712,063,655	9,782,520,401	17,494,584,056
23	FEDERAL MINISTRY OF SCIENCE AND TECHNOLOGY	29,753,995,606	2,693,455,781	32,447,451,387	43,230,296,244	75,677,747,631
24	FEDERAL MINISTRY OF TRANSPORTATION	14,275,582,500	1,450,000,003	15,725,582,503	263,100,000,000	278,825,582,503
25	FEDERAL MINISTRY OF POWER WORKS & HOUSING	17,259,579,677	16,949,839,980	34,209,419,657	555,877,594,442	590,087,014,099
26	MINISTRY OF PETROLEUM RESOURCES	64,155,130,781	1,992,410,877	66,147,541,658	7,943,128,647	74,090,670,305
27	MINISTRY OF MINES AND STEEL DEVELOPMENT	8,835,155,389	1,726,419,856	10,561,575,245	12,900,000,000	23,461,575,245
28	MINISTRY OF BUDGET AND NATIONAL PLANNING	404,676,271,298	738,162,050,049	1,142,838,321,347	642,687,658,319	1,785,525,979,666
29	NATIONAL SALARIES, INCOMES AND WAGES COMMISSION	597,928,815	93,981,274	691,910,089	263,121,916	955,032,005
30	REVENUE MOBILISATION, ALLOCATION AND FISCAL COMMISSION	1,544,149,606	344,762,287	1,888,911,893	329,093,337	2,218,005,230
31	FISCAL RESPONSIBILITY COMMISSION	152,651,472	181,767,615	334,419,087	200,155,392	534,574,479
32	FEDERAL MINISTRY OF WATER RESOURCES	6,998,520,403	951,260,604	7,949,781,007	95,111,700,681	103,061,481,688

33	JUDICIARY	100,000,000,000	-	100,000,000,000	-	100,000,000,000
34	FEDERAL MINISTRY OF JUSTICE	19,017,934,095	3,400,000,004	22,417,934,099	2,049,946,629	24,467,880,728
35	INDEPENDENT CORRUPT PRACTICES AND RELATED OFFENCES COMMISSION	4,100,105,594	1,312,886,013	5,412,991,607	867,865,170	6,280,856,777
36	CODE OF CONDUCT BUREAU	1,946,711,277	435,616,600	2,382,327,877	694,854,364	3,077,182,241
37	FEDERAL CAPITAL TERRITORY ADMINISTRATION	-	-	-	40,297,122,872	40,297,122,872
38	FEDERAL MINISTRY OF NIGER DELTA	72,459,431,531	877,089,124	73,336,520,655	53,892,500,002	127,229,020,657
39	FEDERAL MINISTRY OF YOUTH & SPORTS DEVELOPMENT	93,734,185,428	16,987,062,754	110,721,248,182	5,499,604,377	116,220,852,559
40	FEDERAL MINISTRY OF WOMEN AFFAIRS	1,157,568,227	500,000,001	1,657,568,228	4,580,732,000	6,238,300,228
41	FEDERAL MINISTRY OF EDUCATION	516,387,018,209	27,683,286,158	544,070,304,367	61,725,553,540	605,795,857,907
42	FEDERAL MINISTRY OF HEALTH	265,002,022,797	4,341,237,428	269,343,260,225	71,113,152,655	340,456,412,880
43	FEDERAL MINISTRY OF ENVIRONMENT	15,988,194,981	1,857,257,810	17,845,452,791	9,524,482,833	27,369,935,624
44	NATIONAL POPULATION COMMISSION	5,654,664,346	415,073,952	6,069,738,298	4,736,308,554	10,806,046,852
	TOTAL	**2,969,135,969,661**	**3,215,435,870,332**	**6,184,571,839,993**	**2,427,665,113,221**	**8,612,236,953,214**

TABLE 6: 2018 FGN BUDGET PROPOSAL – MDAS ALLOCATION AS A PERCENTAGE OF THE AGGREGATE BUDGET EXPENDITURE

S/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	17,792,597,551	0.60	11,683,081,282	0.36	29,475,678,833	0.48	21,969,999,975	0.90	51,445,678,808	0.60
2	NATIONAL ASSEMBLY	125,000,000,000	4.21	-	0.00	125,000,000,000	2.02	-	0.00	125,000,000,000	1.45
3	MINISTRY OF DEFENCE	370,628,382,459	12.48	51,805,513,127	1.61	422,433,895,586	6.83	144,999,999,931	5.97	567,433,895,517	6.59
4	MINISTRY OF FOREIGN AFFAIRS	38,814,576,592	1.31	23,277,621,873	0.72	62,092,198,465	1.00	10,795,042,441	0.44	72,887,240,906	0.85

5	FEDERAL MINISTRY OF INFORMATION & CULTURE	38,893,979,743	1.31	4,210,491,435	0.13	43,104,471,178	0.70	8,373,248,823	0.34	51,477,720,001	0.60
6	MINISTRY OF INTERIOR	476,434,920,344	16.05	34,438,537,929	1.07	510,873,458,273	8.26	63,261,062,487	2.61	574,134,520,760	6.67
7	OFFICE OF THE HEAD OF THE CIVIL SERVICE OF THE FEDERATION	4,592,276,319	0.15	1,410,394,352	0.04	6,002,670,671	0.10	3,755,176,735	0.15	9,757,847,406	0.11
8	AUDITOR GENERAL FOR THE FEDERATION	1,947,674,911	0.07	984,230,795	0.03	2,931,905,706	0.05	290,509,818	0.01	3,222,415,524	0.04
9	PUBLIC COMPLAINTS COMMISSION	4,200,000,000	0.14	-	0.00	4,200,000,000	0.07	-	0.00	4,200,000,000	0.05
10	FEDERAL CIVIL SERVICE COMMISSION	573,147,419	0.02	472,853,041	0.01	1,046,000,460	0.02	46,171,826	0.00	1,092,172,286	0.01
11	INDEPENDENT NATIONAL ELECTORAL COMMISSION	45,500,000,000	1.53	-	0.00	45,500,000,000	0.74	-	0.00	45,500,000,000	0.53
12	FEDERAL CHARACTER COMMISSION	2,121,540,028	0.07	372,635,539	0.01	2,494,175,567	0.04	593,080,989	0.02	3,087,256,556	0.04
13	MINISTRY OF COMMUNICATION TECHNOLOGY	11,449,606,934	0.39	266,974,561	0.01	11,716,581,495	0.19	7,544,159,142	0.31	19,260,740,637	0.22
14	NATIONAL SECURITY ADVISER	59,575,825,137	2.01	12,448,992,916	0.39	72,024,818,053	1.16	49,706,125,631	2.05	121,730,943,684	1.41
15	CODE OF CONDUCT TRIBUNAL	451,843,901	0.02	232,310,234	0.01	684,154,135	0.01	513,616,706	0.02	1,197,770,841	0.01
16	INFRASTRUCTURE CONCESSIONARY REGULATORY COMMSSION	831,800,198	0.03	176,088,460	0.01	1,007,888,658	0.02	534,310,245	0.02	1,542,198,903	0.02
17	POLICE SERVICE COMMISSION	501,757,311	0.02	211,369,318	0.01	713,126,629	0.01	758,900,000	0.03	1,472,026,629	0.02
18	SECRETARY TO THE GOVERNMENT OF THE FEDERATION	50,070,017,684	1.69	8,557,216,850	0.27	58,627,234,534	0.95	23,249,819,276	0.96	81,877,053,810	0.95
19	FEDERAL MINISTRY OF AGRICULTURE AND RURAL DEVELOPMENT	51,938,288,739	1.75	1,873,664,967	0.06	53,811,953,706	0.87	118,984,139,037	4.90	172,796,092,743	2.01
20	FEDERAL MINISTRY OF FINANCE	7,375,606,631	0.25	2,237,236,560,943	69.58	2,244,612,167,574	36.29	2,965,210,224	0.12	2,247,577,377,798	26.10
21	FEDERAL MINISTRY OF INDUSTRY, TRADE AND INVESTMENT	10,390,132,014	0.35	2,065,004,599	0.06	12,455,136,613	0.20	82,917,147,560	3.42	95,372,284,173	1.11
22	FEDERAL MINISTRY OF LABOUR AND EMPLOYMENT	6,355,193,714	0.21	1,356,869,941	0.04	7,712,063,655	0.12	9,782,520,401	0.40	17,494,584,056	0.20
23	FEDERAL MINISTRY OF SCIENCE AND TECHNOLOGY	29,753,995,606	1.00	2,693,455,781	0.08	32,447,451,387	0.52	43,230,296,244	1.78	75,677,747,631	0.88
24	FEDERAL MINISTRY OF TRANSPORTATION	14,275,582,500	0.48	1,450,000,003	0.05	15,725,582,503	0.25	263,100,000,000	10.84	278,825,582,503	3.24
25	FEDERAL MINISTRY OF POWER WORKS & HOUSING	17,259,579,677	0.58	16,949,839,980	0.53	34,209,419,657	0.55	555,877,594,442	22.90	590,087,014,099	6.85
26	MINISTRY OF PETROLEUM RESOURCES	64,155,130,781	2.16	1,992,410,877	0.06	66,147,541,658	1.07	7,943,128,647	0.33	74,090,670,305	0.86
27	MINISTRY OF MINES AND STEEL DEVELOPMENT	8,835,155,389	0.30	1,726,419,856	0.05	10,561,575,245	0.17	12,900,000,000	0.53	23,461,575,245	0.27

28	MINISTRY OF BUDGET AND NATIONAL PLANNING	404,676,271,298	13.63	738,162,050,049	22.96	1,142,838,321,347	18.48	642,687,658,319	26.47	1,785,525,979,666	20.73
29	NATIONAL SALARIES, INCOMES AND WAGES COMMISSION	597,928,815	0.02	93,981,274	0.00	691,910,089	0.01	263,121,916	0.01	955,032,005	0.01
30	REVENUE MOBILISATION, ALLOCATION AND FISCAL COMMISSION	1,544,149,606	0.05	344,762,287	0.01	1,888,911,893	0.03	329,093,337	0.01	2,218,005,230	0.03
31	FISCAL RESPONSIBILITY COMMISSION	152,651,472	0.01	181,767,615	0.01	334,419,087	0.01	200,155,392	0.01	534,574,479	0.01
32	FEDERAL MINISTRY OF WATER RESOURCES	6,998,520,403	0.24	951,260,604	0.03	7,949,781,007	0.13	95,111,700,681	3.92	103,061,481,688	1.20
33	JUDICIARY	100,000,000,000	3.37	-	0.00	100,000,000,000	1.62	-	0.00	100,000,000,000	1.16
34	FEDERAL MINISTRY OF JUSTICE	19,017,934,095	0.64	3,400,000,004	0.11	22,417,934,099	0.36	2,049,946,629	0.08	24,467,880,728	0.28
35	INDEPENDENT CORRUPT PRACTICES AND RELATED OFFENCES COMMISSION	4,100,105,594	0.14	1,312,886,013	0.04	5,412,991,607	0.09	867,865,170	0.04	6,280,856,777	0.07
36	CODE OF CONDUCT BUREAU	1,946,711,277	0.07	435,616,600	0.01	2,382,327,877	0.04	694,854,364	0.03	3,077,182,241	0.04
37	FEDERAL CAPITAL TERRITORY ADMINISTRATION	-	0.00	-	0.00	-	0.00	40,297,122,872	1.66	40,297,122,872	0.47
38	FEDERAL MINISTRY OF NIGER DELTA	72,459,431,531	2.44	877,089,124	0.03	73,336,520,655	1.19	53,892,500,002	2.22	127,229,020,657	1.48
39	FEDERAL MINISTRY OF YOUTH & SPORTS DEVELOPMENT	93,734,185,428	3.16	16,987,062,754	0.53	110,721,248,182	1.79	5,499,604,377	0.23	116,220,852,559	1.35
40	FEDERAL MINISTRY OF WOMEN AFFAIRS	1,157,568,227	0.04	500,000,001	0.02	1,657,568,228	0.03	4,580,732,000	0.19	6,238,300,228	0.07
41	FEDERAL MINISTRY OF EDUCATION	516,387,018,209	17.39	27,683,286,158	0.86	544,070,304,367	8.80	61,725,553,540	2.54	605,795,857,907	7.03
42	FEDERAL MINISTRY OF HEALTH	265,002,022,797	8.93	4,341,237,428	0.14	269,343,260,225	4.36	71,113,152,655	2.93	340,456,412,880	3.95
43	FEDERAL MINISTRY OF ENVIRONMENT	15,988,194,981	0.54	1,857,257,810	0.06	17,845,452,791	0.29	9,524,482,833	0.39	27,369,935,624	0.32
44	NATIONAL POPULATION COMMISSION	5,654,664,346	0.19	415,073,952	0.01	6,069,738,298	0.10	4,736,308,554	0.20	10,806,046,852	0.13
	TOTAL	**2,969,135,969,661**	**100**	**3,215,435,870,332**	**100**	**6,184,571,839,993**	**100**	**2,427,665,113,221**	**100**	**8,612,236,953,214**	**100**

Tables 5 and 6 show that the Ministry of Finance got the highest allocation (26.10%) which is higher than the 25.39% proposed in 2017. However, this is made up of N2.234trillion for debt service and sinking fund for retirement of maturing bonds. This shows the increment in debt and apposite provisions for debt service. This is followed by the Ministry of Budget and National Planning with 20.73% (higher than 18.9% proposed in 2017) of the overall votes but the bulk of vote is going to Service Wide Votes. The implication of the foregoing is that the two ministries account for 46.83% of the overall votes. This is not a good and fit practice because the bulk of the votes in SWV could be better programmed and managed. Centralizing votes and managing them outside the traditional MDAs with little or no accountability is not a best practice. 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 the appropriate MDAs.

The Ministry of Education came third with 7.03%, followed in the fourth place by the Ministry of Power, Works and Housing with 6.85% of the votes. The Ministries of Interior and Defence followed with 6.67% and 6.59% respectively. The Ministries of Agriculture and Health got a paltry 2.01% and 3.95% of the vote respectively. The very low vote of N534million representing 0.01% of the budget given to the Fiscal Responsibility Commission flies in the face of its responsibilities to ensure the remittance of operating surplus revenue from 122 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 7 shows MDA allocations as a percentage of the aggregate allocation to the MDAs.

TABLE 7: MDAS ALLOCATION AS A PERCENTAGE OF THE AGGREGATE ALLOCATION TO THE MDAS

S/NO	MDA	TOTAL PERSONNEL	Personal 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	17,792,597,551	34.59	11,683,081,282	22.71	29,475,678,833	57.29	21,969,999,975	42.71	51,445,678,808
2	NATIONAL ASSEMBLY	125,000,000,000	100	-	0.00	125,000,000,000	100.00	-	0.00	125,000,000,000
3	MINISTRY OF DEFENCE	370,628,382,459	65.32	51,805,513,127	9.13	422,433,895,586	74.45	144,999,999,931	25.55	567,433,895,517
4	MINISTRY OF FOREIGN AFFAIRS	38,814,576,592	53.25	23,277,621,873	31.94	62,092,198,465	85.19	10,795,042,441	14.81	72,887,240,906
5	FEDERAL MINISTRY OF INFORMATION &	38,893,979,743	75.55	4,210,491,435	8.18	43,104,471,178	83.73	8,373,248,823	16.27	51,477,720,001

	CULTURE									
6	MINISTRY OF INTERIOR	476,434,920,344	82.98	34,438,537,929	6.00	510,873,458,273	88.98	63,261,062,487	11.02	574,134,520,760
7	OFFICE OF THE HEAD OF THE CIVIL SERVICE OF THE FEDERATION	4,592,276,319	47.06	1,410,394,352	14.45	6,002,670,671	61.52	3,755,176,735	38.48	9,757,847,406
8	AUDITOR GENERAL FOR THE FEDERATION	1,947,674,911	60.44	984,230,795	30.54	2,931,905,706	90.98	290,509,818	9.02	3,222,415,524
9	PUBLIC COMPLAINTS COMMISSION	4,200,000,000	100.	-	0.00	4,200,000,000	100.00	-	0.00	4,200,000,000
10	FEDERAL CIVIL SERVICE COMMISSION	573,147,419	52.48	472,853,041	43.29	1,046,000,460	95.77	46,171,826	4.23	1,092,172,286
11	INDEPENDENT NATIONAL ELECTORAL COMMISSION	45,500,000,000	100.	-	0.00	45,500,000,000	100.00	-	0.00	45,500,000,000
12	FEDERAL CHARACTER COMMISSION	2,121,540,028	68.72	372,635,539	12.07	2,494,175,567	80.79	593,080,989	19.21	3,087,256,556
13	MINISTRY OF COMMUNICATIO N TECHNOLOGY	11,449,606,934	59.45	266,974,561	1.39	11,716,581,495	60.83	7,544,159,142	39.17	19,260,740,637
14	NATIONAL SECURITY ADVISER	59,575,825,137	48.94	12,448,992,916	10.23	72,024,818,053	59.17	49,706,125,631	40.83	121,730,943,684
15	CODE OF CONDUCT TRIBUNAL	451,843,901	37.72	232,310,234	19.40	684,154,135	57.12	513,616,706	42.88	1,197,770,841
16	INFRASTRUCTUR E CONCESSIONARY REGULATORY COMMSSION	831,800,198	53.94	176,088,460	11.42	1,007,888,658	65.35	534,310,245	34.65	1,542,198,903
17	POLICE SERVICE COMMISSION	501,757,311	34.09	211,369,318	14.36	713,126,629	48.45	758,900,000	51.55	1,472,026,629

18	SECRETARY TO THE GOVERNMENT OF THE FEDERATION	50,070,017,684	61.15	8,557,216,850	10.45	58,627,234,534	71.60	23,249,819,276	28.40	81,877,053,810
19	FEDERAL MINISTRY OF AGRICULTURE AND RURAL DEVELOPMENT	51,938,288,739	30.06	1,873,664,967	1.08	53,811,953,706	31.14	118,984,139,037	68.86	172,796,092,743
20	FEDERAL MINISTRY OF FINANCE	7,375,606,631	0.33	2,237,236,560,943	99.54	2,244,612,167,574	99.87	2,965,210,224	0.13	2,247,577,377,798
21	FEDERAL MINISTRY OF INDUSTRY, TRADE AND INVESTMENT	10,390,132,014	10.89	2,065,004,599	2.17	12,455,136,613	13.06	82,917,147,560	86.94	95,372,284,173
22	FEDERAL MINISTRY OF LABOUR AND EMPLOYMENT	6,355,193,714	36.33	1,356,869,941	7.76	7,712,063,655	44.08	9,782,520,401	55.92	17,494,584,056
23	FEDERAL MINISTRY OF SCIENCE AND TECHNOLOGY	29,753,995,606	39.32	2,693,455,781	3.56	32,447,451,387	42.88	43,230,296,244	57.12	75,677,747,631
24	FEDERAL MINISTRY OF TRANSPORTATIO N	14,275,582,500	5.12	1,450,000,003	0.52	15,725,582,503	5.64	263,100,000,000	94.36	278,825,582,503
25	FEDERAL MINISTRY OF POWER WORKS & HOUSING	17,259,579,677	2.92	16,949,839,980	2.87	34,209,419,657	5.80	555,877,594,442	94.20	590,087,014,099
26	MINISTRY OF PETROLEUM RESOURCES	64,155,130,781	86.59	1,992,410,877	2.69	66,147,541,658	89.28	7,943,128,647	10.72	74,090,670,305
27	MINISTRY OF MINES AND STEEL DEVELOPMENT	8,835,155,389	37.66	1,726,419,856	7.36	10,561,575,245	45.02	12,900,000,000	54.98	23,461,575,245
28	MINISTRY OF		22.66		41.34		64.01		35.99	

	BUDGET AND NATIONAL PLANNING	404,676,271,298		738,162,050,049		1,142,838,321,347		642,687,658,319		1,785,525,979,666
29	NATIONAL SALARIES, INCOMES AND WAGES COMMISSION	597,928,815	62.61	93,981,274	9.84	691,910,089	72.45	263,121,916	27.55	955,032,005
30	REVENUE MOBILISATION, ALLOCATION AND FISCAL COMMISSION	1,544,149,606	69.62	344,762,287	15.54	1,888,911,893	85.16	329,093,337	14.84	2,218,005,230
31	FISCAL RESPONSIBILITY COMMISSION	152,651,472	28.56	181,767,615	34.00	334,419,087	62.56	200,155,392	37.44	534,574,479
32	FEDERAL MINISTRY OF WATER RESOURCES	6,998,520,403	6.79	951,260,604	0.92	7,949,781,007	7.71	95,111,700,681	92.29	103,061,481,688
33	JUDICIARY	100,000,000,000	100.	-	0.00	100,000,000,000	100.00	-	0.00	100,000,000,000
34	FEDERAL MINISTRY OF JUSTICE	19,017,934,095	77.73	3,400,000,004	13.90	22,417,934,099	91.62	2,049,946,629	8.38	24,467,880,728
35	INDEPENDENT CORRUPT PRACTICES AND RELATED OFFENCES COMMISSION	4,100,105,594	65.28	1,312,886,013	20.90	5,412,991,607	86.18	867,865,170	13.82	6,280,856,777
36	CODE OF CONDUCT BUREAU	1,946,711,277	63.26	435,616,600	14.16	2,382,327,877	77.42	694,854,364	22.58	3,077,182,241
37	FEDERAL CAPITAL TERRITORY ADMINISTRATIO N	-	0.00	-	0.00	-	0.00	40,297,122,872	100.00	40,297,122,872
38	FEDERAL MINISTRY OF NIGER DELTA	72,459,431,531	56.95	877,089,124	0.69	73,336,520,655	57.64	53,892,500,002	42.36	127,229,020,657

39	FEDERAL MINISTRY OF YOUTH & SPORTS DEVELOPMENT	93,734,185,428	80.65	16,987,062,754	14.62	110,721,248,182	95.27	5,499,604,377	4.73	116,220,852,559
40	FEDERAL MINISTRY OF WOMEN AFFAIRS	1,157,568,227	18.56	500,000,001	8.02	1,657,568,228	26.57	4,580,732,000	73.43	6,238,300,228
41	FEDERAL MINISTRY OF EDUCATION	516,387,018,209	85.24	27,683,286,158	4.57	544,070,304,367	89.81	61,725,553,540	10.19	605,795,857,907
42	FEDERAL MINISTRY OF HEALTH	265,002,022,797	77.84	4,341,237,428	1.28	269,343,260,225	79.11	71,113,152,655	20.89	340,456,412,880
43	FEDERAL MINISTRY OF ENVIRONMENT	15,988,194,981	58.42	1,857,257,810	6.79	17,845,452,791	65.20	9,524,482,833	34.80	27,369,935,624
44	NATIONAL POPULATION COMMISSION	5,654,664,346	52.33	415,073,952	3.84	6,069,738,298	56.17	4,736,308,554	43.83	10,806,046,852
	TOTAL	**2,969,135,969,661**		**3,215,435,870,332**		**6,184,571,839,993**		**2,427,665,113,221**		**8,612,236,953,214**

Table 7 shows the preponderance of recurrent expenditure virtually across all MDAs. Considering the infrastructure deficit in the education and health sectors, it is surprising that the Ministries of Education and Health got a low capital vote of 10.19% and 20.89% of their respective allocations. Also, the overwhelming recurrent vote of the Ministry of Environment 62.50% 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 Transport is second at 94.36% capital vote; Power, Works and Housing came third with a capital vote of 94.20% while Water Resources was fourth with 92.29%. The Ministry of Trade and Investment came fifth with 86.94% followed at the sixth position by Women Affairs with 73.43%. The seventh is Agriculture with a capital vote of 68.86%. The low capital vote of the Niger Delta Ministry at 42.36% is surprising considering that the Ministry should ideally focus on the infrastructure deficit in the Niger Delta.

Table 8 below shows the breakdown of statutory transfers.

Table 8: Statutory Transfers in the 2018 Federal Estimates

STATUTORY TRANSFERS	ALLOCATION	As a % of Total Statutory Transfer	As a % of Total Budget
National Judicial Council	100,000,000,000	21.91%	1.16%
Niger-Delta Development Commission	66,526,452,679	14.57%	0.77%
Universal Basic Education	113,732,201,395	24.92%	1.32%
National Assembly	125,000,000,000	27.38%	1.45%
Public Complaints Commission	4,200,000,000	0.92%	0.05%
INEC	45,500,000,000	9.97%	0.53%
National Human Rights Commission	1,500,000,000.00	0.33%	0.02%
Total	**456,458,654,074.00**	**100%**	**5.30%**

The vote for statutory transfer is a 5% increase over the 2017 vote. NDDC got about N2billion increase. UBEC got about N18b increase and National Human Rights Commission got about N300m increase. INEC got just N500m increase. Whether this will be sufficient for INEC's purposes considering that 2018 precedes the 2019 elections which will be done in the first quarter of 2019 is in doubt. Again, the Basic Health Care Provision Fund was missing.

3.2 SOME KEY SECTORAL ALLOCATIONS AND ISSUES

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

3.2.1 AGRICULTURE

Agriculture is vital for food security, job creation, provision of raw materials and generally increasing productivity, economic growth and improving livelihoods. It also employs a high percentage of the Nigerian population across its value chain and creates a good opportunity for the development of the rural areas. The trajectory of the Agriculture vote for the period 2015-2019 is as shown in Table 9.

Table 9: Allocations to Agriculture:2015-2018							
Years	**Total Recurrent**	**% Increase or Decrease**	**Total Capital**	**% Increase or Decrease**	**Total Allocation**	**% Increase or Decrease**	**Agric Allocation as % of Total Budget**
2015	31,869,020,717		8,790,000,000		40,659,020,717		0.90%
2016	29,632,584,416	-7%	46,173,963,859	425%	75,806,548,275	86%	1.25%
2017	31,752,144,051	7%	103,793,201,010	125%	135,545,345,061	79%	1.82%
2018	53,811,953,706	69%	118,984,139,037	15%	172,796,092,743	27%	2.01%

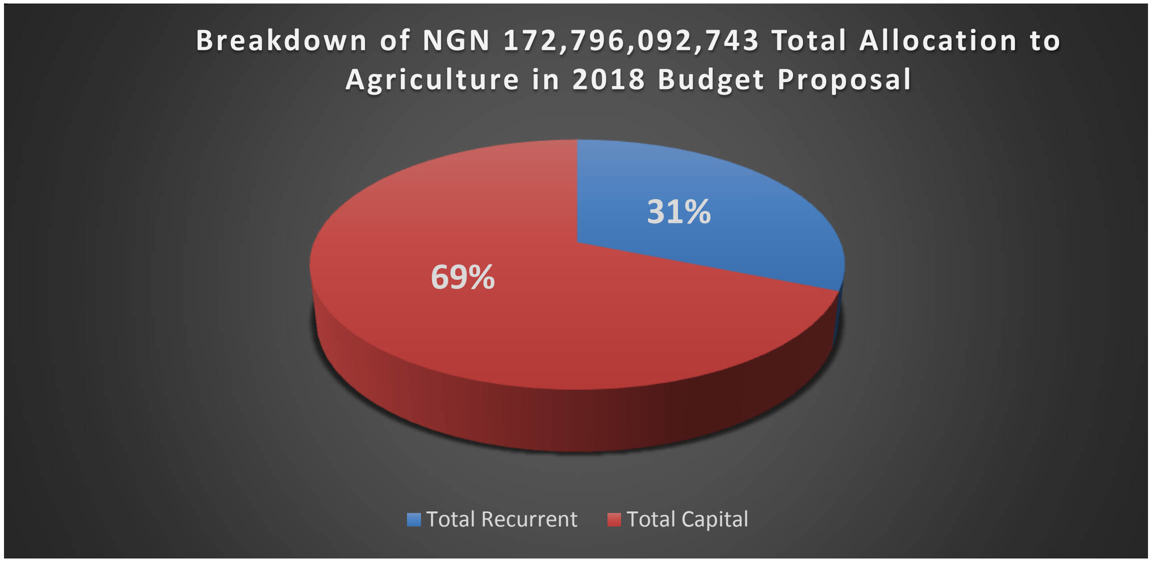
Source: Calculated from Approved Budget and the 2018 Estimates

The amount allocated to Agriculture in the estimates is a 27.48% increase from the 2017 budget figure of ₦135.545 billion. The trajectory shows that the vote for the sector has been increasing over the four year period. In real value terms and considering the continued depreciation of the Naira, the Agriculture vote has been converted to USD as shown in Table 10 below. Also, the Table shows that the Agriculture vote has been increasing.

Table 10: Conversion of Ministry of Agriculture Budget to USD			
Years	**Total Allocation**	**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	172,796,092,743	305	$ 566,544,566.37

However, the sector’s budget is 2.01% of the total budget. There is a continuous disregard of the Maputo/Malabo commitments of at least 10% of the national budget to be voted to Agriculture, as a minimum standard. The sector has a total estimate of N172.796 billion broken down as shown in Figure 1 below.

Figure 1: Breakdown of the Agriculture Vote



Source: CSJ and BOF

As usual, the sector's budget allotted a whooping ₦98.125billion out of the ₦172.796bn to the Ministry's Headquarters in Abuja which is about 56.73% of the total allocation to the sector. There are forty six (46) MDAs in the sector, while FMARD HQs got 56.73**%**; other Agencies shared the remaining 43.27**%**. The capital expenditure of the head office at N90.591billion is 76.14% of the overall sectoral capital expenditure; compare this to the head office's overhead and personnel which is 10.37% and 14.13% respectively. This is not proper and may produce a suboptimal performance for the sector.

The proposals of the Ministry are suffused with large sums of money without specifics and details and if not properly clarified, Nigerians will be in the dark as to what these sums of money are voted for. This means that citizens cannot reasonably be expected to monitor projects they do not know about. This is not the way to craft a budget. Transparency which leads to accountability is imperative to make this proposal reasonable. 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. Again, proposing N5.295billion 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.

3.2.2 HEALTH

The total sum allocated to health in the 2018 budget is N340.456 billion, out of a total national budget of N8.612 trillion. This sum represents just 3.95% of the total budget. When compared to the 2017 health budget, which was an aggregate sum of N308.464 billion being 4.15% of the 2017 federal budget; the Federal Government has clearly put the health sector in the reverse gear. This is not up to a third of 15% of budget recommended in the Abuja Declaration. There are other health related expenses in the budget which add up to N83,112,723,876[7]. When added to the original health vote, it totals N423,569,136,756 which is 4.92% of the overall vote. This is still very low and less than one third of the Abuja Declaration benchmark.

Table 11 shows the progression and trajectory of the health budget 2015-2018.

Table 11: Trajectory of Health Votes: 2015-2018

Allocation to Health for 4 Years							
Years	**Total Recurrent**	**% Increase or Decrease**	**Total Capital**	**% Increase or Decrease**	**Total Allocation**	**% Increase or Decrease**	**Health budget as % of Total Budget**
2015	237,075,742,847		22,676,000,000		259,751,742,847		5.78%
2016	221,412,548,087	-7%	28,650,342,987	26%	250,062,891,074	-4%	4.13%
2017	252,854,396,662	14%	55,609,880,120	94%	308,464,276,782	23%	4.15%
2018	269,343,260,225	7%	71,113,152,655	28%	340,456,412,880	10%	3.95%

Table 11 shows an undulating trend which tapers into retrogression between 2017 and 2018. Again, the real value of the health budget in comparative terms is shown below in Table 12.

[7] FGN's NHIS contribution of N67,179,660,645; NACA N4,268,224,497; State House Medical Centre of 1,030,458,453; counterpart funding for health N3,500,000,000; drugs and medical supplies of N2,177,224,552; medical expenses of N3,821,109,492; and purchase of health/medical equipment of N1,136,046,237, etc.

Table 12: Real Value of the Health Budget, 2015-2017

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	340,456,412,880	305	$ 1,116,250,534.03

Source: Calculated from BOF and CBN documentation

Table 12 shows that 2015's vote was higher than 2016 while 2016 was higher than 2017. The 2018 vote is higher in comparative terms than 2017. However, the health vote is insufficient to meet the needs of the sector. It shows that FGN is not using 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. The Nigerian health vote is even below the Sub-Saharan Africa average. Table 13 shows the percentages allocated in a few African countries in 2014.

Table 13: Health Expenditure as a Percentage of Total Government Expenditure in Selected African Countries

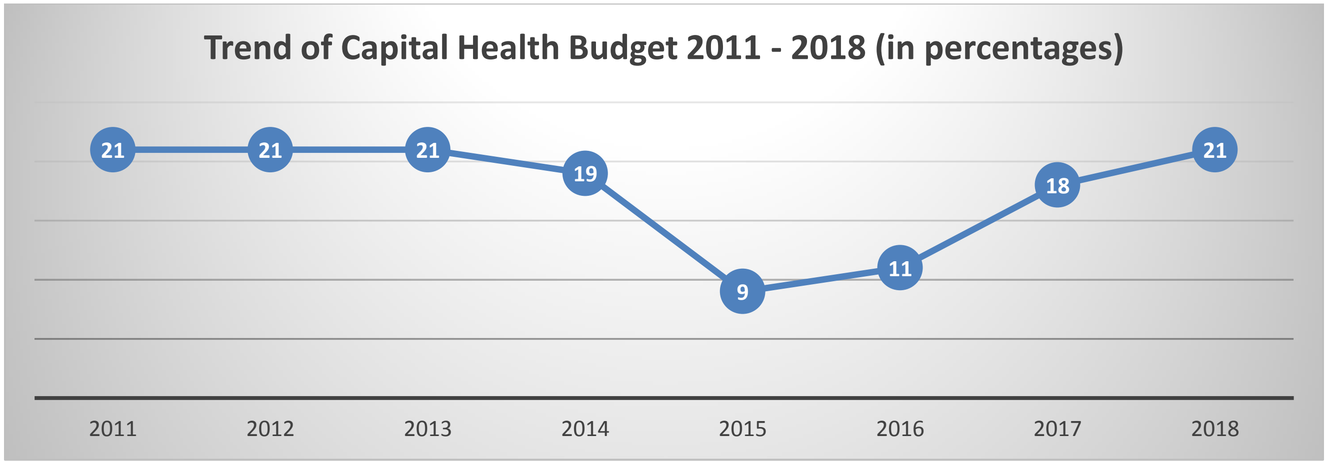
Country	% dedicated to Health	Country	% dedicated to Health
Benin	9.6	Guinea	9.0
Burkina Faso	11.2	Kenya	12.8
Chad	9.0	Malawi	16.8
Congo DR	11.1	Senegal	8.0
Gambia	15.3	Zambia	11.3

Source: http://databank.worldbank.org/data/reports.aspx?source=2&series=SH.XPD.PUBL.GX.ZS&country=

It is a matter of fact that African countries like Gambia and Malawi have in the recent past surpassed the 15% declaration and have allocated from 15.3% and 16.8% respectively of their National Budget to health[8]. Further, the Nigerian health personnel, overheads and capital votes for 2018 are 77.84%, 1.28% and 20.89% of the sectoral vote. The 20.89% allocation to capital expenditure is grossly inadequate to meet the demands of well-equipped and resourced hospitals and clinics to attend to prevalent health challenges. Figure 2 shows the trend of health's capital votes 2011 - 2018.

[8] Health Sector Medium Term Sector Strategies (MTSS) 2018-2020: A Memorandum from Civil Society.

Figure 2: Trend of Capital Health Budget 2015-2018



Source: Calculated from Approved Budgets

When this declining budgetary provision for health and refusal to implement the BHCPF is juxtaposed with the poor maternal and child health indicators, just 33% immunisation coverage as indicated in the Multiple Indicator Cluster Survey/National Immunisation Coverage Survey (among children aged 12-23 months as against the global standard of 90%) of 2016/2017, 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 FGN holds the right to health, and indeed the right to life in contempt. For the easiest way to deprive a Nigerian of his life is to deny him/her of health supporting conditions to the point of abrogation. This is exactly what the 2018 FGN budget estimates seek to do.

The budget estimates, by section 18 of the Fiscal Responsibility Act should be derived from the Medium Term Expenditure Framework (MTEF).

> *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.*

In the MTEF 2018-2020, FGN stated at page 25 that:

The achievement of Universal Health Coverage is an important goal of government. It is expected that the funding provision for the Basic Healthcare Provision Fund (BHCPF) of 1% of the Consolidated Revenue Fund (CRF) will be implemented over the medium term[9]*.*

Therefore, the non-provision of the 1% of the CRF for the BHCPF is not only illegal; it is an assault of incalculable proportions on the rule of law and respect for human rights. It is an affront on constitutionalism being a violation of S.5 of the 1999 Constitution as amended, vide the deliberate refusal to implement a law enacted by the National Assembly and assented to by the President.

It is recommended that the vote to health be increased to a minimum of 50% of the requirement of the Abuja Declaration viz 7.5% of the overall vote. This increase should be used to beef up the capital vote. In subsequent years, it should be progressively improved until it hits the 15% benchmark. In the circumstances, the National Assembly in exercising its powers of budgetary approval is called upon to:

- Make provision for the 1% of the CRF for the BHCPF.
- Take concrete, urgent, targeted and meticulous steps to set up alternative funding mechanisms for maternal and child health especially the passage of the Bill for an Act to establish a Nigerian Immunisation Trust Fund.
- 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 health financing and to provide funds for the health sector beyond budgetary and health insurance funds.
- Within the current constitutional amendment cycle, elevate primary and maternal, new born and child health to justiciable constitutional rights under the Fundamental Rights Chapter, being Chapter Four of the 1999 Constitution

3.23 EDUCATION

The total amount proposed for the Education Sector in 2018 is N605.795billion (including the vote of the Universal Basic Education Scheme) broken down as recurrent expenditures (N544.070billion) 89.81% and capital expenditures (N61.725billion)

[9] Underlining supplied for emphasis.

10.19%. The first point of departure is that this amount will be insufficient to meet the demands of the sector. It constitutes a paltry 7.03% of the overall vote; 17.39%, 0.86% and 2.34% of overall personnel vote, overhead and capital votes respectively. This is not even up to half of the 26% demanded by UNESCO. This allocation is below the Sub-Saharan Africa average. Table 14 tells the story of a few African countries.

Table 14: Expenditure on Education as a Percentage of Total Government Expenditure in Selected African Countries

Country	**Percentage of Budget Spent on Education**	
	2015	**2014**
Benin	17.48	22.23
Burkina Faso	18.03	19.37
Kenya	16.47	17.08
Malawi	21.55	16.33

Source: http://data.uis.unesco.org/?queryid=181

It is clear that the sum allocated to education is inadequate for the needs of the sector. Considering Nigeria's youthful population and its present state of underdevelopment, large investments in education are imperative to prepare the leaders of tomorrow and to develop skills, competencies and capacities to compete in a technological world. It has been rightly stated that:

> "*Education is both a human right in itself and an indispensable means of realising other human rights. As an empowerment right, education is the primary vehicle by which economically and socially marginalised adults and children can lift themselves out of poverty and obtain the means to fully participate in their communities*"[10].

At least, there should be an increase in the education vote to not less than 50% of the UNESCO requirement. A comprehensive review of the education curriculum to link it with industry, agriculture, technology, etc. and their value chains has become imperative to ensure that funding is geared towards policy positions that will make education functional, acceptable and adaptable to Nigeria's developmental challenges. Also, a proper determination of priorities in the sector will ensure that the funding goes to remove the binding constraints that have prevented education from achieving its goals.

Table 15 shows the trend of FGN's allocations to capital and recurrent expenditure in the education sector.

[10] General Comment No.13 on the Right to Education of the United Nations Committee on Economic, Social and Cultural Rights; 21st Session 1999; article 13 of the Covenant on Economic, Social and Cultural Rights.

Table 15: Trend of FGNs Allocations to Capital and Recurrent Expenditure

Composition of Education Allocations 2013-2018					
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)**
2013	437,478,097,032.00	366,247,658,676.00	83.72%	71,230,438,355.00	16.28%
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	605,795,857,907.00	544,070,304,367.00	89.81%	61,725,553,540.00	10.19%

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

Table 15 shows the poor funding of the capital needs of the education sector over the years. Dedicating a paltry 10.19% of the education vote to capital expenditure guarantees that the deficit in terms of school buildings, libraries, computer facilities, information technology, laboratories, etc. will not be met in the near future. Table 16 shows the allocations to key institutions under the Ministry.

Table 16: Breakdown of Allocations to Key Institutions in Education					
INSTITUTIONS	NO OF INSTITUTION	CAPITAL ALLOCATION	RECURRENT ALLOCATION		TOTAL ALLOCATION (NGN BILLION)
			Overhead Cost	Personnel Cost	
Colleges of Education	21	1,313,811,195	1,466,348,630	43,792,747,425	46,572,907,250
Federal Poly	24	2,487,131,507	2,524,080,852	65,141,810,875	70,153,023,234
Federal University	35	5,380,165,414	4,450,455,622	242,835,698,259	252,666,319,295
Federal Unity School	104	14,124,235,256	14,969,637,011	19,991,748,728	49,085,620,995

Source: 2018 Budget Proposal

Table 16 seems to portray a misplacement of priorities. How can secondary schools named Federal Unity Schools have almost the same capital votes as universities? The secondary schools got N135.81million each while universities got N153.72million each. Again what is the link between personnel and overhead votes? How can we explain that universities with personnel expenditure of N242.835billion got an overhead vote of N4.450billion while Unity Schools with a personnel vote of N19.991billion got overhead votes of N14.969billion? The total capital vote of Colleges of Education, Polytechnics and Universities is N9.18billion being14.87% of the overall sectoral capital vote while the FME headquarters got N22.705 billion which is 36.79% of overall sectoral capital vote.

It is pertinent to state that the personnel expenditure of Universities is bloated as the institutions are overstaffed and their personnel expenditure needs to be cut down. The Needs Assessment of Nigerian Universities Report 2012 showed the trend of a preponderance of non-academic staff that have little or no contribution to make to the system. Therefore, a thorough audit of the personnel of universities should be embarked upon by the FME and any savings should be channelled towards capital expenditure.

3.24 ENVIRONMENT

The environment provides the milieu and setting for all human activity. In this era of accelerated climate change, its negative impacts and the attendant need for adaptation and mitigation, it is imperative 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 includes: 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 per cent 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 17 shows the budgetary allocations to the Federal Ministry of Environment 2014-2018.

Table 17: Budgetary Allocation to FMOE from 2014-2018

Year	FGN Overall Budget	Allocation to Environment	% of Environment to Overall Budget
2014	4,695,190,000,000	23,113,862,156	0.49
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	8,612,236,953,214	27,369,935,624	0.32

Source: Budget Office of the Federation

Considering the declining value of the Naira, the votes to the FMoE is shown below in USD in Table 18.

Table 18: Environment Vote as a Percent of Overall Budget 2014-2018 and its Real Value (US Dollars)

Year	Environment Budget	National Budget	Percentage to Environment	Exchange Rate	USD Value of Environment Vote
2018	27,369,935,624	8,612,236,953,214	0.49	@1USD=N305	89,737,493.85
2017	28,588,353,296	7,441,175,486,758	0.39	@1USD=N305	93,732,305.89
2016	19,473,373,106	6,060,677,358,227	0.32	@1USD=N197	98,849,609.68
2015	17,499,334,341	4,493,363,957,158	0.38	@1USD=N190	92,101,759.69
2014	23,113,862,156	4,695,190,000,000	0.32	@1USD=N160	144,461,638.48

Source: Budget Office of the Federation

Tables 17 and 18 show that the FMoE's vote has been low and did not meet the demands of the sector. The vote has declined in actual terms over the five year period. In Table 19, the division of the votes of the sector between recurrent and capital expenditure over the five years is shown.

Table 19: Capital and Recurrent Vote to the FMOE

Year	Overall Allocation to Environment	Capital Vote	% of Capital to Overall	Recurrent Vote	% of Recurrent to Overall
2014	23,113,862,156	8,974,898,681	38.83	14,138,963,475	61.17
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	27,369,935,624	9,524,482,833	34.80	17,845,452,791	65.20

Source: Budget Office of the Federation

Table 19 shows that the bulk of the votes over the years have gone to recurrent expenditure and 2018 was no exception with a paltry of vote of 34.80% of the sectoral vote. In terms of linking policy and the budget, there was no provision for increasing the number of households transiting from kerosene to cooking gas (LPG) and increasing the number of households replacing kerosene lanterns with solar lamps. Although a few proposals were made for afforestation, reforestation and combatting of desertification, the environment still needs massive tree planting, afforestation and desertification combatting finances[11]. In conclusion, the sector needs increased capital vote which would increase its overall vote to not less than 2% of the N8.6trillion budget.

3.2.5 POWER, WORKS AND HOUSING

The proposed FGN 2018 allocation to the Ministry of Power, Works and Housing is a total sum of N590.087 billion, being 6.85% of the overall 2018 proposed budget. The proposed 2018 budget for the Ministry represents a 0.60% increase from the

[11] For this to be sustainable, it has to be done in partnership with states and local governments through a memorandum of understanding.

2017 Ministry's total allocation of N586.535 billion and a 22.56% increase from the 2016 Ministry's total allocation of N456.936 billion[12]. The recurrent expenditure is a sum of N34.209 billion, a 0.20% increase from the 2017 Ministry's recurrent allocation and also a 1.64% decrease from the 2016 Ministry's recurrent allocation. The capital expenditure (CAPEX) is a sum of N555.877 billion, a 0.20% decrease from the 2017 Ministry's capital allocation and a 1.64% increase from the 2016 Ministry's capital allocation[13]. Table 20 below paints a clearer picture.

Table 20: Balance between Recurrent and Capital Expenditure

Year	Total Budget	Allocation to PWH	PWH Recurrent (Non-Debt)	% Recurrent to PWH Allocation	PWH Capital	% Capital to PWH Allocation
2016	6,060,677,358,227	456,936,811,202	33,971,882,707	7.43	422,964,928,495	92.57
2017	7,441,175,486,758	586,535,786,168	32,821,929,055	5.60	553,713,857,113	94.40
2018*	8,612,236,953,214	590,087,014,099	34,209,419,657	5.80	555,877,594,442	94.20

*Source: Proposed 2018 Budget * Implies that the allocations for the year are still proposals*

The sectors combined under this Ministry are too many and at the same time very important sectors for economic growth and development. The deficient power sector is to a large extent responsible for the comatose state of the economy in terms of the economy not being competitive and 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 in bad roads. The housing sector on the other hand is the highest store of personal and national wealth and the 20 million Nigeria 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.

There are so many ongoing projects in the works sector which available resources cannot complete, leading to resources being so thinly spread. For example, the Abuja-Lokoja and the East West roads have been ongoing for over a decade and the provisions in the 2018 estimates will not complete them. A Road Fund Law which supplements public resources with other sources of funding is imperative and exploring the full chain of privatization, concessioning and public private partnership has become imperative.

[12] Note that 2016 and 2017 Budgets being referred to are approved budgets while that of 2018 is a proposed budget.
[13] These figures can be gotten by doing a difference in the percentage columns in Table 15.

The power sector needs to align resources with national policy frameworks, especially in the area of promoting clean and renewable energy under the Vision 20:30:30 to guarantee that renewable energy supplies 30% of Nigeria's energy needs by the year 2030. Nigeria participated actively in the Paris Climate Change Conference leading to the Paris Agreement and submitted its Intended Nationally Determined Contributions which has now been converted to Nationally Determined Contributions. We agreed to reduce carbon emissions and even stand to earn income under carbon trading mechanisms if the country implements its obligations.

The private sector led nature of the energy sector contemplated in the Electric Power Sector Reform Act of 2005 should be vigorously pursued and implemented. FGN's continued involvement in rural electrification - a task which the DISCOs should undertake is of doubtful legal and policy validity. More private sector stakeholders need to be engaged to raise funding instead of the current exclusivity arrangements for DISCOs.

The Housing sector should fully activate the implementation of the National Housing Fund so as to raise a huge pool of funds for housing investment; change the rules and regulations of disbursement, etc. This will reduce the demand for funds from the Treasury.

3.2.6 SCIENCE AND TECHNOLOGY

The Federal Ministry of Science and Technology has a very high number of parastatals and agencies under it. 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 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. 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 international airports, starting a national carrier, 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.

3.2.8 SUSTAINABLE DEVELOPMENT GOALS

A total of N51.750billion is set aside in Service Wide Votes for Sustainable Development Goals. However, there are no details of the specific goods and the activities to be funded under them. Just a lump sum stated for the SDGs. This is not a proper way of voting money for the SDGs. The huge sum so voted is susceptible to abuse since Nigerians do not know what exactly the funds will be used for and so, cannot monitor the progress of work, deliverables and outcomes. This continues the trajectory of opaque budgeting started since 1999. It is recommended that the sum and votes be disaggregated with specific goods, works, construction and services to be procured clearly stated in the budget.

SECTION FOUR: RECOMMENDATIONS

The budget proposals need re-engineering, realignment and restructuring through a process that involves change and paradigm shifts. In the light of the foregoing analysis, the following recommendations are imperative.

4.1 Prepare and Approve MTEF Early: MTEFs should be presented early enough by the executive (latest 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.

4.2 Budget Preparation Template: 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.

4.3 Evaluation of Results of Programmes Financed with Budgetary Resources: 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.

4.4 Monetary Policy Variables- Exchange Rate and Interest Rate: Since the current method of infusing oil dollar proceeds into the economy is not working, the country has nothing to lose by trying the recommended alternative. Allow the beneficiaries of Federation Account proceeds to properly convert respective dollar allocations to realise Naira revenue in a non-inflationary manner which also ends the excess liquidity scourge occasioned by substituted CBN deficit financing. The MTEF and budget should consider using the real exchange rate which will also release more funds for budget implementation and reduce the deficit. The NASS through the MTEF and budget in collaboration with the CBN set targets and take steps for the reduction of interest rates.

4.5 Oil Production and Benchmark Price: The benchmark price is realistic but FGN needs to take steps to calm the brewing agitation in Niger Delta region. The production level should be brought down to what is realisable based on extant capacity and socio political reality. NASS should collaborate and strongly urge the executive to introduce an appropriate metering system for the effective measurement of the quantity of oil produced and exported. To boost activities in the sector, the enactment of full reforms in the sector through the Petroleum Industry Act (governance, fiscals and community relations) is long overdue.

4.6 Revenue Projections and Increase of Revenue: The following recommendations flow from the trajectory of the analysis:

- ❖ It is imperative to ensure a realistic and realizable revenue forecast using the actual inflow of revenue of the previous year as a guide. Over optimistic projections of non-oil revenue which has been the practice for many years will only lead to the perennial challenge of shortfall in revenues.

- ❖ Projections for recoveries as a funding source of the budget should be based on the actually recovered sums at the time of budget preparation whilst other recoveries in the year can be used for a supplementary budget. Basing revenue projections on such expectancies may not produce a good result if the money fails to accrue.

- ❖ Considering the increased number of agencies (122) liable to pay Operating Surplus under the Fiscal Responsibility Act, it is imperative that the Fiscal Responsibility Commission which has the responsibility of ensuring that agencies comply with this payment be strengthened through a number of ways. The first is to increase the allocation to the agency from the current N534.5million to not less than N2billion. The second is for NASS to expedite action on the amendment bill pending before it so that appropriate powers can be conferred on the FRC to improve collection of the Operating Surplus.

4.7 Debt Service and Deficit: Debts and deficits should only be incurred in accordance with the clear provisions of the Fiscal Responsibility Act. First, NASS in collaboration with the executive should set the debt limits for the three tiers of government in accordance with section 42 of the FRA. Debts should only be procured for capital expenditure and human capital development. To reduce the deficit to manageable levels, NASS should consider a slight increase in the benchmark price of oil to about $47.5 per barrel.

4.8 Recurrent Non Debt Expenditure: The amount going to recurrent non debt expenditure is on the high side. NASS should urge the executive to consider the implementation of the Oronsaye Committee Report on restructuring of federal MDAs with necessary modifications to the recommendations.

4.9 Capital Expenditure: 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 thinly. 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. Administrative capital in the estimates should also be trimmed. It is not every project that should be funded by the public treasury. NASS should set the ball rolling by using legislation to prompt private sector investments in infrastructure. This is the big picture which will include legislative and executive actions such as:

- 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 have neither the technical, managerial and financial capacity to move the sector to the next level whilst government has no resources to improve the transmission subsector.

- Consideration, passage and assent to the Petroleum Industry Bill for reforms in the oil and gas sector – fiscal, governance reforms and community issues.

- Consider and pass the Development Planning and Projects Continuity Bill into law.

4.10 Health and the Basic Health Care Provision Fund: NASS should consider the following recommendations.

- Make provision for the 1% of the CRF for the BHCPF.

- Take concrete, urgent, targeted and meticulous steps to set up alternative funding mechanisms for maternal and child health especially the passage of the Bill for an Act to establish a Nigerian Immunisation Trust Fund.

- 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 health financing and to provide funds for the health sector beyond budgetary and health insurance funds.

- Within the current constitutional amendment cycle, elevate primary and maternal, new born and child health to justiciable constitutional rights under the Fundamental Rights Chapter, being Chapter Four of the 1999 Constitution

4.11 Trim Frivolities, Inappropriate, Unclear and Wasteful Expenditure: Frivolities, inappropriate, unclear and wasteful expenditure proposals should be removed, trimmed and made clear and actionable. The savings should be used to increase sectoral capital allocations especially to education, health and agriculture.

4.12 Sectoral Issues and Increments: The following sectoral issues have crystallized as recommendations. Also, increments which will go to the capital expenditure component of the sectoral votes are imperative:

- Increase the vote to education to at last 50% of the UNESCO recommendation which will amount to 13% of the overall vote. However, a staff audit of universities is imperative to determine the propriety of their personnel demands.

- Increase the allocation to the health sector to not less than 50% of the Abuja Declaration which will amount to 7.5% of the overall vote.

- Increase the agriculture vote to not less than 50% of the Maputo declaration which will amount to 5% of the overall vote. All the unclear expenditure proposals of the sector under different headings should be disaggregated and crafted in a manner that promotes transparency. Provisions for Grazing Reserve in absence of a legal backing should be reconsidered.

- Increase the Environment Ministry's vote to not less than 2% of the overall vote and target activities towards reducing the negative effects of climate change and this should include tree planting, combatting desertification, flood and erosion, etc.

4.13 Sectoral Alignments with Policy: The following sectoral alignments with government policy positions are imperative:

- In the transport sector, government should withdraw from participation in floating a national airline/carrier and it should also withdraw from building airport hotels and leave the foregoing for the private sector.

- The Ministry of Power, Works and Housing should reconsider its direct involvement in the provision of electricity to unreached communities. Coming after the privatization of generation and distribution, the DISCOs are expected to extend grid and off grid electricity to all parts of the nation. If they lack the financial capacity to do so, a new framework which mobilises funds from all components of the social and private sectors should be designed to raise funds. Government can offer subventions but not be a core funder.

- Research by the Ministry of Science and Technology and other research institutes in other MDAs should be targeted at solving practical problems. It should also be demand driven. Research institutes should have extension services which provide the link between the research outcomes, local industries and enterprises. This will create a research and production continuum.

- There is the need to rationalize or cut down on the number of research institutes in the Ministries of Science and Technology and Agriculture. The streamlined ones should also be properly funded and linked with industries.

4.14 Separate the Ministry of Works, Power and Housing: Each of these sectors should be run as a separate ministry by competent and experienced professionals. The merger of the three ministries into one is a failure to recognize the importance of the sectors to the economy and the magnitude of challenge associated with each of them. The three sectors should stand as distinct ministries. Though this should be within the prerogative of the executive, NASS should engage the President on this issue.

4.15 Discontinue Service Wide Votes: NASS should consider the discontinuance of the practice of Service Wide Votes and re-programme the votes in SWV to the respective MDAs in charge of managing them.