



NIGERIA

Civilian rule was established in Nigeria in 1999, after 30 years of military dictatorship. The budget system requires fundamental reform in order to bring about real transparency and accountability.

Legal framework for transparency

- Nigeria does not have a fiscal transparency code or a budget law specifying roles for ministries and other stakeholders in the drafting of the budget. Existing laws and regulations include provisions that are contradictory and ambiguous.
- The Constitution provides for parliamentary approval of the annual budget. However, it is vague in many respects. For example, the Constitution does not specifically require parliamentary approval for annual revenue estimates or the financial plan of government.
- The legal framework does not provide any clarity on the extent of legislative powers, for example its powers to amend the budget.
- There is no law that specifies the budget format, what documents are to accompany the budget or how and when budget information is to be disseminated. Similarly, there is no requirement to release information on actual in-year spending, procurement, public assets and liabilities.
- The legal framework does not provide for public participation in the budget process and is generally inadequate to support transparency and accountability.

Clarity of roles and responsibilities

- The Constitution assigns roles and responsibilities to the different arms of government in the budget process. However, it does not clarify the role of the various departments in the executive in budget preparation and implementation.
- Contesting interpretations of the constitutional provisions and a lack of clarity around the role of departments has led to friction and an overlapping of functions in practice.
- The roles and responsibilities of the legislature remain unclear, leading to conflict and frequent delays.
- Resources allocated to sub-national government by the Constitution do not match the enormous responsibilities assigned to them.
- The poor definition of roles and responsibilities undermines transparency in the budget process and obscures public accountability.

Public availability of information

- Budget preparation in Nigeria is a closed process, falling exclusively within the responsibility of non-elected members of the executive.
- Available budget information is not comprehensive enough and lacks adequate classification. In general, information on actual spending by government is irregular, incoherent and inadequate.
- The reliability of budget information is questionable, marked by significant discrepancies between projected and actual expenditure.
- Budget information is not explicitly linked to policy objectives and contains very little background on expenditure areas, assumptions and priorities.

Capacity and systems in the budget process

- While some improvements are apparent, current financial management systems in Nigeria fall short of ensuring transparency in the budget process.
- There is a lack of capacity for effective fiscal management in the Department of Finance's Budget Office, with a severe shortage of skilled staff and inadequate office infra-structure.
- The departments dealing with financial management within the respective ministries similarly lack the skills and equipment needed to carry out their responsibilities.

- The office of the auditor general confirmed a corresponding lack of capacity and resources, including inadequate information and accounting systems.
- There is poor co-ordination between different agencies charged with budget monitoring, leading to ineffective control and accountability.
- Parliament lacks the capacity and skills to undertake thorough budget analysis and monitoring. However, it has increased its efforts to hold the executive accountable for the reform of critical systems in the budget process.

MANAGEMENT OF EXTRA-BUDGETARY ACTIVITIES

- Nigeria has a large public enterprise sector, with an on-going privatisation process underway. There are also a number of government-owned public financial institutions and contingent liabilities that fall within the sphere of extra-budgetary activities.
- There is no legal requirement in Nigeria for the systematic publication of information on these extra-budgetary activities. No information at all is available about the accounts of some extra-budgetary funds. For others, records are kept independently by separate government agencies without any form of reconciliation.
- Not all off-budget funds are open to public audit because they fall outside the mandate of the auditor general.
- There are no known rules governing deposits into and withdrawals from various accounts and funds.

PARTICIPATION IN THE BUDGET PROCESS

- Donor agencies participate in the budget process as experts on strategies for budget implementation and fiscal management. They also have units that monitor the implementation of grants, loans or funds donated to government.
- Civil society participation in the budget process is weak. There are generally few access points for groups and individuals to engage with the process.
- Inadequate budget information further diminishes their capacity to interact with public institutions.

FISCAL TRANSPARENCY research team in NIGERIA

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