



## EXPLAINING BUDGET DEVIATION

### A BUDGET CREDIBILITY SNAPSHOT

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The study of budget credibility examines the extent, nature, causes and consequences of deviations from approved budgets. In this series, part of the International Budget Partnership's Assessing Budget Credibility Project, 24 civil society partners in 23 countries probed a specific area in which execution of the national budget repeatedly diverged from the approved plan to learn whether adequate reasons were provided for the deviation. The broader synthesis report on these findings can be found [here](#).

## NIGERIA: EDUCATION

Nigeria faces massive challenges in the education sector. Net enrollment in primary school is only 70 percent. According to UNICEF, Nigeria has one of the world's highest incidences of out-of-school children: approximately 10.5 million. Also, as of 2014, only about 67 percent of primary school teachers are actually deemed qualified to teach. The teacher-to-pupil ratio for primary education is 1:49 and the ratio for junior secondary education is 1:37, which are above the government standard of 1:35.

### BUDGET CREDIBILITY CHALLENGE

Despite these challenges, the federal education budget is substantially underspent, with expenditure 13 to 37 percent below budget each year from 2012-2017. In each of these years, the education ministry demonstrated lower budget execution than the national budget in aggregate. These deviations occurred for both the recurrent and capital part of the education budget, but were more extreme for capital, with an average deviation of more than 40 percent. Underspending affected all aspects of education, but not equally. Funding for the Universal Basic Education Fund had variances of over 5 percent in 2014 and 2015, but the full amount was executed in other years. Tertiary polytechnics faced more severe under-execution in 2012 and 2013 than in other years relative to the education sector's overall execution rate.

### NATIONAL GOVERNMENT AND MINISTRY OF EDUCATION: PERCENT DEVIATION BETWEEN APPROVED BUDGET AND ACTUAL SPENDING

Year	Aggregate Expenditure of the Federal Government		Federal Ministry of Education Budget (FMoE)		Is the deviation higher for FMoE than the aggregate?
	Deviation (bn Naira)	Deviation (%)	Deviation (bn Naira)	Deviation (%)	
2012	-565.98	-12%	-64.61	-14%	Yes
2013	-425.49	-9%	-60.57	-12%	Yes
2014	-863.82	-17%	-156.42	-29%	Yes
2015	-300.54	-6%	-195.01	-37%	Yes
2016	-1664.24	-27%	-176.68	-33%	Yes
2017	-977.57	-13%	-100.59	-19%	Yes

Source: Budget Office of the Federation

## WERE EXPLANATIONS FOR THE DEVIATIONS FOUND IN GOVERNMENT REPORTS?

No. The following reports did not provide justifications for budget deviations: Enacted Budget, fourth quarter and consolidated Budget Implementation Report, OAGF Annual Report of the Auditor General of the Federation, and Accountant General of the Federation's Report.

## DID THE GOVERNMENT AGREE TO BE INTERVIEWED TO EXPLAIN FURTHER?

Yes. Interviews were conducted with the following institutions:

- House of Representatives Committee on Basic Education: stated that inappropriate budget formulation within the ministry is the key problem, as well as uncertainty around the disbursement of funds to agencies.
- Budget Office of the Federation: claims that revenue shortfalls are the primary problem. Disagreements between the executive and legislative branches have also impeded the formulation and enactment of the budget. Procurement and contracting challenges were also mentioned as issues that affect capital spending.
- Ministry of Education: a budget officer blamed the inadequacy, or complete lack of, budget implementation plans. A consultant working with the ministry claimed that internal agencies and departments lack the technical capacity to implement the capital budget, especially with respect to managing procurement.

## WERE THE REASONS PROVIDED BY GOVERNMENT ADEQUATE?

Interviews offered some explanations for underspending, but these were mainly general and not specific to education. They also could not explain variation over time or across sub-sectors within the education budget: reasons like revenue shortfalls, procurement challenges, delays in budget approval and cash flow challenges could not explain why the education budget has worse credibility than the overall budget, nor the variations between different parts of the education budget over time.