

# The Role of the Legislature in the Budget Process in Nigeria

Policy dialogue on the Role of Legislature in the Budget process

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## Evolution the Nigerian Budget Process

- Nigeria returned to US style democratic rule in May 1999 after a protracted period of military rule.
- With the advent of democracy, a deliberative, participative, albeit slower budget process was introduced.

# Legal Framework

Stage	Legal Framework/ Key provisions
<b>Budget Formulation &amp; Planning</b>	It is anchored on the Fiscal Responsibility Act(FRA,2007). It commences with the formulation of the MTEF. Sections 18(1&2); Sections 19; Sections 11(1b) and Section 14(1). Sections 18(1) of the FRA(2007) provides that the annual budget must be derived from the MTEF/FSP. Must be done 4 months before next fiscal year commences.
<b>Budget Approval &amp; Scrutiny.</b>	Sections 80-84 of the 1999 Constitution as amended. Section 18 of FRA (2007); Annual Appropriations Act. Section 80(4) <i>“No money shall be withdrawn from the Consolidated Revenue Fund or any other public fund of the Federation, except in the manner prescribed by the National Assembly”.</i> Section 80(1) President shall submit the budget proposal for the next year at any time before the end of the current fiscal Year
<b>Budget Oversight. continuous</b>	Sections 88 and 89 of the 1999 Constitution ; Sections 30 (1) and 50 of FRA(2007); Sections 4(e) National Planning Commissions Decree 71 (1993) and National Economic Intelligence Council (NEIC) Decree 17 of 1994. NASS’s powers to call for any data from any MDA is constitutionally protected by the provisions of sections 88&89 of the constitution . This applies to Audit as well.
<b>Audit &amp; Evaluation</b>	Federal Audit Act (1958); Sections 85 and 86 of the 1999 constitution as amended .

## ***Budget formulation and planning (1/4)***

### ***Challenge1: Lack of clear rules regulating the budget process***

- Nigeria does not have an organic budget law. This has consequences.
- NASS's amendment powers in the annual Appropriation Bill has been a source of executive-legislature conflict.
- Need more clarity on responsibilities

## ***Budget formulation and planning (2/4)***

### ***Challenge 2: Delays of the MTEF: Implications for the Budget Process.***

- Delay in the presentation of the national budget due in part to the delay in the MTEF process.
- All the MTEF/FSPs prepared have always been submitted late[18 days- 2months late].
- Late submission can be attributed to factors such as: approval of current budget; NASS timetable; poor formal engagement; high number of bureaucracies & logistic challenges.

## *Budget formulation and planning (3/4)*

### **Challenge 3: Poor level of executive-legislature engagement at the formulation Stage**

- A major cause of gridlock in the budget formulation phase in Nigeria.
- Mostly emanates from the disagreement on key budget assumption parameters. i.e **the oil benchmark price** and **projected oil production**.
- Seeming mutual suspicion from the technical teams of both arms of government as well as that between their principals does not help.

## ***Budget formulation and planning (4/4)***

### **Challenge 4: NABRO lacks the independence, capabilities and resources**

- NABRO's contributions in the budget process is not without challenges impacting on its independence:
  - I. NABRO Bill is yet to be signed into law. Thus, it lacks the institutional and legal framework support to guarantee its independence as a PBO
  - II. Its staffing continues to be managed by NASS Bureaucracy, to which it is supposed to render non-partisan technical analysis

## ***Budget approval and scrutiny (1/2)***

**Challenge 5: Delay in Submission of Appropriation Bill.**

**Challenge 6: Lack of robust executive-legislature engagement**

- Annual Appropriation Bill has always been submitted 1-2 months before end of fiscal year.
- Poor level of executive-legislature engagement (as well as their technical teams) is also a key cause of gridlock in the budget approval phase
- Absence of a formal platform for dispute resolution in the current budget framework makes it difficult to address discrepancies between sides.

## *Budget approval and scrutiny (2/2)*

### *Challenge 7: Delay of approval of Appropriation Bill*

- Appropriation Bills are submitted two months to end of fiscal year. Consideration and deliberation last 4-7 months.(yielding Unreliable budget assumptions).

### **Causes of delay**

- I. Lack of legislative organic law with deadlines for approval of budget proposal is a major factor.
- II. High turn-over rate of legislators and limited capacity of legislators also has an effect.
- III. Disagreement between the Executive & NASS on the life span of an approved budget. Interpretation of **Section 318 (1) of the 1999 constitution is still a bone of contention**

## *Budget oversight (1/3)*

### *Challenge 8: Lack of coordination and duplication of oversight agencies*

- Oversight powers of NASS anchored on Sections 88 & 89 of the Constitution and on section 30 (1) of the FRA,
- Numerous agencies from the executive arm of government also carry oversight functions amounting to duplications.
- Such duplicity and repetition leads to “**oversight fatigue**” as revealed by some civil servants in the oversighted MDAs

## *Budget oversight (2/3)*

### *Challenge 9: Delay in Budget Implementation Report & Lack of Oversight Reports*

- BoF does produce budget implementation reports, albeit, not always timely as requested by section 30(2) of FRA.
- Accuracy of the capital budget implementation report, frequently questioned by NASS owing mostly to **disagreement in the budget calendar**
- The Different calendars will yield different percentage implementation.

## ***Budget oversight (3/3)***

### ***Challenge 10: Delay in Receiving Accountant General's Report***

- This can be attributed to the following, amongst others:
  - i. Late implementation of the budget (especially, the capital expenditure);
  - ii. inconsistency in the budget calendar and
  - iii. Non-congruence between the government accounting calendar which terminates at midnight of 31<sup>st</sup> December and the budget calendar whose capital component sometimes extend to March of the next fiscal year

## ***Auditing and Evaluation (1/2)***

### ***Challenge 11: Delay in receiving Auditor General's Report and lack of review of report***

- Audit powers of NASS anchored on 85 & 86 of the 1999 constitution. This is reinforced by sections 49 of the FRA(2007).
- Delay in audit and evaluation a domino-effect from:
  - i. Late submission of FGN's statement of account by the OAGF (No time frame)
  - i. Late implementation of the budget (especially, the capital expenditure)
  - ii. Inconsistency in the budget calendar.

## ***Auditing and Evaluation (2/2)***

### **Challenge 12: Independence, capacity and resources of the Auditor-General**

- From 1999 to date no Audit Report has ever led to an indictment. This can be attributed to a plethora of reasons:
  - I. Lack of independence since the head is appointed by the President approved by NASS.
  - II. Lack of resources and by extension financial resources affects its operations (the OAuGF lacks the general resourcing powers to hire, fire or promote its staff).
  - III. Lack of capacity to audit (financial, performance, and compliance) the federal government.



## CONCLUSION AND RECOMMENDATIONS

- Create clear rules, designate clear responsibilities throughout the budget and establish a budget calendar.
- Improve coordination and information sharing between actors in the formulation and execution process
- Increase the independence, capabilities, resources of NABRO
- Increase the independence, capacity, and resources Office of the Auditor General

Thank You