

NIGERIA

Country snapshot

- Sovereign rating/outlook: Moody's: B1/Stable, S&P: B/Stable; Fitch: B+/Stable
- Budget coverage: Central Government
- OBI rank: 2015: 85/102; 2012: 80/100
- TI Corruption Index: 2015 Rank 136 out of 168
- Availability of Year-End Report: Yes
- Fiscal rule/ Fiscal responsibility law: Yes
- Accounting methodology: Cash
- Budget oversight by the Legislature is adequate, while budget oversight by the Supreme Audit Institution is limited.

Key areas for improvement

- Ensure the Executive's Budget Proposal is provided to legislators at least three months before the start of the budget year.
- Extend coverage of fiscal data to the General Government.
- Enhance non-oil revenue collection and improve management of oil wealth.
- Publish all budget documents in a timely manner.
- Implement formal mechanisms for public participation throughout the budget process.
- Improve legislative oversight by strengthening the legislature's specialized budget research office.
- Ensure the Supreme Audit Institution has adequate funding to perform its duties.

Budget Reporting

Timing and coverage

The Government of Nigeria provides the public with minimal budget information, and it has been inconsistent in which documents are made publicly available in a given year. Only very limited information is provided on budget links with government policy objectives.

Data coverage is inadequate, particularly of the subnational governments, which comprise almost one half of total government expenditure. The federal government has limited information on the subnational fiscal accounts, making it difficult to target a consolidated fiscal balance.

Encourage the authorities to enhance the coverage and public availability of budget documents.

Revenue and expenditure classification

Budget documents presented by economic classification are not compatible with international standards.

Encourage the authorities to facilitate timely preparation of a consolidated set of fiscal accounts, by using budget classification, chart of accounts, and accounting systems that allow consistent classification of data.

Accounting

The Government reports flows of funds on a cash basis.

Encourage the authorities to report flow of funds on an accrual rather than cash basis.

Budgeting and the Budget Process

Availability of key budget information

Nigeria produces the 8 key budget documents.^{1 2} Only three documents; the Executive's Budget Proposal, the Enacted Budget and the Year-End Report, are published in a timely manner.

In terms of the usefulness³ of the reports, none are considered to provide extensive or substantial information. The Enacted Budget, the Citizens Budget⁴ and the Year-End Report are thought to provide limited information, while the Executive's Budget Proposal provides minimal information.

¹ Pre-budget Statement, Executive's Budget Proposal, Enacted Budget, Citizens' Budget, In-Year Reports, Mid-Year Review, Year-End Report, Audit Report, as covered by the IBP's Open Budget Survey as reflected in country OBI scores (see below).

² While the Citizens Budget (CB) was reported as produced and published in the 2015 OBS, according to the April 2016 update, the CB had not been produced.

³ The following categories are used to assess the usefulness of each document: Not produced, Published Late, Internal Use, Scant, Minimal, Limited, Substantial, or Extensive.

⁴ The Citizens Budget was previously reported as produced and published (OBI2015) but according to the April 2016 of the OBI, that is no longer the case.

The remaining four are either published late or, in the case of the Audit Report, only produced for internal use.

Encourage the authorities to improve transparency by publishing all key budget documents in a timely manner.

Budget Process and Policy Orientation

Nigeria's fiscal year runs from January 1 to December 31. According to the Constitution, "The President shall cause to be prepared and laid before ... the National Assembly at any time in each financial year estimates of the revenues and expenditure ... for the next following financial year." A Medium Term Expenditure Framework (MTEF), a Fiscal Strategy Paper and MDAs' expenditure ceilings are prepared early in the fiscal year.

The budget is presented to parliament for separate consideration by the Senate and the House of Representatives. Nevertheless, the budget is more often than not submitted to the legislature well into the new budget year. Late submission of the budget to the National Assembly leads to a late start of budget implementation with poor results as a consequence. The parliament has a specialized budget research office, NABRO⁵, but it has insufficient funding and staff to adequately perform its tasks.

Encourage the authorities to ensure the budget is submitted to the legislature at least three months before the start of the budget year.

Credibility

Poor performance at the state level permeates through the national PFM system. Many Nigerian states have been shown to have very low levels of budget credibility and transparency.

⁵ National Assembly Budget and Research Office.

⁶ The International Budget Partnership prepares the Open Budget Survey, which is an independent comparable measure of budget transparency, participation, and oversight.

Fiscal risk analysis and management

Despite a diversified economy, and the non-oil sector accounting for 90% of GDP, the oil sector remains central to government revenue collection. A falling price of oil therefore presents significant challenges. Falling oil revenues have forced the government to limit fiscal spending, and buffers are almost depleted.

Encourage the authorities to enhance non-oil revenue collection, and to improve management of oil wealth.

Open Government

Open Budget Survey⁶

Nigeria's Open Budget Index score of 24 out of 100 is far below the global average of 45. It ranked in 85th place out of 102 countries in the 2015 survey.

Nigeria scored 25 out of 100 on public participation, indicating that the public is only given very limited opportunities to engage in the budget process. Legislative budget oversight is adequate, as reflected in a score of 67. The Supreme Audit Institution (SAI) provides limited budget oversight, as reflected by a score of 50 out of 100.

Encourage the authorities to improve participation by establishing effective mechanisms for participation; and improve oversight by submitting the Executive's Budget Proposal to legislators at least three months before the start of the budget year, and ensure the SAI has adequate funding to perform its duties.

Open Government Commitments

Nigeria joined OGP in July 2016 and has prepared its first National Action Plan for 2017-2019. The thematic areas of the Action Plan are: 1) promoting fiscal transparency; 2) access to

information; 3) anti-corruption and asset disclosure; and 4) citizen engagement and empowerment.

As part of its commitments in the area of Fiscal Transparency, Nigeria has agreed to full implementation of Open Contracting and adoption of Open Contracting Data Standards in the public sector, as well as to allowing public participation in the public contracting process.

The Government has also committed to working with all stakeholders to enhance transparency in the extractive sector through a concrete set of disclosures related to payments by companies and receipts by governments on all transactions across the sector's value chain. Specific activities include disclosing oil, gas and mining exploration and production contracts. Improved transparency in the extractives sector will help increase government revenue and citizen welfare.

Key sources and web sites:

Budget Office of Nigeria

<http://www.budgetoffice.gov.ng>

National Assembly Budget and Research Office

<http://nabro.gov.ng/>

IBP Nigeria OBS

<http://www.internationalbudget.org/wp-content/uploads/OBS2015-CS-Nigeria-English.pdf>

Constitution of the Federal Republic of Nigeria
1999.

Contact information:

<http://eminvestorsalliance.org/about>

Fiscaltransparency.net