

2016 Budget: Between Executive Estimates and Legislative Approval

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After so much ado, the National Assembly passed the 2016 Appropriation Bill last Wednesday. The appropriation bill, which would have ordinarily passed through a simple process of passage, became controversial because most of the figures were 'padded'. Kunle Aderinokun Damilola Oyedele report that after the bill was 'cleansed', and passed by the parliament, final figures reflected differentials in allocations.

When on December 22, 2015, President Muhammadu Buhari presented his government's N6.08 trillion 'Budget of Change' to a Joint session of the National Assembly, with so much fanfare, the expectations from most quarters were that it would be passed on time.

parliament also assured on speedy passage of the budget estimates.

Troubled Waters

The first threat to the 2016 budget was the dwindling price of crude oil, with the benchmark at \$38 per barrel. As the price of crude oil continued to fall due to several factors in the international arena, it seemed the budget was in jeopardy particularly as the price of oil fell to \$27 late January. Fears were, however, allayed, with the plan of the government to improve on collection of taxes, levies, customs duties and its vow to block leakages that assist fraud. But the budget was caught up in the unbelievable controversy of having been stolen from the National Assembly. The stories changed: it was stolen from the Senate, the copy of the House of Representatives was intact, it has been doctored, it was discreetly replaced, etc. Hopes that the budget would be passed by February 22, 2016 as the lawmakers had promised started to fade. As that controversy settled, it emerged that the document was fraught with errors, inflation, bogus planned purchases, repetition and other issues that made the government a target of critics, particularly from the opposition Peoples Democratic Party (PDP) term it the 'worst budget ever presented to the National Assembly'.

As the committees in both chambers held budget defence sessions with the agencies for oversight, a new date, March 17, was set for the passage of the bill. The Appropriations Committees could, however, not meet the new date due to several unresolved issues that remained in the document. A member of the committee told THISDAY that the issues with the budget had to be completely resolved first.

"We have been working 24 hours and practically sleeping at the Appropriations secretariat. We are trying to resolve so many issues associated with the budget," the lawmaker said.

Another member added that the document seemed to have been hastily put together, to miss the December deadline for it to be laid before the National Assembly, resulting in a lot of work needing to be done before it could be passed.

It should be recalled that at every stage, the leadership of the Legislature assured and re-assured Nigerians that it was not working at cross-purposes with the Executive on the budget.

A N6.06trn Budget Passed with Reduction of N17bn

The harmonised budget of N6.06 trillion was finally passed into law by both chambers of the National Assembly last Wednesday, resulting in a sigh of relief, and expectations of some

to an almost stagnant economy.

Breakdown of the budget is N1.59 trillion for capital expenditure, N2.65 trillion for recurrent expenditure, N1.48 trillion for debt servicing, N2.2 trillion as deficit, N500 billion for intervention and N351.4 billion for Statutory transfer.

The N17 billion reduction from the budget estimates, the first time since 1999, was blamed on the harsh economic challenges being experienced in the country worsened by uncertain oil prices. The lawmakers, however, left it predicated on an oil price benchmark of \$38 per barrel with average production of 2.2 million barrels of crude daily, an exchange rate of N197 to the dollar and a GDP growth rate of 2.14 percent.

Position of the House Committee on Appropriation

In its report, the committee chaired by Hon. Abdulmumin Jibrin, stated that the budget estimate was not submitted in time to the National Assembly, affecting its timely passage. The report reads in part; "...after its presentation to the National Assembly, the budget was seen to be fraught with errors with some inconsistencies from MDAs, given the subsequent referral to them to different versions of the budget. This was also noticed at the level of the sub-committees. This is strange and goes against proper budgetary procedures and process with attendant implications."

"The available revenue for appropriation is grossly inadequate to meet the huge demands of MDAs to prosecute needed programmes for national development across all spheres in the economy...The bill seeks to stimulate the economy, but the recurrent expenditure as compared to the capital component at a ratio of 30:70 is still very high. This takes away from the infrastructure stimulus funding that the country so desperately needs for development."

"The 2016 Appropriation Bill contained a number of omissions including the area of personnel cost. Though the Appropriations Committee has filled some of the gaps, there are still outstanding cases which could raise concern in the course of the year."

The committee in its recommendations, urged the government to increase and diversify revenue generation streams, and shore up capital expenditure by substantially reducing recurrent expenditure.

This, it noted, is the only way to free resources for critical infrastructure towards economic growth and development.

Differences between Proposed and Passed Budget Allocations

The parliament kept true to its word that it would not increase the size of the budget. But not only ensure that the total budget size was not increased, it slashed it by N17 billion.

It reduced the recurrent (non-debt) expenditure to N2.486 trillion from the proposed N2.503 trillion. For the capital vote, the legislature passed a reduced version of N1.455 trillion against the proposed N1.587 trillion.

The statutory transfers, which was initially proposed at N351.370 billion was slightly increased to N351.700 billion.

A cursory look at the capital budget showed that most of the ministries, departments and agencies (MDA) had their allocations reduced while few witnessed an increase.

The Ministry of Works, Power and Housing, which had the lion's share, had its capital budget reduced from N433.4 billion in the budget estimate to N422.9 billion appropriated, while the second largest share for capital went to the Ministry of Transportation with N188.6 billion appropriated instead of N202 billion in the budget estimate.

The Ministry of Defence had N130.8 billion appropriated from the N134.5 billion in its budget estimate. Also, the Ministry of Agriculture finally got N46.173 billion from the N47.001 billion early proposed.

The Ministry of Education's budget was reduced from N37 billion to N35.4 billion, while the Health Ministry had N28.6 billion appropriated, a reduction from the N35.6 billion it estimated.

The FCTA budget was reduced to N29.2 billion from N37.7 billion, while that of the Niger State was reduced to N19.4 billion from N24.2 billion.

Capital vote for the National Security Adviser (NSA) was slightly reduced from N32.620 billion to N32.084 billion, which was proposed while Petroleum Resources was slashed from N6.304 billion to N6.304 billion. Likewise, Ministry of Finance had the sum of N0.667 billion passed as capital budget against the N0.819 billion it proposed while Budget and National Planning got N2.322 billion out of the N3.199 billion it proposed. Labour and Employment also had its allocation slightly reduced from N5.580 billion to N5.542 billion, which was passed. The same applied to Solid Minerals Development, which had its allocation pruned to N7.332 billion from N9.102 billion.

The MDAs that had their capital allocations reduced also include: Infrastructure Concessions and Regulatory Commission, from N39.700 billion to N35.730 billion; Science and Technology, from N27.890 billion to N27.006 billion; Communications Technology, from N6.080 billion to N5.992 billion; Environment, from N5 billion to N4.957 billion; Youth and Sports Development, from N4.660 billion to N3.497 billion; National Population Commission, from N5.030 billion to N4.411 billion; and Police Service Commission, from N0.280 billion to N0.269 billion.

Ministries that had their capital budget estimates increased include Ministry of Interior with N61.7 billion appropriated, an increase from the N53 billion, and the Ministry of Labour and Resources with N46 billion appropriated up from the N37 billion it estimated.

Similarly, Presidency's capital vote was increased from N19.155 billion to N23.004 billion that of the Secretary to the Government of the Federation was increased to N20.319 billion from N16.979 billion.