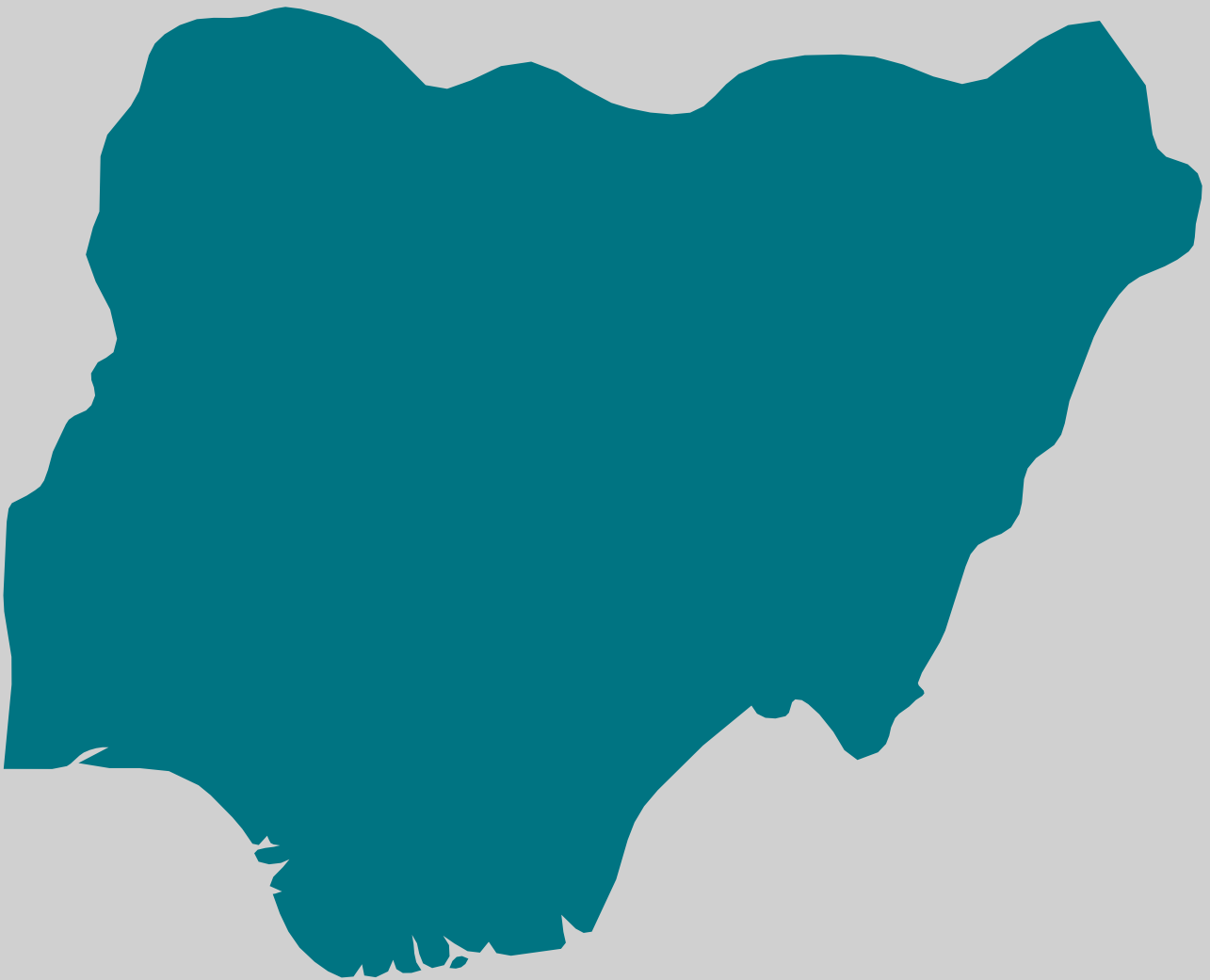


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# Nigeria: Budget Credibility and the Sustainable Development Goals

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# Introduction: Purpose and Main Findings

Since signing on to the 2030 Agenda for the Sustainable Development Goals (SDGs) in 2015, Nigeria has mainstreamed efforts to incorporate the 17 SDGs into its National Development Plan (NDP). Given that the majority of financing for achieving the SDGs comes from government sources, effective government implementation of the budget is a central component for achieving the NDP and, through it, the SDGs.<sup>1</sup> Like many governments, however, the government of Nigeria does not always implement its budget as approved by the legislature, an issue known as budget realism or budget credibility.

This brief presents research conducted into the implementation of Nigeria's federal budget as it relates to seven key sectors associated with 10 SDGs. The research covers budget implementation from 2018 to 2020, analyzing trends in budget credibility and comparing these trends to Nigeria's efforts to achieve the SDGs. These seven sectors are: agriculture and food, education, environment, gender, health, social protection and water and sanitation. This brief shows that there are large shifts that take place between when the government's budget is approved and when it is spent. Over the three years reviewed, the government underspent its budget by 32 percent, on average. Certain sectors, such as agriculture, water and sanitation, and the environment, saw much greater underspending, on average, than the total budget, with this underspending persisting across all three years. The lack of a credible budget, where spending follows the plans and priorities laid out by the legislature, can potentially undermine achievement of the SDGs in these sectors as well as shift government's priorities away from stated targets and goals that have been laid out in development plans and budgets.

This brief contains six sections: the first section provides an overview of how Nigeria's government has aligned its planning and budgeting processes to ensure progress on achieving the SDGs; the second section reviews government systems and practices on budget credibility; the third section presents data on the federal government budget from 2018-2020 related to the focus sectors; the fourth section surveys the impact of COVID-19 on government spending patterns in 2020; the fifth section explains the role of gender in the budget process; the sixth section explains data sources and limitation; and the seventh section offers recommendations and conclusions.

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<sup>1</sup> The Sustainable Development Goals Agenda available at <https://www.un.org/sustainabledevelopment/development-agenda/>

# 1. Government Commitment to Incorporating SDGs in National Priorities

The 2030 Agenda envisions a future that is economically, socially, and environmentally inclusive. Following Nigeria's adoption of the 2030 Agenda in 2015, Nigeria established the office of the Senior Special Assistant to the President on the SDGs. Its mandate includes strategic planning and guidance for the SDGs, advocacy, partnership building, resource mobilization, monitoring and evaluation, and reporting on the SDGs.<sup>2</sup> Since January 2016, this office has worked at the federal and the sub-national level with relevant Ministries, Departments and Agencies (MDAs) to ensure integration of the relevant SDGs into the sectoral policies and plans of the MDAs. The Nigerian government is also working to align the National Statistical System with SDG requirements and indicators.<sup>3</sup> The federal government gives states and local government councils support to integrate the SDGs into their respective medium- and long-term plans through conditional grant schemes. These conditional grant instruments aim to make meaningful progress toward achieving the SDGs across the Nigerian federal system by incentivizing states to align spending in sectors with related key SDGs.

The Nigeria Economic Recovery and Growth Plan (NERGP), which was the basis of medium- and short-term budgeting frameworks, was, to a large extent, aligned to the SDGs. Similarly, many of the State Development Plans (SDPs), including those of Benue, Taraba, Yobe, Kaduna, Ebonyi, Kano, Jigawa, Anambra, and Delta States, also aligned to the SDGs.<sup>4</sup>

Social protection for the young, elderly, and all vulnerable segments of the population is also at the core of Nigeria's 2021-2025 NDP. Given the high poverty and unemployment rates among youth and women in the country, gender- and youth-responsive approaches to development will be incorporated into the direct policy interventions of government and other partners to support the attainment of the relevant SDGs. Nigeria's current NDP is a successor to the 2017-2020 Economic Recovery and Growth Plan (ERGP), which elapsed in December 2020 and also emphasized the need to prioritize investment in human development to provide equitable access to quality education and health services for all Nigerians.<sup>5</sup>

<sup>2</sup> Adejoke Orelope-Adefulire: Senior Special Assistant to the President on Sustainable Development Goals (OSSAP-SDGs) <https://thetop10magazine.com.ng/adejoke-orelope-adejulire-senior-special-assistant-to-the-president-on-sustainable-development-goals-ossap-sdgs/>

<sup>3</sup> "Review of Baseline Report and Realignment of the National Statistical System with SDGs 2020": <https://nigerianstat.gov.ng/elibrary/read/1241110>

<sup>4</sup> "Economic Recover and Growth Plan" <https://statehouse.gov.ng/policy/economy/economic-recovery-and-growth-plan/>

<sup>5</sup> National Development Plan (NDP) 2021-2025 pg. 31 and 39 available at: [https://nationalplanning.gov.ng/wp-content/uploads/2021/12/NDP-2021-2025\\_AA\\_FINAL\\_PRINTING.pdf](https://nationalplanning.gov.ng/wp-content/uploads/2021/12/NDP-2021-2025_AA_FINAL_PRINTING.pdf)

Nigeria conducted its first Voluntary National Review (VNR) on implementation of the SDGs in 2017.<sup>6</sup> The VNR outlines the alignment between the government's programmatic objectives and the SDGs, highlighting 11 SDGs that are covered by the government's priority programs. The VNR also speaks to public financial management reforms that will be supported by donors to improve capacity to achieve the SDGs. Indicator 16.6.1 of the SDGs, which measures primary government expenditures as a proportion of original approved budget, was not reported or discussed in the 2017 VNR.<sup>7</sup> Instead, the VNR focuses more on access to justice; crime and crises; violence, including those of domestic nature; trafficking; corruption; and illegitimate possession of public goods and services, which compromises the principle of peaceful coexistence between and across the citizenry.

In 2017, Nigeria's office of the SDGs helped establish the donors-partners forum, which brought all donors and development partners working in the country together to share experiences and support the implementation of the SDGs at the national and sub-national levels. In addition to coordinating donors' and development partners' support to the SDGs, the government established a private sector advisory body to tap the expertise of key players from the private sector as well as their financial resources.<sup>8</sup>

The national budget also includes annual appropriations to federal ministries, departments, and agencies of government relevant to the implementation of the SDGs. Among these, for example, is the National Social Investment Program (NSIP), established by the federal government in 2016 to tackle poverty and hunger across the country. The suite of programs under the NSIP focuses on ensuring a more equitable distribution of resources to vulnerable populations, including children, youth, and women. The program includes a Conditional Cash Transfer (CCT) program to directly support those within the lowest poverty bracket by improving nutrition, increasing household consumption, and supporting the development of human capital through cash benefits to various categories of the poor and vulnerable. A Home Grown School Feeding Program (HGSP) aims to deliver school feeding to young children with a specific focus on increasing school enrollment, thereby reducing the incidence of malnutrition. The government also established the Federal Ministry of Humanitarian Affairs, Disaster Management, and Social Development to manage the formulation and implementation of fair focused social inclusion and protection programs in Nigeria.

<sup>6</sup> "Implementation of the SDGs A National Voluntary Review": <https://sustainabledevelopment.un.org/content/documents/16029Nigeria.pdf>

<sup>7</sup> The report refers to indicator 16.6.1 on p. 83, noting "Table 16.6.1" as having the baseline data for the indicator; however, the table is not shown in the report document.

<sup>8</sup> Implementation of the SDGs: A National Voluntary Review, pg. 2: <https://sustainabledevelopment.un.org/content/documents/16029Nigeria.pdf>

## 2. Background on Budget Credibility

Nigeria's central government budget suffers consistently from low credibility, meaning that revenue projections turn out to be overly optimistic and under-collected, with actual spending falling short of targets in approved budgets. This, in turn, raises significant challenges for budget implementation. Legally, the Nigerian government is supposed to implement the budget as planned; however, while the 2007 Fiscal Responsibility Act limits the ability of the executive to shift expenditures between head accounts or to spend additional revenues collected during the year, there is no specific limitation on when and how the government can reduce expenditures below planned levels during the year.<sup>9</sup>

Poor performance of the federal budget in Nigeria is often attributed to fluctuating oil prices and oil revenues, legislative amendments, delayed release of funds, non-release of funds, and complexities in the procurement processes. Previous research by the International Budget Partnership (IBP) has documented unrealistic capital spending projections in Nigeria's annual budget because of the government's low capacity to implement too many projects and programs it forced into the budget for political reasons. More than a third of these projects are never started, let alone completed. Moreover, project funds were not set aside for critical projects, as they were left to compete with non-priority projects and programs. Some turnkey projects with huge capital outlay were at times completed and left without furnishing or equipment, including those in the health and education sectors (e.g., lecture halls and hospital theaters).<sup>10</sup>

These findings have been corroborated by other research papers, including a 2015 paper by Ianna Jato Gideon:

"The problem with budget implementation in Nigeria can be traced to Nigeria's over-reliance on oil revenue, deficit budgeting, ineffective oversight by the National Assembly and unnecessary delays in budget passage that has [sic] continued to slow economic activities and prevent the implementation of projects. It is also evident that delays over the past several years have resulted in a low national budget performance and have limited the executive arm's ability to effectively execute projects that would improve the living conditions of the citizenry."<sup>11</sup>

<sup>9</sup> Fiscal Responsibility Act 2007: <https://www.cabri-sbo.org/en/documents/fiscal-responsibility-act-2007>

<sup>10</sup> Samuel Atiku and Jason Lakin 2019 "The Contours of Budget Credibility in Nigeria": <https://internationalbudget.org/wp-content/uploads/the-contours-of-budget-credibility-in-nigeria-ibp-2019.pdf>

<sup>11</sup> "Budget Implementation and Governance in Nigeria" Ianna Jato Gideon (2015): [https://www.researchgate.net/profile/Ayo-Adesopo/publication/266169289\\_Inventing\\_Participatory\\_Planning\\_and\\_Budgeting\\_for\\_Participatory\\_Local\\_Governance\\_in\\_Nigeria/links/574dc83108ae82d2c6be23d0/Inventing\\_Participatory-Planning-and-Budgeting-for-Participatory-Local-](https://www.researchgate.net/profile/Ayo-Adesopo/publication/266169289_Inventing_Participatory_Planning_and_Budgeting_for_Participatory_Local_Governance_in_Nigeria/links/574dc83108ae82d2c6be23d0/Inventing_Participatory-Planning-and-Budgeting-for-Participatory-Local-)

The causes of poor credibility are not explained in detail in the government's budget performance report, but it does offer insights into why some budgetary provisions were not implemented. The 2019 budget performance report emphasized that revenue projection and mobilization remain a key challenge for budget implementation, as the key sources of revenue have in fact remained concentrated in a very volatile oil sector, causing revenue estimates for 2019 to fall significantly short of targets. The central government's 2019 year-end budget report showed that a total of 4.1 trillion naira were received to fund the federal budget that year. That number represented 59 percent of the 7 trillion naira projected for 2019, pointing to clear evidence of low budget credibility.<sup>12</sup>

# 3. Data Sources, Classification of Budget per Sector Related to SDGs, and Country Progress in Achieving the 10 SDG Targets

This brief uses spending in federal government ministries, departments, and agencies as a proxy for spending in the seven key sectors covered below. Data on the allocations and execution of the federal budget was sourced from the website of the Budget Office of the Federation<sup>13</sup> and the Open Treasury Portal, which warehouses budgetary information that provides a comprehensive collation of government spending data at the federal level and for federal ministries, departments, and agencies.<sup>14</sup> For progress on the SDGs, data includes sources from the 2021 Sustainable Development Report website and country dashboard for Nigeria. Data from these sources is summarized in Table 1, with detailed data and sources presented as an Annex.

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A review of ministry spending related to the seven key sectors shows that the largest share of federal government funding goes to the education sector and the smallest share to gender equity. Budget deviations—or the difference between the approved and executed, or utilized, budget—were the highest in 2018 and 2020, at 37 percent and 36 percent, respectively. Overall, it is notable that the rate of underspending in the seven key sectors selected for this research brief was higher than the overall federal budget. While the federal budget averaged 32 percent underspending between 2018 and 2020, underspending across the seven key sectors was higher—at 43 percent, on average—across the same three years. This means that the seven sectors were effectively deprioritized by the government during implementation, receiving a lower share of government funding at the end of the year than anticipated in the approved budget.

<sup>13</sup> <https://www.budgetoffice.gov.ng/index.php/resources/internal-resources/budget-documents>

<sup>14</sup> 2021 Sustainable Development Report: <https://dashboards.sdindex.org/profiles/nigeria>



Table: Average Budget Deviations and Share of Total Government Spending in Seven Key Sectors from 2018 to 2020 in Nigeria, as compared to Performance on Achieving Related SDG Targets in the Sustainable Development Report 2021.

Sector	Related SDG Goal(s)	SDG Index Performance	SDG Index Trend	Share of Total Spending (Average)	Budget Deviation (Average)
Agriculture and Food	Goal 2: Zero Hunger	Major challenges remain	Stagnating	2%	-55%
Education	Goal 4: Quality Education	Major challenges remain	Trend Information unavailable	6%	-36%
Environment	Goal 13: Climate Action	SDG achieved	On track or maintaining SDG achievement	0.3%	-51%
	Goal 14: Life Below Water	Major challenges remain	Stagnating		
	Goal 15: Life on Land	Significant challenges remain	Stagnating		
Gender	Goal 5: Gender Equity	Major challenges remain	Stagnating	0.07%	-49%
Health	Goal 3: Good Health and Wellbeing	Major challenges remain	Stagnating	4%	-31%
Social Protection	Goal 1: No Poverty	Major challenges remain	Decreasing	4%	-32%
	Goal 10: Reduced Inequalities	Major challenges remain	Trend information unavailable		
Water and Sanitation	Goal 6: Clean Water and Sanitation	Major challenges remain	Moderately improving	1%	-75%
Total Federal Government Budget					-32%

## Goal 2: Zero Hunger

Despite the efforts of the central government to achieve zero hunger, the Ministry of Agriculture, the administrative unit charged by the government to achieve the SDG related to food security, continues to face severe budget credibility challenges. Nigeria's SDG goal performance indicated that major challenges remain, with progress stagnating. Public spending aimed at improving the indicator continues to be plagued by severe budget credibility challenges.

Civil society organizations and farmers' groups, like the Small-Holder Women Farmers Organization of Nigeria (SWOFON), continue to advocate for increased budgetary allocation to the sector.<sup>15</sup> For Instance, in 2019, despite an increase of 11 percent of budgetary allocation in the agriculture sector, budget execution (utilization) was 63 percent of the approved budget, up from the 2018 budget execution level of 43 percent. In 2020, however, budgetary allocation to the agriculture sector was cut by 3.3 percent, and budget execution dipped significantly to 30 percent.

## Goal 4: Quality Education

Despite being the sector with the largest share of spending examined in this brief, at six percent of the total federal budget, on average, from 2018 to 2020, public spending on the education sector remains below the recommended United Nations Educational, Scientific and Cultural Organization (UNESCO) level of 15-20 percent of the total budget.<sup>16</sup> Especially in a country with as many as 13.2 million children out of school—the world's highest number—and with a significant number of students in foreign schools, sufficient spending on education is critical.<sup>17</sup> Nigeria's SDG performance indicator also indicates that, even for those children in school, major challenges remain for the country to achieve quality education. Between 2018 and 2020, funding for the education budget in Nigeria witnessed a decline. Deviation in budget execution in the education sector increased from 32 percent in 2018 to 60 percent in 2020. In nominal terms, the budget for the education sector was underspent by 792.4 billion naira between 2018 and 2020. That amounts to 35.2 percent of the federal government allocation to improve education sector outcomes during that period.

<sup>15</sup> "Women smallholder farmers in Nigeria secure investments in agriculture" Available at <https://internationalbudget.org/2021/10/women-smallholder-farmers-in-nigeria-secure-investments-in-agriculture/>

<sup>16</sup> "FG justifies failure on UNESCO's education budget in six years": <https://punchng.com/fg-justifies-failure-on-unescos-education-budget-in-six-years/>

<sup>17</sup> "Nigeria out-of-school children population increases to 13.2m" - UBEC Available at: <https://www.icirnigeria.org/nigeria-out-of-school-children-population-increases-to-13-2m-ubec/>

## Goals 13, 14, and 15: Climate Action, Life Below Water, and Life on Land

SDG 13 focuses on taking urgent climate action, combating climate change and its impact by regulating emissions, promoting development, and integrating climate change measures into national policies. This is one of the few SDG indicators where Nigeria is reportedly already achieving the SDG target. Nevertheless, Nigeria's SDG performance indicators show that SDGs 14 and 15, which relate to life on water and land, are still witnessing major and significant challenges. This is especially evident in Nigeria's coastal areas, where there are incidents of erosion and flooding as well as intrusion of seawater affecting agriculture, fisheries, and general livelihoods.

In terms of allocation and budget performance, the Ministry of Environment, which is responsible for securing a quality environment and promoting sustainable use of natural resources, has suffered severe underspending. In 2020, the budgetary allocation dedicated to the environment increased to 64 billion naira from the 2018 level of 45 billion naira, although the ministry's share of total government spending decreased from 0.3 percent to 0.2 percent over this period. Following an improvement in budget execution rates for 2019, underspending increased from 53 percent of budgetary allocation in 2018 to 64 percent in 2020.

## Goal 5: Gender Equity

The Sustainable Development Report shows that major challenges remain for Nigeria to achieve gender equality. Girls' access to primary education, especially in northern states, has remained low. The 2015 Nigeria Education Data Survey pegs the number of rural females without any form of schooling in Nigeria at 49 percent and the net enrolment of females in secondary school at 49.1 percent.<sup>18</sup> The National Commission for Nomadic Education in Nigeria stated that more girls than boys are dropping out of school, with females accounting for about 7.9 million—or 60 percent—of out-of-school children. Many of those who do enroll drop out early. Low perceptions of the value of education for girls and early marriages are among the reasons.<sup>19</sup> Moreover, a female child is likely to have spent, on average, two fewer years in school and to have provided more unpaid labor than her male counterpart.

Although it is not the only source of funding promoting women's equity (see section 5), the Ministry of Women Affairs and Social Development, the main ministry responsible for programs on gender equity and empowerment, receives the smallest share of the total budget of all ministries examined in this brief, at an average of 0.07 percent between 2018 and 2020. This share increased from 0.04 percent in 2018 to 0.09 percent in 2019 and dropped again to 0.07 percent in 2020. In 2020, allocation to the ministry was cut by approximately 301 million naira. However, the ministry also has one of the highest rates of underspending; only 29 percent of the allocated budget was spent by the ministry in 2018, and 52 percent of the allocated budget was spent in 2020.

<sup>18</sup>"2015 Nigeria Education Data Survey (NEDS) Education Profile": [https://pdf.usaid.gov/pdf\\_docs/pa00kzpv.pdf](https://pdf.usaid.gov/pdf_docs/pa00kzpv.pdf)

<sup>19</sup>"Rate of Dropout of Girl Child on Increase, Says NCNE": <https://www.thisdaylive.com/index.php/2019/01/09/rate-of-dropout-of-girl-child-on-increase-says-ncne/>

## Goal 3: Good Health and Wellbeing

In the health sector, Nigeria's SDG performance indicators show that major challenges remain and that progress in achieving good health and wellbeing for all Nigerians by 2030 is stagnating or increasing at less than 50 percent of the required rate. Civil society continues to push for increased budgetary allocation to the sector. Past budget allocation figures between the period of 2018 to 2020 fell short of the Abuja Declaration, a commitment made by African leaders, including the Nigerian government to allocate at least 15 percent of their budgets to improve the health sector.<sup>20</sup>

The burden of "out of pocket" expenses to procure health services across all three levels of health care provision means that decent health care is increasingly out of reach. Over the last ten years, the total health expenditure of Nigeria, according to the World Health Organization (WHO), is about \$10 billion. Of this amount, \$7.6 billion was paid from individuals' pockets to access health care while \$1.2 billion was paid by donors. This shows that Nigeria's health budgetary allocation and implementation wane in comparison with donor health support.

Allocations to the Ministry of Health grew from 435 billion naira in 2018 to 680 billion naira in 2020—a 56.2 percent growth in expenditure projection. The ministry's share of total federal expenditure also increased slightly, from 4.1 percent in 2018 to 4.3 percent in 2020, in part due to revisions to the budget to address the Covid-19 crisis. Along with the increase in budget allocations, however, underspending in health has also increased. While the ministry utilized 69 percent of the budget in 2018, only 59 percent of the budget was utilized in 2020.

<sup>20</sup>"The Abuja Declaration: Ten Years On": <https://www.who.int/healthsystems/publications/Abuja10.pdf>

## Goal 1 and 10: No Poverty and Reduced Inequalities

Nigeria remains the “poverty capital” of the world,<sup>21</sup> and half a million people from the North-Eastern part of the country are at risk of starvation. The Nigerian Living Standard Survey (NLSS) in 2019 put the total percent of citizens classified as poor at 40.1 percent, which translates to more than 82.9 million Nigerians.<sup>22</sup> Large disparities remain between those citizens with access to government support—especially in the areas of social development and social services—and those without, with many in the latter group grappling with multidimensional poverty.<sup>23</sup> In a bid to address this challenge, the federal government established the National Social Investments Program (NSIP) to tackle poverty and hunger across the country.

Between 2018 and 2020, what seemed like modest improvements in the social protection sector’s budget performance was actually owed to reduced allocations for social investment programs. Social investment programs received 558 billion naira in 2018, which was reduced to 418 billion naira in 2020. However, because of improved budget execution rates, the share of actual spending in the sector was only reduced slightly—from 3.8 percent of total spending in 2018 to 3.7 percent in 2020. Budget execution rates for these programs increased from 50 percent in 2018 to 82 percent in 2020.

## Goal 6: Clean Water and Sanitation

Nigeria’s performance in achieving clean water and sanitation also lags behind SDG targets, with the country not on track to eliminate open defecation by the national target date of 2025 or the SDG goal of 2030. The latest Nigeria WASH National Outcome Routine Mapping Survey shows that about 100,000 children under the age of five in Nigeria die from diseases caused by the nation’s poor access to water, sanitation, and hygiene. Also, a staggering 112 million people, representing about 59 percent of the country’s population, do not have access to basic sanitation facilities, and 47 million people practice open defecation.<sup>24</sup>

The Ministry of Water Resources is charged with providing sustainable access to safe and sufficient water, and budgetary allocation to the ministry has increased significantly—from 2.2 percent of the total federal budget in 2018 to 5.8 percent in 2020. Due to significant underspending rates in the ministry, however, the actual share of the budget utilized by the sector has decreased—from one percent of the total executed budget in 2018 to 0.6 percent in 2020. Underspending reached a high in 2020, where only nine percent of the budget was implemented during the year.

<sup>21</sup> Report: Nigeria Still Poverty Capital of the World: <https://www.thisdaylive.com/index.php/2021/09/06/report-nigeria-still-poverty-capital-of-the-world/>

<sup>22</sup> “Nigeria overtakes India in extreme poverty ranking”: <https://edition.cnn.com/2018/06/26/africa/nigeria-overtakes-india-extreme-poverty-intl/index.html>

<sup>23</sup> Inequality in Nigeria: Exploring the Drivers” Available at [https://www-cdn.oxfam.org/s3fs-public/file\\_attachments/cr-inequality-in-nigeria-170517-en.pdf](https://www-cdn.oxfam.org/s3fs-public/file_attachments/cr-inequality-in-nigeria-170517-en.pdf) Pg 15

<sup>24</sup> “Water, Sanitation, Hygiene National Outcome Routine Mapping Nigeria: A Report of Findings 2019” Available at <https://www.unicef.org/nigeria/media/3576/file/WASH%20NORM%20Report%202019.pdf>

## 4. Covid-19 and Government Spending Patterns in 2020

Triggered by the global economic downturn and the negative impact of the Covid-19 pandemic, the federal government revised its initial 2020 budget of 10.6 trillion naira to 10.5 trillion naira. The revised budget figure represented a reduction of 0.8 percent from the approved appropriation and also reduced both the benchmark oil price for 2020 to \$30/barrel as well as oil production to 1.7 million barrels per day.

A supplementary budget of 896 billion naira was submitted to the National Assembly in 2021. This included 125.2 billion naira for health-related spending and 38 billion naira for a Covid-19 vaccine program.<sup>25</sup> The government also announced a 500 billion naira Covid-19 intervention fund to upgrade healthcare facilities and fund special public works programs, including 7.5 billion naira for Nigeria's Center for Disease Control. At the sub-national level, a 10 billion naira grant was given to Lagos State, which was the epicenter of the pandemic.

The Conditional Cash Transfer (CCT) under the NSIP was broadened, and an allocation of 150 billion naira was given to support state and local governments to directly support those within the lowest poverty bracket by improving nutrition, increasing household consumption, and supporting the development of human capital through cash benefits to various categories of poor and vulnerable populations, including children, youth, and women. The social register was increased by one million households to 3.6 million to help cushion the effect of the lockdown that was imposed across the country.

Based on the new global economic realities brought on by the Covid-19 pandemic and the revision of the Nigerian budget during the heat of the crisis in 2020, most of the sectors related to the SDG goals were negatively affected. For instance, both the education and health ministries saw a reduction in their capital expenditures. The Universal Basic Education Commission, an agency responsible for basic education, had the highest allocation cut of 54 percent, which represented more than half of its presumed appropriation.

Allocations to the Ministry of Health were cut by 25 percent, the Ministry of Education by 20 percent, and the Ministry of Women Affairs and Social Development by 38 percent. Budget allocation to the Ministry of Agriculture was also reduced significantly, especially in the area of capital expenditure, which was slashed by more than 30 percent. The Basic Health Care Fund allocation also faced a 43 percent cut while allocation to the Ministry of Humanitarian Affairs was cut by 5.5 percent. Meanwhile, the ministry's capital expenditure saw a cut of 5.3 percent from its original estimate.

<sup>25</sup> "Nigeria reduces 2020 budget, slashes revenue projection by 40percent": <https://www.premiumtimesng.com/news/headlines/386844-nigeria-reduces-2020-budget-slashes-revenue-projection-by-40.html>

<sup>26</sup> "Covid-19: FG to set up N500 billion intervention fund to upgrade healthcare sector" <https://nairametrics.com/2020/04/05/covid-19-fg-to-set-up-n500-billion-intervention-fund-to-upgrade-healthcare-sector/>

<sup>27</sup> "Buhari expands social register from 2.6m households to 3.6m": Available at: <https://guardian.ng/news/buhari-expands-social-register-from-2-6m-households-to-3-6m/>

<sup>28</sup> "Nigeria: Revised Budget - Anger Over Cuts in Health, Education Votes" Available at: <https://allafrica.com/stories/202006040446.html>

The federal government also projected a total revenue of 5.4 trillion naira; however, the actual revenue eventually stood at 3.4 trillion naira—or 63.7 percent of the projection. The budget deficit projected by the government was 5 trillion naira. Unfortunately, by the end of December 2020, the budget deficit stood at 6.6 trillion naira as a result of the shortfall in revenue projection, which could be linked to the negative impact of the Covid-19 pandemic along with the crash in oil prices and its increasing effects on the Nigerian economy. Total government expenditure in 2020 therefore stood at 10.01 trillion naira, slightly above the 9.9 trillion naira projected for the review period by 0.43 percent. This was 20.7 percent higher than the actual expenditure recorded in 2019. The government said this recovery, though fragile, was due to the measures put in place to curtail the negative economic impact of the Covid-19 pandemic, including various economic stimulus packages.

## 5. Gender in the Federal Budget

Nigeria is yet to adequately mainstream issues of gender into its national budgeting framework. Gender spending in Nigeria has always been at the periphery of the macro-policy framework of the government. This has affected the decentralization of the mandate for gender equality, especially as it concerns budgetary allocation. At the moment, the government does not break down spending and allocation to gender-equality projects on a national and subnational level. Each respective ministry, department, or agency of government is expected to mainstream gender-specific allocations into its budget in line with the National Gender Policy by increasingly ensuring allocation and spending for women's empowerment or gender equality and the systematic integration of gender impacts throughout the overall budget.<sup>29</sup>

For instance, the Gender Policy in Agriculture (2016) was conceived as a gender mainstreaming strategy of the Agricultural Promotion Policy (APP). The Gender Policy in Agriculture<sup>30</sup> picks out components of the National Gender Policy and incorporates them into the APP. The policy therefore promotes and ensures that gender sensitive and gender responsive approaches are adopted in every plan and program geared toward agricultural sector development. There are provisions in the Nigerian budget that are gender-focused programs or projects with specific targeted expenditures benefitting mainly women. These include, for example, women's health projects, child and baby care programs, and special education for pregnant women or those with young children. These allocations are mostly in Ministries that are sensitive to issues relating to women and girls, such as the Ministry of Health, Ministry of Education, Ministry of Trade and Investment, and Ministry of Agriculture. The Ministry of Women Affairs and Social Development also initiates policy guidelines and leads the process of ensuring gender equality and mainstreaming at both the national and international levels.<sup>31</sup>

Despite these policy directives, however, there is no clear way to identify how public spending impacts women and men when looking at either budget allocation or expenditure documents. No tracking system reports on gender-focused programming across ministries, and gender-disaggregated data on beneficiaries of government programs is not yet available. The main budget line item that shows spending on women-focused programs in the federal budget is that of the Ministry of Women Affairs and Social Development, but as noted above, this does not account for other programs that may benefit men and women in different ways across all of the federal government's budget.

<sup>29</sup> Adapting gender budgeting support framework in Nigeria: Policy issues and options: MM Adeyeye, CAO Akinbami, AS Momodu (2011): <https://www.ajol.info/index.php/gab/article/view/67460>

<sup>30</sup> NATIONAL GENDER POLICY FEDERAL REPUBLIC OF NIGERIA Situation Analysis/Framework: <https://nigerianwomentrustfund.org/wp-content/uploads/National-Gender-PolicySituation-Analysis.pdf>

<sup>31</sup> The National Gender Policy In Agriculture - Simplified Version For Smallholder Women Farmers: Available at: <https://nigeria.actionaid.org/publications/2021/national-gender-policy-agriculture-simplified-version-smallholder-women-farmers>



## 6. Analysis of the Limitations of the Data Presented in the Brief

Data used in this brief was drawn from the federal government's budget documents. Annual budget implementation reports by administrative and functional classification (i.e., those of ministries) not available at sufficient levels of disaggregation in Nigeria. The mandates of each administrative unit were reviewed by identifying those that align with the SDG goals and mapping those to the relevant sectors covered above. Information on budget estimates and actual expenditure was collected from the monthly in-year report. Year-end reports do not show administrative classification; instead, December monthly in-year reports for 2018, 2019, and 2020, which show full-year budget estimates and actual expenditure in each ministry, were used.

Information was far more difficult to compute for the sub-national level due to the overlapping responsibilities of government ministries, fragmentation of budgetary information, and the lack of uniformed<sup>32</sup> reporting of expenditure across Nigeria. This lack of uniformity owes to the independence of sub-national governments, as most of them employ different accounting systems. This made it impossible to analytically compare program performance across the different states and local governments' sectoral spending towards the SDGs. Even though the Statistical Bulletin of the Central Bank of Nigeria 2020 shows 44 percent of total public expenditure is at the subnational level, numbers for each sector were not available. Spending in ministries might not be related to the SDGs; therefore, the numbers presented in the brief are only indicative of sectors and not directly correlated with their respective SDGs.

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<sup>32</sup> <https://opentreasury.gov.ng/#sppb-modal-1537961931355>

<sup>33</sup> 2020 Annual Statistics Bulletin Public Finance Final [https://www.cbn.gov.ng/Out/2021/STD/2020%20Annual%20Statistics%20Bulletin\\_Public%20Finance\\_Final.xlsx](https://www.cbn.gov.ng/Out/2021/STD/2020%20Annual%20Statistics%20Bulletin_Public%20Finance_Final.xlsx)

## 7. Conclusions and Recommendations

Even though Nigeria has made modest progress in attaining the SDGs, most of the goals index performance shows that major and significant challenges remain. Tracking progress of the SDGs requires fundamental data management for effective policy formulation and communication. One of the most significant challenges in the monitoring of the SDGs, based on national spending, has been the lack of disaggregated data and challenges of accessing the required data to monitor sector performance, especially at the sub-national level, which includes state and local governments.

The Nigerian government needs to align subsequent Voluntary National Review (VNR) reports with the priority programs of SDG 16.6.1, which underscores the need for governments to collect and spend funds according to their approved budget, especially in the delivery of public services and development activities.

Credibility issues are a potential challenge in Nigeria, as they can undermine spending on the priorities laid out in the budget and the National Development Plan's key sectors. The education sector's share of total spending, for example, was less than 10 percent while at least 20 percent expenditure is required to meet SDG targets in the sector.<sup>34</sup> One major policy recommendation is that the government should pay more attention to the sector by increasing budgetary allocation to it and encouraging the partnership and investment of the private sector in the provision of infrastructure.

The budgetary allocation for the health sector has also remained below 10 percent for the three years under review, with 2020 being the highest with about 4.3% falling short of the SDG-required 15%. The continued budget deviation in the health sector continues to negatively affect the achievement of the SDGs by 2030.

The Ministry of Women Affairs and Social Development, charged with ensuring gender equality, has the lowest share—less than one percent—of total federal spending on SDG-related sectors. To counter this, the federal government should mainstream gender-responsive budgeting (GRB) into its national budget.

<sup>34</sup>"SDG 4: The quest for public funding for education and SDG 4" Available at: <https://www.2030spotlight.org/en/book/1730/chapter/sdg-4-quest-public-funding-education-and-sdg-4>

This will serve as a step toward addressing gender gaps and ensuring adequate spending of public resources on programs aimed at addressing gender equality and women's empowerment.

The degree of budget implementation in Nigeria as seen in this policy brief has brought to the fore the need for the government to more effectively allocate public resources toward the provision of public services. The large deviation between approved and actual spending on SDG-related sectors has implications for the achievement of these goals. Beyond underspending on education, health, and gender equality, the water resources sector recorded an average budget deviation of 74.7%, the agriculture sector recorded 54.7%, and the environment sector recorded 50.8%. These deviations have constituted a cog in the wheel of budget implementation, leaving the needs and aspirations of Nigerian states and their teeming populations unaddressed. To close these gaps, the government needs to ensure effective budget implementation and address the underlying reasons contributing to the variance between budgeted allocations and actual spending. To get there, the government must also invest in more accurate information about budget performance and deviations as well as better sector-disaggregated expenditure reporting. These measures will help decision makers and citizens evaluate key performance indicators that measure the effectiveness and efficiency of government services, encouraging accountability, better budget implementation, and more effective provision of services.

## Annex: Table with detailed budget allocation and spending data by relevant budget classifications grouped by sector from 2018-2020

Sector	Administrative Classification	Approved Budget (National Currency, Units) NGN (BN)			Actual Spending (National Currency, Units) NGN (BN)			Deviation (National Currency)			Deviation by Sector (%)			Sector Share of Total Spending at Approval (%)			Sector Share of Total Spending at Execution (%)		
		2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020
Agriculture and Food	Federal Ministry of Agriculture and Rural Development	290,389,223,938	322,286,360,977	311,688,161,308	124,200,085,874	204,118,470,244	92,754,907,326	(166,189,138,063)	(118,167,890,733)	(218,933,253,982)	-57%	-37%	-70%	2.5%	2.7%	2.7%	1.7%	2.0%	1.0%
Education	Federal Ministry of Education	767,840,026,936	765,135,883,830	718,526,058,708	526,156,834,730	642,563,562,335	290,356,819,234	(241,683,192,206)	(122,572,321,496)	(428,169,239,474)	-31%	-16%	-60%	6.5%	6.5%	6.1%	7.1%	6.4%	3.1%
Environment	Federal Ministry of Environment	44,943,693,568	52,659,825,280	63,696,852,427	21,144,078,716	33,917,047,585	23,032,683,819	(23,799,614,852)	(18,742,777,695)	(40,664,168,608)	-53%	-36%	-64%	0.4%	0.4%	0.5%	0.3%	0.3%	0.2%
Gender Equity	Federal Ministry of Women Affairs and Social Development	10,886,818,510	13,189,879,013	12,889,269,763	3,144,573,673	9,434,727,267	6,678,768,873	(7,742,244,838)	(3,755,151,746)	(6,210,500,890)	-71%	-28%	-48%	0.09%	0.11%	0.11%	0.04%	0.09%	0.07%
Health	Federal Ministry of Health	434,987,859,614	509,958,836,286	679,342,649,764	300,334,113,472	400,361,628,177	402,558,849,036	(134,653,746,141)	(109,597,208,109)	(276,783,800,728)	-31%	-21%	-41%	3.7%	4.3%	5.8%	4.1%	4.0%	4.3%
Social Protection	FGN Special Intervention Programs	557,519,070,253	526,392,389,823	417,630,647,976	278,772,123,312	377,328,075,731	341,937,123,556	(278,746,946,941)	(149,064,314,092)	(75,693,524,420)	-50%	-28%	-18%	4.7%	4.5%	3.6%	3.8%	3.7%	3.7%
Water and Sanitation	Federal Ministry of Water Resources	258,341,752,820	278,126,115,914	681,473,846,618	76,287,760,405	103,650,697,141	60,800,394,987	(182,053,992,415)	(174,475,418,773)	(620,673,451,631)	-70%	-63%	-91%	2.2%	2.4%	5.8%	1.0%	1.0%	0.6%
<b>Total Budget</b>		<b>11,751,536,295,832</b>	<b>12,886,690,011,457</b>	<b>14,571,823,834,107</b>	<b>7,373,580,054,544</b>	<b>10,105,361,037,804</b>	<b>9,357,216,826,132</b>	<b>-4377956241288</b>	<b>-2781328973653</b>	<b>-5214607007975</b>	<b>-37%</b>	<b>-22%</b>	<b>-36%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Nigeria: Budget Credibility and the Sustainable Development Goals

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