

Using Constituents to Boost Budget Oversight in Nigeria

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Executive Summary: - This paper examines how Nigeria's budget oversight mechanism may be made more effective through the involvement of the constituents (the people) in the process to support the legislators. It underscores the importance of the budget in ensuring good governance, accountability and sound economic management in Nigeria. It notes Nigeria's poor rating of 17 out of 100 in the 2017 global Open Budget Index, indicating low budget transparency and openness. Contrarily, countries such as Ghana, Brazil and South Africa scored 50, 77 and 89, respectively. Further, the paper noted that lack of synergy among the critical stake holders involved in the budget management portends, among other factors, several implications including: i) it encumbers the budget planning process; ii) creates unnecessary friction in budget defence, iii) creates opportunities for "budget padding", iv) delays timely completion of the budget process, and v) induces budget apathy in the citizenry. Viewed against this backdrop, the worrisome state of the Nigerian budget situation cannot be over stressed. Following a critical review of selected inter-country experiences, the paper proffers the following suggestions to address the issues:

- ✚ Legislators should help to formalize the pre-budget meeting that will involve the civil society, minister of finance and financial experts to discuss the contents of the budget and express what the people expect from the budget.
- ✚ The legislators should draw lessons from the US and Brazil to engage their constituents through their leaders at the Ward level with a view to engaging them on matters that relate to budget preparation and constituency projects.
- ✚ NASS should domesticate ideas from US and Brazil into law just as in the case South Korea where there is a law empowering the citizens to participate in the budgetary decision-making process through public hearing, meetings and internet survey.
- ✚ For effective constituents and legislature engagement, legislators should set up a website for effective citizens' engagement in budget preparation down to budget oversight.
- ✚ The National Assembly committee on education should emulate South Africa to encourage the relevant departments in the Nigerian Universities to assist in enhancing citizens' participation in the budget process.

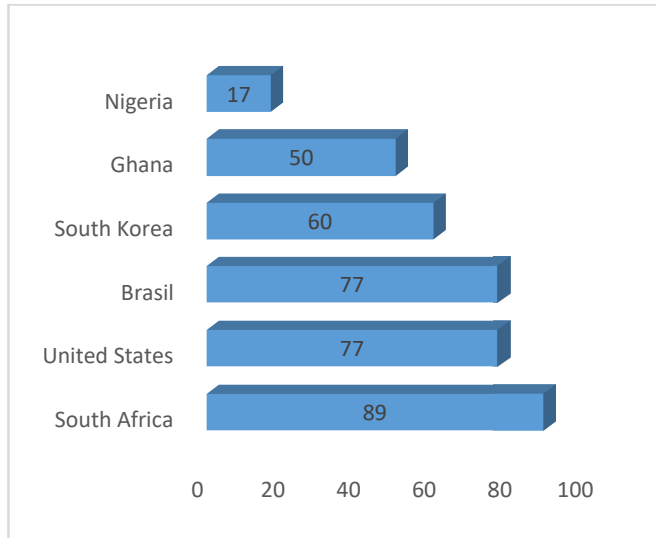
Key Words: Constituents; Budget oversight; Nigeria.

I. OVERVIEW

The budget is at the core of efforts to deliver good governance and accountability in all countries. It plays a pivotal role in the delivery of public goods and services and poverty reduction. The parliament can leverage the budget to achieve these and other objectives of state policy by involving the constituents in its oversight efforts during the various stages of the budget cycle. In Nigeria, many stakeholders and participants question whether the existing process of budget oversight that does not include the citizenry can deliver optimum outcomes. It is logical to argue that if parliament can make appropriation for items contained in the budget, then it should as a matter of necessity oversee the effective utilization of such funds. In the past, quarterly releases of funds to the MDAs were not tied to specific projects. This practice changed in the present administration, thrusting into bold relief, the dire need for strengthened parliamentary oversight of the projects for which funds are released. The legislators have a lot to do in this regard, but they cannot do it all alone. Their constituents (the people) who experience the direct impact of the projects can do a lot in assisting to track budget/project performance. The necessary underlying assumption here is that the bottom-up approach of budget preparation that allows for the citizens' input would have been adopted ab initio.

According to the Open Budget Index (OBI), Nigeria with OBI value of 17, ranked 90th in the world, and 23rd in Africa, on budget transparency out of 115 countries globally and 38 African countries surveyed in 2017. BudgIT (2018) noted that Nigeria's score on the index dipped from 24 percent in 2015 to 17 percent, and currently ranks behind Rwanda, Zimbabwe and Liberia in Africa while South Africa has been ranked first alongside New Zealand globally. The United States and Brazil are among the good examples of open budget. South Korea and Ghana with respective scores of 60 and 50 stood far above Nigeria (see Figure1).

Figure 1: Open Budget Index (2017) of some selected countries



Source: Authors' initiative with underlying data obtained from IBP¹ (2018).

In many African countries, participatory budgeting is rapidly gaining attention from governments, civil society, and international development agencies as an innovative platform for strengthening citizens' voice in budgetary processes and in the delivery of public goods and services. It is increasingly recognized that participatory budgeting is not only an effective mechanism for African countries to improve targeting of public resources to the poor, but also a new tool in support of decentralization and social accountability (UN-HABITAT, 2008)².

II. BUDGET DEVELOPMENT PROCESS

Several stakeholders are involved in the budget development process, among which are the executive, the legislature, and the public. Lack of synergy among these critical stakeholders impedes the budget process. This situation frequently occurs in Nigeria. The absence of synergy among the stakeholders several implications: i) it encumbers budget planning and preparation; ii) brings about unnecessary friction in budget defence; iii) creates opportunities for 'budget padding'; iv) results in unnecessary delays in the completion of the budget cycle; and v) tends to engender budget apathy in the citizenry, among others. Therefore, it is important to be aware of the roles of these various actors can play at the different stages of the budget process. In most countries the budget process is broken into four stages, as shown in Figure 2, and the different actors play different roles in each stage.

Figure 2: Actors at the different stages of the budget process



Source: IBP (2018)³.

One of the valid means of ensuring that all the stakeholders participate in the budget process is to adopt what experts refer to as the bottom-up approach. This approach ensures that the budget process originates from the constituents/the people, then to the executive through the MDAs before getting to the legislators for approval. After approval comes budget execution or implementation by the executive arm. At this stage, the legislators are expected to perform their constitutional role of overseeing the budget implementation. Further, the constituents would expect the physical presence of the projects/items they nominated into the budget. Thus, the constituents now have oversight responsibility on the projects/programs located in their domains or that impact them directly.

III. REVIEW OF RELATED LITERATURE

Literature on using constituents to boost budget oversight is still scanty if not unavailable. To the best of the authors' knowledge, there is no paper, at least, on Nigeria that has directly examined how the constituents (the people) can be used to boost budget oversight. This makes our paper novel and as such very imperative given the current state of poor budgetary performance in Nigeria. Many studies on the involvement of legislators in budgeting focus on legislative budget oversight and its role in enhancing transparency and accountability of the executive. In a bid to fill up for the scanty or nonexistent literature, we made recourse to related initiatives on our subject matter.

Our modest assumption is that involving the constituents in budget oversight will enhance people-centered development and efficiency of public investments. Legislative oversight is an indispensable tool in modern democracies. It is important in ensuring transparency, accountability and good governance.

¹ IBP (2018). International Budget Partnership, Washington, D.C, USA

²(UN-HABITAT, 2008). Participatory Budgeting in Africa – A Training Companion with cases from eastern and southern Africa; Volume I: Concepts and Principles. United Nations Human Settlements Programme (UN-HABITAT), Nairobi, Kenya.

³ IBP (2018). International Budget Partnership, Washington, D.C, USA.

It is also a means of ensuring checks and balances without prejudice to the doctrine of separation of powers. Every aspect of oversight is backed by law. The powers may be expressed or implied in the Constitution. Another source of powers is the Standing Orders/ Rules of the parliament. In addition, the instruments with which the functions are performed are many (PLAC, 2016). Powers of appropriation and oversight of expenditures is perhaps one of the most essential duties of the legislatures, and oftentimes one of the most cantankerous. It is in the light of this that James Madison, a former American legislator and, later, president in 1788 expressed as follows:

This power over the purse, may in fact be regarded as the most complete and effectual weapon with which any constitution can arm the immediate representatives of the people for obtaining the redress of every grievance, and for carrying into effect every just and salutary measure.

Santiso (2004) explores the effectiveness of legislative budgetary institutions in contemporary Latin American. He also provided an overview of the current debate on the strengthening of the role of parliaments in public budgeting as well as a review of the main constraints and conditions for effective and responsible legislative budgeting. The paper shows that political economy of the budget process reveals that political and technical aspects interact in determining the effectiveness of budget oversight along the budget cycle. Although the parliament has important budgetary powers, they seldom exploit it fully due to capacity constraints and information asymmetries. As such, parliament ability to establish their credibility as institutions of economic governance is dependent upon strengthening their budgetary capacities. Although most legislatures have the constitutional power of oversight, its nature makes it a more complex and demanding activity because it requires acquiring a great deal of information about the executive arm and its activities (PLAC, 2016).

In a joint handbook for parliamentarians, the ITU, UNDP, World Bank Institute and UNFW (2004), agreed that the budget is the most important economic policy tool of a government and provides a comprehensive statement of the priorities of a nation. According to them, as the representative institutions of the people, it falls to national legislatures to ensure that the budget optimally matches a nation's needs with available resources. They concluded that effective legislative participation in the budget process establishes checks and balances that are crucial for transparent and accountable government and ensuring efficient delivery of public services.

It is important to recognize that parliamentary budget activism comes after centuries of exclusive executive mandate. The assumption that parliament should rubber-stamp the budget, at best, still exists in most countries and parliament will have to fight to challenge and fight this assumption (In fact, they will

probably have to fight this case in parliament as well). To engage in this battle, parliament will need all the allies it can get. For this reason it is important for parliament to build its own power by forming a coalition or partnerships with other independent institutions with an oversight mandate. The most obvious candidates here are civil society institutions, the media and the auditor general. A strong coalition or partnership between these institutions is an important way to build the arguments and skills to counter the tradition of executive dominance in budgetary matters (see, Krafchik and Wehner, 2004).

Comparing parliamentary capacity for financial scrutiny, Wehner (2006) constructed an index using data for 36 countries from a 2003 survey of budgeting procedures. The index captured six institutional prerequisites for legislative control, relating to amendment powers, reversionary budgets, executive flexibility during implementation, the timing of the budget, legislative committees and budgetary information. The results of the study revealed substantial variation in the level of financial scrutiny of government by the legislature among contemporary liberal democracies. According to the findings of the study, The US Congress has an index score that is more than three times as great as those for the bottom nine cases, predominantly Westminster systems. Even allowing for US exceptionalism, the top quartile of legislatures score twice as high on this index as the bottom quartile. These findings suggest that the power of the purse is a discrete and non-fundamental element of liberal democratic governance. For some countries it is a key safeguard against executive overreach, while others maintain a constitutional myth.

Ehigiamusoe and Umar (2013) examines the role of legislative oversight in budget performance in Nigeria. The findings of the study revealed that oversight activities have increased tremendously in Nigeria since 1999, but they have not been very effective in reducing corruption and accelerating budget performance of MDAs.

PLAC (2016) noted that Legislative oversight powers are provided for in the Constitution of the Federal Republic of Nigeria, as well as in the Rules of the two chambers of the National Assembly. It is also an added responsibility of overseeing the executive arm in implementation of projects over which the National Assembly has approved funds. Oversight requires that the National Assembly conduct investigations into governance issues through its committees and that they monitor the performance of MDAs (ministries, departments and agencies) for the benefits of citizens.

IV. CROSS COUNTRY EXPERIENCE

In this section, we examined cross country experience vis-à-vis the inputs of constituents in the budget process which culminates in oversight. Expectedly, the reviewed country experience is mixed.

Table 1: Approaches to budget preparation

S/N	Country	Bottom-top approach to budget preparation
1	India	A pre-budget meeting between civil society members and the Union (Federal) Finance Minister. The 20 civil society members are given opportunity to say their views on what people expected from the budget
2	United States	Los Angeles set up neighborhood councils with 7 to over 30 board members each, selected by citizen voting, in even numbered years. The neighborhood councils hold public hearings prior to deciding about matters of local concern. This constitute an official mechanism for budget process participation ¹
3	Brazil	Participatory budgeting (PB) began in 1989 in Porto Alegre, one of the most populated cities in South Brazil. Since then, budget allocations for public welfare works in Porto Alegre have been made only after the recommendations of public delegates and approval by the city council. This has resulted in improved facilities for the people of the city. ⁴
4	South Korea	The Local Government Finance Act of 2005 gave mayors and district leaders' responsibility to prepare and implement procedures to enable citizens to participate in the local budgetary decision-making process. It recognized some possible techniques of citizen participation as public hearings, meetings, and internet surveys ⁵
5	Ghana	Ghanaian budgetary process does not incorporate public participation. However, the Ministry of Finance has requested SEND GHANA (SG), a non-governmental organization, to develop a proposal on how to promote public participation in the budget process to help realize the target of 67 per cent on the next Open Budget Survey (OBS) ⁶ .
6	South Africa	In South Africa, the civil society organizations and universities introduced programs to promote participatory budgeting. The programs include; Budget Information Service (BIS) of the Institute for Democracy in South Africa (IDASA). The BIS is an effort to create a safe space for dialogue between those in power and the liberation movements. The BIS aims at enhancing the participation of legislatures and civil society in the budget process. This reflects the organization's belief that inclusive budgeting will support South Africa's transition through building citizen commitment to tough budget policy choices; improving budget and poverty decision-making and program impact ⁷ . Another national initiative in participatory budgeting is the People's Budget embarked upon in November 2000, by COSATU, SACC and SANGOCO. The People's Budget campaign arose mainly in response to the deep budget cuts in public spending since the introduction of GEAR in 1996 ⁴ .

Source: Authors' compilation

⁴https://siteresources.worldbank.org/INTEMPowerment/Resources/14657_Particip-Budg-Brazil-web.pdf

⁵<https://pdfs.semanticscholar.org/fc93/eb45fcef5a51221ebb188375b2cac645238.pdf>

⁶<https://sendwestafrica.org/index.php/news1/item/130-send-ghana-supports-finance-ministry-to-promote-public-participation-in-budget-process>

⁷<https://idl-bnc-idrc.dspacedirect.org/bitstream/handle/10625/27571/120441.pdf?sequence=1>

V. LESSONS FROM COUNTRY EXPERIENCE AND WHAT THE LEGISLATORS SHOULD DO

- i. Drawing from the Indian experience, the legislators should help to formalize a pre-budget meeting that will involve the civil society, minister of finance and financial experts to discuss the contents of the budget and express what the people expect from the budget.
- ii. The legislators who are the representatives of the people should draw lessons from the US and Brazil to engage their constituents through their leaders at the Ward level with a view to involving them on matters relating to budget preparation and constituency projects. This is an effective way of allowing the constituents to make inputs in the national budget and participating in the oversight function.
- iii. The procedures in the US and Brazil can be domesticated into law as in South Korea where the law empowers the citizens to participate in the budgetary decision making process through public hearing, meetings and internet survey.
- iv. For effective constituents' and legislature engagement, the legislators can have a website that allows for citizen's participation in budget preparation and budget oversight. The website will enable the citizens to easily communicate their opinions regarding budget projects/programs in their constituencies or local governments.
- v. The National Assembly Committee on Education should adopt the South African model to encourage the relevant departments in the Nigerian universities to assist in enhancing citizens' participation in the budget process. Courses related to public finance should offer adequate training to students on inclusive budgetary process and budget oversight.
- vi. The university and civil society can collaborate to fashion out a program called the Budget Information Service (BIS). The National Orientation Agency (NOA) could be a good platform to anchor such program.

VI. CONCLUSION

This paper examined how constituents can assist the legislators to strengthen budget oversight in Nigeria. It realizes that the budget is at the core of efforts to enhance governance, accountability and poverty reduction in Nigeria. The paper noted Nigeria's low score of 17 out of a possible 100 on the open budget index, indicating a lack of budget transparency and openness. In sharp contrast, Ghana, Brazil and South Africa scored 50, 77 and 89, respectively. Further, the paper noted that lack of synergy among the critical stakeholders involved in the budget management process has several implications, including: i) it encumbers budget planning and preparation; ii) brings about unnecessary friction in budget defence; iii) creates opportunities for 'budget padding'; iv) results in unnecessary delays in the completion

of the budget cycle; and v) tends to engender budget apathy in the citizenry. To address these issues, the paper reviewed selected country experiences following which it recommends as follows:

- i. Legislators should help to formalize the pre-budget meeting to include the civil society, minister of finance and financial experts to discuss the contents of the proposed budget including the people's expectation from it.
- ii. The legislators should draw lessons from the US and Brazil to engage their constituents through their leaders at the Ward level on matters relating to budget preparation and constituency projects.
- iii. NASS should domesticate extant practices in US, South Korea and Brazil into law to empower the citizens to participate in the budgetary process through public hearing, meetings and internet survey.
- iv. For effective constituents and legislature engagement, legislators should develop a website for effective citizens' engagement in budget preparation down to budget oversight.

- v. The National Assembly Committee on Education should emulate the South African model to encourage Nigerian universities to offer courses designed to enable citizens' participation in the budget process.

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