

maiden

**ANNUAL
REPORT**

For The Year Ended

2009



Fiscal Responsibility Commission



Maiden **ANNUAL REPORT**

of the

Fiscal Responsibility Commission

For the year ended 31st December

2009

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Maiden Annual Report of the FRC 2009



The Charge



... our nation's economic future and fiscal responsibility are directly linked. There is a tie between fiscal responsibility and financial prudence today and what society can enjoy tomorrow. Facing up to both the short and long-term fiscal challenges, therefore, will help put the nation on a path to lasting prosperity and a rising standard of living. If, on the other hand, we fail to quickly address the preponderance of fiscal inefficiencies and wasteful spending in our systems, we will squander the only opportunity to get our finances in order, and I charge you not to afford to do that.



**President Umaru Musa Yar' Adua
at the inauguration of FRC**



The Commitment



We shall give full meaning to the provisions of the Fiscal Responsibility Act to make Nigeria's wealth useful to its citizens. From what I have seen, Members are loyal and committed to serve. We intend to carry out our assignments with diligence and firmness. We will do our duty without ill-will, fear or favour.



**Alhaji (Dr.) Aliyu Jibril Yelwa, OON
(Sardaunan Yauri)
Chairman, Fiscal Responsibility Commission**



FISCAL RESPONSIBILITY COMMISSION

WHO WE ARE

The Fiscal Responsibility Commission seeks to monitor compliance with the provisions of the Fiscal Responsibility Act 2007 thereby promoting a regime of prudent, ethical and efficient management of public finance across all tiers of Government in Nigeria.

OUR VISION

A transparent and accountable government financial management framework for Nigeria.

OUR MISSION

To ensure that revenue raising policies, resource allocation decisions and debt management decisions are undertaken in a prudent, transparent, and timely fashion.

OUR VALUES

Integrity
Truth
Justice
Prudence





List of acronyms

BIR	-	Budget Implementation Report
BOF	-	Budget Office of the Federation
BPE	-	Bureau of Public Enterprises
CBN	-	Central Bank of Nigeria
CSOs	-	Civil Society Organisations
DFID	-	Department for International Development
DMO	-	Debt Management Office
DSA	-	Debt Sustainability Analysis
ECA	-	Excess Crude Account
FCT	-	Federal Capital Territory
FEC	-	Federal Executive Council
FEDCAM	-	Federal Office of Complimentary and Alternative Medicine
FIRS	-	Federal Inland Revenue Service
FGN	-	Federal Government of Nigeria
FMF	-	Federal Ministry of Finance
FRA	-	Fiscal Responsibility Act
FRC	-	Fiscal Responsibility Commission
GDP	-	Gross Domestic Product
ICT	-	Information and Communications Technology
IMF	-	International Monetary Fund
MDAs	-	Ministries, Departments and Agencies
MDGs	-	Millennium Development Goals
MTEF	-	Medium Term Expenditure Framework
NACA	-	National Agency for the Control of AIDs
NASS	-	National Assembly
NCC	-	National Communications Commission
NEEDS	-	National Economic Empowerment and Development Strategy
NITDA	-	Nigerian Information Technology Development Agency
NNPC	-	Nigerian National Petroleum Company
NPA	-	Nigerian Ports Authority
NPC	-	National Planning Commission
NSDC	-	National Sugar Development Council
OAGF	-	Office of the Accountant General of the Federation
OSGF	-	Office of the Secretary to the Government of the Federation
PRSPs	-	Poverty Reduction Strategy Papers
SEEDS	-	States Economic Empowerment and Development Strategy
UNDP	-	United Nations Development Project
WAIFEM	-	West African Institute for Financial and Economic Management

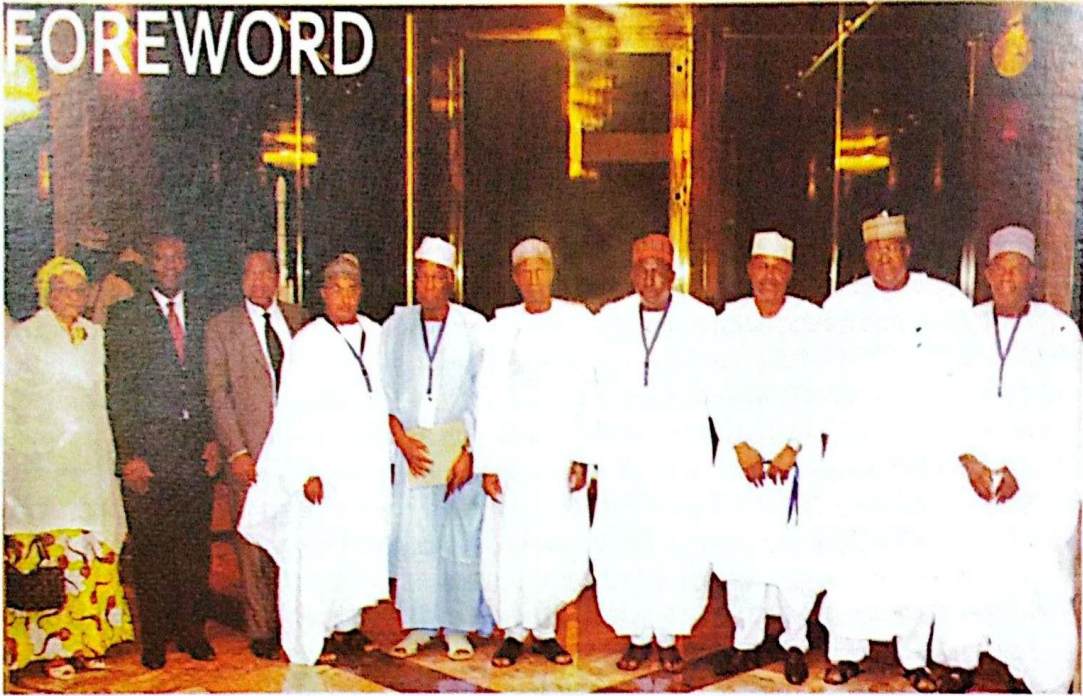


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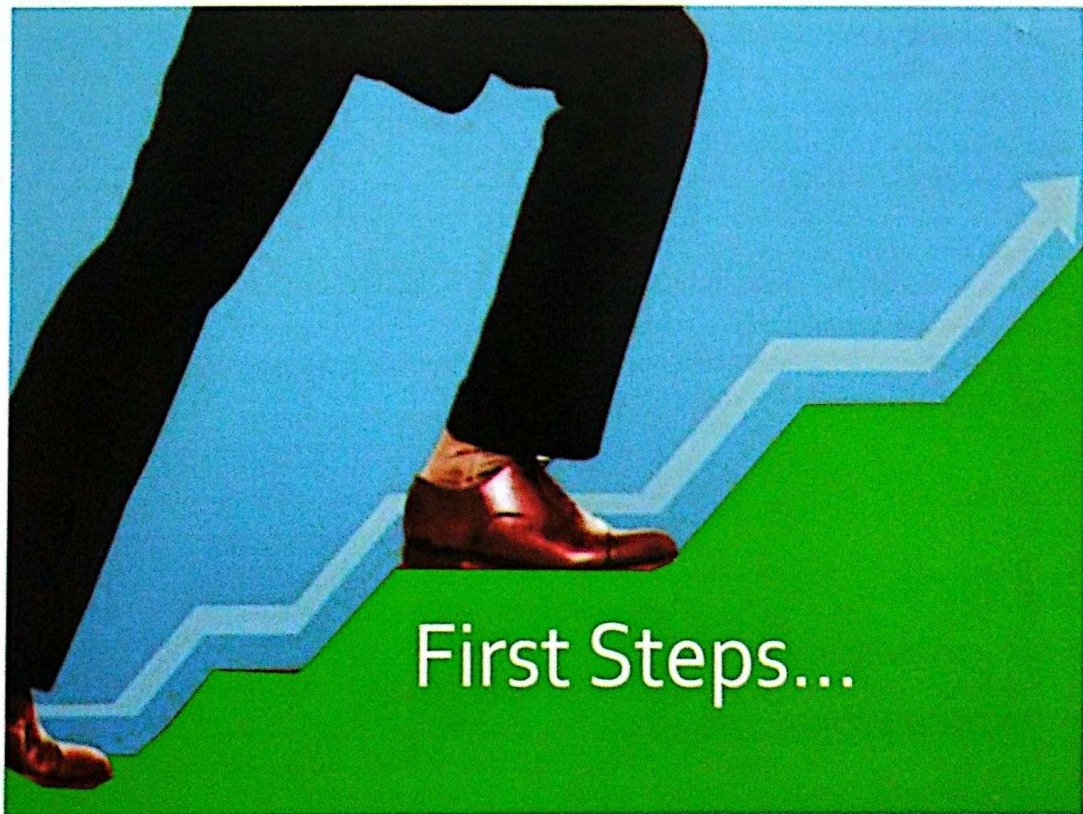
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FOREWORD



Commemorative photograph with President Yar'Adua after inauguration on 14th April 2009



First Steps...



FOREWORD

Nigeria has had a long and chequered macroeconomic history. Beginning from the 1970s when oil windfalls were grossly mismanaged, the nation has over the years suffered the consequences of a series of poor economic management decisions and behaviours during a prolonged absence of real fiscal rules. The subsisting fiscal environment was generally dysfunctional, and fraught with a poor savings culture, uncoordinated borrowing, poor access to fiscal records – which were unreliable in the first place, massive corruption in public circles, poor accountability, unreliable forecasts and a badly fragmented budgetary system whose product was used more in the breach than in its compliance. This scenario resulted in economic volatility, inefficient public sector investments, debt overhang, poor service delivery and worsening socio-economic conditions of our citizens. With the return of civilian rule, however, the imperative of delivering qualitative and equitable democracy dividends imposed on the economy's managers the burden of reversing this trend by initiating policies and rules that put the people and their long term interest at the centre of fiscal and public expenditure management.

One of such economic initiatives launched by the Obasanjo administration and vigorously sustained under the present administration is the reform of the fiscal responsibility regime. The signing of the Fiscal Responsibility Act on July 30, 2007 by President Umaru Musa Yar'Adua therefore marked a departure from the disjointed, ad hoc and poorly enforced policy environment for fiscal management to a new system enshrined in law and aimed at expenditure restraint. The novelty of this Act is that for the first time in history, we have a concise and focused legislative framework that regulates fiscal conduct, prescribes guidelines for the management of state revenues, imposes limitations on government spending and prohibits certain fiscal activities, such as some kinds of Debt securities and irresponsible borrowing by various tiers of government. The Fiscal Responsibility Commission as a creation of this law is therefore committed to the reduction of fiscal deficits and building revenue surplus at all tiers of government by ensuring that revenue raising policies, effective resource allocation and debt management decisions are prudently and transparently undertaken in a manner that will secure macroeconomic stability and national growth.

On its inauguration last year, the Commission hit the ground running by simultaneously grappling with teething institutional development challenges while identifying and addressing some quick-win aspects of our mandate to build credibility with our stakeholders. These included but were not limited to an institutional review that deepened the interpretation of the aims and functions of the FRC and resulted in the development of a three-year strategic plan for the Commission. Within this purview, we are also conducting a review of the excess crude account and developing a communications strategy.

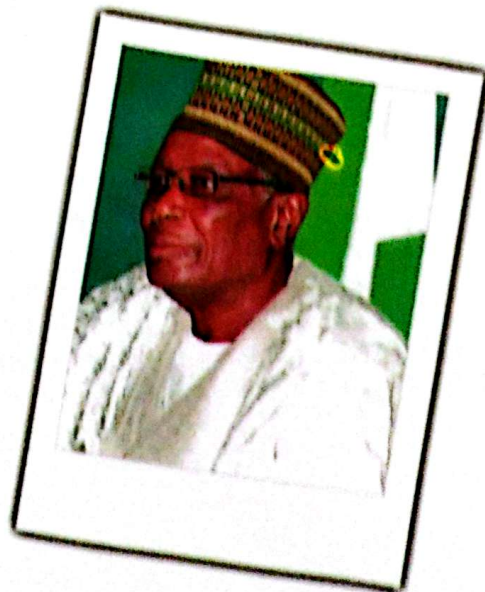


The Commission has been organized into various functional directorates with clearly defined schedule of duties. We have commenced monitoring and therefore have requested reports from MDAs, most of who have responded positively. The Commission is working hard to institute a more sustainable monitoring and evaluation framework for tracking the fiscal activities of MDAs. We are also trying as much as possible to be a learning organization that improves by being self-critical and imbibing external best practices. To this end, the Commission conducted comparative studies of the fiscal responsibility regimes of Brazil, India and the United States to distill relevant models for Nigeria.

In view of the time we came on board, the critical organizational take-off challenges we had to tackle and the obvious constraints that this imposed to effectively monitor and elicit compliance from our reporting entities, it is fair to expect that this report will not be representative of our future outputs. Albeit, we are already receiving positive feedback from a number of our stakeholders, and even though the Commission had to painstakingly develop its templates and processes from scratch, our modest gains suggest that we are on the way to soon becoming a model for other economies to copy. These modest achievements in so short a time would be impossible without the support we received from the Presidency, the National Assembly, Ministry of Finance, Office of the Secretary to the Government of the Federation, Office of the Special Adviser to the President on Economic Affairs, some MDAs and many other stakeholders. On behalf of the Commission, I wish to register our profound gratitude to all who in various ways contributed to ensure the Commission's smooth take-off last year.

At the end of our commencement year, we are pleased to present to the National Assembly and our stakeholders this inaugural report of the Commission's activities and achievements in line with the provisions of the FRA. This report serves the dual purpose of communicating our essence to our publics as well as fulfilling an annual accountability obligation to the National Assembly. Our commencement report demonstrates that reversing five decades of fiscal profligacy may be a challenging task, but it is one that can and will be done. We are proud to say that our first steps have indeed been steps in the right direction and the outlook is bright and bold.

Alhaji (Dr.) Aliyu Jibril Yelwa, OON
(Sardaunan Yauri)
Chairman, Fiscal Responsibility Commission





INTRODUCTION

This report reviews the activities of the Fiscal Responsibility Commission from January 2009 when it commenced operations to December 2009, the end of its first fiscal year. The report responds to the need to communicate our essence as a new institution to our diverse public while fulfilling our annual accountability obligation to the National Assembly of Nigeria as provided in Section 10 of the Fiscal Responsibility Act (FRA) 2007, under which the Commission is established.

What we have done is to justify why the Commission was needed, and to provide evidence of our potential. Chapter 1 public expenditure context and provides departure from the system in which fiscal observed more in the on legislation, noting blame for years of and plummeting indices. The strategic functions of the the Act are explained. been described as a



maps Nigeria's management an argument for a hitherto discretionary policies were breach to one based that it is partly to economic declining development objectives and Commission under The FRA 2007 has long overdue piece

of legislation and the Commission has been well interpreted to mean an end to the era of opaque, irresponsible and unaccountable fiscal management at all tiers of government. The second chapter looks at the Commission itself, its governance framework, stakeholder base and the physical and operational strategies that have been adopted for the effective implementation of its mandate.

Chapters 3 and 4 go on to review the milestones of the Commission over the past year against its core mandates. Under the Act, the Commission is expected to monitor and enforce the provisions of the FRA to improve efficiency in fiscal management. To this end, the report shows the actions of the Commission in the areas of allocation and management of public expenditure (including a Medium Term Expenditure Framework), revenue collection, debt control, savings and assets managements (including Excess Crude Account), proceeds from sales of public assets and property and transparency in fiscal matters.



The Commission has been monitoring entities under its purview to ensure that deadlines and data accessibility requirements are met as provided in the Act. We have also commissioned macroeconomic and strategic fiscal studies that will x-ray the whole public financial management system in Nigeria with a view to identifying gaps. A lot of pressure was put on the Federal Ministry of Finance from the Commission for the preparation of the Medium Term Expenditure Frameworks (MTEF) and the Budget Implementation Reports (BIRs). The Commission also received BIRs for the first three quarters, indicating varied levels of compliance to the Act.

Revenue earning Corporations and MDAs were also monitored to ensure compliance with the Act and a number of gaps were also revealed. Investigations have also been launched into suspected cases of contravention by some Corporations and wherever such cases are established, the reports will be forwarded to the Office of the Attorney-General for prosecution. The Commission's monitoring work on debt compliance also showed that all the governments that borrowed from external and internal sources from August, 2007 to December, 2009 did not comply with the conditions of borrowing. It also revealed possible duplication of loan instruments to the tune of US\$ 425,600,000.00. The Commission entered into communication with the commercial banks to ensure the compliance of state governments with the FRA's provisions on debt. The communication with the commercial banks to ensure governments with the FRA's Compliance at the sub-national levels is also being strengthened by promoting the adoption of fiscal responsibility legislation in the states.

“ Not less than N21 billion has been realized for the year 2007 and 2008 from the payment of 80% operating surplus into the Consolidated Revenue Fund of the Federal Government. This sort of earnings were unheard of before the advent of the Act. ”

The Excess Crude Account (ECA) is one of the savings arrangements of the Federal Government that has huge potential but has been grossly abused. The FRC is in the process of studying the management of the ECA since 2007, formulating clear rules (in collaboration with relevant stakeholders) for managing the ECA, and establishing formulae for deciding how ECA savings should be divided between cash based deposits and the yet to be established, Sovereign Wealth Fund or other form of stabilisation fund. The Commission also requested and received a report on the current status of the ECA from the Central Bank.

There is no doubt that the Commission is making consistent progress. For instance, not less than N21 billion has been realized for the year 2007 and 2008 from the payment of 80% operating surplus into the Consolidated Revenue Fund of the Federal Government. This sort of earnings were unheard of before the advent of the Act. It is also gratifying to note that for the first time in Nigeria's economic management history, the Federal Appropriation Bill for the year 2010 was based on a three-year MTEF.

Chapter 5 presents some of the challenges the Commission has faced (such as dearth of physical facilities and equipment most of which are related to its teething phase as a new institution. The report concludes in chapter 6 by presenting the lessons we have learnt and the Commission's outlook on the future.



PART I:

BACKGROUND AND INSTITUTIONAL FRAMEWORK

CHAPTER 1

- CONTEXT AND RATIONALE

CHAPTER 2

- INSTITUTIONAL FRAMEWORK AND BROAD OPERATIONAL MECHANISMS



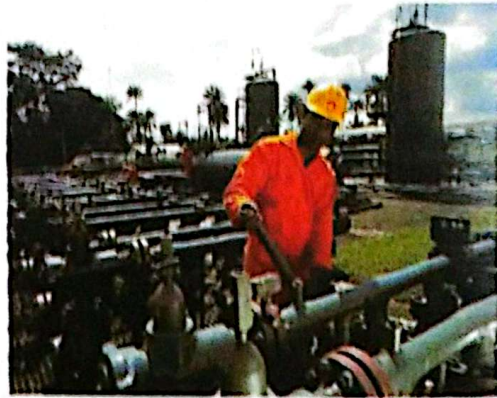
CONTEXT AND RATIONALE

CHAPTER 1:



CONTEXT AND RATIONALE

The management of the nation's financial resources has continued to be a major challenge to the political and economic development of Nigeria. Five decades after independence, Nigeria has become a classic example of the "resource curse" phenomenon with over half of our population still languishing in poverty, in stark contrast to the nation's huge natural and human resource endowments. Nigeria's paradox of penury amidst plenty has often been blamed on corruption and poor governance of the nation's resources.



Over \$ 300 billion earned from oil during the past fifty years has been grossly underutilized, thanks partly to a weak and an often corrupt policy environment for financial management, occasioned in turn either by the despotic grip of military interventionist regimes or the excesses and impunity of successive civilian administrations. Development projects such as schools, roads and hospitals were hardly completed on schedule. Abandoned projects dotted the landscape of our towns and cities.

At all tiers of government, expenditure commitments were being made without a clear and responsible plan for raising the necessary funds to execute them.

Fiscal planning was premised on short term and ad-hoc considerations. Government at the central and sub-national levels were raising new, ill-advised loans for unnecessary projects. This misplacement of fiscal priorities had led to waste of scarce resources, which was often mismanaged, squandered on the wrong projects or brazenly embezzled, with dire consequences for the well being of the citizenry. It has indeed been argued that poor financial management has been the bane of Nigeria's march to national prosperity.

Over \$ 300 billion earned from oil during the past fifty years has been grossly underutilized, thanks partly to a weak and an often corrupt policy environment for financial management



Against this backdrop, a reform of the nation's financial planning and management regime became a compelling imperative at the return of civilian democracy in 1999. In 2000, the world community generated unprecedented momentum around the reduction of global poverty and inequality, with 119 countries, including Nigeria, committing to clear, time-bound benchmarks under the UN Millennium Development Goals (MDGs). Coupled with a global drive to deepen political and economic democracy in ways that give meaning to citizenship for the vast majority of the people of developing countries, this clearly signalled that a "business-as-usual" attitude towards the management of the nation's resources could not be an option for Nigeria's new civilian government, if it was to achieve the MDGs for its citizens.



Poverty has been deepened by corruption and misplacement of fiscal priorities at all tiers of government

1.1 Fiscal Responsibility and Governance

Commentators around the world concede that Nigeria has the potential to achieve its vision of becoming the economic hub of Africa and indeed one of the top 20 economies in the world by the year 2020. Laudable as this may seem, the Nigeria Vision 20:2020 may remain a pipe dream if government does not sincerely and boldly tackle corruption. Accountable and prudent financial management, premised on the welfare of the people is necessary for economic growth as well as for people-centred development. Both the 1979 and 1999 Constitutions clearly state that "the welfare of the people shall be the primary purpose of government." While this nexus between public finance and development has long been recognised, there had been virtually no efforts to institutionalize a system of rules to ensure increased transparency and more effective utilisation of resources in Nigeria. Indeed, prior to the return of democracy in 1999, public finance management in Nigeria was dependent on weak administrative regulations and poorly coordinated executive practices, which were open to abuse, resulting in poor development planning and failures in public service delivery. This situation also led to macroeconomic instability and subjected our mono-product economy to the vagaries of oil price fluctuations.



1.2 Enter the Fiscal Responsibility Act and the Fiscal Responsibility Commission

The Fiscal Responsibility Commission is therefore an institutional response to the quest for a regime of prudent, ethical and efficient management of public finances across all tiers of Government in Nigeria. It draws from the economic reforms started by the administration of former President Olusegun Obasanjo and vigorously continued by the present administration, a fundamentally courageous national programme that is underpinned by a campaign against corruption, while committing state stakeholders to a accountable culture of responsible and economic governance. The Fiscal Responsibility Bill responded aptly to a the time within groundswell of demand at Nigerian civil society and institutions for more international financial transparent and people-centred development policies and actions, especially within the context of Poverty Reduction Strategy Papers (PRSPs) which Nigeria had only recently subscribed to, and localized in its National Economic Empowerment and Development Strategy (NEEDS). This drive resulted in the establishment of a number of anti-corruption institutions and transparency initiatives to emplace a rules-based institutional environment that at once prevents and criminalizes irresponsible financial management.

The Fiscal Responsibility Commission is an institutional response to the quest for a regime of prudent, ethical and efficient management of public finances across all tiers of Government in Nigeria.

The main function of the Commission is to monitor the implementation of the Fiscal Responsibility Act (FRA), which came into force in 2007. The law is in keeping with the current international trend of converting policy-based fiscal regimes into rule-based systems; given that extant cross-cultural practices seem to suggest that those systems governed by rules and effective institutions promote sound and robust fiscal performance. Its overriding purpose is for the Commission to use its monitoring and evaluation powers under the Act to improve efficiency in fiscal management, especially in areas of allocation and management of public expenditure, revenue collection, debt control, savings and transparency in fiscal matters.

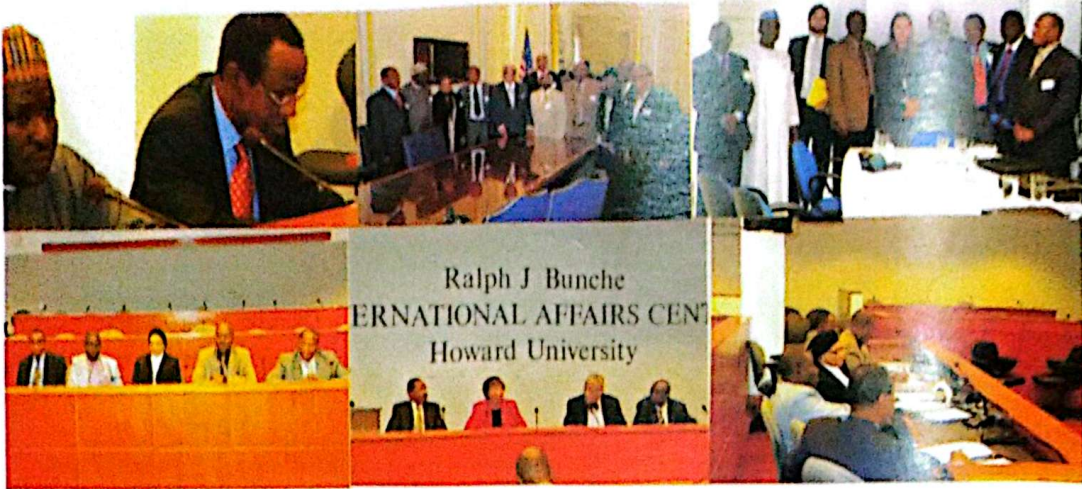




Greater insights, comparative perspectives, institutional framework and organizational capacity laying a solid foundation for fiscal responsibility governance in Nigeria

- **Monitoring and enforcing the provision of the FRA**
- **Disseminating good fiscal practices**
- **Undertaking and publishing fiscal and financial studies**
- **Performing any other function consistent with the promotion of the FRA's Objectives**

Figure 1: Functions of the FRC



The law has been well received and has generated so much attention and interest from a wide section of Nigerians and their international friends. It is seen by the country's civil society as a step in the right direction and has been termed "the formal expression of the political will to maintain fiscal discipline" by the Government of Nigeria. The International Monetary Fund had recently hailed the progress made by Nigeria in the legislative actions intended to help institutionalize the reforms under its Policy Support Instrument to the country. In particular, the IMF believes that the institutionalisation of fiscal responsibility in the country's legislation is a key step in supporting prudent management of oil revenues. The World Bank reasons that the FRA would give fillip to the oil-price-based fiscal rule Nigeria has been implementing since 2004, which effectively delinks government expenditure from current oil revenues thereby reducing transmission of oil market shocks to the rest of the economy.

Since its passage into law at the federal level, the FRA has helped to reduce financial recklessness and improve efficiency in fiscal management especially in areas of allocation and management of public expenditure, revenue collection, savings and transparency in fiscal matters. The adoption of novel public expenditure processes such as a multi-year approach to budgeting and the modest savings recorded recently all bear testimony to the potential of the FRA. Similarly, Nigeria's current Debt Sustainability Analysis indicates that our public debt profile as a proportion of GDP is sustainable, although a lot more coordination is expected to achieve similar sustainability at subnational levels. This progress has been attributed to the combined impact of recent debt cancellation gains and tighter controls of borrowing under the Act.

With the modest gains recorded in recent years and if current efforts are sustained, the prospects for the future are indeed bright and Nigeria can finally lay its claim to actually being on the path to economic greatness.



**INSTITUTIONAL FRAMEWORK AND
BROAD OPERATIONAL MECHANISMS**

CHAPTER 2:



2.0 The Act:

The Fiscal Responsibility Act (FRA) is a set of rules embodied in legislation committing all tiers of government to fiscal prudence and sound financial management; greater transparency and accountability in public finance; and improved inter-governmental fiscal coordination to secure greater macroeconomic stability. The FRA was initiated as an executive Bill by former President Obasanjo in 2004 and signed into law by the Late President Umaru Musa Yar' Adua in 2007. As defined in the Preamble of the Act, the objectives of the FRA are as follows:

- To provide for prudent management of the nation's resources
- To ensure long-term macroeconomic stability of the national economy
- To secure greater accountability and transparency in fiscal operations
- To establish the FRC to ensure the promotion of the nation's economic objectives

These objectives may be diagramatised as follows:

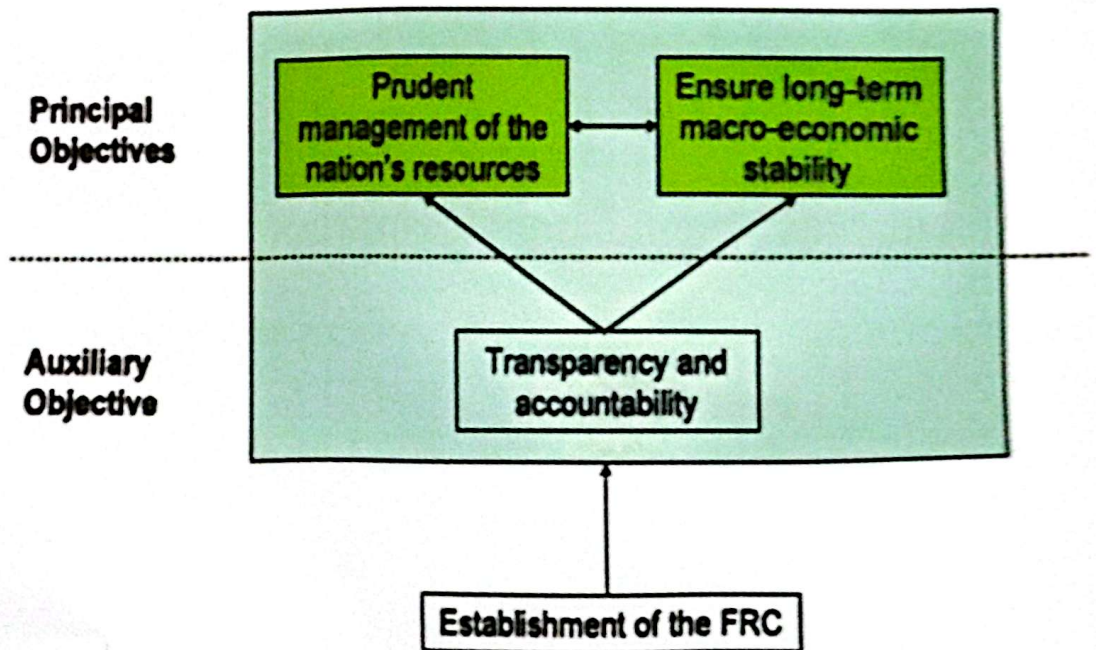


Diagram 1: The objectives of the FRA



2.1 The Commission:

The Fiscal Responsibility Commission (FRC) is an independent body created under Part I, Section 1(1) of the FRA to monitor and enforce the provisions of the Act, among other functions.

2.2 Governance:

The Act provides for an eleven-member Commission headed by a Chairman, who is the Chief Executive and accounting officer of the Commission. The Chairman and members hold office for single term of five years. The Commission's membership includes four non-permanent members drawn from the civil society, Federal Ministry of Finance, organized private sector and organized labour, and one member to represent each of the six geopolitical zones in addition to the Chairman, who are permanent members. On December 5, 2008, the following members were issued appointment letters having been duly screened and confirmed by the Senate in November 2008.





2.2.1 Full-Time Members:

1. **Alh. (Dr) Allyu Jibril Yelwa, OON**
Chairman
2. **Alh. Gimba Ya' uKumo**
Commissioner, Finance and Administration
3. **Chief (Barr) Chris Okewulonu**
Commissioner, Legal, Investigation and Enforcement
4. **Alh. Shualbu Abdullahi Kore**
Commissioner, Monitoring and Evaluation
5. **Dr. S.E.O. Mordl**
Commissioner, Policy and Standards
6. **Alh. Zakari Mohammed Sada**
Commissioner, Planning, Research and Statistics
7. **Dr. (Chief) Adewumi Abitoye,**
Commissioner, Strategic Communication
(Assumed duty 15/2/2010)

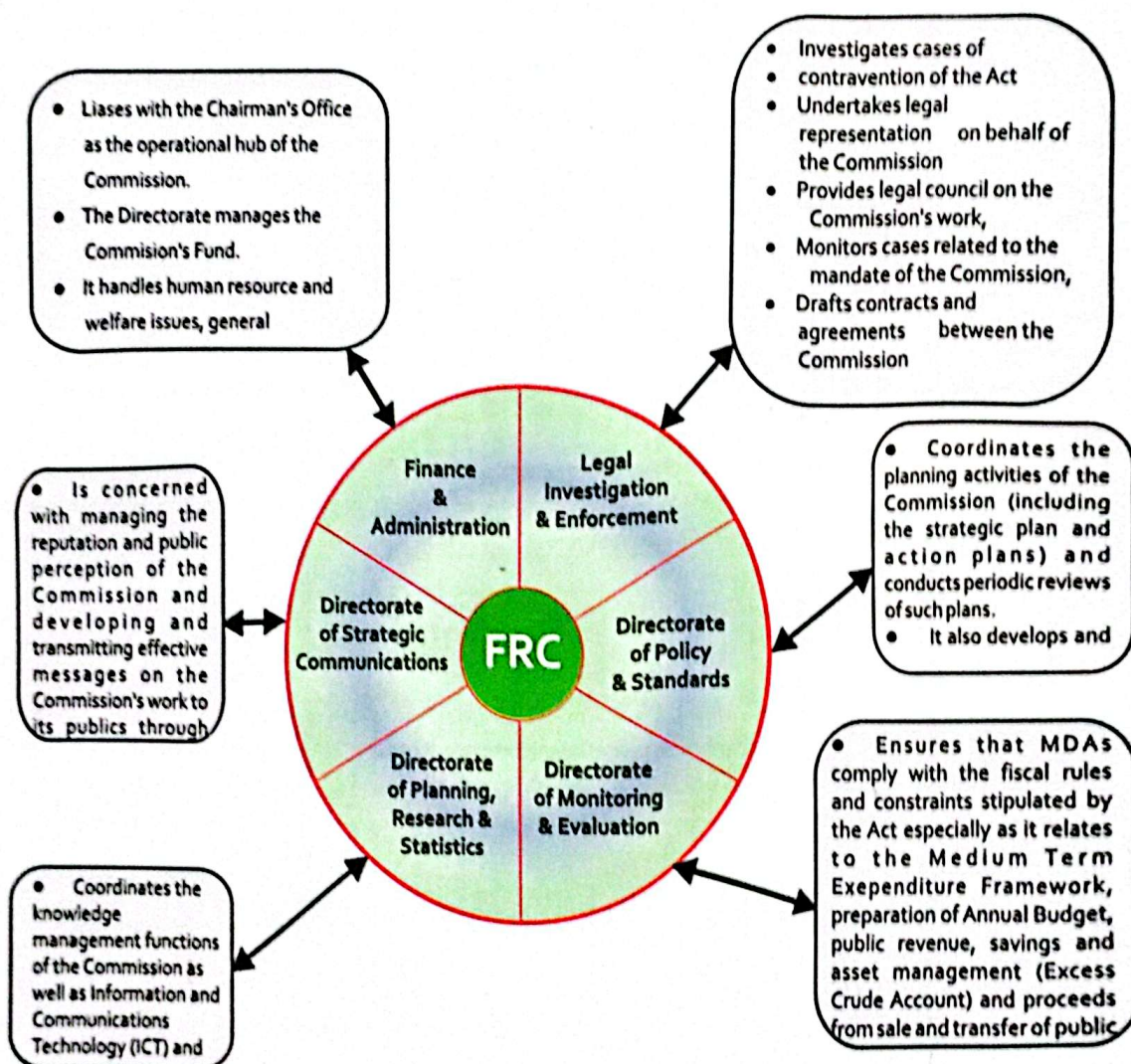
2.2.2 Part-Time Members:

8. **Hajja. A.S. Yusuf**
Representing Federal Ministry of Finance
9. **Barr. Benson Upah**
Representing Organised Labour
10. **Alh. Abubakar Suleman**
Representing Organised Private Sector
11. **Debo Adesina**
(The Commissioner representing Civil society resigned for personal reasons)



Besides the Office of the Chairman (comprising the Commission's Secretariat, Internal Audit and Press Unit), the Commission has been organized into six Directorates (under the full-time members) in accordance with an internal administrative structure already put in place to operationalise the Act. Each Directorate has clearly delineated functions as shown in the diagram below.

Diagram 2: The Six Directorates of the FRC and their Functions





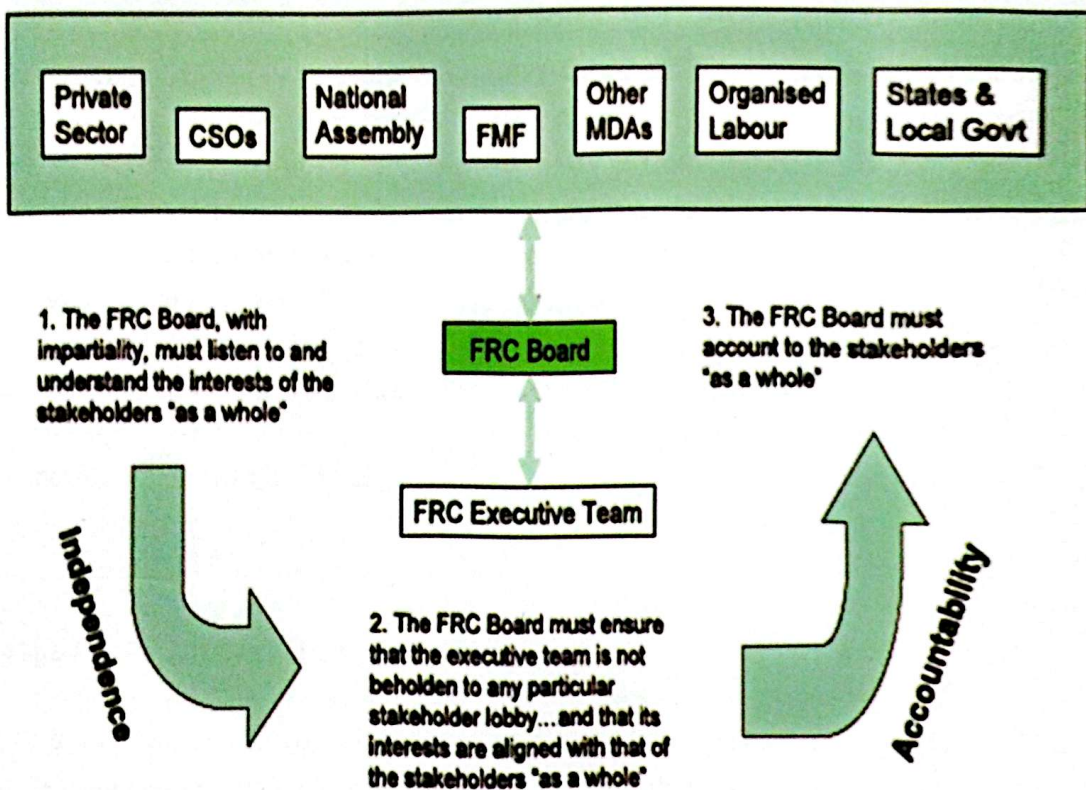
2.3 The Six Directorates of the FRC and their Functions

- 4 Finance and Administration Directorate - Liaises with the Chairman's Office as the operational hub of the Commission. It handles human resource and welfare issues, general administration, finance and accounts. The Directorate manages the Commission's Fund.
- 4 Legal, Investigation and Enforcement Directorate - prepares legal representation on behalf of the Commission, provides legal opinion on the Commission's work, monitors cases related to the mandate of the Commission, and drafts contracts and agreements between the Commission and other parties.
- 4 Directorate of Policy and Standards: Coordinates the planning activities of the Commission (including the strategic plan and action plans) and conducts periodic reviews of such plans. It also develops and reviews the organisation's policies and standards.
- 4 Directorate of Strategic Communications: Is concerned with managing the reputation and public perception of the Commission and developing and transmitting effective messages on the Commission's work to its public through appropriate media.
- 4 Directorate of Planning, Research and Statistics: Coordinates the knowledge management functions of the Commission as well as information and communications technology (ICT) and research activities.
- 4 Directorate of Monitoring and Evaluation: Ensures that MDAs comply with the fiscal rules and constraints stipulated by the Act especially as it relates to the Medium Term Expenditure Framework, preparation of Annual Budget, public revenue, savings and asset management (Excess Crude Account) and proceeds from sale and transfer of public assets.



Rules have been developed to specify the roles and responsibilities of the Chairman and the Commissioners. The Commission has developed guidelines and procedures (standing orders) governing meetings of the Commission's "Board" and its deliberations therein; as well as the sub-committees of the Board; their composition; and their roles and responsibilities; the authorities delegated by the Board to the FRC's senior management; a system of internal controls; and FRC's modes of accountability to its stakeholders.

Diagram 3: Accountability and Governance at the FRC



SOURCE: FRC INSTITUTIONAL REVIEW 2010



2.4 The Mandate:

The Commission is mandated under the Act to “prepare and submit to the National Assembly not later than 30th June in each financial year; a report of its activities including all cases of contravention investigated during the preceeding financial year, and shall include in the report its audited accounts for the preceding financial year.” In line with Sections 2 and 3 of the Act, these activities should include:

- Compelling any government institution to disclose information relating to public revenues and expenditure
- Monitoring and enforcing the provisions of the FRA 2007
- Disseminating such standard practices including international good practice that will promote more prudent and efficient fiscal and public expenditure management
- Undertaking fiscal and financial studies, analysis and diagnosis and disseminate the results to the general public
- Conducting investigations to determine whether a person or organisation has violated the provisions of the Act
- Compiling reports on such violations and forwarding same to the Office of the Attorney General of the Federation for prosecution.



2.5 Commencement and Initial Operations:

On April 14, 2009, the Commission was inaugurated by the late President Umaru Musa Yar'Adua, setting the tone for a new regime of responsible fiscal management in Nigeria. (The representative of civil society on the Commission withdrew after attending the initial meetings for personal reasons, while the Commissioner representing the South-West geopolitical zone was not appointed until February 2010). In the inauguration, the Commission assured the late President Yar'Adua of its commitment to the vision and the strategic imperative below its establishment.

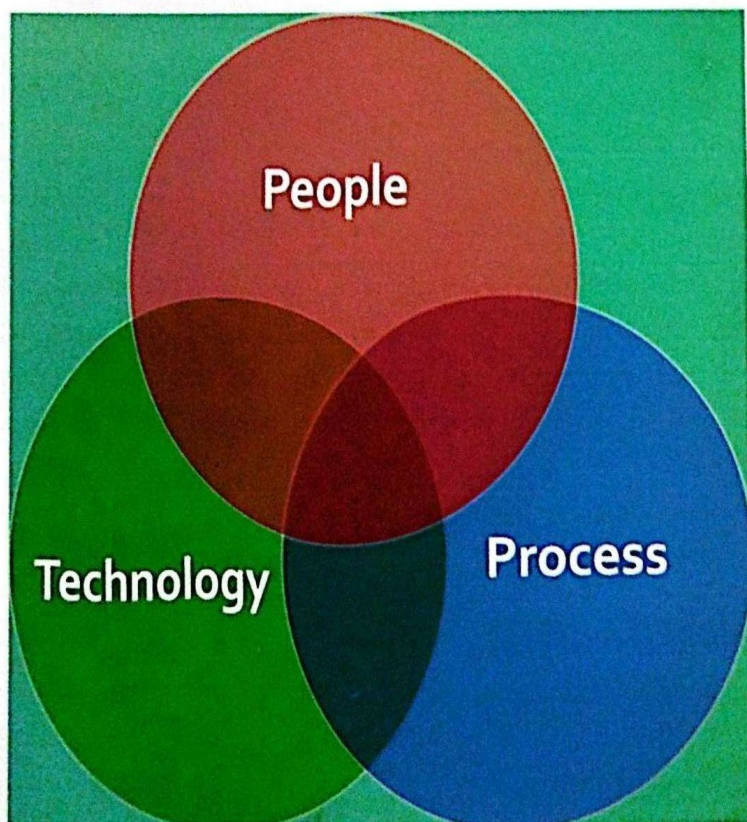
The Commission also visited the National Assembly where it made similar commitments to the Senate and the House of Representatives. Despite start-up operational challenges, as early as April 23, 2009, the Commission defied the odds to announce the commencement of its operations to its stakeholders, including all 36 state governments, the MDAs in the federal public service, the 31 scheduled corporations, 24 commercial banks and other financial institutions operating in the country.



2.6 Personnel, Training and Staff Development:

The Commission took off with about twenty staff of various cadres and grades, drawn from relevant MDAs to kick-start its operations, pending recruitment of full-time staff. We are currently working with a private consulting firm to recruit senior staff of various cadres before the end of second quarter 2010. Management and staff of the Commission have participated in a number of training programmes to equip them with relevant skills for the task ahead. Commission members undertook a study visit of fiscal responsibility regimes in Brazil, India and the USA. Some staff are currently participating in a capacity building on financial management sponsored by the Government of India. The Institutional Review process also diagnosed people, process and technology needs of the Commission and the ensuing Strategic Plan identified priority training needs for the next three years.

Diagram 4: The triumvirate methodology employed by FRC for institutional strengthening





2.7 Office Space and Equipment:

On take-off, the Commission naturally had to grapple with the usual institutional incubation challenges, some of which had to do with lack of staff, office accommodation and equipment. The Commission took off humbly from the private office of a part-time member of the Commission. In January 2009, it moved to the NACA Committee Room in the Office of the Secretary to the Government of the Federation (OSGF). On April 20, 2009 it relocated its operations to a cramped space on the 6th Floor of Merit House, Maitama, and six months later, the Commission moved into a rented office complex at 66 Crowther Street, Asokoro, Abuja. Due to financial limitations, the FRC is constrained to make the best of its present location, though still inadequate for full operations.

Office furniture, vehicles, and equipment such as telephone, fax, intercoms, air-conditioners, photocopiers, generator, shredders, refrigerators, store items, safes and computer hardware have been procured. Contracts for services such as security, landscaping, cleaning, telephone services have also been executed. ICT network infrastructure will be procured as soon as funds are available.

2.8 Our Institutional Context/Stakeholders:

The FRC is a new organisation, taking its place within a complex web of institutions at the federal level in Nigeria. To avoid overlap with other MDAs and ensure that the FRC's focus is on adding value, a stakeholder mapping and initial process analysis of the Commission's partners in government was conducted. This identified the following organisations as our primary stakeholders:

- The National Assembly
- Federal Ministry of Finance
- Office of the Chief Economic Adviser to the President
- Budget Office of the Federation
- Office of the Senior Special Assistant to the President on MDGs
- National Planning Commission
- Central Bank of Nigeria
- Office of the Accountant-General of the Federation
- Office of the Auditor General for the Federation
- Office of the Attorney General of the Federation
- Revenue Mobilisation, Allocation and Fiscal Commission
- Securities and Exchange Commission
- State Governments and States Houses of Assembly
- Local Governments
- Civil Society Organizations
- Nigeria Labour Congress
- Media
- Development partners (including international development agencies and international financial institutions)
- Commercial Banks and other Financial Institutions



2.9 Collaborations and Technical Assistance:

The Commission has received support from various government ministries in a number of areas. For instance, some staff of the Office of the Accountant General of the Federation were posted to the Commission to help organize the accounts unit under the Directorate of Finance and Administration, while the Attorney General of the Federation and the Nigerian Police have also placed staff with our Legal, Investigation and Enforcement Directorate. The National Information Technology Development Agency (NITDA) provided software support for the ICT unit. The Office of the Secretary to the Government of the Federation provided the take-off office space and administrative staff for the Commission, while the Federal Ministry of Finance extended a technical assistance programme on financial management from the Government of India to the Commission.

During the year under review, the Commission also requested technical assistance from the UK Department for International Development (DFID), the World Bank and the IMF. At the time of reporting, negotiations are ongoing with the World Bank, while the IMF are yet to respond to the FRC's request.

So far, the Commission has received invaluable technical support from DFID for the purpose of conducting an Institutional Review of the FRC and developing a three-year Strategic Plan (2010-2011). Consultancy costs for the exercise were also borne by DFID.

The Commission still seeks technical assistance for capacity building, development of a communications strategy, ICT development, review of Excess Crude Account and conducting of financial and economic studies, among other aspects of its work.



FRC members building institutional partnerships and drawing lessons from fiscal governance experiences of other federations - USA, Brazil, Canada and India



PART II:

REVIEW OF MANDATES AND MILESTONES

CHAPTER 3

- IDENTIFICATION OF MANDATES

CHAPTER 4

- MONITORING AND ENFORCING THE PROVISIONS OF THE FRA

CHAPTER 5

- OVERVIEW OF ACTIVITIES OF PUBLIC CORPORATION UNDER THE FRA, 2007 AND 2008 FINANCIAL YEAR



IDENTIFICATION OF MANDATES

CHAPTER 3:



3.0 IDENTIFICATION OF MANDATES

The FRC's institutional review and strategic planning exercise identified seven strategic objectives for the Commission, distilled 77 red flags or "monitoring objects" which the Commission is expected to monitor at a specific action level under the Act. The resource requirements for executing these specific actions have also been analyzed and the Commission is working assiduously to determine level of compliance on these actions.



3.1 Strategic Objectives of the FRC

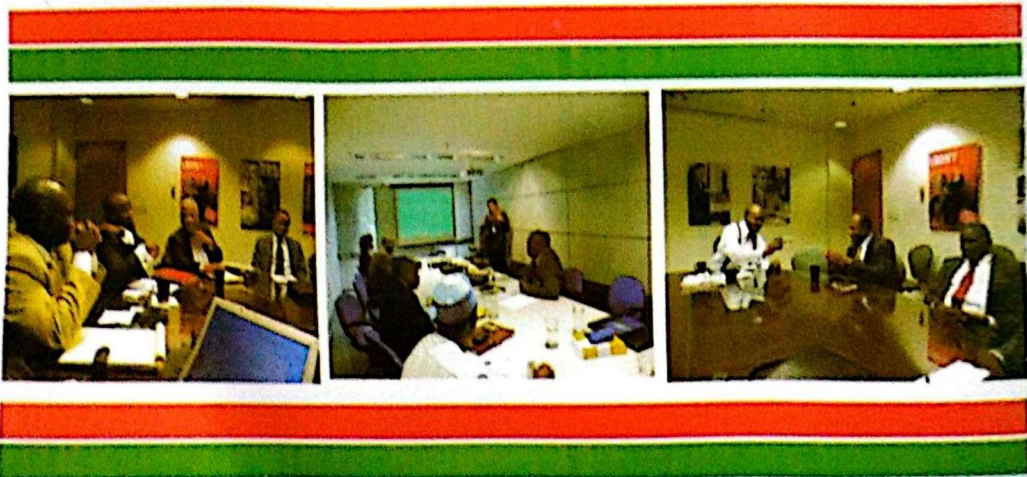
- To carefully monitor the flow of monies into and out of the Excess Crude Account ("ECA")
- To monitor and analyse the consolidated government's fiscal position.
- To monitor divergences between the MTEF, the budget submission and the final annual budget – and highlight changes which are fiscally irresponsible or unrealistic.
- Commission an analysis of the structure of taxes in the petroleum industry
- To monitor the consistency of monetary and fiscal policy
- To ensure that the budget deficit is calculated according to international best practice and is sustainable.



At a broader level, however, the FRA requires the FRC to carry out the following functions:

- Monitoring and enforcing the provisions of the FRA in the following areas;
 - a) Medium Term Expenditure framework
 - b) Budget preparation, implementation and reporting
 - c) Savings and assets managements (Excess Crude Account)
 - d) Debt, indebtedness and borrowing
 - e) Proceeds from sales of public assets and property
 - f) Accountability and transparency

- Disseminating good fiscal practices
- Undertaking and publishing fiscal and financial studies
- Performing any other function consistent with the promotion of the FRA's objectives
- Investigation of contraventions



Well begun is half-done-you may say - Commission members building capacity, gaining deep insights and underpinning lessons - gathering the momentum for a smooth take-off



MONITORING AND ENFORCING THE
PROVISIONS OF THE FRA

CHAPTER 4:



MONITORING AND ENFORCING THE PROVISIONS OF THE FRA

4.1. Medium Term Expenditure Framework (MTEF):

As enshrined in Part II, Sections 11-16 of the FRA, the Act mandates the Ministry of Finance (MOF) to prepare and lay before the National Assembly (NASS) the Medium Term Expenditure Framework (MTEF). The MTEF conceives budgeting with more than one year in mind and forms the basis for preparing programmes and projects in the annual budgets. It efficiently reconciles needs with available resources and allocates money to strategic priorities among and within sectors. It is the responsibility of the Commission under the Act to ensure that:

- The MTEF stipulations match those specified in the FRA
- The "inputs" are actually received from all designated stakeholders
- The MTEF is presented to FEC not later than the end of the 2nd quarter of each financial year
- MTEF is approved by the NASS
- The MTEF has been published in the Gazette
- The MTEF is accessible on the FMF website, electronic and print media
- There is a written explanation of any post publication adjustments to MTEF attesting to the President's approval thereof
- That such changes are limited to corrections of manifest errors and/or changes in the fiscal indicators which are deemed significant by the President.

The Commission in the year under review exerted pressure on the MOF for the timely preparation and submission of this all important document which by the provision of Sections 11-16 was to form the bedrock for the preparation of 2010 budget proposal. The Ministry released the MTEF document (2010-2012) on 20th July, 2009 to the NASS and copied the Commission. The highlights are reflected in tables 1 and 2



Table 1: Total Federally Collected Revenue (2010 - 2011)

S/N	ITEM	2010	2011
i	Exchange Rate	N147 - 1 US dollar	N147 - 1 US
ii	Oil Production	2.88Mbpd	2.275Mbpd
iii	Benchmark Oil Price	US\$50	-
iv	Federally Collectible Oil and Gas Revenue	N3,540.47bn	N4,117.41
v	Non-oil Revenue	N1,696.18bn	N1,836.06

Source: FMF

Table 2: Total Federal Government Expenditure (2010 - 2011)

S/N	ITEM	2010	2011
i	Statutory transfers	N148.26bn	N159.86bn
ii	Debt Service Recurrent	N297.78bn	N327.56bn
iii	MDA spending	N2,676.31bn	N2,922.51
iv	Non-debt recurrent	N1,816.32bn	N1,989.41
v	Capital spending	N869.00bn	N933.10bn
vi	Aggregate expenditure	N3,122.325bn	N3,409.91

Source: FMF



Table 1: Total Federally Collected Revenue (2010 - 2012)

S/N	ITEM	2010	2011	2012
i	Exchange Rate	N147 – 1 US dollar	N147 – 1 US dollar	N147 – 1 US dollar
ii	Oil Production	2.88Mbpd	2.275Mbpd	2.443Mbpd
iii	Benchmark Oil Price	US\$50	-	-
iv	Federally Collectible Oil and Gas Revenue	N3,540.47bn	N4,117.41bn	N4,519.36bn
v	Non-oil Revenue	N1,696.18bn	N1,836.06bn	N2,063.34bn

Source: FMF

Table 2: Total Federal Government Expenditure (2010 - 2012)

S/N	ITEM	2010	2011	2012
i	Statutory transfers	N148.26bn	N159.86bn	N168.55bn
ii	Debt Service Recurrent	N297.78bn	N327.56bn	N360.31bn
iii	MDA spending	N2,676.31bn	N2,922.56bn	N3,191.61bn
iv	Non-debt recurrent	N1,816.32bn	N1,989.46bn	N2,179.19bn
v	Capital spending	N869.00bn	N933.10bn	N1,012.41bn
vi	Aggregate expenditure	N3,122.325bn	N3,409.98bn	N3,720.42bn

Source: FMF



The document reviewed the 2008 budget considerably, partly touched 2007 but did not capture 2006 at all. To this extent, the submission did not conform fully with the provisions of Part II, Section 11 (3)(a) of the FRA, 2007 which requires that macroeconomic projections contained in the MTEF must be based on an evaluation and analysis of the macroeconomic projections for the preceding three years. Commission noted this breach of the Act for investigation in 2010.

It is gratifying though to report that for the first time in

Nigeria's history, the

“For the first time in Nigeria's history, the FRC has made it possible for a three-year Medium Term Expenditure Framework to become the basis for the preparation of the federal budget”.

- FRC

FRC has made it possible for a Medium Term Expenditure Framework to become the basis for the preparation of the Federal budget. The Commission is in communication with the states to facilitate the transition to a similar multi-year budget framework as consultation with states is a condition precedent to the preparation of the MTEF as required by Section II(I)(a) of Act.



4.2. Budget preparation, implementation and reporting

Budget discipline is one of the core objectives of the FRA. For the first time, slothfulness in the course of budget preparation, implementation, monitoring and reporting is being criminalized. Under the Act, the FRC is expected to ensure the following:

- Monitor the extent to which the MTEF is actually used to prepare the budget and that the Budget elements match those specified in the FRA. It also provides that the Commission monitors the effective collection and remittance of all revenues
- Ensure that the BOF publishes its quarterly budget execution reports in the form prescribed by the FRA
- Ensure that the BOF publishes its quarterly budget execution reports within 30 days of the end of each quarter and makes same available in the mass media and available on the FMF website; and the reports makes clear the extent to which fiscal targets have been attained
- Ensure that the BOF presents to the National Assembly, publishes and publicly disseminates



4.3 Revenue Monitoring:

Pursuant to the Provision of Part IV, Sections 22-23 of the FRA, 2007 which mandates the Commission to monitor and ensure that the revenue due to Government are properly remitted as at when due, the Commission decided that the mandate be kick-started with a select few. Accordingly, the Commission on 15th October 2009, wrote to ten (10) selected MDAs to forward to it details of revenue collected by them up to the 3 Quarters of the year 2009. They were also asked to furnish evidence of remittance to the relevant government account or treasury as are indicated in table 3 below:

Table 3: Revenue collection of selected MDAs 1st - 3rd quarter's 2009

S/N	Organization	Collection for 1st-3rd Quarters =N=	Amount paid to treasury =N=	Evidence of payment
i	Federal Ministry of Health	36,768,504.53	36,768,504.53	Yes (but none for 3 rd quarter)
ii	Federal Ministry of Justice	34,777,121.55	Nil	Nil
iii	Federal Ministry of Foreign Affairs	23,399,325.97	23,399,325.97	Nil
iv	Nigerian Television Authority	2,609,778,800.00	Nil	Nil
v	National Film and Video Censor Board	58,778,800.00	Nil	Nil
vi	Federal Ministry of Youth Development	6,833,157.00	6,833,157.00	Yes
vii	Federal Road Safety Commission	886,247,719.29	886,247,719.29	Yes
viii	Nigerian Immigration Service	6,136,950,440.13	1,164,438,641.56	Nil
ix	Nigerian Institute of International Affairs (NIIA)	8,043,135.00	Nil	Nil
x	Nigerian Investment Promotion Council	8,845,000.00	Nil	Nil

Some of the major revenue earning organizations like the Nigerian National Petroleum Corporation (NNPC); Nigerian Ports Authority (NPA) and the Nigeria Customs Service have not responded. The Commission will in 2010 investigate the lapses to ensure compliance. In the same token, the Commission is presently investigating the MDAs that made partial remittances or have not remitted at all.

4.4 Review Of Budget Implementation Report:

The Commission pressed for and eventually caused the FMF to commence the production of Budget Implementation Reports (BIRs) the FMF accordingly released the 1st Quarter BIR to the Commission on May 28, 2009. In the same vein, the 2nd Quarter BIR was released on October 13, 2009 about 45 days out of time, while the 3rd quarter BIR was released on 16th December, 2009 which like the 2nd Quarter BIR was also out of time by about six weeks.



4.4.1 1st Quarter 2009 BIR

Revenue:

The report indicated a general underperformance as far as this component of the budget is concerned to wit:

- Oil revenue achieved a performance level of N189.30 billion as against N242.27 billion projected in the 1st Quarter;
- Non-oil revenue resources recorded N90.60 billion as against N44.20 billion projected
- Federal Government Independent Revenue achieved N29.16 billion as against N76.49 billion anticipated;
- From the above, only the sum of N309.05 billion was realized as against the N556.30 billion required to fund the Federal Government Budget in the 1st Quarter of 2009; and
- The sum of N49.04 billion was realized from Excess Crude payment

As noted earlier, the 1st quarter BIR was received by the Commission on 28th May, 2009 about 28 days out of time. Though the report came out late, Commission was nonetheless glad that the process had started. As shown above, the Commission studied the document and expectedly observed a number of gaps as it was the first attempt by the Federal Ministry of Finance to comply with Sections 30 of the FRA, 2007. In the exercise of its powers under Section 3(1)(a) and also by virtue of Section 50 of the Act, the Commission conveyed its observations on the 1st quarter report as well as provided a format for the preparation of subsequent BIR(s) to the Federal Ministry of Finance.

Expenditure:

- The sum of N200.27 billion was released to the MDAs during the Quarter under review. Out of this, N160.80 billion was cash backed. However, only N33.20 billion was utilized by the MDAs;
- The MDAs were unable to utilize the sum of N127.64 billion;
- The 1st Quarter Report sampled only 7 MDAs covered by the 7 Point-agenda of the Federal Government as against the about 65 MDAs covered by the Budget;
- The Ministry of Finance measured performance by the quantum of funds spent by the MDAs instead of other more tangible considerations or indices;
- The Ministry of Finance relied almost solely on the figure and information made available to it by the MDAs covered without an independent verification.



4.4.2 2nd Quarter 2009 BIR

Revenue:

- The report indicated a general underperformance in the oil sector as tabulated hereunder:

Table 4: Revenue from Oil Sector as presented in 2nd Quarter BIR

S/N	Item of Revenue	2 nd Quarter Budgeted Billion	Actual Collection Billion	Shortfall Billion
i	Crude Oil Sales	923.21	831.45	91.76
ii	Petroleum Profit Tax (PPT)	319.39	275.73	43.66
iii	Gas Sales	126.62	82.33	44.29
iv	Gas Tax	23.96	0.00	23.96
v	Royalties	159.71	137.57	22.57
	Total	1,552.89	1,327.08	226.24

Source: FMF Pg 5 2nd Quarter BIR (BOF)

Non-Oil

- In the same vein, the non oil revenue resources recorded *526.73 billion* as against *N792.66 billion* targeted.
- From table 4 above only the sum of *N1,845.81 -billion* was realized as against *N2,345.55 billion* budgeted.
- The sum of *N49.52 billion* was realized as at June, 2009 from Excess Crude payments



Expenditure:

- As in the 1st Quarter BIR, the 2nd Quarter BIR sampled only the Ministries dealing with the 7-point agenda as against the about 65 MDAs covered by the 2009 Budget contrary to one of the guidelines provided by the Commission in our letter No. FRC/OFF/002/13 dated 19th May, 2009 in response to the submission of 1st Quarter BIR by the Federal Ministry of Finance.

The sum of N460.1 billion was released to MDAs by the end of the 2nd Quarter and of this, N449.88 billion was cash-backed for Capital Expenditure. However, only N193.08 billion was utilized by the MDAs as shown in the table below:

Table 5: Budget Utilization by MDAs in 2nd quarter 2009

S/N	MDA	First Quarter Release	2 nd Quarter Release	Payment Through AIEs	Total Releases	Total Cash-backed	Total Utilized	% Utilization
i	Police Formation & Commands	2,801.43 billion	-	-	N2,801.43 billion	N2,801.43 billion	N431.55 billion	15.40%
ii	Power	28,324.87 billion	N15,502.48 billion	-	N43,827.35 billion	N43,827.35 billion	N5,778.57 billion	13.18%
iii	Transport	1,539.85 billion	N16,060.20 billion	13,805.28	N31,405.33 billion	N31,405.33 billion	N8,724.73 billion	27.78%
iv	Health	13,633.45 billion	N4,577.39 billion	-	N18,210.84 billion	N18,155.91 billion	N4,727.38 billion	26.04%
v	Agric & Water Resources	26,887.32 billion	N19,799.70 billion	-	N46,687.02 billion	N46,560.41 billion	N27,475.67 billion	59.01%
vi	Education	12,622.07 billion	N3,511.90 billion	-	N16,133.97 billion	N16,118.70 billion	N6,580.51 billion	40.83%
vii	FCTA	3,178.63 billion	N29,046.37 billion	-	N32,225.00 billion	N32,225.00 billion	N22,832.97 billion	70.85%
viii	Works & Urban Development	29,128.87 billion	N101,355.19 billion	-	N130,484.06 billion	N130,484.06 billion	N49,265.04 billion	37.76%
Total Average Utilization (by all MDAs)								42.92%

Source: FMF Pg 19 2nd Quarter BIR (BOF)



A cursory / comparative analysis of the 1st and 2nd Quarter BIR(S) in respect of the Federal Ministry of Works and Urban Development revealed that a number of projects at various stages of completion reported in the 1st Quarter BIR were not captured in the 2nd Quarter BIR. These projects are detailed in the table below:

S/N	Project	Contractor	Contract Sum N Billion	Status 1 st Quarter
1	Nasarawa – Abuja Road – NS	Bulletine Construction Ltd	4.423	82.22%
2	Reh./Construction of Ijebu Igbo-Avaroumi -Ife Sekona Road Section 2	Kopec Construction Ltd.	5.71	79.7%
3	Rehabilitation of Funtua – Yashi – Dayi, Kano State.	MotherCat Ltd	5.62	57.59%
4	Construction/Rehabilitation of Mubi-Gella Road, Adamawa State.	Roads Nig. Ltd	2.253	56.12%
5	Rehabilitation of Kaura Namoda-Shinkaf Sabon Birni Road, Zamfara state.	MotherCat Ltd	4.02	1.17%
6	Construction of Kano Western Bye-pass	Dantata & Sawoe Construction Company Ltd	13.227	14.34%
7	Rehabilitation of Obiozara-Uburu Ishaigu Road, Ebonyi State	Setraco Nig. Ltd	7.89	34.72%
8	Abuja-Abaji Road, Section 1 – Sheda Village Junction	Dantata & Sawoe	11.23	23.9%
9	Abuja – Abaji Road Section II, Sheda Village Section – Abaji	R.C.C Nig. Ltd	9.63	30.22%
10	Kano – Maiduguri Road Section I – Kano – Wudil – Shuarin.	Dantata & Sawoe	37.72	7.04%
11	Kano – Maiduguri Road, Section II Shuarin – Azare	Setraco Nig. Ltd	35.84	20.62%
12	Kano – Maiduguri Road Section III, Azare – Potiskum	MotherCat Ltd	29.1	14.56%

Source: FMF Pg 69 - 78 2nd Quarter BIR (BOF)



- It is the considered view of the Commission that the 2nd Quarter BIR should have captured them since no progress report on them was given in the 2nd Quarter BIR. Commission has raised this critical gap with the FMF for remedial action.
- The 2nd Quarter BIR did not give any progress report on the Gurara Water/Irrigation projects being handled by the Federal Ministry of Agriculture and Water Resources for which the sum of N1.75 billion was spent on Lots A&B of the projects even though the 1st Quarter BIR revealed a cumulative 97% and 99% completion level.
- The 2nd Quarter BIR did not give a progress report on a Federal Capital Territory Administration project on the construction of a Roundabout, 2nos. Flyover Bridges and associated works at Isex/Road CI - AYA Junction.



Commission members building capacity and networks for the institutional development of sound fiscal governance in Nigeria



4.4.3 3rd Quarter 2009 BIR

Revenue:

Oil revenue performance indicated the following:

Table 6: 3rd quarter oil revenue performance (in Billion)

S/N	Item of Expenditure	3 rd Quarter Budgeted N'000	Actual Collection N'000	Shortfall N'000
i	Crude Oil Sales	1,384.82	1,135.04	249.78
ii	Petroleum Profit Tax (PPT)	479.09	444.06	35.03
iii	Gas Sales	189.92	69.73	120.19
iv	Royalties	239.57	254.82	-
v	Others	-	7.50	-
	Total	2,293.04	1,911.15	405.00

Source: FMF Pg 5 3rd Quarter BIR (BOF)



- From the oil and non oil sources the sum of N690.17bn was realized in the 3rd quarter as against N895.85bn estimated for the same period. Overall however, the sum of N2,021.43bn was realized for the three (3) quarters of 2009 as against the N2,687.55bn budgeted for the same period.
- As for Excess Crude Payments, inflows into this account amounted to N77.74bn as at September, 2009.

Expenditure:

- As in the 1st and 2nd Quarter BIR, the 3rd Quarter BIR sampled only MDAs dealing with the 7-point Agenda contrary to the guidelines provided by the Commission.
- The sum of N184,114.04 billion was released to the sampled MDAs by the end of the 3rd Quarter and this was fully cash-backed for Capital projects. However, only N73,976.99 billion was utilized by the MDAs as tabulated below:

Table 7: Third Quarter Expenditure 2009 (in N' Millions)

S/N	MDA	CAPITAL WARRANT RELEASES				PAYMENT THROUGH A/C	TOTAL			% UTILIZATION
		1st QTR	2nd QTR	3rd QTR	1st & 2nd WARRANT SHORTFALL		RELEASES	CASH BACKED	UTILIZED	
i	Police Formation & Commands	2,801.43	-	5,331.16	7,860.89	-	15,993.47	15,993.47	2,246.89	14.05%
ii	Power	28,324.87	27,051.20	22,178.77	121.78	-	67,036.73	67,036.73	12,721.36	18.99%
iii	Transport	1,526.27	5,643.22	4,429.75	-	23,805.28	25,404.52	25,404.52	11,883.87	46.78%
iv	Health	23,322.95	4,010.04	22,091.85	5,704.39	3,261.73	38,177.96	38,183.21	8,632.85	22.60%
v	Agric & Water Resources	20,006.74	29,757.29	34,469.56	23,407.69	-	103,641.29	103,566.29	75,042.76	72.47%
vi	Education	20,799.24	2,871.91	8,390.24	4,945.23	2,999.73	28,693.64	28,675.13	11,544.46	40.29%
vii	FCTA	3,178.63	29,046.37	16,662.50	2,100.00	-	49,987.50	49,987.50	36,800.14	73.60%
viii	Works & Urban Development	28,906.90	101,355.19	52,121.24	2,750.71	-	284,114.04	284,114.04	73,976.99	26.04%
Total Average Utilization (by all MDAs)										44.42%

Source: FMF Pg 19 3rd Quarter BIR (BOF)



- A comparative analysis of the 1st, 2nd and 3rd Quarter (BIRs) in respect to Ministry of Works, Housing and Urban Development revealed that a number of projects at the various stages of completion reported in the 1st and 2nd Quarter were not mentioned in the 3rd Quarter BIR. They included:

Table 8: Project not mentioned in 3rd Quarter BIR

S/N	Project	Contractor	Contract Sum N Billion	Status 1 st Quarter
1	Nasarawa – Abuja Road – NS	Bulletine Construction Ltd	4.423	82.22%
2	Reh./Construction of Ijebu Igbo-Avaroumi -Ife Sekona Road Section 2	Kopec Construction Ltd.	5.71	79.7%
3	Rehabilitation of Funtua –Yashi – Dayi, Kano State.	MotherCat Ltd	5.62	57.59%
4	Construction/Rehabilitation of Mubi-Gella Road, Adamawa State.	Roads Nig. Ltd	2.253	56.12%
5	Rehabilitation of Kaura Namoda-Shinkaf Sabon Bimi Road, Zamfara state.	MotherCat Ltd	4.02	1.17%
6	Construction of Kano Western Bye-pass	Dantata & Sawoe Construction Company Ltd.	13.227	14.34%
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8	Abuja-Abaji Road, Section 1 – Sheda Village Junction	Dantata & Sawoe	11.23	23.9%
9	Abuja – Abaji Road Section II, Sheda Village Section – Abaji	R.C.C Nig. Ltd	9.63	30.22%
10	Kano – Maiduguri Road Section I – Kano – Wudil – Shuarin.	Dantata & Sawoe	37.72	7.04%
11	Kano – Maiduguri Road, Section II Shuarin – Azare	Setraco Nig. Ltd	35.84	20.62%
12	Kano – Maiduguri Road Section III, Azare – Potiskum	MotherCat Ltd	29.1	14.56%

- It is the considered view of the Commission that the 3rd Quarter BIR should have captured them since no progress report on them was given in the 2nd Quarter BIR. The FRC accordingly raised this issue to the FMF.

2010 BUDGET: By virtue of Part I, Section 3(a) of the FRA, 2007, the Commission in the preceding year drew attention of the Federal Ministry of Finance on the need to ensure timely completion of year 2010 annual Federal Government budget proposal that would be anchored on the provisions of Part III, Sections 18 - 19 of the FRA, 2007. Happily, the Budget proposal was tabled before the National Assembly (NASS) last year.

A. The main highlights included the following:

I.) Aggregate expenditure of N4.079 trillion comprising of;

a. Statutory transfer	N180.28 billion
b. Debt service	N517.07 billion
c. Recurrent (non debt)	N2.011 billion
d. Capital expenditure	N1.370 billion

ii.) Macro Economic Assumptions:

a. Oil production	2.088mb/d
b. Benchmark oil price	\$57
c. JVC	\$5
d. Exchange rate	N150
e. Growth rate	6.1%
f. Targeted inflation	11.210%

III.) Projected Revenue /Expenditure

Total revenue forecast for the Federal Government in 2010 was N2.517 trillion while the aggregate expenditure of N4.079 trillion was broken down as stated in sub-paragraph (I) above

IV.) Growth rate was pegged at 6.1% while it was hoped that inflation will be controlled within 11.2% target.

A cursory comparison of the macro-economic projections in the MTEF and the projections in the 2010 budget reveals a number of variations as in the table below:

S/N	Macro Economic Variable	MTEF	2010 Budget Projection
1	Headline Inflation	10.11%	11.21%
2	Exchange Rate	N147	N150
3	Benchmark Oil Price	\$50m	\$57
4	Protected Crude Oil Product	2.088 bpd	

The Commission will undertake a study of the 2010 budget proposal with a view to determining the extent of compliance with the relevant provisions of the FRA 2007 and other extant rules in the succeeding year.



4.5. Savings and Assets Managements (Excess Crude Account)

Prior to 2004, the Nigerian economy was characterized by a high degree macroeconomic volatility, driven largely by an over-reliance on oil export earnings, weak fiscal discipline and a transfer of oil earnings fluctuations directly into the domestic economy. In order to maintain macroeconomic stability and reduce volatility, government moved to de-link public expenditures from oil revenue earnings by introducing an oil price-based fiscal rule. Adopted in 2004, this rule is a political agreement between all tiers of government that provides for an allocation of oil revenues based on a budget oil price and volume of production. Oil revenues in excess of the budgeted price and production are transferred into an Excess Crude Account (ECA) at the Central Bank. The ECA was designed to increase savings as it was to be drawn upon only if actual oil receipts fall short of budgeted amounts and ensure intergenerational equity. The ECA has experienced excessive pressures due to unclear procedures for drawing on this account. One of the tools provided in the Act towards the achievement of this lofty aim is the provision for the management of Excess from the expenditure profile of Government of the Federation as provided in Section 35 (1) - (7).

In the exercise of powers vested on the Commission by the FRA 2007, the Commission in May, 2009 requested the status of the ECA. The CBN accordingly obliged and the statement covered the period of 1st January to 3rd April, 2009. The Commission examined the statement and noted a number of grey areas consequent upon which it sought clarification from the Ministry of Finance. Given the critical nature of this account for the stability of our nation's economy, the commission will undertake a detail study of operations, management of the account and feasibility of establishing a sovereign wealth therefrom



4.6. Debt, Indebtedness and Borrowing:

For the purposes of monitoring, enforcement and verifying compliance with the provisions of the Act on debt management, the Commission adopted the procedure and process which include the following:

- identification of the relevant partners and stakeholders such as the Federal Ministry of Finance (FMF), DMO, CBN, Securities and Exchange Commission (SEC), other Federal MDAs, States, Local governments, the 24 commercial banks in Nigeria and the National Assembly (NASS);
- announcement of the existence and commencement of operation of the FRA and FRC to the partners and stakeholders in writing with a copy of the Act enclosed, requesting them to implement, and comply with the provisions on the management of public debt;
- call for reports, returns and information on compliance with the provisions on public debt;
- with respect to setting overall limits to consolidated debt and maintenance of database on the debt of the Federal, State and Local Governments, the FMF was requested to provide the limits as approved by the NASS while the DMO was requested to furnish the Commission with the stock of debt as stipulated by law for verification;
- the 24 commercial banks in the Federation were written to obtain proof of compliance with the Act on public debt before extending loan to any government;
- writing to all 36 Governors and the Minister of the Federal Capital Territory, FCT to comply with the provisions of the FRA on public debt management;
- processing of the records, returns and information from the partners and stakeholders to verify, assess the levels of compliance with the provisions and suggest remedial courses of action where necessary.



FRC linking Nigeria's fiscal responsibility governance to international best practice and standards through shared knowledge and institutional collaborations and partnerships

RESPONSES: Only the DMO made responses on the management of public debt. The letter addressed to the FMF on setting limits to debt was treated by DMO as the agency responsible for the management of the national debt. After the examination of the returns, reports and information from the DMO, the following issues on public debt management came into light.

QUARTERLY CONSOLIDATED DEBT: It is not possible to determine, on quarterly basis, the consolidated debt of each tier of Government for the reasons that:

- i) the setting of overall limits on consolidated debts of the Federal, State and Local Governments by the Executive and Legislature under Section 42, Subsection (1) and (2) of the FRA, 2007 has not been done;
- ii) debts are from many and various sources and seem to be consolidated and serviced once or thereabout in a year, hence, it appears difficult to give reliable figures quarterly;
- iii) the figures for the domestic debt of the State Governments are not available;
- iv) although the Local Governments do not contract external loan, their figures for domestic debts are not available.

The table below shows the stock of external debt owed by the states of the Federation and the FCT; and the federal government as at 31st December, 2008 and 2009 (in US \$)



Figure 4:

External debt owed by the states of the Federation and the FCT, and the federal government, at 31st December, 2008 and 2009

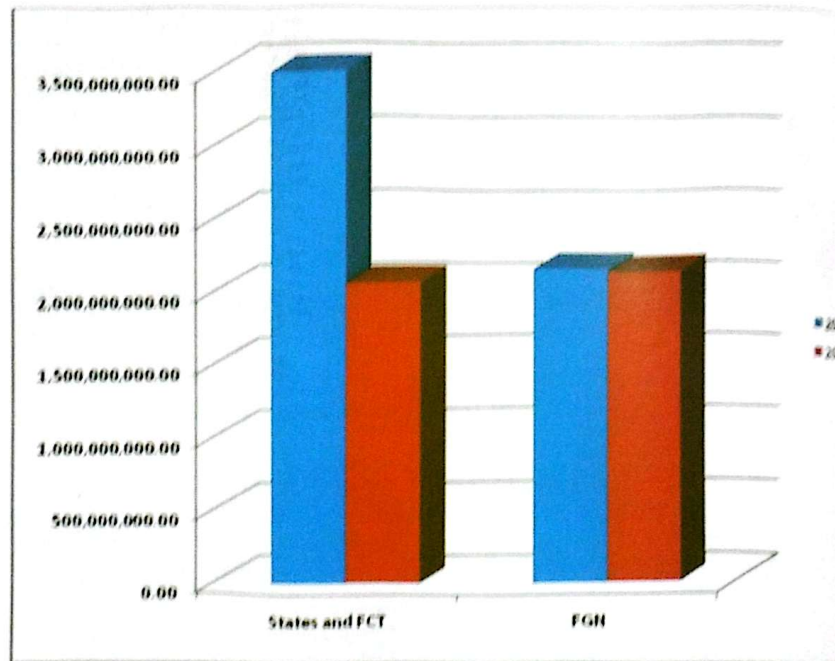


Table 9: External debt owed by the states of the Federation and the FCT, and the Federal Government as at 31st December, 2008 and 2009 (US Million Dollars)

GOVERNMENT	2008	2009
States and FCT	\$1,660,498,176.35	\$1,820,712,732.94
FGN	\$2,059,862,223.65	\$2,126,588,563.41
TOTAL	\$3,720,360,400.00	\$3,947,301,296.35



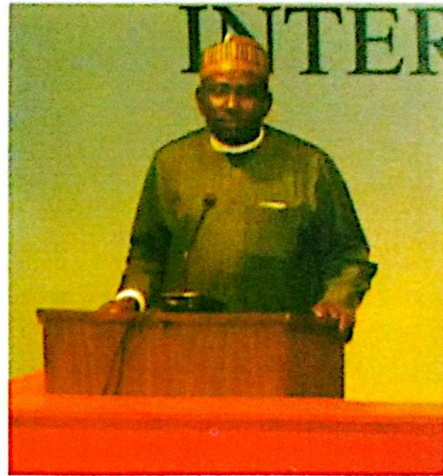
DEBT SUSTAINABILITY ANALYSIS 2009:

Each year, the DMO analyzes the ability of Nigeria to sustain its debt burden in the short, medium and long-term basis. The 2009 DSA was carried out by the DMO between 27 May and 17 June, 2009, in conjunction with the FMF, CBN, Budget Office of the Federation (BoF), National Planning Commission (NPC) and the West African Institute for Financial and Economic Management (WAIFEM) based on the

Bank *“All the governments that borrowed from external and internal sources from August, 2007 to December, 2009 did not comply with the conditions for borrowing”*

- DMO Report

The analysis was based on IMF /World template. The period analysis covered 2009 - 2029. For lack of adequate data, the DSA showed that Nigeria can sustain its debt in the short and medium term period under the baseline and country specific optimistic scenarios. Nigeria's current borrowing stands under 15% compared with the expected 40% of its GDP in line with best international practices. Accordingly, the DSA recommended that "the borrowing limit for all the three tiers of government for year 2010 would be US\$5.89billion from external and N1,325.7 billion from the domestic sources respectively.



QUARTERLY PUBLICATION OF NON-COMPLIANCE:

As no limits have been set on consolidated debt of the Federal, State and Local Governments, it is not possible to publish quarterly, a list of the Governments that have exceeded the limits of consolidated debt, indicating the amount by which the limit was exceeded.

VERIFICATION OF COMPLIANCE WITH CONDITIONS FOR BORROWING:

All the Governments that borrowed from the external and internal sources from August, 2007 to December, 2009 did not comply with the conditions for borrowing. Records from the DMO covering external loans contracted between August 2007 and December 2009, indicates that 32 external loans obtained within the period amounting to US\$1,899,594,993.02 did not comply with the conditions for borrowing under Section 44, Subsections (1) and (2) which require specification of the purpose of the loan; production of a cost-benefit analysis of the loan; prior authorization of the loan by the Federal and State legislatures; and that the proceeds of borrowing shall be solely applied to long-term capital expenditure.





Our analysis also indicates a possible duplication of some loan instruments to the tune of US\$425,600,000.00. Further analysis also seems to suggest that the Federal Republic of Nigeria is the only borrower of all the 32 loans. This may be true because while only the FRN can borrow outside Nigeria, it usually on-lends to the States and FCT.

The seeming gaps such as duplications, non-compliance with the conditions of borrowing and the apparent implication that the FRN is the sole borrower of all external loans between August, 2007 and December, 2009 needs to be investigated. The outcome of such investigation will be included in the Annual Report 2010.

Proceeds from sales of public assets and properties:

By virtue of Part XIII, Section 53 of the FRA, 2007 the Commission is empowered to inquire into the sale or transfer of public properties and rights over public assets and also to ensure that the proceeds realized are not used to finance recurrent expenditure and debt expenditure except liabilities directly charged against such properties or assets.

The Commission accordingly since October, 2009 opened a channel of communication with the Office of the Secretary to the Government of the Federation, the Presidential Implementation Committee and the Bureau for Public Enterprises to obtain the details of the proceeds realized from them. The aim is to determine the proceeds realized, where or how it is being kept and whether the manner the proceeds are being handled is generally in conformity with the Provisions of the FRA, 2007. As at the end of the year under review, the reactions of these organizations have not been received. The Commission is thus in the process of setting the necessary machinery to compel these organizations to provide it with the details it has requested for.

Enhancing accountability and transparency:

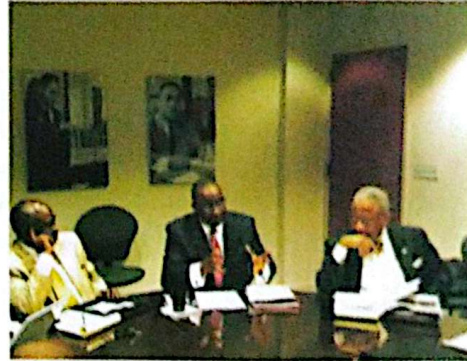
Over the past year, the Commission worked to ensure the transparency of its intentions and the fiscal effects of its policy as provided by the FRA 2007. The Commission also seeks to facilitate parliamentary public scrutiny of economic and financial information and plans.

In order to promote a more transparent and accountable fiscal regime at all tiers of government, the Commission has been monitoring entities under its purview to ensure that deadlines and data accessibility requirements are met in the following areas:

- Ensure that the BOF publishes its quarterly budget execution reports in the form prescribed by the FRA
- That the BOF publishes its quarterly budget execution reports within 15 days of the end of each quarter



- That the quarterly budget execution reports are published in the mass media and available on the FMF website
- That the reports makes clear the extent to which fiscal targets have been attained
- That the BOF publishes its annual consolidated budget execution report within 6 months of the end of the financial year
- That the consolidated budget execution report shows implementation against both financial and physical performance targets
- That the consolidated budget execution report is submitted to the National Assembly within 6 months of the end of the financial year
- That the consolidated budget execution report is disseminated to the public within 6 months of the end of the financial year



4.7.1 Undertaking and publishing fiscal and financial studies:

In accordance with Section 3(1)(a), the FRC commissioned three studies on contemporary fiscal and financial issues directly touching on the growth of the nation's economy. This function is being executed under the Commission's Directorate of Planning, Research and Statistics. The first two have already been executed and draft reports submitted to the Commission, copies of which have been forwarded to the National Assembly and the Federal Ministry of Finance. The third study has only just commenced and is expected to be completed before the end of August 2010. They include:



4.7.1.1 Appraisal of the 2010 Budget Proposal:

This was undertaken to determine to what extent the proposals complied with provisions of the FRA 2007, examine whether or not the policies informing the budget proposal are capable of achieving major national objectives of economic stability, wealth creation, poverty reduction, employment creation, sustained economic diversification and enhancing non-oil sector growth as well as make recommendations to the Executive and the National Assembly based on the findings.

4.7.1.2 The 2009 Second and Third Quarter Budget Implementation Reports (BIRs):

This study measured the degree of compliance of these reports to the provisions of the FRA 2007 and the templates forwarded to the Federal Ministry of Finance by the FRC, and gather facts as a prelude to possible further investigation and consideration of macroeconomic highlights, revenue highlights and submissions in respect of expenditure.

4.7.1.3 Federal Government Five-Year Budget Implementation Study:

This study sought to establish the physical and financial extent of budget implementation annually and to review the merits and otherwise of the preparation and implementation process with a view to determining the constraints to budget implementation and proposing corrective actions.

4.7.1.4 Future studies:

Other studies have already been lined up for execution in 2010, among which is a "Review of the Excess Crude Account (ECA)" which had been identified in the FRC's Strategic Plan as a critical 'quick win' study given recent debates on the rules governing the ECA and past abuses which currently threaten to compromise the very rationale for the ECA, hence the need to generate clarity around the issues. Other yet-to-commence studies are on "The Economic and Social impact of Privatization" and "The Impact of Government Policies on Poverty Alleviation".

4.7.1.5. Investigations:

The Legal, Investigation and Enforcement Directorate units have been set up with officers posted from the Federal Ministry of Justice and the Nigerian Police. It is involved in providing detailed analyses on the level of compliance with the FRA by various corporations as well as producing reports of such investigations. The Commission has decided to commence investigation with respect to the following Corporations:

- i. National Sugar Development Council (NSDC)
- ii. National Communication Commission (NCC)



4.8. Other Functions of the Commission:

The FRA empowers the Commission to perform any other function consistent with the promotion of its objectives.

4.8.1. Legal Roles:

During the year under review, the Legal, Investigation and Enforcement Directorate has provided legal opinion on diverse subjects pertaining to the Commission. It has also defended the Commission in a pending suit No. FHC/ABJ/CS/671/09 (Charles Musa & Co Vs. Fiscal Responsibility Commission). The Directorate is also monitoring another matter (Malachy Ugwummadu Vs. President Federal Republic of Nigeria, Minister of Finance and Attorney General of the Federation.) Although the Commission is not a party to the latter suit, its interest in the matter lies in the fact that the suit is aimed at strengthening budget monitoring by seeking, among other things, to compel the Federal Government to implement the Appropriation Act 2009 and assess the attainment of fiscal targets.

The Directorate also provided advice on the Commission's approved threshold under the Public Procurement Act, the Investigative and Compulsive Powers of the FRC and a technical submission to the House Committee on Loans, Aid and Debt Management on the proposed "Bill to Repeal the Debt Management Office [Establishment] Act No. 18 of 2003" and Re-enact the "Debt Management Office and Related Matters 2009". It is also taking the lead in drafting agreements between the Commission and its procurement agents and in collaborations with states' governments in the development of their fiscal responsibility legislation.

4.8.2. Strengthening Fiscal Responsibility at the State Level:

For the Fiscal Responsibility Act to be fully effective, the reforms which it introduces must also be adopted at state level. Section 54 of the Fiscal Responsibility Act 2007 vests the Federal Government with the power to assist states and local governments to manage their fiscal affairs within the medium-term framework. It states that "the Federal Government may provide technical and financial assistance to states and Local Governments that adopt similar fiscal responsibility legislation along the same lines as this Act for the modernization of their respective tax, financial and asset administration."

Facilitating a complementary fiscal responsibility regime at the state levels is important because state governments control around 50% of the public expenditure and, according to the Constitution, have the primary responsibility for delivering core public services. However, a 2005 review of the States Economic Empowerment and Development Strategies (SEEDS) by the United Nations Development Programme (UNDP) showed that an ad hoc approach to budgeting by the states had led to a mismatch of spending plans and allocated resources. The review found that there is little or no effort at the state level to set realistic budgets and adhere to them. It also concluded that very little technical analysis went into the establishment of spending priorities.



For instance, the study found that state governments seldom based their selection of investment projects on a cost-benefit analysis which compared these projects with alternative options. As a result of this chaotic situation, projects that had little chances of receiving funding were budgeted while some that were budgeted for failed at the implementation level because of wrong prioritization. Many states have also indulged in irresponsible borrowing patterns leaving huge debt burdens for their successors to handle.

Our interventions at the state levels are therefore aimed at:

- Ensuring transparency of policy intentions and the fiscal effects of public policy;
- Ensuring sound fiscal management at both the state and local government levels;
- Standardizing the planning and control of public expenditure;
- Facilitating parliamentary and public scrutiny of economic and fiscal information and plans;
- Bringing a long-term (through MTEF) as well as annual focus to budgeting;
- Minimizing risk and fluctuations in government fiscal operations
- Making state's debt sustainable



Standing firm to the responsibility of enforcing the provisions of the FRA, 2007

The Commission has entered into communications with all 36 states of the federation on the need to comply with the terms of the FRA 2007. The Commission has also sensitized with the commercial banks to ensure compliance with the FRA rules on debt and loans for states. We are facilitating the states' transition from the current discretionary system to a rules-based fiscal regime anchored on legislation. For instance, upon a request for assistance, technical assistance was recently provided to Kebbi State Fiscal Responsibility Council in reviewing its draft bill.



The credibility with which you perform your duty and the much anticipated outcome of fiscal space created by prudent utilization of public resources would provide a big push in the State Governments desire to speedily establish similar institutions. This is very necessary as the Federal Government controls less than fifty percent of all federally collectable revenues and there are also internally generated revenues which are outside the jurisdiction of the Federal Government. In this regard, whilst trying to establish institutional credibility, your Commission also has a lot to do in forming strategic partnerships to get other tiers of government subscribe to this framework on their own. -

President Umaru Musa Yar'Adua
at the inauguration of FRC





OVERVIEW OF ACTIVITIES OF PUBLIC CORPORATIONS
UNDER THE FRA, 2007 AND 2008 FINANCIAL YEARS

CHAPTER 5:



Overview of Activities of Public Corporation Under The FRA, 2007 and 2008 Financial Years

5.1. Background:

The Fiscal Responsibility Act, 2007, under its PART IV – Budgetary Planning of Corporations and Other Related Agencies, provides that corporations should prepare and submit to the Minister of Finance their projected three year estimates of revenue and expenditure, annual budget and projected operating surplus in line with acceptable accounting practices. The Act further requires the Corporations to establish a General Reserve Fund and allocate thereto, at the end of each financial year 1/5 of its operating surplus of that year. The balance of 4/5 of the General Reserve Fund is required to be paid to the Federal Government. The Corporations are also required to prepare and publish their audited financial report for each financial year not later than the 1st quarter of the subsequent year.

Section 24 of the FRS provides that the Act shall cease to apply to any of the Scheduled Corporations from the date of its privatization. Under the Schedule to the Act, containing the list of corporations, it is provided that any other Corporation, Agency, or Government-owned company may be included in the list by the Minister through a local notice.

The Commission accordingly by its letter of 4th June, 2009, requested the Corporations to commence the implementation of the Act, if they had not done so, and to brief the Commission on the levels of their compliance.

In particular, the corporations were requested to submit to the Commission the following



- i) Annual Reports, including the audited Financial Reports for 2007 and 2008.
- ii) Approved Budgets for 2008 and 2009; and
- iii) A copy of the law establishing the corporation.

The Bureau of Public Enterprises informed the Commission in August, 2009, that seven (7) Corporations had been privatized. The privatized Corporations are:

- i) National Clearing and Forwarding Agency;
- ii) Nigerian Unity Line;
- iii) Nigeria Mining Corporation;
- iv) Nigeria Re-insurance;
- v) Niger Dock Nig. PLC;
- vi) National Insurance Corporation of Nigeria; and
- vii) Nigeria Re-insurance Corporation.



The Commission is therefore left with the following 24 corporations to monitor as follows;

- i) Nigerian National Petroleum Corporation;
- ii) Nigerian Deposit Insurance Corporation;
- iii) Bureau of Public Enterprises;
- iv) National Agency for Science and Engineering Infrastructure;
- v) Nigerian Social Insurance Trust Fund;
- vi) Corporate Affairs Commission;
- vii) Nigerian Airspace Management Agency;
- i) Nigerian Shippers Council;
- ii) Nigeria Maritime Administration and Safety Agency;
- iii) Raw Material Research and Development Council;
- iv) Nigerian Civil Aviation Authority;
- v) National Sugar Council;
- vi) Nigerian Postal Service;
- vii) Nigerian Ports Authority;
- viii) Federal Airport Authority of Nigeria;
- ix) Security and Exchange Commission;
- x) Nigerian Telecommunication;
- xi) National Automotive Council;
- xii) Nigerian Tourism Development;
- xiii) National Communication Commission;
- xiv) National Agency for Food and Drug Administration and Control;
- xv) Nigerian Custom Service;
- xvi) Federal Inland Revenue Service; and
- xvii) Central Bank of Nigeria.



Response By The Corporations

Of the 24 Corporations under monitor by the Act, the following did not respond to the request off the Commission;

- i) National Agency for Science and Engineering Infrastructure;
- ii) National Maritime Authority (now Maritime Administration and Safety Agency – NIMASA);
- iii) Nigerian Tourism Development Corporation; and
- iv) National Agency for Food and drug Administration and Control Agency (NAFDAC).



Evaluation of Compliance by Corporations under the Act

Going by the responses from the Corporations, it is safe to say that 4 of the Corporations did not show evidence of compliance. Although the other 21 corporations have started to comply, their levels of cooperation vary. Details of their compliance are summarized in Tables 1 – 24 on the next page:





Table 10.1: Nigerian National Petroleum Corporation

NO	ITEMS	REQUIRED INFORMATION
I	Name of Corporation	Nigeria National Petroleum Corporation
II	Enabling Law	Nigerian National Petroleum Corporation Act No. 33, 1979
III	Approved 2008 Budget	Submitted
IV	Approved 2009 Budget	Submitted
V	Financial Report for 2007	Submitted. But signed December 2, 2008. Submitted behind schedule
VI	Audited Financial Report 2008	Not ready – not submitted
VII	Establishment of General Revenue Fund	Not Provided
VIII	Evidence of: a) MTEF 2010 – 2012 b) Annual Budget 2010	Supplied Not available
IX	Action taken by FRC	Written to explain the reason for operating at a loss; and to submit audited domestic Report for 2007
X	Response by NNPC	Instead of explaining the loss they required definition of domestic report
XI	Present Position	There has been no further development. Action is still pending

Table 10.2: Nigeria Deposit Insurance Corporation

NO	ITEMS	REQUIRED INFORMATION
I	Name of Corporation	Nigeria Deposit Insurance corporation
II	Enabling Law	Nigerian Deposit Insurance Corporation Act 2006
III	Approved 2008 Budget	Submitted
IV	Approved 2009 Budget	Submitted
V	Audited Financial Report 2007	Submitted by on 30/6/08 instead of 31/08/08
VI	Audited Financial Report 2008	Not submitted
VII	Establishment of General Revenue Fund	Established
VIII	Payment 4/5 of operating Surplus to the Federal Treasury: a) 2007 Financial Year b) 2008 Financial Year	Paid N1,763,740,000 Paid N4,443,542,000
IX	Evidence of a) MTEF 2010 – 2012 b) Annual Budget	Not Submitted Not submitted
X	Action taken by FRC	Action pending



Table 10.3: Bureau of Public Enterprises

NO	ITEMS	REQUIRED INFORMATION
I	Name of Corporation	Bureau of Public Enterprises
II	Enabling Law	Public Enterprises (Privatisation & Commercialisation) Act 1999
III	Approved 2008 Budget	Submitted
IV	Approved 2009 Budget	Submitted
V	Audited Financial Report 2007	Not submitted
VI	Audited Financial Report 2008	Not submitted
VII	Establishment of General Revenue Fund	Not established
VIII	Evidence of MTEF of: a) 2010 – 2012 b) Annual 2010 Budget	None None
IX	Action taken by FRC	Written to request for response – no reply
X	Present Position:	Action pending from both parties

Table 10.4: National Agency for Science and Engineering Infrastructure

NO	ITEMS	REQUIRED INFORMATION
I	Name of Corporation	National Agency for Science and Engineering Infrastructure
II	Enabling Law	Not submitted
III	Approved 2008 Budget	Not submitted
IV	Approved 2009 Budget	Not submitted
V	Audited Financial Report 2007 & 2008	Not submitted
VI	Audited Financial Report 2008	Not submitted
VII	Establishment of General Revenue Fund	Not established
VIII	Evidence of MTEF of: a) MTEF 2010 – 2012 b) Annual 2010 Budget	Not available Not available
IX	Action taken by FRC	Written letters and about 2 reminders
X	Response	Nil
XI	Present Position:	Matters pending



Table 10.5: Social Insurance Trust Fund

NO	ITEMS	REQUIRED INFORMATION
I	Name of Corporation	Nigeria Social Insurance trust Fund
II	Enabling Law	Nigeria Social Insurance Trust Fund (Decree 73 of 1993)
III	Approved 2008 Budget	Not submitted
IV	Approved 2009 Budget	Submitted
VI	2007 Financial Report	Not submitted
V	2008 Financial report	Not submitted
VI	Establishment of General Revenue Fund	Not submitted
VII	Evidence of MTEF of: a) MTEF 2010 – 2012 b) Annual 2010 Budget	Not submitted Not submitted
VIII	Action taken by FRC	Written letters for requesting for compliance with FRC
IX	Response	Nil
X	Present Position:	Action pending on both parties

Table 10.6: Corporate Affairs Commission

NO	ITEMS	REQUIRED INFORMATION
I	Name of Corporation	Corporate Affairs Commission
II	Enabling Law	Companies & Allied Matters Act 1990
III	Approved 2008 Budget	Submitted
IV	Approved 2009 Budget	Submitted
V	Audited 2007 Financial Report	Submitted on 18/4/2008
VI	Audited 2008 Financial Report	Submitted on schedule
VII	Establishment of General Revenue Fund	Established in 2008
VIII	Evidence of MTEF of: a) MTEF 2010 – 2012 b) Annual 2010 Budget	Not available Not available
IX	Payment of 4/5 of Operating surplus a) 2007 b) 2008	Paid N826.3m for 2007 N3b in 2008
X	Action taken by FRC	Wrote to say that there was under payment, and to pay more
XI	Response	Queried the basis for computation
XII	Present Position:	Action pending

Table 10.7: National Automotive Council

NO	ITEMS	REQUIRED INFORMATION
I	Name of Corporation	National Automotive Council
II	Enabling Law	National Automotive Council Decree 84 of 1993
III	Approved 2008 Budget	Not submitted
IV	Approved 2009 Budget	Submitted (see Pp. 35-41 of file)
V	Audited 2007 Financial Report	Submitted. It was signed on 28/10/2008, i.e. 7 months behind deadline
VI	Audited 2008 Financial Report	Not submitted
VII	Establishment of General Revenue Fund	Not done
VIII	Payment of Operating Surplus: a) 2007: Paid b) 2008: Nil	Paid but made loss Investigate what actually happened.
IX	Evidence of MTEF of: a) MTEF b) Annual 2010 Budget proposal c) Payment of operating surplus	Submitted None Paid
X	Action taken by FRC:	Wrote to the Council pointing out the breaches and demanding corrective action
XI	Present Position:	In response to FRC's letter, the National Automotive Council paid its 2007 operating surplus and communicated same to the Commission on 23 rd November, 2009

Table 10.8: Federal Airport Authority of Nigeria

NO	ITEMS	REQUIRED INFORMATION
I	Name of Corporation	Federal Airports Authority of Nigeria
II	Enabling Law	Federal Airports Authority of Nigeria Act, Cap. F5, Laws of the Federation of Nigeria
III	Approved 2008 Budget	Submitted
IV	Approved 2009 Budget	Submitted
VI	Audited 2007 Financial Report	Submitted. It was signed on 28/10/2008, i.e. 7 months behind deadline
VI	Audited Financial Report for 2007	Submitted (signed on June 24, 2009 – i.e. 15 months late)
VII	Audited Financial Report for 2008	Not submitted
VIII	Establishment of General Revenue Fund	No evidence that it was done
IX	Payment of Operating Surplus a) 2007: Nil – Reported loss b) 2008: Nil	
X	Evidence of MTEF of: a) MTEF b) Annual 2010 Budget proposal	Not done None
XI	Action taken by FRC:	Wrote to FAAN in August 14, 2009 pointing out the infractions and requesting immediate remedy
XII	Present Position:	Awaiting FAAN's response

Table 10.9: Nigerian Telecommunications PLC

NO	ITEMS	REQUIRED INFORMATION	
I	Name of Corporation	Nigerian Telecommunications Plc	
II	Enabling Law		
III	Approved 2008 Budget	Except for 2010 budget, other items are not application because the organisation was privatised in the period covered	
IV	Approved 2009 Budget		
V	Audited 2007 Financial Report		
VI	Audited Financial Report for 2007		
VII	Audited Financial Report for 2008		
VIII	Establishment of General Revenue Fund		
IX	Evidence of MTEF of: a) MTEF b) Annual 2010 Budget proposal c) Payment of operating surplus		
X	Action taken by FRC:		FRC wrote to NITEL reminding it that with the revocation of its privatisation, it was now subject to the FRA 2007 and should, accordingly, prepare and forward its MTEF (2010 – 2012), its 2009 budget and its 2010 budget proposal
XI	Present Position:		The Commission expects the response of NITEL



Table 10.10 Nigerian Postal Service

NO	ITEMS	REQUIRED INFORMATION
I	Name of Corporation	Nigerian Postal Service
II	Enabling Law	
III	Approved 2008 Budget	Not submitted
IV	Approved 2009 Budget	Not submitted
V	Audited 2007 Financial Report	Submitted. (Report was signed on 25/02/2009, i.e. it was 10 months behind schedule)
VI	Audited Financial Report for 2008	Not submitted
VII	Establishment of General Revenue Fund	Not done
VIII	Payment of Operating Surplus: a) 2007: Nil b) 2008: Nil	32,459,200
IX	Evidence of MTEF of: a) MTEF b) Annual 2010 Budget proposal	None None
X	Action taken by FRC:	FRC wrote to NIPOST pointing out the infractions and demanding correction
XI	Present Position:	The Commission expects the response of NIPOST

Table 10.11 Nigerian Tourism Development Corporation

NO	ITEMS	REQUIRED INFORMATION
I	Name of Corporation	Nigerian Tourism Development Corporation
II	Enabling Law	
III	Approved 2008 Budget	Not submitted
IV	Approved 2009 Budget	Not submitted
V	Audited Financial Report for 2007	Not submitted
VI	Audited Financial Report for 2008	Not submitted
VII	Establishment of General Revenue Fund	No evidence that it's done
VIII	Payment of Operating Surplus: a) 2007: Nil b) 2008: Nil	
IX	Evidence of MTEF of: a) MTEF b) Annual 2010 Budget proposal	Not submitted Not submitted
X	Action taken by FRC:	Wrote to NTDC
XI	Present Position:	Expecting the response of NTDC



Table 10.12: Securities and Exchange Commission

NO	ITEMS	REQUIRED INFORMATION
I	Name of Corporation	Securities and Exchange Commission
II	Enabling Law	Investment and Securities Act, 2007
III	Approved 2008 Budget	Submitted
IV	Approved 2009 Budget	Submitted
V	Audited Financial Report for 2007	Submitted. (4½ months late)
VI	Audited Financial Report for 2008	Submitted (late)
VII	Establishment of General Revenue Fund	Created
VIII	Payment of Operating Surplus a) 2007:Paid b) 2008:Paid	Paid N1,010,920,733 Paid N808,730,586.40
IX	Evidence of MTEF of: a) MTEF b) Annual 2010 Budget proposal	Submitted Included
X	Action taken by FRC:	Wrote to Commission
XI	Present Position:	SEC changed its Accounting System from Accrual to Cash basis and is awaiting FRC's decision on the matter



Table 10.13: Nigerian Airspace Management Agency

NO	ITEMS	REQUIRED INFORMATION
I	Name of Corporation	Nigerian Airspace Management Agency
II	Enabling Law	Nigerian Airspace Management Agency Decree 1999
III	Approved 2008 Budget	Submitted
IV	Approved 2009 Budget	Submitted
V	Audited Financial Report for 2007	Submitted.
VI	Audited Financial Report for 2008	Not provided
VII	Audited Financial Report for 2008	Not submitted
VIII	Establishment of General Revenue Fund	Not done
IX	Payment of Operating Surplus a) 2007: Nil b) 2008: Nil	
X	Evidence of MTEF of: a) MTEF b) Annual 2010 Budget proposal	None None
XII	Action taken by FRC:	Written letters and reminders to fully comply with the Provisions of the FRC
XII	Present Position:	Pending

Table 10.14: Nigerian Shippers Council

NO	ITEMS	REQUIRED INFORMATION
I	Name of Corporation	Nigerian Shippers Council
II	Enabling Law	Nigerian Shippers Council Act, 1998
III	Approved 2008 Budget	Submitted
IV	Approved 2009 Budget	Submitted
V	Audited Financial Report for 2007	Submitted. (August, 2008)
VI	Audited Financial Report for 2008	Submitted (July 31, 2009)
VII	Establishment of General Revenue Fund	Done
VIII	Payment of Operating Surplus: a) 2007: b) 2008:	Paid N30,000,000.00 Paid N22,050,910.00
IX	Evidence of MTEF of: a) 2007 b) 2008	Not submitted Not submitted
X	Action taken by FRC:	Written letters and reminders to fully comply with the FRA fully
XI	Present Position:	Pending

Table 10.15: Nigerian Maritime Administration & Safety Agency

NO	ITEMS	REQUIRED INFORMATION
I	Name of Corporation	Nigerian Maritime Administration & Safety Agency
II	Enabling Law	Not submitted
III	Approved 2008 Budget	Not submitted
IV	Approved 2009 Budget	Not submitted
V	Audited Financial Report for 2007	Not submitted
VI	Audited Financial Report for 2008	Not submitted
VII	Establishment of General Revenue Fund	Not done
VIII	Payment of Operating Surplus a) 2007 b) 2008	Not done Not done
IX	Evidence of MTEF of: a) MTEF 2010 - 2012 b) Annual 2010 Budget proposal	None None
X	Action taken by FRC:	Written letters and reminders for compliance with the Provision of FRA
XI	Present Position:	NIMASA has not responded to any of the correspondences



Table 10.16: Raw Material Research and Development Council

NO	ITEMS	REQUIRED INFORMATION
I	Name of Corporation	Raw Material Research & Development Council
II	Enabling Law	Raw Material Research & Development Council Act 1981, Chapter 388
III	Approved 2008 Budget	Submitted
IV	Approved 2009 Budget	Submitted
V	Audited Financial Report for 2007	Produced (26/06/08)
VI	Audited Financial Report for 2008	Not submitted but produced Management Report
VII	Establishment of General Revenue Fund	Done
VIII	Payment of Operating Surplus a) 2007 b) 2008	Paid N6,339,502.40 Nil
IX	Evidence of MTEF of: a) MTEF 2010 - 2012 b) Annual 2010 Budget proposal	None None
X	Action taken by FRC:	Written letters and reminders to fully comply with FRA Act 2007
XI	Present Position:	Pending

Table 10.17: Nigerian Civil Aviation Authority

NO	ITEMS	REQUIRED INFORMATION
I	Name of Corporation	Nigerian Civil aviation Authority
II	Enabling Law	Civil Aviation Act 2006
III	Approved 2008 Budget	Submitted
IV	Approved 2009 Budget	Submitted
V	Audited Financial Report for 2007	Submitted (28/11/08)
VI	Audited Financial Report for 2008	Not submitted
VII	Establishment of General Revenue Fund	Done
VIII	Payment of Operating Surplus a) 2007 b) 2008	Paid N80,000,000.00 Nil
IX	Evidence of MTEF of: a) MTEF 2010 - 2012 b) Annual 2010 Budget proposal	Produced None
X	Action taken by FRC:	Written letters and reminders to comply fully with FRA, 2007
XI	Present Position:	Pending



Table 10.18: National Sugar Development Council

NO	ITEMS	REQUIRED INFORMATION
I	Name of Corporation	National Sugar Development Council
II	Enabling Law	Not submitted
III	Approved 2008 Budget	Not submitted
IV	Approved 2009 Budget	Not submitted
V	Audited Financial Report for 2007	Produced (in July 2008)
VI	Audited Financial Report for 2008	Not produced
VII	Establishment of General Revenue Fund	Not done
VIII	Payment of Operating Surplus a) 2007 b) 2008	Nil Nil
IX	Evidence of MTEF of: a) MTEF 2010 - 2012 b) Annual 2010 Budget proposal	Available Not submitted
X	Action taken by FRC:	Analysed documents submitted. Proposed investigation of the operations of the Council
XI	Present Position:	Action pending

Table 10.19: Nigerian Communications Commission

NO	ITEMS	REQUIRED INFORMATION
I	Name of Corporation	Nigerian Communications Commission
II	Enabling Law	Nigerian Communications Act 2003
III	Approved 2008 Budget	Submitted
IV	Approved 2009 Budget	Not submitted
V	Audited Financial Report for 2007	Submitted
VI	Audited Financial Report for 2008	Submitted
VII	Establishment of General Revenue Fund	None
VIII	Payment of Operating Surplus a) 2007 b) 2008	Nil Nil
IX	Evidence of MTEF of: a) MTEF 2010 - 2012 b) Annual 2010 Budget proposal	Not Submitted Not submitted
X	Action taken by FRC:	Commission Chairman set up a Committee to investigate under Commissioner- LIE on 21/08/09
XI	Present Position:	Pending



Table 10.20: National Agency for Food and Drug Administration and Control

NO	ITEMS	REQUIRED INFORMATION
I	Name of Corporation	National Agency for Food and Drug Administration and Control
II	Enabling Law	National Agency for Food and Drug Administration and Control Decree 1993
III	Approved 2008 Budget	Submitted
IV	Approved 2009 Budget	Not submitted
V	Audited Financial Report for 2007	Not Submitted
VI	Audited Financial Report for 2008	Not Submitted
VII	Establishment of General Revenue Fund	None
VIII	Payment of Operating Surplus a) 2007 b) 2008	Nil Nil
IX	Evidence of MTEF of: a) MTEF 2010 - 2012 b) Annual 2010 Budget proposal	Not Submitted Not submitted
XI	Action taken by FRC:	FRC wrote a letter of reminder on 19/11/09
XII	Present Position:	Pending

Table 10.21: Nigeria Customs Service

NO	ITEMS	REQUIRED INFORMATION
I	Name of Corporation	Nigeria Customs Service
II	Enabling Law	Not Submitted.
III	Approved 2008 Budget	Not Submitted
IV	Approved 2009 Budget	Not submitted
V	Audited Financial Report for 2007	Not Submitted
VI	Audited Financial Report for 2008	Not Submitted
VII	Establishment of General Revenue Fund	None
VIII	Payment of Operating Surplus a) 2007 b) 2008	Nil Nil
IX	Evidence of MTEF of: a) MTEF 2010 - 2012 b) Annual 2010 Budget proposal	Not Submitted Not submitted
X	Action taken by FRC:	Convened a meeting with them 10/09/09 and sent in a letter of reminder 23/11/09
XI	Present Position:	Pending /



Table 10.22: Federal Inland Revenue Service

NO	ITEMS	REQUIRED INFORMATION
I	Name of Corporation	Federal Inland Revenue Service
II	Enabling Law	Submitted.
III	Approved 2008 Budget	Submitted
IV	Approved 2009 Budget	submitted
V	Audited Financial Report for 2007	Submitted
VI	Audited Financial Report for 2008	Submitted
VII	Establishment of General Revenue Fund	None
VIII	Payment of Operating Surplus a) 2007 b) 2008	Paid: N18,371,918.32 Paid: N18,104,765,262.92
X	Evidence of MTEF of: a) MTEF 2010 - 2012 b) Annual 2010 Budget proposal	Not Submitted Not submitted
XI	Action taken by FRC:	FRC wrote two letters of reminder 19/11/09 and 31/12/09
XII	Present Position:	Pending

- Payment by FIRS in 2007 and 2008 were not operating surplus, but what they reported as Transfer of Independent Revenue to SGF/CRF in their Statements of Accounts (See Notes 4 and 9 for 2007 and 2008, respectively)

Table 10.23: Central Bank of Nigeria

NO	ITEMS	REQUIRED INFORMATION
I	Name of Corporation	Central Bank of Nigeria
II	Enabling Law	Central Bank of Nigeria Act No. 7 of 2007.
III	Approved 2008 Budget	Submitted
IV	Approved 2009 Budget	Submitted
V	Audited Financial Report for 2007	Submitted
VI	Audited Financial Report for 2008	Submitted
VII	Establishment of General Revenue Fund	Submitted
VIII	Payment of Operating Surplus a) 2007 b) 2008	Paid 3/4 Paid 3/4
IX	Evidence of MTEF of: a) MTEF 2010 - 2012 b) Annual 2010 Budget proposal	Not Submitted Not submitted
X	Action taken by FRC:	Appraisal report sent 16/09/09 No response received. Reminder sent 11/11/09.
XI	Present Position:	Pending



Table 10.24: Nigeria Ports Authority

NO	ITEMS	REQUIRED INFORMATION
I	Name of Corporation	Nigeria Ports Authority
II	Enabling Law	Nigeria Ports Authority Decree 38 of 1999.
III	Approved 2008 Budget	Submitted
IV	Approved 2009 Budget	Not submitted
V	Audited Financial Report for 2007	Not Submitted
VI	Audited Financial Report for 2008	Not Submitted
VII	Establishment of General Revenue Fund	None
VIII	Payment of Operating Surplus a) 2007 b) 2008	\$5million \$15million
X	Evidence of MTEF of: a) MTEF 2010 - 2012 b) Annual 2010 Budget proposal	Not Submitted Not submitted
XI	Action taken by FRC:	Letters of reminder dated 14/07/09, 21/08/09 and 23/11/09.
XII	Present Position:	Pending

The tables above on the general performance level indicate that, of the 21 responding corporations, 11 have approved 2008 budget, while 12 have approved 2009 budget. With respect to audited financial report, 12 produced audited 2007 financial report, while 2 have 2008 audited financial report. Of all the lot, only the CBN and NDIC produced their audited financial report as and when due, but there is no evidence whether they are published as required by Law. With regard to the payment of 4/5 of operating surplus to the Federal Government, a total of about N21.66billion has been collected in respect of 2007 and 2008 audited account. Table 25 below gives the details of the operating surplus paid by each Corporation.



Table 10.25: PAYMENT OF OPERATING SURPLUS BY CORPORATIONS

S/N	NAME OF CORPORATION	AMOUNT PAID		TOTAL	REMARK
		2007 N	2008 N	N	
1.	Nigerian National Petroleum Corporation	-	-	-	Declared losses
2.	Nigerian Deposit Insurance Corporation	1,763,740,000	4,443,452,000	6,207,192,000	
3.	Bureau of Public Enterprises	-	-	-	
4.	National Agency for Science & Engineering Infrastructure	-	-	-	No response
5.	Nigerian Social Insurance Trust Fund	-	-	-	
6.	Corporate Affairs Commission	826,000,000	3,429,246,608	4,255,246,608	
7.	National Clearing & Forwarding Agency				Privatized
8.	Nigerian Unity Line				Privatized
9.	Nigerian Airspace Management Agency	-	-	-	
10.	Nigerian Shippers Council	30,000,000	22,050,910	52,050,910	
11.	Nigerian Maritime Administration and Safety Agency	-	-	-	
12.	Raw Material Research and Development Council	6,339,502.40	-	6,339,502.40	
13.	Nigerian Civil Aviation Authority	80,000,000	-	80,000,000	
14.	National Sugar Development Council	-	-	-	To be investigated

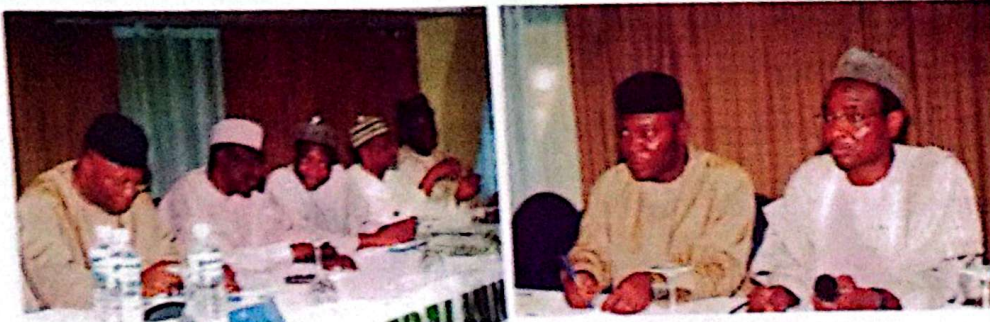


Observations

Based on the returns from the Corporations, the following observations are made:

- i) **Acceptable Accounting Practice:** Because of lack of specific definition of acceptable accounting practice under Section 21(2)(b), some corporations are engaging in creative accounting practices to avoid or reduce the payment of operating surplus. For example, they prefer cash accounting method to the accrual method because the latter produces higher operating profit and involves higher payment to Government.
- ii) **Lack of Knowledge:** Some Corporations such as Customs Service and Federal Inland Revenue Service seem not to know what is required of them under the Act. Despite several letters and meetings, they have not been able to produce any of the required documents, namely enabling law, approved budget, audited accounts, etc. Some organizations such as NAFDAC, NIMASA, Nigerian Tourism Development Corporation do not feel that the law concerns them, hence they did not bother to comply.
- iii) **Adding to the List of Corporations:** Although the Schedule to the Act requires the Minister of Finance to add non-scheduled corporations to the list of scheduled corporations from time to time, despite the fact that 7 of the Scheduled Corporations have been privatized and the Federal Government has no less than 100 unscheduled corporations, agencies and companies, the Minister of Finance is yet to include such Corporations. At this point, it may be relevant to observe that in Brazil where Fiscal Responsibility Law operates, all the State-owned enterprises are governed by that law.

The Commission, after careful assessment of the returns from the Corporations, informed them of the observed lapses in writing. It is surprising to note that not more than one or two have taken steps to remedy the lapses.



Stakeholder consultations, to get the operational strategy right.



Conclusion:

Out of the 31 Scheduled Corporations, 7 or 22.56% have been privatized. As provided in the Act, these Corporations have escaped from the discipline of the fiscal rules. Similarly, 4 of the Corporations or 12.9% have failed to comply with the Law. Although 21 of them i.e. 67.74% are complying, the levels of their compliance are low and unsatisfactory. Because the Act is new and the Commission has just started its enforcement, all is not hopeless. The Commission is taking steps to address the seeming chaotic situation and if well implemented they will ensure effective compliance by all the Corporations by the end of 2010.



Focused objective, strategic partnership delivering tangible results

PART III:

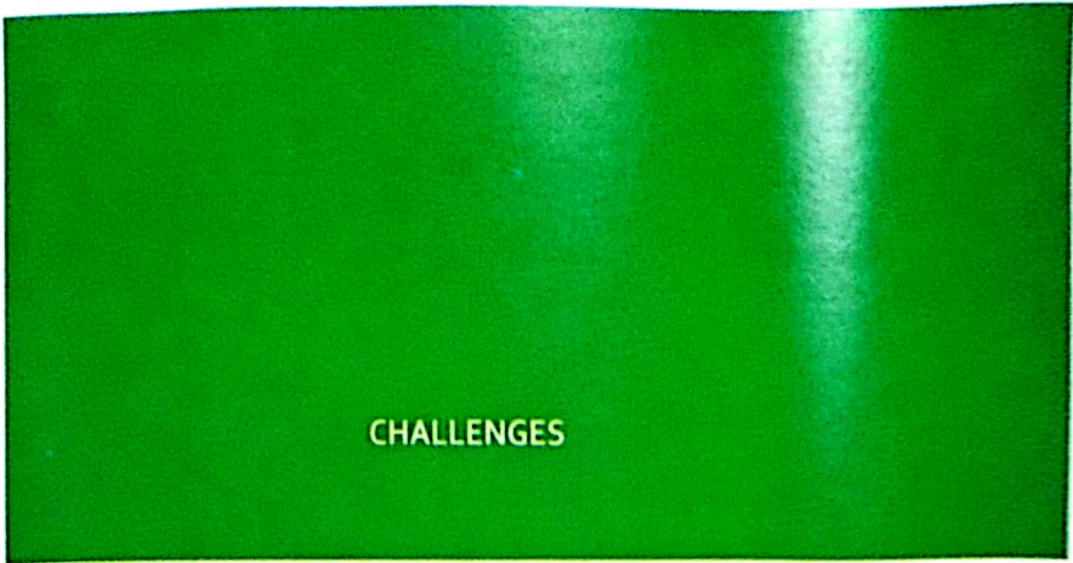
SURMOUNTING CHALLENGES, LOOKING AHEAD...

CHAPTER 6

- CHALLENGES

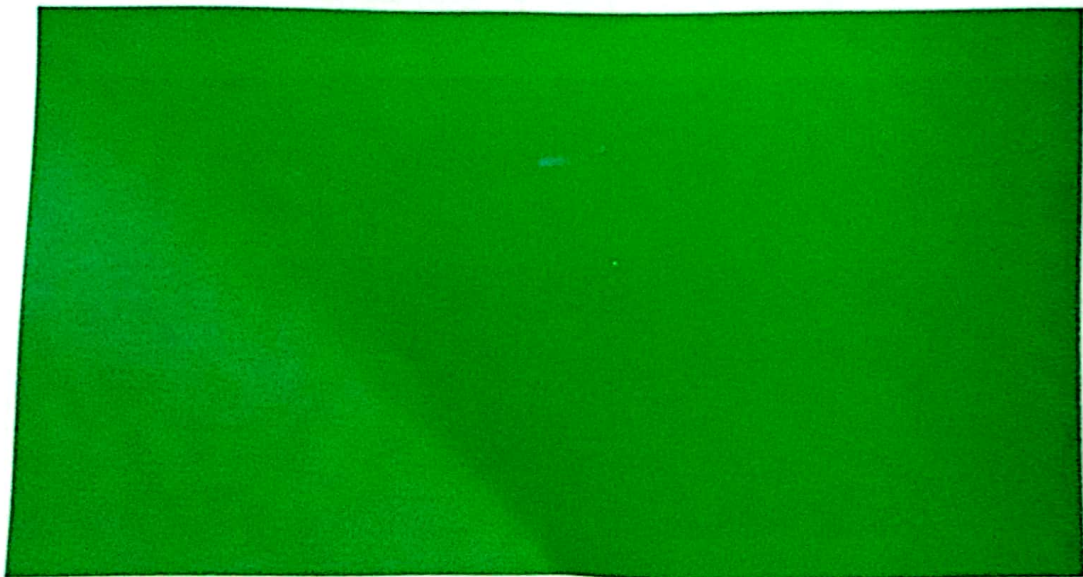
CHAPTER 7

- AN EYE TO THE FUTURE



CHALLENGES

CHAPTER 6:





CHALLENGES

During the first year of our operations, one of the main challenges we faced was the lack of an office space. As mentioned earlier, the Commission had to operate skeletally from a series of makeshift locations for a time. Even after moving into its own rented offices, the Commission was soon to discover that the space was inadequate, hence the pressing need for an office annex. Related to this is the dearth of experienced staff, equipment and appropriate technology which are wont to confront every organisation at its teething stage.

Funding has also been a critical constraint to the smooth flow of the Commission's work during the year under review. Since the Commission came on board in the middle of a fiscal year, it had to deal with obvious appropriation challenges. Being a new organisation, there was also the challenge of running into unenvisioned spending. It is hoped that the 2010 fiscal year will provide us an opportunity to correct these lapses and capacities. As we move forward, depend on our annual deliver all our core functions increasing role for development institution with wholesome greater and organizational and budgeting allocations will be fund well laid but execution plan and clearly mapped out in our instance, IMF's advice on the IT full operationalization of our mandates is over 40% our budgetary provision in the current fiscal year. Human capacity requirement of the commission dictates talented and dedicated team, motivated and tailored to the core objectives of the commission. Library and electronic documentation facilities will translate issues to result rapidly, while more permanent office structure is only but the most plausible step in this direction. we shall achieve greater milestones by helping states and local government build corresponding fiscal responsibility infrastructure for a more co-ordinated management and surveillance in the fiscal system. These and many more institutional development challenges make case for increased budgetary inflow to the commission. our effectiveness will translate to a more prudent management of the Nigeria's public finance ultimately converts the wealth of the nation to more tangible deliverables to her citizens

“As we move forward, we cannot continue to depend on our annual appropriation to effectively deliver all our core functions and this defines an increasing role for development partners”

strengthen our financial we cannot continue to appropriation to effectively and this defines an partners. Being a new responsibilities requiring human capacities , necessarily expanded to contained in our mandate strategic work plan. for infrastructure need for the

Performing detailed analysis of policies and fiscal activities by corporations, government at all tiers, and other reporting entities requires diligent effort and painstaking commitment by the Commission. The Commission has had to develop its processes and templates from scratch, and we harbour no illusions that we will get it right all the time. However, the technical nature of our mandate suggests that the Commission will need a lot more in terms of technical support in the days ahead, and so far, this has been slow in coming.

By its mandate, the Commission engages a very wide and diverse stakeholder base, which imposes on it huge demands of context sensitivity. Different organizations operate different record systems and organizational cultures.



It may take a while for some of them to adjust to the demands of responding to the Commission's requests for information and deadlines. Of course, being a rather early to claim that cooperate with the be conceded that the and enforcing deadlines that have never had to deal with

“

The Commission is asking questions and enforcing deadlines that many of these organisations have never had to deal with before...

There will be need to balance challenges of our reporting task at hand which will brook no the Act on their part. In enforcing at the subnational levels will require more than a peremptory approach to the task at hand.

”

compliance with the FRA's commencement year, it is entities are refusing to Commission. It must, however, Commission is asking questions many of these organisations before.

considerations for the internal entities with the urgency of the slothfulness and contempt for particular, monitoring and

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Related to the above is Nigeria's management of its public character of fiscal decision-government which is highly reforms the FRA seeks to challenging entrenched interests has for too long been steeped in institution confronting an old no illusions about the enormity of take the cooperation and support Nigerians as a whole for the Commission to fulfill its mandate in the days ahead.

As a new institution confronting an old challenge, the Commission has no illusions about the enormity of the task ahead

”

long tradition of secrecy in the finances. Add to that the making at various tiers of personalized and politicized. The institutionalise will therefore be and attitudes in a society that corruption and opacity. As a new challenge, the Commission has the task ahead. It will no doubt of all its stakeholders and





AN EYE TO THE FUTURE

CHAPTER 7:



“In order to build the wide consensus for reform needed to counteract the highly secretive, personalized and politicized nature of fiscal decision-making in Nigeria, there will be need to continuously identify potential partners and forge critical alliances, hand in hand with a massive and unrelenting sensitization of stakeholders”

- FRC



NOTES: