Overlapping budgets

How weak budgeting culture aids graft, poverty, ghost allocations

The culture of budgeting, an ancient short-term fiscal management tool and the grundnorm of public financing, has weakened significantly under President Bola Tinubu, undermining the fundamental principles that define its efficiency – predictability in terms of schedule, clarity, accountability, transparency, balance, comprehensiveness, conservatism, and, most especially, economy. What is spared in the 'great transfusion' of the past three years is the canon of flexibility. And that, the government has stretched beyond its limit – to suggest an infinite loop where it can throw in executive inertia, legislative recklessness, political 'compensations', official graft, bureaucratic laxity, figure and line-item padding and sundry fiscal manipulations that breed everything except prudent public spending. Instead of serving as a predictable yearly fiscal blueprint, the yearly budget has become a fluid document, repeatedly extended, revised and implemented alongside previous appropriations, creating a chaotic fiscal environment of poorly executed programmes and passively monitored projects. The erosion of fiscal discipline has weakened legislative oversight, reduced public accountability and diminished the credibility of the national fiscal frameworks. This sets a corrupted template for sub-nationals, leaving over 200 million Nigerians with near-zero value yearly at the expense of a handful of emergency billionaires the faulty fiscal systems create.

The few weeks, the country has been regaled with allegations and counter-allegations about a ghost agency – the Presidential Foreign Intervention Promotion Council (PFIPC) – that had successfully 'smuggled' N1.3 billion into the 2026 budget. Investigations into the scam remain inconclusive, but the mere realization that a non-existent agency could even be listed on the expenditure line items and scaled legislative hurdles before it was shut down makes a mockery of the supposedly hallowed process, many commentators have suggested. The PFIPC saga stretched budget padding episodes, which gained media attention during late President Muhammadu Buhari's administration, to its dreadful limit. The scale of official manipulation involved and the profiles of individuals indicted raise questions about whether Adeniyi Adeyemi's PFIPC scandal is an unknown quantity in the budget process. For over a decade, the Federal Government has struggled in vain to reduce its budget deficit to a manageable level. In many cases, fiscal deficits were as high as 100 per cent of earned revenue. In 2024, the last fully reported budget, the total deficit was N13.51 trillion, 47 per cent above the projected N9.17 trillion and 128 per cent of the N10.55 trillion the government carried over from the 2023 appropriation.

For an economy of Nigeria's scale, N13.5 trillion yearly deficits should not be a head-shaking issue. But it seems this is a disturbing hole. First, in revenue terms, it was nearly 65 per cent of the total retained revenue, pegged at N21 trillion. Still, the revenue performance was relatively good compared with the capital expenditure deficit, assuming the government is strategically offsetting today's liabilities with future earning potential. The composite capital expenditure by the Federal Government, its owned enterprises and multilateral-tied capital spending in the same year was N11.59 trillion or 86 per cent of the fiscal deficit. Padding, ghost allocation and other corruption-related provisions, as exemplified by the Adeyemi case, may have reduced this to 50 per cent or less.

And the government is not slowing down in its liability 'portfolio' expansion. To bridge the huge gap created by the expansionary fiscal policy, which pushed total expenditure to N34.5 trillion, the government increased its debt stock by an additional N12.63 trillion – about N1 trillion above the capital expenditure (N11.59 trillion) that was 17 per cent or N1.98 trillion funded with multilateral-tied loans. Effectively, the government emerged from the ashes of the 2024 budget cycle with about N14.5 trillion in loans and scanty projects valued at N9.6 trillion, assuming every kobo released for capital spending delivered on its promise. Sadly, the recurrent expenditure projection of N19.54 trillion was overrun by N1.62 trillion while capital expectation underperformed by 16 per cent.