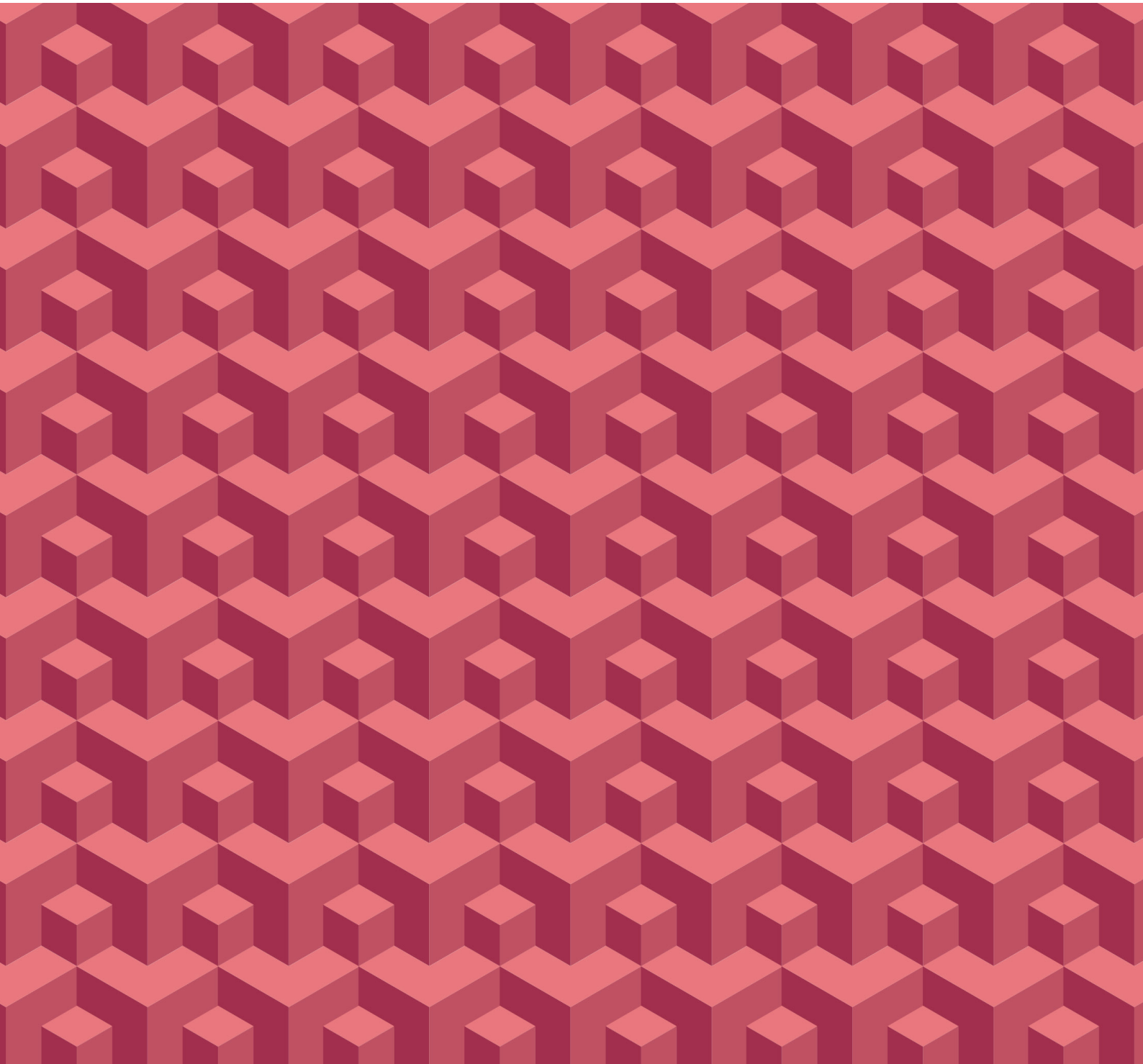




Budget Processes Guide

OCTOBER 2018



Introduction

This Guide explains how the government budget process works in Nigeria, and how communities in the Niger Delta can try and influence this process to support their needs. The aim of the guide is to encourage (CSOs) and communities to monitor government financial planning and expenditure, engage with their political representatives to ensure their needs are taken into consideration, and ultimately ensure their social, political and economic rights are upheld.

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SDN supports the efforts of those affected by the extractives industry and weak governance. We work with governments, companies, communities and other stakeholders to ensure the promotion and protection of human rights. Our work currently focuses on the Niger Delta.

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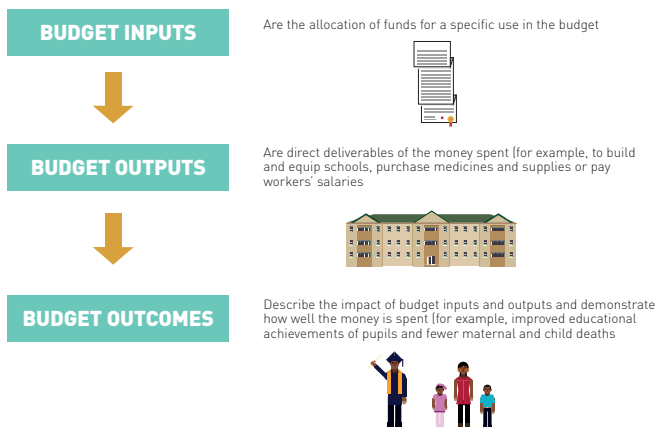
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Understanding budgets

What is a budget and how can it be used?

A budget is a plan outlining how money is spent. It shows how much money (income) is available, where it comes from, when it is intended to be spent, and what it will be spent on (expenditure). A public budget can be compared to a family budget and how the family plans to spend it. The main public budget is the national budget, which shows how the government is going to use public money (such as from taxes and oil revenue) to meet public needs. Budgets are usually drafted at regular intervals, to cover a fixed period of time, often known as the fiscal year. In Nigeria, the government's fiscal year is the same as the calendar year. It runs from 01 January to 31 December.

UNDERSTANDING BUDGETS: WHAT ARE BUDGET INPUTS, OUTPUTS AND OUTCOMES?



How budgets are used

Budgets show how specific resources are allocated to specific projects. Budgets can also be used to measure performance, and prevent corruption: did specific activities take place as planned? Having a document

of planned expenditure means it is possible to check if the government is spending money on what it is supposed to

The budget cycle

In Nigeria, the public budgeting process is political. It should reflect the priorities of the government in power and ultimately the citizens who elected it. The process of creating, approving, spending and reporting on a government budget can be seen as a cycle. There are four key stages.

Budget formulation

This is the draft of how money will be spent. The state or national government produces a plan of how it will spend money on its policy priorities – health, education, transport and so on.

Budget approval

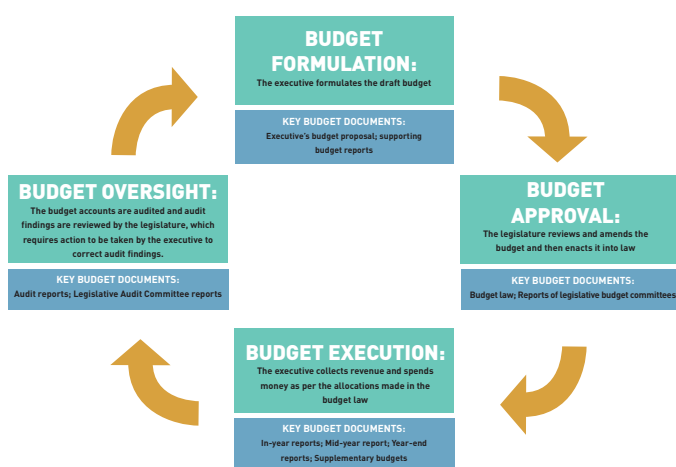
This is the process by which citizens' elected representatives (principally members of the national state assemblies) review the draft budget, make changes and suggestions to the spending plans, and, if they are satisfied, pass it into law for a given fiscal year.

Budget execution

This is when revenue that has been collected (for example, in the form of taxes and oil rent) is spent, according to the approved budget. Projects are set up, run and reported on once they are completed.

Budget oversight

This is the process by which independent auditors check that the revenue has been spent in the way in which it was supposed to be spent. Have activities been implemented correctly, and have they had an impact? If there are discrepancies in spending, they can request that these be clarified or explained.



Who is involved in budget processes?

The government is primarily responsible for the public budgeting process. However, the effectiveness of public budgeting services depends on collaboration those who decide the goals for each public service, those who receive money to implement them, and those who use and monitor the services.

1. Policymakers

National government officials: These include senior political figures, such as Ministers. They

develop policies (such as to build hospitals in a particular area) and then prepare a draft budget with the details of the policies.

The National Assembly and State Legislature:

These bodies have the power to approve, amend or introduce new laws. They also have the power to call on Ministers to account for their policy choices, budgetary allocations and expenses.

Civil servants, such as Ministry of Finance officials: These officials often have influence over budget allocations, and should be considered as a key target in budget processes.

State and local level officials: These officials implement policies, budgets and their projects. They may not be able to determine how the overall budget is allocated, but local officials may be granted their own budget in order to ensure that money is spent most effectively.

2. Service providers

Organisational providers: These are public, private, commercial, and non-profit entities that physically deliver services. In healthcare, these could include, for example, a government ministry providing health clinics across an entire state, a chain of private hospitals, or a community-run village medical centre.

Facility-level managers and governing structures: They are responsible for funds and spending at the site where services are

delivered (such as a hospital). These could include, for example, hospital managers. They should have a good understanding of how to improve local services, and where there are budget constraints or bottlenecks.

Frontline service professionals: These are the staff who come into direct contact with service users: for example, doctors, nurses, pharmacists and clerks.

Contractors: These are private companies which are awarded and implement contracts to provide a very specific services as part of a bigger project. This might include, for example, sourcing and providing drugs and equipment to hospitals.

3. Service users

Citizens: These are the private individuals with nationality of a given state who use

key public services and infrastructure in their daily life such as roads, schools and hospitals. Ultimately every Nigerian is a citizen and public service user, and can state their preferences for what policy priorities should be by voting during elections.

Public and private organisations: These are the companies and public bodies – such as businesses and government agencies – who may depend on a specific service. For example, an international business will need the Nigerian aviation and airports authorities to ensure to ensure that its customers can fly in and out of the country.

Civil society organisations: These are the organisations which work to act as an independent check on political power. They defend the rights of citizens and implement projects and programmes to support them to ensure that government takes care of their needs.

Budget development timetables

State budget:

	Process	What can communities do?
January	President assents to the Bill for the year's budget to become law.	---
February	---	---
March	---	---

April	The Minister of Budget and National Planning sends a circular to the heads of all Ministries, Departments and Agencies to come up with a draft salary budget for the following year.	Identify key stakeholders to lobby for prioritised needs to be reflected in the budget.
May: Budget development cycle begins	Issuance of a circular.	Engage their representatives in the House of Representatives and communicate their needs.
June	MDAs prepare a draft budget on projects.	---
July	---	Pay advocacy visits their representatives in the House of Representatives and communicate their needs.
August	---	---
September	Submission of budget proposal for the next fiscal year to the National Assembly.	---
October	Debates in Committee at the National Assembly.	Review the draft budget and assess whether it reflects their needs.
November	Revisions incorporated.	Make a submission to the draft committee set up to incorporate changes to the budget.
December: Budget development cycle begins	Bill is passed with any agreed amendments before legislature's December recess.	---

National budget:

	Process	What can communities do?
January	Defence by Ministry heads of the year's budget at the State House of Assembly.	Make submissions to the budget committee on the quality of public services and projects in their area during the previous year.

February: Budget development cycle begins	<p>CSOs and community representatives attend public hearing and make submissions.</p> <p>Vote on final draft and budget passed into law.</p>	Community representatives can attend public hearings, analyse the budget proposal and make inputs. The budget is supposed to be shared before the hearings to enable citizen to review and provide feedback on it.
March	Prepare and approve the budget calendar by the state ministry's budget department.	---
April	Prepare budget documents: economic and fiscal update (fiscal and budget framework).	---
May	---	Conduct and document a community assessment of their needs.
June: Budget development cycle begins	Issuance of a circular for the following year's budget.	Identify stakeholders who pay advocacy visits to, who can make sure community needs are reflected in the budget proposal.
July	---	Engage their representatives in the State House of Assembly and key Ministries and communicate their needs.
August	Ministries consult and put together a budget proposal for the next fiscal year.	---
September	Negotiations in Committee at the State Assembly.	Review the draft budget and assess whether it reflects their needs.
October	Executive review/revision of the annual budget by the Executive Council.	Make a submission to their representatives of priorities based on the draft budget.
November	---	---
December	Second draft presented to the legislature.	---

Budget and advocacy

What is an advocacy plan?

An advocacy plan is a plan of activities which aim to influence the decisions that people or organisations take. Advocacy can mean asking politicians to implement laws, running a campaign to change public behaviour (such as to stop littering), or raising awareness of social and environmental problems and how they can be addressed.

Budgeting and advocacy

Advocacy can influence budgets. Devising an advocacy plan can help persuade those to change a budget and its activities if needed. This can be done in a number of ways related to the budget cycle above.

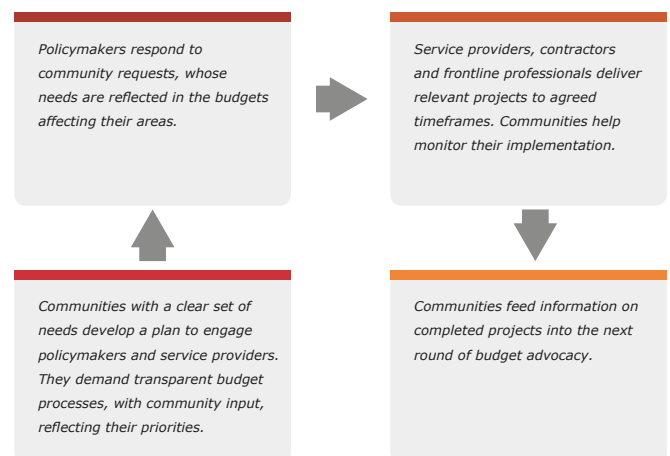
First, budget advocacy can try to influence the budget as it is being drafted. If communities can identify specific goals and communicate them to those in charge of drawing up spending plans, then they can be incorporated into the draft budget.

Second, communities can work with legislators and those who approve budgets to ensure that, overall, the budget which is approved reflects their needs.

Third, as a budget is being implemented, communities should make sure to 'follow the money' to see where it is spent. Are projects being delivered on time and in the right way?

Finally, in terms of budget auditing and reporting – are the projects having an impact? Budget advocacy plans should aim to measure whether spending is being delivered correctly. If not, then communities can put pressure on those in charge to improve. This completes the cycle of budget advocacy, as this information can be fed back into the next budget drafting process.

These steps are represented in the diagram below:



Information availability

It should be noted that for this type of advocacy plan to succeed, key information needs to be publicly available, and in a format that citizens can use. Most obviously, this includes two key sets of documents:

Budgets themselves – the expenditure plan. State, national and local governments and agencies should release their budgets on time and in sufficient detail for communities to be able to look at the specifics of a particular project.

Records of how money is spent – the expenditure report. State, national and local governments and agencies should release details of what money has actually been spent and where, again in sufficient to detail to allow for project-level analysis.

On a practical level, the source for this information needs to be effectively communicated – for example, on a public website – and it should not be presented in a complex dataset that requires extensive analysis. Figures, spending and analysis should be clearly outlined.

Budget analysis

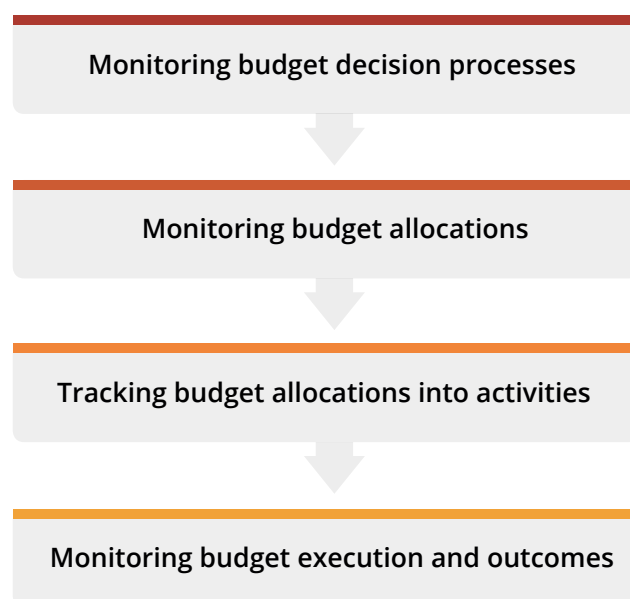
Budget analysis for advocacy is the process of examining a budget to see how money is allocated. For local communities, key questions that should be considered include:

- Where is money allocated? It can be useful to compare budget allocations by category. How much money is spent on the different types of activities?
- Do the categories of spending and type of activity reflect local issues?
- Is there a clear rationale for how each activity will make a difference in the community?
- Is there a plan for how the impact of each activity will be measured?

Community advocacy groups do not necessarily need to conduct an in-depth financial examination of a particular budget. However, they should aim to consider the overall degree to which they feel it addresses their needs. This should be the starting point for the development of advocacy positions.

Vulnerable groups and budgets

Public spending should not discriminate against vulnerable and marginalised groups, such as women, children, minorities and the disabled. Civil society groups should make special efforts to ensure the needs of such groups are taken into account in their budget work. This might include, for example:



1. Monitoring budget decision processes

Vulnerable and marginalised groups tend not to participate on equal terms with dominant members of society in budget decision processes, either as members of government bodies or of civil society groups trying to influence them.

This means they have fewer opportunities to be involved in decisions that affect their lives. Civil society organisations should push for more women and representatives of other marginalised groups to be directly involved in government, politics, business and civil society to address this.

2. Monitoring budget allocations

Different sections of society use public goods in different ways, and have different priorities. The needs of vulnerable and marginalised groups should be explicitly considered as part of any community needs assessment, and integrated into a community's advocacy strategy. As part of their advocacy, communities can then conduct analysis of how much of a given budget is allocated to different groups to check whether they are being equally served.

3. Tracking budget allocations into activities

The equal allocation of funding at the top level is an important step in the budget process. But the inputs (funds) should be translated into specific activities that also reflect the needs of different groups. Do the projects included in a budget specifically include activities that address everyone's requirements?

4. Monitoring budget execution and outcomes activities

As at the beginning of the budget cycle, so at the end, vulnerable and marginalised groups

should be involved in evaluation and providing feedback on budget activities. Has work intended to address a particular issue done so in a way that includes their needs, and has it had an impact? Are these groups involved in assessing the answers to these questions and feeding the information back into the next round of budget advocacy?

Developing an advocacy plan

To develop an advocacy plan first need to identify their needs. Then they can design tactics for each stage of the budget cycle, targeting the policymakers and service providers involved to persuade them to make changes. The following steps can be used to develop an advocacy strategy.

1. Identify the problem to be addressed

This is the advocacy issue. What specific concern do people have that they want to see addressed? This might be, for example, that a new public facility has been built – such as a school – but there are no teachers. The advocacy issue in this example would be to have money allocated in the budget to ensure teaching staff are paid to deliver classes.

Communities should assess the things that are most important in their area, the existing services and what would be most effective in addition to these, and the budgetary information available. If there is no budgetary information available, it will be difficult to

know how to target spending plans. This means that the advocacy objective could be to increase the amount of budget information available in the first place.

The choice of advocacy issue should also be informed by the likelihood of success, and how great an impact it will have – will it affect lots of people or only a few?

2. Identify the target audience

Next, the key stakeholders that are involved in the advocacy issue need to be identified. These can often be divided into primary and secondary stakeholders. They are the target audience – the people to engage with.

Primary stakeholders are the individuals and organisations – such as staff in government agencies – that are directly involved in budgeting for and delivering services. For example, if an advocacy goal concerns education, then a primary stakeholder might be the State Commissioner of Education.

Secondary stakeholders are the individuals and organisations who can influence the decisions of primary stakeholders. They may be able to reach the primary stakeholders in a way that communities themselves cannot. For education, this could be officials at the State Department of Education, or the heads of junior and secondary schools in a particular community.

3. Develop advocacy objectives

To achieve success, the target audience needs to do something different from what they are currently doing. The plan should outline what each stakeholder needs to do differently. In the example above, the goal could be to ask the state education minister to increase the money available for staff salaries in the relevant Local Government Area, and to recruit more teachers

Advocacy plans and the Budget cycle

Once all the information has been identified, it should then be tied to each stage in the budget cycle. For each stage, who will be targeted to do what to address which issue? A complete advocacy plan should include detailed information for each issue and stakeholder. A simple outline plan might be as follows for the education example above:

1. Budget formulation or drafting:

A community assesses its needs and decides that the lack of provision for education is its biggest concern. There are lots of young people that want to learn, but the school is too small and there are not enough teachers. They summarise their requests into a 'Community Education Development Charter' and present it to the State government as it is drafting its budget for the next fiscal year.

2. Budget enactment and approval

Community representatives identify any specific activities they can undertake to make their point of view known. This could mean, for example, sending a representative to attend any public hearings on the budget. This could pose difficulties: for example, citizens must be made aware of public hearings in advance if they are to be able to attend them, and must have access to the draft budget beforehand. So this is a particular area where civil society organisations can plan an active role to try and address the practical challenges.

3. Execution

Assuming the community's goals have been taken into account, it then monitors the implementation of the budget and its activities. Have new teachers been recruited,

and on time? If the project developer has communicated its plans properly, then there should be a clear timetable for when activities are supposed to happen which a community can monitor.

4. Budget auditing

Has the community felt the impact of the budget, and was the money spent in the way it was supposed to be? This does not necessarily need to be in lots of detail. Even a simple annual survey would be a good first step to establishing if a community is satisfied with the way a budget has been delivered.



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Thanks to civil society and other partners involved in the development of this guide.



Kingdom of the Netherlands

This guide has been produced with the support of the Dutch Ministry of Foreign Affairs