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EDITORIAL NOTE

After months of intrigues surrounding the 2018 budget, the National Assembly finally passed the 2018 national budget on May 16, 2018. The highlights and expected implications of the budget are examined in the first article, hoping that when assented to, will be able to catalyse the economic recovery of the nation.

Also in this edition, the Federal Government's whistle-blower policy, which took a leaf from the policy introduced by the Institute in 2014, was appraised and envisioned for effective implementation. We hope that members would find these topics an interesting read.

National Assembly Passes the FGN 2018 Budget

THE National Assembly passed the 2018 Federal Government Budget on May 16, 2018. The N9.21 trillion budget provides N2.86 trillion for capital expenditure and N3.5 trillion recurrent expenditure. There were also allocations of N530.42 billion to Statutory Transfers and N2.203 trillion for debt service. The budget is N508 billion higher than the N8.621trillion estimates presented to the joint session of the House by the President in November 2017. The sum of N199billion was set aside in sinking fund for maturing loans against the N220billion proposed by the Executive. The budget is based on US\$51 per barrel of oil as against the US\$45 proposed by the Executive arm and 2.3 million barrels per day production capacity. The exchange rate of N305/US\$ was approved. The ratio of the capital to the recurrent expenditure is about 31 to 69% implying that the budget is skewed in favour of consumption.

The 1% of all revenues that will accrue to the Consolidated Revenue Fund (CRF) is to fund the provisions of the newly passed Health Act 2018 which requires that at least 3,000 vulnerable persons per local government area in the country be given medical treatment free of charge. The amount voted for this was N57.17billion. The budget deficit was reduced by N49billion while more allocations went to the Power Sector. To underscore the government's commitment to the development of the Niger Delta, the allocation to the NNDC was increased from N71.2b to N81billion. The law makers as well increased their own allocation from N125billion to N139billion.

Implications of the budget

The six-month delay in the passage of

the fiscal document derails the budget cycle and creates challenges of implementation for various MDAs. The nation's fiscal year is January to December and so the budget cycle should be aligned to this. The activities of the organized private sector have been negatively affected.

Secondly, the relationship between increased government expenditure and inflation is well established in the literature. Increased government expenditure often translates into higher inflation rate. With an inflationary budget, the fear of a reversal of gains recorded in inflation control is justified. It is hoped that the increased expenditure will actually be on capital expenditure that will trigger positive multiplier effects on the economy.

Thirdly, the increase in the oil price budget benchmark from N45 to N51 is not good enough, considering the volatility often associated with global oil price. Rather than increase the rate to boost distributable revenue, the excess should have been saved for the rainy day.

Also, the allocation of 1% of the CRF to meet the financial obligations of the newly passed Health Act shows a pro-people budget. It is hoped that the funds will actually be spent on the vulnerable. The allocation of more funds to the Power Sector underscores government's determination to increase the capacity of the nation to meet the power needs of the citizenry. This will no doubt boost the activities of SMEs as engine of economic growth.

It is hoped that when the fiscal document is assented to by the President, more details of the budget will be available.

The FGN Whistle-Blower's Policy



Introduction

At its 2014 Annual General Meeting, the Institute of Chartered Accountants of Nigeria passed a resolution to establish a Whistle-blowing policy and created a N50million Whistle blower's Protection Fund to protect its members who may be victimized by their employers or clients. The fund was to assist members to offset litigation expenses and encourage members of the Institute to discharge their professional duties without fear of victimization. Following the success of this Institute's initiative, the FGN took a cue and adopted the Whistle-blower's policy in 2016.

According to the Ministry of Finance, a Whistle-blower is defined as "a person who voluntarily discloses to the Federal Government of Nigeria, through the Federal Ministry of Finance, a possible misconduct or violation that has occurred, is ongoing, or is about to occur with specific concerns which are in the public interest". The Ministry also states that the primary goal of the Whistle-blower's policy is to involve the citizens in the fight against financial crimes and corruption. In order to achieve this objective, whistle-blowers are encouraged and offered protection from harassment or intimidation by vested interests in the hope of recovering looted funds through voluntary provision of information.

Among the selling points of the policy are: to

- ♦ increase accountability and transparency in the management of public funds;
- ♦ recover looted funds that could be deployed to finance Nigeria's infrastructural deficit;
- ♦ enhance Nigeria's ranking on the indicators of openness, ease of doing business as well as the Anti-Corruption Index; and
- ♦ engender a corruption-free society and attract more foreign investors.

The whistle-blower policy runs on a tripod: the channels for reporting information and the type of information to be reported; reward for reporting corrupt activities; and assure whistle-blowers' protection.

The channels of communication include: via SMS to 0909 806 7946; via email to whistle@finance.gov.ng; or by logging on to the whistle-blowers' portal at <http://www.finance.gov.ng>.

Salient Points of the Policy:

- * Although the Whistle-blower's Policy is not yet a law, its bill is still pending at the National Assembly. The

policy was approved by the Federal Executive Council in December 2016.

- * The policy provides that if the government is able to recover stolen or concealed assets through information provided by a whistle-blower, he/she shall be entitled to between 2.5%-5.0% of amount recovered.
- * To qualify for the reward, the whistle-blower must provide information that government does not already have and could not otherwise obtain from any other publicly available source. The actual recovery must also be traced to the information provided by the whistle-blower.
- * The policy is for people who are aware of the crime. Therefore, a conspirator or accomplice will not be classified as a whistle-blower and might be unable to take the benefit of the policy.
- * The policy does not provide immunity from civil or criminal prosecution.

Appraisal

The policy is a critical component of a comprehensive anti-corruption agenda. Thus far, the policy has started to yield positive results and some informants have been compensated for providing useful information which led to the recovery of illicit funds. However, the National Assembly needs to enact a law to back the public policy and make it potent. The timing and exact amount to be paid is still not clearly defined. Without an enabling law, the policy runs the risk of being jettisoned by a succeeding administration.

Conclusion

Finally, the enthusiasm shown by citizens in the whistle-blower's policy indicates public willingness to report financial crimes and corruption. The Federal Government should capitalise on this enthusiasm to broaden its anti-corruption fight. The broader the fight, the more citizens will get involved and more recoveries would be made.