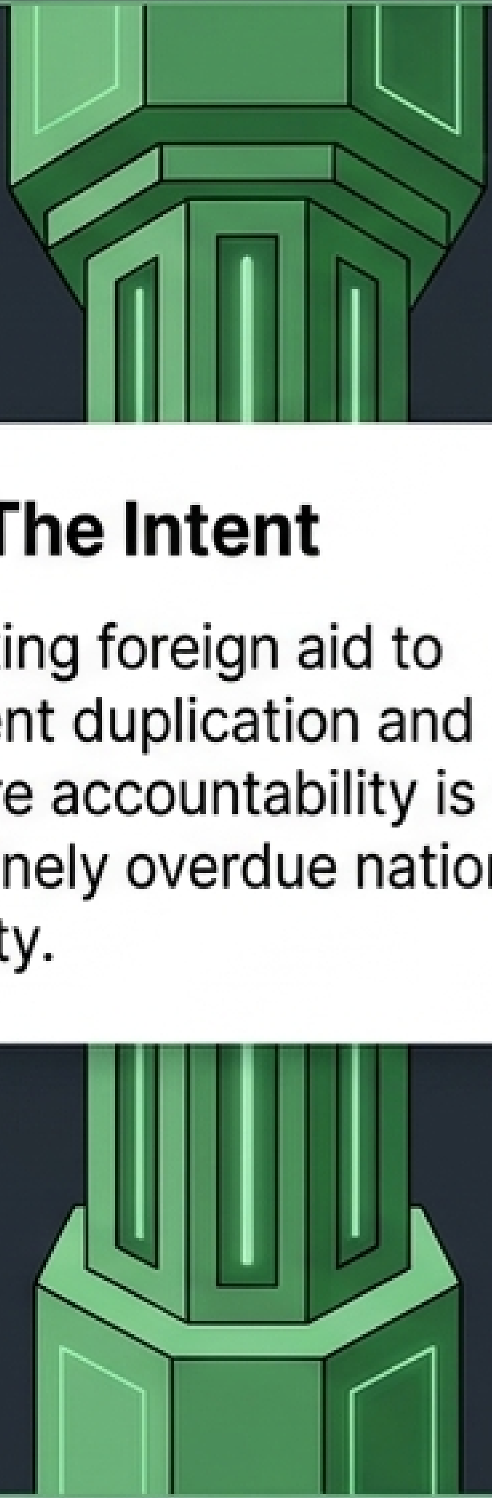
Unpacking Nigeria's Foreign Aid Bill (SB. 1034)

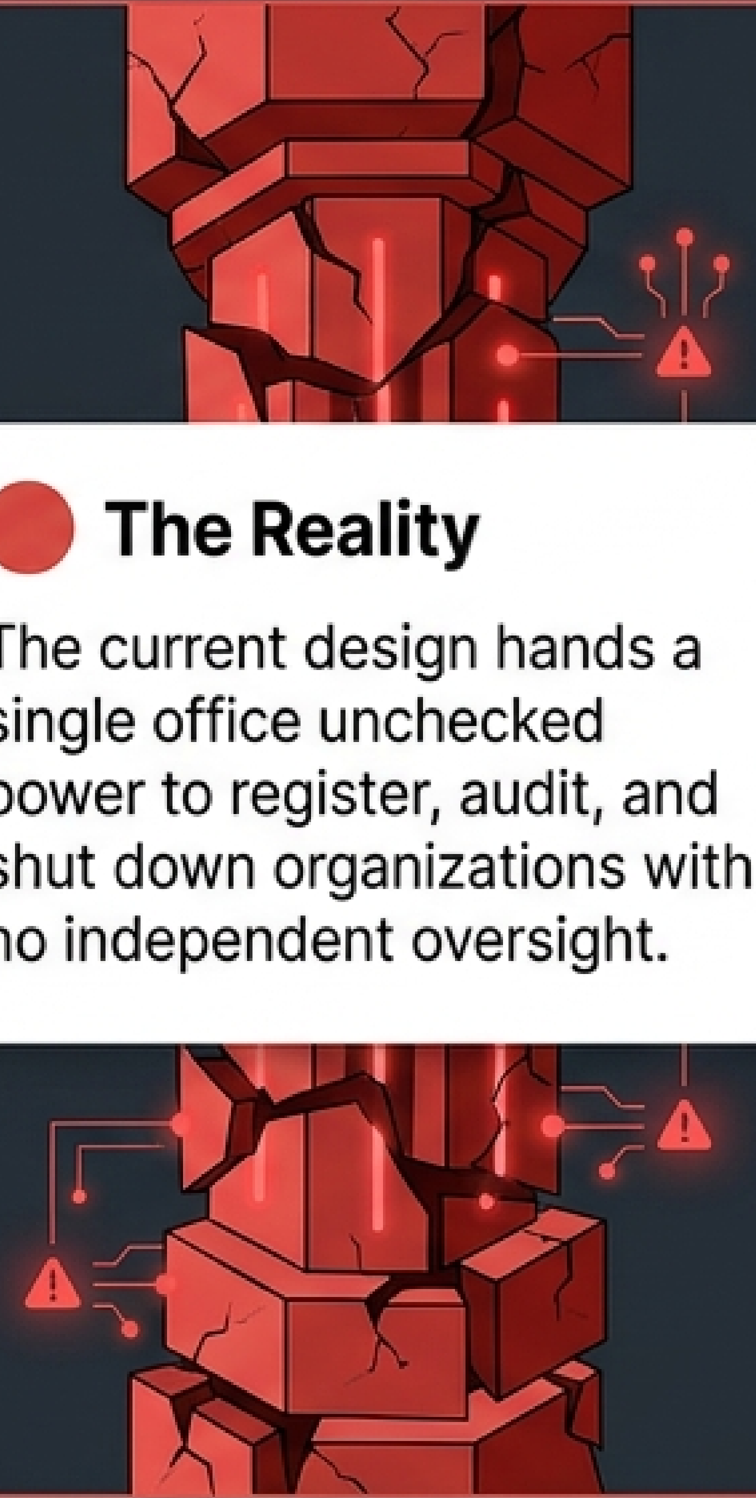
A LegiShield Policy X-Ray evaluating the structural mechanics, stakeholder impacts, and regulatory trade-offs of the proposed Foreign Aid Regulatory Commission.

A valid demand for transparency designed through a dangerous mechanism



The Intent

Tracking foreign aid to prevent duplication and ensure accountability is a genuinely overdue national priority.



The Reality

The current design hands a single office unchecked power to register, audit, and shut down organizations with no independent oversight.

LegiShield Diagnostic Legend

- **Sound:** Policy is fine or well-supported.
- **Caution:** Real risk exists; requires fixing but not fatal.
- **Serious Concern:** Structural problem likely to cause real harm.
- **High Risk:** Highly vulnerable to court nullification or operational damage.

FARC centralizes absolute control over all incoming foreign capital

Foreign Aid Regulatory Commission (FARC)

Captures “any financial or technical assistance” (Sec. 16)

Mandatory Registration (Sec. 6)

All entities receiving foreign aid must register within a strict 30-day window or face criminal charges.

Annual Independent Audit (Sec. 10)

Total authority to inspect, audit, and demand public disclosure of all implementing partners.

Severe Sanctions (Sec. 13)

Individuals: Minimum ₦5,000,000 fine and/or up to 5 years imprisonment.
Organizations: Minimum ₦20,000,000 fine and license revocation.

Four systemic legal flaws threaten the bill's foundational viability

Federalism Conflict

Overreaches into State/Local domains, mirroring the exact constitutional violation that caused the Supreme Court to nullify the National Lottery Act.

No Independent Check

FARC operates as investigator, judge, and executioner. The bill contains no explicit right to fair hearing or court appeal.

Ministerial Monopoly

Unchecked rule-making power. A single minister can reshape regulations with zero National Assembly oversight or public consultation.

FATF Reversal

Reverses Nigeria's hard-won 2022 Anti-Money Laundering reforms. Replaces risk-based targeting with blanket NGO regulation, threatening global FATF standing.

The proposed legislation triggers cascading risks across six distinct sectors

The bill captures federal ministries, local councils, rural clinics, multinational corporations, and diaspora networks under identical regulatory frameworks.

Mandating a 30-day registration window criminalizes rapid humanitarian response

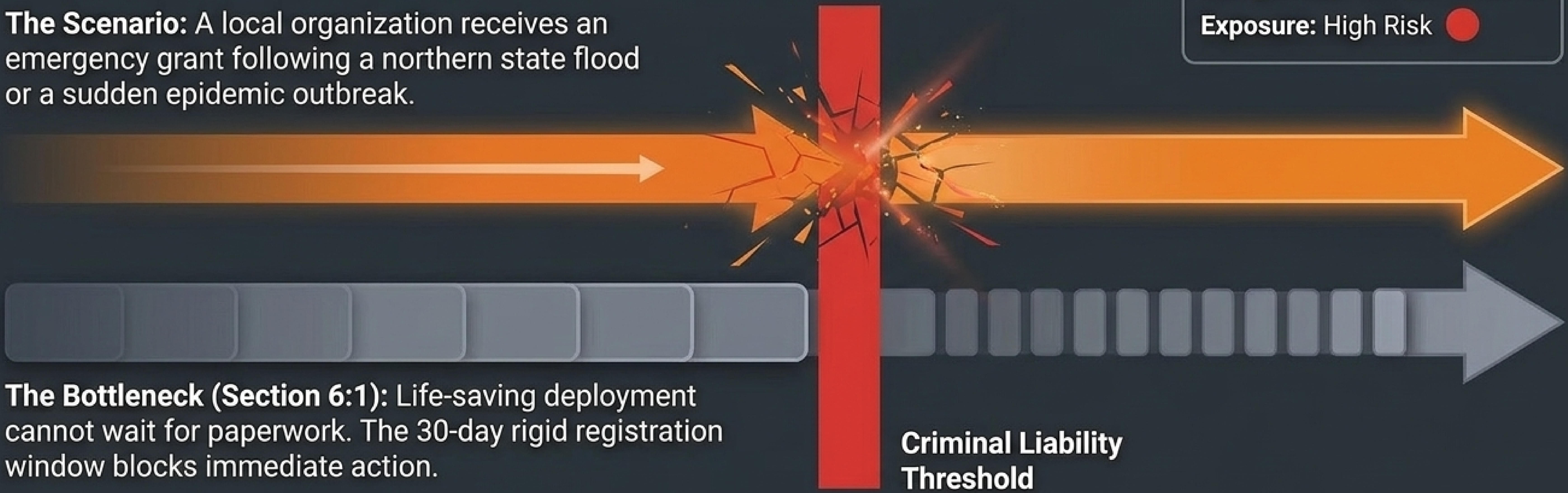
Risk Dashboard UI

Funding Type: Emergency

Compliance Friction: Extreme

Exposure: High Risk

The Scenario: A local organization receives an emergency grant following a northern state flood or a sudden epidemic outbreak.



The Bottleneck (Section 6:1): Life-saving deployment cannot wait for paperwork. The 30-day rigid registration window blocks immediate action.

The Systemic Risk: Administrative delays during an active crisis are transformed into minimum ₦5M fines and 5-year prison sentences for front-line responders.

Policy Diagnostic X-Ray | Intelligence Dossier

Regulating state-level aid creates a direct constitutional conflict

Risk Dashboard UI

Funding Type:	Multilateral/Bilateral
Compliance Friction:	High
Exposure:	Serious Concern

The Systemic Risk: This is the bill's most vulnerable legal point. The Constitution does not grant Abuja blanket authority over state-level project financing simply because the funds crossed a border.

Forced transparency and “national alignment” tests threaten independent watchdogs

Risk Dashboard UI

Funding Type: Democracy/Rights

Compliance Friction: Extreme

Exposure: High Risk

(The Danger - Sections 7 & 8)

Forced public disclosure of implementing partners exposes whistleblowers, witnesses, and field researchers in highly sensitive contexts.

The Weaponization (Section 11)

The bill demands all funded activities “align with national development plans.” This vague phrasing provides legal cover to shut down organizations simply because their independent watchdog work is critical of the government.

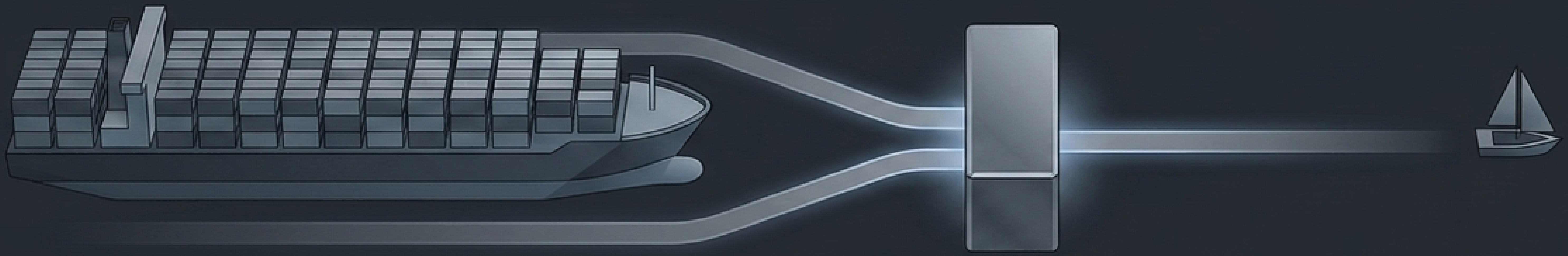
(The Scenario)

Election monitors preparing for 2027, investigative journalists, and anti-corruption watchdogs receiving international support.

A catch-all definition treats diaspora donations the same as bilateral mega-grants

Risk Dashboard UI

Funding Type: Community/Faith
Compliance Friction: High
Exposure: Caution



Multi-million dollar bilateral aid package

FARC Regulatory Gate

Small diaspora community donation (e.g. mission hospital or school rebuild)

The Absurdity

Section 16 defines foreign aid so broadly that well-meaning community philanthropy is swept into a heavy, punitive regulatory regime built for massive institutional aid.

The Systemic Risk

Without distinguishing funding types or risk profiles, FARC applies identical registration, audit, and criminal penalty exposures to both the massive loan and the grassroots donation.

Vague drafting sweeps corporate CSR and academic grants into criminal liability

Risk Dashboard UI

Funding Type: Corporate/Academic
Compliance Friction: Moderate
Exposure: Caution

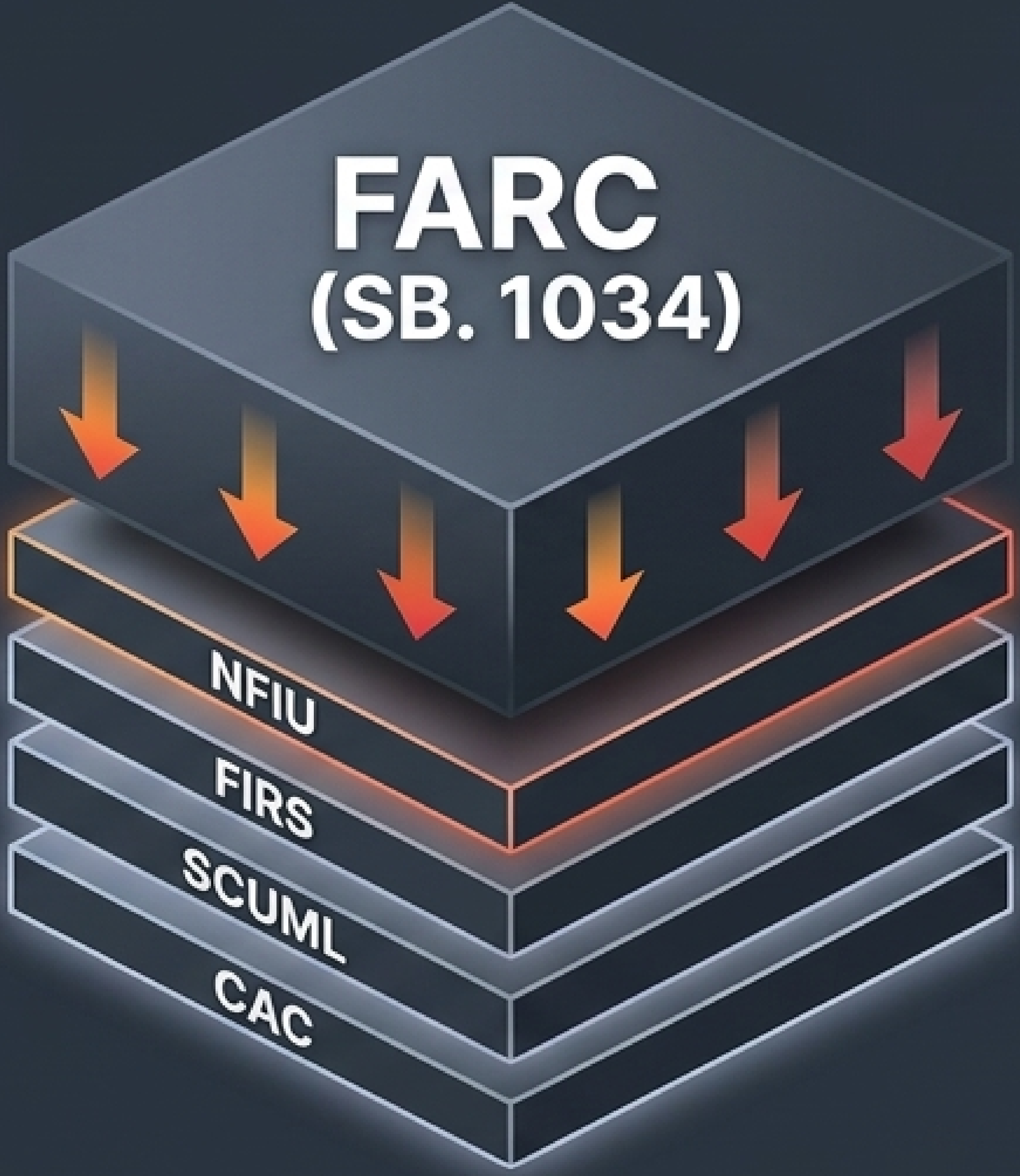
The Systemic Risk:
Because ‘foreign aid’ is not explicitly defined to exclude private commercial philanthropy or academic research, these normal operations technically fall under FARC’s criminal jurisdiction. Corporations and universities face unexpected exposure for entirely uncoordinated private grants.

Policy Diagnostic X-Ray | Intelligence Dossier

FARC duplicates existing oversight while breeding a new compliance bureaucracy

Risk Dashboard UI

Funding Type: All Types
Compliance Friction: Duplicative
Exposure: Systemic Drag
/ Commercial Opportunity



The Losers (NGOs)

FARC replicates anti-money laundering and registration oversight that existing financial intelligence units and the Corporate Affairs Commission Commission already perform, diverting scarce funds from actual aid to paperwork.

The Winners
(The Compliance Industry)

Just like the 2022 AML reforms, this sheer complexity guarantees guarantees a boom for regulatory regulatory compliance advisory hired to navigate the friction.

FARC doesn't streamline regulation; it monetizes the bottleneck.

Weighing the genuine need for coordination against the fatal costs of overreach

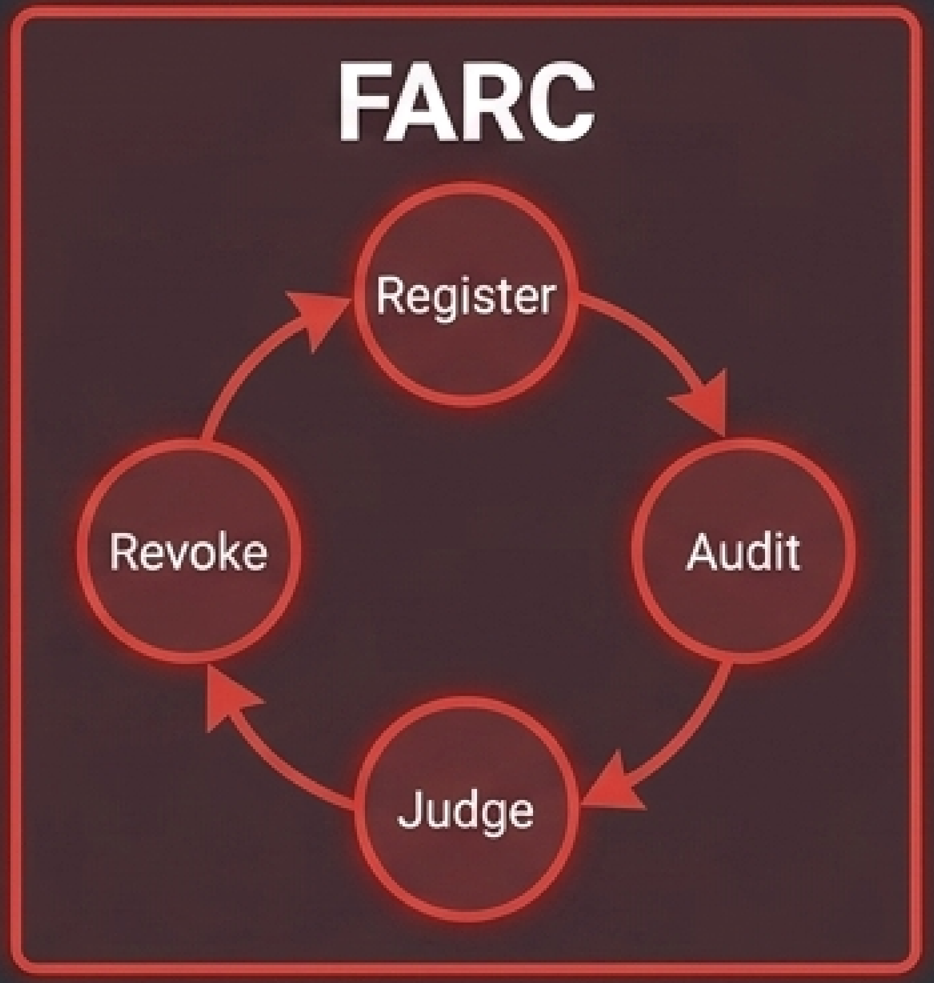
Arguments in Favor (The Intent)	Arguments Against (The Design)
- Addresses genuine coordination gaps across fragmented donor-funded projects.	- Concentrates unchecked registration, audit, and sanctioning power in a single body.
- Creates a public aid register to support anti-corruption tracking.	- Threatens to reverse Nigeria's 2022 FATF AML/CFT compliance progress.
- Reduces duplication of international interventions in targeted regions.	- Criminalizes front-line humanitarians with rigid 30-day reporting windows.
	- Imposes disproportionate ₦20M fines and 5-year jail terms for administrative errors.
	- Weapons-grades 'national alignment' to shut down independent watchdogs.

The fundamental flaw is transforming disclosure into a closed permission loop

Healthy Regulatory Architecture: Separation of Powers

Clear separation of roles ensures checks and balances.

The Drafted Design: A Closed Permission Loop



By collapsing functions, FARC becomes a singular, unaccountable entity.

The primary danger of SB. 1034 is not its demand for transparency. It is the transformation of a basic reporting requirement into a permission gate. By collapsing investigation, judgment, and punishment into **a single, unchecked entity with no explicit right of appeal, the bill replaces freedom of association with absolute state control.**

The LegiShield Verdict: Serious Concern. Redesign, do not just amend.

The Verdict

The objective of mapping foreign aid is fundamentally sound, but the drafted mechanism requires a complete tear-down. Minor amendments will not fix the structural overreach.

The Fix:

Shift the Paradigm

Move from “permission-seeking” (register or go to jail) to “disclosure” (report what you lawfully received).

Utilize Existing Architecture

Rebuild the system around inter-agency data sharing (CAC, NFIU, FIRS) rather than standing up a duplicative, unchecked licensing regime.

Adopt Risk-Based Models

Align with FATF guidelines by targeting high-risk financial flows, not blanketing grassroots charities with corporate-level audits.

A plain-English guide to the regulatory terminology

Term	Definition
FARC	Foreign Aid Regulatory Commission. The proposed omni-regulator under SB. 1034.
FATF	Financial Action Task Force. Global anti-money laundering standard-setter; a poor rating restricts a country’s access to global banking.
Fair Hearing	The due-process right to contest a decision before an independent body (e.g., a court) before punishment is finalized.
Freedom of Association	The constitutionally protected right to form or join organizations without requiring government permission to exist.
Precedent	A prior court ruling that dictates how similar cases must be decided (e.g., the 2024 Supreme Court nullification of the National Lottery Act).
SCUML / NFIU	Existing Nigerian agencies that already monitor NGO financial flows for money laundering and terrorism financing.
NGO/CSO	Non-Governmental / Civil Society Organization. An independent entity operating outside of government control.