APPRAISING THE EFFICACY OF CONTEMPORARY PUBLIC BUDGET REFORMS IN AFRICA –THE CASE OF NIGERIA

ONYEBUCHI IWEGBU[1], NDUBISI I. NWOKOMA[2]

[1]University of Lagos, Akoka, Lagos, Nigeria
[2]FCS, FNES, University of Lagos, Akoka, Lagos, Nigeria
E-mail: nnwokoma@unilag.edu.ng

Abstract - This study examines the efficacy of contemporary public budget reforms in Africa over the 2011-2019 period using Nigeria as a case study. It examines the timeliness of the budget process through the period of it being signed into law and its implementation. It also examines the effect of government spending on economic growth. The exploratory style of investigation was used in the analysis in addition to the ordinary least square estimation techniques used in determining the causality effects of government spending and economic growth. Findings from the study show that capital expenditure significantly and positively enhances economic performance over the period while the current expenditure does not. In addition, results show that the disciplined implementation significantly improves economic growth though the actual macroeconomic indicators largely fell short of the budget assumptions. Most of the budget categories also performed below expectations. It is thus recommended that attention should be placed in addressing the causative factors of poor budget efficacy such as issues of projects duplication, budget padding and misplacing of project priorities among others. This will improve the performance of the budget and ensure sustained economic growth.

JEL Classification: H610, H620, H680

Keywords - Budget Reform; Budget Implementation; Economic Performance

1. INTRODUCTION

The budget of any economy sets the framework upon which the government at any level can exercise its fiscal responsibility. It details out the short term fiscal expenditure and revenue plan upon which the government is expected to operate in providing social amenities and ensuring sustained economic growth and development (Olomola, 2009). It is thus a tool for resource mobilization, it is essential for economic management. Given that it will be difficult for the government to actualize its fiscal plans without a framework, the preparation of the budget is considered one of the budgets is considered one of the most important activities for the year (NDI, 2003).

However, in order to achieve this, the budgetary process must be well-planned such that its implementation follows the laid down procedures and timeline. According to Lienert and Sarraf (2001), developing economies, are often characterized by an absence of fiscal discipline such that there are inefficiencies in both operational and allocative dimensions in budget preparation and implementation. This thus provide justifications for the failure of most of these countries in achieving rapid growth and development. It is therefore important for such economies to pursue budget reforms which will help to position the government towards achieving sustained growth and development. In Nigeria, budget reforms have been one of the cardinal areas of public service which has been pursued since the return of democracy in 1999. These include the introduction of the Medium Term Expenditure Framework (MTEF) in 2005, the Fiscal Responsibility Act of 2007 and the introduction of the Integrated Payroll and Personnel information system (IPPIS) in 2007 (Ben-Caleb, Adeyemi & Iyoha, 2014). These reforms were principally introduced in order to identify and eliminate wasteful expenditures as well as improve the resource management with the aim of optimizing government budget's efficiencies. Despite these reforms, according to (Budget Office, 2022) data, the government has not achieved efficient budget implementation in revenue generation and capital expenditure. This study therefore attempts to appraise the efficacy of contemporary public budget reforms over the 2011-2019 period which represents the immediate post global financial crisis decade. It examines the timeliness of the budget process namely preparation and signing into law as well as the efficiency of implementations. It thus conducts a comparative analysis of assumptions used in preparing the budget against the actual post-implementation macroeconomic realities. Finally, it examines the effect of government's capital and recurrent expenditure on economic growth. The study intends to provide policy options which can help the Nigerian government to optimize her subsequent budgets.

The paper is divided into five sections with the present introduction being Section I. section II presents the review of relevant literature as well as provides a review of the various contemporary budget reforms in Nigeria. Section III provides the methodology for the study while section IV present the results of the analysis as well as the discussion. Section V provides the conclusion and some policy recommendations.

II. LITERATURE REVIEW

2.1. Budgetary Reforms in Nigeria

Globally, national budgetary reforms are periodic review processes which seek to ensure that budgets are both effective and efficient in the delivery of public goods to enhance the productivity of the national economy. Budget reforms are the process of instituting changes to the ways and manner in which budget is formulated, implemented and evaluated for the purpose of achieving efficiency, effectiveness and growth of the economy (World Bank, 2001; Allen, 1998). It includes the management of the nation's budgetary system so as to improve the effectiveness fiscal policy. Budget reform is comprised of the two broad categories of the budget process and budget management. It involves the inter-relationships between the formulation, enactment, execution and evaluation. The other aspect of budget management leads to efficiency, effectiveness, discipline, transparency and accountability.

According to Diamond (2001), aside from embarking on budget reforms and the pursuit of its full implementation, the major challenge has been the human factor that is required in the institutional change and enough attention has not been placed on this agent of change. Adedeji (1969) further noted that the Nigerian fiscal system evolved and operated on principles that did not align with the main features of efficient public expenditure management, namely allocation, efficiency equity guided by the principles of needs, stability and national interest. These were also amplified in the works of Jaja (2000) and Ogunniyi et al. (2019). The neglect of fiscal regulations guiding budgetary process has been responsible for this menace. From Ukwu et al. (2003), the low performance of Nigeria's budget is attributed to the lack of rigor in its bureaucratic processes with an ill-equipped and inefficient bureaucratic institution as well as lack of clear vision and functional cooperation at the political levels, among others. These challenges led to the need for drastic reforms to take place in the Nigeria's budgetary system. Three significant reforms were introduced by the then Obasanjo administration and these are the Oil price based fiscal rule, the Medium Term Expenditure Framework (MTEF) in 2005 and the Fiscal Responsibility Act 2007 (Garba, 2011). These reforms focus attention on five major areas which includes administrative procedures, budget preparation, management of government spending, budget implementation, as well as budget monitoring and evaluation. The purpose of these reforms is to reduce the cost of governance, enhance the management of resources through drastic reduction in extravagances, increase the level of productivity and efficiency, and ensure budget discipline (Olomola, 2009; Ben-Caleb et al., 2014; GIFMIS, 2011). The Medium Term Expenditure Framework entails an annual budgeting system in which budget decisions in relation to new projects and programs are made at every budget preparation session based on three-year fiscal scenarios. The purpose is to ensure that projects financed for the next three years will be approved under the annual budget system as well consistent with the baseline budgeting approach. Each annual budget thus aligns to the MTEF and provides Ministries, Departments and Agencies (MDAs) with a hard budget constraint for them to manipulate (Olomola, 2009; SPARC, 2009). The Fiscal Responsibility Act (FRA) was designed to ensure a prudent management of national resources which is consistent with the section 16 of the 1999 constitution (Ben-Caleb, 2014), as well as promote promote greater accountability and transparency in every fiscal operation within the MTEF (Omolehinwa & Naiyeju, 2011). The FRA set up the Fiscal responsibility commission which ensures that the guidelines stipulated in the FRA are strictly followed.

The FRA provides guidelines with respect to the MTEF, the basis of the annual budget, budgetary planning of corporations and other related agencies, budgetary execution and achievement of targets, public revenue and expenditure, framework for debt management, conditions of borrowing, issues of transparency and accountability, and enforcement of the act. Notable features of the FRA shows that the MTEF shall contain macroeconomic projections for the next three years, expenditure and revenue framework, federal strategy paper which includes the federal government's medium term financial objectives and policies relating to taxation, recurrent expenditure, debt expenditure, borrowings and capital expenditure. part of it reads that "Aggregate expenditure and the aggregate amount appropriated by the National Assembly for each financial year shall not be more than the estimated aggregate revenue plus a deficit, not exceeding three per cent of the estimated Gross Domestic Product or any sustainable percentage as may be determined by the national Assembly for each financial year". Also, the annual budget must be derived from the MTEF.

The Integrated Payroll and Personnel Information System (IPPIS) which was conceptualized as one of its Reform Programme was rolled out in 2006 aimed at improving the effectiveness and efficiency in the storage of personnel records and administration of monthly payroll. It is a centralized platform that houses the monthly payment plan of every federal government worker (IPPIS, 2023). Seven pilot MDAs were used to study its effectiveness and 23,000 ghost workers were discovered in 2006. As at 2009, 11 additional MDAs were brought on board while as at 2018, 490 MDAs have been enrolled with a total staff strength of over 700,000 employees joined (IPPIS, 2023). Furthermore, the Government Integrated Financial Management Information System (GIFMIS) was introduced in 2012 during the tenure of President Goodluck Jonathan to enhance the effectiveness of government financial activities. The GIFMIS sought to implement a computerized financial management information system which is efficient, effective and helps to increase the ability of the government in executing internal control, monitoring of expenditure and receipts in the MDAs and increase the ability of the government to access information on its financial and operational performance. The GIFMIS kicked off with 93 pilot MDAs which increased to 105 in 2020.

Under the Muhammadu Buhari administration of 2015-2023, the Treasury Single Account (TSA), a strategic budget implementation reform which was introduced by the Jonathan administration in 2012 was implemented. The TSA is programmed to ensure that the federal government has only one central account domiciled with the Central Bank of Nigeria (CBN) where all payments are made from the single account by MDAs and revenues from them and the people at large are remitted. The TSA ensures that no other government agency operates bank accounts outside the oversight of the treasury and it thus ensures an effective aggregate control over government cash balances.

2.2. Some Issues of Concern in Nigeria's Budget Reform

Despite the various reforms identified above, other issues of concern include the issue of duplicated projects, capital budget padding, misplaced projects and budget fragmentation, frivolous and suspicious items, weak inter-agency collaboration and weak public private partnership adoption. For example, from 19,036 capital projects analysed in 2021 federal budget, BudgIT (2021) identified 316 duplicated projects within 74 federal agencies spread across 23 ministries and the Presidency worth N39.5 billion. The federal ministries of health, information and culture, and of agriculture and rural development are top 3 agencies with duplicate projects. From this report, in the 2021 budget, N2.5 billion which are clearly not capital expenditure were allocated to 76 line items as capital expenditure and termed "advocacy, awareness and sensitization". There were also misplaced projects or projects allocated to ministries and agencies which clearly do not have the capacity to implement them. A clear example is the N800 million allocated to SMEDAN, a government Agency for the completion of ongoing construction of the Unguwar Iliya-Bagudu-Kwantakwaran-Tsiga road in Katsina while N500 million was allocated to the Nigeria Agricultural Quarantine Service for the supply and installation of all-in-one solar street light 10,000 lumens with lithium battery across Kontagra Mariga, Mashegu.

2.3. Theoretical Review

The Keynesian theory acknowledges the significant role government expenditure plays in enhancing economic growth. It postulates that government budget deficits if appropriately implemented can direct the economy towards sustained economic growth (Omoniyi, 2022). Notably, Keynes suggested that increased government action through fiscal policy actions is a catalyst for economic growth. This was exemplified in 2020 during the COVID-19 pandemic crisis where Nigeria's budget deficit significantly increased from 3.3% to 4.0% of GDP and further to 4.1% in 2021 (CBN, 2022). Furthermore, the theory of increasing state activities as developed by Wagner (1877) emphasizes the relationship between government public expenditure and the nation's output. It hypothesizes that public expenditure rises faster than the national income and as national income increases, government expenditure significantly increases in order to meet the demands of the state such as the provision of social amenities, administration and improvement of institutional quality. This theory suggests that increases in national income or the state's output are pre-requisites for the increase of government expenditure. Musgrave and Musgrave (1989) corroborated this assertion and noted that as progressive nations industrialise, the share of the public sector in the national economy grows continually.

2.4. Empirical Review

Empirically, Ben-Caleb et al. (2014) examined the effect of budget reforms on the quality of budget management in Nigeria with the Kolmogorov-Smirnov and Kruskal-Wallis test employed in examining if there is any significant difference between budget discipline during pre-implementation and its post-implementation of the budget reforms. The result of the test shows that there is no significant difference in budget discipline during the post-implementation of the key budget reforms such as the Fiscal Responsibility Act and the Medium Term Expenditure Framework. Similarly, the study examined the implications of budgetary reforms on poverty reduction in Nigeria using the Kruskal-Wallis test with its findings indicating that the poverty index significantly declined during the post implementation of the reforms. Kighir (2011) conducted a critical review of the Medium Term Expenditure Framework in Nigeria using longitudinal style of investigation with results showing that there is a high incidence of extra-budgetary expenditures prior to the introduction of the MTEF in 2005. The study confirmed that the introduction of the MTEF did not significantly improve the budgetary system. The study by Omoniyi (2022) examined the impact of budget implementation on Nigeria's economic performance between the period 2010 and 2020, using the error correction model with results showing that recurrent expenditure positively improved economic growth while capital expenditure did not. Okolie (2022) examined the relationship between public sector expenditure reforms in Nigeria and development and identified the challenges encountered in the management of public expenditure, with some policy reforms to guarantee improved public sector expenditure programmes.

III. RESEARCH METHODOLOGY

The exploratory style of investigation was employed in the study – in examining the budget reforms introduced by successive administrations in the country. This provided a detailed insight of the various budget reforms that have been implemented in Nigeria since 1999. Furthermore, comparative analytical technique was deployed in analysing the performance of the budget with respect to its proposed assumption as well as compare selected budgets projections with the actual performance for both revenues and expenditures incurred.

Finally, the ordinary least squares estimation technique is employed to determine the effect of government's capital and recurrent expenditure on economic growth, if any. This is to provide an empirical assessment of how effective government budgeting promotes economic performance or otherwise. The model employed here is an adaptation from Omoniyi (2022) where the effect of recurrent and capital expenditure on economic performance was estimated with gross domestic product used as a proxy for economic performance. This study also incorporates budget discipline as a proxy to measure the quality of budget management and effectiveness of the reforms undertaken in the economy (Ben-Caleb et al., 2014). The budget discipline is defined as the ratio of budgeted capital expenditure to actual capital expenditure and a ratio equals to 1 implies budget discipline is achieved while that which is less than 1, is otherwise.

The model is therefore specified as:

$$EG = f\left(CE, RE, BD, INF, INV, NE\right) \quad (1)$$

Equation (1) shows that economic growth (EG) is dependent on capital expenditure (CE), recurrent expenditure (RE), budget discipline (BD), inflation rate (INF), investment (INV) and net export (NE). Equation (1) can now be written in econometrics form specified as:

$$EG_t = \pi_o + \pi_1 CE_t + \pi_2 RE_t + \pi_3 BD_t + \pi_4 INF_t + \pi_5 INV_t + \pi_6 NE_t + \mu_t \quad (2)$$

The definition, measures, data source and *a priori* expectation of the variables in equation (2) are presented in table 1 below.

S/N	Variable	Definition	Measure	A priori expectation	Source
1	EG_t	Economic growth at time t	The annual growth rate in real gross domestic product using 2010 prices, in percentages	Dependent variable	World Bank (2022)
2	CE_t	Capital expenditure at time t	Federal government annual capital expenditure in billions of naira	Positive	CBN (2022)
3	RE_t	Recurrent expenditure at time t	Federal government annual recurrent expenditure, in billions of naira	Positive	CBN (2022)
4	BD_t	Budget discipline at time t	The ratio of budgeted capital expenditure to actual capital expenditure	Positive	CBN (2022) and respective budget speech
5	INF_t	Inflation rate at time t	Inflation, rate sing the rate of change in consumer price index, in percentages	Negative	World Bank (2022)
6	INV_t	Investment at time t	Gross fixed capital formation, in billions of naira	Positive	World Bank (2022)
7	NE_t	Net export at time t	The annual difference between total export and import, in billions of naira	Positive	CBN (2022)

Table 1: Definition, measures and *a priori* expectation of variables
Source: Authors' compilation

The data employed in analysing the model covers the period 2011-2019, a period which captures two different government administrations in the country.

IV. RESULTS PRESENTATION AND DISCUSSION

The analyses conducted here include the evaluation of the government's budgetary framework which compares the key budget assumptions and projections with the actual values. Secondly, the timeliness of the signing of the budget document into law is appraised while finally, the effect of government's budget on economic performance is examined.

4.1 Analysis of Government's Budgetary Framework

This sub-section compares the key budget assumptions with the actual macroeconomic performance of that assumption after the implementation of the fiscal year.

S/N	Assumption	Parameter	Year								
			2011	2012	2013	2014	2015	2016	2017	2018	2019
1	World economic growth (%)	Proposed	NA	3.3	3.6	3.3	3.8	3.1	3.4	3.7	NA
		Actual	3.31	2.71	2.81	3.09	3.08	2.80	3.39	3.29	2.59
2	GDP growth rate (%)	Proposed	7.0	7.20	6.5	6.75	5.5	4.3	2.5	3.5	3.01
		Actual	5.31	4.23	6.67	6.31	2.65	-1.62	0.81	1.92	2.21
3	Oil production (mbpd)	Proposed	2.30	2.48	2.53	2.39	2.28	2.20	2.2	2.3	2.3
		Actual	2.38	2.32	2.18	2.21	2.13	1.82	1.89	1.92	2.01
4	Oil price ($ bpd)	Proposed	65	72	79	77.5	65	38	42.5	45	60
		Actual	111.26	111.57	108.56	98.97	53.03	45.13	54.71	71.34	64.28
5	Inflation rate (%)	Proposed	NA	9.50	NA	NA	NA	9.81	15.74	12.42	9.98
		Actual	10.84	12.22	8.48	8.06	9.01	15.68	16.52	12.09	11.40
6	Exchange rate (N/USD)	Proposed	150	155	160	160	165	197	305	305	305
		Actual	151.8	155.5	155.3	156.5	191.8	253.1	305.3	305.6	306.4
7	Fiscal deficit (% of GDP)	Proposed	3.62	2.85	2.17	1.90	0.79	2.14	2.18	1.77	2.13
		Actual	-1.8	-1.3	-1.4	-0.9	-1.6	-2.6	-3.1	-2.8	-3.3

Table 2: Performance of key budget assumptions
NA (Not Available): Values were not reported
Source: Authors' compilation from the respective budget speech and CBN (2022)

Table 2 shows that for most of the assumptions, the government was overly ambitious in their estimates. This cut across world economic growth rate, GDP growth rate, oil production, inflation rate, exchange rate and fiscal deficit. It is only for the price of oil that the actual values exceeded the projections throughout the period under consideration. For example, for world economic growth rate, throughout the 2011-2019 period, the actual values were lower than the projections. For the GDP growth rate, except for 2013 where the actual value exceeded the projections, all the other years performed below expectations. Oil production was only higher for the actual, above the projections, in 2011. The actual for all the other years were lower than the projections. The inflation rate was higher than projected throughout the period except for 2018 where the actual value was 12.09% against the projected value of 12.42%. exchange rate was worse throughout as well as for the level of fiscal deficit. After 2015, the government could not maintain the projected budget deficit ratio and thus borrowed beyond the threshold of 3% stipulated in the Fiscal Responsibility Act, in 2019.

4.2. Analysis of Budget Performance

Here also, the budget projections for key revenue and expenditure subheads are compared with the actual values during the respective budget years.

S/N	Budget measures	Para-meter	2011	2012	2013	2014	2015	2016	2017	2018	2019
1	Oil revenue (₦' billions)	Budget	NA	NA	NA	2,114.5	2,114.5	717.55	2,122.18	2,988.35	3,688.28
		Actual	NA	NA	NA	1,980.4	1,218.2	697.80	1,125.05	1,960.85	1,373.18
		Perf.	NA	NA	NA	93.65%	57.61%	97.25%	53.01%	65.62%	37.23%
2	Non-oil revenue (₦' billions)	Budget	NA	NA	NA	1,021.4	1,156.1	1,568.0	1,410.51	1,630.00	1,501.74
		Actual	NA	NA	NA	779.05	824.22	818.51	956.67	1,124.84	1,582.58
		Perf.	NA	NA	NA	76.27%	71.3%	52.20%	67.82%	69.01%	105.38%
3	Value Added Tax (VAT) (₦' billions)	Budget	NA	NA	NA	113.63	113.6	198.24	241.92	207.51	229.00
		Actual	NA	NA	NA	106.74	104.7	109.00	130.05	146.52	159.75
		Perf.	NA	NA	NA	93.94%	92.1%	54.98%	53.76%	70.61%	69.76%
4	Company Income Tax (CIT) (₦' billions)	Budget	NA	NA	NA	454.54	454.5	867.46	807.82	794.69	813.37
		Actual	NA	NA	NA	416.91	473.3	457.91	543.34	660.13	694.17
		Perf.	NA	NA	NA	91.72%	104.1%	52.79%	67.26%	83.07%	85.34%
5	Capital expenditure (₦' billions)	Budget	1,005.99	1,329.72	1,538	1,119.6	557.0	1,587.4	2,174.50	2,869.60	2,094.95
		Actual	918.55	874.70	1108.4	783.12	818.4	653.61	1242.30	1682.10	2289.00
		Perf.	91.31%	65.78%	72.1%	69.95%	146.9%	41.17%	57.13%	58.62%	109.26%
6	Recurrent expenditure (₦' billions)	Budget	3220.2	3419.28	3,382	3,575.9	4,511	4,473.1	5,266.68	6,249.85	6,822.02
		Actual	3314.51	3325.16	3689.1	3426.9	3832.0	4160.1	4779.99	5675.20	6997.20
		Perf.	102.93%	97.25%	109.1%	95.84%	84.95%	93.00%	90.76%	90.81%	102.57%
7	Debt service (₦' billions)	Budget	542.38	560.00	591.76	712.00	953.62	1,475.3	1,841.35	2,203.84	2,254.01
		Actual	527.2	679.28	828.10	941.67	1,060.4	1,384.9	1,823.89	2,161.37	2,453.74
		Perf.	97.20%	121.3%	139.9%	132.3%	111.2%	93.87%	99.05%	98.07%	108.86%

Table 3: Comparative analysis of budget performance-Revenues and Expenditures
NA: (Not Available) -Values were not reported; Perf,: Performance
Source: Authors' compilation from the respective budget speech and CBN (2022)

The result in table 3 shows that except for the Value Added Tax (VAT) value in 2015 only, all the other revenue targets fell below expectations. The performance level ranged from 37.2% in 2019 to 97.2% in 2016 – for total oil revenue. However, it should be noted that non-oil revenue outperformed the oil-revenue and this explains the volatility that is present in the oil-revenue source. Expenditures, including debt service payments, recorded more cases of exceeding the budget target than revenues. Capital expenditures exceeded projections in 2015 (146.9%) and 2019 (109.2%) while for recurrent expenditures, budget targets were exceeded in 2011 (102.9%), 2013 (109.2%) and 2019 (102.5%). Recurrent expenditures were running at an average of 90+% between 2011 and 2019.

4.3. Budget Preparation Timeline

The evaluation of the budget preparation timelines are conducted here. It evaluates the timeline in which budgets were prepared and signed into law prior to or during the fiscal year. This is presented in table 4.

Fiscal Year	Date Budget Presented to NASS	Date Budget Signed by the President	Time Lag Between Budget Presentation and Presidential Assent
2011	15 December, 2010	27 May, 2011	5 Months
2012	13 December, 2011	13 April, 2012	4 Months
2013	10 October, 2012	26 Feb, 2013	5 Months
2014	19 December, 2013	21 May, 2014	5 Months
2015	17 December, 2014	07 May, 2015	5 Months
2016	22 December, 2015	06 May, 2016	5 Months
2017	14 December, 2016	12 June, 2017	6 Months
2018	07 November, 2017	20 June,2018	7 Months
2019	19 December, 2018	27 May, 2019	5 Months
	Average timeline		5.2 months

Table 4: Timeliness of budget presentation and approval
Source: Authors' compilation using data from respective budget speech

From table 4, it can be seen that on average, the signing of budgets into law by the President throughout the period under investigation were 5 months late on average and this does not conform to the global best practices. The worse was recorded in the 2018 fiscal year when the budget was signed into law after more than half of the fiscal year.

Variable	Coefficient	Std. Error	t-Statistic	Prob.
LOG(CE)	8.39**	1.29	6.49	0.0229
LOG(RE)	-15.22**	3.09	-4.93	0.0388
BD	1.39*	0.43	3.25	0.0832
INF	-0.57**	0.12	-4.72	0.0421
LOG(INV)	3.23	4.67	0.69	0.5609
NE	-0.001	0.00	-1.83	0.2095
C	-20.60	124.37	-0.17	0.8837
R-squared	0.980			
Adjusted R-squared	0.921			
F-statistic	16.477			
Prob (Wald F-statistic)	0.003			
Durbin-Watson stat	2.288			
Ramsey RESET Prob.	0.547			
Breusch-Pagan-Godfrey Prob.	0.447			
Jarque-Bera Prob.	0.768			

Table 5: OLS Regression result
Dependent variable: Economic Growth
Source: Authors' computation using data from World Bank (2022) and CBN (2022)

From table 5, there is a positive and significant impact of capital expenditure on economic growth. The result shows that a 1% increase in capital expenditure will on average cause economic growth to occur by 0.08%, thus suggesting that capital expenditure over the period significantly improved economic growth. On the other hand, the result also indicates that recurrent expenditure has a negative and significant effect on economic growth, implying that a 1% increase in recurrent expenditure, on average will cause economic growth to decline by 0.15%. Hence, a continuous investment on capital projects and effective implementation of the budget guarantees economic growth.

The result also shows that budget discipline significantly and positively influences economic growth. The result shows that additional improvement in budget discipline will cause economic growth to significantly improve by 1.39%. Inflation on the contrary has a negative and significant effect on economic growth, in conformance with a priori expectations. Other results show that domestic investment has a positive effect on economic growth, though not statistically significant while net export does not significantly enhance growth, as a negative effect of net export on economic growth is established. Thus, the result confirms that domestic investment and net export in Nigeria during the period under investigation did not significantly improve economic performance. The Ramsey RESET test which examines the stability of the model the model is stable while the Breusch-Pagan-Godfrey test shows that the model did not suffer from heteroskedasticity. The Jarque-Bera test on the other hand shows that the error term estimated is normally distributed and fulfils the classical linear regression model assumption.

V. CONCLUSION AND POLICY RECOMMENDATION

The study examined the efficacy of contemporary public budget reforms in Nigeria over the 2011-2019 periods. Specifically, the study investigated how timely budgets are prepared, signed into law and further conducts a comparative analysis of budget underlying assumptions with their actual macroeconomic realities during the budget year as well as a comparative analysis between the projected revenues and expenditures with their actual values over the period. Finally, the study examined the effect of government's capital and recurrent expenditure on economic growth.

The conclusions drawn from this study are that capital, and not recurrent expenditure significantly and positively enhances economic performance. Also, the extent of budget discipline implemented during the period of study significantly improves economic growth. In most cases, the actual macroeconomic performance always falls short of the assumptions stated while designing the budget, especially for inflation rate, exchange rate and oil production. Throughout the period, the budgets on average were signed into law later than expected, at about 5 months on average. Most of the selected budget categories did not meet a reasonably high performance rate. All these issues affect the degree of efficacy of the national budget in addressing the needs of the economy and the society at large. There is thus the need to focus on further reform of the budget to address some critical areas that would enhance the capacity of the budget to deliver to the Nigerian people. This may not be far from what would be the case for many other economies on the African continent. The areas for which these reforms may be necessary could include issues such as duplication of projects, budget padding and misplacement of budget priorities, among others/ Addressing these issues are very critical in enhancing the efficacy of the budget in addressing societal problems. Also, there is the need to enhance human capacity building in the budget reform processes, such as the MTEF, Fiscal Responsibility Act 2007 and IPPIS, among others.

REFERENCES

[1] Adedeji, A. (1969). *Nigerian federal finance: Its development, problems and prospects*. London: Hutchinson Ltd.

[2] Allen, S. (1998). A contemporary approach to public expenditure management. *World Bank Institute*, Paper no. 35116. Available at https://documents1.worldbank.org/curated/en/739061468323718599/pdf/351160REV0Contemporary0PEM1book.pdf

[3] Ben-Caleb, E., Adeyemi, K.S., & Iyoha, F. (2014). The impact of budget reforms on the quality of budget management in Nigeria. *Journal of Accounting and Auditing: Research & Practice*, 207739. https://doi:10.5171/2014.207739.

[4] BudgIT, (2021). Demanding budget reforms for resource optimization. Available from https://yourbudgit.com/wp-content/uploads/2021/05/Budget-Reform-for-Resource-Optimization_May14_4_22PM.pdf

[5] CBN, (2022). *2021 Statistical bulletin: Public finance statistics*. Available at https://www.cbn.gov.ng/Out/2022/STD/2021%20Statistics%20Bulletin_Public%20Finance.xlsx

[6] Diamond, J. (2001). Budget system reform in emerging economies: The challenges and the reform agenda. *International Monetary Fund Occasional Paper* 245. Available at https://www.elibrary.imf.org/downloadpdf/book/9781589064744/front-1.pdf

[7] Garba, A.G. (2011). The institutional framework for budgeting in Nigeria: Implications, limitations and required actions by government, citizens and the NES. *Paper Presented at the NES Budget Seminar*, 31st May 2011, CIBN Building, VI, Lagos.

[8] IPPIS, (2023). *Our history*. Integrated Payroll and Personnel information system. Available at https://www.ippis.gov.ng/history

[9] Jaja, S.O. (2000). History budgeting and planning in Nigeria: Lessons for the fourth republic. In A., Aja, & A.C. Emeribe (eds.). *Policy and contending issues in Nigeria*. National Development Strategy.

[10 Kighir, A. E. (2011). Budget reforms and budget implementation in Nigeria: A critical review of medium term expenditure framework. *IRCAB Journal for Social And Management Science*, 1(1), 266 – 273. Available at: https://www.academia.edu/45667844/Budget_Reforms_and_Budget_Implementation_in_Nigeria_A_Critical_Review_of_Medium_Term_Expenditure_Framework

[11] Lienert, I., & Sarraf, F. (2001). Systemic weaknesses of budget management in Anglophone Africa. *International Monetary Fund's Working Paper*, No WP/01/211.

[12] Musgrave, R.A., & Musgrave, P.B. (1989). *Public finance in theory and practice* (5^{th} ed.). NY: McGraw Hill. Available at https://desmaraistremblay.com/Resources/Musgrave%20Richard%20A.%20and%20Musgrave%20Peggy%20B.%201989%20%281973%29%20Public%20Finance%20in%20Theory%20and%20Practice_5th%20ed.pdf

[13] NDI, 2003. *The legislature and the budget process: An international survey*. National Democratic Institution. Available at http://www.ndi.org/files/1651_gov_budget_093103.pdf

[14] Ogunniyi, M.B., Iwegbu, O., & Womiloju, I.A. (2019). Debt and economic performance in Nigeria (1982 – 2016). *The Nigerian Journal of Risk and Insurance (NJRI)*, 9(1), 112 – 124.
[15] Okolie, U.C. (2022). Public sector/expenditure reforms and development in Nigeria. *Journal of Public Administration, Finance and Law*, 24, 180-192. https://doi.org/10.47743/jopafl-2022-24-17
[16] Olomola, A.S. (2009). Strategies and consequences of budgetary reforms in Nigeria. *Paper Presented at the 65th Annual Congress of the Institute of International Public Finance (IIPF)*, Cape Town, South Africa.
[17] Omolehinwa, E.O., & Naiyeju, J.K. (2011). *Theory and practice of government accounting in Nigeria*, Pumark Nigeria Limited, Lagos.
[18] Omoniyi, W.S. (2022). Impact of budget implementation on economic performance in Nigeria. *Bingham University Journal of Accounting and Business*, 7(1), 497-509.
[19] SPARC, (2009). *Scoping the introduction of medium term expenditure framework in Nigeria state government*. State Partnership for Accountability, Responsiveness and Capability. Available at http://www.sparcnigeria.com/RC/files/2.1.6_MTEF_Scoping_Report_Discussion_Draft_26_Sept_2009.pdf
[20] Ukwu, I.U., Obi. A.W., & Ukeje, S. (2003). *Policy option for managing macroeconomic stability in Nigeria*. Enugu: African Institute for Applied Economic.
[21] Wagner, A. (1877). *Finanzwissenschaft, part I* (1st edn.). Leipzig: C.F. Winter.
[22] World Bank, (2001). Honduras public expenditure management for poverty reduction and fiscal sustainability: Latin America and the Caribbean Region' poverty reduction and economic sector management unit. *Report No. 22070*. Available at https://documents1.worldbank.org/curated/en/267911468257339566/pdf/multi0page.pdf
[23] World Bank, (2022). World development indicators. Retrieved from https://databank.worldbank.org/source/world-development-indicators#

★ ★ ★