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Government Budgeting Process and Implementation Challenges in Nigeria's Economic Development

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[0180] Abstract
This study examines the effect of government budgeting and implementation on economic development in Nigerian. The ex-post-facto research design was employed while both primary and secondary sources of data were used. The study was anchored on the Keynesian economic development model as theoretical framework of analysis. Analysis of the data used focused mainly on the data collected from the federal government planned expenditure and actual expenditure in economic, social and administrative sectors for the period 1995-2005. In the analysis of the data, paired sample t-test and Friedman test of significance were used as tools. The result of the analysis revealed that from 1995-2005, the federal government of Nigeria placed more priority on administrative and public debt servicing issues as opposed to economic and social sector, hence the expenditure was not public demand driven. Besides, the result of the analysis revealed the great performance of the Agriculture sector despite its poor allocation which confirms the veracity of the contention that Nigeria is richly endowed in natural resources. Based on these findings, the study recommended among others that efforts should be made by the government to restructure and reform the system of budgeting and budget implementation, monitoring, control and evaluation in Nigeria towards an integrative model that is based on the constraints of resource envelope as this will go a long way in meeting the needs and demands of the citizens.
Keywords: Budget, Economic development, Debt servicing, Government, Nigeria. (words count; 229)

Introduction

Government Budget is a broad instrument of economic and social policy which essentially outlines the government revenue and expenditure for a given financial year. Government expenditure plays a critical role in driving economic development, particularly in developing economies like Nigeria (Odetola, Adenkunle & Akinrinola, 2025). The planned expenditure of Government is therefore embodied in the budget which is a time based projected financial statement anchored on anticipated revenue for the execution of economic development programmes. Economic development refers to sustained improvements in the living standards of a population, encompassing higher income levels, improved health care, quality education and infrastructural development (Njoku & Bisong, 2022). In Nigerian budgeting system, government expenditure is categorized into capital and recurrent expenditures, both vital for fostering economic development and addressing socio-economic challenges (opara et al, 2024)

Failure to link policy and budgets in the planning process may be a factor contributing to poor budget implementation in developing countries. In Nigeria, the system is fragmented, as plans are mostly inconsistent with policies thereby making implementation difficult. Unfortunately, government budgeting has been seen as annual political rituals as opposed to being a serious technical component of an economic planning aimed at achieving specific developmental targets in line with trends in global developments.

In Nigeria, various tiers of government formulate budgets independent of one another. But one common feature of the budgeting system of all the tiers of government is that their budgets are all anchored on statutory revenue from the Federal account which unfortunately is benchmarked and indexed on crude oil export. Another issue that seems common to both Federal, State and Local governments is that budgets are not indexed to plans as budgets are seen as mere allocation of funds to programs and projects not necessarily cost and schedule estimated. This leads to situations where planned projects are not adequately implemented due to inadequate fund provision in the capital expenditure budget or lack of synchronization of project schedules with revenue inflows and releases. In some cases the problems of budgetary controls has constrained smooth implementation of planned projects.

There seems to be agreement among scholars and development partners as to the fact that Nigeria's problem of nation building has little to do with poor policy formulation, but with lack of transparency in implementation (World Bank, 2003). A confirmation of the above is the consistent rating of Nigeria among the most corrupt countries in the world despite the country’s enormous resources (OHCHR, 2004).

Statement of the Problem Despite Nigeria’s significant government expenditure, economic development remains elusive. Substantial allocations to critical sectors like education, health and infrastructure have failed to translate into tangible improvements in citizens’ living standards. It is on record that Nigeria has experienced consistent growth in the volume of revenue accruing from crude oil export (6" largest exporter in the world), which has been reported as being channeled to national development programs and projects through annual budgets (over 90% of the budget being financed by foreign exchange from crude oil export), yet Nigeria as a nation lags in all aspects of human development (poor access to basic social infrastructure: portable water, electricity, health. education: high level of unemployment: high level of insecurity etc). This low development profile has persisted despite policies implemented to alleviate poverty in the land by 2015 as documented in NEEDS 1 & 11. A further indication of lack of linkage between policy and plan implementation was the removal of fuel subsidy by the present administration which claimed without a clear road map that the policy will improve the welfare of the people as the planning and implementation of plans seem inconsistent with the policy. It must be noted that this was equally the case with VISION 2010, which targeted elimination of illiteracy, which was at 52% and increasing the life expectancy level of citizen, which was at 54 years, but ended up achieving increased illiteracy rate to 65% and reducing life expectancy to 48 years.

In fact the restiveness of Niger Delta Youths, who took arms to challenge the continued control of oil exploration and production activities in their area by the Federal Government of Nigeria, in the face of gross under development and degradation of their environment and people irrespective of such interventions as Oil Mineral Producing Areas Development Commission(OMPADEC) and (Niger Delta Development Commission (NDDC) attest to the fact of poor project implementation which is a major factor mitigating against economic development in Nigeria. It is this problem that has necessitated this study which seeks to examine the effect of government budgeting and implementation on economic development in Nigeria.

Objectives of the Study The broad objective of this study is to examine the effect of government budget and implementation on economic development in the country. The specific objectives of the study include: (a) To assess the extent to which planned capital projects of the priority sectors of the Nigerian economy have been implemented for increased economic development. (b)To assess the extent to which planned recurrent expenditures in the priority sectors of the Nigerian economy have been implemented for increased economic development.

*Research Questions and Statement of Hypotheses*The following research questions guided the study: (a) To what extent are planned capital expenditures in the priority sectors of the economy implemented by the Federal Government? (b) To what extent are planned recurrent expenditures in the priority sectors of the economy implemented by the Federal Government?

In order to ensure that the conclusions of this study are statistically valid within acceptable level of variability, the following hypothetical formulations are tested: (a) Ho: A significant difference does not exist between the planned and actual capital expenditure of the Federal Government of Nigeria. (b) Huz: A significant difference does not exist between the planned and actual recurrent expenditure of the Federal Government of Nigeria.

Significance of the Study Government budget is the nucleus of government activities. It is a compass that ought to direct the actions of government and her officials on how to generate and manage financial resources to achieve economic development. This study is therefore significant as it will help improve the mechanism, processes and quality of budget planning and implementation in Nigeria, with the objective of ensuring prudence in the use of national resources to attain projected development targets.

Review of Related Literature

Budget as a Planning tool.Budgets are important public financial management strategies used by governments to boost economic development efforts (Amaramiro&Njoku, 2018). The most fundamental planning role of a budget is that of specifying goals and objectives and the means to attain them. The objectives and the cost effective solution options are also related to the resources available to or obtainable by the budgetary authority. If planning is thorough, it will also specify concrete achievement targets over the budget period and show how the targets are to be obtained. Budgets have been in existence for centuries and have been embraced by a host of mankind. It is applied to domestic, business, religious and government systems. For any proposal to be executed, there must be down objectives and targets, and actions are geared towards their achievement. A budget is a statement in quantitative terms made for the future. According to Wampler, (2000), a budget is an estimate of planned expenditure for a given period or purpose and the proposed means of financing them.

In household economics, a budget usually refers to an accounting of records of expenditure made during a specific period. In macroeconomic context, the budget refers to the whole fiscal structure of the Federal Government, the combination of receipts and expenditure. In popular political discussion, the budget suggests a document that the President or Governor submits to the Assembly for consideration at the beginning of each year. In its modern sense, the budget is best understood as a program or a plan for corporate activities in specific period.

In the words of Weeks (2000), budget is the action plan of an organization or government within a period of time usually one year. The Institute of Cost and Management Accountants (ICMA), defines budget as "a plan quantified in monetary terms employed to attain a given objective". The process of making a budget is called budgeting. Budgeting is planning for the future. It is the procedure for formalizing quantitative plans, by allocating the government resources in a future period. According to Bud lender (1999), budgeting is the process of estimating the organization's probable cash receipts and disbursements during the future period.

From the forgoing, budgeting can be seen as concerning the planning and efficient allocation of resources of an establishment or state. It is also a systematic and formalized approach for stating and communicating a firm's expectation and accomplishing the planning, coordination and control responsibilities of management in such a way as to maximize the use of available resources. The prediction for the future with the aid of financial, material and human resources must be evaluated periodically to ensure having worked according to plans. Budgeting is not synonymous with forecasting. The main concern in the forecasting process is how to use the available historical data to obtain an estimate of the future with maximum reliability. That is why Paul (2005) asserts that forecasting is concerned with estimating probable sales (revenue), output or other important factors. Only when all forecasts have been considered and the necessary degree of coordination has been achieved do the forecasts become budget.

The history of budgeting as a planning tool can be traced, prior to the First World War and it was prominent in government units in the western world as a means of formulating and executing their financial policies with respect to taxation and expenditure.It was used in the 18* century in England according to Avritzer, (2002) to control the excesses of the King's power of taxation which provided revenue to the government and the mode of expenditure. During the 1920's, there were some English immigrants into United State of America and Canada who carried the principles and ideas of government budgeting and was inculcated into these countries. This was imbibed by the business sector. Today, no country moves forward without financial plans being drawn ahead of the period of accomplish

Types of Budgets and Budgeting Budgets can be classified into three main types namely: balanced, surplus and deficit budgets. (a) *Balanced Budget* This implies that the total future expenditure is equal to the revenue receivable. This is generally adopted. The World Bank (2003) described it as a situation of one cutting his coat according to one's cloth. A good example is that in 1991, Imo State budget was for A1.559 billion in terms of expenditure to be made. In same vein, a total of the same amount of revenue was anticipated in the same period*(b) Surplus Budget* This is the result of total revenue anticipated being greater than the expenditure. In surplus budget, the state provides enough funds to take care of the expenditure resulting to surplus situation. This is commended. But its basic problem in the opinion of Reuben (2003) is the inability of the state to employ the surplus into a yielding investment. (c) *Deficit Budget* Deficit budget is when the expenditure is greater than the revenue. This is sometimes deliberately done to induce borrowing from internal and external sources. It is a useful method of promoting development of an economy. Due to insufficient fund to carry out government investments the affected economies resort to deficit financing. The basic disadvantage is that it has a high potential of inflation caused by the expansion of currency or absence of investment or absence of security or the possibility of waste, and failure to promote greater productivity associated with government investment. According to UN-Habitat (2003) while government revenues in less developed countries have been growing slowly over the years, its expenditures kept accelerating, leading to budgetary deficits of scandalous proportions. This invariably induced macro-economic distortion and instability.

Types of Budgeting Budgeting refers to the systems or methods applied in actualizing the budget. These include line-item-budgeting, planning programme budgeting system and zero-base budgeting. These are the ones related to this study. (a) *Line-Item Budgeting*Radin (2000) have defined line-item budgeting as an expenditure oriented approach to budgeting whereby allocations are made based on objects of expenditure, line after line using the head and subheads of accounts in the normal government expenditure profile. Here, expenditures are made on the merits of the expenditure, example overhead and personnel costs. It is very easy and simple to apply. It has been recommended to the government for use irrespective of its nature of itemized the amount and to the items voted in the appropriations. It also gives room for adjustments. It is a perfect mechanism for keeping expenditure to Some of the disadvantages as posited by Bhatt (2000) which include:It does not consider new programmes when it is on course.il. Budget does not consider the purpose for which money is spent but the unit for which it isprepared.ii. Control is placed on input instead of output. iv. Sometimes the development plans are ignored.v. It is very subjective in terms of preparation.

Planning Programming Budgeting System (PPBS)This as reported by Nylen (2002) is a system of programme based budgeting in which plans for expenditures are made for about five years into the future. It evolved in the early 1960's in United States of America to improve management decisions in all allocating resources. It is based on cost benefit analysis comparing alternative ways to achieve policy goals. All programmes compete for limited resources. That is why McCaffey and Jones (2001) said that"the motivation theory underlying the PPBS is that all programmes are in competition for limited resources and that sponsors of each program will want to minimize his cost and thereby fare better in cost/benefit comparisons. There are continuous reporting and review systems. The only disadvantages are that it has too rigid requirements and a lot of paper work.*Zero Based Budgeting*This is a budgeting system that does not consider historical cost. All activities are re-evaluated on annual basis. All the heads and subheads are justified in their merits and not on the basis of the previous budgets. It is based on the current year's assessment the influence of each of the factors affecting the situation is studied (Melkers and Willoughby, 2001).*Budgeting as a Planning Process*Budget preparation process is a rigorous one. It comes in stages. The first step is that the Ministry of Planning and Economic Development sends out a call circular to all the Ministries and Extra-Ministerial Departments requesting them to send in their proposals or estimates for the coming year. In this call circular, there is always a ceiling for every ministry or extra-ministerial departments as to the level of estimates. This process starts six months before the year in question. The call circular conveys the policy trust of the budget, which will enable the various ministries and extra-ministerial departments to formulate their own estimates.

When this call circular reaches these departments/ministries, each of them will constitute a committee to draft and deliberate on the estimates before it is forwarded to the Budget Department of the Ministry of Planning and Economic Development. Here a committee is also constituted and is headed by the Permanent Secretary or the Minister/Commissioner/Special Adviser on Economic Matters. On receipt of the estimate/proposals (both recurrent and capital), a schedule is made and communicated to the Ministries and Extra-Ministerial Departments showing the dates each Ministry/Extra-Ministerial Department will appear before the Budget Committee to defend the proposal. In this Committee, the Auditor General of the State and the Permanent Secretary of Establishment, Training and Pensions in the Office of the Head of Service are present. The process of budget preparation and defense lasts for about one or two months.

After budget defense, the various proposals are bound and sent to the President/Governor who then presents it before the legislative house as an appropriation bill for approval. If it is signed into law, it becomes a budget and no more estimate or proposal. Before it is signed into law, the President/Governor is vested with the power to authorize and approve payments through provisional warrants. Provisional warrant is a monthly affair and it lasts up to the fourth month of the budget period. If after this period, the legislature, maybe, feels reluctant to approve it, the President/Governor will sign it without their consent.Another set of warrant which the President/Governor signs is the General warrant. It is an authority to approve payment consequent upon the approval of the Appropriation Bill. It is often prepared on quarterly basis.

Budget Implementation *I*t must be appreciated that the government cannot effectively and efficiently implement a budget without inherent controls. It is a pattern of interlocked estimates concerning the various operational aspects of the government as reported by Wampler and Leonardo (2004). Budgeting as a machinery of operation, is a framework of the entire system as it enables a picture to be seen as to whether future operations will be achievable or not. The management of government in this modern time depends more on the ability to foresee the future.When a budget has been made and execution takes place, there is need to make a feedback to the planner to enable him consolidate or to adjust in some relative policies (Fullerton, 2000). The actual performance is always compared with the budget and what result is the variance, which to effect correction actions. The implementation of budgets as insisted by Easterling (1999) is based on the underlying principles and policies of the government. Executives play the role of making policies and transcending them to the management for onward application. The role of executives will be more strategic while the workers will be faced with routine (i.e. day by day) operations.Executives, who are vested with high degree of responsibilities, are deemed to be knowledgeable enough in the affairs of the government, as it will enhance policy formulation. This should be by advanced academic disposition, practical experience and intuitive exertion.The application of budgeting and its controls deserves utmost discipline and dedication by the operators to maintain a track record of excellence and compliance. Variation from set plans can be dangerous.Avritzer (2002) suggests that, if non-achievement results from personal weakness, then as the boss, you know that at least a training need has arisen, what you do is to probe your subordinate.

Linking Policy, Planning and Budgeting There is always need to link between policy, planning and budgeting across the whole spectrum of governance and economic/sectors/levels in other to facilitate the allocation of resources to achieve strategic objectives (World Bank, 2003).Affordability must influence policy making and planning at the point when decisions are made. Where adjustment is required to deal with changing macroeconomic conditions and, even more particularly, changing priorities, that adjustment needs to take place through policy change to be sustainable. As Radian (2000) suggest, a medium-term approach that encompasses all expenditure provides a linking framework and facilitates the management of policies and budget cycle. The result is better control of expenditure and greater efficiency and effectiveness in implementing policies, programs and projects.

Theoretical Framework

This study was anchored on Keynesian economic theory as framework of analysis.

The Keynesian theory of economic development, developed by John Maynard Keynes, emphasizes the role of government spending and fiscal policy in stabilizing the economy and promoting economic growth and development. The theory posits that aggregate demand is a factor in driving economic development. It challenges the classical economic notion that markets always self-correct and instead avers that government interventions is necessary to stabilize the economy and promote growth. Keynesians therefore strongly advocate for government intervention in the economy through fiscal policy (government spending and taxation) to stabilize the economy and promote growth. A key assumption of the theory is the recognition that markets can fail and government intervention can help address these failure, such as during times of economic crisis. Another way the theory applies to economic development is the contention by Keynesians that by stimulating aggregate demand, Keynesian policies can help promote employment and reduce unemployment.

Methods of Data Analysis

In this study, the methods used in analyzing the data and testing hypotheses include simple percentages, and paired sample t-test. **paired-sample t- test**

The paired-sample t- test compared the means of two variables (planned expenditure - X, and actual expenditure X,) in both recurrent and capital budget profile of the Federal Government of Nigeria for the period 1995-2005.It computes the difference the two variables for each case, and test to see if the average difference is significantly different from zero. Whenever two observations are, for some reasons, linked such that one may suspect that they should be more similar to one another than to the rest of the data, and then we have paired observations. A Paired Sample is a set of paired observations such as planned recurrent expenditure and economy in a particular year say 2008.

Paired observations might be before and after samples from the same individual or right side-left side observations from the same individual. It is not the before-after that makes them paired, but the fact that they came from the same individual. Paired observations might he from different individuals that have been matched for some set of characteristics (similar size, age, etc.).The paired test statistic is the difference between the paired observations, which is symbolized by d (for difference).d is average difference. Note that d has the same value as the difference between the means of the two samples (average, actual expenditure minus planned expenditure, etc.).The mean of the differences is the same as the difference between the means:

(d = u, u).

d = [x / n

One can also calculate the standard deviation of d, Sa. in the normal way using d as the observations.The sample size (n) is simply the number of paired observations. The test asks the question: is there a difference between the sizes of the paired observations?

Ho: d= 0

H, dO (non directional)

Standard Error = SEdiff/ sdiff/sqrt (n)

The t-value we calculate is like you have done before. It is the ratio of a statistic divided by the standard error.

d

SE"

There are n 1 degrees of freedom.

p-hat = Prt, - The probability of being wrong (committing a type 1 error) if one rejects HO As before, one looks up p-hat in the t-table using the value of ts and n-1 degrees of freedom.Evaluation of Prt, is like any other t-test. If p-hat is smaller than the pre-selected -value, then the risk of making a mistake is less than the larger, then the risk is greater than we would accept.

Analysis of the Expenditure & Revenue Profile

Since planning in the public sector is exemplified by the budgeting (revenue and planning expenditure) and budget implementation activities, it is therefore that important that in the process of evaluating the performance of the Federal government of Nigerian panning and plan implementation that effort is made to first assess the extent to which revenue generating capacity of the government is adequate to meet the financing requirement of planned programs and projects by way of actual expenditures.

Table l:REVENUE &EXPENDITURE PROFILE OF FEDERAL GOVERNM ENT

Year	Total Revenue	Actual Expenditure		Total Actual Expenditure	Current Surplus/Deficit	A(%)
		Recurrent	Capital			
1995	249768.1	127629.8	121138.3	248768.1	1000	100.40
1996	235144.0	124491.3	212926.3	337217.6	-12073.6	96.42
1997	351262.3	158563.5	269651.7	428215.2	-76952.9	82.03
1998	353724.1	178097.8	309015.6	487113.4	-133389.3	72.45
1999	662585.3	449662.4	498027.6	947690.0	-285104.7	69.92
2000	507.3	461.6	239.5	701.1	-193.8	72.36
2001	797.0	579.3	438.7	1018.0	-221.0	78.29
2002	716.8	696.8	321.4	1018.2	-301.4	70.40
2003	1023.2	984.3	241.7	1226.0	-202.8	83.46
2004	253.6	1032.7	351.3	1426.2	-172.6	87.90
2005	1660.7	1223.7	519.5	1822.1	-161.4	91.14

Source: CBN (2005) Statistical bulletin

A=%of Total Expenditure of Federal Government financed by Current revenue

Table 1 shows that for the period1 995-2005, the actual expendi ture profile of the Federal Government of Nigeria expenditure associated with im plementing her annual budget led to consistent deficit, except for the year 1995.

Planned Recurrent Expenditure Profile

Table2: FEDERAL GOVERNMENT BUDGET ESTIMATES (RECURRENT EXPENDITURE)

Year	Admin	Economic Services	Social Services	Transfer	Total
1995	32824.8	5801.8	12757.0	57552.7	108936.3
	49138.0	5017.5	16879.1	60385.6	131420.2
1997	45905.1	5066.0	18024.1	60558.2	129553.4
1998	51942.3	11863.3	21976.0	96756.5	182542.1
1999	97048.0	46018.8	37718.0	57102.0	2211193
2000	110287.9	21817.9	64697.7	155683.8	353126.5
2001	180810.0	53011.1	79634.4	265873.6	579329.1
2002	331736.0	65910.9	189431.6	280258.0	867336.5
2003	307848.5	96031.8	10256.'5.9	477821.8	984268.0
2004	274848.5	63914.4	128423.3	441472.2	908655.5
2005	379602.7	71695.2	155936.0	485820.1	1093054.0
Total	2169837.3	446147.9	828043.1	2439284.5	5559340.9
Percentage(%)	39.03	8.03	14.89	38.05	100

Source: CBN (2005) Statistical bulletin

Table 2 shows that for the period, the Federal Government placed more priority on the administrative sector (National Assembly, Judiciary, Defence and internal Security) and Public Debt service Charges in her planning as shown by 39.03% and 38.05% respectively planned expenditure for the administrative and transfers sub sectors. On the other hand the economic sub sector (Agriculture, Construction, Transport & Communication and Special Projects); and social sector. (Education, Health and Housing & Environment development) were of less importance in order of planned preference given the average percentages of 14.89 and 8.03 respectively.

The above confirms that during the period under review the burden of public debt was very high to the extent that more preference was given to service obligation by way o interest payments Also the above results equally attest to the fact that the Nigerian economy was highly public service based on the extent less attention is paid to the economic institution may be understood given that during the period the privatization policy of government economic ventures was implemented as activities in this sector are still top on the policy list of the Federal government (education, health, housing for all as documented in such documents as VISION 2010 and NEEDS). No wonder the service delivery of already established Federal government schools, hospitals, housing estates, water schemes nose-dived.

Answer to Research Question 1: Based on the above results we can conclusively say that the period 1995-2005, the Federal government of Nigeria placed more priority on the administrative sector and public debt servicing as opposed to the economic and social sectors.

Planned Capital Expenditure Profile

Table3: FEDERAL GOVERNMENT BUDGET ESTIMATES (CAPITAL EXPENDITURE)

Year	Admin	Economic Service	Social Services	Transfer	Total
1995	1685.8	22527.9	5032.6	140.4	4559.0
1996	13328.4	21036.7	5832.4	7802.5	48000.0
1997	31462.8	28783.0	18730.2	37014.0	115990.0
1998	49808.7	29981.0	35865.8	69719.5	185375.0
1999	42737.2	61521.2	l7253.8	15472.2	139842
2000	46026.1	166488.7	37993.0	53484.8	31 1608.8
2001	4925-t9	259757.8	53336.0	76347.8	438696.5
2002	73577.4	215353.4	32467.3	0	321398.1
2003	87958.9	97982.1	55736.3	11.3	241688.6
2004	98689.1	172197.3	80510.4	67686.0	7068842
2005	187436.6	307837.3	80150.4	131100.0	7068844.2
Total	697138.6	1383466.4	397761.4	458778.1	2821760.4
Percentage(%)	24.71	49.03	14.10	12.16	100

Source: CBN (2005) Statistical Bulletin

Table 3 shows that the Federal government gave top priority to the development of infrastructure for promotion of economic activities during the period under review given her planned capital expenditure of 49.03% in the sector through her annual budgets. The next in the order of planned priority is the provision of infrastructure for administrative activities of the Federal government, in which a capital expenditure was for the provision of infrastructure for Social services (Education, Health and Housing & Environment development). On the other hand 12.16% was planned for repayment of public debt principles.It must be noted that the above scenario contradicts known theories of economic growth and development that tend to have suggested that for less developed countries of Africa to position themselves on the provision of education, health, water and housing infrastructures (World Bank,2003).Also the top priority given to the economic sector though consistent with theories of economic growth and development, but unfortunately, this cannot be explained in the light of the implementation of privatization policy of Federal government economic ventures during the period under review.

*Answer to Research Question 1 & 2*Based on the above results we can conclusively say that for the period 1995-2005, the Federal government of Nigeria placed on the administrative sector and public debt servicing as opposed to the economic and social sectors.

Sectorial Analysis and Economic Development in Nigeria

In analyzing the performance of the Federal government planning and plan implementation activities, we examine the how each of the sectors have fairedover the period under review. Emphasis is on the difference between actual and planned expenditure (administration)

Table4: SUMMARY BUDGET ESTIMATE AND IMPLEMENTATI ON

Year	Capital Expenditure		Surplus Deficit	Recurrent Expenditure		Surplus/ Deficit	Total Surplus/ Deficit/
	Budget	Actual		Budget	Actual		
1995	16858.5	13337.8	3520.7	32824.8	28757.9	4066.9	7587.6
1996	13328.4	14863.6	-1535.2	49138.0	47122.8	2015.2	480.0
1997	31462.8	49549.0	1818086.2	45905.1	61333.1	-15428.0	-33514.2
1998	49808.7	35270.4	14538.3	51942.3	54673.5	-2731.2	11807.1
1999	42737.2	42737.2	0	97048.0	97224.1	-176.1	-176.1
2000	46026.1	53279.5	-7253.4	110287.9	121 299.1	-11011.2	-1 8264.6
2001	49254.9	49254.9	0	180810.0	180810.0	0	0
2002	73577.4	73577.4	0	331736.0	331736.0	0	0
2003	87958.9	87958.9	0	307848.5	307848.5	0	0
2004	98689.1	137775.8	-39086.7	274845.5	306842.8	-31997.3	-71084.0
2005	187436.6	171614.1	15822.5	379602.7	434671.8	-55069.1	-39246.6

Source: CBN (2005) Statistical Bulletin

Results: **Paired Samples Statistics**

	Mean	N	Std. Deviation	Std. Error Man
Pair Actual Capital Expenditure	66292.60	11	49428.05063	14903.12
1PlannedCapitalExpenditure	63376.24	11	49136.52779	14815.22

Paired Samples Correlations

	N	Correlation	Sig.
Pair Actual Capital Experience& 1PlannedCapitalExpenditure	11	.953	.000

Paired Samples Test

	Paired Differences					t	df	Sig 2 (tailed)
	Mean	Std. Deviation	Std. Error Mean	95% confidence interval of the Difference				
				Lower	upper			
Pair Actual Capital Expenditure-1 planned Capital Expenditure	2916.4	15134.07	4563.094	-7250.8	13083.6	.639	10	.537

The above result shows that the mean actual and budgeted capital expenditure on administration for the eleven years period are N66292.60million and A63376.24 million respectively. This translates to a positive mean difference of N2996.4 million, implying that more funds than was planned were spent.However 95.3% relationship exists between variations in annual planned expenditure and actual expenditure. Also the teal. value of 0.639, which is significant at 0.537 level, shows that at 0.1 level, a significant difference does not exist between the planned capital expenditure of the Federal government on administration and actual amount expended for the same during the period 1995-2005.

We therefore accept the hypothesis which says a significant difference does not exist between the actual capital and planned expenditure of the Federal Government of Nigeria with specific reference to administrative activities and reject the hypothesis which says that a significant difference does not exist between the actual recurrent and planned recurrent expenditure of the Federal Government of Nigeria with specific reference to administrative activities.

Summary of Findings

Based on the result of the analysis the following findings were made: (a) The revenue generated out of Oil & Non-oil revenue activities on the average financed above 70 percent of the funds required to finance her annual budgets for the period 1995-2005 (b) Average short fall in revenue of 17.75 percent budget financing requirement had been funded through loans from domestic sources (mostly banks) as this period synchronizes with the high level of external debt burden that made Nigeria lost her credit worthiness in the international financial market. The above had far reaching implications on the domestic private sector as they were crowded out in the domestic credit market for bank credit. Federal Government placed more priority on the administrative sector (National Assembly. Judiciary, Defence and Internal Security) and Public Debt service Charges in her planning as shown by 39.03% and 38.05% respectively planned expenditure for the administrative and transfers sub sectors.

Conclusions and Recommendations

Based on the above findings the following conclusions are made Planning and plan implementation efforts of the Nigerian Government still emphasize building bureaucratic structures as opposed to developing economic growth and development. The implication being thatbasic indicators of socioeconomic development such as access to education, health, transportation, water, electricity etc are very low. The much attention being paid to the building of bureaucratic structures has led to situations where over 70% of available resources are channeled to government administrative services which unfortunately has not led to the expected outcomes as the cost of most of such projects and programmes are often inflated at the planning stage, while much of the funds so allocated are diverted into private pockets during implementation. The high rating of Nigeria in the world transparency scale evidences the above position.

Based on the findings and conclusions of the study, the following recommendations are made: (a) Effort must be made by stakeholders to reform the system of government budgeting and budget implementation, monitoring, control and evaluation in Nigeria towards an integrative model that is based on the constraints of resource envelope. To this end the expertise of such organizations as World Bank may be explored to develop the local capacity within the framework of computer-based fiscal information management system. (b) The above recommendation therefore imply that given the obvious loose public financial management system that presently exist, the deficit system of budgeting should be avoided for now.

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