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BUDGET IMPLEMENTATION AND GOOD GOVERNANCE IN NIGERIA

Mercy Adiza Odeh and Christie Ogoamaka okoye
Department of Political Science, University of Jos Jos, Nigeria
Department of Political Science, University of Jos Jos, Nigeria
Email- veemsm@yahoo.com

ABSTRACT

In this twenty –first century, budgets, as an integral component of constitutional democracy, have become a prerequisite for good governance. Apart from promoting transparency and accountability in public fund management, budgeting is also a fiscal instrument for self-assessment. Post budget review activities are used to gauge overall performance. This places a lot of emphasis on the need to ensure its proper implementation. Nigeria has intimidating, top class financial experts/technocrats, who have drafted some of the best annual budgets in the whole of sub-Saharan Africa. Unfortunately, this has not driven Nigeria up the ladder of development. Poor budget implementation has resulted in a form of public governance bedeviled by unemployment, poor public infrastructures, the lack of public accountability etc. Consequently, the cost of doing business in Nigeria has been on the increase. This has discouraged investors and limited the availability of foreign capital for a sustainable national development. The major objective of the study was to analyze the relationship between budget implementation and good governance in Nigeria, using the former to enhance the latter. Data collected from secondary sources were critically analyzed, using indicators such as *economic efficiency, technical efficiency* and *operational efficiency.* Analysis showed that certain factors, such as gross corruption, lack of oversight function, delays in implementation, unrealistic goals etc have not enabled budget implementation to maximize Good Governance in Nigeria. To remedy the situation, certain recommendations were proffered to bridge the gaps.
Keywords- *Budget, Implementation, Good Governance, Development, Efficiency, Effectiveness.*

INTRODUCTION

One of the most important issues currently being faced in public accounting and finance, and by governments, especially in the less developed countries is having access to resources to finance developmental programs and service delivery. The concern of governments globally is how to mobilize and manage financial resources for the common good of the citizenry. There is also the need to establish systems for efficient, accountable and transparent financial transactions, as well as having a favorable balance between government revenues and expenditures. In other to achieve these, the government's annual budget, which has become one of the most important and pervasive instrument for resource allocation, management and control becomes vital. In any democracy, budgeting is an integral component of Good Governance. Budgets are also used by the electorate to measure the campaign promises made by politicians. (Asaruwa, 2012) In developed societies, the

Corresponding Author: Mercy, A .O.

organized private sector and other members of the society eagerly await the release of the annual budget. This happens because the budget outlines government's current fiscal policies and programs. It also shapes the socio-economic outlook for the year and helps direct investment options. The annual budget is seen as a vehicle for driving development and remains a critical catalyst for growth. Thus, if a country's budget preparation and implementation are bungled, the economy is destroyed and its development efforts stifled. This, perhaps, informs why developed nations handle their budgeting matters with seriousness. In addition the primary goal of public financial management is to maximize wealth, provide essential social services in a cost-effective manner and generate employment for the people. Since budget is the fiscal translation of government policies, plans and programs, effective budget implementation remains the soul of Good Governance. A complete budgeting protocol entails effective planning, monitoring, and implementation of recurrent and capital proposals. (Jibueze, 2013)

In Nigeria, however, the relatively long period of military rule and the various failed attempts at the entrenchment of democratic governance eroded a great part of the basic economic structures that were developed since independence. Budgeting, which has been accepted globally as an essential tool in Good Governance has become almost a mere ritual or an annual affair in Nigeria. Ayemokhia(2010) lamented that It is very sad to note that no state or federal administration in Nigeria have been able to achieve up to a mere 45% annual budget implementation level in the last twelve years. Consequently, at the onset of the fourth Republic, the General Obasanjo's administration was faced with the task of seeking ways of reversing the trend of decadence in the nation. At the inception of his government in 1999, he stated that his administration had adopted transparency, equity, justice and accountability as its guiding principles and policy imperatives. These principles are to ensure commitment to public policies and Good Governance (Nwankwo, 2004).

However, Adekoya, (2012) noted that the reality on ground suggested a different scenario in Nigeria. With an array of qualified manpower and available resources, budgeting in Nigeria has remained problematic both in the areas of preparation, execution and implementation, hence, the need for an adequate control aimed at improving effective resource utilization at the budget implementation stage. Budgetary performances which can be measured in terms of accomplishments have not being yielding the needed results in Nigeria. The disparity between budgets and accomplishment are wide, a scenario which has not abated over the years. Studies have also shown that although, the nation's budgetary estimates are good in content, they are often followed with inappreciable results. In fact, activities within the economy in the last few years have brought to the fore a critical issue that affects the heartbeat of the economy— the welfare of the people and other yardsticks for measuring Good Governance. The need for Good Governance via the budgetary process in Nigeria was stressed by Ashiomhole, (2012) thus:

'The relationship between the state and the citizens today is under considerable storm and stress, and there is the need to begin to squarely address the question of poverty,

unemployment of most especially the youth, decayed social and economic infrastructure, as well as marginalization of women in the development process in order to give meaning and content to our evolving democratic order ".

Considering the importance of budgeting in ensuring Good Governance for a sustainable democracy in Nigeria, the budget Minister/government who holds the ace in this matter can only undermine the budget implementation phase to his own peril. In addition, Ayemokhia (2010) asserted that Nigeria having a population of about 150m needs an effective budget monitoring and implementation as a sure route to its economic and socio-infrastructural rejuvenation. He noted that the nation's political leaders must realize that apart from economic stagnation and the resultant collapse of public infrastructure, a continuous failure by government to achieve budget targets may lead to serious civil actions, which are capable of threatening the fragile nascent democratic institution in the country. Over 130m poor Nigerian citizens, living below poverty line are at the receiving end of poor budget implementation. This calls for an urgent intervention to avoid a total collapse of the system. Thus, this paper was aimed at assessing budget implementation in Nigeria; expose the constraints to the efficient/effective implementation of the annual budgets and bridge the gaps by providing workable solutions to the problem.

THE CONCEPTUALISATION OF BUDGET

Jones and Bendlebury (2005) argued that the origin of a budget could be traced back to Britain when the parliament attempted to exercise control over the activities of central government. Therefore, budgeting in the early stage of its evolution was primarily concerned with serving the purpose of executive accountability (Johnson, 1992). A budget is usually viewed as a framework for revenue and expenditure outlays over a specified period usually one year. It is an instrument stipulating policies and programs aimed at realizing the development objectives of a government. This definition brings to the fore the critical issue of planning national development via an effective budget execution. According to Omolehinwa (2003), a budget is the plan of dominant individuals in an organization expressed in monetary terms and subject to the constraints imposed by other participants and the environment indicating how the available resources may be utilized to achieve whatever the dominant individuasl agreed to be the organization's proprieties. This definition was viewed from the Elitist model of decision making which fits into the Nigerian experience. Meigs and Meigs, (2004) on the other hand, defined a budget as a comprehensive financial plan, setting forth the expected route for achieving the financial and operational goals of an organization.
According to Ekeocha (2012) budgeting is one of the most important areas of policymaking. Through budgets, governments indicate how much it is willing to spend on public purposes, set substantive policy priorities within overall spending levels, determine the amount that must be borrowed in order to finance approved spending levels and enhance national development. The ability to make sensible fiscal choices is therefore regarded as one of the hallmarks of Good Governance (Galston, 2012). In Nigeria therefore, an effective budget implementation remains the catalyst for the promotion of a systematic and overall achievement of the Vision 20:20.

Wildavsky & Caiden (1997) noted that all government responsibilities are cost oriented and since resources are not always adequate to fund these activities/address the various socio economic and political needs of a country, a formal statement of revenue and expenditure at a future date must be made, thereby paying attention to critical areas of development and minimizing limiting factors. Therefore, government budget is the process of defining direction, and making decisions on how to allocate public resources to pursue the chosen strategies. A budget system consists of planning, implementation and control. Planning is a tactical process of preparing detailed short term plans (usually one year) for functions, activities, departments, ministries and agencies thereby converting the long term development plan into measurable actions. According to Omopariola, (2003) budget servers as an instrument of social and economic policy. Annually, the objectives of the government changes, but some of these objectives maintain some form of permanency, for example, generating or improving revenue base, Creating job opportunities for Nigerians, development of the Nigerian industrial strength, redistribution of income by bridging the gap between the poor and the rich, maintenance of price stability or price control, curbing wastefulness and unnecessary consumption by the rich. This definition was adopted in this study.

A budget process on the other hand is a system of rules governing the decision-making that leads to a budget, from its formulation, through its legislative approval, to its execution and evaluation. This system of rules is rooted in constitutional mandates, statutory requirements, House and Senate rules and practices, as well as administrative directives (Bill and Keith, 2004). It must be noted that budget implementation is just a phase in the budgeting process. Any defect in the formulation and authorization phases tends to have grievous effects on the implementation stage.

THE CONCEPTUALISATION OF GOOD GOVERNANCE

The World Bank set out its definition of Good Governance as; *the manner in which power is exercised in the management of a country's economic and social resources for development (World Bank, 1992).* The essence of Good Governance was described as predictable, open and enlightened policy, together with a bureaucracy imbued with a professional ethos and an executive arm of government accountable for its actions. All these elements are present in a strong civil society participating in public affairs, where all members of the society act under the rule of law. As the World Bank's mandate is the promotion of sustainable development, its call for Good Governance exclusively concerns the contribution of the concept to enhance general social and economic development. Specifically, the World Bank's fundamental objective is to enhance a sustainable poverty reduction in the developing world. The World Bank (1990) identified three distinct aspects of good governance:

(a) The form of the political regime;

(b) The process by which authority is exercised in the management of a country's economic and social resources for development; and

(c) The capacity of governments to design, formulate and implement policies and discharge functions.

Good Governance according to the World Bank, (1990) is associated with efficient and effective administration in a democratic framework. It is equivalent to purposive and development oriented administration which is committed to improvement in the quality of life of the people. It implies high level of organizational effectiveness. It also relates to the capacity of the centre of power of political and administrative system to cope with the emerging challenges of the society. It refers to adoption of new values of governance to establish greater efficiency, legitimacy and credibility of the system. Good Governance is, thus, a function of installation of positive virtues of administration and elimination of vices or dysfunctional ties. In short, it must have the attributes of an effective, credible and legitimate administrative system- citizen-friendly, value-caring and people-sharing. In many countries, the democratic form of government has proved to be ineffective for checking the swindling of public funds for private gains by the elected leaders as well as bureaucrats. Misuse of power, fraud and embezzlement of funds are systematically perpetrated by the leaders of government and their unions. The concept of Good Governance via the annual budget becomes the remedy to these societal ills. (World Bank, 1990)

According to Srivastava (2009) Good Governance refers to development management. Key dimensions identified in this context were:

a) Enhancing effective and efficient administration;
b) Improving quality of life of citizens;
c) Establishing legitimacy and credibility of institutions;
d) Making administration responsive, citizen-friendly and citizen-caring;
e) Ensuring accountability;
f) Securing freedom of information and expression;
g) Reducing cost of governance;
h) Making every department result-oriented;
i) Improving quality of public services;
j) Improving productivity of employees;
k) Eradication of corruption to re-establish credibility of government;
l) Removal of arbitrariness in the exercise of authority; and
m) Use of IT base services to de-mystify procedures and improve the citizen-government interface.

In addition the World Bank (1990) identified a number of aspects of Good Governance which are vital for the developed and the developing countries. These factors deal with political and administrative aspects, which are as follows:

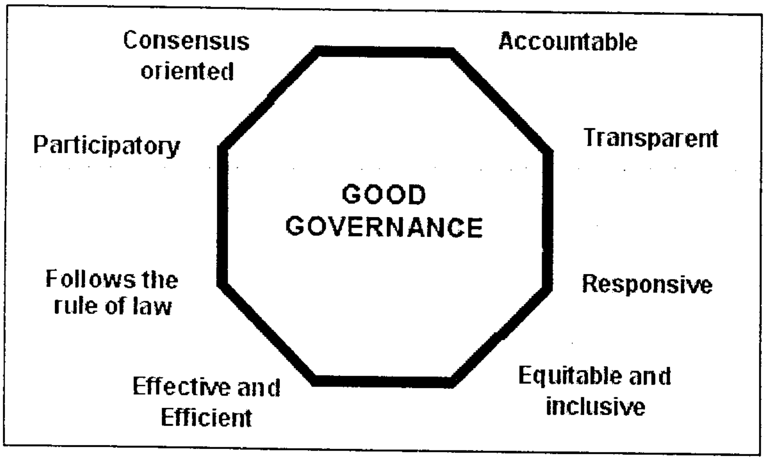
1. Political accountability, including the acceptability of political systems by the people, and regular elections to legitimize the exercise of political power.
2. Freedom of association and participation by various religious, social, economic, cultural and professional groups in the process of governance.

3. An established legal framework based on the rule of law and independence of judiciary to protect human rights, secure social justice and guard against exploitation and abuse of power.
4. Bureaucratic accountability ensuring a system to monitor and control the performance of government offices and officials in relation to quality of service, inefficiency and abuse of discretionary power. This includes openness and transparency in administration.
5. Freedom of information needed for the formulation of public policies, decision-making, monitoring and evaluation of government performance.
6. A sound administration system leading to efficiency and effectiveness. This, in turn, means the value for money and cost effectiveness.
7. Cooperation between the government and civil society organizations.

Good Governance comprehends within itself all sections of governance and all sections and regions of society. According to UNESCAP (2013) the concept of governance is not new. It is as old as human civilization. Governance means: 'The process of decision-making and the process by which decisions are implemented (or not implemented)'. Governance can be used in several contexts such as corporate governance, international governance, national governance and local governance. Since governance is the process of decision-making and the process by which decisions are implemented, an analysis of governance focuses on the formal and informal actors involved in decision-making and implementing the decisions made and the formal and informal structures that have been set in place to arrive at and implement the decision. Government is one of the actors in governance. Other actors involved in governance vary depending on the level of government that is under discussion. In rural areas, for example, other actors may include influential land lords, associations of peasant farmers, cooperatives, Non Governmental Organizations, research institutes, religious leaders, finance institutions political parties, the military etc. The situation in urban areas is much more complex. At the national level, in addition to the above actors, the media, lobbyists, international donors, multi-national corporations, etc. may play a role in decision-making or in influencing the decision-making process. All actors other than government and the military are grouped together as part of the Civil Society. In some countries in addition to the civil society, organized crime syndicates also influence decision-making, particularly in urban areas and at the national level. (UNESCAP (2013)

There is lack of a generally accepted definition of the concept but there are characteristics that strengthen Good Governance in any society. They are given as; participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive and follows the rule of law. It assures that corruption is minimized, the views of minorities are taken into account and that the voices of the most vulnerable in society are heard in decision-making. It is also responsive to the present and future needs of society. (Our Global Neighborhood,1995)

Figure 1: Characteristics of Good Governance



Source- (Our Global Neighborhood ,1995)

OECD (2001) asserted that in 2001-2002, the Poverty Task Force of the Asian Development Bank (ADB) proposed that Good Governance can measured by each of the following core indicators;

a) Make information publicly available regarding services, policies and planning arrangements at all levels.
b) Extent of access of the poor to basic government services such as health, education, infrastructure, water and power at the local level.
c) Level of budget transparency regarding provincial and local taxation, budgeting, and spending patterns in each sector.
d) Extent to which, at the national level, the level of expenditure that is targeted to pro-poor purposes is predictable from year to year.
e) Extent to which the decisions and verdicts of courts and tribunals are publicly available.
f) Extent to which local government is responsive and follows up on service delivery& problems that are raised with them by the poor.
g) Extent to which the Grass Roots Democracy Decree has been implemented in each community so as to improve opportunities for public participation.
h) Extent to which laws combating corruption are effective.

Good Governance is meanwhile specified as one of the targets of the Millennium Development Goals (MDGs), an agenda for reducing poverty and sustainable development, world leaders agreed on, at the Millennium Summit in September 2000. (OECD 2001)
The World Bank (2009) definition of Good Governance was adopted for this research.

THE NIGERIAN BUDGET PROCESS

In Nigeria, the preparation of the federal budgeting process is a replica of the state and local governments, with minimal differences. According to Ekeocha (2012) the budget is a shared responsibility of the Executive and Legislative arm of Federal Government. A summary of the Nigerian budget process is set forth below;

Budget Planning/Formulation

The Budget Office of the Ministry of Finance develops the budget in accordance with the Federal Government's fiscal policy. The Budget Office meets early in the fiscal year with key revenue generating agencies (e.g. the Federal Inland Revenue Service, Nigerian Customs Service, Nigerian National Petroleum Corporation (NNPC), as well as key economic agencies such as The Central Bank of Nigeria (CBN) to assess and determine trends in revenue performance and macroeconomic indicators and the implication of such trends for the next three fiscal years. This discussion leads to the preparation of a Medium-Term Revenue Framework (**MTRF**) pursuant to which projected revenue from various oil and non-oil sources are determined over the medium-term. Thereafter, the Medium-Term Expenditure Framework (**MTEF**) is developed highlighting key areas of expenditure (e.g. statutory transfers, debt service, Ministries, Department and Agencies (MDAs)'s Expenditure) as well as the projected fiscal balance. If this fiscal balance is a deficit, sources of financing would be considered. According to Ekeocha (2012), the Government have being using the Medium-Term Sector Strategies to prioritize and align the capital expenditure of large-spending MDAs with the development objectives of the Government since 2005. This has been focused on NEEDS, the MDGs, the Seven-Point Agenda and, the Vision 20:2020 and the First National Implementation Plan (NIP). The MTEF is further developed into a formal Medium-Term Expenditure Framework Report, which includes the Fiscal Strategy Paper and MDAs expenditure ceilings. This formal MTEF/Fiscal Strategy Paper is required, under the Fiscal Responsibility Act, to be presented by the Minister of Finance first to the Federal Executive Council and then to the National Assembly for consideration and approval. (Ekeocha, 2012),

The Preparation of the Executive Budget Proposal

Once the MTEF, Fiscal Strategy Paper and MDAs' expenditure ceilings have been approved by the Federal Executive Council, the Budget Office, under the supervision of the Minister of Finance, issues a Call Circular to the MDAs, instructing them to allocate their allotted capital expenditure ceilings across their existing and new projects, programs and other initiatives. MDAs are also required to submit estimates of their recurrent expenditure requirements for personnel costs and overhead. The Budget Office evaluates and consolidates the submissions of the various MDAs and prepares the draft budget.

Presidential Submission to the National Assembly/ Legislative Scrutiny and Approval

The draft budget is presented by the Minister of Finance to the President for approval. The approved budget, together with supporting documents, is formally presented by the President to the National Assembly for consideration and appropriation at a joint session of the Senate and the House of Representatives.

The budget is considered separately by the House of Representatives and the Senate of the National Assembly. All the relevant Committees in both Houses review and recommend changes to the various segments of the budget. During the process, there is usually "horse trading" between the executive and the legislature, seeking for a common ground, for the speedy passage of the Appropriation Bill. The two houses harmonize their drafts and the recommendations of the various committees are considered and collate. The harmonized budget is approved separately by each chamber of the National Assembly. Thereafter, it is presented as the Appropriation Bill to the President for assent. Once the President assents to the Appropriation Bill, it becomes an Act of parliament passed into law.

Budget Implementation

The implementation of the budget is carried out by the various Ministries, Department, and Agencies (MDAs) of the federal government. Funds for capital projects are released on a quarterly basis to the relevant spending MDAs in line with what is allocated to them in the budget. In 2005, the Federal Ministry of Finance instituted cash Management Committee, to ensure funds availability for the smooth financing of government budget. This structure serves to reduce discretionary borrowing from the overdraft (Ways and Means) account of the Central Bank and avoid delays in executing capital projects.

Monitoring and Evaluation of the Federal Budget

The monitoring is done by the Ministry of Finance, the National Planning Commission (NPC), the National Assembly, the National Economic Intelligence Agency (NEIA), the Presidential Budget Monitoring Committee (PBMC), the Office of the Auditor General of the Federation and the Accountant General of the Federation. The actual inspection of the capital projects are carried by the Ministry of Finance; the National Planning Commission and National Assembly through its think-tank – the Policy Analysis and Research Project (PARP) renamed as National Institute for Legislative Studies (NILS). Copies of the budget Implementation reports are on the website of the Federal Ministry of Finance. It is the duty of the NILS to make these reports available to the National Assembly presiding officers and relevant Committees. Nigeria's budget process is currently governed by the Constitution, the Finance Control & Management Act of 1958 and the Fiscal Responsibility Act of 2007. Each of these instruments provides mandates and specific roles for the executive and legislators to play in the budgeting process. While some provide the timeframe, others are silent. (Ekeocha, 2012).

Budget Implementation and Good Governance in Nigeria

After the approval stage in the budgetary process, the master budget is circulated to all functional Ministries, Departments and Agencies (MDAs), to be used as a reference booklet for daily operational purposes. For the ease of execution, the budget is divided into two (2) categories;

1. The Revenue Budget
2. The Expenditure Budget

While the Revenue Budget is implemented by only the revenue yielding/commercialized organizations among the MDAs, the expenditure budget is implemented by the MDAs to cover all government expenditures in the year under review (Odeh, 2001). To assess the role of the budget in enhancing Good Governance in Nigeria, certain indicators were used;

i. **Economic Efficiency**
ii. **Technical Efficiency**
iii. **Operational Efficiency**

Economic Efficiency

Balogun (1980) views an economic system as efficient economically if it succeeds in rationing out its scarce resources and the scarce products of the system in the most desirable way. To this end, the strategy of the economic realist who strives for economic efficiency in a budget according to him includes;

a) **Control of cost,**
b) **Avoidance of waste**
c) **(Subjectively) rational allocation of resources.**

Control of Cost; - Since the resources of the developing nations of the world are scare in the face of many competing wants, Economic Efficiency in budget implementation demands that jobs be done at minimal costs. Prudence and cost consciousness becomes vital guiding principles, if the nation is to meets the goals of Good Governance. This infers that the cost of infrastructural and other sectoral developments must be achieved with the thrift principle. In the areas of construction of infrastructure and procurement, investigations revealed that most jobs are contracted out in Nigeria. A Nigerian investigative committee revealed that the bulk of construction work in Nigeria is carried out by foreign managed firms. The government failed to promote the growth of indigenous construction capacity. Indigenous firms suffered from under capitalization even when they had the competence. They observed that rushed projects encouraged the waving of tenders' procedures, improper evaluation and monitoring of costs. That construction the industrial sector was characterized by inadequate local material input. (Report On High Cost of Government Contracts, 1981). Studies have shown that this has been the trend over the years under study. With the contractor's profit motive in view, it can be concluded that the government could have minimized cost by executing some of the jobs by direct labor, to justify the recruitment of some professionals in the concerned sectors, as well as create employment opportunities in those sectors of the economy.

In addition, after reviewing a total of 4072 contracts valued at N639.62 billion awarded in 1999, the Christopher Kolade Contract review panel indicted the Abdulsalami Abubakar's regime for embarking upon "willful destruction of the Nigerian economy….."and for engaging in unconventional developments, which had accounted to a serious drop in Nigeria's foreign reserve. In 2004, Solgas Energy, under the Ajakuta steel company won a contract of N529.2 billion. The senate discovered that the company lacked the financial strength, managerial and technical capabilities to handle the contract. Above all, the project real cost was put at N220.5 billion. The House of Representatives committee under the chairmanship of Hon Oluwole Adeyemi revealed that 65% of "Nigeria's budgeted funds are wasted". The Nigerian police force spent N154million on a mere agreement and drilled a borehole at a cost of N10million. The federal capital territory spentN442million on feasibility studies, which were never carried out. The Nigerian Ports Authority had budgeted N7billion for 2003, but spent N44million. The defunct Federal Urban Mass Transit disposed a brand new Peugeot 505 at a giveaway price of N50, 000.00 (Ojobo, 2011) In 2005, according to Guardian Newspaper, (2005), another source of waste of budgeted public funds was the six dredging companies who had collected mobilization fees from the failed N2billion dredging of the Upper River Niger, without doing the job. However the EFCC was able to recover only N660M from the companies.

TABLE,2. THE MOBILIZATION FEES FOR THE UNDONE JOBS

SN	NAME OF COMPANY	AMOUNT(N) 000,000
1	Westminster Dredging and Marine Ltd	N420.0
2	Nigeria Dredging and Marin Ltd-	N176.7
3	Ham Dredging	N171.9
4	Julius Berger Nigeria Ltd	N289.8
5	Tayasa Dredging And Construction Ltd	N400.0
6	Giogio Dredging Nigeria Ltd	N545.3

(SOURCE- Guardian Newspaper, 2005)

The given analysis confirmed that Nigerian annual budget implementation lacked the principle of cost consciousness. In addition, Kolawole (2013) stated;

Inflation of contracts (or costs) grievously hurts the development process. The cost of a bridge that would ordinarily be N200 million may be inflated to N2 billion. It means what should build 10 bridges and accelerate the development process has been "spent" on only one bridge! What could construct 200km of roads would be spent on just 20km. So the infrastructural development process is slowed down. *There is moderate inflation and there is hyperinflation. When you inflate a N1 billion contract to N1.2 billion, you can be described as a "moderate thief". But what about inflating it to N10 billion? That is the most common place variant in Nigeria. Hyperinflation of contracts is as damaging as outright looting. They are, in* *fact, two sides of the same coin! That is why even if crude oil sells for $1000 a barrel today, we would still have little to show for it. There are too many checkpoints! The greed is insane.*

Another issue to be considered in this category is the rate of budgeted but abandoned projects littered in many sectors of the economy, which has had adverse effects on the quest for Good Governance. According to Ingwe, Mboto & Ebong(2012,) results show that a high rate of projects delay and /or abandonment was discovered shortly after the inauguration of President Yar' Adua and his administration in May 2007. Although some project funds have been recovered, other project resources (time wasted, human skills/hours) and development benefits that would have accrued from completion of the planned and financed projects have not been recovered but lost. The fact that most of the abandoned and/or delayed projects were to be implemented in key sectors such as electricity (power) supply, construction of roads and other works, petroleum, oil and natural gas development (which forms the major sources of revenue for the Nigerian economy, education, health and so forth), represents huge opportunity losses arising from losses of development benefits and spin-offs that would have accrued from the various economic sectors of Nigeria's economy to enhance Good Governance. Section 30 of the *Fiscal Responsibility Act, 2007,* requires the Honorable Minister of Finance, through the Budget Office of the Federation to monitor and evaluate the implementation of the Annual Budget and render quarterly reports thereon.

However, it was observed that these reports are actually prepared without concerted efforts to physically inspect these "projects" to determine the cost implications of their abandonment/unnecessary delays.

Avoidance of waste;- This refers to government's ability to maximize its revenue generation to enhance the revenue budget implementation. Studies have shown that Oil revenue has remained the main backbone of the Nigerian revenue budget for many decades. However, the nation has been unable to curtail the leakages in the oil sector, which in turn has had negative effects on its quest for Good Governance. According to Ojobo(2012), the industry provides Nigeria with more than two-thirds of government revenue and nearly all of its export earnings. He alleged that Nigeria's government has been shortchanged billions of dollars due to issues including unpaid royalties, exchange rate disparities, theft and pricing discrepancies. He questioned Nigeria's bidding process that grants licenses to oil producers as well as the practice of using private traders to act as middlemen in certain aspects of the industry, which creates obvious avenues for graft.
Some examples of the amounts Nigeria may have lost or is owed include:

a. The sum of $29-billion, due to what appeared to be lower-than-usual prices for gas sales to shareholders such as Shell, Total, ENI and state oil firm NNPC.
b. More than $6-billion per year was lost due to crude theft.
c. The sum of $4.6-billion due to price discrepancies in domestic crude sales
d. The sum of $3.03-billion in unpaid royalties
e. The sum of $947-million from gas produced from a Shell offshore field.
f. The sum of $560-million, from unpaid signature bonuses. (Igwe 2012)

Most of the findings were based on a review of the industry between 2005 and2011, though some data goes back to 2002. According to Igwe (2012), Nigeria is the world capital of oil theft. Since the government does have reliable records on the amount of barrels it produces, the exact extent of the theft is unknown, in a sector that operates with little transparency and which has long been seen as awash with graft. Figures outlined by Ngozi Okonjo-Iweala, Nigeria's finance minister, suggested that illegal oil bunkering could be as high as 400,000 barrels per day (bpd). This led to a 17% drop in official sales in 2012. Shell Petroleum Development Company (SPDC), however, estimated the loss to be much lower at 150,000 to 180,000 bpd, (approximately 7% of production). Whatever the disagreement, the realities on ground revealed that the costs of the theft are too much to be ignored in the revenue budgetary performance in Nigeria. Nigeria and its operating partners may be losing around $40 million per day (based on an assumption of $100 per barrel price) which translates to around $15 billion in revenue per year. Despite much political rhetoric over the importance of combating oil theft, the menace seemed to be growing in sophistication. Experts suggested that they ranged from local artisanal bunkering to highly organized and complex methods suspected to occur at the export terminal. This level of skill and sophistication suggests the possible involvement of powerful individuals behind the scenes. Observers also pointed at the international cartels that operate ships illegally to transport stolen crude to the global market. (Igwe ,2012).

According to BBC (2012), a scam in Nigeria's oil industry resulted in the loss of millions in revenue. The report stated that millions of dollars had been lost in the Nigerian oil industry due to a "price-fixing scam." A total of $29 billion is missing due to the scam, with $6 billion disappearing ever year. An estimated $400 billion had been stolen since Nigeria's independence in 1960. While Nigeria produces a great percentage of the world's oil, its people rarely see the benefit of its success; most Nigerians continue to live in extreme poverty. BBC (2012) further stated that the Petroleum Revenue Special Task Force, headed by former anti-corruption chief Nuhu Ribadu, revealed in its report that losses of revenue to the treasury over apparent gas price-fixing involved dealings between Total, Eni and Shell and government officials. It stated in addition, that oil and gas companies owe the treasury more than $3bn in royalties. For the period 2005 to 2011, it said $566m was owed in signature bonuses –the fees a company is supposed to pay up front for the right to exploit an oil block." It therefore called for measures to be put in place to ensure that all transactions are more transparent. Plugging leakages in the oil sector would enhance the implementation on the revenue budget as well as provide the needed funds for Good Governance. In addition, there are vast untapped potentials in the Non-Oil sectors of the economy. Real GDP growth was projected to rise slightly in 2001 to 4.0%, up from 3.8% in 2000, largely as a result of improvements in the non-oil sector. As at that period, the oil sector was hurt by a slump in oil prices and by oil production constraints imposed by the Organization for Petroleum Exporting Countries (OPEC). Nigeria has the potentials to become one of Africa's leading economies, if the non- oil sector of the economy had been given the needed attention, but years of mismanagement and social divisions have paralyzed the nation in that aspect..

Furthermore, Quadri (2012) stated that the poor tax income from the non-oil sectors in 2012 gave the impression that the sectors were under-exploited. According to him, tax revenue from education, hospitality, agriculture, finance and other sectors outside the oil and gas industry were substantial enough for government to reap bountifully if it had exploited them optimally. He stated;

Improving the policy strategy and increasing investments in the non-oil sectors will definitely enhance government's tax income from them and also create massive employment opportunities. I believe that the Federal Government can surpass its N5.007 trillion tax revenue feat in 2012, if it invigorates activities in tourism, transportation and agriculture.

According to Quadri (2012) the Federal Inland Revenue Service (FIRS) needed to re-strategise with a view to collecting more tax from taxpayers. FIRS should widen its dragnet to capture more taxpayers to fulfill their civic obligations to the state, as well as judiciously implement the National Tax Policy to the letter, to boost the nation tax revenue. In addition, Okwe (2011) noted that about \$2.166 billion, (N335.73 billion) revenue in excise duties is being lost yearly by the Federal Government to illegal exportation of shea butter commodity out of the country. Nigeria produces at least 57 per cent of the world supply of shea and its accompanying derivatives, with a global yearly value of \$3.8 billion, but loses most of the financial benefits that should come to the country as a result of the smuggling of the produce. At least 50 trailers carrying shea butter and its derivatives cross the Nigerian border daily to Benin Republic from the Niger state alone, while the Nigeria Customs Service appears unable to check the smuggling activities. The Nigerian Customs Service must checkmate the smuggling of shea products across the borders; to enable the country reap the maximum benefit of the international trade of the produce. The Shea butter industry in Nigeria is on the path of growth with the country having the potential to mechanically process 6,000tonnes per year; export 50,000 tonnes of Shea nuts per year; more so with new processing plants being constructed every year, while existing ones are being renovated to increase capacity and efficiency. If other products are given the needed attention it will boost the revenue budget and put the nation on course to Good Governance. (Okwe 2011).

(Subjectively) Rational Allocation of Resources;- Nigeria is one of the few African countries that parades abundance of human and material resources necessary for rapid transformation from peasant based agriculture to a viable industrial economy. The country is richly endowed with crude oil and more than 70 other mineral resources distributed among various states, yet no meaningful development has been achieved, Experience has shown that daunting poverty and under-development has persisted in the face of tremendous national wealth and potentials (Ariyo, 1998). The level of economic prosperity lags very far behind many of those countries with less endowment. This whole scenario has raised unanswered question about the degree of rationality in resource allocation via the budget for sustainable development and Good Governance.

It was discovered in the course of the study, that in addition to chronic delays in budget implementation by the executives, the Nigerian federal budgets had little or no regard for rationality in resource allocation during the formulation and legislative approval stages. If there is no rationality in the course of allocation, the result would be irrationality and failure in the implementation phase. Sometimes the National Assembly increases the budget without recourse to the executive and the revenue upon which the original estimate was based. In addition, Nwachukwu,(2011) stated that Oil industry operators had described President Goodluck Ebele Jonathan's 2012 Budget estimates as highly ambitious and very unrealistic, as oil accounts for more than 80 percent of the national revenues. They argued that the budget size of N4.75trillion on production estimates of 2.48million barrels per day, was not in tune with current realities, in view of the fragile peace in the nation's oil-rich Niger Delta, the threats of another round of global recession if the Euro Zone collapsed, OPEC quota restrictions as well as the international oil market, which had witnessed increase in output. Other times too, the federal government in the course of budgetary allocation reduces the oil benchmark to an unrealistic amount. This action in turn reduces the allocation to states for developmental purposes and creates excesses which the federal government channels to The Excess Crude Oil Account /The Sovereign Wealth Fund for unproductive utilization/ looting by corrupt government officials. The issue of irrationality in government's budget allocation and implementation was portrayed by Makinde, Aboluwade and Success (2013), when they revealed that the House of Representatives had insisted on the satisfactory execution of the 2012 budget before it can deliberate on the 2013 budget. Both chambers said the $75 oil benchmark given by the Federal Government for the 2013 budget was unrealistic, given the infrastructural challenges the country is facing, and the need for states to have money. Governors Kayode Fayemi, Abimbola Ajimobi and Abdulfatah Ahmed, declared that it was wrong for the Federal Government to plan to enhance the accumulation of excess crude revenue, when the states were yearning for funds for development. Ajimobi emphasized;

"In federalism, there is autonomy and the states will need more money to run their affairs. There is no need to accumulate funds when there is development or infrastructural challenges in the states. The Sovereign Wealth Fund is indeed at the detriment of development in the states. The Excess Crude Oil Account and the so-called Sovereign Wealth Fund is still mired in controversy". (Makinde, Aboluwade and Success, 2013)

According Salam (2007), budgets are not made to ensure Good Governance in Nigeria but they are made to service the selfish and exploitative tendencies of Nigerian ruling Elites. He highlighted some aspects of the 2008 budget thus;

i. The National Assembly was allocated N65 billion out of the N2.5 trillion budgetary expenditure made by President Umaru Yar'Adua.
ii. N2.2 billion was earmarked for food in the Presidency.
iii. The State House was allocated N1.301 billion expenditure budget, with for feeding and refreshment in the State House. A breakdown of the amount was N827.4 million for refreshment and N474.06 million was for the procurement of food stuff.

In effect, the Presidential Villa would be spending about N2.3 million and N1.3 million daily for refreshment and procurement of food stuff respectively.

iv. N65 billion was for the National Assembly. A breakdown of the amount was, N19.893 billion was to be expended by the Senate, while N32.97 billion was to sustain the 360 members of the House of Representatives.

v. The balance of the legislature's budget was earmarked for the National Assembly bureaucracy.
The N65 billion voted for the legislature was the highest figure ever received by the legislature since the advent of the fourth republic.

vi. A significant proportion of the National Assembly budget, amounting to N15.879 billion was devoted the legislators travelling expenses across the country and the world for their duties.

vii. Members of the House of Representatives are to expend N10.33 billion for travelling purposes within and outside the country, a figure that is besides another N268.8 million earmarked for travelling for training- related purposes.

viii. A total of N5.032 billion was earmarked for the **"general" travel** of senators within and outside the country, while another N278.2 million was for training purposes.

ix. The Presidency was expected to spend N1.27 billion on local and international trips within the same period besides another N760.8 million proposed for travelling for training of Presidential aides and staff.

x. N225, 612 was to be expended daily, (amounting to N82.574 million in the year) to buy fuel to run the generators servicing the State House and the adjoining Presidency offices.

xi. The National Assembly was to buy fuel for its generators at a cost of N63 million.

xii. Despite the monetization policy of the Federal Government, the Presidency was to expend N102.7 million on rents for some officials in the year.

xiii. While tax payers were to provide N1.5 million for the reading glasses of presidential aides domiciled in the State House.

xiv. The Presidency was to expend N10.468 million on sewages, N80.7 million for the payment of telephone charges.

xv. N13.8 million was to keep insects and other pests at bay from the Presidential Villa.

This was a culture of waste, which had no intension of pursuing the goals of Good Governance. It was an agenda to satisfy the selfish goals of the ruling Elites.

In addition, Okei-Odumakin(2013), scandalized by the culture of waste that has become the hallmark of governance in Nigeria, protested against the latest of such fiscal brigandage in the N4billion allocated for the building of an office for Nigeria's First Lady, Patience Jonathan called "African First Ladies Mission Initiative". She stressed that the allocation, which was provided for in the Federal Capital Territory's 2013 Budget, was an affront to Nigerians and should be vehemently resisted by all right-thinking members of the society. Even in an era where fiscal irresponsibility remains the norm, the allocation was an extraordinarily egregious insult on Nigerians. To budget such a humongous amount of public funds for a ceremonial office that is not recognized by the 1999 constitution of the Federal Republic of Nigeria, according to Okei-Odumakin, (2013), was a resounding slap on the collective visage of the majority of Nigerians, especially at a time when millions of citizens live on less than a dollar per day. To do so when majority of the citizens had become patients of a poverty pandemic, caused by a criminally poor leadership was tantamount to spreading salt on an open wound. The office of the First Lady was not a creation of the constitution. Rather, it was the despicable product of the whim and caprices of the nation's cruel ruling elites. N4billion could help millions of school age children to get better education, equip rural clinics with drugs, maintain important but decaying infrastructures and do society a lot of other good. (Okei-Odumakin,2013)

If the national budget is to influence the management of national resources positively, then, there is a need to revisit the issues of unrealistic resources' allocation in the annual budgets. That is a sure path to the goals of Good Governance. A good budget has two options of either a good implementation or a bad implementation, but a bad budget, from the onset has been doomed to fail.

Technical Efficiency

Whereas economic efficiency stresses cost consciousness, technical efficiency emphasizes the ability to achieve some specified goals within a particular period without necessarily counting the cost. To this end technical efficiency is synonymous with effectiveness. The World Bank set out its definition of Good Governance as;

The manner in which power is exercised in the management of a country'sEconomic and social resources for development (World Bank, 1992)

The quest for Good Governance therefore relates to how a nation can ensure the use of its resources to uplift the living standards of the citizens, as well as create opportunities for political, socio-economic and technological development as well as positive increases in other aspects of the national life in a democratic setting. According to BBC Africa (2012), while Nigeria produces a great percentage of the world's oil, its people rarely see the benefits of its success; most Nigerians continue to live in extreme poverty. Technical efficiency in Nigeria's budget implementation was analyzed below in table 1;

Table 3: Budget Allocation to Recurrent and Capital Expenditure in Nigeria (=N=b)

BUDGET	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Total
RE.	355.4	354.1	382.8	568.4	1,000.4	1337.1	1,484.9	1,818.9	2,073.8	2,754.7	12,130.00
CE	496.4	486.8	382.3	349.9	617.2	539.2	781.5	673.2	796.7	1,853.9	6,977.10

TOTAL	**851.8**	**840.9**	**765.1**	**918.3**	**1,617.6**	**1, 876.3**	**2,266.4**	**2,492.1**	**2,870.5**	**4,608.6**	**19,107.60**
CE%	**58.3**	**57.9**	**50**	**38.2**	**38.2**	**29**	**34.5**	**27**	**28**	**40**	**40**
AI%	**50**	**50**	**50**	**50**	**92**	**92**	**60**	**30**	**20**	**20**	**51**

Source: CBN Annual Report (2001-2010).
Keys: RE=Recurrent Expenditure,
CE=Capital Expenditure,
AI% = Average implementation percentage.

The average allocation to capital (development) expenditure is 40% and when this is combined with the average of implementation of 51%, it implies that Nigeria will have neither meaningful development nor Good Governance, unless an urgent budgetary reform is carried out. The low percent of capital expenditure in relation to the total budgeted expenditure shows that proper attention has not been paid to development by the Nigeria government. The Expenditure pattern is **recurrent heavy** for the ten years. It is therefore obvious, that the Nigeria government have not being mindful of infrastructural development which would have triggered off sustainable development and Good Governance. The phenomenon of low implementation of budgets and the return of unspent monies signified a slack in the provision of welfare for the citizens (CBN Annual reports 2001-2010). In addition, in the year 2004, N41billion was added to the final budget by the national assembly, without rationalizing the source of funds. There were cases of illegal virements of funds from one ministry to another and from one project to another to cover shortfalls. Funds appropriated for certain constituency projects were vired indiscriminately. In view of this gross indiscipline in budget implementation, it was concluded that the budget submitted by the regime of Musa Yar Adua was not properly implemented. That it had little or no positive effects on the real sectors of the economy and on the life of an average Nigerian. (This day Newspaper, 2005).
According to Iredia (2011), In November 2009, the Senate speaking through Senator Ayogu Eze argued that most of the projects earmarked in the 2009 expenditure budget were not implemented because civil servants in ministries, departments and agencies, MDAs, lacked the capacity to implement the budgets and appropriations they ask for every year. Unfortunately the Senate did not explain why on a yearly basis, it approves for MDAs budgets which they can alleged that they were not properly implement. The truth is that the system is full of antics which explain why the legislature is forever setting up probe panels to expose only past misdeeds. Why the revelations are never noticed at all during over- sight functions? In addition, there were delays in the passage and implementation of annual budgets which has become a norm in Nigeria. According to the Budget office (2013) the implementation of the 2012 budget was hampered by the extension of the implementation period of the 2011 capital expenditure to 31 March 2012 and the late passage of the 2012 Budget. These two factors necessitated that MDAs focused on the implementation of their 2011 ongoing capital projects and programs in the first quarter of 2012, while being cautious with the utilization of

the first quarter capital votes, so as not to incur expenditures on projects that may eventually not be appropriated for in the 2012 Appropriation Act. Against this backdrop, MDAs failed to access their budgetary releases in the quarter. The capital budget commenced, in April, when the 2012 Budget was signed into law. (Budget Office, 2013)

The minister of finance stated that the delay in the passage of the budget by National Assembly was responsible for the poor performance of the budget. The budget was passed in April and they were left with eight months to implement. According to statistics compiled by the chairman committee on Appropriation in the House of Assembly, only 30 percent of the budget has been implemented. Mr. President has said that there were 100 percent releases and only implementation was remaining. The Minister of Finance, Usman Shamsudeen on the other hand , blamed the poor implementation of the 2008 budget on the National Assembly for failing to pass the Bill early enough. Most of the delays have been attributed to politicking and pressures from the ruling elites, for the inclusion of selfish interests in the budgetary estimates. The average Nigerian is hardly considered in the allocations and the implementations. . Rauf Aregbesola, concluded that corruption alone accounted for seventy percent (70%) of the total annual budget in Nigeria. He regretted that there was little or nothing to show for all the resources available in the country. The people are still living in poverty because of corruption. This backwardness is evident in the kilometers of bad roads, the state of public schools, the unhealthy hospitals, the communities without safe drinking water, the power cuts, the population of out-of-school children, infant and maternal mortality, and several other indicators. If the common wealth were judiciously managed, Nigeria would not be where it is currently. He stressed further that public and private sectors in Nigeria have become a highway of corruption, noting that if corruption is eliminated in the budgets, procurements and all leakages blocked, the quality of life of the citizenry would be improved. (Akinnaso, 2012)

Recently, the National Assembly accused the President of treating the 2012 budget with so much levity that only about 35 per cent implementation had been achieved as of the end of July, leaving only about five months to go to the end of the year when Ministries, Departments and Agencies would be required to return unspent budget funds to the treasury. Particularly affected is the capital budget whose implementation has been abysmal. According to Onyekpere(2012), it was just a selfish agenda. He stated;

"The National Assembly was only concerned about the ripple effects of slow "budget implementation on its members wallets". When budget implementation is slow, the release of funds will be slow, and MDAs will not get funds for the projects earmarked in their budgets. Legislators are especially interested in the MDAs' budgets because they are known to inflate the budgets of various MDAs and negotiate their share of the pork once funds are released to them. Legislators are particularly interested in constituency projects, which American politicians call "pork". They are padded on appropriation bills by legislators as projects dear to their constituencies. When funds for capital projects are not released, there would be no funds for constituency projects. You can now understand that the legislators' complaint about

the slow release of funds to the MDAs is not completely altruistic but born out of self-interest". (Onyekpere, 2012)

Operational Efficiency

According to Balogun(1980) operational efficiency focuses on inputs and outputs. It combines the elements of both economic efficiency and technical efficiency. The scarcity of resources at the disposal of government dictates the need for economic efficiency, while the quest for technical efficiency forms part of the efforts at improving the goal attainment capacity of the organization/state. Akinnaso, (2012) stated that corruption had hijacked most budget implementations in Nigeria, with most of the budgeted funds being posted to personal accounts at home and abroad by corrupt officials.. He summed up Nigeria's performance in the constant rift between the Executives and the Legislators. An interesting dimension of the conflict is the threat of impeachment by the House of Representatives, based on the President's slow pace of budget implementation and his failure to implement it as appropriated. Over the years, poor budget implementation by the executive arm of government at the local, state, and federal levels has sabotaged key public infrastructure such as transport, power, and communication among others. Normally, the legislature's posturing should excite Nigerians who have watched helplessly over the last 13 years as capital budgets are casually implemented in the breach by successive Presidents with hardly a whimper from lawmakers. But a closer look suggests that the interest of the electorate, as usual, does not feature much in the sabre-rattling of the legislature. It has been a familiar tactic that The National Assembly would accused all presidents since 1999, of not planning enough to fight escalating insecurity, rising unemployment, and widening poverty. If the 2013 draft budget proposal of N4.929 trillion is approved, it will mean that by December 2013, the Federal Government would have spent N32.24 trillion within a period of eight years with little or no improvements on the well being of the citizenry (Adekoya, 2012)

The country remains in the dangerous category on all international indices, as illustrated by the recent findings of the Failed State Index, the Corruption Perception Index, and the Human Development Index. The President's action or inaction on various corruption probe reports raises questions about his stand on corruption of the scale of over N1trillion. Unfortunately, The House of Assembly too is being accused by many Nigerians of corruption, scandals, jumbo pay, and a recent move to enact a law that would enable its members to enjoy pension and gratuity as well as the bribe-for-budget syndrome. In 2004, government uncovered a- N55million "public relations lobby fund" allegedly used by the Ministry of Education to influence the legislature to increase its budget. The issue led to the removal from office of the Senate President as well as the Minister of Education. (Akinnaso, 2012). President Obasanjo then announced that his administration was set to deal with other MDAs found to have also 'bribed' legislators concerning the budget. Nothing much happened thereafter except that the MDAs that got scared of the threat and avoided lobbying lost out. The Nigerian Television Authority (NTA) got a zero allocation for capital expenditure every year from 2003 to 2007 because its chief executive did not lobby. (Iredia, 2011). These scenarios implied that Nigeria is yet to achieve operational efficiency in budget implementation, which has negative effects on the quest for Good Governance in the country.

THE PROBLEMS OF BUDGET IMPLEMENTATION IN NIGERIA.

Budgeting is an integral component of democracy and a basic pre-requisite for Good Governance. Budgeting is also a fiscal instrument for self assessment. The sad tale in Nigeria is that the implementations of the annual budgets have been bedeviled by some problems, which include the following;

i. Gross Corruption

According to Mernyi,(2012), large-scale corruption, is seen as the major cause of the mangled Nigerian project. The millions and billions of public funds that disappear from the treasury on a daily basis continue to hurt the prospect of a prosperous Nigeria and Good Governance. Large-scale corruption manifests in two major forms: outright looting and inflation of contracts or costs (there are many other forms). Outright stealing is the looting of public resources without any attempt to execute projects. The money is simply stolen. Some bad roads have actually been built according to government records. The fund is stolen 100 per cent. Also, it is very easy to steal recurrent budgets, especially consumables, as the evidence to nail the perpetrators can be easily manipulated. A classic example of outright looting is the pension funds scam running into billions of naira. It was recorded as implemented until it was uncovered as false record. For 12 years running, Nigeria's budgetary process has been characterized by delays in preparation, submission and appropriation. More supplementary budgets were usually concluded at the tail end of the financial year. The result is that lack of coordination and distortion in the implementation process and incongruence between the amounts appropriated and the estimated revenue. A top government official working with one of the agencies of government under the Presidency said in 2007 that members of the legislature imputed about N100 billion into the agency's budget and later came to redeem half of it after the budget was signed by the President.

The Economic and Financial Crimes Commission (EFCC) disclosed that it had prosecuted over 44 persons involved in the fuel subsidy fraud since the probe by the National Assembly early in the 2012. The EFCC chairman Ibrahim Larmode revealed that the marketers stole over N323 billion belonging to government. He stated that the commission had intercepted over $9 million being laundered money at various points out of the country by some greedy Nigerian leaders, stressing that over N14 billion representing a good percentage of the country's budget had been laundered abroad by some corrupt leaders. The EFCC boss however, called on government to strengthen the anti-corruption agencies in the country by providing adequate budgetary funds and more powers to be able to fight corruption in the country. Lamenting the challenges faced by the anti- graft agencies in prosecuting alleged corrupt persons, Lamorde blamed the judiciary for deliberate delay in the quick dispensation of corruption cases especially those against some rich Nigerians. (Kolawole,2013). These huge funds would have been channeled to Good Governance if there was a fraud-free implementation of the budgets.

ii. Inflation of Contracts

Inflation of contracts (or costs) also grievously hurts the development process. The cost of a bridge that would ordinarily be N200 million may be inflated to N2 billion. What should build 10 bridges and accelerate the development process has been "spent" on only one bridge. What could construct 200km of roads would be spent on just 20km. So the infrastructural development process is slowed down. Thus, if crude oil sells for $1000 a barrel today, Nigeria would still have little to show for it.

iii. Lack of Oversight Functions

Section 30 of the *Fiscal Responsibility Act, 2007,* requires the Honorable Minister of Finance, through the Budget Office of the Federation, to monitor and evaluate the Annual Budget implementation and render quarterly reports thereon. The legislature is also expected to monitor budget implementation however, an economic analyst puts it succinctly thus: "Oversight functions carried out by the legislative arm of government in the past as it concerns budget implementation and monitoring have been nothing but mere window dressings". This fact has helped to condemn budgets as mere yearly rituals. Poor budget implementation in Nigeria is a huge indictment on the executive and legislative arms of government at the local, state, and federal levels. It is also necessary to note that complete budgeting protocol entails effective planning, monitoring, and implementation of recurrent and capital budgets. (Adekoya 2012) According to Idumange, (2011) two factors have distorted budget implementation and these are late or non release of allocations and also expenditure indiscipline. The second critical flaw is the inability of the National Assembly(NASS) to carry out its oversight functions. When the budget cycle fails to the yield the desired results, it is a tacit admittance that the entire governance process has failed. Allegations are also rife that the MDAs lack integrity. It is incontrovertible that the promotion of transparency and accountability would be a mirage without fiscal and budgetary discipline through effective monitoring and evaluation at all stages. (*Idumange, 2011)*

iv. Delays in the Budget Implementation.

Ekeocha (2012) stated that budget implementation at the federal level hardly commence officially in January of any fiscal year for the past 10 years except in 2001 and 2007 fiscal years when the respective budgets were signed into law by the President on December 21st 2000 and December 22nd 2006 respectively. Late submission of the budget to the National Assembly over the years has led to late commencement and thus poor budget implementation and its attendant consequences. It is very sad to note that no state or federal administration in Nigeria have been able to achieve up to a mere 45% annual budget implementation level in the last twelve years. According to Adekoya (2012), since 2007, there has been a constant blame game between the Executive and the lawmakers as to why the yearly budgets fail. While the National Assembly is blaming the ministries, departments and agencies of government for poor budget implementation, the MDAs on the other hand often blame the Federal Ministry of Finance for not releasing funds on time. Budget estimates are submitted late. The procedure for scrutinizing the budget is not only faulty but prone to corruption; increases are not borne out of the genuine needs of the masses but for the bloated allowances of NASS members. This is worsened by the fact that there are no adequate mechanisms for monitoring budget performance. (Idumange, 2011). Late submission of the budget has wild implications for the functioning of the economy as it distorts even the aspects of the free market that do work. Even after making allowances for delays and ongoing activities, the Senate and the House had blamed the Executive arm of government and had put total budget implementation of most budgets since the fourth republic at 21.5 per cent and 35 per cent respectively. On the other hand, The Minister of Finance, Usman Shamsudeen blamed the poor implementation of the 2008 budget on the National Assembly for, failing to pass the Bill early enough. Obviously such trend of accusations and counter accusations between the legislature and the Executive arms of government had hindered the actualization of the national aspirations of sound budgets implementation.

v. Lack of Political Will

Idumange,(2011), noted that the weakest link in the budgeting implementation process in Nigeria, is the lack of political will on the part of the Executive to do the right thing as well as the inability of the NASS to carry out its oversight functions. When the budget cycle fails to the yield the desired results, it is a tacit admittance that the entire governance process has failed

vi. Unrealistic Goals.

Idumange, (2011*)*.asserted there were cases of the lack of definite economic objectives and commitment to delivering the objectives, non-alignment of economic objectives with budgetary allocations and series of cases of non-implementation of appropriation Acts and supplementary appropriation Acts. As has been the practice in recent years in Nigeria, the government adopted a conservative method of determining the benchmark price of oil for its annual budget in view of the international oil price volatility. This way, budget expenditures are cushioned from possible negative impact of oil market price drops. In this respect, the oil benchmark price for the 2012 Budget was projected at US$72/barrel while oil production was fixed at 2.48 million barrels per day (mbpd), a marginal increase of 0.18 mbpd over the 2.3 mbpd projected for 2011. However, the Central Bank of Nigeria (CBN), Governor, Sanusi Lamido asserted that the Federal Government's budget of N4.485 trillion passed in 2011 was based on an unrealistic benchmark for oil at $75 a barrel, and the implementation could can cause increase in the prices of goods and services.(Vanguard news, 2011). This scenario does not tally well with a quest for Good Governance. In addition, Adeseye Ogunlewe, former Minister of Works at the Senate Ad-hoc Committee which was investigating works in the transportation sector in 2008, revealed that an amount which can fix only one road would usually and deliberately be assigned to several roads. Using the Sagamu-Benin Road as a test case, he maintained that the figure allocated to the road in the 2008 budget had "no correlation" with the requirement for fixing the road, adding that *"spreading small sums to too many roads in a zone will not lead the nation anywhere."* Consequently, that road is ever under repairs. The testimonies of under review. The primary goal of financial management is to maximize wealth, provide essential social services in a cost-effective manner and generate employment for the people. Since budget is the fiscal translation of government policies, plans and programs, effective budget implementation remains the soul of Good Governance..According to Adekoya 2012), over the years, poor budget implementation by the executive arm of government has sabotaged key public infrastructure such as transport, power, communication, employment etc. Budget implementation remains the key to Nigeria's recovery.

For budget implementation to achieve Good Governance, it must not be shown in figures but in the quality of life of the people, accessibility to health, additional jobs, infrastructural development etc. According to Olomola, (2007) Nigeria can have effective budget implementation that could enhance Good Governance if there is a paradigm shift in budget preparation. This implies that there should be a conscious transformation of the budgeting horizon from the traditional annual budget to include performance measurement information. The concept of performance budgeting essentially places emphasis on linking budget levels to expected results, rather than to inputs or activities. The focus on results will involve clear definition of missions and outcomes, measuring performance to gauge progress and using performance information within decision processes. Within the framework of performance budgeting, the preparation of the budget at the level of individual agencies will require proper articulation of targets and indicators and elaborate record keeping for ensuring data availability on regular basis. According to Olomola (2006) such data should provide legislative decision makers with information to better evaluate budget proposals and better enable them to ask key questions about the effectiveness of agency programs. It should also help focus the budget discussions on performance and results.

(ii) Secondly, there is need for expenditure tracking as an institutional framework for tracing the flow of resources through the various levels of government bureaucracy and providing local communities with information about funds allocated to particular services in their area. Government should spend public funds in accordance with budgetary allocations, monitor how the funds are being used and determine whether or not they reach the intended beneficiaries.

(iii) Besides, there should be effective monitoring and evaluation (M & E) to minimize corruption, promote transparency and accountability and ensure that the people derive the expected benefits. Accountability rests largely on the effectiveness of sanctions and the capacity of existing institutional machinery to monitor the actions, decisions and private interest of public officials. Sanctions and budget monitoring framework are very weak in Nigeria. To strengthen the evaluation process, rewards and sanctions should be linked to achievement or non achievement in respect of budget targets, output and outcome. Incentives should be provided to encourage achievement of specified targets while penalties are imposed for failure to achieve. (iv)The legislative oversight functions relating to budget performance should also be strengthened. The best the legislators have been able to do is to reveal the poor level of performance from time to time with threats of denial of future approval if there is no improvement. The legislators should deploy their enormous constitutional powers and opportunities to create significant improvement in budget performance in the country. Only by so doing can they claim to be true representatives of the people.

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