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BUDGET IMPLEMENTATION AND GOOD GOVERNANCE IN NIGERIA

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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

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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:

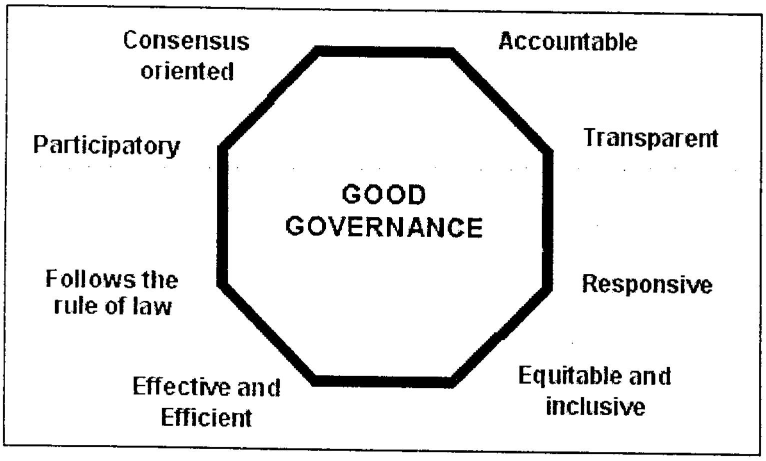
1. Political accountability, including the acceptability of political systems by the people, and regular elections to legitimize the exercise of political power.
2. Freedom of association and participation by various religious, social, economic, cultural and professional groups in the process of governance.

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