Developing Country Studies www.iiste.org
ISSN 2224-607X (Paper) ISSN 2225-0565 (Online)
Vol 2, No.6, 2012

An Analysis of the Federal Budgeting Process in Nigeria: Implications for Institutional Reforms for Acheiving Timeliness.

Ekeocha, Patterson Chukwuemeka. PhD
National Institute for Legislative Studies (NILS), National Assembly, Abuja
Tel: +234 803 548 7968. E-mail: p.ekeocha04@fulbrightmail.org

Abstract

The paper is an analysis of the federal budget process in Nigeria. It brings to the fore the nagging issue of late budget submission by the executive to the National Assembly and the attendant weak budget performance. The paper reiterates the importance of government budgetting in setting priorities and influencing the economy and thus posits that the ability to make timely and sensible fiscal choices is one of the hallmarks of good governance. Incidentally, timely budgeting is far from the norm in Nigeria and the extant laws are unable to address this important fiscal challenge. Unlike other papers on the subject matter, this analysis advances a framework that makes it easier to identify the avenues through which the Executive (President) or the Parliament can and do bungle the various elements of the budget process. The paper concludes by proffering institutional reforms that will correct the identified lapses if timeliness is to be achieved in the budgeting process thus, making budget implementation effective.

Keywords: Budgeting Process, Institutional Reforms, Timeliness, Nigeria.

1. Introduction

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 thus influence the economy. The ability to make timely and sensible fiscal choices is therefore regarded as one of the hallmarks of sound governance (Galston, 2012). Galston (2012) further posits that timely budget interventions affect public trust and confidence in the institutions and processes of self-government in democracies. In the case of Nigeria, timeliness in the budget process will promote the systematic and overall achievement of the Vision 20:2020 without shifting any development burden to other implementation periods[i].

Unfortunately, scarcely has budget implementation at the federal level commenced officially in January of any fiscal year for the past 10 years except in 2001 and 2007 fiscal years (see, table 1.1) when the respective budgets were signed into law by the President on December 21st 2000 and December 22nd 2006 respectively[ii]. 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. 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. Obviously such trend will hinder the actualization of the national aspirations[iii] and invariably lead to the non realization of the policy objectives of growth in GDP and per capita growth as encapsulated in NV 20:2020. It will also hinder the prospects of overcoming some of the developmental challenges facing Nigeria as encapsulated in the first four years of the National Implementation Plan (NIP) 2010-2013[iv].

While several reasons have been adduced for the late submission and poor performance of the federal budget, the budget process has been adjudged to be the culprit. Indeed the budgeting process and the corresponding budget implementation have been frowned at by the 7th National Assembly to the point that the House of Representatives in its Legislative Agenda resolved to get the fundamentals of the budget process, right. (Insert table 1.1 here). The public and civil society alike have adjudged the current federal budget process weak and unable to address the nagging fiscal challenge – timeliness[v] of the budget process. Incidentally, few studies on the subject matter did not contextually situate, the federal budget process let alone consider the institutional bottlenecks of the Nigerian budget process (Oni and Olomola, 2006; Olomola, 2007; Osafo-Kwako and Apampa, 2009).

This paper makes a start in filling that gap by contextually situating and analyzing as it should be, the federal budget process. This is with the view to defining what constitutes the federal budget process, carefully bringing to the fore the institutional bottlenecks hindering the timeliness of the process and thus proffering areas for reform that will enhance timeliness and efficiency. Accordingly, the paper seeks to provide answers to the following questions: what constitute the budget process and what is the nature of federal budget process in Nigeria? What is the institutional framework upon which the federal budget processes hinges? What are its implications, limitations, and the required actions to be taken for effective budget process? What are the experiences of other countries with similar political and democratic structure in budget process? Are there lessons to be learned? The rest of the paper is structured as follows: section 2 provides the conceptual meaning of budget process as well as an overview of the federal government budget process. Section 3 examines the institutional framework for budgeting in Nigeria while section 4 reviews the literature on country experiences in budget process and draws lessons therefrom. Section 5 evaluates the Institutional shortcomings of the federal budget process and concludes by recommending some possible reform options that will enhance timeliness and efficiency of the budget process in Nigeria.

2. The Nigerian Federal Budget Process: An Overview

In this section we try to define the concept – budget process and highlight the nature and composition of the budget process of the federal government. A budget process 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 in the federal level), and administrative directives (Bill and Keith, 2004). The budget process can dictate both the degree to which a policy debate can actually occur as well as the policy outcomes. Not only that, the system of rules provide several avenues by which the Parliament and/or the President can change, reform, or bungle the various elements of the budget process towards actualizing an effective federal budget.

2.1 The Nigerian Budget Process

In Nigeria, the preparation of the budget is a shared responsibility of the Executive and Legislative arm of the Federal Government. The budget, which is officially referred to as the Appropriation Act, is introduced by the Executive, approved by the Legislature and signed into law by the President. A summary of the Nigerian budget process is set forth below.

2.1.1 *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 (including the Federal Inland Revenue Service, Nigerian Customs Service and the NNPC) as well as key economic agencies (including NPC, NBS and 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 is determined over the medium-term. Following this determination with respect to revenue, the Medium-Term Expenditure Framework ("**MTEF**") is developed outlining key areas of expenditure (statutory transfers, debt service, MDAs' Expenditure) as well as the projected fiscal balance. If this fiscal balance is a deficit, sources of financing this deficit are also considered. MDAs' expenditures comprise both capital and recurrent expenditures. Since 2005, the Government has used the Medium-Term Sector Strategies to prioritize and align the capital expenditure of large-spending MDAs with the development objectives of the Government. Historically, this has been focused on NEEDS, the MDGs, the Seven-Point Agenda and more recently, 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.

2.1.2. *Budget Call Circular and 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". The Call Circular instructs the MDAs to allocate their allotted capital expenditure ceilings across their existing and new projects, programmes 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. This process most times, takes place in August.

2.1.3. *Presidential Submission to the National Assembly*

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, typically at a joint session of the Senate and the House of Representatives.

2.1.4. *Legislative Scrutiny and Approval*

The budget is considered separately by the House and Senate of the National Assembly in accordance with the legislative practice and procedures. The two houses harmonize their drafts and the recommendations of the various committees are considered and collated with the oversight of the MDAs. The harmonized budget is approved separately by each chamber of the National Assembly, after which 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. It should however be noted that during the deliberation of the Appropriation Bill in both Chambers of the National Assembly, all the relevant Committes in both Houses review and recommend changes to various segments of the budget. During the process, there is usually "horse trading" between the executive and the legislature looking for a common ground for speedy passage of the Appropriation Bill. Various parameters used in drafting the budget are debated and in some cases adjusted by the relevant Committees in the House of Representatives, particularly by the Finance, Appropriation, National Planning and Legislative Budget during their deliberation on the Medium Term Expenditure Framework submitted by the Executive to the National Assembly. Their decisions guide the general debate in the plenary who also adjust other benchamrks such as the oil price benchamark, the production of crude oil, and the size of funding for oil and gas production in the joint venture agreement, as well as the level of debt repayments to be made in any fiscal year. In the past the budget allocation for running the legislature is also debated upon but it is now on first line charge and no longer subject to debate and horse trading. The debates and horse trading that ensue during legislative srutiny of the Appropriation often leave the public wondering whether or not the legislture has the constitutional right to propose increases or not and whether it should only raise issues and queries and request for reasonable explanation. This are some of the issues contained in the Institutional bottlenecks that prolong the passage of the budget and eventually reduce the implementation period of the budget.

2.1.5. *Budget Implementation*

The implementation of the budget is carried out by the various Ministries, Department, and Agencies (MDAs) of the federall 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. It should be noted that the Federal Ministry of Finance instituted since 2005, a cash Managemetn Committee, that ensures funds availability for the smooth financing of government budget. This structure reduces discretionary borrowing from the overdraft (Ways and Means) account of the Central Bank and avoids delays towards completing capital projects.

2.1.6. *Monitoring and Evaluation of the Federal Budget*

The oversight of budget implementation is the final stage of the budget process. 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 Monitoring Committee (PBMC), the Office of the Auditor General of the Federation and the Accountant General of the Federation. Actual inspection of the capital projects are carried by these agencies in various capacities, predominant among them is the Ministry of Finance; the National Planning Commission and National Assembly through its think-tank – the Policy Analysis and Research Project (PARP) which is now, National Institute for Legislative Studies (NILS). While copies of the budget Implementation reports are on the website of the Federal Ministry of Finance, such reports from the PARP now NILS is made available to the National Assembly presiding officers and relevant Committees.

This brief account of the Nigerian budget process can be broken down into 14 stages/steps (see fig 2.1 in the appendix) as documented by Ujah and Okoro (2009). As can be observed from fig. 2.1 much of the activities in the respective stages are within the domain of the Executive. It is only in stage 13 that the

National Assembly takes the full stage in the budget process. As it were, the Executive has a lot to do in the budget process. The institutional framework guiding the activities of the Executive in the budget process is mainly the Fiscal Responsibility Act; administrative manual and civil service guidelines, and the Constitution. It should be noted the Constitution in section **81** only stipulates that the President can at any time before the expiration of the fiscal year cause to be laid before the two chambers of the National Assembly the Appropriation Bill.

It is not certain when the budget process activities of the Executive begins in the year, but desk review shows that call for budget circular most times are issued in August by the Minister of Finance. With the bureaucratic "red-tape" in civil service, much time is wasted before the final compiled budget document is sent to the President for approval and onward submission to the National Assembly for scrutiny and approval in line with its statutory responsibility

The Parliamentary budget process in stage 13 is regulated by the "Standing Orders" and "Rules" of the House and Senate. Again, here there is no fixed time period for the completion of the process. It depends on the allotment of time issued by the leadership of respective Chambers. The first reading of an appropriation bill does not follow the usual pattern of the Clerk reading the Short Title of the bill. Rather, when the President of the Federal Republic of Nigeria has publicly presented the Appropriation Bill to the National Assembly in a joint sitting, it is regarded that the bill has been read the first time. This does not however apply to a supplementary appropriation bill and other money bills. For the second reading, the Chairman Rule and Business Committee do fix a day for the Second reading in consonance with the leadership. At the end of the debate in the second reading, the President of the Senate or the Speaker then refers the appropriation bill is referred to Appropriation Committee with all other portfolio Committees serving as subcommittees. These standing Committees become sub-committees of the Appropriation committee and can organise hearings and scrutinize the appropriation bill. The appropriation committee consolidates the report and reports to the Committee of Supply following order 61 of the House of Representatives. The third reading involves the proceedings in the Committee of Supply and passage. The Committee of Supply as in the case of Appropriation looks at the Appropriation Bill clause by clause. After the passage in both chambers, the report is sent to the Super Committee for harmonization. After the harmonization of the report, it is sent back to the two houses for adoption.

If a money bill (Appropriation Bill) has been passed by one of the Chambers of the National Assembly but not yet passed by the other Chamber within a period of two months from the commencement of the financial year, the President of the Senate is empowered by the Constitution (Section 59, of the 1999 Constitution even as amended) to within fourteen days thereafter arrange for and convene a meeting of the Joint Finance Committee to examine the bill with the view to resolving the differences between the two Houses. The implication is that, the Chamber that has not passed the bill is discharged of it and the joint finance committee now acts as the Conference Committee. Where the Joint Finance Committee fails to resolve the difference, the bill is referred to the National Assembly sitting at a Joint Meeting.

If the bill is eventually passed at such joint meeting, it is presented to the President for assent. In the event that the President withholds assent or fails to signify his assent to the Appropriation Bill or any Money Bill within thirty days, the National Assembly will by two-thirds majority of members of both Houses sitting in a Joint Session of the National Assembly over-ride the President's veto, and thus pass the bill again which shall become law and the assent of the President shall not be required.

3. Current Institutional Framework for the Federal Budget Process

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 mandate and specific roles for the executive and legislators to play in the budgeting process. While some provide timeframe, others are silent. The Constitution largely dominates the federal process which, while adequately responding to concerns of the time, created a system of rules that have proved inadequate in present circumstances. We shall in turn itemize and analyze the specific mandates, roles and time frame provided by each instrument. The annual budget's estimates of revenue and expenditure are proposed by the President and laid before both houses of the National Assembly through the Appropriation Bill. The Appropriation Bill becomes an Act after it has been passed by both houses of the National Assembly and assented to by the President. The fiscal year for Nigeria runs from 1st January to 31st December every year.

3.1 *The Legal Framework for the Federal Budget Process.*

The Constitution

Nigeria operates a federal system whereby there is power at the centre and at the sub-national units, each deriving its powers from the Constitution. It follows therefore that the constitution provides the essential features of the financial procedures that are followed in Nigeria. Accordingly, the executive arm at the federal level must adhere to the provisions of sections 80-82 of the Nigerian Constitution in the federal budget process. This gives the budget a legal backing following section 81 (1) of the 1999 Constitution (even as amended); without which the actions of the federal government will be null and void and the budget becomes a mere document. The Constitution grants the power of the "purse" to the legislature but does not provide or establish any specific procedure for the consideration of budgetary legislation.

The Constitution in section 81 provides that the President shall cause to be prepared and laid before the each House of National Assembly at any time in each financial year estimates of the revenues and expenditures of the Federation for the next following financial year. Section 82 provides that if the Appropriation Bill in respect of any financial year has not been passed into law by the beginning of the financial year, the President may authorize the withdrawal of moneys from the Consolidated Revenue Fund (CRF) of the Federation for the purpose of meeting expenditure necessary to carry on the services of the Government of the Federation for a period not exceeding six months or until the coming into operation of the Appropriation Act, whichever is earlier.

Again section 59 stipulates that where the President within thirty days after the presentation of the Appropriation Bill to him fails to signify his assent or where he withholds assent, then the Bill shall again be presented to the National Assembly sitting at a joint meeting, and if passed by two-third majority of members of both Houses at such joint sitting, the Bill shall become law and the assent of the President shall not be required.

3.2 S*tatutory Requirements (framework) for the Federal Budget Process*

Finance (Control and Management) Act and Fiscal Responsibility Act.

The Finance (Control and Management) Act 1958 though outdated, and the Fiscal Responsibility Act (FRA) 2007 provide modalities for the preparation and appropriation of money bills; fiscal rules regarding the size of the budget deficit and revenue forecast; and institutionalize the modern approach to budgeting based on the Medium-Term Expenditure Framework (MTEF). While the Finance (Control and Management) Act 1958 has no specified time frame, the FRA 2007 in part II section 11 specifies that the MTEF for the next three financial years (upon which the yearly budget estimates revolves), must be prepared and laid before the National Assembly not later than four months before the commencement of the next financial year. Similarly in part VI, and section 33, the FRA provides that the executive arm of the federal government shall at least 30 days before the deadline for the submission of its budget proposals place at the disposal of the National Assembly, the revenue estimates for the following year, including the net current revenue and the respective memorandum items. Furthermore, section 34 stipulates that the estimated revenue targets shall be broken down by the executive arm of government into monthly collection targets, including where applicable, a separable description of measures to combat tax fraud and evasion.

Indeed the broad objective of the Act is to enhance the prudent management of the nation's financial resources with a view to ensuring long-term macroeconomic stability, among others. It institutionalized the Medium-Term Expenditure Framework (MTEF) to strengthen the capacity of the public financial management system to allocate and utilize available resources in the most efficient manner in the medium-term. This is in consonance with Section 11 (1b) of the Act which provides that the Minister of the Federal Republic of Nigeria shall cause to be prepared and laid before the National Assembly for consideration a medium-term expenditure framework for the next three fiscal years that would guide the preparation of the annual budget. The law provides that the preparation and laying should not be later than 4 months before the commencement of the next fiscal year. Also, the President is expected to make wide consultations with stakeholders in the preparation of the MTEF document.

Since the FRA was enacted, three MTEFs have been prepared: the 2010-2012, 2011-2013 and 2012-2015 MTEF. The three MTEFs also suffered from late submission. However, the documents so far submitted, covered most of the essential components stipulated in the FRA, notably a Macroeconomic Framework, a Fiscal Strategy Paper, Expenditure and Revenue Framework, a Consolidated Debt Statement as well as a statement describing the nature and fiscal significance of contingent liabilities.

Senate Rules and House Standing Orders

The legislature in scrutinizing the budget proposal of the executive employs its procedure based on its standard orders and rules. The House Standing Orders in Order 12 and section 16 stipulates the procedure on Money Bill (Budget). Section 16 stipulates that during each year,, there shall be introduced into the House, an Appropriation Bill which shall contain the estimated financial requirementd for expenditure on revenue accounts on all the services of the government for the succeeding financial year. The details of these financial requirements shall be contained in the Estimates which shall be presented at the same time.

Section 16 (1b) stipulates that on presentation, the appropriation bill shall be deemed to have been read the first time and a date be fixed for commencement of the second reading. Subsection 2 of same section 16 stipulates that the Rules and Business Committee shall determine the number of days to be allotted for the second reading of the bill. Section 16 (4a-d) stipulates that when the bill has been read the second time, it shall be committed to the appropriations committee. The standing Committee of the House shall for this purpose be deemed to be sub-Committees of the Appropriations Committee and shall consider estimates for the Ministries, Departments and Agencies which come under charge. After the consideration, the sub-Committees shall report back to the Appropriation Committee. The appropriation Committee after deliberating on the report of the sub-Committee shall then report to the Committee of the Whole House which is also known as "Committee of Supply". Whenever the need arises for the Appropriations Committee to seek clarification on any issue relating to the budget of any Ministry, Department or Agency as submitted by a Standing Committee, the Appropriations Committee may invite the affected Ministry, Department or Agency in company of the leadership of the Standing Committee to defend or clarify as may be necessary. The budgetary provision submitted by the Appropriations Committee to the Committee of Supply on any Ministry or Department shall be agreed to an signed by the leadership of each Standing Committee.

These provisions are time bound, yet there is no provisional timeframe upon which these processes and indeed others should be completed. The same process is also observed in the Senate Standard Rules. The time frame given usually depends on the discretion of the President of the Senate or Speaker of the House of Representatives who is at liberty to apportion 2 or 3 weeks or even a month as the case may be for the Committees to look into the Appropriation Bill.

4.0 Overview of Country Experiences in the Budget Process

In the United States of America, the budget process is made up of four steps (www.cbpp.org). In the first step, the President initiates the annual budget process by presenting his budget proposal to Congress. This usually occurs in early February. In fact, the President is required to submit to Congress a proposed detailed budget request for the coming federal fiscal year, by the first Monday in February (however, in years where there is a change in administration, the budget is submitted later). Congress is free to adopt or reject any of the president's recommendations. This is because the President's budget does not have the force of law, but it is a comprehensive examination of federal revenues and spending, including any initiatives recommended by the President, and it is a start of extensive interaction with Congress.

At the second stage, Congress adopts a *budget resolution* to guide it as it acts on various spending bills. Although lacking the force of law, the resolution establishes targets and assumptions that often dictate results. At this stage, Saturno (2004) reports that within six weeks of the President's budget submission, congressional committees are required to submit their views and estimates of spending and revenues within their respective jurisdictions to the House and Senate Budget Committees.

At the third stage, each of the thirteen appropriations subcommittees divides the funds allocated to it in the budget resolution among the agency programs within its jurisdiction. Each appropriations bill must pass the House and Senate in identical form and be signed by the president. A procedural rule called a "point of order" can be raised on the House or Senate floor to block an appropriations bill inconsistent with the resolution.

At the fourth stage, Congress often passes a "reconciliation bill" making changes to existing law so that it conforms with the numbers in the budget resolution. The budget process must be completed by September 30th, the end of the fiscal year. Often not all of the appropriation bills have been signed into law by that date, in which case Congress must pass a "continuing resolution" to provide temporary funding to keep the government running. In addition, Congress often passes a "rescission bill" to revoke money appropriated for the current fiscal year, but not yet spent. “Supplemental appropriation bills” are enacted to provide funding in addition to that previously designated for the current fiscal year.

In India, the budget process is a multi-stage process which flows from a high-powered policy document (Five Year Plan) that provides the overall direction and basic framework for policies, programmes and schemes for the Ministries and Department as well as for the Annual Budget Plans. The budget process starts with the planning commission calling for plan proposals from the Ministries and Departments (India, 2007). The Ministries and Department assess the performance and requirements of all their schemes and programmes and, based on this assessment, propose outlays to the commission. The document detailing these outlays is called the Statement of Budget Estimates (SBE). The SBE of a Ministry of Department lists the expenditure proposed to be incurred during a particular financial year on the different programmes and schemes of the Ministry.

These outlays are supplemented by non-plan expenditures which cover the salaries, wages and other recurrent expenditure of the Ministry or Department. The planning Commission holds separate meetings with each Ministry and Department on their SBE and, based on the discussions, gives an indication of the resources that may be available to the Ministry or Department. After that, the Planning Commission consolidates all the SBEs and submits the consolidated document to the Ministry of Finance for its approval. As it were, the Ministry of Finance which is the agency with primary responsibility for the budget, informs the Planning Commission as to the available resources while the later adjusts the proposed outlays for Ministries and Departments to arrive at approved estimates for each.

The Budget estimates (BE) which are the approved estimates for the Ministries from the Planning Commission are then incorporated into the Budget document, which is presented to the Parliament by the Minister of Finance on 28th February every year. The relevant Parliamentary Standing Committee for each Ministry before passing or approving their respective budgets, discusses the policies and programmes of the Ministry/Department concerned, reviews performance and makes recommendations.

In Pakistan, the budget process is governed by constitutional provisions. The constitution requires that the federal government presents an annual budget statement to the National Assembly in respect of each financial year in line with article 80 (1). The budget statement is an estimate of receipts and expenditure for that year and is required to show separately expenditure charged to the Federal Consolidated Fund. The powers of the National Assembly vary depending upon the source from which the expenditure will be funded. The elements of the budget relating to expenditure charged upon the Federal Consolidated Fund may be discussed in the National Assembly but cannot be put to a vote. Whether an item is chargeable to the fund is authenticated by the Prime Minister in a prepared schedule.

The schedule is presented to the National Assembly but not open to discussion or a vote. Other expenditure, not chargeable to the fund, is presented in the form of demands for grants and may be debated and voted upon. Demands for grants must have the support of the federal government. The business of the National Assembly in relation to the budget process is governed by the rules and Procedure and Conduct of Business in the National Assembly Rules 2007. Specific rules relate to the budget process as enshrined in Rules 182-197. These rules essentially govern the manner in which the National Assembly participates in the budgetary process. Prior to presentation of the budget to the National Assembly, it is discussed and approved by the cabinet.

The National Assembly rules provide that the budget shall be presented to the National Assembly by the Finance Minister on a date determined by the leader of the House. No other business is transacted on a budget day. A period of two days is allowed before the discussion of the budget proposal to enable members read the document. Thereafter, at least four (4) days are allocated for budget discussion which is taken in three stages. They are; a general discussion of the budget as a whole; discussion on appropriations (in respect of expenditure charged to the fund); and discussions and voting on demands for grants. The process generally takes around twelve to seventeen working days for the various stages of the budget debate in the National Assembly. It should be noted that the Constitution prevents the Senate from taking active role in the consideration of the budget even though they are to be copied as it is being presented to the National Assembly. They can discuss the budget proposals and make recommendations to the National Assembly while its recommendations are however non-binding.

5. Framework for the Evaluation of the Institutional Shortcomings of the Federal Budget Process and Reform Options

The need for an effective and efficient budget process cannot be over-emphasized. However, it is important to understand the Institutional Framework for the federal budgeting process in Nigeria and within a contextual framework without which it will be difficult if not impossible to figure out how it can be made effective. It should be noted that the federal (and indeed State budget process) is rooted in constitutional mandates, statutory requirements, House and senate rules and practices, and administrative directives (Bill and Keith, 2004). With this contextual framework, it becomes easier to justapox Nigeria's Institutional framework for budgeting and thus investigate avenues through which the President and/or the Parliament do bungle the various elements of the budget process. Such framework also makes it eaier to profer reform options of the various elements of the budget process. This calls for close examination of the Constitutional provisions in relation to that; the statutory requirements; the House and Senates rules and practices; as well as the administrative directives with the view of identifying and correcting lapses therefrom.

An examiniation of the constitutional mandates for the executive with respect to the budgeting process (see section 3) shows a clear absence of time frame for budget presentation by the executive to the National Assembly. Section 81 of the Constitution is too loose in aggravating the problem of poor budget implementation arising from delay in presentating the budget for consideration by the National Assembly and needs to be amended. It is important to attach a time frame within which the President shall cause to be prepared and laid before each House of the National Assembly in each Financial year, estimates of the revenues and expenditures of the Federation for the next following financial year. Without this provision, it will be almost impossible for the President to submit budget proposals early despite the provisions of the Fiscal Responsibility Act which tries to instill discipline of time-frame but cannot supercede the grand norm.

Similarly long time frame for authorization of expenditure in default of appropriations from the consolidated revenue fund (CRF) of the federal government created by section 82 of the 1999 Constitution (as amended) is another institutional shortcoming and should be shortened. The new amendment to that section should authorize the President to withdraw moneys from the CRF of the Federation for the purpose of meeting expenditure necessary to carry on the services of the government of the federation for a period not exceeding three months or until the coming into operation of the Appropriation Act, whichever is earlier. Such provisions in our view will enhance the timeliness of the budget process.

While the provisions in the FRA as regards the budgeting process is commendable, for the submission of MTEF and revenue estimates to the National Assembly 4 months before the end of the financial year, it still cannot take precedence to the Constitution which provides in section 81 that the President may cause to be laid before the National Assembly copies of the Appropriation Bill **at any time** before the expiration of the fiscal year. Indeed part VI, and section 33, of the FRA which provides that the executive arm of the federal government shall at least 30 days before the deadline for the submission of its budget proposals place at the disposal of the National Assembly, the revenue estimates for the following year, including the net current revenue and the respective memorandum items, merely reinforces the provision of the Constitution in section 81 and will make more sense if the timeframe in that section of the Constitution is amended (included). This removal of the open-ended time frame will therefore subject the executive to the discipline of timeliness in submitting the budget proposal to the National Assembly for scrutiny and eventual passage. To that extent, the FRA will significantly helped matters towards effective budget process. Inadvertently, there is no extant law that provides for a specific time-frame for the submission of the federal budget.

An examination of the Senate Standing Rules and House Standing Orders show that there is no specified time period upon which the two Houses will scrutinize the budget and submit same to the President for assent. It is important that the leadership of the National Assembly should look into this and amend the Senate Rules and House Standing Orders accordingly to provide for specific time frames. The relevant Order (Order XII) and section (section 16 for the House Standing Orders) as well as its subsections should have clear indication of time-frame upon which the Appropriation Bill shall be considered and duly passed by it. Even in the section 11 of same Order XII where provision was made for the meeting of Conference Committee, it is also important that a timeframe is provided either for a Bill or most importantly for an Appropriation Bill. What is obtainable is that provisions of certain periods are to usually decided by the relevant officers/Committees; particularly the Rules and Business Committee Chairman, the Speaker, and the Appropriations Committee. This is not healthy for the timeliness of the budgeting process.

5. Conlusion

From the review, the actual workings of the budget process vary among countries based on respecytive constitution, extant laws, legislative rules of procedure, balance of political power, tradition, and expectations of the political actors as well as the citizens. Budgets are passed regularly, usually on an annual basis in order to ensure that the government continues to operate. The executive has the primary role of developing an annual budget and presenting same to the legislature. The legislature has the right to review, debate, and in some cases amend, and approve or reject the spending plan proposed by the executive. In the Nigerian budgeting process, the Constitution is silent regarding timeframe upon which the Executive will submit the budget proposal to the National Assembly. The National Assembly should consider amending the section of the Constitution that bothers on budgeting process especially Section 81. It is important to provide for specific time-frame for the submission of the Appropriation Bill to the National Assembly for scrutiny and evetual passage. This Constitutional provision will take care of administrative directives in the Ministry of Finance regarding Call for budget circular which will automatically fall in line. It is important that the Constitutional provision should make it mandatory that the President should submit the Appropriation Bill to the National Assembly by August or September of any fiscal year. Without prejudice to the provisions in the Senate Standing Rules and House Standing Orders, Constitutional provisions for time frame within which both Houses (Senate and House of Representatives) of the National should be through with the Appropriation for Presidential assent is also important. Alternatively, this timeframe can be provided for in the Senate Standing Rules and House Standing Orders.

References

Bill Heniff. Jr. And Roberth Keith (2004): Federal Budget Process Reform: A Brief Overview. Congressional Research Service (CRS) Report for Congress. The Library of Congress.

Federal Republic of Nigeria: (2008): The Nigerian Constitutions 1963, 1979, and 1999: A Compendium. Olakanmi & Co. 3rd Edition, LawLords Publications Abuja Nigeria.

Galston A. William (2012): Improving the Federal Budgeting Process. Governance Studies at Brookings. April 11, 2012.

Government of India (2007): Gender Budgeting Handbook for Government of India Ministries and Department. Ministry of Women and Child Development.

Osafo-Kwako, Philip and Soji Apampa (2009): "Nigeria: Country Assessment Research Background Paper on the Political Economy of the Budget Process" Centre for the Study of Economies of Africa (CSEA)

Republic of South Africa (2009): Medium Term Policy Statement. National Treasury of South Africa. www.treasury.gov.za

Usman, Shamsuddeen (2010): Validation Workshop on the First Four Year Implementation Plan for NV 20:2020. Eko Hotel and Suites 5th August, 2010. Minister of National Planning.

Wing, Jeannette. M. (2009) "A Simple View of the Budget Process". From the web.

---

[i] NV2020 is to be implemented through three medium term development plans. The First Implementation plan is 2010-2013, second is 2014-2017, while the third implementation plan is 2018-2020.

ii In these years, the budget was submitted to the national assembly for scrutiny 9th November, 2000 and 6th October, 2006 respectively.

[iii] The national Aspiration include; a sound, stable and globally competitive economy with a GDP of not less than $900 billion and a per capita income of not less $400 per annum; a modern technologically enabled agricultural sector that fully exploits the vast agricultural resources of the country, ensures national food security and contributes to foreign exchange earnings; a health sector that supports and sustains life expectancy of not less than 70 years and reduces to the barest minimum the burden of infectious and other debilitating Manufacturing: diseases; a vibrant and globally competitive manufacturing sector that contributes significantly to GDP with a manufacturing value added of not less than 40%; adequate infrastructure services that support the full mobilization of all economic sectors; modern and vibrant education system which provides the opportunity for maximum potential, adequate and competent manpower; and peaceful, harmonious and a stable democracy.

iv Some of the developmental challenges include inadequacy of critical infrastructure, high level of youths and graduate unemployment, weak research for development and innovation, and subsistence agriculture.

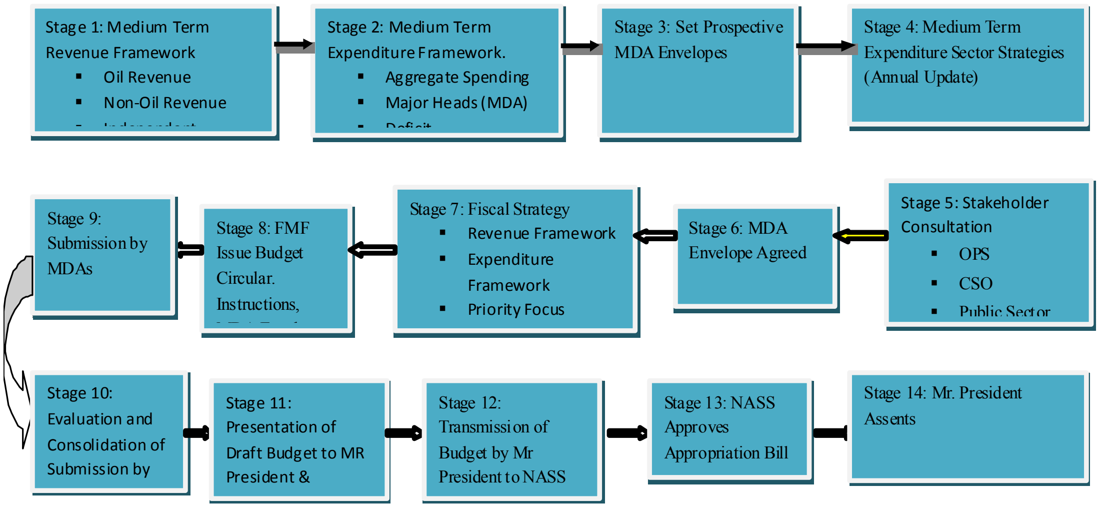
[v] There is broad if not universal agreement on the objectives of budget process reform (Galston, 2012). The objectives include timeliness; transparency; democratic control; better alignment of priorities with overall commitments across the full range of fiscal tools (outlays, tax expenditures, and subsidies for loans and insurance, among others); and imporved public trust and confidence in the process.

Table 1.**Error! Main Document Only.**: Time frame showing Federal Budget Preparation and Enactment 2000-2011

Fiscal Year	Date NASS received Estimates from President (A)	Date revised Estimates sent to President for assent (B)	Date President assented to budget (C)	Time frame between President's presentation and signature (D)	Time lag between 1st Jan. and date of take off (E)
2000	24th Nov., 1999	14th April, 2000	5th May, 2000	5 months 11days	4 months, 5 days
2001	9th Nov., 2000	21st Dec., 2000	21st Dec., 2000	1 month, 12 days	Nil
2002	7th Nov., 2001	28th March, 2002	28th March, 2002	4 months, 21days	2 months, 28 Days
2003	20th Nov., 2002	11th March, 2003	10th April, 2003	4 months, 21days	3 months, 10 Days
2004	18th Dec., 2003	20th April, 2004	21st April, 2004	4 months, 3 days	3 months, 21 Days
2005	12th Oct., 2004	18th March, 2005	12th April, 2005	6 months	3 months, 12 Days
2006	6th Dec., 2005	21st Feb., 2006	22nd April, 2006	2 months, 16 days	3 months, 22 Days
2007	6th Oct., 2006	22nd Dec., 2006	22nd Dec., 2006	2 months, 12 days	Nil
2008	8th Nov., 2007	27th March, 2008	14th April,2008	5 months, 7 days.	3 months, 14 Days
2009	2nd Dec., 2008	3rd Feb., 2009	10th March, 2009	3 months, 8 days	2 months, 10 Days
2010	23rd Nov., 2009	25th March, 2010	22nd April, 2010	4 months, 29 days	3 months, 22 Days
2011	15th Dec, 2010	25th May, 2011	26th May, 2011	5 months, 11 days	4 months, 26 Days
2012	13th Dec, 2011	15th March, 2012	13th April, 2012	4 months	3 months, 13 Days

Source: National Assembly and compiled by the author.

Figure 2.1: Nigeria's annual budget cycle (Process)



Source: Budget Office of the Federation (BOF) 2009, Federal Ministry of Finance