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The Impact of Budget Reforms on the Quality of Budget Management in Nigeria

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Abstract

Budget management reforms were the major areas of the Nigeria public service reforms embarked upon since the inception of civilian administration in 1999. The major objective was to enhance budget discipline among others. This was predicated on the theoretical considerations that improving the process and management of budgeting through reforms would ultimately translate into improved budgetary outcome. This paper empirically investigated the impact of budget reforms on the quality of budget management in Nigeria. The Medium Term Expenditure Framework (MTEF) and the Fiscal Responsibility Act (FRA) form the proxies for budget reforms while budget discipline (BDISC) and fiscal discipline (FDISC) were used as proxies for the quality of budgeting. Historical time series data representing 7 years before and 7 years after the adoption of MTEF, and 5 years before and 5 years after the enactment of FRA were collected and analysed using the pre-test/post-test design of a Paired Sample T-test. The result favoured our initial proposition that budget reforms (MTEF and FRA) had not significantly impacted on the quality of budget management (BDISC and FDISC) in Nigeria. It was therefore recommended that government should provide the leadership and political will not only to enforce the provisions of FRA, MTEF and other reforms, but to sanction those that short circuit the system to their advantage. This will go a long way to enhance compliance with the reforms and bring about the expected improvement in the quality of the nation's budget management.

Keywords: Budget, Reforms, Quality, Management

Introduction

The relevance of a budget in any economy cannot be overemphasized. The budget does not only function as a mechanism for resource mobilisation and allocation, it also serves as a tool for economic management (Olomola, 2009 and Government Integrated Financial Management Information System (GIFMIS), 2011). This is because the budget document sets the direction for the entire economy, determine who gets what and when, as well as provides funds to implement new initiatives/policies through legal, rational and acceptable means (Bengali, 2004). In fact, it will be very difficult if not impossible for the government in any modern economy to realise her vision in any fiscal year without the instrumentality of budgeting (Olomola, 2009). This is why the development of a nation's budget is