Impact of Budget Implementation on the Growth of the Nigerian Economy

DADU, A. Gwong

Department of Accounting
Bingham University,
Karu, Nasarawa State.
E – Mail: gdadu@ahnigeria.org, Phone No: +2348064517281

Abstract

This study examines the impact of Federal budget on the growth of Nigerian economy from 1999 to 2016. Secondary source of data sourced from institutions such as World Bank, Central bank of Nigeria, Office of the Accountant-General of the Federation and Federal Ministry of Finance was used in conducting the research. Gross Domestic Product (GDP) was used as the dependent variable while Public Recurrent Expenditure (REXP) and Public Capital Expenditure (CAPX) were used as the independent variables. The study adopted multivariate analysis (multiple regression) in analyzing the impact of budget implementation on the growth of Nigerian Economy. The results revealed that budget implementation has a positive impact on Nigeria economic growth. Correlation coefficient was used to measure the relationship between Gross Domestic Product and Public Revenue Expenditure on one hand and Gross Domestic Product and Public Capital Expenditure on the other hand which revealed positive relationship on each scenario. This study amongst others recommended that a monthly update on the parameters upon which the Federal budget was appropriated should be prepared by the budget office and publish on its websites for members of the public to monitor the progress being recorded on the implementation of the budget and to hold the government to account when the expenditures reported cannot match the revenue generated, the practice of early preparation and submission of budget estimates by the executive arm of government should be encouraged.

Keywords: Budget, Budget Implementation, Economic Growth, Public Expenditure, Recurrent Expenditure.

1. INTRODUCTION

The 1999 Constitution of the Federal Republic of Nigeria provides that - the security and welfare of the people shall be the primary purpose of Government and that, within the context of the ideals and objectives for which provisions are made in the Constitution, the State shall, inter alia; Harnessing the resources of the nation and promote national prosperity and an efficient, a dynamic and self-reliant economy, and control the national economy in such manner as to secure the maximum welfare, freedom and happiness of every citizen on the basis of social justice and equality of status and opportunity. Nigeria practices the Presidential system of Government under which the Federal Government is headed by the President, Commander-in-Chief of the Armed Forces and each of the 36 State Governments is headed by a Governor. At the Federal level, the President of the Senate heads the Legislature, complemented by the Speaker who heads the House of Representatives. The Senate consists of three Senators from each State and one from the FCT, making a total of 109. The House of Representatives consists of 360 members. The Judiciary is headed by the Chief Justice of Nigeria.

Section 81(1) of the 1999 constitution of the Federal Republic of Nigeria as amended states that “The President shall cause to be prepared and laid before each House of the National Assembly at any time in each financial year estimates of the revenues and expenditure of the Federation for the next following financial year’. For meaningful growth and development to be experienced in any given society deliberate effort must be exerted by officials in charge of governance in designing policies, projects and programs that are necessary for the progress, happiness and comfort of the people. These policies, projects and programs are usually operationalized and package in a document known as ‘budget’. According to Uchendu (1998) budgets are economic tools deliberately designed through political process to aid in the allocation of available resources among competing demands. He further added that “a public budget is an economic tool deliberately fashioned through the political process to assist in the management of public sector”. Budget could be defined as a future plan of action for the whole organization or a section thereof. Budget can also be defined as a financial and or quantitative statement prepared and approved prior to a defined period of time of the policies to be pursued by the organization in order to achieve organizational goals and objectives (Adams, 2006). The national budget is the most important economic policy instrument for a government and it reflects the government’s priorities regarding social and economic policy more than any other document. In addition, the instrument translates policies, campaign promises, political commitments, and goals into decisions regarding where funds should be spent and how funds should be collected.

A well-functioning budget system is vital for the formulation of sustainable fiscal policy and the facilitation of economic growth (Ohanele, 2010).

Budget is an instrument that provides direction to government ministries, departments and agencies (MDAs) in the delivery of their constitutional mandate to the Nigerian people. A normal budget cycle has four stages: budget formulation, a review of process (typically by the law-making body, such as parliament or congress), actual implementation, and some monitoring of project execution. This process provides for checks and balances in the entire budget cycle and is shared majorly between the executive and legislative arm of government and equally have constitutional backing. This research work would x-ray the capital and recurrent expenditure components of Federal budget and ascertain to what extent the implementation of annual Federal budget has impacted on the growth of Nigerian economy.

2 LITERATURE REVIEW

This study was centered on assessing the impact of budget implementation on the growth of Nigerian Economy. The literature review provides review for relevant concepts, literatures and theories postulated by other scholars on this subject matter.

2.1 Conceptual Framework

2.1.1 The Concept of Budget

Budget is a management technique or a formalized approach for preparing and communicating organization's expectation and accomplishing the planning, coordinating and controlling responsibilities of the management in such a way as to maximize the use of resources available (Fadeyi, 1999). A budget is a financial and/or quantitative statement prepared and approved prior to a defined period of time for the purpose of attaining a given objective. A budget is normally for a year. It is therefore a short-term plan. One of the primary objectives of budget is to measure the profit earnings of an organization. However, in the case of government, which is non-profit making, budgets are used:

i. As a guide for the present and the future.
ii. To plan, control and estimate the amount to be received and spent during a specified period.
iii. To distribute limited resources.
iv. To motivate managers towards the achievement of corporate goals.
v. As a means of evaluating performance.
vi. To inform managers about the results and operations of their responsibility domains.
vii. As a standard of measurement for the purpose of controlling on-going economic endeavours.

A national budget of Nigeria is usually broken down into anticipated expenditures that the government has prioritize to execute in the next fiscal year and projected revenue earnings needed to finance the anticipated expenditures. See appendix 1 for the pictorial breakdown of 2018 budget of the Federal Republic of Nigeria. Budget also is an important tool in governance and most relevant to the economic policy. It is the second most important document after the constitution in any country of the world (Samuel & Wilfred, 2009). It signifies that the budget is an expression of the constitution and statutes of a government which endow the executive and legislature with designated financial and managerial responsibilities. Budget has been classified into different types. They are:

i. Surplus Budget: It refers to as a situation where the expected revenue surpasses the expenditure. This has been the dream of every government.

ii. Balanced Budget: This occurs the moment the proposed expenditure is equaled to the expected revenue. This situation, however, is always difficult to attain. In fact, it requires a high financial prudence and acumen to accomplish.

iii. Deficit Budget: The expenditure is higher than the projected revenue in this type of budget. This is where government spent more than it earned. It came with the need to finance government projects despite the non-availability of funds.
iv. Supplementary Budget: As the name implies, it means the budget made or initiated after the main budget is passed. This type of budget is necessary if it is discovered that the earlier amount appropriated by the by the Appropriation Act for

any purpose is insufficient; or there is need for expenditure on a purpose for which no amount has been earlier appropriated.

v. Development Budget:

It refers to a budget plan over a long period of time. It is usually incorporated as part of development plan.

2.1.2 The Purpose of Budget

In all Government units, the executive arm prepares the budget and submits to the legislative arm for review, modification and approval. The approved budget serves as the basis for the activities of the government unit for the fiscal period under focus. There are four main purposes which a government budget serves.

i. A budget is an economic and financial document. It highlights government's policies which are designed to promote economic growth, full employment and enhance the quality of life of citizenry.
ii. It is a useful guide for the allocation of available resources.
iii. Through the Legislature, the executive arm uses the budget as a means of accountability for the money earlier entrusted and the appropriations newly approved.
iv. The budget stands for the request of the Executive arm of government for the legislature to collect and disburse funds.

2.1.3 Method Used in Preparing Budget by Federal Government of Nigeria

The budgeting approach used by Government to allocate funds for a succeeding year is the incremental or 'line-item' method. The approach is oriented to expenditure, itemizing proposed disbursements under different Heads and Subheads of the various Ministries and Extra-Ministerial Departments. The traditional budgeting method which is also often called 'Incremental Budgeting' involves picking last year's figures and adding a percentage to arrive at this year's budget. The percentage added is based essentially on three factors, namely:

i. Trend of economic event;
ii. Inflation; and
iii. The available funds.
The line-item budgeting system has certain features, which include the following:
i. The budgets refer to the Ministries and Extra-Ministerial Departments for which they are prepared. No prominence is given to the ends for which the funds are provided.
ii. The current year's budget is arrived at through routine and incremental reasoning, and not by scientific analysis.
iii. The main thrust of the budget is the achievement of control and accountability.

The incremental or 'line-item' method has the following advantages:

i. It is simple to understand and operate.
ii. It suits the country's level of development, where there is paucity of data.
iii. It is cheaper to produce.
iv. It encourages the continuity of projects.
v the method ensures that budget is translated in monetary language and relates to the relevant activity operations.
vi. Allocations into Heads and Sub-heads facilitate the monitoring of performance.

In spite of the above enumerated advantages of incremental or'line-item' budgeting, the following drawback are associated with it:

i. The method allows past errors to be carried forward. It is therefore not efficient in its operations.
ii. Detailed scrutiny is not contained in the budget. The budget preparation is consequently not well researched.

iii. It fails to clarify the cost of alternative methods of achieving programmed objectives.
iv. It results in continual growth budget totals leading to inflation, as opposed to serious economic needs.
v. It fails to fund new programs of high priority on a sufficiently reasonable scale.
vi. The method does not clearly spell out the relationship between capital and recurrent expenditure. The approach is based on organizational set-ups rather than programs.

2.1.4 Budget Planning and Control Tools

The second administration of President Olusegun Obasanjo (2003 – 2007) made frantic effort in ensuring headway improvement is achieved in economic and social performance of the country through budgetary reforms. Before this period, there was no clear and consistent budgetary framework or budget process. According to Okonjo-Iweala (2012), the budget process that she encountered in the mid 2000s was ad hoc, opaque, and poorly planned. There was little coherence in budget formulation. Budgets tended to just repeat sectoral allocations from the past with some tweaking at the margin, perpetuating a legacy. Program implementations often deviated from the budget with impunity. All this meant that the budget cycle created room for corruption and waste. To use a common Nigerian term, there were widespread leakages at various stages of the budget process. It was widely believed that one could bribe senior civil servants preparing the budget in order to get a desired project included. Monitoring and evaluation officials could also be routinely bribed to sign off on a shoddily completed project, or even on incomplete project. For example, a contractor building a road could cut costs by not building drainage systems or sidewalks specified in the project design. The government supervisor could simply ignore this and take his or her share of the "savings" accruing to the contractor.

In order to increase the efficiency of government spending and improve service delivery, the Economic Reform Team of President Obasanjo second administration introduced three planning and control tools in budget preparation process: a fiscal strategy paper, a medium-term expenditure framework (MTEF), and medium-term sector strategies (MTSS). Section 18 (1&2) of Fiscal Responsibility Commission (Establishment) Act 2007 (as amended) provides as follows: Annual Budget to be derived from Medium Term Expenditure Framework – Notwithstanding anything to the contrary contained in this Act any law, the Medium-term Expenditure Framework shall:

(i) Be the basis for the preparation of the estimates of revenue and expenditure required to be prepared and laid before the National Assembly under section 81 (1) of the Constitution.

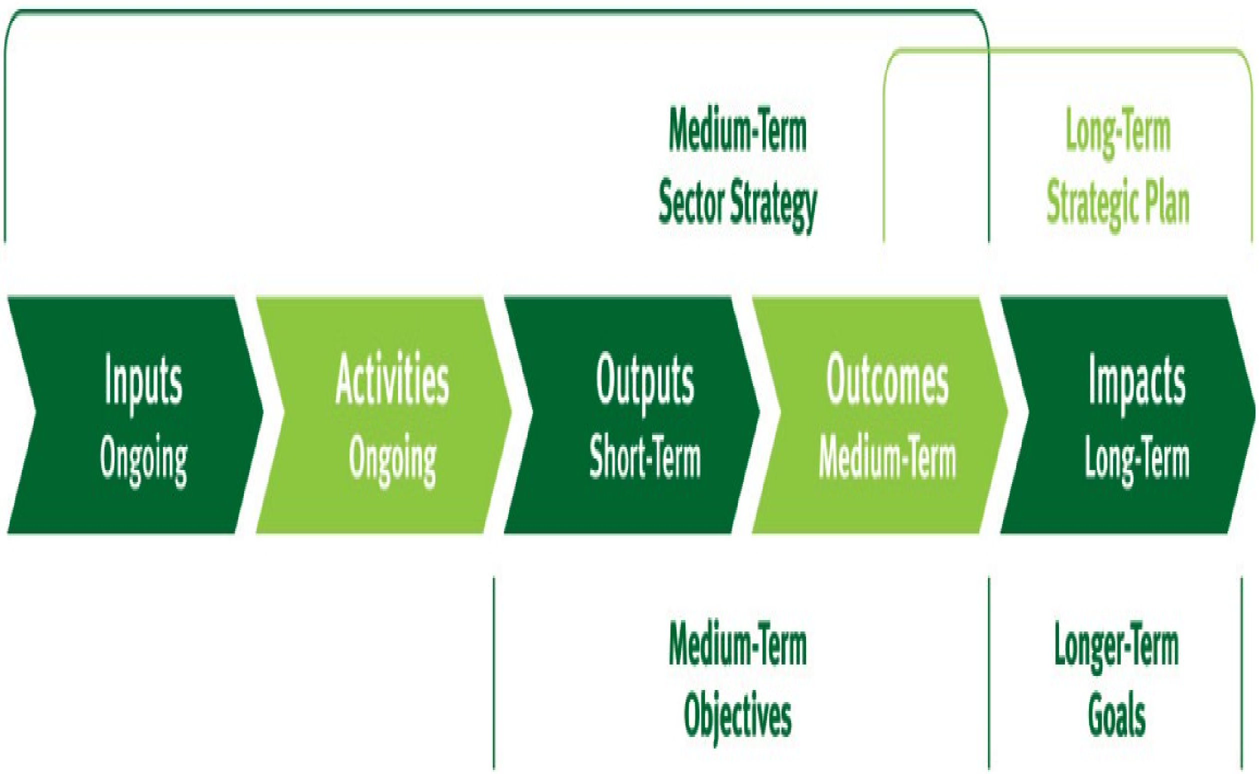
(ii) The sectoral and compositional distribution of the estimates of the expenditure referred to in subsection (1) of this section shall be consistent with the medium term developmental priorities set out in the Medium Term-expenditure Framework.

a. Medium-term Expenditure Framework

The document is prepared by the Budget Office of the Federation and gives a detail of the total sum that the government plans to disburse within three years. It also shows payments hat are shared across the key expenditure heads. In addition, it shows the difference between expected revenue and expenditure. After the entire sum of money to be spent is determined, the total expenditure is subtracted from the total income to determine if it is Deficit/Surplus budget. A deficit budget is when government expenses are higher than the revenue, while the surplus is when the government revenue is more than the expenditure.

b. Medium-Term Sector Strategy

A medium-term sector strategy links policy, planning and budgets. Medium-term strategies set out specific inputs and activities to deliver specific outputs in the medium term. A medium-term sector strategy is thus a road map that combines ambition and realism, and clearly plots priorities, deliverables and costs. It shows the chain of results that will achieve policy goals. A medium-term sector strategy sets out the projects and programs that will be carried out in a sector over a three-year period, how much each program and project will cost, where the money for them will come from and who will carry them out. The diagram below typically depicts a medium-term sector strategy.



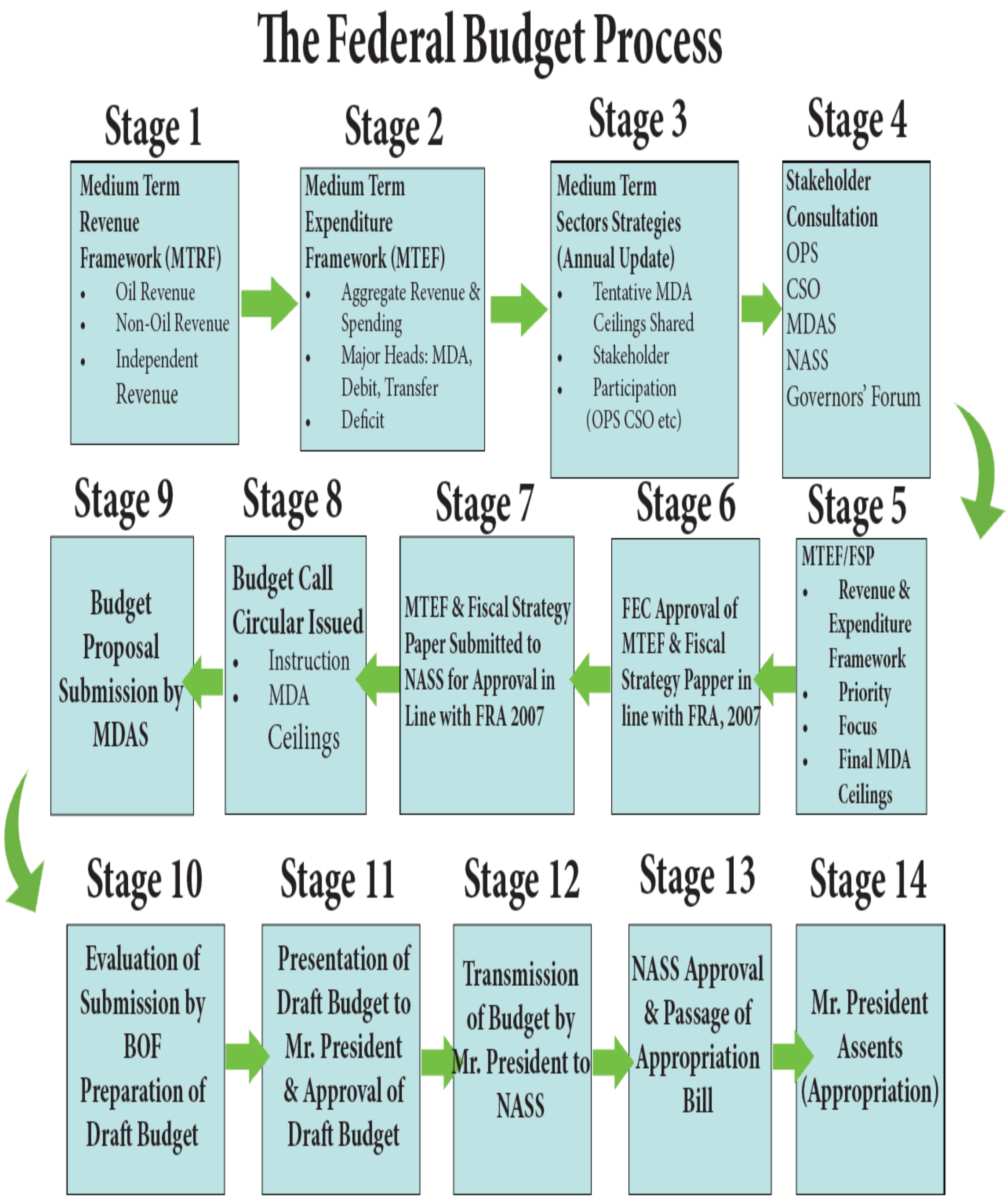
Source: Nigerian Governors' Forum Step-by-Step Guide on MTSS

C. The Medium-Term Revenue Framework (MTRF)

This document can be described as a detailed income statement of the government over the next three years. In order to prepare this document, Federal Government agencies that generate revenue, oil and non-oil sources, submit their various income statements to the Budget Office of the Federation that collates and prepares the final document. The anticipated revenue would generally be collected and deposited into the Federation and VAT Pool Account, and later shared among the three tiers of government with an appropriate formula.

2.1.5 The Nigerian Budget Process

A household would usually discuss its projected income, expenses and savings for a given period. Sometimes in the event households lack money to address what they need, they could decide to reduce their expenses or consider other means of earning extra income or even borrow. Similar to the household situation, Government also calculates its income and expenditure in a given fiscal year and in the medium term. Government has to also remember that it pulls together revenue for its citizens; therefore, it has to discuss how its decisions could grow the economy and improve the welfare of its citizens (Smith, 2015). It should be acknowledged that a budget is a systematic activity. It is the systematic nature of budget that makes it a central instrument of financial administration (Eghe and Paul, 2015). The Federal budget process has been pictorially represented below:



Source: Budget Office of Nigeria Citizens Guide, 2018

2.1.6 Factors Responsible for Budget Failure in Nigeria

The following are essentially the factors Responsible for Budget Failure in Nigeria:

i. Poor record keeping between the Budget Office and Accountant-General's Office. As a result of poor records keeping by these two important Offices, millions of dollars have been lost when funds are released to implement a project. The ministries, departments and agencies (MDAs) that implement the budget usually take advantage of this lack of coordination by routinely redirecting monies disbursed into various accounts with commercial banks. While banks traded with the monies on their own account, top civil servants shared the interest that had accrued. As a result, monies were often kept in account for as long as possible to earn interest, while projects and programs went executed.
ii. Over dependence on one source of revenue. Nigeria is a mono-culture economy that mostly depends on revenue from crude oil sales. Crude oil prices are volatile thus volatility in oil prices and oil revenues usually translated into volatility in public spending with serious macroeconomics consequences.
iii. Poor funding of multi-year projects. Most multi-year projects are usually funded at inception, but then not funded in later years.
iv. Poor savings culture by the Federal Government of Nigeria. Implementation of budget is dependent on the Monthly allocation of monies shared by the Federation Account Allocation Committee (FAAC) to the three tiers of Government. In an event of poor revenue generated from crude oil sales, the Federal Government does not have savings that will provide the for smooth implementation of the budget.
v. The bureaucracy in the public service is also contributing to the problems of poor implementation of budget.
vi. Budget implementation in Nigeria is fraught with corruption. Member staff of monitoring and evaluation unit of Budget Office usually colludes with contractors and certify contract work that were poorly executed and share the proceeds of the unexecuted portion of the project.
vii. Tampering or tweaking of the budget by Members of the National Assembly (House of Senate and House of Representatives). The Appropriation bill submitted by the Executive to the National Assembly for appropriation usually suffers deletion of budget items requested by the Executive and insertion of new budget items in the name of "constituency" projects by the Legislators. These insertion and deletion usually caused the Executive to be reluctant to disburse funds for the implementation of the budget.
viii. Lack of proper budget monitoring and evaluation by the Budget Office of the Federation.

2.2 Empirical Framework

Ayodele and Tunde (2017) carried out a study on "Budget Deficit and Economic Performance in Nigeria'. The research work seeks to examine the lag effect of previous year's budget deficit on performance of the Nigeria economy in the contemporary year using VAR estimation between the periods 1981 to 2015. Findings of their research work established that Budget deficit significantly stimulate economic performance. The output of the granger causality test shows that budget deficit statistically granger cause economic performance and vice versa while the result of the multiple regression of the ordinary least square report a significant but negative relationship to economic performance. The negative response of budget deficit to economic performance could be attributed to moral hazard, mismanagement of fund and financial indiscipline which prevent the country from enjoying the sustainable level of expected growth overtime. The study recommends that Policy makers should ensure effective utilisation of borrowed fund and maintain a sporadic evaluation and supervision of such project in which borrowed fund are channeled into in order to achieve a profitable return which will help in servicing of such debt and also stimulate economic performance.

Nwaorgu and Alozie, (2017) carried out a study to evaluate Nigeria's federal budget and its performance. The paper adopted the descriptive and analytical research method, using ex-post 'facto' data analysis of secondary data extracted from various budget documents, financial and economic reports of the Federal Republic of Nigeria. Budget variance analysis and construction of budget deviation indices were the tools of analysis used on one side; and augmented with regression analysis fiscal and economic performance variable in the last segment. The study revealed that Federal Government budget lacks credibility except in the case of fiscal solvency / discipline in the first stage whereas the second stage revealed that the federal budget performance is considered below average. The findings ranked Nigeria's budget / fiscal performance as sub-optima but fairly satisfactory. The researchers recommended that, Federal Government should prepare a gazette 'Budget Performance Report' that incorporates "Year-End Revised Approved Estimates with

Comparison of Actual Fiscal Performance Report" within 90 days after the last day of every financial year as this will help improve the performance of budget in Nigeria.

Oke (2013) carried out a research that examines the effect of budget implementation on Nigerian economic growth. The researcher used econometric model of ordinary least square (OLS) regression test to analyse time series data that span from 1993 to 2010. The dependent variable was proxied by gross domestic product (GDP), while the independent variables were public total expenditure (PEX), public recurrent expenditure (PRE), public capital expenditure (PCE) and external debt (EXD). The results revealed that budget implementation has a positive effect impact on Nigeria economic growth. The results further showed a positive relationship between GDP and public total expenditure (PEX), public recurrent expenditure (PRE), public capital expenditure, external debt (EXD), while public capital expenditure (PCE) shows a negative relationship to GDP. The researcher recommended that government should enact an enabling law that will ensure the workability of its budgets according to plans and increase the proportion of capital expenditure to recurrent expenditure so that the budget can have growth and development inducement among others.

Ogujiuba, and Ehigiamusoe, (2014) Used descriptive analysis to examine capital budget implementation in Nigeria by focusing on the 2012 Federal Government Budget. The findings indicated that only 51% of the total appropriated funds for capital expenditures were utilized as of December 31st, 2012. The observed level of performance is insufficient to foster rapid economic development and reduce poverty. The researchers identified some of the challenges that are responsible for the low performance of capital budget implementation in Nigeria to include poor conceptualization of the budget, the inadequacy of implementation plans, the non-release or late release of budgeted funds, the lack of budget performance monitoring, the lack of technical capacity among MDAs, and delays in budget passage and enactment. The paper recommends that Nigerian government formulate a realistic and credible budget, release appropriated funds early to Ministries, Departments, and Agencies (MDAs), and strengthen MDAs' technical capacity to utilize capital expenditures in order to improve the index of capture in public expenditures.

Saidu and Utiya (2016) in a published article titled "Determinants of Budget Performance in Nigeria: The Nigeria's Budget of Change, Challenges and Potential Implications on the Nigerian Economy" assessed the enabling environment for the successful implementations of Nigeria's 2016 budget and potential implications of the budget on Nigerian economy. The researchers identified the following factors to likely hamper the successful implementation of the budget: the lack of political will, high level of corruption, social instability and the tradition of awarding of projects to oneself without completion as the biggest challenges of policy implementations in Nigeria. The study concluded that these problems are capable of frustrating the success of 2016 budget in terms of implementations which by their second round effects translated into barriers against the economy and national development. In addition, the researchers added that if preventive measures are put in place against such potential problems, the 2016 budget is very promising, and that the nation is likely to experience massive employment, income growth and poverty reduction through the multiplier effects of capital spending on infrastructure

Oladipupo (2016) carried out a study that evaluated the effect of budget implementation on Nigeria's economic growth. The researcher used Gross Domestic Product (GDP) as the explained variable while Public Recurrent Expenditure (PRE), Public Capital expenditure, (PCE) and Public Debt Service (PDS) were used as the explanatory variables of the study. The research used secondary data which were sourced from Central Bank of Nigeria statistical bulletin from 1986 to 2014. The study adopted Ordinary Least Square (OLS), Co-integration and Error Correction Model (ECM) to analyze respectively the short and long-run effect of budget implementation on Nigeria's economic growth. The findings from the study revealed that in the short run, PRE will have a positive relationship with GDP while PCE and PDS will have a negative relationship with GDP. In the long run, there was a complete turn of relationship as to what was obtained in the short run. In both the long run and short run, only PRE is statistically significant at 5% level of significance. The F-test revealed that the overall model is statistically significant in the explanation of the subject matter. The Durbin Watson graph shows that there is absence of serial correlation in the model adopted for the study.

Abiola and Mustapha (2015) carried out a research on the Impact Assessment of Public Budget Indicators on the Nigerian Poor. The study examines the impact of public budget indicators such as federally collected government revenue and aggregate expenditure on the poverty incidence using the time series econometric modelling and techniques. The results showed that federally government collected revenue and aggregate expenditure increase poverty incidence in Nigeria.

This could be due to over-reliance of the economy on one point source of revenue – oil revenue, high level of corruption and poor public budget process and implementation. The researchers recommended among others, budget restructuring and people based budgeting so as to reflect the needs and preferences of Nigerians.

Olatunji, Oladipupo, and Joshua (2017) in a published article titled "Impact of Capital Budget Implementation on Economic Growth in Nigeria", examined the impact of capital budget expenditure implementation on economic growth in Nigeria. The study used secondary data collated from Central Bank of Nigeria(CBN) statistical bulletins, and analyzed the data using Augmented Dickey-Fuller unit root test, co integration test and error correction model (ECM) analysis. The research was concluded that capital expenditure implementation is key in maintaining and sustaining economic growth in Nigeria. Consequently, it was recommended that government should ensure adequate implementation of capital expenditure in the country especially in areas of economic and socio-community services and overhaul ministries, government agencies and parastatals to curb and curtail loopholes impeding effective and efficient implementation of capital budget in the country.

Olurankinse (2013) carried out an investigation to evaluate the causes and implications of poor performance of budget in Ondo state. The research was a case study and data were sourced from government workers using questionnaires. Data obtained were analyzed using descriptive and empirical analyses. The descriptive analysis used tables, percentages and charts to describe the characteristics of the responses in the questionnaires. The empirical analysis used multiple regressions of the ordinary least square and covariance and correlation analyses. The results of the analyses showed that factors such as poor planning, fraudulent manipulation, lack of adequate professional knowledge, delay in passage of budget, late release of fund are all responsible for poor budget performance in the state. The implication is that it discourages investors due to poor condition infrastructures, it reduces the standard of living of the people of the state, and it slows down economic development through wasteful spending, extra budgetary spending and debt accumulation. The researcher recommended among others for participatory budgeting process, consistency in government policies and regular monitoring and evaluation of programs and projects.

2.3 Theoretical Framework

Institutional theory is a theory on the deeper and more resilient aspects of social structure. It considers the processes by which structures, including schemes, rules, norms, and routines, become established as authoritative guidelines for social behavior. This study is anchored on the institutional-theory which tends to focus on the budgeting process as a whole, the interrelated analyses, interpretations, and negotiations that constitute budgeting. More specifically, institutional theory argues that an organization's survival requires it to conform to social norms of acceptable behavior as much as to achieve levels of production efficiency. Many aspects of an organization's formal structure, policies, and procedures such as budgeting revenue projections, expenditure budgeting, deficit budgeting, and budget passage time serve to demonstrate conformity with institutional rules and social norms, thereby legitimizing it, to assist in gaining society's continued support. Here it is argued that budgeting is used to influence negotiating and bargaining around resource procurement and deployment, rather than to apply bureaucratically neutral decision rules to optimize organizational functioning (Nwaorgu & Alozie; 2017).

3. METHODOLOGY

This research work used secondary data in analyzing the impact of budget implementation on the growth of Nigerian economy. The secondary data was gathered from publications by institutions such as World Bank, Central bank of Nigeria, Office of the Accountant-General of the Federation and Federal Ministry of Finance from 1999 to 2016. The study adopts an econometric model (multiple regressions) in determining the impact of budget implementation on economic growth in Nigeria. Multivariate analysis is an important statistical tool used in ascertaining the cause and effect relationship between one dependent variable and two or more independent variables. Based on the variables adopted in this research work the Gross Domestic Product (GDP) is the dependent variable while Public Recurrent Expenditure (REXP) and Public Capital Expenditure (CAPX) are the independent variables. The statistical model developed for this study is hereunder:

GDP = a + BiREXP + B2CAPX

Where:

GDP = Gross Domestic Product
a = Constant Parameter
Bi = Coefficient of REXP
REXP = Public Recurrent Expenditure
B2 = Coefficient of CAPX
CAPX = Public Capital Expenditure

The test for multicollinearity of the two independent variables where Public Recurrent Expenditure was used to represent the independent variable and Public Capital Expenditure represents the dependent variable, coefficient of correlation (*r*) was used to measure their relationship. Since the degree of relationship (r=0.7024) between the two independent variables is not that high, the researcher proceeded with the use of the two independent variables in computing for the least square regression. An online statistical calculator (https://www.socscistatistics.com/test/multipleregression) was used to compute for the values of the constant parameter and coefficients of the independent variables using the statistical data in appendix 3.

4. RESULT AND DISCUSSION

Data in appendix 3 was used to compute the least square regression for the given dependent variable and independent variables. The calculated values of 'a = - 8824.07133', 'Bi = 30.76278', and 'B2 = 23.30699' can now be substituted into the regression equation GDP = a + BiREXP + B2CAPX as follows:

GDP = 30.76278*REXP* - 23.30699CAP*X* - 8824.07133

The result above shows that the constant parameter is negatively related with gross domestic product. It has a negative coefficient of -8824.07 which implies that if all explanatory variables are held constant in the short-run gross domestic product will decrease by -8824.07 units. Public recurrent expenditure (REXP) showed a positive coefficient of 30.76278 which implies that a unit increase in the level of public recurrent expenditure will result in a 30.76278 increase in the gross domestic product. Public capital expenditure (CAPX) on other hand showed a negative coefficient of -23.30699 which implies a negative relationship between public capital expenditure and gross domestic product, therefore, a unit increase in public capital expenditure will lead to a -23.30699 unit decrease in the gross domestic product. The result of the analysis agreed with research conducted by Oladipupo (2016) except for the constant parameter that his result revealed a positive unit.

The calculated correlation coefficient *(r)* between Gross Domestic Product and Public recurrent expenditure revealed a strong positive relationship of r=0.9669. In like manner, the calculated correlation coefficient *(r)* between Gross Domestic Product and public capital expenditure reveals a positive relationship of r=0.5836 which is not significant.

5. CONCLUSION AND RECOMMENDATIONS

The issue of budget implementation has long been a source of concern to the public because of the key role budget implementation plays on economic growth and development in Nigeria. Budget implementation is liken to the common saying 'garbage in garbage out'. In the real sense, economic growth to a larger extent in a developing country like Nigeria is the function of funds injected into the system by government. When little funds are injected, growth of the economy will in direct proportion respond in that order and vice versa. Budget implementation in Nigeria has always being a subject of discussion among academics, financial experts, development experts, captain of industries, to mention a few. Some writers have ascribed an importance to the Federal budget as the second most important document after the constitution. This is because the budget operationalizes the policies, programs, projects, manifesto/campaign promises of the government to the citizens. Hence, its implementation remains key in the realization of those broad objectives of the government in providing better life for the people. Based on the findings of this research work, the following recommendations have been submitted by the researcher for a sustainable economic growth of Nigeria from budget implementation.

i. An update on the parameters upon which the budget was appropriated should be prepared by the budget office and publish on its websites monthly for members of the public to monitor the progress being recorded on the implementation of the budget and to hold the government to account when the expenditures reported cannot match the revenue generated.

ii. Public servants should be adequately equipped with educational or training programs that will instill the spirit of transparency in them. This will reduce or eliminate the unwholesome practice where staff of the monitoring and evaluation department of the budget office usually received bribe to sign off on shoddily completed project or even incomplete work.
iii. Appropriation bill should be prepared early enough by the executive to enable the legislature to perform its legislative functions of review of the appropriation bill and pass the budget into law in good time before the commencement of the next fiscal year.
iv. Funds appropriated to Ministries, Departments and Agencies of government should be released in good time to enable them implement programs incorporated in the budget.
v. In order for budget implementation to have a long-term impact for sustainable growth of Nigerian economy, delay in the release of the percentage of the budget appropriated for capital expenditure should be constantly challenged by members of the public and civil society groups.
vi. The practice of early preparation and submission of budget estimates by the executive arm of government should be encouraged.
vii. The technical capacity of member staff of Ministries, departments and Agencies in the preparation and implementation of budget should be strengthen.

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