

EVALUATION OF FEDERAL GOVERNMENT IN (1999 – 2014)

ABSTRACT

This paper evaluates Nigeria's federal budget and its performance. The paper adopted the descriptive and analytical research method, using ex-post 'facto' data analysis and document content study of the FGN budget documents, financial and economic reports. 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 parameter for measuring budget credibility is the international threshold and prescribed limit for budget deficit / GDP, and also the minimum score of 50 percent score performance rating for regression of economic performance. The study reviewed that Federal Government budget lacks credibility except in the case of fiscal solvency / discipline in the first stage. While in the second stage, it was reviewed that the federal budget performance is considered below average. The findings ranks Nigeria's budget / fiscal performance as sub-optima but fairly satisfactory. The study recommends 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 performance in Nigeria.

Keywords: *Budgetary reporting, Performance, Credibility, Accountability, Nigeria.*

1.1 Background to the Study

Federal Government of Nigeria (FGN) since her independence in 1960 has adopted as many as six different fiscal budgeting models (models), 55 years ago. These budget systems include; Line – Item budgeting system, Incremental Budgeting, Programming, Performance-Based Budget System (PPBS), Zero-Based Budgeting System, Rolling Plan Budgeting System – 3 Year Rollin Plan Budget, and the Performance Based budgeting System (CBN, 2010). The current public budgeting regime – the Performance-based Budgeting (PBS) is intertwined with the Medium Term Expenditure Framework (METF). However, even as the Federal Government embarks on various reforms and modernization programmes of its budgeting and public financial management systems in the past two decade or so, including strengthening of the budget institutions and capacity; the country is yet to catch-up with the latest developments and current

best practices in public budgeting, financial planning and fiscal management. These defects and relative lack of efficiency in budget practices in turn affects or impact negatively on the quality of Nigeria' public financial management, management in government institutions and public service in the economy.

As stated in Taiwo (2001) Public analysts and commentators on Nigeria's fiscal matters including the author have contended that the Nigerian governments at all levels have not yet institutionalized suitable performance management and management control mechanism like a reliable managerial accounting reporting system to facilitate effective measurement of budget / financial performance in the federal public service. The omission of budget performance reporting, which is a vital aspect of budgetary and organizational controls in Nigeria and in other environments which variably constituted the main cause of the inherent inefficiencies and not-too-reliable financial accountability in Nigeria's government sector – the federal treasury. Okonjo-Iweala (2011) corroborated this fact, on assumption of office, by proclaiming that the FGN budget is not good for development. Several media reports have consistently alerted the public about missing public funds in Nigeria from time to time – including the Nigerian National Petroleum Corporation (NNPC) short remittances crude oil export sales, most of these adverse reports have led to commission of special audit and forensic investigations (PriceWaterhouseCoopers (PWC), 2015, National Assembly (NASS), 2014).

1.3 Objectives of the Paper

The primary objective is to evaluate Nigeria's federal budget performance. Its Specific objectives include to:

1. Conduct comparative analysis of crude-oil ‘bench-mark’ price used in revenue projections and evaluation of Federation revenue budget estimate with actual revenue.
2. Conduct comparative analysis and evaluation of the federal revenue budget with actual revenue.
3. Perform comparative analysis and evaluation the approved government annual expenditure budget and actual expenditure.
4. Compare federal annual budget deficit estimates with actual annual budget deficit recorded and ascertain the level of Nigeria’s fiscal solvency during the fiscal years.
5. Assess the variations between the standard fiscal budget passage time, and financial reporting with the actual budget passage and financial reporting time.

REVIEW OF RELATED LITERATURE

2.1 Conceptual framework

The budget is the statement of government financial plan and fiscal policies, which the governments intend to pursue in current year, it indicates the total amount of money (funds) including the total government expenditure, total revenue to be mobilized and the various sources, the planned surplus fiscal revenue and / or budget deficit and the means of financing expenditure deficit during the period (Okogu, 2014). Public budget therefore is one means by which government can engage the citizens in the policy process thereby engender public confidence in government’s fiscal measures and activities.

2.2 Theoretical Literature

2.2.1 Budget Management and Budget Performance Reporting in Nigeria

Nigeria, experience in fiscal budgeting, implementation and performance management has been characterized by late approval of annual appropriation bills and belated implementation. Budget policy formulation and late approvals is the major problems militating against proper implementation of FGN budgets. Budget 1999 was designed for transition programme and economic emancipation; again and again that goal was never achieved. Taiwo (2001) observed that the apparent failure of year 2000 budget to lift Nigerian economy to any significant extent provided prima-facie evidence of the lapses or gaps become even more apparent given the positive changes that were observed in the external environment – the increases in crude oil prices. The trend was much better than it had been in about one decade. Kuye (2001), stated that Federal budget was passed in June 2000, which is about six months to the end of that fiscal year; whereas core budget policy direction / objectives were in the area of poverty alleviation, but that goal was not achieved (Kuye, 2001).

Ekpo's (1995) evaluation study on budget performance and impact of government expenditure on economic growth in Nigeria between 1960 and 1992 indicated that contribution of capital spending on growth process in Nigerian economy was below expectation.

Adopting the expansionary expenditure growth approach in explaining the pattern official planning and budgeting Kwakwa (2003) established that Nigeria has one of the highest ratios of government expenditure to Gross Domestic Product (GDP) amongst developing countries, but does not have much to show for it. She further submitted that stated public expenditure

102 programmes are poorly planned in Nigeria and often does not take cognizance of cost /
103 implementation effectiveness of proposed projects against other options.

104 **2.3 Theoretical Framework**

105 This study is anchored on the goal-setting theory. The goal-setting theory as propounded by
106 (Mabel (1930) which he called the descriptive theory assumes that the fundamental objectives of
107 fiscal budgeting is to raise sufficient public funds to meet requirements of government planned
108 activities, sustain administrative functions of the state, provide the social welfare to the society
109 and executive such development projects that will have positive in the economy. Similarly, the
110 theory in line with fiscal governance requires government to ensure due compliance to the
111 existing laws on public finance, public auditing, fiscal legislations, transparency in conducting
112 all government activities, proper public accountability, and timely publication of budgetary
113 performance reports.

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116 **2.4 Empirical Review**

117 Empirical studies identified as highly relevant to the topic of this paper include:

AUTHOR(S)	FOCUS OF STUDY	CORE FINDINGS
Aigbokhaevbolo and Oghuma [2006]	Federal Budget, Poor Implementation and Un-utilization of Allocations by public officers as Unspent Fund	Delays in budget processes; lateness of Appropriations Act impact on plans adversely
von Hagen & Harden (1996)	Emphasizes the effect of sound budget system and processes on fiscal performance and development	Credibility in fiscal budget processes leads to better fiscal performance
Gollwitzer (2013)	Effect of Budget Institutions on Fiscal Performance of 42 selected African countries	Credible Budgeting and fiscal discipline results in low debt fiscal sustainability

118 Dabla-Norris *et al.* (2010) Effects Budget Institutions on Fiscal Performance in 76 Low-Income nations Budget of low-income nations are characterized by weak budget and lack of credibility, resulting in in poor fiscal performance

119 The paper adopted fiscal budget variance and BDI in assessment of budget / PFM in the selected countries

120 World Bank / DFID (2006) Report on LASG Reviewed Fiscal Performance and Public Expenditure Management of Lagos State Government (1998 – 2005). The Study Identified the weaknesses in the State’s revenue generating capacity and budget Using Deviation Indexing in Budget Execution Performance Analysis, it established 60 - 70% of the budgets were achieved

121 Aigbokhaevbolo and Oghuma (2006) attribute poor budget implementation and performance in

122 Nigeria to lateness in passage of annual appropriation acts; and delay tactics of government

123 officials executing capital projects which they resort to sharing as un-spent fund. Fiscal illusion

124 by Lam (2009) introduces another dimension to public budgeting as illustrated with the Hong

125 Kong experience; and reveals the practice, wherein government understates public revenues and

126 overstatement expenditures and creates artificial impression of impressive performance. Scottish

127 Executive Report (2007) is practical demonstration of the efficacy of periodic and year-end

128 budgetary reporting alongside variances analysis in other climes and its usefulness in

129 strengthening public financial management system.

130 **3.0 METHODOLOGY**

131 The research design employed in this study is the ex-post factor method. This in involved the use

132 of secondary data drawn from the Budget Office of the Federal Ministry of Finance, Central Bank

133 of Nigeria (CBN) and Office of the Accountant General of the Federation (OAGF) also known

134 and referred as the Federal Treasury.

135 **3.1 Methodology and Analysis**

3.1.1 Specification and Construction (Stage (I))–Budget Performance Evaluation

Specification of model equation stage one (step one); comparison of actual / estimates actual are:

(ia) Crude oil Price Variance ($V_{1.1}$) equation is $(ACP - BCP)$ in US\$D;(3.1a)

(where; actual Crude Oil Price is ACP and BCP = Budgeted Crude Price)

(ib) Gross Federation Revenue Budget Variance ($V_{1.2}$) is $(AGR_1 - BGR_1)$...(3.1b) (Actual gross revenue is AGR_1 and BGR_1 is annual estimate)

(ii) FGN Revenue Budget Variance ($V_{1.2}$) equation is expressed as $(ARX - BRX)$... (3.2) (where: ARX is actual Federal revenue and budgeted revenue is ARX.)

(iii) Total Expenditure Budget Variance ($V_{3.1}$) is expressed as $(FG*AXP - FG*BXP)$. (3.3) (Actual Expenditures is $FG*XPA$) and $FG*XPB$ is the approved estimates) For recurrent expenditure; $(FG*XRA - FG*XPRB)$(3.3b) And capital spending; $(FG*XPCA - FG*XPCB)$ (3.3c)

(iv) Fiscal Deficit Budget Variance eq. (V_4) is : $A*DEF - B*DEF$... (3. 4) where; actual annual overall fiscal Deficit = $FGDEF*A$, and the projected annual overall fiscal deficit = $FGDEF$. Cut-off rate and confidence limit for deviation is 4% line the WAMZ region's prescribed limit on budget deficit and same as for the IMF.

(V) Fiscal Planning Time-Budget Variance (V_5) equation, expressed $(AFA - BFA)$.. (3. 5)

This measure on timeliness of budget execution period, centers on the total numbers of days spent the submission of annual proposal to the passage of the yearly Annual appropriation bill, we set the time-horizon for budget processes as 120 days – the period from September – December 31 of the preceding year and specify 1st January of every fiscal year as the normal (standard) date of adoption and pronouncement by Head of State or his proxy. The standard time frame for budget processing, negotiations, agreement and passage / adoption is 120 days, and we count from January 1, up-to the date of assent and adoption as budget delay period. The decision criterion of the budget deviation index prescribed that where the variation falls with the range of + (-) 5 % and + (-) 4 % for fiscal deficit budget variance for the year's budget or functional budget is considered credible; if otherwise, the budget lacks credibility.

Formula for derivation of fiscal variances and construction of BDI under step 2 of stage (1) fiscal variance analysis of the earlier specified model equations are as follows:

For revenue and expenditure functional budgets:

(i) Crude Oil Price Budget Variance / BDI (V_1) Equation is $(ACP - BCP) = V_{1a}$

(ib) Federation Revenue Budget Variance / BDI (V_{1b}) Equation is $(AGR - BGR) = V_{1b}$

(ii) Revenue Budget Variance / BDI (V_2) Equation is $(ARX - BRX) = V_2$

(iii) Expenditure budget Variance / BDI (V_3) equation is $(FGAXP - FG BXP) = V_3$

(iv) Fiscal (overall) Deficit Budget Variance / BDI (V_4) equation is $(ADF - EDF) = V_4$

(v) Planning Time-budget Variance/BDI (V_5) equation is $(AFA - BFA) = V_5$

3.1.2 Budget Deviation Index (BDI) and Decision Criterion

Parameter for gauging government budget credibility is set at the point where the deviation in the overall variance and or each functional budget not exceeding +5% or -5% and + (-) 4 % for fiscal deficit budget variance for the each year's budget or functional budget is considered credible; if otherwise, the budget lacks credibility of the approved estimates. Decision criterion for the BDI used in determining credible budget is based on the values of variance and constructed BDI functional budget and the overall budget which ranges from; (i) zero variance, (ii) favourable (+) and (iii) adverse variance(-) on annual and aggregate basis. Budget variance is Zero when a budget item and actual spends is the same; Favourable when actual if actual expenditure is less than the approved allocation and Adverse (Un-favourable) if the actual expenditure is greater than amount allowed in the budget.

3.1.3 Model Specification (Stage 2 Model) for Economic Performance

The regression analysis is adopted in models to measure relationship between national output as dependent variable and actual fiscal inputs as independent variables notably; (i) gross federation revenue, (ii) federally retained revenue (iii) government total annual expenditure, (iv) actual overall budget deficit, and (v) adjusted total annual government expenditure (discounted with timing-delay-factor/360 days in each year) and determine the rate of economic performance of

the public sector at the federal level. Empirical estimation is measure and determine the degree of stagnation or otherwise in growth arising from delays in budget implementation. Ordinary least square (OLS) econometric model is used for estimation of the economic / financial performance. The determinants of the economic performance measure are Correlation coefficient (R) and co-efficient of determination (R^2) (Koutsyannis, 1986) of the relationship in the above listed five sets of equations will be derived appropriately.

Model specifications in stage two regression analysis of fiscal out-turns and economic performance are as follows:

(i) Gross Revenue, $GFCR = RX_1$ (independent variable) and Nigeria's GDP = Y ... (3.6)

(ii) Federal Revenue, $FGR = RX_2$ (independent variable) and Nigeria's GDP = Y ... (3.7)

(iii) Government Total Annual Spends, QX_1 (dependent variable) and NGDP = Y ... (3.8)

(iv) Aggregate overall fiscal balance-(deficit) PT (dependent) and RGDP = Y .. (3.9)

(v) Adjusted Total Annual Spends, QX_1 (dependent variable) and NGDP = Y . (3.10)

Formula to derive 'r' is given as: $R = \frac{n \sum (X)(Y) - \{(\sum X) - (\sum Y)^2\} \sqrt{n \sum (x - \bar{x})^2 - \{(\sum y - \bar{y})^2\}}}{n \sum (x - \bar{x})^2 - \{(\sum y - \bar{y})^2\}}$

where: r = correlation coefficient; R^2 = Co-efficient of Determination

X = Independent variable

Y = Dependent variable

i = Denotes the 'i' th or number of elements of the sample

Σ = Summation value

4.0 RESULTS OF ANALYSIS AND TESTS

4.1 Analyses and Tests

The descriptive statistics of Nigeria's federal budget and summary of relevant variance analyses and the 'Budget Deviation Indices (BDI) constructed is presented in this sub-section. The

complete data of annual budget estimates and actual out-turns is provided in tables 3 – 10 in the appendix pages.

Decision Criteria: Where the relevant fiscal budget variance (functional budget or the cross-walk of total average annual fiscal budget variance falls within the range of 0, 1-5% and or 0, -1 to -5%; it is taken and rated as credible budget and a credible fiscal performance. Second, if it falls outside this range, that is, $> 5\%$ - above and also $< 5\%$ and above; then, it is rated incredible budget. However, the exception is the annual overall fiscal deficit balance. The ECOWAS region's threshold of limit of -4% fiscal deficit which is also the same bench-mark prescribed by the IMF is adopted. Following the above specified criterion,

4.2 Summary of Results: Part 1 Tests – Fiscal Budget Performance Evaluation

The summary of budget variance analysis is provided in table 1 in the appendix page

1.1 (i) Crude-oil Pricing budget recorded 56% favourable variance, whereas (ii) Federation's Revenue budget achieved 25% positive. BDI rating / hypothesis test = $56\% > 5\%$, and $25\% > 5\%$ respectively. The combined favourable variances and BDI of 56% and 25% for crude price and gross revenue performance(s) exceeded the prescribed 5% threshold for credible budget. Hence, H_{O1} is rejected and H_{A1} . This confirms that unrealistic oil posted prices were adopted, and resulted in unreliable estimation in revenue budgeting.

1.2 Federal Revenue Budget recorded 14% positive variance. BDI rating / hypothesis test $14\% > 5\%$, which exceeds the prescribed-permissible fiscal activity variance for credible budget. Therefore H_{O2} is rejected and H_{A2} accepted / adopted.

1.3 Public Expenditure Budget Variance and BDI produced overall 18 percent adverse / over-spending variance. BDI rating / hypothesis test = $18\% > 5\%$. This exceeds 5 percent variance benchmark for credible functional budget. H_{O3} is rejected and H_{A3} accepted.

This result has indicated that government expenditure budget(s) is not credible; it further confirms sub-optimal public expenditure management in the general government sector.

1.4 Fiscal Deficit Budget achieved --3.6 adverse variance (overall deficit variance recorded). BDI rating / hypothesis test: = --3.6 < - 4% (overall deficit variance recorded). Thus, we H_{O4} is adopted and H_{A2} rejected. It signifies that fiscal discipline was maintained

1.5 Budget Passage /Implementation Timing registered 34% negative planning time variance BDI rating / hypothesis test = 34% > 5% (average of 120 days delay in the passage of annual appropriation bills and commencement of budget implementation). H_{O5} is therefore rejected.

4.3 Discussion of Stage Test I Results – Budget Performance

This confirms that unrealistic oil posted prices were adopted, and resulted in unreliable estimation in revenue budgeting. In related development, the aggregate federal revenue receipt exceeded revenue projections for most of the focal years, although the annual receipt in two fiscal years – 2002 and 2013 were below the approved estimates. This is a clear demonstration that the central government was able to achieve the expected annual revenue generation in some fiscal years despite mass leakage in its revenue sources. Although this is a positive performance in the revenue functional budget lacks credibility due to inefficiency in resource estimation. This result has indicated that government expenditure budget(s) is not credible; it further confirms sub-optimal public expenditure management in the general government sector.

This result has indicated that government expenditure budget(s) is not credible; it further confirms sub-optimal public expenditure management in the general government sector. The performance evaluation result on public expenditure budgets and execution revealed that the

management of this fiscal function was sub-optimal operational efficiency and lack of effectiveness, as deduce from a wide margin un-favourable / overspending aggregate variance of 18 percent. It is a clear demonstration of weakness in financial controls, budgetary controls and expenditure management in the general government sector and Federal Treasury.

The fiscal deficit variance and deviation index indicated that the overall fiscal deficit recorded during the selected fiscal years fall within the permissible limit for the national government deficit budgets for the WAMZ member countries. Although this aspect of Nigeria's treasury budget performance slightly exceed the total approved estimates of – 2.8%, and this satisfied both the regional and the IMF international maximum limit for fiscal deficit conduct and performance prescribed for national governments. It further demonstrated that Nigeria fiscally solvent *ceteris pari-bus*, sustainable, thus, FGN's annual primary and overall fiscal balance as satisfactory. It also exhibited significant level of fiscal discipline, particularly within the last decade. This result signifies that fiscal discipline was maintained.

The outcome of the test on planning time lag, etc, empirically demonstrated that late passage / adoption of annual budgets, improper fiscal accountability and transparency as factors responsible for the inefficiency of the federal budget implementation and overall budget performance over the years.

4.4 Results of Regression Analysis and Evaluation of Nigeria's Fiscal Performance (Part 2)

The criteria used in measuring economic performance is the basic economic statistics principle, which states that a positive score of 75% and above connotes significant relationship; from 50 – 70% reflects significant relationship; while less than 50% is insignificant. Similarly, -75% and

above is significantly negative and -1- up-to -49 are insignificantly negative. A zero or neutral score signifies null effect (Koutsayonis, 1975). Hence, the decision rule applied is: a positive score of 50 percent or +0.5 is accepted and otherwise is rejected. Correlation Coefficient 'r' and Coefficient of Determination R^2 is + 0.5 (or 50%) and above, indicates strong positive relationship between government fiscal activity variables – revenues, annual expenditures, annual fiscal balance and national output (GDP), if it falls below + 0.5 or - 0.1 to infinity, signifies a weak positive and negative relationship.

4.4.1 Discussions:

Test result (2.1) which yields 'r' = 28% and R^2 of 8%, is an indication that there is a statistically insignificant relationship existing between Nigeria's Federation gross revenue generation and national output. The Gross federally generated revenue (before revenue sharing) performed below +0.5 or 50% and is lower than the aggregate government total annual expenditures for the same period. It implies that total resource revenues generated did not fully meet Nigeria's federal public spending requirements in the past 16 years. The second test result, that is, Federal Annual Revenue / GDP, produced 'r' = 18 % and R^2 0.03% which also below the 50 percent mark; and statistically insignificant. It corroborates with the result in 2.1, it further buttressed the fact that there is mismatch between federally retained revenue and public annual expenditures.

The total aggregate public expenditure-to-GDP ratio, 'r' is 28% and R^2 , 6%. This result shows that there is a statistically insignificant relationship between Nigeria's federal annual public spending and national output. By inference, the aggregate federal public expenditures (recurrent and capital spends inclusive) accounted for just 6 kobo for every N1.00 worth of resource input utilized for the gross national output; while 94 kobo came outside government financial revenue resources. This economic performance trend contradicts the long held notion that government

308 fund and other financial resources of the public sector is the major source fiscal financing in the
309 Nigerian economy.

310 2.4 Annual Budget deficit / GDP (Growth Rate); = 'R' of 0.01% (less than 1%) and R^2 = zero.
311 The outcome the fourth measurement, a zero point rating and a neutral effect demonstrated the
312 fiscal deficit financing and by extension, cost of deficit financing is zero or neutral effect and it
313 does not have any serious impact on the rate of economic growth. The results obtained from
314 evaluation of budget performance and the later, measurement of economic performance on fiscal
315 balance discipline is quite satisfactory.

316 2.5 Time-Adjusted Annual Spends (Proxy for time-lags) / GDP; 'R' is 8 % and R^2 = 1%
317 produced an insignificant positive relationship between the discounted cash-outflows and the
318 GDP. Though, it is insignificant; it is a reflection of level of the unquantifiable but imputable
319 financial loss suffered directly by Nigerian citizens and stakeholders as a result of un-timelines
320 and delays in passage of annual budget and implementation as when due. The simple numerical
321 monetary terms, Nigeria's public sector and the citizens lost about N13 trillion, an annual
322 average of N800 billion for the review period, due of delay in implementation of capital budget.

323 From the outcome of empirical economic regression analysis produced in this segment indicates
324 that Nigeria' overall fiscal performance weighed on economic performance is below average and
325 sub-optimal. The most instructive is the relationship between total government expenditures and
326 economic performance with 'R' of 29 percent that falls within the band of lower budget
327 performance of countries, globally.

328

329 **CONCLUTION**

330 The overall performance of Nigeria’s federal budgeting system, budget management and
331 executions for the fiscal years covered in this study lacked budget credibility, but were fiscally
332 solvent and sustainable.

333 **RECOMMENDATIONS**

334 The paper recommends the followings:

335 (1) Federal Government should ensure that annual ‘Budget Performance Report’ are prepared
336 and published, incorporating “Year-End Revised Approved Estimates” with comparison of
337 Actual Fiscal Budget Performance Report” within 90 days after the last day of every financial
338 year.

339 (2) The existing loopholes and leakages in all public revenue sources should be blocked, and all
340 revenues mobilized be promptly collected and remitted to appropriate federal treasury bank
341 accounts. The policy on crude oil bench mark used in Federal Government Revenue should be
342 reviewed and operation of excess crude account streamlined.

343 (3) Government should compel its public enterprises to establish budget accounting and
344 performance reporting units without delays.

345 (4) Government should ensure that all the budget planning processes, negotiations, approval and
346 assent or adoption should be completed before the end of the month of November that proceeds
347 the new fiscal year in which the annual appropriation act would be implemented.

348 5) The input – output projects / programmes monitoring approach in the appraisal of capital
349 projects including the financial control methods should be adopted in the federal public sector.

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530 **APPENDICES**

531 Table 1:

(APPENDIX 1

532

Descriptive Budget Variance Analysis Statistics / B D I and Summary of Test Results (1999 -2014)									
N = 16	<u>16</u>	<u>16</u>	<u>16</u>	<u>16</u>	<u>16</u>	<u>16</u>	<u>16</u>	<u>16</u>	<u>16</u>
<u>Functions</u>	<u>Actual</u>	<u>Approved</u>	<u>Total</u>	<u>Mean %</u>	<u>Limit</u>	<u>Accept</u>	<u>Reject</u>	<u>Credible</u>	
	<u>Out-turn</u>	<u>Estimate</u>	<u>Variance</u>	<u>Variance</u>	<u>+ (-) 5%</u>	<u>Reject</u>	<u>Accept</u>	<u>Incredible</u>	
Crude Oil Price Budget ;Test 1(A):	1,083	687	397	56 % >	+ (-) 5%	Reject Ho	Accept HA	Incredible	
GFCR Revenue Budget ;Test 1(B):	94,845	81,896	14,113	25% >	+ (-) 5%	Reject Ho	Accept HA	Incredible	
FGN Revenue Budget ; Test 2:	<u>33,410</u>	<u>30,744</u>	<u>2,666</u>	<u>14%</u> ≥	<u>+ (-) 5%</u>	<u>Reject</u> <u>Ho</u>	<u>Accept</u> <u>HA</u>	<u>Incredible</u>	
FGN Total Expd Budget; Test 3	<u>41,087</u>	<u>41,491</u>	<u>520</u>	<u>-18%</u> ≥	<u>+ (-) 5%</u>	<u>Reject</u> <u>Ho</u>	<u>Accept</u> <u>HA</u>	<u>Incredible</u>	
Recurrent Budget:	29,643	28,880	1,962	-18% >	+ (-) 5%	Reject Ho	Accept HA	Incredible	
Capital Budget:	<u>9,906</u>	<u>12,675</u>	<u>2,777</u>	<u>+ 9%</u> ≥	<u>+ (-) 5%</u>	<u>Reject</u> <u>Ho</u>	<u>Accept</u> <u>HA</u>	<u>Incredible</u>	

Fiscal Deficit Budget; Test 4:	<u>-</u> <u>10.754</u>	<u>-9,535</u>	<u>-1,198</u>	<u>-3.6%</u> <u>≤</u>	<u>+ (-) 4%</u>	<u>Accept</u> <u>Ho</u>	<u>Reject</u> <u>HA</u>	<u>Credible</u>
Fiscal Plan Time								
Budget; Test 5	3,536	1,920	1,616	<u>+ 9%</u> <u>≥</u>	<u>+ (-) 5%</u>	<u>Reject</u> <u>Ho</u>	<u>Accept</u> <u>HA</u>	<u>Incredible</u>
Source: Authors								

Summary of economic Regression Analysis and Summary of Stage (II) Results

N = 16		<u>Sum</u>	<u>Mean</u>	<u>Var. (M)</u>	<u>S.D (M)</u>	<u>'R'</u>	<u>R²</u>	<u>Cut-off</u>	<u>Rating</u>
Gross Revenue/ GDP; Test 2.1:		<u>94,845</u>	<u>5,928</u>	<u>840.27</u>	<u>175.38</u>	<u>28%</u>	<u>8% <</u>	<u>50%</u>	<u>Low (HA)</u>
FGN Revenue / GDP; Test 2.2:		<u>33,410</u>	<u>2,088</u>	<u>288.04</u>	<u>22.50</u>	<u>5%</u>	<u>.3% ≤</u>	<u>50%</u>	<u>Low (HA)</u>
FGN Total EXPD/ GDP; Test 2.3		<u>41,087</u>	<u>2,568</u>	<u>365.92</u>	<u>31.87</u>	<u>24%</u>	<u>6% ≤</u>	<u>50%</u>	<u>Low (HA)</u>
Fiscal Deficit Bal/ RG.GDP;Test2.4:		<u>-1.32</u>	<u>-21.14</u>	<u>-6.44</u>	<u>3.17</u>	<u>0.01%</u>	<u>0.0% ≥</u>	<u>- 4%*</u>	<u>Zero Effect</u>
Dcf Total Spends/ GDP; Test 2.5		<u>1,778</u>	<u>21,442</u>	<u>16.53</u>	<u>16.53</u>	<u>8%</u>	<u>1% ≤</u>	<u>50%</u>	<u>Low(HA)</u>

Source: Authors ***Low /HA is below average performance.; HA accepted ; Zero effect is positive – Ho accepted***

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APPENDICES

	NIGERIA'S FEDERAL FISCAL BUDGET STATISTICS								
TABLE 2	CRUDE-OIL POSTED PRICING				Table 6	FG TOTAL EXPENDITURE			
YEAR	USD (A)	USD (E)	D (N)		YEAR	N (A)	N (E)	D (N)	
1	18.00	21.00	3.00		1	947.69	469.00	478.69	
2	18.00	24.10	6.10		2	701.10	644.14	56.96	
3	22.00	24.00	2.00		3	1,018.00	1,086.79	-68.79	
4	22.00	28.20	6.20		4	1,018.20	894.70	123.50	
5	23.00	29.20	6.20		5	1,226.00	765.10	506.90	
6	25.00	38.70	13.70		6	1,426.20	1,200.00	226.20	
7	27.00	55.40	28.40		7	1,822.00	1,618.00	204.00	
8	33.00	66.40	33.40		8	1,938.00	1,880.00	58.00	
9	40.00	74.90	34.90		9	2,087.00	2,651.00	-564.00	
10	45.00	90.80	45.80		10	2,867.00	2,648.00	219.00	
11	45.00	102.30	57.30		11	3,054.00	3,558.00	-504.00	

12	69.00	112.00	43.00		12	4,166.00	5,159.66	1,109.66	
13	75.00	80.81	5.81		13	4,712.06	4,485.00	227.06	
14	72.00	113.77	41.77		14	4,605.32	4,749.00	-143.68	
15	75.00	113.11	38.11		15	4,560.81	4,987.24	-426.43	
16	77.50	108.71	31.21		16	4,937.98	4,695.30	242.68	
<u>TOTALS</u>	<u>686.50</u>	<u>1,083.40</u>	<u>396.90</u>		<u>TOTALS</u>	<u>41,087.36</u>	<u>41,490.83</u>	<u>-519.47</u>	

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TABLE 3	TOTAL BUDGET VARIANCE								
YEAR	N (A)	N (E)	N (D)						
1	949.19	947.69	1.5						
2	10,906.20	701.10	10,205.10						
3	2,231.50	1,018.00	1,213.50						
4	1,731.80	1,018.20	713.60						
5	2,575.10	1,226.00	1,349.10						
6	3,920.50	1,426.20	2,494.30						
7	5,547.50	1,822.00	3,725.50						
8	6,061.00	1,938.00	4,123.00						
9	5,715.60	2,087.00	3,628.60						
10	7,866.60	2,967.00	4,999.60						
11	4,844.59	3,054.00	1,790.59						
12	7,303.67	4,166.00	3,137.67						
13	11,116.90	4,712.06	6,404.84						
14	10,654.72	4,605.32	6,049.40						
15	11,141.00	4,560.81	6,580.19						
16	11,279.26	4,937.98	6,341.28						
<u>TOTAL</u>	<u>101,694.13</u>	<u>41,207.18</u>	<u>62,757.77</u>						

TABLE 4	GROSS ANNUAL REVENUE				Table 7	RECURRENT EXPENDITURE			
YEAR	N (A)	N (E)	D (N)		YEAR	N (A)	N (E)	D (N)	
1	949.19	667.70	281.49		1	449.66	381.00	68.66	
2	1,906.20	1,686.00	220.2		2	461.60	548.40	-86.8	
3	2,231.50	2,126.50	105.00		3	579.30	574.86	4.44	
4	1,731.80	1,861.90	130.10		4	696.82	597.70	99.12	
5	2,575.10	1,930.90	644.20		5	984.30	508.70	475.60	
6	3,920.50	2,160.00	1,760.50		6	1,073.90	900.00	173.90	
7	5,547.50	3,619.00	356.70		7	1,302.60	1,194.00	108.60	
8	6,061.00	6,836.00	775.00		8	1,385.00	1,500.00	-115.00	
9	5,715.60	4,300.00	1,415.60		9	1,596.00	1,921.00	673.90	

10	7,866.60	6,033.56	1,833.04		10	1,947.80	1,861.00	86.80	
11	4,844.59	5,305.30	460.71		11	2,144.86	2,277.00	-132.14	
12	7,303.67	4,902.00	2,406.67		12	3,109.40	3,394.66	-285.26	
13	11,116.90	9,406.00	1,710.30		13	3,339.00	3,314.00	25.00	
14	10,654.72	9144.55	1,510.17		14	3,325.11	3,298.24	26.90	
15	11,141.00	11,041.61	99.39		15	3,689.10	3,200.63	488.47	
<u>16</u>	<u>11,279.26</u>	<u>10,875.00</u>	<u>404.26</u>		<u>16</u>	<u>3,758.21</u>	<u>3,408.46</u>	<u>349.75</u>	
<u>TOTALS</u>	<u>94,845.13</u>	<u>81,896.02</u>	<u>14,113.33</u>		<u>TOTALS</u>	<u>29,842.66</u>	<u>28,879.65</u>	<u>1,961.94</u>	

Table5:	FEDERAL RETAINED REVENUE				Table 8	FG ANNUAL CAPITAL EXPENDITURE			
YEAR	N (A)	N (E)	D (N)		YEAR	N (A)	N (E)	D (N)	
1	358.10	262.40	95.7		1	498.03	88.00	410.00	
2	597.30	548.40	48.4		2	239.45	104.54	134.91	
3	797.00	735.00	62.00		3	438.70	512.00	-73.30	
4	716.80	769.43	-52.63		4	321.38	297.00	15.38	
5	1,023.20	765.00	258.20		5	241.70	256.40	-14.70	
6	1,253.60	1,022.00	231.60		6	352.30	300.00	52.30	
7	1,660.70	1,304.00	356.70		7	519.50	414.00	105.50	
8	1,838.80	1,520.00	318.80		8	552.40	380.00	172.40	
9	2,450.90	1,777.00	673.90		9	491.00	730.00	-238.00	
10	2,226.66	1,866.00	360.66		10	719.20	787.00	-67.80	
11	2,643.30	2,265.00	378.30		11	919.48	1,281.00	-361.52	
12	3,180.00	3,086.00	94.00		12	956.50	1,765.00	-808.50	
13	3,553.54	3,348.10	205.54		13	918.55	1,146.00	-227.45	
14	3,629.60	3,644.00	-14.40		14	874.76	1,540.76	-666.00	
15	3,611.10	4,100.18	-489.08		15	958.00	1,786.61	-828.61	
<u>16</u>	<u>3,869.72</u>	<u>3,731.36</u>	<u>138.72</u>		<u>16</u>	<u>905.56</u>	<u>1,286.84</u>	<u>-381.28</u>	
<u>TOTALS</u>	<u>33,410.32</u>	<u>30,743.87</u>	<u>2,666.41</u>		<u>TOTALS</u>	<u>9,906.51</u>	<u>12,675.15</u>	<u>2,776.67</u>	

Table10:	BDG PASSAGE & IMPLEMENTATION LAG				Table 9				
YEAR	ACTUAL	EXPECTED	VAR	(IN %)	ANNUAL OVERALL DEFICIT & SURPLUS				
	(IN DAYS)	(IN DAYS)			YEAR	N (A)	N (E)	D (N)	
1	120.00	120.00	0.00	0.00	1	85.10	34.10	51.00	
2	255.00	120.00	135.00	37.00	2	162.29	82.70	79.59	
3	210.00	120.00	90.00	37.00	3	278.84	201.50	77.34	
4	207.00	120.00	87.00	37.00	4	245.62	301.40	-55.78	
5	214.00	120.00	94.00	37.00	5	309.69	202.70	106.99	
6	195.00	120.00	75.00	37.00	6	172.60	178.00	-5.40	
7	244.00	120.00	124.00	37.00	7	161.40	314.00	-152.60	
8	224.00	120.00	104.00	37.00	8	795.80	357.00	438.80	

9	180.00	120.00	60.00	37.00	9	847.30	609.20	237.77	
10	234.00	120.00	114.00	37.00	10	580.00	560.00	20.00	
11	189.00	120.00	69.00	37.00	11	1,349.35	1,040.16	309.19	
12	237.00	120.00	117.00	37.00	12	1,514.14	1,550.86	-36.72	
13	262.00	120.00	142.00	37.00	13	1,158.52	1,136.00	22.52	
14	238.00	120.00	118.00	37.00	14	1,000.15	1,050.00	-49.85	
15	259.00	120.00	139.00	37.00	15	1,060.34	953.00	107.34	
<u>16</u>	<u>260.00</u>	120.00	140.00	37.00	<u>16</u>	<u>1,032.66</u>	<u>964.30</u>	<u>48.20</u>	
<u>TOTALS</u>	<u>3,528.00</u>	<u>1,920.00</u>	<u>1,608.00</u>	<u>1,799.09</u>	<u>TOTALS</u>	<u>10,753.80</u>	<u>9,534.92</u>	<u>1,799.09</u>	

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